Overview

Leadership and purpose

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

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

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

Division of responsibilities

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

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

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

Composition, succession and evaluation

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

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

› See our approach to effectiveness on pages 102 to 106

Audit, risks and internal controls

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

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

› See our approach to accountability on pages 107 to 113

Relations with shareholders

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

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

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

Remuneration

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

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

› See our approach to remuneration on pages 116 to 142

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

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

Introduction from the Chairman

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

Richard Mully
Chairman

Dear fellow shareholder

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

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

2018 UK Corporate Governance Code and s172 reporting

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

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

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

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

Our culture

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

Our management of risk and opportunities

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

Introduction from the Chairman continued

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

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

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

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

Engaging with our employees

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

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

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

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

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

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

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

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

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

Maintaining a reputation for high standards of business conduct

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

Engaging with our shareholders

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

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

Richard Mully
Chairman
22 May 2019

Introduction from the Chairman continued

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

The Board's role in ensuring our business is sustainable

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

In respect of our building design:

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

› See more on pages 12 and 13

- as part of our September 2018 property tour, together with the project team responsible for its delivery, we visited our recently completed development at 160 Old Street, EC1. Through careful design, despite being a partial refurbishment we achieved a BREEAM 'excellent rating' together with an 'A' EPC rating. As part of the tour, features discussed by the Board were construction methods used to reduce our carbon footprint and facilities provided to enhance the wellbeing offering to our occupiers, including outdoor spaces with terraces and the inclusion of double the industry standard of cycle facilities; and
- having re-launched our sustainability strategy in May 2017, conscious of the need to ensure that we continually evolve, this year we also revisited our carbon targets and, at our May 2019 Board meeting, we approved stretching targets which we believe will help us continually challenge both our designs and working methods.

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

- cyber security and cyber risk is continually managed both at our buildings and in relation to our own GPE company systems;
- technology at our buildings is supplied to our occupiers on a timely basis when required; and
- our buildings technology evolves to meet the changing needs of occupiers.

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

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

- extending the comprehensive cyber awareness training programme already in operation at head office to our on-site building management contractor, receptionist and security teams;
- undertaking penetration tests across the portfolio and at head office; and
- identifying at our portfolio buildings how we can provide quick access to reliable and fast internet connectivity to our occupiers when they move into our buildings, either as a part of our flex space offering or when under a traditional lease.

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

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

Steven Rollingson
Head of IT

The Board's attendance in 2018/19

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

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

● Meetings attended ○ Part attendance at meetings

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

Leadership and purpose

Board activities

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

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

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

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

Desna Martin
Company Secretary

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

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

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

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

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

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

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

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

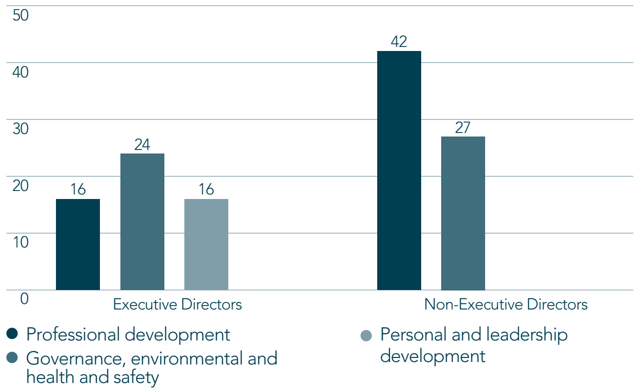
Formal policies in place for the year in relation to anti-corruption and anti-bribery matters include our Ethics policy, Whistleblowing policy, Gifts and Hospitality policy, Use of GPE suppliers policy, Conflicts of interest policy and our Insider Information and Share Dealings policy. These policies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

Our approach to Board induction and development

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

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

Total number of Board training hours during the year by type



Our conflict of interest procedures

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

Leadership and purpose continued

What we did in 2018/19

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

2018 → 2019 →

Strategy, governance, risk and opportunity management

2018 – April

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

› See more on pages 12 and 13

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

› See more on page 53

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

› See more on page 94

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

May

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

July

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

› See more on page 53

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

August

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

› See more on page 38

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

› See more on pages 36 and 37

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

› See more on page 43

September

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

› See more on page 47

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

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

› See more on page 37

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

› See more on page 104

November

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

› See more on pages 46 and 48

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

2019 – January

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

April

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

May

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

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

2018 – April

- Approval of GPE's inaugural Charity and Community strategy

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

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

May

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

› See more on page 54

July

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

September

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

› See more on pages 12 and 13

November

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

2019 – January

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

› See more on pages 68 and 69

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

› See more on page 66

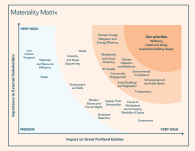
- Review of feedback from investors and the noting that:
  - All recurring themes were being regularly debated at Board meetings
  - GPE's ESG performance was being used as a measure by shareholders of corporate quality; and
  - GPE's intention to undertake a materiality review of GPE ESG matters through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

› See more on page 77

April

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

› See more on page 77



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

May

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

Division of responsibilities

The role of the Board and its Committees during the year

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

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

Board Committees

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

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

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

› See Directors' remuneration report on pages 116 to 142

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

› See Nomination Committee report on pages 102 to 106

Management Committees

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

› See Strategic Report on pages 1 to 88

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

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

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

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

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

› See Strategic Report on pages 1 to 88

The division of responsibilities of the directors

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

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

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

Roles and responsibilities of the directors:

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

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

Composition, succession and evaluation

Nomination Committee

Nomination Committee members and attendance by others

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

● Meetings attended ○ Part attendance at meetings

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

Our approach

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

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

Our process

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

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

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

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

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

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

Richard Mully
Chairman of the Nomination Committee

Dear fellow shareholder

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

Board changes and succession planning

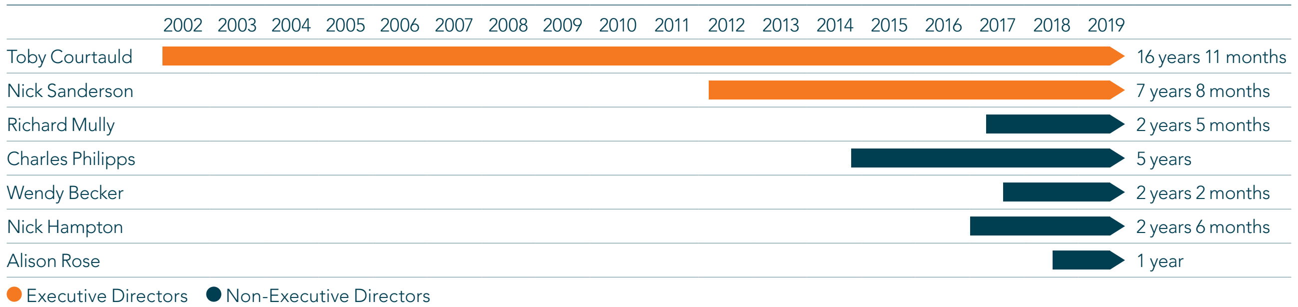
I am delighted to have been appointed by the Board to the role of GPE's chair, the process of which is covered by Charles Philipps' report on page 104. As a result of my appointment, it was unanimously agreed that to ensure appropriate ongoing succession of the Non-Executive Directors, we should appoint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

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

Our approach to diversity

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

Directors' tenure (as at 31 March 2019)



Governance

Composition, succession and evaluation continued

Talent development and resourcing

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

GPE's Board composition and independence

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

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

Richard Mully
Chairman of the Nomination Committee
22 May 2019

The Senior Independent Director's contribution to the Board in 2018/19

"This year my priorities, as SID, were the orderly succession of the Chairman and the 2018/19 Board evaluation process."

Charles Philipps
Senior Independent Director

Dear fellow shareholder

In March 2018, the Nomination Committee asked me, as SID, to lead the process for the appointment of a new Chairman to replace Martin Scicluna who had decided to retire in line with good governance practice. As last year, Martin Scicluna, as Chairman, also asked me to conduct the 2018/19 Board effectiveness review with the support of Desna Martin, our Company Secretary.

Our Chairman succession process

In May 2018 we appointed Russell Reynolds to advise us on the selection process and potential candidates for the role of Chairman. All Non-Executive Directors were asked whether they would like to be considered for the role and Richard Mully indicated that he would like to be. In consultation with the Non-Executive Directors other than Richard Mully, a role specification with desirable criteria was drawn up against which potential external candidates and Richard Mully could be measured for suitability.

Russell Reynolds prepared a list of potential candidates with CV's for consideration and interviewed Richard Mully. The Non-Executive Directors other than Richard Mully then met with Russell Reynolds to discuss the potential candidates in detail. Following extensive debate, it was unanimously agreed that Richard Mully was at least as strong a candidate as the other candidates put forward by Russell Reynolds and that he had the added benefit of extensive knowledge of GPE and its management.

It was agreed, however, that given the importance of a strong working relationship between the Chairman and CEO, Toby Courtauld should meet with Richard Mully to assess the likelihood of a good working relationship. Richard Mully was also formally interviewed by the other Non-Executive Directors and me. Both of these steps had a positive outcome resulting in a recommendation to the Board from the Nomination Committee, in September 2018, to appoint Richard Mully to succeed Martin Scicluna when he retired at the end of January 2019.

This timing also allowed for a thorough induction to the role with Richard Mully attending the Chairman's meetings with management between October 2018 and February 2019. Meetings were also offered for both Martin Scicluna and Richard Mully to meet with shareholders representing almost 50% of the share register, so that shareholders had an early opportunity to meet with Richard. It was pleasing to receive much positive feedback from both management and shareholders in advance of Richard Mully assuming the role.

Our 2018/19 Board evaluation process

As well as seeking to continually improve the way that the Board fulfils its duties, we use the Board evaluation process to reflect on the areas on which the Board would like to increase its focus over the coming 12 months.

The process involved completion of a questionnaire, followed by one-to-one meetings with each director, a detailed report of findings and discussion at the January 2019 Board meeting. The following were covered:

- progress on areas for improvement agreed in the prior year's evaluation;
- the Board's role, composition and operation;
- the performance of the Board and its Committees;
- the Board's protocols and behaviours;
- information received by the Board;
- feedback on individuals' performance; and
- individuals' recommendations based on their experiences on other Boards.

This year, recognising the continued market uncertainty and changes coming into effect with the UK Corporate Governance Code 2018, we revisited our questionnaire to the directors and expanded on questions relating to strategy, views of our stakeholders and how we reward our Executive Directors and employees.

In addition, the recommendations from the 2019 evaluation and the follow up of actions from the 2018 evaluation as outlined below were considered in more detail at the March 2019 Nomination Committee meeting with feedback from that meeting provided to the Board as part of our April Strategy Review.

The directors were unanimous in their view that the Board and the Committees were operating effectively with a strong and valued contribution being received from all Board members. It was considered that there was a collegiate and open approach with the Chairman ensuring an appropriate balance between support and challenge with discussions being both constructive and conducted in a positive atmosphere resulting in good quality debate with a high level of trust and transparency. Overall it was felt that the Board had the appropriate range of skills and experience subject to an additional Non-Executive Director being recruited with relevant property experience following Richard Mully becoming Chairman. It was appreciated that Martin Scicluna had been a strong force in leading the Board to date, that his succession process and Richard's induction to his new role had resulted in a seamless transition and that it had been useful for Richard Mully to be involved in the articulation of the Company's values.

Charles Philipps
Senior Independent Director
22 May 2019

2018/19 actions	Progress	2019/20 actions
Succession planning for the Chairman	Richard Mully appointed as Chairman	Given the market uncertainty, for the Board to spend more time on 'blue sky thinking' and identification of possible emerging risks
Group wide articulation of GPE values	Launched in January 2019	Actions identified to ensure that the Board improves its understanding of a wider set of stakeholders
More debate on: – the changing ways buildings are being used; – possible different remuneration structures	Roll out of GPE's flex space offering across 87,600 sq ft of the office portfolio including launch of a co-working partnership with Runway East of 48,400 sq ft at New City Court, with further 124,300 sq ft under consideration. Consideration of our 2020 Remuneration policy has started including consideration of its alignment with employee remuneration	Continued focus on Board succession planning and the development of a diverse pipeline
Board papers to be simplified and continued provision of updates between Board meetings from the Executive Directors	Improvements made and ongoing	Executive Committee members to summarise, at each scheduled Board meeting, the three matters about which they are most pleased, and the three matters about which they are most concerned.

Composition, succession and evaluation continued

What we did in 2018/19

2018

April

Board meeting

Board approval is received for the appointment of Alison Rose

The Board and Committee memberships are approved

May

Nomination Committee

The Committee consider the personal development plans of the Executive Directors

September

Nomination Committee

Charles Philipps reports on the Chairman succession process and it is agreed to proceed with Richard Mully as the preferred candidate subject to formal meetings with Toby Courtauld and presentation to the Nomination Committee

Board meeting

The Board approve the appointment of Richard Mully as Chairman

November

Remuneration Committee

Toby Courtauld provides an update on the development of the Executive Committee members

December

Nomination Committee

The Committee agree the experience and expertise sought of the new Non-Executive Director and the use of Russell Reynolds subject to confirmation they have no conflict of interest

2019

January

Nomination Committee

The Board approve the shortlist of candidates for the new Non-Executive Director

Board meeting

The Board receive an update from Rachel Aylett, Head of HR on GPE's purpose and values process and the expected behaviours underlying the four values and actions proposed to ensure all employees 'Live the values', the Board approve the values for the launch to employees

The Board receive an update from Rachel Aylett on The National Equality Standard process

The Board considers the 2018/19 Board evaluation

February

Nomination Committee

Richard Mully provides the Committee with an update on progress of the interviews for the new Non-Executive Director

The Committee discuss the Board evaluation recommendations from 2018/19 and follow up on recommendations from 2017/18

The Committee review the Committee memberships and training undertaken by the Board during the year

The Committee approve the revised Nomination Committee Terms of Reference

The Group's diversity policy is discussed and it is agreed that this should be revisited in light of the National Equality Standard accreditation process

The Committee agree that a formal November Committee meeting should be added to the Nomination Committee calendar to enable more time to be spent on succession planning

Audit, risks and internal controls

Together the Audit Committee and the Board are responsible for ensuring the Group has an effective internal control and risk management system and that the Annual Report provides a fair reflection of the Group's activities during the year.

Internal controls and ongoing risk management

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

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

The identification and management of risks and opportunities is part of the mindset of all employees at GPE with ongoing processes and procedures in place for identifying, evaluating and managing the principal risks faced by the Group. These processes and procedures were in place throughout the year under review and up to the date of the approval of the Annual Report, and accord with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Key features of our system of internal control include:

- a comprehensive system of financial reporting and business planning;
- a defined schedule of matters for decision by the Board, revisited by the Board at least annually;
- an organisational structure with clearly defined levels of authority and division of responsibilities;
- formal documentation procedures;
- the close involvement of the Executive Directors and the other Executive Committee members in all aspects of day-to-day operations, including regular meetings with senior managers to review all operational aspects of the business and risk management systems;
- Board review of Group strategy including forecasts of the Group's future performance and progress on the Group's development projects at each scheduled Board meeting;
- formal sign-off on the Group's Ethics and Whistleblowing policies by all employees annually; and
- review by the Audit Committee of Internal Audit's reports.

Twice a year, the Audit Committee carries out a review of the framework of the Group's risks and how they are managed through key operational controls, ongoing review by the Executive Committee, and ongoing Board review and oversight. The Group's system of internal controls involves the identification of business and financial market risks including social, ethical and environmental issues which may impact on the Group's objectives, together with the controls and reporting procedures designed to minimise those risks.

As part of its review, the Audit Committee formally considers the key operating controls forming the Group's system of internal control and whether these are considered to be operating effectively. Once complete, the Audit Committee's review of the Group's risks and internal controls is considered by the full Board. Key risks to the business, how they have changed during the year and the processes in place to manage those risks are described in more detail on pages 74 to 88.

Fair, balanced and understandable – a matter for the whole Board

The Directors' statement on 'fair, balanced and understandable' is made on page 148. When considering whether the 2019 Annual Report and financial statements are fair, balanced and understandable, and provide information necessary for shareholders to assess the Group's position, performance, business model and strategy, the Board takes into account the following:

- the Chairman and Chief Executive provide input to and agree on the overall messages and tone of the Annual Report at an early stage;
- individual sections of the Annual Report and financial statements are drafted by appropriate Senior Management, with regular review meetings to ensure consistency of the document as a whole;
- detailed reviews of appropriate draft sections of the Annual Report and financial statements are undertaken by the Executive Directors and other members of the Executive Committee;
- a final draft is reviewed by the Audit Committee and the external auditor on a timely basis to allow sufficient consideration and is discussed with the Finance & Operations Director and Senior Management prior to consideration by the Board; and
- the Finance & Operations Director, in his May Board paper, includes a checklist of areas that the Board should take into consideration (including successes and challenges over the year and looking ahead) when reviewing the fairness, consistency and balance of the final draft of the Annual Report and financial statements, including whether the Board considers that there are any omissions in information.

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

Audit, risks and internal controls continued

Audit Committee meetings

Audit Committee members and attendance by others

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

● Meetings attended ○ Part attendance at meetings

1. Richard Mully stepped down from the Audit Committee on becoming Chairman of the Board on 1 February 2019, however, he has an open invitation to attend meetings as appropriate.
2. Alison Rose became a member of the Audit Committee on 1 September 2018.
3. Jonathan Short retired at the AGM on 5 July 2018.
4. Martin Scicluna as Chairman of the Board until 31 January 2019, attended the Committee meetings reviewing the half-year and year-end results.
5. The numbers (in parentheses) show the number of meetings the Audit Committee member could have attended in the year.

Our approach

The key objectives for the Audit Committee are to review and report to the Board and shareholders on the Group's financial reporting, internal control and risk management systems, and on the independence and effectiveness of the auditor.

Our process

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

The Board believes that it is useful for all of the independent Non-Executive Directors serve on the Audit Committee as it provides a forum to discuss and challenge the Group's portfolio valuation with the external auditor which is a fundamental aspect of the business.

At the beginning of the year, the Committee comprised of independent Non-Executive Directors Nick Hampton as Chairman, Wendy Becker, Richard Mully, Charles Philipps and Jonathan Short. Jonathan Short retired from the Board at the July 2018 AGM, Alison Rose became a member of the Committee on 1 September 2018 and Richard Mully retired from the Committee on becoming Chairman of the Board on 1 February 2019. The biographies of the current Non-Executive Directors are on pages 70 and 71. Charles Philipps, Nick Hampton and Alison Rose, in particular, have recent and relevant financial experience, which, combined this year with Jonathan Short's, Richard Mully's and now Alison Rose's property related experience, ensured and continues to ensure the Committee, as a whole, has competence relevant to the real estate sector.

The Audit Committee provides a forum for review of the Group's financial external reporting, including its accounting policies. In respect of the Group's half-year and year-end results, this will include discussions with the Group's external valuer, CBRE, on the valuation process and conditions in London's real estate markets and the Group's auditor, Deloitte LLP (Deloitte) on any accounting or audit matters. The Audit Committee also reviews the adequacy and effectiveness of the Group's internal financial controls, internal control and risk management systems and internal audit function, and is responsible for the selection and review of the effectiveness of the internal and external auditors. Audit Committee meetings are also attended by certain Executive Directors and senior managers, by invitation. Martin Scicluna, previously as Chairman of the Board, and Richard Mully as Chairman from 1 February 2019 also attend the Committee meetings reviewing the half-year and year-end results and have a standing invitation to attend any other meetings as appropriate. By invitation, in addition to the meetings to consider the half-year and year-end results, Nick Sanderson, as Finance & Operations Director, attends the half-year and year-end planning meetings.

In May and November 2018, Toby Courtauld together with Nick Sanderson also attended the year-end and half-year Audit Committee meeting with the valuers and external auditor to provide their views on the valuation and financial results.

The Committee meets four times a year, with the meetings aligned with our financial reporting timetable.

The effectiveness of the performance of the Committee is considered as part of the Board evaluation process.

"As part of our remit to consider the effectiveness of the Group's wider risk management systems, this year, through our internal audit team, we focused on cyber security and GDPR."

Nick Hampton
Chairman of the Audit Committee

Dear fellow shareholder

On behalf of the Audit Committee, I am pleased to present my report as Chairman of the Committee for the year ended 31 March 2019, which is intended to provide insight into the Committee's activities in the year and sets out how we have performed against our objectives outlined on page 108.

As outlined on pages 108 and 113, the Committee meets four times a year to:

- plan the external audit;
- agree the internal audit plan;
- identify key accounting and areas of judgement as early as possible;
- review reports from the external and internal auditors and valuer;
- consider how risks and internal controls have operated in the preceding six months in respect of the half-year and year-end results;
- monitor the integrity of the Group's financial reporting and consider any significant judgements by management; and
- review the independence and effectiveness of the external and internal auditors.

Valuation of the portfolio, accounting considerations and key areas of judgement

As expected of a listed property REIT, the most significant financial judgement is GPE's property valuation which is central to the Group's performance and net asset value, and is inherently subjective. A key responsibility of the Committee is, therefore, to satisfy ourselves that the valuation process in relation to the Group's property portfolio has been carried out appropriately. Following the comprehensive process as outlined in more detail below, as a Committee we are satisfied that the valuation process is sufficiently robust.

During the year, the Audit Committee also considered a number of items that impacted on the presentation of the Group's financial statements, including:

- repayment of the £150 million Convertible Bond at the half year;
- accounting of the sale of 55 Wells Street, W1 under IFRS 15 at the half year; and
- accounting for the share buyback.

Accounting and key areas of judgement

Significant matter	Action taken
Valuation of the Group's portfolio The valuation of the Group's property portfolio is a key determinant of the Group's net asset value as well as indirectly impacting executive and employee remuneration. The valuation is conducted externally by independent valuers, however, the nature of the valuation process is inherently subjective due to the assumptions made on market comparable yields, estimated rental values, void periods and costs to complete.	The Audit Committee, together with the Chairman of the Board, meet with the valuer, the Executive Directors and senior management involved in the valuation process along with the external auditor in November and May to discuss the valuation included within the half-year and year-end financial statements. This review includes the valuation process undertaken, changes in market conditions including in relation to Brexit, recent transactions in the market and how these have impacted upon GPE's valuation, valuation movements on individual buildings and the valuer's expectations in relation to future rental growth and yield movement. The Committee asks the valuer to highlight significant judgements or disagreements with management during the valuation process. There were none. With the continued uncertainty in relation to the UK's exit from the European Union, the Committee also considered the extent to which this was impacting the property investment and occupational market in relation to both liquidity and activity. The external auditor, Deloitte, using its real estate experts separately meet the valuer and provide the Audit Committee with a summary of their work as part of their report on the half-year and year-end results. As a result of these reviews, the Committee concluded that the valuation had been carried out appropriately and independently and was suitable for inclusion in the Group's accounts.

Audit, risks and internal controls continued

Fair, balanced and understandable

Whether the 2019 Annual Report and financial statements are fair, balanced and understandable is considered to be a matter for the whole Board. The Audit Committee's role is covered on page 107.

Viability statement

The Committee reviewed management's work on assessing the potential risks to the business including, in particular, planning for continued political and economic uncertainty given the ongoing Brexit negotiations and the appropriateness of the Company's choice of a three-year assessment period. Following this review, the Committee was satisfied that management has conducted a robust assessment and recommended to the Board that it could approve and make the viability statement on page 88.

Internal controls and risk management

The Audit Committee's role in supporting the Board's oversight and review of the Group's principal risks, internal controls and risk management processes is covered on pages 74 to 76 and 107.

Internal audit

In February 2019, the Committee considered PwC's internal audit reports on the Group's cyber security and GDPR programmes. With employees being key to the successful managing of both cyber and GDPR risk, it was pleasing to note that for both areas there was considered to be a high level of awareness of these matters by employees across the business. Six monthly reports on GPE cyber governance are also received from our Head of IT as part of our scheduled Board meetings. Following a review by PwC of GPE's risk management framework together with the Committee it was concluded that, for the financial year ahead, the Internal Audit team should audit:

- procurement processes for third party service providers;
- health and safety management; and
- how GPE's joint ventures are managed.

The Committee believes that the process for determining the internal audit programme is appropriate and effective with scope for the Committee to react to events, new information and situations which become known during the year and to include them as necessary.

Our anti-bribery and corruption and Whistleblowing policies

Each year as part of the year-end planning meeting, the Committee considers the Group's Ethics and Whistleblowing policies, both of which address the Company's policies on bribery for reporting to the Board. Following debate by the Committee and the Board, which took into account the recommendations of the 2018 Corporate Governance Code, it is intended that the Audit Committee will continue to review the policy annually for reporting to the Board. The Board has a zero tolerance for bribery and corruption of any sort.

Annually, all employees are required to confirm their compliance with the Group's anti-bribery and corruption policies as outlined on page 97 and any non-compliance is escalated to the Committee as appropriate. No matters were escalated to the Committee in the year.

Any matters reported under the whistleblowing policy are investigated by the Company Secretary or Senior Independent Director. During the year, there were no whistleblowing incidents reported.

Auditor reappointment

I am pleased to be able to report that this year there was a smooth transition of the lead audit partner role to Judith Tacon who took responsibility for the audit in June 2018, having shadowed the audit process in the previous financial year. It is intended that a competitive tender process will be undertaken to coincide with Jude Tacon's five-year tenure as audit partner in 2023.

Based on the Committee's recommendation, the Board is proposing that Deloitte be reappointed at this year's AGM.

Committee effectiveness

I believe that the quality of discussion and level of challenge by the Committee with management, the internal and external audit teams and the valuer, together with the timeliness and quality of papers received by the Committee, ensures the Committee is able to perform its role effectively. Key to the Committee working effectively is the contribution from each of the Committee members. With Jonathan Short retiring from the Board and Richard Mully stepping down from the Committee on becoming Chairman this year, we were pleased to welcome Alison Rose to the Committee in September 2018 who, importantly, also provided positive feedback in connection with her Audit Committee onboarding process. The formal review of the Committee's effectiveness is covered under the Board evaluation process and I am pleased that the review confirmed that the Committee is working well.

Nick Hampton
Chairman of the Audit Committee
22 May 2019

The external audit and review of its effectiveness

The Audit Committee advises the Board on the appointment of the external auditor, negotiates and agrees their remuneration for audit and non-audit work, reviews their effectiveness, independence and objectivity and discusses the nature, scope and results of the audit with the external auditor. As part of the review of the effectiveness of the external audit, a formal evaluation incorporating views from the Audit Committee and relevant members of management is considered by the Committee. Feedback from the review undertaken in September 2018 was provided to Deloitte as part of the annual planning meeting.

Areas covered by the review included:

- the calibre of the external audit firm, Deloitte – including reputation, coverage and industry presence;
- quality controls – including review processes, partner oversight, reports on Deloitte generally from the Audit Quality Review Team (AQRT) and regulators and, in particular, the FRC and AQRT reviews of the Group's Annual Report and Accounts concluded in 2018, and use of specialists;
- the audit team – covering quality of individuals, knowledge, resources, partner involvement, team rotation, the audit scope including planning and execution, scope adequacy and specialist areas;
- audit fee – reasonableness and scope changes;
- audit communications and effectiveness – planning, new developments/regulations, approach to critical accounting policies, issues and risks, quality of processes, timely resolution of issues, freedom of communication with the Audit Committee and feedback on management performance;
- governance and independence – internal governance arrangements, lines of communication with the Audit Committee, integrity of the audit team, Audit Committee confidence in the audit team and transparency;
- ethical standards – including conflicts of interest, non-audit work and partner rotation; and
- potential impairment of independence by non-audit fee income.

Overall, the Committee agreed that the audit process had been both effective and efficient.

The Committee also considered the effectiveness of the Group's management during the external audit process in respect of the timely identification and resolution of areas of accounting judgement, with input from the auditor and the Audit Committee as appropriate, as well as the timely provision of the draft results to Deloitte and the Committee for review. In addition, feedback was sought from the auditor on the conduct of members of the finance team during the audit process which confirmed that there had been a good level of communication and interaction between the teams.

As part of the consideration of audit quality for the audit for the year ended 31 March 2019, the importance of staff continuity within the Deloitte GPE audit team and, in particular, an effective hand over process to the new lead audit partner and also from our audit director following his promotion to partner in 2018 was highlighted by both management and the Committee.

Following a tender process, Deloitte has been the Group's auditor since 2003. It is a requirement that the audit partner responsible for the Group and subsidiary audits is rotated every five years.

Under the Company's interpretation of the transitional arrangements for mandatory audit rotation, the Company will be required to change auditor for the financial year ended 31 March 2024 and plans to undertake a competitive tender process to coincide with Judith Tacon's five-year tenure as audit partner in 2023. Having undertaken its review for this year, and noting the transition of the lead audit partner role to Judith Tacon in June 2018, in the opinion of the Audit Committee, the relationship with the external auditor is effective and the Committee remains satisfied with their independence and effectiveness. The Committee has, therefore, recommended to the Board that Deloitte be reappointed as auditor at the 2019 Annual General Meeting. There are no contractual obligations restricting the Company's choice of external auditor. The Committee will continue to consider the need to tender the audit annually depending on the auditor's performance, taking into account the best interests of shareholders.

The Company has complied during the year ended 31 March 2019, and up to the date of this report, with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Audit, risks and internal controls continued

Non-audit services

The auditor is responsible for the annual statutory audit and also provides certain other services which the Audit Committee believe they are best placed to undertake due to their position as auditor under the Group's policy for provision of non-audit services by the external auditor (available from the Company's website at **www.gpe.co.uk/investors/ governance**).

As the purpose of this policy is to ensure auditor independence and objectivity is maintained, under the policy, prior approval is required by the Audit Committee for any non-statutory assignments over £50,000, or where such an assignment would take the cumulative total of non-audit fees paid to the external auditor over 50% of that year's audit fees. The appointment of Deloitte to undertake any non-audit services also requires the prior approval of the Finance Director and, importantly, he is required to consider whether Deloitte are the most suitable supplier.

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

- the interim review;
- reporting on the income cover in connection with the debenture trust deed compliance certificate; and
- assurance of 2018/19 sustainability and energy consumption data.

Payments made by the Group for audit and non-audit fees for the year are disclosed on page 159. The Group's audit fees are presented to, discussed and approved by the Audit Committee at the March planning meeting. In addition, audit and non-audit fees paid to Deloitte in respect of joint ventures totalled £69,700 (GPE share) (2018: £28,000) and £nil (2018: £nil) respectively. The non-audit fees for the year ended 31 March 2019 as a percentage of the three-year average audit fee as set out below are 33%.

Auditor and non-audit fees

	2019 £000s	2018 £000s	2017 £000s
Audit fees	**225**	222	204
Non-audit fees including the interim review	**75**	68	83
Ratio of non-audit fees to audit fees	**33%**	32%	41%
Audit fees of joint ventures (our share)	**35**	28	28

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

Internal audit

An Internal Audit Charter approved by the Board governs the Internal Audit remit and provides the framework for the conduct of the Internal Audit function.

The Committee reviews and approves the internal audit plan annually for a rolling three-year period which is closely aligned to the management and the Committee's review of the Group's risk management framework. In addition, the Committee Chairman meets with the Head of Internal Audit separately to the Committee to discuss planned activities and the results of its reviews. Feedback was also sought from the Head of Internal Audit on the conduct of members of the GPE team during the internal audit process which confirmed that there had been a good level of communication and interaction between the teams. Annually, the External Audit partner also meets with the Head of Internal Audit.

As PwC is engaged by the Group to provide tax compliance advice and other advisory services, before PwC is appointed to any advisory role, consideration is given as to any potential conflict with Internal Audit. The Audit Committee also specifically considers their independence in reviewing and approving the Internal Audit plan annually to ensure that there are no conflicts in PwC undertaking the proposed internal audit work.

What we did in relation to the financial year ended 31 March 2019

2018

September

Annual planning meeting

Met with the external auditor (Deloitte) to review:
- Deloitte's 2018 sustainability data assurance report
- the effectiveness and independence of the auditor – see pages 111 and 112
- significant accounting and key areas of judgement – see page 109 Deloitte's 2018/19 Audit Plan

November

Review of half-year results

Met with CBRE to consider the September 2018 valuation

Met with Deloitte to consider:
- Deloitte's independence
- their review of the September 2018 valuation and the half-year results announcement
- significant accounting and key areas of judgement including going concern – see page 109
- Group tax matters with the Head of Corporate Finance
- the principal risks, monitoring of internal controls and risk management processes
- the half-year results announcement
- Deloitte's relationships with management with feedback provided without management being present

Other matters

Feedback received separately from management on the relationship with the Internal and External Audit teams and resourcing of Finance and External Audit teams

2019

February

Internal audit

Met with Jill Emney, Head of Internal Audit to:
- review PwC's internal audit report on:
  - GPE's cyber security; and
  - GPE's GDPR programme
- agree and approve 2019/20 internal audit plan

Year-end planning update

Met with Deloitte to consider/approve:
- significant accounting and key areas of judgement – see page 109 the accounting for the share buyback
- an update on HMRC's change in guidance in relation to REIT rules
- supplier payment days for Pontsarn, a GPE subsidiary company and processes put in place to improve the payment days across the Group
- proposed changes in disclosure planned for the 2019 Annual Report
- the 2018/19 audit plan update
- the 2018/19 audit fee – see page 112

Other matters

Corporate governance update received from the Company Secretary and Deloitte

Review of GPE's Ethics policy and Whistleblowing policy – see page 110

Review of the Audit Committee Terms of Reference

Review of the Provision for Non-Audit Services policy

May

Review of year-end results

Met with CBRE to consider the March 2019 valuation – see pages 58 and 59

Met with Deloitte to review:
- Deloitte's audit of the March 2019 valuation – see pages 58 and 59
- significant accounting and key areas of judgement including going concern – see page 110
- Group tax matters with the Head of Corporate Finance
- the principal risks, monitoring of internal controls and risk management processes – see pages 74 to 87
- the Annual Report/results announcement
- the Committee's effectiveness
- relationship between Deloitte and GPE management with feedback provided by Deloitte without management present
- audit retendering and reappointment of the auditor – see pages 110 and 111

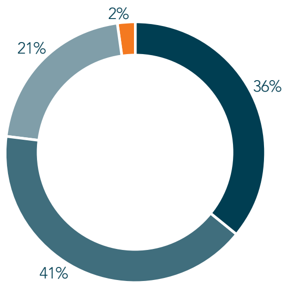
Relations with shareholders

"We continue to proactively engage with existing and potential shareholders and commit significant management time to help them understand our strategy, activities and performance."

Stephen Burrows
Director of Financial Reporting and Investor Relations

Communication with our investors is given a high priority. As a result we maintain a regular dialogue with shareholders, potential shareholders, debt providers and analysts through a comprehensive investor relations programme. The programme is executed across a number of geographies, reflecting the international nature of our share register, and through a variety of routes including roadshow meetings, meetings at industry conferences, investor and analyst events, property tours and presentations to analysts and investment banks' equity sales teams.

Institutional shareholders by geography at 31 March 2019



› For our top shareholders see page 144

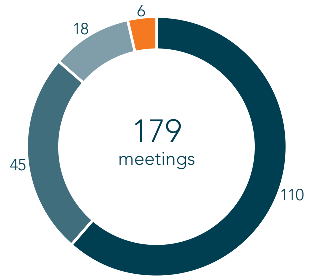
We are also committed to providing investors with regular announcements of significant events affecting the Group, including its business activity and financial performance. These announcements are available on the Group's website at **www.gpe.co.uk** along with results webcasts, analyst presentations, property videos, press releases and interviews with the management team including the Chief Executive and Finance and Operations Director.

The Executive Directors and the Director of Financial Reporting & Investor Relations are the Company's principal representatives with investors, analysts, fund managers, press and other interested parties, and independent feedback on presentations by the Executive Directors to shareholders and analysts is provided to the Non-Executive Directors on a regular basis.

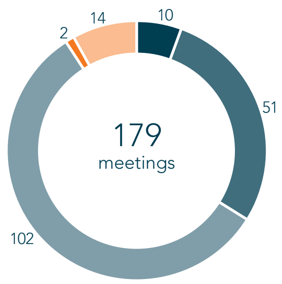
In total, the directors and senior management had 179 formal meetings with shareholders and potential shareholders from more than 200 institutions during the year. This included participating in seven industry conferences, which provide the management team the ability to meet a large number of investors on a formal and informal basis, and seven roadshows to meet with investors in London, the US, the Netherlands, Paris and Asia. Investor feedback from our activities is provided to the Board on a regular basis.

We were pleased to be recognised in Institutional Investor's 'All Europe Executive Team 2019', being voted #2 Investor Relations Team in the European property sector (small and mid cap), and receiving top three individual rankings for our Chief Executive, Finance and Operations Director and Director of Financial Reporting and Investor Relations. We have also been shortlisted for IR Magazine's Award for 'Best in Sector: Real Estate'.

Investor contact by location



Investor contact by method



During the year ended 31 March 2019, our Head of Sustainability and Director of Financial Reporting and Investor Relations engaged with a number of our largest investors to understand their views on the Group's key ESG issues. These views were incorporated into our ESG materiality review which will help shape our future approach to ESG.

› See more on page 77

In addition to this engagement, we believe that it is essential that we provide transparent reporting and, therefore, participate in a number of sustainability indices including:

GRESB REAL ESTATE
FTSE4Good
ETHIBEL SUSTAINABILITY INDEX EXCELLENCE Europe
CDP DRIVING SUSTAINABLE ECONOMIES
EPRA

The Executive Directors and Corporate Finance Team also have regular dialogue with our debt providers, including relationship banks, private placement investors and debenture holders.

The Chairman and Senior Independent Director, Richard Mully and Charles Phillipps respectively are each available, as appropriate, as a contact for shareholders. The Annual General Meeting provides the Board with an opportunity to communicate with, and answer questions from, private and institutional shareholders and the whole Board is available before the meeting, in particular, for shareholders to meet new directors.

The Chairman of each of the Audit, Nomination and Remuneration Committees is available at the Annual General Meeting to answer questions. Details of the resolutions to be proposed at the Annual General Meeting on 4 July 2019 can be found in the Notice of Meeting on pages 195 and 196. After the Annual General Meeting, the Company's Registrars will count and verify the poll votes. The results will be announced to the London Stock Exchange and will be published on our website at **www.gpe.co.uk/investors/shareholder-information/agmgm**

Shareholder engagement

Given our portfolio is highly concentrated in central London, we often take the opportunity to take investors and analysts on walking tours of a selection of assets as part of our active engagement.

In March 2019, we hosted an investor tour of our development in Hanover Square, W1. Whilst the building will not complete until later next year, we were able to take a number of investors around the building to get a sense of the scale and complexity of the scheme. Helen Hare, our Head of Projects, also provided an insight into progress on site and the key milestones ahead.

After the tour, we held a dinner to provide them with the opportunity to meet the wider management team including the Executive Committee and the Heads of Department. Feedback on the event was very positive.

Investors viewing our development at Hanover Square, W1

What we did in 2018/19

2018

May
- Investor roadshow: London

June
- Investor roadshows: London, US
- Conferences: Morgan Stanley (London)
- Equity sales force meetings × 2

July
- Annual General Meeting
- Investor roadshow: Amsterdam

September
- Conferences: BAML (New York), Goldman Sachs (London), EPRA (Berlin)
- Equity sales force meetings × 1

October
- EPRA private client event
- Sell side analyst tour of the Kent House Marketing suite
- Equity sales force meetings x2

November
- Investor roadshow: London
- Conferences: UBS (London),
- Equity sales force meetings × 1

December
- Investor roadshow: US
- Equity sales force meetings × 1

2019

January
- Investor roadshow: Asia
- Equity sales force meetings × 1

February
- Investor roadshows: Amsterdam, Paris
- Equity sales force meetings × 2

March
- Conferences: Citi (US), BAML (London)
- Investor tour and dinner

Directors' remuneration report

Remuneration Committee

Remuneration Committee members and attendance by others

Chairman	6 meetings	
Wendy Becker	●●●●●●	
Members		
Richard Mully	●●●●●●	
Charles Philipps[1]	●●●●●	(5/5)
Nick Hampton[2]	●	(1/1)
Alison Rose[3]	●●●	(3/3)
Jonathan Short[4]	○●●	(3/3)
In attendance		
Martin Scicluna	○● ●●●	
Toby Courtauld	○● ○●○	
Nick Hampton[2]	●○●	

● Meetings attended ○ Part attendance at meetings

1. Charles Philipps became a member of the Remuneration Committee on 1 May 2018 and, therefore, the number (in parentheses) is the number of meetings he could have attended during the year.
2. Nick Hampton stepped down from the Remuneration Committee on 1 May 2018, however, he has an open invitation to attend the meetings as appropriate.
3. Alison Rose became a member of the Remuneration Committee on 1 September 2018 and, therefore, the number (in parentheses) is the number of meetings she could have attended in the year.
4. Retired at the 2018 AGM.

Our approach

The key objectives for the Committee are to ensure the Executive Directors are appropriately incentivised and remuneration arrangements are fully aligned with the Company's strategy to generate superior portfolio and shareholder returns.

As outlined on pages 26 and 27, we currently measure our absolute and relative performance using a small number of key performance indicators:

– Relative Total Property Return (TPR) demonstrating our portfolio's relative performance;
– Relative Total Shareholder Return (TSR) reflecting relative shareholder value; and
– Total Accounting Return (TAR) showing our absolute performance.

Over the medium term, we aim to outperform our benchmarks.

The Group's annual bonus plan for the Executive Directors and employees uses financial targets based on TAR and the capital growth element of TPR, together with a review of the attainment of personal objectives to achieve operational excellence. The 2010 Long-Term Incentive Plan (the '2010 Plan') uses all of our key performance indicators equally to measure the Group's performance being TPR (one-third), TSR (one-third) and TAR (one-third). For the 2016 LTIP Awards, EPRA NAV growth measure was used rather than TAR (which was introduced in 2017). Under the 2010 Plan, the level of reward to Executive Directors and senior management depends on the performance of the Group over a three-year period.

Our overarching remuneration policy principles

The Executive Directors' total pay is analysed by looking across each of the different elements of remuneration including salary, pension, the annual bonus plan and long-term incentives to provide the Remuneration Committee with a view of total remuneration rather than just the competitiveness of the individual elements. It is important that the Group's remuneration policy reinforces the Company's goals, culture and values providing effective incentives for exceptional Group and individual performance. As well as providing motivation to perform, remuneration plays an important retention role and needs to be appropriately competitive without being excessive.

To achieve the aims of the Company's remuneration policy, the Committee generally seeks to position fixed remuneration, including benefits and pension, around mid-market. Taking into account the size and complexity of the business as compared to other peer companies in the sector, and, using a significant proportion of variable reward, to increase total potential remuneration for superior performance through the annual bonus plan and long-term incentives.

Remuneration of employees

As well as being responsible for determining the remuneration of the Executive Directors, the Committee is also responsible for the oversight of the remuneration of the members of the Executive Committee and Company Secretary and reviews the broad operation of remuneration policy and practices for all employees.

During 2018, to ensure employees understood how our Remuneration policies for the Executive Directors aligned with wider Company pay policies, Toby Courtauld and Nick Sanderson, supported by our Head of HR, held sessions on our 'Remuneration policy, gender pay and diversity' which also gave employees the opportunity to ask any questions.

As part of the Committee's responsibility to review GPE's wider employee remuneration policies and alignment of incentives and rewards with the Company's culture, the Committee in November approved the introduction of an extended leave policy to support employees' wellbeing.

Our process

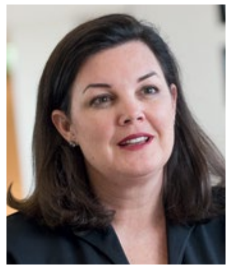
The Remuneration Committee's Terms of Reference are available from the Company website at:
www.gpe.co.uk/about-us/governance

At the beginning of the year, the Remuneration Committee comprised four independent Non-Executive Directors, Wendy Becker, Nick Hampton, Richard Mully and Jonathan Short (until he retired at the 2018 AGM). Nick Hampton stepped down from the Committee on 1 May 2018. Charles Philipps became a member of the Committee on 1 May 2018. Alison Rose became a member of the Committee on 1 September 2018.

The Committee was advised during the year by FIT Remuneration Consultants ('FIT Rem') as independent remuneration consultants who were appointed by the Committee in August 2014. FIT Rem attends Committee meetings and provides advice on remuneration for the Executive Directors, analysis on all elements of the remuneration policy and regular market and best-practice updates. FIT Rem reports directly to the Committee.

At the request of the Remuneration Committee, Toby Courtauld, the Chief Executive, attended the Committee meetings where appropriate and provided input with regard to the achievement of personal objectives for the Finance & Operations Director and other Senior Executives. He also attends discussions on remuneration including on new appointments and promotions as considered appropriate by the Committee.

No director or employee is involved in discussions on their own pay.



"Our remuneration policy aligns management incentives with our strategy and focused business model."

Wendy Becker
Chairman of the Remuneration Committee

Dear fellow shareholder

On behalf of the Remuneration Committee, I am pleased to present the Directors' remuneration report for the year ended 31 March 2019. I am pleased to report that at the 2018 AGM our Remuneration report was approved with over 98% of votes in favour.

Remuneration in respect of the year ended 31 March 2019

In the year ended March 2019, we have again delivered on our long-term strategy and focused business model of repositioning properties to unlock their potential and effective reading of the property cycle. This has resulted in another year of excellent operational performance with three new development starts, further strong leasing successes and continued capital discipline with around £350 million of sales enabling us to return further surplus capital to shareholders through a share buyback programme whilst also growing the ordinary dividends. These achievements were evidenced through total shareholder returns of 14% over the year, although our Total Accounting Return was lower at 2.3%.

We have made good progress in preparing our extensive development pipeline and also expanding our flexible space offering to occupiers. And with our loan to value at near record low levels and our recent debt financing activities further enhancing our liquidity position, our balance sheet provides us with robust financial strength. We have also continued to focus on developing our people and reinforcing our strong culture and values. Taken together, we remain well positioned to take advantage of both investment opportunities across the portfolio and in the market in order to continue delivering long-term shareholder value.

Over the last three years, the central London commercial property markets have lacked clear direction and have broadly tracked sideways, in part due to muted economic growth since the EU Referendum and continued geo-political and market uncertainty. As a result, we delivered EPRA NAV per share growth over the three years to 31 March 2019 of only 0.7% and, therefore, we expect nil vesting of the NAV measure for the Group's three-year 2016 LTIP award. Moreover, whilst our share price has performed strongly over the last 12 months and is now back to its level of three years ago, the significant de-rating in the two years after the EU Referendum of the share prices of GPE and other London-focused office property companies relative to the broader FTSE 350 Real Estate sector (and in particular property companies focused on the logistics, self storage and student accommodation sectors) means that we do not expect the TSR measure to be met, based on the latest information available as at 31 March 2019. We also underperformed the TPR benchmark for the three-year period to 31 March 2019, given our higher than benchmark exposure to properties with short lease lengths, resulting in a nil vesting.

Similarly, under our 2018/19 Annual Bonus Plan, the TAR target was not met and the Group's portfolio growth performance was below that of our relevant MSCI central London growth index, resulting in zero payout under both measures.

In determining the overall Annual Bonus plan, the Committee has also taken into account individual Executive Director performance against their personal objectives set at the beginning of the year. As you will see on pages 123 and 124, the Executive Directors have each performed strongly in the year in delivering against each of their objectives which the Committee felt helped position the Company to best weather the current economic conditions. In particular, their actions have delivered our strong balance sheet position and property portfolio full of opportunity, positioning the Company to meet its key strategic objective of investing for growth across the economic cycle and this is reflected in the outturn for the personal objective element.

While, consistent with the new Corporate Governance Code principles, the Committee already has discretion to over-ride any formulaic out-turn in specific cases, it felt that the overall position under the bonus and LTIP, with total variable pay of 6.33% of the maximum opportunity, to be appropriate and the Committee allowed the out-turn to stand without the exercise of discretion.

2019/20 implementation of our policy

The structure of our remuneration arrangements for 2019/20 will remain unchanged from that applied in 2018/19. As part of our Remuneration Policy approved at the 2017 AGM, under the Annual Bonus Plan we pre-committed to a TAR range of 4% to 10% for each of the three years within that policy cycle and similarly pre-committed to the LTIP targets.

For the year ending 31 March 2020, the average like-for-like salary increase will be 4.4% with all employees receiving a minimum increase of 2.5%. The Committee propose to increase Toby Courtauld's salary by 2.5% in line with that minimum level and Nick Sanderson's salary by 3.75% which is modestly below the average for employees generally.

Our Chairman

During the year, Richard Mully replaced Martin Scicluna as Chairman on an annual fee of £220,000 (compared with £246,000 for Martin).

The year ahead

As required by law, we shall be presenting our Remuneration Policy to the 2020 AGM for approval as part of the regular three-year cycle. The Committee notes that there have been some developments in terms of institutional shareholder guidelines and the adoption of a new Corporate Governance Code in 2018 and has updated its Terms of Reference accordingly. The Remuneration Committee receives regular updates on such developments and will review these developments, alongside our usual consideration of how well the current policy supports the Company's strategy, its objectives of attracting, retaining and motivating our executives and staff and how well it is aligned to the overall shareholder experience. This review process has already been started and is likely to progress into the Autumn with the Committee then engaging with our largest shareholders and their representative bodies as appropriate to consider their views. As part of this Policy review, we will also consider what additional steps may be appropriate to ensure that the spirit of the new Corporate Governance Code is included in our revised Policy and remuneration processes.

I hope you find this report clear and informative and I look forward to receiving your support for the resolution approving this report at the 2019 AGM.

Wendy Becker
Chairman of the Remuneration Committee
22 May 2019

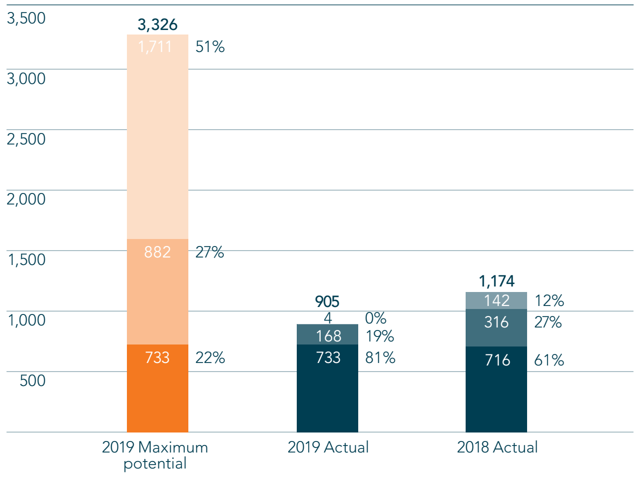
Directors' remuneration report continued

2018/19 Executive Directors' remuneration – at a glance

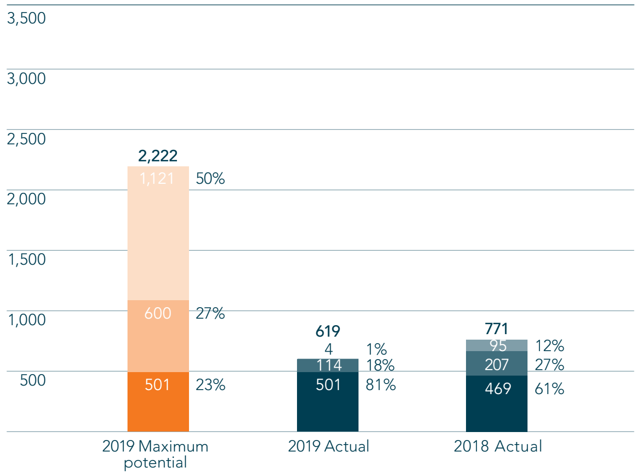
Please find below a summary of our remuneration and performance outcomes for the year ended 31 March 2019.

Single total remuneration figure £'000[1]

Toby Courtauld – Chief Executive



Nick Sanderson – Finance & Operations Director

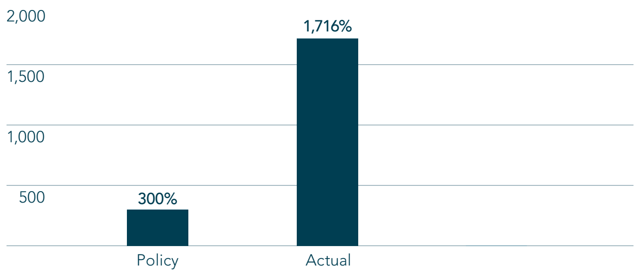


●● Salary, benefits and pension ●● Cash bonus
●● LTIP/SMP and SIP shares SMP dividend

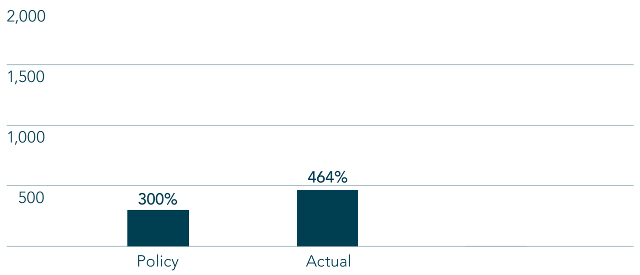
1. These figures contain estimates, see pages 117, 121 and 125.

Value of shareholding vs. shareholding policy (% of salary)[1]

Toby Courtauld – Chief Executive



Nick Sanderson – Finance & Operations Director



1. Value of shareholding as at 31 March 2019.

Total remuneration

Executive Directors	Salary £000	Benefits £000	Annual bonus £000	LTIP/SMP[1] £000	Pension £000	SIP £000	Total £000
Toby Courtauld	588	27	168	–	118	4	905
Nick Sanderson	400	21	114	–	80	4	619
Total	**988**	**48**	**282**	**–**	**198**	**8**	**1,524**

1. These figures contain estimates. See pages 117, 121 and 125.

› For more details see pages 121 to 125 of the Annual report on remuneration

Annual Bonus Plan

Bonus Plan Performance measures	Maximum % of salary	Threshold Target	Actual	% of maximum achieved	% of salary achieved
MSCI Capital Growth Index outperformance	75%	CGI: +0%	CGI: -8.7%	0%	0%
TAR	45%	TAR: +4%	TAR: +2.3%	0%	0%
Operational excellence	30%	See page 123 and 124	See page 123 and 124	Toby Courtauld – 95% Nick Sanderson – 95%	28.5% 28.5%

› For more details see pages 115 to 117 of the Annual Report on remuneration

2016 LTIP and SMP Awards – vesting in June 2019 (included in the year ended 31 March 2019 single figure)

LTIP/SMP measure	Target	Actual	% of maximum achieved
TSR to vesting in June 2019	Median to upper quartile	Estimated as at 31 March 2019 31st percentile	0%
NAV – three years to 31 March 2019	RPI plus 3%–9% p.a.	RPI minus 2.8% p.a.	0%
TPR – three years to 31 March 2019	Median to upper quartile	11th percentile	0%

› For more details see page 125 of the Annual report on remuneration

Annual report on remuneration

Statement of implementation of remuneration policy for the year ending 31 March 2020

Executive Directors

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

Salary

	Year ending 31 March 2020 £000	Year ended 31 March 2019 £000	% increase
Toby Courtauld	603	588	2.5
Nick Sanderson	415	400	3.75

On 1 April 2019, both Toby Courtauld and Nick Sanderson received an increase in salary below the average awarded to employees. Toby Courtauld's increase reflected the base increase provided to employees across the group of 2.5% and Nick Sanderson's was slightly higher at 3.75% reflecting his success in taking on the widening of his role as announced last year. In reviewing the salaries of the Executive Directors, the Committee has also taken account of both the individuals' and Company's performance and the employment conditions and salary increases awarded to employees throughout the Company.

Benefits and pension

There has been no change in the benefits and pension provision for the Executive Directors:

	Pension contribution (% of salary) Year ending 31 March 2020	Pension contribution (% of salary) Year ended 31 March 2019	Benefits
Toby Courtauld	20%	20%	Policy Level
Nick Sanderson	20%	20%	Policy Level

None of the directors participate in the Group's defined benefit final salary pension plan, which was closed to new entrants in 2002.

Directors' remuneration report continued

Bonus for the year ending 2020

The target and maximum bonus potentials will remain unchanged at 75% and 150% of salary respectively for the Executive Directors. The table below sets out the performance measures and their respective weightings for the year ending 31 March 2020:

Performance measures	Weighting	Description
Capital Growth	50%	Growth of the Company's property portfolio against MSCI's relevant Capital Growth Index for the year to 31 March 2020 with 16.67% of this element payable at Index and 100% at Index + 2.5%.
Total Accounting Return[1]	30%	Growth of EPRA NAV plus dividends paid against target range of 4% (at which point 20% of this element is payable) – 10% (for the year to 31 March 2020).
Operational excellence[2]	20%	The approach to assessing the personal element of the bonus set for 2018/19 of more thematic objectives which permit a richer discussion of the level of achievement continues for 2019/20. The assessed out-turn, and details of their delivery against these objectives, will again be disclosed in next year's report.

1. Any dividends will be deducted from the base figure from the point of distribution (as it is not realistic to deliver growth after capital has been repaid to shareholders), except where reflected in some other way, such as through a share consolidation.
2. The Committee is of the opinion that, given the commercial sensitivity around GPE's business, disclosing precise individual targets for the Annual Bonus Plan in advance would not be in the best interests of shareholders or the Company. Objectives, performance achieved and awards made will be published at the end of the performance periods so shareholders can fully assess the basis for any payouts.

LTIP performance measures for the year ending 2020

The maximum potential for the 2019 LTIP is 300%.

The following performance measures apply to awards to be granted in 2019.

LTIP awards

Performance measure over three years	% of award	Vesting level			Start of measurement period
		20%	Straight-line vesting between these points	100%	
Total Accounting Return	33%	4% p.a.		10% p.a.	1 April prior to grant
TSR against constituents of FTSE 350 Real Estate Sector (excluding agencies)	33%	Median		Upper quartile	Grant date
Total Property Return against MSCI Total Property Return – central London index	33%	Index		Index + 1.5% p.a.	1 April prior to grant

Following the vesting of the awards after the three-year performance period, the 2019 Awards will be subject to a two-year holding period awards, whereby participants will not be permitted to sell any vested shares until the fifth anniversary of grant (save to meet any tax liabilities). The holding period will generally continue to operate post cessation of employment.

Non-Executive Directors

The following table sets out the fee rates for the Non-Executive Directors, which apply from 1 April 2019.

Non-Executive Directors' annual fees for the year ending 31 March 2020

	Base fee £	Senior Independent Director £	Audit Committee £	Remuneration Committee £	Nomination Committee £	Total fees £
Richard Mully	220,000	–	–	–	–	220,000
Charles Philipps	55,000	10,000	5,000	5,000	3,350	78,350
Wendy Becker	55,000	–	5,000	12,500	3,350	75,850
Nick Hampton	55,000	–	12,500	–	3,350	70,850
Alison Rose	55,000	–	5,000	5,000	3,350	68,350

The new Chairman's fee was set at a lower rate than the previous Chairman (£220,000 as compared with £246,000).

Fee levels for the Non-Executive Directors are assessed having regard to individual responsibility and fees paid to Non-Executive Directors in the wider FTSE 250 and, this year, also reflect the decision to spread the additional responsibility of employee engagement across all the Non-Executive Directors. In addition, the Senior Independent Director and Committee Chairmanship fees have been increased for the first time since 2014.

Annual report on remuneration

This section of the Remuneration report contains details of how the Company's remuneration policy for directors was implemented during the financial year ended 31 March 2019.

Audited

	Salary/fees		Benefits		Annual bonus		LTIP/SMP		Pension allowance/ Contribution[3]		Share Incentive Plan[4]		Total[5]	
	2019 £000	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018[1,2] £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000
Executive														
Toby Courtauld	**588**	574	**27**	27	**168**	316	**–**	138	**118**	115	**4**	4	**905**	1,174
Nick Sanderson	**400**	376	**21**	18	**114**	207	**–**	91	**80**	75	**4**	4	**619**	771
Non-Executive														
Martin Scicluna[7]	**205**	240	**2**	3	**–**	–	**–**	–	**–**	–	**–**	–	**207**	243
Richard Mully[7]	**92**	64	**2**	1	**–**	–	**–**	–	**–**	–	**–**	–	**94**	65
Charles Philipps[8]	**70**	64	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**70**	64
Wendy Becker	**71**	68	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**71**	68
Nick Hampton[9]	**66**	69	**–**	2	**–**	–	**–**	–	**–**	–	**–**	–	**66**	71
Alison Rose[10]	**60**	–	**–**	–	**–**	–	–	**–**	**–**	–	**–**	–	**60**	–
Jonathan Short[11]	**17**	66	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**17**	66
Elizabeth Holden[11]	**–**	17	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	17
Total	**1,569**	1,538	**52**	51	**282**	523	**–**	229	**198**	190	**8**	8	**2,109**	2,539

1. This column includes the value of 2015 LTIP and SMP awards that vested in the year ended 31 March 2019, calculated at the mid-market share price on the date of vesting on 21 June 2018, together with the value of dividend equivalents paid in cash in respect of the vested SMP shares held over the three-year period.
2. The numbers disclosed in the 2018 Annual Report were based on an estimated level of TSR performance. For Toby Courtauld and Nick Sanderson the estimated TSR vesting level of their LTIP and SMP awards vesting in June 2018 was 0% and the actual vesting was 0%. The estimated share price for their LTIP award and Toby Courtauld's SMP award vesting in June 2018 was £6.53 per share and the actual share price was £7.13 per share.
3. Toby Courtauld and Nick Sanderson receive a pension allowance of 20% of their basic salary.
4. This column shows the value of the matching shares awarded under the Employee Share Incentive Plan and calculated using the share price on the date the shares were purchased.
5. This column sets out a single figure for the total remuneration due to the directors for the year ended 31 March.
6. The aggregate emoluments (being salary/fees, bonus, benefits and cash allowances in lieu of pension) of all directors for the year ended 31 March 2019 was £2,101,000 (2018: £2,302,000).
7. Martin Scicluna retired from the Board on 31 January 2019 and Richard Mully was appointed Chairman on 1 February 2019.
8. Charles Philipps became a member of the Remuneration Committee on 1 May 2018.
9. Nick Hampton stepped down from the Remuneration Committee on 1 May 2018.
10. Alison Rose became a member of the Audit, Nomination and Remuneration Committees on 1 September 2018.
11. Jonathan Short retired from the Board at the 2018 AGM and Elizabeth Holden retired from the Board at the 2017 AGM.

Executive Director remuneration from other roles

Executive Directors are able to accept external Board appointments with consent of the Board. Any fees received by an Executive Director for such an external appointment can be retained by an individual. Toby Courtauld is a Non-Executive Director of Liv-ex Limited, for which he received no remuneration during the year. He also received no remuneration for serving as a director of the New West End Company.

Taxable benefits

Benefits principally comprise life insurance, health insurance, private healthcare subscriptions, travel expenses and membership subscriptions. No individual benefit provided has a value which is significant enough to warrant separate disclosure. Unlike many property companies, Executive Directors are not provided with a company car or a company car allowance.

Directors' remuneration report continued

2019 Bonus outcome

The financial targets for the bonus for the year ended 31 March 2019, and the extent to which they were achieved, are set out in the table below. The Committee did not exercise their discretion in respect of any of the performance measures.

Maximum percentage of salary	Key elements of strategy	Measured by	Threshold performance target	Maximum performance target (100% payout)	Actual performance achieved	Actual performance level as a percentage of maximum	Bonus receivable (£000) Toby Courtauld	Bonus receivable (£000) Nick Sanderson
75%	Market competitiveness	Growth of the Company's property portfolio against MSCI's relevant Capital Growth Index (for the year to 31 March 2019) – on a stepped basis[1]	Annual percentage rate of portfolio capital growth to meet annual percentage rate of capital growth of the central London MSCI index[1]	Annual percentage rate of portfolio capital growth to exceed annual percentage rate of capital growth of the central London MSCI index by 2.5%	CGI: -8.7%	0%	–	–
45%	Absolute performance	Achievement of TAR targets (for the year to 31 March 2019) – on a straight-line basis	TAR: +4% (at which point 20% is payable)	TAR: +10%	TAR: +2.3%	0%	–	–
30%	Operational excellence	Achievement against personal objectives (for the year to 31 March 2019)	Partial achievement of personal objectives	Exceeding personal objectives	See pages 123 and 124	Toby Courtauld 95% Nick Sanderson 95%	168	114
						Total	**168**	**114**

1. MSCI Capital Growth Index	% payable
CGI < 0%	0%
CGI + 0% to 0.49%	16.67%
CGI + 0.5% to 0.99%	33.34%
CGI + 1% to 1.49%	50%
CGI + 1.5% to 1.99%	66.67%
CGI + 2% to 2.49%	83.34%
CGI + 2.5% and above	100%

The Executive Directors' personal objectives, approved by the Remuneration Committee, are designed to focus on the delivery of the strategic priorities and the successful management of risk for both 2018/19 and the longer term. Following consideration of achievement against the Executive Directors' personal objectives set at the beginning of the year as listed below, the Committee has awarded Toby Courtauld and Nick Sanderson 95% of the full potential bonus for Operational Excellence. While not a measure under this element, the significant achievements in positioning the Company are evidenced by the 14% TSR achieved over the year.

Significant personal objectives for each of the Executive Directors, which have been set out consistent with the new approach for setting objectives, included:

Toby Courtauld

	Weighting	Percentage award	Objective	Achievement
Strategy	**33.3%**	**33.3%**	Creation and implementation of corporate strategy. Consider the balance of income versus capital return in the context of London's Property cycle.	Led and delivered annual strategy review process, considering numerous strategic options available to the group in the context of various potential outcomes from this period of intense economic and political uncertainty. Re-asserted our strategic 'Givens' leading to a successful sales programme and portfolio positioning as further explained below enabling further returns of surplus equity capital to shareholders of £200 million through the share buyback. Resultant leverage still at or near lowest level across UK REIT universe. Resultant development pipeline is at or near highest percentage across UK REIT universe. GPE strategy and balance sheet positioned to take advantage of multiple economic outcomes.
			Exemplary communication of strategy to all stakeholders and lead GPE's IR programme.	Led and delivered wide-ranging IR and communication strategy. Voted no. 1 property company in Management Today's Britain's Most Admired Companies for third year running. No.11 in UK across all sectors. Voted no. 2 Best Investor Relations Programme in European Real Estate in Institutional Investor Award for second year running. Voted no. 3 Best European Real Estate CEO at same awards, a top 3 ranking for the seventh consecutive year.
Portfolio Positioning	**33.3%**	**33.3%**	Creation and implementation of property strategy and business plan.	Portfolio positioned to take advantage of multiple market outcomes. Five-year net sales campaign largely concluded. £349 million (15% of portfolio) sold broadly in line with book value during the year, including 160 Great Portland Street crystallising an overall surplus of 101%. Three new development projects commenced at Hanover Square, Oxford House, Oxford Street and Whitechapel. £12.8 million of rent secured in pre-lets across 111,100 sq ft at Hanover Square, 5.7% ahead of ERV and taking the scheme to 48% pre-let. Strong portfolio management including £24.5 million of new rent from lettings with market deals 6.9% ahead of ERV. New flex office product successfully trialed and now being rolled out. Co-working JV signed with specialist operator. Total space operating at 87,600 sq ft with programme expanding to 211,900 sq ft over next few months. Maintained disciplined approach to acquisitions, preferring to invest internally for better risk adjusted returns.
			Lead and progress disruption project.	Successfully trialed flex office product which is now part of GPE's range of offerings. Restructured as project developed to incorporate amenity strategy and data strategy. Launched research programme built around European Think Tank.
Team, culture and behaviour	**33.4%**	**28.4%**	Ensure and foster a positive, creative culture built around a strong team ethic.	Corporate Purpose and Values successfully launched. New social value and community strategy launched. Exceptional Community Day delivered with staff engagement remaining high. GPE Wellbeing programme launched. Bright ideas initiative launched. Creation of new Head of Occupier Services role. Mentoring programming ongoing. National Equality Standard Assessment undertaken.

Directors' remuneration report continued

Nick Sanderson

	Weighting	Percentage award	Objective	Achievement
Strategy	**33.3%**	**33.3%**	Assist in setting and delivery of corporate strategy.	Led Board debate and execution of share buyback of up to £200 million.
			Maintain low cost, flexible and conservative debt structure.	New £450 million corporate revolving credit facility, redemption of £150 million convertible bond and draw down of £100 million new USPP notes. GPE voted European REIT borrower of year in Real Estate Capital awards, with one of lowest cost debt books in sector – weighted average interest rate of 2.7% and weighted average debt maturity of 6.4 years.
			Transparent and proactive communication of strategy to shareholders and other stakeholders.	Voted no.2 Investors Relations Programme team and no.2 CFO in European real estate (small/midcap) in Institutional Investor awards, and no. 3 IR team in European real estate in Extel survey. GPE shortlisted for best annual report in FTSE 250 in ICSA awards and voted in top 3 in FTSE 350 for strategic reporting in PwC Building Public Trust awards. Maintained programme of meeting GPE's top occupiers.
			Maintain focus on efficient operations and risk management to support strategy.	Lowest financial leverage of any FTSE 350 real estate company – LTV of 8.7%. Continued robust occupier credit underwriting to ensure minimal delinquencies with rent collection rates maintained at record levels (>99.0% within seven working days). Enhanced IT team capability, governance and reporting, along with delivery of key initiatives (cyber risk measures, disaster recovery upgrade and launch of GPE intranet). Proactive health and safety culture enhanced with increased team resourcing.
Portfolio Positioning	**33.3%**	**33.3%**	Driving sustainability initiatives.	New community strategy ('Creating sustainable relationships') launched and inaugural Community Day held. Relaunched our sustainable development brief. Continued success in sustainability and ESG reporting, with GPE no.1 ranked UK listed property company in GRESB.
			Joint ventures management.	Excellent relationships maintained with all JV partners and good progress made in delivering business plan, including lettings in GRP and pre-lettings in GHS.
Team, culture and behaviour	**33.4%**	**28.4%**	Continue to develop and motivate finance and other central function teams.	Appointment of new Head of IT and new Head of HR (both internal promotions evidencing robust succession plans and development programmes in place). Creation of new Head of Occupier Services role. Enhanced resourcing for Financial Analysis & Management Information and Health & Safety teams.
			Wider development of GPE Team.	Development and launch of GPE Corporate Purpose and Values. Launch of GPE wellbeing programme for employees and National Equality Standard assessment undertaken. Continued focus on employee engagement (including Bright Ideas initiative) and talent development.

Anticipated vesting of 2016 LTIP/SMP awards

The tables below set out the alignment of LTIP/SMP awards with Company strategy and the anticipated vesting for those awards in June 2019, together with indicative payouts for the Executive Directors. The anticipated value of these awards at vesting reflects the disclosure in the single figure table on page 121.

Long-Term Incentive Plans

Anticipated vesting of LTIP and SMP awards granted in the year ended 31 March 2017 – vesting in the year ending 31 March 2020 included in the 2019 single figure.

Key elements of strategy	Variable component	Maximum percentage of salary	Measured by	Threshold performance target (20%)	Maximum performance target (100%)	Estimated performance	Estimated vesting level as at 31 March 2019 as a percentage of maximum by vesting date[1]
Shareholder value	LTIP	66.66%	Total shareholder return (based on a three-year performance period)	Median	Upper quartile	31st percentile	June 2019 0%
	SMP	33.33%				31st percentile	June 2019 0%
Absolute performance	LTIP	66.66%	Growth in the Group's net assets per share (based on a three-year performance period)	RPI plus 3% p.a.	The Group's growth in net assets to exceed RPI plus 9% p.a.	RPI minus 2.8% p.a.	June 2019 0%
	SMP	33.33%					
Portfolio performance	LTIP	66.66%	Total property return (based on a three-year performance period)	Median	Upper quartile	11th percentile	June 2019 0%
	SMP	33.33%					

1. Toby Courtauld and Nick Sanderson's 2016 LTIP and SMP awards are due to vest on 19 June 2019. For the NAV and TPR targets, the performance period for the 2016 awards is the three-year period to 31 March 2019. For the TSR element, the vesting period is the three years from the award date.

Directors' remuneration report continued

Actual vesting of LTIP and SMP awards granted in year ended 31 March 2016 – vested in the year ended 31 March 2019 included in the 2018 single figure[1]

Key elements of strategy	Variable component	Maximum percentage of salary	Measured by	Threshold performance target (20%)	Maximum performance target (100%)	Actual performance	Actual vesting level as at 31 March 2018 as a percentage of maximum by vesting date[1]
Shareholder value	LTIP	66.66%	Total shareholder return (based on a three-year performance period)	Median	75th percentile	June 2018 21st percentile	June 2018 0%
	SMP	33.33%					
Absolute performance	LTIP	66.66%	Growth in the Group's net assets per share (based on a three-year performance period)	RPI plus 3% p.a.	The Group's growth in net assets to exceed RPI plus 9% p.a.	RPI plus 10%	June 2018 29%
	SMP	33.33%					
Portfolio performance	LTIP	66.66%	Total property return (based on a three-year performance period)	Median	75th percentile	June 2018 18th percentile	0%
	SMP	33.33%					

1. The numbers disclosed in the 2018 Annual Report were based on an estimated level of TSR performance. For Toby Courtauld and Nick Sanderson the estimated TSR vesting level of their LTIP and SMP awards vesting in June 2018 was 0% and the actual vesting was 0%. The estimated share price for their LTIP and SMP awards vesting in June 2018 was £6.53 per share and the actual share price was £7.13 per share.

The value of actual LTIP and SMP awards vesting versus estimated numbers included in the 2018 Annual Report are as follows:

	2018 Actual £000s	2018 Estimated £000s
Toby Courtauld	138	127
Nick Sanderson	91	83

The aggregate gain to all directors from share awards that vested during the year to 31 March 2019 was £229,061.

Other unvested share awards

The following tables provide details of other outstanding share awards under the 2010 Plan. Performance measures applying to these awards are as proposed for the 2019 LTIP as outlined on page 120.

Executive Director	2010 Plan	Date of grant	Basis of award	Face value of award made £000	Number of awards[1]	Percentage of award receivable for threshold performance	End of performance period	Performance measures
Toby Courtauld	LTIP	7 July 2017	300% of salary	1,722	295,079	20%	7 July 2020	Total Shareholder Return – 33.33%
	LTIP	4 June 2018	300% of salary	1,765	254,848	20%	4 June 2021	
Nick Sanderson	LTIP	7 July 2017	300% of salary	1,128	193,293	20%	7 July 2020	Total Property Return – 33.33%
	LTIP	4 June 2018	300% of salary	1,200	173,225	20%	4 June 2021	
								TAR Target – 33.33%

1. For the 2017 and 2018 LTIP award, the face value is calculated on the five-day average share price prior to the date of the LTIP award. For the 2017 LTIP, this was up to and including 6 July 2017, being £5.84. For the 2018 LTIP, this was up to and including 1 June 2018, being £6.93.

Payments to past directors

No payments to past directors were made during the year.

Payments for loss of office

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

Statement of Executive Directors' shareholding and share interests

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

	Shareholding							Shares subject to Performance Conditions 2010 Plan awards		
Director	Shares required to be held (% salary)	Number of shares required to hold[1]	Number of beneficially owned shares[2,3]	Shareholding requirement met[4]	SIP Matching shares subject to forfeiture	**Total interests held at 31 March 2019**	Total interests held at 31 March 2018	LTIP	SMP[3]	**Total interests held at 31 March 2019**
Toby Courtauld	300%	236,145	1,350,717	Yes – 1,716%	1,458	**1,352,175**	1,341,209	701,175	75,624	**2,128,974**
Nick Sanderson	300%	160,643	248,503	Yes – 464%	1,457	**249,960**	242,491	465,593	49,536	**765,089**

1. For Toby Courtauld and Nick Sanderson, the holdings are calculated based on share price at 31 March 2019 of £7.47.
2. Beneficial interests include shares held directly or indirectly by connected persons.
3. In April 2019, the Executive Directors each acquired 20 Partnership shares and 40 conditional Matching shares under the SIP. In addition, under the SIP, 33 Matching shares vested to each of Toby Courtauld and Nick Sanderson.
4. Executive Directors are expected to retain the after-tax shares received on the vesting of awards, until they have acquired the necessary shares to meet their shareholding requirement.

Non-Executive Directors' shareholding

	31 March 2019[1]	31 March 2018[2]
Martin Scicluna	**7,072**	7,072
Richard Mully	**16,379**	16,379
Charles Philipps	**4,094**	4,094
Wendy Becker	**8,277**	8,277
Nick Hampton	**3,793**	1,293
Alison Rose	**–**	–
Jonathan Short	**11,019**	13,455

1. 31 March 2019 or as at the date of leaving.
2. 31 March 2018 or as at date of appointment.

There were no changes in the shareholdings of the Non-Executive Directors in office as at 31 March 2019 between 1 April 2019 and 21 May 2019.

Non-Executive Directors' annual fees for the year ended 31 March 2019

	Base fee £	Senior Independent Director £	Audit Committee £	Remuneration Committee £	Nomination Committee £	Total fees £
Martin Scicluna[1]	205,000	–	–	–	–	205,000
Richard Mully[2]	80,416	–	4,167	4,167	2,792	91,542
Charles Philipps[3]	52,500	5,000	5,000	4,583	3,350	70,433
Wendy Becker	52,500	–	5,000	10,000	3,350	70,850
Nick Hampton[4]	52,500	–	10,000	430	3,350	66,280
Alison Rose[5]	52,008	–	2,917	2,917	2,179	60,021
Jonathan Short[6]	13,845	–	1,318	1,318	883	17,364

1. Martin Scicluna retired from the Board on 31 January 2019.
2. Richard Mully became Chairman of the Board on 1 February 2019.
3. Charles Philipps became a member of the Remuneration Committee on 1 May 2018.
4. Nick Hampton stepped down from the Remuneration Committee on 1 May 2018.
5. Alison Rose became a member of the Audit, Nomination and Remuneration Committees on 1 September 2018.
6. Jonathan Short stepped down from the Board on 5 July 2018.

Directors' remuneration report continued

Unaudited

Ten-year Chief Executive remuneration package

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

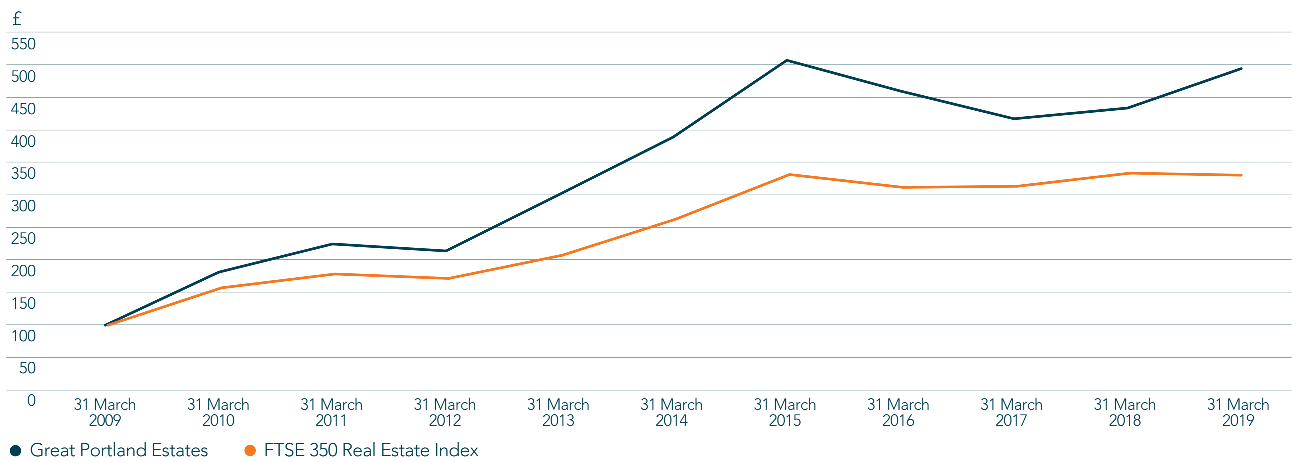
	2010	2011	2012	2013[1]	2014	2015	2016	2017	2018	**2019**
Single figure of total remuneration (£000)	1,326	2,087	2,910	4,924	3,409	3,689	2,650	1,402	1,174	**905**
Bonus pay-out as % of maximum opportunity	75%	100%	70%	92%	100%	48%	100%	20%	37%	**19%**
Long-term incentive vesting rates (as % of maximum opportunity)	88%	50%	100%	95%	86%	81%	58%	33%	10%	**0%**

1. Includes a one-off SMP award made in 2010 of 100% of salary.

Performance graph

The following graph shows the total shareholder returns for the Company for each of the last ten financial years compared to the FTSE 350 Real Estate index (excluding agencies). The Company is a constituent of the FTSE 350 Real Estate index and the Committee considers this benchmark to be the most appropriate for illustrating the Company's performance.

Total shareholder return over ten years



Employee Share Trust

Upon vesting, shares to satisfy awards under the 2010 Plan are transferred out of the Great Portland Estates plc LTIP Employee Share Trust (the 'Trust'), a discretionary trust established to facilitate the operation of the Company's share plans. The shares to satisfy vested awards have been purchased by the Trustees of the Trust in the open market. The number of shares held by the Trust as at 31 March 2019 was 1,109,303.

Dilution

The Company currently funds the Trustee to purchase all of the shares required to satisfy awards under the Company's share incentive plans and no shares have been issued to satisfy any grants made in the last ten years. However, if the Company decided to issue new shares to meet these awards, the Company would operate all of its share incentive arrangements within The Investment Association (IA) Guidelines on dilution. The following table sets out the level of dilution against the IA limits for all share plans and discretionary plans in respect of the outstanding awards should the Company issue shares rather than use purchased shares held in Trust.

Maximum	As at 31 March 2019[1]
10% dilution in ten years (All Plans)	1.33%
5% dilution in ten years (Discretionary Plans)	1.30%

1. This figure shows the number of shares required to satisfy all outstanding awards as at 31 March 2019 as a percentage of the Company's issued share capital were these to be satisfied by the issue of new shares. This does not include vested awards that have been satisfied using market purchased shares.

Percentage change in Chief Executive's remuneration

The table below compares the percentage increase in the Chief Executive's pay (including salary, taxable benefits and annual bonus) with the increase for the wider employee population. The Company considers all employees to be an appropriate comparator group.

	Chief Executive (£000)			Total employee pay (£000)			Average number of employees			Average employee pay (£000)		
	2019	2018	% change[1]	**2019**	2018	% change[1]	**2019**	2018	% change	**2019**	2018	% change
Base salary	**588**	574	2.4	**9,515**	9,119	4.3	**104**	105	(1.0)	**91**	87	4.8
Taxable benefits	**27**	27	0.0	**507**	536	(5.5)	**104**	105	(1.0)	**5**	5	–
Bonus	**168**	316	(46.8)	**2,418**	3,007	(19.6)	**104**	105	(1.0)	**23**	29	(20.7)
Total	**783**	917	(14.6)	**12,440**	12,662	(1.8)	**104**	105	(1.0)	**119**	121	(1.7)

1. The difference in % change in the Chief Executive's bonus compared to employees is due to employees below the Executive Committee having a smaller proportion of their bonus based on corporate performance measures. The bonus split for the Chief Executive, Finance Director and Executive Committee members is 50/30/20 TPR/TAR/personal objectives. The employee bonus split (excluding the Executive Directors and Executive Committee members) is either 21/12.3/66.7 or 31.25/18.75/50 TPR/TAR/personal objectives respectively.

Chief Executive Ratio

Although the Company has less than 250 employees and is not, therefore, subject to any legal requirement to include such ratios, the Committee considers inclusion of the ratio to be reflective of best practice and includes this on a voluntary basis. The Committee notes the general preference of institutional shareholders for companies to use statutory Method A and prepared the calculations on that basis. However, for a company with a relatively small number of employees (107 as at 31 March 2019), the ratios can be unduly impacted by joiners and leavers who may not participate in the full suite of remuneration arrangements in the year of joining or leaving. Accordingly, the Committee modified the statutory basis to exclude any employee not employed throughout the financial year. In all other respects, Method A was followed so the following tables refer to Modified Method A being adopted.

The Company believes that a bias in senior executive pay to variable pay is the most appropriate means of both incentivising the executives and aligning them with shareholders. During the year, variable pay was low and, therefore, the ratios are lower than may be the case in subsequent years. For example, at on target performance the median ratio will be 15.9:1.

Ratio of the pay of the Group Chief Executive to that of the UK lower quartile, median and upper quartile employees

		Pay ratio		
Year	Method	25th percentile	50th percentile (median)	75th percentile
31 March 2019	Modified Method A	14.2:1	9.3:1	5.7:1

Directors' remuneration report continued

Additional information on the ratio of the pay of the Group Chief Executive to that of employees

– Employee pay data is based on full time equivalent pay for UK employees as at 31 March 2019. For each employee, total pay is calculated in line with the single figure methodology (i.e. fixed pay accrued during the financial year and the value of performance-based incentive awards vesting in relation to the performance year).

– Employee pay data excludes leavers, joiners and employee transfers in our out of the UK during the year, to help ensure data is on a like-for-like basis, and data for life assurance and long-term illness cover are based on the value of notional premia. No other calculation adjustments or assumptions have been made.

– CEO pay is as per the single total figure of remuneration for 2019, as disclosed on page 121.

– The 2019 ratio will be restated in the 2020 Directors' remuneration report to take account of the final LTIP vesting data for eligible employees and for the CEO.

– The Committee has considered the pay data for the three individuals identified for 2019 and believes that it fairly reflects pay at the relevant quartiles among the UK employee population. Each of the individuals identified was a full-time employee during the year and received remuneration in line with the Group remuneration policy.

Salary and total remuneration used to calculate the ratio of pay

To provide further context, the table below shows the CEO and the employee percentile pay used to determine the 2019 pay ratios:

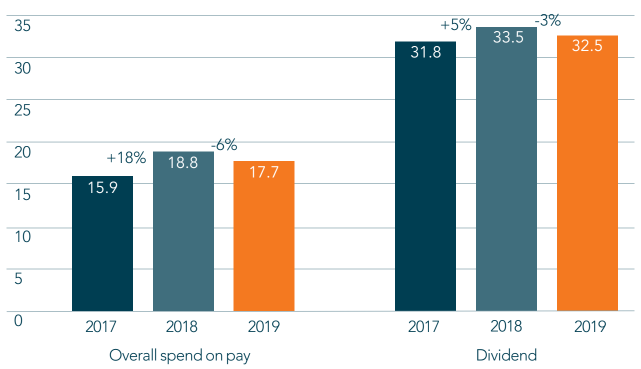
	CEO £000	25th percentile £000	50th percentile (median) £000	75th percentile £000
Total salary	**588**	**43**	**70**	**103**
Total remuneration (single figure)	**905**	**64**	**97**	**158**

Our long-term incentive plan is intended to link total remuneration to the achievement of the Group's long-term strategy and to reinforce alignment between executive remuneration and shareholder interests. Therefore, participation is typically senior employees who have line of sight to influence directly the performance targets on the awards. The lower quartile, median and upper quartile employees identified this year are not participants in the long-term incentive plan. With a significant proportion of the pay of our Group Chief Executive linked to performance and share price over the longer term, it is expected that the ratio will depend materially on long-term incentive outcomes each year, and accordingly may fluctuate.

Relative importance of spend on pay

The table below sets out the relative importance of spend on pay in 2017, 2018 and 2019:

Relative importance of spend on pay £m



Consideration by the directors of matters relating to directors' remuneration

Remuneration Committee Advisers

The Committee is satisfied that the advice received from FIT Rem is independent and objective as FIT Rem complies with the Code of Conduct for Remuneration Consultants (which can be found at **www.remunerationconsultantsgroup.com**) and provides no other advice to the Group. FIT Rem's fees for the year to 31 March 2019 were £46,726 which is charged on its normal terms.

Independent and objective performance certificates are provided to the Remuneration Committee by:

– Deloitte on measurement of NAV performance targets for the LTIP and SMP awards. Fees paid to Deloitte in respect of this were £2,300. Deloitte are appointed by the Company as its auditor. Total fees paid to Deloitte are shown on page 159;

– Aon Hewitt on measurement of TSR performance targets for the LTIP and SMP awards together with IFRS 2 calculations. Fees paid to Aon Hewitt in respect of this were £14,400. Aon Hewitt also provides benchmarking services to the Group, fees paid in relation to this total £5,800; and

– Morgan Stanley Capital International (MSCI) on measurement against its property benchmark, for the Executive and Employee Annual Bonus Plan and measurement of TPR performance targets for the LTIP and SMP awards as part of its MSCI membership. Fees paid in relation to this membership total £54,426.

Statement of voting at the Annual General Meeting

The following table shows the results of:

– the binding vote on the Directors' remuneration policy commencing from the 6 July 2017 Annual General Meeting; and

– the advisory vote on the remuneration report at the 5 July 2018 Annual General Meeting.

As noted in the Policy report, it is the Remuneration Committee's policy to consult with major shareholders prior to any major changes to its Executive remuneration.

	For	Against	Abstentions
Directors' remuneration policy	259,839,425 (96.48%)	7,669,753 (2.85%)	1,808,378 (0.67%)
2018 Remuneration report	229,023,845 (97.69%)	3,873,806 (1.65%)	1,568,573 (0.66%)

The Committee believes that this strong level of support demonstrates that there are no shareholder concerns in respect of the Company's current remuneration policy and its operation.

This report will be submitted to shareholders for approval at the Annual General Meeting to be held on 4 July 2019. Approved by the Board on 22 May 2019 and signed on its behalf by:

Wendy Becker
Chairman of the Remuneration Committee
22 May 2019

Directors' remuneration report continued

Directors' remuneration policy

This section of the Remuneration report contains details of the Directors' remuneration policy that will govern the Company's future remuneration payments.

The policy below sets out the remuneration policy approved by shareholders at the 2017 Annual General Meeting except for minor consequential amendments and that the scenario charts on page 142 and dates have been updated throughout the policy for ease of reference. The policy part of the Remuneration report is displayed on the Company's website, at **www.gpe.co.uk/about-us/governance**

The Company's policy is to provide remuneration packages that fairly reward the Executive Directors for the contribution they have made to the business and to ensure that the packages are appropriately competitive to promote the long-term success of the Company. The policy is to align the directors' interests with those of shareholders and to incentivise the directors to meet the Company's financial and strategic priorities by making a significant proportion of remuneration performance related. The Company's strategic objectives are set out in the Strategic Report on pages 1 to 88.

The Committee is satisfied that the remuneration policy outlined in the table below is in the best interests of shareholders, does not raise any environmental, social or governance issues and does not promote excessive risk-taking:

Executive Director remuneration

Purpose and link to strategy		Operation and process	Maximum opportunity	Performance metrics
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.	Base salary increases will be in applied in line with the outcome of the review. In the normal course of events, increases in the base salaries will not exceed the average increase for employees. Increases may be made above this level to take account of market alignment to around mid-market levels of comparable organisations (particularly within the listed property sector) and individual circumstances such as: – increase in scope and responsibility; and – to reflect the individual's development and performance in the role (e.g. for a new appointment where base salary may be increased over time rather than set directly at the level of the previous incumbent or market level). The Committee is, however, mindful of the need to treat comparisons with caution to avoid an upward ratchet of remuneration levels. The salary maximum will be £650,000 (as increased by RPI from adoption of this policy).	Individual and Company performances are considerations in setting base salary.
	Benefits To provide cost-effective benefits that are valued by the recipient and are appropriately competitive.	Benefits principally comprise life insurance, health insurance, private healthcare subscriptions, travel expenses and membership subscriptions. A company car or company car allowance may be provided although it is not the Company's current practice to provide either to current Executive Directors. Other benefits may be introduced from time to time to ensure the benefits package is appropriately competitive and reflects individual circumstances. Benefits are reviewed annually and their value is not pensionable.	Set at a level which the Committee considers: – appropriately positioned against comparable roles in companies of a similar size and complexity (particularly within the listed property sector); and – provides a sufficient level of benefit based on the role or an individual's circumstances such as relocation. Benefit values vary year on year depending on premiums and, therefore, the maximum value is the cost of the provision of these benefits. However, the aggregate value of contractual and non-contractual benefits received by each Executive Director (based on the value included in the individual's annual P11D tax calculation) shall not exceed £100,000 p.a. (with this maximum increasing annually at the rate of RPI from 1 April 2014).	Not applicable.
	Pension To provide a framework to save for retirement that is appropriately competitive.	All Executive Directors receive a contribution to their personal pension plan and/or receive a cash equivalent. This cash equivalent is not treated as salary for the purposes of determining bonus or incentive awards.	The contribution is a maximum of 20%. The current Executive Directors as at 1 April 2019 receive a contribution or cash equivalent equal to 20% of base salary.	Not applicable.

Directors' remuneration report continued

Purpose and link to strategy		Operation and process	Maximum opportunity	Performance metrics
Variable remuneration	**Annual Bonus Plan** Links reward to the annual performance targets, which are set at the beginning of the financial year in line with the Company's strategy. Ensures an alignment between the operation of the Company's remuneration policy and financial measures whilst also ensuring additional operational measures are targeted to encourage a holistic approach to performance.	The Annual Bonus Plan is reviewed annually at the start of the financial year to ensure bonus opportunity, performance measures and weightings are appropriate and continue to support the Company's strategy. The bonus is paid in cash following the end of the financial year. Subject to clawback and malus provisions in situations of personal misconduct and/or where accounts or information relevant to performance are shown to be materially wrong and the bonus paid was higher than should have been the case. The target bonus is 75% of base salary. Threshold bonus is not more than 30% of base salary with 0% payable if the threshold is not met.	The maximum bonus is 150% of base salary.	At least 75% of the bonus will be linked to key financial measures, with the balance linked to personal or strategic objectives. The performance metrics are set by the Committee each year. The performance period for the Annual Bonus Plan targets is linked to the Company's financial year. The Committee retains the ability to adjust the targets and/or set different measures if events occur which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy. Further details on the measures for the financial year 2019/20 are set out in the Annual report on remuneration on page 120.
Performance shares under the Long-Term Incentive Plan (LTIP)	Rewards and retains Executives aligning them with shareholder interests over a longer timeframe. Ensures an alignment between the operation of the Company's remuneration policy and the Company's KPIs of achieving sustained NAV growth, above benchmark total property returns and superior shareholder returns.	The 2010 Plan was approved by shareholders in July 2010 and changes were approved by shareholders at the 2017 AGM to permit the LTIP to operate as a sole long-term incentive arrangement going forward in line with developments in best practice. **LTIP** Participants are eligible to receive a conditional annual allocation of shares or nil price options (Performance shares). **General terms** Awards may be adjusted to reflect the impact of any variation of share capital. An award may, at the discretion of the Committee, include the right to receive cash or shares on vesting equal in value to the dividends payable on such number of shares subject to the award which vest, for the period between grant and vesting. A two-year post-vesting holding period will apply to the net of tax number of awards for future awards. Awards will typically be structured as nil cost options exercisable from the end of any applicable holding period. Subject to clawback and malus provisions, for all employees in situations of personal misconduct and/or where accounts or information relevant to performance are shown to be materially wrong and vesting was higher than should have been the case, for malus only, where there are sufficiently exceptional circumstances which impact the reputation of the Company. The threshold vesting is 20% of awards with straight-line vesting to 100% for maximum performance. Awards under the LTIP may be adjusted to reflect the impact of any variation of share capital. **Quantum** The Committee reviews the quantum of awards annually.	**LTIP** Up to 300% of salary.	Performance is assessed over not less than a three-year performance period against relevant shareholder value, financial and property related metrics (e.g. TSR, NAV or TAR growth and TPR). The performance metrics are set by the Remuneration Committee each year based on the strategic priorities of the business at that time, but no less than 50% will be assessed against a relative measure. The Committee retains the ability to adjust the targets and/or set different measures if events occur which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy. Further details on the measures for 2019/20 are set out in the Annual report on remuneration on page 120.

Directors' remuneration report continued

	Purpose and link to strategy	Operation and process	Maximum opportunity	Performance metrics
All-employee share plans	Encourages Executive Directors and employees to acquire shares in order to increase the alignment of interests with shareholders over the longer term.	The Company operates a Share Incentive Plan (SIP) under which all employees, including Executive Directors, may be awarded free shares and may purchase shares which can be matched on a two for one basis. The Company's current practice is to operate partnership and matching shares only. If the shares are held in a trust for at least three years and the employee does not leave the Company during that period, then the matched shares may be retained by the individual subject to some relief against income tax and national insurance charges. Dividends are also paid directly to participants on all plan shares. In 2010, shareholders approved a Save As You Earn Scheme for employees which is not currently operated but which might be utilised in the future. Under the SAYE, participants (which may include Executive Directors) may make monthly contributions over a savings period linked to the grant of an option with an exercise price which may be at a discount of up to 20% of the market value of the underlying shares at grant. Awards under the SIP and SAYE may be adjusted to reflect the impact of any variation of share capital.	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.
Shareholding policy	To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon.	Executive Directors are expected to accumulate and maintain a holding in ordinary shares in the Company equivalent in value to no less than 300% of base salary. In addition, any Executive Directors will be required to invest one-third of their after tax bonus in ordinary shares in the Company until they meet the guideline. Executive Directors will be expected to retain all awards vesting (after the sale of sufficient number to meet any tax liability) until the guideline has been met.		Not applicable.

Notes to the Future Policy Table

1. Performance measures and targets

Short- and long-term performance measures will be selected by the Committee in order to provide a direct connection to the Company's strategy by being linked to the key fundamental performance indicators at the time. In normal circumstances, they would be expected to include metrics such as TPR/capital growth, NAV or TAR targets and relative TSR performance. Relative measures will be assessed against a relevant MSCI index and/or an appropriate group of other UK listed real estate companies with similar operations.

Absolute measures are set following a robust budget setting process which takes into account internal financial indicators as well as a broader view of the market environment.

The targets for the annual bonus and the LTIP for 2019/20 are set out in the Annual report on remuneration on page 120. Other than in exceptional circumstances, the TAR range is set at 4% to 10% p.a. for each year of this policy. The awards are also subject to an underpin under which the level of vesting may be reduced in certain circumstances.

The Committee is of the opinion that given the commercial sensitivity around GPE's business, disclosing individual's targets for the Annual Bonus Plan in advance would not be in the best interests of shareholders or the Company. Actual targets, performance achieved and awards made will be published at the end of performance periods so shareholders can fully assess the basis for any pay-outs.

2. Differences in remuneration policy for all employees

All employees of GPE are entitled to base salary and benefits on the same basis, with quantum of awards being set at levels commensurate with their role. All employees participate in an employee annual bonus plan, with quantum of awards being set at levels commensurate with their role and with performance measures, similar to the executive scheme, based on Group performance and against personal objectives. Senior managers receive LTIP awards under the 2010 Plan with quantum of awards being set at levels commensurate with their role. All employees are eligible to participate in the Company SIP and the SAYE on the same terms as the Executive Directors.

Employees who joined the Company before April 2002 are members of the Company's defined benefit pension plan, and all other employees are eligible to join the Company's defined contribution pension plan and receive a contribution of up to 10% of salary.

3. Maximum opportunity

The changes to previous policy have been noted in the table above. The inclusion of caps does not represent any aspiration.

4. Discretion

The Committee will operate the annual bonus, LTIP and SMP awards according to their respective rules and ancillary documents and in accordance with the Listing Rules where relevant. The Committee retains discretion consistent with market practice, in a number of regards to the operation and administration of these plans as noted in the policy table and in the recruitment remuneration and payments for loss of office sections as relevant. Any use of these discretions would, where relevant, be explained in the Annual report on remuneration and may, as appropriate, be the subject of consultations with the Company's major shareholders.

In addition, the Committee has the discretion to amend policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or wait for shareholder approval.

Details of share awards granted to existing Executive Directors are set out on pages 125 and 126 of the Annual report on remuneration. These remain eligible to vest based on their original award terms, in line with the policy set out in the policy table or under the authority of the previously approved remuneration policy (as will other legacy arrangements, including those awarded prior to promotion to the Board).

Non-Executive Director remuneration

Element	Purpose and link to strategy	Operation and process	Maximum opportunity	Performance metrics
Fees	Provide an appropriate reward to attract individuals with appropriate knowledge and experience to review and support the implementation of the Company's strategy.	The Chairman and the Executive Directors are responsible for setting the remuneration of the Non-Executive Directors, other than the Chairman whose remuneration is determined by the Remuneration Committee. Non-Executive Directors are paid a base fee and additional fees for chairmanship of Committees and role of Senior Independent Director. Fees are usually reviewed annually with changes effective from 1 April. Non-Executive Directors do not participate in any of the Company's incentive arrangements. Other benefits include travel, accommodation and membership subscriptions related to the Company's business. Reasonable business related expenses will be reimbursed (including any tax due thereon).	Fees will be in line with market rates for Non-Executive Directors at FTSE 250 companies. The aggregate maximum will be the limit stated in the Articles of Association currently £750,000. The 2019/20 fee levels are set out in the Annual report on remuneration on page 120.	Not applicable.

Directors' remuneration report continued

Approach to recruitment remuneration

The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract appropriate candidates to the role, and our principle is that the pay of any new recruit would be assessed following the same principles as for the directors and the policy previously summarised.

Executive Director recruitment

Component	Policy
Base salary and benefits	The salary level will be set taking into account relevant market data, the experience and skills of the individual, responsibilities of the individual and the salaries paid to similar roles in comparable companies in line with the current process undertaken by the Committee when setting the salary levels for its existing directors. Whilst it is not envisaged that it will be required, as provided for in the relevant regulations, the Committee reserves the right to exceed the fixed pay limits set out in the policy table, in exceptional circumstances, to secure the appointment of a high calibre individual. Executive Directors shall be eligible to receive benefits in line with the Company's benefits policy as set out in the remuneration policy table.
Pension	Executive Directors will be able to receive a pension contribution or receive a supplement in lieu of pension contributions in line with the Company's pension policy as set out in the remuneration policy table.
Annual bonus	Executive Directors will be eligible to participate in the Annual Bonus Plan as set out in the remuneration policy table. For Executive Directors joining part way through a year, awards would be pro-rated. Different performance measures may be set initially for the annual bonus, taking into account the responsibilities of the individual, and the point in the financial year that they joined. The annual maximum potential opportunity under this plan is 150% of salary.
Long-term incentives	Executive Directors will be eligible to participate in the Long-Term Incentive Plan set out in the remuneration policy table. Awards may be granted up to the maximum opportunity allowable under plan rules at the Committee's discretion of 300% of salary under the LTIP. An award may be made on or shortly following an appointment assuming the Company is not in a prohibitive period.
Share buyouts/ replacement awards	Awards may be granted to replace those forfeited by the Executive Director from a previous employer on taking up the appointment where considered necessary by the Committee. The Committee will seek to structure any replacement awards such that overall they are no more generous in terms of quantum or vesting period than the awards due to be forfeited. Where the Company compensates new directors in this way, it will seek to do so under the terms of the Company's existing variable remuneration arrangements, but may compensate on terms that are more bespoke than the existing arrangements, including awards granted under Listing Rule 9.4.2, where the Committee considers this to be appropriate. In such instances, the Company will disclose a full explanation of the detail and rationale for such recruitment related compensation. In making such awards, the Committee will seek to take into account the nature (including whether awards are cash or share based), vesting period and performance measures and/or conditions for any remuneration forfeited by the individual in leaving a previous employer. Where such awards had outstanding performance or service conditions (which are not significantly completed), the Company will generally impose equivalent conditions. In exceptional cases the Committee may relax those requirements where it considers this to be in the interest of the shareholders, for example through applying a significant discount to the face value of the replacement awards.
Relocation policies	In instances where the new Executive Director is non-UK domiciled or needs to be relocated, the Company may provide one-off or ongoing compensation as part of the Executive Director's relocation benefits to reflect the cost of relocation for the Executive in cases where they are expected to spend significant time away from their country of domicile. The level of the relocation package will be assessed on a case-by-case basis and may take into consideration any cost of living differences, housing allowance and/or schooling.
Legacy arrangements	Where an Executive Director is appointed from within the organisation, the normal policy of the Company is that any legacy arrangements would be honoured in line with the original terms and conditions on a pro rata basis. Similarly, if an Executive Director is appointed following the Company's acquisition or merger with another company, legacy terms and conditions on a pro rata basis would be honoured.

Non-Executive Director recruitment

Component	Policy
Fees	Newly appointed Non-Executive Directors will be paid fees consistent with existing Non-Executive Directors.

Service agreements and payments for loss of office

The policy of the Company is to have service contracts for Executive Directors with notice periods of one year. It is sometimes necessary when recruiting a new Executive Director to give a service contract with an initial term of up to 18 months in which case a 12-month notice period may be given no earlier than six months from the start date of the contract.

Non-Executive Directors who have letters of appointment, are subject to the provisions of the Articles of Association dealing with appointment and rotation every three years, however, in accordance with the UK Corporate Governance Code they are subject to annual re-election and have a notice period of three months by either party. They are not eligible for payment in lieu of notice or any other payment on termination.

The following table sets out the dates of each of the Executive Directors' service agreements and their unexpired term, the dates of the Non-Executive Directors' letters of appointment and the date on which the Non-Executive Director is next subject to reappointment or re-election.

Executive	Date of service agreement	Unexpired term (months)
Toby Courtauld	18 March 2002 (amended 2017)	12
Nick Sanderson	7 June 2011 (amended 2017)	12

Non-Executive	Date of appointment letter	Date when next subject to appointment or re-election
Richard Mully	12 October 2016	4 July 2019
Charles Philipps	10 January 2014	4 July 2019
Wendy Becker	12 January 2017	4 July 2019
Nick Hampton	28 September 2016	4 July 2019
Alison Rose	4 April 2018	4 July 2019

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

The Company's policy on termination payments for Executive Directors is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual terms, the circumstances of the termination and any applicable duty to mitigate. It is the Committee's policy not to reward poor performance. The Committee will always seek to minimise the cost to the Company whilst seeking to reflect the circumstances in place at the time. The Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid. The Company reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising on connection with the termination of an Executive Director's office or employment. The Company may also deem it appropriate to pay on behalf of a departing executive modest legal, outplacement or other fees.

Contracts have been amended to introduce a right for the Company to achieve mitigation through payment on a monthly phased basis with payments reducing/ceasing if an alternative role is found during the balance of any notice period.

Base salary, benefits and pension

Toby Courtauld's compensation in lieu of notice payable at the Company's discretion is 12-months' basic salary. Compensation in lieu of notice to Nick Sanderson, payable at the Company's discretion, is 12-months' basic salary, pension allowance and the value of benefits in kind provided in the previous year, or the actual provision of those benefits.

Directors' remuneration report continued

Approach to other remuneration payments on termination of employment and change of control

In addition to the payment of base salary, benefits and pension as set out above, the Group's annual bonus, long-term incentives, SIP and SAYE contain provisions for the termination of employment.

Component	Good Leaver*	Bad Leaver**	Change of control
Annual Bonus Plan	Where an Executive Director's employment is terminated after the end of a performance year but before the payment is made, the Executive will be eligible for an annual bonus award for that performance year subject to an assessment based on performance achieved over the period. Where an Executive Director's employment is terminated during a performance year, a pro rata annual bonus for the period worked in that performance year may be payable in relation to that year's bonus (in the case of injury, ill health, disability, death or retirement) or in relation to personal objectives set only (in other Good Leaver cases).	Outstanding award is forfeited.	An Executive Director may receive a bonus, the amount of which will be determined by the Committee, taking into account such factors as it considers relevant, including the proportion of the elapsed performance period at the date of change of control and performance to that point.
2010 Plan (LTIP/SMP)	Awards may vest at the date of cessation of employment or the normal vesting date at the discretion of the Committee. Awards will vest based on the performance achieved up to the date of cessation/normal vesting date at the discretion of the Committee and be pro-rated to reflect the amount of time elapsed since the award date. The Committee retains the discretion to disregard time when determining the level of vesting. This would only be considered in exceptional circumstances and where considered, the Committee would take into account the circumstances of the cessation of employment. Upon death, all long-term incentive awards vest immediately in full.	Outstanding awards lapse.	In accordance with the Rules of the 2010 Plan, on a change of control, vesting will occur immediately. Performance against targets will be assessed by the Committee on change of control. The number of Plan shares vesting will normally be reduced pro rata to reflect the amount of time elapsed from the Award Date until the change of control as a proportion of the original vesting period. The Committee retains the discretion to disregard time when determining the level of vesting. This would only be considered in exceptional circumstances and where considered, the Committee would take into account the overall context of the deal and the actual value delivered to shareholders.

Component	Good Leaver*	Bad Leaver**	Change of control
Share Incentive Plan (SIP)	All Plan shares can be sold or transferred out of the Plan. Free, matching and partnership shares may be removed tax free. If dividend shares are taken out of the SIP within three years of being awarded, the dividend used to buy them is subject to income tax at the dividend rate. On resignation, matched shares held for less than three years will be forfeited.	Free shares and matched shares held for less than three years will be forfeited. Partnership and Matched shares held for more than three years but less than five years will be liable to tax depending on time held in the Plan. If dividend shares are taken out of the SIP within three years of being awarded, the dividend used to buy them is subject to income tax at the dividend rate.	All Plan shares can be sold or transferred out of the Plan. Free, matching and partnership shares may be removed tax free. If dividend shares are taken out of the SIP within three years of being awarded, the dividend used to buy them is subject to income tax at the dividend rate.
Save As You Earn Scheme (SAYE)	Options may be exercised during a period of six months following cessation of employment (or 12 months following cessation in the event of death).	Options held for less than three years will lapse on cessation. Options held for more than three years may be exercised during a period of three months following cessation, except where the reason for cessation is misconduct.	Options may be exercised in the event of a change of control of the Company.

* Good leavers under each of the Annual Bonus Plan, 2010 Plan, SIP and SAYE are those leaving under specified conditions as set out below.

Annual Bonus Plan and 2010 Plan:
– death;
– ill-health, injury or disability (evidenced to the satisfaction of the Remuneration Committee);
– redundancy;
– retirement;
– the award holder's employing company or business being transferred out of the Group; or
– any other circumstances at the discretion of the Remuneration Committee, including where appropriate (and exceptionally), resignation. The Committee will only use its general discretion where it considers this to be appropriate, taking into account the circumstances of the termination and the performance in the context of each plan and will provide a full explanation to shareholders of the basis of its determination. The exercise of the Committee's discretion under one plan will not predetermine the exercise of its discretion under another.

Good leavers under the SIP and SAYE are those participants leaving in certain circumstances as under applicable legislation including death, injury, disability, retirement and redundancy.

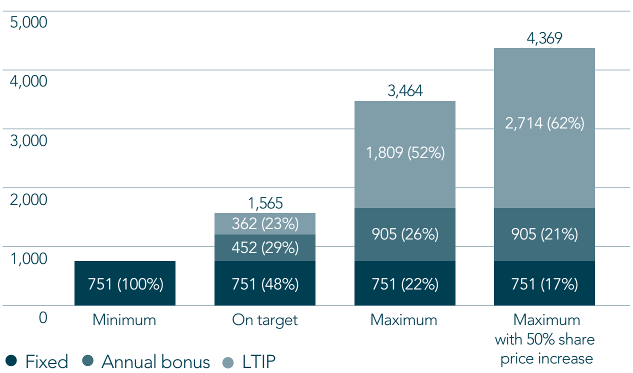
** Bad leavers are those leavers who are not good leavers.

Directors' remuneration report continued

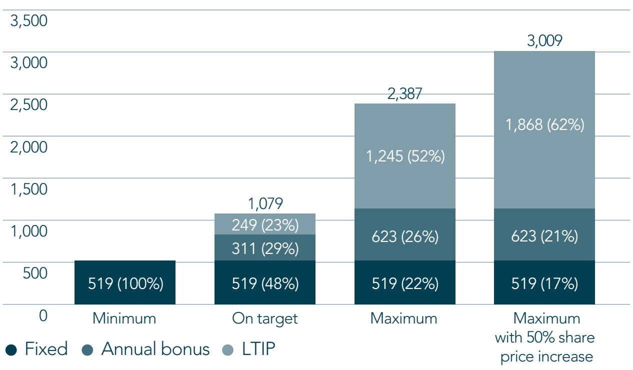
Executive Director remuneration scenarios based on performance

The charts below set out the potential remuneration receivable by Executive Directors for minimum, where performance is below threshold for variable awards, on-target and maximum performance. Potential reward opportunities are based on the policy and applied to salaries as at 1 April 2019. It should be noted the projected values exclude the impact of any share price movements, unless otherwise indicated, or dividend accrual.

Chief Executive £000



Finance and Operations Director £000



1. Fixed element: Base salary as at 1 April 2019 and related pension contribution together with benefits received during 2018/19.
2. Annual bonus element: The on-target award level for the bonus plan is assumed to be 75% of salary (i.e. 50% of the maximum) with a maximum award of 150% of salary. There is nil payout for minimum performance.
3. LTIP element: Estimated value at target and maximum vesting based on performance measures for 2019/20 awards. Consistent with practice elsewhere, the threshold level of 20% of the maximum has been assumed for target performance. Again a nil payout has been assumed for minimum performance.
4. The scenario charts have been updated from the ones approved as part of the 2017 policy.
5. Consistent with updates to the relevant legislation, the scenario charts now include an extra column showing maximum pay as supplemented by a 50% increase in the share price.

Consideration of remuneration of other employees

Our approach to salary reviews is consistent across the Company, with consideration given to the level of responsibility, experience, individual performance, salary levels in comparable companies and the Company's ability to pay. Remuneration surveys and meetings with sector specialists are used, where appropriate, to establish market rates.

When determining remuneration of the Executive Directors, the Committee takes into account pay and conditions across the Group, especially when determining the annual salary increase. Prior to the annual pay review, the Committee receives a report setting out changes to all employees remuneration levels and proposed discretionary bonus awards.

The Company did not consult with employees on the policy or use any remuneration comparison metrics during the year reported.

Consideration of shareholder views

When determining remuneration, the Committee takes into account the guidelines of investor bodies and shareholder views. The Committee is always open to feedback from shareholders on remuneration policy and arrangements, and commits to undertaking shareholder consultation in advance of any significant changes to remuneration policy.