GREAT PORTLAND ESTATES

Unlocking potential

Great Portland Estates plc Annual Report 2014

"With our single focus on our central London portfolio, our experienced team has again delivered property and shareholder returns well ahead of our benchmarks, driven by our development successes and a record leasing year. Our 2014 Strategic report on pages 1 to 69 has been reviewed and approved by the Board."

On behalf of the Board.

Martin Scicluna Chairman

What's in this report

Strategic report – Overview

Strategic report – Annual review

Governance

Financial statements

Other information

Cover:
95 Wigmore St, W1
Our 112,200 sq ft development scheme which completed in July 2013 generating a profit on cost of 62.3%.

More on page 32

www.gpe.co.uk

Strategic report – Overview

Who we are

Great Portland Estates is a property investment and development company owning over £2.6 billion of real estate, 100% in central London.

We have a simple strategy – to generate superior portfolio and shareholder returns from investing in and improving central London real estate. We aim to achieve this through our intense, customer-focused approach to managing our properties combined with an effective reading of the property cycle, across a market that we know inside out.

The successful execution of our strategic priorities by our experienced team has again delivered performance ahead of our KPI benchmarks and excellent returns for shareholders.

Performance highlights

Total Property Return* of 22.5%

Portfolio valuation (like-for-like) up 18.7%

EPRA NAV per share* up 27.6%

Dividend per share up 2.3%

Loan to value of 25.7%

Total Shareholder Return* of 29.3%

* For more on our KPIs see pages 20 and 21

What we do

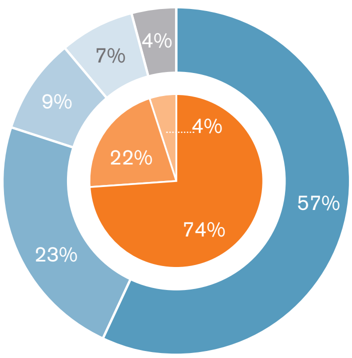
We aim to deliver superior returns by unlocking the often hidden potential in commercial real estate in central London. Our integrated team is focused on meeting tenants' needs through repositioning properties in tune with London's property cycle.

⊕ See more on our focused business model on pages 6 and 7

Our portfolio – 80% in West End

Locations
- North of Oxford Street £1,532.4m
- Rest of West End £612.8m
- Southwark £241.8m
- Midtown £182.2m
- City £108.9m

Business mix
- Office £1,979.5m
- Retail £578.7m
- Residential £119.9m



Key statistics

£2,678 million portfolio valuation

3.3 million sq ft

50% in development programme

450 tenants

£92.7 million rent roll

£42.00 average office rent per sq ft

8.2% rental value growth

22.6% reversionary potential

3.7% vacancy rate

£1,932 million net assets

£508 million cash and undrawn facilities

Our properties – 100% central London

Properties featured in this report

1 240 Blackfriars Road, SE1
⊕ Go to page 10

Our integrated team

Investment management

Buying well and selling at the right point in the cycle is key to crystallising portfolio returns. Our deep knowledge of our local markets and close network of contacts and advisers means we often acquire properties rich with opportunity for improvement off-market.

⊕ See more on pages 30 and 31

£359m
total investment transactions

2 City Tower, EC2
Go to page 12

3 12/14 New Fetter Lane, EC4
Go to page 14

4 73/89 Oxford St, W1
Go to page 16

5 Rathbone Square, W1
Go to page 18

Development management

Upgrading our portfolio with targeted capital expenditure improves its tenant appeal and longevity, enhancing both rental values and capital returns. Our strong relationships with planning authorities, contractors and local communities enable our profitable development activities.

See more on pages 32 and 33

53.3%
profit on cost on completed schemes

Asset management

Keeping close to our 450 tenants to understand their needs helps us to ensure their satisfaction which, in turn, drives sustainable rental growth and minimises vacancy.

See more on pages 34 and 35

£25.9m
of lettings – a record leasing year

Financial management

Robust financial management is core to enabling the Group's activities. Conservative financial leverage provides security in our cyclical markets and firepower to buy when opportunities arise.

See more on pages 36 and 37

25.7%
loan to value

Where we focus

London

It's what we know best

London's global position continues to strengthen…

Underpinned by a strong legal system, time zone advantages, global connectivity and a welcoming attitude to international businesses, London's position as a true global city endures. Generating around 23% of UK GDP and with a population forecast to grow by 20% to 10 million by 2030, we expect that London will continue to thrive.

…and is home to one of the world's most active commercial property markets

With more than 230 million sq ft of office and retail property and almost £20 billion of investment transactions in 2013, central London is one of the world's largest and most liquid commercial real estate markets, attracting capital from a wide variety of local and international investors. But with no two properties the same and ownership fragmented across a plethora of landlords, our deep local knowledge provides a competitive advantage in this complex market.

⊕ See our market section on pages 24 to 27

Our West End bias is driven by its enduring tenant appeal…

Combining commercial, retail and residential space with unrivalled cultural and tourist attractions, the West End attracts a diverse range of business occupiers from all over the world seeking access to its high calibre labour pool.

…and the ever increasing barriers to entry

But available space is in short supply and occupiers' needs are constantly evolving. As a result, delivering efficient and sustainable properties in attractive locations that meet tenants changing needs, whilst also successfully navigating the ever increasing barriers to development, remain critical to profitable real estate activities. With more than 70% of the West End in a conservation area and the planning environment continuing to tighten, a combination of our team's expertise, strong relationships and local experience are central to unlocking development potential.

⊕ See our tenant mix on page 34

Regeneration is driving change and rental growth opportunities…

London's extensive public transport network continues to improve and there is more to come. In the heart of the West End, at the East End of Oxford Street, tube station upgrades and the delivery of Crossrail are already engendering significant regeneration and raising rental values. No other office focused REIT has as much exposure to Crossrail as we do with 86% of our portfolio within 800 metres of a Crossrail station.

…but our market will always be cyclical

Despite central London's attractions, similar to any investment market, its property market will always be cyclical. With our 100% central London focus, our business model is underpinned by our ability to capture the opportunities that this cyclicality creates.

⊕ See our case study on pages 16 and 17
⊕ See our business model on pages 6 and 7

We deliver value by unlocking potential

"Our focused business model is all about repositioning properties to unlock their full potential. When combined with the effective reading of the property cycle, in a market we know inside out, we deliver attractive long-term returns for shareholders."

Toby Courtauld Chief Executive

The core principles of our model are:

- 100% central London: West End focus
- Reposition properties let off low rents through lease structuring, refurbishment and re-development
- Flex operational risk through the property cycle – *see opposite*
- Maintain low financial leverage
- Deliver superior total returns by seeking to outperform our KPI benchmarks

⊕ See how our KPIs are aligned to our strategic priorities and remuneration on pages 8 and 9 and 20 and 21

Underpinned by our unique combination of attributes:

Our people

- Experienced management team supported by specialist in-house asset management, development, investment and finance teams.
- Incentivised to deliver strong total returns for shareholders and outperform our KPI benchmarks.
- Entrepreneurial and collegiate culture with disciplined approach to risk management and effective governance structure.

⊕ See our people section on pages 42 to 45

Our portfolio

- One of the largest commercial portfolios in the West End.
- We acquire unloved assets in strong locations with angles to exploit and reversionary potential to capture. Every property has a detailed business plan reviewed quarterly.
- Our development activity improves both the local environment and public realm.
- Active capital recycling when value has been maximised: typically rotate 10–20% of the portfolio every year.

⊕ See our case studies on pages 10 to 19

Our capital structure

- Consistently strong balance sheet and conservative financial leverage.
- Low cost, diversified debt book.
- Disciplined allocation of capital through analytical, risk adjusted IRR decision making.
- Effective use of joint ventures.
- Tax efficient REIT structure.

⊕ See our financial management section on pages 36 and 37

Our relationships

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

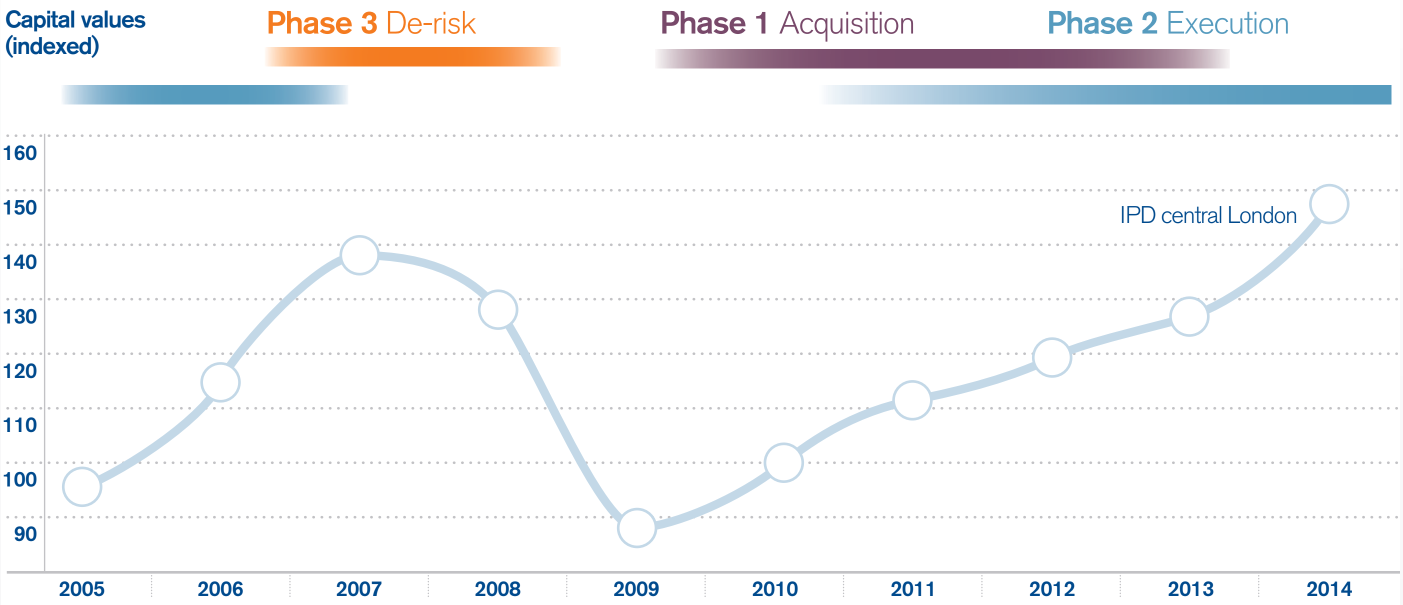
⊕ See our sustainability section on pages 51 to 59

How we flex operational risk:

The central London property market is highly cyclical. The successful reading of this cycle and the flexing of our operational risk are key to delivering long-term, sustainable shareholder value.

⊕ See our lead indicators of market conditions on page 27
⊕ See how we manage risk on pages 61 to 69

Phases of the cycle:



	Phase 3 De-risk	Phase 1 Acquisition	Phase 2 Execution
Activity	– Crystallise returns when pricing is robust. – Minimise development exposure, but continue preparations for next programme. – Reduce leverage and consolidate firepower.	– Counter cyclical investment when pricing attractive. – Acquire raw material for the execution phase. – Start development activities early in the recovery.	– Reposition assets to drive rental growth and maximise returns. – Manage market risk by pre-letting and JV/ forward sales.
Our track record	– Net seller in the two years prior to the collapse of Lehman Brothers. – Development commitments only £1.3 million at March 2009. – Highest LTV was low at 45% at March 2009.	– £1.1 billion invested with 54% of portfolio bought since 2009 lows. – Commenced 1.0 million sq ft of developments since 2009, a further 2.0 million sq ft of pipeline. – £1.2 billion of new debt financing since 2009.	– Eight developments completed since 2009, 49% profit on cost. – Two committed schemes onsite, seven further projects could start in the next two years. – LTV currently below 26%.

Unlocking potential…

…through our clear strategic priorities

We have a clear strategic focus that enables us to outperform across the property cycle.

Strategic priorities 2013/14

2013/2014 priority	Key initiatives	2013/2014 progress
Selective acquisitions and recycling	– Invest balance of 2012 equity placing proceeds (£26 million). – Maintain robust acquisition criteria. – Crystallise profits through recycling.	– Oxford House, W1, purchased for £90 million. – Sales of £269 million at 9.5% premium to book value, including a half share of Hanover Square, W1.
Deliver development programme	– Complete on-site committed schemes. – Commence construction at 12/14 New Fetter Lane. – Secure planning permissions for Rathbone Square and 73/89 Oxford Street.	– 95 Wigmore Street, W1, City Tower, EC2 and 240 Blackfriars Road, SE1 completed, profit on cost 53.3%. – Planning permission secured for all near-term development programme including Rathbone Square, W1, and 73/89 Oxford Street, W1.
Drive rental growth	– Lease remaining space at committed developments. – Crystallise rental reversion, including at Wells & More and 200 Gray's Inn Road. – Focus on tenant relationships to support tenant retention.	– 72.3% income secured at developments completed in year, committed developments already 69.3% pre-let. – 33,400 sq ft let at 200 Gray's Inn Road, WC1, 27% above previous passing rent. – 6,150 sq ft let at Wells & More, W1, 77% above previous passing rent, 15,700 sq ft remaining. – Tenant retention rate of 51.4%.

Selective acquisitions and recycling: See more on page 30

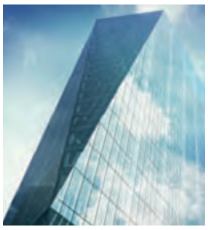
Deliver development programme: See more on page 32

See our case study on pages 14 and 15

Drive rental growth: See more on page 34

Oxford House, W1

See our case study on pages 16 and 17



240 Blackfriars Road, SE1

See our case study on pages 10 and 11

City Tower, EC2

See our case study on pages 12 and 13

> "We adjust our near-term strategic priorities as the property cycle progresses, enabling us to make the most of current conditions as we seek to outperform our strategic KPI benchmarks."

Toby Courtauld Chief Executive

Strategic priorities 2014/15

Impact on strategic KPIs	2014/2015 priority	Future targets	Execution risks
– Sales at premium to book value enhanced TPR and NAV. – Accretive recycling and reinvestment should enhance TPR and TSR.	**Crystallise profits through recycling** With 54% of the Group's portfolio acquired since 2009, our attention is now focused on crystallising some of the value we have generated.	– Launch pre-sales programme for residential units at Rathbone Square, W1. – Sell properties where value has been created to monetise returns in strong investment market.	– Pricing of potential disposals weaken. – Insufficient market liquidity.
– Development surpluses enhanced TPR and NAV. – Pre-lettings accelerate TPR and mitigate voids. – Extensive pipeline of development opportunities can support TSR.	**Deliver development programme** Priority unchanged for 2014/2015. See our case study on pages 16 and 17	– Complete on-site committed schemes. – Commence construction at Rathbone Square, W1 and St Lawrence House, W1. – Secure planning permissions for next phase of the near-term development programme.	– Market declines are amplified by development schemes. – Poor project management. – Contractor/supplier failure. – Tenants' needs not met by poorly conceived building design.
– Higher ERVs increase asset values and improve TPR and NAV growth. – Capture of rental reversion and tenant retention supports TPR. See our full KPIs on pages 20 and 21	**Drive rental growth** Priority unchanged for 2014/2015.	– Launch leasing programme at Walmar House, W1. – Crystallise further rental reversion at Wells & More, W1. – Focus on tenant relationships to support tenant retention. – Deliver annual ERV growth of 5%–10%.	– Occupational market falters. – Wrong rental levels sought for local market conditions. – Poor marketing of our space. – Weak tenant retention. See how we manage risk on pages 60 to 69

Unlocking potential…

. . .by delivering modern space into a supply constrained market

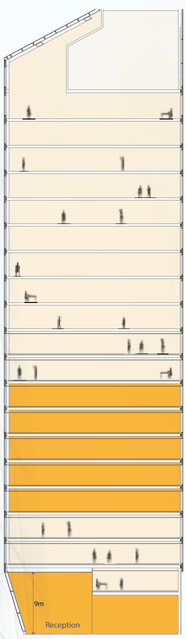
BIM

The use of Building Information Modelling lowered both costs and risks through a more efficient construction process.

See our sustainability section on page 50

1 per 8 sq m

breeam EXCELLENT



Let floors

240 Blackfriars Road, SE1

Our development scheme at 240 Blackfriars Road, SE1, is providing businesses with modern, efficient space in this thriving Bankside location.

Bankside in Southwark, an area that we know well, is being transformed. Already home to world famous cultural institutions, major improvements to the transport infrastructure, including the Jubilee Line and new Blackfriars Thameslink station extension, has made this central London location even more accessible. With the West End and City both within easy reach, the appeal of this exciting location to businesses continues to grow.

In April 2014, we completed our 20 storey 236,700 sq ft development scheme, with the office space already 58% pre-let. Our BREEAM Excellent building offers modern, efficient office floor plates (capable of occupation at one person per 8 sq m) into a market where the supply of new Grade A space is limited. Six weeks after completion, the office space is now more than 73% let attracting tenants from across London and a variety of sectors, including TMT, professional services and consulting. The scheme has delivered a profit on cost of 56.6% to date.

"Completing our largest ever development on time, to budget and predominantly pre-let is testament to the quality of the scheme and our team."

Martin Quinn
Project Manager, GPE

"The use of innovative design tools and construction techniques, including Building Information Modelling, facilitated the delivery of a highly efficient and sustainable development."

Mark Reynolds
Chief Executive, Mace

Unlocking potential…

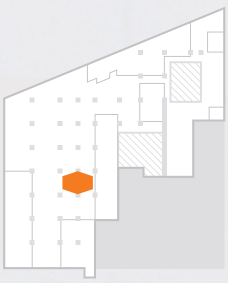
…by repositioning properties to drive rental growth

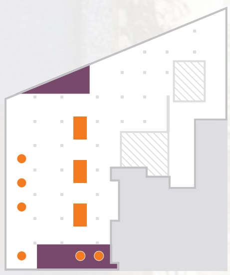
Before

– Inefficient floor plate
– Dark space
– Rent: £19.50 per sq ft
– Difficult to lease

After – Sky Light

– Improved floor plate
– Natural light
– Rent: £39.50 per sq ft
– Secured long-term tenant





Skylights Double height atrium Core

Sky Light, City Tower, EC2

Creating value from real estate often requires vision. At City Tower, EC2, we transformed the podium floors from dark, poor quality, low value space with limited tenant appeal into a new self-contained office, Sky Light.

The podium floors formed part of the comprehensive refurbishment of City Tower, our 138,200 sq ft office property in the heart of the City on Basinghall Street, and posed the greatest challenge. Through the introduction of a double height reception with its own entrance, the addition of skylights and new glazing to street level to increase natural light and the removal of columns to open up the floor plates, we created 25,400 sq ft of self-contained Grade A office accommodation which we rebranded Sky Light.

Shortly after completion of the refurbishment in September 2013, Sky Light was leased to Porta Communications plc, the international communications and marketing firm, for 15 years paying an annual rent of £1.0 million. At £39.50 per sq ft, the rent is more than double the previous passing rent.

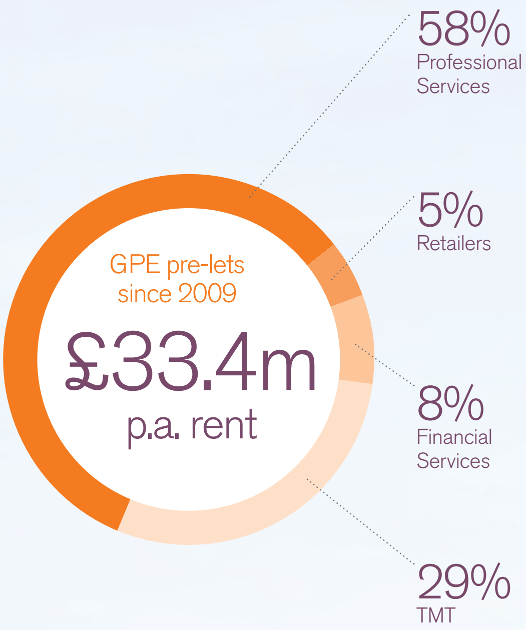
"To maximise the attraction of this well-located space and to capture the rental growth opportunity, we delivered a contemporary, efficient and light office environment with broad tenant appeal."
Mashood Ashraf
Project Manager, GPE

"We chose Sky Light as our new headquarters as it provides us with first class space in the City, with our own front door and which works well for both our employees and clients."
David Wright
Chief Executive,
Porta Communications


PORTA
21:12
twentyonetwelve
NEWGATE
thirteen
TTMV
GROUP
PORTA

Unlocking potential…

…by working with tenants to meet their needs



12/14 New Fetter Lane, EC4

Quality office buildings in prime central London locations are in short supply and, with the economy recovering, businesses are looking to secure their future growth plans by pre-letting space early.

Our 142,500 sq ft development scheme at 12/14 New Fetter Lane, EC4, occupies an island site in the heart of Midtown and London's legal district, within walking distance of several public transport stations including the future Farringdon Crossrail station.

In May 2013, we pre-let the entire scheme to Bird & Bird, a leading international law firm, on 20 year leases, with no breaks, at an annual rent of £8.3 million. This pre-let, the Group's largest ever letting, allowed us to commit to commencing the scheme having already significantly de-risked our capital commitment and to unlock the development potential of the site.

The existing buildings have now been demolished, construction has commenced and completion is scheduled for late 2015.

"We are excited to be working with Bird & Bird again, a previous tenant of ours, to deliver a world class office building."
Piers Blewitt
Development Manager, GPE

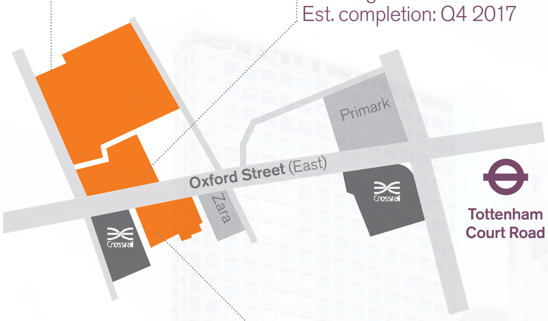
"As our business continues to grow, our landmark new building provides us with 'future-proofed' office space in a location ideally suited to our needs."
David Kerr
Chief Executive Officer, Bird & Bird

Unlocking potential…

…by developing into the rapidly improving East End of Oxford Street

Rathbone Square, W1
NIA: 411,800 sq ft
Planning: consented
Est. completion: Q4 2016

Oxford House, W1
NIA: 91,200 sq ft
Planning: Q4 2014
Est. completion: Q4 2017



St Lawrence House, W1
NIA: 92,100 sq ft
Planning: consented
Est. completion: Q2 2016

73/89 Oxford St, W1 (pictured)
NIA: 88,100 sq ft
Planning: consented
Est. completion: Q2 2017

Our near-term development programme is focused on the East End of Oxford Street, where we are a key player in the area's regeneration.

The East End of Oxford Street has for many years been a poor relation to the Western End, characterised by tired building stock, small retail units and poor quality retailers, resulting in relatively low rental levels. However, major regeneration is coming. Crossrail is due to complete in 2018 and the new Tottenham Court Road tube station will open in 2016, together creating one of the busiest transport hubs in Europe. As a result, investment in the area is increasing and leading retailers are competing to gain a presence, with Primark and Zara already having leased flagship stores.

We are developing into this resurgent market, helping to regenerate the building stock and upgrade the local environment, while seeking to close the pricing gap with other prime West End locations. We have four near-term development/refurbishment schemes in this micro-location, including Oxford House which we purchased this year and Rathbone Square, our planning consented 411,800 sq ft mixed use scheme. Together, our schemes could provide almost 700,000 sq ft of modern space over the next four years.

"With one of the largest development programmes in the vicinity, our activities will drive both the regeneration of the area and returns for our shareholders."

Andrew White
Head of Development, GPE

"New transport infrastructure is expected to dramatically increase footfall at the East End of Oxford Street. With Transport for London, we project that by 2026 more than 100 million entries and exits could occur at Tottenham Court Road station each year, a more than threefold increase from today."

Alexander Jan
Director, Arup


CROSSRAIL

Unlocking potential…

...by helping to regenerate areas in which we operate

Pedestrian connectivity
Our design will create new pedestrian connectivity between Rathbone Place and Newman Street via a new landscaped public square.

Rathbone Square, W1

At Rathbone Square, W1, we are creating a new public square for use by local residents, office occupiers and visitors to the area.

At our 2.3 acre site, immediately north of the East End of Oxford Street, we will be transforming the former post office warehouse site into a vibrant, mixed-use destination.

Our high quality design, approved by Westminster City Council in February 2014, will provide new pedestrian connectivity between Rathbone Place and Newman Street via a new landscaped public square filled with mature planting, lawns, trees and water features. Previous 'dead' frontage along Newman Street and Rathbone Place will be replaced with retail units and both the massing of the scheme and materials used will be sympathetic to the surrounding building stock. The scheme will also provide 20 affordable housing units on-site in an area of the West End which is short of this type of accommodation.

Demolition will start imminently and the project is due for completion in 2016. The proposed development scheme is expected to be an important contributor to our financial performance in the coming years and we will look to manage the associated market risk through a pre-sales marketing campaign for the 142 private residential apartments and pre-let opportunities for the commercial space.

"We are pleased to be creating a truly mixed use scheme, comprising offices, retail and both private and affordable residential accommodation, which, together with the new public realm, will have a transformational impact on this part of the West End."

Neil Thompson
Portfolio Director, GPE

"GPE's approach in engagement on this distinctive, characterful proposal of high architectural and urban design quality was exemplary."

Cllr Robert Davis DL
Deputy Leader of Westminster City Council and Cabinet Member for the Built Environment

Unlocking potential…

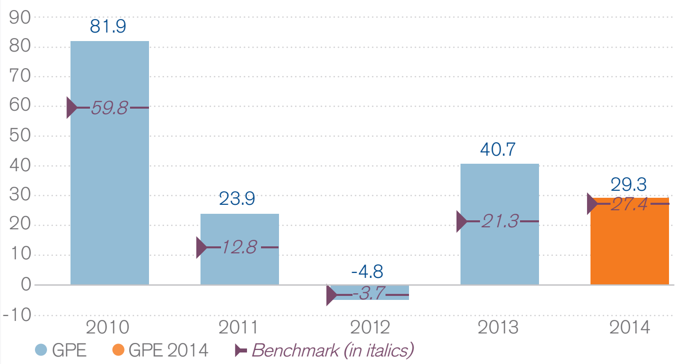
…enables us to outperform our benchmarks

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

⊕ See more on our strategic priorities on pages 8 and 9

Strategic KPIs

Total Shareholder Return (%) (TSR)



Commentary

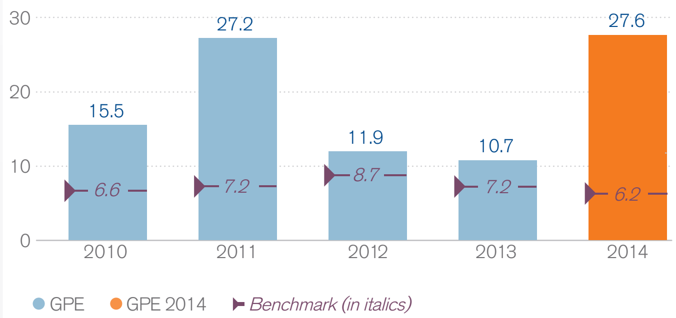
TSR is the most direct way of measuring the returns to shareholders during the year. TSR of the Group is benchmarked against the TSR of the FTSE 350 Real Estate index (excluding agencies).

The TSR of the Group was 29.3% for the year compared to 27.4% for the benchmark.

Alignment with remuneration

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

EPRA net assets per share growth (%) (NAV growth)



Commentary

NAV growth is the traditional industry measure of the Group's success at creating value. We compare our NAV growth with the increase in the retail price index (RPI) plus minimum and maximum hurdles of 9%–27% over three years used as performance criteria for the long-term incentives. For the benchmark, we have used the minimum hurdle.

NAV growth in the year was 27.6% as property values rose due to the Group's successful asset, investment and development management activities. This NAV growth resulted in a 21.4 percentage point relative outperformance for the year.

Alignment with remuneration

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

⊕ See more on Executive Director and employee remuneration on page 45 and pages 84 to 105

Operational KPIs

In addition to our strategic KPIs, there are several other key operational metrics that we actively monitor to assess the performance of the business which feed into the strategic KPIs. As well as measuring our financial performance, these operational KPIs also measure our achievements against some of our sustainability targets. Each of these metrics for the year to 31 March 2014 are shown on the right.

⊕ See more on our approach to sustainability on pages 50 to 59

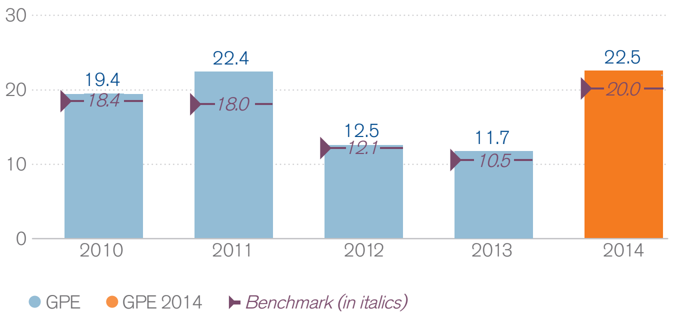
Investment management	
Purchases	£90 million
Purchases – capital value per sq ft	£1,139
Purchases – net initial yield	3.5%
Sales	£269 million
Sales – premium to book value	9.5%
Total investment transactions	£359 million
Net investment	£(179) million

⊕ See more on page 30

Development management	
Profit on cost	53.3%
Ungeared IRR	29.4%
Yield on cost	7.6%
Income already secured	69%
BREEAM Excellent	100%
Committed capital expenditure	£54 million

⊕ See more on page 32

Total Property Return (%) (TPR)



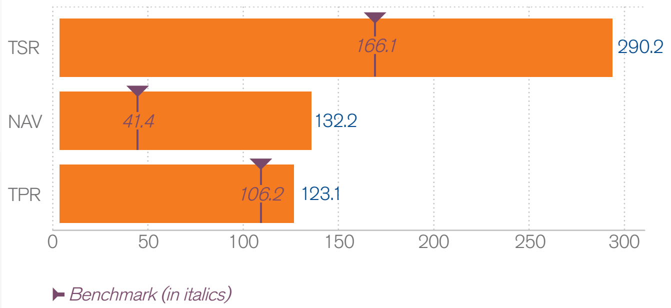
Commentary

TPR 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. TPR is compared to a universe of £42.5 billion of similar assets included in the IPD central London benchmark. The Group generated a portfolio TPR of 22.5% in the year whereas the benchmark produced a total return of 20.0% resulting in an absolute outperformance of 2.5 percentage points. The strong valuation uplift of 31.4% across our development properties contributed to this outperformance.

Alignment with remuneration

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

Five year performance (%)



Commentary

Over the last five years, our consistent outperformance of our benchmarks has delivered a total shareholder return of 290.2% (or 23.7% p.a.), outperforming the comparator group by 124.1 percentage points.

Asset management

Vacancy rate[1]	3.7%
New lettings and renewals	£25.9 million
Market lettings premium to ERV	3.7%
ERV growth	8.2%
Reversionary potential	22.6%
Rent collected within seven days	99.8%
Tenant retention rate	51.4%

1. We have re-classified our vacancy rate as an operational (rather than strategic) KPI.

See more on page 34

Financial management

EPRA earnings per share	11.0 pence
Gearing	30.3%
Loan to value	25.7%
Interest cover	4.3x
Cash and undrawn facilities	£508 million
Weighted average interest rate	3.5%

See more on page 36

People

Staff retention	95%
Training provided per employee	3 days
Employees participating in optional Share Incentive Plan	72%

See more on page 42

Strategic report – Annual review

In this section we describe the trends in our marketplace, present our progress across the business and set out our approaches to sustainability and risk management.

An overview of the year
Statement from the Chief Executive

The successful execution of our strategic priorities has produced another year of excellent results. We have generated property and shareholder returns ahead of our benchmarks, driven by our development successes and a record leasing year.

"With our single focus on our central London portfolio and its enviable development programme, we are well positioned to continue delivering market-leading returns supported by our strong financial position and first-class team."
Toby Courtauld Chief Executive

EPRA NAV per share increased by 27.6% over the year and the property portfolio delivered underlying capital growth of 18.7% with a total property return of 22.5%. The total shareholder return for the year was 29.3%, ahead of our FTSE 350 Real Estate benchmark of 27.4%. Dividends of 8.8 pence per share for the year are up 2.3% on 2013.

Conditions across central London's property markets, particularly in the West End, have continued to strengthen with London outperforming an improving UK economy. Employment growth and business expansion is driving an increase in tenant demand for new space in central London, and the 'war for talent' means businesses need to seek out well-specified, efficient space in attractive central London locations which appeals to current and prospective employees. With vacancy levels already low and the supply of new space remaining noticeably below trend, we maintain our expectation of further rental growth. In the investment market, despite a significant increase in transaction activity, competition remains very strong as investor demand materially outstrips the available stock to buy, driving yields lower over the year. However, we expect yields to move up in the medium term as rental growth is captured.

Notwithstanding these attractive conditions and London's enduring status as a true global city, we remain focused on flexing our activities as we move through the property cycle. Having acquired more than half of the Group's properties since 2009 during a period of opportune pricing, we are now focused on executing our development and asset management strategies across our portfolio. We have also increased our disciplined capital recycling activity to crystallise returns, with sales totalling £269 million (our share) during the year, all at healthy premiums to book value. We continue to assess selective acquisition opportunities and added to our exciting redevelopment exposure at the East End of Oxford Street with the purchase of Oxford House, W1 last summer.

The significant development programme that we commenced four years ago has now delivered 786,300 sq ft of high quality space across eight completed projects generating an aggregate surplus for shareholders of 49% over total costs. The three projects completed this year at 95 Wigmore Street, W1, City Tower, EC2 and 240 Blackfriars Road, SE1 delivered a combined profit of £84.2 million and an average profit on cost of 53.3%. We currently have two committed schemes onsite; our 60,300 sq ft scheme at Walmar House, W1 on Regent Street is due for completion this summer whilst our 142,500 sq ft scheme at 12/14 New Fetter Lane, EC4 is already 100% pre-let ahead of expected completion in 2015. Our pipeline of development opportunities continues to grow and we made significant progress preparing our schemes during the year. Three-quarters (by area) of the near-term programme is focused on the rapidly improving East End of Oxford Street and we secured valuable planning consents from the City of Westminster for our schemes at Rathbone Square, W1 and 73/89 Oxford Street, W1 during the year. These schemes will materially contribute to the regeneration of this previously blighted part of the West End and demolition works at our 411,800 sq ft mixed use scheme at Rathbone Square, W1, will commence imminently. We also created a new joint venture during the year to own and develop our Hanover Square Estate, W1, partnering with the Hong Kong Monetary Authority.

Our asset management team has delivered another year of record leasing activity with lettings and lease renewals of more than £25.9 million in annual rent (including £12.1 million of pre-lettings). The market lettings were at an average of 3.7% above our valuers' ERV. We continue to see good tenant demand for our space and have already secured a further £3.3 million of new lettings so far this year.

On the financing side, our balance sheet is as strong as ever with a low loan to value ratio at March 2014 of 26%. We have significant firepower available to deliver our growth plans, which was enhanced with the issue of a £150 million convertible bond during the year at a record low coupon.

Looking ahead, with our clear strategic focus, supportive market conditions and a portfolio full of opportunity, I remain confident that we are well positioned to continue delivering market-leading returns, supported by our strong financial position and first-class team.

Toby Courtauld
Chief Executive

Our market

Central London's commercial property markets have further strengthened as London continues to outperform an improving UK economy.

"During the year, strong investor and tenant demand have both outstripped the supply of good quality, well-located buildings driving capital valuation and rental growth."

Neil Thompson Portfolio Director

Over the past 12 months, the UK economic outlook has substantially improved, with the focus shifting from the risk of an impending Eurozone crisis to economic growth and the outlook for interest rates. A number of key economic indicators have showed significant improvement: PMI surveys show record growth in business confidence, the UK housing market has grown strongly, UK services have increased at their fastest rate since 1997, inflation has fallen to its lowest level in four years and office-based employment continues to grow. Latest estimates suggest that UK GDP increased by 1.8% during the year to December 2013, compared to a forecast of 0.9% at the start of the year. The forecast for 2014 now stands at 2.6%, which would represent the strongest outturn since 2007.

The wider economic recovery has been felt most keenly in the capital and London continues to outperform. Latest estimates put London GDP growth at 3.8% for the year to December 2013 and total employment in London is comfortably outpacing growth across the UK. These trends are forecast to continue. Moreover, London's position as one of only a handful of true global cities continues to strengthen, attracting international capital for real estate investment as well as occupiers seeking access to its deep pool of talented labour. The recent 'London Futures' report by Deloitte highlighted London's position as the pre-eminent business centre in Europe, hosting the headquarters of 40% of the world's 250 largest companies and nearly half of all high-skilled workers in knowledge-based sectors across Europe's leading business cities.

⊕ See where we focus on pages 4 and 5

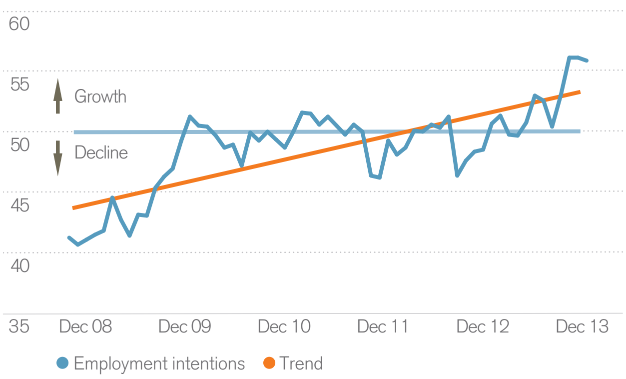
3.8%

London GDP growth

Our occupational markets – overview

On the demand side, the speed of the economic recovery has surprised on the upside, and renewed optimism is driving business confidence. A recent survey by The London Chambers of Commerce and Industry found that 72% of firms in London expect turnover to rise in the year ahead, the most optimistic outlook since the quarterly surveys began in 1989. The strengthening of business confidence is feeding into business expansion and, in turn, tenant demand for new space. For the year ended March 2014, central London take-up was 13.7 million sq ft, exceeding its ten year annual average for the first time since 2011. This trend is expected to continue with office-based employment in inner London, a key driver of demand for office space, expected to increase by an average of 2.1% p.a. over the coming five years.

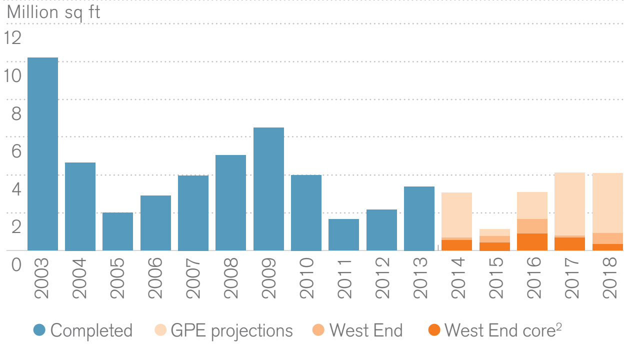
London Economy: Jobs growth



Source: Lloyds Purchasing Manager Index (PMI) Report.

On the supply side, the development pipeline remains relatively muted compared with previous cycles with development activity still constrained by a lack of development finance. Meanwhile vacancy levels in our core markets remain low. Across the central London office market as a whole, development completions in the year to March 2014 of 4.5 million sq ft were 178% higher than the prior year. In the core of the West End, the focus of our activities, completions totalled only 1.6 million sq ft.

Central London office potential completions[1]



Source: CBRE and GPE data.

1. Excluding pre-lets.
2. Includes W1 & SW1 postcode.

Grade A vacancy rates – March 2014

West End	**2.4%**
City	**3.7%**

Source: CBRE

Looking forward, as shown in the chart, we can expect a pick up in the speculative development pipeline as developers have started to respond to improved levels of demand and the prospect of rental growth. However, forecast supply remains below the long-term average and the lead time between development starts and completions means it will be some years before any meaningful amount of new space can be introduced.

West End

Office space leased in the West End for the year to March 2014 was 4.1 million sq ft, up 31% on 2013. Meanwhile, availability peaked at 5.5 million sq ft in June 2013 and was down 16% by March 2014. Vacancy rates remain low at 3.4% with grade A space vacancy estimated by CBRE to be only 2.4%.

Across the West End, CBRE has reported that prime office rental values rose by around 11% in the year to March 2014 (2013: 5.5%). North of Oxford Street, where 57% of our portfolio is located, prime rents rose 12.5% in the year to 31 December 2013.

The West End retail market (comprising 26.7% of our West End portfolio by value) has continued to perform strongly. Over the course of the year, strong demand has maintained a near zero vacancy, with CBRE reporting that rental values grew by 11% during the year. Rents on Bond Street increased by 24% to a record £1,300 per sq ft (Zone A).

City

Take-up in the City finished the year strongly, with an annual total of 5.6 million sq ft to March 2014, a 29% increase from the 4.3 million sq ft recorded in 2013. In contrast to last year, 31% of take-up was driven by banking and finance. Although higher than in the West End, the City office vacancy rate of 5% at 31 March 2014 remains low compared to the long-run average and CBRE has reported that City prime rental values were up 6.4% during the financial year (2013: 0.6%).

Midtown

Midtown has witnessed a year of significant leasing activity, driven largely by demand for new space from the TMT sector. This has supported strong rental growth of 9.1% for the year ended March 2014, with prime rents rising to £60.00 per sq ft. Midtown take-up for the year to March 2014 was 1.6 million sq ft, 24% above the ten year average, which was bolstered by some large lettings including Google at King's Cross and Bird & Bird at our own 12/14 New Fetter Lane scheme.

Southwark

In Southwark, over the course of 2013, TMT occupiers dominated take-up accounting for 64% of the total. Southwark availability fell by 20% over the financial year to 5.8 million sq ft, reflecting an availability rate of 6.7% (2013: 5.8%). CBRE reported that Southwark prime rents increased by 11% in the financial year to £50.00 per sq ft, above 2007 peak levels. This increase was driven by high levels of demand for new and refurbished space.

Our occupational markets – other considerations

There are a number of other factors which are influencing conditions in our occupational markets and accordingly how we operate.

Tenant needs continue to evolve and in particular there is strong evidence that employers remain focused on positioning their businesses to win the 'war for talent' through providing their current and prospective employees with an attractive working environment. Equally, businesses remain cost-conscious and are attracted to well-located, modern space, preferably close to good public transport links and crucially where they are able to increase the density of their occupation.

The barriers to development continue to increase, with the often lengthy planning consent process becoming both more complex and costly. In addition, construction costs are beginning to rise, although from a low base. These increases are being mitigated so far by rental growth, our deep relationships with contractors and effective supply chain management.

⊕ See where we focus on pages 4 and 5

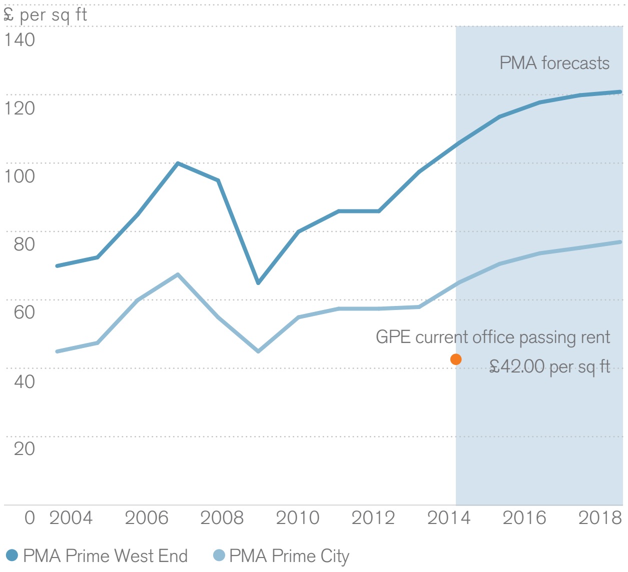
Our market

Our occupational markets – outlook

The upturn in central London take-up over the past 12 months has been driven by strengthening occupier confidence and we expect this trend to continue in 2014 as the economy grows.

With the imbalance between improving occupational demand and restricted supply favouring the landlord, we can expect further rental growth in our key markets. As the chart below shows, independent forecaster PMA is predicting healthy rental growth in both the West End and the City office markets over the medium term. We estimate that for the next 12 months office rental growth in our portfolio will be between 5% and 10%. Additionally, with our office portfolio let off low average rents of only £42.00 per sq ft, there is further reversionary potential across the Group of 22.6%.

Headline office rents



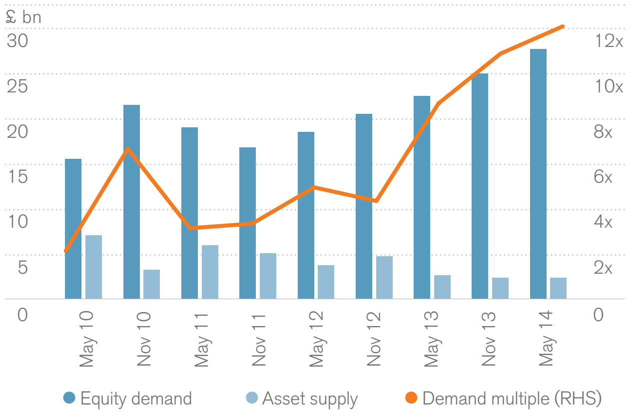
Source: PMA

Our investment markets

In the year to December 2013, investment transactions in central London offices rose to £19.4 billion, a 39% increase on 2012 and the highest level ever recorded. In part this increase has been driven by strong overseas demand, accounting for 68% of transactions, looking for well-located, good quality buildings in a market that can provide the prospect of attractive rental growth. 2014 has also started strongly with £2.7 billion of investment transactions in the first quarter, and increased activity by domestic investors with 54% of transactions involving UK-based buyers.

However, as the chart below demonstrates, the surfeit of buyers over sellers of commercial property across central London has further increased (estimated at £27.8 billion of equity demand versus £2.3 billion of assets in the market to sell). As a result, strong competition for limited stock has helped to tighten investment yields with prime yields in the West End and City reducing to 3.75% and 4.50% respectively, well below the long-term average.

London equity demand and asset supply



Source: CBRE/GPE

The prime central London residential market continued to strengthen during 2013. CBRE reported transaction levels up 30% on the previous year with values increasing by 9.5% over the year to December 2013. The volume of new residential development across London also increased over the course of 2013. However, residential supply remains restricted in our core West End market and is still surpassed by overall housing demand. This has been reflected in the good sales rates of newly developed private units.

£27.8bn

Equity demand for central London commercial property

"With the imbalance between improving occupational demand and restricted supply favouring the landlord, we can expect further rental growth in our key markets."

Marc Wilder Head of Leasing

Our investment markets – outlook

Prime central London commercial property prices have risen by more than two-thirds (in sterling terms) since their post-Lehman trough largely driven by a growing weight of money competing for a limited pool of assets. With yields at cyclical lows, we believe that future valuation growth will be driven by those assets best placed to capture rental growth and we expect yields to move up in the medium term. Having acquired 54% of our current portfolio during the low point in the cycle, our focus has shifted away from acquisition activity to executing asset strategies including delivering our developments into a market where good quality space is increasingly hard to find.

Lead indicators

Given the cyclical nature of our markets, we actively monitor numerous lead indicators to help identify key trends in our market place which are described in the table below:

Selected lead indicators	Trends in year
Property capital values	
Equity prices	↑
Bond prices	↓
Real yield spread (West End property)[1]	↓
Volume of net new commercial property lending (including from non-bank sources)	→
Transaction volumes in central London direct real estate investment markets	↑
Direction of pricing on IPD based derivative contracts	↑
Rental values	
Forecast UK GDP growth	↑
Forecast London GVA growth	↑
West End retail sales	↑
Business confidence levels in the central London economy	↑
UK output from the financial and business services sector	→
Employment levels in London's finance and business services sectors	↑
Central London office market balance[2]	→

1. West End property yields over ten year gilt yields adjusted for inflation.
2. Amount of space available to let given current rates of take-up expressed in terms of months.

Compared to a year ago, the property capital value indicators are broadly neutral, although bond yields have increased and the real yield spread has reduced. However, the weight of money looking for London property has not diminished resulting in a record year for investment transactions and supporting property values. Rental value indicators remain strong with economic growth metrics, the key driver for rents, surprising on the upside. As a result, we expect that the occupational market will continue to favour the landlord with rental values for sensibly priced, well-located buildings growing over the medium term.

Valuation

The valuation of the Group's properties rose to £2,678 million during the year, delivering valuation growth of 18.7% on a like-for-like basis.

Portfolio performance

		Wholly-owned £m	Joint ventures £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	806.7	78.5	885.2	33.1	19.4
	Retail	117.1	122.2	239.3	8.9	19.1
	Residential[1]	7.3	10.5	17.8	0.7	(53.3)
Rest of West End	Office	272.4	17.5	289.9	10.8	12.1
	Retail	191.7	25.0	216.7	8.1	27.8
	Residential[1]	3.6	–	3.6	0.1	(9.4)
Total West End		1,398.8	253.7	1,652.5	61.7	17.1
City, Midtown and Southwark	Office	177.4	151.1	328.5	12.3	11.2
	Retail	4.8	–	4.8	0.1	4.4
Total City, Midtown and Southwark		182.2	151.1	333.3	12.4	11.1
Investment property portfolio		1,581.0	404.8	1,985.8	74.1	16.0
Development property		347.4	133.9	481.3	18.0	31.4
Total properties held throughout the year		**1,928.4**	**538.7**	**2,467.1**	**92.1**	**18.7**
Acquisitions		108.5	102.5	211.0	7.9	7.8
Total property portfolio		**2,036.9**	**641.2**	**2,678.1**	**100.0**	**17.8**

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		1,250.7	281.7	1,532.4	1,090.7	330.6	111.1	1,532.4	1,255
Rest of West End		612.8	–	612.8	367.0	242.1	3.7	612.8	616
Total West End		**1,863.5**	**281.7**	**2,145.2**	**1,457.7**	**572.7**	**114.8**	**2,145.2**	**1,871**
City, Midtown and Southwark		333.3	199.6	532.9	521.8	6.0	5.1	532.9	1,385
Total		**2,196.8**	**481.3**	**2,678.1**	**1,979.5**	**578.7**	**119.9**	**2,678.1**	**3,256**
By use:	Office	1,642.6	336.9	1,979.5					
	Retail	532.7	46.0	578.7					
	Residential	21.5	98.4	119.9					
Total		**2,196.8**	**481.3**	**2,678.1**					
Net internal area sq ft 000's		2,784	472	3,256					

1. Residential values have been reduced as a result of our successful planning applications during the year which move lower value social housing requirements off-site to other parts of the portfolio.

22.5%

Total Property Return

"The Group delivered a strong total property return of 22.5%, outperforming our IPD benchmark of 20.0%."

Hugh Morgan
Head of Investment Management

At 31 March 2014, the wholly-owned portfolio was valued at £2,036.9 million and the Group had five active joint ventures which owned properties valued at £641.2 million (our share) by CBRE. The combined valuation of the portfolio of £2,678.1 million was up 18.7% on a like-for-like basis or £404.2 million since 31 March 2013.

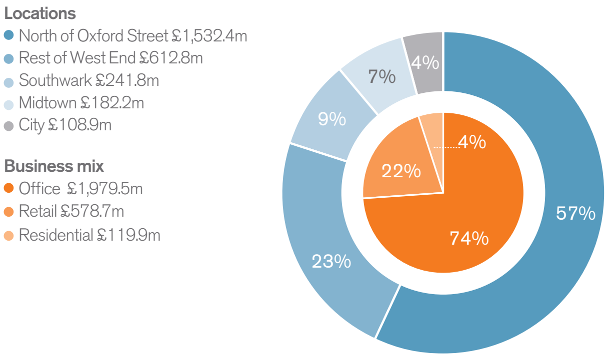
Performance in the year

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

- rental value growth – since the start of the financial year, rental values have grown by 8.2%, comprising a 7.2% and 12.1% increase for office and retail rental values respectively. A combination of our asset management successes with an occupational market that has continued to be in the landlord's favour has put upward pressure on rents. At 31 March 2014, the portfolio was 22.6% reversionary;
- intensive asset management – during the year, 107 new leases, rent reviews and renewals were completed, securing £26.8 million (our share) of annual income which supported valuation growth over the year;
- development properties – the valuation of current development properties increased by 31.4% to £481.3 million during the year. In particular, Rathbone Square, W1 delivered a strong valuation gain (net of capex) of 24.5% in the year following planning consent; and
- lower investment yields – equivalent yields reduced by 45 basis points over the year due to the strength of demand for properties in our market (2013: 16 basis point reduction). At 31 March 2014, the portfolio equivalent yield was 4.7%.

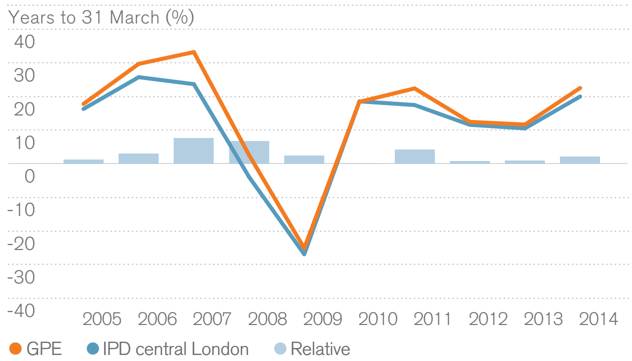
Including rent from pre-lets and leases currently in rent free periods, the adjusted initial yield of the investment portfolio at 31 March 2014 was 3.9%, 10 basis points lower than at the start of the financial year.

Our portfolio – 100% central London



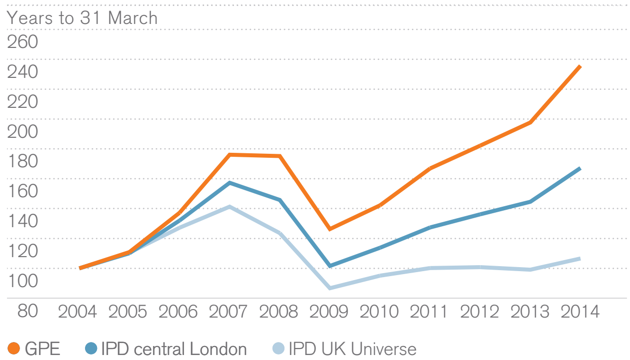
Our Rest of West End portfolio produced the strongest performance by geographic sector over the year, increasing in value by 18.3% on a like-for-like basis, in part driven by retail capital value growth of 27.5%. Our North of Oxford Street assets saw a 16.5% uplift in values and the City, Midtown and Southwark properties grew by 11.1%. Our joint venture properties rose in value by 19.1% over the year while the wholly-owned portfolio rose by 18.6% on a like-for-like basis.

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



The Group delivered a total property return (TPR) for the year of 22.5%, compared to the central London IPD benchmark of 20.0% and a strong capital return outperformance of 3.6% (GPE at 19.2% versus 15.6% for IPD). Our West End offices delivered 1.8% capital return outperformance (GPE at 18.7% versus 16.9% for IPD), in large part due to the valuation gains of our completed development schemes.

Capital return (indexed) Cumulative relative performance to IPD benchmarks



Investment management

With around £1.1 billion of acquisitions since summer 2009, we have now increased our profitable recycling activity with sales of £269 million in the year, all at healthy premiums to book value. However, we continue to assess selective acquisition opportunities and have added to our exposure at the East End of Oxford Street during the year.

2013/14 Strategic priority: Selective acquisitions and recycling

Operational KPIs

	2014	2013
Purchases	**£90.0m**	£271.0m
Purchases – capital value per sq ft	**£1,139**	£662
Purchases – net initial yield	**3.5%**	4.7%
Sales	**£269.0m**	£184.2m
Sales – premium to book value[1]	**9.5%**	4.0%
Total investment transactions[2]	**£359m**	£455m
Net investment[3]	**£(179)m**	£87m

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 their extensive network of market contacts, our investment team pursues a disciplined approach with the following acquisition criteria:

- Complex properties in attractive locations
- Purchase price beneath replacement cost
- Off-market
- Low average rents per sq ft
- Short to medium-term income
- Development potential

Once a property is acquired, the investment managers work closely with the asset management and development teams on an individual asset business plan to maximise the property's potential. The regular review of these business plans also informs our sales activity.

Disciplined capital recycling with £269 million of sales in the year

We have had another successful year of capital recycling selling properties where we had executed our business plans or were able to monetise our expected future development profits. Our disposals in the year totalled £422.5 million (our share: £269.0 million), at a blended premium of 9.5% to 31 March 2013 book values.

54%

Portfolio purchased since 2009

Sales for the year to 31 March 2014

Description	Price £m	Net initial yield	Net internal area sq ft	£ per sq ft
90 Queen Street, EC4	61.0	5.4%	68,400	891
Park Crescent West, W1[1]	52.5	2.0%	129,200	813
Hanover Square, W1[1]	101.0	0.7%	208,000	971
20 St James's Street, SW1	54.5	2.1%	55,500	982
Total	**269.0**	**2.3%**	**461,100**	**916**

1. Our share.

In July 2013, we exchanged contracts to sell 90 Queen Street, EC4 for £61.0 million, reflecting a net initial yield of 5.4%, a capital value of £891 per sq ft and a 1.7% premium to the March 2013 book value. Having purchased the property in 2009 for £45.8 million, we subsequently restructured the leases and this sale crystallised the strong performance since acquisition, delivering an ungeared IRR of c.13% p.a. This sale completed in December 2013.

In September 2013, The Great Capital Partnership ('GCP') completed the sale of its last remaining asset, Park Crescent West, W1 for £105.0 million (our share: £52.5 million). The sale price was 8.6% ahead of book value and reflected a net initial yield of c.2.0% and a capital value of £813 per sq ft on the net internal area.

In November 2013, we created a new 50/50 joint venture, the GHS Limited Partnership ('GHS'), with the Hong Kong Monetary Authority ('HKMA') to own and develop the Hanover Square Estate in the heart of London's West End. GPE transferred the properties forming part of the Hanover Square Estate to GHS for £202.0 million and the partners intend to develop the site in accordance with the existing planning permission for a 208,000 sq ft redevelopment scheme. Part of the site is owned by Crossrail who are developing the eastern ticket hall of the Bond Street Crossrail station and GHS has an agreement to acquire this element of the site once Crossrail have completed construction of the station structure, currently anticipated to be during 2016, ahead of target delivery date for the development project in 2018. GPE will act as both asset and development manager to GHS.

"Our new joint venture at Hanover Square, partnering with an organisation of the calibre of HKMA, is a strong endorsement of this development project's potential."

Ben Chambers Investment Director

Generating value through site assembly

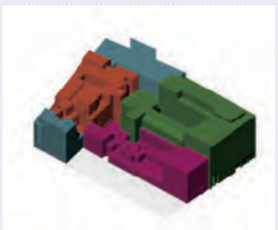
Real estate in central London often consists of small properties that together make up under-developed blocks in fragmented ownership. As a result, development sites often need to be assembled to create the larger, more efficient floorplates that modern office users require.

At Hanover Square, W1, between mid-2006 and mid-2007, in six separate transactions, our Investment management team assembled a 1.3 acre development site above the proposed eastern ticket hall of the Bond Street Crossrail station.

Following site assembly, GPE worked closely with Crossrail and the City of Westminster to enhance the potential of the site, the station and the new public realm. In March 2011, GPE signed a revised agreement with Crossrail to this effect and subsequently secured planning permission.

In November 2013, GPE transferred our Hanover Square holdings to the new GHS Limited Partnership ('GHS') for £202.0 million, allowing us to crystallise some of the value we had created. The site represents one of the most exciting development opportunities in the West End and our partnering with an organisation of the calibre of HKMA is a strong endorsement of this project's potential.

Before



After

In December 2013, we exchanged contracts to sell 20 St James's Street, SW1 for £54.5 million. The sales price reflected a net initial yield to the purchaser of 2.1% and a capital value of £982 per sq ft for the leasehold interest. We purchased the property in 2010 for £42.5 million and were planning a comprehensive refurbishment of the property in 2015. However, following a strong off-market approach, the transaction allowed us to crystallise our expected development profit early and the sale completed in January 2014.

During the year, we also sold all 11 apartments at our residential development at Picton Place, W1, at prices ahead of business plan.

Selective acquisition activity with one purchase of £90 million in the year

With £271 million (our share) of purchases in the year to March 2013 and total purchases of around £1.1 billion since August 2009 (representing 54% of today's portfolio), the pace of our acquisition activity has now slowed as we focus on executing our business plans on the properties purchased over recent years. However, we remain alert to acquisition opportunities, particularly where there is a synergy with our existing holdings. We made one purchase this financial year, adjacent to some of our other interests at the East End of Oxford Street.

Purchases for the year to 31 March 2014

Description	Price £m	Net initial yield	Net internal area sq ft	£ per sq ft
Oxford House, W1	90.0	3.5%	79,000	1,139
Total	**90.0**	**3.5%**	**79,000**	**1,139**

In July 2013, we purchased Oxford House, 76 Oxford Street, W1, a prominent 79,000 sq ft freehold property at the junction of Oxford Street and Newman Street, adjoining our 2.3 acre Rathbone Square redevelopment site, for £90.0 million. On purchase, the property was fully let generating a total rent of £3.2 million p.a. and a net initial yield of 3.5% reflecting the rents which are low for this location at £26.17 per sq ft on the office accommodation and £238 per sq ft Zone A on the retail. Since purchase, we have concluded a number of asset management wins ahead of business plan and are working up a comprehensive refurbishment proposal. We expect to submit a planning application during the autumn.

⊕ See case study on pages 16 and 17

Development management

Our development activities are delivering significant surpluses and, with a total potential programme of 2.2 million sq ft, we are well positioned to generate significant further development returns.

2013/14 Strategic priority: Deliver development programme

Operational KPIs	2014	2013
Profit on cost[1]	**53.3%**	51.2%
Ungeared IRR[1]	**29.4%**	48.0%
Yield on cost[1]	**7.6%**	8.4%
Income already secured[2]	**69%**	63%
BREEAM Excellent[3]	**100%**	100%
Committed capital expenditure[2]	**£54m**	£103m

1. Developments completed in financial year.
2. On committed developments at date of this report.
3. New build developments completed in financial year.

Our approach

The cyclical nature of central London property markets means it is critical for us to match our development activity to the appropriate points 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 property management, we are able to remain opportunistic and flexible when planning the start and completion dates for our schemes. Today, we are firmly in the execution phase of this property cycle and the delivery of the Group's development programme is a key near-term strategic priority.

Our profitable development programme

So far this cycle we have completed eight schemes, including three this year, delivering 786,300 sq ft of high quality space and an average profit on cost of 49%. We currently have two committed schemes on-site (202,800 sq ft of space), one in the West End and one in Midtown. Taken together, 69.3% of the projected income is already secured on these schemes with an expected profit on cost of 40.7%. Our substantial pipeline of opportunities includes an additional 20 uncommitted projects including seven schemes (828,100 sq ft) with potential starts in the next 24 months, giving us a total potential development programme of 2.2 million sq ft, covering 50% of GPE's existing portfolio. Capital expenditure to come at our committed schemes totals £54.4 million, which could rise to £428.1 million if the seven near-term uncommitted schemes were started.

50%

Existing portfolio included in development programme

Completed schemes

We completed three significant developments totalling 487,100 sq ft during the year, with 72.3% of the income secured and delivering a combined profit on cost of 53.3% and profit of £84.2 million.

In July 2013, we completed our 112,200 sq ft development at 95 Wigmore Street, W1, owned in the Great Wigmore Partnership ('GWP'), delivering a profit on cost of 62.3% and an ungeared IRR of 23.9%. The offices were fully let within six weeks of completion, delivering rent of £6.9 million p.a., equating to £84.50 per sq ft on average. The weighted average lease term of the office lettings was 11.7 years. Three of the six retail units (16,000 sq ft) are now let with a further two under offer and all of the 11 residential apartments have been sold, in both cases at rents and sales rates ahead of business plan.

At City Tower, EC2, our Grade A office refurbishment scheme (138,200 sq ft) owned in The Great Star Partnership ('GSP'), development works completed in September 2013, delivering a profit on cost of 33.1% and an ungeared IRR of 26.9%. Shortly after completion, we let the entirety of Sky Light, the 25,400 sq ft self-contained podium space to Porta Communications for 15 years with a tenant break at the tenth year, paying a rent of £1.0 million p.a. (equating to £39.50 per sq ft). This deal follows the letting of the twenty-first floor of City Tower in October to PH Media on a ten year lease with a tenant break at the fifth year, paying £60.00 per sq ft. Further lettings mean over one third of the space at the refurbished City Tower is now let with healthy interest in the remaining 54,600 sq ft.

⊕ See case study on pages 12 and 13

In April 2014, we completed our 236,700 sq ft development at 240 Blackfriars Road, SE1, owned in the Great Ropemaker Partnership ('GRP'), delivering a profit on cost of 56.6% and an ungeared IRR of 35.1%. During the year, we pre-let the ninth and tenth floors (together 23,600 sq ft) of this 20 storey office building to the law firm Boodle Hatfield on a ten year lease, paying a total initial annual rent of £1.2 million, equating to £50.00 per sq ft (above the £47.00 per sq ft secured last year from UBM plc on the nine upper floors). Since year end, we have let a further three floors (31,100 sq ft) to Ramboll Group on a 15 year lease (tenant break option at year ten) paying an annual rent of £1.5 million (£47.00 per sq ft). The remaining five floors have strong interest from prospective tenants.

⊕ See case study on pages 10 and 11

"We completed three significant developments totalling 487,100 sq ft during the year, delivering a combined profit on cost of 53.3%."

Andrew White Head of Development

Committed schemes

At Walmar House, W1, our 60,300 sq ft mixed-use refurbishment is progressing well and is due to complete in summer 2014. Marketing has commenced and interest from prospective tenants is encouraging.

In May 2013, we committed to develop our 142,500 sq ft office scheme at 12/14 New Fetter Lane, EC4 following the pre-let of the entire building to Bird & Bird. Demolition works are now complete and the main building contract has been awarded with practical completion of the scheme scheduled for September 2015.

Project preparation and pipeline

At Rathbone Square, W1, we submitted a planning application in May 2013 for our mixed-use scheme and took vacant possession of the site in August 2013. In February 2014, the 411,800 sq ft development (which will include 42,500 sq ft of retail space, 214,800 sq ft of offices and 154,500 sq ft in 162 residential units) received planning consent from the City of Westminster, who described the scheme as "a distinctive, characterful proposal, of high architectural and urban design quality". With the section 106 agreement signed and resolution of the outstanding neighbourly matters progressing well, demolition works are expected to commence imminently and the project is due for completion in late 2016, ahead of Crossrail opening in 2018. We expect to launch the sales programme of the 142 private residential units later this year.

⊕ See case study on pages 18 and 19

During the year, we also received planning permission for our proposed schemes at 73/89 Oxford Street, W1 and St Lawrence House, 26/34 Broadwick Street, W1, which together will deliver 180,200 sq ft of new space into the vicinity of the resurgent Eastern End of Oxford Street. Both schemes will be completed by 2017 in advance of the opening of Crossrail.

⊕ See case study on pages 16 and 17

At Tasman House, 59/63 Wells Street, W1, we have now obtained vacant possession and are currently preparing our development plans in order to submit a planning application in summer 2014. The proposed scheme will transform a tired 1950's building into 38,100 sq ft of new office and retail space. Subject to planning, we expect construction to start in Q4 2014 with completion spring 2016.

Committed schemes and pipeline

Development	Anticipated finish	New building area[1]	Cost to come £m[2]	Current ERV £m[2]	Secured income £m[2]	Profit on cost
Committed						
Walmar House, 288/300 Regent Street, W1	Aug 2014	60,300	4.4	4.1	0.3	39%
12/14 New Fetter Lane, EC4	Sept 2015	142,500	50.0	8.3	8.3	42%
Total of committed		**202,800**	**54.4**	**12.4**	**8.6**	**41%**
Near-term						
7 projects	2015–2017	828,100				
Pipeline						
13 projects		1,162,400				
Total programme						
22 projects, 50% of GPE's existing portfolio		**2,193,300**				

1. Areas in sq ft and at 100%.
2. For those held in JV, amounts shown at 50%.

Asset management

We have had another record leasing year; we have agreed 84 new lettings, securing £25.9 million of annual rent, with market lettings 3.7% ahead of the valuer's March 2013 ERV.

2013/14 Strategic priority: Drive rental growth

Operational KPIs

	2014	2013
Vacancy rate[1]	**3.7%**	2.3%
New lettings and renewals	**£25.9m**	£13.4m
Market lettings (premium to ERV[2])	**3.7%**	6.6%
ERV growth	**8.2%**	4.9%
Reversionary potential	**22.6%**	12.3%
Rent collected within 7 days[3]	**99.8%**	98.6%
Tenant retention rate	**51.4%**	65.0%

1. We have re-classified our vacancy rate as an operational (rather than strategic) KPI. In certain circumstances, we may actively seek to increase our vacancy in order to improve and re-let the space at higher rents, which in turn should increase both TPR and NAV growth.
2. ERV at beginning of financial year.
3. For March quarter.

Our approach

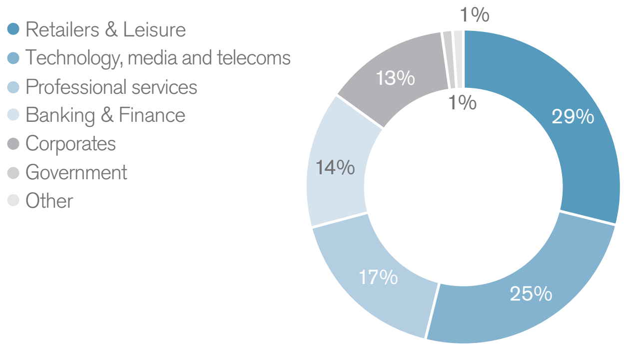
We consider that a close relationship with tenants is vital to our success. As a result, we manage all aspects of our property portfolio in-house enabling us to continually refine our understanding of what tenants want and how we can meet their needs. Our asset managers also work closely with our development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

Our asset managers administer a portfolio of approximately 450 tenants in 63 buildings across 44 sites from a diverse range of industries. This diversity limits our exposure to any one tenant or sector, with our ten largest tenants at 31 March 2014 accounting for 31.1% (2013: 34.2%) of our rent roll.

22.6%

Reversionary potential

GPE tenant mix

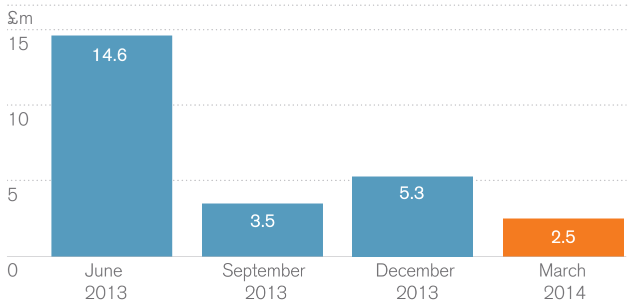


Our asset management successes

The highlights of another active year were:

- 84 new leases and renewals agreed (2013: 84 leases) generating annual rent of £25.9 million (our share: £20.8 million; 2013: £13.4 million, our share £10.2 million) market lettings 3.7% ahead of ERV;
- since 31 March 2014, we have completed a further ten lettings delivering £3.3 million (our share: £1.9 million) with a further 16 lettings under offer accounting for £3.1 million p.a. of rent (our share: £2.6 million) 4.3% ahead of March 2014 ERV;
- 23 rent reviews securing £6.4 million of rent (our share: £6.0 million; 2013: £4.4 million) were settled during the year at an increase of 9.7% over the previous rent;
- total space covered by new lettings, reviews and renewals during the year was 557,000 sq ft (2013: 340,750 sq ft); and
- a low investment portfolio vacancy rate of 3.7% at 31 March 2014 (2013: 2.3%).

New letting and renewals by quarter



> "We have now secured £33.4 million of annual rent through eight pre-lettings across six development projects since the start of this development cycle."
>
> **James Mitchell** Head of Asset Management

Focused asset management, driving value

In June 2012, we acquired the leasehold interests in French Railways House and 50 Jermyn Street, SW1 for £39 million. The site has longer-term redevelopment potential but required near-term asset management to improve the quality of the property, renegotiate the leases and improve the tenant mix.

During an active year we have:

- migrated all of the office tenants onto new leases, increasing the average length of lease by eight years;
- refurbished the remaining one and a half floors;
- refurbished the retail unit improving efficiency and pulling forward the frontage on Piccadilly. In September 2013, this was let to Cath Kidston for their flagship UK store;
- transformed low value car parking space into a gallery unit creating new rental space (now let); and
- refurbished the exterior of the building, improving its presence on the street.

Together these activities have helped modernise the appearance of the asset and transform the quality of its income.

Before

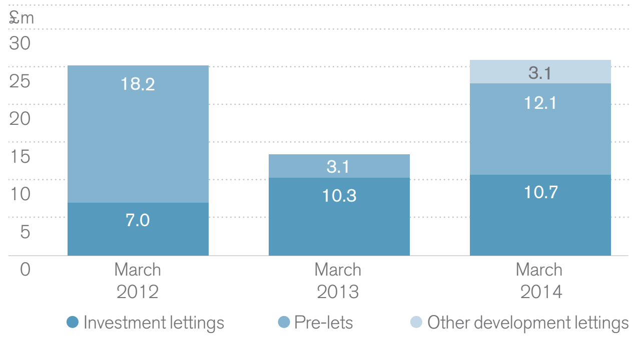
After

New leasing activity

We had another record leasing year; of the 84 total lettings agreed overall, the 63 open-market transactions were at rents 3.7% ahead of the valuer's 31 March 2013 ERV estimates. Excluding pre-lets, the remaining market transactions were completed at 4.2% ahead of the 31 March 2013 ERV. The remaining 21 smaller lettings were below the 31 March 2013 ERV as they were short-term deals to maintain income ahead of potential future redevelopments.

Letting activity during the year has continued to be dominated by leasing in our development portfolio. During the year we completed £12.1 million (£10.2 million our share) of pre-lets comprising Bird & Bird at 12/14 New Fetter Lane, EC4, Bridgepoint Advisors at 95 Wigmore Street, W1 and Boodle Hatfield at 240 Blackfriars Road, SE1. We have now secured £33.4 million of annual rent through eight pre-lettings across six development projects since the start of this development cycle in 2009.

Annual lettings by type



Since 31 March 2014, our letting successes have continued and we have completed £3.3 million (our share: £1.9 million) of new lettings with a further 16 potential new lettings currently under offer which could deliver an additional £3.1 million in annual rent. In particular, shortly after completing our development at 240 Blackfriars Road, we have agreed a further letting to Ramboll Group for three floors at a rent of £1.5 million. Only six weeks after completion, the office space is 73% let with only five floors remaining.

Tenant retention

In the year, 65 leases covering around 184,000 sq ft of space with a rental value of £6.4 million were subject to lease expiry or tenant break. After stripping out 18.5% where we are refurbishing the space or need vacant possession to enable development, tenants were retained for 51.4% of this space by area and by the end of March 2014, we had leased or put under offer a further 24.7%, leaving only 5.4% to transact.

Together, our strong letting and tenant retention performance has helped keep our vacancy rate low at 3.7% at 31 March 2014.

Rent collection

The quarterly cash collection performance has been very strong throughout the year. We secured a record 99.8% of rent after seven working days following the March 2014 quarter day, slightly ahead of our performance for the September and December 2013 quarters. Tenants on monthly payment terms represent around 3.6% of our rent roll (March 2013: 3.2%).

Financial management

Conservative levels of flexible, low-cost financial leverage are consistently maintained to enhance shareholder returns. Our strong balance sheet provides a robust platform to fund further growth, with a low loan to value ratio of 25.7% and over £500 million of committed liquidity.

Operational KPIs

	2014	2013
EPRA Earnings per share	**11.0p**	6.9p
Gearing	**30.3%**	42.8%
Loan to value	**25.7%**	32.7%
Interest cover	**4.3x**	2.4x
Cash and undrawn facilities (£m)	**508**	282
Weighted average interest rate	**3.5%**	3.7%

Our approach

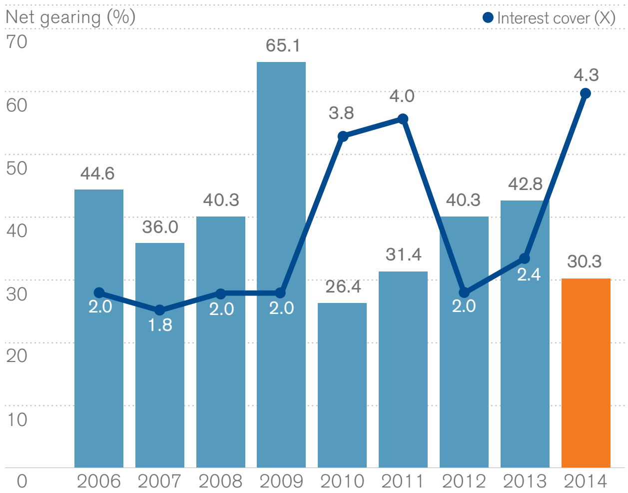
While our primary objective is to deliver returns consistently ahead of our cost of capital, we also seek to minimise the cost of our capital through the appropriate mix of equity and debt finance, and to ensure that we have access to sufficient financial resources to implement our business plans. Optimising 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. The use of joint ventures allows us not only to access third party equity but also to source new real estate opportunities and share risks.

We believe that we should deliver returns that are enhanced – but not driven – by financial leverage. As a result, historically, we have maintained low gearing relative to the wider property sector. This helps to provide downside protection when operating in the cyclical central London property markets, and to maintain the financial flexibility to allow us to act quickly on new investment opportunities as they arise. Our sources of debt funding are diverse, both secured and unsecured, and include the public, private and bank markets. We maintain an attractive debt maturity ladder designed to fit with our business needs.

1%

Record low coupon on sterling convertible bond

Net gearing and interest cover



Financing activity

Our financing activity this year focused on reducing the already low cost of our debt book, further diversifying our funding sources and enhancing our debt maturity profile. The key transaction which enabled us to deliver these objectives successfully was the issue in September 2013 of a £150.0 million five year unsecured convertible bond on highly attractive terms which benefited from strong investor demand. The conversion price was set at £7.15, a 35% premium to the share price on the launch date, and the annual fixed coupon is 1.0% which we understand represented the lowest ever achieved for a sterling denominated convertible bond in the UK public markets. If converted, the Group has the option to settle in shares or cash or a combination of the two. Including this convertible bond issue, we have raised more than £1.2 billion of attractively priced new debt facilities since summer 2010.

Looking ahead, we have commenced discussions with our relationship banks in respect of our £350 million November 2015 maturing revolving credit facility, which we expect to refinance in the coming financial year. Over the next 12 months, it is also possible that we will seek to refinance The Great Star Partnership's £75.6 million non-recourse bank debt facility which matures in July 2015. In addition, we will continue to monitor opportunities to enhance our already strong liquidity position further through our proven track record of capital recycling and our excellent access to a variety of other financing sources.

"Our financing activity this year focused on reducing the already low cost of our debt book, further diversifying our funding sources and enhancing our debt maturity profile."

Martin Leighton Head of Corporate Finance

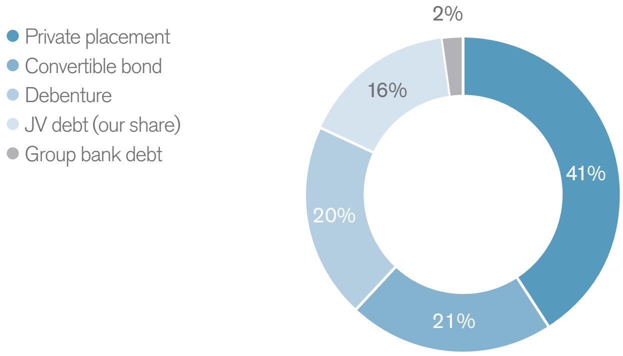
Diverse low-cost debt sources and strong liquidity

The new convertible bond has further diversified our funding sources, with 88% of our total drawn debt provided by non-bank sources and 64% borrowed on an unsecured basis. Our weighted average drawn debt maturity was 6.9 years (2013: 6.9 years) at 31 March 2014.

As detailed in Our financial results section later, our debt metrics continue to be conservative. With net gearing of 30.3% and a loan to value ratio of 25.7% at 31 March 2014, the weighted average interest rate across our drawn debt is low at only 3.5% and we have £508 million of committed firepower. The continued reduction in our weighted average interest rate and a significant increase in earnings, reflected in EPRA earnings per share rising 59.4% to 11.0 pence for the year, have combined to deliver interest cover of 4.3x for the year, up from 2.4x in the prior year and well ahead of our 1.35x covenant level.

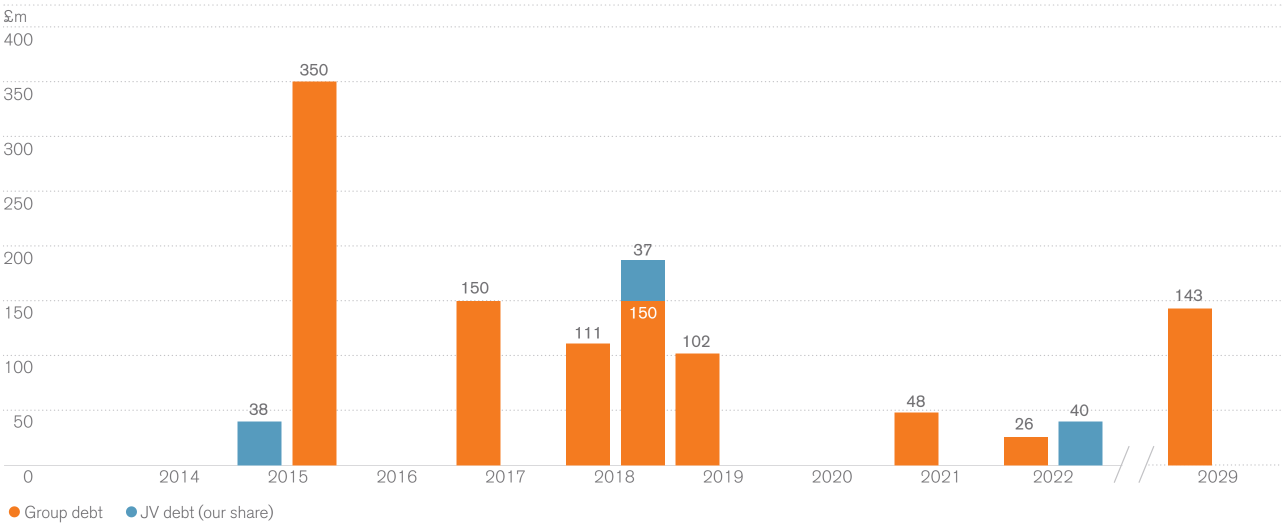
Looking ahead, we expect that our weighted average interest rate may increase in the current year following expiry in June 2014 of the capped arrangements on the £159.7 million of private placement notes issued in 2011, which will increase the interest rate on these notes from the current 3.4% to 5.3%. The pro forma impact would be to increase our weighted average interest rate from 3.5% (as at 31 March 2014) to approximately 3.9%.

Sources of debt funding[1]



1. Based on drawn position at 31 March 2014.

Debt maturity profile[1]



1. Based on committed facilities at 31 March 2014.

Joint ventures

Joint ventures continue to be an important part our business and following an active year, our joint ventures currently represent 27.2% of the Group's net assets.

We categorise our current joint ventures into two types:

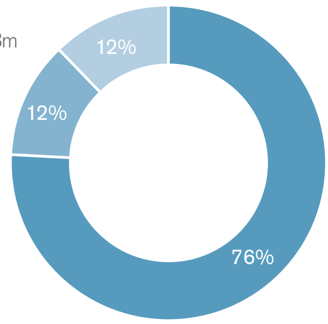
- access to new properties (12.5% of GPE's net asset value). The relevant joint ventures are the Great Victoria Partnership ('GVP') with Liverpool Victoria Friendly Society, the Great Wigmore Partnership ('GWP') with Scottish Widows and the Great Star Partnership ('GSP') with Starwood Capital; and
- risk sharing on development projects and/or large lot size properties (14.7% 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.

In November 2013, we created a new 50/50 joint venture, GHS, with the HKMA to own and develop the Hanover Square Estate in the heart of London's West End. GPE transferred the properties forming part of the Hanover Square Estate to GHS for £202.0 million and the partners intend to develop the site in accordance with the planning permission. GPE will act as both asset and development manager to GHS.

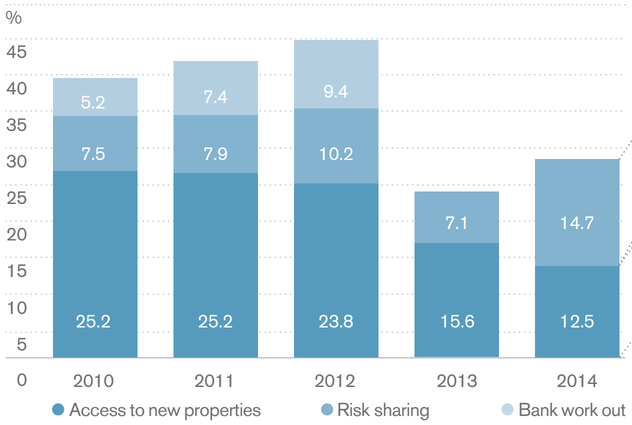
During the year, the Great Capital Partnership ('GCP'), our joint venture with Capital & Counties Properties PLC, completed the sale of its last remaining asset bringing the joint venture to its planned conclusion.

Overall, our five active joint ventures represent a significant proportion of the Group's business, increasing over the year as a result of development activity and the inception of GHS. At 31 March 2014, they made up 23.9% of the portfolio valuation, 27.2% of net assets and 23.3% of rent roll (at 31 March 2013: 20.2%, 22.7% and 20.3% respectively).

Wholly-owned and joint venture property values at 31 March 2014



GPE's net investment in joint ventures



Joint venture – partner

GRP – BP Pension fund	£180.2m
GHS – Hong Kong Monetary Authority	£103.2m
GVP – Liverpool Victoria	£83.1m
GWP – Scottish Widows	£106.3m
GSP – Starwood Capital	£51.9m
GCP – Capital & Counties	£0.1m
Total	**£524.8m**
As % of Group net assets	**27.2%**

27.2%

Joint ventures as a proportion of net assets

Our financial results

The Group has had a strong year, reflecting our continued success against our strategic priorities combined with a portfolio well positioned to take advantage of the robust demand in the central London property market.

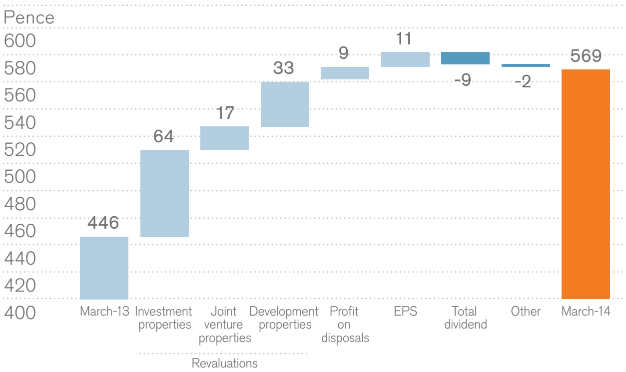
"With the Group firmly in the execution phase of the property cycle, our core activities of development, proactive asset management and capital recycling have boosted the Group's NAV in the period."

Nick Sanderson Finance Director

Net asset value

EPRA net assets per share (NAV) at 31 March 2014 was 569 pence per share, an increase of 27.6% over the year, largely due to the rise in value of the property portfolio. At 31 March 2014, the Group's net assets were £1,931.9 million, up from £1,537.7 million at 31 March 2013.

EPRA net assets per share



The main drivers of the 123 pence per share increase in NAV from 31 March 2013 were:

– the rise of 114 pence per share arising from the revaluation of the property portfolio. Of this amount, development properties boosted NAV by around 33 pence;

– profit on property disposals, including the sale of Hanover Square into a new joint venture, added 9 pence per share to NAV;

– EPRA earnings for the year of 11 pence per share enhanced NAV;

– dividends of 9 pence per share reduced NAV; and

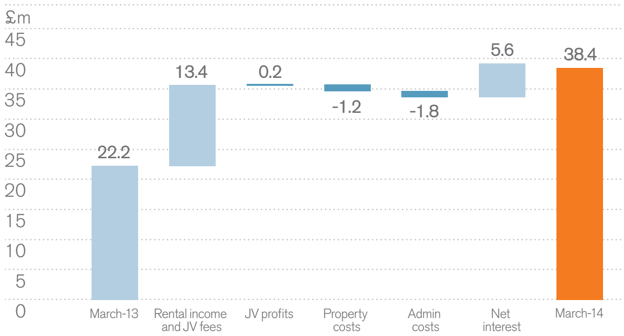
– other movements reduced NAV by 2 pence per share.

Triple net assets per share (NNNAV) was 550 pence at 31 March 2014 compared to 434 pence at 31 March 2013 (up 26.7%). At the year end, the difference between NAV and NNNAV was the negative mark to market of debt and derivatives of 19 pence, mainly arising from the Group's 2029 debenture, convertible bond and private placement notes. There was no net movement in deferred tax provisions during the year.

Income statement and earnings per share

As we highlighted last year, the income statement is benefiting from the rental income generated from the successful letting of our completed development properties and accretive property acquisitions. As a result, EPRA profit before tax was £38.4 million, 73.0% higher than last year.

EPRA profit before tax



We have had another year of successful leasing. Rental income from wholly-owned properties and joint venture fees for the year were £69.7 million and £6.9 million respectively, generating a combined income of £76.6 million, up £13.4 million or 21.2% on last year. This increase predominantly resulted from the full year impact of the Savills' leases at 33 Margaret Street, W1 and the full year impact of the prior year's property purchases. Increased joint venture fees resulted from increased transactional and development activity in the year including the final property disposal in GCP. Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including from joint venture properties) increased 3.0% on the prior year.

Property expenses increased by £1.2 million to £7.7 million and administration costs were £24.6 million, an increase of £1.8 million on last year, following the 12% increase over the year in headcount to deliver our growth plans.

EPRA profits from joint ventures (excluding fair value movements) were £7.4 million, up from £7.2 million last year, predominantly due to reduced joint venture interest expenses which were marginally lower year on year largely due to the repayment of GCP bank debt.

Our financial results

Underlying net finance costs were 29.6% lower at £13.3 million (2013: £18.9 million). Gross interest paid on our debt facilities was lower due to reduced Group net debt, as a result of disposals more than offsetting investment in our development programme, and the impact of a lower weighted average cost of debt. Moreover, during the period we capitalised £6.4 million (2013: £1.8 million) of interest as we progressed our development schemes including Rathbone Square, W1 and 12/14 New Fetter Lane, EC4.

Revaluation gains and underlying profits enabled the Group to report an accounting profit after tax of £422.2 million (2013: £180.6 million). Basic EPS for the year was 123.4 pence, compared to 56.3 pence for 2013. Diluted EPS for the year was 122.5 pence compared to 55.7 pence for 2013.

Diluted EPRA earnings per share were 11.0 pence (2013: 6.9 pence), an increase of 59.4% and in line with our expectations.

Results of joint ventures

The Group's net investment in joint ventures was £524.8 million, an increase from £348.3 million at 31 March 2013, largely due to the inception of the GHS Partnership and capital expenditure at 95 Wigmore Street, W1 and 240 Blackfriars Road, SE1. Our share of joint venture net rental income was £20.1 million, consistent with last year, as a result of our letting activity at our newly completed developments at City Tower, EC2 and 95 Wigmore Street, W1 offsetting the loss of rental income from the cessation of GCP.

The underlying joint venture profits are stated after charging £6.9 million of GPE management fees (2013: £6.1 million). Our share of non-recourse net debt in the joint ventures was broadly stable at £101.0 million at 31 March 2014 (2013: £102.2 million) after the completion of the GVP re-financing in the prior year.

Financial resources and capital management

Group consolidated net debt was £586.1 million at 31 March 2014 down from £658.9 million at 31 March 2013 as a consequence of property disposals more than offsetting acquisitions and development capital expenditure. Group gearing fell to 30.3% at 31 March 2014 from 42.8% at 31 March 2013 as lower debt levels combined with the portfolio valuation rise. Including the non-recourse debt in the joint ventures, total net debt was £687.1 million (2013: £761.1 million) equivalent to a loan to value of 25.7% (2013: 32.7%). Pro forma for the remaining deferred consideration of £15.8 million due to the Group on sale of the 37.5% interest in 100 Bishopsgate, EC2, loan to value was 25.1%. The proportion of the Group's total net debt represented by our share of joint venture net debt was 14.7% at 31 March 2014, compared to 13.4% a year earlier.

At 31 March 2014, the Group, including its joint ventures, had cash and undrawn committed credit facilities of £508.2 million. The Group's weighted average cost of debt for the year, including fees and joint venture debt, was 3.9%, a reduction of 40 basis points compared to the prior year. The weighted average interest rate (excluding fees) at the year end was lower at 3.5% (2013: 3.7%) primarily driven by the issue of our convertible bond.

Debt analysis

	March 2014	March 2013
Net debt excluding JVs (£m)	**586.1**	658.9
Net gearing	**30.3%**	42.8%
Total net debt including 50% JV non-recourse debt (£m)	**687.1**	761.1
Loan-to-property value	**25.7%**	32.7%
Total net gearing	**35.6%**	49.5%
Interest cover	**4.3x**	2.4x
Weighted average interest rate	**3.5%**	3.7%
Weighted average cost of debt	**3.9%**	4.3%
% of debt fixed/hedged	**98%**	71%
Cash and undrawn facilities (£m)	**508**	282

At 31 March 2014, 98% of the Group's total debt (including non-recourse joint ventures) was at fixed or hedged rates (2013: 71%). Interest cover for the year was 4.3x (2013: 2.4x). The Group, including its joint ventures, is operating with substantial headroom over its debt covenants. The financial covenants on the unsecured private placement notes are identical to those on our £350 million and £150 million unsecured revolving credit facilities which mature in November 2015 and February 2017 respectively.

Tenant delinquencies

One of our tenants went into administration around the March 2014 quarter day, accounting for less than 0.1% of total rent roll. Tenant delinquencies in the year were low at 0.7% of total rent roll (2013: 0.1%) and rent deposits have predominantly mitigated their financial impact. We are vigilant and continue to monitor the financial position of our tenants on a regular basis.

25.7%

Loan to value

"EPRA earnings per share increased 59.4% to 11.0 pence."

Stephen Burrows
Head of Financial Reporting
and Investor Relations

Taxation

The tax charge in the income statement for the year is £nil (2013: £nil) and the underlying effective tax rate was 0% (2013: 0%) as a result of the tax-free nature of much of the Group's income and other allowances being available to set against non-REIT profits. The Group complied with all relevant REIT tests for the year to 31 March 2014.

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 as part of its low-risk tax strategy.

As a REIT, we are exempt from UK corporation tax in respect of our property rental business, 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.

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 £6.8 million in respect of stamp duty land tax, empty rates in respect of vacant space and s106 contributions.

Dividend

The Board has declared a final dividend of 5.4 pence per share (2013: 5.3 pence) which will be paid in July 2014. Of this final dividend, 1.2 pence per share will be a REIT PID in respect of the Group's tax exempt property rental business. Together with the interim dividend of 3.4 pence, the total dividend for the year is 8.8 pence per share (2013: 8.6 pence).

Outlook

We are pleased to be able to report another strong set of results and a year of many successes, soundly outperforming all of our main benchmarks and setting a new leasing record for the Group.

With London's growth outpacing a resurgent UK economy, we can expect conditions in our markets to strengthen further; employment levels are on the rise whilst order books are growing, suggesting that the space needs of the Capital's businesses will follow suit. With the current and prospective supply of space to let in central London remaining tight, we can expect rents to continue growing.

Following record turnover in 2013, demand for London assets continues unabated. Having acquired 54% of the Group's properties since 2009 at attractive prices, we believe we can generate higher returns from investing within our portfolio than from competing in today's crowded market. As a result, we will be focused on generating organic growth from the numerous asset management and development opportunities in our 3.3 million sq ft central London portfolio. Central to this growth will be our 1.0 million sq ft committed and near-term development programme, delivering well designed, new properties into an undersupplied market and building on this year's 31.4% capital growth.

With a deep and talented team, plentiful low cost finance and supportive market conditions, we remain confident that we will continue generating attractive returns for shareholders.

EPRA performance measures

Measure	Definition of Measure	March 2014	March 2013
EPRA earnings	Recurring earnings from core operational activities	**£38.4m**	£22.2m
EPRA earnings per share	EPRA earnings divided by the weighted average number of shares	**11.2p**	6.9p
Diluted EPRA earnings per share	EPRA earnings divided by the diluted weighted average number of shares	**11.0p**	6.9p
EPRA net assets	Net assets adjusted to exclude the fair value of financial instruments	**£1,961.3m**	£1,533.9m
EPRA net assets per share	EPRA net assets divided by the number of shares at the balance sheet date on a diluted basis	**569p**	446p
EPRA triple net assets	EPRA net assets amended to include the fair value of financial instruments and debt	**£1,898.3m**	£1,491.4m
EPRA triple net assets per share	EPRA triple net assets divided by the number of shares at the balance sheet date on a diluted basis	**550p**	434p
EPRA vacancy	ERV of non-development vacant space as a percentage of ERV of the whole portfolio	**5.0%**	4.3%

Our people

Our experienced team brings together specialist skills used to manage our portfolio on an asset-by-asset basis to deliver our strategic priorities.

"Our culture lies at the heart of our ability to achieve our strategic priorities, unlocking potential across our portfolio. It is fundamental to our ability to attract, develop, motivate and retain our talented employees."

Toby Courtauld Chief Executive

Operational KPIs	2014	2013
Employee retention	**95%**	94%
Days training provided per employee[1]	**3.0**	2.9
Employees participating in Share Incentive Plan	**72%**	73%

1. On average.

Our culture – the 'GPE way'

Our culture is entrepreneurial and pragmatic, with a high level of involvement from senior and executive management and an emphasis on cross-discipline teamwork. We recognise the benefits of such a positive culture and work hard to maintain it through:

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

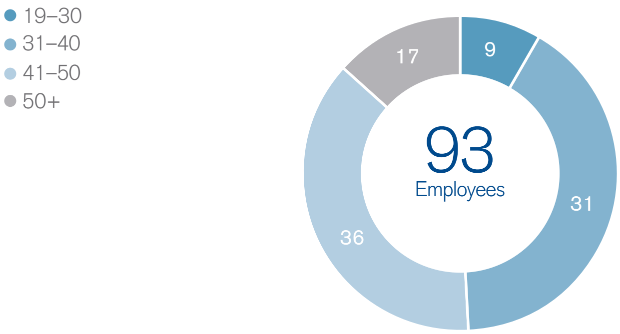
Diversity

Our culture is grounded in mutual respect and non-discrimination irrespective of age, disability, gender, race, religion, sexual orientation or educational background. Our aim is to foster a culture of respect and fairness where individual success depends solely on ability, behaviour, work performance, demonstrated potential and perhaps the most key of all, the ability to work as part of a team.

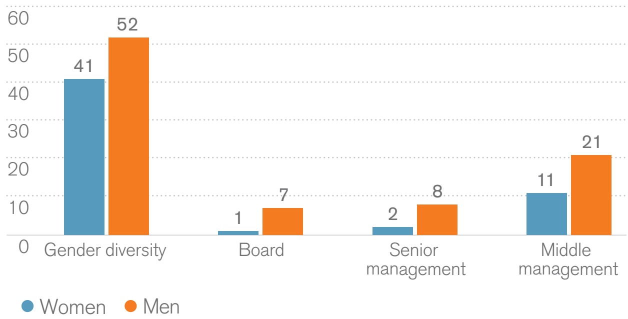
Whilst our policy remains that selection should be based on the best person for the role, we recognise the benefits of gender diversity and will continue to ensure that this is taken into account when considering any particular appointment.

Where possible, we support part-time working and flexible hours with 12% of employees enjoying some form of flexible working practices.

Employee profile age



Employee profile gender diversity



"Feedback from our new joiners is used to improve the way we do things."

Desna Martin Company Secretary

Our integrated team

Our team brings together specialist skills used to manage our portfolio on an asset-by-asset basis to ensure the achievement of our strategic priorities. Each of our Department Heads, collectively our Senior management team, interact daily with the Executive Directors and reports regularly to the Executive Committee.

To support the level of activity undertaken both in the current year and planned for the coming years, during the year we have employed an additional ten people across our Development, Asset and Financial management teams.

For more on what our teams have done during the year see:

Investment management pages 30 and 31
Development management pages 32 and 33
Asset management pages 34 and 35
Financial management pages 36 and 37

Joining us

All new employees receive a bespoke induction to the Group, including formal meetings with different teams, property tours and training in 'the GPE way', to help them understand our culture from the very start.

New joiners also complete a questionnaire in their first year to:

- identify ways in which the induction process could be improved further;
- identify any ways in which their experience with the Company differed from their expectations;
- determine any processes or practices in operation at their previous place of work that we could usefully introduce to the Group;
- review their understanding of their role and our expectations of them; and
- ascertain their aspirations for their own personal development.

Feedback from our questionnaire this year was generally very positive with Line Managers discussing with the individuals points raised as part of the year-end appraisal process.

Executive Committee

Chief Executive **Toby Courtauld**	Portfolio Director **Neil Thompson**	Investment Director **Ben Chambers**	Finance Director **Nick Sanderson**

Senior management team

Head of Projects **James Pellatt**	Head of Leasing **Marc Wilder**	Head of Asset Management **James Mitchell**
Head of Development **Andrew White**	Head of Corporate Finance **Martin Leighton**	Head of Investment Management **Hugh Morgan**
Head of Sustainability **Janine Cole**	Head of Financial Reporting and IR **Stephen Burrows**	Company Secretary **Desna Martin**

Wider GPE team

Development management team Team size: 18	**Asset management team** Team size: 31	**Investment management team** Team size: 4	**Financial management team**[1] Team size: 27

1. Includes IT, Insurance and Company Secretarial.

Our people

Employee engagement and communication

The Board is responsible for setting our strategic priorities and monitoring performance against them – see pages 8 and 9 and 20 and 21. The Senior management team is accountable for working with their teams to develop individual and team performance targets, and for ensuring that employees understand how they contribute to the overall business objectives.

We believe that regular and effective communication lies at the heart of our employee engagement strategy.

Our approach is based on:

- an open door policy;
- weekly meetings held across and within departments;
- weekly meetings with non-head office based employees to ensure their involvement and to encourage the sharing of best practice;
- weekly presentations from members of the Financial, Asset, Investment and Development management teams to the Executive Committee. Areas covered include credit control, marketing to prospective tenants, investment transactions and opportunities and development updates. In each case, discussions focus on the management of risk. From time to time, Senior Managers are also asked to present to the Board and Audit Committee on a variety of topics;
- employees at all levels being involved in developing our operating policies; and
- quarterly presentations to all our people from the Chief Executive and other Executive Directors on our results and progress and plans for the coming year, together with presentations from Senior Managers on specific projects. These presentations ensure that our people are fully engaged in our plans and activities, and also act as a forum for the Executive Directors to answer any questions. In the year ended 31 March 2014, we held two presentations off-site, one upon practical completion of our development at City Tower, EC2 and the second, upon practical completion of 240 Blackfriars Road, SE1. Tours were also offered to all employees on practical completion of our office development at 95 Wigmore Street, W1 and our residential development at Picton Place, W1.

Retention, training and development

Our ability to attract and retain talented and committed individuals is based on three key building blocks:

- an effective performance management system;
- a well-constructed and fair remuneration system designed to incentivise superior performance and align employees' and shareholders' interests; and
- continual improvement of the skills and competency of our employees at all levels and across all disciplines through appropriate training and development courses.

Performance management

In February each year, the Chief Executive meets with the Senior management team and other Line Managers together to run through both the timing of the various stages of the annual appraisal process and the Company's strategic priorities for the year. Following discussions with their Line Managers, at the start of the financial year, employees agree their personal objectives designed to help the Company meet its strategic goals together with any development needs and proposed training. Through a formal six monthly appraisal process, Line Managers meet with employees to review their progress against these objectives and the training undertaken. At the year end, the outcome of this review helps form the basis for reward under the personal objectives element of the Group's bonus plan with recommendations made by Line Managers to the Executive Committee.

"I joined GPE to learn from a successful team which rewarded hard work, commitment and delivery of results – my actual experience has exceeded expectations."

Miles Wilkinson Project Manager

Remuneration

Remuneration plays an important role in retaining and motivating our people and an annual exercise is undertaken to benchmark salaries against market. Annual bonuses are used to reward all employees for achieving and exceeding corporate and personal objectives. A number of Senior Managers also participate in our three year long-term incentive plans, where the vesting of awards is based on our performance against the Group's strategic KPIs of:

– growth in absolute Net Asset Value per share;

– relative Total Shareholder Return; and

– relative Total Property Return.

⊕ See more on our KPIs on pages 20 and 21

In addition, all employees have the opportunity to join our 'two for one' Share Incentive Plan with over 72% of our employees currently participating.

As part of the year-end remuneration process, the Executive Committee reviews salary benchmarking against market comparators, individuals' performance against personal objectives and targets, proposed discretionary bonuses and planned long-term incentive plan awards. The outcome of this review is then provided to the Remuneration Committee which considers remuneration levels proposed for all employees and decides upon recommendations made for Senior Manager and Executive Director salary levels, bonus awards for achievement of personal objectives and proposed Long-Term Incentive Plan awards.

Training and development

We encourage our people to develop their careers with us, and provide both funding and study leave to enable them to access professional development opportunities, including:

– formal training for professional qualifications;

– external degrees; and

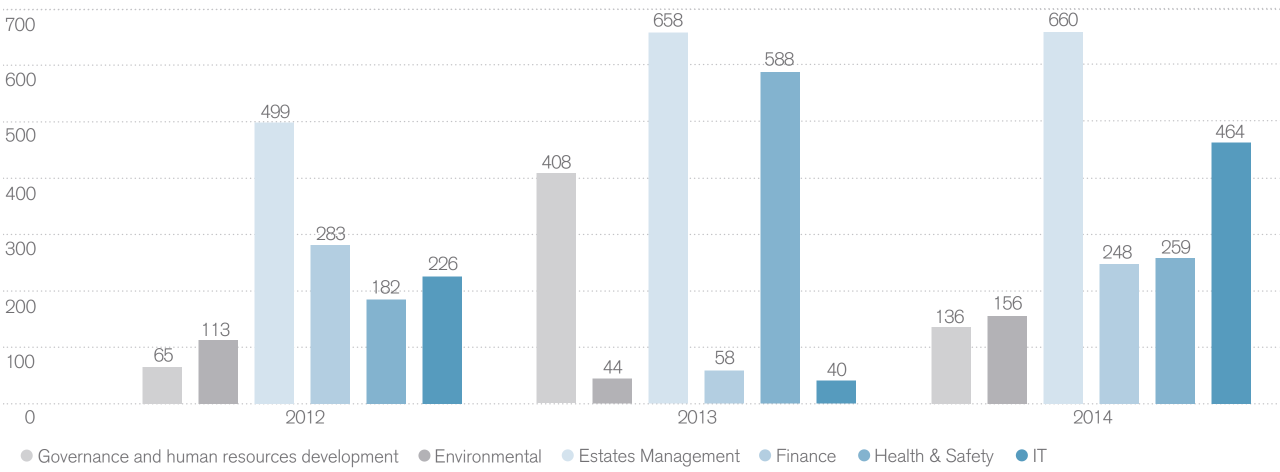
– vocational skills.

Training needs of all employees are formally considered every six months through the appraisal process.

During the year, £44,454 was invested in formal employee and Non-Executive Director training providing 1,923 hours of training, averaging three days per employee. Training programmes included business related topics, sustainability actions, personal skills including basic to advanced excel training for all employees and facilities management qualifications. This year, as part of our desire to continuously improve our relationships, all employees with day-to-day tenant contact in our asset, development and finance teams will undertake customer service training.

We also encourage our employees to take up roles outside of their 'day' job which will serve in their development as individuals.

Total number of training hours by type



The Board

Martin Scicluna Chairman
BCom

Committee memberships:
Chairman of the Nomination Committee

Date appointed to the Board: October 2008

Independent: Yes

Skills and experience:
Chairman of RSA. Formerly Non-Executive Director and Chairman of the Audit Committee of Lloyds Banking Group following 34 years at Deloitte, including Chairman from 1995 to 2007.
Age 63.

Current external commitments:
Chairman of RSA plc, Non-Executive Director and Chairman of the Audit Committee of WorldPay

Executive Directors

Toby Courtauld Chief Executive
MA, MRICS

Committee memberships:
Member of the Executive Committee
Chairman of Environmental Policy Committee

Date appointed to the Board: April 2002

Independent: No

Skills and 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.
Age 46.

Current external commitments:
Member of the British Property Federation Board and Policy Committee, Member of the Management Board of the Investment Property Forum, Director of The New West End Company, Non-Executive Director of Live-Ex Limited

Nick Sanderson Finance Director
BA (Hons), ACA

Committee memberships:
Member of the Executive Committee

Date appointed to the Board: July 2011

Independent: No

Skills and experience:
Joined the Group in July 2011 as Finance Director. 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.
Age 41.

Current external commitments:
Member of the Finance Committee of the British Property Federation, Member of the Reporting & Accounting Committee of EPRA

Non-Executive Directors

Charles Irby
FCA

Committee memberships:
Senior Independent Director
Chairman of the Remuneration Committee
Member of the Audit Committee
Member of the Nomination Committee

Date appointed to the Board: April 2004

Independent: Yes

Skills and experience:
Formerly Chairman of Aberdeen Asset Management and a Non-Executive Director of QBE following 27 years in corporate finance and investment banking at ING Barings.
Age 68.

Current external commitments:
Non-Executive Director of North Atlantic Smaller Companies Investment Trust

Jonathan Nicholls
BA (Hons), ACA, FCT

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

Date appointed to the Board: July 2009

Independent: Yes

Skills and experience:
Formerly Group Finance Director of Old Mutual plc and Hanson plc, and previously Non-Executive Director of Man Group Plc.
Age 56.

Current external commitments:
Non-Executive Director and Chairman of the Audit Committee of SIG Plc, Non-Executive Director, Senior Independent Director and Chairman of the Audit Committee of DS Smith Plc

Neil Thompson Portfolio Director

BSc (Hons), MRICS

Committee memberships:
Member of the Executive Committee
Chairman of Health and Safety, Environmental and Corporate Responsibility Working Group

Date appointed to the Board: August 2006

Independent: No

Skills and experience:
Joined the Group in December 2002 and was appointed to the Board as Development Director in August 2006, becoming Portfolio Director in September 2010. He has worked for more than 20 years in the central London commercial property market. Formerly with Derwent Valley and Legal and General Investment Management.
Age 46.

Current external commitments:
Vice Chairman and Member of the Management Board of the British Council of Offices, Member of the Operations Working Group of the Westminster Property Association

Jonathan Short

BSc, ACIB, FRICS

Committee memberships:
Member of the Audit Committee
Member of the Remuneration Committee
Member of the Nomination Committee from 1 April 2014

Date appointed to the Board: March 2007

Independent: Yes

Skills and experience:
Founding Partner of Internos Global Investors LLP, a pan-European real estate investment management business. Previously CEO of Pramerica's real estate private equity business following 16 years in investment banking at Lazard, Barings and SG Warburg. Formerly a Non-Executive Director of Big Yellow Group plc.
Age 52.

Current external commitments:
Executive Chairman of Internos Global Investors LLP, Independent Director to the Grosvenor Shopping Centre Fund, Non-Executive Director and Chairman of the Audit, Risk and Compliance Committee of Gatehouse Bank

Elizabeth Holden

MA (Hons)

Committee memberships:
Member of the Audit Committee
Member of the Remuneration Committee
Member of the Nomination Committee from 1 April 2014

Date appointed to the Board: September 2012

Independent: Yes

Skills and experience:
Formerly a corporate partner at Slaughter and May specialising in mergers & acquisitions, corporate advisory and governance matters.
Age 46.

Current external commitments:
Non-Executive Director of Centra Living

Charles Philipps

ACA

Committee memberships:
Member of the Audit Committee from 1 July 2014
Member of the Nomination Committee from 1 July 2014

Date appointed to the Board: April 2014

Independent: Yes

Skills and experience:
Chief Executive Officer of Amlin plc and formerly a director of NatWest Markets.
Age 55.

Current external commitments:
Chief Executive Officer of Amlin plc, Trustee of the Outward Bound Trust and Director of Outward Bound Oman UK

Senior management team

Ben Chambers
Investment Director
BSc, MRICS

Date joined the Group:
Joined the Group as Investment Manager in August 2002. Appointed Investment Director in 2009. Formerly a Partner at Fineman Ross. Previously with Nelson Bakewell and Gooch & Wagstaff.

Experience and responsibilities:
Responsible for the Investment management team looking at both sales and acquisitions, sourcing new acquisitions and maximising opportunities from within the Group's investment portfolio.

A director of The Great Victoria Partnership, The Great Wigmore Partnership and The Great Ropemaker Partnership.

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

Date joined the Group:
Joined the Group in September 2007 as Investment Manager and appointed Head of Investment Management in 2010. Formerly a Director with Savills and previously with Nelson Bakewell.

Experience and responsibilities:
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.

James Mitchell
Head of Asset Management
MA, MRICS

Date joined the Group:
Joined the Group in November 2003 as Asset Manager and appointed Head of Asset Management in 2005. Formerly an Associate with Cushman & Wakefield, and previously with MEPC and Weatherall, Smith & Green.

Experience and responsibilities:
Responsible for the net income return of the portfolio across the Group.

Marc Wilder
Head of Leasing
BSc (Hons), MRICS

Date joined the Group:
Joined the Group in June 2005 as Leasing Manager and appointed Head of Leasing in 2009. Formerly Head of Leasing at Benchmark plc, and previously with Threadneedle Asset Management and Hemingway Properties Limited.

Experience and responsibilities:
Responsible for leasing across the Group's investment portfolio and development programme.

Janine Cole
Head of Sustainability
MIOSH, AIEMA

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. Formerly a Professional Services Administrator with National Britannia.

Experience and responsibilities:
Responsible for environment and health and safety management across the Group.

A member of the British Property Federation Sustainability Committee.

James Pellatt
Head of Projects
BSc (Hons), MRICS

Date joined the Group:
Joined the Group in March 2011 as Head of Projects. Formerly a Senior Director with Tishman Speyer and previously with More London Development and EC Harris.

Experience and responsibilities:
Responsible for setting procurement strategy and ensuring capital expenditure on all projects is completed in accordance with individual asset business plans across the Group.

A director of The Great Star Partnership.

Andrew White
Head of Development
BSc (Hons,) Dip IPF, MRICS

Date joined the Group:
Joined the Group in March 2013 as Head of Development. Formerly a Divisional Director at Kier Property and previously with BAA Lynton and Development Securities.

Experience and responsibilities:
Responsible for the total return of the development portfolio including the successful delivery of all development projects across the Group.

A member of the GHS Limited Partnership Operational Committee.

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

Date joined the Group:
Joined the Group in September 2003 as Financial Accountant and appointed Head of Financial Reporting and Investor Relations in 2011. Formerly an Audit Manager in Ernst and Young's Real Estate Group and previously with the National Audit Office.

Experience and responsibilities:
Responsible for financial reporting, forecasting and investor relations across the Group.

A member of the British Property Federation Technical Accounting Group and the EPRA IR Committee.

Martin Leighton
Head of Corporate Finance
LLB, ACA, CTA

Date joined the Group:
Joined the Group in January 2003 as Corporate Finance Manager and appointed Head of Corporate Finance in 2011. Formerly a Corporate Finance Assistant Director with Ernst & Young.

Experience and responsibilities:
Responsible for the day-to-day management of all tax affairs, transaction structuring, raising debt finance and interest rate risk management across the Group.

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

Date joined the Group:
Joined the Group as Company Secretary in October 1998. Formerly an Audit Senior Manager with Ernst & Young.

Experience and responsibilities:
Responsible for corporate governance and human resources across the Group.

Company Secretary for all joint venture companies.

Sustainability

Integrated across investment, development and asset management, our sustainability strategy is designed to ensure that we meet both current and future tenant needs and those of the wider environment through the responsible development and management of our buildings enhancing the long-term value of our business.

Performance highlights

	2014	2013
Change in energy consumption across our managed buildings	**(15)%**	13%
Waste diverted from landfill from managed buildings	**100%**	100%
Construction waste diverted from landfill	**99%**	99%
BREEAM Excellent achieved	**95 Wigmore Street**	33 Margaret Street
BREEAM Very Good achieved	**City Tower**	No major refurbishments completed

Our approach

Reviewed and set annually, the Group's sustainability objectives and targets are designed to address our key sustainability risks and reflect the three stages of our property cycle; investment asset and development management. Our targets are developed by our Environmental Policy Committee following a best practice review undertaken by an independent third party. This review, which focuses on the areas that could have a material impact on the business, assists us in affirming that our targets address the interests of our stakeholders (including employees, tenants, investors, local community and suppliers), whilst also ensuring that our strategy evolves to keep pace with legislative requirements and industry best practice.

To ensure that these goals are incorporated in our day-to-day operations, our annual targets are devolved down into individual employee's objectives and targets across our teams. Progress is monitored quarterly at our Health and Safety, Environment and Corporate Responsibility Working Group and annually through our assurance process, undertaken by Deloitte. Our management systems and sustainability tracker also assist us in monitoring progress at an asset level.

⊕ See progress against our key targets on pages 56 to 59

⊕ See achievement against all our targets together with the alignment of sustainability objectives and targets to key risks on our website at www.gpe.co.uk/responsibility/our-approach

Board oversight

The Board has responsibility for the approval of policy relating to social, environmental, ethical and health and safety matters and is determined to apply standards to all areas in which the Group operates including the management of the joint venture operations on behalf of the joint venture partners. The Board approves the Group's sustainability strategy, objectives and targets annually in light of the Group's material sustainability risks. Annual reports on sustainability and health and safety are provided by the Head of Sustainability as part of the Company's annual strategy review and regular reports are received during the course of the year from Neil Thompson, as Portfolio Director and Executive Director responsible for health and safety.

Our strategic sustainability objectives

Workplace

Engage our people to support strategic sustainability priorities.

Investment management

Enhance long-term value by considering sustainability risks in investment cycles and by communicating our approach to investors.

Sustainability strategy

Reduce the risk of obsolescence and enhance long-term value by developing sustainable buildings.

Development management

Meet changing tenant needs, minimise voids and manage efficient buildings.

Asset management

"Working closely with our tenants, we aim to ensure that the energy efficiencies forecast at the design stage of our developments, are realised on occupation.

Janine Cole Head of Sustainability

Business ethics and human rights

We aspire to the highest standard of conduct based on honesty and transparency in everything we do. Our Executive Committee has a high level of oversight over the appointment of contractors, consultants and suppliers. Whilst we do not have a separate human rights policy, our employee policies are set to comply with or exceed UK regulatory requirements.

⊕ For more information on our people see pages 42 to 45

In our supplier relationships, we seek to demonstrate a commitment to fundamental principles of human rights through our own behaviour and look to engage with suppliers whose values and business principles are consistent with our own. Our Code of Ethics sets out the Group's approach in its relations with tenants, the local community, investors, employees, suppliers and regulators and the clear standards of behaviour we expect all of our people to demonstrate and adhere to. Our Ethics and Whistleblowing policies, which are reviewed annually by the Board, can be found at www.gpe.co.uk/about-us/governance overview

Greenhouse Gas Emissions Statement

This Greenhouse Gas Emissions Statement includes all emission sources required under the Companies Act 2006 (Strategic report and Directors' reports) Regulations 2013 for the financial year to 31 March 2014, compared against our baseline year to 31 March 2013.

	2014 (Tonnes of CO_2e)	2013 (Tonnes of CO_2e)
Scope 1		
Combustion of fuel and operation of our facilities	**2,393**	3,115
Operation of facilities (refrigerants)	**252**	not collated
Scope 2		
Electricity, heat, steam and cooling purchased	**6,773**	7,322
Head office usage	**77**	106
Total footprint	**9,495**	10,543
Intensity Measure		
Emissions per m^2 gross internal area	**0.0399**	0.0463
Like-for-like emissions		
Absolute emissions on a like-for-like basis	**7,925**	9,385
Emissions per m^2 on a like-for-like basis	**0.0415**	0.0491

Like-for-like data compares emissions at properties held for the entirety of 2013 and 2014.

⊕ See our basis of reporting and full environmental data report at www.gpe.co.uk/responsibility/our-performance/how-we-are-performing

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. Included in our operational control data are emissions from our managed properties (including 100% of emissions from joint venture properties) and head office usage. Not included within this data is tenant's usage or emissions from our development sites as we do not have control on responsibility for these emissions and, therefore, they fall out of our scope 1 and 2 emissions. Emissions from vacant space have been excluded as the related carbon emissions are expected to be below a materiality threshold of 5%. There are no company-owned vehicles to be reported.

We have also used DEFRA Environmental Reporting Guidelines and the Greenhouse Gas Protocol to calculate our emissions. Where carbon conversion factors have been updated by DEFRA we have restated our 2013 figures to allow comparisons to be made.

Independent assurance/verification

Third party oversight is provided by Deloitte LLP, who have provided independent assurance in accordance with International Standards on Assurance Engagement (ISAE 3000). The assurance related to our Greenhouse Gas Emissions Statement and achievement against 2013/14 Sustainability Objectives and Targets.

⊕ For Deloitte's scope and assurance statement on our greenhouse gas emissions see our website at www.gpe.co.uk/responsibility/our-performance/how-we-are-performing

⊕ For Deloitte's scope and assurance statement on progress against targets see our website at www.gpe.co.uk/responsibility/our approach

Sustainability indices

The Company participates in the Carbon Disclosure Project and GRESB and is a constituent of the FTSE4Good Index.

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

Directors and Senior managers are encouraged to represent the Group's views and contribute to the development of the property industry. The Group also supports a number of organisations including the New West End Company, Westminster Property Association, British Property Federation, British Council for Offices, the Baker Street Quarter Partnership, Jermyn Street Association, Shoreditch Property Owners Association and Better Bankside.

⊕ For more details see our Directors' biographies on pages 46 and 47 and our website at www.gpe.co.uk/responsibility/communities

Sustainability

Implementing energy reduction measures

For the year ended March 2014, we achieved a 15% reduction in absolute energy consumption and a 18% reduction across our like-for-like portfolio.

These energy reductions have been achieved through:

Incentivising our M&E contractors
We measure our Mechanical & Electrical (M&E) contractors against key performance indicators, including effective energy and waste management. Actions undertaken by our M&E contractors during the year to 31 March 2014 included:

- installing time control sensors on lighting within plant rooms and the basement plant room;
- installing entry sensors for lighting systems in roof areas;
- resetting of fans on air handling units resulting in a 75% reduction in running time; and
- trialling new energy efficient lighting installations in landlord back of house areas to be rolled out to other areas of our buildings in 2014.

Incentivising our Building Managers
Our Building Managers had a personal objective to save 2.5% energy at their properties during the financial year. Actions undertaken by our Building Managers during the year to 31 March 2014 included:

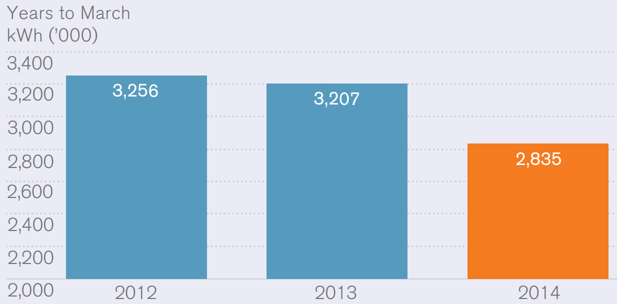
- instigating regular nightly floor visits by security to ensure that lights are turned off once tenants have left for the evening;
- replacing damaged lighting on a timely basis; and
- adjusting heating controls to reflect tenant occupation times, weather patterns and bank holidays.

Increasing tenant engagement
We provide our tenants with energy and water consumption data at all tenant meetings. An Environmental Working Group (EWG) meets quarterly at 200 Gray's Inn Road, WC1, and in December 2013, we introduced an EWG at City Place House, EC2.

Continuing our programme of energy case studies
During the year, we undertook an additional ten energy case studies at our properties and resulting recommendations were included within all property Energy Action Plans to ensure that lessons learned were implemented across the portfolio.

By implementing our Energy Action Plans and instigating an EWG at City Place House, electricity consumption has been reduced by 12% during the year ended March 2014.

Electricity consumption at City Place House



Investment management

We recognise the importance of including sustainability considerations within our investment decisions. As part of our due diligence procedures on asset purchases, our Investment management team ensures that key information collected through a sustainability checklist is provided to the Asset management team prior to purchase completion. As part of our 'ready for sale' procedures, similar information is prepared for purchasers.

In anticipation of the introduction of minimum energy performance standards in 2018, we continue to operate a watch list of properties with an E, F or G Energy Performance Certificate (EPC) rating. 35% of these properties are due to enter development prior to 2018, while the remaining properties are reviewed on a quarterly basis to ensure that where floors are vacated, opportunities are taken to incorporate energy efficiencies into refurbishment plans to improve the EPC rating.

Asset management

Efficient resource management

During the year, we continued our programme of energy and water case studies. Improvement measures identified from those case studies, together with those undertaken in 2013, have been included in individual building energy action plans and are implemented as part of planned maintenance. The impact of these improvements is then monitored through monthly analysis of energy consumption data.

Increasing tenant engagement is critical if we are to reduce energy consumption at our properties and we continue to liaise with tenants on resource efficiency through regular tenant meetings and encourage the adoption of similar technologies used within landlord areas. For the year ending March 2015, we will introduce new Environmental Working Groups specifically focused on energy, waste, water and other sustainability issues at properties over 50,000 sq ft.

Refurbishments

We use our smaller refurbishments and fit-out works as an opportunity to improve the energy efficiency of our managed properties. When undertaking refurbishments we recognise that there are other sustainability implications such as responsible sourcing of materials and waste management. We, therefore, undertake SKA ratings. Operated by RICS, SKA rating is an environmental assessment tool for sustainable fit-outs. Used on all our significant refurbishments under 50,000 sq ft, the SKA rating provides a flexible framework to manage the sustainability impacts of refurbishment works and challenges our designers and contractors on both elements of design and delivery. We also encourage our tenants to follow

Improving resource efficiency through refurbishment

At our refurbishment of 28,550 sq ft at 200 Gray's Inn Road, WC1, resource efficiency measures implemented included:

- installing an energy efficient lighting system, which minimised energy consumption and provided improved controllability for building users;
- the use of more efficient insulation;
- selecting blinds to minimise solar gain within the floor space;
- installing a new BMS system, which interfaced with the landlord system and provided for improved zonal control;
- providing reusable items such as carpet tiles, ceiling tiles and plasterboard partitions to another tenant for their own refurbishment work;
- ensuring that mechanical and electrical equipment removed from the floor was provided to the building maintenance team as spares or recycled where not reusable;
- recycling 96% of waste, which was not reused;
- providing soft floor coverings, which were more than 50% recycled content; and
- ensuring that all timber elements were FSC certified products.

As tenants move into the space, our building management team will work with tenants to ensure that their systems are fully integrated with landlord operated systems and energy consumption is monitored on a monthly basis. The Environmental Working Group already in place at the property will also provide the tenants with an opportunity to regularly feedback to our building management team.

"GPE's target for silver ratings at 200 Gray's Inn Road was attained through the close collaboration of the design, contractor and building management teams to ensure that opportunities were maximised to reduce the environmental impact from the works."

Rob Smith Project Manager, Overbury

overbury
a passion for perfection

Sustainability

a similar approach where undertaking their works through our tenant guide. In the year, we achieved a silver rating for the two floors we refurbished at 200 Gray's Inn Road and our works at Foxglove House.

Development management

Outperforming environmental standards

In order to ensure that we continue to deliver flexible, high quality space, it is critical that the sustainability credentials of our developments outperform current environmental standards and anticipate future market needs. We regularly review changes to regulations, planning requirements and best practice, which inform our target setting process. Our Sustainable Development Brief outlines our approach for our consultants and contractors and requires the best practicable environmental option to be employed when considering energy, water, waste and biodiversity strategies for the property. For our new developments, we are committed to achieving BREEAM 'Excellent' ratings with a minimum of a 'very good' rating targeted for major refurbishments. As a matter of routine we look to develop buildings with energy efficiency of at least 25% above Part L Regulations 2010 and, for the forthcoming year, we will aim to improve on 2010 requirements by 35%. Where BREEAM requirements are updated, we carry out a gap analysis on current projects to review how our developments can be adapted to achieve new requirements. Given planned changes to the BREEAM rating system expected to be implemented in 2014, this process is underway for those projects currently in design stage.

In order to monitor achievement against our corporate targets, both our Sustainable Development Brief and Tracker are applied to all projects, with the Tracker reviewed at each RIBA stage to ensure that key targets and benchmarks are met. The Tracker, bespoke to each project, is updated at least annually to ensure that it reflects our corporate targets, current legislative requirements and anticipates revisions to legislative, planning, industry, BREEAM and LEED requirements.

⊕ See our Sustainable Development Brief at www.gpe.co.uk/responsibility/developing-sustainable-buildings

Many of the materials used within our developments have complex supply chains. We require concrete and steel to be responsibly sourced using recognised accreditation schemes and all new developments and major refurbishments to achieve Forest Stewardship Council Project Certification.

Reducing embodied carbon

Whilst most current legislation focuses on operational emissions, there is a growing understanding that the emissions generated by the construction and maintenance of a property should be considered when reviewing the carbon footprint of a building.

In many cases, the embodied carbon involved in the production and installation of renewable technologies by far outweighs the carbon reductions associated with their operation. Recognising that embodied carbon is likely to become an integral part of BREEAM and the planning process, for the year ended March 2014 we carried out lifecycle analysis to calculate embodied carbon in the structure, cladding and building services of three developments.

An assessment was undertaken at 95 Wigmore Street, W1 post-completion, to provide us with a baseline where embodied carbon had not been considered. The study identified cost neutral changes which could have saved 5,500 tonnes of embodied carbon as compared with the £2,000,000 it would have cost to make the same savings through renewables.

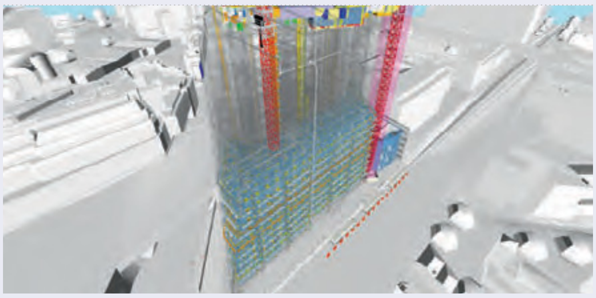
As a result of these findings, St Lawrence House, W1 and 73/89 Oxford Street, W1 currently at RIBA Stage D, were reviewed to ascertain where design changes could be made prior to starting on-site to reduce the associated embodied carbon. Options being considered include a review of construction techniques such as the type of formwork used, the cooling strategy of the building, sourcing of certain materials such as concrete to find local alternatives and increasing the recycled content of steel and suspended ceilings. Following these reviews, it is intended that revised processes will be included within our Sustainable Development Brief to ensure that embodied carbon is considered at the outset for future projects.

In order to reduce the carbon associated with our development activities, it is essential that efficient construction techniques are used. We have found that the use of Building Information Modelling (BIM) improves collaboration between the design team and contractors, solving design issues in a virtual environment before they are realised on-site. This in turn reduces waste and improves sequencing. We, therefore, continue to take a leading role in the use of BIM and will implement BIM on all new build development projects and pilot its use on one refurbishment project by March 2016. We are also reviewing opportunities to utilise BIM when moving from construction to fit-out and setting our facilities management strategy for new developments.

Handover of buildings to tenants

To ensure that our developments continue to meet tenant expectations, it is essential that we work with our tenants during their fit-out process to ensure that the transition of the building from development through commissioning, fit-out and into occupation is managed effectively. From 1 April 2014, we have committed to following the 'Soft Landings' approach on all of our new build developments and major refurbishments, ensuring that our designers and constructors stay involved with our new buildings beyond practical completion. This will assist our tenants and building management team during the first

240 Blackfriars: a BIM journey



Our scheme at 240 Blackfriars Road, SE1 has a complicated structural design, with raked facades and an intricate roof steelwork design. With over 300 tonnes of steel being constructed nearly 90 metres above ground level, it was essential that cladding, steelwork and services installation were fully co-ordinated prior to construction.

Building Information Modelling (BIM) enabled us to:

– detect clashes in a 3D environment, minimising co-ordination issues on-site between structural, architectural and services elements;

– carry out construction rehearsals in a 4D timeline to identify sequencing and logistics issues to ensure the programme was as efficient as possible, this mitigated delays caused by exceptional weather conditions during the construction period;

– achieve our sustainability objectives through an increase in off-site manufacture and reduced wastage on-site due to improved sequencing and improved energy modelling; and

– provide the model and information to our occupiers to allow them to gain efficiencies in their own fit-out.

By implementing BIM we significantly reduced the risk budget for the project. For every £1 invested in the process we saved approximately £2 in the contract sum.

months of operation and beyond, to help fine-tune the systems, and ensure that management staff and our tenants understand how to control and best use the building.

Post Occupancy Evaluation

We are committed to carrying out a post occupation evaluation 12 months after our developments are occupied. This review also includes tenant wellbeing and allows us to provide feedback to both our project teams and the tenant fit-out teams where appropriate.

During the year, we undertook a post occupancy evaluation at 160 Great Portland Street, W1 which had been pre-let to Double Negative prior to practical completion. The building had been delivered to a shell and core with an enhanced services provision to meet Double Negative's unique post production film work requirements. We worked with Double Negative to establish a scope for the post occupancy evaluation, to ensure that feedback was obtained both on our design of the building and Double Negative's fit-out.

As part of the evaluation, a questionnaire was circulated to all employees and included:

– the effectiveness of ventilation;

– air quality;

– the design of entrance, reception and circulation areas;

– lift provision;

– shower and toilet facilities; and

– cycle storage.

97% of respondents said that the building met their needs. Valuable qualitative feedback was also received on the flexibility of artificial lighting controls, the effectiveness of breakout areas and the quantity and quality of showers. This feedback will be used by both our project and tenant fit-out teams when preparing other speculative schemes to ensure we are designing our buildings to meet potential occupier needs. A post occupancy evaluation is now underway for 24 Britton Street, EC1 with further surveys planned at our recently completed properties, 33 Margaret Street, W1 and 95 Wigmore Street, W1.

Working with the local community

As one of our stakeholders, it is important that we consider the local community, particularly where we are developing. We, therefore, ensure that community initiatives are implemented on all construction projects with costs over £10,000,000. At 240 Blackfriars Road, SE1 an Employment and Skills Manager was employed to co-ordinate apprenticeships, training and engagement with local schools and colleges. 66 local people secured employment within the Mace supply chain as a result of the support of the project, with 58 of these securing sustainable employment lasting 26 weeks or more. Tours were arranged for Lewisham and Southwark College, City of Westminster College and the University of Westminster, in addition to a number of open days with local job centres to provide pre-employment training to their candidates. Initiatives have also been implemented at our City Tower, EC2 and Walmar House, W1 projects with building tours for local educational establishments being undertaken and a blood donor drive being co-ordinated through our Walmar House project. For the year to March 2015, we have committed to working with our construction partners to create 15 apprenticeships at our construction sites. We will also be carrying out a socioeconomic assessment at our Rathbone Square, W1 development to review the impact of our development on the local community.

⊕ See our case study on pages 18 and 19

Sustainability

Achievement against our key sustainability targets

Investment management

Opportunity	Risk	Stakeholder	Objective
By aligning our reporting of environmental data with EPRA, we ensure that our information is more comparable with our peer group, allowing our investors to gain a clearer insight into our performance.	Communication with shareholders.	Investors	Enhance long-term value by considering sustainability risks in investment cycles and communicating our approach to investors.

Asset management

Opportunity	Risk	Stakeholder	Objective
By reducing energy we reduce costs to tenants through our service charge.	Adverse regulatory risk	Tenants	Meet changing tenant needs and minimise voids by managing buildings efficiently.
Engagement with tenants improves performance on sustainability and reduces costs through the service charge.	Adverse regulatory risk	Tenants Employees	
By maintaining positive relationships with our tenants it enables us to manage our vacancy rate in accordance with our wider strategy.	Failure to maximise income from investment properties through low tenant retention.	Tenants Employees	

Development management

Opportunity	Risk	Stakeholder	Objective
By adapting in advance of regulatory changes we reduce obsolescence and increase the flexibility of our assets.	Poor development returns relating to the quality and benchmark of the completed building.	Tenants Investors	Reduce obsolescence and enhance long-term value by developing sustainable buildings.

Target	Progress made against target	
Align company reporting with EPRA sustainability best practice guidelines by March 2014.	In progress	In addition to our Environmental data report, an additional EPRA aligned report will be included on our website by the end of May 2014.

Target	Progress made against target	
To achieve energy savings across the investment portfolio (on a like-for-like basis) at a level of 2.5% or better over the year for 75% of the properties in the portfolio. **2015 Target** To achieve energy savings of 2.5% or better over the year over the investment portfolio (on a like-for-like basis).	72%	An energy reduction of 18% was achieved across 54% of our properties (on a like-for-like basis), equating to a reduction in carbon emissions of 16%. "We have worked hard to make real energy efficiencies across our portfolio. These savings are the result of a concerted team effort between our contractors and Building Managers. Our new Environmental Working Groups and our smart metering programme should assist us in identifying further savings during the forthcoming year." **Valentine Alexander** Building Services Manager, GPE
Introduce Environmental Working Groups (EWG) at our two properties over 100,000 sq ft in order to engage tenants in resource efficiency action plans. **2015 Target** To introduce EWGs at properties between 50,000 sq ft and 100,000 sq ft.	50%	Our EWG at City Place House, EC2 was set up in December 2013. Due to refurbishment works undertaken during the year, the City Tower EWG will be set up in the coming year.
Improve (or maintain) the level of tenant satisfaction per property from 2013 baseline survey by March 2014.	85%	85% of our tenant satisfaction surveys rated the services we provide as being better than last year. "The opening of our flagship store in time for our 20th anniversary celebrations is testament to the hard work of the GPE Asset management team working efficiently and effectively with our legal and property team." **Chris McKendrick** Commercial Director, Cath Kidston

Target	Progress made against target
Achieve a BREEAM rating of 'Excellent' on all new build developments and 'Very good' or 'Excellent' on major refurbishments. **2015 Target** Target retained.	100%

Projects completed during the year ended March 2014

	Property	BREEAM Rating
New build	95 Wigmore Street, W1	Excellent
Refurbishment	City Tower, EC2	Very good

Projects on-site during the year ended March 2014

	Property	BREEAM Rating
New build	240 Blackfriars Road, SE1	Excellent – certificate pending
	12/14 New Fetter Lane, EC4	Excellent – targeted
Refurbishment	Walmar House, W1	Very good – targeted

Sustainability

Achievement against our key sustainability targets

Development management continued

Opportunity	Risk	Stakeholder	Objective
By adapting in advance of regulatory changes, we reduce obsolescence and increase the flexibility of our assets.	Poor development returns relating to the quality and benchmark of the completed building.	Suppliers	Reduce obsolescence and enhance long-term value by developing sustainable buildings.
By diverting waste from landfill we reduce the impact on the environment and reduce costs associated with landfill tax.	Poor development returns relating to the quality and benchmark of the completed building.	Suppliers	

Workplace

Opportunity	Risk	Stakeholder	Objective
By developing our people we seek to improve their personal job satisfaction whilst enhancing the effectiveness of our teams.	Strategic priorities not achieved because of inability to develop and motivate talented employees.	Employees	Developing a sustainable business in partnership with our employees, the local community and our suppliers.
To build on our reputation as a company that people want to work with.	Loss or injury to employees, tenants, the public and contractors and resultant reputational damage.	Tenants and the community, suppliers and employees.	To provide a safe and healthy working environment for all employees and contractors working on premises, visiting members of the public and all others affected by the activities of the Company.

Target	Progress made against target	
Divert 95% of non-hazardous demolition and strip out waste and 90% of non-hazardous construction and fit-out waste from landfill. **2015 Target** Target retained.	100%	99% of demolition waste was diverted from landfill. 99% of construction waste was diverted from landfill.
Carry out life cycle analysis to calculate embodied carbon in the structure, cladding and building services of three developments with construction costs over £10,000,000 by March 2015. **2015 Target** To carry out embodied carbon analysis on all new build construction projects.	100%	Embodied carbon assessment undertaken at 73/89 Oxford Street, W1 and St Lawrence House, W1 and post-construction at 95 Wigmore Street, W1.

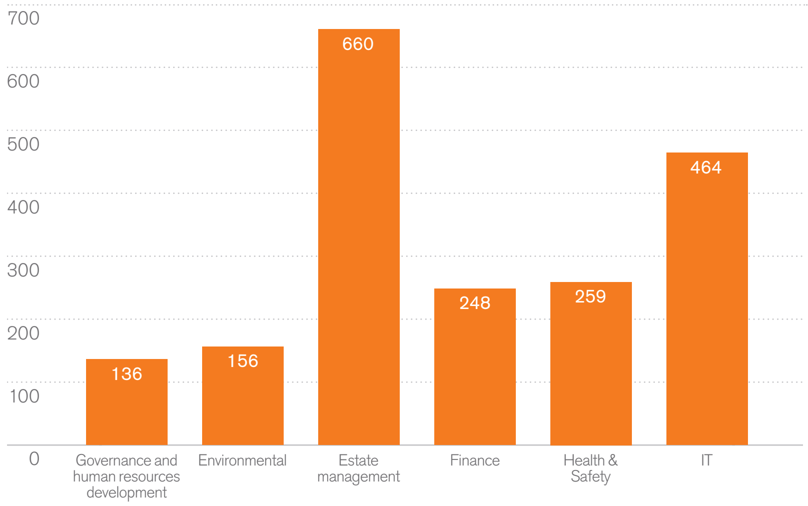
"The common themes identified from our embodied carbon assessments will be included within the next update of our Sustainable Development Brief to ensure that best practice measures are rolled out across all projects."

James Pellatt Head of Projects, GPE

Target	Progress made against target
Provide an average of at least 1.5 days training per employee p.a. **2015 Target** To provide an average of at least 2 days training per employee p.a.	100%

Three days training provided per employee

Total number of training hours



Target	Progress made against target
To achieve zero injury days amongst employees.	100%
Achieve zero reportable incidents.	100%
Achieve zero prohibition notices or fines.	100%

	2012	2013	**2014**
Number of reportable injuries	1	2	0
First aid injuries	2	6	10
Work related fatalities	0	0	0
Number of Enforcement Agency prosecutions or fines	0	0	0
Number of prohibition notices	0	0	0
Employee accidents and incidents	0	2	2
Number of employee days off work	0	0	0

How we manage risk

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

Board oversight

Board meetings
Audit Committee
Remuneration Committee
Nomination Committee

Operational Committees

Executive Committee – weekly

Development management weekly

Asset management weekly

Investment management weekly

Financial management weekly

Strategy update quarterly

Corporate responsibility quarterly

Development management review quarterly

Asset management review quarterly

Environmental policy quarterly

Policies for highlighting and controlling risk

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 tenant covenant testing

Procedures and internal controls

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

People and culture

Focused market expertise

Open communication

Transparent disclosure with stakeholders

Integrity in business conduct

Interests aligned with shareholders

Qualified and experienced personnel with specific roles

Conservative attitude to capital deployment

Analytical rigour

Business risk

How we manage risk

The Group views effective risk management as integral to the delivery of superior returns to shareholders and seeks to flex operational risk in tune with the property cycle as described on page 7. Principal risks and uncertainties facing the business, and their likelihood and the processes through which the Company aims to manage those risks are:

Market risk

Risk	Impact	Link to strategic priorities	Mitigation
Central London real estate market underperforms other UK property sectors	Reduced margin of outperformance	■ ▲ ●	The execution of the Group's strategy covering the key areas of investment, development and asset management is adjusted and updated throughout the year, informed by regular research into the economy, the 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.
Economic recovery falters	Worse than expected performance of the business	■ ▲ ●	Regular economic updates are received and scenario planning is undertaken for different economic cycles. 69.3% of income from committed developments already secured. The Group aims to maintain low financial leverage throughout the property cycle.

Investment management

Risk	Impact	Link to strategic priorities	Mitigation
Difficulty in sourcing investment opportunities at attractive prices, poor investment decisions and 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 with joint venture partners.
Inappropriate asset concentration, mix and lot size	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.

■ Crystalise profits through recycling ▲ Deliver development programme ● Drive rental growth

Impact change from last year	Likelihood change from last year	Likelihood after mitigation	Commentary
→	↗		The central London real estate market has considerably outperformed the wider UK market during the year ended 31 March 2014, demonstrated by IPD's central London TPR exceeding IPD's universe by 2.5 percentage points on an absolute basis and the outlook continues to be favourable. ⊕ Our market on pages 24 to 27
→	↓		Over the last 12 months, the UK economy has substantially improved, with the focus shifting from the risk of an impending Eurozone crisis to economic growth and the outlook for interest rates. ⊕ Our market on pages 24 to 27

Impact change from last year	Likelihood change from last year	Likelihood after mitigation	Commentary
→	→		The Group has continued to invest and recycle capital against a backdrop of moderate capital value growth in central London and a surfeit of buyers to sellers in the investment market. Lack of available stock mitigated by depth of opportunity in current portfolio. During the year, one acquisition of £90 million was made together with disposals of £269 million at premium to book value of 9.5%. ⊕ Our market on pages 24 to 27 ⊕ Investment management on pages 30 and 31 ⊕ Case study on pages 16 and 17
→	→		The Group continues to monitor its portfolio mix and asset concentration risk. Our largest asset is only 7.7% of the total portfolio and 23.9% of the portfolio is held in joint ventures. ⊕ Valuation on pages 28 and 29

How we manage risk

Asset management

Risk	Impact	Link to strategic priorities	Mitigation
Poor management of voids, rental mis-pricing, low tenant retention, sub-optimal rent reviews, tenant failures and inappropriate refurbishments	Failure to maximise income from investment properties	●	The Group's in-house Asset management and Leasing teams proactively manage tenants to ensure changing needs are met with a focus on retaining income in light of vacant possession requirements for refurbishments and developments and liaise regularly with external advisers to ensure correct pricing of lease transactions. The Group has a diverse tenant base with its ten largest tenants representing only 31.1% of rent roll. Tenants' covenants are analysed and security sought as appropriate as part of the lease approval process. Regular contact with tenants is maintained to identify if tenants are suffering financial difficulties and their proposed actions.

Development management

Risk	Impact	Link to strategic priorities	Mitigation
Poor execution of development programme through: – incorrect reading of the property cycle; – inappropriate location; – failure to gain viable planning consents; – failure to reach agreement with adjoining owners on acceptable terms; – level of speculative development; – construction cost inflation; – contractor availability and insolvency risk; – a building being inappropriate to tenant demand; – poor demand for residential apartments – quality and benchmarks of the completed buildings; – construction and procurement delays; – ineffective marketing to prospective tenants; and – poor development management.	Poor development returns	▲	See Market risk above. Prior to committing to a development the Group conducts a detailed Financial and Operational appraisal process which evaluates the expected returns from a development in light of likely risks. During the course of a development, the actual costs and estimated returns are regularly monitored to signpost prompt decisions on project management, leasing and ownership. Early engagement with adjoining owners. 69.3% of income from committed developments already secured. In-house Project management team utilise appropriate procurement methods to optimise the balance of price certainty and risk. Due diligence is undertaken of the financial stability of demolition, main contractors and material sub-contractors prior to awarding of contracts. Working with agents, potential occupiers' and purchasers' needs and aspirations are identified during the planning application and design stages. In-house Leasing/Marketing team liaise with external advisers on a regular basis and marketing timetables designed in accordance with leasing/marketing objectives. All our major developments are subject to BREEAM ratings with a target to achieve a rating of 'Very Good' on major refurbishments and 'Excellent' on new build properties. Pro-active liaison with existing tenants before and during the development process. Selection of contractors and suppliers based on track record of delivery and credit worthiness. In-house Project management team closely monitor construction and manage contractors to ensure adequate resourcing to meet programme. 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.

■ Crystalise profits through recycling ▲ Deliver development programme ● Drive rental growth

Impact change from last year	Likelihood change from last year	Likelihood after mitigation	Commentary
↘	↘		The Group continues to monitor a low void rate which was 3.7% at 31 March 2014. Tenant delinquencies were 0.7% of the rent roll for the year to 31 March 2014. The Group continues to actively manage the portfolio to maximise occupancy and drive rental growth. During the year, we secured £25.9 million of new rental income including £12.1 million of pre-lets. 69.3% of income from committed developments already secured. ⊕ Asset management on pages 34 and 35 ⊕ Case studies on pages 35, 52 and 53 ⊕ Our approach to sustainability on pages 53 and 54 ⊕ Sustainability targets on pages 56 and 57

Impact change from last year	Likelihood change from last year	Likelihood after mitigation	Commentary
↗	→		The Group's development programme of high quality core central London projects continues to attract quality tenants with £12.1 million of pre-lets secured since 1 April 2013. ⊕ Development management on pages 32 and 33 ⊕ Case studies on pages 10 to 19 and 55 ⊕ Our approach to sustainability on pages 54 and 55 ⊕ Sustainability targets on pages 56 to 59

How we manage risk

Development management

Risk	Impact	Link to strategic priorities	Mitigation
An inappropriate level of development undertaken as a percentage of the portfolio	Underperformance against KPIs	Deliver development programme	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 when pre-lets obtained and/or market supply considered to be sufficiently constrained.

Financial risks

Risk	Impact	Link to strategic priorities	Mitigation
Limited availability of further capital	Growth of business is constrained or unable to execute business plans	Crystalise profits through recycling; Deliver development programme; Drive rental growth	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 or a fall in capital values	Adverse market movements negatively impact on debt covenants	Crystalise profits through recycling; Deliver development programme	Regular review of current and forecast debt levels and financing ratios. 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 2014. We estimate that values could fall by 48% from their 31 March 2014 levels before Group debt covenants could be endangered.
Inappropriate capital structure	Sub-optimal NAV per share growth	Crystalise profits through recycling; Deliver development programme	Regular review of current and forecast capital requirements and gearing levels and financing ratios.

■ Crystalise profits through recycling ▲ Deliver development programme ● Drive rental growth

Impact change from last year	Likelihood change from last year	Likelihood after mitigation	Commentary
↗	→		With forecasted supply of central London office space expected to be scarce in the near to medium term, the Group has continued its near-term development programme to capitalise on the expected resulting rental growth given improving tenant demand. ⊕ Our market on pages 24 to 27 ⊕ Development management on pages 32 and 33 ⊕ Case studies on pages 10 to 19

Impact change from last year	Likelihood change from last year	Likelihood after mitigation	Commentary
→	↓		The Group has continued to diversify the source and extend the maturity ladder of its debt financing. In September 2013, the Company raised £150 million through a convertible bond at 1% coupon. Cash and undrawn credit facilities are £508 million. ⊕ Financial management on pages 36 and 37 ⊕ Our financial position on pages 39 to 41 ⊕ Notes 17 and 18 forming part of the Group financial statements on pages 130 to 134
↘	→		Central London property values are expected to benefit from rental value growth and continued strong investment demand. Short term interest rates have remained low over the last 12 months, although there is a growing expectation of increases in the medium term as the economy grows. ⊕ Financial management on pages 36 and 37 ⊕ Our financial position on pages 39 to 41 ⊕ Notes 17 and 18 forming part of the Group financial statements on pages 130 to 134
→	→		The Group's existing capital structure is well placed to take advantage of opportunities as they arise and to deliver our near-term development programme. ⊕ Financial management on pages 36 and 37 ⊕ Our financial position on pages 39 to 41

How we manage risk

People

Risk	Impact	Link to strategic priorities	Mitigation
Incorrect level and mix retention of people to execute our business plan. Strategic priorities not achieved	Inability to attract, develop, motivate and retain talented employees	■ ▲ ●	Regular review is undertaken of the Group's resource requirements and succession planning. The Company has a remuneration system that is strongly linked to performance and a formal six-monthly appraisal system to provide regular assessment of individual performance and identification of training needs. Benchmarking of remuneration packages of all employees is undertaken annually.

Regulatory

Risk	Impact	Link to strategic priorities	Mitigation
Adverse regulatory risk including tax, planning, environmental legislation and EU directives increases cost base	Reduces flexibility and may influence potential investor and occupier interest in buildings	■ ▲ ●	Senior Group representatives spend considerable time, using experienced advisers as appropriate, to ensure compliance with current and potential future regulations. Lobbying property industry matters is undertaken by active participation of the Executive Directors through relevant industry bodies. Environmental Policy Committee meets at least quarterly to consider strategy in respect of environmental legislation.
Health and Safety incidents Loss of or injury to employees, contractors or tenants	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 address key Health and Safety areas including employee, contractor and tenant safety. On developments, the Group operates a pre-qualification process to ensure selection of competent consultants and contractors which includes a Health and Safety assessment. Contractors' responses to accidents and near misses are actively monitored and followed-up by our Project Managers and Head of Sustainability.

■ Crystalise profits through recycling ▲ Deliver development programme ● Drive rental growth

Impact change from last year: →

Likelihood change from last year: →

Likelihood after mitigation

Commentary

An additional Project Manager and Development Manager were recruited in 2014.

Staff retention is high at 95% against a backdrop of an increasingly competitive employment market.

Other senior managers remain unchanged.

⊕ Our people on pages 42 to 45

⊕ Remuneration report on pages 84 to 105

Impact change from last year: →

Likelihood change from last year: →

Likelihood after mitigation

Commentary

During 2013, new building regulations came into effect requiring further reductions on carbon emissions which will impact on BREEAM requirements and planning. The risk to the Group from increasing regulation including certain EU directives having unforeseen consequences remains. However, post publication of FCA rules in June 2013, the Group was determined to be outside scope of AIFMD.

⊕ Property industry representation on pages 46, 47 and 51

⊕ Sustainability targets on pages 56 to 59

Impact change from last year: →

Likelihood change from last year: →

The Group had no reportable accidents during the year.

There were no other incidents across the Group's investment or development portfolio.

⊕ Sustainability targets on pages 58 and 59

Governance

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

Corporate governance
Introduction from the Chairman

Good governance is based on the correct level of oversight, good communication, a focus on risks and transparency in how we operate.

Our flat management structure ensures that good governance extends beyond the Boardroom.

Dear fellow shareholder

As Chairman, I am responsible for ensuring the Board operates effectively and efficiently and that it continues to uphold the high standard of corporate governance that underpins the culture of the Company. I believe the effectiveness of your Board in the achievement of good governance is based on the correct level of oversight, good communication, a focus on risks and a commitment to transparency. These, combined with our flat management structure and high level of involvement by executive and senior management in all our activities, ensures that this good governance extends beyond the Boardroom and is continually borne in mind in the successful delivery of the Group's strategic priorities.

Board oversight and our strategic priorities

The Group's business model and strategy are outlined on pages 4 to 9. In our Annual Report last year we identified that our strategic priorities for 2013/14 were to:

- make selective acquisitions and recycle capital through property disposals;
- deliver our development programme; and
- drive rental growth.

With 54% of the Group's portfolio acquired since 2009, our attention for the coming year will be focused on crystallising the value we have generated to maximise shareholder returns and appropriately manage risk. We will seek to achieve this through the continued delivery of our development programme, the working of our assets to drive rental growth and capital recycling activity.

⊕ See our strategic priorities on pages 8 and 9

As part of our monitoring of where we are in the property cycle, at each scheduled Board meeting we consider a market conditions dashboard which, we believe, helps us identify emerging trends within the wider economy, the UK and London property market and UK real estate financing markets.

In April 2013, as part of our annual strategy review we also formally adopted a number of operational parameters to support our risk management activities. These parameters include the levels of actual and forecast financial gearing, speculative and total development activity and single asset concentration levels. All significant transactions are considered in the context of the impact they will have on these levels, as appropriate.

To ensure that risks associated with major transactions, and how these fit in with the Group's strategy for long-term success, are fully debated at Board level, Board approval is required for:

- all sales and acquisitions where the Group's share is over £25 million;
- any development expenditure over £15 million;
- any leases of £1 million p.a. or above; and
- any new financing (equity or debt).

In the year ended 31 March 2014, in accordance with these authority levels, significant transactions approved by the Board either in its seven scheduled Board meetings or through its six unscheduled meetings included:

- the sale by the Great Capital Partnership of its last remaining asset, Park Crescent West for £105 million;
- the acquisition of Oxford House, 76 Oxford Street, W1 and the simultaneous entering into of rights of light and rights of way agreements between GPE's 73/89 Oxford Street, W1 development and Land Securities adjoining property at 7 Soho Square, W1 for £91.5 million;
- the sale of 90 Queen Street, EC4 for £61 million at a 1.7% premium to the 31 March 2013 valuation and crystallising an ungeared IRR of c.13% p.a. since acquisition;
- the creation of a 50:50 joint venture with HKMA with GPE transferring in its Hanover Square Estate for £202 million;
- the sale of 20 St James's Street, SW1 for £54.5 million following an off-market approach and reflecting a net initial yield of 2.1%;
- the development of our 411,800 sq ft mixed use scheme at Rathbone Square, W1;
- design fees and measures to achieve vacant possession for our proposed developments at 73/89 Oxford Street, W1 and 48/50 Broadwick Street, W1;
- the development of our 12 storey 142,500 sq ft office scheme at 12/14 New Fetter Lane, EC4 following the pre-let of the entire building to Bird & Bird at a rent of £8.3 million p.a.;
- serving notice on VNU, the largest tenant at St Lawrence House, 54 Broadwick Street, W1 to obtain vacant possession ahead of the proposed re-development and approval of expenditure for design fees and opening up works;
- the pre-let of the fifth to seventh floors at 95 Wigmore Street, W1 within the Great Wigmore Partnership to Bridgepoint Capital at a rent of £2.7 million p.a.; and

– the issue of a £150 million Convertible Bond to provide attractive financing at a low fixed coupon to further enhance returns for shareholders in the execution of the development programme.

Each year, the Board formally reviews the level of oversight it has over a variety of matters including strategy, transactions, finance, people and sustainability matters including the level at which transactions should be reviewed by the Board. At our April 2014 Board meeting, we concluded that the matters currently reserved for the Board and the levels at which various transactions require Board approval remain appropriate.

Board changes and succession planning

In April 2014, we were delighted to welcome Charles Philipps to the Board as Non-Executive Director, who brings with him a wealth of commercial experience.

⊕ See our Board on pages 46 and 47

At the 2014 Annual General Meeting, Charles Irby will retire from the Board having served ten years. On behalf of the whole Board, I would like to thank him for his strong stewardship as Senior Independent Director, Chairman of the Remuneration Committee and member of the Nomination and Audit Committees, and his valued objective and constructive challenge over the years.

The Board also reviews the succession planning and personal development requirements for key executives and senior managers across the team. In our Annual Report last year, I reported that Andrew White had joined the Group in March 2013 to take up the newly created position of Head of Development, with responsibility for the total return of the development portfolio including successful delivery of all development projects. Andrew has settled in well and is now an integral part of our Senior management team.

Board evaluation

In accordance with our policy to undertake the Board evaluation process externally every three years, this year our evaluation was undertaken by Dr Tracy Long, Boardroom Review Limited, who provides no other services to the Group. The process covered the Board, Committees and personal performance, with feedback provided to individuals prior to the results being presented at the April 2014 Board meeting. The review concluded that the Board continues to operate in an efficient and effective manner. It identified as areas of particular strength, a high level of positive interaction and challenge, a strong collective knowledge, regular consideration of the impact of transactions on strategy and risk and a strong awareness of shareholder views. The review recognised that a key element to retaining this strong culture would be the involvement of the whole Board in determining the qualities and experience needed in the orderly succession of the Non-Executive Directors over the coming years. Following the review, the timing and processes undertaken by both the Nomination and Remuneration Committees will also be revisited in the coming year to ensure that the objectives and operation of both Committees are more clearly structured to enhance their effectiveness.

As a result of last year's Board evaluation process, this year we used the January Board meeting to better debate some of the areas to be considered in more detail in the annual strategy review and we also went 'electronic' with our Board and Committee papers.

Communication with shareholders and other investors

Communication with investors is given a high priority by the Board with 225 presentations being made in the year to shareholders and potential shareholders by a combination of the Executive Director team and Senior management below the Board. Independent feedback on presentations by the Executive Directors to all major shareholders is provided to the Non-Executive Directors on a regular basis at the scheduled Board meetings. This year, for the first time, we also held a half-day investor conference for both shareholders and analysts at Oxford House overlooking our holdings at the East End of Oxford Street to explain how we approach the development cycle. The presentation, which was well received, also provided an opportunity for the audience to hear from our Senior management team including our Investment Director and Heads of Development, Projects and Leasing. In addition, external perspectives of our processes were provided by presentations from: Savills, our tenant at 33 Margaret Street, on how we meet external occupiers' needs; from our planning consultants, Gerald Eve, on how we navigate the planning environment; and from our architects on Rathbone Square, Make, on our scheme design for which we received planning consent in January 2014.

I am pleased to be able to report that we received external recognition for our investor relations efforts by winning IR Magazine's Best European Investor Relations in Real Estate Award and being highly commended in the PwC Building Public Trust Awards for 'Excellence in Reporting' in respect of our Annual Report.

Executive reward linked to the Group's performance for shareholders

Under the Group's long-term incentive plans, the level of reward to the Executive Directors and Senior management depends on the performance of the Group over a three year period. I am pleased to be able to report that 100% of the Total Shareholder Return (TSR) and NAV elements of the Group's 2010 LTIP and SMP awards vested based on the Group performing in the upper quintile against the constituents of the FTSE 350 Real Estate Sector, and reflecting the underlying strong financial performance of the Company as demonstrated through the trend of the Company's annual KPIs of TSR and NAV growth. TSR for the three year period to 16 July 2013 was 94%. The NAV uplift for the three years to 31 March 2013 was 58%. We also exceeded the Total Property Return benchmark for the three year period to 31 March 2013 by 1.7 percentage points resulting in a vesting level of 96 % for the annual SMP award and 75% for the one-off additional 2010 SMP award. As at the date of this report, for the June 2011 LTIP and SMP awards, we expect 78% of the TSR hurdle, 100% of the NAV hurdle and 82.4% of the TPR hurdle to be met.

Following a review by the Remuneration Committee of the effectiveness of the incentive plans that we updated in 2010, we are pleased with the Group's performance and believe that the incentives continue to provide a strong alignment between shareholders and the Executive and wider management team.

Martin Scicluna Chairman
21 May 2014

Corporate governance

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 72 to 85. Throughout the year ended 31 March 2014, the Company fully complied with the Main Principles set out in the UK Corporate Governance Code, publicly available at www.frc.org.uk

The role of the Board and its Committees during the year

The Board of Directors

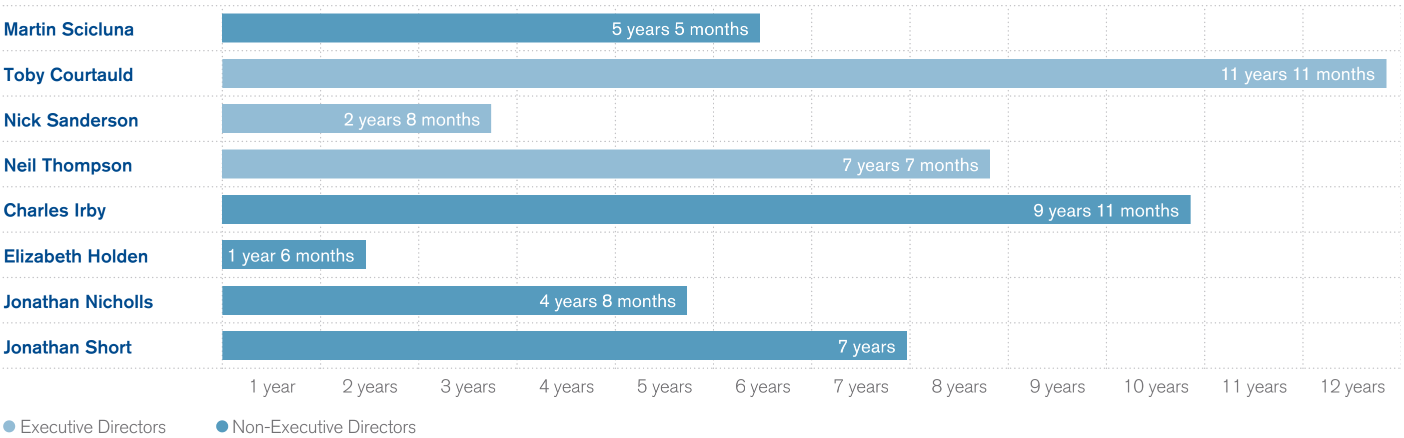
The Board has a duty to promote the long-term success of the Company for its shareholders and its role includes the establishment, review and monitoring of strategic objectives, approval of major acquisitions, disposals, capital expenditure and financing arrangements and of the Group's systems of internal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

Composition and independence

As at 31 March 2014, the Board comprises the Chairman, three 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 46 and 47. Martin Scicluna as Chairman is responsible for leading the Board and its effectiveness, meeting with shareholders as appropriate and Toby Courtauld as Chief Executive is responsible for the day-to-day management of the Company. Charles Irby, the Senior Independent Director, is also available to shareholders as required and acts as a sounding board for the Chairman. Each year the terms of reference for the roles of Chairman, Chief Executive and Senior Independent Director are revisited by the whole Board.

Each of the Non-Executive Directors is considered to be independent of the executive management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. By the time of the 2014 Annual General Meeting, Charles Irby will have served on the Board for over ten years and he will, therefore, be retiring at the 2014 Annual General Meeting and Jonathan Nicholls will be taking over his role as Senior Independent Director. Charles Philipps joined the Board as Non-Executive Director on 1 April 2014.

Directors' tenure
As at 31 March 2014[1]



1. Charles Philipps joined the Board on 1 April 2014.

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Board attendance

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

	Board – scheduled (6 meetings)[1]	Board – other (6 meetings)[1]	Nomination Committee (3 meetings)	Remuneration Committee (11 meetings)	Audit Committee (6 meetings)
Chairman					
Martin Scicluna[2]	6	6	3	6(6)	2(2)
Executive Directors					
Toby Courtauld	6	6	–	–	–
Nick Sanderson	6	6	–	–	–
Neil Thompson	6	6	–	–	–
Non-Executive Directors					
Charles Irby	5	5	2	10	5
Elizabeth Holden	6	6	–	11	6
Jonathan Nicholls	6	6	3	11	6
Jonathan Short	6	6	–	9	6

1. As a result of a number of significant transactions during the year, there were six unscheduled Board meetings during the year – see Board activities on pages 75 and 76.
2. Although Martin Scicluna is not a member of either the Audit or Remuneration Committees, in his role of Chairman, he attends key meetings of the Remuneration Committee relating to the remuneration of the Executive Directors and the Audit Committee meetings in respect of the review of the half year and year-end results. The number in (parentheses) indicates the number of Remuneration and Audit Committee meetings the Chairman is expected to have attended in this respect.

Where directors are unable to attend meetings, they receive all relevant papers in advance and their comments, as appropriate, are provided to the Board or Committee Chairman prior to the meeting.

Board activities

Excluding the Annual General Meeting, the Board meets for scheduled Board meetings six times a year. Regular matters reserved for consideration by the Board at these meetings include:

	July	September	November	January	April	May
Standard reports						
Shareholder analysis	✓	✓	✓	✓	✓	✓
Chief Executive's Report including investment market and propositions, asset strategies and market conditions dashboard		✓	✓	✓		✓
Portfolio Director's Report including 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 and tenant watch list		✓	✓	✓		✓
Subjects reviewed						
Strategic review and setting of Business Plan				✓	✓	
Review of market conditions dashboard, implementation of Business Plan and forecasts	✓	✓	✓	✓	✓	✓
Review of half year or annual results, going concern, dividend policy and analyst presentation			✓			✓
Review of AGM Trading Statement	✓					
Formal review of risk management and internal controls			✓			✓
Feedback from shareholders and analysts	✓	✓	✓	✓	✓	✓
Corporate governance matters including Board evaluation, authority levels, Terms of Reference, UK Corporate Governance Code compliance					✓	
Annual Health and Safety and Sustainability Reports including approval of the Company's Health and Safety and Environmental policies					✓	
Annual Corporate Responsibility Report including approval of the Company's Ethics and Whistleblowing policies and sustainability objectives and targets						✓
Conflicts of interest	✓	✓	✓	✓	✓	✓

Board activities continued

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

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

Additional approvals sought outside of the scheduled Board meetings this year included, amongst other things:

- the pre-let and commitment to develop for 12/14 Fetter Lane, EC4 – see pages 14 and 15 and page 33;
- the sale of Park Crescent West, W1 – see page 30;
- the sale of 90 Queen Street, EC4 – see page 30;
- the acquisition of Oxford House, 76 Oxford Street, W1 – see pages 16 and 17 and page 31;
- the creation of a 50:50 joint venture with HKMA – see pages 30 and 38;
- sale of 20 St James's Street, W1 – see page 30;
- the issue of the £150 million Convertible Bond – see pages 36 and 37;
- the appointment of a Development Manager;
- the development of Rathbone Square, W1 – see pages 18, 19 and 33;
- a change in one of the Company's joint corporate brokers to Bank of America Merrill Lynch; and
- the appointment of Charles Philipps as Non-Executive Director – see page 83.

At least once a year, the Board reviews the nature and scale of matters reserved for its decision. No changes have been proposed for this coming year. The Chairman and the other Non-Executives meet regularly without the Executive Directors, and at least once a year the Non-Executives meet without the Chairman. In addition, individual directors meet regularly outside the formal Board meetings as part of each director's contribution to the delivery of the Company's strategy and review of operations. The Executive Directors meet weekly as the Executive Committee, chaired by the Chief Executive, to deal with the ongoing management of the Group with copies of the minutes of these meetings being distributed to the Chairman and Non-Executive Directors.

To enable the Board to discharge its duties, all directors receive appropriate and timely information, including briefing papers distributed in advance of Board meetings and regular property tours which, this year, included a tour of City Tower, EC2, residential flats built by other developers to better understand the potential purchasers' requirements of the apartments to be built at Rathbone Place, W1 and both the office and residential elements at 240 Blackfriars Road, SE1. All directors have access to the advice and services of the Company Secretary, who is responsible to the Chairman on matters of corporate governance.

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

Committees of the Board

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

The Chairman of each Committee reports the outcome of the meetings to the Board. Details of Committee memberships are included in the directors' biographies on pages 46 and 47.

Board induction and development

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

As part of his induction, Charles Philipps:

- met with each of the directors and the Company Secretary;
- prior to joining the Board, attended the GPE Investor Conference held at Oxford House in February 2014;
- met with the Investment Director, Heads of Investment Management, Asset Management, Leasing, Development, Project Management, Financial Reporting and Investor Relations and Corporate Finance either as part of tours of the portfolio or in separate meetings;
- met with the auditors to gain an insight into Deloitte's relationship with the team and key accounting matters;
- met with the valuers to understand CBRE's valuation process;
- undertook two property tours of the Group's key buildings; and
- went through the 2013 and 2014 Strategy Review with Toby Courtauld in advance of the 2014 Annual Strategic Review in April 2014.

The directors may, at the Company's expense, take independent professional advice and are encouraged to continually update their professional skills and knowledge of the business. Senior managers and external advisers presented to the Board during the year on a range of subjects including acquisitions, developments, the outlook for the economy, the property market, the West End and City markets and potential and impending legal and regulatory changes. The directors also individually attend seminars or conferences associated with their expertise or responsibility and each quarter are provided with a list of relevant upcoming seminars provided by various professional firms. The level and nature of training by the directors is reviewed by the Chairman at least annually.

Conflicts of interest

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

Internal controls and risk management

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

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

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

Key features of the system of internal control include:

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

Twice a year, the Audit Committee carries out a review of the framework of how the Group's risks are managed through operational management procedures/authorisations, ongoing review by the Executive Committee, and Board review and oversight. The Committee formally considers the scope and effectiveness of the Group's system of internal control and reports to the Board. This involves the identification of risks specific to the areas of property and financial markets which impact on the Group's objectives, together with the controls and reporting procedures designed to minimise those risks, which are reviewed, formalised and updated throughout the year, as appropriate. These include business risks, financial controls, social, ethical and environmental issues and policy, and the regulatory environment. Review is also carried out as to how the controls and reporting procedures have operated during the year. Key risks to the business, how these have changed during the year and the processes in place by which the Company aims to manage those risks are described in more detail on pages 61 to 69.

Fair, balanced and understandable

As part of its considerations as to whether the 2014 Annual Report and financial statements are fair, balanced and understandable, the Board takes into account the following:

- individual sections of the Annual Report and financial statements are drafted by appropriate senior management with regular review meetings to ensure consistency of the whole document;
- detailed reviews of appropriate draft sections of the Annual Report and financial statements are undertaken by the Executive Directors;
- a final draft is reviewed by the Audit Committee and discussed with the Finance Director and Senior management prior to consideration by the Board;
- the Finance Director, in his May Board paper, includes a checklist of areas that the Board should take into consideration in considering the fairness, consistency and balance of the Annual Report and financial statements, including whether the Board considers that there are any omissions in information.

Corporate governance

Relations with investors

Month	Investor Roadshows	Industry Conferences	Other
2013			
April			
May	London, Amsterdam	Amsterdam	Equity sales force meeting (1)
June	Edinburgh, US, Canada	London (2)	Equity sales force meeting (2), sell side analyst property tour
July	Netherlands		Equity sales force meeting (2)
August			
September		Paris, US, London	Equity sales force meeting (1)
October		London	
November	London, US		Equity sales force meeting (3)
December	Zurich	London	Convertible bond investor meeting
2014			
January		London	Equity sales force meeting (1), East End of Oxford Street presentation to investors
February	Hong Kong, Singapore, Amsterdam		Equity sales force meeting (1), Investor Conference
March		US, London	

Communication with investors is given a high priority and the Company undertakes a regular dialogue with major shareholders and potential shareholders, debt providers and analysts through a comprehensive investor relations programme. The Executive Directors and the Head 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 all major shareholders and analysts is provided to the Non-Executive Directors on a regular basis.

The investor relations programme is executed through a variety of routes and across a number of geographies, including roadshow meetings, meetings at industry conferences, property tours (both with individual investors and also as group tours) and communication with analysts and investment banks' equity sales teams.

In February 2014, for the first time, we held an Investor Conference for shareholders and analysts to provide a deeper insight into the development process and our activities at the East End of Oxford Street. We had more than 70 attendees at the event and the feedback received was very positive.

During the year, the Executive Directors and Senior management had 225 formal meetings with shareholders and potential shareholders as detailed opposite.

The Executive Directors and corporate finance team also have regular dialogue with our debt providers, including relationship banks, private placement investors, debenture holders and convertible bond holders.

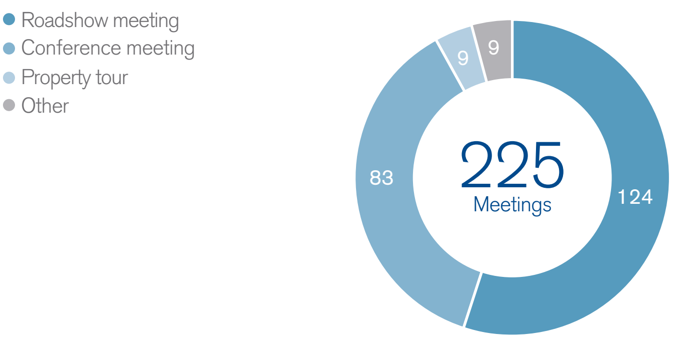
Martin Scicluna, as Chairman, also meets with major shareholders, as appropriate, during the course of the year.

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

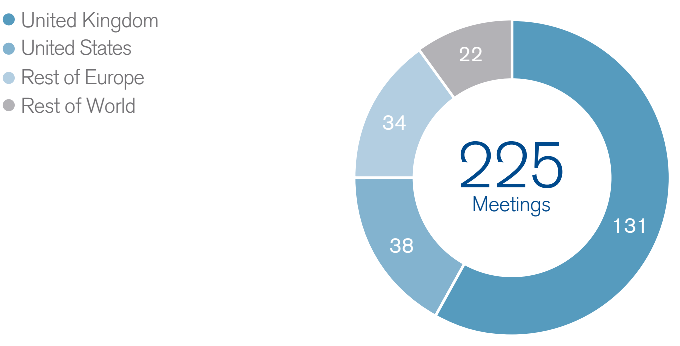
The Annual General Meeting provides the Board with an opportunity to communicate with, and answer questions from, private and institutional shareholders and the whole Board is available before the meeting, in particular, for shareholders to meet new directors.

The Chairman of each of the Audit, Nomination and Remuneration Committees is available at the Annual General Meeting to answer questions. Details of the resolutions to be proposed at the Annual General Meeting on 3 July 2014 can be found in the Notice of Meeting on pages 152 and 153. 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.

Investor contact by method



Investor contact by location



Audit Committee

Dear fellow shareholder

Welcome to the Report of the Audit Committee.

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

Audit Committee and advisers

During the year, the Audit Committee comprised Charles Irby, Jonathan Short, Elizabeth Holden and myself. The Audit Committee provides a forum for reporting and discussion with the Group's external auditors in respect of the Group's half year and year-end results and meetings are also attended by the valuers, certain Executive Directors and senior managers by invitation. Martin Scicluna, as Chairman, also attends the Committee meetings in connection with the half year and year-end results.

The Committee meets regularly during the year, in alignment with the financial reporting timetable.

Key activities of the Committee during the year

Month	Principal activities
July 2013	Review of Interim Management Statement – Meeting with the valuers – Review of Interim Management Statement Announcement
September 2013	Annual planning meeting – Meeting with the auditors – Review of: – effectiveness and independence of the auditors – see pages 80 and 81 – 2013 management letter including sustainability – significant accounting, reporting and judgement matters – see page 80 – 2014 Audit Plan
November 2013	Review of half year results – Meeting with the valuers – Meeting with the auditors – Review of: – significant accounting, reporting and judgement matters – see page 80 – the Group's tax matters with the Head of Corporate Finance – internal controls and risk management process – half year result announcement – appointment and allocation processes for agents and lawyers
January 2014	Review of Interim Management Statement – Meeting with the valuers – Review of Interim Management Statement Announcement
February 2014	Year-end planning update – Meeting with the auditors – Review of: – significant accounting, reporting and judgement matters – see page 80 – developments in accounting and reporting requirements and proposed disclosure in the 2014 Annual Report in relation to the Directors' remuneration report – Audit Plan update – Agreement of 2014 audit fee
May 2014	Review of year-end results – Meeting with the valuers – Meeting with the auditors – Review of: – significant accounting, reporting and judgement matters – see page 80 – Group tax matters with the Head of Corporate Finance – internal controls and risk management process – see pages 61 to 69 – the potential need for internal audit – Annual Report/Preliminary Announcement – Ethics policy and Whistleblowing policy – see page 51 – the Committee's effectiveness – relationship between the auditors and GPE management – reappointment of the auditors

Internal controls and risk management

The Audit Committee's role in reviewing internal controls and risk management is covered on page 77.

Accounting and key areas of judgement

A key factor in the integrity of financial statements is ensuring that suitable accounting policies are adopted and applied consistently on a year-on-year basis.

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

As the valuation of the Group's portfolio is fundamental to the Group's balance sheet, the Audit Committee, together with Martin Scicluna, meets with the valuers along with the auditors to discuss the valuation included within the half year and year-end financial statements. This includes the valuation process undertaken, changes in market conditions and recent transactions in the market and how these have impacted upon GPE's valuation, valuation movements on individual buildings and the valuers' expectations in relation to future rental growth and yield movement. The external auditors meet with the valuers separately from the Audit Committee, using real estate specialists where appropriate, and provide the Audit Committee with a summary of their review as part of their report on the half year and year-end results. The Audit Committee also meets with the valuers to discuss the valuation included in the interim management statements. For details of the Group's properties and related accounting policies see note 10 and note 1. Although going concern is a matter for the whole Board, see page 107, review is made of the Group's headroom under its covenants and undrawn facilities in relation to Group's financial forecasts and sensitivity analyses. Acquisitions, disposals and revenue recognition from significant lease transactions are considered to the extent that there are any unusual terms and conditions or judgements made in relation to timing.

Other significant issues specifically reviewed by the Audit Committee for the year ended 31 March 2014 were:

- the accounting for the £150 million Convertible Bond issued in September 2013. This review included the Convertible Bond being carried solely as debt as a result of it being able to be settled physically in shares or cash (see note 17), and the recognition of the fair value of the whole instrument through the profit and loss (see notes 7 and 18). Management's treatment was reviewed in detail by Deloitte's financial instruments specialists who have agreed with management's approach; and
- the appropriation of the residential element of Rathbone Square from investment property to trading property following the decision to start the marketing campaign for the residential sales in 2014/15. For more details see note 11.

The Audit Committee has concurred with the accounting treatment of both these matters.

Management confirmed to the Audit Committee that they were not aware of any misstatements, either material or immaterial, made to achieve a particular presentation.

After reviewing the reports from management and consulting where necessary with the auditors and valuers, the Audit Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates, both in respect of the amounts reported and the disclosures. The Committee is also satisfied that the processes used for determining the value of the assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

Internal audit

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

The external audit, review of its effectiveness, non-audit services and auditor reappointment

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

- the calibre of the external audit firm – including reputation, coverage and industry presence;
- quality controls – including review processes, partner oversight, reports from the Audit Inspection Units and regulators, 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.

The Committee also considers the effectiveness of management in the external audit process in respect of the timely identification and resolution of areas of accounting judgement with input from the auditors and the Audit Committee as appropriate; and the timely provision of the draft half year results announcement and Annual Report and Accounts for review by the auditors and the Committee.

In addition to the review of the formal management letter from the auditors which outlines how points raised by the auditors have been addressed by management, feedback is sought from the auditors on the conduct of members of the finance team during the audit process.

In addition, I meet with the lead audit partner outside the formal Committee process during the year on a regular basis.

The auditors are responsible for the annual statutory audit and other services which the Audit Committee believe they are best placed to undertake due to their position as auditors. Under the Group's policy in respect of non-audit services permitted to be provided by the external auditor. The purpose of this policy (available from the Company's website at www.gpe.co.uk/investors/governance) is to ensure auditor independence and objectivity is maintained. Under the policy, prior approval is required by the Audit Committee for assignments over £50,000, or where such an assignment would take the cumulative total of non-audit fees paid to the external auditors over 50% of that year's audit fees. Deloitte Real Estate, on occasions provides the Group and the Group's joint ventures with advice on rights of light, party walls and other items involving adjoining owners or third parties ('neighbourly matters'). Fees paid to Deloitte Real Estate by both the Group and the joint ventures are, therefore, also monitored by the Audit Committee.

During the year, activities undertaken by the auditors for the Group outside of the main audit included:

– reporting on the income cover in connection with the debenture trust deed compliance certificate;
– advice on the application of tax legislation on property transactions;
– advice on the accounting and tax treatment of the £150 million Convertible Bond;
– neighbourly matters undertaken by Deloitte Real Estate at 73/89 Oxford Street, W1;
– assurance on achievement against 2013/14 sustainability objectives and targets and energy consumption data; and
– ad hoc accounting advice.

Payments made by the Group for audit and non-audit fees for the year are disclosed on page 120. In addition, audit and non-audit fees paid to Deloitte LLP in respect of joint ventures totalled £34,000 (GPE share) and £nil respectively.

	2014 £000's	2013 £000's
Audit fees including related audit assurance services including fees for joint ventures managed by GPE (GPE share)	**288**	234
Non-audit fees including fees for joint ventures managed by GPE (GPE share)	**117**	102
Ratio of non-audit fees to audit fees	**41%**	44%

In addition to ensuring compliance with the Group's policy in respect of non-audit services provided by the external auditors, the Audit Committee also receives confirmation from Deloitte LLP that it remains independent and has maintained internal safeguards to ensure its objectivity.

Following a tender process, Deloitte LLP has been the Group's auditor since 2003. The Audit Committee is mindful that under the UK Corporate Governance Code, the audit should be put out for tender every ten years; however, the exact timing remains at its discretion. It is a requirement that the audit partner responsible for the Group and subsidiary audits is rotated every five years and a new lead audit partner took responsibility for the audit in June 2013. Under the transitional arrangements of the UK Corporate Governance Code, the latest date the Audit Committee would need to consider putting out the audit tender is 2023. However, under proposed new regulation from the UK Competition Commission, the audit could be required to be put out to tender within two years of the current lead partners' rotation, being before March 2020. Notwithstanding these requirements, the Committee will continue to consider the tender of the audit annually depending on the auditor's performance.

Having undertaken its review, in the opinion of the Audit Committee, the relationship with the auditors works well and the Committee remains satisfied with their independence and effectiveness. There are no contractual obligations restricting the Company's choice of external auditor.

Jonathan Nicholls
Chairman of the Audit Committee
21 May 2014

Nomination Committee

Dear fellow shareholder

Welcome to the Report of the Nomination Committee. Each year the Nomination Committee undertakes a review of succession planning and ensures that the membership and composition of the Board, including the balance of the skills, continue to be appropriate. This year, our main focus has been on the recruitment, appointment and induction of our new Non-Executive Director, Charles Philipps.

Nomination Committee and advisers

During the year, the Nomination Committee comprised of Charles Irby, our Senior Independent Director, Jonathan Nicholls and myself. In making any Board appointments, the Nomination Committee also consults with the Chief Executive and other members of the Board as appropriate.

In June 2013, Ridgeway Partners was appointed as external recruitment consultants to conduct the search for a new Non-Executive Director and they have no other connection with the Company.

Key activities of the Committee during the year

Month	Principal activities
May 2013	Skill set required of new Non-Executive Director determined with the Board
June 2013	Meeting with external recruitment consultants and appointment of Ridgeway Partners
July 2013	Meeting of the Chairman, Jonathan Nicholls, Toby Courtauld and Desna Martin with the recruitment consultants to discuss longlist
September 2013	Meeting of the Chairman, Jonathan Nicholls, Toby Courtauld and Desna Martin with the recruitment consultants to discuss shortlist
October 2013	The Chairman and Jonathan Nicholls meet with refined shortlist of three candidates
January 2014	Recommendation to the Board that Charles Philipps be appointed as Non-Executive Director – see page 83 Induction process agreed with Martin Scicluna and Toby Courtauld
March 2014	Review of: – training undertaken by the Board in 2013/14 – reappointments to the Board to be proposed at the 2014 Annual General Meeting – Committee memberships
April 2014	Review of: – the Board evaluation feedback; and – the effectiveness of the Committee
May 2014	Review of succession and development plans for the Executive Directors and key senior managers and managers with the Chief Executive

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 and other commitments they already have. Agreement of the Board is also required before a Non-Executive Director may accept any additional commitments to ensure possible conflicts of interest are identified and that they will continue to have sufficient time available to devote to the Company.

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

The Board's policy remains that selection should be based on the best person for the role. The Nomination Committee has continued to choose not to set specific representation targets for women at Board level at this time. However, the benefits of diversity, including gender diversity, will continue to be an active consideration whenever changes to the Board's composition are contemplated.

In anticipation of Charles Irby's retirement from the Board at the 2014 Annual General Meeting and prior to the external recruitment consultants being appointed for the search of a new Non-Executive Director to succeed him, the role of new Non-Executive Director and the qualities sought for that role were agreed by the Board. Part of the specification provided to Ridgeway Partners was that women candidates of equal merit be included in the longlist for consideration by the Nomination Committee. In order to understand the dynamics of the Board prior to the start of their selection process, Ridgeway also met with each of the directors. Following a review of the long list, the shortlist of six candidates included two women. This was reduced to a final shortlist of three candidates by Ridgeway Partners and the three candidates were interviewed by Jonathan Nicholls and myself at the end of the autumn. Our preferred candidate, Charles Philipps, then met with the other continuing Non-Executive and Executive Directors. Following these meetings, a recommendation was made to the Board in January 2014 that, based on his significant commercial and financial experience through his role as Chief Executive at Amlin plc and previously with NatWest Markets, Charles Philipps be appointed to the Board with effect from 1 April 2014, and the Audit Committee with effect from 1 July 2014. The basis of Charles Philipps' induction was also agreed to enable the process to start prior to his appointment on 1 April 2014 and included attending the GPE Investor Conference in February 2014, property tours, meetings with the Senior management team, meetings with the valuers and auditors, as well as appropriate background reading.

In accordance with the UK Corporate Governance Code, an external evaluation of the Board performance, those of its Committees and individual directors together with the Company Secretary was undertaken by Dr Tracy Long at the beginning of 2014. The process involved Dr Tracy Long attending the January 2014 Board meeting and interviewing each of the directors and the Company Secretary separately and then reporting back to me at the end of March 2014. Feedback was provided both to the Board as a whole at the April 2014 Board meeting and to individuals in advance of that Board meeting. Following this Board evaluation, the Nomination Committee is confident that each director continues to remain committed to their role, exercising independent judgement and challenge as required.

After a review of the composition of the Board and its Committees, the Nomination Committee has recommended to the Board that, on Charles Irby's retirement at the 2014 Annual General Meeting, Jonathan Nicholls should be appointed Senior Independent Director and Jonathan Short should become Chairman of the Remuneration Committee. It has also been agreed that Jonathan Short and Elizabeth Holden should join the Nomination Committee with effect from 1 April 2014 and Charles Philipps should join the Nomination Committee from 1 July 2014.

Martin Scicluna
Chairman of the Nomination Committee
21 May 2014

Directors' remuneration report

Dear fellow shareholder

On behalf of the Board, I am pleased to present the Remuneration Committee's report of the Directors' remuneration for the year ended 31 March 2014 for which we will be seeking approval at the Annual General Meeting on 3 July 2014.

Remuneration policy principles

The Executive Directors' total pay is analysed by looking across each of the different elements of remuneration including salary, pension, the annual bonus plan and long-term incentives to provide the Remuneration Committee (the Committee) with a 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, 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 competitive with alternative employment opportunities, in particular at a time in the central London property cycle where demands on the Executive Directors and employees are high and there is a scarcity value on proven performers.

To achieve the aims of the Company's remuneration policy, the Committee seeks to position fixed remuneration, including benefits and pension around mid-market and total executive remuneration around mid-market for on-target performance taking into account the size and complexity of the business as compared to other peer companies in the sector, 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.

The link between the Company's strategy and the remuneration policy operated by the Company

Our strategy

The Group's strategy continues to be to generate superior portfolio and shareholder returns from investing in and improving central London real estate. We aim to achieve this through our intense, customer-focused approach to managing our properties combined with an effective reading of the property cycle, across a market that we know intimately.

To deliver our strategy, each year we set out our strategic priorities, which for the year ended 31 March 2014, included:

– Selective acquisitions and recycling;

– Delivery of our development programme; and

– Driving our rental growth.

To achieve these strategic priorities, every building has a detailed business plan, defining the angles that we seek to exploit in order to create value.

How we measure success

We measure our absolute and relative performance using a small number of key strategic performance indicators: Relative Total Property Return (TPR); Relative Total Shareholder Return (TSR); and Absolute net asset per share growth (NAV growth). Over the medium term we aim to outperform our benchmarks. The Great Portland Estates 2010 Long-Term Incentive Plan (the 2010 Plan) approved by shareholders in July 2010 was introduced to simplify the Group's Long-Term Incentive and Share Matching awards and improve alignment of the Executive's incentives with the Company's strategy. The 2010 Plan uses all of our key strategic performance indicators to measure the Group's performance being TPR, TSR and NAV growth.

The Group's annual bonus plan for the Executive Directors uses financial targets based on the capital growth element of TPR and NAV growth, whilst the Group's annual bonus plan for employees uses a financial target based on TPR.

As set out on pages 8 and 9, the achievement of our strategic priorities resulted in strong performance against our KPI benchmarks.

2013/14 overview

Following consultation with shareholders in the year ended 31 March 2013, we changed the IPD Central and Inner London Valuation Index used as the benchmark in the measurement of the Group's relative annual portfolio capital growth and TPR performance for the Annual Bonus Plan and Long-Term Incentive Plan respectively from the quarterly index to the March valued index. As a result of this change, some of the Group's competitors which do not report quarterly data to the IPD index are now included in the benchmark index. No other changes were made to the Group's remuneration structure in the year ended 31 March 2014.

Basic salaries for the Executive Directors were increased by 3% in line with the average increases provided to other employees.

Achievement under the Annual Bonus Plan is shown on pages 96 and 97 of the Annual report on remuneration.

In July 2013, the Group's 2010 LTIP and SMP awards, based on outperformance of TSR, TPR and NAV, vested in full for the TSR and NAV elements and at 96% for the SMP and 75% for the additional SMP in respect of the TPR element. The Group's 2011 LTIP and SMP awards anticipated vesting in June 2014 is shown on page 98 the Annual report on remuneration.

2014/15 review of remuneration arrangements

During the year, the Committee has conducted a review of the effectiveness of the current incentive plans and the linkage to business strategy. In considering the Executive's Directors structure for the year to come, the Committee believes that the relative size of the elements of the variable reward structure and the proposed performance targets in the Group's Long-Term Incentive Plan are appropriate in the current market environment. Overall the Committee considered that the incentives have provided strong alignment between shareholders and the Executive team and since the last review in 2010, the Company has consistently outperformed the market and delivered substantial returns to shareholders across all of the key performance measures.

The base salary increase for employees was 3% for the year ending 31 March 2015. Base salary increases of more than 3% were given to some employees due to market alignment and/or a number of increases in individual responsibilities, such that the average increase was 4.4% for the year to 31 March 2015. The Committee, having reviewed mid-market levels in the FTSE 350 Real Estate index propose to increase Toby Courtauld's salary by 3% and Neil Thompson and Nick Sanderson's salaries by 5% for the year ending 31 March 2015.

A summary of the implementation of the remuneration policy for the year ending 31 March 2015 is provided on pages 103 and 104 of the Annual report on remuneration.

Key activities of the Committee during the Year

The following table sets out the meetings that Committee had during the year and the key activities undertaken at each of these meetings:

Meeting date	Key activities
June 2013	Review of: – the 2010 LTIP and SMP performance and vesting of awards – see page 99; and – effectiveness and independence of the remuneration consultants. Approval of the purchase of additional shares by the LTIP Trust.
September 2013	Market update provided by PwC.
November 2013	Review of: – Executive incentives; and – Key decisions required in respect of the disclosure requirements in connection with the BIS proposals.
January 2014	Review of: – Executive incentives; and – Institutional shareholder guidelines Approval of GPE's remuneration policy.
April 2014	Review of: – draft 2014 remuneration report; – the effectiveness of the Committee through the Board evaluation process; – proposed salary increases across the Group; – year-end appraisals of Executive Directors, Investment Director and Company Secretary and their objectives and targets set for forthcoming year; – Senior Manager bonuses; and – Senior Manager salary, bonus and long-term incentive levels for forthcoming year. Approval of: – Executive Director, Investment Director and Company Secretary discretionary bonuses; and – Executive Director, Investment Director and Company Secretary salary, bonus and long-term incentive levels for forthcoming year.
May 2014	Review and approval of: – Executive Director corporate bonus plan targets; – Chairman's fees for 2014/15; – 2014 remuneration report; and – 2014 Performance and Matching share awards.

Compliance with the new remuneration reporting regulations

As required by the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the Regulations), this remuneration report is split into two parts:

– The Directors' remuneration policy sets out the policy commencing from the date of the 2014 Annual General Meeting of the Company (2014 AGM) which is intended to apply for three years from the date of approval and the key factors that were taken into account in setting the policy. The Directors' remuneration policy will be subject to a binding vote.

– The Annual report on remuneration sets out payments and awards made to the Directors and details the link between Company performance and remuneration for the 2014 financial year. The annual report on remuneration which includes how the Committee intends to implement the remuneration policy this year, is subject to an advisory shareholder vote at the 2014 AGM.

I hope shareholders will find the remuneration policy upon which they will be asked to vote separately for the first time at the 2014 AGM appropriate in light of both the Company's strategy and its key performance indicators for 2014 and the longer term.

Yours sincerely

Charles Irby
Chairman of the Remuneration Committee
21 May 2014

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 we intend to apply, subject to shareholder approval, from 3 July 2014, the date of the next Annual General Meeting. The policy part of the remuneration report will be displayed on the Company's website, at www.gpe.co.uk/investors, immediately after the 2014 AGM.

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 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. Executive Directors may be provided with a company car or company car allowance. It is not the Company's current practice to provide Executive Directors with a company car or a company car allowance. 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 or receive a cash equivalent. This cash equivalent is not treated as salary for the purposes of determining bonus or incentive awards.
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.

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 attract, retain and motivate Executive Directors and Senior Managers of the right calibre. 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 69.

The Committee is satisfied that the remuneration policy outlined in the table below is in the best interests of shareholders and does not promote excessive risk-taking:

Maximum opportunity	Performance metrics
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 2014/15 annual salaries for the Executive Directors are set out in the Annual report on remuneration on page 103.	Individual and Company performances are considerations in setting base salary.
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 per annum (with this maximum increasing annually at the rate of RPI).	Not applicable.
The contribution is a maximum of 25%. The current Executive Directors as at 1 April 2014 receive a contribution or cash equivalent equal to 20% of base salary.	Not applicable.
The maximum bonus is 200% of base salary. The Company's current practice is to award bonuses of no more than 150% of base salary, and to make awards in excess of this amount only in exceptional circumstances. The Committee has only made one bonus payment above the normal level of award for achievement against personal objectives in the past ten years. 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 0% of base salary.	At least 75% of the bonus will be linked to key financial measures, with the balance linked to personal 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 2014/15 are set out in the Annual report on remuneration on page 103.

Directors' remuneration policy

Purpose and link to strategy	Operation and process
Ongoing Performance shares (LTIP) and Matching shares (SMP) under the Long-Term Incentive Plan	
Rewards and retains Executives aligning them with shareholder interests over a longer time frame. Ensures an alignment between the operation of the Company' 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. The 2010 Plan has two elements: – LTIP; and – SMP. **LTIP** Participants are eligible to receive a conditional annual allocation of shares or nil price options (Performance shares). **SMP** Participants may annually purchase or pledge shares already owned in the Company (Investment shares) up to a value of one-third of basic salary in return for which they receive a conditional allocation of shares as a matching award (Matching share award). **General terms** Investment shares will remain registered in the name of the holder with full voting and dividend rights. The SMP award consists of a conditional allocation of shares worth up to three times the equivalent of the amount so invested or pledged. 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. If Investment shares are disposed of then the corresponding conditional Matching share awards will lapse. **Quantum** The Committee reviews the quantum of awards annually.
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 ('SAYE') for all 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 100% of base salary.

Notes to the Future Policy Table

1. Performance measures and targets

Short- and long-term performance measures have been selected by the Committee for 2014/15 in order to provide a direct connection to the Company's strategy by being linked to the key fundamental performance indicators as set out below:

– the Company's TPR/Capital growth performance is measured against the performance of a relevant IPD index to reflect the Company's operations;

– NAV targets are set by reference to internal forecasts to ensure focus on sustained asset growth; and

– the Company's TSR performance is measured against the performance of an appropriate comparative Index selected by the Committee to ensure superior shareholder returns.

The Committee regularly reviews the TSR and TPR/Capital growth comparators to ensure that they remain appropriate (the TPR comparator group was adjusted last year) and the NAV targets are set following a robust budget setting process.

The targets for the annual bonus and the LTIP/SMP for 2014/15 are set out in the Annual report on remuneration on page 103.

The Committee is of the opinion that given the commercial sensitivity around GPE's business, disclosing capital growth, NAV and individual 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 growth of the Company's property portfolio against IPD's relevant Total Property Return Index and performance against personal objectives.

Maximum opportunity	Performance metrics
LTIP Up to 200% of salary. **SMP** Up to 100% of salary (Investment shares of up to one-third gross salary matched on a 3:1 basis). For future awards, 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. The threshold vesting is 20% of awards with straight line vesting to 100% for maximum performance.	Performance is assessed over not less than a three year performance period against the following metrics: TSR, NAV growth and TPR. These measures apply to the LTIP and the SMP award. The performance metrics are set by the Remuneration Committee each 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 2014/15 are set out in the Annual report on remuneration on page 104.
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.

Senior managers receive LTIP and SMP 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. Changes to remuneration policy from previous policy

There have been no changes to the operation of the policy, maximums or performance measures in relation to the salary, annual bonus, LTIP/SMP, pension or other benefits.

4. Discretion

The Committee will operate the annual bonus LTIP and SMP awards under the Long-Term Incentive Plan 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 98 and 100 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.

Directors' remuneration policy

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.	Fees will be in line with market rates for Non-Executive Directors at FTSE 250 companies. The Articles of Association contain a limit on fees, currently £500,000 p.a. A resolution will be put to shareholders at the 2014 Annual General Meeting to increase the limit to £600,000 p.a. The 2014/15 fee levels are set out in the Annual report on remuneration on page 104.	Not applicable.

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 Directors 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. 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 200% 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 200% of salary under the LTIP element of the plan and 100% of salary under the SMP element of the plan when the Executive invests a third of salary.
Share buyouts/ replacement awards	Awards may be granted to replace those forfeited by the Executive Director on taking up the appointment where considered by the Committee to be appropriate. 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 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 a significant discount to the face value of the replacement awards.

Component	Policy
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 Directors 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 or 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	12
Nick Sanderson	7 June 2011	12
Neil Thompson	1 August 2006	12

Non-Executive	Date of appointment letter	Date when next subject to appointment or re-election
Martin Scicluna	1 October 2008	3 July 2014
Charles Irby	1 April 2004	Retiring at 3 July 2014 Annual General Meeting
Elizabeth Holden	3 September 2012	3 July 2014
Jonathan Nicholls	10 July 2009	3 July 2014
Jonathan Short	22 March 2007	3 July 2014

Executive Directors may, with the consent of the Committee, retain fees paid to them for acting as a Non-Executive Director of a company outside the Group, except where the directorship is a representative of the 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.

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 and Neil Thompson, payable at the Company's discretion, is 12 months' basic salary, pension allowance and the value of benefits in kind provided in the previous year, or the actual provision of those benefits.

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 personal objectives set.	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.
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.

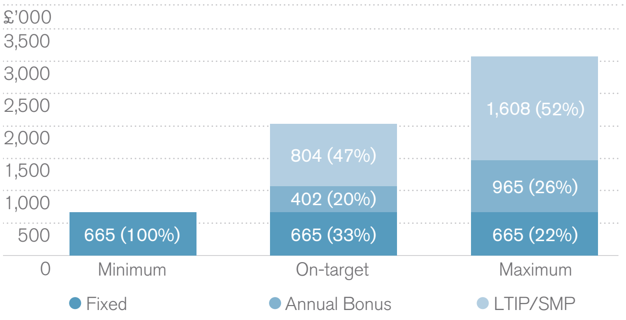
** Bad leavers are those leavers who are not good leavers.

Directors' remuneration policy

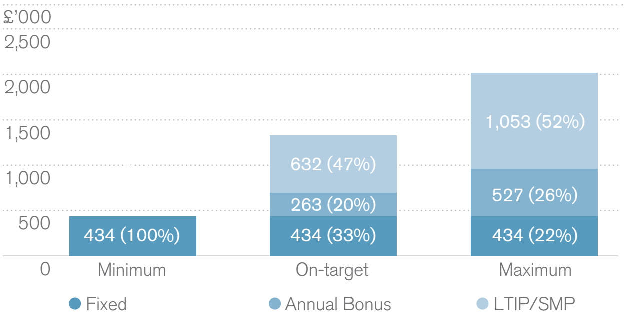
Executive Director remuneration scenarios based on performance

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 2014. It should be noted the projected values exclude the impact of any share price movements or dividend accrual.

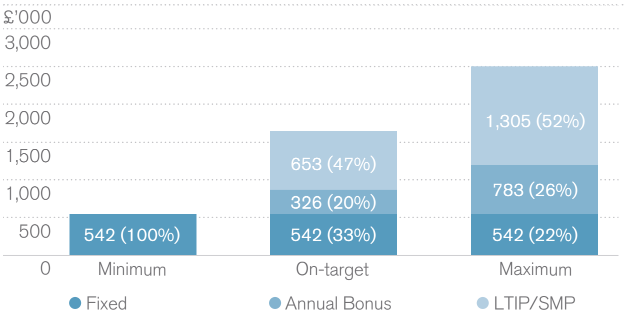
Chief Executive



Finance Director



Portfolio Director



1. Fixed element: Base salary as at 1 April 2014, related pension contribution and benefits received during 2013/14.
2. Annual bonus element: The on-target award level for the bonus plan is assumed to be 75% of salary with a maximum award of 150%. There is nil payout for minimum performance.
3. LTIP/SMP element: Estimated value at target and maximum vesting based on performance measures for 2014/15 awards. Typical target vesting is based on 60% of the maximum of 300% (200% LTIP plus 100% SMP), being the mid-point between 20% payout for threshold performance and 100% for maximum performance. However, the expected value of the latest 2010 plan award is 44%.

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 remuneration policy has not changed since shareholders were consulted on the implementation of the 2010 Plan. 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.

Further details on the votes received on the 2013 Directors' remuneration report are provided on page 105.

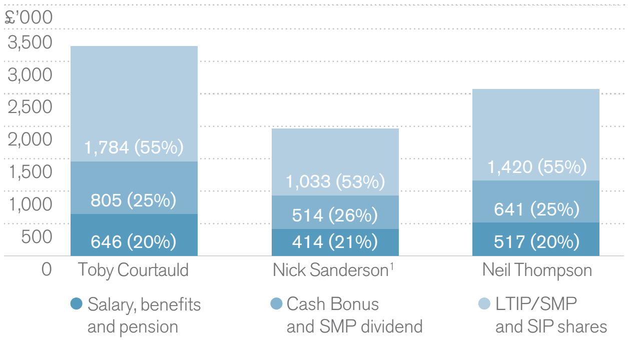
Annual report on remuneration

This section of the remuneration report contains details of how the Company's remuneration policy for directors was implemented during the financial year ending on 31 March 2014.

Audited

The table opposite sets out a single figure for the total remuneration received by each director for the year ended 31 March 2014.

2014 Executive Director remuneration



1. For Nick Sanderson's 2011 SMP award due to vest in January 2015, it is considered that the TSR element performance period is not sufficiently complete to be reliably estimated. This TSR element will, therefore, be included in 2015.

	Salary/fees		Benefits		Annual bonus		LTIP/SMP		Pension allowance/ Contribution[4]		Share Incentive Plan[5]		Total[6]	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000	**2014[1] £'000**	2013[2,3] £'000	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000
Executive														
Toby Courtauld	**520**	505	**22**	21	**780**	694	**1,919**	3,603	**104**	101	**3**	3	**3,348**	4,927
Nick Sanderson	**334**	325	**13**	16	**501**	446	**1,123**	–	**67**	65	**3**	3	**2,041**	855
Neil Thompson	**414**	402	**20**	25	**621**	553	**1,527**	2,486	**83**	80	**3**	3	**2,668**	3,549
Non-Executive														
Martin Scicluna	**210**	198	**4**	4	**–**	–	**–**	–	**–**	–	**–**	–	**214**	202
Elizabeth Holden	**55**	30	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**55**	30
Charles Irby	**67**	63	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**67**	63
Phillip Rose	**–**	13	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	13
Jonathan Short	**55**	54	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**55**	54
Jonathan Nicholls	**63**	60	**3**	3	**–**	–	**–**	–	**–**	–	**–**	–	**66**	63
Total	**1,718**	1,650	**62**	69	**1,902**	1,693	**4,569**	6,089	**254**	246	**9**	9	**8,514**	9,756

1. This column shows the estimated value of the 2011 LTIP and SMP awards expected to vest in June 2014, based on the latest information available as at 31 March 2014 and calculated at the average share price of the three months to 31 March 2014, together with the value of the dividend to be paid in respect of the expected vesting of the Matching shares held over the three year period. For Nick Sanderson, the vesting date for his 2011 awards is 25 July 2014 for the LTIP and 25 January 2015 for the SMP. For Nick Sanderson's 2011 SMP award, it is considered that the TSR element performance period is not sufficiently complete to be reliably estimated. This TSR element will, therefore, be included in 2015.
2. This column includes the value of 2010 LTIP and SMP awards that vested in the year ended 31 March 2014, calculated at the mid-market share price on the date of vesting on 24 July 2013, together with the value of dividend equivalents paid in cash in respect of the vested SMP shares held over the three year period.
3. The numbers disclosed in the 2013 Annual Report were based on an estimated level of TSR performance. The actual level of vesting was the same as estimated. The only difference was as between the estimated share price of £4.93 per share and the actual share price of £5.65 per share.
4. A contribution of 20% of basic salary is made to each Executive Director for his personal pension arrangements (or pension allowance) or direct to his personal pension plan. Toby Courtauld and Nick Sanderson receive a pension allowance. Neil Thompson's contribution is split between a pension allowance and a contribution direct to his personal pension plan.
5. This column shows the value of the matching shares awarded under the Employee Share Incentive Plan and calculated on the share price when the shares were purchased.
6. This column sets out a single figure for the total remuneration due to the directors for the year ended 31 March.

Executive Director remuneration from other roles

Toby Courtauld is a Non-Executive Director of Liv-ex Limited, for which he received no remuneration during the year. Toby Courtauld received no remuneration for serving as 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.

Annual report on remuneration

2014 Bonus outcome

The financial targets for the bonus for the year ended 31 March 2014 and the extent to which they were achieved are as set out in the table below:

Maximum percentage of salary	Key elements of strategy	Measured by	Threshold performance target (0% payout)	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	Bonus receivable (£'000) Neil Thompson
75%	Market Competitiveness	Growth of the Company's property portfolio against IPD's relevant Capital Growth Index (for the year to 31 March 2014)	0%	Annual percentage rate of portfolio capital growth to exceed annual percentage rate of capital growth of the central London IPD index by 2.5%	3.6%	100%	390	251	311
45%	Absolute Performance	Achievement of NAV targets (for the year to 31 March 2014) – positive NAV growth underpin	90% of target NAV growth of 34p (30.6p)	Positive NAV growth greater than 130% of target of 34p (44.2p)	123p	100%	234	150	186
30%	Operational Excellence	Achievement against personal objectives (for the year to 31 March 2014)	0%	Exceeding personal objectives	See below	Toby Courtauld – 100% Nick Sanderson – 100% Neil Thompson – 100%	156	100	124
					Total		**780**	**501**	**621**

The Executive Directors' personal objectives are designed to focus on both the delivery of the strategic priorities for both 2013/14 and the longer term. Following consideration of achievement against the Executive Director's personal objectives set at the beginning of the year as listed below, the Committee has awarded the Executive Directors the full potential bonus for Operational Excellence.

Significant personal objectives for each of the Executive Directors included:

Toby Courtauld	Implementation and regular testing of strategy, including as to sustainability policy. Delivery of Business Plan targets, including proactive targeting of investment opportunities. Taking a lead role in joint venture negotiations and on-going relations. Ensuring regular meetings and strong relationships with key tenants. Identification of, and proactive engagement with, potential investors. Ensuring the appropriate human resource level to deliver the Business Plans and the development of individuals. Ensuring effective internal communication.
Nick Sanderson	Maintaining low cost, flexible and conservative debt. Managing the debt maturity profile and interest rate exposure. Ensuring a good diversification of funding sources. Ensuring a strong control environment and high quality internal and external reporting. Oversight of the investor relations programme, including the quality of broker team relationships, calendar of roadshows and analyst tours and enhancement of IR tools. Implementation of cost savings from 2013 review. Support and development of team.
Neil Thompson	Progression of the short- and long-term development programme including: – oversight of delivery and marketing of 240 Blackfriars Road and 95 Wigmore Street; – obtaining planning consent for Rathbone Place and concluding third-party negotiations prior to starting on-site; – determining the procurement strategy of 12/14 New Fetter Lane and Rathbone Place; – securing a pre-let of 12/14 New Fetter Lane; and – oversight of relationship with Crossrail and the development programme of Hanover Square. Regular review and challenge of individual Asset Business Plans and underlying asset management activities to enhance total returns whilst managing voids in line with redevelopment plans. Identification of potential sales and optimising timing. Supporting the implementation of the sustainability frameworks across teams. Support and development of team.

The Committee did not exercise their discretion in respect of any of the performance measures.

Annual report on remuneration

Anticipated vesting of 2011 LTIP/SMP awards

The tables below set out the alignment of LTIP/SMP awards with Company strategy and the anticipated vesting for those awards due to vest in June 2014, together with indicative pay-outs for the Executive Directors. For Nick Sanderson, the vesting date for his 2011 awards is 25 July 2014 for the LTIP and 25 January 2015 for the SMP. The anticipated value of these awards at vesting reflects the disclosure in the single figure table on page 95:

Long-Term Incentive Plans

Anticipated vesting of LTIP and SMP awards granted in year ended 31 March 2012 – vesting in the year ending 31 March 2015 included in the 2014 single figure.

Key elements of strategy	Variable component	Maximum percentage of salary	Measured by	Threshold performance target (20%)	Maximum performance target (100%)	Estimated vesting level as at 31 March 2014 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	June 2014 – 78.4% July 2014 – 67.9% January 2015 – undetermined
	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.	June 2014 – 100% July 2014 – 100% January 2015 – 100%
	SMP	33.33%				
Market competitiveness	LTIP	66.66%	Total property return (based on a three year performance period)	Median	Upper quartile	June 2014 – 82.4% July 2014 – 82.4% January 2015 – 82.4%
	SMP	33.33%				

1. Toby Courtauld and Neil Thompson's 2011 LTIP and SMP awards are due to vest on 2 June 2014. For Nick Sanderson, the vesting date for his 2011 awards is 25 July 2014 for the LTIP and 25 January 2015 for the SMP. For the NAV and TPR targets the performance period for the 2011 awards is the three year period to 31 March 2014. For the TSR element, the vesting period is the three years from the award date. For Nick Sanderson's 2011 SMP award it is considered that the TSR element performance period is not sufficiently complete to be reliably estimated.

Values of LTIP and SMP awards included in the 2014 single figure

Variable component	Maximum percentage of salary	Category	Toby Courtauld			Nick Sanderson			Neil Thompson		
			Awards granted	Actual/ Estimated awards vesting	Estimated value of vested awards £000s[1]	Awards granted	Actual/ Estimated awards vesting	Actual/ Estimated value of vested awards £000s[2]	Awards granted	Actual/ Estimated awards vesting	Actual/ Estimated value of vested awards £000s[1]
LTIP 2011	66.66%	Shareholder value	76,128	59,684	375	48,103	32,662	205	60,592	47,504	298
SMP 2011	33.33%		39,412	30,899	202	30,802	–	–	31,369	24,593	161
LTIP 2011	66.66%	Absolute performance	76,128	76,128	478	48,103	48,103	302	60,592	60,592	381
SMP 2011	33.33%		39,412	39,412	258	30,802	30,802	201	31,369	31,369	205
LTIP 2011	66.66%	Market competitiveness	76,128	62,729	394	48,104	39,637	249	60,591	49,928	313
SMP 2011	33.33%		39,412	32,475	212	30,802	25,381	166	31,369	25,848	169
Total LTIP	200%		228,384	198,541	1,247	144,310	120,402	756	181,775	158,024	992
Total SMP	100%		118,236	102,786	672	92,406	56,183	367	94,107	81,810	535
Total LTIP/SMP	**300%**		**346,620**	**301,327**	**1,919**	**236,716**	**176,585**	**1,123**	**275,882**	**239,834**	**1,527**

1. Toby Courtauld and Neil Thompson's 2011 LTIP and SMP awards are due to vest on 2 June 2014. For the NAV and TPR targets the performance period for the 2011 awards is the three year period to 31 March 2014. For the TSR element, the vesting period is the three years from the award date. The estimated value of the 2011 LTIP and 2011 SMP share awards are based on the latest information available on the TSR, NAV and IPD as at 31 March 2014 and calculated at the average share price of the three months to 31 March 2014, together with the value of the dividend to be paid in respect of the expected vesting of the SMP shares held over the three year period.
2. Nick Sanderson's 2011 LTIP award is due to vest on 25 July 2014 and his 2011 SMP is due to vest on 25 January 2015. For the NAV and TPR targets the performance period for the 2011 awards is the three year period to 31 March 2014. For the TSR element, the vesting period is the three years from the award date. For Nick Sanderson's 2011 SMP award it is considered that the TSR element performance period is not sufficiently complete to be reliably estimated. The estimated value of the 2011 LTIP share awards are based on the latest information available on the TSR, NAV and IPD as at 31 March 2014. The estimated value for the 2011 SMP award due to vest in January 2015 are based on the latest information available on the NAV and IPD as at 31 March 2014. Both awards are calculated at the average share price of the three months to 31 March 2014, together with the value of the dividend to be paid in respect of the expected vesting of the SMP shares held over the three year period.

Actual vesting of LTIP and SMP awards granted in year ended 31 March 2011 – vested in the year ended 31 March 2014 included in the 2013 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
Shareholder value	LTIP	66.66%	Total shareholder return (based on a three year performance period)	Median	75th percentile	94th percentile	June 2013 100%
	SMP	33.33%					
	Additional SMP	33.33%		60th percentile	80th percentile	94th percentile	June 2013 100%
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 13% p.a.	March 2013 100%
	SMP	33.33%					
	Additional SMP	33.33%		RPI plus 4% p.a.	The Group's growth in net assets to exceed RPI plus 9.5% p.a.	RPI plus 13% p.a.	March 2013 100%
Market competitiveness	LTIP	66.66%	Total property return (based on a three year performance period)	Median	75th percentile	74th percentile	March 2013 96%
	SMP	33.33%					
	Additional SMP	33.33%		60th percentile	80th percentile	74th percentile	March 2013 75%

1. The numbers disclosed in the 2013 Annual Report were based on an estimated level of TSR performance. The actual level of vesting was the same as estimated. The only difference was as between the estimated share price of £4.93 per share and the actual share price of £5.65 per share.

The value of actual LTIP and SMP awards vesting versus estimated numbers included in the 2013 Annual Report are as follows:

	2013 Actual £'000s	2013 Estimated £'000s
Toby Courtauld	3,603	3,156
Neil Thompson	2,486	2,178

Annual report on remuneration

Other outstanding share awards

The following tables provide details of other outstanding share awards under the 2010 Plan.

Executive Director	2010 Plan	Date of grant	Basis of award	Face value of award made £000s[1]	Number of awards	Percentage of award receivable for threshold performance	End of performance period	Performance measures
Toby Courtauld	LTIP	7 June 2012	200% of salary	1,010	256,762	20%	7 June 2015	Total Shareholder Return – 33.33% Total Property Return – 33.33% Net Asset growth per share – 33.33%
	SMP	7 June 2012	100% of salary	505	128,379	20%	7 June 2015	
	LTIP	10 June 2013	200% of salary	1,040	181,934	20%	10 June 2016	
	SMP	10 June 2013	100% of salary	520	90,966	20%	10 June 2016	
Nick Sanderson	LTIP	7 June 2012	200% of salary	649	164,988	20%	7 June 2015	
	SMP	7 June 2012	100% of salary	250	63,516	20%	7 June 2015	
	LTIP	10 June 2013	200% of salary	668	116,906	20%	10 June 2016	
	SMP	10 June 2013	100% of salary	334	58,452	20%	10 June 2016	
Neil Thompson	LTIP	7 June 2012	200% of salary	804	204,392	20%	7 June 2015	
	SMP	7 June 2012	100% of salary	402	102,195	20%	7 June 2015	
	LTIP	10 June 2013	200% of salary	828	144,826	20%	10 June 2016	
	SMP	10 June 2013	100% of salary	414	72,411	20%	10 June 2016	

1. The face value is calculated on the five days average share price prior to the date of SMP invitation. For 2012, this was the five days up to and including 29 May 2012, being £393.36 and for 2013 this was the five days up and including 29 May 2013, being £571.80.

Payments to past directors

No payments to past directors were made during the year.

Payments for loss of office

No payments for loss of office were made during the year.

Statement of Executive Directors' shareholding and share interests

Directors' share interests and where applicable, achievement of shareholding requirements, is set out below:

	Shareholding						**Conditional shares**	
					2010 Plan awards subject to Performance Conditions		Interests not subject to Performance Conditions	
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]	LTIP	SMP	SIP Matching shares[3]	**Total interests held at 31 March 2014**
Toby Courtauld	100%	82,433	1,179,822	1,431%	667,080	337,581	2,006	**2,186,489**
Nick Sanderson	100%	52,969	74,731	141%	426,204	214,374	1,630	**716,939**
Neil Thompson	100%	65,620	641,248	977%	531,587	268,713	2,006	**1,443,554**

1. Calculated based on share price of £6.31.
2. Beneficial interests include shares held directly or indirectly by connected persons.
3. In April 2014, the Executive Directors each acquired 19 Partnership shares and 38 conditional Matching shares under the SIP. In addition, under the SIP, 60 Matching shares vested to Toby Courtauld and Neil Thompson.
4. Executive Directors are expected to retain the after-tax shares received on the vesting of awards and the exercise of share options, until they have acquired the necessary shares to meet their requirement.

Non-Executive Directors' annual fees for the year ended 31 March 2014

	Base fee £	Senior Independent Director £	Audit Committee £	Remuneration Committee £	Nomination Committee £	Total fees £
Martin Scicluna	209,800	–	–	–	–	**209,800**
Charles Irby	46,000	5,000	4,500	8,200	3,350	**67,050**
Elizabeth Holden	46,000	–	4,500	4,500	–	**55,000**
Jonathan Short	46,000	–	4,500	4,500	–	**55,000**
Jonathan Nicholls	46,000	–	9,500	4,500	3,350	**63,350**
	393,800	5,000	23,000	21,700	6,700	**450,200**

Unaudited

Five year Chief Executive remuneration package

The table below shows the Chief Executive's remuneration package over the past five years, together with incentive pay-out/vesting as compared to the maximum opportunity.

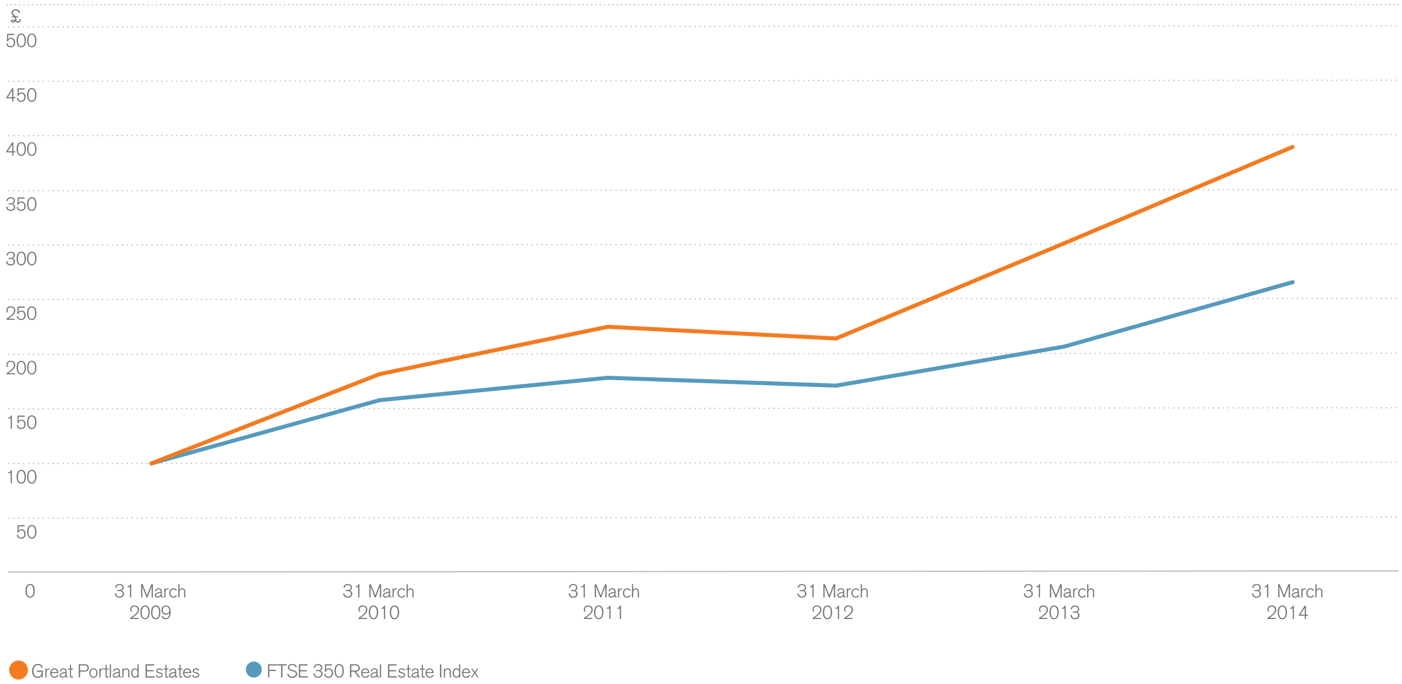
	2010	2011	2012	2013[1]	2014
Single figure of total remuneration (£'000)	1,326	2,087	2,910	4,924	3,348
Bonus pay-out as % of maximum opportunity	75%	100%	70%	92%	100%
Long-term incentive vesting rates (as % of maximum opportunity)	88%	50%	100%	95%	87%

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 five financial years compared to the FTSE 350 Real Estate index (excluding agencies). The Company is a constituent of the FTSE 350 Real Estate index and the Committee considers this benchmark to be the most appropriate for illustrating the Company's performance.

Total shareholder return over five years



Governance

Annual report on remuneration

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 2014 was 1,663,230.

Dilution

The Company currently purchases all of the shares required to satisfy awards under the Company's share incentive plans. However, if the Company decided to issue new shares to meet these awards, the Company would operate all of its share arrangements within the Association of British Insurers (ABI) Guidelines on dilution. The following table sets out the level of dilution in respect of the outstanding awards should the Company issue shares rather than purchase them against the ABI limits for all share plans and discretionary plans:

Maximum	As at 31 March 2014[1]
10% dilution in ten years (All Plans)	1.55%
5% dilution in ten years (Discretionary Plans)	1.51%

1. This represents the dilution in respect of outstanding awards as at 31 March 2014 were these to be satisfied by the issue of new shares. This does not include awards vested that have been satisfied by the market purchase of shares.

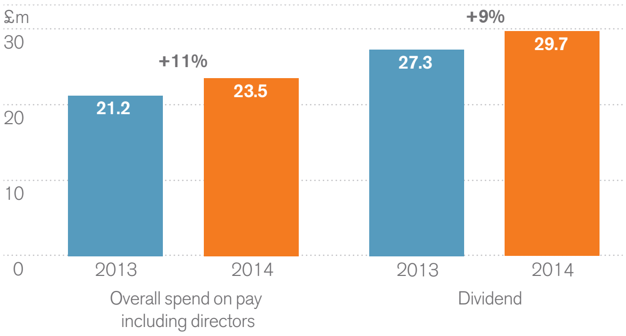
Percentage change in Chief Executive's remuneration

The table below compares the percentage increase in the Chief Executive's pay (including salary, taxable benefits and annual bonus) with the 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)		
	2014	2013	% change	**2014**	2013	% change	**2014**	2013	% change	**2014**	2013	% change
Base salary	**520**	505	3	**7,310**	6,674	10	**86**	80	8	**85**	83	2
Taxable benefits	**22**	21	5	**367**	340	8	**86**	80	8	**4**	4	0
Bonus	**780**	694	12	**4,792**	3,685	30	**86**	80	8	**56**	46	22
Total	**1,322**	1,220	8	**12,469**	10,699	16	**86**	80	8	**145**	133	8

Relative importance of spend on pay

The table below sets out the relative importance of spend on pay in 2014 and 2013:



Statement of implementation of remuneration policy for the year ending to 31 March 2015

Executive Directors

The remuneration policy and its implementation for the forthcoming financial year is summarised below:

Salary

On 1 April 2014, the Executive Directors received increases in salaries, at around the average increases provided to employees across the Group as follows:

	Year ended 31 March 2014 £'000	Year ending 31 March 2015 £'000	% increase
Toby Courtauld	520	536	3
Nick Sanderson	334	351	5
Neil Thompson	414	435	5

In reviewing the salaries of the Executive Directors, the Committee has also taken account of both the individuals and Company's performance, mid-market salary levels in the FTSE 350 Real Estate index and the employment conditions and salary increases awarded to employees throughout the Company. The base salary increase for employees was 3% for the year ending 31 March 2015. Base salary increases of more than 3% were given to some employees due to market alignment and/or a number of increases in responsibilities, such that the average increase in base salaries for employees for the year to 31 March 2015 is 4.4%.

Benefits and pension

No change:

	Pension contribution (percentage of salary) Year ended 31 March 2014	Pension contribution (percentage of salary) Year ending 31 March 2015	Benefits
Toby Courtauld	20%	20%	Policy Level
Nick Sanderson	20%	20%	Policy Level
Neil Thompson	20%	20%	Policy Level

Bonus for 2015

The target and maximum bonus potentials will remain unchanged at 75% and 150% of salary respectively for the Executive Directors. In exceptional circumstances the maximum bonus potential could be increased from 150% to 200%. The table below sets out the performance measures and their respective weightings for the year ending 31 March 2015:

Performance measures	Weighting	Description
Capital Growth	50%	Growth of the Company's property portfolio against IPD's relevant Capital Growth Index for the year to 31 March 2015
NAV[1]	30%	Achievement of NAV targets (for the year to 31 March 2015) – positive NAV growth underpin
Personal objectives[1]	20%	Vary from individual to individual and include metrics around corporate performance, development management, asset management, financial management and people

1. The Committee is of the opinion that given the commercial sensitivity around GPE's business, disclosing precise Capital Growth, NAV and individual 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 the performance periods so shareholders can fully assess the basis for any pay-outs.

Annual report on remuneration

LTIP/SMP for 2015

LTIP/SMP performance measures

The maximum potential for the 2014 LTIP and SMP awards is 200% and 100% of salary respectively.

The following performance measures apply to awards to be granted in 2014 as well as all outstanding awards under the 2010 Plan i.e. those granted in 2011, 2012 and 2013.

LTIP/SMP awards

Performance measure over three years	% of award		Vesting level	Start of measurement period
		20%	100%	
		Straight-line vesting between these points		
NAV growth for the period in excess of RPI	33%	3% p.a.	9% 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 constituents of IPD Total Property Return – central London index	33%	Median	Upper quartile	1 April prior to grant

Non-Executive Directors

The following table sets out the fee rates for the Non-Executive Directors which apply from 1 April 2014:

Non-Executive Directors' annual fees for the year ending 31 March 2015

	Base fee £	Senior Independent Director £	Audit Committee £	Remuneration Committee £	Nomination Committee £	Total fees £
Martin Scicluna	217,500	–	–	–	–	217,500
Charles Irby[1]	47,000	5,000	5,000	10,000	3,350	70,350
Elizabeth Holden	47,000	–	5,000	5,000	3,350	60,350
Jonathan Nicholls[1]	47,000	–	10,000	5,000	3,350	65,350
Charles Philipps[2]	47,000	–	3,750	–	2,513	53,263
Jonathan Short[1]	47,000	–	5,000	5,000	3,350	60,350

1. Following Charles Irby's retirement at the 2014 Annual General Meeting, Jonathan Nicholls will become Senior Independent Director and Jonathan Short will become Chairman of the Remuneration Committee.
2. Charles Philipps will join the Audit Committee and Nomination Committee from 1 July 2014.

Fee levels for the Non-Executive Directors are assessed having regard to individual responsibility and the wider FTSE 250.

Consideration by the directors of matters relating to director's remuneration

Remuneration Committee and Advisers

During the year, the Remuneration Committee comprised of the independent Non-Executive Directors Charles Irby (Chairman), Elizabeth Holden, Jonathan Nicholls and Jonathan Short.

The Committee was advised during the year by PwC as independent remuneration consultants who were appointed by the Committee in 2009. PwC 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. PwC reports directly to the Committee. The Committee is satisfied that the advice received is independent and objective as PwC complies with the Code of Conduct for Remuneration Consultants (which can be found at www.remunerationcounsultantsgroup.com). PwC also, from time to time, provides tax advice to the Group, and provided advice on the winding up of a number of the Group's dormant companies. PwC's fees for the year to 31 March 2014 were £65,000 in relation to remuneration matters.

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 £1,000. Deloitte are appointed by the Company as its auditors;
- 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 £12,000. Aon Hewitt provide no other services to the Group; and
- Investment Property Databank (IPD) 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. Fees paid in respect of this were £5,400. The Company is a member of the IPD Property Databank.

Toby Courtauld, the Chief Executive, provided input with regard to the achievement of personal objectives for the other Executive Directors.

Statement of voting at the Annual General Meeting

The following table shows the results of the advisory vote on the 2013 remuneration report at the 4 July 2013 Annual General Meeting. As noted in the Policy report, it is the Remunerations Committee's policy to consult with major shareholders prior to any major changes to its Executive remuneration.

For	Against	Abstentions
276,707,186 (98.53%)	3,667,087 (1.30%)	466,944 (0.17%)

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 3 July 2014.

Approved by the Board on 21 May 2014 and signed on its behalf by

Charles Irby

Charles Irby
Chairman of the Remuneration Committee

Report of the directors

Strategic report

The information that fulfils the requirements of the Strategic report can be found on pages 1 to 69. This includes indication of likely future developments in the business. A review of the performance and development of the Group's business during the year including KPIs, the position at the year end and prospects, is set out in the sections covering our business and financial results on pages 28 to 41. A description of the principal risks and uncertainties facing the Group and how these are mitigated can be found on pages 61 to 69. Additional information on employees, environmental matters, community and human rights issues is included on pages 42 to 44 and on pages 50 to 59. The Company has chosen to set out certain matters in its Strategic report that would otherwise be required to be disclosed in this Report. The Strategic report includes disclosures concerning Greenhouse Gas Emissions on page 51 and details on financial instruments as outlined on pages 36 and 37, 39 to 41 and pages 66 and 67.

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

Results and dividends for the year

The Group results for the year are set out on pages 112 to 138. An interim dividend of 3.4 pence per share (2013: 3.3 pence) was paid on 2 January 2014, and the directors propose to pay a final dividend of 5.4 pence per share on 8 July 2014, to shareholders on the register of members as at the close of business on 30 May 2014. This makes a total of 8.8 pence per share (2013: 8.6 pence) for the year ended 31 March 2014.

Directors

Biographical details of the directors of the Company are shown on pages 46 and 47.

Charles Philipps was appointed as a Non-Executive Director by the Board on 1 April 2014 and is offering himself up for election by shareholders for the first time at the Annual General Meeting. Charles Philipps is Chief Executive Officer of Amlin plc and previously a director of NatWest Markets. The Nomination Committee believes that the Board will benefit from Mr Philipps' skills and experience as detailed in his biography and, therefore, recommends his election as a Non-Executive Director.

The Company's Articles of Association require that 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 was elected or last re-elected. However, in accordance with the UK Corporate Governance Code the directors will all retire and, with the exception of Charles Irby who will be retiring at the 2014 Annual General Meeting, will offer themselves for election or re-election at the forthcoming Annual General Meeting.

The Chairman has confirmed that following the Board evaluation process, the performance of all of the directors continues to be effective and to demonstrate their commitment to the role.

In October 2013, Martin Scicluna became Non-Executive Director and Chairman of the Audit Committee of Worldpay. The Board remains satisfied that he has sufficient time to devote to his role of Chairman of the Company.

Directors' shareholdings

	At 31 March 2014 Number of shares[1]	At 31 March 2013 Number of shares[1]
Martin Scicluna	**8,636**	8,636
Toby Courtauld	**1,179,822**	848,304
Nick Sanderson	**74,731**	74,468
Neil Thompson	**641,248**	412,261
Charles Irby	**5,181**	5,181
Jonathan Nicholls	**10,000**	10,000
Jonathan Short	**13,455**	13,455

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

All directors' shareholdings are in ordinary shares and are beneficial, unless otherwise stated. There have been no changes in the shareholdings of any director between 1 April 2014 and 21 May 2014 apart from shares bought or received by the Executive Directors in the Company's Share Incentive Plan. No director had any interest in or contract with the Company or any subsidiary undertaking (other than service contracts) during the year.

Directors' indemnities

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

Corporate governance statement

The information fulfilling the requirements of the Corporate governance statement can be found in this Report of the directors and on pages 72 to 85, which are incorporated into this Report of the directors by reference.

Significant shareholdings

As at 12 May 2014, the Company had been notified of the following beneficial or discretionary interests amounting to 3% or more of the voting rights of the issued share capital:

	Number of shares	%
Norges Bank Investment Management	30,635,730	8.91
BlackRock, Inc	27,718,223	8.06
Ell Capital Management Inc	21,949,902	6.38
Standard Life Investments Limited	15,453,904	4.49
Aberdeen Asset Managers Limited	15,083,657	4.39
State Street Global Advisors Limited	12,467,584	3.62
Legal & General Investment Management Limited	11,379,173	3.31

Share capital and control

On 31 March 2014, there were 343,926,149 ordinary shares of 12.5 pence in issue. There are no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carries any special rights with regard to the control of the Company. There are no known arrangements under which financial rights are held by a person other than the holder of the shares and no known agreements on restrictions on share transfers and voting rights.

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

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

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

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

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.

Financial instruments

Details of the financial instruments used by the Group are set out in notes 1 and 18 forming part of the Group financial statements on page 118 and pages 131 to 134, which are incorporated into this Report of the directors by reference. The Group's financial risk management objectives and policies are included in the Risk management overview on pages 66 and 67, in Financial management on pages 36 and 37 and in Our financial results on pages 39 to 41.

Going concern

The Group's business activities, together with the factors affecting its performance, position and future development are set out in the Strategic report on pages 1 to 69. 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 39 to 41 and in notes 17 and 18 of the accounts on pages 130 to 134.

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

Statement as to disclosure of information to the auditor

So far as the directors who held office at the date of approval of this Report 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.

Auditor

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

Annual General Meeting

The Notice of Meeting on pages 152 and 153 sets out the resolutions to be proposed at the Annual General Meeting and gives details of the voting record date and proxy appointment deadline for that meeting. Resolutions 1 to 14 comprise ordinary business and resolutions 15 to 19 special business.

Remuneration report

Resolution 3 will seek approval of the Directors' remuneration report (excluding the Directors' remuneration policy set out on pages 86 to 94 of the Report) for the year ended 31 March 2014 as set out on pages 84 to 105. This vote is advisory, and the directors' entitlement to remuneration is not conditional on it.

Remuneration policy

Resolution 4 will seek approval of the Directors' remuneration policy, which is contained in the Directors' remuneration report for the year ended 31 March 2104 as set out on pages 86 to 94. The Directors' remuneration policy, if approved, will take effect from 3 July 2014. Once the policy is approved, the Company will not be able to make a remuneration payment to a current or prospective director or a payment for loss of office to a current or past director, unless that payment is consistent with the approved policy or has been approved by shareholders.

Authority to allot shares and grant rights

At the Annual General Meeting held on 4 July 2013, shareholders authorised the directors, under section 551 of the Companies Act 2006 to allot ordinary shares without the prior consent of shareholders for a period expiring at the conclusion of the Annual General Meeting to be held in 2014 or, if earlier, on 1 October 2014. Resolution 15 will seek to renew this authority and to authorise the directors under section 551 of the Companies Act 2006 to allot ordinary shares or grant rights to subscribe for or convert any securities into shares for a period expiring no later than 1 October 2015.

Paragraph (a)(i) of Resolution 15 will allow the directors to allot ordinary shares up to a maximum nominal amount of £14,330,256 representing approximately one-third (33.3%) of the Company's existing issued share capital and calculated as at 20 May 2014 (being the latest practicable date prior to publication of this Report). In accordance with institutional guidelines issued by the Association of British Insurers, paragraph (a)(ii) of Resolution 15 will allow directors to allot, including the ordinary shares referred to in paragraph (a)(i) of Resolution 15, 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 £28,660,512, representing approximately two-thirds (66.6%) of the Company's existing issued share capital and calculated as at 20 May 2014 (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 ABI.

Resolution 15 will be proposed as an ordinary resolution to renew this authority until the conclusion of the next AGM or, if earlier, the close of business on 1 October 2015.

Non-Executive Directors' fees

The Company's Articles of Association currently limit the aggregate amount of fees that can be paid to the Non-Executive Directors to £500,000. This limit, which has remained unchanged since 2008, may be increased by ordinary resolution of the Company. Last year Non-Executive Directors' fees amounted to £450,200 in aggregate. In order to provide the Board with flexibility to continue to appoint and retain the best Non-Executive Directors, it is proposed that the limit be increased to £600,000. Resolution 16 will be proposed as an ordinary resolution in accordance with the Articles of Association.

Disapplication of pre-emption rights

At last year's meeting, a special resolution was passed, under sections 570 and 573 of the Companies Act 2006, empowering the directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. Resolution 17 will seek to renew this authority. If approved, the resolution will authorise directors in accordance with the Articles of Association to issue shares in connection with a rights issue or other pre-emptive offer and otherwise to issue shares for cash up to a maximum nominal amount of £2,149,538 which includes the sale for cash on a non pre-emptive basis of any shares held in treasury. The maximum nominal amount of equity securities to which this authority relates represents approximately 5% of the issued share capital of the Company as at 20 May 2014 (being the latest practicable date prior to publication of this Report).

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

Resolution 17 will be proposed as a special resolution to renew this authority until the conclusion of the next AGM or, if earlier, the close of business on 1 October 2015.

Authority to purchase own shares

A special resolution was also passed at last year's meeting enabling the Company to purchase its own shares in the market. Resolution 18 will seek to renew this authority. The maximum number of shares to which the authority relates is 51,554,530. This represents 14.99% of the share capital of the Company in issue as at 20 May 2014. The directors intend only to exercise this authority if to do so would, in their opinion, enhance shareholder value. If Resolution 18 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 12.5 pence per share and not more than the higher of 5% above the average of the middle market quotations of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days preceding the day on which the ordinary shares are purchased and the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003.

Under the terms of conditions of the convertible bonds, the conversion price is subject to adjustment upon the occurrence of certain corporate events and in such circumstances the maximum number of ordinary shares to be issued upon full conversion of the bonds may be higher than the amount specified above. Any of the bonds can be converted, at the Company's election, into a cash alternative amount.

If the outstanding bonds were fully converted, they would represent 5.8% of the issued share capital. If the authorities to purchase shares (existing and being sought) were exercised in full, that percentage would be 8.2% of the share capital.

There were no purchases of shares by the Company during the year. At 31 March 2014, the number of shares which may be purchased under the shareholders' authority given at the 2013 Annual General Meeting was 51,554,530.

At 20 May 2014, the Company held no shares in treasury.

Resolution 18 will be proposed as a special resolution to renew this authority until the conclusion of the next AGM or, if earlier, the close of business on 1 October 2015.

Notice of general meetings

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

At last year's Annual General Meeting, shareholders authorised the calling of general meetings other than an Annual General Meeting on not less than 14 clear days' notice and Resolution 19 seeks to renew this authority. The authority granted by this resolution, if passed, will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

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

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

Recommendation

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

By order of the Board

Desna Martin Company Secretary
Great Portland Estates plc
Company number: 596137
21 May 2014

Directors' responsibilities statement

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

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

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

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

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

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

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

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

Responsibility statement

We confirm that to the best of our knowledge:

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

By order of the Board

Toby Courtauld
Chief Executive
21 May 2014

Nick Sanderson
Finance Director
21 May 2014

Financial statements

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

Group income statement

For the year ended 31 March 2014

	Notes	2014 £m	2013 £m
Total revenue	2	**85.2**	69.0
Net rental income	3	**69.7**	57.1
Joint venture fee income	12	**6.9**	6.1
Rental and joint venture fee income		**76.6**	63.2
Property expenses	4	**(7.7)**	(6.5)
Net rental and related income		**68.9**	56.7
Administration expenses	5	**(24.6)**	(22.8)
Trading property – cost of sales		**(1.6)**	–
Operating profit before surplus on property and results of joint ventures		**42.7**	33.9
Surplus from investment property	10	**325.6**	99.0
Share of results of joint ventures	12	**105.6**	61.2
Loss on disposal of joint venture		**–**	(0.5)
Operating profit		**473.9**	193.6
Finance income	6	**9.9**	8.4
Finance costs	7	**(61.6)**	(21.4)
Profit before tax		**422.2**	180.6
Tax	8	**–**	–
Profit for the year		**422.2**	180.6

All results are derived from continuing operations in the United Kingdom.

Basic earnings per share	9	**123.4p**	56.3p
Diluted earnings per share	9	**122.5p**	55.7p
EPRA earnings per share	9	**11.0p**	6.9p

Group statement of comprehensive income

For the year ended 31 March 2014

	Notes	2014 £m	2013 £m
Profit for the year		**422.2**	180.6
Items that will not be reclassified subsequently to profit and loss:			
Actuarial deficit on defined benefit scheme	25	**(0.7)**	(0.2)
Items that may be reclassified subsequently to profit and loss:			
Fair value movement on derivatives taken to equity in joint ventures	12	**–**	3.0
Total comprehensive income and expense for the year		**421.5**	183.4

Group balance sheet

At 31 March 2014

	Notes	**2014 £m**	2013 £m
Non-current assets			
Investment property	10	**1,972.7**	1,899.5
Investment in joint ventures	12	**524.8**	348.3
Other investment	13	**18.3**	16.7
Plant and equipment	14	**0.3**	0.6
		2,516.1	2,265.1
Current assets			
Trading property	11	**93.3**	–
Trade and other receivables	15	**26.7**	51.2
Cash and cash equivalents		**7.8**	6.3
		127.8	57.5
Total assets		**2,643.9**	2,322.6
Current liabilities			
Trade and other payables	16	**(58.7)**	(78.2)
		(58.7)	(78.2)
Non-current liabilities			
Interest-bearing loans and borrowings	17	**(623.5)**	(666.0)
Obligations under finance leases	19	**(29.1)**	(40.4)
Pension liability	25	**(0.7)**	(0.3)
		(653.3)	(706.7)
Total liabilities		**(712.0)**	(784.9)
Net assets		**1,931.9**	1,537.7
Equity			
Share capital	20	**43.0**	43.0
Share premium account		**352.0**	352.0
Capital redemption reserve		**16.4**	16.4
Retained earnings		**1,519.5**	1,130.0
Investment in own shares	21	**1.0**	(3.7)
Total equity		**1,931.9**	1,537.7
Net assets per share	9	**564p**	451p
EPRA net assets per share	9	**569p**	446p

Approved by the Board on 21 May 2014 and signed on its behalf by

Toby Courtauld
Chief Executive

Nick Sanderson
Finance Director

Group statement of cash flows

For the year ended 31 March 2014

	Notes	2014 £m	2013 £m
Operating activities			
Operating profit		**473.9**	193.6
Adjustments for non-cash items	22	**(433.9)**	(158.5)
Decrease in receivables		**2.2**	0.8
Increase in payables		**1.6**	2.7
Cash generated from operations		**43.8**	38.6
Interest paid		**(28.3)**	(26.5)
Interest received		**1.5**	0.4
Tax paid		**–**	–
Cash flows from operating activities		**17.0**	12.5
Investing activities			
Distributions from joint ventures		**153.3**	110.6
Purchase and development of property		**(170.7)**	(401.4)
Purchase of fixed assets		**–**	(0.1)
Sale of properties		**312.8**	59.8
Investment in joint ventures		**(61.9)**	(15.6)
Sale of joint ventures		**15.8**	15.3
Payment to acquire control of G.P.E. (Marcol House) Limited		**–**	(25.5)
Cash acquired on consolidation of G.P.E. (Marcol House) Limited		**–**	15.8
Cash flows from/(utilised) in investing activities		**249.3**	(241.1)
Financing activities			
Issue of share capital – proceeds from equity placing		**–**	140.6
Issue of share capital – associated costs		**–**	(2.8)
Issue of convertible bond		**146.7**	–
Borrowings (repaid)/drawn		**(224.0)**	33.0
Draw down of private placement notes		**–**	127.2
Funds to joint ventures		**(153.8)**	(39.5)
Purchase of own shares		**(4.1)**	–
Equity dividends paid		**(29.6)**	(27.6)
Cash flows from financing activities		**(264.8)**	230.9
Net increase in cash and cash equivalents		**1.5**	2.3
Cash and cash equivalents at 1 April		**6.3**	4.0
Cash and cash equivalents at balance sheet date		**7.8**	6.3

Group statement of changes in equity

For the year ended 31 March 2014

	Notes	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2013		**43.0**	**352.0**	**16.4**	**1,130.0**	**(3.7)**	**1,537.7**
Profit for the year		**–**	**–**	**–**	**422.2**	**–**	**422.2**
Actuarial deficit on defined benefit scheme	25	**–**	**–**	**–**	**(0.7)**	**–**	**(0.7)**
Employee Long-Term Incentive Plan and Share Matching Plan charge	21	**–**	**–**	**–**	**–**	**6.5**	**6.5**
Purchase of own shares	21	**–**	**–**	**–**	**–**	**(4.1)**	**(4.1)**
Dividends to shareholders	23	**–**	**–**	**–**	**(29.7)**	**–**	**(29.7)**
Transfer to retained earnings		**–**	**–**	**–**	**(2.3)**	**2.3**	**–**
Total equity at 31 March 2014		**43.0**	**352.0**	**16.4**	**1,519.5**	**1.0**	**1,931.9**

Group statement of changes in equity

For the year ended 31 March 2013

	Notes	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2012		39.1	218.1	16.4	976.2	(11.5)	1,238.3
Issue of share capital	20	3.9	133.9[1]	–	–	–	137.8
Profit for the year		–	–	–	180.6	–	180.6
Actuarial deficit on defined benefit scheme	25	–	–	–	(0.2)	–	(0.2)
Fair value movement on derivatives taken to equity in joint ventures	12	–	–	–	3.0	–	3.0
Employee Long-Term Incentive Plan and Share Matching Plan charge	21	–	–	–	–	5.5	5.5
Dividends to shareholders	23	–	–	–	(27.3)	–	(27.3)
Transfer to retained earnings		–	–	–	(2.3)	2.3	–
Total equity at 31 March 2013		43.0	352.0	16.4	1,130.0	(3.7)	1,537.7

1. Net of issue costs.

Notes forming part of the Group financial statements

1 Accounting policies

Basis of preparation
Great Portland Estates plc is a public limited company incorporated and domiciled in the United Kingdom. The address of the registered office is given on page 156. 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, other investment, financial instruments and pension liability. The financial statements are prepared on the going concern basis as explained in the Report of the Directors on page 107.

Key accounting judgements
In the process of applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions that may affect the financial statements. The directors believe that the judgements made in the preparation of the financial statements are reasonable. However, actual outcomes may differ from those anticipated. Critical accounting judgements include the adoption of the external portfolio valuation without adjustment, the recognition of purchases and disposal of assets and the adoption of a single reporting segment. The accounting policies for these areas of judgement are set out in the accounting policies below.

New accounting standards
During the year ended 31 March 2014, the following accounting standards and guidance were adopted by the Group, the pronouncements either had no impact on the financial statements or resulted in changes to presentation and disclosure only:

- IFRS 13 – Fair Value Measurement
- IAS 1 (amended June 2011) – Presentation of Items of Other Comprehensive Income
- IAS 19 (revised June 2011) – Employee Benefits

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

- IFRS 9 – Financial Instruments (will impact both the measurement and disclosures of financial instruments)
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interest in Other Entities (will impact the disclosure of interests the Group has in other entities)
- IAS 12 – Deferred Tax: Recovery of Underlying Assets
- IAS 27 (revised May 2011) – Separate Financial Statements
- IAS 28 (revised May 2011) – Investments in Associates and Joint Ventures
- IAS 32 (amended) – Offsetting Financial Assets and Financial Liabilities (will impact the measurement of certain assets and liabilities)

The directors do not anticipate that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Group, except as set out above.

Basis of consolidation
The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings for the year ended 31 March 2014. Subsidiary undertakings are those entities controlled by the Group. Control is assumed when the Group directs the financial and operating policies of an entity to benefit from its activities.

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 tenants and in their judgement have determined that all such leases are operating leases.

1 Accounting policies (continued)

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

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

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

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

Investment property
Investment properties and investment properties under development are professionally valued quarterly 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 of investment properties and investment properties under development have been prepared in accordance with the RICS Valuation – Professional Standards (2012) (the Red Book).

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.

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. Cost includes direct expenditure and capitalised interest. Costs of sale are expensed to the income statement as incurred.

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

Fixtures and fittings – over three to five years.

Leasehold improvements – over the term of the lease.

Joint ventures
Joint ventures are accounted for under the equity method where, 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.

Notes forming part of the Group financial statements

1 Accounting policies (continued)

Other investments
Other investments are carried at fair value through profit and loss, with the loan element carried at cost less any recognised impairment loss.

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

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

Capitalisation of interest
Interest associated with direct expenditure on investment 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 previously held as an investment property. Interest is capitalised from the start of the development work until the date of practical completion. The rate used is the Group's weighted average cost of borrowings or, if appropriate, the rate on specific associated borrowings.

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

ii Borrowings The Group's borrowings in the form of its debentures, 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 can be settled in shares, cash or a combination of both at the Group's discretion. The bonds have been designated at fair value through profit and loss upon initial recognition, with any gains or losses arising subsequent re-measurement recognised in the income statement.

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.

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

Segmental analysis
All of the Group's revenue is generated from investment properties located in central London. The properties are managed as a single portfolio by an asset management team whose responsibilities are not segregated by location or type, but are managed on an asset-by-asset basis. The majority of the Group's assets are mixed use, therefore the office, 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 CBRE, are set out on page 28 of this Report.

2 Total revenue

	2014 £m	2013 £m
Gross rental income	**60.5**	52.5
Amortisation of capitalised lease incentives	**9.2**	4.5
Service charge income	**8.6**	5.9
Joint venture fee income	**6.9**	6.1
	85.2	69.0

3 Net rental income

	2014 £m	2013 £m
Gross rental income	**60.5**	52.5
Amortisation of capitalised lease incentives	**9.2**	4.5
Ground rent credit	**–**	0.1
Rental income	**69.7**	57.1

4 Property expenses

	2014 £m	2013 £m
Service charge income	**(8.6)**	(5.9)
Service charge expenses	**10.6**	8.1
Other property expenses	**5.7**	4.3
	7.7	6.5

5 Administration expenses

	2014 £m	2013 £m
Employee costs	**21.1**	19.7
Other	**3.5**	3.1
	24.6	22.8

Included within employee costs is an accounting charge for the LTIP and SMP schemes of £6.5 million (2013: £5.5 million).

Notes forming part of the Group financial statements

5 Administration expenses (continued)

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

	2014 £m	2013 £m
Wages and salaries	**19.6**	16.8
Social security costs	**3.5**	3.2
Other pension costs	**1.2**	1.9
	24.3	21.9
Less: recovered through service charge	**(0.8)**	(0.7)
Less: capitalised into development projects	**(2.4)**	(1.5)
	21.1	19.7

The emoluments and pension benefits of the directors are set out in detail within the Directors' remuneration report on pages 84 to 105. The Executive Directors are considered to be key management for the purposes of IAS 24 'Related Party Transactions'. 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:

	2014 Number	2013 Number
Head office and property management	**91**	85

Auditor's remuneration

	2014 £000's	2013 £000's
Audit of the Company's annual accounts	**92**	78
Audit of subsidiaries	**81**	63
	173	141
Audit-related assurance services, including the interim review	**74**	61
Total audit and audit-related services	**247**	202
Services related to taxation (advisory)	**109**	15
Other non-audit services	**8**	33
	364	250

6 Finance income

	2014 £m	2013 £m
Interest on balances with joint venture partners	**8.5**	7.5
Interest on deferred receipts in respect of 100 Bishopsgate Partnership sale (note 13)	**1.4**	0.9
	9.9	8.4

7 Finance costs

	2014 £m	2013 £m
Interest on bank loans	**7.4**	8.0
Interest on private placement notes	**11.5**	11.3
Interest on debenture stock	**8.0**	8.0
Interest on convertible bond	**0.8**	–
Issue costs of convertible bond	**3.3**	–
Interest on obligations under finance leases	**1.8**	1.8
Other interest	**0.1**	–
Gross finance costs	**32.9**	29.1
Less: capitalised interest at an average rate of 3.9% (2013: 4.4%)	**(6.4)**	(1.8)
	26.5	27.3
Fair value movement on convertible bond	**11.3**	–
Fair value movement on derivatives in ineffective hedging relationships	**23.8**	(5.9)
	61.6	21.4

8 Tax

	2014 £m	2013 £m
Current tax		
UK corporation tax	**–**	–
Tax over provided in previous years	**–**	–
Total current tax	**–**	–
Deferred tax	**–**	–
Tax charge for the year	**–**	–

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

	2014 £m	2013 £m
Profit before tax	**422.2**	180.6
Tax charge on profit at standard rate of 23% (2013: 24%)	**97.1**	43.3
REIT tax-exempt rental profits and gains	**(16.9)**	(7.7)
Non-taxable revaluation surplus	**(90.0)**	(36.0)
Other	**9.8**	0.4
Tax charge for the year	**–**	–

During the year, £nil (2013: £nil) of deferred tax was credited directly to equity. The Group's net deferred tax at 31 March 2014 was £nil (2013: £nil). This consists of a deferred tax liability of £nil (2013: £nil) and a deferred tax asset of £nil (2013: £nil) in respect of sundry short-term differences.

A deferred tax asset of £10.1 million (based on a 20% tax rate), mainly relating to tax losses carried forward at 31 March 2014 and deferred tax arising in respect of contingent share awards and the convertible bond, was not recognised because it is uncertain whether future taxable profits will arise against which these losses can be offset.

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.

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

Notes forming part of the Group financial statements

9 Earnings and net assets per share

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

Weighted average number of ordinary shares

	2014 Number of shares	2013 Number of shares
Issued ordinary share capital at 1 April	**343,926,149**	312,676,149
Issue of share capital	**–**	11,458,334
Investment in own shares	**(1,883,427)**	(3,173,663)
Weighted average number of ordinary shares – Basic	**342,042,722**	320,960,820

Basic and diluted earnings per share

	Profit after tax 2014 £m	Number of shares 2014 million	Earnings per share 2014 pence	Profit after tax 2013 £m	Number of shares 2013 million	Earnings per share 2013 pence
Basic	**422.2**	**342.0**	**123.4**	180.6	321.0	56.3
Dilutive effect of LTIP shares	**–**	**2.6**	**(0.9)**	–	3.0	(0.6)
Diluted	**422.2**	**344.6**	**122.5**	180.6	324.0	55.7

Basic and diluted EPRA earnings per share

	Profit after tax 2014 £m	Number of shares 2014 million	Earnings per share 2014 pence	Profit after tax 2013 £m	Number of shares 2013 million	Earnings per share 2013 pence
Basic	**422.2**	**342.0**	**123.4**	180.6	321.0	56.3
Surplus from investment property (note 10)	**(325.6)**	**–**	**(95.2)**	(99.0)	–	(30.9)
Surplus from joint venture investment property (note 12)	**(96.2)**	**–**	**(28.1)**	(58.8)	–	(18.3)
Movement in fair value of derivatives (note 7)	**23.8**	**–**	**6.9**	(5.9)	–	(1.8)
Movement in fair value of convertible bond (note 7)	**11.3**	**–**	**3.3**	–	–	–
Issue costs of convertible bond (note 7)	**3.3**	**–**	**1.0**	–	–	–
Movement in fair value of derivatives in joint ventures (note 12)	**(2.0)**	**–**	**(0.6)**	4.5	–	1.4
Trading property – costs of sale	**1.6**	**–**	**0.5**	–	–	–
Loss on sale of joint venture	**–**	**–**	**–**	0.5	–	0.1
Debt break cost in joint venture (note 12)	**–**	**–**	**–**	0.3	–	0.1
Basic EPRA earnings	**38.4**	**342.0**	**11.2**	22.2	321.0	6.9
Dilutive effect of LTIP shares	**–**	**2.6**	**(0.1)**	–	3.0	–
Dilutive effect of convertible bond	**0.8**	**11.6**	**(0.1)**	–	–	–
Diluted EPRA earnings	**39.2**	**356.2**	**11.0**	22.2	324.0	6.9

9 Earnings and net assets per share (continued)

EPRA net assets per share

	Net assets 2014 £m	**Number of shares 2014 million**	**Net assets per share 2014 pence**	Net assets 2013 £m	Number of shares 2013 million	Net assets per share 2013 pence
Basic	**1,931.9**	**342.3**	**564**	1,537.7	341.0	451
Dilutive effect of LTIP shares	**–**	**2.6**	**(4)**	–	3.0	(4)
Diluted	**1,931.9**	**344.9**	**560**	1,537.7	344.0	447
Fair value of financial liabilities (note 18)	**(36.0)**	**–**	**(11)**	(46.3)	–	(13)
Fair value of liabilities in joint venture (note 12)	**2.4**	**–**	**1**	–	–	–
EPRA triple net assets	**1,898.3**	**344.9**	**550**	1,491.4	344.0	434
Fair value of financial liabilities (note 18)	**36.0**	**–**	**11**	46.3	–	13
Fair value of liabilities in joint venture (note 12)	**(2.4)**	**–**	**(1)**	–	–	–
Fair value of convertible bond (note 18)	**11.3**	**–**	**4**	–	–	–
Fair value of derivatives (note 18)	**17.5**	**–**	**5**	(6.3)	–	(2)
Fair value of derivatives in joint ventures (note 12)	**0.6**	**–**	**–**	2.5	–	1
EPRA net assets	**1,961.3**	**344.9**	**569**	1,533.9	344.0	446

On 10 September 2013, the Group issued £150 million of convertible bonds with an initial conversion price of £7.15. The dilutive effect of the contingently issuable shares within the convertible bond is required to be recognised in accordance with IAS33 – Earnings per Share. For the year ended 31 March 2014, there was no dilutive impact on the calculation of earnings per share or net assets per share as a result of the convertible bond. In accordance with the EPRA Best Practice Recommendations, we have presented EPRA earnings per share on a basic and diluted basis.

Notes forming part of the Group financial statements

10 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2012	890.4	355.3	1,245.7
Acquisitions	71.9	354.7	426.6
Costs capitalised	10.8	6.2	17.0
Disposals	(20.0)	–	(20.0)
Transfer from investment property under development	88.3	–	88.3
Net valuation surplus on investment property	62.7	31.2	93.9
Book value at 31 March 2013	1,104.1	747.4	1,851.5
Acquisitions	**93.7**	**–**	**93.7**
Costs capitalised	**8.5**	**12.4**	**20.9**
Disposals	**(248.4)**	**(57.0)**	**(305.4)**
Transfer to investment property under development	**(136.7)**	**(28.0)**	**(164.7)**
Net valuation surplus on investment property	**128.9**	**92.6**	**221.5**
Book value at 31 March 2014	**950.1**	**767.4**	**1,717.5**

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2012	82.9	37.4	120.3
Costs capitalised	5.2	5.5	10.7
Interest capitalised	0.2	1.6	1.8
Transfer to investment property	(88.3)	–	(88.3)
Net revaluation surplus on investment property under development	–	3.5	3.5
Book value at 31 March 2013	–	48.0	48.0
Costs capitalised	**26.4**	**17.6**	**44.0**
Interest capitalised	**3.6**	**2.8**	**6.4**
Transfer from investment property	**136.7**	**28.0**	**164.7**
Net revaluation surplus on investment property under development	**40.8**	**44.6**	**85.4**
Transfer to trading property	**(93.3)**	**–**	**(93.3)**
Book value at 31 March 2014	**114.2**	**141.0**	**255.2**

Total investment property	**1,064.3**	**908.4**	**1,972.7**

The book value of investment property includes £29.1 million (2013: £40.4 million) in respect of the present value of future ground rents, the market value of the portfolio (excluding these amounts) is £1,943.6 million. The market value of the Group's total property portfolio, including trading properties, was £2,036.9 million.

The cumulative interest capitalised in investment property was £8.4 million (2013: £3.0 million).

10 Investment property (continued)

Surplus from investment property

	2014 £m	2013 £m
Net valuation surplus on investment property	**306.9**	97.4
Profit on sale of investment properties	**18.7**	1.6
	325.6	99.0

The Group's investment properties, including those held in joint venture (note 12), were valued on the basis of Fair Value by CBRE Limited (CBRE), external valuers, as at 31 March 2014 in accordance with the RICS Valuation Professional Standards (2012) (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 is less than 5.0% of total UK revenues.

The principal signatories of the CBRE valuation reports have continuously been the signatories of valuations for the same addressee and valuation purpose as this report since 2012. 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	**60**	**7 – 82**	**4.6**	**3.9 – 5.3**
	Retail	**53**	**18 – 162**	**4.7**	**3.9 – 6.3**
Rest of West End	Office	**55**	**30 – 86**	**4.8**	**4.3 – 6.0**
	Retail	**82**	**15 – 204**	**4.4**	**3.9 – 5.5**
City, Midtown & Southwark	Office	**44**	**34 – 59**	**5.4**	**4.8 – 5.5**
	Retail	**28**	**23 – 45**	**5.6**	**4.8 – 5.7**
		Capital value			
		Average £ per sq ft	Range £ per sq ft		
Residential		**1,767**	**200 – 1,850**	**n/a**	**n/a**

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 vice versa. 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 vice versa. 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.

At 31 March 2014, the Group had capital commitments of £54.4 million (2013: £48.9 million).

At 31 March 2014, properties with a carrying value of £311.9 million (2013: £278.9 million) were secured under the first mortgage debenture stock (see note 17).

Notes forming part of the Group financial statements

11 Trading property

	Total £m
At 1 April 2013	–
Transfer from investment property	**93.3**
At 31 March 2014	**93.3**

During March 2014, the Group gained full planning consent for its development site 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 has been transferred to trading property.

12 Investment in joint ventures

The Group has the following investments in joint ventures:

	Equity £m	Balances with partners £m	2014 Total £m	2013 Total £m
At 1 April	336.6	11.7	348.3	538.2
Movement on joint venture balances	**–**	**162.3**	**162.3**	72.6
Additions	**61.9**	**–**	**61.9**	15.6
Share of profit of joint ventures	**9.4**	**–**	**9.4**	2.4
Share of revaluation surplus of joint ventures	**93.5**	**–**	**93.5**	52.5
Share of profit on disposal of joint venture properties	**2.7**	**–**	**2.7**	6.3
Share of results of joint ventures	**105.6**	**–**	**105.6**	61.2
Fair value movement on derivatives taken to equity	**–**	**–**	**–**	3.0
Sale of interest in 100 Bishopsgate Partnership	**–**	**–**	**–**	(63.2)
Transfer to subsidiaries – G.P.E. (Marcol House) Limited	**–**	**–**	**–**	(168.5)
Distributions	**(153.3)**	**–**	**(153.3)**	(110.6)
At 31 March	**350.8**	**174.0**	**524.8**	348.3

In November 2013, the Group formed a new 50/50 joint venture, the GHS Limited Partnership ('GHS'), with the Hong Kong Monetary Authority ('HKMA') to own and develop the Hanover Square Estate.

The Group sold properties to GHS for £202.0 million and the Partners intend to develop the site in accordance with an existing planning permission for Grade A office, retail and residential accommodation with a target delivery date of 2018.

The investments in joint ventures comprise the following:

	Country	2014 ownership	2013 ownership
The GHS Limited Partnership	Jersey	**50%**	–
The Great Capital Partnership	United Kingdom	**50%**	50%
The Great Ropemaker Partnership	United Kingdom	**50%**	50%
The Great Star Partnership	United Kingdom	**50%**	50%
The Great Victoria Partnerships	United Kingdom	**50%**	50%
The Great Wigmore Partnership	United Kingdom	**50%**	50%

12 Investment in joint ventures (continued)

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 Capital Partnership £m	The Great Ropemaker Partnership £m	The Great Star Partnership £m	The Great Victoria Partnerships £m	The Great Wigmore Partnership £m	2014 Total £m	2013 Total £m
Balance sheets								
Investment property	102.5	–	226.1	100.2	123.0	105.6	657.4	486.0
Current assets	0.1	–	0.1	0.2	0.5	0.1	1.0	3.6
Cash	0.9	0.1	4.9	3.0	1.7	1.8	12.4	11.8
Balances (from)/ to Partners	(31.2)	–	(106.8)	(26.4)	5.5	(15.1)	(174.0)	(11.7)
Bank loans	–	–	(36.1)	(37.6)	(39.7)	–	(113.4)	(114.0)
Derivatives	–	–	(0.5)	(0.1)	–	–	(0.6)	(2.5)
Current liabilities	(0.3)	–	(9.1)	(2.8)	(2.4)	(1.2)	(15.8)	(20.2)
Finance leases	–	–	(5.2)	(11.0)	–	–	(16.2)	(16.4)
Net assets	72.0	0.1	73.4	25.5	88.6	91.2	350.8	336.6
Income statements								
Net rental income	0.3	0.6	6.7	4.6	5.3	2.6	20.1	20.1
Property and administration costs	(0.1)	0.1	(1.0)	(0.6)	(0.5)	(0.5)	(2.6)	(2.6)
Net finance costs	(0.6)	–	(4.6)	(2.8)	(1.5)	(0.6)	(10.1)	(10.3)
Debt break costs	–	–	–	–	–	–	–	(0.3)
Movement in fair value of derivatives	–	–	1.8	0.2	–	–	2.0	(4.5)
Share of profit from joint ventures	(0.4)	0.7	2.9	1.4	3.3	1.5	9.4	2.4
Revaluation of investment property	10.3	–	39.3	5.6	19.7	18.6	93.5	49.0
Profit on sale of investment property	–	2.8	–	–	–	(0.1)	2.7	6.3
Share of results of joint ventures	9.9	3.5	42.2	7.0	23.0	20.0	105.6	57.7

Notes forming part of the Group financial statements

12 Investment in joint ventures (continued)

The non-recourse debt facilities of the joint ventures at 31 March 2014, are set out below:

Joint venture debt facilities	Nominal value (100%) £m	Maturity	Fixed/floating	Interest rate
The Great Ropemaker Partnership	73.0	November 2018	Floating	LIBOR +2.25%-2.70%
The Great Star Partnership	75.6	July 2015	Floating	LIBOR +1.75%-1.90%
The Great Victoria Partnership	80.0	July 2022	Fixed	3.74%
Total	228.6			

The Great Ropemaker Partnership has two interest rate swaps with a fixed rate of 2.12% and a notional principal amount of £73.0 million. The interest rate swaps expire coterminously with the bank loan in 2018. The Great Star Partnership has an interest rate swap with a fixed interest rate of 1.00% and a notional principal amount of £37.8 million and an interest rate cap at 4.00% with a notional principal amount of £37.8 million. The interest rate swap and cap expire coterminously with the bank loan in 2015. At 31 March 2014, the Great Victoria Partnership loan had a fair value of £75.3 million (2013: £80.0 million). All interest-bearing loans are in sterling. At 31 March 2014, the joint ventures had £nil undrawn facilities (2013: £nil).

Transactions during the year between the Group and its joint ventures, which are related parties, are disclosed below:

	2014 £m	2013 £m
Movement on joint venture balances during the year	**162.3**	72.6
Balances receivable at the year end from joint ventures	**(174.0)**	(11.7)
Distributions	**153.3**	110.6
Fee income	**6.9**	6.1
Property sales from the Group to joint ventures	**202.0**	–
Property purchases from joint ventures by the Group	**–**	120.0

The joint venture balances 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 6.0%, the Great Star Partnership at 7.0% and the Great Wigmore Partnership at 4.0%. The investment properties include £16.2 million (2013: £16.4 million) in respect of the present value of future ground rents, net of these amounts the market value of our share of the total joint venture properties is £641.2 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 2014, the Group had £nil contingent liabilities arising in its joint ventures (2013: £nil). At 31 March 2014, the Group had capital commitments in respect of its joint ventures of £40.5 million (2013: £38.6 million).

13 Other investment

	Equity £m	Loans £m	Total £m
At 1 April 2013	6.1	10.6	16.7
Additions	**–**	**1.6**	**1.6**
At 31 March 2014	**6.1**	**12.2**	**18.3**

The other investment represents a 12.5% interest in The 100 Bishopsgate Partnership. The Group's 12.5% holding is subject of 'put and call' options, with GPE able to 'put' its remaining investment, net of the associated loan (see note 17), onto Brookfield Properties Corporation ('BPO') in October 2014 at £15.8 million, and BPO able to 'call' for GPE to sell to a third-party investor only, and only in the event that BPO simultaneously sells a 37.5% holding. Under the call option, the transfer price is the higher of £15.8 million, the actual transfer price agreed between BPO and the third party or the market value of GPE's holding at the time of the transfer. BPO is providing 100% of the funding for the Partnership until October 2014, when the loan will be repaid. The fair value of the Group's equity component of its other investment and the related put option in respect of The 100 Bishopsgate Partnership is carried at director's valuation based on the underlying net assets of the Partnership and the value the Group could achieve for exercising its put option, representing a Level 3 fair value measurement as defined by IFRS 13. There were no recognised gains or losses in relation to the valuation of the other investment during the year (2013: £nil).

14 Plant and equipment

	Leasehold improvements £m	Fixtures and fittings £m	Total £m
Cost or valuation			
At 1 April 2012	2.0	1.4	3.4
Costs capitalised	–	0.1	0.1
At 31 March 2013	2.0	1.5	3.5
At 31 March 2014	**2.0**	**1.5**	**3.5**
Depreciation			
At 1 April 2013	**1.5**	**1.4**	**2.9**
Charge for the year	**0.2**	**0.1**	**0.3**
At 31 March 2014	**1.7**	**1.5**	**3.2**
Carrying amount at 31 March 2013	0.5	0.1	0.6
Carrying amount at 31 March 2014	**0.3**	**–**	**0.3**

15 Trade and other receivables

	2014 £m	2013 £m
Trade receivables	**3.6**	5.4
Allowance for doubtful debts	**(0.3)**	(0.5)
	3.3	4.9
Prepayments and accrued income	**0.8**	1.0
Other trade receivables	**21.8**	38.2
Derivatives	**0.8**	7.1
	26.7	51.2

Trade receivables consist of rent and service charge monies, which are due on the quarter day with no credit period. Interest is charged on trade receivables in accordance with the terms of the tenant's lease. Trade receivables are provided for based on estimated irrecoverable amounts determined by past default experience and knowledge of the individual tenant's circumstance. At 31 March 2014, other trade receivables include £15.8 million in respect of remaining deferred sale proceeds on the disposal of the 37.5% interest in The 100 Bishopsgate Partnership. Debtors past due but not impaired were £1.6 million (2013: £4.0 million) of which £0.9 million is over 30 days.

	2014 £m	2013 £m
Movements in allowance of doubtful debts		
Balance at the beginning of the year	**(0.5)**	(0.3)
Amounts provided for during the year	**–**	(0.2)
Amounts written off as uncollectable	**0.2**	–
	(0.3)	(0.5)

Notes forming part of the Group financial statements

16 Trade other payables

	2014 £m	2013 £m
Rents received in advance	**16.0**	16.8
Non-trade payables and accrued expenses	**42.7**	61.4
	58.7	78.2

Non-trade payables at 31 March 2014, included £nil million in respect of property purchases exchanged but not completed at the balance sheet date (2013: £34.8 million).

17 Interest-bearing loans and borrowings

	2014 £m	2013 £m
Non-current liabilities at amortised cost		
Secured		
£142.9 million 5⅝% debenture stock 2029	**144.1**	144.1
Other loan	**2.6**	0.9
Unsecured		
Bank loans – revolving credit facilities	**11.0**	234.1
£30.0 million 5.09% private placement notes 2018	**29.9**	29.9
$130.0 million 4.81% private placement notes 2018	**80.8**	80.7
$78.0 million 5.37% private placement notes 2021	**48.4**	48.4
$160.0 million 4.20% private placement notes 2019	**101.7**	101.7
$40.0 million 4.82% private placement notes 2022	**25.4**	25.4
Non-current liabilities at fair value		
Unsecured		
£150.0 million 1.00% convertible bonds 2018	**161.3**	–
Derivatives	**18.3**	0.8
	623.5	666.0

In September 2013, the Group issued £150 million of senior, unsecured Convertible Bonds due 2018. The Bonds have a fixed coupon of 1.0% p.a. and an initial conversion price of £7.15 per share, representing a premium of 35% above the volume weighted average price of the Company's shares from launch to pricing.

The Group has two floating rate revolving credit facilities of £350.0 million and £150.0 million. The £350.0 million facility is unsecured, attracts a floating rate based on a ratchet of between 155–230 basis points above LIBOR, based on gearing, and expires in 2015. The £150.0 million facility is unsecured, attracts a floating rate based on a ratchet of between 175–250 basis points above LIBOR, based on gearing, and expires in 2017. At 31 March 2014, the Group had £488.0 million (2013: £264.0 million) of undrawn committed credit facilities.

The other loan relates to the Group's funding requirements in respect of its 12.5% interest in The 100 Bishopsgate Partnership (note 13). Brookfield Properties Corporation is funding the Group's funding obligations until October 2014 when the facility expires. The loan is secured and attracts a floating rate of 200 basis points above LIBOR.

18 Financial instruments

Categories of financial instrument	Carrying amount 2014 £m	Income/ (expense) 2014 £m	Gain/(loss) to equity 2014 £m	Carrying amount 2013 £m	Income/ (expense) 2013 £m	Gain/(loss) to equity 2013 £m
Interest rate swap	–	0.1	–	(0.1)	–	–
Cross currency swaps	(18.3)	(18.0)	–	(0.7)	0.7	–
Non-current liabilities at fair value	(18.3)	(17.9)	–	(0.8)	0.7	–
Other investment – equity element	6.1	–	–	6.1	–	–
Interest rate floor	0.8	–	–	3.8	1.3	–
Cross currency swaps	–	(3.3)	–	3.3	5.6	–
Non-current assets held at fair value	6.9	(3.3)	–	13.2	6.9	–
Trade receivables	25.1	1.3	–	43.1	0.7	–
Other investment – loan element	12.2	–	–	10.6	–	–
Cash and cash equivalents	7.8	–	–	6.3	–	–
Loans and receivables	45.1	1.3	–	60.0	0.7	–
Trade and other payables	(24.6)	–	–	(43.6)	–	–
Interest-bearing loans and borrowings	(605.2)	(38.6)	–	(665.2)	(27.2)	–
Finance leases	(29.1)	(1.8)	–	(40.4)	(1.8)	–
Liabilities at amortised cost	(658.9)	(40.4)	–	(749.2)	(29.0)	–
Total financial instruments	(625.2)	(60.3)	–	(676.8)	(20.7)	–

Financial risk management objectives

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group has a policy of only dealing with creditworthy tenants and obtaining sufficient rental cash deposits or third-party guarantees as a means of mitigating financial loss from defaults.

The concentration of credit risk is limited due to the large and diverse tenant base. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of rent deposits obtained. Details of the Group's receivables are summarised in note 15 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 operates solely in the United Kingdom, and its operating profits and net assets are sterling denominated, as a result the Group's policy is to have no unhedged assets or liabilities denominated in foreign currencies. The currency risk on overseas transactions is fully hedged through foreign currency derivatives to create a synthetic sterling exposure.

Notes forming part of the Group financial statements

18 Financial instruments (continued)

Liquidity risk

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

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

Key covenants	Covenant	March 2014 actuals
Group		
Net debt/net equity	**<1.25x**	**0.30x**
Inner borrowing (unencumbered asset value/unsecured borrowings)	**>1.66x**	**3.43x**
Interest cover	**>1.35x**	**4.32x**

The Group has undrawn credit facilities of £488.0 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 2014	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 $5\frac{5}{8}$% debenture stock 2029	**144.1**	**262.0**	**8.0**	**8.0**	**24.1**	**221.9**
Other loan	**2.6**	**2.6**	**2.6**	**–**	**–**	**–**
Bank loans – revolving credit facilities	**11.0**	**13.4**	**0.3**	**13.1**	**–**	**–**
Private placement notes	**286.2**	**359.1**	**13.0**	**13.2**	**146.5**	**186.4**
£150.0 million 1.00% convertible bonds 2018	**161.3**	**156.6**	**1.5**	**1.5**	**153.6**	**–**
Derivative financial instruments						
Cross currency swaps	**18.3**	**2.4**	**0.5**	**0.4**	**1.1**	**0.4**
Interest rate floor (note 15)	**(0.8)**	**(1.5)**	**(1.5)**	**–**	**–**	**–**
	622.7	**794.6**	**24.4**	**36.2**	**325.3**	**408.7**

At 31 March 2013	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 $5\frac{5}{8}$% debenture stock 2029	144.1	270.1	8.0	8.0	24.1	230.0
Bank loans – revolving credit facilities	234.1	250.6	5.4	5.4	239.8	–
Other loan	0.9	0.9	–	0.9	–	–
Private placement notes	286.1	372.3	13.0	13.0	39.6	306.7
Derivative financial instruments						
Cross currency swaps	(2.6)	2.8	0.5	0.5	1.1	0.7
Interest rate swap	0.1	0.1	0.1	–	–	–
Interest rate floor (note 15)	(3.8)	(4.6)	(3.1)	(1.5)	–	–
	658.9	892.2	23.9	26.3	304.6	537.4

18 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 eliminate 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 swaps

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

Interest rate floors

Under the terms of an interest rate floor, one party (the 'seller') makes a payment to the other party (the 'buyer') if an underlying interest rate is below a specified rate. The Group has bought an interest rate floor, which, when combined with its fixed rate private placement notes raised in 2011, gives rise to the same economic effect as purchasing an interest rate cap in respect of floating rate debt.

Put option

A put option is a contract between two parties to exchange an asset at a specified price by a set date. The Group has a 12.5% holding in The 100 Bishopsgate Partnership and has a put option to enable it to sell its net investment to Brookfield Properties Corporation for £15.8 million in October 2014. The value of the option will only be greater than a nominal amount in the event that the value of the underlying investment is impaired below its cost. Therefore, the value of the underlying investment together with the put option total the £15.8 million put option price.

Cross currency swaps

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

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

	Average contracted fixed interest rate		Notional principal amount		Fair value (asset)/liability	
	2014 %	2013 %	**2014 £m**	2013 £m	**2014 £m**	2013 £m
Cash flow hedges						
Interest rate swap						
Less than one year	**–**	1.87	**–**	11.0	**–**	0.1
Interest rate floor						
Less than one year	**2.53**	2.53	**159.7**	159.7	**(0.8)**	(3.8)
	2.53	2.49	**159.7**	170.7	**(0.8)**	(3.7)

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

	Average exchange rate		Foreign currency		Notional principal amount		Fair value (asset)/liability	
	2014 rate	2013 rate	**2014 US$m**	2013 US$m	**2014 £m**	2013 £m	**2014 £m**	2013 £m
Cash flow hedges								
Cross currency swaps								
In excess of five years	**1.585**	1.585	**408.0**	408.0	**257.4**	257.4	**18.3**	(2.6)
	1.585	1.585	**408.0**	408.0	**257.4**	257.4	**18.3**	(2.6)

As at 31 March 2014, the aggregate amount of unrealised losses in respect of cash flow hedges was £nil (2013: £nil).

Notes forming part of the Group financial statements

18 Financial instruments (continued)

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both non-derivative and derivative financial instruments at the balance sheet date and represents management's assessment of possible changes in interest rates. For the floating rate liabilities the analysis is prepared assuming the amount of the liability at 31 March 2014 was outstanding for the whole year:

	Impact on profit		Impact on equity	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Increase of 100 basis points	**1.2**	(1.7)	**1.2**	(1.7)
Increase of 50 basis points	**0.7**	(0.7)	**0.7**	(0.7)
Decrease of 25 basis points	**(0.4)**	0.3	**(0.4)**	0.3
Decrease of 50 basis points	**(0.9)**	0.5	**(0.9)**	0.5

Foreign exchange sensitivity

The sensitivity analysis below has been determined based on the exposure to foreign exchange rates for derivative financial instruments at the balance sheet date and represents management's assessment of changes to the fair value of the Group's cross currency swaps as a result of possible changes in foreign exchange rates:

	Impact on profit		Impact on equity	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Increase of 20% in the exchange spot rate	**(47.2)**	(51.3)	**(47.2)**	(51.3)
Increase of 10% in the exchange spot rate	**(25.7)**	(28.0)	**(25.7)**	(28.0)
Decrease of 10% in the exchange spot rate	**31.4**	34.2	**31.4**	34.2
Decrease of 20% in the exchange spot rate	**70.8**	77.0	**70.8**	77.0

Fair value of interest-bearing loans and borrowings

	Book value 2014 £m	**Fair value 2014 £m**	Book value 2013 £m	Fair value 2013 £m
Level 1				
£150.0 million 1.00% convertible bonds 2018	**161.3**	**161.3**	–	–
Level 2				
Cross currency swaps	**18.3**	**18.3**	0.8	0.8
Interest rate floor (note 15)	**(0.8)**	**(0.8)**	(7.1)	(7.1)
Other items not carried at fair value				
£142.9 million 5⅝% debenture stock 2029	**144.1**	**158.0**	144.1	158.0
Private placement notes	**286.2**	**308.3**	286.1	318.5
Other loan	**2.6**	**2.6**	0.9	0.9
Bank loans – revolving credit facilities	**11.0**	**11.0**	234.1	234.1
	622.7	**658.7**	658.9	705.2

The fair values of the Group's listed convertible bonds have been estimated on the basis of quoted market prices, representing Level 1 fair value measurements as defined by IFRS 13 Fair Value Measurement. The fair values of the Group's outstanding interest rate floor has been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 13. The fair value of the Group's cross currency swaps have been estimated on the basis of the prevailing rates at the year end, representing Level 2 fair value measurements as defined by IFRS 13. None of the Group's financial derivatives are designated as financial hedges.

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.

19 Finance leases

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

	Minimum lease payments 2014 £m	**Interest 2014 £m**	**Principal 2014 £m**	Minimum lease payments 2013 £m	Interest 2013 £m	Principal 2013 £m
Less than one year	**1.5**	**(1.5)**	**–**	2.0	(2.0)	–
Between two and five years	**5.9**	**(5.9)**	**–**	7.8	(7.8)	–
More than five years	**242.4**	**(213.3)**	**29.1**	289.3	(248.9)	40.4
	249.8	**(220.7)**	**29.1**	299.1	(258.7)	40.4

20 Share capital

	2014 Number	**2014 £m**	2013 Number	2013 £m
Allotted, called up and fully paid ordinary shares of 12.5 pence				
At 1 April	**343,926,149**	**43.0**	312,676,149	39.1
Issue of shares	**–**	**–**	31,250,000	3.9
At 31 March	**343,926,149**	**43.0**	343,926,149	43.0

At 31 March 2014, the Company's authorised share capital was 600,000,000 shares.

21 Investment in own shares

	2014 £m	2013 £m
At 1 April	**3.7**	11.5
Employee Long-Term Incentive Plan and Share Matching Plan charge	**(6.5)**	(5.5)
Purchase of shares	**4.1**	–
Transfer to retained earnings	**(2.3)**	(2.3)
At 31 March	**(1.0)**	3.7

The investment in the Company's own shares is held at cost and comprises 1,663,230 shares (2013: 2,939,035 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, 1,975,805 shares (2013: 1,481,891 shares) were awarded to directors and senior employees in respect of the 2009 LTIP and SMP award and a further 700,000 shares (2013: nil) were acquired by the Trust. The fair value of shares awarded and outstanding at 31 March 2014, was £11.8 million (2013: £13.7 million).

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

	2014 £m	2013 £m
Surplus from investment property	**(325.6)**	(99.0)
Employee Long-Term Incentive Plan and Share Matching Plan charge	**6.5**	5.5
Amortisation of capitalised lease incentives	**(9.2)**	(4.5)
Share of results of joint ventures	**(105.6)**	(61.2)
Loss on disposal of joint venture	**–**	0.5
Other non-cash items	**–**	0.2
Adjustments for non-cash items	**(433.9)**	(158.5)

Notes forming part of the Group financial statements

23 Dividends

	2014 £m	2013 £m
Ordinary dividends paid		
Interim dividend for the year ended 31 March 2014 of 3.4 pence per share	**11.6**	–
Final dividend for the year ended 31 March 2013 of 5.3 pence per share	**18.1**	–
Interim dividend for the year ended 31 March 2013 of 3.3 pence per share	**–**	11.2
Final dividend for the year ended 31 March 2012 of 5.2 pence per share	**–**	16.1
	29.7	27.3

A final dividend of 5.4 pence per share was approved by the Board on 21 May 2014 and will be paid on 8 July 2014 to shareholders on the register on 30 May 2014. The dividend is not recognised as a liability at 31 March 2014. The 2013 final dividend and the 2014 interim dividend were paid in the year and are included within the Group statement of changes in equity.

24 Operating leases

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

	2014 £m	2013 £m
The Group as a lessor		
Less than one year	**52.9**	57.9
Between two and five years	**174.7**	180.5
More than five years	**259.1**	286.8
	486.7	525.2

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2014 was 7.0 years (2013: 7.5 years). All investment properties, except those under development, generated rental income and no contingent rents were recognised in the year (2013: £nil).

25 Employee benefits

The Group contributes to a defined benefit final salary pension plan ('the Plan'), the assets of which are held by trustees separately from the assets of the Group. The Plan has been closed to new entrants since April 2002. The most recent actuarial valuation of the Plan was conducted at 1 April 2012 by a qualified independent actuary using the projected unit method. The Plan was valued using the following main assumptions:

	2014 %	2013 %
Discount rate	**4.60**	4.50
Expected rate of salary increases	**4.40**	4.25
Future pension increases	**5.00**	5.00

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

	2014 £m	2013 £m
Present value of unfunded obligations	**(24.4)**	(23.1)
Fair value of the Plan assets	**23.7**	22.8
Pension liability	**(0.7)**	(0.3)

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

	2014 £m	2013 £m
Current service cost	**(0.3)**	(0.2)
Past service cost	**–**	(0.5)
Net interest cost	**–**	(0.2)
	(0.3)	(0.9)
Actuarial deficit recognised immediately in the Group statement of changes in equity	**(0.7)**	(0.2)
Cumulative actuarial gains recognised in the Group statement of changes in equity	**0.7**	1.4

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

	2014 £m	2013 £m
Defined benefit obligation at 1 April	**23.1**	19.9
Service cost	**0.3**	0.2
Past service cost	**–**	0.5
Interest cost	**1.1**	1.0
Actuarial loss	**0.5**	2.1
Benefits paid	**(0.6)**	(0.6)
Present value of defined benefit obligation at 31 March	**24.4**	23.1

Notes forming part of the Group financial statements

25 Employee benefits (continued)

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

	2014 £m	2013 £m
Fair value of the Plan assets at 1 April	**22.8**	20.3
Expected return on the Plan assets	**1.1**	0.8
Actuarial (loss)/gain	**(0.2)**	1.8
Contributions	**0.5**	0.5
Benefits paid	**(0.5)**	(0.6)
Fair value of the Plan assets at 31 March	**23.7**	22.8
Net liability	**(0.7)**	(0.3)

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

	2014 £m	2013 £m
Equities	**9.9**	9.1
Bonds	**13.8**	13.7
	23.7	22.8

Life expectancy assumptions:

	2014 Years	2013 Years
Male aged 65	**23**	23
Female aged 65	**26**	26
Male from age 65 if aged 45 today	**26**	25
Female from age 65 if aged 45 today	**28**	28

The Group expects to contribute £0.6 million to the Plan in the year ended 31 March 2015.

Independent auditor's report

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

Opinion on financial statements of Great Portland Estates plc

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2014 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; 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.

The financial statements comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group Statement of Cash Flows, the Group Statement of Changes in Equity and the related notes 1 to 25 and i to vii. 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 (United Kingdom Generally Accepted Accounting Practice).

Going concern

As required by the Listing Rules we have reviewed the Directors' Statement on page 107 that the Group is a going concern. We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Independent auditor's report

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Valuation of investment property	
The Group owns a portfolio of property assets in central London. The valuation of the portfolio is a significant judgement area and is underpinned by a number of judgements including (i) capitalisation yields; (ii) future lease income; and (iii) with reference to development properties costs to complete.	We assessed and discussed management's process for reviewing and challenging the work of CBRE. We also assessed the competence, independence and integrity of CBRE. We met with CBRE to discuss the results of their work. With the assistance of a member of the audit team, who is a chartered surveyor, we discussed and challenged the valuation process, performance and significant judgments and assumptions applied in their valuation model, including occupancy rates, lease incentives, break clauses and yields. We tested a sample of properties through benchmarking, understanding the valuation methodology and wider market analysis along with testing the integrity of a sample of the data provided to CBRE. This included verifying the integrity of a sample of information provided to CBRE to underlying lease agreements. We assessed the Group's development appraisal process through meeting with project managers and assessing the forecast cash flows and commitments of key developments.
Financing	
During the year the Group issued a £150 million convertible bond. The bond can be settled in a number of ways and settlement is dependent on the share price of the Group, both of which are factors which have a significant impact on the accounting treatment.	We have reviewed the legal agreements which relate to the issuance of the convertible bond, identifying and assessing the key terms. We have audited the accounting treatment of the convertible bond with reference to these terms. We have agreed the fair value of the convertible bond to the prevailing market rate at the balance sheet date.
Acquisitions and disposals	
GPE has undertaken a number of acquisitions and disposals during the year including acquiring Oxford House and disposing 50% of their interest in Hanover Square, 100% interest in 90 Queen Street and 20 St James's Street and their 50% share of Park Crescent West through the GCP JV. These are significant due to the individual size, the significance of the cash flows involved and the related specific disclosure requirements.	We confirmed key transaction terms to sale and purchase agreements for all significant acquisitions and disposals in the year, assessing whether they were appropriately recognised in the period (based upon the risks and rewards of ownership) and properly disclosed in the financial statements. We also assessed whether key terms and pricing were appropriately reflected in any calculation of costs of the acquisition or profit or loss on disposal.
Revenue recognition	
Accounting for surrender premia, rent free periods and capital incentives is complex due to it being impacted by the specific terms and conditions of the relevant contracts.	We have reviewed the key terms and conditions of a sample of leases identifying the quantum of surrender premia, rent free periods and capital incentives. We recalculated the required adjustment to the annual rent in relation to lease incentives to determine whether the correct amount of revenue had been recognised in the year.

The Audit Committee's consideration of these risks is set out on page 80.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

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.

We determined materiality for the Group to be £25 million, which is below 2% of equity. 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 million based on 5% of that measure for testing of all balances impacting this financial performance measure.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.5 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 audit all of the Group's subsidiaries and joint ventures which are subject to audit at statutory materiality level, which in most cases is substantially lower than Group materiality.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

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

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 arising from these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Independent auditor's report

Our duty to read other information in the Annual Report
Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

– materially inconsistent with the information in the audited financial statements; or

– apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or

– otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' Statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor
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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team, strategically focused second partner reviews and independent partner reviews.

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.

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

Richard Muschamp, FCA
(Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
21 May 2014

Company balance sheet – UK GAAP

	Notes	**2014 £m**	2013 £m
Non-current assets			
Fixed asset investments	iii	**2,646.8**	2,093.4
Other investment	13	**12.2**	10.6
		2,659.0	2,104.0
Current assets			
Debtors	iv	**592.5**	853.4
Cash at bank and short-term deposits		**5.8**	5.1
		598.3	858.5
Current liabilities	v	**(896.2)**	(765.7)
Net current (liabilities)/assets		**(297.9)**	92.8
Total assets less current liabilities		**2,361.1**	2,196.8
Non-current liabilities			
£142.9 million 5$\frac{5}{8}$% debenture stock 2029	17	**(144.1)**	(144.1)
Bank loans – revolving credit facilities	17	**(11.0)**	(234.1)
Other loan	17	**(2.6)**	(0.9)
£30.0 million 5.09% private placement notes 2018	17	**(29.9)**	(29.9)
$130.0 million 4.81% private placement notes 2018	17	**(80.8)**	(80.7)
$78.0 million 5.37% private placement notes 2021	17	**(48.4)**	(48.4)
$160.0 million 4.20% private placement notes 2019	17	**(101.7)**	(101.7)
$40.0 million 4.82% private placement notes 2022	17	**(25.4)**	(25.4)
Derivatives	17	**(18.3)**	(0.8)
Option element of convertible bond	vi	**(24.2)**	–
Net assets		**1,874.7**	1,530.8
Capital and reserves			
Called up share capital	20	**43.0**	43.0
Share premium account		**352.0**	352.0
Profit and loss account	vii	**182.0**	158.8
Revaluation reserve	vii	**1,271.7**	955.7
Other reserves	vii	**25.0**	25.0
Investment in own shares	21	**1.0**	(3.7)
Shareholders' funds		**1,874.7**	1,530.8

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

The financial statements of Great Portland Estates plc (registered number: 596137) were approved by the Board on 21 May 2014 and signed on its behalf by:

Toby Courtauld
Chief Executive

Nick Sanderson
Finance Director

Notes forming part of the Company financial statements

i Accounting policies

Accounting convention
The Company financial statements are prepared under UK GAAP and the historical cost convention as modified by the revaluation of investments in subsidiary undertakings. The Company has prepared the financial statements on a going concern basis as explained in the Report of the directors on page 107.

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

Other investment
The Company's other investment is carried at cost less provision for impairment.

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 116 to 118.

The Company, together with another Group company, contributes to a defined benefit pension scheme for its employees. The Company's share in the underlying assets and liabilities of the scheme cannot be readily determined on a consistent and measurable basis. As a result, the directors consider it appropriate to account for the contributions to the scheme as if it were a defined contribution scheme. Accordingly, the directors have taken the multi-employer exemption allowable under the accounting standards. Details of the Group's pension plan can be found on pages 137 to 138.

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 loss dealt within the accounts of the Company was £64.8 million (2013: £1.8 million). The employees of the Company are the directors and the Company Secretary. Full disclosure of the directors' remuneration can be found on pages 84 to 105.

iii Fixed asset investments

	Investment in joint ventures £m	Shares in subsidiary undertakings £m	Loans to subsidiary undertakings £m	Total £m
At 1 April 2013	0.1	1,742.6	350.7	2,093.4
Additions	–	**345.7**	–	**345.7**
Disposals	–	**(84.7)**	**(23.6)**	**(108.3)**
Surplus on revaluation	–	**316.0**	–	**316.0**
At 31 March 2014	**0.1**	**2,319.6**	**327.1**	**2,646.8**

Shares in subsidiary undertakings and joint ventures are carried at directors' valuation. The historical cost of the shares in subsidiary undertakings and joint ventures at 31 March 2014 was £1,148.5 million (2013: £887.5 million). Were the Company to sell its fixed asset investments, an estimated charge of £234.2 million (2013: £196.7 million) would arise. However, the Company has no intention of selling any of its investments in the foreseeable future.

iii Fixed asset investments (continued)

The principal subsidiary operating companies which affect the results of the Company, at 31 March 2014 were:

	Principal activity		**Principal activity**
B & H S Management Limited	Property management	G.P.E. (St Thomas Street) Limited	Property investment
Collin Estates Limited	Property investment	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	Marcol House Jersey Limited*	Property investment
Great Portland Estates Capital (Jersey) Limited	Finance company	Pontsarn Investments Limited	Property investment
G.P.E. (Marcol House) Limited	Property investment	Portman Square Properties Limited	Property investment
		The Rathbone Place Limited Partnership†	Property investment

* Held by a subsidiary undertaking.

† The Company owns, through a subsidiary undertaking, 100% of the partnership capital of The Rathbone Place Limited Partnership which is registered and operates in England and Wales.

The Company has taken advantage of the exemption in s410 of the Companies Act 2006 only to disclose a list comprising of solely the principal subsidiaries. A full list of subsidiaries will be sent to Companies House with the next annual return.

All of the above companies are registered and operate in England and Wales except for Great Portland Estates Capital (Jersey) Limited and Marcol House Jersey Limited which are registered in Jersey.

Great Portland Estates plc is the ultimate parent undertaking of the Great Portland Estates Group.

iv Debtors

	2014 £m	2013 £m
Amounts owed by subsidiary undertakings	**402.0**	593.4
Amounts owed by joint ventures	**179.5**	233.3
Other debtors	**10.2**	19.6
Derivatives	**0.8**	7.1
	592.5	853.4

v Current liabilities

	2014 £m	2013 £m
Amounts owed to subsidiary undertakings	**880.7**	657.2
Amounts owed to joint ventures	**5.5**	99.0
Other taxes and social security costs	**0.1**	0.2
Other creditors	**0.7**	0.6
Accruals	**9.2**	8.7
	896.2	765.7

vi Option element of convertible bond

In September 2013, the Group issued £150 million of senior, unsecured Convertible Bonds due 2018. The Bonds have a fixed coupon of 1.0% p.a. and an initial conversion price of £7.15 per share, representing a premium of 35% above the volume weighted average price of the Company's shares from launch to pricing. The option element of the convertible bond relates to the fair value of the bondholder's underlying conversion option. The fair value has been estimated on the basis of quoted market prices, representing Level 1 fair value measurements as defined by IFRS 13 Fair Value Measurement.

Notes forming part of the Company financial statements

vii Reserves

	Profit and loss account £m	Revaluation reserve £m	Other reserves: Capital redemption reserve £m	Other reserves: Acquisition reserve £m	Other reserves: Total £m
1 April 2013	158.8	955.7	16.4	8.6	25.0
Surplus on revaluation of fixed asset investments	–	**316.0**	–	–	–
Profit for the year	**(64.8)**	–	–	–	–
Deemed distributions	**120.0**	–	–	–	–
Dividends	**(29.7)**	–	–	–	–
Transfer to investment in own shares	**(2.3)**	–	–	–	–
At 31 March 2014	**182.0**	**1,271.7**	**16.4**	**8.6**	**25.0**

Other information

In this section we give further useful information for our shareholders.

Our properties and tenants

In value order (GPE share)

£100 million plus

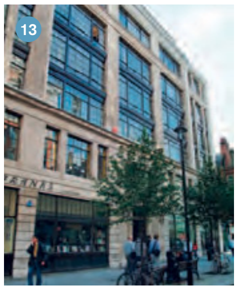
Ownership	Property name		Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
100%	Rathbone Square	1	Noho	FH	–	–
100%	33 Margaret Street	2	Noho	LH	7,467,000	103,700
100%	The Jermyn Street Estate	3	Rest of West End	LH	7,407,000	132,600
100%	Wells & More, 45 Mortimer Street	4	Noho	FH	3,998,000	123,200
100%	160 Great Portland Street	5	Noho	FH	4,902,000	92,900
100%	Oxford House	6	Noho	FH	3,272,000	79,000
50%	Wigmore Street Island site	7	Noho	FH	3,913,500	139,000
50%	Mount Royal, 508/540 Oxford Street	8	Noho	LH	5,208,500	92,100
50%	Hanover Square Estate	9	Rest of West End	FH	741,500	58,500

£75 million – £100 million

Ownership	Property name		Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
50%	240 Blackfriars Road	10	Southwark	FH	–	236,700
100%	60 Great Portland Street	11	Noho	FH	4,353,000	93,500
50%	200 & 214 Gray's Inn Road	12	Midtown	LH	4,078,950	291,600
100%	14/17 Market Place	13	Noho	LH	3,134,000	59,300
100%	20/30 Great Titchfield Street		Noho	FH	3,124,000	66,900

£50 million – £75 million

Ownership	Property name		Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
100%	Walmar House, 288/300 Regent Street		Noho	LH	290,000	60,300
100%	35 Portman Square	14	Noho	LH	4,331,000	73,000
100%	73/89 Oxford Street		Rest of West End	LH	3,006,000	82,700
100%	12/14 New Fetter Lane	15	Midtown	FH/LH	–	142,500
100%	Minerva House		Southwark	FH	3,408,000	103,700
100%	St Lawrence House, 26/30 Broadwick Street		Rest of West End	FH	2,584,000	70,500
100%	14/20 St Thomas Street		City	FH	3,151,000	97,800



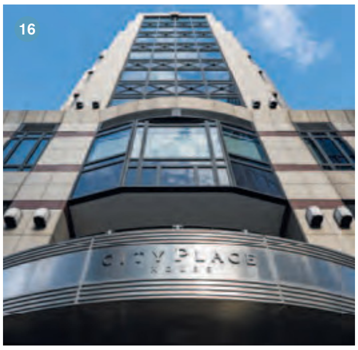
In value order (GPE share)

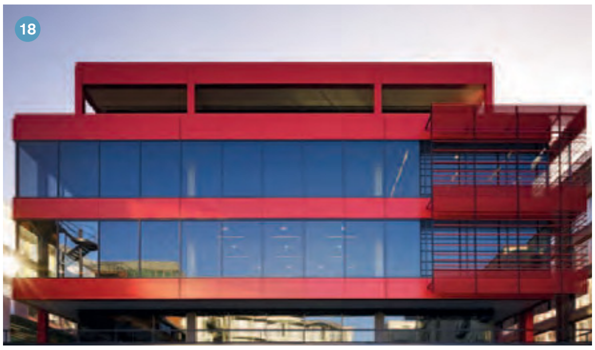
Ownership	Property name		Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
£40 million – £50 million						
100%	126/130 Regent Street		Rest of West End	LH	1,938,000	31,100
50%	City Place House, 55 Basinghall Street	16	City	LH	3,715,500	177,100
50%	City Tower, 40 Basinghall Street	17	City	LH	1,098,500	138,200
£30 million – £40 million						
100%	Orchard Court		Noho	LH	1,869,000	47,800
100%	24/25 Britton Street	18	Midtown	FH/LH	1,562,000	51,400
100%	French Railways House		Rest of West End	LH	1,321,000	30,300
100%	48/54 Broadwick Street		Rest of West End	FH	937,000	30,100
100%	27/35 Mortimer Street		Noho	FH	788,000	30,900
£20 million – £30 million						
100%	46/58 Bermondsey Street	19	Southwark	FH	1,303,000	46,800
100%	33/35 Gresse Street & 23/24 Rathbone Place		Noho	FH	854,000	24,700
100%	10/12 Cork Street		Rest of West End	LH	728,000	21,400
50%	103/113 Regent Street		Rest of West End	LH	1,225,000	52,800
100%	78/92 Great Portland Street		Noho	FH	1,054,000	51,000
100%	37/41 Mortimer Street		Noho	FH	635,000	24,700
100%	6/10 Market Place		Noho	FH	792,000	18,400
100%	50 Jermyn Street		Rest of West End	LH	1,303,000	24,400

FH = Freehold or Virtual Freehold.

LH = Leasehold.

Our properties and tenants





In value order (GPE share)

Ownership	Property name	Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
£10 million – £20 million					
50%	148 Old Street	City	FH	1,085,000	97,800
50%	40/48 Broadway & 1/15 Carteret Street	Rest of West End	LH	508,000	73,200
100%	Tasman House, 59/63 Wells Street	Noho	FH	–	25,300
100%	122/124 Regent Street	Rest of West End	LH	614,000	8,700
100%	32/36 Great Portland Street	Noho	FH	445,000	12,900
Below £10 million					
100%	183/190 Tottenham Court Road	Noho	LH	343,000	12,000
100%	23/24 Newman Street	Noho	FH	193,000	25,100

FH = Freehold or Virtual Freehold.
LH = Leasehold.

Top ten tenants

	Tenant	Rent roll (our share) £m	% of rent roll (our share)
1	Savills plc	7.0	7.6
2	Double Negative	4.8	5.2
3	The Engine Group	3.8	4.1
4	New Look	3.0	3.3
5	Ipsos Mori UK	2.0	2.2
6	VNU Business Publications	1.8	1.9
7	Standard Chartered Bank	1.7	1.8
8	Fallon London Limited	1.6	1.7
9	Lane Clark & Peacock	1.5	1.7
10	Carlton Communications	1.5	1.6
	Total	**28.7**	**31.1**

Portfolio statistics at 31 March 2014

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	34.3	7.4	41.7	3.5	0.1	3.6	45.3
		Retail	7.5	1.7	9.2	5.6	1.1	6.7	15.9
	Rest of West End	Office	12.1	3.8	15.9	0.9	0.6	1.5	17.4
		Retail	7.8	1.7	9.5	1.6	0.6	2.2	11.7
	Total West End		**61.7**	**14.6**	**76.3**	**11.6**	**2.4**	**14.0**	**90.3**
	City, Midtown and Southwark	Office	9.1	1.0	10.1	10.0	2.9	12.9	23.0
		Retail	0.3	–	0.3	–	–	–	0.3
	Total City, Midtown and Southwark		**9.4**	**1.0**	**10.4**	**10.0**	**2.9**	**12.9**	**23.3**
Total let portfolio			**71.1**	**15.6**	**86.7**	**21.6**	**5.3**	**26.9**	**113.6**
Voids					3.0			2.1	5.1
Premises under refurbishment					14.2			6.1	20.3
Total let portfolio					**103.9**			**35.1**	**139.0**

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	49.4	9.7	3.9	100.0	11.1	–
		Retail	31.3	4.6	–	87.3	8.0	–
	Rest of West End	Office	13.0	2.2	4.6	25.4	3.3	5.6
		Retail	45.0	5.0	–	78.4	10.5	–
	Total West End		**39.5**	**7.0**	**3.5**	**85.0**	**8.9**	**0.6**
	City, Midtown and Southwark	Office	61.4	7.1	–	23.9	4.1	10.1
		Retail	85.4	15.9	–	–	–	–
	Total City, Midtown and Southwark		**62.1**	**7.3**	**–**	**23.9**	**4.1**	**10.0**
Total let portfolio			**42.5**	**7.0**	**2.9**	**56.8**	**6.7**	**6.0**

Rental values and yields

			Wholly-owned		Joint ventures		Wholly-owned		Joint ventures	
			Average rent £psf	Average ERV £psf	Average rent £psf	Average ERV £psf	Initial yield %	True equivalent yield %	Initial yield %	True equivalent yield %
London	North of Oxford Street	Office	49	60	84	88	2.5	4.6	–	4.2
		Retail	42	53	105	118	3.5	4.7	3.6	4.5
	Rest of West End	Office	41	55	17	28	3.6	4.8	0.9	4.0
		Retail	68	82	44	62	3.4	4.4	2.0	4.3
	Total West End		**48**	**58**	**63**	**71**	**2.9**	**4.6**	**1.8**	**4.3**
	City, Midtown and Southwark	Office	33	44	33	44	4.9	5.4	5.1	5.6
		Retail	25	28	–	32	5.8	5.6	–	–
	Total City, Midtown and Southwark		**33**	**42**	**33**	**43**	**4.9**	**5.4**	**5.1**	**5.6**
Total let portfolio			**45**	**55**	**44**	**52**	**3.1**	**4.7**	**2.8**	**4.7**

Notice of meeting

Notice is hereby given that the fifty-seventh Annual General Meeting of Great Portland Estates plc will be held at Chandos House, 2 Queen Anne Street, London W1, on Thursday, 3 July 2014 at 11.30am, for the purposes set out below, with the Board available from 11am to meet shareholders and answer questions.

Ordinary resolutions

1. To receive and adopt the audited financial statements together with the directors' and auditors' reports for the year ended 31 March 2014.
2. To authorise the payment of a final dividend for the year ended 31 March 2014.
3. To approve the Directors' remuneration report, other than the part containing the Directors' remuneration policy, for the year ended 31 March 2014.
4. To approve the Directors' remuneration policy contained in the Directors' remuneration report for the year ended 31 March 2014.
5. To re-elect Toby Courtauld as a director of the Company.
6. To re-elect Nick Sanderson as a director of the Company.
7. To re-elect Neil Thompson as a director of the Company.
8. To re-elect Martin Scicluna as a director of the Company.
9. To re-elect Jonathan Nicholls as a director of the Company.
10. To re-elect Jonathan Short as a director of the Company.
11. To re-elect Elizabeth Holden as a director of the Company.
12. To elect Charles Philipps as a director of the Company.
13. To reappoint Deloitte LLP as auditor.
14. To authorise the directors to agree the remuneration of the auditors.

As special business, to consider and, if thought fit, to pass the following Resolutions 15 and 16 as ordinary resolutions, and those numbered 17 to 19 inclusive as special resolutions. The items of special business are explained in more detail in the Report of the directors on pages 106 and 109.

15. That:
    (a) the directors be authorised to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company:
        (i) in accordance with Article 9 of the Company's Articles of Association (the Articles), up to a maximum nominal amount of £14,330,256 (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 £14,330,256); and
        (ii) comprising equity securities (as defined in Article 10 of the Articles), up to a maximum nominal amount of £28,660,512 (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 2015; 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).
16. That the maximum aggregate amount of fees payable to the Non-Executive Directors in accordance with Article 90 of the Company's Articles of Association be increased to £600,000.

Special resolutions

17. 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 £2,149,538;
    (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 2015; and
    (d) all previous unutilised authorities under sections 570 and 573 of the Companies Act 2006 shall cease to have effect.
18. That, in accordance with the Companies Act 2006, the Company be and it is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693 of the Companies Act 2006) of its shares on such terms and in such manner as the directors may determine, provided that:
    (a) the maximum number of shares which may be purchased is 51,554,530;
    (b) the maximum price at which shares may be purchased shall not be more than the higher of an amount equal to 5% above the average of the middle market quotations for the shares as taken from the London Stock Exchange Daily Official List for the five business days preceding the date of purchase and the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003, and the minimum price shall be 12.5 pence, being the nominal value of the shares, in each case exclusive of expenses;
    (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 2015, 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 shares in pursuance of any such contract; and

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

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

Registered office:
33 Cavendish Square
London W1G 0PW

By order of the Board

Desna Martin Company Secretary
21 May 2014

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.capitashareportal.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 not less than 48 hours before the time of the meeting.

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 this paragraph can only be exercised by shareholders of the Company.

5. Nominated persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.

6. As at 20 May 2014 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 343,926,149 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 20 May 2014 are 343,926,149.

7. Copies of all directors' contracts 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 6pm on 1 July 2014 (or in the event of any adjournment, at 6pm on the date which is two days before the date of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time and changes to the Register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

10. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

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

12. A member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

13. A copy of this notice, and other information required by section 311A of the Companies Act 2006 can be found at www.gpe.co.uk/investors/agm/

14. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the form of proxy) to communicate with the Company for any other purposes other than those expressly stated.

15. Voting on all resolutions will be conducted by way of a poll rather than on a show of hands. This will result in a more accurate reflection of the views of shareholders by ensuring that every vote is recognised, including 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.

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.

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

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

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

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

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

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

Like-for-like portfolio
Properties that have 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.

PMI
Purchasing Managers Index.

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

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

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

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

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

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

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.

Five year record

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

Balance sheet

	2010 £m	2011 £m	2012 £m	2013 £m	**2014 £m**
Property portfolio	774.9	1,049.5	1,366.0	1,899.5	**1,972.7**
Joint ventures	332.4	449.8	538.2	348.3	**524.8**
Trading property	–	–	–	–	**93.3**
Loans and borrowings	(278.3)	(352.1)	(507.4)	(666.0)	**(623.5)**
Other net assets/(liabilities)	47.7	(34.5)	(158.5)	(44.1)	**(35.4)**
Net assets	876.7	1,112.7	1,238.3	1,537.7	**1,931.9**

Financed by

	£m	£m	£m	£m	**£m**
Issued share capital	39.1	39.1	39.1	43.0	**43.0**
Reserves	837.6	1,073.6	1,199.2	1,494.7	**1,888.9**
Total equity	876.7	1,112.7	1,238.3	1,537.7	**1,931.9**
Net assets per share	280p	359p	402p	451p	**564p**
Net assets per share – EPRA	283p	360p	403p	446p	**569p**

Income statement

	£m	£m	£m	£m	**£m**
Net rental income	45.7	63.7	46.4	57.1	**69.7**
Joint venture fee income	3.0	4.1	5.6	6.1	**6.9**
Rental and joint venture fee income	48.7	67.8	52.0	63.2	**76.6**
Property and administration expenses	(16.6)	(21.3)	(26.2)	(29.3)	**(32.3)**
Trading property – cost of sales	–	–	–	–	**(1.6)**
Development management profits	0.1	–	–	–	**–**
	32.2	46.5	25.8	33.9	**42.7**
Surplus on investment property	89.8	131.3	97.2	99.0	**325.6**
Share of results of joint ventures	59.0	97.9	50.0	61.2	**105.6**
Loss on disposal of joint ventures	–	–	–	(0.5)	**–**
Operating profit	181.0	275.7	173.0	193.6	**473.9**
Finance income	0.4	2.2	5.1	8.4	**9.9**
Finance costs	(13.2)	(13.8)	(21.4)	(21.4)	**(61.6)**
Non-recurring items	(11.6)	(3.1)	(1.5)	–	**–**
Profit before tax	156.6	261.0	155.2	180.6	**422.2**
Tax	(0.2)	(0.9)	–	–	**–**
Profit for the year	156.4	260.1	155.2	180.6	**422.2**
Earnings per share – basic	55.5p	83.8p	50.2p	56.3p	**123.4p**
Earnings per share – diluted	55.5p	83.8p	50.2p	56.3p	**122.5p**
Earnings per share – EPRA	10.0p	16.0p	5.6p	6.9p	**11.0p**
Dividend per share	8.0p	8.2p	8.4p	8.6p	**8.8p**

Shareholders' information

Shareholder enquiries

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

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0871 664 0300
Email: ssd@capitaregistrars.com

(Calls cost 10 pence per minute plus network extras; lines are open 8.30am–5.30pm Monday to Friday.)

If you are calling from overseas please dial +44 20 8639 3399

Unsolicited telephone calls – Boiler room scams

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

These are typically from overseas based 'brokers' who target UK shareholders offering to sell them 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 www.fsa.gov.uk/register/home.do
- 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 Capita Registrars, including details of your nominated account. Although this will enable your dividend/interest to be paid directly into your account, your tax voucher will still be sent to your registered address.

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 Capita Deal. For further information on this service, or to buy and sell shares, please contact:

Online dealing – www.capitadeal.com

Telephone dealing – 0871 664 0364

(Calls cost 10 pence per minute plus network extras; 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

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Fax: 020 7016 5500
Registered number: 596137

Financial calendar

2014

28 May
Ex-dividend date for 2013/2014 final dividend

30 May
Registration qualifying date for 2013/2014 final dividend

3 July
Annual General Meeting

8 July
2013/2014 final dividend payable

13 Nov
Announcement of 2014/2015 interim results[1]

19 Nov
Ex-dividend date for 2014/2015 interim dividend (provisional)[1]

21 Nov
Registration qualifying date for 2014/2015 interim dividend (provisional)[1]

2015

2 Jan
2014/2015 interim dividend payable (provisional)[1]

21 May
Announcement of 2014/2015 full year results (provisional)[2]

1. Provisional dates will be confirmed in the Half Year results announcement 2014.
2. The timetable for the potential final dividend will be confirmed in the 2015 Annual Report.

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