

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you should immediately consult your independent financial adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your Ordinary Shares in Great Portland Estates plc, please hand this document and the accompanying Form of Proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of existing Ordinary Shares please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

Great Portland Estates plc

(incorporated and registered in England & Wales under registration number 596137)

Notice of Extraordinary General Meeting Proposed amendments to the Articles of Association for the purpose of converting to a UK-REIT

Your attention is drawn to the letter from the Chairman of Great Portland Estates plc (the “Company”) which is set out on pages 6 to 9 of this document and which recommends you to vote in favour of the Resolution to be proposed at the Extraordinary General Meeting. Your attention is also drawn to the section entitled “Action to be taken” on page 9 of this document.

Notice of an Extraordinary General Meeting of the Company to be held on the 17th Floor, 33 Cavendish Square, London W1G 0PW at 11 a.m. on 13 December 2006 is set out at the end of this document. Shareholders will find enclosed with this document a Form of Proxy for use in connection with the Extraordinary General Meeting. To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon, as soon as possible and, in any event, so as to reach the Company’s registrars, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent, BR3 4BR, by no later than 11a.m. on 11 December 2006. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting should they choose to do so. Further instructions relating to the Form of Proxy are set out in the Extraordinary General Meeting Notice at the end of this document.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of completed Form of Proxy	11 a.m. on 11 December 2006
Extraordinary General Meeting	11 a.m. on 13 December 2006
Anticipated date for UK-REIT notification to HMRC	on or before 22 December 2006
Anticipated date of UK-REIT conversion	1 January 2007
Anticipated date for amendments to Articles becoming effective	1 January 2007

If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by an announcement on a Regulatory Information Service.

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise.

“Articles” or “Articles of Association”	the articles of association of the Company
“Board” or “Directors”	the board of directors of the Company
“Close Company”	a close company as defined in section 414 of ICTA as amended by section 106(6) of the Finance Act 2006
“Companies Act”	the Companies Act 1985 (as amended)
“GPE” or the “Company”	Great Portland Estates plc
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at 11 a.m. on 13 December 2006 (or any adjournment thereof)
“EGM Notice”	the notice convening the Extraordinary General Meeting set out in Part 6 of this document
“Form of Proxy”	the form of proxy issued by the Company for use by Shareholders in connection with the EGM
“GPE Group”	the Company and all of its subsidiaries (as defined in section 736 of the Companies Act)
“GPE Group’s Adjusted Net Asset Value”	GPE Group’s Net Asset Value on a diluted basis adjusted to remove the impact of deferred tax on revaluation gains and capital allowances
“GPE Group’s Net Asset Value”	GPE Group’s consolidated shareholders’ funds divided by the number of Ordinary Shares
“GPE Group’s Triple Net Asset Value”	GPE Group’s Net Asset Value on a diluted basis amended to include the fair value of the GPE Group’s financial liabilities
“GPE Tax-Exempt Business”	the GPE Group’s qualifying property rental business for the purposes of part 4 of the Finance Act 2006
“Group”	has the meaning given in paragraph 2 of Part 2 of this document
“HMRC”	HM Revenue & Customs
“ICTA”	the Income and Corporation Taxes Act 1988
“IFRS”	International Financial Reporting Standards adopted or issued by the International Accounting Standards Board
“Non-PID Dividend”	any dividend other than a PID received by a shareholder of the principal company of a UK-REIT (and in the context of the GPE Group, the principal company would be GPE)
“Official List”	the official list maintained by the UKLA
“Ordinary Shares”	issued ordinary shares of 12.5p each in the capital of the Company having the rights ascribed and being subject to the restrictions set out in the Articles
“property rental business”	a Schedule A business within the meaning of section 832(1) of ICTA or an overseas property business within the meaning of section 70A(4) of ICTA, but in each case, excluding certain specified types of business

“Property Income Distribution” or “PID”	a dividend received by a shareholder of the principal company of a UK-REIT in respect of profits and gains of the Tax-Exempt Business of the UK resident members of the UK-REIT or in respect of the profits or gains of a non-UK resident member of the UK-REIT insofar as they derive from its UK qualifying property rental business (and in the context of the GPE Group, the principal company would be GPE)
“qualifying property rental business”	a property rental business fulfilling the conditions in section 107 of the Finance Act 2006
“Registrars”	Capita Registrars
“Residual Business”	any business which is not Tax-Exempt Business
“Resolution”	the special resolution set out in the EGM Notice proposing amendments to the Articles of Association
“Shareholders”	holders of Ordinary Shares
“Substantial Shareholder”	a company which is beneficially entitled (directly or indirectly) to 10% or more of the shares or dividends of the principal company of a UK-REIT or controls (directly or indirectly) 10% or more of the voting rights of the principal company of a UK-REIT, for the purposes of section 114 of the Finance Act 2006 (and in the context of the GPE Group, the principal company would be GPE)
“Substantial Shareholding”	the shares in respect of which a Substantial Shareholder is entitled to dividends (directly or indirectly) and/or to which a Substantial Shareholder is beneficially entitled (directly or indirectly) and/or the votes attached to which are controlled (directly or indirectly) by the Substantial Shareholder
“Tax-Exempt Business”	the qualifying property rental business in the UK and elsewhere of UK resident companies within a UK-REIT and non-UK resident companies within a UK-REIT with a UK qualifying property rental business
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA” or “UK Listing Authority”	the Financial Services Authority in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000, as amended
“UK-REIT”	a real estate investment trust established in the United Kingdom for the purposes of Part 4 of the Finance Act 2006
“UK-REIT Regime”	the provisions set out in Part 4 of the Finance Act 2006 and the regulations made thereunder

PART 1

LETTER FROM THE CHAIRMAN

Registered Office:
33 Cavendish Square
London W1G 0PW

Directors:

Richard Peskin (Chairman)
Toby Courtauld (Chief Executive)
Timon Drakesmith (Finance Director)
Robert Noel (Property Director)
Neil Thompson (Development Director)
Kathleen O'Donovan (Non-Executive)
John Edgcumbe (Non-Executive)
Charles Irby (Non-Executive)
Phillip Rose (Non-Executive)

15 November 2006

To the Shareholders and, for information only, to participants in the Company's employee share incentive schemes

Dear Shareholder,

Proposed amendments to the Articles of Association for the purposes of converting to a UK-REIT

I am writing to explain the background to proposed amendments to the Articles of Association which are being submitted for approval at the Extraordinary General Meeting of the Company, and why the Board believes that such amendments are in the best interests of Shareholders as a whole. Set out in Part 6 of this document is a notice convening the Extraordinary General Meeting, which will be held on the 17th Floor, 33 Cavendish Square, London W1G 0PW at 11 a.m. on 13 December 2006. A Form of Proxy is enclosed to enable you to vote on the Resolution should you be unable to attend the meeting.

As announced on 14 November 2006, the Board is proposing to convert the GPE Group into a UK-REIT, with GPE as its principal company, with effect from 1 January 2007 in order to take advantage of the benefits offered by the UK-REIT Regime. The changes proposed to be made to the Articles of Association are required for the Company to be confident that it will not become subject to certain additional tax charges under the UK-REIT Regime. If these changes to the Articles are not approved by Shareholders, the Board will not convert the GPE Group into a UK-REIT. The proposed changes to the Articles are described in detail in Part 4 of this document.

Although, as at the date of this letter, the regulations that will govern the UK-REIT Regime have been published, HMRC's guidance relating to these regulations is only available in draft form. The Board will review HMRC's guidance as it is available prior to the GPE Group's conversion into a UK-REIT and will not proceed with the conversion if there are material changes that the Board considers would be adverse for the Company or would lead to consequences for Shareholders that are materially different to those described in this document.

By converting to UK-REIT status, the entities within the GPE Group (together with any companies in which GPE directly or indirectly holds interests of at least 40% and for which an election has been made) will no longer pay corporation tax on the profits and gains from their qualifying property rental business provided that they meet certain conditions. The Directors believe that almost all of the GPE Group's assets will be qualifying. Non-qualifying profits and gains of the GPE Group will continue to be subject to corporation tax.

Following the GPE Group's entry into the UK-REIT Regime, each entity within the GPE Group will be subject to an entry tax charge approximately equal to 2% of the aggregate market value of the properties and other assets involved in its qualifying property rental business immediately prior to entry into the UK-REIT Regime.

Following the GPE Group's conversion to a UK-REIT, each entity within the GPE Group will be required to distribute by way of dividend at least 90% of the income profits (broadly, calculated using normal tax rules) attributable to the GPE Tax-Exempt Business. This requirement applies to each accounting period, and the distribution must be made on or before the filing date for GPE's tax return for the accounting period in question.

Under the UK-REIT Regime, a tax charge may be levied if GPE makes a distribution to one or more Substantial Shareholders, unless the Company has taken “reasonable steps” to avoid such a distribution being paid. The proposed amendments to the Articles of Association are intended to give the Board the powers it needs to demonstrate to HMRC that such “reasonable steps” have been taken.

Part 2 of this document contains a general overview of the UK-REIT Regime and includes a summary of the conditions that must be satisfied in order to qualify for UK-REIT status. The Board believes that the Company and, where appropriate, the GPE Group as a whole will be able to satisfy these conditions.

Shareholders should note that conversion of the GPE Group into a UK-REIT will affect their tax position. Part 3 of this document contains a summary of the UK tax treatment of Shareholders following conversion.

Work carried out by GPE

Over the last 12 months, GPE has been directly involved in the property industry’s representations to both HM Treasury and HMRC in relation to the implementation of the UK-REIT Regime. GPE has also carried out a substantial amount of due diligence, analysis and forecasting work to assess whether GPE and the Shareholders are likely to benefit from conversion into a UK-REIT.

Principal advantages of UK-REIT conversion

The principal advantages of UK-REIT conversion are as follows:

- the GPE Group’s contingent corporation tax on chargeable gains liability (approximately £108 million at 30 September 2006) will be eliminated;
- the companies within the GPE Group will be largely exempt from future corporation tax on both rental profits and chargeable gains. This will remove the effective double tax charge currently suffered by many investors in UK companies (see Part 2 of this document for more information);
- the GPE Group’s Triple Net Asset Value (which includes deferred tax on revaluation gains and capital allowances), dividend cover and adjusted earnings per share will be immediately enhanced;
- as a UK-REIT, the GPE Group will be able to substantially shelter potential chargeable gains in corporate vehicles that are acquired in property transactions, which should help the Company to maintain its sector competitiveness; and
- the anticipated conversion of many listed property companies (including GPE) to UK-REIT status is expected to lead to an expansion of interest in the UK property sector.

Principal disadvantages of UK-REIT conversion

The principal disadvantages of UK-REIT conversion are as follows:

- although the entry tax charge payable cannot be accurately calculated until the proposed conversion date of 1 January 2007, using the GPE Group’s portfolio valuation (which includes interests in joint ventures) as at 30 September 2006 (approximately £1.3 billion), an entry tax charge of approximately £26 million would arise;
- the GPE Group’s Adjusted Net Asset Value will be initially reduced because of the payment of the entry tax charge;
- in order for it to remain a UK-REIT, the GPE Group will have to comply with the various tests outlined in Part 2 of this document on an ongoing basis; and
- withholding tax of 22% must be deducted from certain distributions made to certain Shareholders (see Part 3 of this document for further details).

As detailed in Part 2 of this document, the entry tax charge can either be paid as a lump sum or in instalments over a four year period. The Board has evaluated these options and is proposing that the charge is paid as a lump sum in July 2007.

Overall, the Board believes that the advantages of UK-REIT conversion outweigh the disadvantages.

GPE Group tax profile following UK-REIT conversion

Should the GPE Group become a UK-REIT, most of its current activities will fall within the GPE Tax-Exempt Business (including almost all of the GPE Group's development activities). The activities that will remain subject to corporation tax mainly consist of the GPE Group's development management services and property management services provided to joint ventures and third parties. However, the profits arising from these activities are small compared with the GPE Group's qualifying property rental business. Therefore, it is anticipated that the GPE Group will pay little corporation tax should it, in its current form, become a UK-REIT.

The Company's medium term forecasts indicate that the GPE Group will comply with all the UK-REIT tests and conditions outlined in Part 2 of this document over the four years ending 31 March 2011.

Dividend policy following UK-REIT conversion

The Company will have to meet a minimum distribution test for each year that it is a UK-REIT. This minimum distribution test requires the Company to distribute 90% of the profits (broadly, calculated using normal tax rules) of the GPE Tax-Exempt Business each year. The Board believes that a continuation of the Company's dividend policy of recent years will enable the Company to meet this minimum distribution requirement.

The Substantial Shareholder rule

Under the UK-REIT Regime, a tax charge may be levied on the Company if the Company makes a distribution to a Substantial Shareholder, unless the Company has taken "reasonable steps" to avoid such a distribution being paid. This tax charge may be imposed only if, after joining the UK-REIT Regime, the Company pays a dividend in respect of a Substantial Shareholding and the dividend is paid to a person who is a Substantial Shareholder. The charge is not triggered merely because a Shareholder is a Substantial Shareholder, or if the person beneficially entitled to the dividend is a Substantial Shareholder. The amount of the charge is calculated by reference to the whole dividend paid to the Substantial Shareholder, and not just that part of the dividend attributable to Ordinary Shares held by the Substantial Shareholder in excess of 10% of the Company's issued share capital.

The proposed changes to the Articles are set out in Part 5 of this document and are intended to give the Board the powers it needs to demonstrate to HMRC that "reasonable steps" have been taken to avoid making distributions to Substantial Shareholders. A more detailed explanation of the proposed changes to the Articles is set out in Part 4 of this document. As at the date of this document, the Board does not believe that the Company has any Substantial Shareholders.

Close Company condition

As mentioned below in the section headed 'Exit from the UK-REIT Regime' and further explained in paragraph 2(a) of Part 2 of this document, the GPE Group would automatically lose UK-REIT status if GPE became (in certain circumstances) a Close Company. Loss of UK-REIT status would have a material impact on the GPE Group because of the loss of tax benefits conferred by the UK-REIT Regime.

Although the Board does not expect the Close Company condition to be breached in the ordinary course, there is a risk that the Company may fail to meet this condition for reasons beyond its control. In such circumstances, the UK-REIT Regime would allow the Company until the end of the following accounting period in order to become compliant with the Close Company condition. The Board recognises that, as the UK-REIT Regime matures, further amendments to the Articles of Association may be required, in particular, to provide the Directors with sufficient powers to enable the Company to remedy a breach of the Close Company condition (including possibly the power for the Directors to require Shareholders to dispose of Ordinary Shares in order to achieve compliance with the Close Company condition).

Exit from the UK-REIT Regime

The Company can give notice to HMRC at any time that it wants the GPE Group to leave the UK-REIT Regime. The Board retains the right to decide to exit the UK-REIT Regime at any time in the future without the consent of Shareholders if it considers this to be in the best interests of the GPE Group and the Shareholders.

If the GPE Group voluntarily leaves the UK-REIT Regime within ten years of joining and any company within the GPE Group disposes of any property or other asset that was involved in its qualifying property rental business within two years of leaving, any uplift in the base cost of the property as a result of the deemed disposal on entry into the UK-REIT Regime would be disregarded in calculating the gain or loss on the disposal. However, there is no repayment of the entry charge in these circumstances.

It is important to note that the Company cannot guarantee continued compliance with all of the UK-REIT conditions and that the UK-REIT Regime may cease to apply in some circumstances. HMRC may require the GPE Group to exit the UK-REIT Regime if:

- it regards a breach of the conditions (including failure to satisfy the conditions relating to the GPE Tax-Exempt Business), or an attempt by any entity within the GPE Group to avoid tax, as sufficiently serious;
- the GPE Group has committed a certain number of minor or inadvertent breaches of the conditions within a specified period; or
- HMRC has given the Company two or more notices in relation to the avoidance of tax by the GPE Group within a ten year period.

In addition, the GPE Group would automatically lose UK-REIT status if any of the following were to occur:

- the conditions for UK-REIT status relating to the share capital of the Company and the prohibition on entering into loans with abnormal returns are breached;
- the Company ceases to be UK resident for tax purposes;
- the Company becomes dual resident for tax purposes;
- the Company becomes an open-ended company;
- the Company becomes (in certain circumstances) a Close Company; or
- the Company ceases to be listed on the Official List.

If the GPE Group is required to leave the UK-REIT Regime within ten years of joining, HMRC has wide powers to direct how the companies within the GPE Group should be taxed, including in relation to the date on which the GPE Group is treated as exiting the UK-REIT Regime.

Shareholders should note that it is possible that the GPE Group could lose its status as a UK-REIT as a result of actions by third parties (for example, if the Company is taken over by a company that is not itself a UK-REIT).

Recommendation

The Board considers that the passing of the Resolution is in the best interests of Shareholders as a whole and the Board unanimously recommends Shareholders to vote in favour of the Resolution, as the Directors intend to do in respect of their own shareholdings.

Directors who hold Ordinary Shares intend to vote in favour of the Resolution in respect of their own beneficial holdings of Ordinary Shares, which total, in aggregate, 290,914 Ordinary Shares, representing approximately 0.2% of the Company's issued ordinary share capital (as at 14 November 2006, being the last business day before the date of this document).

Action to be taken

The Extraordinary General Meeting will be held on the 17th Floor, 33 Cavendish Square, London W1G 0PW at 11 a.m. on 13 December 2006. Holders of Ordinary Shares alone are entitled to attend and vote at the Extraordinary General Meeting. A Form of Proxy for use by holders of Ordinary Shares is enclosed. You are requested to complete the Form of Proxy in accordance with the instructions thereon and return it to the Company's registrars, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent, BR3 4BR as soon as possible but, in any event, so that it arrives not later than 48 hours before the time appointed for the holding of the EGM. If you complete and return the Form of Proxy, you can still attend and vote at the EGM if you wish.

Yours faithfully,

Richard Peskin
Chairman

PART 2

THE UK-REIT REGIME

The following paragraphs are intended as a general guide only and constitute a high-level summary of the Company's understanding of current UK law and HMRC practice, each of which is subject to change, possibly with retrospective effect. They are not advice. Although as at the date of this document, the regulations that will govern the UK-REIT Regime have been published, the guidance to be published by HMRC has not yet been finalised (although it is available in draft form) and is therefore subject to change. Changes in the guidance as finally published compared to the draft guidance currently available could change the position described below.

1. Overview

The UK-REIT Regime is intended to encourage greater investment in the UK property market and follows similar legislation in other European countries, as well as the long-established regime in the United States.

In this Part 2, "Group" means a body corporate and all of its "75% subsidiaries" and any of their 75% subsidiaries and so on, provided that the principal company in the group is beneficially entitled to more than 50% of the subsidiary's profits which are available for distribution to equity holders of the subsidiary, and more than 50% of any assets of the subsidiary available for distribution to its equity holders on a winding-up and excluding insurance companies as defined in section 431(2) of ICTA and their subsidiaries. A body corporate is a "75% subsidiary" of another if the other is the beneficial owner (directly or indirectly) of at least 75% of its ordinary share capital.

Currently, investing in property through a corporate investment vehicle (such as a UK company) has the disadvantage that, in comparison to a direct investment in property assets, some categories of shareholders (but not UK companies) effectively suffer tax twice on the same income: first, indirectly, when the vehicle pays UK direct tax on its profits; and secondly, directly (but with the benefit of a tax credit), when the shareholder receives a dividend. Non-tax paying entities, such as UK pension funds, suffer tax indirectly when investing through a corporate vehicle that is not a UK-REIT in a manner they do not suffer if they invest directly in the property assets.

Provided certain conditions and tests are satisfied (see "Qualification as a UK-REIT" below), UK-REITs will not pay UK direct taxes on their Tax-Exempt Business. Instead, distributions in respect of the Tax-Exempt Business will be treated for UK tax purposes as property income in the hands of shareholders. However, corporation tax will still be payable in the normal way in respect of income and gains from a Group's Residual Business (generally including any property trading business) not included in the Tax Exempt Business.

While within the UK-REIT Regime, the Tax-Exempt Business will be treated as a separate business for corporation tax purposes to the Residual Business, and a loss incurred by the Tax-Exempt Business cannot be set off against profits of the Residual Business (and vice versa).

A UK-REIT will be required to distribute to its shareholders (by way of dividend), on or before the filing date for the UK-REIT's tax return for the accounting period in question, at least 90% of the income profits (calculated using normal tax rules) of the Tax-Exempt Business arising in each accounting period. Failure to meet this requirement will result in a tax charge calculated by reference to the extent of the failure, although this charge can be avoided if an additional dividend is paid within a specified period which brings the amount of profits distributed up to the required level.

In this document, references to a company's accounting period are to its accounting period for tax purposes. This period can differ from a company's accounting period for other purposes.

The treatment of a dividend paid by the principal company in the Group in the first year after it becomes a UK-REIT will be subject to final guidance to be published by HMRC, but it is expected that such treatment will depend on whether it is paid out of profits that existed before or after the company became a UK-REIT. For example, if a company converting into a UK-REIT on 1 January 2007 that has before that date announced an intention to pay an interim dividend for payment after that date, that dividend would be paid entirely out of profits earned before that company became a UK-REIT, and should therefore be a Non-PID Dividend. A dividend later in 2007 may be paid partly out of profits earned prior to that company becoming a UK-REIT and partly out of profits earned subsequently and would therefore comprise partly a PID and partly a Non-PID Dividend. The company will provide shareholders with a certificate setting out how much of their dividend is a PID and how much is a Non-PID Dividend.

Subject to certain exceptions, Property Income Distributions will be subject to withholding tax at the basic rate of income tax (currently 22%). Further details of the UK tax treatment of Shareholders after entry into the UK-REIT regime are contained in Part 3 of this document.

2. Qualification as a UK-REIT

A company becomes a UK-REIT by serving notice on HMRC before the beginning of the first accounting period for which it wishes itself and its Group members to come under the UK-REIT Regime. In order to qualify as a UK-REIT, the principal company (and, in certain respects, the other members of the Group) must satisfy certain conditions set out in the Finance Act 2006. A non-exhaustive summary of the material conditions is set out below. Broadly, the principal company must satisfy the conditions set out in paragraphs (a), (b), (c) and (d) below and the Group as a whole must satisfy the conditions set out in paragraph (e).

(a) Principal company conditions

The principal company must be a solely UK-resident company whose ordinary shares are listed on a recognised stock exchange, such as the London Stock Exchange and not be an open-ended investment company. The principal company must also not (apart from in one exceptional circumstance) be a Close Company. In summary, to avoid being a Close Company, not less than 35% of the principal company's shares must be beneficially held by the public and for this purpose the 'public' excludes directors of the principal company and certain of their associates, and shareholders who, alone or together with certain associates, control more than 5% of the principal company's share capital.

(b) Share capital restrictions

The principal company must have only one class of ordinary shares in issue and the only other shares it may issue are non-voting fixed rate preference shares.

(c) Interest restrictions

The principal company must not be party to any loan in respect of which the lender is entitled to interest which exceeds a reasonable commercial return on the consideration lent or where the interest depends to any extent on the results of any of its business or on the value of any of its assets. In addition, the amount repayable must either not exceed the amount lent or must be reasonably comparable with the amount generally repayable (in respect of an equal amount lent) under the terms of issue of securities listed on a recognised stock exchange.

(d) Financial statements

The principal company must prepare financial statements in accordance with statutory requirements and submit these to HMRC. The financial statements must contain the information about the Tax-Exempt Business and the Residual Business separately. The UK-REIT Regime specifies the information to be included and the basis of preparation of these financial statements.

(e) Conditions for the Tax-Exempt Business

The Tax-Exempt Business must satisfy the conditions summarised below in respect of each accounting period during which it is to be treated as a UK-REIT:

- (i)* the Tax-Exempt Business must throughout the accounting period involve at least three properties;
- (ii)* throughout the accounting period, no one property may represent more than 40% of the total value of all the properties involved in the Tax-Exempt Business. Assets must be valued in accordance with IFRS, and at fair value when IFRS offers a choice between a cost basis and a fair value basis;
- (iii)* treating all members of a Group as a single company, the Tax-Exempt Business must not include any property which is classified as owner-occupied in accordance with generally accepted accounting practice;
- (iv)* at least 90% of the amounts shown in the financial statements of a Group as income profits (broadly, calculated using normal tax rules) of the UK resident members of the Group arising in respect of their Tax-Exempt Business in the accounting period, and the income profits of the non-UK resident members of the Group insofar as they arise in respect of such members' UK qualifying property rental business in the accounting period, must be distributed to shareholders of the UK-REIT in the form of a Property Income Distribution on or before the filing date for the UK-REIT's tax return for the accounting period (the "90% distribution test"). For the purpose of satisfying the 90% distribution test, any dividend withheld in order to comply with the rule relating to Substantial Shareholders (as described in paragraph 3(c) below) will be treated as having been paid;

- (v) the income profits arising from the qualifying property rental business must represent at least 75% of a Group's total profits for the accounting period (the "75% profits test"). Profits for this purpose means profits before deduction of tax and excludes realised and unrealised gains and losses (for example, gains and losses on the disposal of property, and gains and losses on the revaluation of properties) calculated in accordance with IFRS; and
- (vi) at the beginning of the accounting period the value of the assets in the qualifying property rental business must represent at least 75% of the total value of assets held by a Group (the "75% assets test"). Assets must be valued in accordance with IFRS and at fair value where IFRS offers a choice of valuation between cost basis and fair value. In applying this test, no account is to be taken of liabilities secured against or otherwise relating to assets (whether generally or specifically).

3. Effect of becoming a UK-REIT

(a) Entry charge

Each UK resident member of a Group that carries on a qualifying property rental business in the UK or overseas and any non-UK resident member of a Group that carries on a qualifying property rental business in the UK will be liable to pay an entry charge broadly equal to 2% of the aggregate market value of the properties and other assets involved in that business.

This can be paid at the same time as corporation tax is payable in respect of the first accounting period following entry into the UK-REIT Regime. The entry charge is payable in line with the normal dates for payment of corporation tax applicable in the period in which UK-REIT conversion takes place, with an option to pay in instalments over a four year period (which will incur an interest charge).

There is no equivalent entry charge if a member of a Group buys a property following entry into the UK-REIT Regime. However, if a Group were to acquire a company that is not a UK-REIT, a similar entry charge will apply in respect of the property owned by the acquired company. See also paragraph 3(l) ("Acquisitions and takeovers") below.

(b) Tax savings

As a UK-REIT, a Group will not pay UK direct tax on profits and gains from the Tax-Exempt Business. Corporation tax will still apply in the normal way in respect of the Residual Business which includes certain trading activities, incidental letting in relation to property trades, intra-group letting of property, letting of administrative property which is temporarily surplus to requirements and certain income such as dividends from other UK-REITs. Corporation tax could also be payable were a member of a Group (as opposed to property involved in the UK qualifying property rental business) to be sold. A Group would also continue to pay indirect taxes such as VAT, stamp duty land tax and stamp duty and payroll taxes (such as national insurance) in the normal way.

(c) The Substantial Shareholder rule

The treatment of a dividend paid to a Substantial Shareholder will be subject to guidance to be published by HMRC, but it is expected that a UK-REIT will become subject to an additional tax charge if it pays a dividend to, or in respect of, a Substantial Shareholder. The additional tax charge will be calculated by reference to the whole dividend paid to a Substantial Shareholder, and not just by reference to the proportion which exceeds the 10% threshold. It should be noted that this restriction only applies to shareholders that are bodies corporate and to certain entities which are deemed to be bodies corporate for the purposes of overseas jurisdictions with which the UK has a double taxation agreement or for the purposes of such double taxation agreements. It does not apply to nominees.

This tax charge will not be incurred if the UK-REIT has taken "reasonable steps" to avoid paying dividends to such a shareholder. HMRC draft guidance describes certain actions that a UK-REIT may take to show it has taken such "reasonable steps". One of these actions is to include restrictive provisions in the UK-REIT's articles of association to address this requirement. The proposed amendments to the Articles of Association are consistent with such provisions.

(d) Dividends

When a UK-REIT pays a dividend, that dividend will be a PID to the extent necessary to satisfy the 90% distribution test. If the dividend exceeds the amount required to satisfy that test or if the UK-REIT makes a distribution that is not a dividend, the UK-REIT may determine that all or part of the balance is a Non-PID Dividend paid out of the profits of the activities of the Residual Business. Any remaining balance of the dividend (or other distribution) will be deemed to be a PID: firstly, in respect of the income profits out of which a PID can be paid and which have been distributed in full; and secondly, a PID paid out of certain chargeable gains which are exempt from tax by virtue of the UK-REIT Regime. Any remaining balance will be attributed to other distributions.

(e) Financial statements

As mentioned above, a UK-REIT will be required to submit special financial statements to HMRC.

(f) Interest cover ratio

A tax charge will arise if, in respect of any accounting period, the ratio of the income profits (before capital allowances) of the UK resident members of a UK-REIT plus the UK income profits of any non-UK resident member of a UK-REIT, in each case, in respect of its Tax-Exempt Business plus the financing costs incurred in respect of the Tax-Exempt Business of a Group, to the financing costs incurred in respect of the Tax-Exempt Business of a Group, excluding certain intra-group financing costs, is less than 1.25. This ratio is calculated by reference to the Financial Statements, apportioning costs relating partly to the Tax-Exempt Business and partly to the Residual Business reasonably. The amount (if any) by which the financing costs exceeds the amount of those costs which would cause that ratio to equal 1.25 is chargeable to corporation tax.

(g) Property development

A property development by a UK resident member of a Group can be within the Tax-Exempt Business provided certain conditions are met. However, if the costs of the development exceed 30% of the fair value of the asset at the later of (i) the date on which the relevant company becomes a UK-REIT, and (ii) the date of the acquisition of the development property, and the UK-REIT sells the development property within three years of practical completion, the property will be treated as never having been within the Tax-Exempt Business. If a UK resident member of the Group disposes of a property (whether or not a development property) in the course of a trade, the property will be treated as never having been within the Tax-Exempt Business.

(h) Certain tax avoidance arrangements

If HMRC believes that a member of a Group has been involved in certain tax avoidance arrangements, it may cancel the tax advantage obtained and, in addition, impose a tax charge equal to the amount of the tax advantage. These rules apply to both the Residual Business and the Tax-Exempt Business.

(i) Movement of assets in and out of the Tax-Exempt Business

In general, where an asset owned by a UK-resident member of a Group and used for the Tax-Exempt Business begins to be used for the Residual Business, there will be a tax-free step up in the base cost of the property. Where an asset owned by a UK-resident member of a Group and used for the Residual Business begins to be used for the Tax-Exempt Business, this will generally constitute a taxable market value disposal of the asset, except for capital allowances purposes. Special rules apply to disposals by way of a trade and of development property.

(j) Funds awaiting reinvestment

Where an asset used exclusively in the Tax-Exempt Business is sold, the sale proceeds are to be treated as assets of the Tax-Exempt Business for the purposes of the 75% profits test and the 75% assets test for two years following the disposal, provided that they are held as cash or cash equivalents. However, any interest earned on that cash is treated as part of the Residual Business and therefore taxable.

(k) Joint ventures

If one or more members of a Group are beneficially entitled, in the aggregate, to at least 40% of the profits available for distribution to equity holders in a joint venture company and at least 40% of the assets of the joint venture company available to equity holders in the event of a winding-up, that joint venture company is carrying on a qualifying property rental business which satisfies the 75% profits test and the 75% assets test (the “JV company”) and certain other conditions are satisfied, the UK-REIT may, by giving notice to HMRC, elect for the assets and income of the JV company to be included in the Tax-Exempt Business for tax purposes. In such circumstances, the income and assets of the JV company will count towards the 90% distribution test, the 75% profits test and the 75% assets test to the extent of a Group’s interest in the JV company.

As at the date of this document, the regulation in relation to joint ventures and UK-REITs does not specifically apply to any subsidiaries of a JV company, although it is currently expected that this will be the case, and that guidance or other further information to clarify the position will be provided by HMRC.

(l) Acquisitions and takeovers

If a member of a Group acquires another UK-REIT, no entry charge will be payable. However, if a company which is not a UK-REIT joins a Group, the entry charge will be payable on the qualifying property rental business of the target company.

If a UK-REIT is taken over by another UK-REIT, the acquired UK-REIT does not necessarily cease to be a UK-REIT and will, provided the conditions are met, continue to enjoy tax exemptions in respect of the profits of its Tax-Exempt Business and chargeable gains on disposal of properties in the Tax-Exempt Business. There is no entry charge as a result of the acquired UK-REIT joining the acquiror’s group and the properties of the acquired UK-REIT are not treated as having been sold and reacquired at market value

The position is different where a UK-REIT is taken over by an acquiror which is not a UK-REIT. In these circumstances, the acquired UK-REIT is likely in most cases to fail to meet the requirements for being a UK-REIT and will therefore be treated as leaving the UK-REIT Regime at the end of its accounting period preceding the takeover and ceasing from the end of this accounting period to benefit from tax exemptions on the profits of its Tax-Exempt Business and chargeable gains on disposal of property forming part of its Tax-Exempt Business. The properties in the Tax-Exempt Business are treated as having been sold and reacquired at market value for the purposes of corporation tax on chargeable gains immediately before the end of the preceding accounting period. These disposals should be tax free as they are deemed to have been made at a time when the company was still in the UK-REIT Regime and future chargeable gains on the relevant assets will therefore be calculated by reference to a base cost equivalent to this market value. If the company ends its accounting period immediately prior to the takeover becoming unconditional in all respects, dividends paid as PIDs before that date should not be recharacterised retrospectively as normal dividends.

PART 3

UNITED KINGDOM TAX TREATMENT OF SHAREHOLDERS FOLLOWING UK-REIT CONVERSION

1. Introduction

The following paragraphs are intended as a general guide only and are based on the Company's understanding of current UK tax law and HMRC practice, each of which is subject to change, possibly with retrospective effect. They are not advice.

Although as at the date of this document, the regulations that will govern the UK-REIT Regime have been published, the guidance to be published by HRMC has not yet been finalised (although it is available in draft form) and is therefore subject to change. Changes in the guidance as finally published compared to the draft guidance currently available could change the position described below.

The following paragraphs relate only to certain limited aspects of the United Kingdom taxation treatment of PIDs and Non-PID Dividends paid by the Company, and to disposals of shares in the Company, in each case, after the Company becomes a UK-REIT. Except where otherwise indicated, they apply only to Shareholders who are both resident and ordinarily resident for tax purposes solely in the United Kingdom. They apply only to Shareholders who are the absolute beneficial owners of both their PIDs and their Ordinary Shares and who hold their Ordinary Shares as investments. They do not apply to Substantial Shareholders. They do not apply to certain categories of Shareholders, such as dealers in securities or distributions, persons who have or are deemed to have acquired their shares by reason of their or another's employment, persons who hold their shares as part of hedging or conversion transactions, or persons who hold their shares in connection with a UK branch, agency or permanent establishment. Except where otherwise indicated at paragraph 3(d) (Withholding tax) below, they do not apply to persons holding Ordinary Shares by virtue of an interest in any partnerships, insurance companies, life insurance companies, mutual companies, collective investment schemes, charities, trustees, local authorities, or pension scheme administrators.

Shareholders who are in any doubt about their tax position, or who are subject to tax in a jurisdiction other than the United Kingdom, should consult their own appropriate independent professional adviser without delay, particularly concerning their tax liabilities on PIDs, whether they are entitled to claim any repayment of tax, and, if so, the procedure for doing so.

2. UK taxation of Non-PID Dividends

Non-PID Dividends paid by the Company will be taxed in the same way as dividends paid by the Company prior to entry into the UK-REIT regime, whether in the hands of individual or corporate Shareholders and regardless of whether the Shareholder is resident for tax purposes in the UK.

3. UK taxation of PIDs

(a) UK taxation of individual Shareholders

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are individuals as the profit of a single UK property business (as defined in section 264 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any property income distribution from any other company to which Part 4 of the Finance Act 2006 applies, treated as a separate UK property business from any other UK property business (a "different UK property business") carried on by the relevant Shareholder. This means that surplus expenses from a Shareholder's different UK property business cannot be off-set against a PID as part of a single calculation of the profits of the Shareholder's UK property business.

Please see also paragraph 3(d) (Withholding tax) below.

(b) UK taxation of corporate Shareholders

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are within the charge to corporation tax as profit of a Schedule A business (as defined in section 15 of the Income and Corporation Taxes Act 1988). This means that, subject to the availability of any exemptions or reliefs, such Shareholders should be liable to corporation tax on income on the entire amount of their PID. A PID is, together with any property income distribution from any other company to which Part 4 of the Finance Act 2006 applies, treated as a separate Schedule A business from any other Schedule A business (a “different Schedule A business”) carried on by the relevant Shareholder. This means that any surplus expenses from a Shareholder’s different Schedule A business cannot be off-set against a PID as part of a single calculation of the Shareholder’s Schedule A profits.

Please see also paragraph 3(d) (Withholding tax) below.

(c) UK taxation of Shareholders who are not resident for tax purposes in the UK

Where a Shareholder who is resident outside the UK receives a PID, the PID will generally be chargeable to UK income tax as profit of a UK property business and this tax will generally be collected by way of a withholding.

Please see also paragraph 3(d) (Withholding tax) below.

(d) Withholding tax

(i) General

Subject to certain exceptions summarised at paragraph 3(d)(iv) below, the Company is required to withhold income tax at source at the basic rate (currently 22%) from its PIDs. The Company will provide Shareholders with a certificate setting out the amount of tax withheld.

(ii) Shareholders solely resident and ordinarily resident in the UK

Where income tax has been withheld at source, Shareholders who are individuals may, depending on their circumstances, either be liable to further tax on their PID at their applicable marginal rate, or be entitled to claim repayment of some or all of the tax withheld on their PID. Shareholders who are corporates may, depending upon their circumstances, be liable to pay corporation tax on their PID but they should note that, where income tax is withheld at source, the tax withheld can be set against the Shareholder’s liability to corporation tax in the accounting period in which the PID is received.

(iii) Shareholders who are not resident for tax purposes in the UK

It is not possible for a Shareholder to make a claim under a double taxation treaty for a PID to be paid by the Company gross or at a reduced rate. The right of a Shareholder to claim repayment of any part of the tax withheld from a PID will depend on the existence and terms of any such double taxation treaty between the UK and the country in which the Shareholder is resident.

(iv) Exceptions to requirement to withhold income tax

Shareholders should note that in certain circumstances the Company may not withhold income tax at source from a PID. These include where the Company reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK, a charity, or a body mentioned in section 507(1) ICTA which is allowed the same exemption from tax as a charity. They also include where the Company reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, or the sub-scheme administrator of certain pension sub-schemes, the account manager of an Individual Savings Account (ISA), the plan manager of a Personal Equity Plan (PEP), or the account provider of a child trust fund, in each case, provided the Company reasonably believes that the PID will be applied for the purposes of the relevant fund, scheme, account or plan.

The Company will also not be required to withhold income tax at source from a PID where the Company reasonably believes that the body beneficially entitled to the PID is a partnership each member of which is a body described in the paragraph above.

In order to pay a PID without withholding tax, the Company will need to be satisfied that the Shareholder concerned is entitled to that treatment. For that purpose the Company will require such Shareholders to submit a valid claim form (copies of which may be obtained on request from the Company’s registrars, Capita Registrars).

4. UK taxation of chargeable gains, stamp duty and stamp duty reserve tax (“SDRT”) in respect of shares in the Company

Subject to paragraph 1 above, the following comments apply to both individual and corporate Shareholders, regardless of whether or not such Shareholders are resident for tax purposes in the UK.

(a) UK taxation of chargeable gains

Chargeable gains arising on the disposal of Ordinary Shares following entry into the UK-REIT Regime should be taxed in the same way as chargeable gains arising on the disposal of Ordinary Shares prior to entry into the UK-REIT Regime. The entry of the GPE Group into the UK-REIT Regime will not constitute a disposal of Ordinary Shares by Shareholders for UK chargeable gains purposes.

(b) UK stamp duty and SDRT

A conveyance or transfer on sale or other disposal of Ordinary Shares following entry into the UK-REIT Regime will be subject to UK stamp duty or SDRT in the same way as it would have been prior to entry into the UK-REIT Regime.

PART 4

DESCRIPTION OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

1. Introduction

As explained in the letter from the Chairman, it is proposed that the Articles of Association should be amended in order to enable the Company to demonstrate to HMRC that it has taken “reasonable steps” to avoid paying a dividend (or making any other distribution) to any Substantial Shareholder.

If a distribution is paid to a Substantial Shareholder and the Company has not taken reasonable steps to avoid doing so, the Company would become subject to a tax charge.

The proposed amendments to the Articles involve the insertion of a new Article (the “new Article”). The text of the new Article is set out in Part 5 of this document.

The new Article:

- provides directors with powers to identify its Substantial Shareholders (if any);
- prohibits the payment of dividends on Ordinary Shares that form part of a Substantial Shareholding, unless certain conditions are met;
- allows dividends to be paid on Ordinary Shares that form part of a Substantial Shareholding where the Shareholder has disposed of its rights to dividends on its Ordinary Shares; and
- seeks to ensure that if a dividend is paid on Ordinary Shares that form part of a Substantial Shareholding and arrangements of the kind referred to in the preceding paragraph are not met, the Substantial Shareholder concerned does not become beneficially entitled to that dividend.

The effect of the new Article is explained in more detail below.

2. Identification of Substantial Shareholders

The share register of the Company records the legal owner and the number of Ordinary Shares they own but does not identify the persons who are beneficial owners of the Ordinary Shares or are entitled to control the voting rights attached to the Ordinary Shares or are beneficially entitled to dividends. While the requirements for the notification of interests in shares provided in Part VI of the Companies Act and the Board’s rights to require disclosure of such interests (pursuant to Section 212 of the Companies Act and Article 57 of the Articles) should assist in the identification of Substantial Shareholders, those provisions are not on their own sufficient.

Accordingly, the new Article would require a Substantial Shareholder and any registered Shareholder holding Ordinary Shares on behalf of a Substantial Shareholder to notify the Company if his Ordinary Shares form part of a Substantial Shareholding. Such a notice must be given within two business days. If a person is a Substantial Shareholder at the date the new Article is adopted, that Substantial Shareholder (and any registered Shareholder holding shares on its behalf) must give such a notice within two business days after the date the new Article is adopted. The new Article gives the Board the right to require any person to provide information in relation to any Ordinary Shares in order to determine whether the shares form part of a Substantial Shareholding. If the required information is not provided within the time specified (which would be seven days after a request is made or such other period as the Board may decide), the Board would be entitled to impose sanctions, including withholding dividends (as described in paragraph 3 below) and/or requiring the transfer of the Ordinary Shares to another person who is not, and does not thereby become, a Substantial Shareholder (as described in paragraph 6 below).

3. Preventing payment of a dividend to a Substantial Shareholder

The new Article provides that a dividend will not be paid on any Ordinary Shares that the Board believes may form part of a Substantial Shareholding unless the Board is satisfied that the Substantial Shareholder is not beneficially entitled to the dividend.

If in these circumstances payment of a dividend is withheld, the dividend will be paid subsequently if the Board is satisfied that:

- the Substantial Shareholder concerned is not beneficially entitled to the dividends (see also paragraph 4 below);
- the shareholding is not part of a Substantial Shareholding;
- all or some of the Ordinary Shares and the right to the dividend have been transferred to a person who is not, and does not thereby become, a Substantial Shareholder (in which case the dividends would be paid to the transferee); or
- sufficient Ordinary Shares have been transferred (together with the right to the dividends) such that the Ordinary Shares retained are no longer part of a Substantial Shareholding (in which case the dividends would be paid on the retained Ordinary Shares).

For this purpose references to the “transfer” of a share include the disposal (by any means) of beneficial ownership of, control of voting rights in respect of and beneficial entitlement to dividends in respect of, that Ordinary Share.

4. Payment of a dividend where rights to it have been transferred

The new Article provides that dividends may be paid on Ordinary Shares that form part of a Substantial Shareholding if the Board is satisfied that the right to the dividend has been transferred to a person who is not, and does not thereby become, a Substantial Shareholder and the Board may be satisfied that the right to the dividend has been transferred if it receives a certificate containing appropriate confirmations and assurances from the Substantial Shareholder. Such a certificate may apply to a particular dividend or to all future dividends in respect of Ordinary Shares forming part of a specified Substantial Shareholding, until notice rescinding the certificate is received by the Company. A certificate that deals with future dividends will include undertakings by the person providing the certificate:

- to ensure that the entitlement to future dividends will be disposed of; and
- to inform the Company immediately of any circumstances which would render the certificate no longer accurate.

The Directors may require that any such certificate is copied or provided to such persons as they may determine, including HMRC.

If the Board believes a certificate given in these circumstances is or has become inaccurate, then it will be able to withhold payment of future dividends (as described in paragraph 3 above). In addition, the Board may require a Substantial Shareholder to pay to the Company the amount of any tax payable (and other costs incurred) as a result of a dividend having been paid to a Substantial Shareholder in reliance on the inaccurate certificate. The Board may require a sale of the relevant shares and retain the amount claimed from the proceeds.

Certificates provided in the circumstances described above will be of considerable importance to the Company in determining whether dividends can be paid. If the Company suffers loss as a result of any misrepresentation or breach of undertaking given in such a certificate, it may seek to recover damages directly from the person who has provided it. Any such tax may also be recovered out of dividends to which the Substantial Shareholder concerned may become entitled in the future.

The effect of these provisions is that there is no restriction on a person becoming or remaining a Substantial Shareholder provided that the person who does so makes appropriate arrangements to divest itself of the entitlement to dividends.

5. Trust arrangements where rights to dividends have not been disposed of by Substantial Shareholder

The new Article provides that if a dividend is in fact paid on Ordinary Shares forming part of a Substantial Shareholding (which might occur, for example, if a Substantial Shareholding is split among a number of nominees and is not notified to the Company prior to a dividend payment date) the dividends so paid are to be held on trust by the recipient for any person (who is not a Substantial Shareholder) nominated by the Substantial Shareholder concerned. The person nominated as the beneficiary could be the purchaser of the Ordinary Shares if the Substantial Shareholder is in the process of selling down their holding so as not to cause the Company to breach the Substantial Shareholder rule. If the Substantial Shareholder does not nominate anyone within 12 years, the dividend concerned will be held on trust for the Company or such charity as the Board may nominate.

If the recipient of the dividend passes it on to another without being aware that the Ordinary Shares in respect of which the dividend was paid were part of a Substantial Shareholding, the recipient will have no liability as a result. However, the Substantial Shareholder who receives the dividend should do so subject to the terms of the trust and as a result may not claim to be beneficially entitled to those dividends.

6. Mandatory sale of Substantial Shareholdings

The new Article also allows the Board to require the disposal of shares forming part of a Substantial Shareholding if:

- a Substantial Shareholder has been identified and a dividend has been announced or declared and the Board has not been satisfied that the Substantial Shareholder has transferred the right to the dividend (or otherwise is not beneficially entitled to it);
- there has been a failure to provide information requested by the Board; or
- any information provided by any person proves materially inaccurate or misleading.

In these circumstances, if the Company incurs a charge to tax as a result of one of these events, the Board may, instead of requiring the Shareholder to dispose of the Ordinary Shares, arrange for the sale of the relevant Ordinary Shares and for the Company to retain from the sale proceeds an amount equal to any tax so payable.

The new Article has been discussed with HMRC which has confirmed that its contents constitute “reasonable steps” to avoid paying a dividend to a Substantial Shareholder for the purposes of the legislation.

7. Takeovers

The new Article does not prevent a person from acquiring control of the Company through a takeover or otherwise, although as explained above, such an event may cause the Group to cease to qualify as a UK-REIT.

8. Other

The new Article also gives the Company power to require any Shareholder who applies to be paid dividends without any tax withheld to provide such certificate as the Board may require to establish the Shareholder’s entitlement to that treatment.

The new Article may be amended by special resolution passed by the Shareholders in the future, including to give powers to the Directors to ensure that the Company can comply with the Close Company condition described in paragraph 2(a) of Part 2 of this document, which powers may include the ability to arrange for the sale of Ordinary Shares on behalf of Shareholders.

PART 5

PROPOSED ARTICLE 3A

3A REAL ESTATE INVESTMENT TRUST

(A) Cardinal principle

- (i) It is a cardinal principle that, for so long as the Company is the principal company in a real estate investment trust (“UK-REIT”) for the purposes of Part 4 of the Finance Act 2006, as such Part may be modified, supplemented or replaced from time to time:

no member of the Group should be liable to pay tax under Regulation 10 of the Real Estate Investment Trusts (Breach of Conditions) Regulations 2006 (as such regulations may be modified, supplemented or replaced from time to time) on or in connection with the making of a Distribution.

- (ii) This article 3A supports such cardinal principle by, among other things, imposing restrictions and obligations on the shareholders of the Company and, indirectly, certain other Persons who may have an interest in the Company, and shall be construed accordingly so as to give effect to such cardinal principle.

(B) Definitions and interpretation

- (i) For the purposes of this article 3A, the following words and expressions shall bear the following meanings:

“business day”	means a day (not being a Saturday or Sunday) on which banks are normally open for business in London;
“Distribution”	means any dividend or other distribution on or in respect of the shares of the Company and references to a Distribution being paid include a distribution not involving a cash payment being made;
“Distribution Transfer”	means a disposal or transfer (however effected) by a Person of his rights to a Distribution from the Company such that he is not beneficially entitled (directly or indirectly) to such a distribution and no Person who is so entitled subsequent to such disposal or transfer (whether the immediate transferee or not) is (whether as a result of the transfer or not) a Substantial Shareholder;
“Distribution Transfer Certificate”	means a certificate in such form as the directors may specify from time to time to the effect that the relevant Person has made a Distribution Transfer, which certificate may be required by the directors to satisfy them that a Substantial Shareholder is not beneficially entitled (directly or indirectly) to a Distribution;
“Excess Charge”	means, in relation to a Distribution which is paid or payable to a Person, all tax or other amounts which the directors consider may become payable by the Company or any other member of the Group under Regulation 10 of the Real Estate Investment Trusts (Breach of Conditions) Regulations 2006 (as such regulation may be modified, supplemented or replaced from time to time) and any interest, penalties, fines or surcharge attributable to such tax as a result of such Distribution being paid to or in respect of that Person;
“Group”	means the Company and the other companies in its group for the purposes of section 134 of the Finance Act 2006 (as such section may be modified, supplemented or replaced from time to time);
“HMRC”	means HM Revenue & Customs;
“interest in the Company”	includes, without limitation, an interest in a Distribution made or to be made by the Company;
“Person”	includes a body of Persons, corporate or unincorporated, wherever domiciled;

“Relevant Registered Shareholder” means a shareholder who holds all or some of the shares in the Company that comprise a Substantial Shareholding (whether or not a Substantial Shareholder);

“Reporting Obligation” means any obligation from time to time of the Company to provide information or reports to HMRC as a result of or in connection with the Company’s status as a UK-REIT;

“Substantial Shareholding” means the shares in the Company in relation to which or by virtue of which (in whole or in part) a Person is a Substantial Shareholder;

“Substantial Shareholder” means any person whose interest in the Company, whether legal or beneficial, direct or indirect, may cause any member of the Group to be liable to pay tax under Regulation 10 of the Real Estate Investment Trusts (Breach of Conditions) Regulations 2006 (as such regulations may be modified, supplemented or replaced from time to time) on or in connection with the making of a Distribution to or in respect of such Person including, at the date of adoption of this article 3A, any holder of excessive rights as defined in the Real Estate Investment Trusts (Breach of Conditions) Regulations 2006.

- (ii) Where under this article 3A any certificate or declaration may be or is required to be provided by any Person (including, without limitation, a Distribution Transfer Certificate), such certificate or declaration may be required by the directors (without limitation):
- (a) to be addressed to the Company, the directors or such other Persons as the directors may determine (including HMRC);
 - (b) to include such information as the directors consider is required for the Company to comply with any Reporting Obligation;
 - (c) to contain such legally binding representations and obligations as the directors may determine;
 - (d) to include an undertaking to notify the Company if the information in the certificate or declaration becomes incorrect, including prior to such change;
 - (e) to be copied or provided to such Persons as the directors may determine (including HMRC); and
 - (f) to be executed in such form (including as a deed or deed poll) as the directors may determine.
- (iii) This article 3A shall apply notwithstanding any provisions to the contrary in any other article (including, without limitation, articles 131 to 138 (Dividends)).

(C) Notification of Substantial Shareholder and other status

- (i) Each shareholder and any other relevant Person shall serve notice in writing on the Company at the Office on:
- (a) him becoming a Substantial Shareholder or him being a Substantial Shareholder on the date this article 3A comes into effect (together with the percentage of voting rights, share capital or dividends he controls or is beneficially entitled to, details of the identity of the shareholder(s) who hold(s) the relevant Substantial Shareholding and such other information, certificates or declarations as the directors may require from time to time);
 - (b) him becoming a Relevant Registered Shareholder or being a Relevant Registered Shareholder on the date this article 3A comes into effect (together with such details of the relevant Substantial Shareholder and such other information, certificates or declarations as the directors may require from time to time); and
 - (c) any change to the particulars contained in any such notice, including on the relevant Person ceasing to be a Substantial Shareholder or a Relevant Registered Shareholder.

Any such notice shall be delivered by the end of the second business day after the day on which the Person becomes a Substantial Shareholder or a Relevant Registered Shareholder (or the date this article 3A comes into effect, as the case may be) or the change in relevant particulars or within such shorter or longer period as the directors may specify from time to time.

- (ii) The directors may at any time give notice in writing to any Person requiring him, within such period as may be specified in the notice (being seven days from the date of service of the notice or such shorter or longer period as the directors may specify in the notice), to deliver to the Company at the Office such information, certificates and declarations as the directors may require to establish whether or not he is a Substantial Shareholder or a Relevant Registered Shareholder or to comply with any Reporting Obligation. Each such Person shall deliver such information, certificates and declarations within the period specified in such notice.

(D) Distributions in respect of Substantial Shareholdings

- (i) In respect of any Distribution, the directors may, if the directors determine that the condition set out in article 3A(D)(ii) is satisfied in relation to any shares in the Company, withhold payment of such Distribution on or in respect of such shares. Any Distribution so withheld shall be paid as provided in article 3A(D)(iii) and until such payment the Persons who would otherwise be entitled to the Distribution shall have no right to the Distribution or its payment.

- (ii) The condition referred to in article 3A(D)(i) is that, in relation to any shares in the Company and any Distribution to be paid or made on and in respect of such shares:

(a) the directors believe that such shares comprise all or part of a Substantial Shareholding of a Substantial Shareholder; and

(b) the directors are not satisfied that such Substantial Shareholder would not be beneficially entitled to the Distribution if it was paid,

and, for the avoidance of doubt, if the shares comprise all or part of a Substantial Shareholding in respect of more than one Substantial Shareholder this condition is not satisfied unless it is satisfied in respect of all such Substantial Shareholders.

- (iii) If a Distribution has been withheld on or in respect of any shares in the Company in accordance with article 3A(D)(i), it shall be paid as follows:

(a) if it is established to the satisfaction of the directors that the condition in article 3A(D)(ii) is not satisfied in relation to such shares, in which case the whole amount of the Distribution withheld shall be paid; and

(b) if the directors are satisfied that sufficient interests in all or some of the shares concerned have been transferred to a third party so that such transferred shares no longer form part of the Substantial Shareholding, in which case the Distribution attributable to such shares shall be paid (provided the directors are satisfied that following such transfer such shares concerned do not form part of a Substantial Shareholding); and

(c) if the directors are satisfied that as a result of a transfer of interests in shares referred to in (b) above the remaining shares no longer form part of a Substantial Shareholding, in which case the Distribution attributable to such shares shall be paid.

In this article 3A(D)(iii), references to the “transfer” of a share include the disposal (by any means) of beneficial ownership of, control of voting rights in respect of and beneficial entitlement to dividends in respect of, that share.

- (iv) A Substantial Shareholder may satisfy the directors that he is not beneficially entitled to a Distribution by providing a Distribution Transfer Certificate. The directors shall be entitled to (but shall not be bound to) accept a Distribution Transfer Certificate as evidence of the matters therein stated and the directors shall be entitled to require such other information, certifications or declarations as they think fit.

- (v) The directors may withhold payment of a Distribution on or in respect of any shares in the Company if any notice given by the directors pursuant to article 3A(C)(ii) in relation to such shares shall not have been complied with to the satisfaction of the directors within the period specified in such notice. Any Distribution so withheld will be paid when the notice is complied with to the satisfaction of the directors unless the directors withhold payment pursuant to article 3A(D)(i) and until such payment the Persons who would otherwise be entitled to the Distribution shall have no right to the Distribution or its payment.

- (vi) If the directors decide that payment of a Distribution should be withheld under article 3A(D)(i) or article 3A(D)(v), they shall within seven business days give notice in writing of that decision to the Relevant Registered Shareholder.

(vii) If any Distribution shall be paid on a Substantial Shareholding and an Excess Charge becomes payable, the Substantial Shareholder shall pay the amount of such Excess Charge and all costs and expenses incurred by the Company in connection with the recovery of such amount to the Company on demand by the Company. Without prejudice to the right of the Company to claim such amount from the Substantial Shareholder, such recovery may be made out of the proceeds of any disposal pursuant to article 3A(F)(ii) or out of any subsequent Distribution in respect of the shares to such Person or to the shareholders of all shares in relation to or by virtue of which the directors believe that Person has an interest in the Company (whether that Person is at that time a Substantial Shareholder or not).

(E) Distribution trust

- (i) If a Distribution is paid in respect of a Substantial Shareholding except in circumstances where the Substantial Shareholder is not beneficially entitled to the Distribution, the Distribution and any income arising from it shall be held by the payee or other recipient to whom the Distribution is transferred by the payee on trust absolutely for the Persons nominated by the relevant Substantial Shareholder under article 3A(E)(ii) in such proportions as the relevant Substantial Shareholder shall in the nomination direct or, subject to and in default of such nomination being validly made within 12 years after the date the Distribution is made, for the Company or for such charity as may be nominated by the directors from time to time.
- (ii) The relevant Substantial Shareholder of shares of the Company in respect of which a Distribution is paid shall be entitled to nominate in writing any two or more Persons (not being Substantial Shareholders) to be the beneficiaries of the trust on which the Distribution is held under article 3A(E)(i) and the Substantial Shareholder may in any such nomination state the proportions in which the Distribution is to be held on trust for the nominated Persons, failing which the Distribution shall be held on trust for the nominated Persons in equal proportions. No Person may be nominated under this article 3A(E)(i) who is or would, on becoming a beneficiary in accordance with the nomination, become a Substantial Shareholder. If the Substantial Shareholder making the nomination is not by virtue of article 3A(E)(i) the trustee of the trust, the nomination shall not take effect until it is delivered to the Person who is the trustee.
- (iii) Any income arising from a Distribution which is held on trust under article 3A(E)(i) shall until the earlier of (i) the making of a valid nomination under article 3A(E)(ii) and (ii) the expiry of the period of 12 years from the date when the Distribution is paid be accumulated as an accretion to the Distribution. Income shall be treated as arising when payable, so that no apportionment shall take place.
- (iv) No Person who by virtue of article 3A(E)(i) holds a Distribution on trust shall be under any obligation to invest the Distribution or to deposit it in an interest-bearing account.
- (v) No Person who by virtue of article 3A(E)(i) holds a Distribution on trust shall be liable for any breach of trust unless due to his own wilful fraud or wrongdoing or, in the case of an incorporated Person, the fraud or wilful wrongdoing of its directors, officers or employees.

(F) Obligation to dispose

- (i) If at any time, the directors believe that:
- (a) in respect of any Distribution declared or announced, the condition set out in article 3A(D)(ii) is satisfied in respect of any shares in the Company in relation to that Distribution;
 - (b) a notice given by the directors pursuant to article 3A(C)(ii) in relation to any shares in the Company has not been complied with to the satisfaction of the directors within the period specified in such notice; or
 - (c) any information, certificate or declaration provided by a Person in relation to any shares in the Company for the purposes of the preceding provisions of this article 3A was materially inaccurate or misleading,

the directors may give notice in writing (a “Disposal Notice”) to any Persons they believe are Relevant Registered Shareholders in respect of the relevant shares requiring such Relevant Registered Shareholders within 21 days of the date of service of the notice (or such longer or shorter time as the directors consider to be appropriate in the circumstances) to dispose of such number of shares the directors may in such notice specify or to take such other steps as will cause the condition set out in article 3A(D)(ii) no longer to be satisfied. The directors may, if they think fit, withdraw a Disposal Notice.

(ii) If:

(a) the requirements of a Disposal Notice are not complied with to the satisfaction of the directors within the period specified in the relevant notice and the relevant Disposal Notice is not withdrawn; or

(b) a Distribution is paid on a Substantial Shareholding and an Excess Charge becomes payable;

the directors may arrange for the Company to sell all or some of the shares to which the Disposal Notice relates or, as the case may be, that form part of the Substantial Shareholding concerned. For this purpose, the directors may make such arrangements as they deem appropriate. In particular, without limitation, they may authorise any officer or employee of the Company to execute any transfer or other document on behalf of the holder or holders of the relevant share and, in the case of a share in uncertificated form, may make such arrangements as they think fit on behalf of the relevant holder or holders to transfer title to the relevant share through a relevant system.

(iii) Any sale pursuant to article 3A(F)(ii) above shall be at the price which the directors consider is the best price reasonably obtainable and the directors shall not be liable to the holder or holders of the relevant share for any alleged deficiency in the amount of the sale proceeds or any other matter relating to the sale.

(iv) The net proceeds of the sale of any share under article 3A(F)(ii) (less any amount to be retained pursuant to article 3A(D)(vii) and the expenses of sale) shall be paid over by the Company to the former holder or holders of the relevant share upon surrender of any certificate or other evidence of title relating to it, without interest. The receipt of the Company shall be a good discharge for the purchase money.

(v) The title of any transferee of shares shall not be affected by an irregularity or invalidity of any actions purportedly taken pursuant to this article 3A.

(G) General

(i) The directors shall be entitled to presume without enquiry, unless any director has reason to believe otherwise, that a Person is not a Substantial Shareholder or a Relevant Registered Shareholder.

(ii) The directors shall not be required to give any reasons for any decision or determination (including any decision or determination not to take action in respect of a particular Person) pursuant to this article 3A and any such determination or decision shall be final and binding on all Persons unless and until it is revoked or changed by the directors. Any disposal or transfer made or other thing done by or on behalf of the board or any director pursuant to this article 3A shall be binding on all Persons and shall not be open to challenge on any ground whatsoever.

(iii) Without limiting their liability to the Company, the directors shall be under no liability to any other Person, and the Company shall be under no liability to any shareholder or any other Person, for identifying or failing to identify any Person as a Substantial Shareholder or a Relevant Registered Shareholder.

(iv) The directors shall not be obliged to serve any notice required under this article 3A upon any Person if they do not know either his identity or his address. The absence of service of such a notice in such circumstances or any accidental error in or failure to give any notice to any Person upon whom notice is required to be served under this article 3A shall not prevent the implementation of or invalidate any procedure under this article 3A.

(v) The provisions of articles 151 to 158 (Notices) shall apply to the service upon any Person of any notice required by this article 3A. Any notice required by this article 3A to be served upon a Person who is not a shareholder or upon a Person who is a shareholder but whose address is not within the United Kingdom and who has failed to supply to the Company an address within the United Kingdom pursuant to article 152, shall be deemed validly served if such notice is sent through the post in a pre-paid cover addressed to that Person or shareholder at the address if any, at which the directors believe him to be resident or carrying on business or, in the case of a holder of depository receipts or similar securities, to the address, if any, in the register of holders of the relevant securities. Service shall, in such a case be deemed to be effected on the day of posting and it shall be sufficient proof of service if that notice was properly addressed, stamped and posted.

(vi) Any notice required or permitted to be given pursuant to this article 3A may relate to more than one share and shall specify the share or shares to which it relates.

(vii) The directors may require from time to time any Person who is or claims to be a Person to whom a Distribution may be paid without deduction of tax under Regulation 7 of the Real Estate Investment Trusts (Assessment, Collection and Recovery of Tax) Regulations 2006 to provide such certificates or declarations as they may require from time to time.

(viii) This article 3A may be amended by special resolution from time to time, including to give powers to the directors to take such steps as they may require in order to ensure that the Company can satisfy Condition 4 of Section 106 of the Finance Act 2006 (as such section may be modified, supplemented or replaced from time to time), which relates to close company status, which powers may include the ability to arrange for the sale of shares on behalf of shareholders.

PART 6

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of Great Portland Estates plc will be held on the 17th Floor, 33 Cavendish Square, London W1G 0PW at 11 a.m. on 13 December 2006 for the purpose of considering and, if thought fit, passing the following resolution as a special resolution:

Special Resolution

THAT, with effect from (and including) 1 January 2007, the Articles of Association be and are hereby amended by the insertion of Article 3A, as set out in Part 5 of the circular to shareholders of the Company dated 15 November 2006, as Article 3A of the Articles of Association.

By Order of the Board,
Desna Martin
Secretary

Registered Office:
33 Cavendish Square
London W1G 0PW

Notes:

1. A Shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy does not need to be a Shareholder. A proxy may not speak at the meeting except with the permission of the Chairman of the meeting and may only vote on a poll (not on a show of hands).
2. A reply paid Form of Proxy is enclosed. To be valid, the Form of Proxy and the original (or a certified true copy) of any power of attorney or other authority under which the Form of Proxy is signed must be deposited at the office of the Registrars, whose address is shown on the Form of Proxy, no later than 11.00 a.m. on 11 December 2006 (or, in the event of an adjournment, the time which is 48 hours before the adjourned meeting). Completion of the Form of Proxy will not affect the right of a Shareholder to attend and vote at the meeting.
3. Under regulation 41 of the Uncertificated Securities Regulation 2001, only Shareholders included in the register of members of the Company at 6.00 p.m. on 11 December 2006 (or, in the event of any adjournment, 6.00 p.m. on the date which is two days before the time of the adjourned meeting) are entitled to attend or vote at the meeting in respect of the shares registered in their names at that time. Changes to entries on the register after the relevant deadline shall be disregarded in determining the rights of any person to attend or vote at the meeting (or adjourned meeting).
4. If more than one proxy appointment is returned, either by paper or by electronic communication, those received last by the Registrars before the latest time for the receipt of proxies will take precedence. The Company will not accept any communication that is found to contain a computer virus.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment (s) of it by using the procedures described in the CREST Manual. CREST personal members, sponsored CREST members and 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 for them.
6. To complete a valid proxy appointment or instruction using the CREST service, the CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted and received by the Company's Registrar (ID: RA10) 48 hours before the time fixed for the meeting (or adjournment thereof). The time of receipt of the instruction will be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's Registrar 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.
7. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will apply 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 ensure that his CREST sponsor or voting service provider(s) take(s)) the necessary action to ensure that a message is transmitted by means of the CREST system by a particular time. CREST members and, where applicable, their CREST sponsors or voting service providers(s) should refer to the sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. The Company may treat a CREST Proxy Instruction as invalid as set out in regulation 35.5(a) of the Uncertificated Securities Regulations 2001.

