GREAT PORTLAND ESTATES

Policy for provision of non-audit services by the external auditors

1. Introduction

The Audit Committee recognises it is important that the independence of the external auditors, real or perceived, is not impaired through the provision of non-audit services.

To ensure the independence and objectivity of the external auditors, the following policy in connection with the provision of non-audit services by the external auditors has been approved by the Audit Committee.

Non-audit services comprise any engagement in which an audit firm provides professional services other than pursuant to the audit of financial statements or those other roles which legislation or regulation specify can be performed by the auditors (e.g. complying with the procedural and reporting requirements of regulators).

2. Services which are not permitted to be provided by the external auditor

2.1 The external auditor should not provide services that have the potential to impair or appear to impair the independence of their audit role. Generally, these include services where the external auditor:

- Participates in activities that are normally undertaken by management;
- is remunerated through a "success fee" structure; or
- where the auditor may be required to audit their own work.

2.2 Non Audit Services for which External Auditors cannot be engaged:

- Tax services relating to:
  i. Preparation of tax forms;
  ii. Payroll tax;
  iii. Custom duties;
  iv. Identification of public subsidies and tax incentives unless support from the statutory auditor or the audit firm in respect of such services is required by law;
  v. Support regarding tax inspections by tax authorities unless support from the statutory auditor or audit firm in respect of such inspections is required by law;
  vi. Calculation of direct or indirect tax and deferred tax; and
  vii. Provision of tax advice;
- Services that involve playing any part in the management or decision-making of the audited entity;
- Bookkeeping and preparing accounting records and financial statements;
- Payroll services;

- Designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing or implementing financial information technology systems;
- Valuation services, including valuations performed in connection with actuarial services or litigation support services;
- Legal services, with respect to:

    i. The provision of general counsel;

    ii. Negotiating on behalf of the audited entity; and

    iii. Acting in an advocacy role in the resolution of litigation;
- Services related to the audited entity's internal audit function;
- Services linked to the financing, capital structure and allocation, and investment strategy of the audited entity, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the audited entity;
- Promoting, dealing in, or underwriting shares in the audited entity;
- Human resources services, with respect to:

    i. Management in a position to exert significant influence over the preparation of the accounting records or financial statements which are the subject of the statutory audit, where such services involve: searching for or seeking out candidates for such position; or undertaking reference checks of candidates for such positions;

    ii. Structuring the organisation design; and

    iii. Cost control.
- Remuneration services relating to advice on the quantum of the remuneration package or the measurement criteria on which the quantum is calculated for a director or key management position.

By way of derogation, the FCA may allow the provision of tax services (points i, iv and vii) and valuation services provided that the following requirements are complied with:

a) they have no direct or, in the view of an objective, reasonable and informed third party, would have an inconsequential effect, separately or in the aggregate on the audited financial statements;

b) the estimation of the effect on the audited financial statements is comprehensively documented and explained in an additional report to the audit committee;

c) the principles of independence laid down in Section 1 of the Ethical Standard are complied with;

d) for the purposes of the statutory audit of the financial statements, the audit firm would not place significant reliance on the work performed by the audit firm in performing these services.

Management can take advantage of the FCA derogation subject to prior approval by the Audit Committee Chair.

3. External Auditors can be engaged for services not covered by Section 2 above

Excluding the services outlined in Section 2, the external auditors may be engaged to perform non-audit services without reference to the Audit Committee subject to fees being less than £50,000 for each assignment and a cumulative annual total of less than 50% of that years audit fee provided prior approval by the Finance Director. Where the engagement of services for a single activity is over £50,000 or would take the cumulative total of non-audit fees paid to the external auditors over 50% of that years audit fees, the engagement must be approved by the Audit Committee.

In total the non-audit services fees in aggregate must not exceed the 70% of the statutory audit fee.

Management shall provide a summary of non-audit fees both incurred to date and of approved but yet to be performed services to the Audit Committee on a periodic basis and at the minimum at each of the interim and full year Audit Committee meetings.

4. **Disclosure requirements**

In the Audit Committee’s report in the Annual Report and Accounts, the Committee will disclose:

4.1 The Committee’s policy for approval of non-audit services.

4.2 How auditor objectivity and independence are safeguarded.

4.3 The audit fees for the statutory audit of the company’s consolidated financial statements paid to the auditor and its network firms for audit related services and other non-audit services, including the ratio of audit to non-audit work.

4.4 For each significant engagement, or category of engagements, detail of what the services are and why the audit committee concluded that it was in the interests of the company to purchase them from the external auditor.