GREAT PORTLAND ESTATES

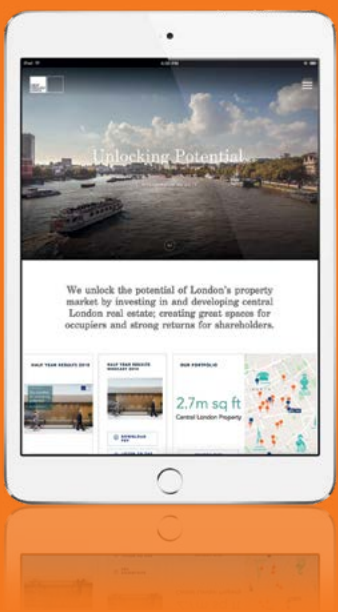
We unlock potential, creating space for London to thrive

Annual Report and Accounts 2019

Strategic Report – Overview

Strategic Report – Annual review

Visit us at our website at:
www.gpe.co.uk



Governance

Financial statements

Other information

Cover image: The reception of 160 Old Street, EC1

We unlock potential, creating space for London to thrive.

With our clear strategy and single focus on central London, our talented team again delivered a strong operational performance, with many leasing successes, positive progress across our developments, profitable recycling and further surplus capital returned to shareholders. Together these generated resilient financial results, whilst creating great spaces for our occupiers. With a portfolio full of opportunity and exceptional financial strength, we remain extremely well positioned.

Our Strategic Report on pages 1 to 88 has been reviewed and approved by the Board.

On behalf of the Board
Richard Mully Chairman

We are Great Portland Estates.

We aim to deliver superior returns by unlocking the often hidden potential in commercial real estate in central London, creating great spaces for occupiers and strong returns for shareholders.

Our management team

› See our Board and Senior Management Team on pages 70 to 73

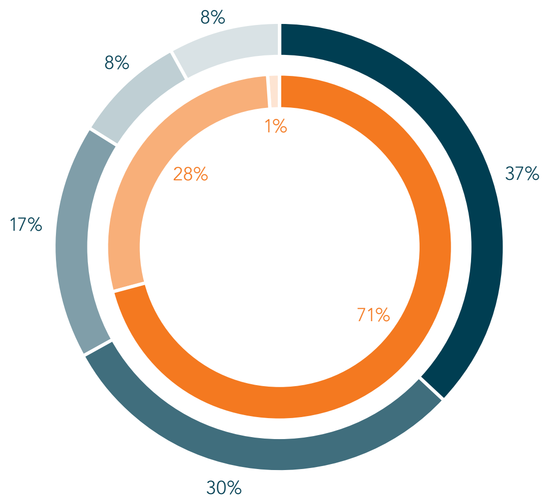
Our portfolio – 100% central London, with 54% in our development programme

Locations

- North of Oxford Street **£964.6m**
- Rest of West End **£758.8m**
- City **£445.7m**
- Southwark **£209.5m**
- Midtown **£200.4m**

Business mix

- Office **£1,822.5m**
- Retail **£725.0m**
- Residential **£31.5m**



£2,579 million portfolio valuation

2.6 million sq ft

17% in committed development

100% BREEAM 'Excellent' targeted

37% in development pipeline

47 properties, **35** sites

326 occupiers

£55.20 average office rent per sq ft

£100.4 million rent roll

1.2% rental value uplift in year

8.3% reversionary potential

4.8% vacancy rate

92% <800 metres from a Crossrail station

Our financial strength

Net assets	Net gearing	Loan to value	Weighted average interest rate	Cash and undrawn facilities
£2.3bn	6.8%	8.7%	2.7%	£608m
2018: £2.4bn	2018: 0%	2018: 2.4%	2018: 2.1%	2018: £814m

Our performance highlights

One year

Portfolio valuation	EPRA NAV per share	Total Property Return (TPR)	Total Accounting Return (TAR)	Total Shareholder Return (TSR)
£2.58bn	853p	3.5%	2.3%	14.0%
2018: £2.79bn (up 0.2% LfL) ▲	2018: 845p (up 1.0%) ▲	2018: 5.5% (down 2.0 pps) ▼	2018: 7.1% (down 4.8 pps) ▼	2018: 4.0% (up 10.0 pps) ▲

Ten years

Total Property Return (TPR)	Total Accounting Return (TAR)	Total Shareholder Return (TSR)
241%	286%	396%
Benchmark: 251%	Benchmark: 48%	Benchmark: 231%

EPRA and adjusted metrics: we prepare our financial statements using IFRS, however we also use a number of adjusted measures in assessing and managing the performance of the business. These measures, including those defined by EPRA which are designed to enhance transparency and comparability across the European real estate sector, are included in note 9 of the financial statements.

› See our KPIs and operational measures on pages 26 and 27 and glossary for definitions

We unlock potential…

Our purpose

We unlock potential, creating space for London to thrive.

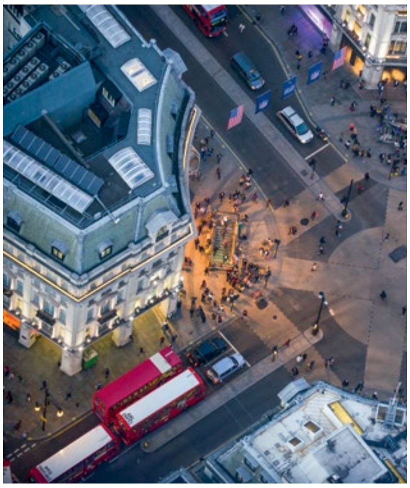
› See more on pages 8 and 9

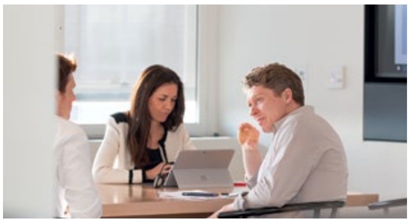
Our strategy

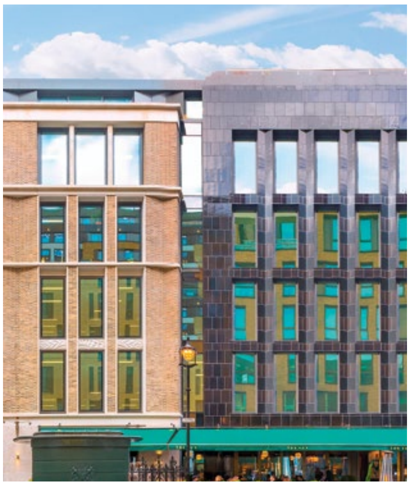
We aim to deliver superior returns by unlocking the often hidden potential in commercial real estate in central London, creating great spaces for occupiers and strong returns for shareholders.

Our strategy is underpinned by five clear principles:

- 100% central London; West End focus
- Reposition properties let off low rents
- Flex operational risk through the property cycle
- Maintain low financial leverage
- Disciplined capital management; raise to acquire, distribute excess







Our priorities over the last 12 months

Further recycling and selective investment activity

› See more on pages 36 and 37

Progress the committed developments and prepare the pipeline

› See more on pages 38 and 41

Drive rent roll growth

› See more on pages 42 and 43

Our integrated team

We have built our organisation around three areas of property expertise, with our success dependent on us all working together as a single integrated team.

Investment management

Buying well and selling at the right point in the cycle is key to crystallising attractive portfolio returns. Our deep knowledge of our local markets and close network of contacts and advisers means we acquire properties, often off-market, that are rich with opportunity for improvement. We have a deeply analytical approach and, once acquired, every building has a business plan that is updated quarterly. This analysis of forward look returns, together with our reading of the property cycle, has led us to be net sellers for the last six consecutive years.

Sales activity in year

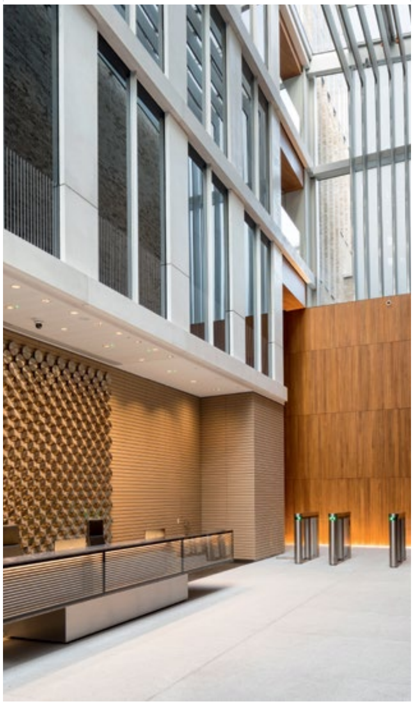
£348.9m

› See more on pages 36 and 37

Our business model

We create value by applying our specialist skills to reposition properties, producing the high-quality, sustainable spaces that occupiers demand. We adapt our activities in tune with London's cyclical property markets to maximise returns whilst managing risk.

› See more on pages 22 and 23



Our resources

Our business model is supported by key resources and relationships which we constantly develop to ensure long-term success.

› See more on pages 47 to 73

Our capital strength

› See more on pages 47 and 48

Our stakeholder relationships

› See more on pages 49 to 55

Our portfolio

› See more on pages 56 to 63

Our culture and people

› See more on pages 64 to 73

Our values

Our values define who we are and how we act. They are at the heart of what we do and are what make us special. They give us direction, describe how we behave and how we do business.

We achieve more together

› See more on page 28

We are committed to excellence

› See more on page 149

We are open and fair

› See more on page 89

We embrace opportunity

› See more on page 189

Development management

Upgrading our portfolio through development using targeted capital expenditure creates sustainable spaces with improved occupier appeal and longevity, enhancing both rental values and capital returns. Our strong relationships with planning authorities, local communities, occupiers and our supply chain are central to our profitable development activities and ensure that our properties are sensitive to the wider environment in which they are located.

Forecast profit on cost on committed schemes

19.1%

› See more on pages 38 to 41

Portfolio management

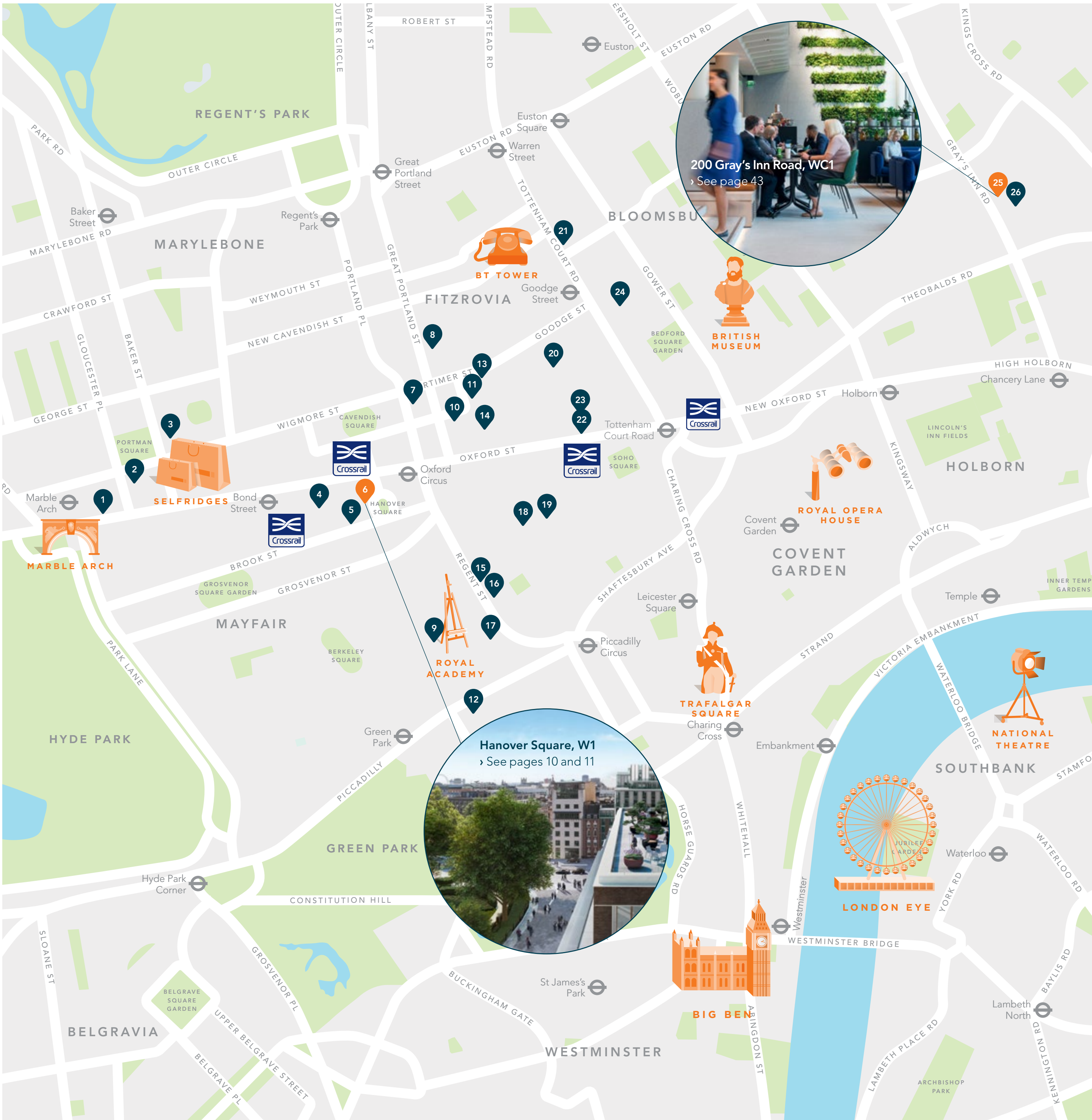
Together, our portfolio management and occupier services teams are responsible for understanding the needs of our occupiers, helping us ensure that we adapt and innovate, providing flexible, efficient, smart space that meets their changing requirements and ways of working. This helps improve satisfaction rates, which in turn drives sustainable rental growth and minimises vacancy through ongoing occupier retention.

Lettings and renewals in year

£24.5m

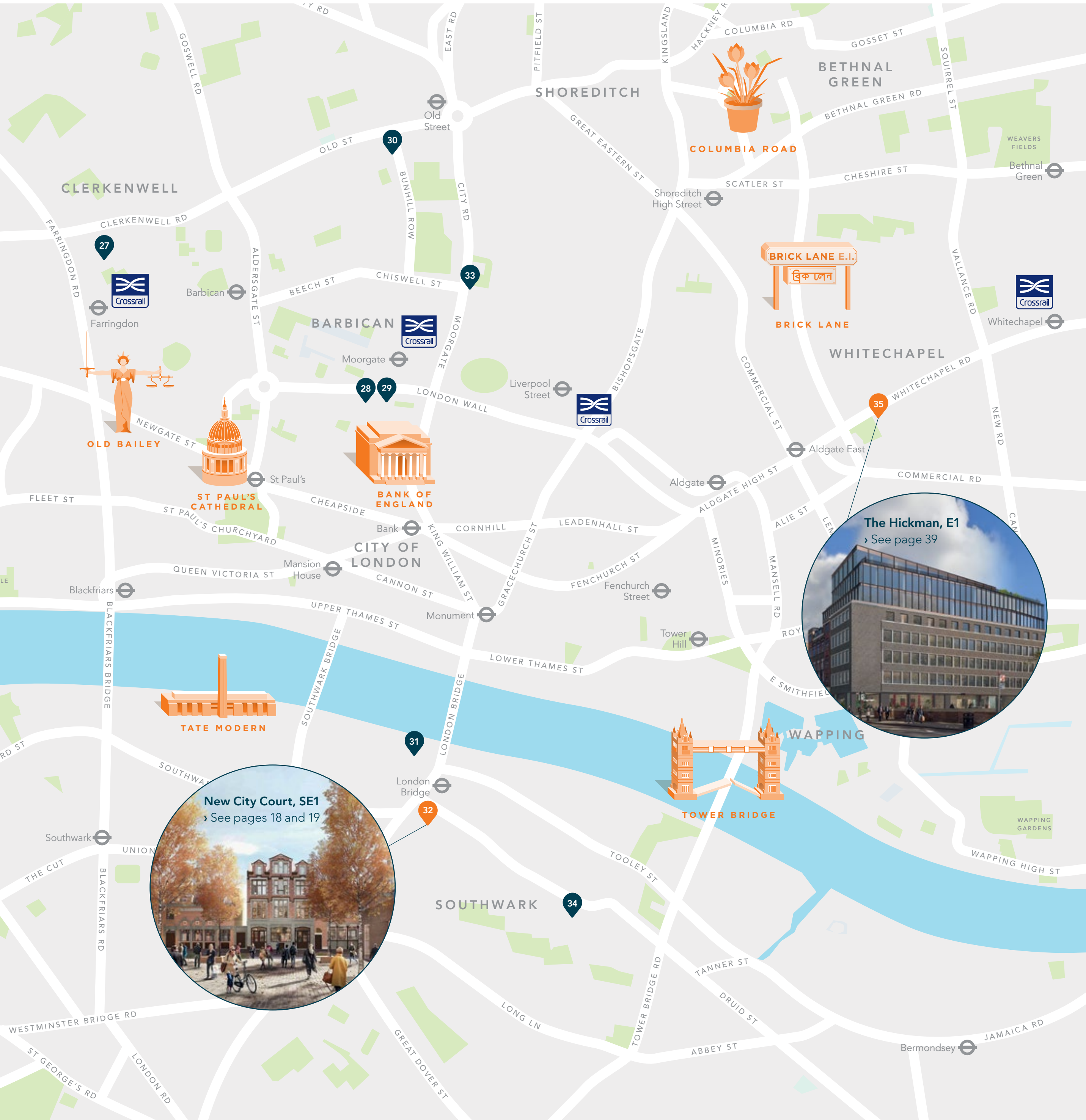
› See more on pages 42 and 43

…creating space…



North of Oxford Street

1. Mount Royal
2. 35 Portman Square
3. Orchard Court
7. Walmar House
8. 78/92 Great Portland Street
10. 6/10 Market Place
11. Elsley House
13. Wells & More
14. Kent House
20. 23/24 Newman Street
21. 183/190 Tottenham Court Road
22. Oxford House
23. Rathbone Square
24. 31/34 Alfred Place



Rest of West End

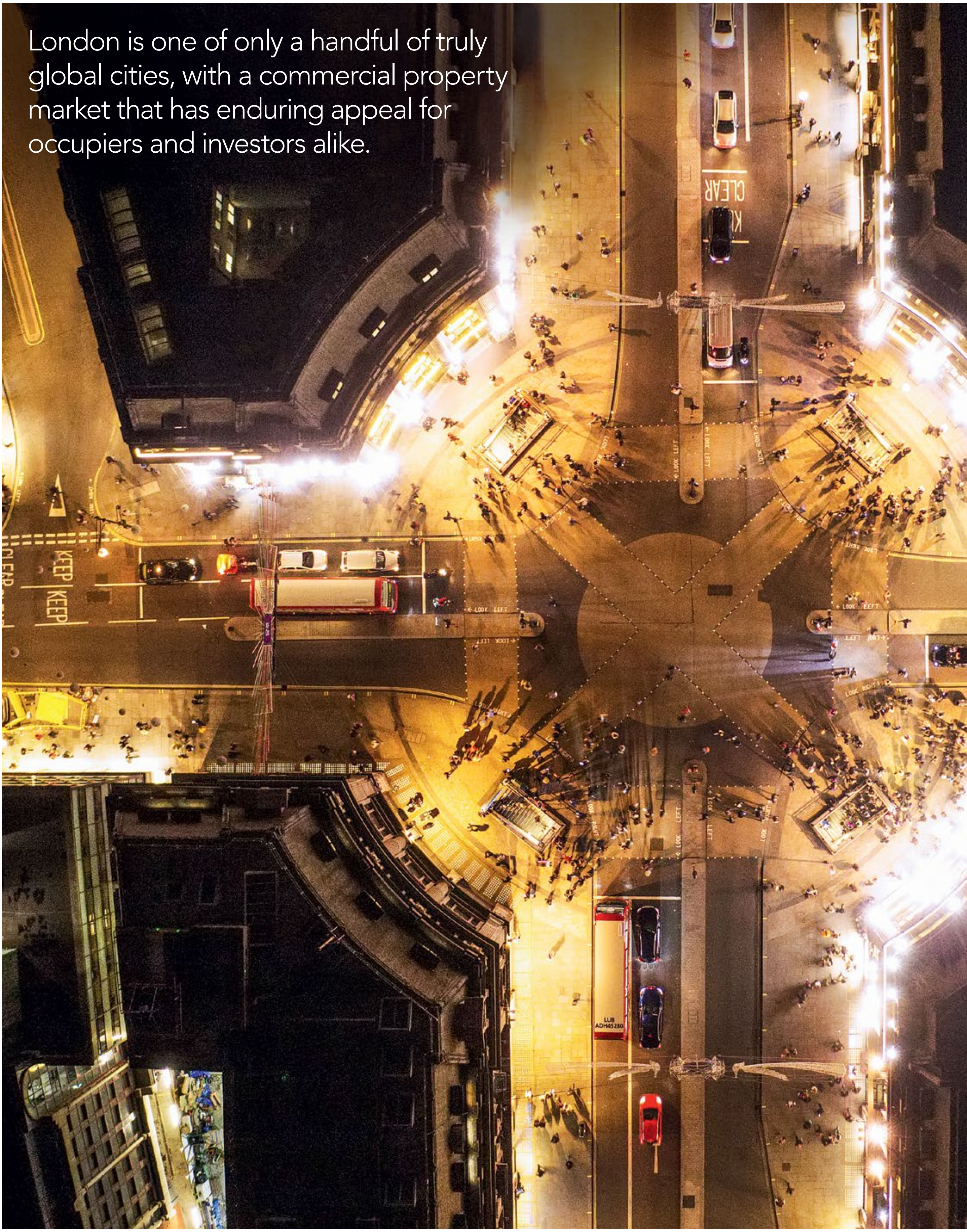
4. 95/96 New Bond Street	15. Carrington House
5. 6 Brook Street	16. Kingsland House
6. Hanover Square	17. 103/113 Regent Street
9. Pollen House	18. 48/54 Broadwick Street
12. The Piccadilly Buildings	19. Poland Street

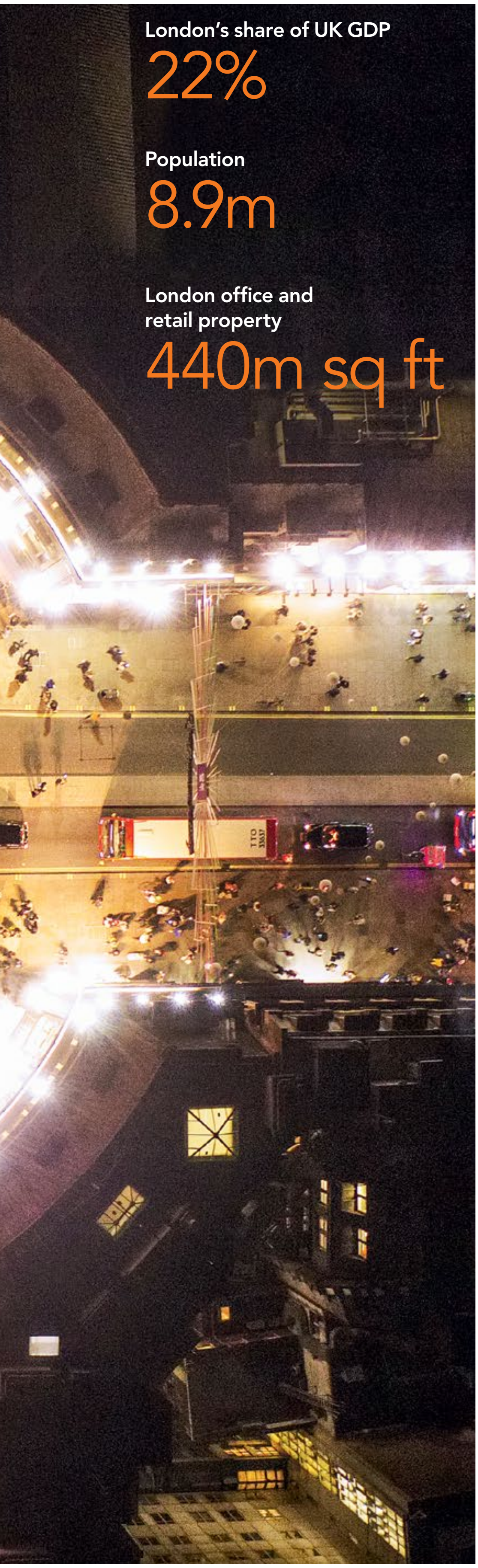
City, Midtown and Southwark

25. 200 Gray's Inn Road	31. Minerva House
26. Elm Yard	32. New City Court
27. 24/25 Britton Street	33. 50 Finsbury Square
28. City Place House	34. 46/58 Bermondsey Street
29. City Tower	35. The Hickman and Challenger House
30. 160 Old Street	

…for London to thrive.

London is one of only a handful of truly global cities, with a commercial property market that has enduring appeal for occupiers and investors alike.





London: a truly global city

London generates around 22% of UK GDP, with the largest economy of any city in Europe, and is one of the world's leading commercial, creative and financial centres. Despite the continued uncertain macro-economic outlook resulting from the ongoing Brexit negotiations, London has been growing and is forecast to grow further. By 2030, London's population is expected to have increased to around 10.0 million, up from 8.9 million today, and improving infrastructure including Crossrail, is bringing more people within its reach. Its combination of a strong legal system, time zone advantages, international connectivity and a welcoming attitude to businesses from around the world has resulted in London retaining its position as the world's most attractive city for the global workforce, as measured by Boston Consulting Group.

Deep, liquid real estate markets

Central London has one of the world's largest commercial real estate markets, with around 440 million sq ft of office and retail property attracting a deep and diverse mix of occupiers and property investors, many from overseas. London remains the leading destination for cross border capital, with over double the total investment into New York, its nearest rival. Notwithstanding these strengths, London's commercial property markets have once more tracked sideways during the year as political uncertainty surrounding the UK's exit from the EU continued to dominate.

Whilst the last few years have been less volatile than the previous decade, we expect that London's commercial property markets will likely remain cyclical. We remain well positioned to capture the opportunities that this cyclicality creates, both through flexing our operational risk in tune with market conditions and always maintaining low levels of financial gearing.

Our West End preference

Our historical focus has been in the West End, an area of London that provides a unique and diverse mix of commercial, retail, residential, cultural and tourist attractions, drawing people and businesses from around the world. It is also home to a broad range of occupiers, and, as a result, is not reliant on any one dominant sector.

Furthermore, the barriers to developing buildings in the West End are high. Around 70% of the core West End is in a conservation area and the planning environment is continuing to tighten. Successfully navigating these barriers to deliver efficient and sustainable properties that meet the needs of modern occupiers and positively impact their local communities remains critical to our ability to create value over the longer term.

› See more on page 33

An evolving London market

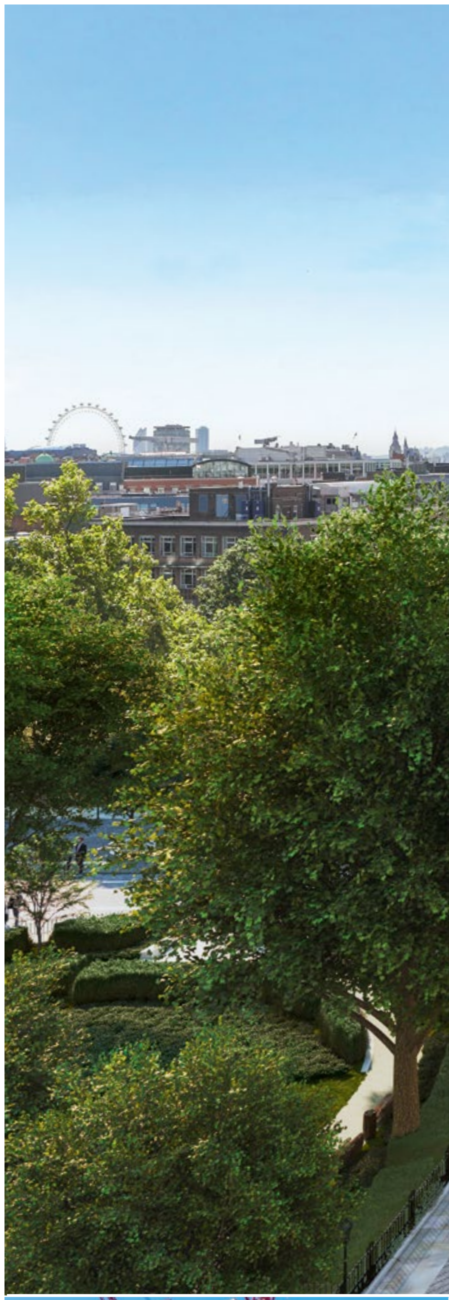
However, we know that modern occupiers expect more from their real estate and are more likely to move to new locations in central London to find it, such as Southwark and the City fringe. We are at the forefront of delivering space to meet these needs. Occupiers are demanding increasingly flexible workplaces offering a greater variety of spaces from traditional formal office space to more informal communal and social areas. Moreover, as the competition for talent has increased, staff wellbeing has moved further up occupiers' agendas as healthy, sustainable working environments are used to help attract and retain staff. Good access to public transport infrastructure also remains critical for many businesses, with proximity to Crossrail stations an increasingly important consideration.

See how we are evolving to meet the demands of our occupiers and helping **London to thrive** over the following pages...

Hanover Square

Prime Square

At Hanover Square, W1, we are on site at our unique 221,200 sq ft mixed-use development scheme above the new Bond Street Crossrail station, which is already attracting occupiers. Completion in 2020, along with the regeneration of the public realm, will transform one of Mayfair's premier garden squares.



We pieced the 1.3 acre site together through six separate transactions between 2006 and 2008. Since then we have worked closely with Westminster City Council and Crossrail to masterplan the site to create a prime 221,200 sq ft mixed-use development in the heart of Mayfair. When complete, this BREEAM Excellent development will provide 167,200 sq ft of new offices, across two buildings, with new pedestrian access to Hanover Square, new public realm, 31,200 sq ft of prime retail fronting New Bond Street and six residential units.

During the year, following the purchase of the land that sits directly above the Crossrail station, we commenced the construction of the last element of the site, 18 Hanover Square, the main office building. Construction is progressing well, the steel frame is complete and the cladding largely in place. We are on track to achieve practical completion of the development in Q3 of 2020, with the scheme expected to deliver a profit on cost of 20.9%.

We have already had significant success pre-leasing the offices. During the year, our 57,200 sq ft pre-let, to global investment firm KKR, went unconditional and in March this year we pre-leased a further 53,900 sq ft to Glencore, the global natural resource business, who will take the second to fourth floors on three separate 20 year leases (no breaks). As a result of these lettings, 48% of the total available space is now let, more than a year ahead of completion, substantially de-risking the scheme.

With strong interest in the remaining office space, we recently started marketing the retail units on New Bond Street. Located at the northern end of one of the world's premier retail streets, our six flagship stores provide relative value in a retail pitch set to benefit from the opening of Crossrail, and early interest is encouraging.

› See more at https://hanoverlondon.com

"We are enjoying working with GPE to create an exemplar space for both our staff and clients at 18 Hanover Square."

Simon Booth
Director of Office Operations, KKR

"Our landmark development at Hanover Square will deliver a best-in-class building in a premier Mayfair garden square. Buildings of this quality are rare and in high demand, demonstrated by our pre-leasing successes to date."

Martin Quinn
Senior Project Manager

KKR & GLENCORE

We have already pre-leased the second to eighth floors (111,100 sq ft) of 18 Hanover Square, the office building above the Crossrail station. Together, we have secured £12.8 million of rent and an average lease term of 17.4 years. These lettings are a strong endorsement of the quality of the scheme, securing 48% of the overall rent and substantially de-risking this exciting development.

£12.8m
rent secured

Flex space

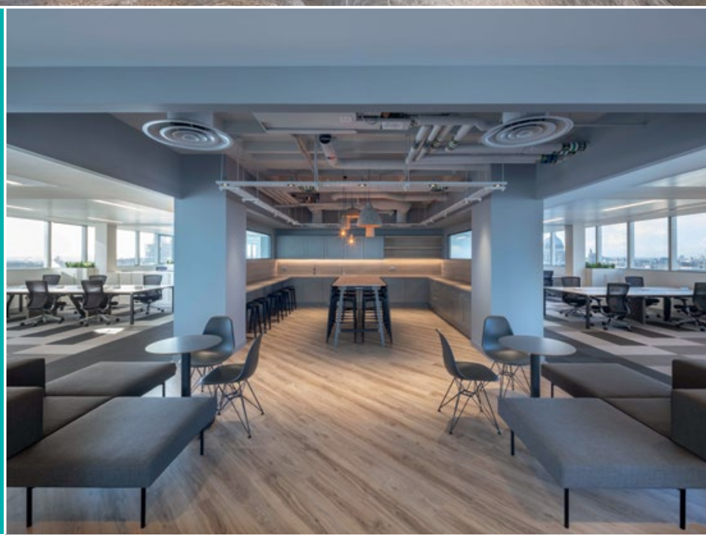
Above: Our co-working space in partnership with Runway East at New City Court, SE1

Near right: Our flex space offer at City Tower, EC2

Far right: Bowie, the resident dog at Runway East, New City Court, SE1

30%

premium to net effective ERV



Flexing our space

The space requirements of London's businesses are evolving as they become more agile and their workforces more mobile. Whilst the majority of central London take up continues to consist of longer-term leases, a growing number of businesses, particularly SMEs, are looking for more flexible office space to meet their needs.

Flexible office provision has always been a feature of the London office market, helping to keep small businesses in London and contributing to the city's growth. In recent years, the demand for greater flexibility has grown. Flexible office providers have accounted for around 12% of annual take-up over the past four years, albeit their share of the overall London office market remains low at around 5%.

As the London leasing market has evolved, so have we. In the last 18 months, we have successfully launched two flexible offerings to meet this growing market need.

Firstly, a flex offer to provide dedicated, fully fitted space, on flexible terms, allowing occupiers to move in and out of the space with ease. This has been rolled out in a number of buildings across the portfolio, including at Elm Yard, WC1 and we have had significant leasing success, with all of the 39,200 sq ft we have delivered to date either fully let or under offer within a month of completion and at a 30% premium to the net effective ERV.

Secondly, we entered into partnership with Runway East, a co-working and flexible office provider, for 48,400 sq ft of office space at New City Court, SE1. Runway East are operating the space on a three year term and we share the revenue that is paid by the businesses in occupation. New City Court is a building in our development pipeline and our partnership with Runway East will maximise the income from the site before we are ready to start construction, expected to be in 2022.

Looking ahead, we expect our flexible offerings to continue to evolve and we are currently assessing a further 124,300 sq ft of space, across both our investment and development properties, where these offerings could be extended.

"Our flexible offerings have been very successful. We have created exciting vibrant spaces that have let quickly at a significant premium to ERV."

Simon Rowley
Head of Office Leasing

"By combining our operational expertise in the flexible office space sector with GPE's understanding of how the market will develop, we've been able to quickly fill New City Court and drive revenue for both parties."

Andy Williams
CFO, Runway East

Sales and share buyback

Sales and return

Pricing in London's commercial property investment market remained at elevated levels during the year. As a result, we continued to be a net seller, using supportive market conditions to crystallise surpluses. With limited accretive acquisition opportunities to reinvest the sales receipts and our debt levels at near record lows, our usual capital allocation discipline applied and in November we launched a £200 million share buyback programme to return surplus capital to our shareholders.

We combine experience, gut instinct and a highly analytical approach to managing our property portfolio. We review the forward look returns from each and every building quarterly and, where our hurdles are not expected to be met or where business plans have been completed, they are often sold. In the first half of the financial year, we made six commercial sales, totalling £322.5 million, in line with book value. Our two largest sales were 55 Wells Street, W1 (£64.6 million) and 160 Great Portland Street, W1 (£127.3 million), both of which we had redeveloped and successfully let on long leases. With no further opportunity to add value, future growth was considered limited and accordingly they were sold, in both cases to overseas investors.

› See more on pages 36 and 37

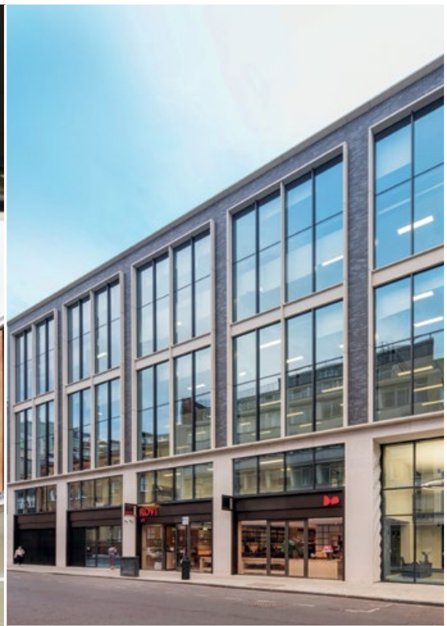
In November 2018, after receipt of the sales proceeds, LTV reduced to only 6%. With limited attractive acquisition opportunities, we launched a £200 million on-market share buyback programme.

Having structured our two previous capital returns this cycle as one-off payments via a special dividend and B-share scheme respectively, the buyback programme can be executed over time, and potentially ceased, ensuring that we retain our significant financial flexibility in this period of heightened political and macro-economic uncertainty.

We have so far completed £74.1 million of the buyback, meaning we have now returned £490 million of surplus equity to shareholders over the past two years following our profitable sales activity. Once the share buyback is complete, we will have returned £616 million to shareholders this cycle, in addition to ordinary dividends. Moreover, with LTV today at 8.7%, the balance sheet remains robust and we have maintained our ability to invest if the right market conditions should emerge.

"The share buyback programme is designed to return further surplus equity to our shareholders whilst maximising our flexibility given the uncertain macro-economic backdrop."

Martin Leighton
Director of Corporate Finance



Top right: 55 Wells Street, W1 sold in October 2018 for £64.6 million. The development completed in November 2017 and was 85% let on an average lease term of ten years.

Above: Our corporate finance team: Adi Gokal, Corporate Finance Manager, Martin Leighton, Director of Corporate Finance and Nick Sanderson, Finance and Operations Director.

Left: 160 Great Portland Street, W1 sold in August 2018 for £127.3 million. The offices are let until 2032 in their entirety to Double Negative, the digital effects company.

£490m

equity returned to shareholders in last two years

Community strategy

Left: Two of our team calculate our donations from our inaugural Community Day.

Top: James Shipton, Development Manager meets the latest graduates from the Bankside Open Spaces Trust Future Gardeners scheme.

Middle: Our Air Quality Toolkit for schools.

Above: As part of the launch of the Build UK Open Doors scheme, potential construction recruits tour Hanover Square.

£148,000
raised for Centrepoint

Community matters

In order to create space for London to thrive, we have a responsibility to ensure that we have a long lasting positive impact on the communities in which we work. In May 2018, we brought our community and charitable work into a single cohesive strategy 'Creating Sustainable Relationships' which focuses on some of the key challenges facing London and our local communities.

Youth homelessness

Youth homelessness in London is at record levels and we wanted to support a charity focused on breaking this cycle. We therefore announced a formal partnership with Centrepoint in May 2018. Centrepoint undertake fantastic work, not only providing much needed accommodation, but also a wide range of services from a helpline to their impressive engagement programme to help get young people into employment. During the year, we raised £117,000 and a further £31,000 in goods in kind and pro bono support, held our first Community Day and created a large pool of trainee-ship placements for Centrepoint young people.

› See more on our Community Day on page 52

Education and skills

The property and construction industries are facing a significant skills gap and finding it increasingly difficult to recruit the diverse talent needed. To help address this, we have a long standing relationship with the University of Westminster, providing their students with access to our construction projects together with an established apprenticeship programme. During the year, we also supported the Centrepoint work placement scheme, providing opportunities for their young people to work within our supply chain. We also announced our support of the Bankside Open Spaces Trust Future Gardeners work placement scheme, which helps people not in education, employment or training secure access into the horticulture industry.

Air pollution

Air pollution is a significant concern for London and the communities in which we work. Green spaces can improve air quality and have numerous benefits in connection with wellbeing, biodiversity and climate change. During the year, together with Groundwork London, we funded an Air Quality Toolkit for schools. This also helped to unlock funding from the Greener City Fund for two schools to allow them to install green screens and walls. We hope these efforts will both materially benefit the air quality in the vicinity of the schools and help refine the specification of urban greening measures in our own portfolio.

"The schools were crying out for guidance on how to approach green infrastructure to support air quality. Huge thanks to GPE for recognising this and supporting this work."

Fiona Brenner Area Manager, Groundwork London

"GPE's commitment to supporting homeless young people and the creativity of their approach has been nothing short of inspiring. Without GPE's help, we really couldn't provide such a high level of service and care."

Di Gornall
Director of Fundraising, Centrepoint

Development programme

Future proof

Repositioning tired and unloved real estate into prime attractive modern space is central to our business model. Over the past ten years, we have been cultivating our pipeline of raw material capable of being transformed into tomorrow's exemplary buildings. Today our total development programme is substantial, encompassing 54% of the portfolio.

In addition to three committed development schemes on site, totalling 414,900 sq ft, our pipeline consists of ten schemes, all of which are income producing, have flexible start dates stretching into the 2020s and are well located around major public transport interchanges in the heart of London.

At New City Court, SE1 in the London Bridge Quarter, our development team have been working closely with Southwark Council and have recently submitted a planning application to transform the building from the existing 98,000 sq ft of tired, outdated offices into 373,100 sq ft of brand new space.

› See how we are maximising income from the existing building on pages 12 and 13

The proposed new office and retail building will incorporate exceptional sustainability and wellbeing credentials as well as a hub with auditorium and exhibition space. The property would also bring a number of new benefits to the local community, including a public, elevated garden, a landscaped courtyard, affordable workspace and a new entrance to London Bridge Underground Station.

› See more at https:/gpe.co.uk/sustainability

In total, our development programme is set to provide London with in excess of 1.8 million sq ft of modern, high quality, sustainable spaces and provide us with a strong platform of organic growth into the next cycle.

"Our development programme, currently 54% of the portfolio, gives us a strong platform stacked full of opportunity stretching into the 2020s."

Andrew White
Development Director

"We have worked with GPE for 20 years on a series of ever more visionary projects that continue to define new and better ways of making spaces. Buildings designed to last the test of time."

Simon Allford
Allford Hall Monaghan Morris Architects

Left: The courtyard space at our proposed new development at New City Court, SE1.

Top right: James Shipton and Helen Hare from our development team reviewing the scale model of New City Court.

Middle right: The retained Georgian buildings forming part of the development scheme.

Development pipeline totalling

54%

of today's portfolio

How we create value

We create value by applying our specialist skills to reposition properties, producing high quality, sustainable spaces that occupiers demand. We adapt our activities in tune with London's cyclical property markets to maximise returns whilst managing risk.

The core principles of our strategy are…

- 100% central London; West End focus
- Reposition properties let off low rents
- Flex operational risk through the property cycle
- Maintain low financial leverage
- Disciplined capital management; raise to acquire, distribute excess

…underpinned by our unique combination of resources…

Our capital strength

- Consistently strong balance sheet and conservative financial leverage.
- Low cost, diversified debt book and plentiful liquidity.
- Disciplined allocation of capital through analytical, risk adjusted IRR decision making.
- Supports progressive dividend policy.
- Tax efficient REIT structure.

› See our capital strength on pages 47 and 48

Our stakeholder relationships

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

› See our stakeholder relationships on pages 49 to 55

Our portfolio

- 100% central London focus.
- Positioned for future growth; 54% of portfolio in development programme.
- Creating efficient, resilient, healthy and innovative space, sensitive to the environment and communities in which it is located.
- Detailed business plan for every property reviewed quarterly.
- Constantly evolving to meet the changing demands of modern occupiers.
- Further improve sustainability metrics to enhance the long-term value of the properties and reduce obsolescence.

› See our portfolio on pages 56 to 63

Our culture and people

- Experienced management team supported by specialist in-house portfolio management, development, investment and finance teams.
- Entrepreneurial and collegiate culture based on strong values with disciplined approach to risk management.
- Incentivised to deliver strong total returns for shareholders and outperform our KPI benchmarks.
- Effective governance structure.
- Strong employee engagement.

› See our culture and people on pages 64 to 73

…and our proactive management of our portfolio

Acquire

- Tired, inefficient properties, often with poor environmental credentials, with angles to exploit.
- Attractive central London locations supported by infrastructure improvements/ local investment.
- Discount to replacement cost and typically off-market.
- Off low rents and low capital values per sq ft.
- Optionality/flexible business plans.

› See investment management on pages 36 and 37

Reposition

- Through lease restructuring, refurbishment or redevelopment.
- Deliver new space into supportive market conditions that meet and exceed occupier needs.
- Manage risk through pre-letting, JVs and forward sales.
- Integrate ever improving sustainability standards into building design.
- Enhance the local environment and public realm and integrate with local communities.

1 2 3 4 5 6 7

› See how we reposition properties on pages 22 and 23

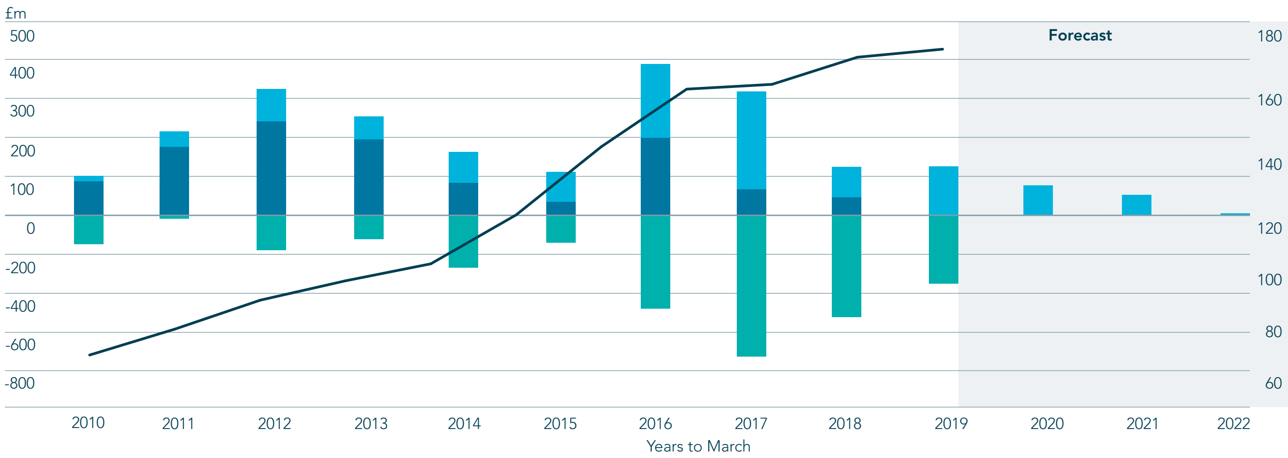
Recycle

- Disciplined capital recycling through the sale of properties where we have executed our business plans or where we are able to monetise our expected future profits.
- Create a legacy of high quality, sustainable buildings to benefit London and the communities in which they are located.
- Reinvest proceeds into higher return opportunities.
- Return excess equity capital to shareholders when reinvestment opportunities are limited.

› See our case study on pages 14 and 15

We flex our activities through the cycle…

We recognise that the central London property market has historically been highly cyclical and we adapt our activities accordingly to maximise our returns. With asset pricing remaining elevated, we have continued to sell properties to monetise profits whilst combining low financial leverage with a balanced approach to development given the more uncertain macro-economic backdrop. The successful reading of this cycle and the flexing of our operational risk are key to delivering long-term sustainable shareholder value.



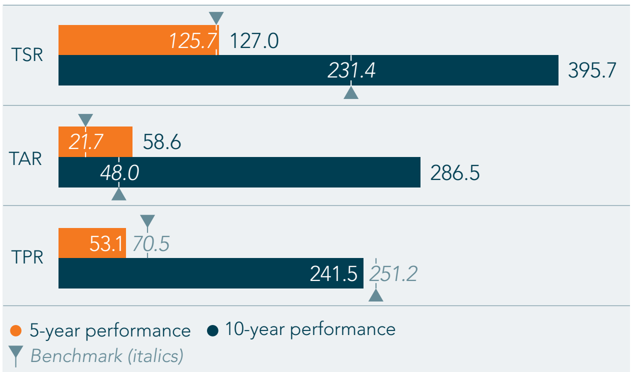
- **Acquisitions** – forecast represents currently completed or exchanged deals
- **Capex** – forecast represents committed capex
- **Sales** – forecast represents currently completed or exchanged deals
- **MSCI** – Central London Capital Growth Index (RHS)

…delivering attractive returns over the long term…

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

› See our KPI benchmarks on pages 26 and 27

Long-term performance %



…as proven by our track record

Acquire

- We started to acquire in scale in 2009 when we saw deep value in the market to acquire raw material to reposition into a resurgent rental market.
- Since 2009, we have bought £1.5 billion (our share: £1.2 billion) of assets, or two thirds of today's portfolio.

› See investment management on pages 36 and 37

Reposition

- We aim to be early cycle developers delivering new buildings into strong rental markets to drive organic growth.
- We have completed 22 developments (30% profit on cost) since 2009, delivering 1.8 million sq ft of BREEAM 'Excellent' and 'Very Good' spaces to improve London's real estate.
- Today, we have three committed developments (17% of our portfolio) and our portfolio contains a wealth of future opportunity with 37% in our development pipeline.

› See development management on pages 38 to 41

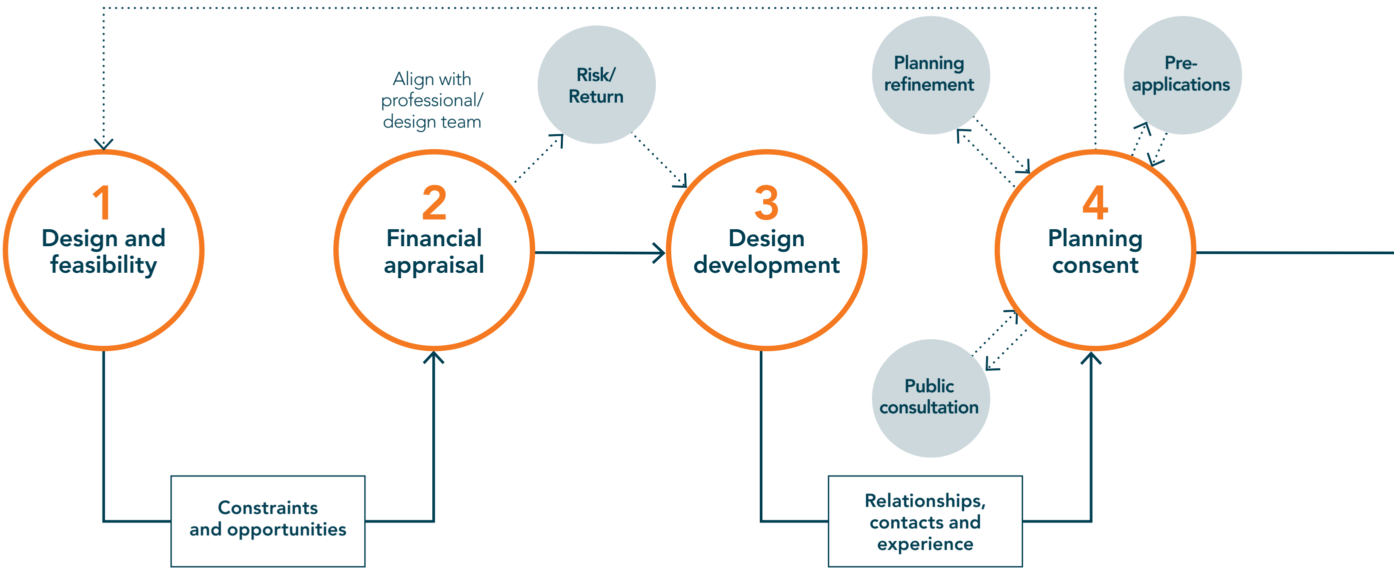
Recycle

- We typically rotate 10%–20% of the portfolio every year to monetise surpluses created by our repositioning activities.
- Given strong pricing in the investment market, we have been a net seller in each of the last six financial years with sales totalling £2.5 billion.
- Our recycling activity has enabled us to maintain leverage at record lows and return further capital to shareholders, whilst preserving our financial strength and firepower.

› See our case study on pages 14 and 15

How we create value continued

Improving real estate is highly complex, with each building requiring a bespoke business plan to deliver a successful outcome. The flow chart shows how we reposition properties. It illustrates the process we adopt to ensure those business plans maximise returns and deliver sustainable, market appropriate buildings.



Design and feasibility

At the outset we conduct a feasibility study to understand what is possible for the existing building or site. This will assess:

- the local market to understand occupier demand;
- our ability to add new space to the site;
- neighbourly matters;
- local planning requirements and the relative merits of a refurbishment or full scale development;
- proposed sustainability rating;
- the ability to deliver new space within the confines of the local planning environment; and
- Needs of the local community.

Financial appraisal

If the feasibility assessment supports the case for development, we will conduct a financial appraisal to ensure the forecast prospective returns are sufficient to proceed.

Our required returns will differ depending on the risk profile of the proposed project. We will be seeking a premium over our cost of capital, set to compensate for the risk involved, with speculative development having the highest required return.

Design development

If a potential redevelopment is both feasible and financially viable, we will further develop the design to enable us to achieve planning consent.

Our specialist in-house development team works with an extensive network of selected partners, from over 50 disciplines. Together with our in house Design Review Panel, they ensure the building design meets market specifications, maximises our returns and will attract our target occupiers.

› See our development programme case study on pages 18 and 19

Planning consent

Most of our repositioning activities require planning consent. The effective navigation of the planning process by our in-house team is crucial to the success of any redevelopment.

Our relationships with the local planning authorities are key to delivering on our business plans. We are open, transparent and non-adversarial in our approach. We engage pro-actively in pre-application consultations with key stakeholders and will adjust our proposals, as appropriate, to take account of comments received.

Risks

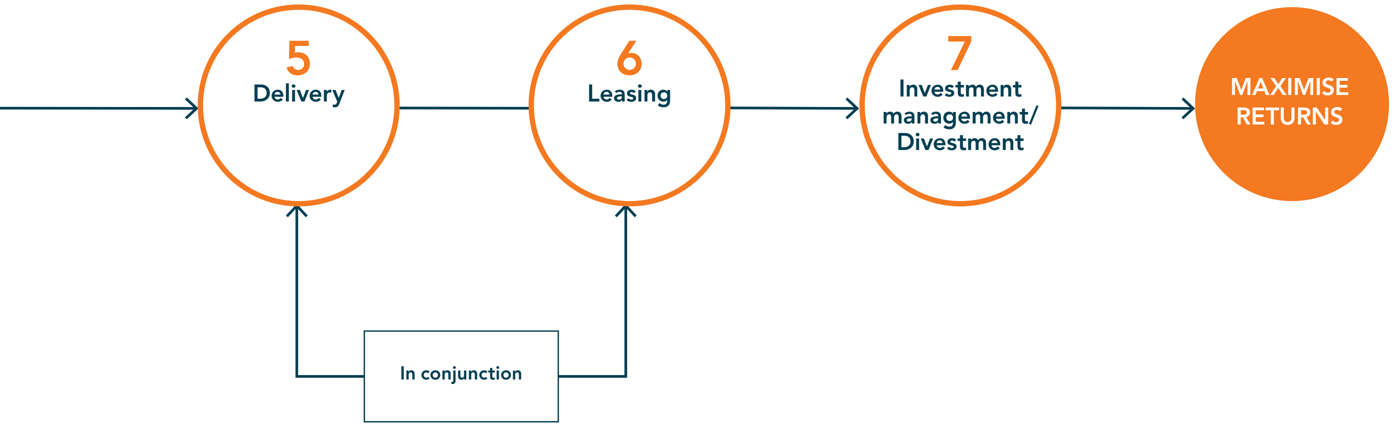
› See more risk on pages 74 to 88

Design and feasibility:
- Inappropriate location
- Failure to reach agreement with adjoining owners on acceptable terms

Financial appraisal:
- Incorrect reading of property cycle
- Inappropriate level of development undertaken as a percentage of the portfolio

Design development:
- Failure to react to evolving occupier needs

Planning consent:
- Failure to gain viable planning consents on a timely basis



Delivery

Construction of any building in central London is highly complex. We outsource the construction to a network of highly regarded contractor companies but, given the risks involved, we closely manage the process using our in-house project managers.

Our team will utilise the appropriate procurement method for the scheme to optimise the balance between price certainty and risk.

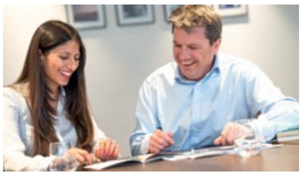
Once on site, we liaise with the main contractor to manage the delivery of the building, to time and budget, and help commission the building once complete.

Leasing

Often a development's leasing and delivery go hand in hand. Our leasing team will be involved at the design development stage to ensure the building is appropriate to our target occupiers to maximise its letting prospects.

We will seek to let the building early in the delivery process. Marketing materials, often incorporating an on-site marketing suite, will be prepared during delivery, with the formal pre-letting campaign typically commencing up to 24 months prior to completion.

› See our Hanover Square case study on pages 10 and 11



Investment management/ Divestment

Once de-risked (through leasing and successful construction), we will assess the building's forecast performance.

We forecast each occupier's future rental cash flows and, using our own assumptions for future movements in rents and yields, estimate the property's future growth. If its prospective returns do not meet our required investment hurdles, taking into account both our cost of capital and the risks, the completed project may be sold to crystallise our returns.

› See our sales and return case study on pages 14 and 15

- Incorrect cost estimation
- Construction cost inflation
- Contractor availability and insolvency risk
- Quality and benchmarks of the completed buildings

- Building being inappropriate to occupier demand
- Ineffective marketing to prospective occupiers

- Incorrect reading of the property cycle

Our clear strategic priorities

We have a clear strategic focus that enables us to deliver attractive long-term shareholder returns. Our primary focus remains on maximising value from our portfolio organically through creating exciting spaces for occupiers, driving rental growth, delivering developments and recycling capital, although we will continue to explore acquisition opportunities where we see value.

› See more on pages 36 to 43

Strategic priorities 2018/19

Priority	Key initiatives	2018/19 progress	
Further recycling and selective investment activity › See more on pages 36 and 37	– Explore further sales opportunities where prospective returns are insufficient. – Acquire properties should we see attractive value in the market.	– Total sales of £348.9 million at an average capital value of £1,459 per sq ft broadly in line with book value. – We maintained our disciplined approach to acquisitions and, with limited value to be found, no properties were purchased during the year.	 55 Wells Street, W1 › See our case study on pages 14 and 15
Progress the committed developments and prepare the pipeline › See more on pages 38 to 41	– Maintain programme of three new committed development schemes. – Secure further pre-lettings on committed schemes. – Prepare the 13 schemes in the development pipeline for the next cycle. – Submit planning applications at 50 Finsbury Square, EC1 City Place House, EC1 New City Court, SE1 and Whitechapel Courtyard sites, E1.	– Excellent progress on three new development schemes committed during the year, including Hanover Square, W1. – Further pre-letting success at Hanover Square, W1, pre-letting an additional 53,900 sq ft. – Deep development pipeline: ten projects, with planning application submitted for new 373,100 sq ft building at New City Court, SE1. – Whitechapel Courtyard sites sold under option. – Total development programme: 54% of portfolio, 1.8 million sq ft.	 Hanover Square, W1 › See our case study on pages 10 and 11
Drive rent roll growth › See more on pages 42 and 43	– Capture further reversionary potential. – Lease remaining space at 160 Old Street, EC1 and 55 Wells Street, W1. – Reduce investment vacancy rate below 4%. – Seek further opportunities to roll out flex space offering. – Deliver ERV growth of between -2.5% and +1%.	– £2.7 million of reversion captured. – 160 Old Street, EC1 94% let and 55 Wells Street, W1 84.8% let when sold in October 2018. – Vacancy rate of 4.8% given development/ refurbishment completions. – 15 flex space lettings totalling 87,600 sq ft across six buildings. – Portfolio ERV up +1.2% in year.	 Flexible spaces › See our case study on pages 12 and 13

Strategic priorities 2019/20

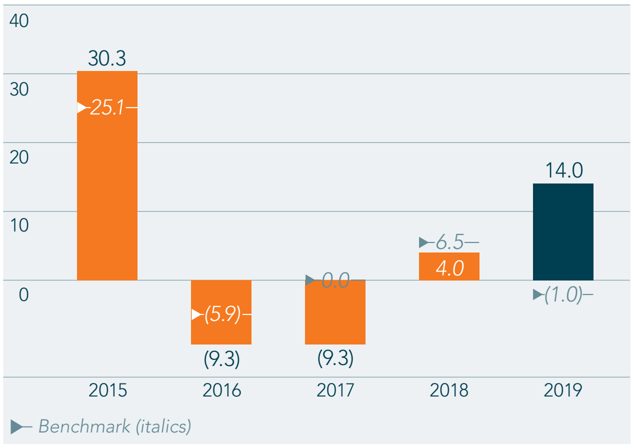
Impact on strategic KPIs	Priority	Target	Risk
– Sales ahead of book value lower loan to value and support TPR and TAR. – Accretive recycling and reinvestment should enhance TPR and TSR. › See our KPIs and operational measures on pages 26 and 27	**Further recycling and selective investment activity** › See more on pages 36 and 37	– Explore further sales opportunities where prospective returns are insufficient. – Acquire properties should we see attractive value in the market.	– Pricing of potential disposals weakens. – Insufficient attractively priced opportunities. › See more on pages 80 and 81
– Development surpluses enhance TPR and TAR. – Pre-lettings accelerate TPR and mitigate voids. – Extensive pipeline of development opportunities can support TSR. › See our KPIs and operational measures on pages 26 and 27	**Progress the committed developments and prepare the pipeline** › See more on pages 38 to 41	– Maintain programme of three new committed development schemes. – Secure further pre-lettings on committed schemes. – Prepare the ten schemes in the development pipeline for the next cycle. – Submit planning applications at 50 Finsbury Square, EC1 and City Place House, EC1.	– Impact of any market declines amplified by development exposure. – Construction cost inflation reduces development profit. – Contractor/supplier failure. – Occupiers' needs not met by poorly conceived building design. › See more on pages 82 and 83
– Capture of rental reversion and occupier retention supports TPR. – Higher ERVs support asset values and TPR and TAR. › See our KPIs and operational measures on pages 26 and 27	**Drive rent roll growth** › See more on pages 42 and 43	– Capture further reversionary potential. – Reduce investment vacancy rate below 4%. – Seek further opportunities to roll out flex space offering. – Deliver ERV growth of between -2.0% to +1.5%.	– Occupational market falters. – Wrong rental levels sought for local market conditions. – Poor marketing of our space. – Weak occupier retention. › See more on pages 80 and 81

Our KPI benchmarks

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

KPIs

Total Shareholder Return % (TSR)



Rationale

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

Commentary

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

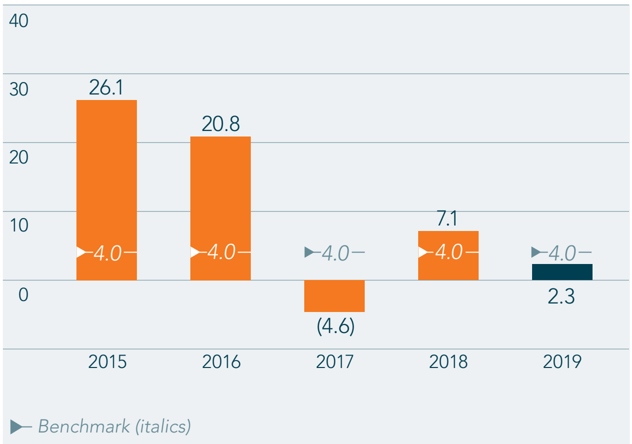
The TSR of the Group was 14.0% for the year compared to (1.0)% for the benchmark following an improved share price performance given our operational successes and reduced discount to NAV, combined with a weakening in the share prices of retail property focused REITs.

Alignment with remuneration

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

› See more on page 120

Total Accounting Return % (TAR)



Rationale

TAR is measured as absolute EPRA NAV per share growth (the industry standard measure of a real estate company's success at creating value) plus any ordinary dividends paid, expressed as a percentage of the period's opening EPRA NAV.

Commentary

We compare our TAR to a target year on year growth of 4%–10% used in our remuneration arrangements (see below). For the benchmark, we have used the minimum hurdle. TAR was 2.3% for the year as our property values increased, NAV was enhanced by the share buyback and we continued to deliver ordinary dividend growth. This resulted in a 1.7 percentage point relative under-performance for the year.

Alignment with remuneration

TAR is a performance criteria for Executive Directors' and certain senior managers' long-term incentives, and for Executive Directors' and employees' annual bonus.

› See more on page 120 and note 9 to the accounts.

Operational measures

In addition to our KPIs, there are several key operational metrics that we actively monitor to assess the performance of the business and which feed into our KPIs. As well as measuring our financial performance, these operational metrics also measure our risk profile and our achievements against some of our sustainability targets. Each of these metrics for the year to 31 March 2019 is shown on the right.

› See approach to risk section on pages 74 to 88

Investment management

Purchases	**£nil**
Sales	**£348.9m**
Sales – discount to book value	**(0.7)%**
Net investment	**£(348.9)m**

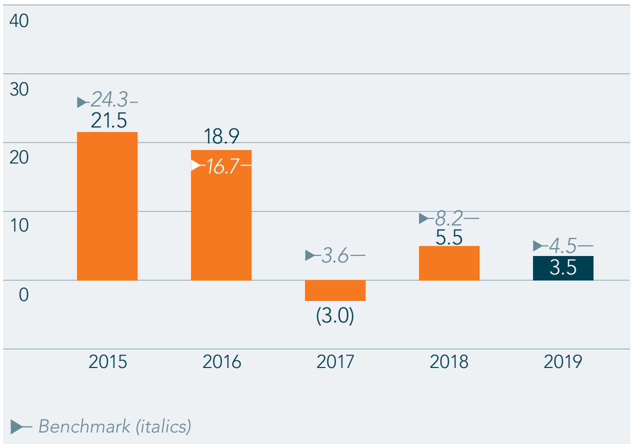
› See more on pages 36 and 37

Development management

Profit on cost	**19.1%**
Ungeared IRR	**10.8%**
Yield on cost	**4.8%**
Income already secured	**21.3%**
BREEAM Excellent (targeted)	**100%**
Committed capital expenditure	**£139.5m**

› See more on pages 38 to 41

Total Property Return % (TPR)



Rationale

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

Commentary

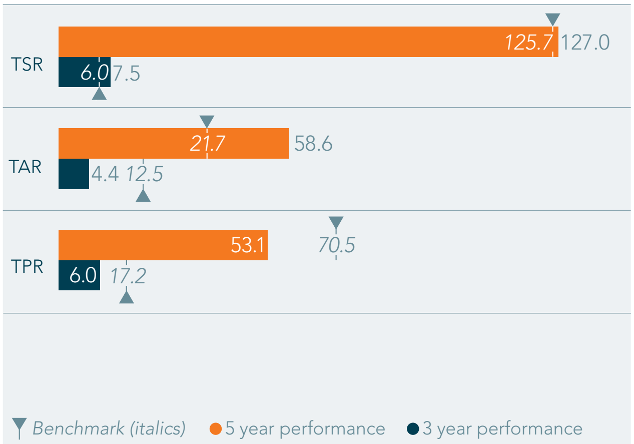
TPR is compared to a benchmark of £52.9 billion of similar assets included in the MSCI central London benchmark. The Group generated a portfolio TPR of 3.5% in the year whereas the benchmark produced a total return of 4.5%. This relative under-performance resulted from our higher than benchmark exposure to investment properties with shorter lease lengths, where valuations were less resilient given the potential leasing risk. These properties form our development pipeline and active portfolio management opportunities where income is necessarily shorter to enable us to unlock the future longer-term value upside.

Alignment with remuneration

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

› See more on page 120

Three and five year performance %



Commentary

Over the last five years, our proactive approach has delivered attractive growth in our KPIs, including a cumulative TAR of 58.6% and TPR of 53.1%. Our positive TSR of 125.7% is very marginally behind our benchmark, largely driven by the relative under-performance of GPE and other London focused office property companies since the EU referendum in 2016.

Alignment with remuneration

Over the past three years, whilst we have delivered positive absolute TSR, TAR and TPR, we have underperformed our benchmarks resulting in nil payout of the long-term incentives awarded in 2016.

› See more on page 117

Portfolio management

New lettings and renewals	**£24.5m**
Premium to ERV (market lettings)	**6.9%**
Vacancy rate	**4.8%**
ERV growth	**1.2%**
Reversionary potential	**8.3%**
Rent collected within 7 days	**99.2%**

› See more on pages 42 and 43

Our capital strength

Net gearing	**6.8%**
Loan to value	**8.7%**
Weighted average interest rate	**2.7%**
EPRA earnings per share	**19.5p**

› See more on pages 47 and 48

Our portfolio

Movement in property valuation[1]	**+0.2%**
Percentage of portfolio in development programme	**54%**

1. On a like-for-like basis.

› See more on pages 56 to 63

Our stakeholder relationships

Amount raised for charity partner	**£148,000**
Staff participation in Community Day	**86%**

› See more on pages 49 to 55

Our culture and people

Employee retention	**87%**
Training provided per employee	**3.1 days**
Employees participating in optional Share Incentive Plan	**72%**

› See more on pages 64 to 73

Strategic Report
Annual Review

In this section:

We achieve more together

Living Our Values

Our success is built on collaboration. Our best in class team is greater than the sum of its parts, creating value for our communities.

Statement from the Chief Executive

"We have had another very active year, successfully delivering developments and leasing well, whilst maintaining our capital discipline with profitable recycling and further surplus capital returned to shareholders."

Toby Courtauld
Chief Executive

We are pleased to report on another strong operational performance as we continued to unlock potential, creating space for London to thrive. Against an uncertain political backdrop, our leasing successes, positive progress at our development schemes, profitable recycling and disciplined capital management together delivered solid financial results. EPRA NAV per share rose by 1.0% in the year and, when combined with ordinary dividend per share growth of 8.0% to 12.2 pence, our total accounting return was 2.3%. We had net assets of £2,309.7 million at 31 March 2019 and delivered diluted IFRS EPS of 17.1 pence, or 19.4 pence on an EPRA basis. With a portfolio full of opportunity, exceptional financial strength and a talented team, we remain extremely well positioned.

Our markets have trended broadly flat

The combination of low economic growth and ongoing political uncertainty resulted in central London's commercial property markets tracking broadly sideways over the year. Despite political stalemate, both the weight of international capital and occupier demand remained healthy given continued workforce growth and tight supply of new high quality office space, supporting the prime investment and occupational markets. Across our portfolio, like-for-like property valuation growth was 0.2%, with our committed developments up 4.1%, whilst ERVs grew by 1.2%, driven by office rental growth of 1.9%. The current Brexit impasse has reduced transaction activity in recent months, particularly in the investment market. Given this ongoing uncertainty, near term we expect London's commercial markets to continue in their current direction. Looking further ahead, we remain confident on London's long-term prospects, as one of only a handful of truly global cities, with enduring appeal for both businesses and investors.

› See our market on pages 31 to 35

54%

Of portfolio in development programme

Excellent leasing performance ahead of ERV and embracing opportunity to meet occupiers' evolving needs

Today's occupiers are increasingly focused on the benefit of a high quality working environment in attracting and retaining talent. Our constant commitment to creating exceptional workspace has enabled us to deliver another strong leasing year, securing £24.5 million of annual rent, 6.9% above our valuer's ERV. Our 78 new lettings ranged from development pre-lettings with global commodity trading businesses on 20 year lease terms through to flexible leases with tech start-ups in co-working space. We have continued to embrace opportunity and evolve our occupier offering through the provision of fully fitted space on flexible lease terms, along with entering into a revenue share partnership with a co-working operator at New City Court, SE1. These offerings now represent 4% of our office space, which would rise to 10% when including space currently under appraisal, and deals done to date delivered rents at a 30% premium to net effective ERVs. Our team has also crystallised significant rental reversion across the investment portfolio, with 27 rent reviews settled securing £13.3 million at an average increase of 19.2% above the previous rent and beating ERV by 3.3%. We can also look forward to further rental growth given our low average office rent of £55.20 per sq ft, reversionary potential of 8.3% and a further £23.8 million of rent available at our committed development schemes.

Good progress delivering our three committed developments and preparing our extensive pipeline of opportunity

We completed our most sustainable refurbishment to date at our 161,700 sq ft 160 Old Street, EC1 scheme, delivering a profit on cost of 26.8% and achieving both BREEAM Excellent and EPC A ratings. This innovative, tech-enabled building is already 94% let to a diverse range of occupiers. Our three on-site development schemes are all near Crossrail stations and will provide 414,900 sq ft of Grade A, office and retail space. With construction progressing well, the schemes are expected to deliver a profit on cost of c.19% and we are targeting BREEAM Excellent sustainability ratings. Our Hanover Square scheme is the largest, where we have already pre-let 48% of the 221,200 sq ft development, more than a year ahead of completion. Our substantial pipeline of future development opportunities extends to 1.4 million sq ft across ten schemes in four London boroughs. To ensure these schemes meet evolving occupiers' needs (including the wellbeing of employees), anticipate future sustainability requirements and are resilient to climate risk, we recently formulated 'Our Guiding Principles for Design' and also relaunched our Sustainable Development Brief, in particular to reflect the sustainability requirements of the emerging London Plan. This pipeline includes New City Court, SE1, where working in collaboration with Southwark Council and other local stakeholders, we have now submitted a planning application to allow us to replace the existing 98,000 sq ft of Grade B office buildings with 373,100 sq ft of prime office space, new public realm and improved public transport access. Taken together, our total development programme represents 54% of our portfolio.

› See development management on pages 38 to 41

Statement from the Chief Executive continued

Committed to excellence: capital discipline and exceptional financial strength

We were a net seller for the sixth consecutive year with sales of £348.9 million, at prices in line with March 2018 book values, including two prime, long-let completed development schemes at 160 Great Portland Street, W1 and 55 Wells St, W1. With our disciplined balance sheet management, combined with no purchases in the year, we launched our third recent return of surplus equity to shareholders, on this occasion through a flexible share buyback programme, of up to £200 million. As a result, we have now returned £490 million of surplus equity to shareholders in the last two years. We have also maintained both our financial strength, with our loan to value ratio at only 8.7%, and our significant liquidity, with cash and committed undrawn facilities of £608 million.

› See our capital strength on pages 47 and 48

Achieving more together

We were delighted that GPE was ranked first, for the third consecutive year, in the property sector in Management Today's 'Britain's Most Admired Companies', recognising the dedication and efforts of our talented team. Moreover, in order to further strengthen our positive culture, we were pleased with the active involvement of all our employees in our 'Together We Thrive' initiative, set up to articulate our values in a simple, but powerful expression of who we are. We were also pleased to launch our new community strategy and social value guidelines, 'Creating Sustainable Relationships', which seek to ensure that we contribute positively to, and secure long-term benefits for, the communities in which we are working.

› See our culture and people on pages 64 to 73

We continue to be recognised for our leading stance on sustainability and were again awarded 5 stars in the Global Real Estate Sustainable Benchmark. Following a review of climate risk across our portfolio, along with an ESG materiality review aligned to the UN's Sustainable Development Goals, we also launched ambitious energy and carbon targets including a commitment for our developments to be net zero carbon by 2030.

Selected awards and recognition in the year

OAS Development Awards
BEST WEST END NEW BUILD

Property Awards 2019 WINNER Developer of the Year

GRESB ★★★★★ 2018

Institutional Investor 2019 ALL-EUROPE EXECUTIVE TEAM

WINNER BRITAIN'S MOST ADMIRED COMPANIES 2018 Management Today

Outlook

The GPE team is operating well. Against a backdrop of elevated political and economic uncertainty, we are pleased to have delivered many successes over the past year; with another strong leasing performance, we've beaten rental value estimates and pre-let more of our committed developments, ahead of schedule, to global businesses; we're innovating across our operations, introducing new technology, and evolving our product to suit the changing patterns of occupier demand; we've successfully progressed our pipeline, the quality and size of which means we have ample raw material for years to come; and through our disciplined approach to capital management, we've crystallised surpluses through asset sales, returned surplus equity to shareholders and maintained our exceptional balance sheet strength with our loan to value ratio at only 8.7%.

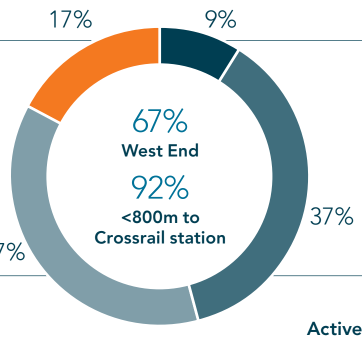
Whilst we can expect political and possibly economic turbulence over the year ahead, we remain convinced of the long-term, enduring appeal of our capital city and its property markets to businesses and investors alike. With our clear strategy, exciting portfolio and talented team, supported by our collaborative culture, deep market knowledge and financial strength, we have the capacity to choose our path to maximise returns for shareholders and we look to our future with confidence.

The GPE opportunity – our portfolio

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

Committed developments
£433m
21% pre-let
Near-term value upside

Long-dated
£238m
3.9% net initial yield
Crystallise surpluses



Development pipeline
£944m
11% reversionary
Long-term value upside

Active portfolio management
£964m
7% reversionary
Repositioning upside

› See more on page 56

Our market

The combination of low economic growth and heightened levels of political and macro–economic uncertainty has resulted in London's commercial real estate markets trending broadly flat over the last 12 months. Whilst growth has been largely absent, markets remain open for business with activity levels ahead of long run averages. Looking forward, UK political uncertainty continues to cloud the outlook. As a result, we expect markets to continue in their current direction until further clarity emerges on the structure of the UK's future trading relationships with the EU. Whatever the outcome, our confidence in the ability of London to attract businesses, capital and talent from around the world is undiminished, with London expected to remain one of only a handful of truly global cities.

Low growth economic environment

Whilst global equity markets have bounced back from the lows of late 2018, investors remain cautious as concerns around trade tensions, political disruption and the fear of a global economic slowdown persist. This uncertain economic outlook has been incorporated in the IMF's Global GDP forecasts which have reduced by 0.2% to 3.5% for 2019, in particular reflecting a slowdown in Chinese growth and a contraction in German industrial production in the last quarter of 2018. Despite increased levels of volatility and slowing global growth, the UK's GDP remained stable and grew by a modest 1.4% in 2018, and forecasts remain benign. Oxford Economics forecast annual GDP growth to be 1.7% p.a. over the next three years, unchanged from twelve months ago.

Despite record levels of employment, low levels of inflation and signs of real wage growth, Brexit uncertainty has dominated the political debate and weighed on consumer and business confidence. Recent Purchasing Manager Indices remain at or below 50, indicating the expectation of a future slowdown. Furthermore, the most recent Deloitte survey of UK CFOs also reported that the impact of Brexit remains the top risk facing their businesses with corporate risk appetite at cyclical lows.

To date, London's property markets have surprised many, being relatively immune from the uncertainty generated by the 2016 referendum result. Property values remain at near cyclical highs and activity levels in both the investment and occupational markets remain healthy, although there has been a notable slowdown in London investment market activity in the first quarter of 2019. However, the protracted negotiations to agree the nature of our future trading arrangements with the EU and the rest of the world remain unresolved.

Furthermore, the risk remains that the continued political impasse may inadvertently lead to the UK exiting the EU without a deal and/or contribute to potential changes in the UK political landscape, both of which could adversely impact the prospects for businesses across London. Our expectation is that, should the current stasis persist, London's commercial property markets will continue in their current direction in the near term. However, the backdrop is highly dynamic and the spread of possible outcomes is wide. In this context, we are exceptionally well placed.

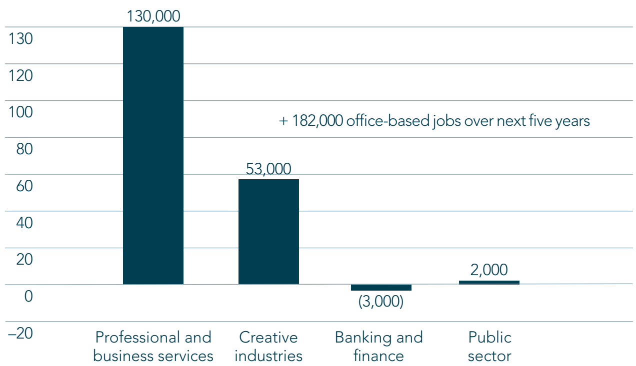
Our low financial leverage will enable us to both weather market volatility and take advantage of any dislocation should it arise.

London to remain a global city

London has one of the deepest concentrations of global businesses, capital, talent and institutions in the world and has the largest economy of any city in Europe, generating around 22% of UK GDP. London is also the most popular global work destination, ranked the most attractive city for the global workforce in a recent survey by Boston Consulting Group, and for the 7th consecutive year leads the Global Power City Index. Whilst the outlook for UK economic growth is modest, London is expected to continue to outperform the rest of the UK with Oxford Economics forecasting annual GDP growth of 2.3% over the next three years.

With London's population at a record high and further growth predicted, CBRE/Oxford Economics predict that this growth will increase inner London office-based employment by 182,000 new jobs (up from 140,500 a year ago) over the next five years, driven by the professional services and creative industries. London's deep pool of talented labour and collection of world-class universities and business schools continue to attract businesses from around the world. Three quarters of Fortune 500 companies have offices in London.

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

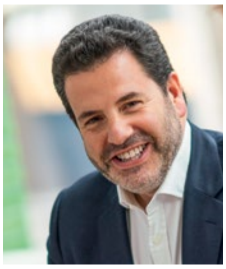


Source: CBRE/Oxford Economics

London is also set to benefit from further infrastructure improvements. Whilst the opening of Crossrail has been delayed until 2020, it will expand London's rail capacity by 10% once fully operational, bringing an additional 1.5 million people within 45 minutes of central London and further increasing its potential workforce.

Notwithstanding London's positive longer-term outlook, the elevated level of uncertainty in the very near term will likely lead to business decisions being delayed, with a potentially negative impact on the London economy and its property market. As a result, we continue to monitor closely prevailing market conditions and the fortunes of our diverse occupier base.

Our market continued



"Occupiers have continued to look through near-term uncertainties to secure the best space for their businesses. As a result, the leasing market has been robust with take-up remaining ahead of the ten year average."

Marc Wilder
Leasing Director

Healthy occupational demand for well-located, high quality space

Notwithstanding low levels of economic growth, occupational markets have been highly active. In part this activity has been supported by occupiers needing to move, with lease expiries driving nearly half of all central London active demand. For the year ended 31 March 2019, central London take-up was 13.6 million sq ft, in line with the preceding 12 months and 7.1% ahead of the ten year annual average of 12.7 million sq ft. Take-up was once again from a diverse range of industries with professional and business services (28%), creative industries (25%) and banking and finance (18%) the dominant sectors.

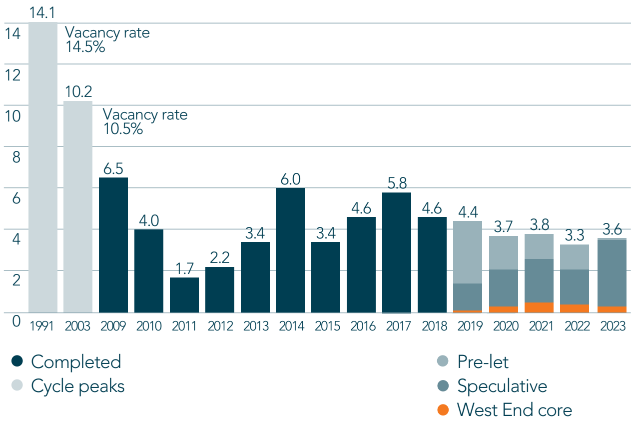
As demonstrated by our leasing successes at Hanover Square, W1, occupational demand has been particularly strong at the prime end of the market. In a highly competitive employment market, businesses recognise that providing a modern, high quality working environment with good access to public transport can help attract and retain employees. A recent Hays survey found that 76% of all job applicants want to see the physical space they will be working in before accepting a role. As a result, the best space has continued to let well, with businesses looking beyond the short-term macro uncertainty to secure the right home for the long-term success of their business. This in turn has been supportive to prime rents.

Supply of new space tight; 37% of all forecast deliveries already pre-let

Whilst demand for new space is robust, the supply of new buildings across central London remains limited, with development completions for the year to 31 March 2019 of 4.1 million sq ft, down from 5.1 million sq ft in the preceding 12 months. Moreover, in the core of the West End, the focus of our own development activities, development completions totalled only 0.2 million sq ft over the year.

The combination of an increasingly challenging planning regime, continued macro-economic uncertainty and limited availability of speculative development debt finance has helped restrict the delivery of new space. Looking ahead, as shown by our analysis in the chart, we expect 18.8 million sq ft of new office space to be delivered in central London over the five years to December 2023, of which 1.6 million sq ft of speculative space is in the West End core, equating to only 0.6% p.a. of existing stock.

Central London office completions[1] million sq ft



1. CBRE/GPE.

This lack of supply has motivated occupiers to secure new space in advance of buildings completing. As a result, pre-lets represented 26.5% of all take up in the year to 31 March 2019 and 37.2% of future development completions are already pre-leased. This has provided support for headline and net effective rental values across our key markets.

Availability rising for second hand space

Whereas the demand for new and second hand space has historically moved together, more recently they have been diverging. Demand now far outstrips supply of new office space, while there is an increasing supply of second hand space. The availability of second hand space rose to 9.3 million sq ft at 31 March 2019, 68% of all available space, albeit the vacancy reduced to 4.3% at 31 March 2019, down from 4.7% a year earlier.

As a result of this increasing second hand supply, CBRE is forecasting a divergence in the rent profiles of newer and older office stock. It expects that rents for the best located, highest quality offices will grow by 2% per year from 2018 to 2022. By contrast, rents for secondary space are forecast to fall by 1% per year.

13.6 million sq ft

Central London office take-up

The growth of flexible space

London has witnessed significant growth in the provision of flexible office and co-working space in recent years. The growth in start-up businesses, increased mobility in the workforce and the rise of the gig economy has helped drive this growth, and a plethora of new suppliers have come into the market to provide it. Whilst marginally lower than the previous year, flexible office providers represented 19% of take-up for the year to 31 March 2019, although their total share of the London office market still remains low at around 5.1%.

Whilst our own leasing track record demonstrates that for many businesses, securing high quality, well-located space for longer-term occupation is vital, we recognise occupiers are increasingly seeking an element of flexibility for some parts of their business. During the year, we launched two separate solutions to meet this growing market need. Firstly, a flex space offer to provide dedicated, fully fitted space on flexible terms allowing occupiers to move in and out of the space with ease. Secondly, we entered into a partnership arrangement with Runway East, a co-working and flexible office provider, for 48,400 sq ft of office space at New City Court, SE1. Runway East are operating the space and we share the revenue that is paid by the businesses in occupation. To date, together these comprise 87,600 sq ft of space and we are continuing to review opportunities across the remainder of our portfolio with a further 124,300 sq ft identified.

› See more on pages 12 and 13

West End occupational markets

Over the year to 31 March 2019, West End office take-up was 3.9 million sq ft, 19.3% lower than the preceding year, as a lack of supply limited activity. Given this tight supply, availability reduced to 3.9 million sq ft (down from 4.1 million sq ft in the prior year and the lowest since September 2015) and vacancy rates also remain low with Grade A space vacancy estimated by CBRE to be only 1.9% of total vacant space. Accordingly, CBRE reported that prime office rental values in the West End rose to £107.50 per sq ft, up from £105.00 a year earlier. Rent free periods on average increased marginally by one month over the last year to around 24 months on a ten-year term. Looking ahead, in the short term, CBRE expects rents to increase as the demand for high quality space continues to outstrip supply with West End prime office rents forecast to increase by around 2.0% over the next two years.

Whilst wider UK retailing has suffered from a combination of lower retail sales and a structural shift, as increasing volumes of sales move online, central London retail has so far suffered to a lesser extent. Our rental values have softened on parts of London's key retail streets, down overall by 0.7% during the year. However, London's high levels of tourism (both domestic and international), flagship stores, deep cultural offering and its growing population have contributed to its relative resilience with low vacancy and prime rental values largely unchanged year on year.

City, Midtown and Southwark occupational markets

Over the year to 31 March 2019, City office take-up was 5.7 million sq ft, up 1.8% on the preceding year, with availability falling to 5.9 million sq ft (down 6.1%) and below the ten year average of 6.1 million sq ft. Although higher than in the West End, vacancy rates remain low with Grade A vacancy estimated by CBRE to be only 3.6%. CBRE has also reported that prime City rental values increased by 3.6% to £71.00 per sq ft.

Midtown and Southwark office take up was 3.3 million sq ft, up 24.1% on the preceding year, while availability at 31 March 2019 was 2.3 million sq ft, up 10.0% during the year, albeit lower than the ten-year average. CBRE reported prime office rents in Southwark and Midtown were unchanged at £65.00 per sq ft and £80.00 per sq ft respectively.

GPE occupational market positioning

Whilst the dynamics of the occupational market are currently healthy, particularly for high quality space, the outlook remains uncertain. Prospects for the forthcoming year are likely to remain opaque until the UK has resolved its future relationship with the EU. Moreover, this is likely to be set against a backdrop of continued global macro-economic uncertainty and slowing global growth. However, we are well positioned: our leasing record remains strong including good performance from our flex offerings, our committed development programme is focused on high quality, well-located schemes that are in high demand, our average rents are low with room to grow and 92% of our portfolio is within walking distance of a Crossrail station. However, given the challenging environment, we estimate that for the next twelve months rental value growth across our portfolio will be between -2.0% and +1.5%.

-2.0% to +1.5%

Forecast GPE rental value growth to March 2020

Our market continued

"We used the robust investment market to dispose of assets where our business plans were complete and forward returns limited. This market strength also meant that value has been hard to find. As a result, we remain disciplined, with no purchases in the year."

Alexa Baden-Powell
Investment Manager

Investment markets strong for prime assets

Following a strong 2017, the volume of central London office transactions remained elevated in 2018, totalling £17.6 billion, the highest level since 2014. Demand continued to be strong for prime, well-let and well-located assets, including those of scale, with five deals over £500 million completing in the year. We also saw deep demand for sites with near-term development opportunities as investors sought to increase their returns beyond those provided by low yielding, longer let assets. However, activity levels in the first quarter of 2019 have been subdued, at £2.4 billion, down 15.0% on the equivalent quarter of 2018. Volumes have reduced as levels of political uncertainty surrounding the ongoing Brexit negotiations have risen. We expect this muted activity to persist until greater clarity returns.

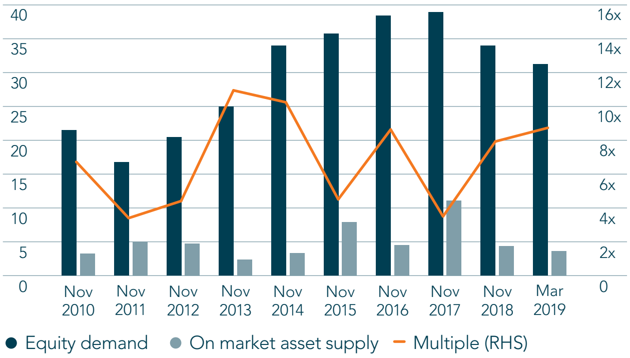
Despite the unpredictable backdrop, London's attraction to overseas investors has continued. It has a transparent legal system, a position as a global hub, a perceived safe haven status and continues to provide relative value to other global real estate markets. As a result, over the past five years, London was the leading destination for cross border real estate investment, double that of New York, its nearest rival. During 2018, overseas investors accounted for 77% of transactions, with Asian investors active at 41% of the total. Given this demand, prime yields have remained stable in both the West End and the City at 3.75% and 4.00% respectively.

Retail investment volumes marginally increased in 2018 to £1.7 billion, up from £1.5 billion in 2017, but remain below the five year average of £2.2 billion. Whilst investment turnover remains healthy, CBRE note that buyers are becoming more selective, with activity focused on a number of very prime locations which have been competitively bid. This includes Bond Street where recent pedestrianisation works have materially boosted footfall and retailer activity. Given the pockets of strength, prime yields remained stable during the year at 2.25% on Bond Street and 2.50% on Oxford Street.

Weight of money continues to support yields

As the chart shows, whilst the excess of equity capital to invest over commercial property available for sale across central London has remained high (estimated at £31.8 billion versus £3.5 billion respectively), the absolute level of equity demand reduced by 14.1% over the 12 months. Interestingly, we have seen some shift in the buyer mix with an increase in demand from UK funds and private European investors at the expense of overseas institutional investors, including sovereign wealth funds.

London equity demand and asset supply £bn



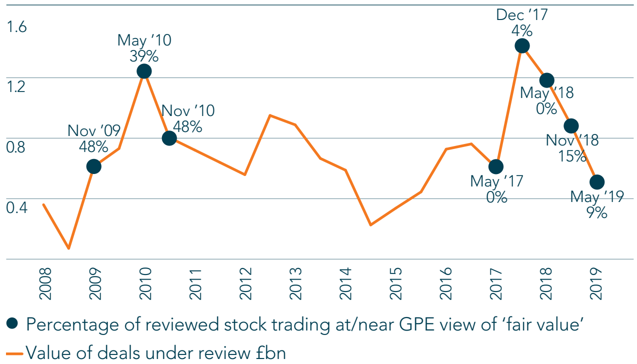
Source: CBRE/GPE

In the near term, we expect investors to remain cautious and activity to be muted, with prime yields moving out marginally, until the uncertainty surrounding our exit from the EU is lifted. However, should an orderly Brexit be secured, we could see this outward movement reverse given the weight of money currently waiting on the sidelines to invest.

GPE investment market positioning

We have been a net seller for the past six financial years, taking advantage of strong investment markets to crystallise surpluses where our business plans were complete. However, as the chart below shows, we are constantly reviewing acquisition opportunities, and over the past three months we have reviewed £0.5 billion of potential acquisitions.

Value of deals under review by GPE £bn



Source: GPE

Whilst the number of assets we are reviewing remains high, opportunities providing attractive value remain scarce. Assets with a near-term development opportunity, the sort of assets that we typically look to buy, have seen strong demand and pricing has been robust with only 9% of the assets we reviewed trading within 10% of our view of fair value. We remain disciplined. Any potential purchase needs to outperform the assets we already own, and with our existing portfolio stacked with opportunity, the hurdle is high.

› See investment management on pages 36 and 37

Our lead indicators are unchanged

Given the cyclical nature of our markets, we actively monitor numerous lead indicators to help identify key trends in our marketplace. Over the last 12 months, we have seen our property capital value indicators overall remain stable, with investment activity in the central London commercial property market remaining robust and the real yield spread over gilt yields continuing to be supportive, resulting in broadly stable prime investment yields. On the occupational side, business confidence remains low, forecast rates of economic growth are modest and the uncertainty surrounding the UK's exit from the EU is set to continue, although development completions are constrained. As a result, we expect headline rental values across our portfolio to grow by between -2.0% and +1.5% over the next 12 months.

Selected lead indicators[1]

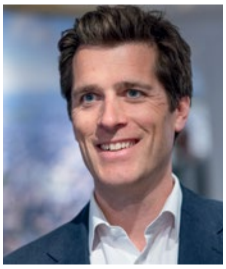
Drivers of rents	2018 Outlook	**2019 Outlook**
GDP/GVA growth	🟠	🟠
Business investment	🟠	🔴
Confidence	🔴	🔴
Employment growth	🟠	🟠
Active demand/take-up	🟠	🟠
Vacancy rates	🟠	🟠
Development completions	🟠	🟢
Drivers of yields		
Rental growth	🔴	🟠
Weight of money	🟠	🟠
Gilts	🟠	🟢
BBB Bonds	🟠	🟠
Exchange rates	🟠	🟠
Political risk	🔴	🔴

1. Near term market outlook assuming orderly Brexit.

£31.8 billion

Equity demand for central London properties

Investment management



"We have now been a seller for six years running, taking advantage of supportive markets to crystallise the profits we have been generating across the portfolio."

Robin Matthews
Investment Director

2018/19 Strategic Priority:

Further recycling and selective investment activity

Operational measures

	2019	2018
Purchases	**£nil**	£49.6m
Purchases – capital value per sq ft	**£nil**	£320
Purchases – net initial yield	**n/a**	2.6%
Sales	**£348.9m**	£329.0m
Sales – (discount)/premium to book value[1]	**(0.7)%**	5.4%
Sales – capital value per sq ft	**£1,459**	£1,412
Total investment transactions[2]	**£348.9m**	£378.6m
Net investment[3]	**£(348.9)m**	£(279.4)m

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

Our approach

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

- tired, inefficient properties needing repositioning;
- attractive locations supported by infrastructure;
- discount to replacement cost;
- low average rents and low capital value per sq ft;
- risk adjusted accretive IRRs; and
- flexible business plans with optionality.

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

Central London asset values were largely unchanged over the year and remain at near cyclical highs, with investor demand for both long-let, well-located, prime assets and development sites continuing to support pricing. As a result, we made no acquisitions during the year and again took advantage of these supportive market conditions to sell assets and crystallise further surpluses.

As we set out in last year's annual report, our strategic priority for the current year was selective investment and recycling. This expectation was borne out and we were once again a net seller as we continued to take advantage of the robust investment market but found limited opportunities to accretively invest. During the year, we sold a further six commercial properties and ten residential units, securing strong pricing. Given the strength of the investment market, attractive opportunities to buy were limited and we made no acquisitions. In total, sales generated £348.9 million in gross proceeds at a 0.7% discount to the 31 March 2018 book values.

Sales for the year ended 31 March 2019

	Price[1] £m	Premium/ (discount) to book value %	Price per sq ft £	NIY %
Commercial				
78/92 Great Portland Street, W1	48.2	2.4	1,362	3.90%
160 Great Portland Street, W1	127.3	(2.0)	1,328	4.08%
32/36 Great Portland Street, W1	18.9	7.3	1,465	3.94%
27/35 Mortimer Street, W1	38.5	0.8	1,242	3.90%
55 Wells Street, W1	64.6	(3.0)	1,674	3.99%
Percy House, 32/33 Gresse Street, W1	25.0	0.0	1,445	3.76%
Commercial total	**322.5**	**(0.6)**	**1,429**	**3.98%**
Residential				
78/92 Great Portland Street, W1	12.0	0.0	1,682	n/a
Rathbone Square, W1	14.4	(2.8)	2,263	n/a
Total	**348.9**	**(0.7)**	**1,459**	**3.98%**

1. Joint ventures at share and after deductions for tenant incentives.

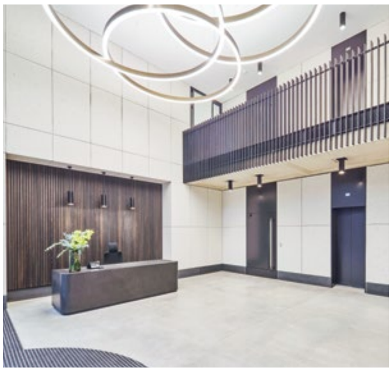
Commercial sales of £322.5 million, broadly in line with book value

In April 2018, we sold the freehold of the recently redeveloped and long-let 78/92 Great Portland Street and 15/19 Riding House Street, W1 to a UK institution. The headline price of £49.6 million equated to £48.2 million after deductions for tenant incentives, or 2.4% ahead of the 31 March 2018 book value. This reflected a net initial yield of 3.9% on a topped up basis and a capital value of £1,362 per sq ft.

In August 2018, we sold 160 Great Portland Street, W1 to a Middle Eastern investor. We comprehensively refurbished the property in 2012 to provide 95,923 sq ft of Grade A office and restaurant space. The BREEAM 'Very Good' building was fully let with the offices, accounting for 97% of the income, let to Double Negative Limited until May 2032. The headline price of £127.3 million was 2.0% below the 31 March 2018 book value, reflecting a headline net initial yield of 4.08% and a capital value of £1,328 per sq ft.

› See more on 160 Great Portland Street, W1 in our case study on pages 14 and 15

55 Wells Street, W1; sale crystallising development returns



Situated in the heart of Fitzrovia, we completed the development of 55 Wells Street in November 2017. The 39,095 sq ft BREEAM 'Excellent' building delivered a profit on cost of 18.8% and after a positive leasing campaign, the building was 85% let with a weighted average lease length of ten years.

With the development finished and the leasing largely complete, our ability to extract further value from the building was limited. Accordingly, in October 2018 we sold the building for a headline price of £65.5 million.

The sale continues our strategy of recycling capital out of mature assets and crystallises our returns from another successful development. The headline price reflected a net initial yield of 3.99% and a capital value of £1,674 per sq ft.

In October 2018, we completed the sale of 55 Wells Street, W1 to a European investor for a headline sale price of £65.5 million, equating to £64.6 million after deduction of tenant incentives and vendor top ups, 3.0% below the 31 March 2018 book value. The headline price reflects a net initial yield of 3.99% and a capital value of £1,674 per sq ft. The BREEAM 'Excellent' building was developed by GPE in 2017 and comprises 39,095 sq ft of high quality office space arranged over six upper floors, a ground floor restaurant unit and D1 accommodation at lower ground floor. The offices are let to Williams Lea Limited and Synova Capital, and the ground floor is home to Yotam Ottolenghi's new flagship restaurant ROVI.

› See more on 55 Wells Street, W1 in our case study on pages 14 and 15

We also sold three smaller commercial buildings for a total of £82.4 million, where our portfolio management activities were complete and the resulting forward look returns muted:

- 32/36 Great Portland Street, W1 for £18.9 million, 7.3% above book value, reflecting a net initial yield of 3.94% and a capital value of £1,465 sq ft;
- 27/35 Mortimer Street, W1 for £38.5 million, 0.8% above book value, reflecting a net initial yield of 3.90% and a capital value of £1,242 sq ft; and
- Percy House, 33/34 Gresse Street, W1 for a headline price of £25.0 million, in line with book value after deductions for rent guarantees, reflecting a net initial yield of 3.76% and a capital value of £1,445 per sq ft.

In February 2019, we entered into a structured sale agreement for our small Whitechapel Courtyard sites at the rear of our Hickman development. We expect the sale to conclude prior to completion of the main development in Q1 2020.

Residential sales of £26.4 million

Over the course of the last 12 months, we sold eight residential units at 78/92 Great Portland Street, W1 for a combined price of £12.0 million. We also sold two of the remaining three penthouse apartments at Rathbone Square, W1 for £14.4 million, marginally below book value. The office element of this scheme was sold in 2017 and, following the final residential sale, which completed in April 2019, GPE has no remaining interest in the asset.

Balanced outlook for sales and acquisitions

We have been a net seller for the past six financial years. Our sales have focused on crystallising surpluses from assets with limited future returns, typically recently completed developments let to high quality occupiers on long lease terms. Today, the proportion of the portfolio represented by our long dated properties is only 9%. As a result, the velocity of sales is likely to slow from here and hence the outlook for sales and acquisitions is more balanced.

Notwithstanding the increasingly uncertain economic and political backdrop, we are exceptionally well placed. The asset sales, and subsequent returns of capital, have increased the proportion of the portfolio in buildings more likely to deliver higher future returns over the long term, including our development programme. As a result, with the portfolio already stacked with opportunities to add future value, we have no need to buy. However, we continue to closely monitor the market and we have both the financial firepower and the team to exploit any market weakness should it arise.

£348.9m

Sales in year

Development management

"The development team has had another active year. Progress on the three on-site schemes is good and we are busy preparing the next wave of future developments, including submitting a planning application for New City Court, SE1, our exciting scheme on the Southbank."

Andrew White
Development Director

2018/19 Strategic Priority:

Progress the committed developments and prepare the pipeline

Operational measures

	2019	2018
Profit on cost[1]	**19.1%**	15.9%
Ungeared IRR[1]	**10.8%**	10.0%
Yield on cost[1]	**4.8%**	4.7%
Income already secured[1]	**21.3%**	11.2%
BREEAM Excellent (targeted)[1]	**100%**	100%
Committed capital expenditure to come	**£139.5m**	£239.6m

1. Committed developments at date of report.

Our approach

Upgrading our portfolio through development, using targeted capital expenditure, creates sustainable spaces with improved occupier appeal and longevity which enhances both rental values and capital returns. The cyclical nature of central London property markets means it is critical for us to match this development activity to the appropriate point in the cycle, delivering new buildings into a supportive market when quality space is scarce and demand is resilient. By combining our forensic analysis of market conditions with our active portfolio management, we aim to be opportunistic and flexible when planning the start and completion dates for our schemes.

We have a good track record of matching our activities to the ebb and flow of London's cyclical market and today we have three committed schemes and a substantial pipeline of opportunities. As a result, the successful delivery and preparation of the development pipeline forms a key strategic priority.

19.1%

Profit on cost of committed developments

Our strategic priority for this year was to progress the three committed schemes on site and prepare our pipeline of future opportunities. As we have been a net seller once again this year, the development programme has become an even more meaningful proportion of our business and today represents 54% of the entire portfolio.

We currently have three committed schemes on site, set to deliver 414,900 sq ft of high quality space, all near Crossrail stations, which are expected to generate a profit on cost of 19.1%. Capital expenditure to come at these schemes totals £139.5 million and, at 31 March 2019, the committed development properties were valued at £432.7 million (our share).

Our ability to deliver sustainable development returns requires a deep pipeline of opportunities, which, when conditions allow, will become the development schemes of tomorrow. Today, our pipeline of future schemes is as rich as ever, with the team busy preparing a further ten schemes with prospective deliveries into the early 2020s and beyond.

› See our case study on pages 19 and 20

One scheme completed in the year

At 160 Old Street, EC1, owned in our Great Ropemaker Partnership, we completed the 161,700 sq ft of office, retail and restaurant space in April 2018, delivering a profit on cost of 19.6% at completion, or 26.8% after our recent leasing successes. The building is our most sustainable refurbishment to date achieving BREEAM Excellent and an EPC A rating. Letting activity in this high quality building post completion has been strong. Following the successful pre-letting of 116,500 sq ft to Turner Broadcasting, we have let a further three office floors and three retail units. The building is now 94% let on long leases with only one office floor and one retail unit remaining.

› See portfolio management for more details on pages 42 and 43

Committed schemes progressing well, securing pre-lets; all to benefit from Crossrail

At Hanover Square, W1, in October 2018, we completed the purchase of the land that sits directly above the eastern entrance of the Bond Street Crossrail station and have commenced construction of the main building at 18 Hanover Square. The land purchase price of £38.6 million (our share) was marginally above our expectations. The delayed opening of Crossrail has been beneficial to operations on site, preventing the need to construct the building over a fully operational station and progress has been rapid. The steel frame is complete, the majority of the modular cladding has been applied and the building topped out in April 2019. The scheme will deliver 221,200 sq ft in total, comprising 167,200 sq ft of offices, 41,800 sq ft of retail and restaurant space and 12,200 sq ft of residential apartments.

Following the pre-let of 57,200 sq ft of offices in 18 Hanover Square to KKR last year, in March 2019 we pre-let a further 53,900 sq ft to Glencore UK Limited, the global natural resource company. Glencore will occupy the second to fourth floors on three separate 20-year leases (no breaks). Following this substantial pre-let, only the first floor in the main office building is available and the scheme is now 48% pre-let with £12.8 million of rent secured.

› See more on Hanover Square in our case study on pages 10 and 11

We have commenced the marketing campaign for the Bond Street retail and the remaining office space, and the strong interest we have had to date is very encouraging. The project is expected to deliver a profit on cost of 20.9%. The development is owned in the GHS Partnership, our 50:50 joint venture with the Hong Kong Monetary Authority, with completion expected in Q3 2020.

In May 2018, we achieved vacant possession at Oxford House, 76 Oxford Street, W1 and also successfully settled all of the neighbourly matters with adjoining owners. Demolition of the existing building completed in April 2019 and the main construction contract with Lendlease has commenced. Oxford House will deliver 81,100 sq ft of new offices and 37,900 sq ft of retail space. Given the building's location at the rapidly improving eastern end of Oxford Street, directly opposite the entrance to the Tottenham Court Road Crossrail station, it is primarily a retail led scheme. Whilst London's retail is not immune to the challenges faced by UK retail more widely, the attraction of its key streets remains and, to date, retailer interest in the space has been encouraging. Completion is targeted for Q2 2021, with an expected profit on cost of 18.3%.

At The Hickman, E1 (formerly known as Cityside House), we have now finished demolition and started construction of the new building. Our activities will transform the existing building into 74,700 sq ft of Grade A office and retail space. The Hickman will be our most intelligent building to date. We are pioneering an integrated building app which will deliver real-time data on occupancy, energy consumption, air quality, light and temperature to us and our occupiers, allowing us to better understand how the building is operating and being utilised. We are targeting a profit on cost of 13.8% with average office rents across the building of around £51.40 per sq ft, with delivery now deferred to Q1 2020.

Our three committed development properties require £139.5 million of capital expenditure to complete, of which 98% is already fixed. In total the three schemes, which are all targeting a BREEAM 'Excellent' rating, are 21.3% pre-let and are expected to deliver a profit on cost of 19.1%, a yield on cost of 4.8% and an ungeared IRR of 10.8%.

The Hickman, E1

In April 2018, after improving on the inherited design of Cityside House, E1, we started the construction of a new 74,700 sq ft office led building in Whitechapel.

The building was historically home to Buck & Hickman, a saw and tool makers established in 1830 which traded in Whitechapel for 100 years. Buck & Hickman had a significant influence on the area, redeveloping a number of buildings in the local area in the interwar period.

With the launch of our marketing campaign, we have rebranded the building 'The Hickman', ensuring the legacy of the site lives on and the former tool workshop is transformed for a new generation of occupiers.

› See more at **www.the-hickman.co.uk**

Our committed schemes – 414,900 sq ft

Oxford House, 76 Oxford Street, W1

Size	**119,000 sq ft**
Construction cost	**£102.1m**
Expected completion date	**Q2 2021**
BREEAM target	**Excellent**
Crossrail station	**30 metres[1]**

Hanover Square, W1

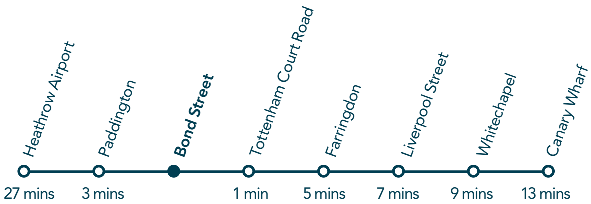
Size	**221,200 sq ft**
Construction cost	**£120.9m[2]**
Expected completion date	**Q3 2020**
BREEAM target	**Excellent**
Crossrail station	**0 metres[1]**

The Hickman, E1

Size	**74,700 sq ft**
Construction cost	**£30.4m**
Expected completion date	**Q1 2020**
BREEAM target	**Excellent**
Crossrail station	**650 metres[1]**

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

Development management continued



Developing over and around Crossrail

Crossrail (to be known as the Elizabeth line) is London's new east to west railway. It will stretch more than 60 miles from Reading and Heathrow in the west through tunnels in central London across to Shenfield and Abbey Wood in the east.

Originally due to open in December 2018, the project has been delayed and it is now forecast to open in late 2020. Whilst delivery has been deferred, its forecast impact is undiminished. Once fully operational, an estimated 200 million passengers a year will use Crossrail and it will increase London's rail capacity by 10%, dramatically enhancing the east to west connectivity and bringing an extra 1.5 million people within 45 minutes of central London.

Crossrail will be transformational for London's transport infrastructure and we have positioned our recent and future development programme to take full advantage. All of our schemes on site will feel its impact. Hanover Square, W1 sits directly on top of the Bond Street Crossrail entrance, Oxford House is directly opposite the Tottenham Court Road Crossrail entrance, where the retail experience is being transformed ahead of its opening. Crossrail is also opening new locations to potential occupiers and our redevelopment at The Hickman in Whitechapel is set to benefit from this.

Today, 92% of our total portfolio is within walking distance of a Crossrail station and, as a result, we are exceptionally well placed.

"Sustainability, wellness and technology are moving up the agendas of our occupiers and our Design Review Panel aims to help future proof our buildings at the design stage, adapting our buildings today for the occupiers of tomorrow."

James Pellatt
Director of Workplace and Innovation

Future proofing developments

It is clear from both the assessment of our ESG material risks and our focus groups that sustainability, wellbeing and community relationships continue to move up the agenda of our key stakeholders. When preparing the buildings in our pipeline for redevelopment, we use our Sustainable Development Brief to ensure that our schemes anticipate future sustainability requirements and are resilient to climate risk.

› See more on pages 60 and 61

To ensure that we address the ever evolving workplace needs and future proof our developments, our Design Review Panel, chaired by our Director of Workplace and Innovation, meets weekly and challenges our professional teams to ensure that we create space that fulfils our occupiers' needs. In particular, this means ensuring our developments meet the highest standards of sustainable design, embrace technology and provide a variety of adaptable and flexible working environments.

Exceptional development pipeline

Beyond our three committed schemes, we have a substantial and flexible pipeline of ten uncommitted schemes (1.3 million sq ft). These schemes include a number of exciting projects including New City Court, SE1 in the London Bridge Quarter, where we have now submitted a planning application to materially increase the size of the existing 98,000 sq ft building, and Mount Royal, W1, located at the western end of Oxford Street, where we have started early discussions on redevelopment of this two acre block with both the freeholder and the hotel owner who also have an interest in the site.

Our potential development programme totals 1.4 million sq ft today, with the potential to increase this to more than 1.8 million sq ft post development. These schemes cover 54% of GPE's existing portfolio and will provide the bedrock of our development activities into the 2020s, although there will of course be a variety of important steps that we will need to negotiate (including planning, freeholder support and vacant possession amongst others) prior to development commencement.

› See case study on pages 18 and 19

92%

Of portfolio near Crossrail stations

Our development pipeline

City Place House, EC2*

Proposed size	**350,000 sq ft**
Earliest start	**2022**
Opportunity area	**Crossrail**

50 Finsbury Square, EC2

Proposed size	**126,400 sq ft**[1]
Earliest start	**2020**
Opportunity area	**Crossrail**

New City Court, SE1*

Proposed size	**373,100 sq ft**
Earliest start	**2022**
Opportunity area	**London Bridge**

35 Portman Square, W1

Proposed size	**72,800 sq ft**[1]
Earliest start	**2026**
Opportunity area	**Core West End**

Jermyn Street Estate, SW1

Proposed size	**133,200 sq ft**[1]
Earliest start	**2021/22**
Opportunity area	**Core West End**

Mount Royal, W1

Proposed size	**92,100 sq ft**[1]
Earliest start	**2022/23**
Opportunity area	**Core West End**

French Railways House and 50 Jermyn Street, SW1

Proposed size	**75,000 sq ft**
Earliest start	**2021/22**
Opportunity area	**Core West End**

Kingsland/Carrington House, W1

Proposed size	**51,400 sq ft**
Earliest start	**2022/2023**
Opportunity area	**Prime retail**

Minerva House, SE1

Proposed size	**120,000 sq ft**
Earliest start	**2022**
Opportunity area	**London Bridge**

95/96 New Bond Street, W1

Proposed size	**9,600 sq ft**[1]
Earliest start	**2023/24**
Opportunity area	**Prime retail**

* Computer Generated Image 1. Existing area

Portfolio management

"Our successful leasing performance has been supported by strong pre-letting, the continued rollout of our flexible space offering and the evolution of our service and amenity provision to our occupiers."

Steven Mew
Portfolio Director

2018/19 Strategic Priority:

Drive rent roll growth

Operational measures

	2019	2018
New lettings and renewals	**£24.5m**	£31.1m
Premium to ERV[1] (market lettings)	**6.9%**	2.6%
Vacancy rate	**4.8%**	4.9%
ERV growth	**1.2%**	0.3%
Reversionary potential	**8.3%**	12.1%
Rent collected within seven days[2]	**99.2%**	99.9%

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

Our approach

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

Our portfolio managers, supported by our occupier services team, administer a portfolio of approximately 326 occupiers in 47 buildings across 35 sites from a diverse range of industries. This diversity limits our exposure to any one occupier or sector, with our 20 largest occupiers at 31 March 2019 accounting for 39.8% (2018: 40.8%) of our rent roll.

6.9%
Premium to ERV on market lettings

Our excellent leasing momentum continued throughout the year as we completed 78 new lettings, securing £24.5 million of rent, outperforming March 2018 ERVs by 6.9%. We also settled 27 rent reviews securing £13.3 million of rent. These combined to drive rental growth and produce another strong year of operational performance.

London's commercial property market has remained resilient to the ongoing economic uncertainty. Occupier demand for high quality space remained robust and, while rental values have remained broadly stable, our successful leasing activity has helped us deliver market lettings 6.9% ahead of ERV. We have continued to capture reversion across the portfolio, and coupled with the leasing activity, this has helped drive like-for-like Group rent roll up by 6.2%.

The key highlights of a busy year included:

- 78 new leases and renewals completed during the year (2018: 68 leases) generating annual rent of £24.5 million (our share: £19.3 million; 2018: £22.6 million), with market lettings 6.9% ahead of ERV;
- 15 flex space and co-working lettings (87,600 sq ft), securing rent at a premium of 30% to net effective ERV, and currently appraising a further 124,300 sq ft;
- 27 rent reviews securing £13.3 million of rent (our share: £10.5 million; 2018: £17.2 million) were settled at an increase of 19.2% over the previous rent and capturing significant reversion;
- £2.7 million of reversion captured in the year to 31 March 2019 (2018: £5.7 million);
- total space covered by new lettings, reviews and renewals was 600,400 sq ft (2018: 768,300 sq ft); and
- an increase of 6.2% in rent roll on a like-for-like basis, although absolute rent roll was down 6.4% to £100.4 million over the year as property sales more than outweighed new lettings and reversion capture.

Driving like-for-like rent roll growth

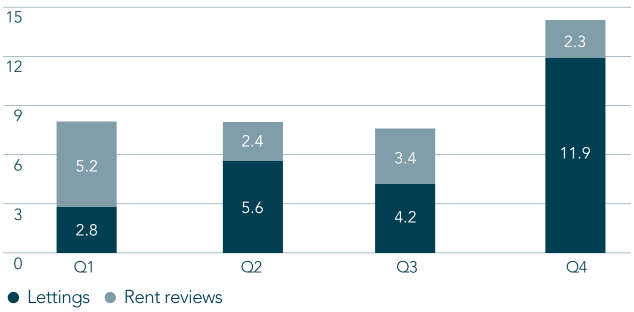
Whilst we have been successful in leasing both our completed development at 160 Old Street, EC1 and pre-letting a further 53,900 sq ft at our committed Hanover Square development (see development section), we have also delivered significant leasing activity across our investment portfolio. With some occupiers demanding more flexible lease terms, we successfully launched our flex space offering across a number of buildings, which now totals some 87,600 sq ft.

› See the case study on flex space on pages 12 and 13

We also saw healthy demand for our newly refurbished space. In March 2019, we completed part of the extensive 26,400 sq ft refurbishment of Elsley House, W1, a building in the heart of Fitzrovia. Four leases have been completed to date, delivering a combined annual rent of £2.0 million, 11.6% above the March 2018 ERV. With completion of the fifth floor and common parts due in July 2019, the 11 month refurbishment has already achieved an average rent across the let floors of £83.70 per sq ft (£95 per sq ft on the top floor), a 59% increase on the rent achieved pre refurbishment.

Our average office rent remains low at £55.20 per sq ft and this strong leasing momentum from our activities across the whole portfolio has combined to drive rent roll and maintain the Group's void rate at 4.8% (March 2018: 4.9%).

Lettings and rent reviews by quarter 2018/19 £m



Since 31 March 2019, we have completed eight further lettings delivering new rent of £1.9 million (our share: £1.7 million). We also have an additional five lettings currently under offer accounting for £0.9 million p.a. of rent (our share: £0.9 million), together 2.1% ahead of 31 March 2019 ERV.

Capturing reversion through rent reviews

One of our strategic priorities for the year was to capture the significant reversionary potential (the difference between the passing rent and market rental value) within our investment portfolio. Of the reversion that could be captured this financial year, a large proportion was available through rent review. As a result, it was essential that we settled these reviews at, or ahead of, the market rental value. As the table demonstrates, we had another busy year, settling 27 rent reviews, 19.2% ahead of the previous passing rent and at a 3.3% premium to ERV.

Rent reviews in 2018/19

No.	27
Area (sq ft)	274,400
£m (at share)	£10.5m
Rent per sq ft	£48.60
Reversion captured £m (at share)	£1.7m
% above previous passing rent	19.2%
% above ERV	3.3%

Significant transactions included:

- at Kingsland House, Regent Street, W1, we settled a rent review with Folli Follie (UK) Limited, capturing reversion of £0.3 million, an increase of 102% on the previous passing rent and 29% above ERV at the review date; and
- at 200 Gray's Inn Road, WC1, we settled two rent reviews with ITN at a combined annual rent of £2.9 million, capturing reversion of £0.4 million, an increase of 16% on the previous passing rent and 7.6% above ERV at the review date.

Together, the combination of settling rent reviews and letting new space increased our rent roll (including share of joint ventures) by 6.2% on a like-for-like basis to £100.4 million.

Rent collection

Our quarterly cash collection performance throughout the year remained very strong. We secured 99.2% of rent within seven working days following the March 2019 quarter date (March 2018: 99.9%). The average collection rate across the four quarters of the year was 99.3% (2018: 99.9%). Occupiers on monthly payment terms represent around 6% of our rent roll (2018: 4%).

Reception transformation at 200 Gray's Inn Road, WC1

In February 2019, we completed the final phase of our refurbishment activities at 200 Gray's Inn Road, WC1, an office building held in our Great Ropemaker Partnership.

Since purchase in 2011, the 287,000 sq ft building has undergone significant repositioning. Through a multi-phase refurbishment programme, we have created innovative, high quality, Grade A floorplates, in keeping with the demand of the tech and media community that have helped redefine the building and significantly increased the rents.

After incorporating a new cycle centre and shower facilities, the final phase of the refurbishment was to transform the reception area. A tired, dated and inefficient space has been remodelled to provide an enlarged seven metre high reception space, creating a stunning entrance to the building. This, together with a 4,500 sq ft atrium and the addition of a new Outtakes Café, which is also available to the public, have greatly improved the customer offer and helped increase the building's presence on the street. To further extend the services we offer to the building's occupiers, we introduced our first ever lifestyle manager, providing an exclusive concierge to help support the everyday demands of the building's users.

Together, our activities have improved both the building's infrastructure and the services we provide, delivering an exciting and collaborative space in which our occupiers can thrive.

Our financial results

"Our resilient financial results and balance sheet strength supported ordinary dividend growth of 8.0% and a further return of surplus capital to shareholders through our flexible share buyback programme."

Nick Sanderson
Finance and Operations Director

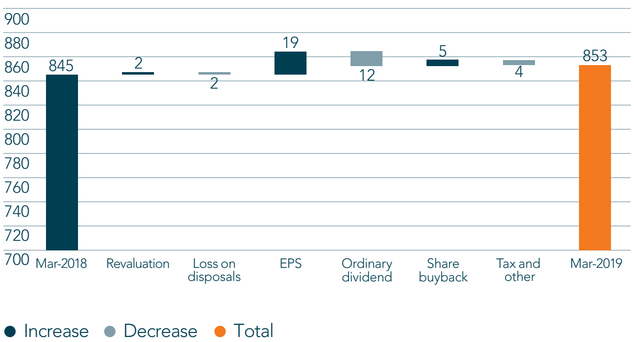
We calculate adjusted net assets and earnings per share in accordance with the Best Practice Recommendations issued by the European Public Real Estate Association (EPRA). The recommendations are designed to make the financial statements of public real estate companies clearer and more comparable across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

› See performance measures and EPRA metrics on pages 161 to 163

EPRA NAV growth driven by retained earnings and return of capital to shareholders

At 31 March 2019, the Group's net assets were £2,309.7 million, down from £2,366.9 million at 31 March 2018 predominantly due to the £74.8 million returned to shareholders via a share buyback. EPRA net assets per share (NAV) at 31 March 2019 was 853 pence per share, an increase of 1.0% over the year, largely due to the marginal rise in value of the Group's properties, attractive earnings growth and the impact of the share buyback on a per share basis. When combined with ordinary dividends paid of 11.6 pence per share, this delivered a total accounting return of 2.3%.

EPRA NAV pence per share



The main drivers of the 8 pence per share increase in EPRA NAV from 31 March 2018 were:

- the increase of 2 pence per share arising from the revaluation of the property portfolio, primarily driven by our committed development properties;
- EPRA earnings for the year of 19 pence per share enhanced NAV;
- losses on property disposals of 2 pence per share reduced NAV;
- ordinary dividends paid of 12 pence per share reduced NAV;
- the commencement of the share buyback programme enhanced NAV by 5 pence per share; and
- tax on property sales and other items reduced NAV by 4 pence per share.

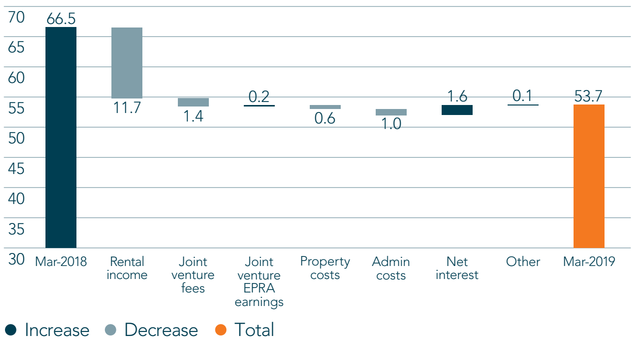
EPRA NNNAV was 850 pence at 31 March 2019 compared to 842 pence at 31 March 2018 (up 1.0%).

› See our capital strength on pages 47 and 48

Lower EPRA earnings due to property disposals

EPRA earnings were £53.7 million, 19.2% lower than last year predominantly due to lower rental income as a result of our recent property disposals.

EPRA earnings £m



Rental income from wholly-owned properties and joint venture fees for the year were £80.3 million and £3.8 million respectively, generating a combined income of £84.1 million, down £13.1 million or 13.5% on last year. This drop in income is predominantly due to the six commercial sales completed during the year offset by another strong leasing year. Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including joint ventures) increased 3.2% on the prior year.

EPRA earnings from joint ventures were £6.7 million, up marginally from £6.5 million last year, largely due to reduced finance costs and significant leasing transactions from our flex space offering and at our recently completed development, 160 Old Street, EC1 offsetting the sale of 240 Blackfriars Road, SE1 in the prior year.

2.3%

Total Accounting Return

Property expenses increased by £0.6 million to £11.9 million, principally due to increased costs associated with our leasing initiatives and empty rates returning to more normalised levels as the benefits of prior year rates rebates were not repeated in the current year. Administration costs were £25.1 million, an increase of £1.0 million on last year, primarily as a result of an increase in marketing costs from the opening of our new marketing suite at Kent House, W1, and lower capitalised employee costs.

Gross interest paid on our debt facilities was £4.2 million lower than the prior year. The reduction in interest paid was predominantly due to the prepayment of 85% of the Group's £142.9 million 5.63% debenture in the prior year and the interest saved on the repayment of the Group's convertible bond more than offsetting interest payable on the Group's new private placement notes which were drawn during the year. Capitalised interest reduced by £1.1 million to £4.8 million, due to the completion of a number of large wholly-owned development schemes in the prior year. As a result, the Group had an underlying net finance income (including interest receivable) of £0.2 million (2018: expense of £1.4 million).

The revaluation gain of the Group's investment properties, along with a small accounting loss on disposals, led to the Group's reported IFRS profit after tax of £49.5 million (2018: £70.3 million). Basic IFRS EPS for the year was 17.9 pence, compared to 21.5 pence for 2018. Diluted IFRS EPS for the year was 17.1 pence compared to 18.2 pence for 2018. Diluted EPRA EPS was 19.4 pence (2018: 20.4 pence), a decrease of 4.9% and cash EPS was 17.1 pence (2018: 17.0 pence).

Results of joint ventures

The Group's net investment in joint ventures increased to £511.9 million at 31 March 2019, up from £423.7 million in the previous year. The increase is largely due to increased partner loan contributions to fund ongoing development expenditure, in particular the land purchase at Hanover Square, W1. Our share of joint venture net rental income was £15.7 million, down from last year, as income lost from the sale of 240 Blackfriars Road, SE1, which was fully let, was offset by portfolio management transactions. Our share of non-recourse net debt in the joint ventures was marginally lower at £67.4 million at 31 March 2019 (2018: £72.7 million), predominantly due to higher cash balances.

› See our joint ventures on page 54

Strong financial position

The Group's consolidated net debt increased to £156.6 million at 31 March 2019, compared to a net cash position of £5.2 million at 31 March 2018. The increase was due to the payment of £306.0 million in April 2018 in respect of the Group's B share scheme, amounts committed on the Group's share buyback and development capital expenditure more than offsetting receipts from the Group's property sales. As a result, the Group's gearing increased to 6.8% at 31 March 2019 from 0% at 31 March 2018.

8.7%
Loan to value

Including non-recourse debt in joint ventures, total net debt was £224.0 million (2018: £67.5 million), equivalent to a low loan-to-property value of 8.7% (2018: 2.4%), or 13.6% on completion of the remainder of the share buyback. At 31 March 2019, the proportion of the Group's total net debt represented by our share of joint venture was 30.1%, compared to 100% last year. At 31 March 2019, the Group, including its joint ventures, had cash and undrawn committed credit facilities of £608 million.

The Group's weighted average cost of debt for the year, including fees and joint venture debt, was 3.2%, unchanged on the prior year. The weighted average interest rate (excluding fees) was 2.7% at the year end increasing from the record low of 2.1% in the prior year, as a result of drawing down our new £100 million 2.7% private placement notes and redemption of the £150 million 1.0% coupon convertible bond.

› See our capital strength on pages 47 and 48

Debt analysis

	March 2019	March 2018
Net debt excluding JVs (£m)	**156.6**	(5.2)
Net gearing	**6.8%**	0%
Total net debt including 50% JV non-recourse debt (£m)	**224.0**	67.5
Loan-to-property value	**8.7%**	2.4%
Total net gearing	**9.7%**	2.9%
Interest cover	**n/a**	n/a
Weighted average interest rate	**2.7%**	2.1%
Weighted average cost of debt	**3.2%**	3.2%
% of debt fixed/hedged	**100%**	100%
Cash and undrawn facilities (£m)	**608**	814

At 31 March 2019, 100% of the Group's total debt (including non-recourse joint venture debt) was at fixed or hedged rates (2018: 100%). The Group, including its joint ventures, is operating with substantial headroom over its debt covenants.

Robust occupier base

One of our occupiers went into administration around the March 2019 quarter day (March 2018: none) and we had only two occupier delinquencies in the year (2018: two) representing 0.17% of rent roll. However, we are vigilant and continue to monitor the financial position of our occupiers on a regular basis, particularly in light of the more challenging retail and leisure market backdrop. To help mitigate occupier delinquency risk, we held rent deposits and bank guarantees totalling £25.1 million at 31 March 2019.

Taxation

The tax charge in the income statement for the year is £6.6 million (2018: £6.4 million) and the effective tax rate on EPRA earnings is 0% (2018: 0%). The majority of the Group's income is tax free as a result of its REIT status. The tax charge for the year results from property sales which fall outside our REIT ring-fence. The Group complied with all relevant REIT tests for the year to 31 March 2019.

Our financial results continued

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

As a REIT, profits from our property rental business are exempt from UK corporation tax, provided we meet a number of conditions including distributing at least 90% of the rental income profits of this business (known as Property Income Distributions (PIDs)) on an annual basis. These PIDs are then typically treated as taxable income in the hands of shareholders.

The Group's REIT exemption does not extend to either profits arising from the sale of trading properties (including the sale of the remaining residential units at Rathbone Square, W1) or profits arising from the sale of investment properties in respect of which a major redevelopment has completed within the preceding three years (including the sale of 78/92 Great Portland Street, W1 and 55 Wells Street, W1).

Additionally, during January 2019, HMRC circulated new draft guidance which states that it considers that the REIT exemption also does not extend to profits arising from the sale of investment properties which are undergoing a major redevelopment at the time of sale. This guidance has yet to be issued in final form. The Group will continue to monitor this matter and consider its potential effect on any recent and future sales by the Group.

The Group is otherwise subject to corporation tax. Despite being a REIT, we are subject to a number of other taxes and certain sector specific charges in the same way as non-REIT companies. During the year, we incurred £12.2 million in respect of stamp taxes, section 106 contributions, community infrastructure levies, empty rates in respect of vacant space, head office rates, employer's national insurance and irrecoverable VAT.

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

On-market share buyback programme

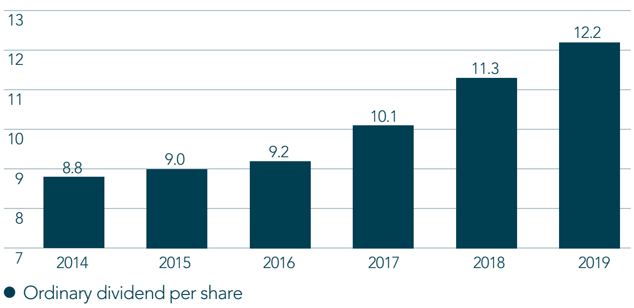
During the year, our continued property disposals reduced our LTV to less than 6%, with more than £200 million of cash on deposit yielding a very low return. As a result, in November 2018 we announced a return of up to £200 million of surplus equity to shareholders, over a 12 month period, through an on-market share buyback programme. At 31 March 2019, we had repurchased and cancelled 10.3 million shares (£74.1 million) at an average price of £7.20 per share (or £7.26 per share, £74.8 million including costs).

› See more on page 48

Dividend growth

The Group operates a low and progressive ordinary dividend policy. The Board has declared a final dividend of 7.9 pence per share (2018: 7.3 pence) which will be paid in July 2019. All of this final dividend will be a REIT PID in respect of the Group's tax exempt property rental business. Together with the interim dividend of 4.3 pence, the total dividend for the year is 12.2 pence per share (2018: 11.3 pence), an 8.0% increase in the 12 months.

Ordinary dividends per share pence



12.2p

Total ordinary dividends per share

EPRA performance measures

Measure	Definition of Measure	**March 2019**	March 2018
EPRA earnings*	Recurring earnings from core operational activities	**£53.7m**	£66.5m
EPRA EPS*	EPRA earnings divided by the weighted average number of shares	**19.5p**	20.4p
Diluted EPRA EPS*	EPRA earnings divided by the diluted weighted average number of shares	**19.4p**	20.4p
EPRA costs (by portfolio value)*	EPRA costs (including direct vacancy costs) divided by market value of the portfolio	**1.2%**	1.1%
EPRA net assets*	Net assets adjusted to include the valuation surplus from trading properties and exclude the fair value of financial instruments and deferred tax	**£2,310.1m**	£2,371.2m
EPRA NAV*	EPRA net assets divided by the number of shares at the balance sheet date on a diluted basis	**853p**	845p
EPRA triple net assets*	EPRA net assets amended to include the fair value of financial instruments, debt, deferred tax and tax on sale of trading properties	**£2,301.5m**	£2,363.8m
EPRA NNNAV*	EPRA triple net assets divided by the number of shares at the balance sheet date on a diluted basis	**850p**	842p
EPRA NIY	Annualised rental income based on cash rents passing at the balance sheet date less non-recoverable property operating expenses, divided by the market value of the property increased by estimated purchasers' costs	**3.3%**	3.6%
EPRA 'topped up' NIY	EPRA NIY adjusted to include rental income in rent-free periods (or other unexpired lease incentives)	**3.6%**	3.8%
EPRA vacancy rate	ERV of non-development vacant space as a percentage of ERV of the whole portfolio	**8.6%**	8.6%

* Audited; reconciliation to IFRS numbers included in note 9 to the financial statements.

Our capital strength

"The Group's robust financial position reflects another active year. Our proactive refinancing activity has maintained our flexible, low cost financing structure whilst improving our debt maturity profile."

Martin Leighton
Director of Corporate Finance

Operational measures

	2019	2018
Net gearing	**6.8%**	0%
Loan to value	**8.7%**	2.4%
Interest cover	**n/a**	n/a
Cash and undrawn facilities	**£608m**	£814m
Weighted average interest rate	**2.7%**	2.1%
EPRA earnings per share	**19.5p**	20.4p

Our approach

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

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

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

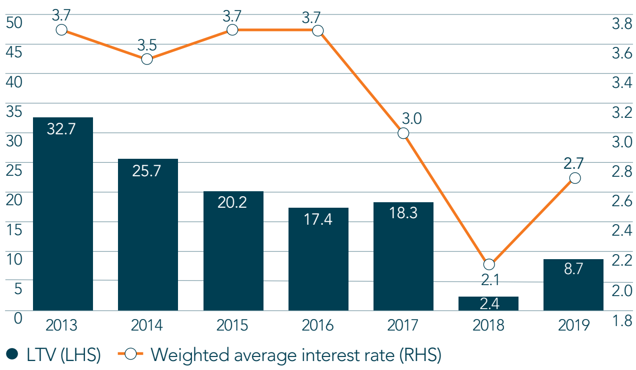
› See our approach to risk on pages 74 to 88

Our balance sheet remains extremely strong. With a loan to value ratio of just 8.7% and £608 million of cash and committed undrawn liquidity, we are very well placed to fund our exciting capex programme and any potential new opportunities.

Improving debt maturity profile and securing attractive interest rates

The Group's sources of debt funding are diverse, both secured and unsecured, and include the public, private and bank markets. Our financing activity this year focused on enhancing our debt maturity profile and securing low cost, flexible funding for the next cycle. In October 2018, we signed a £450 million unsecured revolving credit facility (RCF) with a headline margin of 92.5 basis points over LIBOR and an initial five year term which may be extended to a maximum of seven years, subject to bank consent. This facility, which includes our standard unsecured financial covenants, is an amendment and extension of a £450 million RCF which had a headline margin of 105 basis points and was due to mature in 2021. Our debt maturity profile was further enhanced by the expiry of our £150 million convertible bond in September 2018.

LTV and cost of debt %



Significant firepower and flexible, low cost debt book

At 31 March 2019, we had £608 million of cash and undrawn committed debt facilities and no near-term Group level debt maturities, giving us very significant financial flexibility going forward.

At 31 March 2019, 88% of our total drawn debt and 40% of our total committed debt was from non-bank sources (March 2018: 90% and 44% respectively), with 100% of our debt book being fixed rate or hedged (March 2018: 100%).

Due in part to both our very low levels of low cost debt and the treatment of capitalised interest under our Group covenants, our interest cover ratio for the year was not measureable.

£608 million

Cash and undrawn facilities

Our capital strength continued

Balance sheet discipline and share buyback of up to £200 million

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

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

The most recent application of this disciplined approach is our on-market share buyback programme of up to £200 million which commenced in November 2018. The buyback is very flexible in comparison with other methods of returning capital as it enables us to regularly review the size and timing of the return. At 31 March 2019, we had repurchased 10.3 million shares (£74.1 million). Following a pause to the programme during our closed period ahead of the full year financial results, we recommenced the share buyback on 22 May 2019.

› See our financial results on page 44

Award winning refinancing

We are constantly looking to enhance our financing position and in the summer of 2018 we identified a potential opportunity to lower the cost and extend the maturity profile of our key £450 million revolving credit facility (RCF) which had a margin of 105 basis points and matured in 2021.

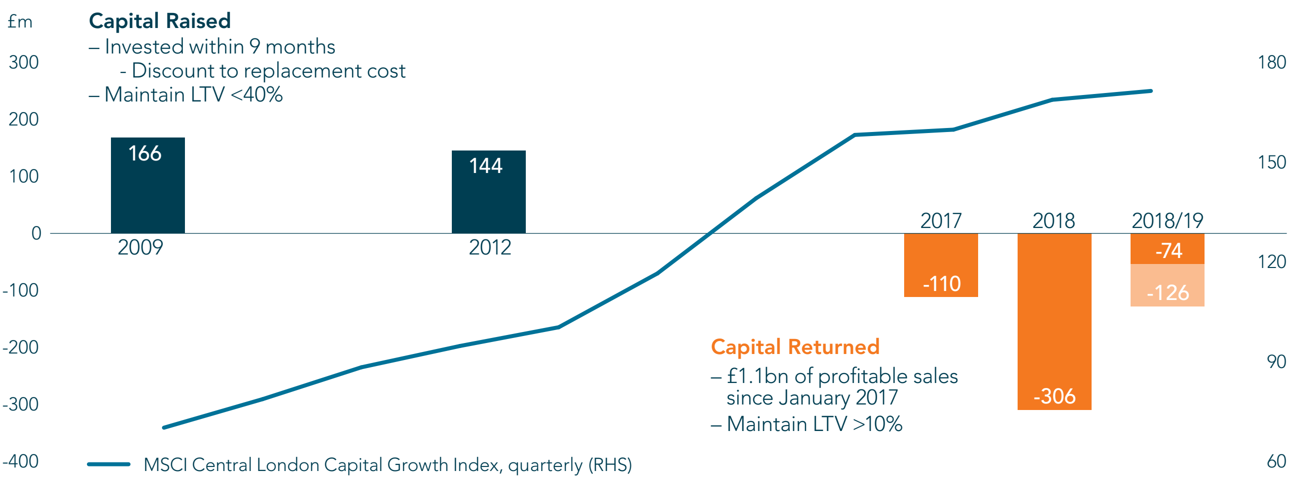
We explored the possibility with our lenders and entered into an 'Amendment and Extension' transaction in October 2018 with a group of six existing relationship banks. We have maintained the £450 million size of the RCF, but have lowered the margin to a very attractive 92.5 basis points and the facility now has an October 2023 initial maturity date which can potentially be extended to October 2025, subject to bank consent.

As a result of the success of this transaction and other refinancing activities undertaken in the previous financial year, we were very pleased to be named 'Borrower Finance Team of the Year – REIT' for 2018 by Real Estate Capital, having previously won a similar award in 2014.

£490 million

Returned to shareholders in last two years

Our track record of accretively raising and returning equity



Our stakeholder relationships

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

Our key stakeholder relationships

Customers
Occupiers
› **See more** on page 49

Communities
› **See more** on page 51

Suppliers
Contractors/Advisers
› **See more** on page 52

JV Partners
› **See more** on page 54

Local planning authorities
› **See more** on page 54

Capital providers
Equity
› **See more** on pages 106 to 107
Debt
› **See more** on pages 47 and 48

Operational measures

Amount raised for charity partner	£148,000	Staff participation in Community Day	86%

Our approach

The relationships we have with our stakeholders are too valuable to outsource. As a result, we manage all aspects of our property portfolio in-house. We aim to build lasting relationships with our stakeholders based on professionalism, fair dealing and integrity. Our active engagement with our stakeholders helps us build long-term relationships with the individuals and groups upon which the success of our business depends.

Focused approach to meet customers' needs

We have 326 occupiers in 47 buildings across 35 sites. Our occupiers operate across a wide spectrum of business sectors and range from Fortune Global 500 companies to local sole traders.

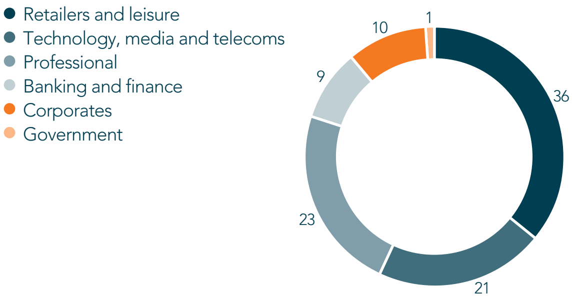
Our understanding of our customers' needs is vital to enable us to deliver space within which their business can thrive. This understanding depends on a close relationship and frequent engagement. Therefore, each of our portfolio managers is required to formally meet with every occupier twice a year and at least one Executive Committee member will meet with our top 20 occupiers annually. In 2018, we also commissioned our first independent customer satisfaction survey to better understand how our occupiers view the services that we provide. Encouragingly, 88% of respondents described their level of satisfaction with our services as good or excellent.

Together, these activities provide valuable insight into our customers' businesses and allows us not only to ensure that our occupiers are satisfied with their existing space, but also to retain or relocate them when their leases expire.

"Occupiers are demanding more from their space and our Occupier Services Team is at the forefront of delivering enhanced levels of service provision and amenity and this year we have rolled out a number of innovative initiatives."

Lisa Day
Regional Building Manager

GPE occupier mix %



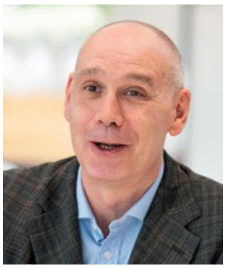
Working with the occupier of today

Occupiers are demanding ever-increasing levels of customer service and amenity provision from the space in which they work. High quality spaces can help improve the productivity and wellbeing of their employees and help them attract and retain talent. As a result, the role of the landlord is evolving rapidly. At GPE, we have an in-house Occupier Services Team whose role is to manage the day-to-day operation of our buildings and deliver an enhanced service and amenity offer for our customers. Recent initiatives include refreshing our on-line tenant portals to make the experience more user-friendly and dynamic, the enhancement of usable outdoor spaces, the introduction of a building app at 160 Old Street, EC1 to automate access to the building (and to the building systems) and several other services delivered by our concierge manager to help occupiers manage their busy lives, such as on-site dry cleaning services, online shopping delivery and personal package drop-off and collection.

To date, the feedback we have received from our occupiers has been positive and we will be conducting an occupier satisfaction survey during the summer of 2019 hoping to improve on the results from 2018.

326
GPE occupiers

Our stakeholder relationships continued



"Our ambition is to be the landlord of choice with an aspiration to continually deliver a best-in-class service, more akin to a five star hotel than a traditional office."

David O'Sullivan
Head of Occupier Services

Evolving to work with the occupier of tomorrow

We expect that the demands of occupiers will continue to develop and, as a result, creating new innovative spaces for London will become increasingly complex. As our occupiers' needs develop, so our products will continue to evolve. The role of our Director of Workplace and Innovation is to ensure that we remain innovative in the design of our workplaces and make the most of appropriate technology. During the year, partnering with five continental European office REITS, we carried out research to understand what end users want and held a series of focus groups to understand what people expect from their office in the future. The study identified five issues for the future office:

- Sustainable office: more sustainable and natural building materials, greater energy efficiency and spaces that encourage a green conscience among employees;
- Smart office: allowing occupiers to be more mobile, WiFi and 5G friendly and the use of bio-metrics for security;
- Flex-office 2.0: fully flexible spaces: moveable/modular walls to adapt spaces and modular furniture to accommodate the various ways people like to work;
- Serviced office: multiple on-site facilities to facilitate work life balance, shower, bathroom facilities and large equipped kitchens to share meals; and
- Softer office: office spaces similar to home/cafés in terms of design and wellbeing providing a variety of working and recreational environments.

The results of the survey suggest that there will be continued demand for office spaces in the future and we are already implementing many of the survey's recommendations. Furthermore, in March 2019, we formulated 'Our Guiding Principles for Design' to help shape the offices of tomorrow from our deep and varied development pipeline.

Our service offering

The landscape for recruiting and retaining talented employees is increasingly competitive. It is therefore crucial for many occupiers that the spaces they occupy appeal to their workforce, provide a positive environment and maximise productivity. With new employees entering the workplace often working more flexibly, we increasingly seek to provide environments that offer not only dynamic spaces with high quality amenities, but also the right technology and service level.

This year, to enhance our offering, we have looked toward the hotel and hospitality industry for examples of how to deliver a great experience for users of our spaces. Our lobby areas, and the manner and style in which staff and guests are treated, now more closely resemble a high quality hotel than a typical office reception. Our front of house staff, now recruited from the hospitality and events management sectors, aim to bring a heightened service ethos into the commercial office sector.

To improve our occupiers' user experience, in March 2019 we launched Privée, a lifestyle management and concierge service that is available to all of our occupiers irrespective of size or location. This lifestyle service can be accessed via a smartphone app or through our occupier portals, as well as using the more traditional method of a telephone call to a dedicated concierge. Through this service, occupiers' employees are able to access yoga classes, online food services, consumer discounts, dry cleaning, restaurant bookings, sports and music events as well as a host of other service lines available at a push of a button.

For occupiers that may have more specific needs, we can also tailor our offer to provide a bespoke suite of services. For example, one major occupier relocating from the West End to one of our City buildings, was concerned that their employees would be unfamiliar with the surrounding bars and eateries. Through our lifestyle manager, we negotiated a discounted group membership to a well-known private members club for use by their employees as well as providing a heat map of the top rated restaurants in the immediate area.

15

Suppliers engaged with Centrepoint's placement programme

Creating Sustainable Relationships

In May 2018, we launched our Community Strategy and social value guidelines 'Creating Sustainable Relationships' to ensure that we contribute positively and secure long-term benefits for the communities in which we are working. As a business focused on London, it was essential that the themes reflected key priorities for London, and therefore our strategy is based around four pillars:

– breaking the cycle of youth homelessness;
– improving air quality and urban greening;
– addressing the skills gap through engagement with education; and
– mitigating the risk of modern slavery in our portfolio.

› See 'Creating sustainable relationships' on our website at **www.gpe.co.uk/our-relationships/local-communities/**

Breaking the cycle of youth homelessness

Following an extensive selection process, we chose Centrepoint as our charity partner. Focused on tackling youth homelessness through the provision of training and apprenticeship programmes, with a strong presence in London and services located in many of the boroughs in which we are working, the synergies between us and Centrepoint were obvious. Crucially, we felt that there were numerous ways for us to engage with their work and for us to learn from each other.

In July 2018, we gave Centrepoint the first of three £50,000, annual donations and formally launched our partnership. The GPE team embraced the opportunity to engage with Centrepoint from the start, with 28 employees participating in a number of events including the Sleepout, the British 10K, London Landmarks Half Marathon and raising money through raffles and events within our occupied buildings. In total, during the year, through the enthusiasm of our team, we have donated £117,000 to Centrepoint in London, including £67,000 raised by our employees and a further £31,000 in goods in kind and pro bono support.

In January 2019, we held our first Community Day with 86% of our employees participating in one of four challenges, which were all designed to help support Centrepoint in some way.

› See more on page 52

Work placements are a key stage to help young people gain valuable work experience to ready themselves for a permanent job. Working with our supply chain partners, 15 of our suppliers have now engaged with Centrepoint to provide valuable opportunities for the young people. We were thrilled when the first of these work placements resulted in a permanent, full time job.

Whilst we have achieved much with Centrepoint during the first year, there is much more to be done. We look forward to continuing the relationship during the next financial year and building on how we can use our property expertise to help the Centrepoint team find solutions to many of the challenges of managing a diverse collection of properties.

Improving air quality and urban greening

Air quality has a significant impact on the health and wellbeing of people living, working and socialising in London. During the year, we donated £15,000 to Groundwork London, which was specifically directed to improving air quality in and around London schools. The donation funded the creation of the Air Quality and Green Infrastructure Toolkit for Schools and also provided funds for the installation of air quality interventions for two schools, which generated additional funding from The Greener City Fund for a school in Tower Hamlets and one in Southwark. A total budget of more than £60,000 has now been unlocked for the two schools to fund green infrastructure projects. We look forward to capturing the effectiveness of these green interventions and applying that learning to our own urban greening projects installed at our properties.

As a member of Wild West End, we are working together with other property owners in London's West End to enhance biodiversity and increase connections with green space and nature. As part of our membership we also monitor the impact of our existing green interventions, taking that learning into the design of our new buildings, ultimately improving the wellbeing of residents, workers and visitors. During the year, we also announced our support for Bankside Open Spaces Trust which aims to make London Bankside a greener, more beautiful place to live and work. Working with their talented team, we hope to improve greening at our properties in London SE1 in addition to supporting their Future Gardeners scheme, an innovative training and work experience scheme which gives participants the skills to gain entry to careers in horticulture.

£60,000

Unlocked to fund green infrastructure projects

Our stakeholder relationships continued

Our Community Day

In January 2019, we held our first Community Day in support of Centrepoint, our charity partner. Our main aims were to have a positive impact for a great cause whilst raising awareness within the GPE team of the fantastic work that Centrepoint undertake to tackle youth homelessness.

Our employees embarked on four tasks:

- The Wilderness Challenge: the team transformed the garden of a Centrepoint residential service in West London, painting fences, clearing weeds and installing a shed so that the young people could store their bikes securely;
- The Blagathon: the team were tasked with 'blagging' a list of goods from a variety of local businesses on behalf of Centrepoint. In total they collected £7,400 worth of goods, which included 'Blue Monday' bags with toiletries and luxuries for the young people, soft furnishings, books, memory sticks and much needed equipment such as safety shoes and catering equipment for the training teams;
- The Hackathon: together with Centrepoint, the team helped develop thought provoking plans on how to tackle a challenge that the Centrepoint Engagement Team were facing; and
- The Centreprise challenge: the team were given £250 and tasked with using it to raise as much money as possible over the day. Using a raffle they raised more than £10,000 with some amazing prizes generously donated by some of our occupiers and suppliers.

We were immensely proud that 86% of our team took part and actively contributed to a fantastic day that was engaging, fun and rewarding both for the GPE team and Centrepoint.

Addressing the skills gap

In order to ensure that we can continue to develop and refurbish the workplaces and homes of the future, it is essential that we support local skills and opportunities more broadly across the industry to help develop the skilled workforce of tomorrow. Since 2013, we have built a rewarding relationship with Westminster University in supporting their building related degree programmes. During the year, we provided students with access to The Hickman and Hanover Square developments to provide real case study material to inform their studies. We also provided a series of lectures on Sustainability and Innovation.

Working with Mace Group at Hanover Square, we also launched the 2019 Build UK Open Doors scheme and worked with the Construction Youth Trust Budding Brunels scheme which introduces young people aged 16-19 to the potential for careers in construction.

› See more on our approach to sustainability on pages 60 to 63

Mitigating the risk of modern slavery

We seek to ensure that there is no slavery or human trafficking within any part of our business or in our supply chains. We support the Gangmasters and Labour Abuse Authority's Construction Protocol which aims to eradicate slavery and labour exploitation in the building industry and encourage our contractors to consider the use of the BRE Ethical Labour Sourcing Standard. We also encourage the payment of the London Living Wage for all operatives. In May 2018, we updated our Sustainable Development Brief to include clear requirements for Worker Engagement Audits to be undertaken regularly at our construction sites in addition to materials procurement risk assessments to verify the supply chain for materials being used within our buildings. In particular, all our new build developments and major refurbishments are required to obtain Forest Stewardship Council project certification, which assists in verifying the stewardship of timber products.

As a client, we recognise that we have a part to play in raising awareness of Modern Slavery and have therefore joined the Chartered Institute of Building, the Gangmasters and Labour Abuse Authority, Hope for Justice and others in sponsoring a Justice in Motion physical theatre production designed to raise awareness of modern slavery within the construction industry.

› A full report on the impact of the first year of our Community Strategy can be found at **www.gpe.co.uk/our-relationships/local-communities**

86%

Of GPE staff took part in our community day

"The successful delivery of our development pipeline requires a positive, collaborative relationship with our supply chain. We aim to build long-lasting relationships with a number of trusted suppliers who, together with the GPE team, deliver our ambitious projects."

Helen Hare
Head of Project Management

Working closely with our suppliers

We work with a broad and diverse range of suppliers, from small independent companies to large multinationals. The successful and profitable delivery of our developments requires the effective management of a multitude of factors, including maintaining strong relationships and collegiate working with our main contractors. Whilst the construction of our developments is often subject to a tender process to ensure we obtain value for money, we try to secure the best people with an established track record and, where possible, retain key team members on successive developments.

This close collaboration combined with bi-monthly payment terms, a track record of successful project delivery and a deep pipeline of future work means that contractors want to work with us, enhancing our good access to quality suppliers. The Group's largest subsidiary is required to report on its payment practices. For the period to 31 March 2019, we improved our performance with an average payment period of 34 days, with two thirds of payments made to term.

Whilst we require all our suppliers to comply with standards and codes that may be specific to their industry, our Supplier Code of Conduct sets out the standards that we require of our suppliers.

Maintaining high health and safety standards

As part of our materiality review of ESG risks, health and safety was rated within our top three material concerns. We are committed to maintaining the highest standards of health and safety at our buildings and to remaining at the forefront of industry change, whilst reducing exposure to risk for our occupiers, supply chain partners and employees.

Whilst we have always had a proactive attitude to health and safety, thinking on health and safety is changing rapidly throughout the industry and so we have commenced a full review of our approach to understanding and managing health and safety across our business.

› See more on our approach to health and safety at **www.gpe.co.uk/sustainability/working-safely**

Our review commenced with a training programme for all employees with property related responsibilities. Starting with our Executive Committee, we reminded our team of their health and safety responsibilities and how they could influence the health and safety culture of the business, thereby driving improved health and safety performance.

During the year, we further refined our approach to fire safety, building on the outcomes of the Hackitt Review to ensure a continuous approach to fire safety at our buildings, starting with the fire strategy created during the design of the building, through our Soft Landings processes to day-to-day operation. During the forthcoming financial year, we will also be supporting our occupiers in their awareness of fire safety risk through a demise fire safety check programme.

We continue to develop and refine our health and safety management system to ensure it meets the specific risk profile of the business, embedding the ownership of the management of health and safety risk within our Development and Occupier Services teams to produce a truly integrated approach. This year, we improved our processes on contractor appointment and continued the safety tours across our portfolio by our Senior Leadership team. During the next financial year, we will continue to build upon this work to reposition health and safety, ensuring a proactive, positive health and safety culture supported at all levels of the business, where the emphasis is on improving safety outcomes through a people focused approach.

Health and safety incidents by year

	2019	2018	2017
Enforcement notices or fines received	**–**	–	–
Employees			
Work related fatalities	**–**	–	–
Reportable injuries/incidents	**–**	–	–
First aid injuries	**3**	3	4
Number of days off due to accidents and incidents	**–**	–	–
At our occupied buildings			
Work related fatalities	**–**	–	–
Reportable injuries/incidents	**2**	2	–
First aid injuries	**13**	15	8
At our developments			
Work related fatalities	**–**	–	–
Reportable accidents/incidents	**1**	3	–
First aid injuries	**6**	19	8

Contractors employed on committed development schemes during the year

Project: **160 Old Street, EC1 (completed April 2018)**	Project: **Oxford House, W1**	Project: **The Hickman, E1**	Project: **Hanover Square, W1**
Contractor:	Contractor:	Contractor:	Contractor:
Previous work with GPE: **95 Wigmore Street, W1** **33 Margaret Street, W1**	Previous work with GPE: **Rathbone Square, W1** **Wells & More, W1**	Previous work with GPE: **n/a**	Previous work with GPE: **240 Blackfriars Road, SE1** **12/14 New Fetter Lane, EC4**

Our stakeholder relationships continued

Our joint venture partnerships

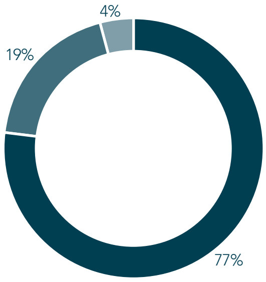
Joint ventures are an important part of our business and today they comprise three active partnerships. Our approach has been to seek joint venture partners to help us unlock real estate opportunities that might not have been available to GPE alone. Our joint ventures are built on long-term relationships with trusted, high quality partners. The maintenance of these relationships relies on frequent engagement. Each partnership has a joint board (including at least one GPE Executive Director) that meets quarterly on a formal basis with frequent ad-hoc engagement throughout the year. The joint venture assets are valued four times a year, with detailed management information being provided to the joint venture board.

We categorise our joint ventures into two types:

– access to new properties (3% of GPE's net asset value). The relevant joint venture is the Great Victoria Partnership (GVP) with Liverpool Victoria Friendly Society; and
– risk sharing on development projects and/or large lot size properties (19% of GPE's net asset value). The relevant joint ventures are the GHS Limited Partnership (GHS) with the Hong Kong Monetary Authority (HKMA) and the Great Ropemaker Partnership (GRP) with BP Pension Fund.

Our three active joint ventures continue to represent an important proportion of the Group's business. At 31 March 2019, they made up 22.8% of the portfolio valuation, 22.2% of net assets and 19.2% of rent roll (at 31 March 2018: 18.0%, 17.5% and 16.8% respectively).

Wholly-owned and joint venture property values
at 31 March 2019



22.2%
Net assets in joint venture

"We aim to build positive relationships with the Greater London Authority, local councils and stakeholders to help create high quality, sustainable buildings that are sensitive to their surroundings and benefit the local communities in which they are located."

Piers Blewitt
Senior Development Manager

Navigating the planning process together with local authorities

Developing new buildings in central London is appropriately challenging, particularly in the West End. Large areas are protected by conservation areas, building heights are restricted, development needs to be considerate to local residents and the planning process is stringent. The emerging London Plan is now being adopted as policy and includes a number of challenging requirements. Navigating this process is a core driver of our success. As a result, our relationships with the local planning authorities are key to delivering our business plans. We aim to engage with local authorities in an open, transparent and non-adversarial manner to enable us to secure planning consents that are both beneficial to us and the local communities in which they are built. We actively engage with key stakeholders and local communities to understand their aspirations and needs during the pre-application consultation process. Our buildings need to positively impact the communities in which they are located and therefore, where possible, we will adjust our proposals to take account of comments received. We use planning performance agreements with the local planning authority to ensure that our planning applications are determined in a timely manner.

Recent planning submissions include a planning application to redevelop our 98,000 sq ft office building at New City Court, SE1. The application proposes the comprehensive redevelopment of the site to provide a high quality, mixed-use scheme, comprising office accommodation, retail and leisure floorspace, an elevated public garden and significant public realm enhancements including a new pedestrianised square and station entrance to London Bridge Underground Station.

We also anticipate submitting two further planning applications during the forthcoming year for City Place House, EC2 and 50 Finsbury Square, EC2, progressing these exciting pipeline schemes which are both close to Moorgate Crossrail Station.

› See our case study on pages 18 and 19

Non-Financial Information Statement

This table signposts related Non-Financial information in this report and further reading on our website.

Reporting requirement[1]	Policies	Website	Reference in 2019 Annual Report
1. Environmental Matters	– Sustainability Policy statement – Creating Sustainable Spaces – Sustainable Development Brief – Creating Sustainable Spaces – Long Term Vision	– **https://www.gpe.co.uk/sustainability/our-approach/** – **https://www.gpe.co.uk/sustainability/developing-sustainable-buildings/** – **https://www.gpe.co.uk/media/3096/gpe_sustainability_2030_report.pdf**	– Creating a sustainable portfolio on pages 60 to 63
2. Employees	– Our values – Diversity policy – Personal Development Plans		– Together we thrive on pages 68 and 69 – Our approach to diversity on page 66 – Our culture and people on pages 64 to 69
3. Human Rights	– Supplier Code of Conduct – Annual Modern Slavery Statement	– **www.gpe.co.uk/sustainability/our approach** – **www.gpe.co.uk/our-modern-slavery-statement**	– How we behave, human rights, supplier stewardship on page 97 – Working closely with our suppliers on page 53 – Mitigating the risk of modern slavery on page 52
4. Social	– Creating Sustainable Relationships – GPE Standard Supply Terms 2019 – Health and Safety policy 2019	– **www.gpe.co.uk/our-relationships/local-communities** – **www.gpe.co.uk/our-relationships/our-suppliers** – **www.gpe.co.uk/sustainability/working-safely**	– Creating Sustainable Relationships on pages 51 and 52 – Working closely with our suppliers on page 53 – Maintaining high health and safety standards on page 53
5. Anti-corruption and anti-bribery	– Ethics policy – Whistleblowing policy – Gifts and hospitality policy – Use of GPE suppliers policy – Conflicts of interest policy – Insider information and share dealings policy	– **www.gpe.co.uk/about-us/governance/** – **www.gpe.co.uk/about-us/governance/**	– Anti-corruption and anti-bribery matters on page 97 – Our anti-bribery and corruption and whistleblowing policies on page 110
6. Business model		– **www.gpe.co.uk/about-us/our-strategy/**	– How we create value on pages 20 and 21
7. Principal risk and uncertainties		– **www.gpe.co.uk/about-us/governance/**	– Our approach to risk on pages 74 to 88
8. Non-financial key performance indicators			– Our KPI benchmarks on pages 26 and 27 – Our strategic priorities on pages 24 and 25

1. Board oversight of these policies and matters is also covered through 'What we did 2018/19' on page 106.

Our portfolio

"We have a unique, tightly focused property portfolio that offers deep opportunities for future growth through our extensive development programme and sustainable income to support our operational activities."

Steven Mew
Portfolio Director

Operational measures

Movement in property valuation (on a like-for-like basis)	+0.2%	Percentage of portfolio in development programme	54%
Energy purchased on renewable tariffs	100%	% of portfolio with EPC rating >E	0.4%

Our approach

Our focused business model is based upon repositioning properties to unlock their full potential. This repositioning relies on having a deep understanding of the markets in which we operate, both to enable us to unearth new opportunities as we find them and to deliver buildings that meet the demands of modern occupiers.

We aim to position our portfolio to maximise the opportunity for future growth. As a result, every property has a detailed business plan which forecasts each and every occupier's future cash flows and, using our own assumptions for future movements in rents and yields, forecasts the forward look returns for the portfolio. If a property's prospective returns do not meet our required investment hurdles, taking into account both our cost of capital and the risks, typically it is sold.

Ensuring that our properties meet the requirements of modern occupiers is fundamental to the delivery of our business plans. We aim to deliver buildings that let well in their local markets, are future-proofed in a rapidly changing world and have regard to the wider environment in which they are located. Through the responsible management and development of our portfolio, we aim to deliver sustainable returns that enhance the long-term value of our business.

100%

Of the portfolio in central London

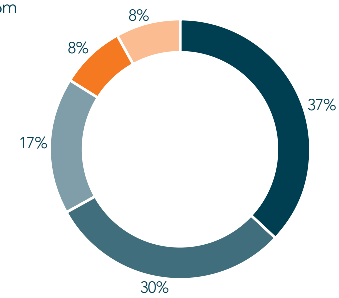
Well located central London portfolio

Our specialist approach requires focus. As a result, we only operate in central London. Whilst our origins lay in the West End, we recognise that central London is growing, and as it grows, new locations will become sought after by occupiers seeking new homes for their businesses. As a result, we remain opportunistic and will invest across central London where we see both value and opportunities for growth.

› See why London on pages 8 and 9

Our portfolio – 67% in West End

- North of Oxford Street £964.6m
- Rest of West End £758.8m
- City £445.7m
- Southwark £209.5m
- Midtown £200.4m

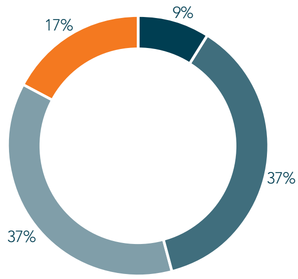


Positioned for organic growth

In 2009 and 2012, we raised equity capital to take advantage of the value that we saw in the investment market. As a result, we were net buyers in the four financial years to 31 March 2013. These acquisitions have helped stock our future development programme which today totals 54% of the Group's existing portfolio.

Our central London portfolio

- Long-dated
- Active portfolio management
- Development pipeline
- Committed developments



Of the remainder of the portfolio, 37% are buildings where we will add future value through active portfolio management. Typically, these buildings have shorter leases, are reversionary and have significant repositioning opportunities.

The long-dated assets, representing 9% of the portfolio, are properties that we recently redeveloped and are long let. Given the long lease terms we have achieved on these buildings, there is typically limited opportunity for us to add further value. As a result, over time, we expect to crystallise the profits we have made through sales.

Looking forward, the portfolio is exceptionally well placed to deliver future growth. With 54% of today's portfolio within our development programme, including The Hickman in Whitechapel, we do not need to source new acquisitions for growth as we already own the development schemes of the future.

The Hickman, E1 – innovation in action

In order to ensure that our spaces continue to meet the needs of our occupiers into the next decade and beyond, we need to create buildings which offer their users:

– sustainable spaces that promote health and wellbeing;

– control over their environment;

– choice of where they work in a supported, relaxed environment; and

– access to superior levels of service and amenity.

At The Hickman, our 74,700 sq ft development in Whitechapel, E1, we have fully integrated sustainability, wellbeing and technology from inception. We are refurbishing the fabric of the existing building to reduce the total embodied carbon of the project and, with a BREEAM Excellent and EPC A rating targeted, it is expected that the building will achieve an energy improvement of almost 40% over current Building Regulations' energy efficiency requirements.

In line with our commitment to promote improved air quality and biodiversity, we are increasing urban greening, installing a green roof, terraces and planting within the courtyard. The provision of 79 bike spaces and showers, coupled with the close proximity of a park, will provide further opportunities for our occupiers to exercise and access outdoor space, positively impacting their wellbeing.

A successful building is stitched into the community in which it is located. Therefore, we are monitoring the social impact of the building during development and once occupied, seeking to extend our work in the community, improving air quality, securing work placements and supporting local schools.

In operation, The Hickman will be our smartest building to date. The combination of sensors in the workplace, with a bespoke smartphone app, will provide constant anonymous feedback on occupancy levels, temperature, light levels, air quality and noise. This feedback will allow us to work with our occupiers to adapt and flex the building as their business needs evolve.

The Hickman will also be able to learn and adapt according to use, meaning we are able to optimise the conditions for occupation, reducing energy consumption and associated carbon emissions, whilst improving comfort levels for our occupiers.

Through our fresh contemporary design, we will be able to offer a choice of flexible work settings, providing opportunities for quiet independent work as well as collaboration space. Furthermore, occupiers will also benefit from our lifestyle service, allowing them to access a host of other, value added services at a push of a button.

Our portfolio continued

"Despite the uncertain macro economic backdrop, we delivered portfolio value growth of 0.2% with our committed developments the stand-out performers, up 4.1%."

Hugh Morgan
Director of Investment Management

Portfolio values broadly stable; up 0.2% in year

The valuation of our portfolio, including our share of joint ventures, rose marginally over the 12 months, increasing by £5.8 million, or 0.2%, on a like-for-like basis, to £2,579.0 million at 31 March 2019.

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

– development gains – the valuation of our committed development properties increased by 4.1% on a like-for-like basis to £432.7 million during the year. Our development returns were supported by our further pre-letting activity at Hanover Square, W1, which was ahead of the valuer's assumptions;

› See development management on pages 38 to 41

– supportive portfolio management – during another strong year, 105 new leases, rent reviews and renewals were completed, with new lettings 6.9% ahead of ERV, securing £29.8 million (our share) of annual income, supporting the valuation over the year;

› See portfolio management on pages 42 and 43

– rental value growth – in the past 12 months, rental values increased by 1.2% on a like-for-like basis, with our office portfolio increasing by 1.9%, largely driven by our leasing performance, and our retail portfolio down 0.6%; and

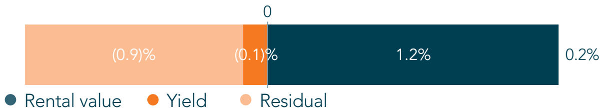
› See our market on pages 31 to 35

– flat investment yields – the valuation was largely unchanged by yield movements which increased by 1 basis point (2018: 10 basis point reduction) during the year. At 31 March 2019, the portfolio true equivalent yield was 4.6%.

› See our market on pages 31 to 35

Including rent from pre-lets and leases currently in rent-free periods, the adjusted initial yield of the investment portfolio at 31 March 2019 was 4.2%, 20 basis points higher than at the start of the financial year.

Drivers of valuation growth



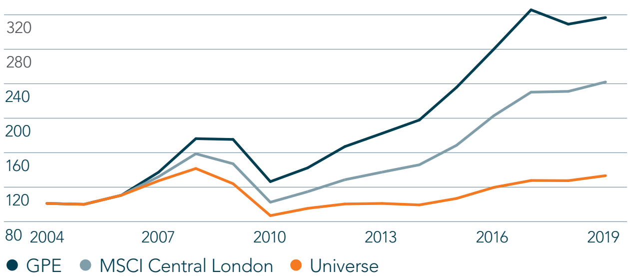
Whilst the overall valuation was marginally up by 0.2% during the year, elements of the portfolio showed greater variation. Our office properties rose by 1.2% compared to a 1.8% fall in retail values, as weaker retailer sentiment reduced ERVs. Furthermore, short leasehold properties (<100 years), which represent 19% of the portfolio, reduced in value by 6.4% compared to an increase of 1.9% in the rest of the portfolio, as investor demand for shorter leasehold assets reduced.

Our joint venture properties increased in value by 0.8% over the year, driven by our letting successes at our recent development completion 160 Old Street, EC1 and a further significant pre-let at Hanover Square, W1, while the wholly-owned portfolio rose by 0.1% on a like-for-like basis.

The Group delivered a total property return (TPR) for the year of 3.5%, compared to the central London MSCI benchmark of 4.5% and a capital return of 0.3% versus 1.1% for MSCI. This relative under-performance resulted from our higher than benchmark exposure to short leasehold properties and investment properties with shorter occupational lease terms, where valuations were less resilient given the uncertain economic backdrop and the associated potential leasing risk. These properties form our development pipeline and active portfolio management opportunities where income is necessarily shorter to enable us to unlock the future long-term value upside.

Long-term outperformance
Relative returns vs MSCI

Relative capital growth % pa[1]



1. 2004 – first pure comparability to MSCI central London.

4.1%

Development properties valuation uplift

Portfolio performance

		Wholly-owned £m	Joint ventures[1] £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	543.1	–	543.1	21.1	2.3
	Retail	129.9	99.4	229.3	8.9	(8.3)
	Residential	13.7	–	13.7	0.5	2.4
Rest of West End	Office	252.1	–	252.1	9.8	(1.0)
	Retail	241.6	34.4	276.0	10.7	1.2
	Residential	5.5	–	5.5	0.2	1.3
Total West End		1,185.9	133.8	1,319.7	51.2	(0.6)
City, Midtown and Southwark	Office	563.3	227.0	790.3	30.5	(0.5)
	Retail	29.5	3.1	32.6	1.3	1.8
	Residential	3.7	–	3.7	0.1	(0.2)
Total City, Midtown and Southwark		596.5	230.1	826.6	31.9	(0.4)
Investment property portfolio		**1,782.4**	**363.9**	**2,146.3**	**83.1**	**(0.5)**
Development property		207.5	225.2	432.7	16.9	4.1
Total properties held throughout the year		**1,989.9**	**589.1**	**2,579.0**	**100.0**	**0.2**
Acquisitions		–	–	–	–	–
Total property portfolio		**1,989.9**	**589.1**	**2,579.0**	**100.0**	**0.2**

1. GPE share.

Portfolio characteristics

		Investment properties £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	Residential £m	Total £m	Net internal area sq ft 000's
North of Oxford Street		786.1	178.5	964.6	617.7	333.1	13.8	964.6	740
Rest of West End		533.6	225.2	758.8	385.4	359.3	14.1	758.8	568
Total West End		**1,319.7**	**403.7**	**1,723.4**	**1,003.1**	**692.4**	**27.9**	**1,723.4**	**1,308**
City, Midtown and Southwark		826.6	29.0	855.6	819.4	32.6	3.6	855.6	1,337
Total		**2,146.3**	**432.7**	**2,579.0**	**1,822.5**	**725.0**	**31.5**	**2,579.0**	**2,645**
By use:	Office	1,585.5	237.0	1,822.5					
	Retail	537.9	187.1	725.0					
	Residential	22.9	8.6	31.5					
Total		**2,146.3**	**432.7**	**2,579.0**					
Net internal area sq ft 000's		2,230	415	2,645					

£2.6 billion

Portfolio valuation

Our portfolio continued

Creating a sustainable portfolio

Sustainability sits at the core of what we do. The integration of sustainability throughout the design, construction and operation of our properties is key to ensuring that our buildings continue to meet the requirements of our occupiers, positively impacting the communities in which they are located, whilst minimising our impact on the environment.

Our long-term vision for sustainability 'Creating Sustainable Spaces' sets out how we manage resource use and minimise our carbon footprint, improve air quality and health and wellbeing, whist providing flexible, smart spaces for our occupiers with increasingly diverse requirements.

› See our long-term vision:
www.gpe.co.uk/media/2604/gpe_sustainability_2030_report.pdf

The built environment is estimated to contribute 40% of the UK's carbon emissions. The real estate industry, therefore, has an obligation to address its carbon footprint. We have clear processes in place to manage the direct and indirect carbon emissions generated by the construction and operation of our buildings. To ensure the resilience of our business strategy, we must also implement strategies to adapt to climate change as well as look to mitigate the risk through reducing emissions.

Managing the impact of climate change

Our Sustainability Committee, chaired by our Chief Executive, meets quarterly and reports to the Board annually, although sustainability updates are provided at each scheduled board meeting. Attended by a number of the Senior Management Team, the committee monitors and oversees climate related risks and opportunities and monitors progress towards achieving our long-term vision for sustainability. Strategy on climate change and the process of assessing and managing related risks is led by our Head of Sustainability reporting to our Finance and Operations Director.

Whilst our business plans are largely focused on the next three to five years, the buildings we are designing today are likely still to be in use well after 2050. Therefore, to successfully manage our impacts, we must consider short, medium and long-term risks in connection with climate change.

In the medium to long term, in line with the emerging London Plan, changes to building regulations and the long-term policies of the London borough councils, we are focused on sustainable building design. We aim to develop buildings that are as low carbon as practicable, by maximising the energy efficiency of the building using the most appropriate mix of renewable or low carbon energy technologies and local energy generation solutions. We seek to reduce embodied carbon through responsible design and efficient construction techniques. We are also working with the Better Building Partnership as a 'Design for Performance Pioneer', to help the industry develop an operational energy benchmark for new buildings.

"As part of our ESG materiality review we aligned our strategy to the UN Sustainable Development Goals, undertook climate risk modelling and extended our energy and carbon targets."

Janine Cole
Head of Sustainability

Our continued use of building rating tools such as BREEAM for our new buildings and refurbishments, coupled with our Sustainable Development Brief, helps to ensure an integrated, consistent approach to design. We are also looking to technology to assist by installing smarter building management systems that can respond to occupancy needs whilst disabling power and lighting when it is not needed.

In order to reduce the carbon emissions of our portfolio, it is necessary to focus on our existing buildings. 100% of the energy purchased by us at our properties is on renewable, zero carbon tariffs, however we recognise that this is no substitute for energy efficiency. During the year we improved energy efficiency, with only 0.1% of our rated properties (by sq ft) G rated and 0.3% F rated. Furthermore, we commenced our response to phase two of the UK Government's Energy Savings Opportunity Scheme (ESOS) and will be using the exercise to add to and update our building Energy Action Plans. The results of this exercise will be reported next year as part of the Streamlined Energy and Carbon Reporting Requirements.

Climate risk review

During the year, we undertook a climate risk review to more fully understand the potential physical risks for our portfolio. This identified that in the longer term there will be an increased need for cooling, an increased risk of drought and water shortages and more frequent extreme weather events, such as winter storms and flooding.

From the climate risk assessment process already in place for our developments, we are designing measures to:

- reduce overheating;
- cool, through passive measures such as building orientation and shading;
- address plant sizing, building structure and durability;
- include urban drainage systems to deal with run off from storm events; and
- integrate greening measures such as green walls, roofs and terraces.

Our response to the physical, regulatory and transitional risks associated with climate change were discussed with the Board during the year and as a result we will also be looking to implement water consumption targets during the next financial year and have set longer term energy and carbon targets.

100%
Energy purchased on renewable tariffs

ESG materiality review – new ambitious energy and carbon targets

We keep our approach to sustainability under constant review and identify climate risks both through utilising the expertise of our specialist in-house team and through stakeholder engagement. As part of our ongoing commitment to integrating our approach to ESG risk into our wider business processes, this year we commissioned a materiality review, undertaken by an external consultant, using best practice methodologies supported by the Global Reporting Initiative.

› See more on page 77

Climate change mitigation, energy efficiency and climate change adaptation were clearly identified as significant issues for both internal and external stakeholders and accordingly we have incorporated them within our analysis of the Group's business risks. The outcomes of the review were discussed and approved by the Board. As a result of this Board review, new long-term energy and carbon targets were agreed as follows:

– achieve a 40% reduction in energy intensity and at least a 69% reduction in carbon intensity across our portfolio by 2030; and
– all new build developments completed from 2030 to be net zero carbon.

In addition, during the next financial year, we will be setting out our approach and timescale to become a net zero carbon business, for more information see our website **www.gpe.co.uk/sustainability**.

Sustainable development goals

As part of our review of material risks, we also conducted an analysis to identify where our sustainability strategy supported the UN's Sustainable Development Goals (SDGs). Whilst we were able to relate our activities to all of the goals, the four below had the most resonance and aligned most closely with our purpose and values.

We are committed to ensuring that our buildings are designed and managed to support the mental health and wellbeing of our employees, occupiers and our local communities.

Air quality is a significant issue for London and for ensuring health and wellbeing. We have a clear strategy for considering outdoor and indoor air quality within our Sustainable Development Brief, Wellbeing Brief and Community Strategy.

We are focused on improving the design of our new and existing buildings to improve energy efficiency and continue to drive carbon emissions down. Through the adoption of renewable and low carbon technologies we are improving energy efficiency and making our buildings more sustainable.

We are focused on ensuring a lasting positive impact for the communities in which we are working to help our occupiers and communities thrive.

It is estimated that the built environment contributes 40% of the UK's carbon emissions. We recognise we have a role to play and are committed to reducing our impact setting long-term targets to address both climate change mitigation and adaptation.

During the forthcoming year, we will be reporting our progress on our long-term vision for sustainability in the context of these goals.

Our sustainable legacy

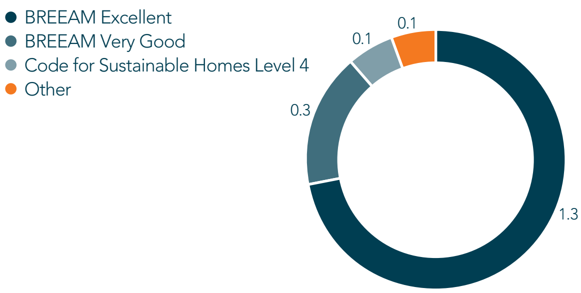
Our business model is based on acquiring well located, unloved properties which we can reposition into high quality, efficient, well-let investments. Once our repositioning activities are complete, we often sell the assets we have created and recycle the proceeds into new opportunities.

Today we have 37% of the portfolio in our development pipeline being prepared for redevelopment. As a result, there are a number of properties in our portfolio with lower sustainability credentials. But that is why we own them, as the opportunity to transform them into something special and sustainable is how we create value.

Moreover, irrespective of whether we retain the building post development, our activities create a legacy of high quality, sustainable buildings helping London to thrive.

The table below shows the respective sustainability ratings of the 1.8 million sq ft of development space we have delivered this cycle.

Sustainability development credentials m sq ft



Our portfolio continued

Focused on wellbeing

A sustainable building should also contribute to the wellbeing of our occupiers and the local community, supporting healthier, happier and more productive lives. We know through our review of material risks that wellbeing is rated as one of our top three most material issues for internal and external stakeholders. The research undertaken with five continental European REITs confirmed that the occupier of the future will want office spaces similar to homes and cafés in terms of design, with recreational use and relaxation incorporated with adaptable and flexible features.

› See more on page 52

We take an integrated and inclusive approach to ensure that relevant and applicable health and wellbeing aspects are considered during the design process, we recognise the diverse needs of our occupiers and collaborate to achieve certification where relevant. During the next financial year we will launch a wellbeing brief to provide our design teams with clear measurable and deliverable milestones for considering wellbeing, including:

– indoor air and water quality;
– thermal, visual and acoustic comfort;
– greening the portfolio; and
– healthy behaviours.

We also look to retrofit wellbeing into our existing buildings, working with our occupiers to implement additional facilities and services where possible, improving access to open spaces, improving urban greening and retrofitting cycle and shower facilities where possible.

Our approach also extends to our employees and communities. Our employee wellbeing programme is focused around physical and mental health, lifestyle, work-life balance and financial wellbeing.

Within our communities, we look to positively impact through sensitive place-making and the introduction of urban greening. Urban greening not only positively impacts mental health and wellbeing, it can also improve external air quality and contribute to measures which mitigate and adapt to the effects of climate change. We integrate green walls, terraces and roofs in building design wherever possible also improving biodiversity within London.

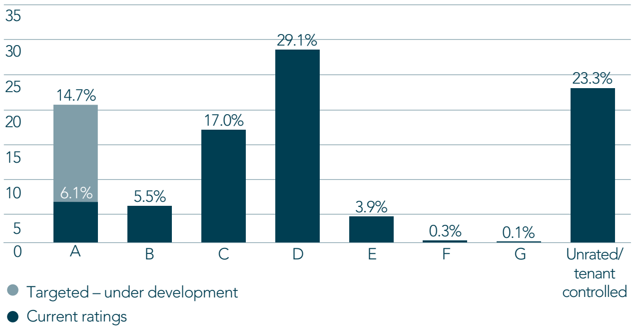
0.4%

Of portfolio in F & G rated buildings

Progress on Energy Performance Ratings

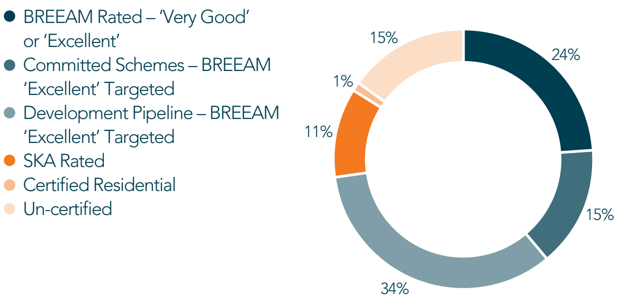
During the year we made good progress on improving our Energy Performance Certificate Ratings (EPC). As illustrated in the chart below, only 0.4% of the rated portfolio has an F or G rating. Where we have refurbishments or developments on site, the targeted ratings have been indicated.

EPC ratings: percentage of portfolio (by sq ft)



We recognise the limitations of Energy Performance Certificates as they do not reflect the actual energy performance of our buildings and we therefore continue to focus on sustainability ratings for our new build developments and refurbishment programme. We use the most appropriate certification system for the type and scale of the project including BREEAM, the RICS led SKA rating system and Code for Sustainable Homes. Today, 24% of our portfolio by area is rated BREEAM 'Very Good' or 'Excellent' with a further 15% currently on site with BREEAM 'Excellent' targeted. Our substantial development pipeline (34% by floor area) is largely unrated in its present form. However, we will be aiming to significantly improve the environmental performance through the development process and expect a BREEAM 'Excellent' rating of this element of the portfolio by 2030. A further 11% of the portfolio is SKA Rated and 1% is rated by residential schemes.

Percentage of current floor area certified to date



Resource consumption

Use of BREEAM, SKA and Code for Sustainable Homes helps ensure that our building design and construction process addresses a range of sustainability related issues, including waste management and water consumption.

We closely monitor waste at both our occupied properties and across our development sites. During the financial year, 40,567 tonnes of waste was generated from our construction activities and 635 tonnes from our occupied buildings. Of this waste, 99% and 100% was diverted from landfill respectively. However, there is more to be done and we recognise that treatment of waste is inefficient and generates carbon. We are therefore working with our occupiers and contractors to reduce waste generated from our properties and aim to generate a maximum of 7.5m³ construction waste per 100m² of GIA.

› For more on our performance see **www.gpe.co.uk/sustainability/our-performance**

As part of our review of the physical risks of climate change, we identified a risk of water shortages and drought in London which will impact our portfolio in the longer term. We are seeking to address this through building design and require water efficient processes and fittings to be incorporated. This includes the cooling strategy, washroom facilities and irrigation of green spaces. We also monitor water consumption at our occupied properties and during the next financial year we will be looking to set appropriate quantitative water consumption targets.

› See more on page 60 and 61

Greenhouse Gas Emissions Statement

Our Greenhouse Gas Emissions Statement includes all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 for the financial year to March 2019 and, in line with the Streamlined Energy and Carbon Reporting Regulations, includes a like-for-like comparison. During the next financial year we will also report on energy initiatives implemented.

Our long term vision 'Creating Sustainable Spaces' sets out how we plan to reduce our carbon footprint and adapt to climate change towards the 2030s. We continue to work on alignment of our reporting with the final report from the Task Force on Climate Related Financial Disclosures.

100%

Of our waste from occupied buildings diverted from landfill

Greenhouse Gas Emission performance statistics

	2019 (Tonnes of CO_2e)	2018 (Tonnes of CO_2e)
Scope 1		
Combustion of fuel and operation of our facilities	**2,249**	2,204
Operation of facilities (refrigerants)	**320**	160
Scope 2		
Electricity, heat, steam and cooling purchased	**3,484**	5,495
Head office usage	**52**	77
Scope 3		
Electricity purchased and sub-metered to occupiers	**5,551**	8,145
Total footprint	**11,656**	16,081
Intensity Measure		
Emissions per m² gross internal area	**0.0580**	0.0647
Like-for-like emissions		
Absolute emissions on a like-for-like basis	**11,095**	13,567
Emissions per m² on a like-for-like basis	**0.0602**	0.0736

Independent assurance

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

Our methodology

For our Greenhouse Gas Emissions Statement, we have used the operational control consolidation method as this best reflects our property management arrangements and our influence over energy consumption. Last year's published figures have been revised by 3% as a result of metering information received after last year's reporting process had closed. Gas consumption data has also been amended to account for updated degree day data information, which reduces the impact of weather variances on energy consumption data. Included in our operational control data are emissions from our managed properties (including 100% of emissions from joint venture properties) and head office usage. We have not included usage or emissions from our development sites as these fall outside of our operational control. Where we have purchased energy which is sub metered to occupiers this is itemised separately. Emissions in relation to our development sites are reported separately on our website, **www.gpe.co.uk/responsibility**. Emissions from vacant space have been excluded as the related carbon emissions are below a materiality threshold of 5%. There are no company-owned vehicles to be reported.

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

Our culture and people

Our culture is fundamental to how we perform. To preserve and strengthen our culture for the future, this year our focus was to articulate our values, and the underlying behaviours by which we measure these, and to heighten the importance with which we regard the wellbeing of our employees.

"Our people, quite simply, represent the embodiment of our Values. We are extremely proud that, through a combination of our talented team's hard work and 'Living Our Values', we have won 'Britain's Most Admired Company' in the property sector for the third year running."

Toby Courtauld
Chief Executive

Operational measures

Employee retention[1]	**87%** 2018: 87%	Employees participating in the Share Incentive Plan	**72%** 2018: 77%
Days training provided by employee[2]	**3.1** 2018: 4.8	Lateral moves and promotions	**9** 2018: 17

1. Stability Index.
2. On average.

Our integrated team – Together We Thrive

Our Values form the basis of our culture and how we thrive as a team:

– We achieve more together
– We are committed to excellence
– We are open and fair
– We embrace opportunity

As a small organisation in people terms – just over 100 – every single person's contribution counts and the success of our culture relies on every team member living our Values. As a result, when we recruit, we look for individuals who are comfortable taking responsibility and working collaboratively and flexibly with colleagues. We then invest time in giving new starters an extensive induction to the organisation so they can feel at home right away and are able to give their best.

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

We encourage our people to be innovative, whilst still maintaining a disciplined approach. Supported by clear policies and procedures, we instil in every one of our teams a strong sense of responsibility for active risk management. This, together with our collegiate style, ensures recognition of a project's success is based on contribution and timely interaction of every member of the team.

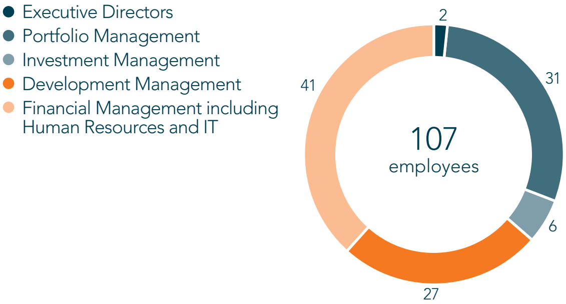
Promoting from within

This year, we have further enhanced our Senior Management Team with the creation of a new Head of Office Leasing role, which includes responsibility for the oversight of our flex offering and which we were pleased to be able to fill internally. We have also promoted our IT Manager and our HR Manager to Head of IT and Head of HR respectively.

Building on changes we made last year to strengthen our focus on service delivery to our occupiers and further improve levels of satisfaction and retention, this year we have focused on enhancing our Portfolio Management Team with the recruitment of a Senior Portfolio Manager and a Portfolio Manager, and communicating both internally and externally the important role of our Portfolio Managers. Led by our new Head of Occupier Services, we have also restructured our Occupier Services Team and our Customer Services Manager, who undertook the successful handover of our residential units at Rathbone Square, has been promoted to Occupier Relationship Manager to provide our office occupiers with an enhanced service experience.

› See more on page 50

Number of employees 2019 at 31 March 2019



"The Bright Ideas Committee is a great forum for our people to raise ideas as to how we could be more effective and thrive as a business."

James Harrop-Griffiths
Portfolio Manager

107
employees

Encouraging engagement

We believe that in order to deliver our strategy it is important that every member of our team is fully engaged in the business to ensure a continual innovation in the way we work. This year, new initiatives introduced to promote engagement with our employees across the business included:

– small group informal lunches hosted by Executive Committee members, which all employees are invited to attend. These were considered to be a big success and provide employees with an opportunity to engage with both Executive Committee members and other team members from across the business;
– two-way dialogue with the Executive Directors through separate lunchtime sessions including 'everything you want to know about the Executive Committee' and together with HR, 'our approach to Remuneration, gender pay and diversity.' The presentation slides were made available on our intranet and included as part of new employee inductions;
– a member of the Executive Committee attending the monthly Building Management Team meetings on a regular basis;
– our Bright Ideas Committee, whereby a panel of 11 employees from across the business consider anonymous suggestions made by employees for improvement, which they either address directly or make recommendations to the Executive Committee;
– involving all employees in our 'Together We Thrive' initiative to articulate our Values;

› See more on pages 68 and 69

– asking 32 of our employees, chosen independently, to take part in interviews and focus groups as part of our National Equality Assessment;

› See more on page 66

– encouraging our employees to spend some time at our new co-working facility at New City Court so that they can understand and help influence the provision of our own flex space offerings across the portfolio;
– holding our first 'bike and hike' day whereby 42 employees across the business took part in either a 12 mile walk or a 70 mile bike ride, the aim of which was to enable people from across different teams to informally interact with one another; and
– holding our first Community Day, with 86% of our employees taking part in one of four initiatives to support our Community Charity partner, Centrepoint.

› See more on page 52

To ensure continued real time feedback over the course of the year, this year instead of an annual employee engagement survey we expect to run a series of pulse surveys.

86%

of our employees took part in our inaugural Community Day

"The hike and bike day in the Cotswolds gave me an opportunity to spend time with colleagues who I don't normally work directly with day-to-day and hear what is important to them and their teams."

Dominic Jackson
Energy Manager

Promoting equality, inclusion and diversity

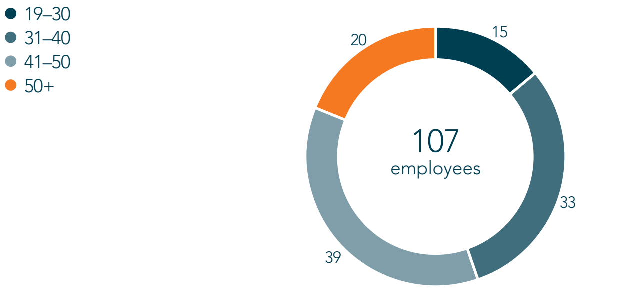
Our culture is grounded in mutual respect and non-discrimination in respect of age, disability, gender, race religion, sexual orientation or educational background. Inclusion is at the heart of our Values and being open and fair in everything we do. Through living our Values, we foster a culture of respect and fairness where we achieve more together. To help us to promote inclusion and diversity, this year we undertook the externally moderated National Equality Standard assessment involving interviews with 32 employees chosen at random by Ernst and Young representing different roles and experience across the business. Feedback from this process included overwhelming agreement about the approachability of management, underpinned by an open door culture and employees feeling comfortable approaching senior leaders to be able to speak informally to raise any issues or concerns. Whilst overall we partially or fully achieved all 35 competencies over seven standards (including our inclusion and diversity approach, communication and leadership, employee attraction, management and retention, inclusive environment, external relationships, data and analysis, review and measurement), we have identified a number of key areas where we can do more. To this end, we will be implementing a phased action plan which will initially focus on:

– communicating our approach to inclusion and diversity to all staff, supported by the Board, so that everyone at GPE is aligned and understands our approach;
– reviewing our people policies and working practices to ensure they align with our approach to inclusion and diversity, for example our family friendly policies, our informal flexible working policy and our recruitment process; and
– further enhancing and supporting an inclusive culture through specific initiatives, such as our mental health strategy and associated training, embedding our Values and behaviours in our performance management and annual training programme and raising awareness of diversity days and events throughout the year.

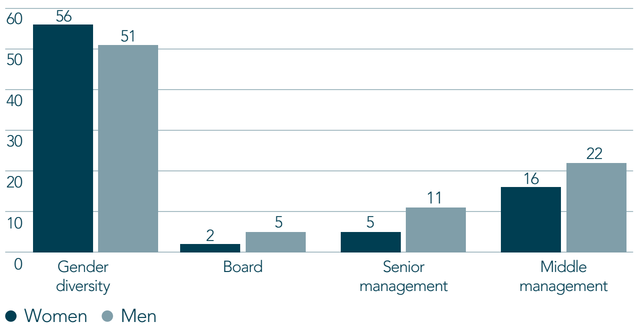
To help improve diversity in the real estate sector at a grass roots level, we are also working with our community charity partner, Centrepoint, to arrange opportunities for young people to work with our suppliers. We will be continuing our sponsorship of Pathways to Property.

Our culture and people continued

Employee age profile number of people



Employee profile gender diversity number of people



Supporting employee wellbeing

"We expect a lot from our people and we want to ensure that they have the tools to manage their own wellbeing and thrive at GPE."

Rachel Aylett
Head of Human Resources

Our employees' wellbeing is fundamental to our high performing culture. This year we launched our wellbeing programme focused around physical and mental health, lifestyle work-life balance and financial wellbeing. The wellbeing programme is designed to provide activities, events and seminars across these areas, recognising that whilst some will appeal to all, employees need different things at different stages in their life and careers. Wellbeing champions within GPE, individuals who are passionate about wellbeing, also actively promote the various initiatives across our teams. During the year, we have continued to promote our informal flexible working policy with senior management leading by example and ensuring that everyone has access to portable devices as appropriate. In recognition of some of our employees' dedication and long service, we also introduced our GPE 'me-time' policy whereby all employees receive an extra week's holiday after each five years of employment at GPE for up to twenty years of service.

Following suggestions by employees to the Bright Ideas Committee, this year we have also introduced a 'dress for your day policy' and monthly drinks in the office at the end of the working day, 'Be social in the social'.

Unlocking our people's potential

During the year, we invested £245,030 in employee and Non-Executive Director training, providing 2,449 hours of training averaging 3.1 days per employee. This investment is an important building block of our Values 'we embrace opportunity' and 'we are committed to excellence'.

"The growth of our people both as individuals and in leading their teams is one of our key priorities. To support this, together with our mentoring programme, we are constantly looking for opportunities to be able to expand people's roles."

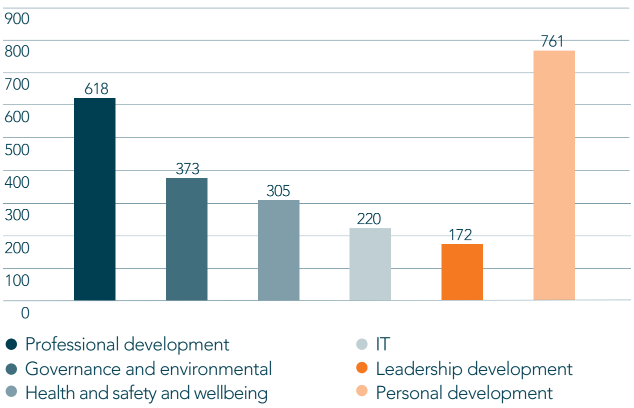
Nick Sanderson
Finance and Operations Director

We encourage opportunities for people to develop in their careers, providing both opportunities for development of professional experience as well as funding and support for qualifications. Every individual at GPE has a Personal Development Plan (PDP), which is developed from their annual personal development review with their line manager. From the PDPs, we design our training and development programmes including specific courses to meet specific training needs. In the year ended 31 March 2019, 97% of people attended a GPE run personal development course, up from 62% last year. In November each year, the Executive Committee undertakes a company wide talent review to ensure that appropriate support and development opportunities are provided to enhance individual's growth potential. As part of our focus on developing talent, senior managers provide selected individuals with broader insights and understanding of the business through our mentoring programme.

As the cornerstone of our employees 'Living Our Values', all employees also undertook training this year on our Values and, crucially, the associated expected behaviours. Furthermore, key to the achievement of our Values is employees learning from one another and having a better understanding of other projects and areas of the business. This year we saw an increase in lunchtime seminars run by GPE employees based on 'Everything you wanted to know about….' which included our Hanover Square project including a tour of the development, participation in the European CSR and feedback from our Innovation Think Tank. Two key technical areas where all employees also received training this year included cyber security and our approach to GDPR. Line managers and their team members also identify ways in which individuals could grow personally through expanding or changing their responsibilities, taking on different projects, identifying where they could benefit from coaching or undertaking some training tailored specifically for their needs. Team development and away-days include sessions examining how teams can work better together and areas of interest also serve to promote our Values.

New joiners with leadership responsibilities also attend team leadership courses as part of their induction and all new joiners attend an 'insights' course which is built to help people understand themselves better, understand others and therefore make the most of their relationships at work and contribute to our collaborative and supportive working environment.

Number of training hours by type



"We work hard to ensure our internal training and development programme is developed from individual's Personal Development Plans so that the majority of courses we run are bespoke to GPE."

Liz Scott
Human Resources Coordinator

Rewarding performance

The Board is responsible for setting our strategic priorities and monitoring performance against them – see pages 24 and 25. Our line managers are accountable for working with their team members to develop appropriate annual personal objectives based on the nature of their role, and for ensuring that everyone understands how they contribute to overall business objectives.

All employees have mid-year and annual performance reviews. In addition, all employees participate in the Company's annual employee bonus plan, with a portion of their reward driven by performance against personal objectives and the balance triggered by GPE's corporate performance against key financial targets.

As part of the year-end remuneration process, the Executive Committee and the Senior Management Team review salary benchmarking against market competitors, individual performance against personal objectives, proposed discretionary bonuses and planned Long-Term Incentive Plan awards. The outcome of this process is then presented to the Remuneration Committee, which reviews remuneration levels proposed for all employees, and decides upon the recommendations for senior manager and Executive Director salaries, bonus awards for the achievement of personal objectives and proposed Long-Term Incentive Plan awards. In response to feedback from our 2017 employee engagement survey, to increase company wide understanding of our approach to employee remuneration including the detailed and robust performance review process and our gender pay gap, lunchtime sessions were hosted this year by our Executive Directors and Head of HR providing an overview of our approach and process. Copies of this presentation are also made available to our employees on our intranet.

The base salary increase for employees for the year ending 31 March 2020 is 2.5%. Increases of more than 2.5% were given to some employees due to market realignment and/or increases in responsibility and contribution, such that the average increase in base salary for the year ending 31 March 2020 will be 4.4%.

All employees have the opportunity to participate in the Company's 'two for one' Share Incentive Plan (SIP) which encourages people to become investors in GPE and to share in the Company's financial success. 72% of employees participate in the SIP.

3.1 days

Training per employee

100%

of our employees involved in our 'Together We Thrive' initiative

Our culture and people continued

Together We Thrive

"The Values proposed at the January 2019 Board meeting were recognisably GPE and enable the tone to be set from the top, using words that everyone at GPE identifies with."

Charles Philipps
Senior Independent Director

Our Values:

- We achieve more together
- We are committed to excellence
- We are open and fair
- We embrace opportunity

Our strong and positive culture is fundamental to how we perform and serves as the foundation as to what makes us unique. Whilst we have always believed that all our employees had a good sense of what it means 'to be GPE', this year we undertook a Board sponsored initiative (Together We Thrive) to articulate our purpose, values and the underlying behaviours by which we measure our values to preserve and strengthen our culture for the future.

Using independent facilitators, key to our task was to:

- articulate our Values as we felt that we knew them, rather than create new values;
- involve everyone at GPE, to ensure our Values reflected our ambitions and 'the way we do things' both at an individual and team level;
- establish a Values Steering Group made up of employees representing all levels and teams across the business together with a mix of length of service to appropriately test and challenge the values and most importantly the behaviours by which they should be measured;
- ensure our identified behaviours encapsulated what is expected from each and every one of us, day-to-day;
- obtain approval of the purpose, values and behaviours from the Board as sponsors;
- provide bespoke training for all Line Managers and employees on 'Living Our Values'; and
- consider how the Board and employees would demonstrably live our values.

In September 2018, the Executive Committee debated how best to articulate our purpose and what they felt should be the core themes of our values. Separately, we invited all our employees to write down the qualities that made them proud of GPE on a brick and create a wall of 'building what we stand for'. We then asked the Values Steering Committee, using our clear purpose of 'We unlock potential, creating space for London to thrive' to consider the common themes distilled from the 92 bricks from the wall that we created. Endorsing our belief in a one GPE approach across all levels, we were delighted that the resultant themes from the Executive Committee and the 92 bricks were the same. Following this initial sense check, the Values Steering Committee worked to create our core values and behaviours from the identified themes, checking in with the Executive Committee on a regular basis throughout the process.

In January 2019, our Head of HR, Rachel Aylett took the Board through the work done and the Board wholeheartedly approved the Values and behaviours for communication to all employees. As part of the launch in early February by our Chairman Richard Mully and Chief Executive Toby Courtauld, all employees also received training on the values and behavioural statements.

Importantly, 'Living Our Values' has also been made an integral part of who we are and how we act through:

- inclusion on our website for all our stakeholders to see and understand that this is how we expect to do business;
- consideration in the appointment and promotion of all employees and Board members;
- inclusion in individual's objective setting and the annual appraisal process;
- the Executive Committee having regular 'Living Our Values' meetings with the Heads of Department; and
- the rebadging of our previous 'Going the extra mile award' presented at our Quarterly Reviews to 'Living Our Values awards,' with nominations being made by all employees.

"Our approach to how we articulated our Values exemplifies the values and behaviours we have created."

Rebecca Nwanko
Building Manager and Values Steering Committee member

"The Living Our Values training sessions reinforced what makes us so strong and unique, and they were fun too."

Padmini Parekh
Finance Operations Manager

The Board

Richard Mully

Toby Courtauld

Nick Sanderson

Non-Executive Director

Richard Mully
BSc (Hons), MBA
Chairman

Committee memberships: Chairman of the Nomination Committee and member of the Remuneration Committee

Date appointed to the Board: December 2016

Date appointed as Chairman: February 2019

Independent: Yes, on appointment as Chairman

Experience: Non-Executive Director and Chairman of the Remuneration Committee of Standard Life Aberdeen and Vice Chairman and member of the Supervisory Board of Alstria Office REIT-AG. Formerly founder and Managing Partner of Soros Real Estate Partners LLC; Senior Independent Director at ISG, Hansteen Holdings and St Modwen Properties. Richard's extensive property and Senior Independent and Non-Executive Director experience enables him to provide constructive leadership, challenge and support of the Board and wider business for the benefit of all stakeholders. Age 57.

Relevant skills: Real Estate, Banking, Private Equity

Current external commitments: Non-Executive Director at Standard Life Aberdeen, Chairman of Arlington Business Parks Partnership Ltd and Vice Chairman of the Supervisory Board of Alstria Office REIT-AG.

Executive Directors

Toby Courtauld
MA, MRICS
Chief Executive

Committee memberships: Chairman of the Executive Committee and Sustainability Committee

Joint Venture directorships: Director of the GHS Limited Partnership

Date appointed to the Board: April 2002

Independent: No

Experience: Joined the Group in April 2002 as Chief Executive. Previously with the property company MEPC for 11 years, he gained broad experience ranging from portfolio management through to corporate transactions and general management as a member of the Group Executive Committee. Past President of The British Property Federation. Toby's significant knowledge of the Company and the sector enables him to provide broad leadership of the business internally and externally, through the successful design and implementation of the Company's strategy, values and business plans and their exemplary communication to a wide range of stakeholders. Age 51.

Relevant skills: Real Estate

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

Nick Sanderson
BA (Hons), ACA
Finance and Operations Director

Committee memberships: Member of the Executive Committee and Sustainability Committee; Chairman of the Health and Safety Committee

Joint Venture directorships: Director of the GHS Limited Partnership, the Great Ropemaker Partnership and the Great Victoria Partnership

Appointed to the Board: July 2011

Independent: No

Experience: Joined the Group in July 2011 as Finance Director. Title changed to Finance and Operations Director in May 2019. Formerly Partner, Head of Real Estate Corporate Finance Advisory at Deloitte, following ten years of real estate investment banking experience in Europe and Asia with Nomura, Lehman Brothers and UBS Investment Bank. Nick's wide range of property related financial experience combined with strategic and corporate finance skills enables him to provide valuable support in developing, implementing and articulating the Company's strategy, and taking leadership over the delivery of a wide range of financial and operational matters. Age 46.

Relevant skills: Real Estate, Banking, Finance

Current external commitments: Member of the Reporting & Accounting Committee of EPRA.

Charles Philipps — Wendy Becker — Nick Hampton — Alison Rose

Non-Executive Directors

Charles Philipps
ACA
Senior Independent Director

Committee memberships: Member of the Audit, Remuneration and Nomination Committees

Date appointed to the Board: April 2014

Independent: Yes

Experience: Formerly Chief Executive Officer of MS Amlin plc and a director of NatWest Markets. Charles' financial qualifications and significant commercial and general management experience as a former CEO provides him with a good understanding of different points of view, significantly contributing to his ability to offer wise counsel in his role of Senior Independent Director. Age 60.

Relevant skills: Banking, Insurance, Finance

Current external commitments: Chairman of the Outward Bound Trust.

Wendy Becker
BASc, MBA

Committee memberships: Chairman of the Remuneration Committee, Member of the Audit and Nomination Committees

Date appointed to the Board: February 2017

Independent: Yes

Experience: Non-Executive Director and Chairman of the Remuneration Committee of Logitech International S.A., Non-Executive Director of NHS England. Former Non-Executive Director of Whitbread PLC, Chief Executive of Jack Wills Ltd and a partner of McKinsey & Company Inc. Wendy's management consultancy skills, retail CEO experience and current technology and previous remuneration non-executive roles provides her with a wealth of employee and business understanding and serve as a strong foundation for her effective performance as Remuneration Committee Chair. Age 53.

Relevant skills: Retail, Strategy consultancy, Technology

Current external commitments: Non-Executive Director of Logitech International S.A. and Non-Executive Director of NHS England.

Nick Hampton
MA (Hons)

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

Date appointed to the Board: October 2016

Independent: Yes

Experience: Chief Executive Officer (previously Chief Financial Officer) of Tate & Lyle, 20 years with PespiCo in a number of financial, commercial and operational roles. Nick's strong financial background and previous various operational and commercial roles including formerly as Finance Director and currently as CEO of Tate & Lyle and involving knowledge of risk assessment and management systems, provides a strong basis for his effective performance as the Audit Committee Chair. Age 52.

Relevant skills: Global Corporate, Finance

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

Alison Rose
BA (Hons)

Committee memberships: Member of the Audit, Remuneration and Nomination Committees from 1 September 2018

Date appointed to the Board: April 2018

Independent: Yes

Experience: Deputy Chief Executive Officer and a Director of NatWest Holdings and Chief Executive Officer of Royal Bank of Scotland Commercial and Private Banking. Has also held a number of other banking and finance roles within Royal Bank of Scotland and NatWest Markets. Alison's significant experience of real estate financing, capital markets and customer relations through her different roles at Royal Bank of Scotland enables her to provide an informed view and helpful challenge to Board and Committee discussions. Age 49.

Relevant skills: Finance, Banking

Current external commitments: Deputy Chief Executive Officer and a Director of NatWest Holdings and Chief Executive Officer of Royal Bank of Scotland Commercial and Private Banking.

Senior Management Team

Steven Mew
Andrew White

Janine Cole
Rachel Aylett

James Pellatt
Helen Hare

Simon Rowley
Robin Matthews

Steven Mew

BSc (Hons), Dip PropInv, MRICS
Portfolio Director

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

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

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

Janine Cole

CMIOSH, PIEMA
Head of Sustainability

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

Experience and responsibilities: Formerly a Professional Services Administrator with National Britannia. Responsible for Sustainability and Health and Safety across the Group.

A Board Director for the Better Buildings Partnership and a member of the British Property Federation, EPRA Sustainability Committee and the Design for Performance Advisory Board.

James Pellatt

BSc (Hons) MRICS
Director of Workplace and Innovation

Date joined the Group: Joined the Group in March 2011 as Head of Projects. Promoted to Director of Workplace and Innovation in 2017.

Experience and responsibilities: Formerly a Senior Director with Tishman Speyer and previously with More London Development and EC Harris. Responsible for overseeing the Group's design forums and workplace innovation.

Simon Rowley

BA (Hons), MSc, MRICS
Head of Office Leasing

Date joined the Group: Joined the Group in January 2011 as Leasing Manager and appointed Senior Leasing Manager in April 2017. Promoted to Head of Office Leasing in September 2018.

Experience and responsibilities: Formerly Associate Director at GVA Grimley. Responsible for implementing and executing leasing strategies and campaigns across the Group's developments and large-scale refurbishments, including managing the Group's approach to flex space offerings.

Andrew White

BSc (Hons), Dip IPF, MRICS
Development Director

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

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

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

Rachel Aylett

BA (Hons), MA, Assoc CIPD
Head of Human Resources

Date joined the Group: Joined the Group in October 2017 as Human Resources Manager. Promoted to Head of Human Resources in September 2018.

Experience and responsibilities: Formerly acting Head of HR and HR Manager at Kingley Napley LLP. Responsible for human resource management and development across the Group.

Helen Hare

BSc (Hons) , MRICS
Head of Project Management

Date joined the Group: Joined the Group in August 2007 as Project Manager. Promoted to Head of Project Management in 2017.

Experience and responsibilities: Formerly a Director of Brixton Estates and Commercial Manager at Bucknall Austin. Responsible for setting procurement strategy and ensuring capital expenditure on all projects is completed in accordance with individual asset business plans across the Group.

Robin Matthews

MA (Hons), MSc, MRICS
Investment Director

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

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

A member of the Group's Executive Committee.

Kirsty Davie
Desna Martin

David O'Sullivan
Steven Rollingson

Martin Leighton
Marc Wilder

Hugh Morgan
Stephen Burrows

Kirsty Davie
MMath, ACA
Head of Investment Analysis and Management

Date joined the Group: Joined the Group in February 2013 as Head of Investment Analysis and Management Information.

Experience and responsibilities: Formerly Head of Corporate Development at Lonrho Plc. Previously with Deloitte Corporate Finance. Responsible for Group forecasting, management information and financial appraisal of investments and developments.

David O'Sullivan
BSc CIBSE
Head of Occupier Services

Date joined the Group: Joined the Group in May 2018 as Head of Occupier Services.

Experience and responsibilities: Formerly Managing Director of Property Management EMEA at Tishman Speyer and previously Vice President of Corporate Services at Credit Suisse. Responsible for the delivery of occupier services across the portfolio.

Martin Leighton
LLB, ACA, CTA
Director of Corporate Finance

Date joined the Group: Joined the Group in January 2003 as Corporate Finance Manager and appointed Head of Corporate Finance in 2011. Promoted to Director in 2017.

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

A member of the British Property Federation Finance Committee.

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

Date joined the Group: Joined the Group in September 2007 as Investment Manager and appointed Head of Investment Management in 2010. Promoted to Director in 2017.

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

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

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

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

Experience and responsibilities: Formerly an Audit Senior Manager with Ernst & Young. Responsible for corporate governance across the Group. Company Secretary for all joint venture companies.

Steven Rollingson
Head of IT

Date joined the Group: Joined the Group in February 2016 as IT Manager. Promoted to Head of IT in April 2019.

Experience and responsibilities: Formerly IT Manager at Skidmore, Owings and Merrill. Responsible for strategic and operational aspects of technology across the Group.

Marc Wilder
BSc (Hons), MRICS
Leasing Director

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

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

A member of the Group's Executive Committee.

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

Date joined the Group: Joined the Group in September 2003 as Financial Accountant and appointed Head of Financial Reporting and Investor Relations in 2011. Promoted to Director in 2017.

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

A member of the British Property Federation Technical Accounting Group.

Our approach to risk

The successful management of risk is critical for the Group to deliver its strategic priorities. Whilst the ultimate responsibility for risk management rests with the Board, the effective day-to-day management of risk is integral in the way we do business and the culture of our team. Our attitude to risk is one of collective responsibility with the identification and management of risks and opportunities part of the mindset of the GPE team. Our organisational structure, including close involvement of senior management in all significant decisions and in-house management of all development, portfolio and occupational service activities together and our prudent and analytical approach, is designed to align the Group's interests with those of shareholders.

Setting and monitoring our 'risk appetite'

The Group's overarching risk appetite is set in the context that we focus on only one market that we know inside out – central London. We also operate out of a single head office within close proximity to all of our properties. However, because our market is cyclical, we apply a disciplined approach to our capital allocation and managing our operational risk, in particular our development exposure, in tune with market conditions whilst always maintaining low financial risk through conservative financial leverage. We use a suite of key operational parameters as an important tool to set and then measure the Group's risk profile. These parameters consider, amongst others, the Group's size, financial gearing, interest cover, level of speculative and total development exposure, and single asset concentration risk. These parameters are revisited annually as part of the Group's Strategy Review and reviewed at each Board meeting. We monitor the Group's actual and forecast position over a five year period against these parameters. See our operational measures on pages 26 and 27.

Our risk culture and how we manage our risks

We believe that effective management of risk is based on a 'top-down' and 'bottom-up' approach with inherent lines of defence outlined on page 75, which include:

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

Risk management is an integral part of all our activities. Risks and, more positively, where these might also provide opportunities, are considered as part of every business decision we make and how they would affect the achievement of our strategic priorities and the long-term performance of our business.

Six monthly assessment of principal and emerging risks, opportunities and effectiveness of controls

As part of a robust assessment of the principal risks facing the Group and its joint ventures, at the half-year and year end, the Executive Committee, the Audit Committee and the Board formally review the Group's principal risks, including those that would threaten its business model, future performance, solvency and liquidity. Importantly, part of this review is the consideration of:

- the internal operational controls in place to mitigate the principal risks and how key controls over these risks have operated in the preceding six months;
- consideration of any emerging risks and opportunities; and
- the Board's ongoing monitoring of the principal risks.

Whilst emerging risks and opportunities are considered as part of this formal six monthly assessment, following the 2018 Board evaluation process, the Board spends additional time at scheduled Board meetings on 'blue sky' thinking and consideration of possible emerging risks. As part of this process, the Executive Committee members are also tasked to provide a summary at each scheduled Board meeting of the three 'things' concerning and exciting them most. We also ask our Heads of Department the same question to ensure that we are continually challenging ourselves as to both how we should evolve and that we appropriately share and celebrate our successes.

A description of the Group's principal risks, steps taken to mitigate those risks, together with an assessment of the impact and likelihood of each and how the risks have changed in the year is shown on pages 74 to 88. This year, whilst our principal risks have remained unchanged, we have amended the descriptions of some of our risks and how we monitor and manage those risks to reflect how these have evolved over the past 12 months being:

- the potential disruption from Brexit on the supply chain and labour markets to the development programme, along with potential adverse exchange rate movements impacting capital values;
- extension of our management of development risk to include not just management of the current committed programme, but also our development pipeline where planning and arrangements with our freeholders on our leasehold properties are key to our ability to unlock profitable developments that will positively add to London's built environment;
- the importance of wellbeing, not only of our own team but also in our ability to meet changing occupier requirements;
- the importance of environmental performance and climate change resilience in our ability to meet evolving occupier and investor demands;
- evolving planning, tax, environmental and fire safety legislation impeding the financial and operational performance of the Group and potentially reducing the relative attractiveness of our buildings to investors and future occupiers; and
- the importance of engagement with local residents and community groups early in the design process to ensure their feedback is considered as schemes evolve and regular meetings with planning authorities to ensure our proposals are developed to comply with current and emerging policy.

Board oversight of risk

Board

Nomination Committee | Audit Committee | Remuneration Committee

Executive Committee

Operational Committee oversight

Weekly	**Quarterly**
Development management Portfolio management Investment management Financial management	Living our values Health and Safety Development management review Portfolio management review Sustainability Community

Policies for highlighting and controlling risk

Third line of defence

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

Procedures and internal controls

Second line of defence

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

People and culture guided by our values

First line of defence

Focused market expertise	Open communication	Transparent disclosure with stakeholders	Integrity in business conduct	Interests aligned with shareholders	Qualified and experienced personnel with specific roles	Intense development, portfolio management and occupational services teams	Conservative attitude to capital deployment	Analytical rigour

Business risk

Our approach to risk continued

The Board's ongoing monitoring of the Group's principal risks and controls

Ongoing monitoring of our principal risks and controls by the Board is undertaken through:

- relatively low levels of authority for transactions requiring Board approval, see pages 98 and 99, with investment transactions and development approvals requiring, amongst others, consideration of the impact on financial leverage, interest cover and portfolio risk/composition;
- the Executive Committee's oversight of all day-to-day significant decisions;
- the Chief Executive reporting on the market conditions dashboard, operational parameters and people as appropriate at each of the scheduled Board meetings;
- members of the Executive Committee providing a review on the development programme, occupational markets and key property matters at each of the scheduled Board meetings;
- the Finance and Operations Director reporting on the Group forecasts including actual and prospective leverage metrics, the occupier watch list and delinquencies, sustainability and health and safety at each of the scheduled Board meetings;
- the Executive Directors communicating with the Board on any significant market and operational matters between Board meetings;
- senior managers attending the Board and Audit Committees as appropriate to discuss specific risks either across the business, such as sustainability, health and safety and cyber, or relating to transactions; and
- the Audit Committee meeting with the valuers twice a year to better understand market conditions and challenge the assumptions underlying the valuation.

Our focus during the year

The continued challenging market conditions as a result of the uncertain economic and political environment associated with the nature and the timing of the UK leaving the European Union, and how we have considered these in light of our business, is explained in more detail in our markets on page 31 and our viability assessment on page 88. In light of this ongoing uncertainty, the focus on our strategy and business model with a clear linkage of our risks to overarching strategic priorities and operational parameters have again this year been revisited at all our scheduled Board Meetings. Areas of significant focus have included:

- the start on site of our three developments at Hanover Square, W1, Oxford House, W1 and The Hickman, E1;

› See more on pages 38 and 39

- the continued strong and pragmatic leasing activity across our development portfolio with significant pre-lets achieved at Hanover Square, W1, and the capturing of £2.7 million of reversionary rents;

› See more on pages 42 and 43

- continuing to crystallise profits through sales, all in W1, of 78/92 Great Portland Street, 160 Great Portland Street, 55 Wells Street, three smaller West End properties, the eight remaining residential units at 78/92 Great Portland Street and two out of our three remaining penthouse apartments at Rathbone Square, for a total of £26.4 million. Our last penthouse apartment was also sold shortly after the year-end;

› See more on pages 14 and 15 and 36 and 37

- maintaining our low financial leverage whilst returning £74 million to shareholders through our share buyback;

› See more on pages 47 and 48

- given our risk of 'failing to react to evolving workplace needs', successfully trialling a flex space offering at Elm Yard, WC1 to enable occupiers to be able to move into our fully fitted out space quicker and then rolling this out over a further 124,300 sq ft together with our partnership arrangement with Runway East, a co-working and flexible office provider, for 48,400 sq ft at New City Court, SE1;

› See more on pages 12 and 14

- launching our Community Strategy to manage our social impact and create long lasting community engagement;

› See more on pages 51 and 52

- consideration of our material sustainability risks and long-term sustainability strategy in relation to sustainable building design and climate change mitigation and energy efficiency;

› See more on pages 61 and 63

- revisiting our health and safety procedures, including refining our approach to fire safety and increased health and safety focused property tours by our Leadership team;

› See more on page 53

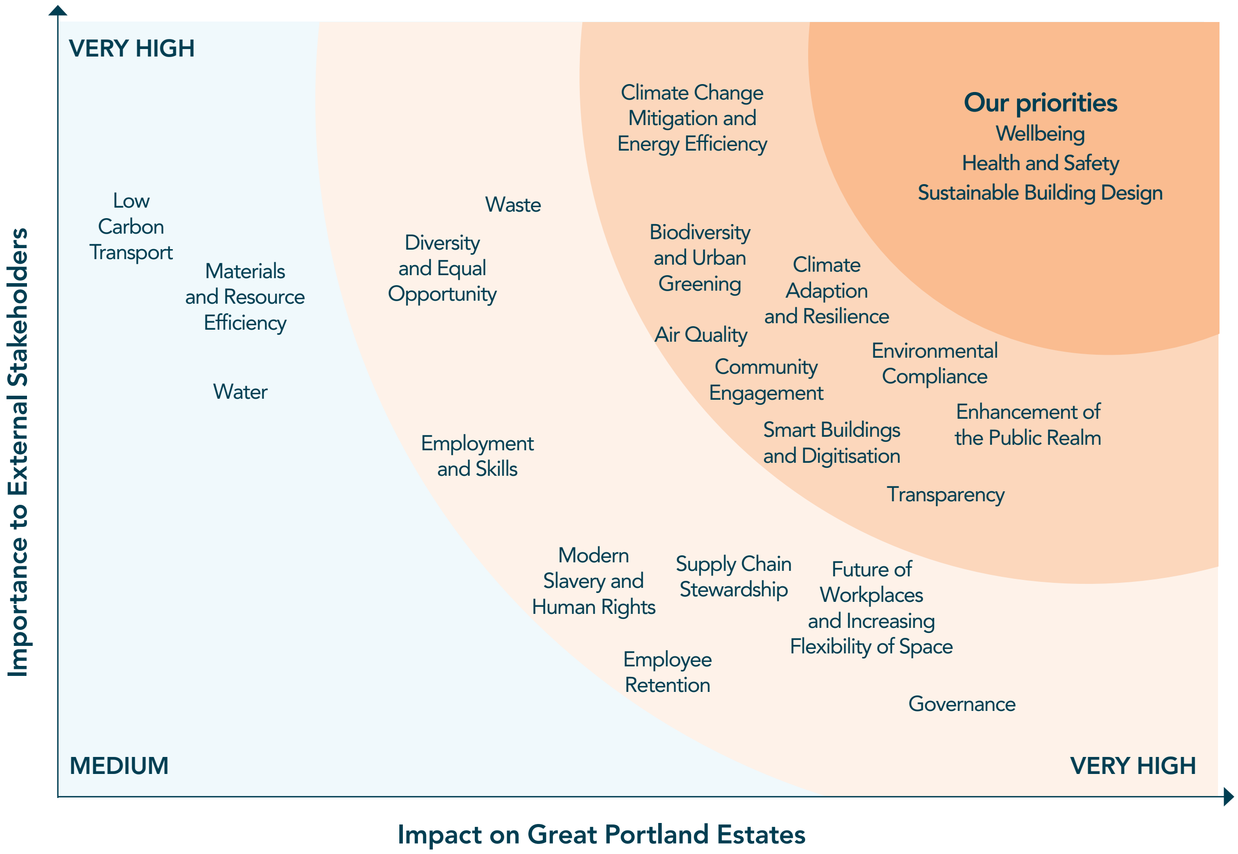
- continued focus on our cyber governance both at head office and in relation to landlord IT equipment across our portfolio; and

› See more on page 94

- speaking with our suppliers in relation to both our development and investment portfolio to understand actions being taken to minimise disruption to day-to-day operations in the event of a 'hard Brexit'.

› See more on page 99

Materiality Matrix



ESG Material Risks and Opportunities

As part of our ongoing commitment to integrating our approach to ESG risk within our overall business risk process, we commissioned a materiality review, undertaken by an external consultant in line with best practice guidance, particularly methodologies supported by the Global Reporting Initiative.

The process started with horizon scanning including detailed research to establish trends, forthcoming legislation and priorities for the industry. This resulted in the creation of a long list of more than 200 themes which were then condensed into a short list of 23 issues, considered to be the most relevant to us as a London based property investment and development company.

Using our short list, we consulted with a number of internal stakeholders representing all areas of the business, who ranked the issues in terms of impact on our business. In order to ensure that the process took external views into account, we also invited a number of shareholders, occupiers, suppliers and community organisations to participate. As part of the process, we also mapped the UN Sustainable Development Goals against our material risks, identifying the four goals that are most relevant to our business and support our purpose and values.

› See more on page 61

Our finalised matrix shows Sustainable Building Design, Health and Safety and Wellbeing as most material to GPE. Furthermore, the analysis demonstrates the importance of Climate Change Mitigation, Energy Efficiency, Climate Adaptation and Resilience to our core business.

Our approach to risk continued

How we manage risk

Market risk

Risk	Impact	Link to strategic priorities	How we monitor and manage risk
Central London real estate market underperforms other UK property sectors.	Reduced relative performance.	■ ◆ ●	The execution of the Group's strategy covering the key areas of investment, development and portfolio management is adjusted and updated throughout the year, informed by regular research into the economy, investment and occupational markets. The Group's strategic priorities and transactions are considered in light of regular review of dashboard lead indicators and operational parameters. The Group aims to maintain low financial leverage throughout the property cycle.
Weakening macro-economic environment for property investment.	Property valuations may decline, with increased property yields and reduced occupier demand for space.	■ ◆ ●	Regular economic updates are received and scenario planning is undertaken for different economic cycles, including various potential UK exit arrangements from the EU. The Group aims to maintain low financial leverage throughout the property cycle.
Heightened political uncertainty and potential negative economic impact of ongoing negotiations to exit from the EU.	Reluctance by investors and occupiers to make investment decisions whilst outcomes remain uncertain and/or reduced attractiveness of London as a global commercial centre. Disruption to development programme through potential impact on supply chain and labour markets.	■ ◆ ●	The Group's strategic priorities and transactions are considered in light of these uncertainties. The Group's financial forecasts and business plans continue to be prepared under a variety of market scenarios, including to reflect different potential exit arrangements from the EU. The Group aims to maintain low financial leverage throughout the property cycle. The Group has a diverse occupier base with around 9% in the financial services sector, including only c.1% in the investment banking, securities trading and insurance sectors (which are perceived to be most at risk in London to any adverse impact of the UK's exit from the EU). Reviews undertaken of potential for advance delivery of materials.

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

Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
		Low High	The central London real estate market marginally outperformed the wider UK market, demonstrated by MSCI's central London TPR exceeding its universe TPR by 90 basis points on an absolute basis during the year ended 31 March 2019, although this follows two consecutive years of underperformance. Whilst the outlook for retail property outside central London has weakened significantly, the relatively muted outlook for central London office and retail rents means the likelihood of this risk after mitigation has been maintained. › Our market on pages 31 to 35
		Low High	The UK macro-economic growth and interest rate outlook has remained mixed over the last 12 months, in part driven by continued geo-political uncertainty associated with the ongoing Brexit negotiations. When combined with limited UK stock market growth, despite increased price volatility, the likelihood of this risk has been maintained. › Our market on pages 31 to 35
		Low High	Although investor and occupier demand for London commercial property has remained broadly resilient over the last year, there has been a slowdown in investment market activity since the start of 2019 given the previous expectation that the UK would be leaving the EU on 29 March 2019 and the ongoing uncertainty as to when a resolution to the Brexit negotiation impasse will be achieved. Whilst evidence suggests that UK economic growth has been lower than would have been expected had the EU referendum not taken place, principally as investment decisions have been delayed, looking ahead it still remains possible that the final negotiations to leave the EU may result in arrangements that are materially damaging to the UK economy and/or central London. These could reduce levels of investor and occupier demand as a result of reduced trade and relocation of corporations and financial institutions away from the UK. These risks would likely be further increased by any additional impediments for London's businesses to access talented employees from the EU and beyond, along with challenges to the supply chain for our development activities. In addition, the continuing uncertainty could also contribute to a potential change in the political landscape at both a local and UK level, which could adversely impact the prospects of both private sector business and the property sector. Taken together, the likelihood of this risk has been maintained at an elevated level, as has the risk after mitigation given our continued net sales activity, our financial strength (with a current loan to value of only 8.7%) and our costs now 98% fixed with our contractors on our three committed development schemes. › Our market on pages 31 to 35

▼ 2019 ▲ 2018

Our approach to risk continued

How we manage risk

Investment management

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

Portfolio management

Risk	Impact	Link to strategic priorities	How we monitor and manage risk
Poor management of voids, rental mis-pricing, low occupier retention, sub-optimal rent reviews, occupier failures and dissatisfaction, and inappropriate refurbishments.	Failure to maximise income from investment properties.	●	The Group's in-house portfolio management and leasing teams proactively manage occupiers to ensure changing needs are met, with a focus on retaining income in light of vacant possession requirements for refurbishments and developments, and liaise regularly with external advisers to ensure correct pricing of lease transactions. Occupiers' covenants are analysed and security sought as appropriate as part of the lease approval process. Regular contact with occupiers is maintained to identify if occupiers are suffering financial difficulties and their proposed actions. Independent occupier satisfaction surveys now undertaken every two years and new Head of Occupier Services role created during the year to strengthen our service delivery. EPC ratings reviewed in context of lease expiries to ensure improvements integrated into refurbishment plans.
Failure to react to evolving occupier needs including consideration of wellbeing, increased flexibility and enhanced sustainable building design (incorporating environmental performance and climate change resilience), combined with impact of technological advances on ways of working.	Buildings and lease structures cease to appeal to occupiers and investors, reducing income and valuations.	■ ◆ ●	Our Director of Workplace and Innovation is responsible for keeping the Board up to date on market developments and incorporating innovation in the GPE portfolio. New Head of Office Leasing role created, whose remit includes managing the Group's approach to flexible office offerings. Reviews undertaken of further opportunities for flex space offering across the portfolio, including broadening our product offering. Guiding Principles of Design developed to outline our expectations of all parties involved in our refurbishment and development projects.

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

Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
→	→	Low ◁—▷ High 	The Group has continued to profitably recycle capital and take advantage of strong investor demand for well let, attractively located properties with sales totalling £348.9 million in the year. With limited availability of attractively priced acquisition opportunities and the depth of opportunity in our existing portfolio, we made no acquisitions in the year. With our strategic focus and capital discipline, there has been no change to the likelihood of this risk after mitigation. › Case study on pages 14 and 15 Investment management operational measures on page 36 Our market on pages 31 to 35 Investment management on pages 36 and 37
→	→	Low ◁—▷ High 	The Group continues to monitor its portfolio mix and asset concentration risk. The Group has a diverse occupier base with its ten largest occupiers representing only 27.8% of rent roll. Our largest asset is only 8.7% of the total portfolio and 22.8% of the portfolio was held in joint ventures at 31 March 2019. In addition, following the sale of 11 apartments in the year, residential property now represents only 1% of our portfolio. As a result, there has been no change to the likelihood of this risk after mitigation. › Valuation on pages 58 and 59

Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
→	→	Low ◁—▷ High 	The Group continues to actively manage the portfolio to maximise occupancy and drive rental growth. With a healthy occupier retention rate of 50% over the year, the Group maintained a relatively low void rate which was 4.8% at 31 March 2019 (4.9% at 31 March 2018). During the year, we secured £24.5 million of new rental income, with 37% of total lettings represented by pre-lets or lettings at recently completed developments. The rent reviews completed over the year were settled at an average increase of 19.2% above the previous passing rent. Whilst there was an increase in the number of our occupiers on our internal 'watchlist' (21 at 31 March 2019, compared to 22 a year earlier), particularly given the challenges in the UK retail sector, occupier delinquencies during the year represented only 0.17% of total rent roll. Moreover, at 31 March 2019 we held rent deposits and bank guarantees totalling £25.1 million (including for some of our larger retail occupiers). As a result of these performances and our current initiatives, there has been no change to the likelihood of this risk after mitigation. › Case study on pages 12 and 13 Portfolio management operational measures on page 42 Portfolio management on pages 42 and 43 Our portfolio on pages 56 to 63
→	→	Low ◁—▷ High 	Our flex space offerings now represent 4% of our office space, which would rise to 10% when including space currently under appraisal. To ensure that we address the ever evolving workplace needs and future proof our developments, our Design Review Panel, chaired by our Director of Workplace and Innovation, meets weekly and challenges our professional teams to ensure that we create space that fulfils our occupiers' evolving needs. During the year, partnering with five continental European office REITS, we carried out research to understand what end users want and held a series of focus groups to understand what people expect from their office in the future. › Our market on pages 31 to 35

▼ 2019 ▲ 2018

Our approach to risk continued

How we manage risk

Development management

Risk	Impact	Link to strategic priorities	How we monitor and manage risk
An inappropriate level of development undertaken as a percentage of the portfolio.	Under performance against KPIs.	◆	Regular review of the level of development undertaken as a percentage of portfolio, including the impact on the Group's income profile and financial gearing, amongst other metrics. Developments only committed to when pre-lets obtained and/or market demand and supply considered to be sufficiently supportive.
Inability to profitably deliver the development programme and pipeline through: – incorrect reading of the property cycle; – inappropriate location; – failure to gain viable planning consents; – failure to reach agreement with adjoining owners/freeholders on acceptable terms; – inappropriate level of speculative development; – incorrect cost and programme estimation; – construction cost inflation; – contractor availability and insolvency risk; – insufficient supply of labour; – insufficient Development Management team resource; – a building being inappropriate to occupier demand; – quality and benchmarks of the completed buildings; – construction and procurement delays; – ineffective marketing to prospective occupiers; and – poor development management.	Poor development returns.	◆	See Market risk on page 78. Prior to committing to a development, the Group conducts a detailed financial and operational appraisal process which evaluates the expected returns from a development in light of likely risks. During the course of a development, the actual costs and estimated returns are regularly monitored to signpost prompt decisions on project management, leasing and ownership. Early engagement with local residents and community groups. Active engagement with planning authorities. Early engagement with adjoining owners and freeholders. Benchmarking of costs with comparative schemes. In-house Project Management team utilise appropriate procurement methods to optimise the balance of price certainty and risk. Internal and external resourcing requirements regularly reviewed by the Executive Committee, Development Director and Head of Project Management. Third party resource expertise used to support in-house teams, where appropriate. Sustainable Development Brief in place to ensure sustainable building design. Working with agents, potential occupiers and purchasers to identify their needs and aspirations including sustainability, wellbeing and technological advances during the planning application and design stages. Design Review Panel reviews building design and specification to ensure it is appropriate for likely occupier needs, including appropriate sustainability benchmarks. In-house Leasing/Marketing team liaise with external advisers on a regular basis and marketing timetables designed in accordance with leasing/marketing objectives. Sustainable building design, including climate change mitigation and adaption, considered at an early design stage. All our major developments are subject to a minimum BREEAM rating requirement of 'Very Good' for major refurbishments and 'Excellent' for new build developments. Selection of contractors and suppliers based on track record of delivery and creditworthiness. In-house Project Management team closely monitor construction and manage contractors to ensure adequate resourcing to meet programme. Reviews undertaken of potential for advance delivery of materials. Regular review of the prospective performance of individual assets and their business plans with joint venture partners. Post-completion reviews undertaken on all developments to identify best practice and areas for improvement.

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

Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
→	→	Low ◁—▷ High	The Group has made no new development commitments during the year, although committed development exposure has increased from 11% of the total portfolio 12 months ago to 17% today given capital expenditure. However, the Group's speculative development risk has reduced given pre-lettings during the year, increasing the pre-let proportion from 11% to 21%. As a result, the impact of this risk and likelihood after mitigation is unchanged, particularly given the quality of the space that we are delivering, all in close proximity to Crossrail stations. › Case studies on pages 10 and 11 Development management on pages 38 to 41
→	→	Low ◁—▷ High	The Group's committed development exposure has not materially changed over the year with the three on-site schemes progressing well. These schemes have a combined GDV £775.9 million of which 21.3% is already de-risked through pre-lettings with capex to come of £139.5 million, down from £239.6 million a year ago. As a result, the impact of this risk and likelihood after mitigation is unchanged, with occupier demand remaining healthy for prime, new build space in central London and the supply of such space remaining tight. › Case studies on pages 10 and 11, and 18 and 19 and 57 Development management operational measures on page 38 Development management on pages 38 to 41 Our portfolio on pages 56 to 63

▼ 2019 ▲ 2018

Our approach to risk continued

How we manage risk

Financial risks

Risk	Impact	Link to strategic priorities	How we monitor and manage risk
Limited availability of further capital.	Growth of business is constrained or unable to execute business plans.	■ ◆ ●	Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place. Funding maturities are managed across the short, medium and long term. The Group's funding measures are diversified across a range of bank and bond markets. Strict counterparty limits are operated on deposits.
Increased interest rates and/or a fall in capital values, along with adverse exchange rate movements.	Adverse market movements negatively impact on debt covenants and cost of imported material for developments.	■ ◆	Consistent policy of conservative financial leverage. Regular review of current and forecast debt levels and financing ratios under various market scenarios. Our annual Business Plan, which is regularly updated, includes stress tests considering the impact of a significant deterioration in the markets in which we operate. Formal policy to manage interest rate exposure by having a high proportion of debt with fixed or capped interest rates through derivatives. Significant headroom over all financial covenants at 31 March 2019. Exchange rates fixed at the earliest opportunity on development sub-contracts.
Inappropriate capital structure.	Sub-optimal NAV per share growth.	■ ◆	Regular review of current and forecast capital requirements, gearing levels and other financing ratios. Maintain balance sheet discipline, with surplus equity capital returned to shareholders in appropriate circumstances.

People

Risk	Impact	Link to strategic priorities	How we monitor and manage risk
Inability to attract, develop, motivate and retain talent in order to execute our business plans and maintain our inclusive and collegiate culture.	Strategic priorities not achieved.	■ ◆ ●	Regular review is undertaken of the Group's resource requirements and succession planning. The Group has a remuneration system that is strongly linked to performance and a formal six-monthly appraisal system to provide regular assessment of individual performance. Benchmarking of remuneration packages of all employees is undertaken annually. Annual personal development planning and ongoing training support for all employees together with focused initiatives to nurture potential successors, including introduction of mentoring programme. Clear articulation of GPE values so all existing and prospective employees understand our core beliefs and behaviours. Health and wellbeing programme implemented following earlier roll out of mental health training programme. Focus on people engagement with regular two-way communication and responsive employee-focused activities, e.g. employee engagement surveys and flexible working. High profile, attractive development pipeline and high quality assets to manage.

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

Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
→	→	Low ◁ ▷ High	The Group has continued to be active in managing its debt facilities, ensuring an attractive maturity ladder and maintaining diverse funding sources, predominantly borrowing on an unsecured basis. During the year, the Group refinanced its £450 million committed revolving credit facility, extending both its maturity and lowering its cost, drew down on £100 million new private placement notes and redeemed its £150 million convertible bond. As a result, the Group's weighted average debt maturity has increased to 6.4 years, and the Group has cash and undrawn credit facilities of £608 million. With our liquidity and debt position remaining exceptionally strong, the likelihood of this risk has not changed. › Our capital strength on pages 47 and 48 Our financial results on pages 44 to 46 Notes 16 and 17 forming part of the Group financial statements on pages 169 to 172
→	→	Low ◁ ▷ High	Whilst broader economic and political uncertainties have kept global interest rates at relatively low levels, the Bank of England Base Rate increased by 0.25% in August 2018 to a still modest 0.75%, some way behind rates in the US. The expectation of any significant increases in UK interest rates over the next 12 months is low. Moreover, 100% of the Group's debt is currently at fixed or hedged interest rates, and the Group's weighted average interest rate remains low at only 2.7% (falling to 2.3% on a fully drawn basis). As a result, the risk likelihood after mitigation is unchanged, particularly given that we estimate property values could fall around 75% from their 31 March 2019 levels before Group debt covenants could be endangered, even before factoring in mitigating management actions. › Our capital strength operational measures on page 47 Our capital strength on pages 47 and 48 Our financial results on pages 44 to 46 Notes 16 and 17 forming part of the Group financial statements on pages 169 to 172
→	→	Low ◁ ▷ High	The Group's existing capital structure remains well placed to take advantage of opportunities as they arise and to deliver our current development commitments. As a result, the risk likelihood after mitigation is unchanged. › Our capital strength on pages 47 and 48 Our financial results on pages 44 to 46

Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
→	→	Low ◁ ▷ High	The motivation of our people and maintaining our strong collaborative culture remains fundamental to the delivery of our strategic priorities. During the year, through our 'Together we thrive' initiative involving all our employees, we articulated our corporate values which we are embedding into all our activities, including employee appraisal and recruitment processes. We also launched our health and wellbeing programme for our employees, and held our inaugural annual Community Day working with our charity partner Centrepoint. Our staff retention remains high at 87% and our continued focus on growing the breadth and depth of our talent, providing focused development support where needed, means the risk likelihood after mitigation has fallen marginally over the year. › Our culture and people operational measures on page 64 Our culture and people on pages 64 to 69 Remuneration report on pages 116 to 142

▼ 2019 ▲ 2018

Our approach to risk continued

How we manage risk

Regulatory

Risk	Impact	Link to strategic priorities	How we monitor and manage risk
Evolving planning, tax, environmental, fire safety and other regulation and practice reducing the relative attractiveness of our buildings and impeding the financial and operational performance of the Group, including increasing costs of compliance and/or risk of non-compliance.	Impairment of the Group's ability to deliver business plans, increased cost base and potential negative impact on property values given reduced investor and occupier interest in buildings and/or reputational damage.	■ ◆ ●	Senior Group representatives spend considerable time, using experienced advisers as appropriate, to ensure compliance with current and potential future regulations. The Group actively engages with local politicians, planning officers and experienced specialist advisors to ensure our proposals are developed to comply with current and emerging policy. The Group also engages with local residents and community groups early in the design process to ensure that their feedback is considered as schemes evolve. Lobbying of property industry matters is undertaken by active participation of the Executive Directors and other Executive Committee members through relevant industry bodies. Sustainability Committee meets at least quarterly to consider strategy in respect of environmental legislation and to address key areas of climate change, carbon, energy, waste and biodiversity. Environmental management system in place. Energy reduction plan for every key property. We maintain a low-risk tax status and have regular meetings with HMRC.
Health and Safety incidents. Loss of life or injury to members of the public, occupiers, contractors or employees.	Resultant reputational damage.	■ ◆ ●	The Group has dedicated health and safety personnel to oversee the Group's management systems which include regular risk assessments and annual audits to proactively manage health and safety risk in connection with our employees, contractors, members of the public and occupiers. Competency checks are undertaken for all consultants and contractors. We have a thorough accident investigation process supporting our employees and supply chain to learn from accidents and incidents to improve safety outcomes. Regular safety tours are undertaken by our Senior Management Team and Executive Committee.

Business interruption

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

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

Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
↗	↗	Low ◁——▷ High	In addition to the significant regulatory and tax uncertainty associated with the UK's exit from the EU, the introduction of capital gains tax for overseas investors on UK commercial property from April 2019 may impact the weight of investment appetite. In addition, updated draft guidance from HMRC regarding tax on sales of developments prior to completion by REITs may impact activity going forward. We are closely monitoring a number of local plan and other policy consultations by our key local authorities and the New London Plan Examination in Public. In Westminster, in particular, we have submitted representations on the draft City Plan and Oxford Street District Consultations. The sustainability requirements of the emerging London Plan have been integrated within our long-term sustainability strategy and Sustainable Development Brief. Only 0.4% of our portfolio (by area) is EPC F or G rated. Where units are vacant they are being refurbished to improve the rating or where they are currently let plans are in place to improve the rating when they become vacant. We have noted the conclusion of The Independent Review of Building Regulations and Fire Safety. We have reviewed our own processes and we are introducing occupier safety checks to support our occupiers with managing fire safety. Taken together, the risk likelihood after mitigation has marginally increased over the year. › Property industry representation on pages 70 to 73 Our relationships on page 54 Our portfolio on pages 60 to 63
→	→	Low ◁——▷ High	We continue to focus on ensuring that we have a best in class and proactive health and safety culture at GPE, which we reinforced during the year with the recruitment of an additional Health and Safety Manager. When combined with no significant change to our level of development and refurbishment activities over the year, including in our occupied buildings, the likelihood of this risk after mitigation is unchanged. The Group had three reportable accidents during the year. › Health and safety on page 53

Likelihood change from last year	Impact change from last year	Likelihood after mitigation	Commentary
→	→	Low ◁——▷ High	The likelihood of this risk is unchanged given the Home Office/MI5 continue to assess the UK threat from international terrorism as severe.
→	→	Low ◁——▷ High	Given the increased incidence of attempted cyber attacks on UK business, we have continued to invest time and resources in our cyber security measures, both in our head office and across our portfolio. › Case study on page 94

▼ 2019 ▲ 2018

Our approach to risk continued

Viability statement

Assessment of the Group's prospects

In accordance with provision C.2.2 of the 2016 UK Corporate Governance Code, the Board has assessed the prospects of the Group over a longer period than the 12 months that has been required by the 'Going Concern' provision. This longer-term assessment supports the Board's statements on both viability, as set out below, and going concern as set out on page 144.

The Group's future prospects are assessed primarily through its annual Strategy Review. This review is led by the Chief Executive drawing on expertise from across our integrated team. It includes an assessment of the macro-economic environment, forecasts of key property market metrics (including yields and rental value movements), annual valuation progressions for each of its assets and full forecast financial statements for a five-year period, with a primary focus on the first three years.

The key outputs from this process are financial forecasts, summarised in a dashboard, which analyse profits, cash flows, funding requirements, key financial ratios and headroom in respect of the financial covenants contained in the Group's various loan arrangements. The Strategy Review is considered by the Board in early April and thereafter the financial forecasts are updated and presented for regular review by the Board.

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

- estimated year-on-year movements in rental values and yields for each of our key sub-markets;
- the refinancing of the Group's debt facilities as they fall due within the forecast period;
- the completion of the Group's committed development programme and the commencement of selected pipeline projects;
- the Group maintains its preference for low financial leverage; and
- forecast interest rates.

Assessment of viability

A three-year viability period is considered an optimum balance between our need to plan for the long term and the shorter term nature of our active business model, which includes high levels of recycling of our property portfolio and a committed development programme which will be delivered over the next three financial years.

Our assessment of viability was based on forecasting the Group's performance under static market conditions with further sensitivity analysis to flex the financial forecasts under a variety of macro-economic scenarios, both positive and negative. The negative scenarios included stress testing the resilience of the Group, and its business model, to the potential impact of the Group's principal market risks, or a combination of these risks. Specifically, the Board considered a potential range of outcomes from the ongoing negotiations to settle the terms of our exit from the EU. These ranged from an 'upside' scenario which assumed an orderly exit deal was reached and the market reacted positively to a more certain economic outlook, to a 'downside' scenario which assumed the UK left the EU with no deal, resulting in economic disruption and a potential change in the UK government together triggering an economic downturn leading to asset value declines of around 35%. The results of this sensitivity analysis showed that, given the Group's low levels of debt and high liquidity, it would be able to withstand the impact of these scenarios over the period of the financial forecast.

In addition, a further reverse stress test was carried out to understand how far property yields would need to rise, or rental values fall, before the Group was at risk of breaching the financial covenants contained in its various loan arrangements.

Viability statement

Whilst the directors have no reason to believe that the Group will not be viable over a longer period, based on this assessment of the prospects and viability of the Group the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 March 2022.

Governance

In this section:

Living Our Values

Communicating with transparency and honesty, we are open-minded and accessible. We act with integrity, making fair and balanced decisions.

Overview

Leadership and purpose

Provides an overview of the activities undertaken by the Board in the year, how the Board has considered its s172 responsibilities and its governance framework:

- How the Board has considered its s172 and stakeholder responsibilities
- Board activities during the year
- Setting the Company's standards
- Board induction and development
- Our conflicts of interest procedures

› See our approach to leadership and purpose on pages 96 to 99

Division of responsibilities

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

- The role and interaction of the Board and its Committees during the year, a review of the year from the Chairman
- The roles of the individual directors

› See our approach to division of responsibilities on pages 100 and 101

Composition, succession and evaluation

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

- Nomination Committee report
- Composition and independence
- This year's Board evaluation

› See our approach to effectiveness on pages 102 to 106

Audit, risks and internal controls

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

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

› See our approach to accountability on pages 107 to 113

Relations with shareholders

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

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

› See our approach to relations with shareholders on pages 114 to 115

Remuneration

Describes the Company's remuneration arrangements in respect of its directors, and how these have been implemented in 2018/2019:

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

› See our approach to remuneration on pages 116 to 142

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

A summary of the system of governance adopted by the Company is set out on pages 91 to 142. Throughout the year ended 31 March 2019, the Company fully complied with the provisions set out in the UK Corporate Governance Code 2016, publicly available at **www.frc.org.uk**. The Company has applied the UK Corporate Governance Code 2018 since its financial year end and will report on this next year.

Introduction from the Chairman

"As part of the Board oversight this year, our focus has been on considering our strategy in these uncertain times, maintaining a close dialogue with our talented team, articulating our values and setting the tone from the top."

Richard Mully
Chairman

Dear fellow shareholder

I am delighted to introduce this Corporate Governance report in my new role as Chairman. In addition, I am sure you will all join me in thanking Martin Scicluna for his valued contribution and stewardship over the past ten years. His wise counsel and collegiate approach, both in and outside the boardroom, was appreciated by all of the Board and I personally would like to thank him for the time and effort he spent with me over the past four months in the handover of the Chairman's role.

Whilst it is the Executive Directors' and employees' role to run our business day-to-day, it is for the Board to oversee these activities and to help promote the long-term success of the Company, generating value for shareholders and contributing to wider society. I believe three of our main responsibilities as part of the Board role are to provide appropriate oversight, challenge and to support, not only the Executive Directors but also all employees. Key areas of focus this year have been considering our strategy in these uncertain times, articulating our culture through our purpose and values, reviewing health and safety and IT governance processes and maintaining a close dialogue with our talented team, through both formal and informal interactions.

2018 UK Corporate Governance Code and s172 reporting

This report sets out how we have applied and complied with, the UK Corporate Governance Code 2016 in the financial year ended 31 March 2019.

Whilst we are not required to report under the UK Corporate Governance Code 2018 until our 2020 report, I thought it might be useful to present my report this year to reflect some of the key themes of the new governance and reporting rules.

Our purpose, strategy, and consideration of the consequence of decisions for the long term

Our purpose is to 'unlock potential, creating space for London to thrive'. In setting our purpose, we believe our role in creating space for London to thrive relates not only to our buildings, but also to the people who live and work there and what and how we contribute to the wider public realm and community. The Group's business model and strategy are outlined on pages 20 to 25. At our six scheduled and one unscheduled Board meetings during the year, together with the approvals sought between Board meetings, two of our key considerations have been our strategy and how our business should evolve to react to changing workplace needs and what occupiers want. As a result of this deliberation and the hard work by our team in embracing the opportunity to do things differently, we are delighted to have first trialed and then rolled out GPE's new flex space offerings over 87,600 sq ft (see more on pages 12 and 13). Whilst our strategy has served us exceptionally well to date, we also debated whether the market in which we operate is changing. Our business model has delivered shareholder value and significant outperformance in cyclical market conditions where we have bought successfully at the bottom and sold towards the top. More recently, however, the market has been flatter and we have, therefore, considered in a market with less volatility whether we should be doing anything different. As part of this debate, we reflected on the optimum size for our business, whether our risk profile was appropriate, whether and how we should return any excess equity, whether we should continue to be selling assets and how we retain people to exploit opportunities should the market change. Our conclusion to these deliberations to date has been that, whilst we expect and are planning for continued political and economic uncertainty, particularly given the ongoing Brexit negotiations, we are exceptionally well positioned. Maintaining our commitment to capital allocation and balance sheet discipline, in November 2018 we concluded that we should return up to £200 million of surplus equity to shareholders by way of a share buyback, providing maximum flexibility and optionality. However, we continue to be supportive of the management team in preserving financial firepower to exploit any weaknesses in the market and to scale up in the event of a market downturn.

Our culture

As part of our 2018 Board evaluation, we identified the need to articulate GPE's Values to preserve and strengthen our culture for the future. We also felt that it was important that this process should be driven 'bottom-up' by employees rather than 'top-down' by senior management. More on how we did this can be found on pages 68 and 69. Following review and approval by the Board at our January 2019 Board meeting where we all agreed that the proposed values were recognisably GPE, I was delighted to be a part of the launch of 'Together We Thrive' to all employees. As a Board, we are conscious that whilst articulating our Values is one thing, equally important is our 'Living Our Values'. To this end, the Board is committed that the tone of our Values is set from the top by both the Board and the Senior Management Team and as part of our engagement with employees, we will also be reviewing feedback on the formal implementation of our Values.

Our management of risk and opportunities

Consideration of risks is an integral part of how GPE operates on a daily basis and is part of any transaction appraisal. The Board also formally revisits the level of oversight and the monitoring of risks over a variety of areas including strategy, acquisitions and disposals, capital expenditure on developments, finance, people and sustainability matters twice a year. We also recognise that with risks come opportunities and, therefore, part of our Board oversight is to consider, as part of our regular Board meetings and approval of transactions, our risk appetite and to identify emerging risks and opportunities. During this year, we specifically considered how we are addressing the risks and opportunities in relation to our flex space offering, cyber security, health and safety and gaining planning approvals for our development pipeline. For more on our risks see 'what we did in 2018/19' on pages 98 and 99 and 'our approach to risk' on pages 74 to 87.

Introduction from the Chairman continued

The impact of the Company's operations on the community and the environment

In April 2018, we approved our inaugural community strategy, which has as its cornerstone four themes involving engaging with the community and suppliers:

- breaking the cycle of youth homelessness;
- improving air quality and urban greening;
- addressing the skills gap through engagement with educational initiatives; and
- mitigating the risk of modern slavery at our construction sites.

As part of our 2018 and 2019 strategy sessions, our Head of Sustainability presented the annual Sustainability Report which included a review of our risks related to climate change and policies in place to mitigate those risks. We also approved an updated Sustainability Policy statement. Conscious that Environmental, Social and Governance (ESG) matters are a key priority for us and our shareholders, as part of our 2019 strategy and governance review process, we also specifically discussed an independently commissioned materiality review of our ESG risks. We were pleased to find that we were already monitoring and proactively managing all of the significant risks identified from this review. More information on this review can be found on page 77.

Engaging with our employees

Being a relatively small company of just over 100 employees operating in one location, there is a high level of visibility of the Board by employees and vice versa. In 2018/19, in addition to feedback from employees considered through the values project and the National Equality Standard accreditation process, direct Board engagement with employees included:

- a formal programme of breakfast meetings between the Non-Executive Directors and members of the Executive Committee with no fixed agenda which provides a useful forum to discuss what is happening in day-to-day operations and the associated challenges which might not be significant enough individually to warrant formal reporting at Board meetings;
- in September, property tours of 160 Old Street and Hanover Square as part of the annual Board property tour with additional tours of 50 Finsbury Square and City Place House for Alison Rose as part of her induction, involving our development, project and building management teams;
- in addition to presentations made to the Board by the Executive Committee team at each scheduled Board meeting, Board presentations and Q&A sessions by Heads of Department and other employees on key matters including cyber security, health and safety, sustainability, financing, leasing, investor relations and corporate governance;
- Toby Courtauld, Nick Sanderson and our Head of HR presenting to employees together with a Q&A session on our 'Remuneration policy, gender pay and diversity' and separately Toby Courtauld and Nick Sanderson presenting, again with a Q&A session, on 'everything you want to know about the Executive Committee,' both of which are available on the Company intranet; and
- lastly, my attendance at the Finance Team Away Day in December 2018 and the launch of our GPE values.

Given this high level of engagement, following debate by the Board with input from the Company Secretary and Head of HR, we have decided not to adopt any of the three specific employee engagement methods referred to in the 2018 UK Corporate Governance Code at this time. Instead we have arranged:

- to extend the formal programme of breakfast meetings to include our Heads of Department;
- that a Non-Executive Director, on a rotational basis, will present to all employees in a discursive format twice yearly on a particular theme, followed by a Q&A session. To facilitate these Q&A sessions we have set up a NED Q&A email address where questions may be raised anonymously in advance of the event as well as from the floor on the day. Our first session this year will also include presentations by myself, Toby Courtauld and Rachel Aylett as our Head of HR on actions we propose to take to achieve the National Equality Standard and Alison Rose on her view of the current markets; and
- for me to provide the Board's view at these sessions, as appropriate, on any feedback we have in respect of employee engagement.

Understanding the views of all our stakeholders and fostering of business relationships

In May and November 2018, I attended the Group's annual and half-year results presentation to equity research analysts to gauge for myself the 'mood in the room' and to hear the questions being asked of management. As part of the handover of the Chairman's role, we also offered meetings to our top ten shareholders representing almost 50% of the share register so that they would have a continued point of contact following Martin's stepping down from the Board.

Building and nurturing strong working relationships with our occupiers, suppliers, JV partners, debt capital providers, planning authorities, the community, shareholders and other stakeholders is critical to our success and is intrinsic in our day-to-day activities. A key part of GPE's Board's role is, therefore, the oversight of work undertaken by the GPE team to maintain and enhance these relationships. Details of our stakeholder relationships describing how we have engaged with our various stakeholders during the year and how this has been monitored by the Board through our scheduled Board meetings, and discussion of matters between these meetings, is explained in more detail in:

- our stakeholder relationships on pages 49 to 55;
- our culture and people on pages 64 to 69;
- our approach to risk on pages 74 to 88;
- what we did in 2018/19 on pages 98 and 99; and
- relations with shareholders on page 114 and 115.

I am delighted that the efforts of our team have been rewarded with our winning the European REIT Borrower of the Year, achieving a gold award in relation to EPRA's 2018 Sustainability Best Practice Recommendations , a green five star rating in relation to GRESB and winning Property Week's 'Development of the Year.' I am also very proud to report that for the third year running we won Management's Today's 'Britain's Most Admired Company' in the property sector and came eleventh overall out of 248 businesses, a huge credit to the hard work and dedication of the entire GPE team.

Maintaining a reputation for high standards of business conduct

Annually the Board approves the Group's Ethics and Whistleblowing policies, both of which are also reviewed in advance by the Audit Committee and which are available on our website at **www.gpe.co.uk/about-us/governance**. This year we have updated our Ethics Policy to formally incorporate our values. In September each year, the Board also considers and approves our modern slavery statement, which explains the activities we have undertaken during the year to demonstrate our commitment to seeking to ensure that there is no slavery, forced labour or human trafficking within any part of our business or in our supply chains and which can be found at **www.gpe.co.uk**. More on how we behave can be found at page 97.

Engaging with our shareholders

We believe that communication with our shareholders is key. To this end, in addition to our comprehensive investor relations programme led by Toby Courtauld and Nick Sanderson involving roadshow meetings, meetings at industry conferences, and investor and analyst events, I, together with Charles Philipps as Senior Independent Director, am also available to meet with shareholders as appropriate and each of our Committee chairs is available to engage with shareholders on significant matters related to their area of responsibility. Conscious of our retail shareholders, Charles Philipps and I, together with Nick Hampton and Wendy Becker as Chairman of our Audit and Remuneration Committees respectively, are also available at our Annual General Meeting to answer any questions. So that we can show shareholders some of the modules of our development schemes including past, current and proposed projects, we will be holding our 2019 AGM at our marketing suite at Kent House, W1. The results of the AGM are also made available on our website at **www.gpe.co.uk/investors/shareholder-information/agmgm/**. For more on our relations with shareholders see pages 114 to 115.

Lastly, I would like to thank all our shareholders for their continued support and I look forward to the activities of the next year continuing to deliver to the long-term success of GPE.

Richard Mully
Chairman
22 May 2019

Introduction from the Chairman continued

Alison Rose, Non-Executive Director with Kat Norton, Development Manager

The Board's role in ensuring our business is sustainable

As part of our commitment to environmental, social and governance matters, this year a key area of focus for the Board was to ensure we fully understood how our buildings are being evolved to fulfil our purpose of unlocking potential, creating space for London to thrive. This included consideration of the design of our buildings together with their environmental impact and how we are keeping pace with changing technology.

In respect of our building design:

– a key component of our sustainability strategy is our ability to offer flexible space. As a Board, we are pleased with the achievement of the range of offerings we now provide and which we kept under review throughout the year;

› See more on pages 12 and 13

– as part of our September 2018 property tour, together with the project team responsible for its delivery, we visited our recently completed development at 160 Old Street, EC1. Through careful design, despite being a partial refurbishment we achieved a BREEAM 'excellent rating' together with an 'A' EPC rating. As part of the tour, features discussed by the Board were construction methods used to reduce our carbon footprint and facilities provided to enhance the wellbeing offering to our occupiers, including outdoor spaces with terraces and the inclusion of double the industry standard of cycle facilities; and

– having re-launched our sustainability strategy in May 2017, conscious of the need to ensure that we continually evolve, this year we also revisited our carbon targets and, at our May 2019 Board meeting, we approved stretching targets which we believe will help us continually challenge both our designs and working methods.

In respect of technology, we are aware of the implications of ensuring that:

– cyber security and cyber risk is continually managed both at our buildings and in relation to our own GPE company systems;

– technology at our buildings is supplied to our occupiers on a timely basis when required; and

– our buildings technology evolves to meet the changing needs of occupiers.

We also consider that one of GPE's unique service offerings is that we manage our portfolio buildings in-house, ensuring we have a close understanding of what our occupiers want and need. As a result, this year we have extended this ethos so that our IT team have greater oversight and closer management of the landlord IT infrastructure across our portfolio.

During the year our IT team has focused their efforts on:

– extending the comprehensive cyber awareness training programme already in operation at head office to our on-site building management contractor, receptionist and security teams;

– undertaking penetration tests across the portfolio and at head office; and

– identifying at our portfolio buildings how we can provide quick access to reliable and fast internet connectivity to our occupiers when they move into our buildings, either as a part of our flex space offering or when under a traditional lease.

Subsequent to an earlier IT governance review, our PwC internal audit team reported to the Audit Committee in March 2019 on the good progress made. Following approval by the Executive Committee, a summary of the IT team's two year strategy was provided to the Board as part of its April 2019 Strategy Review. In addition to continuing to address cyber security risks, as part of its alignment to our overall business strategy, it involves the IT team being integrally involved in the consideration of the technology proposed for our Hickman, Hanover Square and Oxford House developments.

"Managing our GPE landlord IT portfolio infrastructure in-house allows us to: better identify any emerging risks; improve on building management workflows and sharing of best practice; and provide a human face and build relationships with our on-site teams so that we achieve more together."

Steven Rollingson
Head of IT

The Board's attendance in 2018/19

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

	Board – scheduled (6 meetings)[1]	Board – unscheduled (1 meeting)[1]	Audit Committee (4 meetings) See pages 107 to 113	Nomination Committee (5 meetings) See pages 102 to 106	Remuneration Committee (6 meetings) See pages 116 and 117
Chairman					
Richard Mully[2]			●	● (1/1)	
Martin Scicluna[3]	●●●●●● (6/6)	● (1/1)	●● (2/2)	●●●● (4/4)	○●●●● (5/5)
Executive Directors					
Toby Courtauld[4]	●●●●●●	●	○○	○●●●●	○●○●○
Nick Sanderson[4]	●●●●●●	●	○●○●	●●	–
Non-Executive Directors					
Richard Mully[5]	●●●●●●	●	●●● (3/3)	●●●● (4/4)	●●●●●●
Charles Philipps[6]	●●●●●●	●	●●●●	●●●●●	●●●●● (5/5)
Wendy Becker	●●●●●●	●	●●●●	●●●●●	●●●●●●
Nick Hampton[7]	●●●●●●	●	●●●●	●●●●●	●●○● (1/1)
Alison Rose[8]	○●●●●●	●	●●● (3/3)	●●●● (4/4)	●●● (3/3)
Jonathan Short[9]	●●● (3/3)	(0/0)	● (1/1)	● (1/1)	○●● (3/3)

● Meetings attended ○ Part attendance at meetings

1. There were six scheduled Board meetings in 2018. There was one unscheduled Board meeting held at short notice during the year – see Board activities on pages 96, 98 and 99.
2. Richard Mully was appointed Chairman of the Board and the Chair of the Nomination Committee on 1 February 2019. The number of Board and Nomination Committee meetings in (parentheses) is the number of meetings he could have chaired in the year. Richard Mully stepped down from the Audit Committee on becoming Chairman of the Board on 1 February 2019, however, in his role of as Chairman of the Board he is invited to other meetings as appropriate. Details of Richard Mully's attendance at Board and Committee meetings prior to his appointment as Chairman are set out under 'Non-Executive Directors'.
3. Martin Scicluna retired from the Board on 31 January 2019. The number of Board and Nomination Committee meetings in (parentheses) is the number of meetings he could have attended in the year. Although Martin Scicluna was not a member of either the Remuneration or Audit Committees, in his role as Chairman of the Board, he was invited, where appropriate, to attend key meetings of the Remuneration Committee in relation to the remuneration of the Executive Directors and the Audit Committee meetings in respect of the review of the half-year and year-end results. The number in (parentheses) indicates the number of the Remuneration and Audit Committees the Chairman was expected to have attended in this respect.
4. The Executive Directors are not members of the Audit, Nomination or Remuneration Committees, however, they are invited to attend for parts of or all of certain Committee meetings where appropriate.
5. Richard Mully was appointed Chairman of the Board on 1 February 2019 and the number of Nomination meetings in (parentheses) is the number he could have attended as a member, rather than Chair of the Committee. Richard Mully stepped down from the Audit Committee on becoming Chairman of the Board on 1 February 2019, however, in his role of as Chairman of the Board he is invited to other meetings as appropriate. The number of Audit Committee meetings (in parenthesis) is the number of meetings he could have attended as a Non-Executive Director.
6. Charles Philipps became a member of the Remuneration Committee on 1 May 2018 and the number of meetings in (parentheses) is the number of meetings he could have attended in the year.
7. Nick Hampton stepped down from the Remuneration Committee on 1 May 2018, however, he has an open invitation to attend the meetings as appropriate. The number of meetings in (parenthesis) is the number of meetings he could have attended as a member.
8. Alison Rose became a member of the Audit, Nomination and Remuneration Committees on 1 September 2018 and the number in (parentheses) is the number of meetings she could have attended in the year.
9. Jonathan Short retired from the Board at the 2018 AGM and the number of meetings in (parentheses) is the number of meetings he could have attended in the year.

Leadership and purpose

Board activities

The Board typically meets for scheduled Board meetings six times a year.

The role and interaction of the Board and its Committees during the year

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

"For each Board and Committee meeting we consider who below the Executive Committee should be involved and a key driver in our choosing an alternative employee engagement method was that it would involve all our employees and Non-Executive Directors."

Desna Martin
Company Secretary

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

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

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

Significant matters discussed and major transactions approved by the Board in the year are shown on pages 98 and 99.

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

At least annually, the Board reviews the nature and scale of matters reserved for its decision.

How we behave, human rights, supplier stewardship and anti-corruption and anti-bribery matters

We aspire to the highest standards of conduct based on honesty and transparency in everything we do. Our Executive Committee has a high level of oversight over the Group's day-to-day policies and procedures and carries out regular reviews of the appointment of contractors, consultants and suppliers. Whilst we do not have a separate human rights policy, we seek to avoid causing or contributing to adverse human rights impacts through our activities. In our business relationships, we look to demonstrate a commitment to fundamental human rights through our own behaviours and look to engage suppliers whose values and business principles are consistent with our own. Whilst we require all our suppliers to comply with standards and codes that may be specific to their industry, our Supplier Code of Conduct also sets out the additional standards that we require of our suppliers in this regard. GPE team members regularly meet with main contractors to share information on industry best practice about health and safety, employee pay ratios and responsible sourcing. In September 2018, we published our Modern Slavery Act Statement, which can be found at **www.gpe.co.uk**, setting out the steps we have taken over the past year and intend to take over the next 12 months to ensure our suppliers and their supply chains adopt similar standards to our own to prevent slavery and human trafficking taking place within our supply chain.

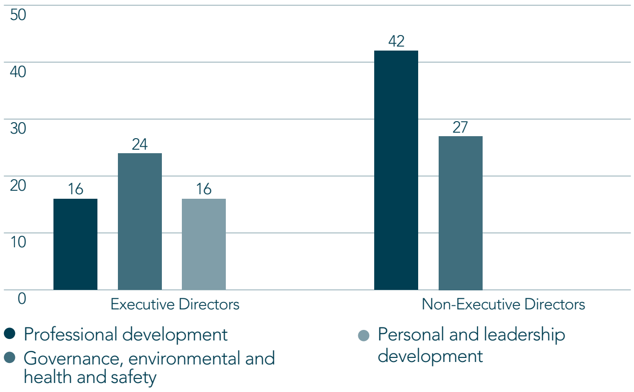
Formal policies in place for the year in relation to anti-corruption and anti-bribery matters include our Ethics policy, Whistleblowing policy, Gifts and Hospitality policy, Use of GPE suppliers policy, Conflicts of interest policy and our Insider Information and Share Dealings policy. These policies are covered by the Company Secretary with all new employees as part of their induction process. A formal compliance statement relating to these policies is required to be signed-off by employees annually which is reported on to the Audit Committee. There were no matters to report to the Audit Committee in relation to these policies in the year ended 31 March 2019. The Audit Committee also reviews our Whistleblowing policy and Ethics Policy annually. This year our Ethics policy was updated and specifically refers to our purpose and values. Our Ethics and Whistleblowing policies can be found at **www.gpe.co.uk/about-us/governance/**. Whilst we consider our industry to be relatively low risk, in May 2019, we introduced a formal Anti-Money Laundering policy with specific training provided to employees as appropriate.

Our approach to Board induction and development

To enable the Board to discharge its duties, all directors receive appropriate and timely information, including briefing papers distributed in advance of Board meetings and regular property tours conducted by the relevant GPE teams. The directors may, at the Company's expense, take independent professional advice and are encouraged to continually update their professional skills and knowledge of the business. Senior Managers and external advisers present to the Board during the year on a range of subjects and the directors also individually attend seminars or conferences associated with their expertise or responsibility, and are provided each quarter with a list of relevant upcoming seminars by various firms. The level and nature of training by the directors is reviewed by the Nomination Committee at least annually.

In the year to 31 March 2019, in addition to internal presentations, in total Board members undertook 125 hours of externally facilitated training.

Total number of Board training hours during the year
by type



Our conflict of interest procedures

The Company's Articles of Association allow the Board to authorise potential conflicts of interest that may arise and to impose such limits or conditions as it thinks fit. The Company has established a procedure whereby actual and potential conflicts of interest of directors' current and proposed roles with other organisations are regularly reviewed in respect of both the nature of those roles and their time commitment and for proper authorisation to be sought. A director who has a conflict of interest is not counted in the quorum or entitled to vote when the Board considers the matter in which the director has an interest. The Board considers these procedures to be working effectively.

Leadership and purpose continued

What we did in 2018/19

Our significant discussions, transactions and appointments over and above the scheduled matters outlined on page 96 together with oversight of engagement with stakeholders and consideration of s172 matters since March 2018 included:

2018

Strategy, governance, risk and opportunity management

April

- Discussion of the opportunities and threats to GPE in relation to the flexible office market and GPE's flex space trial to be undertaken at Elm Yard

› See more on pages 12 and 13

- Following an update on a health and safety incident that occurred in the previous financial year, the commissioning of a wider report on how GPE's health and safety procedures could be improved
- Consideration of the impact of the Grenfell Tower fire on regulation and the actions GPE was proposing to take in advance of any changes

› See more on page 53

- Noting of the focus of the IT team on cyber and risk management across the portfolio and enhancing of the Group's IT governance structure

› See more on page 94

- Review of actions proposed to be taken in respect of GDPR
- Noting of Wendy Becker's proposed appointment as Chairman of Barnardo's Board of Trustees and her proposed reduction in other charitable commitments to ensure she had sufficient time to devote to her role at GPE
- Approval of the appointment of Alison Rose as Non-Executive Director

May

- Approval of the reappointment of the independent valuers
- Lessons learnt from the 30 Broadwick Street development Final Appraisal

July

- Consideration of the proposed co-working partnership arrangement at New City Court, the likely impact on valuation and lessons that could be learnt for GPE's own flex space offering
- Health and safety enhancements proposed to GPE's health and safety procedures

› See more on page 53

- Approval of Martin Scicluna's announcement of his decision to retire from the Board

August

- Approval of:
  - The 18 Hanover Square land buyback from TFL to progress the Hanover Square development

› See more on page 38

- The sales of Percy House for £25 million, 27/35 Mortimer Street for £38.5 million and 160 Great Portland Street for £127 million in line with strategy

› See more on pages 36 and 37

- The settlement of two rent reviews at 200 Gray's Inn Road with ITN

› See more on page 43

Understanding the views of stakeholders, the interests of employees and the fostering of business relationships

April

- Approval of GPE's inaugural Charity and Community strategy

› See more on pages 16 and 17, 51 and 52

- Following a potentially serious health and safety incident related to refurbishment works at one of our occupied buildings, feedback from both our building contractor and occupiers and the remedial actions proposed relating to the contractor and GPE teams
- Consideration of how GPE's resourcing requirements would be impacted under GPE's different market strategy scenarios

May

- Feedback on the Elm Yard flex space trial and agreement that progress of GPE's flex space offering should be included in the half year results
- Review of the proposed presentations to employees on diversity and remuneration and agreement that the Non-Executive Directors should be involved in the presentation to employees of actions to be taken to achieve the National Equality Standard
- An update on the planning environment and the involvement of local residents earlier in the planning application process from Andrew White, Development Director

› See more on page 54

July

- Consideration of the reports from institutional shareholder advisory bodies and their recommendations in connection with shareholder voting at the AGM and agreement that comments received on remuneration should be taken into account in setting GPE's 2020 Remuneration Policy

2019

September

- Consideration of different flex space offerings and partnership/owner models
- Lessons learnt from 73/89 Oxford Street, 48/50 Broadwick Street and Elm Yard development Final Appraisals
- Approval to refinance the £450 million RCF for a five-year term with the ability to extend to seven years

› See more on page 47

- Consideration of changes in governance legislation and best practice including the UK Corporate Governance Code 2018 and changes proposed for GPE

- Approval of the sale of 55 Wells Street for £65.5 million following completion of the development and in line with strategy

› See more on page 37

- Review of progress on GPE's IT governance and cyber security
- Approval of the increase in Board authority levels from £1 million to £2 million for GPE's share of lease related transactions
- Approval of the appointment of Richard Mully as Chairman with effect from 1 February 2019

› See more on page 104

- Feedback on GPE's co-working arrangements with Runway East

› See more on pages 12 and 13

November

- Approval of the £200 million share buyback programme to return equity to shareholders, providing GPE with flexibility and allowing all shareholders to participate, subject to a weekly review of the price limit by the Board

› See more on pages 46 and 48

- An update on the new City Plan and how this could impact GPE's development pipeline and act as a barrier to entry for other potential developers from Andrew White, Development Director

- Consideration of health and safety discussions with occupiers and GPE's proposed actions
- Consideration of GPE's subsidiary supplier payment performance and actions taken to improve invoice days outstanding

January

- An update on health and safety measures being implemented from Nick Sanderson, Finance and Operations Director
- Discussion of the key themes to be addressed as part of the 2019 Strategy Review

- Feedback on GPE's Values process and involvement of employees and approval of GPE's purpose, Values and behavioural statements

› See more on pages 68 and 69

- Consideration of GPE's progress towards obtaining the National Equality Standard accreditation and areas for further developments

› See more on page 66

- Review of feedback from investors and the noting that:
  - All recurring themes were being regularly debated at Board meetings
  - GPE's ESG performance was being used as a measure by shareholders of corporate quality; and
  - GPE's intention to undertake a materiality review of GPE ESG matters through consultation with suppliers, shareholders, occupiers and community organisations

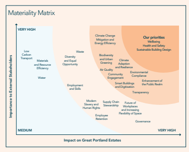
› See more on page 77

April

- Approval to proceed with due diligence on a proposed property acquisition in light of market cycle read and enhancement of the long-term development pipeline

- Consideration of GPE's ESG materiality review and feedback from investors, occupiers and suppliers. Approval of GPE's ongoing actions in respect of climate change mitigation and enhanced external reporting to better inform stakeholders including, in particular, investors and occupiers

› See more on page 77



- Consideration of discussions with suppliers in relation to Brexit on the development and investment portfolios, and both supplier and GPE actions being taken
- Consideration of the feedback received from shareholders in meetings with Martin Scicluna and Richard Mully to introduce Richard Mully in his new role as Chairman

May

- Board tour undertaken of the proposed property acquisition, consideration of due diligence and approval of proposed actions
- Review of activities being undertaken in relation to the development pipeline
- Consideration of the evolution of the flex space offering
- Discussion and approval of GPE's energy and carbon targets

- Consideration of discussions with freeholders in respect of development pipeline buildings
- Updates received on significant retailers trading outlooks
- Noting of feedback on internal and external presentations made on GPE portfolio team activities

Division of responsibilities

The role of the Board and its Committees during the year

Board

- six scheduled meetings a year
- sets strategy
- provides oversight of purpose, culture and risk
- approves major transactions
- provides oversight of governance

› See Board activities on pages 96, 98 and 99
› See biographies of the directors on pages 70 and 71
› See division of responsibilities of the directors on page 101

Board Committees

Audit Committee

- four scheduled meetings a year
- oversees financial reporting
- monitors risk management and internal controls
- evaluates the external and internal auditor

› See Audit Committee report on pages 107 to 114
› See risk management reports on pages 74 to 88

Remuneration Committee

- six scheduled meetings a year
- establishes remuneration policy
- sets executive remuneration schemes
- reviews Executive Committee member objectives and achievements
- approves senior management remuneration and LTIP awards
- approves executive bonus plan and LTIP targets
- approves the Directors' remuneration report

› See Directors' remuneration report on pages 116 to 142

Nomination Committee

- four scheduled meetings a year
- recommends Board appointments
- approves senior management appointments
- oversees succession planning
- responsible for Board effectiveness evaluation

› See Nomination Committee report on pages 102 to 106

Management Committees

Executive Committee

- meets weekly
- implements the Group's strategy
- oversees transactions
- monitors risks and opportunities
- responsible for succession planning, resourcing and people development

› See Strategic Report on pages 1 to 88

Sustainability Committee

- meets four times a year
- provides oversight on climate change risk and resilience
- reviews progress and development of sustainability strategy
- monitors environmental compliance

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

Health and Safety Committee

- meets four times a year
- reviews the Group's Health and Safety compliance and performance
- provides oversight on Health and Safety strategy
- identifies and reviews opportunities for improvement

› See Sustainability on our website **www.gpe.co.uk/sustainability/working-safely**

Community and Charity Committee

- meets four times a year
- oversees the implementation of the Group's community strategy
- ensures that charitable donations made are in accordance with the Group's charitable donations policy

› See Strategic Report on pages 1 to 88

The division of responsibilities of the directors

The Board comprises of the Non-Executive Chairman, two Executive Directors and four independent Non-Executive Directors and is supported by the Company Secretary. The Chairman and the other Non-Executive Directors meet regularly without the Executive Directors, and at least once a year the Non-Executive Directors meet without the Chairman. In addition, individual directors meet routinely outside the formal Board meetings as part of each director's contribution to the delivery of the Company's strategy and review of operations.

The Executive Directors meet weekly with senior management as the Executive Committee, chaired by the Chief Executive, to attend to the ongoing management of the Group. Significant operational and market matters are communicated to the Non-Executive Directors on a timely basis outside of the Board meetings. All directors have access to the advice and services of the Company Secretary, who is responsible to the Chairman on matters of corporate governance.

Each year the terms of reference for the roles of Chairman, Chief Executive and Senior Independent Director are revisited by the whole Board and are available on the website at **www.gpe.co.uk/about-us/governance**.

Roles and responsibilities of the directors:

Chairman	Richard Mully, and previously Martin Scicluna, as Chairman is responsible for leading the Board and for its effectiveness, meeting with shareholders as appropriate, ensuring a culture of openness, transparency and debate and helping the Chief Executive 'to set the tone from the top' on the Company's purpose, values and culture. As part of his role in leading the Board, he ensures that the Board provides constructive input into the development of strategy, understands the views of the Company's other stakeholders and provides appropriate oversight, challenge and support. As Chairman, Richard also leads the Nomination Committee.
Chief Executive	Toby Courtauld, as Chief Executive, is responsible for setting the Group's strategic direction, implementing the agreed strategy, the operational and financial performance of the Group and the day-to-day management of the Company including setting the tone for, and ensuring oversight of, the Company's culture through 'living the values' and ensuring the Board is aware of other stakeholders' views. As part of his role, Toby is responsible for leading the Executive and Sustainability Committees.
Finance and Operations Director	Nick Sanderson, as Finance and Operations Director, supports the Chief Executive in developing and implementing the Group strategy and all financial matters. As part of his operations role, Nick has responsibility for oversight of the valuation process, leads the Health and Safety Committee and has Board responsibility for HR and IT.
Senior Independent Director	Charles Philipps, our Senior Independent Director, acts as a sounding board for the Chairman, leads the other independent Non-Executive Directors in the performance evaluation of the Chairman and is available to shareholders as required. As part of his role, he also acts as an intermediary for the Non-Executive Directors if necessary and is an independent point of contact in the Group's whistleblowing procedure. As Senior Independent Director, this year Charles also led the Chairman succession process working closely with the Nomination Committee.
Non-Executive Directors	Wendy Becker, Nick Hampton and Alison Rose, as Non-Executive Directors, are responsible for bringing an external perspective and providing constructive challenge and support to the Board's deliberations and decision-making using their broad mix of business skills, knowledge and experience acquired across different business sectors. They are also responsible for monitoring the delivery of the agreed strategy within the risk management framework set by the Board and promoting high standards of integrity and corporate governance. Wendy Becker and Nick Hampton are responsible for leading the Remuneration Committee and Audit Committee respectively.

The biographical details of the directors can be found on pages 70 and 71 which show the breadth of their skills and experience and membership of the Company's various Committees.

Composition, succession and evaluation

Nomination Committee

Nomination Committee members and attendance by others

Chairman	5 meetings	
Richard Mully[1]	●	(1/1)
Martin Scicluna[2]	●●●●	(4/4)
Members		
Richard Mully[1]	●●●●	(4/4)
Charles Philipps	●●●●●	
Wendy Becker	●●●●●	
Nick Hampton	●●●●●	
Alison Rose[3]	●●●●	(4/4)
Jonathan Short[3]	●	(1/1)
In attendance		
Toby Courtauld	○●●●●	
Nick Sanderson	●●	

● Meetings attended ○ Part attendance at meetings

1. Richard Mully became Chairman of the Nomination Committee on 1 February 2019.
2. Martin Scicluna retired from the Board and Nomination Committee on 31 January 2019. Charles Philipps led the Nomination Committee when it was dealing with the appointment of a successor to the Chairmanship.
3. Alison Rose became a member of the Nomination Committee on 1 September 2018.
4. Jonathan Short retired at the 2018 AGM.
5. The number (in parentheses) show the number of meetings the Nomination Committee members could have attended in the year.

Our approach

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

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

Our process

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

The Nomination Committee membership generally includes all of the Non-Executive Directors. At the beginning of the year, the Nomination Committee comprised the Chairman of the Board, Martin Scicluna, and five independent Non-Executive Directors: Jonathan Short (until he retired at the 2018 AGM), Wendy Becker, Nick Hampton, Richard Mully and Charles Philipps. Alison Rose became a member of the Committee on 1 September 2018. Following Martin Scicluna's retirement from the Board on 31 January 2019, Richard Mully as Chairman of the Board also became Chairman of the Nomination Committee.

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

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

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

"This year our focus has been on an orderly Chairman succession process, recruitment of an additional Non-Executive Director and oversight of wider succession planning."

Richard Mully
Chairman of the Nomination Committee

Dear fellow shareholder

On behalf of the Nomination Committee, welcome to the Report of the Nomination Committee for the year ended 31 March 2019. This year our focus has been on an orderly Chairman succession process, recruitment of an additional Non-Executive Director and oversight of wider succession planning.

Board changes and succession planning

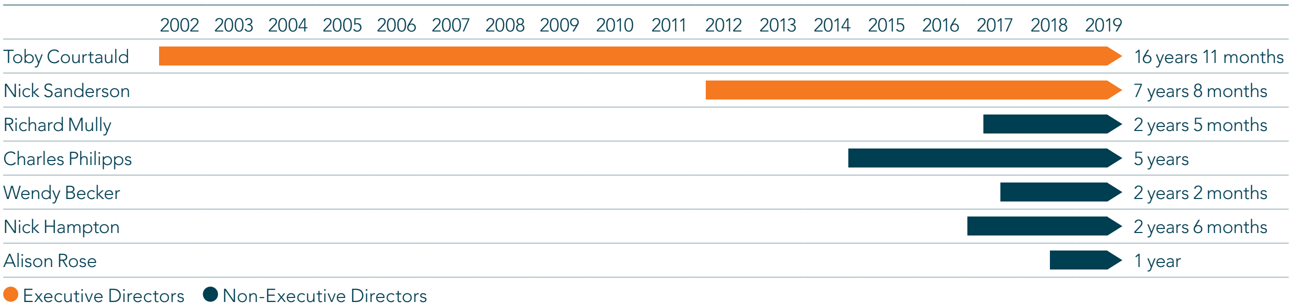
I am delighted to have been appointed by the Board to the role of GPE's chair, the process of which is covered by Charles Philipps' report on page 104. As a result of my appointment, it was unanimously agreed that to ensure appropriate ongoing succession of the Non-Executive Directors, we should appoint an additional Non-Executive Director with relevant property experience. In December 2018, following confirmation that they would not be conflicted, we appointed Russell Reynolds to help us with our search. Russell Reynolds through its acquisition of Zygos, had assisted us in considering the Chairman's position following Martin Scicluna's decision to retire from the Board and the original appointment of Nick Hampton and Alison Rose to the Board. It has no other connection with the Company or any individual directors. This process is ongoing and we expect to announce the appointment of a new Non-Executive Director by the autumn. I am, however, delighted to report that Alison Rose who joined the board in April 2018, has settled in extremely well and provides a much valued contribution to our deliberations.

Given our size, internal succession planning for the Executive Directors remains challenging. However, whilst we continue to keep this under review, we believe that the widened Executive Committee together with our Senior Management Team provide strength and depth in supporting the Executive Directors in their roles

Our approach to diversity

Our inclusive culture provides a solid foundation for our approach to diversity, both of the Board and the wider business. We recognise the benefits of a diverse Board and currently have a 28% female representation on the Board. While the Nomination Committee continues not to set specific representation targets, our policy on recruitment is that we expect our search consultants to ensure, where possible, that at least 30% of potential candidates are women, in line with our overall intention to strive for a higher gender balance on the Board. This approach to recruitment is mirrored across the business to help to develop a strong pipeline of women within GPE at all levels, which is further supported by our talent development programme. We are pleased to have seen the positive benefits of this approach with a 28 % female representation on the Board and women accounting for 45% of all promotions over the last two years. The benefits of broader diversity characteristics such as age, ethnicity, core skills, experience and educational and professional background also continue to be an active consideration in all recruitment.

Directors' tenure (as at 31 March 2019)



Composition, succession and evaluation continued

Talent development and resourcing

This year as part of our review of talent development we considered the Executive Directors development plans and succession planning for the Executive Committee. Given the increase in Nick Sanderson's wider operational responsibilities in recent years, including day-to-day oversight of human resources, valuation, sustainability and health & safety, his title has been changed to Finance and Operations Director. We were also delighted to enhance our Senior Management Team with the promotions of Simon Rowley into a new Head of Office Leasing role which includes oversight of our flex offering, Steven Rollingson as our Head of IT and Rachel Aylett as Head of Human Resources, all of whom have impressed in their presentations to the Board during the year. To ensure our consideration of talent development is given appropriate time and focus, from this year we have extended the number of scheduled Nomination Committee meetings from three to four.

GPE's Board composition and independence

As at 31 March 2019, the Board comprised the Chairman, two Executive Directors and four Non-Executive Directors. The biographies of all members of the Board outlining the experience they bring to their roles are set out on pages 70 and 71. The roles each of the directors' play on the Board are outlined on pages 101.

All proposed re-elections to the Board are formally considered by the Nomination Committee, taking account of each individual's continued effectiveness and commitment to the role. Following this review, I can confirm that each of the Non-Executive Directors is considered effective in their roles and both independent of the Executive Management and free from any business or other relationship which could materially interfere with their exercising of independent judgement.

Richard Mully
Chairman of the Nomination Committee
22 May 2019

The Senior Independent Director's contribution to the Board in 2018/19

"This year my priorities, as SID, were the orderly succession of the Chairman and the 2018/19 Board evaluation process."

Charles Philipps
Senior Independent Director

Dear fellow shareholder

In March 2018, the Nomination Committee asked me, as SID, to lead the process for the appointment of a new Chairman to replace Martin Scicluna who had decided to retire in line with good governance practice. As last year, Martin Scicluna, as Chairman, also asked me to conduct the 2018/19 Board effectiveness review with the support of Desna Martin, our Company Secretary.

Our Chairman succession process

In May 2018 we appointed Russell Reynolds to advise us on the selection process and potential candidates for the role of Chairman. All Non-Executive Directors were asked whether they would like to be considered for the role and Richard Mully indicated that he would like to be. In consultation with the Non-Executive Directors other than Richard Mully, a role specification with desirable criteria was drawn up against which potential external candidates and Richard Mully could be measured for suitability.

Russell Reynolds prepared a list of potential candidates with CV's for consideration and interviewed Richard Mully. The Non-Executive Directors other than Richard Mully then met with Russell Reynolds to discuss the potential candidates in detail. Following extensive debate, it was unanimously agreed that Richard Mully was at least as strong a candidate as the other candidates put forward by Russell Reynolds and that he had the added benefit of extensive knowledge of GPE and its management.

It was agreed, however, that given the importance of a strong working relationship between the Chairman and CEO, Toby Courtauld should meet with Richard Mully to assess the likelihood of a good working relationship. Richard Mully was also formally interviewed by the other Non-Executive Directors and me. Both of these steps had a positive outcome resulting in a recommendation to the Board from the Nomination Committee, in September 2018, to appoint Richard Mully to succeed Martin Scicluna when he retired at the end of January 2019.

This timing also allowed for a thorough induction to the role with Richard Mully attending the Chairman's meetings with management between October 2018 and February 2019. Meetings were also offered for both Martin Scicluna and Richard Mully to meet with shareholders representing almost 50% of the share register, so that shareholders had an early opportunity to meet with Richard. It was pleasing to receive much positive feedback from both management and shareholders in advance of Richard Mully assuming the role.

Our 2018/19 Board evaluation process

As well as seeking to continually improve the way that the Board fulfils its duties, we use the Board evaluation process to reflect on the areas on which the Board would like to increase its focus over the coming 12 months.

The process involved completion of a questionnaire, followed by one-to-one meetings with each director, a detailed report of findings and discussion at the January 2019 Board meeting. The following were covered:

- progress on areas for improvement agreed in the prior year's evaluation;
- the Board's role, composition and operation;
- the performance of the Board and its Committees;
- the Board's protocols and behaviours;
- information received by the Board;
- feedback on individuals' performance; and
- individuals' recommendations based on their experiences on other Boards.

This year, recognising the continued market uncertainty and changes coming into effect with the UK Corporate Governance Code 2018, we revisited our questionnaire to the directors and expanded on questions relating to strategy, views of our stakeholders and how we reward our Executive Directors and employees.

In addition, the recommendations from the 2019 evaluation and the follow up of actions from the 2018 evaluation as outlined below were considered in more detail at the March 2019 Nomination Committee meeting with feedback from that meeting provided to the Board as part of our April Strategy Review.

The directors were unanimous in their view that the Board and the Committees were operating effectively with a strong and valued contribution being received from all Board members. It was considered that there was a collegiate and open approach with the Chairman ensuring an appropriate balance between support and challenge with discussions being both constructive and conducted in a positive atmosphere resulting in good quality debate with a high level of trust and transparency. Overall it was felt that the Board had the appropriate range of skills and experience subject to an additional Non-Executive Director being recruited with relevant property experience following Richard Mully becoming Chairman. It was appreciated that Martin Scicluna had been a strong force in leading the Board to date, that his succession process and Richard's induction to his new role had resulted in a seamless transition and that it had been useful for Richard Mully to be involved in the articulation of the Company's values.

Charles Philipps
Senior Independent Director
22 May 2019

2018/19 actions	Progress	2019/20 actions
Succession planning for the Chairman	Richard Mully appointed as Chairman	Given the market uncertainty, for the Board to spend more time on 'blue sky thinking' and identification of possible emerging risks
Group wide articulation of GPE values	Launched in January 2019	Actions identified to ensure that the Board improves its understanding of a wider set of stakeholders
More debate on: – the changing ways buildings are being used; – possible different remuneration structures	Roll out of GPE's flex space offering across 87,600 sq ft of the office portfolio including launch of a co-working partnership with Runway East of 48,400 sq ft at New City Court, with further 124,300 sq ft under consideration. Consideration of our 2020 Remuneration policy has started including consideration of its alignment with employee remuneration	Continued focus on Board succession planning and the development of a diverse pipeline
Board papers to be simplified and continued provision of updates between Board meetings from the Executive Directors	Improvements made and ongoing	Executive Committee members to summarise, at each scheduled Board meeting, the three matters about which they are most pleased, and the three matters about which they are most concerned.

Composition, succession and evaluation continued

What we did in 2018/19

2018

April

Board meeting

Board approval is received for the appointment of Alison Rose

The Board and Committee memberships are approved

May

Nomination Committee

The Committee consider the personal development plans of the Executive Directors

September

Nomination Committee

Charles Philipps reports on the Chairman succession process and it is agreed to proceed with Richard Mully as the preferred candidate subject to formal meetings with Toby Courtauld and presentation to the Nomination Committee

Board meeting

The Board approve the appointment of Richard Mully as Chairman

November

Remuneration Committee

Toby Courtauld provides an update on the development of the Executive Committee members

December

Nomination Committee

The Committee agree the experience and expertise sought of the new Non-Executive Director and the use of Russell Reynolds subject to confirmation they have no conflict of interest

2019

January

Nomination Committee

The Board approve the shortlist of candidates for the new Non-Executive Director

Board meeting

The Board receive an update from Rachel Aylett, Head of HR on GPE's purpose and values process and the expected behaviours underlying the four values and actions proposed to ensure all employees 'Live the values', the Board approve the values for the launch to employees

The Board receive an update from Rachel Aylett on The National Equality Standard process

The Board considers the 2018/19 Board evaluation

February

Nomination Committee

Richard Mully provides the Committee with an update on progress of the interviews for the new Non-Executive Director

The Committee discuss the Board evaluation recommendations from 2018/19 and follow up on recommendations from 2017/18

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

The Committee approve the revised Nomination Committee Terms of Reference

The Group's diversity policy is discussed and it is agreed that this should be revisited in light of the National Equality Standard accreditation process

The Committee agree that a formal November Committee meeting should be added to the Nomination Committee calendar to enable more time to be spent on succession planning

Audit, risks and internal controls

Together the Audit Committee and the Board are responsible for ensuring the Group has an effective internal control and risk management system and that the Annual Report provides a fair reflection of the Group's activities during the year.

Internal controls and ongoing risk management

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

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.

The identification and management of risks and opportunities is part of the mindset of all employees at GPE with ongoing processes and procedures in place for identifying, evaluating and managing the principal risks faced by the Group. These processes and procedures were in place throughout the year under review and up to the date of the approval of the Annual Report, and accord with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Key features of our system of internal control include:

- a comprehensive system of financial reporting and business planning;
- a defined schedule of matters for decision by the Board, revisited by the Board at least annually;
- an organisational structure with clearly defined levels of authority and division of responsibilities;
- formal documentation procedures;
- the close involvement of the Executive Directors and the other Executive Committee members in all aspects of day-to-day operations, including regular meetings with senior managers to review all operational aspects of the business and risk management systems;
- Board review of Group strategy including forecasts of the Group's future performance and progress on the Group's development projects at each scheduled Board meeting;
- formal sign-off on the Group's Ethics and Whistleblowing policies by all employees annually; and
- review by the Audit Committee of Internal Audit's reports.

Twice a year, the Audit Committee carries out a review of the framework of the Group's risks and how they are managed through key operational controls, ongoing review by the Executive Committee, and ongoing Board review and oversight. The Group's system of internal controls involves the identification of business and financial market risks including social, ethical and environmental issues which may impact on the Group's objectives, together with the controls and reporting procedures designed to minimise those risks.

As part of its review, the Audit Committee formally considers the key operating controls forming the Group's system of internal control and whether these are considered to be operating effectively. Once complete, the Audit Committee's review of the Group's risks and internal controls is considered by the full Board. Key risks to the business, how they have changed during the year and the processes in place to manage those risks are described in more detail on pages 74 to 88.

Fair, balanced and understandable – a matter for the whole Board

The Directors' statement on 'fair, balanced and understandable' is made on page 148. When considering whether the 2019 Annual Report and financial statements are fair, balanced and understandable, and provide information necessary for shareholders to assess the Group's position, performance, business model and strategy, the Board takes into account the following:

- the Chairman and Chief Executive provide input to and agree on the overall messages and tone of the Annual Report at an early stage;
- individual sections of the Annual Report and financial statements are drafted by appropriate Senior Management, with regular review meetings to ensure consistency of the document as a whole;
- detailed reviews of appropriate draft sections of the Annual Report and financial statements are undertaken by the Executive Directors and other members of the Executive Committee;
- a final draft is reviewed by the Audit Committee and the external auditor on a timely basis to allow sufficient consideration and is discussed with the Finance & Operations Director and Senior Management prior to consideration by the Board; and
- the Finance & Operations Director, in his May Board paper, includes a checklist of areas that the Board should take into consideration (including successes and challenges over the year and looking ahead) when reviewing the fairness, consistency and balance of the final draft of the Annual Report and financial statements, including whether the Board considers that there are any omissions in information.

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

Audit, risks and internal controls continued

Audit Committee meetings

Audit Committee members and attendance by others

Chairman	4 meetings				
Nick Hampton	●	●	●	●	
Members					
Wendy Becker	●	●	●	●	
Richard Mully[1]	●	●	●		(3/3)[5]
Charles Philipps	●	●	●	●	
Alison Rose[2]		●	●	●	(3/3)[5]
Jonathan Short[3]	●				(1/1)[5]
In attendance					
Martin Scicluna[4]	●		●		
Richard Mully[1]				●	
Toby Courtauld	○		○		
Nick Sanderson	○	●	○	●	

● Meetings attended ○ Part attendance at meetings

1. Richard Mully stepped down from the Audit Committee on becoming Chairman of the Board on 1 February 2019, however, he has an open invitation to attend meetings as appropriate.
2. Alison Rose became a member of the Audit Committee on 1 September 2018.
3. Jonathan Short retired at the AGM on 5 July 2018.
4. Martin Scicluna as Chairman of the Board until 31 January 2019, attended the Committee meetings reviewing the half-year and year-end results.
5. The numbers (in parentheses) show the number of meetings the Audit Committee member could have attended in the year.

Our approach

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

Our process

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

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

At the beginning of the year, the Committee comprised of independent Non-Executive Directors Nick Hampton as Chairman, Wendy Becker, Richard Mully, Charles Philipps and Jonathan Short. Jonathan Short retired from the Board at the July 2018 AGM, Alison Rose became a member of the Committee on 1 September 2018 and Richard Mully retired from the Committee on becoming Chairman of the Board on 1 February 2019. The biographies of the current Non-Executive Directors are on pages 70 and 71. Charles Philipps, Nick Hampton and Alison Rose, in particular, have recent and relevant financial experience, which, combined this year with Jonathan Short's, Richard Mully's and now Alison Rose's property related experience, ensured and continues to ensure the Committee, as a whole, has competence relevant to the real estate sector.

The Audit Committee provides a forum for review of the Group's financial external reporting, including its accounting policies. In respect of the Group's half-year and year-end results, this will include discussions with the Group's external valuer, CBRE, on the valuation process and conditions in London's real estate markets and the Group's auditor, Deloitte LLP (Deloitte) on any accounting or audit matters. The Audit Committee also reviews the adequacy and effectiveness of the Group's internal financial controls, internal control and risk management systems and internal audit function, and is responsible for the selection and review of the effectiveness of the internal and external auditors. Audit Committee meetings are also attended by certain Executive Directors and senior managers, by invitation. Martin Scicluna, previously as Chairman of the Board, and Richard Mully as Chairman from 1 February 2019 also attend the Committee meetings reviewing the half-year and year-end results and have a standing invitation to attend any other meetings as appropriate. By invitation, in addition to the meetings to consider the half-year and year-end results, Nick Sanderson, as Finance & Operations Director, attends the half-year and year-end planning meetings.

In May and November 2018, Toby Courtauld together with Nick Sanderson also attended the year-end and half-year Audit Committee meeting with the valuers and external auditor to provide their views on the valuation and financial results.

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

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

"As part of our remit to consider the effectiveness of the Group's wider risk management systems, this year, through our internal audit team, we focused on cyber security and GDPR."

Nick Hampton
Chairman of the Audit Committee

Dear fellow shareholder

On behalf of the Audit Committee, I am pleased to present my report as Chairman of the Committee for the year ended 31 March 2019, which is intended to provide insight into the Committee's activities in the year and sets out how we have performed against our objectives outlined on page 108.

As outlined on pages 108 and 113, the Committee meets four times a year to:

- plan the external audit;
- agree the internal audit plan;
- identify key accounting and areas of judgement as early as possible;
- review reports from the external and internal auditors and valuer;
- consider how risks and internal controls have operated in the preceding six months in respect of the half-year and year-end results;
- monitor the integrity of the Group's financial reporting and consider any significant judgements by management; and
- review the independence and effectiveness of the external and internal auditors.

Valuation of the portfolio, accounting considerations and key areas of judgement

As expected of a listed property REIT, the most significant financial judgement is GPE's property valuation which is central to the Group's performance and net asset value, and is inherently subjective. A key responsibility of the Committee is, therefore, to satisfy ourselves that the valuation process in relation to the Group's property portfolio has been carried out appropriately. Following the comprehensive process as outlined in more detail below, as a Committee we are satisfied that the valuation process is sufficiently robust.

During the year, the Audit Committee also considered a number of items that impacted on the presentation of the Group's financial statements, including:

- repayment of the £150 million Convertible Bond at the half year;
- accounting of the sale of 55 Wells Street, W1 under IFRS 15 at the half year; and
- accounting for the share buyback.

Accounting and key areas of judgement

Significant matter	Action taken
Valuation of the Group's portfolio The valuation of the Group's property portfolio is a key determinant of the Group's net asset value as well as indirectly impacting executive and employee remuneration. The valuation is conducted externally by independent valuers, however, the nature of the valuation process is inherently subjective due to the assumptions made on market comparable yields, estimated rental values, void periods and costs to complete.	The Audit Committee, together with the Chairman of the Board, meet with the valuer, the Executive Directors and senior management involved in the valuation process along with the external auditor in November and May to discuss the valuation included within the half-year and year-end financial statements. This review includes the valuation process undertaken, changes in market conditions including in relation to Brexit, recent transactions in the market and how these have impacted upon GPE's valuation, valuation movements on individual buildings and the valuer's expectations in relation to future rental growth and yield movement. The Committee asks the valuer to highlight significant judgements or disagreements with management during the valuation process. There were none. With the continued uncertainty in relation to the UK's exit from the European Union, the Committee also considered the extent to which this was impacting the property investment and occupational market in relation to both liquidity and activity. The external auditor, Deloitte, using its real estate experts separately meet the valuer and provide the Audit Committee with a summary of their work as part of their report on the half-year and year-end results. As a result of these reviews, the Committee concluded that the valuation had been carried out appropriately and independently and was suitable for inclusion in the Group's accounts.

Audit, risks and internal controls continued

Fair, balanced and understandable

Whether the 2019 Annual Report and financial statements are fair, balanced and understandable is considered to be a matter for the whole Board. The Audit Committee's role is covered on page 107.

Viability statement

The Committee reviewed management's work on assessing the potential risks to the business including, in particular, planning for continued political and economic uncertainty given the ongoing Brexit negotiations and the appropriateness of the Company's choice of a three-year assessment period. Following this review, the Committee was satisfied that management has conducted a robust assessment and recommended to the Board that it could approve and make the viability statement on page 88.

Internal controls and risk management

The Audit Committee's role in supporting the Board's oversight and review of the Group's principal risks, internal controls and risk management processes is covered on pages 74 to 76 and 107.

Internal audit

In February 2019, the Committee considered PwC's internal audit reports on the Group's cyber security and GDPR programmes. With employees being key to the successful managing of both cyber and GDPR risk, it was pleasing to note that for both areas there was considered to be a high level of awareness of these matters by employees across the business. Six monthly reports on GPE cyber governance are also received from our Head of IT as part of our scheduled Board meetings. Following a review by PwC of GPE's risk management framework together with the Committee it was concluded that, for the financial year ahead, the Internal Audit team should audit:

- procurement processes for third party service providers;
- health and safety management; and
- how GPE's joint ventures are managed.

The Committee believes that the process for determining the internal audit programme is appropriate and effective with scope for the Committee to react to events, new information and situations which become known during the year and to include them as necessary.

Our anti-bribery and corruption and Whistleblowing policies

Each year as part of the year-end planning meeting, the Committee considers the Group's Ethics and Whistleblowing policies, both of which address the Company's policies on bribery for reporting to the Board. Following debate by the Committee and the Board, which took into account the recommendations of the 2018 Corporate Governance Code, it is intended that the Audit Committee will continue to review the policy annually for reporting to the Board. The Board has a zero tolerance for bribery and corruption of any sort.

Annually, all employees are required to confirm their compliance with the Group's anti-bribery and corruption policies as outlined on page 97 and any non-compliance is escalated to the Committee as appropriate. No matters were escalated to the Committee in the year.

Any matters reported under the whistleblowing policy are investigated by the Company Secretary or Senior Independent Director. During the year, there were no whistleblowing incidents reported.

Auditor reappointment

I am pleased to be able to report that this year there was a smooth transition of the lead audit partner role to Judith Tacon who took responsibility for the audit in June 2018, having shadowed the audit process in the previous financial year. It is intended that a competitive tender process will be undertaken to coincide with Jude Tacon's five-year tenure as audit partner in 2023.

Based on the Committee's recommendation, the Board is proposing that Deloitte be reappointed at this year's AGM.

Committee effectiveness

I believe that the quality of discussion and level of challenge by the Committee with management, the internal and external audit teams and the valuer, together with the timeliness and quality of papers received by the Committee, ensures the Committee is able to perform its role effectively. Key to the Committee working effectively is the contribution from each of the Committee members. With Jonathan Short retiring from the Board and Richard Mully stepping down from the Committee on becoming Chairman this year, we were pleased to welcome Alison Rose to the Committee in September 2018 who, importantly, also provided positive feedback in connection with her Audit Committee onboarding process. The formal review of the Committee's effectiveness is covered under the Board evaluation process and I am pleased that the review confirmed that the Committee is working well.

Nick Hampton
Chairman of the Audit Committee
22 May 2019

The external audit and review of its effectiveness

The Audit Committee advises the Board on the appointment of the external auditor, negotiates and agrees their remuneration for audit and non-audit work, reviews their effectiveness, independence and objectivity and discusses the nature, scope and results of the audit with the external auditor. As part of the review of the effectiveness of the external audit, a formal evaluation incorporating views from the Audit Committee and relevant members of management is considered by the Committee. Feedback from the review undertaken in September 2018 was provided to Deloitte as part of the annual planning meeting.

Areas covered by the review included:

- the calibre of the external audit firm, Deloitte – including reputation, coverage and industry presence;
- quality controls – including review processes, partner oversight, reports on Deloitte generally from the Audit Quality Review Team (AQRT) and regulators and, in particular, the FRC and AQRT reviews of the Group's Annual Report and Accounts concluded in 2018, and use of specialists;
- the audit team – covering quality of individuals, knowledge, resources, partner involvement, team rotation, the audit scope including planning and execution, scope adequacy and specialist areas;
- audit fee – reasonableness and scope changes;
- audit communications and effectiveness – planning, new developments/regulations, approach to critical accounting policies, issues and risks, quality of processes, timely resolution of issues, freedom of communication with the Audit Committee and feedback on management performance;
- governance and independence – internal governance arrangements, lines of communication with the Audit Committee, integrity of the audit team, Audit Committee confidence in the audit team and transparency;
- ethical standards – including conflicts of interest, non-audit work and partner rotation; and
- potential impairment of independence by non-audit fee income.

Overall, the Committee agreed that the audit process had been both effective and efficient.

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

As part of the consideration of audit quality for the audit for the year ended 31 March 2019, the importance of staff continuity within the Deloitte GPE audit team and, in particular, an effective hand over process to the new lead audit partner and also from our audit director following his promotion to partner in 2018 was highlighted by both management and the Committee.

Following a tender process, Deloitte has been the Group's auditor since 2003. It is a requirement that the audit partner responsible for the Group and subsidiary audits is rotated every five years.

Under the Company's interpretation of the transitional arrangements for mandatory audit rotation, the Company will be required to change auditor for the financial year ended 31 March 2024 and plans to undertake a competitive tender process to coincide with Judith Tacon's five-year tenure as audit partner in 2023. Having undertaken its review for this year, and noting the transition of the lead audit partner role to Judith Tacon in June 2018, in the opinion of the Audit Committee, the relationship with the external auditor is effective and the Committee remains satisfied with their independence and effectiveness. The Committee has, therefore, recommended to the Board that Deloitte be reappointed as auditor at the 2019 Annual General Meeting. There are no contractual obligations restricting the Company's choice of external auditor. The Committee will continue to consider the need to tender the audit annually depending on the auditor's performance, taking into account the best interests of shareholders.

The Company has complied during the year ended 31 March 2019, and up to the date of this report, with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Audit, risks and internal controls continued

Non-audit services

The auditor is responsible for the annual statutory audit and also provides certain other services which the Audit Committee believe they are best placed to undertake due to their position as auditor under the Group's policy for provision of non-audit services by the external auditor (available from the Company's website at **www.gpe.co.uk/investors/ governance**).

As the purpose of this policy is to ensure auditor independence and objectivity is maintained, under the policy, prior approval is required by the Audit Committee for any non-statutory assignments over £50,000, or where such an assignment would take the cumulative total of non-audit fees paid to the external auditor over 50% of that year's audit fees. The appointment of Deloitte to undertake any non-audit services also requires the prior approval of the Finance Director and, importantly, he is required to consider whether Deloitte are the most suitable supplier.

During the year, activities undertaken by the auditor for the Group outside of the main audit included:

- the interim review;
- reporting on the income cover in connection with the debenture trust deed compliance certificate; and
- assurance of 2018/19 sustainability and energy consumption data.

Payments made by the Group for audit and non-audit fees for the year are disclosed on page 159. The Group's audit fees are presented to, discussed and approved by the Audit Committee at the March planning meeting. In addition, audit and non-audit fees paid to Deloitte in respect of joint ventures totalled £69,700 (GPE share) (2018: £28,000) and £nil (2018: £nil) respectively. The non-audit fees for the year ended 31 March 2019 as a percentage of the three-year average audit fee as set out below are 33%.

Auditor and non-audit fees

	2019 £000s	2018 £000s	2017 £000s
Audit fees	**225**	222	204
Non-audit fees including the interim review	**75**	68	83
Ratio of non-audit fees to audit fees	**33%**	32%	41%
Audit fees of joint ventures (our share)	**35**	28	28

In addition to ensuring compliance with the Group's policy in respect of non-audit services, the Audit Committee also receives confirmation from Deloitte that it remains independent and has maintained internal safeguards to ensure its objectivity.

Internal audit

An Internal Audit Charter approved by the Board governs the Internal Audit remit and provides the framework for the conduct of the Internal Audit function.

The Committee reviews and approves the internal audit plan annually for a rolling three-year period which is closely aligned to the management and the Committee's review of the Group's risk management framework. In addition, the Committee Chairman meets with the Head of Internal Audit separately to the Committee to discuss planned activities and the results of its reviews. Feedback was also sought from the Head of Internal Audit on the conduct of members of the GPE team during the internal audit process which confirmed that there had been a good level of communication and interaction between the teams. Annually, the External Audit partner also meets with the Head of Internal Audit.

As PwC is engaged by the Group to provide tax compliance advice and other advisory services, before PwC is appointed to any advisory role, consideration is given as to any potential conflict with Internal Audit. The Audit Committee also specifically considers their independence in reviewing and approving the Internal Audit plan annually to ensure that there are no conflicts in PwC undertaking the proposed internal audit work.

What we did in relation to the financial year ended 31 March 2019

2018

September

Annual planning meeting

Met with the external auditor (Deloitte) to review:

- Deloitte's 2018 sustainability data assurance report
- the effectiveness and independence of the auditor – see pages 111 and 112
- significant accounting and key areas of judgement – see page 109 Deloitte's 2018/19 Audit Plan

November

Review of half-year results

Met with CBRE to consider the September 2018 valuation

Met with Deloitte to consider:

- Deloitte's independence
- their review of the September 2018 valuation and the half-year results announcement
- significant accounting and key areas of judgement including going concern – see page 109
- Group tax matters with the Head of Corporate Finance
- the principal risks, monitoring of internal controls and risk management processes
- the half-year results announcement
- Deloitte's relationships with management with feedback provided without management being present

Other matters

Feedback received separately from management on the relationship with the Internal and External Audit teams and resourcing of Finance and External Audit teams

2019

February

Internal audit

Met with Jill Emney, Head of Internal Audit to:

- review PwC's internal audit report on:
  - GPE's cyber security; and
  - GPE's GDPR programme
- agree and approve 2019/20 internal audit plan

Year-end planning update

Met with Deloitte to consider/approve:

- significant accounting and key areas of judgement – see page 109 the accounting for the share buyback
- an update on HMRC's change in guidance in relation to REIT rules
- supplier payment days for Pontsarn, a GPE subsidiary company and processes put in place to improve the payment days across the Group
- proposed changes in disclosure planned for the 2019 Annual Report
- the 2018/19 audit plan update
- the 2018/19 audit fee – see page 112

Other matters

Corporate governance update received from the Company Secretary and Deloitte

Review of GPE's Ethics policy and Whistleblowing policy – see page 110

Review of the Audit Committee Terms of Reference

Review of the Provision for Non-Audit Services policy

May

Review of year-end results

Met with CBRE to consider the March 2019 valuation – see pages 58 and 59

Met with Deloitte to review:

- Deloitte's audit of the March 2019 valuation – see pages 58 and 59
- significant accounting and key areas of judgement including going concern – see page 110
- Group tax matters with the Head of Corporate Finance
- the principal risks, monitoring of internal controls and risk management processes – see pages 74 to 87
- the Annual Report/results announcement
- the Committee's effectiveness
- relationship between Deloitte and GPE management with feedback provided by Deloitte without management present
- audit retendering and reappointment of the auditor – see pages 110 and 111

Relations with shareholders

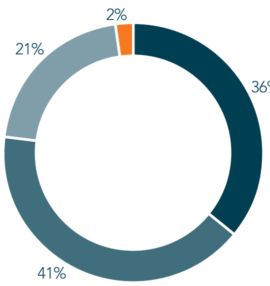
"We continue to proactively engage with existing and potential shareholders and commit significant management time to help them understand our strategy, activities and performance."

Stephen Burrows
Director of Financial Reporting and Investor Relations

Communication with our investors is given a high priority. As a result we maintain a regular dialogue with shareholders, potential shareholders, debt providers and analysts through a comprehensive investor relations programme. The programme is executed across a number of geographies, reflecting the international nature of our share register, and through a variety of routes including roadshow meetings, meetings at industry conferences, investor and analyst events, property tours and presentations to analysts and investment banks' equity sales teams.

Institutional shareholders by geography at 31 March 2019

- United Kingdom
- United States and Canada
- Rest of Europe
- Rest of World



› For our top shareholders see page 144

We are also committed to providing investors with regular announcements of significant events affecting the Group, including its business activity and financial performance. These announcements are available on the Group's website at **www.gpe.co.uk** along with results webcasts, analyst presentations, property videos, press releases and interviews with the management team including the Chief Executive and Finance and Operations Director.

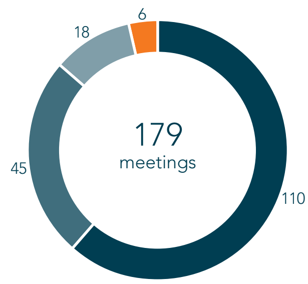
The Executive Directors and the Director of Financial Reporting & Investor Relations are the Company's principal representatives with investors, analysts, fund managers, press and other interested parties, and independent feedback on presentations by the Executive Directors to shareholders and analysts is provided to the Non-Executive Directors on a regular basis.

In total, the directors and senior management had 179 formal meetings with shareholders and potential shareholders from more than 200 institutions during the year. This included participating in seven industry conferences, which provide the management team the ability to meet a large number of investors on a formal and informal basis, and seven roadshows to meet with investors in London, the US, the Netherlands, Paris and Asia. Investor feedback from our activities is provided to the Board on a regular basis.

We were pleased to be recognised in Institutional Investor's 'All Europe Executive Team 2019', being voted #2 Investor Relations Team in the European property sector (small and mid cap), and receiving top three individual rankings for our Chief Executive, Finance and Operations Director and Director of Financial Reporting and Investor Relations. We have also been shortlisted for IR Magazine's Award for 'Best in Sector: Real Estate'.

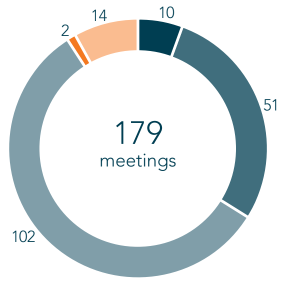
Investor contact by location

- United Kingdom
- United States and Canada
- Rest of Europe
- Rest of World



Investor contact by method

- Call
- Conference
- Meeting
- Meeting and tour
- Tour



During the year ended 31 March 2019, our Head of Sustainability and Director of Financial Reporting and Investor Relations engaged with a number of our largest investors to understand their views on the Group's key ESG issues. These views were incorporated into our ESG materiality review which will help shape our future approach to ESG.

› See more on page 77

In addition to this engagement, we believe that it is essential that we provide transparent reporting and, therefore, participate in a number of sustainability indices including:

GRESB REAL ESTATE
FTSE4Good
Included in ETHIBEL SUSTAINABILITY INDEX EXCELLENCE Europe
CDP DRIVING SUSTAINABLE ECONOMIES
EPRA

The Executive Directors and Corporate Finance Team also have regular dialogue with our debt providers, including relationship banks, private placement investors and debenture holders.

The Chairman and Senior Independent Director, Richard Mully and Charles Phillipps respectively are each available, as appropriate, as a contact for shareholders. The Annual General Meeting provides the Board with an opportunity to communicate with, and answer questions from, private and institutional shareholders and the whole Board is available before the meeting, in particular, for shareholders to meet new directors.

The Chairman of each of the Audit, Nomination and Remuneration Committees is available at the Annual General Meeting to answer questions. Details of the resolutions to be proposed at the Annual General Meeting on 4 July 2019 can be found in the Notice of Meeting on pages 195 and 196. After the Annual General Meeting, the Company's Registrars will count and verify the poll votes. The results will be announced to the London Stock Exchange and will be published on our website at **www.gpe.co.uk/investors/shareholder-information/agmgm**

Shareholder engagement

Given our portfolio is highly concentrated in central London, we often take the opportunity to take investors and analysts on walking tours of a selection of assets as part of our active engagement.

In March 2019, we hosted an investor tour of our development in Hanover Square, W1. Whilst the building will not complete until later next year, we were able to take a number of investors around the building to get a sense of the scale and complexity of the scheme. Helen Hare, our Head of Projects, also provided an insight into progress on site and the key milestones ahead.

After the tour, we held a dinner to provide them with the opportunity to meet the wider management team including the Executive Committee and the Heads of Department. Feedback on the event was very positive.

Investors viewing our development at Hanover Square, W1

What we did in 2018/19

2018

May
- Investor roadshow: London

June
- Investor roadshows: London, US
- Conferences: Morgan Stanley (London)
- Equity sales force meetings × 2

July
- Annual General Meeting
- Investor roadshow: Amsterdam

September
- Conferences: BAML (New York), Goldman Sachs (London), EPRA (Berlin)
- Equity sales force meetings × 1

October
- EPRA private client event
- Sell side analyst tour of the Kent House Marketing suite
- Equity sales force meetings x2

November
- Investor roadshow: London
- Conferences: UBS (London),
- Equity sales force meetings × 1

December
- Investor roadshow: US
- Equity sales force meetings × 1

2019

January
- Investor roadshow: Asia
- Equity sales force meetings × 1

February
- Investor roadshows: Amsterdam, Paris
- Equity sales force meetings × 2

March
- Conferences: Citi (US), BAML (London)
- Investor tour and dinner

Directors' remuneration report

Remuneration Committee

Remuneration Committee members and attendance by others

Chairman	6 meetings
Wendy Becker	●●●●●●
Members	
Richard Mully	●●●●●●
Charles Philipps[1]	●●●●● (5/5)
Nick Hampton[2]	● (1/1)
Alison Rose[3]	●●● (3/3)
Jonathan Short[4]	○●● (3/3)
In attendance	
Martin Scicluna	○● ●●●
Toby Courtauld	○● ○●○
Nick Hampton[2]	●○●

● Meetings attended ○ Part attendance at meetings

1. Charles Philipps became a member of the Remuneration Committee on 1 May 2018 and, therefore, the number (in parentheses) is the number of meetings he could have attended during the year.
2. Nick Hampton stepped down from the Remuneration Committee on 1 May 2018, however, he has an open invitation to attend the meetings as appropriate.
3. Alison Rose became a member of the Remuneration Committee on 1 September 2018 and, therefore, the number (in parentheses) is the number of meetings she could have attended in the year.
4. Retired at the 2018 AGM.

Our approach

The key objectives for the Committee are to ensure the Executive Directors are appropriately incentivised and remuneration arrangements are fully aligned with the Company's strategy to generate superior portfolio and shareholder returns.

As outlined on pages 26 and 27, we currently measure our absolute and relative performance using a small number of key performance indicators:

- Relative Total Property Return (TPR) demonstrating our portfolio's relative performance;
- Relative Total Shareholder Return (TSR) reflecting relative shareholder value; and
- Total Accounting Return (TAR) showing our absolute performance.

Over the medium term, we aim to outperform our benchmarks.

The Group's annual bonus plan for the Executive Directors and employees uses financial targets based on TAR and the capital growth element of TPR, together with a review of the attainment of personal objectives to achieve operational excellence. The 2010 Long-Term Incentive Plan (the '2010 Plan') uses all of our key performance indicators equally to measure the Group's performance being TPR (one-third), TSR (one-third) and TAR (one-third). For the 2016 LTIP Awards, EPRA NAV growth measure was used rather than TAR (which was introduced in 2017). Under the 2010 Plan, the level of reward to Executive Directors and senior management depends on the performance of the Group over a three-year period.

Our overarching remuneration policy principles

The Executive Directors' total pay is analysed by looking across each of the different elements of remuneration including salary, pension, the annual bonus plan and long-term incentives to provide the Remuneration Committee with a view of total remuneration rather than just the competitiveness of the individual elements. It is important that the Group's remuneration policy reinforces the Company's goals, culture and values providing effective incentives for exceptional Group and individual performance. As well as providing motivation to perform, remuneration plays an important retention role and needs to be appropriately competitive without being excessive.

To achieve the aims of the Company's remuneration policy, the Committee generally seeks to position fixed remuneration, including benefits and pension, around mid-market. Taking into account the size and complexity of the business as compared to other peer companies in the sector, and, using a significant proportion of variable reward, to increase total potential remuneration for superior performance through the annual bonus plan and long-term incentives.

Remuneration of employees

As well as being responsible for determining the remuneration of the Executive Directors, the Committee is also responsible for the oversight of the remuneration of the members of the Executive Committee and Company Secretary and reviews the broad operation of remuneration policy and practices for all employees.

During 2018, to ensure employees understood how our Remuneration policies for the Executive Directors aligned with wider Company pay policies, Toby Courtauld and Nick Sanderson, supported by our Head of HR, held sessions on our 'Remuneration policy, gender pay and diversity' which also gave employees the opportunity to ask any questions.

As part of the Committee's responsibility to review GPE's wider employee remuneration policies and alignment of incentives and rewards with the Company's culture, the Committee in November approved the introduction of an extended leave policy to support employees' wellbeing.

Our process

The Remuneration Committee's Terms of Reference are available from the Company website at: **www.gpe.co.uk/about-us/governance**

At the beginning of the year, the Remuneration Committee comprised four independent Non-Executive Directors, Wendy Becker, Nick Hampton, Richard Mully and Jonathan Short (until he retired at the 2018 AGM). Nick Hampton stepped down from the Committee on 1 May 2018. Charles Philipps became a member of the Committee on 1 May 2018. Alison Rose became a member of the Committee on 1 September 2018.

The Committee was advised during the year by FIT Remuneration Consultants ('FIT Rem') as independent remuneration consultants who were appointed by the Committee in August 2014. FIT Rem attends Committee meetings and provides advice on remuneration for the Executive Directors, analysis on all elements of the remuneration policy and regular market and best-practice updates. FIT Rem reports directly to the Committee.

At the request of the Remuneration Committee, Toby Courtauld, the Chief Executive, attended the Committee meetings where appropriate and provided input with regard to the achievement of personal objectives for the Finance & Operations Director and other Senior Executives. He also attends discussions on remuneration including on new appointments and promotions as considered appropriate by the Committee.

No director or employee is involved in discussions on their own pay.

"Our remuneration policy aligns management incentives with our strategy and focused business model."

Wendy Becker
Chairman of the Remuneration Committee

Dear fellow shareholder

On behalf of the Remuneration Committee, I am pleased to present the Directors' remuneration report for the year ended 31 March 2019. I am pleased to report that at the 2018 AGM our Remuneration report was approved with over 98% of votes in favour.

Remuneration in respect of the year ended 31 March 2019

In the year ended March 2019, we have again delivered on our long-term strategy and focused business model of repositioning properties to unlock their potential and effective reading of the property cycle. This has resulted in another year of excellent operational performance with three new development starts, further strong leasing successes and continued capital discipline with around £350 million of sales enabling us to return further surplus capital to shareholders through a share buyback programme whilst also growing the ordinary dividends. These achievements were evidenced through total shareholder returns of 14% over the year, although our Total Accounting Return was lower at 2.3%.

We have made good progress in preparing our extensive development pipeline and also expanding our flexible space offering to occupiers. And with our loan to value at near record low levels and our recent debt financing activities further enhancing our liquidity position, our balance sheet provides us with robust financial strength. We have also continued to focus on developing our people and reinforcing our strong culture and values. Taken together, we remain well positioned to take advantage of both investment opportunities across the portfolio and in the market in order to continue delivering long-term shareholder value.

Over the last three years, the central London commercial property markets have lacked clear direction and have broadly tracked sideways, in part due to muted economic growth since the EU Referendum and continued geo-political and market uncertainty. As a result, we delivered EPRA NAV per share growth over the three years to 31 March 2019 of only 0.7% and, therefore, we expect nil vesting of the NAV measure for the Group's three-year 2016 LTIP award. Moreover, whilst our share price has performed strongly over the last 12 months and is now back to its level of three years ago, the significant de-rating in the two years after the EU Referendum of the share prices of GPE and other London-focused office property companies relative to the broader FTSE 350 Real Estate sector (and in particular property companies focused on the logistics, self storage and student accommodation sectors) means that we do not expect the TSR measure to be met, based on the latest information available as at 31 March 2019. We also underperformed the TPR benchmark for the three-year period to 31 March 2019, given our higher than benchmark exposure to properties with short lease lengths, resulting in a nil vesting.

Similarly, under our 2018/19 Annual Bonus Plan, the TAR target was not met and the Group's portfolio growth performance was below that of our relevant MSCI central London growth index, resulting in zero payout under both measures.

In determining the overall Annual Bonus plan, the Committee has also taken into account individual Executive Director performance against their personal objectives set at the beginning of the year. As you will see on pages 123 and 124, the Executive Directors have each performed strongly in the year in delivering against each of their objectives which the Committee felt helped position the Company to best weather the current economic conditions. In particular, their actions have delivered our strong balance sheet position and property portfolio full of opportunity, positioning the Company to meet its key strategic objective of investing for growth across the economic cycle and this is reflected in the outturn for the personal objective element.

While, consistent with the new Corporate Governance Code principles, the Committee already has discretion to over-ride any formulaic out-turn in specific cases, it felt that the overall position under the bonus and LTIP, with total variable pay of 6.33% of the maximum opportunity, to be appropriate and the Committee allowed the out-turn to stand without the exercise of discretion.

2019/20 implementation of our policy

The structure of our remuneration arrangements for 2019/20 will remain unchanged from that applied in 2018/19. As part of our Remuneration Policy approved at the 2017 AGM, under the Annual Bonus Plan we pre-committed to a TAR range of 4% to 10% for each of the three years within that policy cycle and similarly pre-committed to the LTIP targets.

For the year ending 31 March 2020, the average like-for-like salary increase will be 4.4% with all employees receiving a minimum increase of 2.5%. The Committee propose to increase Toby Courtauld's salary by 2.5% in line with that minimum level and Nick Sanderson's salary by 3.75% which is modestly below the average for employees generally.

Our Chairman

During the year, Richard Mully replaced Martin Scicluna as Chairman on an annual fee of £220,000 (compared with £246,000 for Martin).

The year ahead

As required by law, we shall be presenting our Remuneration Policy to the 2020 AGM for approval as part of the regular three-year cycle. The Committee notes that there have been some developments in terms of institutional shareholder guidelines and the adoption of a new Corporate Governance Code in 2018 and has updated its Terms of Reference accordingly. The Remuneration Committee receives regular updates on such developments and will review these developments, alongside our usual consideration of how well the current policy supports the Company's strategy, its objectives of attracting, retaining and motivating our executives and staff and how well it is aligned to the overall shareholder experience. This review process has already been started and is likely to progress into the Autumn with the Committee then engaging with our largest shareholders and their representative bodies as appropriate to consider their views. As part of this Policy review, we will also consider what additional steps may be appropriate to ensure that the spirit of the new Corporate Governance Code is included in our revised Policy and remuneration processes.

I hope you find this report clear and informative and I look forward to receiving your support for the resolution approving this report at the 2019 AGM.

Wendy Becker
Chairman of the Remuneration Committee
22 May 2019

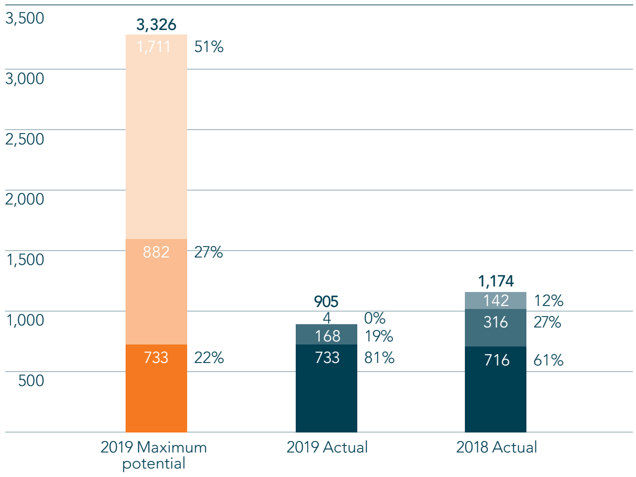
Directors' remuneration report continued

2018/19 Executive Directors' remuneration – at a glance

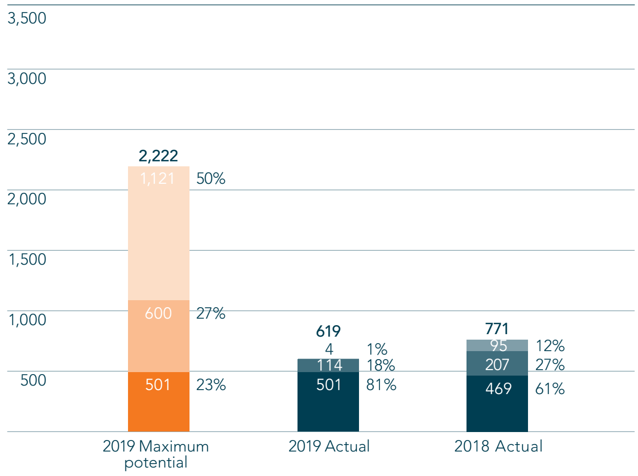
Please find below a summary of our remuneration and performance outcomes for the year ended 31 March 2019.

Single total remuneration figure £'000[1]

Toby Courtauld – Chief Executive



Nick Sanderson – Finance & Operations Director

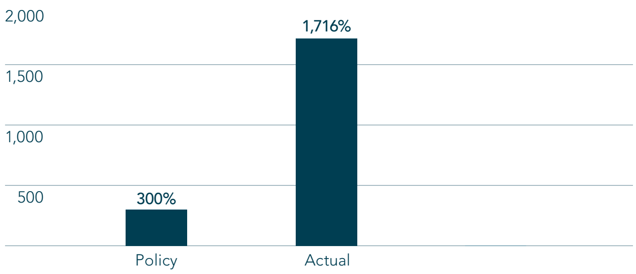


Salary, benefits and pension
Cash bonus
LTIP/SMP and SIP shares SMP dividend

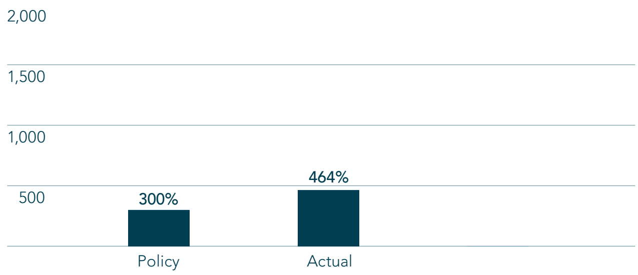
1. These figures contain estimates, see pages 117, 121 and 125.

Value of shareholding vs. shareholding policy (% of salary)[1]

Toby Courtauld – Chief Executive



Nick Sanderson – Finance & Operations Director



1. Value of shareholding as at 31 March 2019.

Total remuneration

Executive Directors	Salary £000	Benefits £000	Annual bonus £000	LTIP/SMP[1] £000	Pension £000	SIP £000	Total £000
Toby Courtauld	588	27	168	–	118	4	905
Nick Sanderson	400	21	114	–	80	4	619
Total	**988**	**48**	**282**	**–**	**198**	**8**	**1,524**

1. These figures contain estimates. See pages 117, 121 and 125.

› For more details see pages 121 to 125 of the Annual report on remuneration

Annual Bonus Plan

Bonus Plan Performance measures	Maximum % of salary	Threshold Target	Actual	% of maximum achieved	% of salary achieved
MSCI Capital Growth Index outperformance	75%	CGI: +0%	CGI: -8.7%	0%	0%
TAR	45%	TAR: +4%	TAR: +2.3%	0%	0%
Operational excellence	30%	See page 123 and 124	See page 123 and 124	Toby Courtauld – 95% Nick Sanderson – 95%	28.5% 28.5%

› For more details see pages 115 to 117 of the Annual Report on remuneration

2016 LTIP and SMP Awards – vesting in June 2019 (included in the year ended 31 March 2019 single figure)

LTIP/SMP measure	Target	Actual	% of maximum achieved
TSR to vesting in June 2019	Median to upper quartile	Estimated as at 31 March 2019 31st percentile	0%
NAV – three years to 31 March 2019	RPI plus 3%–9% p.a.	RPI minus 2.8% p.a.	0%
TPR – three years to 31 March 2019	Median to upper quartile	11th percentile	0%

› For more details see page 125 of the Annual report on remuneration

Annual report on remuneration

Statement of implementation of remuneration policy for the year ending 31 March 2020

Executive Directors

The remuneration policy and its implementation for the forthcoming financial year is summarised below:

Salary

	Year ending 31 March 2020 £000	Year ended 31 March 2019 £000	% increase
Toby Courtauld	603	588	2.5
Nick Sanderson	415	400	3.75

On 1 April 2019, both Toby Courtauld and Nick Sanderson received an increase in salary below the average awarded to employees. Toby Courtauld's increase reflected the base increase provided to employees across the group of 2.5% and Nick Sanderson's was slightly higher at 3.75% reflecting his success in taking on the widening of his role as announced last year. In reviewing the salaries of the Executive Directors, the Committee has also taken account of both the individuals' and Company's performance and the employment conditions and salary increases awarded to employees throughout the Company.

Benefits and pension

There has been no change in the benefits and pension provision for the Executive Directors:

	Pension contribution (% of salary) Year ending 31 March 2020	Pension contribution (% of salary) Year ended 31 March 2019	Benefits
Toby Courtauld	20%	20%	Policy Level
Nick Sanderson	20%	20%	Policy Level

None of the directors participate in the Group's defined benefit final salary pension plan, which was closed to new entrants in 2002.

Directors' remuneration report continued

Bonus for the year ending 2020

The target and maximum bonus potentials will remain unchanged at 75% and 150% of salary respectively for the Executive Directors. The table below sets out the performance measures and their respective weightings for the year ending 31 March 2020:

Performance measures	Weighting	Description
Capital Growth	50%	Growth of the Company's property portfolio against MSCI's relevant Capital Growth Index for the year to 31 March 2020 with 16.67% of this element payable at Index and 100% at Index + 2.5%.
Total Accounting Return[1]	30%	Growth of EPRA NAV plus dividends paid against target range of 4% (at which point 20% of this element is payable) – 10% (for the year to 31 March 2020).
Operational excellence[2]	20%	The approach to assessing the personal element of the bonus set for 2018/19 of more thematic objectives which permit a richer discussion of the level of achievement continues for 2019/20. The assessed out-turn, and details of their delivery against these objectives, will again be disclosed in next year's report.

1. Any dividends will be deducted from the base figure from the point of distribution (as it is not realistic to deliver growth after capital has been repaid to shareholders), except where reflected in some other way, such as through a share consolidation.
2. The Committee is of the opinion that, given the commercial sensitivity around GPE's business, disclosing precise individual targets for the Annual Bonus Plan in advance would not be in the best interests of shareholders or the Company. Objectives, performance achieved and awards made will be published at the end of the performance periods so shareholders can fully assess the basis for any payouts.

LTIP performance measures for the year ending 2020

The maximum potential for the 2019 LTIP is 300%.

The following performance measures apply to awards to be granted in 2019.

LTIP awards

Performance measure over three years	% of award	Vesting level			Start of measurement period
		20%	Straight-line vesting between these points	100%	
Total Accounting Return	33%	4% p.a.		10% p.a.	1 April prior to grant
TSR against constituents of FTSE 350 Real Estate Sector (excluding agencies)	33%	Median		Upper quartile	Grant date
Total Property Return against MSCI Total Property Return – central London index	33%	Index		Index + 1.5% p.a.	1 April prior to grant

Following the vesting of the awards after the three-year performance period, the 2019 Awards will be subject to a two-year holding period awards, whereby participants will not be permitted to sell any vested shares until the fifth anniversary of grant (save to meet any tax liabilities). The holding period will generally continue to operate post cessation of employment.

Non-Executive Directors

The following table sets out the fee rates for the Non-Executive Directors, which apply from 1 April 2019.

Non-Executive Directors' annual fees for the year ending 31 March 2020

	Base fee £	Senior Independent Director £	Audit Committee £	Remuneration Committee £	Nomination Committee £	Total fees £
Richard Mully	220,000	–	–	–	–	220,000
Charles Philipps	55,000	10,000	5,000	5,000	3,350	78,350
Wendy Becker	55,000	–	5,000	12,500	3,350	75,850
Nick Hampton	55,000	–	12,500	–	3,350	70,850
Alison Rose	55,000	–	5,000	5,000	3,350	68,350

The new Chairman's fee was set at a lower rate than the previous Chairman (£220,000 as compared with £246,000).

Fee levels for the Non-Executive Directors are assessed having regard to individual responsibility and fees paid to Non-Executive Directors in the wider FTSE 250 and, this year, also reflect the decision to spread the additional responsibility of employee engagement across all the Non-Executive Directors. In addition, the Senior Independent Director and Committee Chairmanship fees have been increased for the first time since 2014.

Annual report on remuneration

This section of the Remuneration report contains details of how the Company's remuneration policy for directors was implemented during the financial year ended 31 March 2019.

Audited

	Salary/fees		Benefits		Annual bonus		LTIP/SMP		Pension allowance/ Contribution[3]		Share Incentive Plan[4]		Total[5]	
	2019 £000	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018[1,2] £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000
Executive														
Toby Courtauld	**588**	574	**27**	27	**168**	316	**–**	138	**118**	115	**4**	4	**905**	1,174
Nick Sanderson	**400**	376	**21**	18	**114**	207	**–**	91	**80**	75	**4**	4	**619**	771
Non-Executive														
Martin Scicluna[7]	**205**	240	**2**	3	**–**	–	**–**	–	**–**	–	**–**	–	**207**	243
Richard Mully[7]	**92**	64	**2**	1	**–**	–	**–**	–	**–**	–	**–**	–	**94**	65
Charles Philipps[8]	**70**	64	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**70**	64
Wendy Becker	**71**	68	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**71**	68
Nick Hampton[9]	**66**	69	**–**	2	**–**	–	**–**	–	**–**	–	**–**	–	**66**	71
Alison Rose[10]	**60**	–	**–**	–	**–**	–	–	**–**	**–**	–	**–**	–	**60**	–
Jonathan Short[11]	**17**	66	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**17**	66
Elizabeth Holden[11]	**–**	17	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	17
Total	**1,569**	1,538	**52**	51	**282**	523	**–**	229	**198**	190	**8**	8	**2,109**	2,539

1. This column includes the value of 2015 LTIP and SMP awards that vested in the year ended 31 March 2019, calculated at the mid-market share price on the date of vesting on 21 June 2018, together with the value of dividend equivalents paid in cash in respect of the vested SMP shares held over the three-year period.
2. The numbers disclosed in the 2018 Annual Report were based on an estimated level of TSR performance. For Toby Courtauld and Nick Sanderson the estimated TSR vesting level of their LTIP and SMP awards vesting in June 2018 was 0% and the actual vesting was 0%. The estimated share price for their LTIP award and Toby Courtauld's SMP award vesting in June 2018 was £6.53 per share and the actual share price was £7.13 per share.
3. Toby Courtauld and Nick Sanderson receive a pension allowance of 20% of their basic salary.
4. This column shows the value of the matching shares awarded under the Employee Share Incentive Plan and calculated using the share price on the date the shares were purchased.
5. This column sets out a single figure for the total remuneration due to the directors for the year ended 31 March.
6. The aggregate emoluments (being salary/fees, bonus, benefits and cash allowances in lieu of pension) of all directors for the year ended 31 March 2019 was £2,101,000 (2018: £2,302,000).
7. Martin Scicluna retired from the Board on 31 January 2019 and Richard Mully was appointed Chairman on 1 February 2019.
8. Charles Philipps became a member of the Remuneration Committee on 1 May 2018.
9. Nick Hampton stepped down from the Remuneration Committee on 1 May 2018.
10. Alison Rose became a member of the Audit, Nomination and Remuneration Committees on 1 September 2018.
11. Jonathan Short retired from the Board at the 2018 AGM and Elizabeth Holden retired from the Board at the 2017 AGM.

Executive Director remuneration from other roles

Executive Directors are able to accept external Board appointments with consent of the Board. Any fees received by an Executive Director for such an external appointment can be retained by an individual. Toby Courtauld is a Non-Executive Director of Liv-ex Limited, for which he received no remuneration during the year. He also received no remuneration for serving as a director of the New West End Company.

Taxable benefits

Benefits principally comprise life insurance, health insurance, private healthcare subscriptions, travel expenses and membership subscriptions. No individual benefit provided has a value which is significant enough to warrant separate disclosure. Unlike many property companies, Executive Directors are not provided with a company car or a company car allowance.

Directors’ remuneration report continued

2019 Bonus outcome

The financial targets for the bonus for the year ended 31 March 2019, and the extent to which they were achieved, are set out in the table below. The Committee did not exercise their discretion in respect of any of the performance measures.

Maximum percentage of salary	Key elements of strategy	Measured by	Threshold performance target	Maximum performance target (100% payout)	Actual performance achieved	Actual performance level as a percentage of maximum	Bonus receivable (£000) Toby Courtauld	Bonus receivable (£000) Nick Sanderson
75%	Market competitiveness	Growth of the Company’s property portfolio against MSCI’s relevant Capital Growth Index (for the year to 31 March 2019) – on a stepped basis[1]	Annual percentage rate of portfolio capital growth to meet annual percentage rate of capital growth of the central London MSCI index[1]	Annual percentage rate of portfolio capital growth to exceed annual percentage rate of capital growth of the central London MSCI index by 2.5%	CGI: -8.7%	0%	–	–
45%	Absolute performance	Achievement of TAR targets (for the year to 31 March 2019) – on a straight-line basis	TAR: +4% (at which point 20% is payable)	TAR: +10%	TAR: +2.3%	0%	–	–
30%	Operational excellence	Achievement against personal objectives (for the year to 31 March 2019)	Partial achievement of personal objectives	Exceeding personal objectives	See pages 123 and 124	Toby Courtauld 95% Nick Sanderson 95%	168	114
						Total	**168**	**114**

1. MSCI Capital Growth Index	% payable
CGI < 0%	0%
CGI + 0% to 0.49%	16.67%
CGI + 0.5% to 0.99%	33.34%
CGI + 1% to 1.49%	50%
CGI + 1.5% to 1.99%	66.67%
CGI + 2% to 2.49%	83.34%
CGI + 2.5% and above	100%

The Executive Directors' personal objectives, approved by the Remuneration Committee, are designed to focus on the delivery of the strategic priorities and the successful management of risk for both 2018/19 and the longer term. Following consideration of achievement against the Executive Directors' personal objectives set at the beginning of the year as listed below, the Committee has awarded Toby Courtauld and Nick Sanderson 95% of the full potential bonus for Operational Excellence. While not a measure under this element, the significant achievements in positioning the Company are evidenced by the 14% TSR achieved over the year.

Significant personal objectives for each of the Executive Directors, which have been set out consistent with the new approach for setting objectives, included:

Toby Courtauld

	Weighting	Percentage award	Objective	Achievement
Strategy	**33.3%**	**33.3%**	Creation and implementation of corporate strategy. Consider the balance of income versus capital return in the context of London's Property cycle.	Led and delivered annual strategy review process, considering numerous strategic options available to the group in the context of various potential outcomes from this period of intense economic and political uncertainty. Re-asserted our strategic 'Givens' leading to a successful sales programme and portfolio positioning as further explained below enabling further returns of surplus equity capital to shareholders of £200 million through the share buyback. Resultant leverage still at or near lowest level across UK REIT universe. Resultant development pipeline is at or near highest percentage across UK REIT universe. GPE strategy and balance sheet positioned to take advantage of multiple economic outcomes.
			Exemplary communication of strategy to all stakeholders and lead GPE's IR programme.	Led and delivered wide-ranging IR and communication strategy. Voted no. 1 property company in Management Today's Britain's Most Admired Companies for third year running. No.11 in UK across all sectors. Voted no. 2 Best Investor Relations Programme in European Real Estate in Institutional Investor Award for second year running. Voted no. 3 Best European Real Estate CEO at same awards, a top 3 ranking for the seventh consecutive year.
Portfolio Positioning	**33.3%**	**33.3%**	Creation and implementation of property strategy and business plan.	Portfolio positioned to take advantage of multiple market outcomes. Five-year net sales campaign largely concluded. £349 million (15% of portfolio) sold broadly in line with book value during the year, including 160 Great Portland Street crystallising an overall surplus of 101%. Three new development projects commenced at Hanover Square, Oxford House, Oxford Street and Whitechapel. £12.8 million of rent secured in pre-lets across 111,100 sq ft at Hanover Square, 5.7% ahead of ERV and taking the scheme to 48% pre-let. Strong portfolio management including £24.5 million of new rent from lettings with market deals 6.9% ahead of ERV. New flex office product successfully trialed and now being rolled out. Co-working JV signed with specialist operator. Total space operating at 87,600 sq ft with programme expanding to 211,900 sq ft over next few months. Maintained disciplined approach to acquisitions, preferring to invest internally for better risk adjusted returns.
			Lead and progress disruption project.	Successfully trialed flex office product which is now part of GPE's range of offerings. Restructured as project developed to incorporate amenity strategy and data strategy. Launched research programme built around European Think Tank.
Team, culture and behaviour	**33.4%**	**28.4%**	Ensure and foster a positive, creative culture built around a strong team ethic.	Corporate Purpose and Values successfully launched. New social value and community strategy launched. Exceptional Community Day delivered with staff engagement remaining high. GPE Wellbeing programme launched. Bright ideas initiative launched. Creation of new Head of Occupier Services role. Mentoring programming ongoing. National Equality Standard Assessment undertaken.

Directors' remuneration report continued

Nick Sanderson

	Weighting	Percentage award	Objective	Achievement
Strategy	**33.3%**	**33.3%**	Assist in setting and delivery of corporate strategy.	Led Board debate and execution of share buyback of up to £200 million.
			Maintain low cost, flexible and conservative debt structure.	New £450 million corporate revolving credit facility, redemption of £150 million convertible bond and draw down of £100 million new USPP notes. GPE voted European REIT borrower of year in Real Estate Capital awards, with one of lowest cost debt books in sector – weighted average interest rate of 2.7% and weighted average debt maturity of 6.4 years.
			Transparent and proactive communication of strategy to shareholders and other stakeholders.	Voted no.2 Investors Relations Programme team and no.2 CFO in European real estate (small/midcap) in Institutional Investor awards, and no. 3 IR team in European real estate in Extel survey. GPE shortlisted for best annual report in FTSE 250 in ICSA awards and voted in top 3 in FTSE 350 for strategic reporting in PwC Building Public Trust awards. Maintained programme of meeting GPE's top occupiers.
			Maintain focus on efficient operations and risk management to support strategy.	Lowest financial leverage of any FTSE 350 real estate company – LTV of 8.7%. Continued robust occupier credit underwriting to ensure minimal delinquencies with rent collection rates maintained at record levels (>99.0% within seven working days). Enhanced IT team capability, governance and reporting, along with delivery of key initiatives (cyber risk measures, disaster recovery upgrade and launch of GPE intranet). Proactive health and safety culture enhanced with increased team resourcing.
Portfolio Positioning	**33.3%**	**33.3%**	Driving sustainability initiatives.	New community strategy ('Creating sustainable relationships') launched and inaugural Community Day held. Relaunched our sustainable development brief. Continued success in sustainability and ESG reporting, with GPE no.1 ranked UK listed property company in GRESB.
			Joint ventures management.	Excellent relationships maintained with all JV partners and good progress made in delivering business plan, including lettings in GRP and pre-lettings in GHS.
Team, culture and behaviour	**33.4%**	**28.4%**	Continue to develop and motivate finance and other central function teams.	Appointment of new Head of IT and new Head of HR (both internal promotions evidencing robust succession plans and development programmes in place). Creation of new Head of Occupier Services role. Enhanced resourcing for Financial Analysis & Management Information and Health & Safety teams.
			Wider development of GPE Team.	Development and launch of GPE Corporate Purpose and Values. Launch of GPE wellbeing programme for employees and National Equality Standard assessment undertaken. Continued focus on employee engagement (including Bright Ideas initiative) and talent development.

Anticipated vesting of 2016 LTIP/SMP awards

The tables below set out the alignment of LTIP/SMP awards with Company strategy and the anticipated vesting for those awards in June 2019, together with indicative payouts for the Executive Directors. The anticipated value of these awards at vesting reflects the disclosure in the single figure table on page 121.

Long-Term Incentive Plans

Anticipated vesting of LTIP and SMP awards granted in the year ended 31 March 2017 – vesting in the year ending 31 March 2020 included in the 2019 single figure.

Key elements of strategy	Variable component	Maximum percentage of salary	Measured by	Threshold performance target (20%)	Maximum performance target (100%)	Estimated performance	Estimated vesting level as at 31 March 2019 as a percentage of maximum by vesting date[1]
Shareholder value	LTIP	66.66%	Total shareholder return (based on a three-year performance period)	Median	Upper quartile	31st percentile	June 2019 0%
	SMP	33.33%				31st percentile	June 2019 0%
Absolute performance	LTIP	66.66%	Growth in the Group's net assets per share (based on a three-year performance period)	RPI plus 3% p.a.	The Group's growth in net assets to exceed RPI plus 9% p.a.	RPI minus 2.8% p.a.	June 2019 0%
	SMP	33.33%					
Portfolio performance	LTIP	66.66%	Total property return (based on a three-year performance period)	Median	Upper quartile	11th percentile	June 2019 0%
	SMP	33.33%					

1. Toby Courtauld and Nick Sanderson's 2016 LTIP and SMP awards are due to vest on 19 June 2019. For the NAV and TPR targets, the performance period for the 2016 awards is the three-year period to 31 March 2019. For the TSR element, the vesting period is the three years from the award date.

Directors' remuneration report continued

Actual vesting of LTIP and SMP awards granted in year ended 31 March 2016 – vested in the year ended 31 March 2019 included in the 2018 single figure[1]

Key elements of strategy	Variable component	Maximum percentage of salary	Measured by	Threshold performance target (20%)	Maximum performance target (100%)	Actual performance	Actual vesting level as at 31 March 2018 as a percentage of maximum by vesting date[1]
Shareholder value	LTIP	66.66%	Total shareholder return (based on a three-year performance period)	Median	75th percentile	June 2018 21st percentile	June 2018 0%
	SMP	33.33%					
Absolute performance	LTIP	66.66%	Growth in the Group's net assets per share (based on a three-year performance period)	RPI plus 3% p.a.	The Group's growth in net assets to exceed RPI plus 9% p.a.	RPI plus 10%	June 2018 29%
	SMP	33.33%					
Portfolio performance	LTIP	66.66%	Total property return (based on a three-year performance period)	Median	75th percentile	June 2018 18th percentile	0%
	SMP	33.33%					

1. The numbers disclosed in the 2018 Annual Report were based on an estimated level of TSR performance. For Toby Courtauld and Nick Sanderson the estimated TSR vesting level of their LTIP and SMP awards vesting in June 2018 was 0% and the actual vesting was 0%. The estimated share price for their LTIP and SMP awards vesting in June 2018 was £6.53 per share and the actual share price was £7.13 per share.

The value of actual LTIP and SMP awards vesting versus estimated numbers included in the 2018 Annual Report are as follows:

	2018 Actual £000s	2018 Estimated £000s
Toby Courtauld	138	127
Nick Sanderson	91	83

The aggregate gain to all directors from share awards that vested during the year to 31 March 2019 was £229,061.

Other unvested share awards

The following tables provide details of other outstanding share awards under the 2010 Plan. Performance measures applying to these awards are as proposed for the 2019 LTIP as outlined on page 120.

Executive Director	2010 Plan	Date of grant	Basis of award	Face value of award made £000	Number of awards[1]	Percentage of award receivable for threshold performance	End of performance period	Performance measures
Toby Courtauld	LTIP	7 July 2017	300% of salary	1,722	295,079	20%	7 July 2020	Total Shareholder Return – 33.33%
	LTIP	4 June 2018	300% of salary	1,765	254,848	20%	4 June 2021	
Nick Sanderson	LTIP	7 July 2017	300% of salary	1,128	193,293	20%	7 July 2020	Total Property Return – 33.33%
	LTIP	4 June 2018	300% of salary	1,200	173,225	20%	4 June 2021	
								TAR Target – 33.33%

1. For the 2017 and 2018 LTIP award, the face value is calculated on the five-day average share price prior to the date of the LTIP award. For the 2017 LTIP, this was up to and including 6 July 2017, being £5.84. For the 2018 LTIP, this was up to and including 1 June 2018, being £6.93.

Payments to past directors

No payments to past directors were made during the year.

Payments for loss of office

No payments were made to directors during the year for loss of office.

Statement of Executive Directors' shareholding and share interests

Directors' share interests and, where applicable, achievement of shareholding requirements is set out below:

	Shareholding							Shares subject to Performance Conditions 2010 Plan awards		
Director	Shares required to be held (% salary)	Number of shares required to hold[1]	Number of beneficially owned shares[2,3]	Shareholding requirement met[4]	SIP Matching shares subject to forfeiture	**Total interests held at 31 March 2019**	Total interests held at 31 March 2018	LTIP	SMP[3]	**Total interests held at 31 March 2019**
Toby Courtauld	300%	236,145	1,350,717	Yes – 1,716%	1,458	**1,352,175**	1,341,209	701,175	75,624	**2,128,974**
Nick Sanderson	300%	160,643	248,503	Yes – 464%	1,457	**249,960**	242,491	465,593	49,536	**765,089**

1. For Toby Courtauld and Nick Sanderson, the holdings are calculated based on share price at 31 March 2019 of £7.47.
2. Beneficial interests include shares held directly or indirectly by connected persons.
3. In April 2019, the Executive Directors each acquired 20 Partnership shares and 40 conditional Matching shares under the SIP. In addition, under the SIP, 33 Matching shares vested to each of Toby Courtauld and Nick Sanderson.
4. Executive Directors are expected to retain the after-tax shares received on the vesting of awards, until they have acquired the necessary shares to meet their shareholding requirement.

Non-Executive Directors' shareholding

	31 March 2019[1]	31 March 2018[2]
Martin Scicluna	**7,072**	7,072
Richard Mully	**16,379**	16,379
Charles Philipps	**4,094**	4,094
Wendy Becker	**8,277**	8,277
Nick Hampton	**3,793**	1,293
Alison Rose	**–**	–
Jonathan Short	**11,019**	13,455

1. 31 March 2019 or as at the date of leaving.
2. 31 March 2018 or as at date of appointment.

There were no changes in the shareholdings of the Non-Executive Directors in office as at 31 March 2019 between 1 April 2019 and 21 May 2019.

Non-Executive Directors' annual fees for the year ended 31 March 2019

	Base fee £	Senior Independent Director £	Audit Committee £	Remuneration Committee £	Nomination Committee £	Total fees £
Martin Scicluna[1]	205,000	–	–	–	–	205,000
Richard Mully[2]	80,416	–	4,167	4,167	2,792	91,542
Charles Philipps[3]	52,500	5,000	5,000	4,583	3,350	70,433
Wendy Becker	52,500	–	5,000	10,000	3,350	70,850
Nick Hampton[4]	52,500	–	10,000	430	3,350	66,280
Alison Rose[5]	52,008	–	2,917	2,917	2,179	60,021
Jonathan Short[6]	13,845	–	1,318	1,318	883	17,364

1. Martin Scicluna retired from the Board on 31 January 2019.
2. Richard Mully became Chairman of the Board on 1 February 2019.
3. Charles Philipps became a member of the Remuneration Committee on 1 May 2018.
4. Nick Hampton stepped down from the Remuneration Committee on 1 May 2018.
5. Alison Rose became a member of the Audit, Nomination and Remuneration Committees on 1 September 2018.
6. Jonathan Short stepped down from the Board on 5 July 2018.

Directors' remuneration report continued

Unaudited

Ten-year Chief Executive remuneration package

The table below shows the Chief Executive's remuneration package over the past ten years, together with incentive pay-out/vesting as compared to the maximum opportunity.

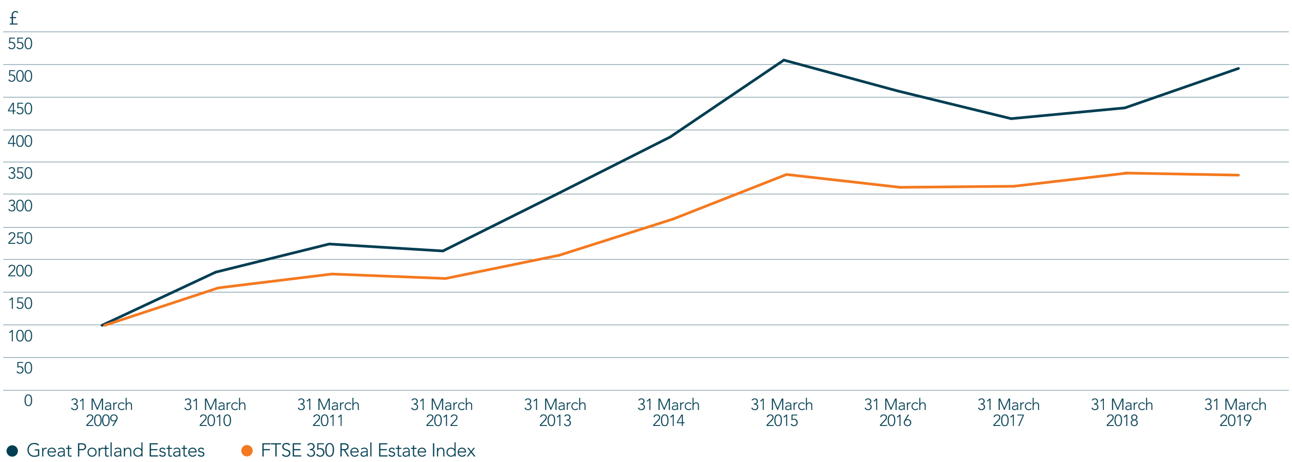
	2010	2011	2012	2013[1]	2014	2015	2016	2017	2018	**2019**
Single figure of total remuneration (£000)	1,326	2,087	2,910	4,924	3,409	3,689	2,650	1,402	1,174	**905**
Bonus pay-out as % of maximum opportunity	75%	100%	70%	92%	100%	48%	100%	20%	37%	**19%**
Long-term incentive vesting rates (as % of maximum opportunity)	88%	50%	100%	95%	86%	81%	58%	33%	10%	**0%**

1. Includes a one-off SMP award made in 2010 of 100% of salary.

Performance graph

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

Total shareholder return over ten years



Employee Share Trust

Upon vesting, shares to satisfy awards under the 2010 Plan are transferred out of the Great Portland Estates plc LTIP Employee Share Trust (the 'Trust'), a discretionary trust established to facilitate the operation of the Company's share plans. The shares to satisfy vested awards have been purchased by the Trustees of the Trust in the open market. The number of shares held by the Trust as at 31 March 2019 was 1,109,303.

Dilution

The Company currently funds the Trustee to purchase all of the shares required to satisfy awards under the Company's share incentive plans and no shares have been issued to satisfy any grants made in the last ten years. However, if the Company decided to issue new shares to meet these awards, the Company would operate all of its share incentive arrangements within The Investment Association (IA) Guidelines on dilution. The following table sets out the level of dilution against the IA limits for all share plans and discretionary plans in respect of the outstanding awards should the Company issue shares rather than use purchased shares held in Trust.

Maximum	As at 31 March 2019[1]
10% dilution in ten years (All Plans)	1.33%
5% dilution in ten years (Discretionary Plans)	1.30%

1. This figure shows the number of shares required to satisfy all outstanding awards as at 31 March 2019 as a percentage of the Company's issued share capital were these to be satisfied by the issue of new shares. This does not include vested awards that have been satisfied using market purchased shares.

Percentage change in Chief Executive's remuneration

The table below compares the percentage increase in the Chief Executive's pay (including salary, taxable benefits and annual bonus) with the increase for the wider employee population. The Company considers all employees to be an appropriate comparator group.

	Chief Executive (£000)			Total employee pay (£000)			Average number of employees			Average employee pay (£000)		
	2019	2018	% change[1]	**2019**	2018	% change[1]	**2019**	2018	% change	**2019**	2018	% change
Base salary	**588**	574	2.4	**9,515**	9,119	4.3	**104**	105	(1.0)	**91**	87	4.8
Taxable benefits	**27**	27	0.0	**507**	536	(5.5)	**104**	105	(1.0)	**5**	5	–
Bonus	**168**	316	(46.8)	**2,418**	3,007	(19.6)	**104**	105	(1.0)	**23**	29	(20.7)
Total	**783**	917	(14.6)	**12,440**	12,662	(1.8)	**104**	105	(1.0)	**119**	121	(1.7)

1. The difference in % change in the Chief Executive's bonus compared to employees is due to employees below the Executive Committee having a smaller proportion of their bonus based on corporate performance measures. The bonus split for the Chief Executive, Finance Director and Executive Committee members is 50/30/20 TPR/TAR/personal objectives. The employee bonus split (excluding the Executive Directors and Executive Committee members) is either 21/12.3/66.7 or 31.25/18.75/50 TPR/TAR/personal objectives respectively.

Chief Executive Ratio

Although the Company has less than 250 employees and is not, therefore, subject to any legal requirement to include such ratios, the Committee considers inclusion of the ratio to be reflective of best practice and includes this on a voluntary basis. The Committee notes the general preference of institutional shareholders for companies to use statutory Method A and prepared the calculations on that basis. However, for a company with a relatively small number of employees (107 as at 31 March 2019), the ratios can be unduly impacted by joiners and leavers who may not participate in the full suite of remuneration arrangements in the year of joining or leaving. Accordingly, the Committee modified the statutory basis to exclude any employee not employed throughout the financial year. In all other respects, Method A was followed so the following tables refer to Modified Method A being adopted.

The Company believes that a bias in senior executive pay to variable pay is the most appropriate means of both incentivising the executives and aligning them with shareholders. During the year, variable pay was low and, therefore, the ratios are lower than may be the case in subsequent years. For example, at on target performance the median ratio will be 15.9:1.

Ratio of the pay of the Group Chief Executive to that of the UK lower quartile, median and upper quartile employees

		Pay ratio		
Year	Method	25th percentile	50th percentile (median)	75th percentile
31 March 2019	Modified Method A	14.2:1	9.3:1	5.7:1

Directors' remuneration report continued

Additional information on the ratio of the pay of the Group Chief Executive to that of employees

- Employee pay data is based on full time equivalent pay for UK employees as at 31 March 2019. For each employee, total pay is calculated in line with the single figure methodology (i.e. fixed pay accrued during the financial year and the value of performance-based incentive awards vesting in relation to the performance year).
- Employee pay data excludes leavers, joiners and employee transfers in our out of the UK during the year, to help ensure data is on a like-for-like basis, and data for life assurance and long-term illness cover are based on the value of notional premia. No other calculation adjustments or assumptions have been made.
- CEO pay is as per the single total figure of remuneration for 2019, as disclosed on page 121.
- The 2019 ratio will be restated in the 2020 Directors' remuneration report to take account of the final LTIP vesting data for eligible employees and for the CEO.
- The Committee has considered the pay data for the three individuals identified for 2019 and believes that it fairly reflects pay at the relevant quartiles among the UK employee population. Each of the individuals identified was a full-time employee during the year and received remuneration in line with the Group remuneration policy.

Salary and total remuneration used to calculate the ratio of pay

To provide further context, the table below shows the CEO and the employee percentile pay used to determine the 2019 pay ratios:

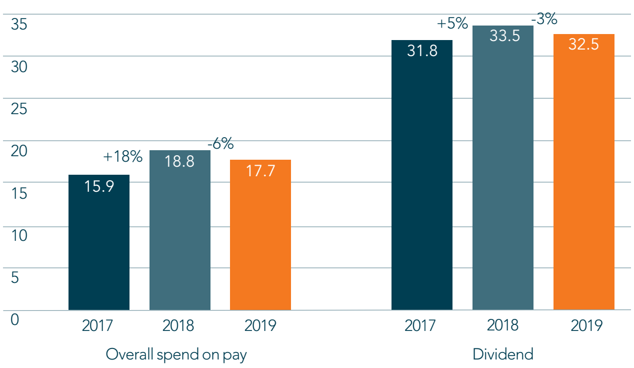
	CEO £000	25th percentile £000	50th percentile (median) £000	75th percentile £000
Total salary	**588**	**43**	**70**	**103**
Total remuneration (single figure)	**905**	**64**	**97**	**158**

Our long-term incentive plan is intended to link total remuneration to the achievement of the Group's long-term strategy and to reinforce alignment between executive remuneration and shareholder interests. Therefore, participation is typically senior employees who have line of sight to influence directly the performance targets on the awards. The lower quartile, median and upper quartile employees identified this year are not participants in the long-term incentive plan. With a significant proportion of the pay of our Group Chief Executive linked to performance and share price over the longer term, it is expected that the ratio will depend materially on long-term incentive outcomes each year, and accordingly may fluctuate.

Relative importance of spend on pay

The table below sets out the relative importance of spend on pay in 2017, 2018 and 2019:

Relative importance of spend on pay £m



Consideration by the directors of matters relating to directors' remuneration

Remuneration Committee Advisers

The Committee is satisfied that the advice received from FIT Rem is independent and objective as FIT Rem complies with the Code of Conduct for Remuneration Consultants (which can be found at **www.remunerationconsultantsgroup.com**) and provides no other advice to the Group. FIT Rem's fees for the year to 31 March 2019 were £46,726 which is charged on its normal terms.

Independent and objective performance certificates are provided to the Remuneration Committee by:

– Deloitte on measurement of NAV performance targets for the LTIP and SMP awards. Fees paid to Deloitte in respect of this were £2,300. Deloitte are appointed by the Company as its auditor. Total fees paid to Deloitte are shown on page 159;
– Aon Hewitt on measurement of TSR performance targets for the LTIP and SMP awards together with IFRS 2 calculations. Fees paid to Aon Hewitt in respect of this were £14,400. Aon Hewitt also provides benchmarking services to the Group, fees paid in relation to this total £5,800; and
– Morgan Stanley Capital International (MSCI) on measurement against its property benchmark, for the Executive and Employee Annual Bonus Plan and measurement of TPR performance targets for the LTIP and SMP awards as part of its MSCI membership. Fees paid in relation to this membership total £54,426.

Statement of voting at the Annual General Meeting

The following table shows the results of:

– the binding vote on the Directors' remuneration policy commencing from the 6 July 2017 Annual General Meeting; and
– the advisory vote on the remuneration report at the 5 July 2018 Annual General Meeting.

As noted in the Policy report, it is the Remuneration Committee's policy to consult with major shareholders prior to any major changes to its Executive remuneration.

	For	Against	Abstentions
Directors' remuneration policy	259,839,425 (96.48%)	7,669,753 (2.85%)	1,808,378 (0.67%)
2018 Remuneration report	229,023,845 (97.69%)	3,873,806 (1.65%)	1,568,573 (0.66%)

The Committee believes that this strong level of support demonstrates that there are no shareholder concerns in respect of the Company's current remuneration policy and its operation.

This report will be submitted to shareholders for approval at the Annual General Meeting to be held on 4 July 2019. Approved by the Board on 22 May 2019 and signed on its behalf by:

Wendy Becker
Chairman of the Remuneration Committee
22 May 2019

Directors' remuneration report continued

Directors' remuneration policy

This section of the Remuneration report contains details of the Directors' remuneration policy that will govern the Company's future remuneration payments.

The policy below sets out the remuneration policy approved by shareholders at the 2017 Annual General Meeting except for minor consequential amendments and that the scenario charts on page 142 and dates have been updated throughout the policy for ease of reference. The policy part of the Remuneration report is displayed on the Company's website, at **www.gpe.co.uk/about-us/governance**

Executive Director remuneration

Purpose and link to strategy		Operation and process
Fixed remuneration	**Base salary** To provide a market competitive salary which takes into account individual responsibilities and attracts and retains talent in the labour market in which the Executive is employed.	Reviewed by the Committee at least annually and assessed having regard to Company performance, individual responsibilities, inflation, as well as salary levels in comparable organisations (particularly within the listed property sector) and taking account of salary policy within the rest of the Group.
	Benefits To provide cost-effective benefits that are valued by the recipient and are appropriately competitive.	Benefits principally comprise life insurance, health insurance, private healthcare subscriptions, travel expenses and membership subscriptions. A company car or company car allowance may be provided although it is not the Company's current practice to provide either to current Executive Directors. Other benefits may be introduced from time to time to ensure the benefits package is appropriately competitive and reflects individual circumstances. Benefits are reviewed annually and their value is not pensionable.
	Pension To provide a framework to save for retirement that is appropriately competitive.	All Executive Directors receive a contribution to their personal pension plan and/or receive a cash equivalent. This cash equivalent is not treated as salary for the purposes of determining bonus or incentive awards.

The Company's policy is to provide remuneration packages that fairly reward the Executive Directors for the contribution they have made to the business and to ensure that the packages are appropriately competitive to promote the long-term success of the Company. The policy is to align the directors' interests with those of shareholders and to incentivise the directors to meet the Company's financial and strategic priorities by making a significant proportion of remuneration performance related. The Company's strategic objectives are set out in the Strategic Report on pages 1 to 88.

The Committee is satisfied that the remuneration policy outlined in the table below is in the best interests of shareholders, does not raise any environmental, social or governance issues and does not promote excessive risk-taking:

<table>
<tr><th>Maximum opportunity</th><th>Performance metrics</th></tr>
<tr><td>Base salary increases will be in applied in line with the outcome of the review.
In the normal course of events, increases in the base salaries will not exceed the average increase for employees. Increases may be made above this level to take account of market alignment to around mid-market levels of comparable organisations (particularly within the listed property sector) and individual circumstances such as:
– increase in scope and responsibility; and
– to reflect the individual's development and performance in the role (e.g. for a new appointment where base salary may be increased over time rather than set directly at the level of the previous incumbent or market level).
The Committee is, however, mindful of the need to treat comparisons with caution to avoid an upward ratchet of remuneration levels.
The salary maximum will be £650,000 (as increased by RPI from adoption of this policy).</td><td>Individual and Company performances are considerations in setting base salary.</td></tr>
<tr><td>Set at a level which the Committee considers:
– appropriately positioned against comparable roles in companies of a similar size and complexity (particularly within the listed property sector); and
– provides a sufficient level of benefit based on the role or an individual's circumstances such as relocation.
Benefit values vary year on year depending on premiums and, therefore, the maximum value is the cost of the provision of these benefits. However, the aggregate value of contractual and non-contractual benefits received by each Executive Director (based on the value included in the individual's annual P11D tax calculation) shall not exceed £100,000 p.a. (with this maximum increasing annually at the rate of RPI from 1 April 2014).</td><td>Not applicable.</td></tr>
<tr><td>The contribution is a maximum of 20%.
The current Executive Directors as at 1 April 2019 receive a contribution or cash equivalent equal to 20% of base salary.</td><td>Not applicable.</td></tr>
</table>

Directors' remuneration report continued

Purpose and link to strategy		Operation and process
Variable remuneration	**Annual Bonus Plan** Links reward to the annual performance targets, which are set at the beginning of the financial year in line with the Company's strategy. Ensures an alignment between the operation of the Company's remuneration policy and financial measures whilst also ensuring additional operational measures are targeted to encourage a holistic approach to performance.	The Annual Bonus Plan is reviewed annually at the start of the financial year to ensure bonus opportunity, performance measures and weightings are appropriate and continue to support the Company's strategy. The bonus is paid in cash following the end of the financial year. Subject to clawback and malus provisions in situations of personal misconduct and/or where accounts or information relevant to performance are shown to be materially wrong and the bonus paid was higher than should have been the case. The target bonus is 75% of base salary. Threshold bonus is not more than 30% of base salary with 0% payable if the threshold is not met.
Performance shares under the Long-Term Incentive Plan (LTIP)	Rewards and retains Executives aligning them with shareholder interests over a longer timeframe. Ensures an alignment between the operation of the Company's remuneration policy and the Company's KPIs of achieving sustained NAV growth, above benchmark total property returns and superior shareholder returns.	The 2010 Plan was approved by shareholders in July 2010 and changes were approved by shareholders at the 2017 AGM to permit the LTIP to operate as a sole long-term incentive arrangement going forward in line with developments in best practice. **LTIP** Participants are eligible to receive a conditional annual allocation of shares or nil price options (Performance shares). **General terms** Awards may be adjusted to reflect the impact of any variation of share capital. An award may, at the discretion of the Committee, include the right to receive cash or shares on vesting equal in value to the dividends payable on such number of shares subject to the award which vest, for the period between grant and vesting. A two-year post-vesting holding period will apply to the net of tax number of awards for future awards. Awards will typically be structured as nil cost options exercisable from the end of any applicable holding period. Subject to clawback and malus provisions, for all employees in situations of personal misconduct and/or where accounts or information relevant to performance are shown to be materially wrong and vesting was higher than should have been the case, for malus only, where there are sufficiently exceptional circumstances which impact the reputation of the Company. The threshold vesting is 20% of awards with straight-line vesting to 100% for maximum performance. Awards under the LTIP may be adjusted to reflect the impact of any variation of share capital. **Quantum** The Committee reviews the quantum of awards annually.

Maximum opportunity	Performance metrics
The maximum bonus is 150% of base salary.	At least 75% of the bonus will be linked to key financial measures, with the balance linked to personal or strategic objectives. The performance metrics are set by the Committee each year. The performance period for the Annual Bonus Plan targets is linked to the Company's financial year. The Committee retains the ability to adjust the targets and/or set different measures if events occur which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy. Further details on the measures for the financial year 2019/20 are set out in the Annual report on remuneration on page 120.
LTIP Up to 300% of salary.	Performance is assessed over not less than a three-year performance period against relevant shareholder value, financial and property related metrics (e.g. TSR, NAV or TAR growth and TPR). The performance metrics are set by the Remuneration Committee each year based on the strategic priorities of the business at that time, but no less than 50% will be assessed against a relative measure. The Committee retains the ability to adjust the targets and/or set different measures if events occur which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy. Further details on the measures for 2019/20 are set out in the Annual report on remuneration on page 120.

Directors' remuneration report continued

Purpose and link to strategy		Operation and process
All-employee share plans	Encourages Executive Directors and employees to acquire shares in order to increase the alignment of interests with shareholders over the longer term.	The Company operates a Share Incentive Plan (SIP) under which all employees, including Executive Directors, may be awarded free shares and may purchase shares which can be matched on a two for one basis. The Company's current practice is to operate partnership and matching shares only. If the shares are held in a trust for at least three years and the employee does not leave the Company during that period, then the matched shares may be retained by the individual subject to some relief against income tax and national insurance charges. Dividends are also paid directly to participants on all plan shares. In 2010, shareholders approved a Save As You Earn Scheme for employees which is not currently operated but which might be utilised in the future. Under the SAYE, participants (which may include Executive Directors) may make monthly contributions over a savings period linked to the grant of an option with an exercise price which may be at a discount of up to 20% of the market value of the underlying shares at grant. Awards under the SIP and SAYE may be adjusted to reflect the impact of any variation of share capital.
Shareholding policy	To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon.	Executive Directors are expected to accumulate and maintain a holding in ordinary shares in the Company equivalent in value to no less than 300% of base salary. In addition, any Executive Directors will be required to invest one-third of their after tax bonus in ordinary shares in the Company until they meet the guideline. Executive Directors will be expected to retain all awards vesting (after the sale of sufficient number to meet any tax liability) until the guideline has been met.

Notes to the Future Policy Table

1. Performance measures and targets

Short- and long-term performance measures will be selected by the Committee in order to provide a direct connection to the Company's strategy by being linked to the key fundamental performance indicators at the time. In normal circumstances, they would be expected to include metrics such as TPR/capital growth, NAV or TAR targets and relative TSR performance. Relative measures will be assessed against a relevant MSCI index and/or an appropriate group of other UK listed real estate companies with similar operations.

Absolute measures are set following a robust budget setting process which takes into account internal financial indicators as well as a broader view of the market environment.

The targets for the annual bonus and the LTIP for 2019/20 are set out in the Annual report on remuneration on page 120. Other than in exceptional circumstances, the TAR range is set at 4% to 10% p.a. for each year of this policy. The awards are also subject to an underpin under which the level of vesting may be reduced in certain circumstances.

The Committee is of the opinion that given the commercial sensitivity around GPE's business, disclosing individual's targets for the Annual Bonus Plan in advance would not be in the best interests of shareholders or the Company. Actual targets, performance achieved and awards made will be published at the end of performance periods so shareholders can fully assess the basis for any pay-outs.

2. Differences in remuneration policy for all employees

All employees of GPE are entitled to base salary and benefits on the same basis, with quantum of awards being set at levels commensurate with their role. All employees participate in an employee annual bonus plan, with quantum of awards being set at levels commensurate with their role and with performance measures, similar to the executive scheme, based on Group performance and against personal objectives. Senior managers receive LTIP awards under the 2010 Plan with quantum of awards being set at levels commensurate with their role. All employees are eligible to participate in the Company SIP and the SAYE on the same terms as the Executive Directors.

Employees who joined the Company before April 2002 are members of the Company's defined benefit pension plan, and all other employees are eligible to join the Company's defined contribution pension plan and receive a contribution of up to 10% of salary.

3. Maximum opportunity

The changes to previous policy have been noted in the table above. The inclusion of caps does not represent any aspiration.

4. Discretion

The Committee will operate the annual bonus, LTIP and SMP awards according to their respective rules and ancillary documents and in accordance with the Listing Rules where relevant. The Committee retains discretion consistent with market practice, in a number of regards to the operation and administration of these plans as noted in the policy table and in the recruitment remuneration and payments for loss of office sections as relevant. Any use of these discretions would, where relevant, be explained in the Annual report on remuneration and may, as appropriate, be the subject of consultations with the Company's major shareholders.

In addition, the Committee has the discretion to amend policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or wait for shareholder approval.

Details of share awards granted to existing Executive Directors are set out on pages 125 and 126 of the Annual report on remuneration. These remain eligible to vest based on their original award terms, in line with the policy set out in the policy table or under the authority of the previously approved remuneration policy (as will other legacy arrangements, including those awarded prior to promotion to the Board).

Maximum opportunity	Performance metrics
Under the SIP, maximum participation will be in line with the prevailing maximum limits set by HMRC under the relevant legislation. Under the SAYE, maximum participation will be in line with the prevailing maximum limits set by HMRC under the relevant legislation.	As is typical under HMRC-approved all-employee plans, there are no performance conditions attached to awards.
	Not applicable.

Non-Executive Director remuneration

Element	Purpose and link to strategy	Operation and process	Maximum opportunity	Performance metrics
Fees	Provide an appropriate reward to attract individuals with appropriate knowledge and experience to review and support the implementation of the Company's strategy.	The Chairman and the Executive Directors are responsible for setting the remuneration of the Non-Executive Directors, other than the Chairman whose remuneration is determined by the Remuneration Committee. Non-Executive Directors are paid a base fee and additional fees for chairmanship of Committees and role of Senior Independent Director. Fees are usually reviewed annually with changes effective from 1 April. Non-Executive Directors do not participate in any of the Company's incentive arrangements. Other benefits include travel, accommodation and membership subscriptions related to the Company's business. Reasonable business related expenses will be reimbursed (including any tax due thereon).	Fees will be in line with market rates for Non-Executive Directors at FTSE 250 companies. The aggregate maximum will be the limit stated in the Articles of Association currently £750,000. The 2019/20 fee levels are set out in the Annual report on remuneration on page 120.	Not applicable.

Directors' remuneration report continued

Approach to recruitment remuneration

The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract appropriate candidates to the role, and our principle is that the pay of any new recruit would be assessed following the same principles as for the directors and the policy previously summarised.

Executive Director recruitment

Component	Policy
Base salary and benefits	The salary level will be set taking into account relevant market data, the experience and skills of the individual, responsibilities of the individual and the salaries paid to similar roles in comparable companies in line with the current process undertaken by the Committee when setting the salary levels for its existing directors. Whilst it is not envisaged that it will be required, as provided for in the relevant regulations, the Committee reserves the right to exceed the fixed pay limits set out in the policy table, in exceptional circumstances, to secure the appointment of a high calibre individual. Executive Directors shall be eligible to receive benefits in line with the Company's benefits policy as set out in the remuneration policy table.
Pension	Executive Directors will be able to receive a pension contribution or receive a supplement in lieu of pension contributions in line with the Company's pension policy as set out in the remuneration policy table.
Annual bonus	Executive Directors will be eligible to participate in the Annual Bonus Plan as set out in the remuneration policy table. For Executive Directors joining part way through a year, awards would be pro-rated. Different performance measures may be set initially for the annual bonus, taking into account the responsibilities of the individual, and the point in the financial year that they joined. The annual maximum potential opportunity under this plan is 150% of salary.
Long-term incentives	Executive Directors will be eligible to participate in the Long-Term Incentive Plan set out in the remuneration policy table. Awards may be granted up to the maximum opportunity allowable under plan rules at the Committee's discretion of 300% of salary under the LTIP. An award may be made on or shortly following an appointment assuming the Company is not in a prohibitive period.
Share buyouts/ replacement awards	Awards may be granted to replace those forfeited by the Executive Director from a previous employer on taking up the appointment where considered necessary by the Committee. The Committee will seek to structure any replacement awards such that overall they are no more generous in terms of quantum or vesting period than the awards due to be forfeited. Where the Company compensates new directors in this way, it will seek to do so under the terms of the Company's existing variable remuneration arrangements, but may compensate on terms that are more bespoke than the existing arrangements, including awards granted under Listing Rule 9.4.2, where the Committee considers this to be appropriate. In such instances, the Company will disclose a full explanation of the detail and rationale for such recruitment related compensation. In making such awards, the Committee will seek to take into account the nature (including whether awards are cash or share based), vesting period and performance measures and/or conditions for any remuneration forfeited by the individual in leaving a previous employer. Where such awards had outstanding performance or service conditions (which are not significantly completed), the Company will generally impose equivalent conditions. In exceptional cases the Committee may relax those requirements where it considers this to be in the interest of the shareholders, for example through applying a significant discount to the face value of the replacement awards.
Relocation policies	In instances where the new Executive Director is non-UK domiciled or needs to be relocated, the Company may provide one-off or ongoing compensation as part of the Executive Director's relocation benefits to reflect the cost of relocation for the Executive in cases where they are expected to spend significant time away from their country of domicile. The level of the relocation package will be assessed on a case-by-case basis and may take into consideration any cost of living differences, housing allowance and/or schooling.
Legacy arrangements	Where an Executive Director is appointed from within the organisation, the normal policy of the Company is that any legacy arrangements would be honoured in line with the original terms and conditions on a pro rata basis. Similarly, if an Executive Director is appointed following the Company's acquisition or merger with another company, legacy terms and conditions on a pro rata basis would be honoured.

Non-Executive Director recruitment

Component	Policy
Fees	Newly appointed Non-Executive Directors will be paid fees consistent with existing Non-Executive Directors.

Service agreements and payments for loss of office

The policy of the Company is to have service contracts for Executive Directors with notice periods of one year. It is sometimes necessary when recruiting a new Executive Director to give a service contract with an initial term of up to 18 months in which case a 12-month notice period may be given no earlier than six months from the start date of the contract.

Non-Executive Directors who have letters of appointment, are subject to the provisions of the Articles of Association dealing with appointment and rotation every three years, however, in accordance with the UK Corporate Governance Code they are subject to annual re-election and have a notice period of three months by either party. They are not eligible for payment in lieu of notice or any other payment on termination.

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

Executive	Date of service agreement	Unexpired term (months)
Toby Courtauld	18 March 2002 (amended 2017)	12
Nick Sanderson	7 June 2011 (amended 2017)	12

Non-Executive	Date of appointment letter	Date when next subject to appointment or re-election
Richard Mully	12 October 2016	4 July 2019
Charles Philipps	10 January 2014	4 July 2019
Wendy Becker	12 January 2017	4 July 2019
Nick Hampton	28 September 2016	4 July 2019
Alison Rose	4 April 2018	4 July 2019

Executive Directors may, with the consent of the Committee, retain fees paid to them for acting as a Non-Executive Director of a company outside the Group, except where the directorship is as a representative of the Group.

The Company's policy on termination payments for Executive Directors is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual terms, the circumstances of the termination and any applicable duty to mitigate. It is the Committee's policy not to reward poor performance. The Committee will always seek to minimise the cost to the Company whilst seeking to reflect the circumstances in place at the time. The Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid. The Company reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising on connection with the termination of an Executive Director's office or employment. The Company may also deem it appropriate to pay on behalf of a departing executive modest legal, outplacement or other fees.

Contracts have been amended to introduce a right for the Company to achieve mitigation through payment on a monthly phased basis with payments reducing/ceasing if an alternative role is found during the balance of any notice period.

Base salary, benefits and pension

Toby Courtauld's compensation in lieu of notice payable at the Company's discretion is 12-months' basic salary. Compensation in lieu of notice to Nick Sanderson, payable at the Company's discretion, is 12-months' basic salary, pension allowance and the value of benefits in kind provided in the previous year, or the actual provision of those benefits.

Directors' remuneration report continued

Approach to other remuneration payments on termination of employment and change of control

In addition to the payment of base salary, benefits and pension as set out above, the Group's annual bonus, long-term incentives, SIP and SAYE contain provisions for the termination of employment.

Component	Good Leaver*	Bad Leaver**	Change of control
Annual Bonus Plan	Where an Executive Director's employment is terminated after the end of a performance year but before the payment is made, the Executive will be eligible for an annual bonus award for that performance year subject to an assessment based on performance achieved over the period. Where an Executive Director's employment is terminated during a performance year, a pro rata annual bonus for the period worked in that performance year may be payable in relation to that year's bonus (in the case of injury, ill health, disability, death or retirement) or in relation to personal objectives set only (in other Good Leaver cases).	Outstanding award is forfeited.	An Executive Director may receive a bonus, the amount of which will be determined by the Committee, taking into account such factors as it considers relevant, including the proportion of the elapsed performance period at the date of change of control and performance to that point.
2010 Plan (LTIP/SMP)	Awards may vest at the date of cessation of employment or the normal vesting date at the discretion of the Committee. Awards will vest based on the performance achieved up to the date of cessation/normal vesting date at the discretion of the Committee and be pro-rated to reflect the amount of time elapsed since the award date. The Committee retains the discretion to disregard time when determining the level of vesting. This would only be considered in exceptional circumstances and where considered, the Committee would take into account the circumstances of the cessation of employment. Upon death, all long-term incentive awards vest immediately in full.	Outstanding awards lapse.	In accordance with the Rules of the 2010 Plan, on a change of control, vesting will occur immediately. Performance against targets will be assessed by the Committee on change of control. The number of Plan shares vesting will normally be reduced pro rata to reflect the amount of time elapsed from the Award Date until the change of control as a proportion of the original vesting period. The Committee retains the discretion to disregard time when determining the level of vesting. This would only be considered in exceptional circumstances and where considered, the Committee would take into account the overall context of the deal and the actual value delivered to shareholders.

Component	Good Leaver*	Bad Leaver**	Change of control
Share Incentive Plan (SIP)	All Plan shares can be sold or transferred out of the Plan. Free, matching and partnership shares may be removed tax free. If dividend shares are taken out of the SIP within three years of being awarded, the dividend used to buy them is subject to income tax at the dividend rate. On resignation, matched shares held for less than three years will be forfeited.	Free shares and matched shares held for less than three years will be forfeited. Partnership and Matched shares held for more than three years but less than five years will be liable to tax depending on time held in the Plan. If dividend shares are taken out of the SIP within three years of being awarded, the dividend used to buy them is subject to income tax at the dividend rate.	All Plan shares can be sold or transferred out of the Plan. Free, matching and partnership shares may be removed tax free. If dividend shares are taken out of the SIP within three years of being awarded, the dividend used to buy them is subject to income tax at the dividend rate.
Save As You Earn Scheme (SAYE)	Options may be exercised during a period of six months following cessation of employment (or 12 months following cessation in the event of death).	Options held for less than three years will lapse on cessation. Options held for more than three years may be exercised during a period of three months following cessation, except where the reason for cessation is misconduct.	Options may be exercised in the event of a change of control of the Company.

* Good leavers under each of the Annual Bonus Plan, 2010 Plan, SIP and SAYE are those leaving under specified conditions as set out below.

Annual Bonus Plan and 2010 Plan:
– death;
– ill-health, injury or disability (evidenced to the satisfaction of the Remuneration Committee);
– redundancy;
– retirement;
– the award holder's employing company or business being transferred out of the Group; or
– any other circumstances at the discretion of the Remuneration Committee, including where appropriate (and exceptionally), resignation. The Committee will only use its general discretion where it considers this to be appropriate, taking into account the circumstances of the termination and the performance in the context of each plan and will provide a full explanation to shareholders of the basis of its determination. The exercise of the Committee's discretion under one plan will not predetermine the exercise of its discretion under another.

Good leavers under the SIP and SAYE are those participants leaving in certain circumstances as under applicable legislation including death, injury, disability, retirement and redundancy.

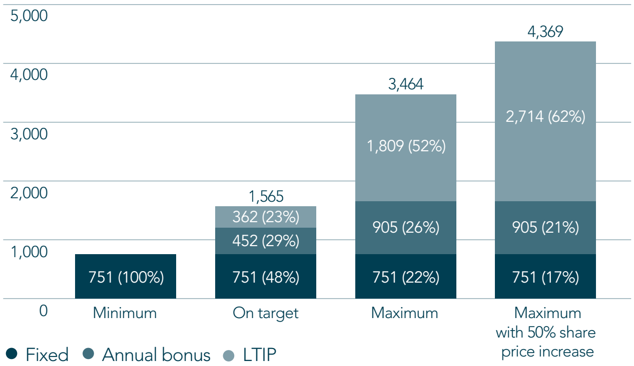
** Bad leavers are those leavers who are not good leavers.

Directors' remuneration report continued

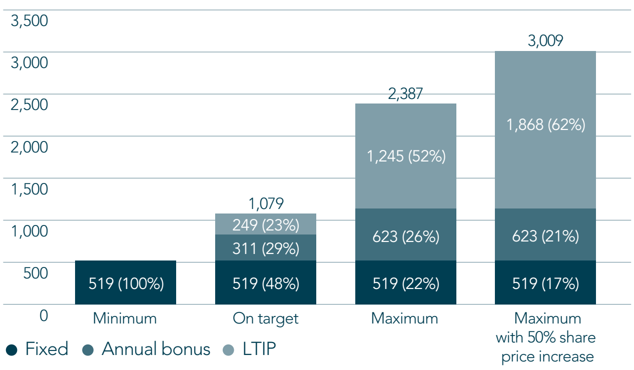
Executive Director remuneration scenarios based on performance

The charts below set out the potential remuneration receivable by Executive Directors for minimum, where performance is below threshold for variable awards, on-target and maximum performance. Potential reward opportunities are based on the policy and applied to salaries as at 1 April 2019. It should be noted the projected values exclude the impact of any share price movements, unless otherwise indicated, or dividend accrual.

Chief Executive £000



Finance and Operations Director £000



1. Fixed element: Base salary as at 1 April 2019 and related pension contribution together with benefits received during 2018/19.
2. Annual bonus element: The on-target award level for the bonus plan is assumed to be 75% of salary (i.e. 50% of the maximum) with a maximum award of 150% of salary. There is nil payout for minimum performance.
3. LTIP element: Estimated value at target and maximum vesting based on performance measures for 2019/20 awards. Consistent with practice elsewhere, the threshold level of 20% of the maximum has been assumed for target performance. Again a nil payout has been assumed for minimum performance.
4. The scenario charts have been updated from the ones approved as part of the 2017 policy.
5. Consistent with updates to the relevant legislation, the scenario charts now include an extra column showing maximum pay as supplemented by a 50% increase in the share price.

Consideration of remuneration of other employees

Our approach to salary reviews is consistent across the Company, with consideration given to the level of responsibility, experience, individual performance, salary levels in comparable companies and the Company's ability to pay. Remuneration surveys and meetings with sector specialists are used, where appropriate, to establish market rates.

When determining remuneration of the Executive Directors, the Committee takes into account pay and conditions across the Group, especially when determining the annual salary increase. Prior to the annual pay review, the Committee receives a report setting out changes to all employees remuneration levels and proposed discretionary bonus awards.

The Company did not consult with employees on the policy or use any remuneration comparison metrics during the year reported.

Consideration of shareholder views

When determining remuneration, the Committee takes into account the guidelines of investor bodies and shareholder views. The Committee is always open to feedback from shareholders on remuneration policy and arrangements, and commits to undertaking shareholder consultation in advance of any significant changes to remuneration policy.

Report of the directors

Strategic Report

The Group's Strategic Report on pages 1 to 88 includes the Company's business model and strategy, principal risks and uncertainties facing the Group and how these are managed and mitigated, an indication of likely future developments in the Company and details of important events since the year ended 31 March 2019.

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's results for the year are set out on pages 150 to 176. An interim dividend of 4.3 pence per share (2018: 4.0 pence) was paid on 2 January 2019, and the directors propose to pay a final dividend of 7.9 pence per share on 8 July 2019 to shareholders on the register of members as at the close of business on 31 May 2019. This makes a total of 12.2 pence per share (2018: 11.3 pence) for the year ended 31 March 2019.

Directors

Biographical details of the current directors of the Company are shown on pages 70 and 71. Jonathan Short and Martin Scicluna also served as directors during the year until their retirement from the Board on 5 July 2018 and 31 January 2019 respectively.

In accordance with the UK Corporate Governance Code, all the directors will retire and will offer themselves for re-election at the forthcoming Annual General Meeting.

Directors' shareholdings

The interests of the directors of the Company (and of their connected persons) in the shares of the Company, which have been notified to the Company in accordance with the Market Abuse Regulation, are set out in the Directors' remuneration report on page 127. The Directors' remuneration report also sets out details of any changes in those interests between 31 March 2019 and 21 May 2019.

Directors' indemnities and insurance

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

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

Directors' powers

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

Appointment and replacement of directors

The rules about the appointment and replacement of directors are contained in the Company's Articles of Association. Under the Articles of Association, a director shall retire from office if he or she has been appointed since the previous Annual General Meeting or if it is the third Annual General Meeting following that at which he or she was elected or last re-elected. Notwithstanding the provisions of the Articles of Association, the Board has agreed that all directors will retire and seek election or re-election at each Annual General Meeting in accordance with the UK Corporate Governance Code.

Changes to the Articles of Association must be approved by the Company's shareholders in accordance with legislation in force from time to time.

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 90 to 142, all of which are incorporated into this Report of the directors by reference.

Additional disclosures

Disclosures required by the Financial Conduct Authority's Listing Rule 9.8.4 and Schedule 7, Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), to the extent not already disclosed or referred to in this Report of the directors, can be found on the following pages, all of which are incorporated into this Report of the directors by reference:

	Page
Capitalised interest	160 and 164
Dividend waiver	144
Financial instruments	157, 170 to 172
Greenhouse gas emissions	63

The Directors' responsibility statement is on page 148 and is incorporated into this Report of the directors by reference.

Report of the directors continued

Significant shareholdings

As at 31 March 2019, the Company had been notified, in accordance with the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTR 5), of the following interests in the voting rights in its ordinary share capital:

	Number of voting rights[1]	%[1]	Nature of holding[1]
Norges Bank Investment Management	31,188,350	9.07	Direct
BlackRock Inc.	22,901,466 4,667,230	8.13 1.65	Indirect Financial instruments
Standard Life Aberdeen plc	17,615,426	6.49	Indirect
T. Rowe Price Associates, Inc.	14,422,513	5.12	Indirect

1. As at date of notification.

In the period from 31 March 2019 to 21 May 2019, no further notifications were received. Information provided to the Company under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules is publicly available via the regulatory information service and on the Company's website.

Share capital and control

As at 31 March 2019, the issued share capital of the Company was 271,365,894 ordinary shares of 15⁵⁄₁₉ pence each.

At the 2018 Annual General Meeting, shareholders authorised the Company to make market purchases of up to 42,221,384 ordinary shares of 15⁵⁄₁₉ pence each, representing 14.99% of the issued share capital of the Company as at 22 May 2018, such authority to expire at the earlier of the conclusion of the 2019 Annual General Meeting or 1 October 2019. In accordance with this authority, on 15 November 2018, the Company announced a share buyback programme to repurchase ordinary shares for a maximum aggregate consideration of £200.0 million during a 12-month period from 15 November 2018, subject to certain pre-set parameters and up to a maximum of 42,221,384 ordinary shares. The purpose of the share buyback programme is to return surplus equity to shareholders and through the reduction of the Company's issued share capital it reflects the directors' ongoing commitment to capital allocation and balance sheet discipline. From 15 November 2018 to 29 March 2019, the Company purchased 10,297,781 ordinary shares of 15⁵⁄₁₉ pence each (which represented 3.8% of the called-up share capital of the Company as at 31 March 2019) for an aggregate consideration of £74.1 million (£74.8 million including costs). The average price paid per share was £7.20 (or £7.26 per share including costs). All of the purchased shares were cancelled. As at 31 March 2019, 31,923,603 ordinary shares could still be purchased by the Company under the authority granted at the 2018 Annual General Meeting. There were no further share purchases by the Company between 29 March 2019 and 21 May 2019. Further details on the share buyback can be found on pages 46 and 48.

There are no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carry 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 employee share scheme which holds ordinary shares in the Company on trust for the benefit of employees within the Group. The Trustee of the Trust has the power to exercise all the rights and powers (including rights with regard to control of the Company) incidental to, and to generally act in relation to, the ordinary shares subject to the Trust in such manner as the Trustee in its absolute discretion thinks fit as if it were absolutely entitled to those ordinary shares. The Trustee has waived the right to receive dividends on the shares held in the Company. As far as the Company is aware, there are no persons with significant direct or indirect holdings in the Company other than those noted above.

Change of control

The Company has a number of unsecured borrowing facilities provided by various lenders. These facilities generally include provisions that may require any outstanding borrowings to be repaid or the alteration or termination of the facilities upon the occurrence of a change of control of the Company. The Company's 2010 LTIP and Executive Annual Bonus Plan contain provisions relating to the vesting of awards in the event of a change of control.

Going concern

The Group's business activities, together with the factors affecting its performance, including the impact of Brexit, position and future development are set out in the Strategic Report on pages 1 to 88. Details of the finances of the Group, including its strong liquidity position, attractively priced borrowing facilities and favourable debt maturity profile are set out in our financial results on pages 44 to 46 and in notes 16 and 17 of the accounts on pages 169 to 172.

The directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. As part of the review, the directors have considered the Group's cash balances, its capital commitments, its debt maturity profile, including undrawn facilities, and the long-term nature of occupier leases. On the basis of this review, and after making due enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Viability statement

The Company's Viability statement is on page 88.

Statement as to disclosure of information to the auditor

So far as the directors who held office at the date of approval of this Report of the directors are aware, there is no relevant audit information of which the auditor is unaware and each director has taken all steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Annual General Meeting – Explanatory notes

The Company's Annual General Meeting will be held at Kent House, 14/17 Market Place, London W1W 8AJ, on Thursday 4 July 2019 at 11.30am. The Notice of Meeting on pages 195 and 196 sets out the resolutions to be proposed at the Annual General Meeting and gives details of the proxy appointment deadline. Resolutions 1 to 13 will be proposed as ordinary resolutions and resolutions 14 to 17 will be proposed as special resolutions.

Resolution 1 – Annual Report and Accounts

For each financial year, the directors must lay the Annual Report and Accounts before the Company in general meeting.

Resolution 2 – Final dividend

The Board recommends a final dividend for the year ended 31 March 2019 of 7.9 pence per share which, if approved, will be payable on 8 July 2019 to shareholders on the register of members at the close of business on 31 May 2019.

Resolution 3 – Remuneration report

Resolution 3 will seek approval of the Directors' remuneration report as set out on pages 116 to 142, other than the part containing the Directors' remuneration policy that appears on pages 132 to 141, for the year ended 31 March 2019. This vote is advisory, and the directors' entitlement to remuneration is not conditional on it.

No changes are proposed to the Directors' remuneration policy approved at the Annual General Meeting held on 6 July 2017.

Resolutions 4 to 10 – Re-election of directors

In accordance with the UK Corporate Governance Code, all the directors will be retiring and offering themselves for re-election at the Annual General Meeting. The Chairman has confirmed, following the Board effectiveness evaluation process, that all of the directors continue to be effective and to demonstrate their commitment and independence in their roles. It is the Board's view that the biographical information on pages 70 and 71 illustrate why each director's contribution is, and continues to be, important to the Company's long-term sustainable success.

Resolutions 11 and 12 – Appointment of auditor and auditor remuneration

As referred to on page 110 of the Audit Committee report, resolution 11 seeks approval for the re-appointment of Deloitte LLP as the Company's auditor until the conclusion of the next general meeting at which accounts are laid before the Company. Resolution 12 seeks authorisation for the Audit Committee to agree the auditor's remuneration.

Resolution 13 – Authority to allot shares and grant rights

Resolution 13 seeks a renewal of the directors' authority to allot shares. The authority conferred on the directors at the Annual General Meeting held on 5 July 2018 ('2018 AGM') to allot shares expires at the conclusion of the forthcoming Annual General Meeting. Accordingly, Resolution 13 seeks 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 .

Paragraph (a)(i) of Resolution 13 will allow the directors to allot ordinary shares up to a maximum nominal amount of £13,806,334 representing approximately one-third (33.3%) of the Company's issued share capital as at 21 May 2019 (being the latest practicable date prior to publication of this Report). In accordance with institutional guidelines issued by The Investment Association, paragraph (a)(ii) of Resolution 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 £27,612,668, representing approximately two-thirds (66.6%) of the Company's issued share capital as at 21 May 2019 (being the latest practicable date prior to publication of this Report). The directors have no present intention of exercising this authority. However, if they do exercise the authority, the directors intend to follow best practice as regards its use as recommended by The Investment Association.

Resolution 13 will be proposed as an ordinary resolution to renew this authority until the conclusion of the next Annual General Meeting or, if earlier, the close of business on 1 October 2020.

Report of the directors continued

Resolution 14 – General authority to disapply pre-emption rights

At the 2018 AGM, a special resolution was passed, under sections 570 and 573 of the Companies Act 2006, authorising the directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. This authority is set to expire at the forthcoming Annual General Meeting. Resolution 14 will seek to renew this authority in line with the latest institutional guidelines.

If approved, the resolution will authorise the directors, in accordance with the Articles of Association, to issue shares in connection with a rights issue or other pre-emptive offer and otherwise to issue shares for cash (including the sale for cash on a non pre-emptive basis of any shares held in treasury) up to a maximum nominal amount of £2,070,950, which represents approximately 5% of the issued share capital of the Company as at 21 May 2019 (being the latest practicable date prior to publication of this Report).

The directors do not intend to issue, under a general authority to dis-apply pre-emption rights, more than 7.5% of the issued share capital of the Company for cash on a non pre-emptive basis in any rolling three-year period without prior consultation with shareholders.

Resolution 14 will be proposed as a special resolution to renew this authority until the conclusion of the next Annual General Meeting or, if earlier, the close of business on 1 October 2020.

Resolution 15 – Additional authority to disapply pre-emption rights

Resolution 15 requests further shareholder approval, by way of a separate special resolution in line with the best practice guidance issued by the Pre-Emption Group, for the directors to allot equity securities or sell treasury shares for cash without first being required to offer such securities to existing shareholders.

The authority granted by this resolution, if passed:

(a) will be limited to the allotment of equity securities and sale of treasury shares for cash up to an aggregate nominal value of £2,070,950, which represents approximately 5% of the issued share capital of the Company as at 21 May 2019 (being the latest practicable date prior to publication of this Report); and

(b) will only be used in connection with an acquisition or other capital investment, including development and/or refurbishment expenditure, which is announced contemporaneously with the allotment, or has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The authority granted by this resolution would be in addition to the general authority to disapply pre-emption rights under Resolution 14. The maximum nominal value of equity securities which could be allotted if both authorities were used would be £4,141,900, which represents approximately 10% of the issued share capital of the Company as at 21 May 2019 (being the latest practicable date prior to publication of this Report).

Resolution 15 will be proposed as a special resolution to renew this authority until the conclusion of the next Annual General Meeting or, if earlier, the close of business on 1 October 2020.

Resolution 16 – Authority to purchase own shares

At the 2018 AGM, a special resolution was passed enabling the Company to purchase its own shares in the market. Resolution 16 will seek to renew this authority. The maximum number of ordinary shares to which the authority relates is 40,677,747. This represents 14.99% of the share capital of the Company in issue as at 21 May 2019 (being the latest practicable date prior to publication of this Report). Should the Company's issued share capital as at the date of the Annual General Meeting be lower than the issued share capital as at 21 May 2019, the directors will limit any use by the Company of this authority to 14.99% of the share capital of the Company in issue as at the date of the Annual General Meeting (excluding any treasury shares.) The directors intend only to exercise this authority if to do so would, in their opinion, enhance shareholder value. If Resolution 16 is passed at the Annual General Meeting, the Company will have the option of holding as treasury shares any of its own shares that it purchases pursuant to the authority conferred by this resolution. This would give the Company the ability to sell treasury shares or use them to satisfy share awards under employee share schemes, providing the Company with additional flexibility in the management of its capital base. No dividends will be paid on shares whilst held in treasury and no voting rights will attach to the treasury shares. Any shares purchased by the Company under this authority would be cancelled unless the shares are being purchased by the Company to hold as treasury shares.

The price paid for ordinary shares will not be less than the nominal value of 15$\frac{5}{19}$ pence per share and not more than the higher of 5% above the average of the middle market quotations of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days preceding the day on which the ordinary shares are purchased and an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out.

As at 21 May 2019, employee share awards were outstanding for over 3,527,575 ordinary shares which, if vested in full using newly issued shares, would represent 1.3% of the issued share capital of the Company as at that date. If the authority for the Company to purchase its own shares (existing and being sought) were used in full, that percentage would increase to 1.7%. As at close of business on 21 May 2019, there were no outstanding warrants to subscribe for equity shares in the Company.

During the year, in accordance with the authority granted to the Company at the 2018 AGM, the Company purchased 10,297,781 ordinary shares of 15⁵⁄₁₉ pence each, which represented 3.8% of the called-up share capital of the Company as at 31 March 2019. Further details on the share buyback can be found on page 144 of this Report. There were no further share purchases by the Company between 1 March 2019 and 21 May 2019.

At 21 May 2019, the Company held no shares in treasury.

Resolution 16 will be proposed as a special resolution to renew this authority until the conclusion of the next Annual General Meeting or, if earlier, the close of business on 1 October 2020.

Resolution 17 – Notice of general meetings

The notice period required by the Companies Act 2006 for general meetings of the Company is 21 clear 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 the 2018 AGM, shareholders authorised the calling of general meetings other than an Annual General Meeting on not less than 14 clear days' notice and Resolution 17 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.

Resolution 17 will be proposed as a special resolution.

Recommendation

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

By order of the Board
Desna Martin
Company Secretary
Great Portland Estates plc
Company number: 596137
22 May 2019

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

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

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

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

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

This responsibility statement was approved by the Board of Directors and is signed on its behalf by:

Toby Courtauld
Chief Executive
22 May 2019

Nick Sanderson
Finance and Operations Director
22 May 2019

Financial statements

In this section

We are committed to excellence

Living Our Values

We are passionate about what we do and trusted to deliver quality. We are credible and reliable because we do what we say.

Group income statement

For the year ended 31 March 2019

	Notes	2019 £m	2018 £m
Total revenue	2	**112.4**	386.9
Net rental income	3	**80.3**	92.0
Joint venture management fee income	12	**3.8**	5.2
Rental and joint venture fee income		**84.1**	97.2
Property expenses	4	**(11.9)**	(11.3)
Net rental and related income		**72.2**	85.9
Administration expenses	5	**(25.1)**	(24.1)
Development management revenue		**–**	14.2
Development management costs		**(0.3)**	(14.6)
Development management losses		**(0.3)**	(0.4)
Trading property revenue		**14.4**	262.3
Trading property cost of sales		**(23.9)**	(250.7)
(Loss)/profit on sale of trading property	10	**(9.5)**	11.6
Operating profit before surplus on property and results of joint ventures		**37.3**	73.0
Surplus from investment property	10	**7.3**	35.5
Share of results of joint ventures	12	**10.0**	41.2
Operating profit		**54.6**	149.7
Finance income	6	**8.3**	9.8
Finance costs	7	**(8.1)**	(11.2)
Premium paid on cancellation of private placement notes		**–**	(36.6)
Premium paid on cancellation of debenture stock		**–**	(38.1)
Fair value movement on convertible bond		**1.3**	8.5
Fair value movement on derivatives		**–**	(5.4)
Profit before tax		**56.1**	76.7
Tax	8	**(6.6)**	(6.4)
Profit for the year		**49.5**	70.3
Basic earnings per share	9	**17.9p**	21.5p
Diluted earnings per share	9	**17.1p**	18.2p
Basic EPRA earnings per share	9	**19.5p**	20.4p
Diluted EPRA earnings per share	9	**19.4p**	20.4p

All results are derived from continuing operations in the United Kingdom and are attributable to ordinary equity holders.

Group statement of comprehensive income

For the year ended 31 March 2019

	Notes	2019 £m	2018 £m
Profit for the year		**49.5**	70.3
Items that will not be reclassified subsequently to profit and loss			
Actuarial (loss)/gain on defined benefit scheme	24	**(0.9)**	6.1
Deferred tax on actuarial (loss)/gain on defined benefit scheme		**0.2**	(0.1)
Total comprehensive income and expense for the year		**48.8**	76.3

Group balance sheet

At 31 March 2019

	Notes	2019 £m	2018 £m
Non-current assets			
Investment property	10	**2,025.0**	2,305.2
Investment in joint ventures	12	**511.9**	423.7
Plant and equipment	13	**4.0**	4.6
Pension asset	24	**–**	0.5
		2,540.9	2,734.0
Current assets			
Trading property	11	**5.6**	19.5
Trade and other receivables	14	**10.9**	15.1
Cash and cash equivalents		**139.4**	351.4
		155.9	386.0
Total assets		**2,696.8**	3,120.0
Current liabilities			
Trade and other payables	15	**(47.1)**	(363.3)
Interest-bearing loans and borrowings	16	**–**	(150.9)
Corporation tax	8	**(3.3)**	(0.1)
		(50.4)	(514.3)
Non-current liabilities			
Interest-bearing loans and borrowings	16	**(296.0)**	(196.2)
Obligations under finance leases	18	**(40.7)**	(40.8)
Deferred tax	8	**–**	(1.8)
		(336.7)	(238.8)
Total liabilities		**(387.1)**	(753.1)
Net assets		**2,309.7**	2,366.9
Equity			
Share capital	19	**41.4**	43.0
Share premium account		**46.0**	46.0
Capital redemption reserve	19	**324.0**	322.4
Retained earnings		**1,900.0**	1,957.9
Investment in own shares	20	**(1.7)**	(2.4)
Total equity		**2,309.7**	2,366.9
Net assets per share	9	**851p**	840p
EPRA NAV	9	**853p**	845p

Approved by the Board on 22 May 2019 and signed on its behalf by:

Toby Courtauld
Chief Executive

Nick Sanderson
Finance and Operations Director

Group statement of cash flows

For the year ended 31 March 2019

	Notes	**2019 £m**	2018 £m
Operating activities			
Operating profit		**54.6**	149.7
Adjustments for non-cash items	21	**(13.7)**	(78.9)
Decrease in trading property		**13.4**	232.2
Decrease in receivables		**2.2**	11.5
Decrease in payables		**(13.5)**	(54.9)
Cash generated from operations		**43.0**	259.6
Interest paid		**(12.3)**	(18.4)
Interest received		**1.3**	–
Tax paid		**(5.0)**	(1.6)
Cash flows from operating activities		**27.0**	239.6
Investing activities			
Distributions from joint ventures		**10.1**	21.1
Funds to joint ventures		**(35.6)**	(30.7)
Funds from joint ventures		**–**	130.3
Purchase and development of property		**(47.6)**	(128.7)
Purchase of plant and equipment		**(0.1)**	(0.4)
Sale of properties		**342.1**	487.1
Investment in joint ventures		**(45.6)**	(12.9)
Cash flows from investing activities		**223.3**	465.8
Financing activities			
Revolving credit facility repaid	16	**–**	(109.0)
Repayment of convertible bond	16	**(149.6)**	–
Issue of private placement notes	16	**99.7**	174.1
Redemption of private placement notes	16	**–**	(127.7)
Premium paid on redemption of private placement notes	16	**–**	(36.3)
Termination of cross currency swaps	16	**–**	23.1
Redemption of debenture loan stock	16	**–**	(121.1)
Premium paid on redemption of debenture stock	16	**–**	(38.9)
Purchase of own shares	19	**(73.7)**	–
Capital returned via a B share scheme	16	**(306.0)**	–
Dividends paid	22	**(32.7)**	(143.7)
Cash flows from financing activities		**(462.3)**	(379.5)
Net (decrease)/increase in cash and cash equivalents		**(212.0)**	325.9
Cash and cash equivalents at 1 April		**351.4**	25.5
Cash and cash equivalents at 31 March		**139.4**	351.4

Group statement of changes in equity

For the year ended 31 March 2019

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2018		43.0	46.0	322.4	1,957.9	(2.4)	2,366.9
Profit for the year		–	–	–	49.5	–	49.5
Actuarial loss on defined benefit scheme		–	–	–	(0.9)	–	(0.9)
Deferred tax on actuarial loss on defined benefit scheme		–	–	–	0.2	–	0.2
Total comprehensive income for the year		–	–	–	48.8	–	48.8
Employee Long-Term Incentive Plan charge	20	–	–	–	–	1.3	1.3
Dividends to shareholders	22	–	–	–	(32.5)	–	(32.5)
Share buyback	19	(1.6)	–	1.6	(74.8)	–	(74.8)
Transfer to retained earnings	20	–	–	–	0.6	(0.6)	–
Total equity at 31 March 2019		41.4	46.0	324.0	1,900.0	(1.7)	2,309.7

Group statement of changes in equity

For the year ended 31 March 2018

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2017		43.0	352.0	16.4	2,330.8	(3.8)	2,738.4
Profit for the year		–	–	–	70.3	–	70.3
Actuarial gain on defined benefit scheme		–	–	–	6.1	–	6.1
Deferred tax on actuarial gain on defined benefit scheme		–	–	–	(0.1)	–	(0.1)
Total comprehensive income for the year		–	–	–	76.3	–	76.3
Employee Long-Term Incentive Plan charge	20	–	–	–	–	2.0	2.0
Dividends to shareholders	22	–	–	–	(143.8)	–	(143.8)
Issue of B shares	19	–	(306.0)	–	–	–	(306.0)
Redemption of B shares	19	–	–	306.0	(306.0)	–	–
Transfer to retained earnings	20	–	–	–	0.6	(0.6)	–
Total equity at 31 March 2018		43.0	46.0	322.4	1,957.9	(2.4)	2,366.9

Notes forming part of the Group financial statements

1 Accounting policies

Basis of preparation

Great Portland Estates plc is a public company limited by shares incorporated and domiciled in the United Kingdom (England & Wales). The address of the registered office is given on page 199. The financial statements have been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for the revaluation of properties and certain financial instruments which are held at fair value. The financial statements are prepared on the going concern basis as explained in the Report of the Directors on page 144. The consolidated financial statements, including the results and financial position are expressed in Sterling (£), which is the functional and presentation currency of the Group.

Significant judgements and sources of estimation uncertainty

In the process of preparing the financial statements, the directors are required to make certain judgements, assumptions and estimates. Not all of the Group's accounting policies require the directors to make difficult, subjective or complex judgements or estimates. Any estimates and judgements made are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results may differ from those estimates.

The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements.

Key source of estimation uncertainty: property portfolio valuation

The valuation to assess the fair value of the Group's investment properties is prepared by its external valuer. The valuation is based upon a number of assumptions including future rental income, anticipated maintenance costs, future development costs and an appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. For the current year and prior year the directors adopted the valuation without adjustment, further information is provided in the accounting policy for investment property and note 10.

New accounting standards

During the year ended 31 March 2019, the following accounting standards and guidance were adopted by the Group:

- IFRS 9 Financial instruments: This standard applies to classification and measurement of financial assets and financial liabilities, impairment provisioning and hedge accounting. The application of IFRS 9 has had no impact on the Group's financial instruments as regards their classification and measurement. The transition to IFRS 9 does not require any restatement of prior period balances
- IFRS 15 Revenue from Contracts with Customers: The standard is applicable to service charge income, joint venture fee income, trading property revenue and development management revenue, but excludes lease rental income arising from contracts with the Group's tenants as well as the spreading of lease incentives. The adoption of this standard has not had a material impact on the financial statements. We have chosen to adopt IFRS 15 on a retrospective basis using a cumulative catch-up method, and therefore comparative balances have not been restated
- Clarifications to IFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- Transfers of Investment Property (Amendments to IAS 40)
- Annual Improvements to IFRS Standards 2014–2016 Cycle (Amendments to IFRS 1 and IAS 28)

The adoption of the Standards and Interpretations has not significantly impacted these financial statements and any changes to our accounting policies as a result of their adoption have been reflected in this note.

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

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Annual Improvements to IFRS Standards 2015–2017 Cycle
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
- Amendments to References to the Conceptual Framework in IFRS Standards
- Definition of Material (Amendments to IAS 1 and IAS 8)

None of these are expected to have a significant effect on the financial statements of the Group.

1 Accounting policies continued

Certain standards which may have an impact are discussed below:

– IFRS 16 Leases: The standard replaces IAS 17 Leases and requires all operating leases in excess of one year, where the Group is the lessee, to be included on the Group's balance sheet, and recognise a right-of-use asset and a related lease liability representing the obligation to make lease payments. The right-of-use asset will be assessed for impairment annually (incorporating any onerous lease assessments) and amortised on a straight-line basis, with the lease liability being amortised using the effective interest method. The accounting for lessors will not significantly change. The Group has completed its impact assessment of the standard and concluded that as the Group is primarily a lessor, holds a limited number of operating leases and the standard does not impact the recognition of rental income, the impact on the financial statements will be immaterial. As the transition to IFRS 16 will have an immaterial impact no further disclosure is provided.

Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and all its subsidiary undertakings for the year ended 31 March 2019. Subsidiary undertakings are those entities controlled by the Group. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

Rental income

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

Tenant leases

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

Lease incentives

Lease incentives, including rent-free periods and payments to occupiers, 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 recognised over the vesting period and reversed if it is likely that any non-market-based performance or service criteria will not be met.

Segmental analysis

The directors are required to present the Group's financial information by business segment or geographical area. This requires a review of the Group's organisational structure and internal reporting system to identify reportable segments and an assessment of where the Group's assets or customers are located.

All of the Group's revenue is generated from investment and trading properties located in central London. The properties are managed as a single portfolio by a portfolio management team whose responsibilities are not segregated by location or type, but are managed on an asset-by-asset basis. The majority of the Group's assets are mixed-use, therefore the office, retail and any residential space is managed together. Within the property portfolio, the Group has a number of properties under development. The directors view the Group's development activities as an integral part of the life cycle of each of its assets rather than a separate business or division. The nature of developing property means that whilst a property is under development it generates no revenue and has no operating results. Once a development has completed, it returns to the investment property portfolio, or if it is a trading property, it is sold. The directors have considered the nature of the business, how the business is managed and how they review performance and, in their judgement, the Group has only one reportable segment. The components of the valuation, as provided by the external valuer, are set out in note 10.

Notes forming part of the Group financial statements continued

1 Accounting policies continued

Investment property

Both leasehold and freehold investment properties and investment properties under development are professionally valued on a fair value basis by qualified external valuers and the directors must ensure that they are satisfied that the valuation of the Group's properties is appropriate for inclusion in the accounts without adjustment.

The valuations have been prepared in accordance the RICS Valuation – Global Standards 2017 (incorporating the International Valuation Standards) and the UK national supplement 2018 (the Red Book) and have been primarily derived using comparable recent market transactions on arm's length terms.

For investment property, this approach involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods.

These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuation. Other factors that are taken into account in the valuations include the tenure of the property, tenancy details, planning, building and environmental factors that might affect the property.

In the case of investment property under development, the approach applied is the 'residual method' of valuation, which is the investment method of valuation as described above with a deduction for the costs necessary to complete the development, together with an allowance for the remaining risk.

The Group recognises sales and purchases of property when control passes on completion of the contract. Gains or losses on the sale of properties are calculated by reference to the carrying value at the end of the previous year, adjusted for subsequent capital expenditure.

Trading property

Trading property is being developed for sale or being held for sale after development is complete, and is carried at the lower of cost and net realisable value. Revenue is recognised on completion of disposal. Cost includes direct expenditure and capitalised interest. Cost of sales, including costs associated with off-plan residential sales, are expensed to the income statement as incurred.

Depreciation

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

Fixtures and fittings – over three to five years.

Leasehold improvements – over the term of the lease.

Joint ventures

Joint ventures are accounted for under the equity method where, in the directors' judgement, the Group has joint control of the entity. The Group's level of control in its joint ventures is driven both by the individual agreements which set out how control is shared by the partners and how that control is exercised in practice. The Group balance sheet contains the Group's share of the net assets of its joint ventures. Balances with partners owed to or from the Group by joint ventures are included within investments. The Group's share of joint venture profits and losses are included in the Group income statement in a single line. All of the Group's joint ventures adopt the accounting policies of the Group for inclusion in the Group financial statements. There have been no new joint ventures during the year and no changes to any of the agreements in place.

Income tax

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of previous years. Deferred tax is provided in full on temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the asset is realised or the liability is settled. Deferred tax assets are recognised when it is probable that taxable profits will be available against which the deferred tax assets can be utilised. No provision is made for temporary differences arising on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. Tax is included in the income statement except when it relates to items recognised directly in other comprehensive income or equity, in which case the related tax is also recognised directly in other comprehensive income or equity.

1 Accounting policies continued

Pension benefits

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

Capitalisation of interest

Interest associated with direct expenditure on investment and trading properties under development is capitalised. Direct expenditure includes the purchase cost of a site if it has been purchased with the specific intention to redevelop, but does not include the original book cost of a site where no intention existed. Interest is capitalised from the start of the development work until the date of practical completion. The rate used is the Group's weighted average cost of borrowings or, if appropriate, the rate on specific associated borrowings.

Financial instruments

i Derivatives The Group uses derivative financial instruments to hedge its exposure to foreign currency fluctuations and interest rate risks. The Group's derivatives are measured at fair value in the balance sheet. Derivatives are initially recognised at fair value at the date a derivative contract is entered into.

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

iii Convertible bond The Group's convertible bond could be settled in shares, cash or a combination of both at the Group's discretion. The bonds were designated at fair value through profit and loss upon initial recognition, with any gains or losses arising subsequently due to re-measurement being recognised in the income statement. The convertible bonds matured in the year.

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

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

Obligations under finance 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.

Notes forming part of the Group financial statements continued

2 Total revenue

	2019 £m	2018 £m
Gross rental income	**82.9**	87.7
Spreading of tenant lease incentives	**(1.6)**	5.1
Service charge income	**12.9**	12.4
Joint venture fee income	**3.8**	5.2
Trading property revenue	**14.4**	262.3
Development management revenue	**–**	14.2
	112.4	386.9

3 Net rental income

	2019 £m	2018 £m
Gross rental income	**82.9**	87.7
Spreading of tenant lease incentives	**(1.6)**	5.1
Ground rents	**(1.0)**	(0.8)
	80.3	92.0

4 Property expenses

	2019 £m	2018 £m
Service charge income	**(12.9)**	(12.4)
Service charge expenses	**15.1**	15.0
Other property expenses	**9.7**	8.7
	11.9	11.3

5 Administration expenses

	2019 £m	2018 £m
Employee costs	**17.2**	17.8
Operating leases	**1.0**	1.0
Depreciation	**0.8**	0.9
Other head office costs	**6.1**	4.4
	25.1	24.1

5 Administration expenses continued

Included within employee costs is an accounting charge for the LTIP scheme of £1.3 million (2018: £2.0 million). Employee costs, including those of directors, comprise the following:

	2019 £m	2018 £m
Wages and salaries (including annual bonuses)	**14.0**	13.9
Share-based payments	**1.3**	2.0
Social security costs	**2.3**	2.0
Other pension costs	**1.6**	1.9
	19.2	19.8
Less: recovered through service charges	**(1.5)**	(1.0)
Less: capitalised into development projects	**(0.5)**	(1.0)
	17.2	17.8

Key management compensation

The emoluments and pension benefits of the directors are set out in detail within the Directors' remuneration report on pages 116 to 142. The directors and the Executive Committee are considered to be key management for the purposes of IAS 24 'Related Party Transactions' with their aggregate compensation set out below:

	2019 £m	2018 £m
Wages and salaries (including annual bonuses)	**3.3**	3.6
Share-based payments	**0.4**	1.1
Social security costs	**0.5**	0.6
Other pension costs	**0.4**	0.3
	4.6	5.6

The Group had loans to key management of £9,985 outstanding at 31 March 2019. The Group's key management, its pension plan and joint ventures are the Group's only related parties.

Employee information

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

	2019 Number	2018 Number
Head office and property management	**110**	111

Auditor's remuneration

	2019 £000's	2018 £000's
Audit of the Company's annual accounts	**123**	121
Audit of subsidiaries	**102**	101
	225	222
Audit-related assurance services, including the interim review	**75**	68
Total audit and audit-related services	**300**	290
Other services	**–**	–
	300	290

6 Finance income

	2019 £m	2018 £m
Interest on balances with joint ventures	**7.1**	9.6
Interest on cash deposits	**1.2**	0.2
	8.3	9.8

Notes forming part of the Group financial statements continued

7 Finance costs

	2019 £m	2018 £m
Interest on revolving credit facilities	**3.0**	2.8
Interest on private placement notes	**6.2**	3.9
Interest on debenture stock	**1.2**	7.1
Interest on convertible bond	**0.6**	1.5
Interest on obligations under finance leases	**1.9**	1.8
Gross finance costs	**12.9**	17.1
Less: capitalised interest at an average rate of 3.2% (2018: 3.2%)	**(4.8)**	(5.9)
	8.1	11.2

8 Tax

	2019 £m	2018 £m
Current tax		
UK corporation tax	**8.1**	2.7
Tax under provided in previous years	**0.1**	–
Total current tax	**8.2**	2.7
Deferred tax	**(1.6)**	3.7
Tax charge for the year	**6.6**	6.4

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

	2019 £m	2018 £m
Profit before tax	**56.1**	76.7
Tax charge on profit at standard rate of 19% (2018: 19%)	**10.7**	14.6
REIT tax-exempt rental profits and gains	**(9.8)**	(12.5)
Changes in fair value of properties not subject to tax	**(1.4)**	(12.9)
Changes in fair value of financial instruments not subject to tax	**(0.2)**	3.8
Prior periods' corporation tax	**0.1**	–
Gains in respect of sales of investment properties subject to tax	**6.8**	13.0
Gains in respect of £150 million 1% convertible bonds 2018	**2.8**	–
Other	**(2.4)**	0.4
Tax charge for the year	**6.6**	6.4

During the year, £0.2 million of deferred tax was credited directly to equity (2018: £0.1 million debited). The Group's net deferred tax asset at 31 March 2019 was £nil (2018: £1.8 million liability) consisting of a deferred tax liability of £0.1 million (2018: £2.8 million) and a deferred tax asset of £0.1 million (2018: £1.0 million).

Movement in deferred tax

	At 1 April 2018 £m	Recognised in the income statement £m	Recognised in equity £m	At 31 March 2019 £m
Deferred tax liability in respect of £150 million 1.00% convertible bonds 2018	(2.8)	**2.8**	**–**	**–**
Deferred tax asset in respect of revenue losses	0.2	**(0.2)**	**–**	**–**
Deferred tax asset in respect of other temporary differences	0.8	**(1.0)**	**0.2**	**–**
Net deferred tax (liability)/asset	(1.8)	**1.6**	**0.2**	**–**

A deferred tax asset of £2.5 million (2018: £1.5 million), mainly relating to revenue losses and contingent share awards was not recognised because it is uncertain whether future taxable profits will arise against which this asset can be utilised.

As a REIT, the Group is largely exempt from corporation tax in respect of its rental profits and chargeable gains relating to its property rental business. The Group is otherwise subject to corporation tax. In particular, the Group's REIT exemption does not extend to either profits arising from the sale of trading properties (including the sale of the remaining residential units at Rathbone Square, W1) or profits arising from the sale of investment properties in respect of which a major redevelopment has completed within the preceding three years (including the sale of 78/92 Great Portland Street, W1 and 55 Wells Street, W1).

8 Tax continued

Additionally, during January 2019, HMRC circulated new draft guidance which states that it considers that the REIT exemption also does not extend to profits arising from the sale of investment properties which are undergoing a major redevelopment at the time of sale. This guidance has yet to be issued in final form. The Group will continue to monitor this matter and consider its potential effect on any recent and future sales by the Group.

In order to ensure that the Group is able to both retain its status as a REIT and to avoid financial charges being imposed, a number of tests (including a minimum distribution test) must be met by both Great Portland Estates plc and by the Group as a whole on an ongoing basis. These conditions are detailed in the Corporation Tax Act 2010.

9 Performance measures and EPRA metrics

Adjusted earnings and net assets per share are calculated in accordance with the Best Practice Recommendations issued by the European Public Real Estate Association (EPRA). The recommendations are designed to make the financial statements of public real estate companies clearer and more comparable across Europe, enhancing the transparency and coherence of the sector. The directors consider these standard metrics to be the most appropriate method of reporting the value and performance of the business.

Weighted average number of ordinary shares

	2019 Number of shares	2018 Number of shares
Issued ordinary share capital at 1 April	**281,663,675**	343,926,149
Share buyback	**(4,608,662)**	–
Share consolidations	**–**	(16,371,005)
Investment in own shares	**(1,122,294)**	(1,446,557)
Weighted average number of ordinary shares – Basic	**275,932,719**	326,108,587

Basic and diluted earnings per share

	Profit after tax 2019 £m	**Number of shares 2019 million**	**Profit per share 2019 pence**	Profit after tax 2018 £m	Number of shares 2018 million	Profit per share 2018 pence
Basic	**49.5**	**275.9**	**17.9**	70.3	326.1	21.5
Dilutive effect of convertible bond	**(0.7)**	**8.7**	**(0.8)**	(7.0)	20.6	(3.3)
Dilutive effect of LTIP shares	**–**	**0.4**	**–**	–	0.1	–
Diluted	**48.8**	**285.0**	**17.1**	63.3	346.8	18.2

Basic and diluted EPRA earnings per share

	Profit after tax 2019 £m	**Number of shares 2019 million**	**Earnings per share 2019 pence**	Profit after tax 2018 £m	Number of shares 2018 million	Earnings per share 2018 pence
Basic	**49.5**	**275.9**	**17.9**	70.3	326.1	21.5
Surplus from investment property net of tax (note 10)	**(1.4)**	**–**	**(0.5)**	(25.9)	–	(7.9)
Surplus from joint venture investment property (note 12)	**(3.4)**	**–**	**(1.2)**	(33.7)	–	(10.3)
Movement in fair value of derivatives	**–**	**–**	**–**	5.4	–	1.7
Movement in fair value of convertible bond net of tax	**1.0**	**–**	**0.4**	(8.5)	–	(2.6)
Movement in fair value of derivatives in joint ventures (note 12)	**0.1**	**–**	**–**	(1.0)	–	(0.3)
Loss/(profit) on sale of trading property net of tax	**9.5**	**–**	**3.5**	(10.4)	–	(3.2)
Premium paid on cancellation of private placement notes net of tax (note 16)	**–**	**–**	**–**	34.5	–	10.6
Premium paid on cancellation of debenture stock net of tax (note 16)	**–**	**–**	**–**	32.1	–	9.8
Deferred tax (note 8)	**(1.6)**	**–**	**(0.6)**	3.7	–	1.1
Basic EPRA earnings	**53.7**	**275.9**	**19.5**	66.5	326.1	20.4
Dilutive effect of LTIP shares	**–**	**0.4**	**(0.1)**	–	0.1	–
Dilutive effect of convertible bond	**–**	**–**	**–**	–	–	–
Diluted EPRA earnings	**53.7**	**276.3**	**19.4**	66.5	326.2	20.4

Notes forming part of the Group financial statements continued

9 Performance measures and EPRA metrics continued

EPRA net assets per share

	Net assets 2019 £m	Number of shares 2019 million	Net assets per share 2019 pence	Net assets 2018 £m	Number of shares 2018 million	Net assets per share 2018 pence
Basic net assets	**2,309.7**	**271.4**	**851**	2,366.9	281.7	840
Investment in own shares	**–**	**(1.1)**	**4**	–	(1.2)	4
Dilutive effect of LTIP shares	**–**	**0.5**	**(2)**	–	0.2	–
Diluted net assets	**2,309.7**	**270.8**	**853**	2,366.9	280.7	844
Surplus on revaluation of trading property (note 11)	**–**	**–**	**–**	1.3	–	–
Fair value of convertible bond (note 17)	**–**	**–**	**–**	0.9	–	–
Fair value of derivatives in joint ventures (note 12)	**0.4**	**–**	**–**	0.3	–	–
Deferred tax (note 8)	**–**	**–**	**–**	1.8	–	1
EPRA NAV	**2,310.1**	**270.8**	**853**	2,371.2	280.7	845
Fair value of financial liabilities (note 17)	**(7.2)**	**–**	**(3)**	(2.8)	–	(1)
Fair value of financial liabilities in joint ventures (note 12)	**(1.0)**	**–**	**–**	(1.3)	–	(1)
Fair value of convertible bond (note 17)	**–**	**–**	**–**	(0.9)	–	–
Fair value of derivatives in joint ventures (note 12)	**(0.4)**	**–**	**–**	(0.3)	–	–
Tax arising on sale of trading properties	**–**	**–**	**–**	(0.3)	–	–
Deferred tax (note 8)	**–**	**–**	**–**	(1.8)	–	(1)
EPRA NNNAV	**2,301.5**	**270.8**	**850**	2,363.8	280.7	842

In the prior year, the Group had £150.0 million of convertible bonds in issue with a conversion price of £7.21 per share. The dilutive effect of the contingently issuable shares within the convertible bond is required to be recognised in accordance with IAS 33 – Earnings per Share. For the prior year, the convertible bond had no dilutive impact on IFRS EPS. In accordance with the EPRA Best Practice Recommendations, we have presented EPRA earnings per share on a basic and diluted basis.

EPRA cost ratio (including share of joint ventures)

	2019 £m	2018 £m
Administration expenses	**25.1**	24.1
Property expenses	**11.9**	11.3
Joint venture management fee income	**(3.8)**	(5.2)
Joint venture property and administration costs	**(2.4)**	0.1
EPRA costs (including direct vacancy costs) (A)	**30.8**	30.3
Direct vacancy costs	**(6.1)**	(3.7)
Joint venture direct vacancy (cost)/cost recovery	**(0.4)**	1.0
EPRA costs (excluding direct vacancy costs) (B)	**24.3**	27.6
Net rental income	**80.3**	92.0
Joint venture net rental income	**15.7**	17.4
Gross rental income (C)	**96.0**	109.4
Portfolio at fair value including joint ventures (D)	**2,579.0**	2,790.0
Cost ratio (including direct vacancy costs) (A/C)	**32.1%**	27.7%
Cost ratio (excluding direct vacancy costs) (B/C)	**25.3%**	25.2%
Cost ratio (by portfolio value) (A/D)	**1.2%**	1.1%

EPRA capital expenditure is included in note 10.

9 Performance measures and EPRA metrics continued

Net debt and loan-to-property value

	2019 £m	2018 £m
£142.9 million 5⅝% debenture stock 2029	**22.0**	22.0
£450.0 million revolving credit facility	**–**	–
Private placement notes	**274.0**	174.2
£150.0 million 1.00% convertible bonds 2018 (at nominal value)	**–**	150.0
Less: cash balances	**(139.4)**	(351.4)
Net debt/(cash) excluding joint ventures	**156.6**	(5.2)
Joint venture bank loans (at share)	**84.8**	84.7
Less: joint venture cash balances (at share)	**(17.4)**	(12.0)
Net debt including joint ventures (A)	**224.0**	67.5
Group properties at market value	**1,989.9**	2,285.2
Joint venture properties at market value	**589.1**	504.8
Properties at fair value including joint ventures (B)	**2,579.0**	2,790.0
Loan-to-property value (A/B)	**8.7%**	2.4%

Total accounting return

	2019 Pence per share	2018 Pence per share
Opening EPRA NAV (A)	**845.0**	799.0
Closing EPRA NAV	**853.0**	845.0
Increase in EPRA NAV	**8.0**	46.0
Ordinary dividends paid in the year	**11.6**	10.4
Total return (B)	**19.6**	56.4
Total accounting return (B/A)	**2.3%**	7.1%

Cash earnings per share

	Profit after tax 2019 £m	Number of shares 2019 million	Earnings per share 2019 pence	Profit after tax 2018 £m	Number of shares 2018 million	Earnings per share 2018 pence
Diluted EPRA earnings	**53.7**	**276.3**	**19.4**	66.5	326.2	20.4
Capitalised interest	**(4.8)**	**–**	**(1.7)**	(5.9)	–	(1.8)
Capitalised interest in joint ventures	**(3.5)**	**–**	**(1.3)**	(1.8)	–	(0.6)
Spreading of tenant lease incentives	**1.6**	**–**	**0.6**	(5.1)	–	(1.6)
Spreading of tenant lease incentives in joint ventures	**(1.0)**	**–**	**(0.4)**	(0.1)	–	–
Employee Long-Term Incentive Plan charge	**1.3**	**–**	**0.5**	2.0	–	0.6
Cash earnings per share	**47.3**	**276.3**	**17.1**	55.6	326.2	17.0

Notes forming part of the Group financial statements continued

10 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2017	1,222.9	1,041.1	2,264.0
Acquisitions	29.9	–	29.9
Costs capitalised	16.3	19.1	35.4
Disposals	(195.5)	–	(195.5)
Transfer from investment property under development	102.9	–	102.9
Transfer to investment property under development	(140.2)	–	(140.2)
Net valuation surplus on investment property	23.3	22.9	46.2
Book value at 31 March 2018	1,059.6	1,083.1	2,142.7
Costs capitalised	**7.0**	**2.2**	**9.2**
Disposals	**(336.6)**	**–**	**(336.6)**
Net valuation surplus/(deficit) on investment property	**3.5**	**(4.2)**	**(0.7)**
Book value at 31 March 2019	**733.5**	**1,081.1**	**1,814.6**

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2017	87.9	–	87.9
Acquisitions	25.6	–	25.6
Costs capitalised	14.2	–	14.2
Interest capitalised	0.8	–	0.8
Transfer to investment property	(102.9)	–	(102.9)
Transfer from investment property	140.2	–	140.2
Net revaluation deficit on investment property under development	(3.3)	–	(3.3)
Book value at 31 March 2018	162.5	–	162.5
Costs capitalised	**38.8**	**–**	**38.8**
Interest capitalised	**4.8**	**–**	**4.8**
Net valuation surplus on investment property under development	**4.3**	**–**	**4.3**
Book value at 31 March 2019	**210.4**	**–**	**210.4**
Total investment property	**943.9**	**1,081.1**	**2,025.0**

The book value of investment property includes £40.7 million (2018: £40.8 million) in respect of the present value of future ground rents. The market value of the portfolio (excluding these amounts) is £1,984.3 million. The market value of the Group's total property portfolio, including trading properties, was £1,989.9 million (2018: £2,285.2 million). The total portfolio value including joint venture properties of £589.1 million (see note 12) was £2,579.0 million. At 31 March 2019, property with a carrying value of £108.4 million (2018: £388.4 million) was secured under the first mortgage debenture stock (see note 16).

Surplus from investment property

	2019 £m	2018 £m
Net valuation surplus on investment property	**3.6**	42.9
Profit/(loss) on sale of investment properties	**3.7**	(7.4)
	7.3	35.5

On the settlement of all outstanding payments on the completion of Rathbone Square, W1, the allocation of costs between the residential and commercial elements of the scheme has been finalised. This resulted in £9.4 million of further costs being allocated to the residential element of the scheme (from the commercial element), resulting in a £9.4 million profit on disposal of the commercial element and an equal loss on disposal being recognised on the residential element. There is no overall impact on the income statement from this adjustment.

10 Investment property continued

The Group's investment properties, including those held in joint ventures (note 12), were valued on the basis of Fair Value by CBRE Limited (CBRE), external valuers, as at 31 March 2019. The valuations have been prepared in accordance with the RICS Valuation – Global Standards 2017 (incorporating the International Valuation Standards) and the UK national supplement 2018 (the Red Book) and have been primarily derived using comparable recent market transactions on arm's length terms.

The total fees, including the fee for this assignment, earned by CBRE (or other companies forming part of the same group of companies within the UK) from the Group are less than 5.0% of total UK revenues. The valuation at 31 March 2019 was the first year for a new principal signatory of the CBRE valuation reports. CBRE has continuously been carrying out valuation instructions for the Group for in excess of 20 years. CBRE has carried out valuation, agency and professional services on behalf of the Group for in excess of 20 years.

Real estate valuations are complex and derived using comparable market transactions which are not publicly available and involve an element of judgement. Therefore, in line with EPRA guidance, we have classified the valuation of the property portfolio as Level 3 as defined by IFRS 13. There were no transfers between levels during the year. Inputs to the valuation, including capitalisation yields (typically the true equivalent yield) and rental values, are defined as 'unobservable' as defined by IFRS 13.

Key inputs to the valuation

		ERV		True equivalent yield	
		Average £ per sq ft	Range £ per sq ft	Average %	Range %
North of Oxford Street	Office	**74**	**46 – 86**	**4.5**	**3.5 – 6.2**
	Retail	**81**	**34 – 157**	**4.1**	**3.6 – 5.9**
Rest of West End	Office	**75**	**43 – 93**	**4.7**	**3.6 – 5.7**
	Retail	**118**	**9 – 335**	**4.1**	**3.4 – 5.4**
City, Midtown & Southwark	Office	**54**	**46 – 60**	**5.1**	**4.6 – 5.6**
	Retail	**80**	**28 – 122**	**4.6**	**4.6 – 4.7**

Everything else being equal, there is a positive relationship between rental values and the property valuation, such that an increase in rental values will increase the valuation of a property and a decrease in rental values will reduce the valuation of the property. However, the relationship between capitalisation yields and the property valuation is negative; therefore an increase in capitalisation yields will reduce the valuation of a property and a reduction will increase its valuation. A decrease in the capitalisation yield by 25 basis points would result in an increase in the fair value of the Group's investment property by £132.9 million, whilst a 25 basis point increase would reduce the fair value by £148.2 million. There are interrelationships between these inputs as they are determined by market conditions, and the valuation movement in any one period depends on the balance between them. If these inputs move in opposite directions (i.e. rental values increase and yields decrease) valuation movements can be amplified, whereas if they move in the same direction they may offset, reducing the overall net valuation movement. Additionally, investment property under development is sensitive to income, cost and developer's profit assumptions included in the valuations.

At 31 March 2019, the Group had capital commitments of £93.6 million (2018: £131.6 million). For further detail see Development Management on pages 38 to 41.

EPRA capital expenditure

	2019 £m	2018 £m
Group		
Acquisitions	**–**	55.5
Developments (including trading properties)	**38.8**	28.3
Investment property	**9.2**	35.4
Interest capitalised (including trading properties)	**4.8**	5.9
Joint ventures (at share)		
Developments	**70.5**	33.7
Investment property	**5.8**	2.2
Interest capitalised	**3.5**	1.8
Total	**132.6**	162.8

Notes forming part of the Group financial statements continued

11 Trading property

	2019 £m	2018 £m
At 1 April	19.5	246.7
Costs capitalised	–	14.1
Interest capitalised	–	5.1
Disposals	(13.9)	(246.4)
At 31 March	5.6	19.5

The Group has developed a large mixed-use scheme at Rathbone Square, W1. Part of the approved scheme consists of residential units which the Group holds for sale. As a result, the residential element of the scheme is classified as trading property. At 31 March 2019, the remaining residential unit was under offer with the sale completing in April 2019. The fair value of the trading property was £5.6 million (2018: £20.8 million), representing a Level 3 valuation as defined by IFRS 13 (see note 10).

12 Investment in joint ventures

The Group has the following investments in joint ventures:

	Equity £m	Balances with partners £m	2019 Total £m	2018 Total £m
At 1 April	283.6	140.1	423.7	480.8
Movement on joint venture balances	–	42.7	42.7	(90.1)
Additions	45.6	–	45.6	12.9
Share of profit of joint ventures	6.6	–	6.6	7.5
Share of revaluation surplus of joint ventures	3.5	–	3.5	24.8
Share of (loss)/profit on disposal of joint venture properties	(0.1)	–	(0.1)	8.9
Share of results of joint ventures	10.0	–	10.0	41.2
Distributions	(10.1)	–	(10.1)	(21.1)
At 31 March	329.1	182.8	511.9	423.7

All of the Group's joint ventures operate solely in the United Kingdom and comprise the following:

	Country of registration	2019 ownership	2018 ownership
The GHS Limited Partnership	Jersey	50%	50%
The Great Capital Partnership (inactive)	United Kingdom	50%	50%
The Great Ropemaker Partnership	United Kingdom	50%	50%
The Great Victoria Partnerships	United Kingdom	50%	50%
The Great Wigmore Partnership (inactive)	United Kingdom	50%	50%

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

	The GHS Limited Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	Other £m	2019 Total £m	2019 At share £m	2018 At share £m
Balance sheets							
Investment property	450.4	539.4	198.8	–	1,188.6	594.3	510.0
Current assets	3.3	1.5	0.1	–	4.9	2.4	1.3
Cash	20.0	9.6	4.9	0.2	34.7	17.4	12.0
Balances (from)/to partners	(175.8)	(200.7)	10.9	–	(365.6)	(182.8)	(140.1)
Bank loans	–	(89.8)	(79.8)	–	(169.6)	(84.8)	(84.7)
Derivatives	–	(0.9)	–	–	(0.9)	(0.4)	(0.3)
Current liabilities	(8.4)	(10.8)	(4.2)	(0.2)	(23.6)	(11.8)	(9.4)
Finance leases	–	(10.3)	–	–	(10.3)	(5.2)	(5.2)
Net assets	289.5	238.0	130.7	–	658.2	329.1	283.6

12 Investment in joint ventures continued

	The GHS Limited Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	Other £m	2019 Total £m	2019 At share £m	2018 At share £m
Income statements							
Net rental income	–	18.9	12.4	–	31.3	15.7	17.4
Property and administration costs	(0.8)	(3.3)	(0.5)	(0.1)	(4.7)	(2.4)	(0.1)
Net finance costs	0.1	(10.4)	(3.0)	–	(13.3)	(6.6)	(10.8)
Movement in fair value of derivatives	–	(0.2)	–	–	(0.2)	(0.1)	1.0
Profit/(loss) from joint ventures	(0.7)	5.0	8.9	(0.1)	13.1	6.6	7.5
Revaluation of investment property	26.3	13.5	(32.5)	–	7.3	3.5	24.8
(Loss)/profit on sale of investment property	–	(0.1)	–	–	(0.1)	(0.1)	8.9
Share of results of joint ventures	25.6	18.4	(23.6)	(0.1)	20.3	10.0	41.2

The non-recourse debt facilities of the joint ventures at 31 March 2019 are set out below:

Joint venture debt facilities	Nominal value (100%) £m	Maturity	Fixed/floating	Interest rate
The Great Ropemaker Partnership	90.0	December 2020	Floating	LIBOR +1.25%
The Great Victoria Partnership	80.0	July 2022	Fixed	3.74%
Total	170.0			

The Great Ropemaker Partnership has two interest rate swaps with a fixed rate of 1.42%, which expire coterminously with the bank loan in 2020, with a notional principal amount of £90.0 million. Together with the swaps the loan has an all-in hedged coupon of 2.67% for its duration. At 31 March 2019, the Great Victoria Partnership loan had a fair value of £81.8 million (2018: £82.3 million). All interest-bearing loans are in sterling. At 31 March 2019, the joint ventures had £nil undrawn facilities (2018: £nil).

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

	2019 £m	2018 £m
Movement on joint venture balances during the year	(42.7)	90.1
Balances receivable at the year end from joint ventures	(182.8)	(140.1)
Distributions	10.1	21.1
Management fee income	3.8	5.2

The joint venture balances are repayable on demand and bear interest as follows: the GHS Limited Partnership at 5.3% on balances at inception and 4.0% on any subsequent balances, the Great Ropemaker Partnership at 4.0% and the Great Wigmore Partnership at 4.0%.

The investment properties include £5.2 million (2018: £5.2 million) in respect of the present value of future ground rents, net of these amounts the market value of our share of the total joint venture properties is £589.1 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 2019, the Group had £nil contingent liabilities arising in its joint ventures (2018: £nil). At 31 March 2019, the Group had capital commitments in respect of its joint ventures of £45.9 million (2018: £112.9 million).

Notes forming part of the Group financial statements continued

13 Plant and equipment

	Leasehold improvements £m	Fixtures and fittings/other £m	Total £m
Cost			
At 1 April 2017	5.2	1.0	6.2
Costs capitalised in respect of head office refurbishment	0.3	0.1	0.4
Disposals	–	–	–
At 31 March 2018	5.5	1.1	6.6
Costs capitalised	**0.1**	**–**	**0.1**
At 31 March 2019	**5.6**	**1.1**	**6.7**
Depreciation			
At 1 April 2018	1.3	0.7	2.0
Charge for the year	**0.5**	**0.2**	**0.7**
At 31 March 2019	**1.8**	**0.9**	**2.7**
Carrying amount at 31 March 2018	4.2	0.4	4.6
Carrying amount at 31 March 2019	**3.8**	**0.2**	**4.0**

14 Trade and other receivables

	2019 £m	2018 £m
Trade receivables	**3.6**	3.8
Expected credit loss allowance	**(0.7)**	(0.4)
	2.9	3.4
Prepayments and accrued income	**0.6**	1.3
Amounts due on development management contracts	**1.4**	1.5
Other trade receivables	**6.0**	6.9
Deferred consideration on property sales	**–**	2.0
	10.9	15.1

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 occupier's lease. Trade receivables are provided for based on the expected credit loss, which uses a lifetime expected loss allowance for all trade receivables based on the individual occupiers' circumstance. Debtors past due but not impaired were £1.9 million (2018: £2.0 million) of which £1.8 million (2018: £2.0 million) is over 30 days.

	2019 £m	2018 £m
Movements in expected credit loss allowance		
Balance at the beginning of the year	**(0.4)**	(0.1)
Expected credit loss allowance during the year	**(0.3)**	(0.3)
Amounts written-off as uncollectable	**–**	–
	(0.7)	(0.4)

15 Trade and other payables

	2019 £m	2018 £m
Rents received in advance	**19.7**	22.8
Deposits received on forward sale of residential units	**1.9**	2.4
Obligation to redeem B shares	**–**	306.0
Non-trade payables and accrued expenses	**25.5**	32.1
	47.1	363.3

In the prior year, the Company's shareholders approved a return of capital of £306.0 million through the issue of new B shares, which were redeemed in April 2018 in order to return 93.65 pence per ordinary share to shareholders. As a result, the obligation to redeem the B shares was a liability at 31 March 2018.

16 Interest-bearing loans and borrowings

	2019 £m	2018 £m
Current liabilities at fair value		
Unsecured		
£150.0 million 1.00% convertible bonds 2018	**–**	150.9
Current interest bearing loans and borrowings	**–**	150.9
Non-current liabilities at amortised cost		
Secured		
£142.9 million 5⅝% debenture stock 2029	**22.0**	22.0
Unsecured		
£175.0 million 2.15% private placement notes 2024	**174.4**	174.2
£40.0 million 2.70% private placement notes 2028	**39.8**	–
£30.0 million 2.79% private placement notes 2030	**29.9**	–
£30.0 million 2.93% private placement notes 2033	**29.9**	–
Non-current interest bearing loans and borrowings	**296.0**	196.2
Interest bearing loans and borrowings	**296.0**	347.1

In October 2018, the Group entered into an 'Amendment and Extension' transaction on its £450 million unsecured revolving credit facility (RCF). The size of the RCF is unchanged at £450 million, but the margin was reduced to 92.5 basis points over LIBOR with the maturity extended to October 2023 which can potentially be extended further to October 2025, subject to bank consent. The facility was undrawn during the year.

In June 2018, the Group drew down on £100 million of new ten, twelve and fifteen-year US private placement notes. The sterling denominated, unsecured debt has a weighted average fixed rate coupon of 2.80% (representing a margin of 106 basis points over the relevant Gilt).

In September 2018, the Group's £150.0 million convertible bond matured. Bonds with a face value of £136.9 million were repaid on maturity and £13.1 million of bonds converted. The Group opted to pay a cash amount in respect of the converted bonds rather than issue shares. The quantum of the cash payment was based on GPE's share price between 7 September and 4 October. As a result, the final amount payable was £12.7 million, which was paid in October, with the £0.4 million discount on maturity recognised as a fair value movement in the income statement for the year.

At 31 March 2019, the Group had £451.0 million (2018: £451 million) of undrawn credit facilities.

Notes forming part of the Group financial statements continued

17 Financial instruments

Categories of financial instrument	Carrying amount 2019 £m	Amounts recognised in income statement 2019 £m	Gain/(loss) to equity 2019 £m	Carrying amount 2018 £m	Amounts recognised in income statement 2018 £m	Gain/(loss) to equity 2018 £m
Convertible bond	–	**0.7**	–	(150.9)	7.0	–
Current liabilities at fair value	–	**0.7**	–	(150.9)	7.0	–
Interest rate floor	–	–	–	–	(0.5)	–
Cross currency swaps	–	–	–	–	(4.9)	–
Non-current assets held at fair value	–	–	–	–	(5.4)	–
Trade receivables	**10.9**	**(0.3)**	–	15.1	(0.3)	–
Cash and cash equivalents	**139.4**	**1.2**	–	351.4	0.2	–
Loans and receivables	**150.3**	**0.9**	–	366.5	(0.1)	–
Trade and other payables	**(11.8)**	–	–	(9.4)	–	–
Obligation to redeem B shares	–	–	–	(306.0)	–	–
Interest-bearing loans and borrowings	**(296.0)**	**(5.7)**	–	(196.2)	(7.9)	–
Obligations under finance leases	**(40.7)**	**(1.8)**	–	(40.8)	(1.8)	–
Liabilities at amortised cost	**(348.5)**	**(7.5)**	–	(552.4)	(9.7)	–
Total financial instruments	**(198.2)**	**(5.9)**	–	(336.8)	(8.2)	–

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 reviewing the financial information of prospective occupiers and only dealing with those that are creditworthy 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 occupier 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 14 of the financial statements.

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

Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns and as such it aims to maintain an appropriate mix of debt and equity financing. The current capital structure of the Group consists of a mix of equity and debt. Equity comprises issued share capital, reserves and retained earnings as disclosed in the Group statement of changes in equity. Debt comprises long-term debenture stock, private placement notes, convertible bonds and drawings against committed revolving credit facilities from banks. The Group aims to maintain a loan-to-property value of between 10% – 40% (see note 9).

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 has historically been fully hedged through foreign currency derivatives to create a synthetic sterling exposure.

17 Financial instruments continued

Liquidity risk

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

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

Key covenants	Covenant		March 2019 actuals
Group			
Net debt/net equity	**<1.25x**		**0.07x**
Inner borrowing (unencumbered asset value/unsecured borrowings)	**>1.66x**		**6.8x**
Interest cover	**>1.35x**		**n/a**

Due to low levels of consolidated group debt, there was no interest charge (as measured under our debt covenants) in the year, as a result interest cover was not measurable. The Group has undrawn credit facilities of £451.0 million and has substantial headroom above all of its key covenants. As a result, the directors consider the Group to have adequate liquidity to be able to fund the ongoing operations of the business.

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

At 31 March 2019	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	**22.0**	**33.9**	**1.2**	**1.2**	**3.7**	**27.8**
£450.0 million revolving credit facility	**–**	**5.2**	**1.5**	**1.5**	**2.2**	**–**
Private placement notes	**274.0**	**318.6**	**5.9**	**5.9**	**17.7**	**289.1**
	296.0	**357.7**	**8.6**	**8.6**	**23.6**	**316.9**

At 31 March 2018	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	22.0	35.2	1.2	1.2	3.7	29.1
£450.0 million revolving credit facility	–	4.4	1.7	1.7	1.0	–
Private placement notes	174.2	198.2	3.8	3.8	11.3	179.3
£150.0 million 1.00% convertible bonds 2018	150.9	150.6	150.6	–	–	–
	347.1	388.4	157.3	6.7	16.0	208.4

Notes forming part of the Group financial statements continued

17 Financial instruments continued

Market risk

Interest rate risk arises from the Group's use of interest-bearing financial instruments. It is the risk that future cash flows arising from a financial instrument will fluctuate due to changes in interest rates. It is the Group's policy to reduce interest rate risk in respect of the cash flows arising from its debt finance either through the use of fixed rate debt or through the use of interest rate derivatives such as swaps, caps and floors. It is the Group's usual policy to maintain the proportion of floating interest rate exposure to between 20%–40% of forecast total debt. However, this target is flexible, and may not be adhered to at all times depending on, for example, the Group's view of future interest rate movements.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both non-derivative and derivative financial instruments at the balance sheet date, and represents management's assessment of possible changes in interest rates based on historical trends. For the floating rate liabilities, the analysis is prepared assuming the amount of the liability at 31 March 2019 was outstanding for the whole year:

	Impact on profit		Impact on equity	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Increase of 100 basis points	**0.7**	1.1	**0.7**	1.1
Increase of 50 basis points	**0.4**	0.6	**0.4**	0.6
Decrease of 25 basis points	**(0.2)**	(0.3)	**(0.2)**	(0.3)
Decrease of 50 basis points	**(0.4)**	(0.6)	**(0.4)**	(0.6)

Fair value of interest-bearing loans and borrowings

	Book value 2019 £m	**Fair value 2019 £m**	Book value 2018 £m	Fair value 2018 £m
Level 1				
£150.0 million 1.00% convertible bonds 2018	**–**	**–**	150.9	150.9
Other items not carried at fair value				
£142.9 million 5⅝% debenture stock 2029	**22.0**	**27.3**	22.0	27.0
Private placement notes	**274.0**	**275.9**	174.2	172.0
£450.0 million revolving credit facility	**–**	**–**	–	–
	296.0	**303.2**	347.1	349.9

The fair value of the Group's listed convertible bonds was estimated on the basis of quoted market prices up to maturity, representing Level 1 fair value measurements as defined by IFRS 13 Fair Value Measurement. The fair values of the Group's private placement notes were determined by comparing the discounted future cash flows using the contracted yields with those of the reference gilts plus the implied margins, representing Level 2 fair value measurements as defined by IFRS 13 Fair Value Measurement.

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

18 Obligations under finance leases

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

	Minimum lease payments 2019 £m	**Interest 2019 £m**	**Present value of minimum lease payments 2019 £m**	Minimum lease payments 2018 £m	Interest 2018 £m	Present value of minimum lease payments 2018 £m
Less than one year	**1.9**	**(1.9)**	**–**	1.9	(1.9)	–
Between two and five years	**9.5**	**(9.4)**	**0.1**	9.5	(9.4)	0.1
More than five years	**194.9**	**(154.3)**	**40.6**	196.9	(156.2)	40.7
	206.3	**(165.6)**	**40.7**	208.3	(167.5)	40.8

19 Share capital

	2019 Number	**2019 £m**	2018 Number	2018 £m
Allotted, called up and fully paid ordinary shares of 15 $^{5}/_{19}$ pence				
At 1 April	**281,663,675**	**43.0**	343,926,149	43.0
Issue of shares	**–**	**–**	22	–
Share buyback	**(10,297,781)**	**(1.6)**	–	–
19 for 20 share consolidation	**–**	**–**	(17,196,308)	–
25 for 29 share consolidation	**–**	**–**	(45,066,188)	–
At 31 March	**271,365,894**	**41.4**	281,663,675	43.0

On 15 November 2018, the Company announced its intention to return up to £200 million of equity to shareholders over a 12 month period through a share buyback. During the year, the Company bought 10,297,781 shares at an average price of £7.26 per share including costs. After taking account of the share buyback completed to date, at 31 March 2019, the Company had 271,365,894 ordinary shares with a nominal value of 15 $^{5}/_{19}$ pence each.

20 Investment in own shares

	2019 £m	2018 £m
At 1 April	**2.4**	3.8
Employee Long-Term Incentive Plan charge	**(1.3)**	(2.0)
Transfer to retained earnings	**0.6**	0.6
At 31 March	**1.7**	2.4

The investment in the Company's own shares is held at cost and comprises 1,109,303 shares (2018: 1,178,137 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, 68,834 shares (2018: 347,572 shares) were awarded to directors and senior employees in respect of the 2015 LTIP award and no additional shares were acquired by the Trust (2018: 22 shares). The fair value of shares awarded and outstanding at 31 March 2019 was £5.1 million (2018: £2.4 million).

21 Notes to the Group statement of cash flows

Reconciliation of financing liabilities

	1 April 2018 £m	**Inflows/ (outflows) £m**	**New obligations £m**	**Fair value changes £m**	**Other £m**	**31 March 2019 £m**
Long-term borrowings	196.2	**–**	**99.7**	**–**	**0.1**	**296.0**
Short-term borrowings	150.9	**(149.6)**	**–**	**(1.3)**	**–**	**–**
Obligations under finance leases	40.8	**–**	**–**	**–**	**(0.1)**	**40.7**
Obligation to redeem B shares	306.0	**(306.0)**	**–**	**–**	**–**	**–**
	693.9	**(455.6)**	**99.7**	**(1.3)**	**–**	**336.7**

Notes forming part of the Group financial statements continued

21 Notes to the Group statement of cash flows continued

	1 April 2017 £m	Inflows/ (outflows) £m	New obligations £m	Fair value changes £m	Other £m	31 March 2018 £m
Long-term borrowings	537.7	(258.9)	75.2	–	(157.8)	196.2
Short-term borrowings	–	–	–	(8.5)	159.4	150.9
Obligations under finance leases	35.9	–	4.9	–	–	40.8
Obligation to redeem B shares	–	–	306.0	–	–	306.0
Derivatives	(28.5)	23.1	–	5.4	–	–
	545.1	(235.8)	386.1	(3.1)	1.6	693.9

Adjustment for non-cash items

	2019 £m	2018 £m
Surplus from investment property	**(7.3)**	(35.5)
Employee Long-Term Incentive Plan charge	**1.3**	2.0
Spreading of tenant lease incentives	**1.6**	(5.1)
Share of results of joint ventures	**(10.0)**	(41.2)
Depreciation	**0.7**	0.9
Adjustments for non-cash items	**(13.7)**	(78.9)

22 Dividends

	2019 £m	2018 £m
Dividends paid		
Interim dividend for the year ended 31 March 2019 of 4.3 pence per share	**12.0**	–
Final dividend for the year ended 31 March 2018 of 7.3 pence per share	**20.5**	–
Interim dividend for the year ended 31 March 2018 of 4.0 pence per share	**–**	13.0
Special dividend for the year ended 31 March 2018 of 32.15 pence per share	**–**	110.0
Final dividend for the year ended 31 March 2017 of 6.4 pence per share	**–**	20.8
	32.5	143.8

A final dividend of 7.9 pence per share was approved by the Board on 22 May 2019 and will be paid on 8 July 2019 to shareholders on the register on 31 May 2019. The dividend is not recognised as a liability at 31 March 2019. The 2018 final dividend and the 2019 interim dividend are included within the Group statement of changes in equity.

23 Operating leases

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

	2019 £m	2018 £m
The Group as a lessor		
Less than one year	**73.6**	81.7
Between two and five years	**187.9**	223.7
More than five years	**88.8**	166.8
	350.3	472.2

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2019 was 4.3 years (2018: 5.1 years). All investment properties, except those under development, generated rental income and no contingent rents were recognised in the year (2018: £nil).

	2019 £m	2018 £m
The Group as a lessee		
Less than one year	**1.0**	1.0
Between two and five years	**4.1**	4.1
More than five years	**1.0**	2.0
	6.1	7.1

24 Employee benefits

The Group operates a UK-funded approved defined contribution plan. The Group's contribution for the year was £0.7 million (2018: £0.8 million). The Group also contributes to a defined benefit final salary pension plan ('the Plan'), the assets of which are held and managed by trustees separately from the assets of the Group. The Plan has been closed to new entrants since April 2002. The most recent actuarial valuation of the Plan was conducted at 1 April 2017 by a qualified independent actuary using the projected unit method. The Plan was valued using the following key actuarial assumptions:

	2019 %	2018 %
Discount rate	**2.50**	2.70
Expected rate of salary increases	**4.20**	4.10
RPI inflation	**3.20**	3.10
Rate of future pension increases	**5.00**	5.00

Life expectancy assumptions at age 65:

	2019 Years	2018 Years
Retiring today age 65	**24**	24
Retiring in 25 years (age 40 today)	**26**	27

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

	2019 £m	2018 £m
Present value of unfunded obligations	**(36.6)**	(34.5)
Fair value of the Plan assets	**36.6**	35.0
Pension surplus	**–**	0.5

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

	2019 £m	2018 £m
Current service cost	**(0.3)**	(0.5)
Net interest cost	**–**	(0.1)
	(0.3)	(0.6)

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

	2019 £m	2018 £m
Defined benefit obligation at 1 April	**34.5**	39.9
Service cost	**0.3**	0.5
Interest cost	**0.9**	1.0
Effect of changes in financial assumptions	**1.8**	(1.5)
Effect of changes in demographic assumptions	**–**	(1.4)
Effect of experience adjustments	**–**	(3.2)
Benefits paid	**(0.9)**	(0.8)
Present value of defined benefit obligation at 31 March	**36.6**	34.5

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

	2019 £m	2018 £m
Fair value of the Plan assets at 1 April	**35.0**	34.1
Interest income	**0.9**	0.9
Actuarial gain	**0.9**	0.1
Employer contributions	**0.7**	0.7
Benefits paid	**(0.9)**	(0.8)
Fair value of the Plan assets at 31 March	**36.6**	35.0

Net pension surplus	**–**	0.5

Notes forming part of the Group financial statements continued

24 Employee benefits continued

The amount recognised immediately in the Group statement of comprehensive income was a loss of £0.9 million (2018: gain of £6.1 million).

Virtually all equity and debt instruments have quoted prices in active markets. The fair value of the Plan assets at the balance sheet date is analysed as follows:

	2019 £m	2018 £m
Cash	**0.2**	0.5
Equities	**14.3**	13.7
Bonds	**22.1**	20.8
	36.6	35.0

Other than market and demographic risks, which are common to all retirement benefit schemes, there are no specific risks in the relevant benefit schemes which the Group considers to be significant or unusual. Detail on two of the more specific risks is detailed below:

Changes in bond yields

Falling bond yields tend to increase the funding and accounting liabilities. However, the investment in corporate and government bonds offers a degree of matching, i.e. the movement in assets arising from changes in bond yields partially matches the movement in the funding or accounting liabilities. In this way, the exposure to movements in bond yields is reduced.

Life expectancy

The majority of the obligations are to provide a pension for the life of the member on retirement, so increases in life expectancy will result in an increase in the liabilities. The inflation-linked nature of the majority of benefit payments increases the sensitivity of the liabilities to changes in life expectancy.

The effect on the defined benefit obligation of changing the key assumptions, calculated using approximate methods based on historical trends, is set out below:

	2019 £m	2018 £m
Discount rate -0.25%	**38.5**	36.3
Discount rate +0.25%	**34.9**	32.9
RPI inflation -0.25%	**35.8**	33.7
RPI inflation +0.25%	**37.5**	35.3
Post-retirement mortality assumption -1 year	**38.2**	36.0

The Group expects to contribute £0.7 million to the Plan in the year ending 31 March 2020. The expected total benefit payments for the year ending 31 March 2020 is £0.7 million, with £4.9 million expected to be paid over the next five years. A funding plan has been agreed committing the Group to cash combinations of £347,000 p.a. over five years as well as a contribution rate of 46.8% p.a. of member pensionable salaries to eliminate any funding shortfalls and the ongoing benefit accrual.

25 Reserves

The following describes the nature and purpose of each reserve within equity:

Share capital

The nominal value of the Company's issued share capital, comprising 15 $^{5}/_{19}$ pence ordinary shares.

Share premium

Amount subscribed for share capital in excess of nominal value, less directly attributable issue costs.

Capital redemption reserve

Amount equivalent to the nominal value of the Company's own shares acquired as a result of share buy back programmes.

Retained earnings

Cumulative net gains and losses recognised in the Group income statement together with other items such as dividends.

Investment in own shares

Amount paid to acquire the Company's own shares for its Employee Long-Term Incentive Plan less accounting charges.

Independent auditor's report

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Great Portland Estates plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements which comprise:

- the Group income statement;
- the Group statement of comprehensive income;
- the Group and Parent Company balance sheets;
- the Group and Parent Company statements of changes in equity;
- the Group cash flow statement; and
- the related notes 1 to 25 for Group financial statements and i to viii for the Parent Company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: – Valuation of the property portfolio. Last year our report included one other key audit matter, which is not included in our report this year, being Accounting for acquisitions and disposals. The reasoning for the exclusion of the key audit matter is detailed below in our key audit matters section.
Materiality	The materiality that we used for the Group financial statements was £30 million which was determined on the basis of c.1% of net assets.
Scoping	Our Group audit scope comprises the audit of Great Portland Estates plc as well as the Group's Joint Ventures. The Group team performs full scope audits for all of the Group's subsidiaries and joint ventures which are subject to statutory audit requirements. Those entities not subject to an underlying statutory audit are audited based on component materiality.
Significant changes in our approach	There has been no other significant change in the Group's operations and therefore other than the change in key audit matters as mentioned above there are no required changes to our approach.

Independent auditor's report continued

Conclusions relating to going concern, principal risks and viability statement

Going concern	We have reviewed the directors' statement in note 1 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's and Parent Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements. We considered as part of our risk assessment the nature of the Group, its business model and related risks including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment. We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.	**We confirm that we have nothing material to report, add or draw attention to in respect of these matters.**
Principal risks and viability statement	Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the Group's and the Parent Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to: – the disclosures on pages 78 to 87 that describe the principal risks and explain how they are being managed or mitigated; – the directors' confirmation on page 74 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or – the directors' explanation on page 88 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. We are also required to report whether the directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	**We confirm that we have nothing material to report, add or draw attention to in respect of these matters.**

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the prior year our report included one other key audit matter, in relation to the accounting for acquisitions and disposals, which is not included this year. The Group have historically recognised acquisitions and disposals when the risks and rewards of ownership have transferred, depending on the specific terms of the transactions, which led to an increased level of judgement. Under the new revenue accounting standard, IFRS 15, recognition of these transactions will only happen when control passes, on completion. This required change in accounting policy has resulted in the level of judgement decreasing. Furthermore there are no property transactions which straddle the year end and none of the transactions in the year have been complex. Based on these factors we no longer consider this to be a key audit matter.

Valuation of property portfolio

Key audit matter description	The Group owns a portfolio of property assets in central London. The portfolio is valued at £2,579.0 million (2018: £2,790.0 million), including share of joint venture properties, as at 31 March 2019. The valuation of the portfolio is an area of significant judgement and includes a number of assumptions including capitalisation yields and future rental values. There is also a potential for fraud relating to the level of estimation required in determining the valuation. The level of development activity remains high and therefore continues to be an area of specific focus for our audit due to the judgements required in assessing the value of development properties, such as forecast costs to complete, the level of developer's profit, financing costs and estimated rental values (ERVs). We note that due to current market conditions, there is a higher level of judgement associated with certain asset valuations, for example those held under short leaseholds or those with a significant retail element. Please see critical judgements and accounting policy at pages 154 to 156, notes 10 and 12 to the financial statements and discussion in the report of the Audit Committee on page 109.
How the scope of our audit responded to the key audit matter	We assessed the design and implementation of controls relating to the valuation process. We assessed and discussed management's process for reviewing and challenging the work of the external valuer. We also assessed the competence, independence and integrity of the external valuer. We obtained the external valuation reports and met with the external valuer to discuss the results of their work on a sample of properties. With the assistance of an expert member of the audit team, who is a chartered surveyor, we discussed and challenged the valuation process, performance of the portfolio and significant judgements and assumptions applied in their valuation model, including yields, occupancy rates, lease incentives and break clauses. Our challenge included benchmarking the key assumptions to external market data and comparable property transactions, in particular the yield. We tested the integrity of a sample of the data provided to the external valuer. This included verifying a sample of information provided to the external valuer to underlying lease agreements, and verifying costs to complete. We assessed the Group's development appraisal process through meeting with project managers, testing management's process to forecast costs to complete and inspecting commitments of key developments.
Key observations	We conclude that the assumptions used in the valuations are supportable in light of available and comparable market evidence. We further conclude that the valuations are within the acceptable range.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	£30.0 million (2018: £30.0 million)	£25.4 million (2018: £18.4 million)
Basis for determining materiality	We determined materiality for the Group to be £30 million (2018: £30 million), which is approximately 1% of net assets (2018: approximately 1% of net assets).	We determined materiality for the Parent Company to be £25.4 million (2018: £18.4 million), which is 3% of net assets (2018: 3% of net assets).
Rationale for the benchmark applied	We consider net assets to be a critical financial performance measure for the Group on the basis that it is a key metric used by management, investors, analysts and lenders.	We consider net assets to be a critical financial performance measure for the Group on the basis that the Parent Company holds all the investments therefore making the Balance Sheet the relevant primary statement for management and lenders.

In addition to net assets, we consider EPRA Profit Before Tax to be a critical financial performance measure for the Group and we applied a lower threshold of £2.7 million (2018: £3.0 million) based on 5% (2018: 5%) of that measure for testing of all balances impacting this financial performance measure.

Independent auditor's report continued

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of Group materiality for the 2019 audit (2018: 70%). We set a two performance materiality levels, one relative to the £30 million. Group materiality and one relative to our lower level materiality specific to EPRA profit affecting balances. In determining performance materiality, we consider factors including:

– our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to rely on controls over a number of business processes; and

– our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1 million (2018: £1 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. The Group is audited by one audit team, led by the Senior Statutory Auditor. The audit is performed centrally, as the books and records for each entity within the Group are maintained at head office.

We also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

We perform full scope audits for all of the Group's subsidiaries and joint ventures which are subject to statutory audit requirements at company specific materiality levels which are lower than Group materiality, these materiality levels range from £1 to £27 million (2018: £3,000 to £27 million). Those entities not subject to an underlying statutory audit are audited based on component materiality. This comprises 100% (2018: 99%) of the Group's revenue and 100% (2018: 100%) of net assets.

Other information

We have nothing to report in respect of these matters.

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

– **Fair, balanced and understandable** – the statement given by the directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

– **Audit Committee reporting** – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or

– **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the directors' statement required under the Listing Rules relating to the Parent Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities** This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, internal audit, and the Audit Committee, including obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team and involving relevant internal specialists, including tax, pensions, IT, and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas: valuation of the property portfolio relating to the level of estimation required in determining the valuation; and
- obtaining an understanding of the legal and regulatory frameworks that the Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Group. The key laws and regulations we considered in this context included the relevant provisions of the Companies Act 2006 and Listing Rules as well as relevant provisions of pensions and tax legislation, including the REIT rules.

Audit response to risks identified

As a result of performing the above, we identified valuation of the property portfolio as the key audit matter. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter'. As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and

Independent auditor's report continued

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinions 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.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters

Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Shareholders on 15 July 2003 to audit the financial statements for the year ending 31 March 2004 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 16 years, covering the years ending 31 March 2004 to 31 March 2019.

Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

Use of our report

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.

Judith Tacon (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
22 May 2019

Company balance sheet

At 31 March 2019

	Notes	2019 £m	2018 £m
Non-current assets			
Fixed asset investments	iii	**1,219.5**	1,174.3
		1,219.5	1,174.3
Current assets			
Debtors	iv	**610.8**	732.4
Cash at bank and short-term deposits		**139.1**	356.3
		749.9	1,088.7
Total assets		**1,969.4**	2,263.0
Current liabilities	v	**(831.3)**	(1,466.1)
Non-current liabilities			
Interest-bearing loans and borrowings	vi	**(296.0)**	(196.2)
Option element of convertible bond	vii	**–**	–
Deferred tax	viii	**–**	(2.3)
		(296.0)	(198.5)
Total liabilities		**(1,127.3)**	(1,664.6)
Net assets		**842.1**	598.4
Capital and reserves			
Share capital	19	**41.4**	43.0
Share premium account		**46.0**	46.0
Capital redemption reserve	19	**324.0**	322.4
Retained earnings		**432.4**	189.4
Investment in own shares	20	**(1.7)**	(2.4)
Shareholders' funds		**842.1**	598.4

Notes: The profit within the Company financial statements was £349.7 million (2018: £202.1 million). References in roman numerals refer to the notes to the Company financial statements, references in numbers refer to the notes to the Group financial statements.

The financial statements of Great Portland Estates plc (registered number: 00596137) were approved by the Board on 22 May 2019 and signed on its behalf by:

Toby Courtauld
Chief Executive

Nick Sanderson
Finance and Operations Director

Company statement of changes in equity

For the year ended 31 March 2019

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2018		**43.0**	**46.0**	**322.4**	**189.4**	**(2.4)**	**598.4**
Profit for the year and total comprehensive income		**–**	**–**	**–**	**349.7**	**–**	**349.7**
Share buy back	19	**(1.6)**	**–**	**1.6**	**(74.8)**	**–**	**(74.8)**
Dividends to shareholders	22	**–**	**–**	**–**	**(32.5)**	**–**	**(32.5)**
Employee Long-Term Incentive Plan and Share Matching Plan charge	20	**–**	**–**	**–**	**–**	**1.3**	**1.3**
Transfer to retained earnings		**–**	**–**	**–**	**0.6**	**(0.6)**	**–**
Total equity at 31 March 2019		**41.4**	**46.0**	**324.0**	**432.4**	**(1.7)**	**842.1**

At 31 March 2019 the Company had realised profits available for distribution in excess of £400 million.

Company statement of changes in equity

For the year ended 31 March 2018

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2017		43.0	352.0	16.4	436.5	(3.8)	844.1
Profit for the year and total comprehensive income		–	–	–	202.1	–	202.1
Issue of B shares	19	–	(306.0)	–	–	–	(306.0)
Redemption of B shares	19	–	–	306.0	(306.0)	–	–
Dividends to shareholders	22	–	–	–	(143.8)	–	(143.8)
Employee Long-Term Incentive Plan and Share Matching Plan charge	20		–	–	–	2.0	2.0
Transfer to retained earnings		–	–	–	0.6	(0.6)	–
Total equity at 31 March 2018		43.0	46.0	322.4	189.4	(2.4)	598.4

Notes forming part of the Company financial statements

i Accounting policies

Accounting convention

Great Portland Estates plc is a public company limited by shares incorporated and domiciled in the United Kingdom (England & Wales). The address of the registered office is given on page 196. The financial statements have been prepared on the historical cost basis except for the re-measurement of certain financial instruments to fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. There were no significant judgements made or critical estimates applied in the preparation of the financial statements.

Disclosure exemptions adopted

The separate financial statements of the company are presented as required by the Companies Act 2006. The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) Reduced Disclosure Framework as issued by the Financial Reporting Council incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and July 2016.

In preparing these financial statements Great Portland Estates plc has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

– certain comparative information as otherwise required by EU endorsed IFRS;

– certain disclosures regarding the Company's capital;

– a statement of cash flows;

– certain disclosures in respect of financial instruments;

– the effect of future accounting standards not yet adopted; and

– disclosure of related party transactions with wholly-owned members of the Group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated Group accounts into which Great Portland Estates plc is consolidated.

Subsidiary undertakings and joint ventures

The Company is holding and financing Company for the Great Portland Estates plc Group. Shares in subsidiary undertakings and joint ventures are carried at amounts equal to their original cost less any provision for impairment.

Other

Accounting policies for share-based payments, other investment, deferred tax and financial instruments are the same as those of the Group and are set out on pages 154 to 157.

The Company participates in a group defined benefit scheme which is the legal responsibility of the B&HS Management Limited as the sponsoring employer. There is no contractual agreement or stated policy for charging the net defined benefit cost. In accordance with IAS 19 (Revised 2011), the Company accounts for the contributions to the scheme as if it were a defined contribution scheme. Details of the Group's pension plan can be found on pages 175 and 176.

The auditor's remuneration for audit and other services is disclosed in note 5 to the Group accounts.

ii Profit attributable to members of the parent undertaking

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. The profit dealt within the financial statements of the Company was £349.7 million (2018: profit of £202.1 million). The employees of the Company are the directors and the Company Secretary. Full disclosure of the directors' remuneration can be found on pages 116 to 142.

Notes forming part of the Company financial statements continued

iii Fixed asset investments

	Investment in joint ventures £m	Shares in subsidiary undertakings £m	Total £m
At 1 April 2018	0.2	1,174.1	1,174.3
Additions	–	125.0	125.0
Impairment	–	(79.8)	(79.8)
31 March 2019	0.2	1,219.3	1,219.5

Shares in subsidiary undertakings and joint ventures are carried at cost less any provision for impairment. The historical cost of the shares in subsidiary undertakings and joint ventures at 31 March 2019 was £1,219.5 million (2018: £1,174.3 million).

The subsidiaries of the Company at 31 March 2019 were:

Direct subsidiaries

The Company has a 100% interest in the ordinary share capital of the following entities:

	Principal activity		Principal activity
Great Portland Estates Services Limited	Property management	G.P.E. (St Thomas Street) Limited	Property investment
Collin Estates Limited	Property investment	J.L.P. Investment Company Limited	Property investment
Courtana Investments Limited	Property investment	Knighton Estates Limited	Property investment
G.P.E. (Bermondsey Street) Limited	Property investment	Foley Street Limited	Property investment
Great Portland Estates Capital (Jersey) Limited	Finance company	Pontsarn Investments Limited	Property investment
GPE (Brook Street) Limited	Property investment	Portman Square Properties Holdings Limited	Property investment
GPE (GHS) Limited	Property investment	GPE Pension Trustee Limited	Property investment
G.P.E. (Blackfriars) Limited	Property investment	Uplands Trading Estates Limited	Property investment
Ilex Limited	Property investment	G.P.E. (Marcol House) Limited	Property investment
G.P.E. (Bishopsgate) Limited	Property investment	G.P.E. (80 Bishopsgate) Limited	Property investment
G.P.E. (88/104 Bishopsgate) Limited	Property investment	G.P.E. (61 St Mary Axe) Limited	Property investment
G.P.E. (88/104 Bishopsgate) (No. 2) Limited	Property investment	The Great Star Partnership Limited	Property investment
G.P.E. Construction Limited	Construction	G.P.E. (Rathbone Place 1) Limited	Property investment
Rathbone Square No.1 Limited	Property investment	G.P.E. (Rathbone Place 2) Limited	Property investment
Rathbone Square No.2 Limited	Property investment	G.P.E. (Rathbone Place 3) Limited	Property investment
The Rathbone Place Partnership (G.P. 1) Limited	Property investment	73/77 Oxford Street Limited	Property investment
80 GPS Management Company Limited	Property investment		

iii Fixed asset investments (continued)
Indirect subsidiaries

	Principal activity		Principal activity
The Rathbone Place Partnership (G.P. 2) Limited	Holding company	Portman Square Properties Limited	Property investment
VIII City Place House Holdings Sarl	Property investment	The City Place House Partnership (G.P.) Limited	Property investment
VIII City Tower Holdings Sarl	Property investment	The City Tower Partnership (G.P.) Limited	Property investment
The Newman Street Unit Trust	Property investment	Marcol House Jersey Limited	Property investment
G.P.E. (Newman Street) Limited	Property investment	G.P.E. (New Bond Street) LLP	Property investment
The Rathbone Place Limited Partnership*	Property investment		

* The Group has taken the advantage of the exemption, which is conferred by The Partnerships (Accounts) Regulations 2008, for preparing financial statements for The Rathbone Place Limited Partnership.

	Principal activity		Principal activity
The Great Victoria Partnership (G.P.) Limited	Property investment	The Great Victoria Partnership (G.P.) (No. 2) Limited	Property investment
The Great Wigmore Partnership (G.P.) Limited	Property investment	Great Capital Partnership (G.P.) Limited	Property investment
Great Ropemaker Partnership (G.P.) Limited	Property investment		

Indirectly held joint venture entities

	Principal activity		Principal activity
Great Victoria Property Limited	Property investment	The Great Victoria Partnership	Property investment
The Great Victoria Partnership (No. 2)	Property investment	Great Victoria Property (No. 2) Limited	Property investment
Great Wigmore Property Limited	Property investment	The Great Wigmore Partnership	Property investment
The Great Capital Partnership	Property investment	Great Capital Property Limited	Property investment
Great Ropemaker Property Limited	Property investment	The Great Ropemaker Partnership	Property investment
Great Ropemaker Property (Nominee 1) Limited	Property investment	Great Ropemaker Property (Nominee 2) Limited	Property investment
GHS (GP) Limited	Property investment	GPE (Hanover Square) Limited	Property investment
The GHS Limited Partnership	Property investment	GHS (Nominee) Limited	Property investment
GWP Duke Street Limited	Property investment	GWP Grays Yard Limited	Property investment

All of the above companies are registered at 33 Cavendish Square, London W1G 0PW and operate in England and Wales except for: Great Portland Estates Capital (Jersey) Limited which is registered at 47 Esplanade, St Helier, Jersey JE1 0BD; Marcol House Jersey Limited, GHS (GP) Limited, GHS (Nominee) Limited and The GHS Limited Partnership which are registered at 44 Esplanade, St Helier, Jersey, JE4 9WG; The Newman Street Unit Trust which is registered at 11 Old Jewry, London, EC2R 8DU and VIII City Tower Holdings Sarl and VIII City Place House Holdings Sarl which are registered at 5, rue Guillaume Kroll, L-1822, Luxembourg. Great Portland Estates plc is the ultimate parent undertaking of the Great Portland Estates Group.

Notes forming part of the Company financial statements continued

iv Debtors

	2019 £m	2018 £m
Amounts owed by subsidiary undertakings	**421.2**	584.6
Amounts owed by joint ventures	**188.2**	145.6
Other debtors	**1.4**	2.2
	610.8	732.4

See note 17 in the Group accounts for the full derivative disclosures.

v Current liabilities

	2019 £m	2018 £m
Amounts owed to subsidiary undertakings	**815.5**	1,146.3
Amounts owed to joint ventures	**5.5**	5.5
Other taxes and social security costs	**3.4**	2.4
Obligation to redeem B shares	**–**	306.0
Other creditors	**1.6**	1.9
Option element of convertible bond (see note vii)	**–**	0.9
Accruals	**5.3**	3.1
	831.3	1,466.1

In the prior year, the Company's shareholders approved a return of capital of £306.0 million through the issue of new B shares, which were redeemed in April 2018 in order to return 93.65 pence per ordinary share to shareholders. As a result, the obligation to redeem the B shares was a liability at 31 March 2018.

vi Interest-bearing loans and borrowings

	2019 £m	2018 £m
Bank loans	**–**	–
Debentures	**22.0**	22.0
Private placement notes	**274.0**	174.2
	296.0	196.2

At 31 March 2019, property with a carrying value of £108.4 million (2018: £388.4 million) was secured under the first mortgage debenture stock. Further details of the Company's loans and borrowings can be found on notes 16 and 17 of the Group accounts.

vii Option element of convertible bond

in the prior year, the Group had £150 million of senior, unsecured convertible bonds due 2018 in issue which matured in September 2018. The bonds had a fixed coupon of 1.0% p.a. and a conversion price of £7.21 per share. The option element of the convertible bond relates to the fair value of the bondholder's underlying conversion option. The fair value was estimated on the basis of quoted market prices.

viii Deferred tax

	1 April 2018 £m	Recognised in the income statement £m	31 March 2019 £m
Deferred tax liability in respect of £150 million 1.00% convertible bonds 2018	(2.8)	**2.8**	**–**
Deferred tax in respect of other temporary differences	0.5	**(0.5)**	**–**
	(2.3)	**2.3**	**–**

A deferred tax asset of £1.1 million (2018: £0.5 million) relating to contingent share awards was not recognised because it is uncertain whether future taxable profits will arise against which this asset can be utilised.

Other information

In this section:

We embrace opportunity

Living Our Values

We are always looking for a better way, improving the places in which we work. Our approach is bold, flexible and creative; we confidently embrace change.

Five year record

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

Balance sheet

	2015 £m	2016 £m	2017 £m	2018 £m	**2019 £m**
Property portfolio	2,348.2	2,932.1	2,351.9	2,305.2	**2,025.0**
Joint ventures	636.7	543.4	480.8	423.7	**511.9**
Trading property	115.9	172.4	246.7	19.5	**5.6**
Loans and borrowings	(638.5)	(600.2)	(537.7)	(347.1)	**(296.0)**
Other assets/(liabilities)	(71.4)	(135.5)	196.7	(34.4)	**63.2**
Net assets	**2,390.9**	**2,912.2**	**2,738.4**	**2,366.9**	**2,309.7**

Financed by

	£m	£m	£m	£m	**£m**
Issued share capital	43.0	43.0	43.0	43.0	**41.4**
Reserves	2,347.9	2,869.2	2,695.4	2,323.9	**2,268.3**
Total equity	**2,390.9**	**2,912.2**	**2,738.4**	**2,366.9**	**2,309.7**

Net assets per share	**701p**	**847p**	**796p**	**840p**	**851p**
EPRA NAV	**709p**	**847p**	**799p**	**845p**	**853p**

Income statement

	£m	£m	£m	£m	**£m**
Net rental income	66.0	75.5	80.2	92.0	**80.3**
Joint venture fee income	4.2	4.1	4.1	5.2	**3.8**
Rental and joint venture fee income	70.2	79.6	84.3	97.2	**84.1**
Property and administration expenses	(27.8)	(32.6)	(27.4)	(35.4)	**(37.0)**
(Loss)/profit on trading property	(4.8)	(0.6)	(0.3)	11.6	**(9.5)**
Development management (losses)/profits	1.7	4.0	–	(0.4)	**(0.3)**
	39.3	50.4	56.6	73.0	**37.3**
Surplus/(deficit) on investment property	380.6	422.2	(136.9)	35.5	**7.3**
Share of results of joint ventures	84.7	66.8	(57.2)	41.2	**10.0**
Operating profit/(loss)	**504.6**	**539.4**	**(137.5)**	**149.7**	**54.6**
Finance income	11.8	7.8	9.0	9.8	**8.3**
Finance costs	(17.7)	(14.8)	(9.2)	(11.2)	**(8.1)**
Fair value movement on convertible bond	(21.7)	13.5	10.1	8.5	**1.3**
Fair value movement on derivatives	30.4	9.2	38.9	(5.4)	**–**
Non-recurring items	–	–	(51.5)	(74.7)	**–**
Profit/(loss) before tax	**507.4**	**555.1**	**(140.2)**	**76.7**	**56.1**
Tax	0.8	1.1	0.8	(6.4)	**(6.6)**
Profit/(loss) for the year	**508.2**	**556.2**	**(139.4)**	**70.3**	**49.5**

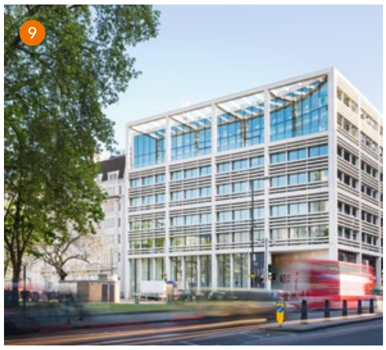
Earnings/(loss) per share – basic	**148.3p**	**162.6p**	**(40.8)p**	**21.5p**	**17.9p**
Earnings/(loss) per share – diluted	**147.4p**	**161.9p**	**(40.8)p**	**18.2p**	**17.1p**
EPRA earnings per share – diluted	**12.7p**	**13.5p**	**17.3p**	**20.4p**	**19.4p**
Dividend per share	**9.0p**	**9.2p**	**10.1p**	**11.3p**	**12.2p**

Our properties and occupiers

In value order (GPE share)

Ownership	Property name		Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
£200 million plus						
100%	The Piccadilly Buildings	1	Rest of West End	LH	14,779,084	187,800
50%	Hanover Square	2	Rest of West End	FH/LH	–	221,200
£100 million – £200 million						
100%	Oxford House, 76 Oxford Street	3	Noho	FH	–	119,000
100%	Wells & More, 45 Mortimer Street	4	Noho	FH	6,236,400	123,200
50%	200 & 2014 Gray's Inn Road	5	Midtown	LH	5,741,600	287,000
100%	City Tower, 40 Basinghall Street	6	City	LH	6,147,500	143,300
100%	Elsley House, 20/30 Great Titchfield Street	7	Noho	FH	3,940,300	64,900
100%	Kent House, 14/17 Market Place	8	Noho	FH	4,190,000	59,200
100%	50 Finsbury Square	9	City	FH	6,478,700	126,400
£75 million – £100 million						
50%	Mount Royal, 508/540 Oxford Street	10	Noho	LH	6,467,000	92,100
100%	Walmar House, 288/300 Regent Street	11	Noho	LH	4,270,000	56,500
100%	Minerva House		Southwark	FH	4,318,000	106,800
50%	160 Old Street	12	City	FH	3,624,800	161,900
100%	Carrington House, 126/130 Regent Street		Rest of West End	LH	3,013,700	31,100
100%	New City Court, 14/20 St Thomas Street	13	Southwark	FH	3,415,100	98,000
100%	City Place House, 55 Basinghall Street	14	City	LH	1,405,823	176,600
100%	35 Portman Square	15	Noho	LH	5,058,100	72,800

Our properties and occupiers continued



In value order (GPE share)

Ownership	Property name	Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
£50 million – £75 million					
100%	Orchard Court	Noho	LH	2,708,800	47,800
100%	24/25 Britton Street 16	Midtown	FH/LH	2,558,500	51,400
£30 million – £50 million					
100%	46/58 Bermondsey Street	Southwark	FH	2,234,700	46,800
100%	95/96 New Bond Street	Rest of West End	LH	880,000	9,600
50%	103/113 Regent Street	Rest of West End	LH	2,125,000	56,900
100%	31/34 Alfred Place	Noho	LH	2,384,000	37,200
100%	The Hickman 17	City	FH	–	74,700
100%	48/54 Broadwick Street	Rest of West End	FH	808,300	25,870
100%	10/12 Cork Street	Rest of West End	LH	1,662,600	21,300
100%	6/10 Market Place	Noho	FH	1,178,000	18,400
100%	Challenger House	City	FH	1,412,500	14,400
£10 million – £30 million					
50%	Elm Yard 18	Midtown	FH	1,332,230	49,400
100%	Kingsland House, 122/124 Regent Street	Rest of West End	LH	964,800	8,700

In value order (GPE share)

Ownership	Property name	Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft

Below £10 million

Ownership	Property name	Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
100%	6 Brook Street	Rest of West End	LH	297,425	3,600
100%	Poland Street	Rest of West End	FH	139,800	1,900
100%	183/190 Tottenham Court Road	Noho	LH	114,238	12,000
100%	Rathbone Square residential	Noho	LH	–	2,500
100%	23/24 Newman Street	Noho	LH	237,900	25,100
100%	78/92 Great Portland Street	Noho	FH	4,100	9,400

FH = Freehold or Virtual Freehold.
LH = Leasehold.

Top ten occupiers

	Occupier	Use	Rent roll (our share) £m	% of rent roll (our share)
1	Bloomberg L.P.	Office	5.7	5.6
2	New Look	Office	3.8	3.8
3	Turner Broadcasting	Office	3.0	2.9
4	Richemont UK Limited	Office	2.6	2.6
5	Winckworth Sherwood LLP	Office	2.5	2.5
6	Kurt Geiger Limited	Office	2.5	2.5
7	Carlton Communications Limited	Office	2.4	2.4
8	Superdry	Retail	2.1	2.1
9	ITN Limited	Office	1.8	1.8
10	Dennis Publishing Limited	Office	1.6	1.6
	Total		**28.0**	**27.8**

Portfolio statistics at 31 March 2019

Rental income

			Wholly-owned			Share of joint ventures			
			Rent roll £m	Reversionary potential £m	Rental values £m	Rent roll £m	Reversionary potential £m	Rental values £m	Total rental values £m
London	North of Oxford Street	Office	24.0	0.9	24.9	–	–	–	24.9
		Retail	6.3	–	6.3	6.5	(0.4)	6.1	12.4
	Rest of West End	Office	13.1	0.3	13.4	–	–	–	13.4
		Retail	9.7	1.7	11.4	2.1	0.1	2.2	13.6
	Total West End		**53.1**	**2.9**	**56.0**	**8.6**	**(0.3)**	**8.3**	**64.3**
	City, Midtown and Southwark	Office	25.4	4.7	30.1	10.6	1.0	11.6	41.7
		Retail	2.6	–	2.6	0.1	–	0.1	2.7
	Total City, Midtown and Southwark		**28.0**	**4.7**	**32.7**	**10.7**	**1.0**	**11.7**	**44.4**
Total let portfolio			**81.1**	**7.6**	**88.7**	**19.3**	**0.7**	**20.0**	**108.7**
Voids					6.7			0.6	7.3
Premises under refurbishment					22.4			13.5	35.9
Total portfolio					**117.8**			**34.1**	**151.9**

Rent roll security, lease lengths and voids

			Wholly-owned			Joint ventures		
			Rent roll secure for five years %	Weighted average lease length Years	Voids %	Rent roll secure for five years %	Weighted average lease length Years	Voids %
London	North of Oxford Street	Office	31.7	4.9	0.9	–	–	–
		Retail	63.1	5.1	1.6	30.8	4.0	–
	Rest of West End	Office	5.7	2.9	2.2	–	–	–
		Retail	35.4	5.2	0.8	100.0	8.0	–
	Total West End		**29.8**	**4.5**	**1.4**	**47.9**	**5.0**	**–**
	City, Midtown and Southwark	Office	20.7	3.2	12.4	45.7	7.3	4.6
		Retail	66.7	12.5	9.4	100.0	14.7	37.5
	Total City, Midtown and Southwark		**25.0**	**4.1**	**12.4**	**46.2**	**7.4**	**5.0**
Total portfolio			**28.1**	**4.3**	**5.7**	**46.9**	**6.3**	**1.8**

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	68.6	74.5	–	–	3.9	4.5	–	–
		Retail	55.7	81.3	140.4	132.0	3.8	4.1	5.9	4.1
	Rest of West End	Office	74.6	74.8	–	–	3.8	4.7	–	–
		Retail	102.2	118.1	74.8	128.0	3.8	4.1	4.2	4.1
	Total West End		**72.4**	**76.7**	**115.4**	**117.7**	**3.9**	**4.4**	**5.5**	**4.1**
	City, Midtown and Southwark	Office	45.3	54.2	44.7	49.7	3.9	5.1	2.9	4.8
		Retail	79.4	80.5	48.2	46.0	3.1	4.6	–	4.6
	Total City, Midtown and Southwark		**47.2**	**54.4**	**44.8**	**49.6**	**3.9**	**5.1**	**2.8**	**4.8**
Total portfolio			**61.1**	**66.2**	**61.5**	**78.6**	**3.9**	**4.6**	**3.8**	**4.6**

Notice of meeting

Notice is hereby given that the 62nd Annual General Meeting of Great Portland Estates plc will be held at Kent House, 14/17 Market Place, London W1W 8AJ (see map on page 197), on Thursday, 4 July 2019 at 11.30am, to transact the business set out below. Resolutions 1 to 13 will be proposed as ordinary resolutions and resolutions 14 to 17 will be proposed as special resolutions.

Explanatory notes on the resolutions to be proposed at the Annual General Meeting can be found in the Report of the directors on pages 145 to 147.

The Board will be available at the Annual General Meeting venue from 11.00am to meet shareholders and answer questions.

Ordinary resolutions

1. To receive the audited financial statements together with the directors' and auditor's reports for the year ended 31 March 2019.
2. To declare a final dividend of 7.9 pence per share for the year ended 31 March 2019, payable on 8 July 2019 to shareholders on the register of members at the close of business on 31 May 2019.
3. To approve the Directors' remuneration report as set out on pages 116 to 142 of the Annual Report and Accounts, other than the part containing the Directors' remuneration policy that appears on pages 132 to 141, for the year ended 31 March 2019.
4. To re-elect Toby Courtauld as a director of the Company.
5. To re-elect Nick Sanderson as a director of the Company.
6. To re-elect Richard Mully as a director of the Company.
7. To re-elect Charles Philipps as a director of the Company.
8. To re-elect Wendy Becker as a director of the Company.
9. To re-elect Nick Hampton as a director of the Company.
10. To re-elect Alison Rose as a director of the Company.
11. To reappoint Deloitte LLP as auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
12. To authorise the Audit Committee to agree the remuneration of the auditor.
13. That:

    (a) the directors be authorised, in accordance with section 551 of the Companies Act 2006, 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 £13,806,334 (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 £13,806,334); and

    (ii) comprising equity securities (as defined in Article 10 of the Articles), up to a maximum nominal amount of £27,612,668 (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 2020; 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 £2,070,950;

    (c) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 1 October 2020.

15. That:

    (a) in addition to any authority granted under resolution 14, the directors be given power:

    (i) subject to the passing of resolution 13, to allot equity securities (as defined in section 560 of the Companies Act 2006 (the Act)) for cash pursuant to the authority conferred on them by that resolution under section 551 of the Act; and

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

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

    (A) limited to the allotment of equity securities up to a maximum nominal amount of £2,070,950; and

    (B) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice, and including development and/or refurbishment expenditure;

    (b) this power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 1 October 2020; and

    (c) the Company may, before this power expires, make an offer or enter into an agreement, which would or might require equity securities to be allotted after it expires and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

16. That, in accordance with section 701 of 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 ordinary shares on such terms and in such manner as the directors may determine, provided that:

    (a) the maximum number of ordinary shares which may be purchased is 40,677,747;

    (b) the maximum price at which ordinary 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 ordinary shares as taken from the London Stock Exchange Daily Official List for the five business days preceding the date of purchase and an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out, and the minimum price shall be $15\frac{5}{19}$ pence, being the nominal value of the ordinary shares, in each case exclusive of expenses;

Notice of meeting continued

(c) the authority conferred by this resolution shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or at the close of business on 1 October 2020, whichever is the earlier, save that the Company may before such expiry enter into a contract or contracts for purchase under which such purchase may be completed or executed wholly or partly after the expiration of this authority and may make a purchase of ordinary shares in pursuance of any such contract; and

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

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

Registered office:
33 Cavendish Square
London W1G 0PW

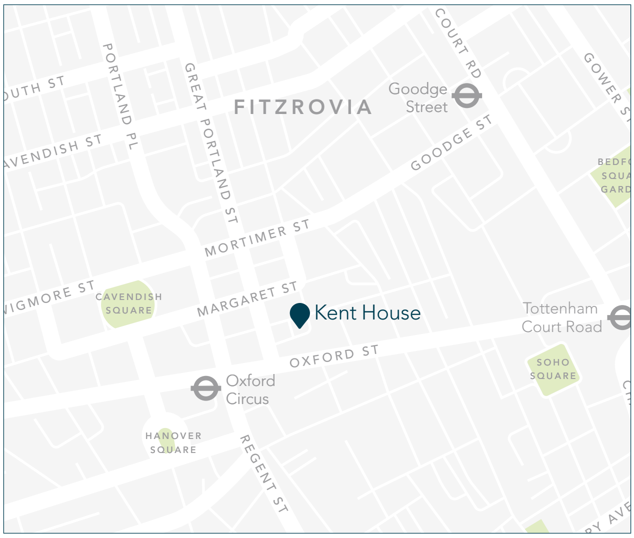
By order of the Board
Registered Number: 596137

Desna Martin
Company Secretary
22 May 2019

Notes to notice of meeting

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. In order to be valid an appointment of proxy must be returned by one of the following methods:
   – in hard copy form by post, by courier or by hand to the Company's Registrar at the address shown on the form of proxy; or
   – online by following the instructions for the electronic appointment of a proxy at **www.signalshares.com**; or
   – in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below
   and in each case must be received by the Company's Registrar by 11.30am on Tuesday 2 July 2019, or if the Annual General Meeting is adjourned, not less than 48 hours before the time of the adjourned meeting (excluding any UK non-working days).
2. The return of a completed proxy form, online proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 8 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so. A shareholder must inform the Company's Registrar in writing of any termination of the authority of a proxy.
3. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
4. The statement of rights of shareholders in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in paragraph 1 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 21 May 2019 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 271,365,894 ordinary shares, carrying one vote each. No shares were held in treasury. Therefore, the total voting rights in the Company as at 21 May 2019 are 271,365,894.
7. Copies of the Executive Directors' service contracts, the Non-Executive Directors' letters of appointment and the Company's Articles of Association are available for inspection at 33 Cavendish Square, London W1G 0PW during normal business hours on any weekday (English public holidays excepted) and will be available at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.
8. (a) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear website (**www.euroclear.com**). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
   (b) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
   (c) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
   (d) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company specifies that only those shareholders registered in the Register of Members of the Company as at close of business on 2 July 2019 (or in the event of any adjournment, at close of business on the date which is two days before the date of the adjourned meeting excluding any UK non-working days) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time and changes to the Register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
10. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
11. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditors' Report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006, and it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on its website.
12. A member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
13. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at **www.gpe.co.uk/investors/agm**
14. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the form of proxy) to communicate with the Company for any other purposes other than those expressly stated.
15. Voting on all resolutions will be conducted by way of a poll rather than on a show of hands. This will result in a more accurate reflection of the views of shareholders by ensuring that every vote is recognised, including all votes of shareholders who are unable to attend the meeting but who appoint a proxy for the meeting. On a poll, each shareholder has one vote for every share held.

Location of Annual General Meeting



Kent House
14/17 Market Place
London
W1W 8AJ

Entrance located on
Great Titchfield Street, W1.

Glossary

Building Research Establishment Environmental Assessment Methodology (BREEAM)
Building Research Establishment method of assessing, rating and certifying the sustainability of buildings.

Core West End
Areas of London with W1 and SW1 postcodes.

Cash EPS
EPRA EPS adjusted for non-cash items: tenant incentives, capitalised interest and charges for share-based payments.

Development profit on cost
The value of the development at completion, less the value of the land at the point of development commencement and costs to construct (including finance charges, letting fees, void costs and marketing expenses).

Development profit on cost %
The development profit on cost divided by the land value at the point of development commencement together with the costs to construct.

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

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

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

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

MSCI
Morgan Stanley Capital International (MSCI) is a company that produces an independent benchmark of property returns.

MSCI central London
An index, compiled by MSCI, of the central and inner London properties in their March annual valued universes.

Glossary continued

Like-for-like (Lfl)
The element of the portfolio that has been held for the whole of the period of account.

Loan To Value (LTV)
Total bank loans, private placement notes, convertible bonds at nominal value and debenture stock, net of cash (including our share of joint ventures balances), expressed as a percentage of the market value of the property portfolio (including our share of joint ventures).

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

Net gearing
Total Group borrowings (including the convertible bonds at nominal value) less short-term deposits and cash as a percentage of equity shareholders' funds, calculated in accordance with our bank covenants.

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

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

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

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

REIT
UK Real Estate Investment Trust.

Rent Roll
The annual contracted rental income.

Reversionary potential
The percentage by which ERV exceeds rent roll on let space.

Total Accounting Return (TAR)
Growth of EPRA NAV plus dividends paid.

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

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

Triple net asset value (NNNAV)
NAV adjusted to include the fair value of the Group's financial liabilities, deferred tax and tax arising on sale of trading properties on a diluted basis.

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

Ungeared IRR
The ungeared internal rate of return (IRR) is the interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero, without the benefit of financing. The internal rate of return is used to evaluate the attractiveness of a project or investment.

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

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

Whole life surplus
The value of the development at completion, less the value of the land at the point of acquisition and costs to construct (including finance charges, letting fees, void costs and marketing expenses) plus any income earned over the period.

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:

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0871 664 0300
E-mail: shareholderenquiries@linkgroup.co.uk

(Calls cost 12 pence per minute plus network extras; lines are open 9.00am–5.30pm Monday to Friday.)

If you are calling from overseas please dial +44 371 664 0300

Unsolicited telephone calls – boiler room scams

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

These are typically from overseas based 'brokers' who target UK shareholders offering to sell them shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These operations are commonly known as 'boiler rooms'. Shareholders are advised to be very wary of any offers of unsolicited advice, discounted shares, premium prices for shares they own or free reports into the Company. If you receive any unsolicited investment advice:

- ensure you get the correct name of the person and firm;
- check that the firm is on the Financial Conduct Authority (FCA) Register to ensure they are authorised at **https://register.fca.org.uk**
- use the details on the FCA Register to contact the firm;
- call the FCA Consumer Helpline (0800 111 6768) if there are no contact details in the Register or you are told they are out of date; and
- if the calls persist, hang up.

If you use an unauthorised firm to buy or sell shares, you will not have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme.

Payment of dividends

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

Tax consequences of REIT status

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

Share dealing service

An online and telephone dealing service is available for UK shareholders through Link Share Deal. For further information on this service, or to buy and sell shares, please contact:

Online dealing – **www.linksharedeal.com**

Telephone dealing – 0371 664 0445

(Calls are charged at the standard geographical rate and will vary by provider; lines are open 8.00am–4.30pm Monday to Friday.)

Website

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

Company Secretary

Desna Martin, BCom FCA(Aust) ACIS
Registered office
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London W1G 0PW
Tel: 020 7647 3000
Registered number: 596137

Financial calendar

2019

30 May
Ex-dividend date for 2018/19 final dividend

31 May
Registration qualifying date for 2018/19 final dividend

4 July
Annual General Meeting

8 July
2018/19 final dividend payable

14 November
Announcement of 2019/20 interim results

21 November
Ex-dividend date for 2019/20 interim dividend (provisional)[1]

22 November
Registration qualifying date for 2019/20 interim dividend (provisional)[1]

2020

2 January
2019/20 interim dividend payable (provisional)[1]

20 May
Announcement of 2019/20 full-year results (provisional)[1, 2]

1. Provisional dates will be confirmed in the half-year results announcement 2019.
2. The timetable for the potential final dividend will be confirmed in the 2020 Annual Report.

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