

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 2 to 56, 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 24 to 35. A description of the principal risks and uncertainties facing the Group and how these are mitigated can be found on pages 43 and 45. Additional information on employees, environmental matters and social and community matters is included on pages 38 to 42 and on pages 46 to 53.

The purpose of the Annual Report is to provide information to the members of the Company, as a body. The Company, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. 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 58. An interim dividend of 3.1 pence per share (2010: 3.0 pence) was paid on 5 January 2011, and the directors propose to pay a final dividend of 5.1 pence per share, making a total of 8.2 pence per share (2010: 8.0 pence) for the year ended 31 March 2011.

Freehold and leasehold properties

A valuation of the Group's property portfolio at 31 March 2011 was carried out by CB Richard Ellis on the basis of market value which amounted to £1,021.0 million (2010: £772.9 million). The difference of £28.5 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

Biographical details of the directors of the Company, each of whom served throughout the year, are shown on pages 36 and 37.

Timon Drakesmith resigned from the Board with effect from 27 May 2011 and the Board is in the process of recruiting his replacement.

The Company's Articles of Association require that a director shall retire from office if he has been appointed since the previous Annual General Meeting or if it is the third Annual General Meeting following that at which he was elected or last re-elected. However, in accordance with the UK Corporate Governance Code the directors will all retire and will offer themselves for re-election at the forthcoming Annual General Meeting. The Chairman has confirmed that following the Board evaluation process, the performance of all of the directors continues to be effective and to demonstrate their commitment to the role.

Directors' shareholdings

	At 31 March 2011 Number of shares ¹	At 31 March 2010 Number of shares
Martin Scicluna	8,636	8,636
Toby Courtauld	517,002	472,780
Timon Drakesmith	171,273	144,124
Neil Thompson	191,687	164,538
Charles Irby	5,181	5,181
Phillip Rose	3,454	3,454
Jonathan Nicholls	10,000	10,000
Jonathan Short	13,455	13,455

¹ Includes shares bought by the Executive Directors in the Group's 2010 Share Incentive Plan.

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 2011 and 24 May 2011. No director had any interest in 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 92 to 101, which are incorporated into this Report of the directors by reference.

Significant shareholdings

As at 13 May 2011, 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	27,262,852	8.98
Cohen & Steers, Inc	20,484,495	6.55
Westbrook Partners	17,169,962	5.66
Norges Bank Investment Management	14,788,666	4.87
European Investors Inc	13,497,134	4.45
Legal & General Investment Management Limited	12,331,737	4.06
Scottish Widows Investment Partnership	12,288,148	4.05
ING Clarion Real Estate Securities	11,481,975	3.78
Standard Life Investments Limited	9,838,996	3.24
Daiwa Asset Management	9,814,545	3.23

Share capital and control

The following information is given pursuant to section 992 of the Companies Act 2006. On 31 March 2011, there were 312,676,149 ordinary shares of 12.5 pence 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 powers of the directors are contained in the Company's Articles. These include powers, subject to relevant legislation, to authorise the issue and buy-back of the Company's shares by the Company, subject to authority being given to the directors by the shareholders in general meeting.

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.

Post balance sheet event

On 27 April 2011, the Company agreed to issue a mix of sterling and US dollar bonds equating to £159.7 million through private placement (see note 15).

Report of the directors

Financial instruments

Details of the financial instruments used by the Group are set out in notes 1 and 16, 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 pages 43 to 45 and in Our financial position on pages 32 to 35.

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 2011, the average payment period for trade creditors was 36 days (2010: 34 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 supporting organisations involved in health, the homeless and the community amounted to £48,036 (2010: £44,992); no contributions for political purposes were made.

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 2 to 56. The finances of the Group, its liquidity position and borrowing facilities are set out in Our financial position on pages 32 to 35 and in note 16 of the accounts on pages 74 to 77. The Group has completed significant bank refinancing during the year and on 27 April 2011, the Group agreed to issue £159.7 million of bonds through private placement. As a result, the Group has strong liquidity, a favourable debt maturity profile and significant headroom against covenants.

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.

Auditor

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

Annual General Meeting

The Board has decided, in line with best practice, to move to voting on a poll at the Annual General Meeting, rather than a show of hands. The Board believes that this will result in a more accurate reflection of the views of shareholders by ensuring that every vote is recognised, including the votes of all shareholders who are unable to attend the meeting but who appoint a proxy for the meeting. On a poll, each shareholder has one vote for every share held.

The Notice of Meeting on pages 116 and 117 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 12 comprise ordinary business and resolutions 13 to 16 special business.

Authority to allot shares and grant rights

At the Annual General Meeting held on 8 July 2010, shareholders authorised the directors, under section 551 of the Companies Act 2006 to allot ordinary shares without the prior consent of shareholders for a period expiring at the conclusion of the Annual General Meeting to be held in 2011 or, if earlier, on 1 October 2011. Resolution 13 will seek 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 securities into shares for a period expiring no later than 1 October 2012.

Paragraph (a)(i) of resolution 13 will allow the directors to allot ordinary shares up to a maximum nominal amount of £13,028,172 representing approximately one-third of the Company's existing issued share capital and calculated as at 23 May 2011 (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 13 will allow directors to allot, including the ordinary shares referred to in paragraph (a)(i) of resolution 13, 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 £26,056,344, representing approximately two-thirds of the Company's existing issued share capital and calculated as at 23 May 2011 (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 best practice as regards its use (including as regards the directors standing for re-election in certain cases), as recommended by the ABI.

Resolution 13 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 2012.

Disapplication of pre-emption rights

Also at last year's meeting, a special resolution was passed, under sections 570 to 573 of the Companies Act 2006, empowering the directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. Resolution 14 will seek to renew this authority. If approved, the resolution will authorise directors in accordance with the Articles of Association 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 held in treasury. 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 23 May 2011 (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 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 2012.

Authority to purchase own shares

A special resolution was also passed at last year's meeting enabling the Company to purchase its own shares in the market. Resolution 15 will seek to renew this authority. 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 23 May 2011. The directors intend only to exercise this authority if to do so would, in their opinion, enhance shareholder value. If Resolution 15 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 2011, the number of shares which may be purchased under the shareholders' authority given at the 2010 Annual General Meeting, following the Rights Issue was 46,870,154 based on shares in issue of 312,676,149.

At 23 May 2011, the Company held no shares in treasury.

Resolution 15 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 2012.

Notice of general meetings

The notice period required by the Companies Act 2006 for general meetings of the Company is 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. (Annual General Meetings must always be held on at least 21 clear days' notice.)

At last year's Annual General Meeting, shareholders authorised the calling of general meetings other than an Annual General Meeting on not less than 14 clear days' notice and Resolution 16 seeks to renew this authority. The authority granted by this resolution, if passed will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

Note 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

24 May 2011