

Report of the directors

Business review

The principal business of the Group is the investment in, and development of, freehold and leasehold properties. The information that fulfils the requirements of the Business Review can be found on pages 1 to 47, which are incorporated into this Directors' Report by reference. A review of the performance and development of the Group's business during the year including KPIs, the position at the year end and prospects, is set out in the sections covering our business and financial position on pages 20 to 29. A description of the principal risks and uncertainties facing the Group and how these are mitigated can be found on pages 35 and 37. Additional information on employees, environmental matters and social and community matters is included on pages 30 and 34 and on pages 38 to 44.

The purpose of the Annual Report is to provide information to the members of the Company. The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report. Nothing in this Annual Report should be construed as a profit forecast.

Results and dividends for the year

The Group results for the year are set out on page 74. An interim dividend of 3.0 pence per share (2009: 4.0 pence) was paid on 5 January 2010, and a second interim dividend, in lieu of a final dividend, of 5.0 pence was paid on 1 April 2010, making a total dividend of 8.0 pence per share (2009: 12.0 pence, 9.0 pence rebased for the Rights Issue) for the year ended 31 March 2010.

Freehold and leasehold properties

A valuation of the Group's property portfolio at 31 March 2010 was carried out by CB Richard Ellis on the basis of market value which amounted to £772.9 million (2009: £794.7 million). The difference of £2.0 million between the book value and the market value relates to the capitalisation of finance leases in respect of the present value of future ground rents. No account has been taken of any additional value which may be attributed to the portfolio if it were to be grouped judiciously prior to sale.

Directors

Jonathan Nicholls was appointed a Non-Executive Director and Chairman of the Audit Committee by the Board on 10 July 2009 and is offering himself for election by shareholders for the first time at the Annual General Meeting. Jonathan Nicholls, who was Group Finance Director of Old Mutual plc from 2006 to 2008 and previously Group Finance Director of Hanson plc from 1998 to 2006, is a Non-Executive Director and Chairman of the Audit Committee of SIG plc and Non-Executive Director of DS Smith Plc. The Nomination Committee believe that the Board will benefit from Mr Nicholls's skills and experience and recommend his election as a Non-Executive Director.

The other directors whose names appear on pages 48 and 49 served as directors of the Company throughout the year to 31 March 2010. Neil Thompson, Charles Irby and Jonathan Short will retire by rotation at the Annual General Meeting and, following the Board evaluation process which confirmed their continuing effectiveness and commitment to the role, are offering themselves for re-election by shareholders on the recommendation of the Board. Biographical details of all the directors can be found on pages 48 and 49.

Directors' shareholdings

	At 31 March 2010 Number of shares	At 31 March 2009 Number of shares
Martin Scicluna	8,636	5,000
Toby Courtauld	472,780	229,214
Timon Drakesmith	144,124	58,410
Neil Thompson	164,538	71,196
Charles Irby	5,181	3,000
Phillip Rose	3,454	2,000
Jonathan Nicholls	10,000	–
Jonathan Short	13,455	7,790

All directors' shareholdings are in ordinary shares and are beneficial, unless otherwise stated. There have been no changes in the shareholdings of any director between 1 April 2010 and 20 May 2010. No director had any interest in the Company's debenture stock nor in the shares of any subsidiary undertaking, or contract with the Company or any subsidiary undertaking (other than service contracts) during the year.

Directors' indemnities

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

Corporate governance statement

The information fulfilling the requirements of the Corporate Governance Statement can be found in this Report of the directors and on pages 56 to 61, which are incorporated into this Report of the directors by reference.

Significant shareholdings

As at 10 May 2010, the Company had been notified of the following beneficial or discretionary interests amounting to 3% or more of the voting rights of the issued share capital:

	Number of shares	%
BlackRock, Inc	29,776,000	9.53
Westbrook Partners	17,169,962	5.49
Cohen & Steers, Inc	17,119,107	5.48
European Investors Inc	16,526,134	5.29
Standard Life Investments Limited	14,845,532	4.75
ING Clarion Real Estate Securities	11,479,512	3.67
Legal & General Investment Management Limited	11,121,701	3.56
Scottish Widows Investment Partnership	11,051,519	3.54

Share capital and control

The following information is given pursuant to section 992 of the Companies Act 2006. As at 31 March 2010, the Company's authorised share capital as stated in its Articles of Association comprised £75,000,000 divided into 600,000,000 ordinary shares of 12.5 pence. On 31 March 2010, there were 312,676,149 ordinary shares in issue. There are no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carries any special rights with regard to the control of the Company. There are no known arrangements under which financial rights are held by a person other than the holder of the shares and no known agreements on restrictions on share transfers and voting rights.

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

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

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

Financial instruments

Details of the financial instruments used by the Group are set out in notes 1 and 14, which are incorporated into this Directors' Report by reference. The Group's financial risk management objectives and policies are included in the Risk management overview on page 35 and in Our financial position on pages 26 to 29.

Creditor payment policy

It is the Company's policy that suppliers be paid in accordance with those terms and conditions agreed between the Company and the supplier, provided that all trading terms and conditions have been complied with. For the year ended 31 March 2010, the average payment period for trade creditors was 34 days (2009: 30 days).

Essential contracts

The Company has no contractual or other arrangements which are considered essential to the business.

Charitable and other donations

Charitable donations for the year amounted to £44,992 (2009: £47,568); no contributions for political purposes were made.

Report of the directors

Going concern

The Group's business activities, together with the factors affecting its performance, position and future development are set out in the Annual review on pages 1 to 47. The finances of the Group, its liquidity position and borrowing facilities are set out in Our financial position on pages 26 to 29 and in note 14 of the accounts on pages 90 to 93.

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

Statement as to disclosure of information to auditors

So far as the directors who held office at the date of approval of this Directors' Report are aware, there is no relevant audit information of which the auditors are unaware and each director has taken all steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

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

Annual General Meeting

The Notice of Meeting on pages 104 to 106 sets out the resolutions to be proposed at the Annual General Meeting and gives details of the voting record date and proxy appointment deadline for that meeting. Resolutions 1 to 8 comprise ordinary business and resolutions 9 to 16 special business.

Proposed Long-Term Incentive Plan

Resolution 9 will seek to approve the establishment of a new long-term incentive arrangement – the Great Portland Estates 2010 Long-Term Incentive Plan (the "2010 LTIP"). Further details of the proposed 2010 LTIP are given in the Directors' remuneration report on pages 62, 65 and 69 of the Annual Report and in the Circular dated 28 May 2010 which accompanies the Notice of Annual General Meeting.

All-employee share plans

Resolutions 10 and 11 will seek to approve the establishment of new all-employee share plans – 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"). Further details of the proposed plans are given in the Directors' remuneration report on page 71 and in the Circular dated 28 May 2010 which accompanies the Notice of Annual General Meeting.

Authority to allot shares and grant rights

At the Annual General Meeting held on 9 July 2009, shareholders authorised the directors, under section 80 of the Companies Act 1985, to allot relevant securities without the prior consent of shareholders for a period expiring at the conclusion of the Annual General Meeting to be held in 2010 or, if earlier, on 1 October 2010. It is proposed to renew this authority and to authorise the directors under section 551 of the Companies Act 2006 to allot ordinary shares or grant rights to subscribe for or convert any security into shares in the Company for a period expiring no later than 1 October 2011.

Paragraph (a)(i) of resolution 12 will allow the directors to allot ordinary shares up to a maximum nominal amount of £13,026,870 representing approximately one-third (33.33%) of the Company's existing issued share capital and calculated as at 19 May 2010 (being the latest practicable date prior to publication of this Report). In accordance with the latest institutional guidelines issued by the Association of British Insurers, paragraph (a)(ii) of resolution 12 will allow directors to allot, including the ordinary shares referred to in paragraph (a)(i) of resolution 12, further of the Company's ordinary shares in connection with a pre-emptive offer by way of a Rights Issue to ordinary shareholders up to a maximum nominal amount of £26,053,740, representing approximately two-thirds (66.67%) of the Company's existing issued share capital and calculated as at 19 May 2010 (being the latest practicable date prior to publication of this report). The directors have no present intention of exercising this authority. However, if they do exercise the authority, the directors intend to follow emerging best practice as regards its use (including as regards the directors standing for re-election in certain cases), as recommended by the ABI.

Resolution 12 will be proposed as an ordinary resolution to renew this authority until the conclusion of the next AGM or, if earlier, the close of business on 1 October 2011.

Disapplication of pre-emption rights

Also at last year's Annual General Meeting, a special resolution was passed, under section 95 of the Companies Act 1985, empowering the directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. It is proposed that this authority also be renewed. If approved, the resolution will authorise the directors to issue shares in connection with a Rights Issue and otherwise to issue shares for cash up to a maximum nominal amount of £1,954,225 which includes the sale on a non

pre-emptive basis of any shares the Company may hold in treasury for cash. The maximum nominal amount of equity securities to which this authority relates represents approximately 5% of the issued share capital of the Company as at 19 May 2010 (being the latest practicable date prior to publication of this report).

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

Resolution 13 will be proposed as a special resolution to renew this authority until the conclusion of the next AGM or, if earlier, the close of business on 1 October 2011.

Authority to purchase own shares

Resolution 14 will seek to renew the authority enabling the Company to purchase its own shares in the market. The maximum number of shares to which the authority relates is 46,870,154. This represents 14.99% of the share capital of the Company in issue as at 19 May 2010. The directors intend to exercise this authority if to do so would, in their opinion, enhance shareholder value. If Resolution 14 is passed at the Annual General Meeting, the Company will have the option of holding as treasury shares any of its own shares that it purchases pursuant to the authority conferred by this resolution. This would give the Company the ability to sell treasury shares, providing the Company with additional flexibility in the management of its capital base. No dividends will be paid on shares whilst held in treasury and no voting rights will attach to the treasury shares. Any shares purchased by the Company under this authority would be cancelled unless the shares are being purchased by the Company to hold and resell as treasury shares.

The price paid for ordinary shares will not be less than the nominal value of 12.5 pence per share and not more than the higher of 5% above the average of the middle market quotations of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days' preceding the day on which the ordinary shares are purchased and the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003.

There were no purchases of shares by the Company during the year. At 31 March 2010, the number of shares which may be purchased under the shareholders' authority given at the 2009 Annual General Meeting, following the Rights Issue was 46,870,154 based on shares in issue of 312,676,149.

At 19 May 2010, the Company held no shares in treasury.

Resolution 14 will be proposed as a special resolution to renew this authority until the conclusion of the next AGM or, if earlier, the close of business on 1 October 2011.

Principal changes to the Company's Articles of Association

It is proposed in Resolution 15 to adopt new Articles of Association (the New Articles) in order to update the Company's current Articles of Association (the Current Articles), primarily to take account of the coming into force of the Companies (Shareholders' Rights) Regulations 2009 (the Shareholders' Rights Regulations) and the implementation of the last parts of the Companies Act 2006 (CA 2006).

The principal changes introduced in the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the CA 2006, the Shareholders' Rights Regulations or market practice have not been noted.

1. The Company's objects

Prior to 1 October 2009, the provisions regulating the operations of the Company were set out in the Company's Memorandum and Articles of Association. The Company's Memorandum contained, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope. The CA 2006 significantly reduces the constitutional significance of a company's memorandum, providing that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the Company. Under the CA 2006, the objects clause and all other provisions which are contained in a company's memorandum are deemed to be contained in the Company's Articles of Association, but the Company can remove these provisions by special resolution.

Further, the CA 2006 states that, unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason, the Company is proposing to remove its objects clause, together with all other provisions of its memorandum which, by virtue of the CA 2006, are now treated as forming part of its Articles of Association. Resolution 15(a) confirms the removal of these provisions. As the effect of Resolution 15(a) will also be to remove the statement currently in the Company's Memorandum and Articles of Association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

2. Authorised share capital and unissued shares

The CA 2006 abolishes the requirement for a company to have an authorised share capital, and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the CA 2006, save in respect of employees' share schemes.

Report of the directors

3. Redeemable shares

Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption, whereas the CA 2006 enables directors to determine such matters themselves, provided that they are authorised to do so by the articles. The New Articles contain such an authorisation for the directors. The Company has no plans to issue redeemable shares but, if it did so, the directors would need shareholders' authority to issue new shares in the usual way.

4. Suspension of registration of share transfers

The Current Articles permit the directors to suspend the registration of share transfers. This power has been removed in the New Articles because it is inconsistent with the CA 2006, which requires share transfers to be registered as soon as practicable.

5. Notice of general meetings

The Shareholders' Rights Regulations amend the CA 2006 to require the Company to give 21 clear days' notice of general meetings unless the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 days has been passed. Annual General Meetings must be held on 21 clear days' notice. The New Articles amend the provisions of the Current Articles to be consistent with the new requirements.

6. Adjournments for lack of quorum

Under the CA 2006, as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least ten clear days after the original meeting. The New Articles amend the provisions of the Current Articles to reflect this requirement.

7. Electronic conduct of meetings

Amendments made to the Companies Act 2006 by the Shareholders' Rights Regulations specifically provide for the holding and conducting of electronic meetings. The Current Articles have been amended to reflect more closely the relevant provisions.

8. Chairman's casting vote

The New Articles remove the provision in the Current Articles giving the Chairman a casting vote in the event of an equality of votes, as this is no longer permitted under the CA 2006.

9. Voting by proxies on a show of hands

The Shareholders' Rights Regulations have amended the CA 2006 so that it now provides that, subject to a company's articles, each proxy appointed by a member has one vote on a show of hands, unless the proxy is appointed by more than one member, in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles amend the provisions of the Current Articles to reflect these changes, and to clarify the procedure to be followed if a proxy is appointed by more than one member and is given discretion as to how to vote by one or more of those members.

10. Voting record date and proxy appointment deadline

Under the CA 2006, as amended by the Shareholders' Rights Regulations, the Company must determine the right of members to vote at a general meeting by reference to the register not more than 48 hours before the time for the holding of the meeting, not taking account of days that are not working days. The CA 2006 also allows companies to set a time limit for the receipt of proxy appointments and related documents that is not more than 48 hours before the time for the holding of the meeting, not taking account of days that are not working days. The New Articles amend the Current Articles to reflect these provisions.

11. Voting in accordance with instructions

Under the Shareholders' Rights Regulations, proxies are expressly required to vote in accordance with instructions given to them by members. For the avoidance of doubt, the New Articles contain a provision stating that the Company is not obliged to check whether a proxy or corporate representative has voted in accordance with the members' instructions.

12. Vacation of office by directors

The Current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Innovation and Skills except that a director will only be required to vacate office if the Board resolves he should do so.

13. Powers of directors

The New Articles include updated provisions, in line with common practice, allowing the directors to exercise all the powers of the Company to establish and maintain any employees' share schemes, share option schemes or share incentive schemes.

14. Change of name

Prior to 1 October 2009, a company could only change its name by special resolution, but now, under the CA 2006, a company is able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the Company's name.

15. Capitalisation of reserves – employees' share schemes

The New Articles include a new provision, in line with market practice, that clarifies the approach the Company would intend to take to the capitalisation of reserves in the context of employees' share schemes.

16. Provision for employees on cessation of business

The Companies Act 2006 provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the Company's articles or by the Company in general meeting. The New Articles provide that the directors may exercise this power.

17. General

Generally, the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles to the language used in the CA 2006.

Notice of general meetings

Changes made to the Companies Act 2006 by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. (Annual General Meetings will continue to be held on at least 21 clear days' notice.)

Before the coming into force of the Shareholders' Rights Regulations on 3 August 2009, the Company was able to call general meetings other than an Annual General Meeting on 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, Resolution 16 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

Note that the changes to the Companies Act 2006 mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

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

Recommendation

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

By order of the Board



Desna Martin

Company Secretary

20 May 2010