REITs

GREAT PORTLAND ESTATES

Tax consequences for shareholders

Important note

This summary of tax consequences for shareholders is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional tax advice. Great Portland Estates plc ("GPE") accepts no responsibility for any loss arising from any action taken or not taken by any person using this material.

Dividends under the REIT regime

As a result of its Real Estate Investment Trust ("REIT") status, GPE expects that future dividend payments will comprise a mixture of both Property Income Distribution (PID) and non-PID dividends. The amount of PID and non-PID elements of a dividend will be shown on associated tax vouchers.

Non-PID dividend payments

The non-PID element of a dividend will be treated in exactly the same way as a dividend from a non-REIT company.

Non-PID dividends paid prior to 6 April 2016 were deemed by Her Majesty's Revenue & Customs ("HMRC") to have had a 10% tax credit deducted at source. Shareholders were able to offset this deemed tax credit against any UK Income Tax that may have been due on their "dividend income" (the sum of dividends received and deemed tax credits).

The deemed tax credit has been abolished for dividends paid after on or after 6 April 2016 and replaced with a tax-free dividend allowance and new rates of income tax on dividends. Further information is available from HMRC at: www.gov.uk/government/publications/dividend-allowance-factsheet/dividend-allowance-factsheet.

PID dividend payments

As PID dividends are paid from GPE's profits which are exempt from corporation tax, they are potentially fully taxable in the hands of its shareholders. PID dividends are taxable as property letting income in the hands of shareholders who pay tax, but will be treated separately from any other property letting business which shareholders may carry on.

HMRC tax returns contain a separate box and explanatory notes to enable individual taxpayers to declare amounts received in the form of PID dividends. PID dividend payments will generally be paid out after deduction of withholding tax at the basic rate (currently 20%).

Therefore, for most shareholders, if GPE declares a PID dividend of £100, it will pay £80 to the shareholder and £20 to HMRC (on behalf of the shareholder). In the case of a UK individual shareholder taxable at the basic rate, no further tax is payable. By contrast, a UK individual shareholder taxable at 40% will have a further £20 of tax to pay and a UK individual taxable at 45% will have a further £25 of tax to pay.

REITs

Tax consequences for shareholders (continued)

Certain classes of shareholder may be able to claim exemption from deduction of withholding tax. Examples of such classes of shareholder are:

—UK Companies;

—Charities;

—Local Authorities;

—UK Registered Pension Schemes; and

—Managers of PEPs, ISAs and Child Trust Funds.

Note: It is expected that individual private shareholders and overseas shareholders will not be eligible to claim exemption from deduction of withholding tax.

Shareholders who wish to claim exemption from deduction of withholding tax on PID dividend payments should complete one of the forms that can be found on our website (there are separate forms for use by shareholders and intermediaries acting on behalf of shareholders). The completed forms should be submitted to the Company's Registrars: Link Market Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. Exemption claim forms should be sent to arrive at the Registrars by the dividend record date for the next dividend payment. Details on dividend payment dates are set out on our website at www.gpe.co.uk/investors/ financial-calendar. Please note that valid exemption claim forms will apply for all future PID dividends unless revoked by the shareholder.

Withholding tax is credited against a shareholder's own tax liability on the PID dividend. Shareholders whose rate of tax is less than 20% or who do not pay tax at all, perhaps because of personal allowances or other reliefs, may reclaim the difference from HMRC.

Non-resident shareholders in countries with double tax treaties with the UK, which provide for withholding tax on dividends at a lower rate than 20%, may be able to make claims for repayments of the difference from HMRC.

It should be noted that the above rules will not apply to shareholders who hold shares and securities as trading assets. In the case of those shareholders, such as financial traders, all dividends (whether PID or non-PID dividend payments) will be taxable under the trading income rules.