Directors' remuneration report

Remuneration policy principles

The Company's remuneration policy seeks to provide remuneration in a form to attract, retain and motivate high calibre executives, with an emphasis on delivering greater variable reward for achieving and exceeding the Group's strategic plan. This total pay position is analysed by looking across each of the different elements of remuneration including salary, pension, the annual bonus plan and long-term incentives to provide the Remuneration Committee ("the Committee") with a total remuneration view rather than just the competitiveness of the individual elements. It is important that the Group's remuneration policy reinforces the Company's goals, providing effective incentives for exceptional Group and individual performance with significant upward and downward variability from median based on performance. As well as providing motivation to perform, remuneration plays an important retention role and needs to be competitive with alternative employment opportunities, in particular at a time in the property cycle where demands on the Executive Directors and employees are high and there is a scarcity value on proven performers.

To achieve the Company's remuneration policy, the Committee seeks to position total executive remuneration around mid-market for on-target performance taking into account the size and complexity of the business as compared to other peer companies in the sector, using a significant proportion of variable reward with the opportunity to increase total potential remuneration for superior performance through the annual bonus plan and long-term incentives.

Annual review

The Company has in place a remuneration structure which was approved by shareholders and consequently adopted in 2006. Since that time the remuneration packages offered to Executive Directors have remained broadly unchanged. In the second half of the year, the Committee undertook a full review of the remuneration arrangements for Executive Directors to ensure the arrangements remained appropriate and supported the Company strategy. The Committee was assisted in its review by PricewaterhouseCoopers LLP ("PwC").

Taking account of remuneration awarded to employees across the Group, as a result of the review, the Committee has proposed a number of changes to the arrangements for Executive Directors for the forthcoming year when compared with the current structure. These are summarised below and, following consultation with major shareholders and shareholder representative bodies will be seeking approval from shareholders for a new Long-Term Incentive Plan ("LTIP") to replace the current LTIP and Share Matching Plan ("SMP") schemes.

Changes for 2010/11

– basic salaries were frozen last year and were found to have fallen a long way below market. Accordingly salaries have been brought closer in line with market median (but remain below median levels) and reflect changes in responsibilities during the course of the year;

– the Committee supports the overall ethos of the current LTIP and SMP structures but notes that by operating them as separate plans they are overly complex. It is therefore proposed to simplify the structure so that there is only one scheme the 2010 LTIP (replacing both the LTIP and SMP);

– the current LTIP and SMP plan use relative TSR and increase in net asset value as the performance measures. It is proposed to introduce a new performance measure based on relative Total Property Return to ensure that the measures under the 2010 LTIP mirror the fundamental measures that demonstrate the Group's performance, being:

  • growth in absolute net asset value per share;

  • relative Total Shareholder Return;

  • relative Total Property Return;

– it is proposed that the current net asset value performance condition be made considerably tougher;

– in order to provide a competitive overall total remuneration structure it is proposed to increase the maximum award under the unmatched part of the LTIP from 150% of basic salary to 200% of basic salary;

– in order to receive an SMP award of up to 100% of basic salary, it is proposed that the directors be required to buy or pledge existing shares of one-third of basic salary rather than the 30% of salary currently required;

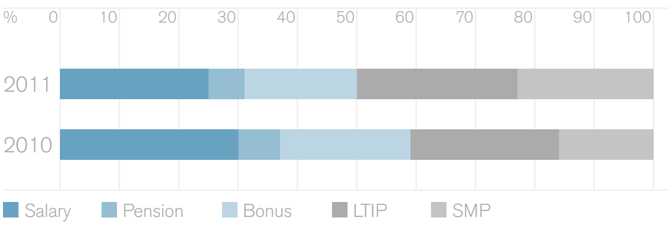
– in the first year only, Executive Directors will be provided with the opportunity to receive an award of an additional 100% of basic salary by making a further investment of one-third of basic salary in Company shares or pledging the same amount of shares currently held. The performance conditions in relation to this additional award being considerably tougher than awards made under the ongoing LTIP; and

– no changes are proposed to the annual bonus plan or to benefits including pensions at this stage.

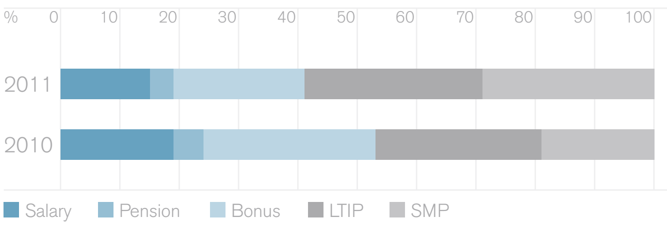
The 2010 LTIP is described in further detail in the circular to shareholders.

In considering the Executive Directors' reward structure for the year to come, the Committee believes that the relative size of the elements of the variable reward structure and the proposed performance targets in the new incentive arrangement are appropriate in the current market environment.

Composition of total "on-target" annual Executive Director remuneration[1]



Composition of total maximum annual Executive Director remuneration



1. The on-target award level for the bonus plan is assumed to be 75% of salary with a maximum award of 150% assuming the NAV underpin is achieved. If the NAV underpin is not achieved, the on-target award level for the bonus plan will be 52.5%. The on-target award for the long-term incentives are based on the market norm expected values provided by PricewaterhouseCoopers LLP.

Details of all payments to Executive Directors in the year, which are disclosed on page 64, show the relative values of the basic and performance related elements of remuneration for the year under review.

Basic salary and benefits

Basic salaries and the level and nature of benefits provided to Executive Directors are reviewed by the Committee annually and are assessed having regard to Company, individual performance and responsibilities, as well as salary levels in comparable organisations (particularly within the listed property sector). The Committee is, however, mindful of the need to treat comparisons with caution to avoid an upward ratchet of remuneration levels. It also takes account of pay and employment conditions across the Group, especially when determining annual salary increases. Basic salary is the only element of Executive Director remuneration which attracts pension contributions.

In light of the recent economic conditions, salaries for the Executive Directors and employees had been frozen for the previous year. However the review of remuneration arrangements found that the level of basic salary paid to the Executive Directors was significantly lagging behind its peers in respect of its remuneration policy of rewarding around mid market. Following the departure of the Property Director in 2009, the Board decided to increase the scope of the roles of the other Executive Directors and strengthen their respective teams. When considering the salary increases the Committee also took into account this increase in responsibilities and change in roles. This was particularly important for the Finance Director and the Development Director (whose role increased and is now encompassed in the role of "Portfolio Director"). On 1 April 2010, the directors received increases in salaries as follows: Toby Courtauld £471,000 (from £446,250), Timon Drakesmith £315,000 (from £273,000) and Neil Thompson £325,000 (from £286,000). The increase for Toby Courtauld is in line with the average increases provided to employees across the Group. The increase for Timon Drakesmith and Neil Thompson are in line with their increased responsibilities.

It should be noted that, unlike many of its peers the Company does not provide a car allowance for Executive Directors. Benefits principally comprise life insurance, health insurance, private healthcare subscriptions, travel concessions and membership subscriptions. The taxable value of these benefits for Executive Directors is included in the table on page 64. Following the increases to basic salary described above, the Committee notes that the fixed remuneration for the Executive Directors remains below market.

Directors' remuneration details in respect of the year ended 31 March 2010 (audited)

	Salaries/ fees £000	Performance related bonuses £000	Benefits £000	Total 2010 £000	Total 2009 £000	Pension contribution 2010 £000	Pension contribution 2009 £000
Executive							
Toby Courtauld	446	335	11	792	859	89	89
Timon Drakesmith	273	205	8	486	569	55	55
Robert Noel[1]	278	–	8	286	691	54	71
Neil Thompson	286	214	11	511	596	57	57
	1,283	754	38	2,075	2,715	255	272
Non-Executive							
Martin Scicluna	175	–	–	175	26	–	–
Kathleen O'Donovan[2]	16	–	–	16	58	–	–
Charles Irby	53	–	–	53	47	–	–
Phillip Rose	44	–	–	44	44	–	–
Jonathan Short	44	–	–	44	44	–	–
Jonathan Nicholls[3]	35	–	1	36	–	–	–
Former Directors							
Richard Peskin[4]	–	–	–	–	174	–	–
Total	1,650	754	39	2,443	3,108	255	272

1. Resigned from the Board on 31 December 2009.

2. Retired from the Board on 9 July 2009.

3. Joined the Board on 10 July 2009.

4. Retired from the Board on 31 March 2009.

Alignment of variable awards with Company strategy for the year ended 31 March 2010

Variable component	Maximum percentage of salary	Key elements of strategy	Measured by	Maximum performance target	Actual/ anticipated vesting level
Annual Bonus Plan	75%	Market competitiveness	Growth of the Company's property portfolio against IPD's relevant Capital Growth Index (for the year to 31 March 2010)	Annual percentage rate of portfolio capital to exceed annual percentage rate capital growth of the central London IPD index by 2.5%	0%
	45%	Absolute performance	Achievement of NAV targets (for the year to 31 March 2010) – positive NAV growth underpin	Positive NAV growth greater than 130% of target	45%
	30%	Operational excellence	Achievement against objectives (for the year to 31 March 2010)	Exceeding personal objectives	30%
2006, 2007, 2008 and 2009 LTIP[1]	75%	Shareholder value	Total shareholder return (based on a three year performance period)	Upper quartile TSR performance	2006[2] 2007[3] 2008–n/a 2009–n/a
	75%	Absolute performance	Growth in the Group's net assets per share (based on a three year performance period)	The Group's net assets to exceed RPI plus 8%	2006[2] 2007[3] 2008–n/a 2009–n/a
2006, 2007, 2008 and 2009 SMP[1, 4]	50%	Shareholder value	Total shareholder return (based on a three year performance period)	Upper quartile TSR performance	2006[5] 2007[6] 2008–n/a 2009–n/a
	50%	Absolute performance	Growth in the Group's net assets per share (based on a three year performance period)	The Group's net assets to exceed RPI plus 12%	2006[5] 2007[6] 2008–n/a 2009–n/a
Proposed 2010 LTIP[1] Ongoing	100%	Shareholder value	Total shareholder return (based on a three year performance period)	Upper quartile TSR performance	2010–n/a
Additional (2010 only)	33.33%			Upper quintile TSR performance	
Ongoing	100%	Absolute performance	Growth in the Group's net assets per share (based on a three year performance period)	The Group's net assets to exceed RPI plus 9% p.a.	2010–n/a
Additional (2010 only)	33.33%			The Group's net assets to exceed RPI plus 9.5% p.a.	
Ongoing	100%	Market competitiveness	Total property return (based on a three year performance period)	Upper quintile TPR performance	2010–n/a
Additional (2010 only)	33.33%			Upper quintile TPR performance	

1. Measured over a three year performance period.
2. 100% of the 2006 TSR LTIP award vested to Toby Courtauld, Timon Drakesmith, Robert Noel and Neil Thompson for awards made on 17 July 2006 and vesting in 2009 following TSR targets being met. 0% of the 2006 NAV LTIP award vested as a result of NAV targets not being met.
3. As at the date of this Report, 87% of shares under the 2007 TSR LTIP target would vest and 0% of shares under the NAV target will vest.
4. Maximum SMP award is based on a maximum investment of 30% of pre-tax salary, grossed up at the prevailing marginal rate of income tax (i.e. 40%) and matched on a ratio of 2:1.
5. 100% of the 2006 TSR SMP award vested to Toby Courtauld, Timon Drakesmith, Robert Noel and Neil Thompson for awards made on 17 July 2006 and vesting in 2009 following TSR targets being met. 0% of the 2006 NAV SMP award vested as a result of NAV targets not being met.
6. As at the date of this Report, 87% of shares under the 2007 TSR SMP target would vest and 0% of shares under the NAV target will vest.

Bonus plan

Each year the Committee considers the appropriateness of the component parts of the annual bonus plan on page 65 in assessing the overall remuneration of Executive Directors. The Committee also has the discretion to recommend the payment of an additional bonus to a director for exceptional performance over and above the high standard already required. This discretion was not exercised for the year ended 31 March 2010.

With the Group's results adversely affected by the CPO of 18/19 Hanover Square, W1, the IPD target for the bonus plan was not met for the year ended 31 March 2010. However, the Company has continued to perform well overall, both in its relative total shareholder return, achievement against NAV targets and in the Executive Directors' achievement of their personal objectives to progress the Company's strategy.

The personal objectives, other than those covered by the corporate measures, for the Executive Directors for 2010 included the following and were specific as to each individual's role and responsibilities:

— active tracking of, and responsiveness to, changing tenant requirements;

— exceeding rental income, void and delinquency targets;

— ensuring appropriate turnover of assets;

— de-risking of the short- to medium-term development programme;

— successful progression of the development programme;

— proactive shareholder relations programme;

— provision of high quality financial reporting;

— maintaining strong relationships with debt finance providers;

— good internal communication;

— ensuring appropriate levels of human resources;

— development of individuals;

— active representation on key property industry associations;

— delivery of the Group's environmental and sustainability policies;

— integration of the Group's property and finance IT systems; and

— ensuring delivery of health and safety objectives.

As a result of the achievement of the Executive Directors' objectives during the year, as reflected in the review of the Company on pages 1 to 47, the Committee has awarded the Executive Directors the full 30% of salary for operational excellence.

Long-Term Incentive Plans

Current LTIP

Executive Directors (and Senior Managers to a lesser extent) are eligible to be awarded shares under an LTIP, approved by shareholders in July 2006, up to an annual limit of 150% of a participant's salary. Under the 2006 scheme there are two separate performance conditions for the vesting of awards, each applying to one half of the shares awarded, which are believed by the Committee to provide the best alignment between the interests of participants and shareholders.

– the performance condition attached to one half of an award requires NAV growth of between RPI plus 3% in total increasing on a straight-line to RPI plus 8% in total over three financial years (starting with the financial year that commences immediately before the date) for between 20% and 100% of this part of the award to vest (i.e. between 10% and 50% of the total award); and

– the performance condition attached to the other half requires total shareholder return ("TSR") performance against constituents of the FTSE 350 Real Estate Sector (excluding agencies) over the three years from grant of the award of between median and upper quartile for between 20% and 100% of this part of the award to vest (i.e. between 10% and 50% of the total award) with straight-line vesting in between.

Long-Term Incentive Plan details[1] in respect of the year ended 31 March 2010 (audited)

	Award date	Market value of a share on grant Pence[2]	Number of shares under award at 1 April 2009[2]	Number of shares awarded during the year	Number of shares lapsed/did not vest	Number of shares vested	Market value on date of vesting Pence	**Number of shares under award at 31 March 2010**	Vesting date of outstanding shares
Toby Courtauld	17 July 2006	386.00	155,591	–	77,796	77,795	220.21	**–**	n/a
	31 May 2007	534.20	122,856	–	–	–	–	**122,856**	31 May 2010
	29 May 2008	295.47	213,565	–	–	–	–	**213,565**	29 May 2011
	28 May 2009	229.96	–	278,647	–	–	–	**278,647**	28 May 2012
Timon Drakesmith	17 July 2006	386.00	87,519	–	43,760	43,759	220.21	**–**	n/a
	31 May 2007	534.20	75,160	–	–	–	–	**75,160**	31 May 2010
	29 May 2008	295.47	130,652	–	–	–	–	**130,652**	29 May 2011
	28 May 2009	229.96	–	170,466	–	–	–	**170,466**	28 May 2012
Robert Noel	17 July 2006	386.00	124,473	–	62,237	62,236	220.21	**–**	n/a
	31 May 2007	534.20	98,285	–	98,285	–	–	**–**	n/a
	29 May 2008	295.47	170,852	–	170,852	–	–	**–**	n/a
	28 May 2009	229.96	–	222,918	222,918	–	–	**–**	n/a
Neil Thompson	17 July 2006	386.00	84,136	–	42,068	42,068	220.21	**–**	n/a
	31 May 2007	534.20	75,160	–	–	–	–	**75,160**	31 May 2010
	29 May 2008	295.47	136,873	–	–	–	–	**136,873**	29 May 2011
	28 May 2009	229.96	–	178,584	–	–	–	**178,584**	28 May 2012

1. Performance conditions attached to the LTIP awards are described on page 66.

2. To take account of the Rights Issue completed in June 2009 adjustments were made to awards under the LTIP and SMP by applying an adjustment factor to the awards to ensure that the value of shares under award before and immediately after shares in the Company became 'ex-rights' were, as far as possible, the same. The figures in the table show the number of shares after the adjustment factor was applied.

Current Share Matching Plan

Executive Directors (and to a lesser extent Senior Managers) are currently eligible to be awarded shares under an SMP, approved by shareholders in 2006.

– an individual may purchase or pledge shares already owned in the Company ("Investment" shares) up to an amount equal to 30% of their pre-tax annual base salary. After the Investment shares have been purchased or pledged, the Company will grant conditional awards of shares ("Matching" shares) under the SMP with a value equal to two times the value of the Investment shares (grossed up for the marginal rate of income tax and employee National Insurance);

– Investment shares will remain registered in the name of the holder with full voting and dividend rights but if Investment shares are disposed of then the conditional Matching awards will lapse on a proportionate basis; and

– dividends on Matching shares will be rolled up.

There are two separate performance conditions, each applying to half of the Matching shares awarded:

– the performance condition attached to one half of an award will require NAV growth of between RPI plus 4% in total increasing on a straight-line to RPI plus 12% in total over three financial years (starting with the financial year that commences immediately before the date of grant) over the three years from grant of the award for between 20% and 100% of this part of the award to vest (i.e. between 10% and 50% of the total award); and

– the performance condition attached to the other half will require total shareholder return ("TSR") performance against the constituents of the FTSE 350 Real Estate Sector (excluding agencies) of between median and upper quartile for between 20% and 100% of this part of the award to vest (i.e. between 10% and 50% of the total award) with straight-line vesting in between.

The performance conditions selected for both the LTIP and SMP were thought by the Committee to provide an appropriate balance between rewarding sustained increases in the value of the Company's net asset base and rewarding relative stock market performance. For the part of an award to which the TSR performance condition applies, for both the 2006 LTIP and SMP the Committee must also be satisfied that the number of shares that vest as a result of the performance conditions being met is reflective of the underlying financial performance of the Company. Actual performance against the conditions will be independently verified and reported to the Committee.

LTIP and SMP Matching shares, upon vesting, are transferred out of the Great Portland Estates plc LTIP Employer Share Trust ("the Trust"), a discretionary trust established to facilitate the operation of the LTIP and SMP with shares vesting to date being purchased by the Trustees of the Trust in the open market.

The number of shares held by the Trust as at 31 March 2010 was 1,022,179.

Share Matching Plan details[1] in respect of the year ended 31 March 2010 (audited)

	Award date	Market value of a share on grant Pence[2]	Number of shares under award at 1 April 2009[2]	Number of shares awarded during the year	Number of shares lapsed/did not vest	Number of shares vested	Market value on date of vesting Pence	**Number of shares under award at 31 March 2010**	Vesting date of outstanding shares
Toby Courtauld	17 July 2006	386.00	104,976	–	52,488	52,488	220.21	**–**	n/a
	08 June 2007	493.88	81,268	–	–	–	–	**81,268**	08 June 2010
	06 June 2008	285.58	142,377	–	–	–	–	**142,377**	06 June 2011
	03 June 2009	231.45	–	185,762	–	–	–	**185,762**	03 June 2012
Timon Drakesmith	17 July 2006	386.00	59,048	–	29,524	29,524	220.21	**–**	n/a
	08 June 2007	493.88	49,719	–	–	–	–	**49,719**	08 June 2010
	06 June 2008	285.58	48,187	–	–	–	–	**48,187**	06 June 2011
	03 June 2009	231.45	–	113,641	–	–	–	**113,641**	03 June 2012
Robert Noel	17 July 2006	386.00	83,979	–	41,990	41,989	220.21	**–**	n/a
	08 June 2007	493.88	65,018	–	65,018	–	–	**–**	n/a
	06 June 2008	285.58	113,903	–	113,903	–	–	**–**	n/a
	03 June 2009	231.45	–	148,607	148,607	–	–	**–**	n/a
Neil Thompson	17 July 2006	386.00	56,763	–	28,382	28,381	220.21	**–**	n/a
	08 June 2007	493.88	49,719	–	–	–	–	**49,719**	08 June 2010
	06 June 2008	285.58	91,248	–	–	–	–	**91,248**	06 June 2011
	03 June 2009	231.45	–	119,052	–	–	–	**119,052**	03 June 2012

1. Performance conditions attached to the SMP awards are described on page 67 and 68.

2. To take account of the Rights Issue completed in June 2009 adjustments were made to awards under the LTIP and SMP by applying an adjustment factor to the awards to ensure that the value of shares under award before and immediately after shares in the Company became 'ex-rights' were, as far as possible, the same. The figures in the table show the number of shares after the adjustment factor was applied.

New 2010 LTIP

The Committee is proposing the introduction of a new incentive arrangement – the 2010 Long-Term Incentive Plan (the "2010 LTIP"), subject to shareholder approval, to simplify the current LTIP and SMP assignments and to improve the alignment of executive incentives with the Company's strategy.

The 2010 LTIP has two elements: firstly, participants are eligible to receive a conditional annual allocation of shares or nil price options worth up to 200% of base salary ("Performance Shares"); secondly, participants may purchase or pledge shares already owned in the Company ("Investment Shares") up to a value of one-third of basic salary in return for which they receive a conditional allocation of shares worth up to three times the equivalent of the amount so invested or pledged ("Matching Share Award"). Except in the first year, the Matching Share Award will be limited to shares worth up to 100% of salary. Awards vest based on the achievement of performance conditions after three years.

In the first year of operation only, if Executive Directors purchase or pledge shares worth an additional one-third of basic salary, this limit will be extended by an additional 100% of salary. The associated additional Matching Share Award will also be subject to more stretching performance conditions.

Investment Shares will remain registered in the name of the holder with full voting and dividend rights but if Investment Shares are disposed of then the corresponding conditional Matching Share Awards will lapse.

Dividends on Matching Shares will be rolled up and paid to the extent that the Matching Shares vest.

Under the 2010 LTIP scheme there are three separate performance conditions for the vesting of the Performance Shares and the Matching Share Award, each applying to one-third of the shares awarded. The Committee believes these provide the best alignment between the interests of participants and shareholders.

- the performance condition attached to one-third of an award requires NAV growth of between RPI plus 3% p.a. on a straight-line to RPI plus 9% p.a. over three financial years (starting with the financial year that commences immediately before the date of grant) for between 20% and 100% of this part of the award to vest. The additional Matching Share Award requires NAV performance of between RPI plus 4% p.a. to RPI plus 9.5% p.a. to vest. Straight-line vesting is provided between these points;
- the performance condition attached to the second third requires TSR performance against constituents of the FTSE 350 Real Estate Sector (excluding agencies) over the three years from grant of the award of between median and upper quartile for between 20% and 100% of this part of the award to vest. The additional Matching Share Award in the first year requires TSR performance of between the 60th percentile and 80th percentile for the award to vest. Straight-line vesting is provided between these points; and
- the performance condition attached to the final third requires Total Property Return ("TPR") performance against constituents of the IPD Total Property Return – Central London Index over the three years from grant of the award of between median and upper quartile for between 20% and 100% of this part of the award to vest. The additional Matching Share Award in the first year requires TPR performance of between the 60th percentile and 80th percentile for the award to vest. Straight-line vesting is provided between these points.

The performance conditions selected for the 2010 LTIP are considered by the Committee to mirror the fundamental measures that demonstrate the Group's performance of:

- growth in absolute net asset value per share;
- relative Total Property Return; and
- relative Total Shareholder Return.

Actual performance against the conditions will be independently verified and reported to the Committee.

Share ownership

Executive Directors are expected to build and hold a shareholding of the Company's shares obtained through incentive plans equal in value to 100% of salary within five years from appointment. As at 31 March 2010, all of the Executive Directors held shares considerably in excess of this requirement.

As at 31 March 2010

Director	Target value of shareholding £	Current shareholding shares	Value of shareholding 31 March 2010 £	Percentage holding against target
Toby Courtauld	446,250	472,780	1,486,420	333%
Timon Drakesmith	273,000	144,124	453,125	166%[1]
Neil Thompson	286,000	164,538	517,307	181%[2]

1. Joined the Board on 12 September 2005.

2. Joined the Board on 1 August 2006.

Pensions

A contribution of 20% of basic salary is made to each Executive Director for his personal pension arrangements or direct to his personal pension plan.

Remuneration of Non-Executive Directors

The fees of the Non-Executive Directors, excluding the Chairman, are reviewed annually by the Executive Directors, who make recommendations to the Board. The Remuneration Committee is responsible for setting the Chairman's fee. The total of Non-Executive Directors' fees is limited by the Articles of Association. Remuneration of the Non-Executive Directors excluding the Chairman comprises a basic fee, together with a fee for serving on each Board Committee. The Chairman, who also chairs the Nomination Committee, receives a basic fee of £175,000 per annum increased to £185,000 from 1 April 2010 and all other Non-Executive Directors receive a basic fee of £36,750 per annum increased to £39,000 from 1 April 2010. In addition, in recognition of greater responsibility and time commitment, the Senior Independent Director receives a fee of £5,000 per annum, the Chairman of the Audit Committee receives a fee of £7,500 per annum increased to £8,000 from 1 April 2010 and the Chairman of the Remuneration Committee a fee of £6,000 per annum increased to £7,000 from 1 April 2010. Members of the Audit and Remuneration Committee receive a fee of £3,750 per annum increased to £4,500 from 1 April 2010 and £3,350 for the Nomination Committee. Non-Executive Directors are not eligible for the Bonus Plan, LTIP or SMP, nor are contributions made to any pension arrangements.

Service agreements

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 longer than one year. In such circumstances it is the policy of the Company that the notice period should reduce to one year after the initial period of service.

Toby Courtauld's compensation in lieu of notice, payable at the Company's discretion, is 12 months' basic salary. Compensation in lieu of notice of Timon Drakesmith and Neil Thompson, payable at the Company's discretion, is 12 months' basic salary, pension allowance and the value of benefits in kind provided in the previous year, or the actual provision of those benefits. At the discretion of the Remuneration Committee, LTIP, SMP and other awards may be permitted to vest based upon the applicable performance conditions being tested.

The Company's policy on termination payments 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.

On a change of control, under the terms of the Bonus Plan, the LTIP and the SMP, all the Executive Directors would also be entitled to pro rata bonuses and outstanding awards subject to the meeting of the appropriate performance conditions for the period concerned.

Executive Directors may, with the consent of the Committee, retain fees paid to them for acting as a Non-Executive Director of a company outside the Group, except where the directorship is a representative of the Company. Toby Courtauld is a member of the Royal and Sun Alliance, London Board for which he receives £1,300 per annum and is a Non-Executive Director of Liv-ex Limited, for which he received no remuneration during the year. Toby Courtauld and Robert Noel received no remuneration for serving as directors of The New West End Company.

Non-Executive Directors have letters of appointment, are subject to the provisions of the Articles of Association dealing with appointment and rotation every three years and are subject to a notice period of three months by either party.

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

Executive	Date of service agreement	Unexpired term (months)
Toby Courtauld	18 March 2002	12
Timon Drakesmith	15 August 2005	12
Neil Thompson	1 August 2006	12

Non-Executive	Date of appointment letter	Date when next subject to election/re-election
Martin Scicluna	1 October 2008	2012
Charles Irby	1 April 2004	2010
Phillip Rose	11 April 2005	2011
Jonathan Nicholls	10 July 2009	2010
Jonathan Short	22 March 2007	2010

Proposed all-employee share plans

The Company is also proposing to introduce two new tax efficient all employee share/option plans. At the forthcoming AGM on 8 July 2010 shareholders will be invited to approve two proposed all-employee share plans namely:

– The Great Portland Estates 2010 Share Incentive Plan (the "2010 SIP"); and

– The Great Portland Estates 2010 Save As You Earn Scheme (the "2010 SAYE").

The 2010 SIP and 2010 SAYE schemes are described in further detail in the circular to shareholders. Both plans are subject to approval by HM Revenue & Customs and will provide shares/options tax efficiently provided certain conditions are met.

The 2010 SIP is a proposed HM Revenue & Customs approved plan by which employees may, each year, be gifted free shares worth up to £3,000 and/or may purchase shares worth up to £1,500 out of gross salary and may be gifted up to two additional shares for each share purchased. 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 shares may be retained subject to some relief against income tax and national insurance charges.

The 2010 SAYE scheme is another proposed HM Revenue & Customs approved plan by which employees are invited to apply for options over shares and simultaneously enter a savings agreement with a bank or building society. If the employee makes monthly savings over a certain period of at least three years the bank or building society will pay the employee his savings plus a tax free bonus (the amount depending on the length of time for which the employee has been saving). The employee can either keep this cash or use it to pay the exercise price on the option. If the option is exercised more than three years after grant then there will be no income tax or national insurance charge on the shares acquired.

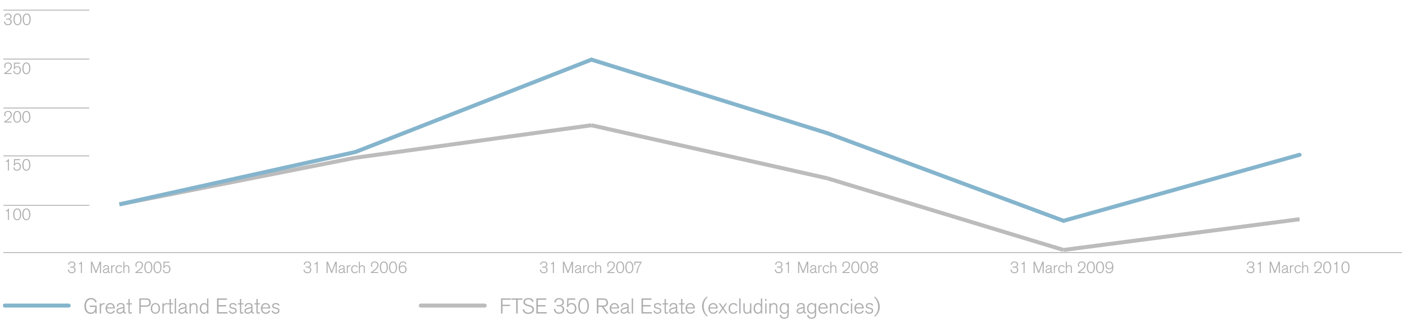
Both the 2010 SIP and 2010 SAYE schemes are "all employee" schemes in that, generally speaking, all employees will be invited to participate (though an employee need not accept the invitation).

Whilst the Company is seeking approval for both plans, the Company will review whether to offer either or both plans each year. Initially, the Company proposes to offer only the Share Incentive Plan to employees, including Executive Directors based on employees purchasing shares up to £1,500 and being gifted two additional shares for each share purchased. No performance conditions other than those required to obtain tax efficient treatment will be applied.

Total shareholder return

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

Total shareholder return



This graph shows the value, by 31 March 2010, of £100 invested in Great Portland Estates on 31 March 2005 compared with the value of £100 invested in the FTSE 350 Real Estate index, excluding agencies. The other points plotted are the values at intervening financial year ends.

Source: Datastream

Remuneration Committee and advisers

The Committee comprises three independent Non-Executive Directors, Charles Irby (Chairman), Jonathan Nicholls and Jonathan Short, (Kathleen O'Donovan retired from the Committee on 9 July 2009) and has responsibility for:

– determining the remuneration, contract terms and other benefits of the Chairman and Executive Directors in light of remuneration payable to employees across the Group;

– reviewing the remuneration framework for Senior Managers including the annual bonus plan, and long-term incentive arrangements and determining the remuneration, contract terms and other benefits for all employees with a basic salary of more than £150,000 per annum;

– reviewing the remuneration framework for all other employees including the annual bonus plan, where employees are eligible to participate in performance related bonus plans based on Company and individual performance targets;

– overseeing any significant changes to employee benefits, including pensions; and

– approving the design of and targets for performance related incentive schemes.

The Committee's Terms of Reference are available on written request and from the Company's website on www.gpe.co.uk/investors/governance/

The Committee was advised during the year by Hewitt New Bridge Street ("HNBS"), a firm of independent remuneration consultants, who were appointed by the Committee, and who only provided advice to the Group in respect of remuneration; and Investment Property Databank ("IPD") who provide measurement against its property benchmark. In January 2010 PricewaterhouseCoopers ("PwC") was appointed by the Committee to replace HNBS as the Company's remuneration advisor to provide advice to the Group in respect of executive remuneration and the structure of share schemes. PwC act as the Group's tax advisor. In addition, during the year ended 31 March 2010, PwC performed a control investment review and finance process review in advance of the Company implementing a new property and accounting system.

Toby Courtauld, the Chief Executive, provided input with regard to the discretionary bonuses for the other Executive Directors.

Remuneration report

In preparing this Remuneration report, the Committee has followed the requirements of Section 1 of the 2008 Combined Code on Corporate Governance, the Companies Act 2006, schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulation 2008, and the Listing Rules of the Financial Service Authority. This report will be submitted to shareholders for approval at the Annual General Meeting to be held on 8 July 2010.

Approved by the Board on 20 May 2010 and signed on its behalf by

Charles Irby

Charles Irby

Chairman of the Remuneration Committee