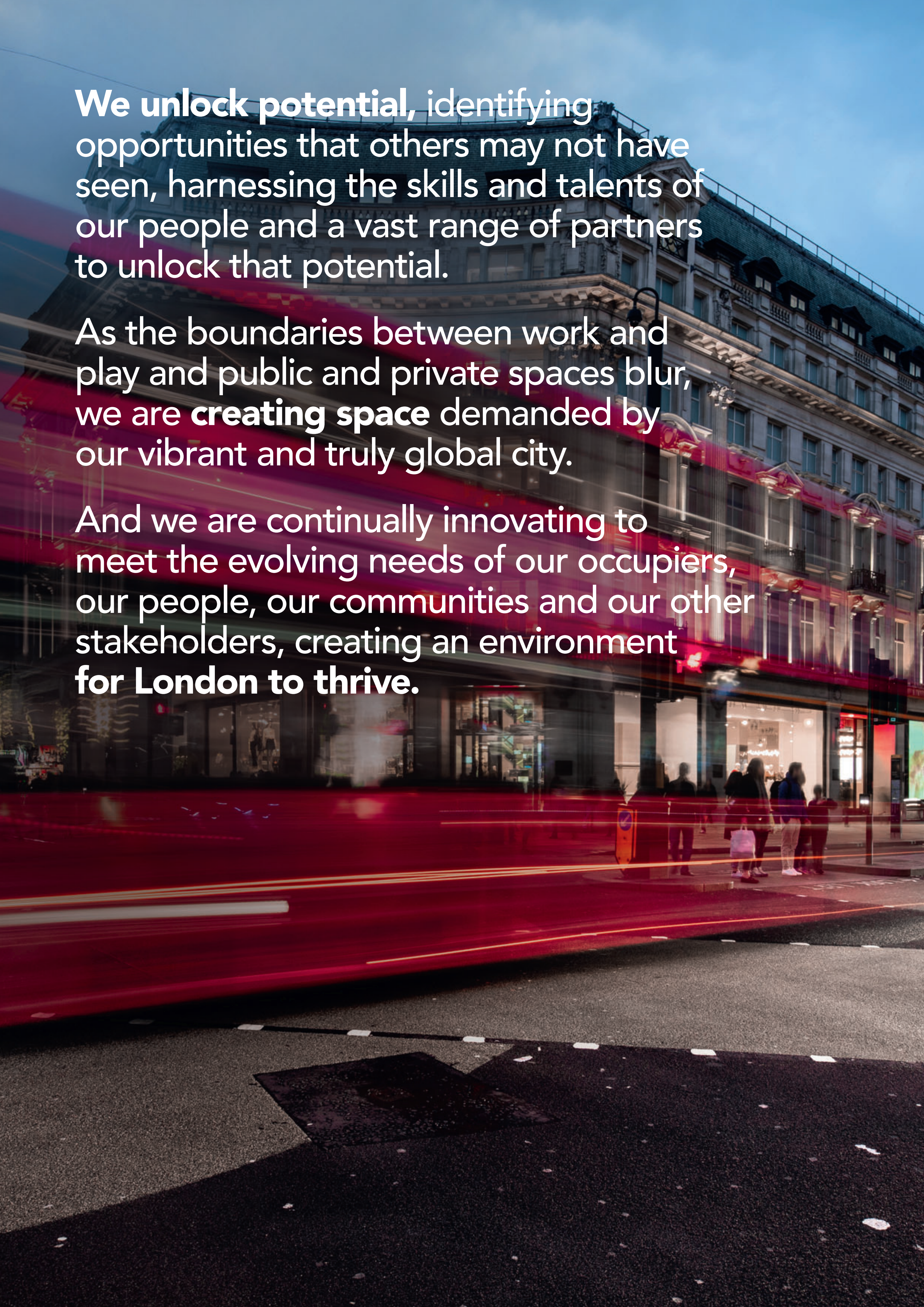
GREAT PORTLAND ESTATES

We unlock potential, creating space for London to thrive

Annual Report and Accounts 2020



We unlock potential, identifying opportunities that others may not have seen, harnessing the skills and talents of our people and a vast range of partners to unlock that potential.

As the boundaries between work and play and public and private spaces blur, we are **creating space** demanded by our vibrant and truly global city.

And we are continually innovating to meet the evolving needs of our occupiers, our people, our communities and our other stakeholders, creating an environment **for London to thrive.**

Strategic Report – Overview

02 A clear vision…
03 ….delivered through our people
04 A clear plan and financial strength…
05 …supported by our deep relationships
06 A clear focus on creating great spaces
08 Our case studies
16 How we create value
18 Our KPI benchmarks

Strategic Report – Annual Review

21 Statement from the Chief Executive
23 Our market
30 Our near-term strategic priorities
32 Our investment activities
34 Our development activities
39 Our leasing activities
42 Our financial results
46 Our culture and people
54 The Board
56 Senior Management Team
58 Our stakeholder relationships
68 Our portfolio
78 Our capital strength
80 Our approach to risk

Governance

96 Overview
97 Introduction from the Chairman
100 Leadership and purpose
110 Division of responsibilities
112 Composition, succession and evaluation
118 Audit, risks and internal controls
126 Directors' remuneration report
155 Report of the directors
158 Directors' responsibilities statement

Financial statements

160 Group income statement
160 Group statement of comprehensive income
161 Group balance sheet
162 Group statement of cash flows
163 Group statement of changes in equity
164 Notes forming part of the Group financial statements
187 Independent auditor's report
197 Company balance sheet
199 Notes forming part of the Company financial statements

Other information

204 Five year record
205 Our properties and occupiers
208 Portfolio statistics
209 Glossary
211 Shareholders' information
212 Financial calendar

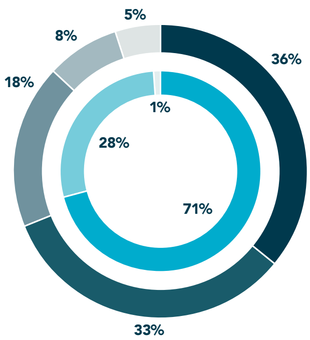
A clear vision...

Statement from the Chairman

“Despite these unprecedented conditions, the GPE team has pulled together well with all its stakeholders and ensured that our portfolio is as prepared as can be for the current situation. However long the COVID crisis lasts, with our low gearing and ample liquidity, GPE is well positioned to weather the impact until market conditions normalise.”

Our portfolio

100% central London, with 56% in our development programme



Business mix

Office	£1,865.9m
Retail	£734.0m
Residential	£24.2m

Locations

North of Oxford Street	£942.0m
Rest of West End	£863.7m
City	£467.6m
Southwark	£202.8m
Midtown	£148.0m

With our clear strategy, progressive culture and single focus on central London commercial property, we are continuing to evolve and innovate, embracing change and turning challenges into opportunities.

We are Great Portland Estates. We aim to deliver superior returns by unlocking the often hidden potential in commercial real estate in central London, creating great spaces for our occupiers, partners and communities.

Positive London prospects

London is one of only a handful of truly global cities, with a commercial property market that has enduring appeal for occupiers and investors alike, and notwithstanding the current situation, we believe the long-term prospects for London remain positive. However, the relationship between real estate owners and occupiers is evolving, with our occupiers now wanting more, including increased flexibility and service provision, as well as smart tech-enabled buildings with outstanding sustainability and wellbeing credentials.

Evolving and innovating

As a result, we are innovating. We are broadening our product and service offer, enhancing the occupier experience, installing technology solutions across our portfolio and reinvigorating communal spaces. Moreover, with sustainability touching everything that we do and moving to an economic imperative, we have set out our intent to become a net zero carbon business by 2030.

Progressive culture

Our strong and talented team, underpinned by our progressive culture and clear values, is embracing opportunity and delivering this change. And with ongoing investment in employee training and development, we are continuing to promote talent from within.

Unlocking potential

Looking ahead, with a portfolio full of opportunity and exceptional financial strength, we remain extremely well positioned. And together with our employees, occupiers, suppliers and other stakeholders, we will continue to unlock potential, creating space for London to thrive.

Our Strategic Report on pages 1 to 94 has been reviewed and approved by the Board.

On behalf of the Board

Richard Mully
Chairman
9 June 2020

...delivered through our people

Our strong culture and values

Our open and progressive culture underpins our values, which define who we are and how we act. They are at the heart of what we do and are what make us special. They give us direction, describe how we behave and how we do business.

› **See more** on our culture and people on pages 46 to 53

A clear plan and financial strength...

Our purpose

We unlock potential, creating space for London to thrive.

› **See more** on pages 16 and 17

Our strategy

We aim to deliver superior returns by unlocking the often hidden potential in commercial real estate in central London, creating great spaces for occupiers and long-term value for our stakeholders.

Our strategy is underpinned by six clear principles:

- 100% central London; West End focus
- Reposition properties let off low rents
- Flex operational risk through the property cycle
- Maintain low financial leverage
- Disciplined capital management; raise to acquire, distribute excess
- Sustainability touches everything we do

› **See more** on pages 16 and 17

Our financial strength

IFRS net assets	Net gearing	Loan to value	Weighted average interest rate	Cash and undrawn facilities
£2.2bn	**16.2%**	**14.2%**	**2.2%**	**£411m**
2019: £2.3bn	2019: 6.8%	2019: 8.7%	2019: 2.7%	2019: £608m

Our performance highlights

One year

Portfolio valuation	EPRA NAV per share	Total Property Return (TPR)	Total Accounting Return (TAR)	Total Shareholder Return (TSR)
£2.62bn	**868p**	**3.7%**	**3.2%**	**-7.2%**
2019: £2.58bn (down 0.3% LfL) ▼	2019: 853p (up 1.8%) ▲	2019: 3.5% (up 0.2 pps) ▲	2019: 2.3% (up 0.9 pps) ▲	2019: 14.0% (down 21.2 pps) ▼

Ten years

Total Property Return (TPR)	Total Accounting Return (TAR)	Total Shareholder Return (TSR)
199.0%	**240.5%**	**152.9%**
Benchmark: 205.2%	Benchmark: 48.0%	Benchmark: 106.3%

EPRA and adjusted metrics: we prepare our financial statements using IFRS, however we also use a number of adjusted measures in assessing and managing the performance of the business. These measures, including those defined by EPRA which are designed to enhance transparency and comparability across the European real estate sector, are included in note 9 of the financial statements.

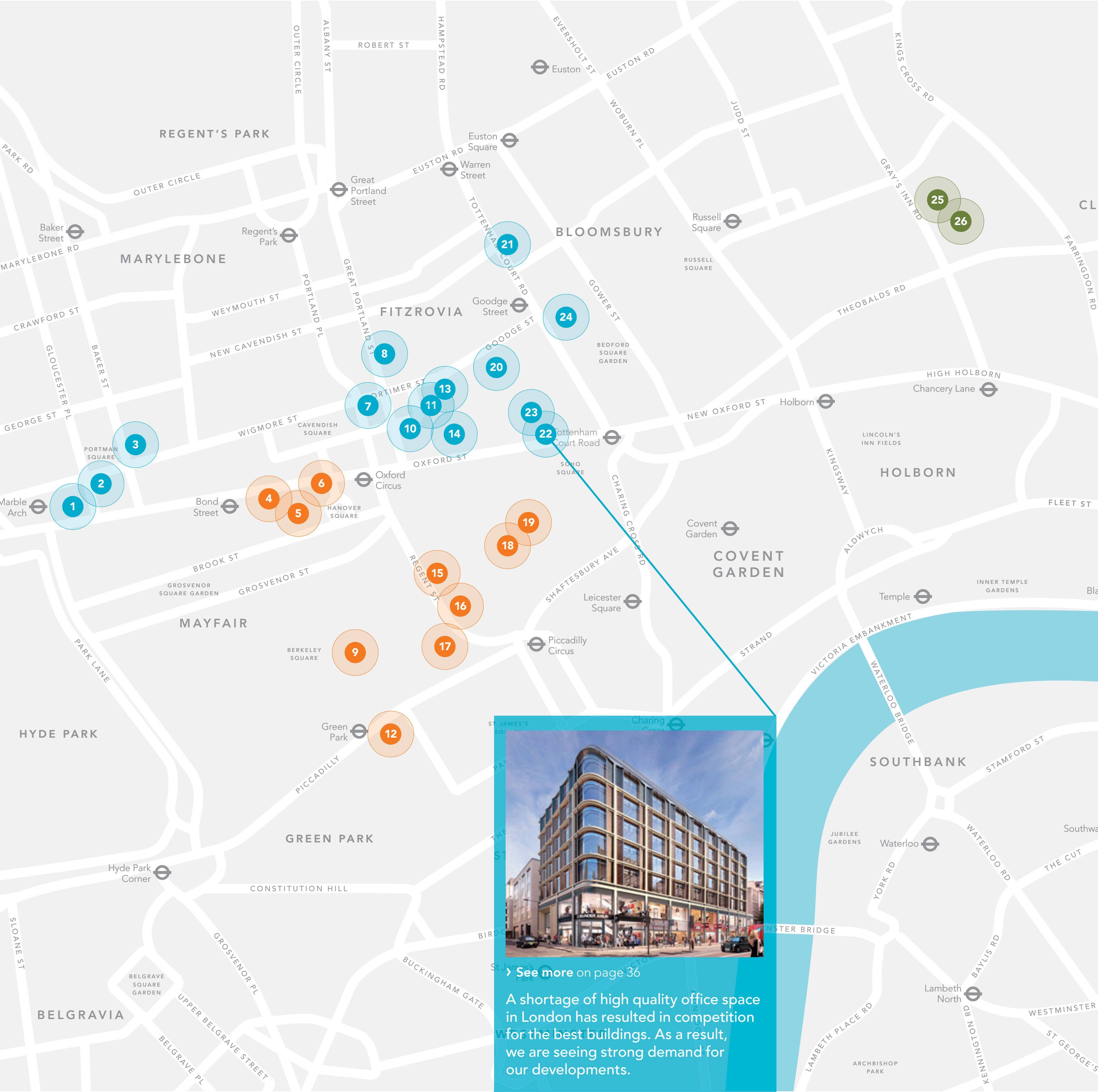
...supported by our deep relationships

Our resources and relationships

Our business model is supported by key resources and relationships which we constantly develop to ensure long-term success.

› **See more** on pages 58 to 66

A clear focus on creating great spaces



› See more on page 36

A shortage of high quality office space in London has resulted in competition for the best buildings. As a result, we are seeing strong demand for our developments.

1 Newman Street & 70/88 Oxford Street, W1

119,100 sq ft

› See more on page 33

During the year, we continued to sell buildings where our business plans are complete. This included the sale of 24/25 Britton Street which we sold in January 2020.

24/25 Britton Street, EC1

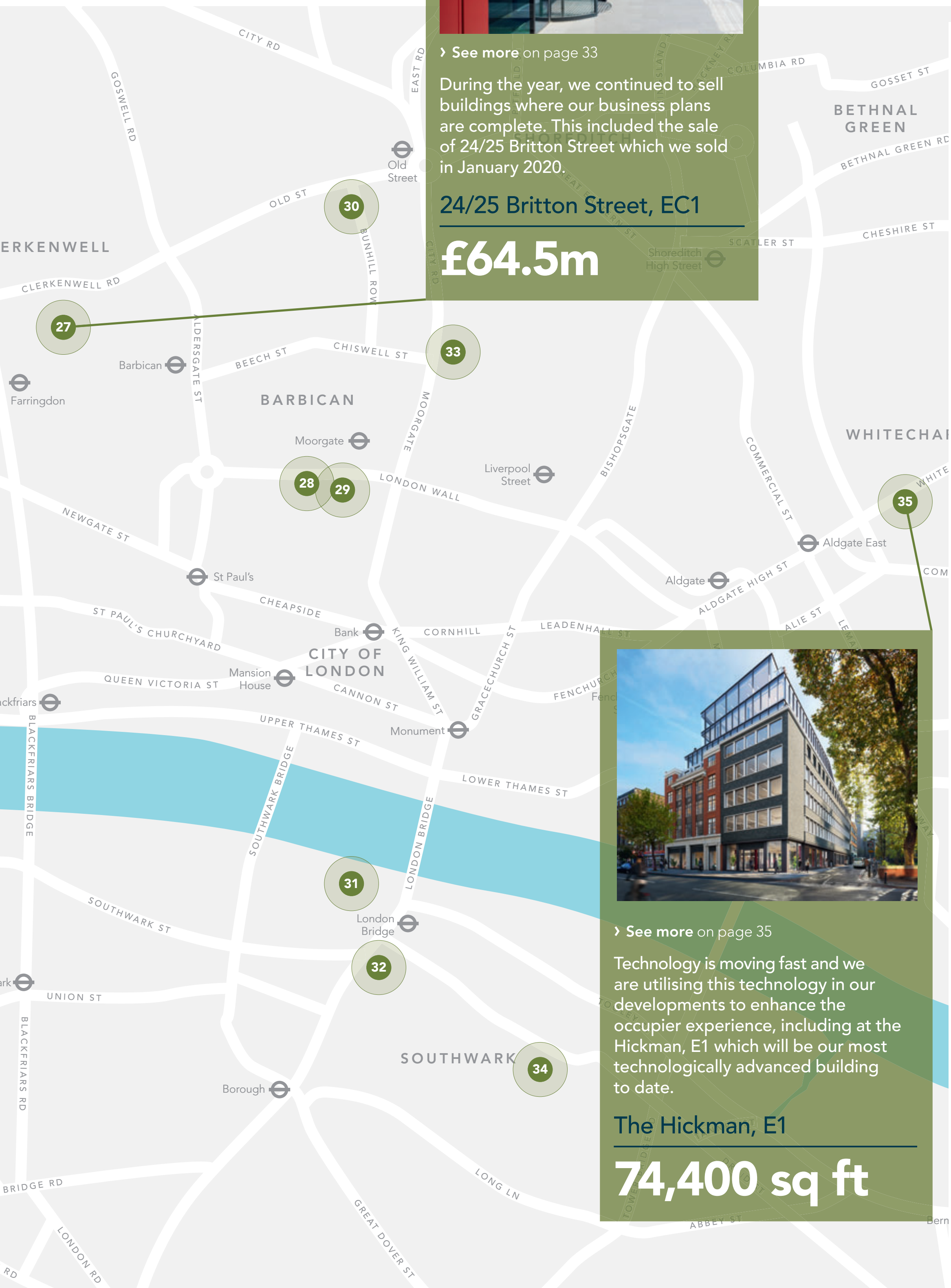
£64.5m

› See more on page 35

Technology is moving fast and we are utilising this technology in our developments to enhance the occupier experience, including at the Hickman, E1 which will be our most technologically advanced building to date.

The Hickman, E1

74,400 sq ft



North of Oxford Street

1. Mount Royal
2. 35 Portman Square
3. Orchard Court
7. Walmar House
8. 78/92 Great Portland Street
10. 6/10 Market Place
11. Elsley House
13. Wells & More
14. Kent House
20. 23/24 Newman Street
21. 183/190 Tottenham Court Road
22. 1 Newman St and 70/88 Oxford Street
23. Rathbone Square
24. 31/34 Alfred Place

Rest of West End

4. 95/96 New Bond Street
5. 6 Brook Street
6. Hanover Square
9. Pollen House
12. The Piccadilly Buildings
15. Carrington House
16. Kingsland House
17. 103/113 Regent Street
18. 48/54 Broadwick Street
19. Poland Street

City, Midtown and Southwark

25. 200 Gray's Inn Road
26. Elm Yard
27. 24/25 Britton Street
28. City Place House
29. City Tower
30. 160 Old Street
31. Minerva House
32. New City Court
33. 50 Finsbury Square
34. 46/58 Bermondsey Street
35. The Hickman and Challenger House

Rent roll	No. of occupiers	Portfolio valuation	Property sq ft
£100.8m	**332**	**£2,624m**	**2.6m sq ft**
2019: £100.4m	2019: 326	2019: £2,579m	2019: 2.6m sq ft

Sustainability touches everything we do

If not now, when?

This year, we announced plans to decarbonise our business by 2030 and committed to designing climate change resilient and adaptable spaces. The time is now to create a lasting positive social impact on our communities and to put health and wellbeing front and centre. Because, if not now, when?

Helping the planet to thrive

› **See more** on page 72

2030

To be a net zero carbon business

Crystallising profits

Good returns

At 24/25 Britton Street, EC1, the shoe retailer Kurt Gieger's office lease was due to expire in 2027. By agreeing a new 15-year lease, together with an uplifted rent, Kurt Geiger secured a long-term home for their business and we created an asset that had strong demand in the investment market. Accordingly, we sold the building in January 2020 for £64.5 million, 11.8% ahead of the March 2019 book value.

Helping shareholders to thrive

› **See more** on page 33

11.8%

Premium to March 2019 book value

Strong pre-leasing

Sought after

1 Newman Street & 70/88 Oxford Street, W1 is the latest piece in the puzzle in our regeneration activities at the eastern end of Oxford Street. High quality buildings are in short supply, and testament to the quality of our development, Exane, the European equities business, has pre-leased the top three office floors of the building (39,970 sq ft) at an average rent of £100 per sq ft, 14 months before completion.

Helping occupiers to thrive

› **See more** on page 36

629,800 sq ft

Of GPE developments at the east end of Oxford Street since 2016

Flexi time

Occupier demands are changing fast and we are delivering space that meets their needs. During the year we have significantly extended our commitment to flexible office space, expanding our co-working partnerships at City Place House, EC2 and committing to our new flex+ product that enhances our existing flex offering.

Helping growing businesses to thrive

› **See more** on page 41

11%

Of office portfolio


Walk ins
welcome.
Ideal for private, shorter
meetings.

Open sesame

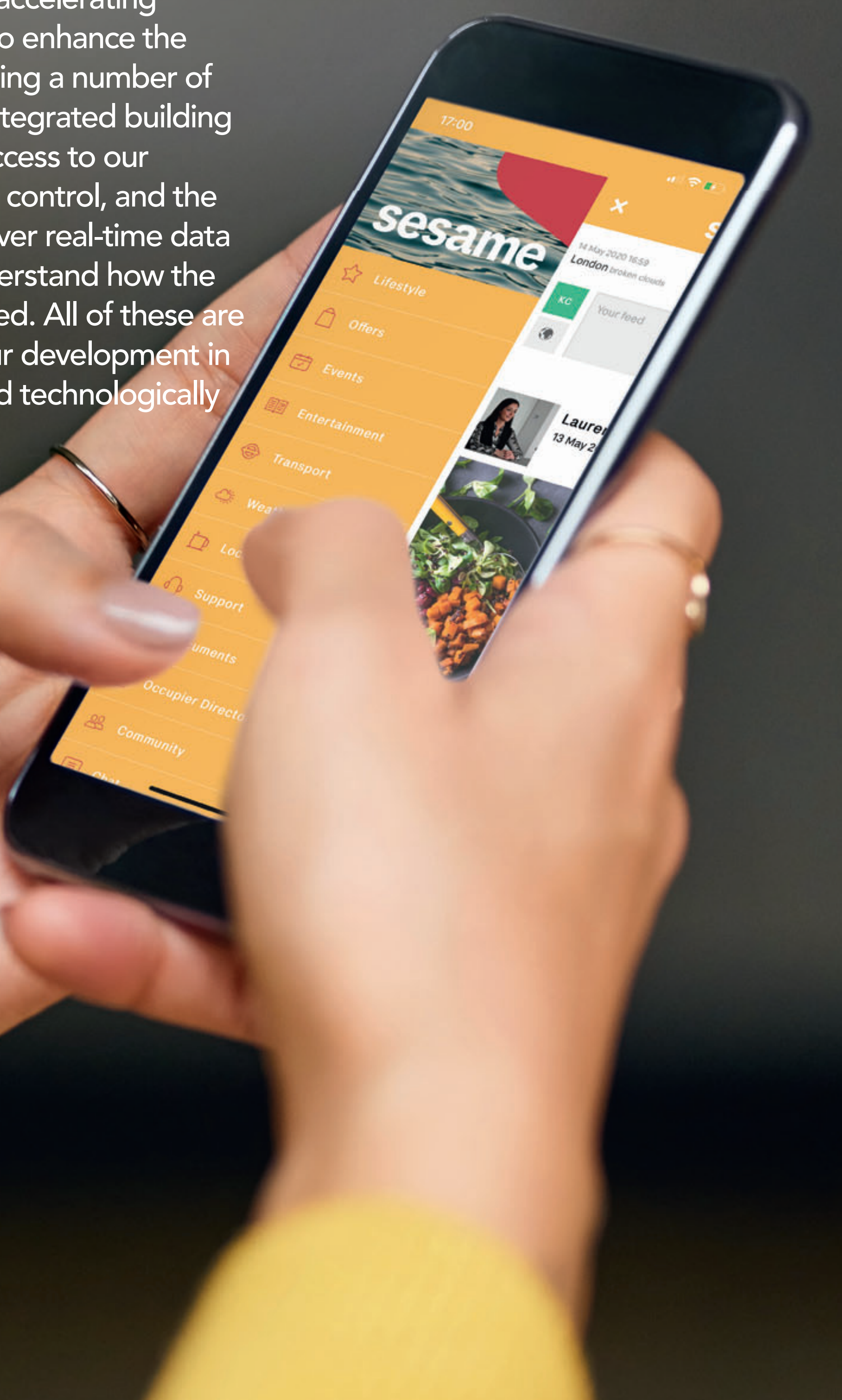
The pace of technological change is accelerating fast and we are utilising its benefits to enhance the occupier experience. We are employing a number of leading technologies including our integrated building app 'sesame', which can automate access to our buildings and provide environmental control, and the use of digital twin technology to deliver real-time data allowing our occupiers to better understand how the building is operating and being utilised. All of these are being utilised at The Hickman, E1, our development in Whitechapel, our most intelligent and technologically advanced building to date.

Helping occupiers to thrive

› **See more** on page 69

10,000+

Potential app users across GPE portfolio



Our deep development pipeline

Future proof

The transformation of space remains core to our business model and our portfolio is stacked with future opportunity. We have three near-term and seven medium-term schemes, providing us with an exceptional platform of opportunities to create the sustainable spaces of tomorrow to enable both our occupiers and London to thrive.

Helping London to thrive

› **See more** on page 38

56%

Of the portfolio in our development programme

How we create value

We create value by applying our specialist skills to reposition properties, producing high quality, sustainable spaces that occupiers demand. We adapt our activities in tune with London's cyclical property markets to maximise returns whilst managing risk.

We apply our specialist skills to reposition properties...

Acquire

- Disciplined approach; must be accretive to existing portfolio.
- Tired, inefficient properties, often with poor environmental credentials, with angles to exploit.
- Attractive central London locations supported by infrastructure improvements/local investment.
- Discount to replacement cost and typically off-market.
- Off low rents and low capital values per sq ft.
- Optionality/flexible business plans.

› **See more** on our investment activities on pages 32 to 33

The Hickman, E1 is our most recent acquisition. Here our activities to transform the building into 74,400 sq ft of new Grade A space are almost complete, with four of the upper floors now under offer.

› **See more** on page 35

Reposition

- Through lease restructuring, the delivery of flexible space, refurbishment or redevelopment.
- Deliver high quality spaces into supportive markets that meet and exceed occupier needs.
- Manage risk through pre-letting, JVs and forward sales.
- Integrate ever improving sustainability standards and technological innovation into building design.
- Enhance the local environment and public realm.
- Deliver a positive contribution for local communities.

› **See more** on our development activities on pages 34 to 38

Since 2009, we have delivered 1.8 million sq ft of high quality, sustainable spaces. Today, our portfolio contains a wealth of future opportunity with 56% in our development programme.

› **See more** on pages 34 to 38

Sustainability touches everything we do

...underpinned by key resources and relationships...

Our stakeholder relationships

- Intense, customer-focused approach to understand occupiers' needs. Utilising regular occupier feedback to create bespoke action plans.
- Strong levels of occupier satisfaction.
- Open relationship with debt and equity providers based on clear investment case and transparent disclosure.
- Deep relationships with key suppliers (including contractors) and joint venture partners.
- Positive engagement with local communities, local authorities, and planning departments.

› **See more** on our stakeholder relationships on pages 58 to 67 and 104 to 105

Our portfolio

- 100% central London focus.
- Attractive locations well served by local infrastructure with enduring occupier demand.
- High occupier retention, low vacancy rates and diverse occupier base.
- Located in markets with high barriers to entry playing to our strengths.
- Positioned for future growth; 56% of portfolio in development programme.

› **See more** on our portfolio on pages 68 to 77

...to create value

+25.3	>£280k	29.4%	56%	2.0%	0.1%
+7.8		+6.6%	+2%	-2.8%	-0.3%
Net promoter score (willingness to recommend GPE)	COVID-19 Community Fund created	Net assets in joint venture	Percentage of portfolio in development programme	Vacancy rate	Percentage of portfolio with EPC rating >E

› **See more** on our KPIs on pages 18 and 19

Retain

- Deliver efficient, resilient, healthy and innovative space to meet the demands of modern occupiers.
- Provide a spectrum of spaces to appeal to a variety of occupier needs, whether on a traditional or flexible basis.
- Constantly evolving to meet emerging trends.
- Detailed business plan for every property reviewed quarterly to maximise total returns.
- Strong sustainability metrics to enhance the long-term value of properties and reduce obsolescence.

› **See more** in our case study on page 41

Our portfolio is evolving to deliver the spaces that occupiers demand. This includes the delivery of a variety of spaces including our new flexible offers.

› **See more** on page 41

Recycle

- Disciplined capital recycling through the sale of properties where we have executed our business plans or where we are able to monetise our expected future profits.
- Create a legacy of high quality, sustainable buildings to benefit London and the communities in which they are located.
- Reinvest proceeds into higher return opportunities.
- Return excess equity capital to shareholders when reinvestment opportunities are limited.

› **See more** in our case study on page 33

We have been a net seller for the past seven years utilising the strength of the investment market to crystallise returns. During the year we sold 24/25 Britton Street, EC1.

› **See more** on page 33

Our culture and people

- Experienced management team supported by specialist in-house portfolio management, development, investment and finance teams.
- Entrepreneurial and collegiate culture based on strong values with disciplined approach to risk management.
- Incentivised to deliver value to our stakeholders and outperform our KPI benchmarks.
- Effective governance structure.
- Strong employee engagement.

› **See more** on our culture and people on pages 46 to 53

Our capital strength

- Consistently strong balance sheet and conservative financial leverage.
- Low cost, diversified debt book and plentiful liquidity.
- Evolving debt book to align with our values via ESG-linked financing.
- Disciplined allocation of capital through analytical, risk adjusted IRR decision making.
- Supports progressive dividend policy.
- Tax efficient REIT structure.

› **See more** on our capital strength on pages 78 and 79

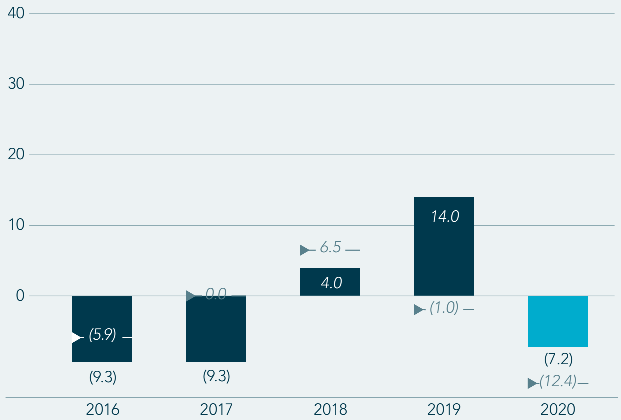
94%	91%	87%	£616m	14.2%	2.2%
+4.0%	+4.0%	+0.0%		+5.5%	-0.5%
Employees who recommend GPE as a great place to work	Employee engagement index	Employee retention (stability index)	Surplus equity returned to shareholders in past three years	Loan to value	Weighted average interest rate

Our KPI benchmarks

Our key performance indicators (KPIs) measure the principal metrics that we focus on to run the business and they help determine how we are remunerated. Over the longer term, we aim to outperform our benchmarks through successfully executing our strategic priorities.

Financial KPIs

Total Shareholder Return % (TSR)



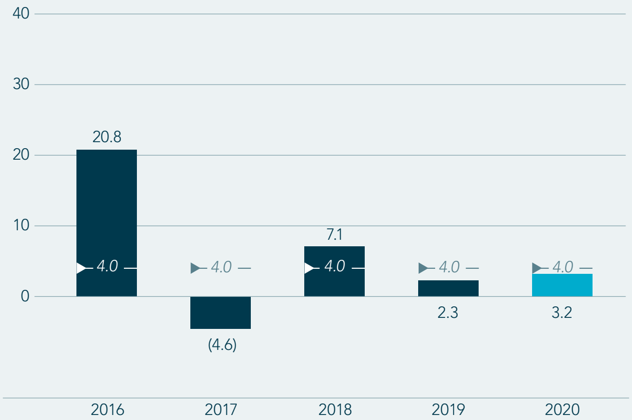
Rationale
TSR is a standard measure of shareholder value creation over time. It measures the movement in a company's share price plus dividends expressed as an annual percentage movement.

Commentary
TSR of the Group is benchmarked against the TSR of the FTSE 350 Real Estate index (excluding agencies). The TSR of the Group was -7.2% for the year compared to -12.4% for the benchmark following an improved share price performance given our operational successes and reduced discount to NAV, combined with strengthening share prices of London office focused REITs following the 2019 general election.

Alignment with remuneration
Performance criteria for Executive Directors' and certain senior managers' long-term incentives.

› **See more** on page 133

Total Accounting Return % (TAR)



Rationale
TAR is measured as absolute EPRA NAV per share growth (the industry standard measure of a real estate company's success at creating value) plus any ordinary dividends paid, expressed as a percentage of the period's opening EPRA NAV.

Commentary
We compare our TAR to a target year on year growth of 4%–10% used in our remuneration arrangements (see below). For the benchmark, we have used the minimum hurdle. TAR was 3.2% for the year as NAV growth was driven by retained earnings and the share buyback and we continued to deliver ordinary dividend growth. This resulted in a 0.8 percentage point relative under-performance for the year. For the year ended 31 March 2021, the Group will adopt the new EPRA metric of EPRA NTA. For the year ended 31 March 2020, the Group's EPRA NTA and EPRA NAV were the same.

Alignment with remuneration
TAR is a performance criteria for Executive Directors' and certain senior managers' long-term incentives, and for Executive Directors' and employees' annual bonus.

› **See more** on page 133 and note 9 to the accounts

Operational measures

In addition to our KPIs, there are several key operational metrics that we actively monitor to assess the performance of the business and which feed into our KPIs. As well as measuring our financial performance, these operational metrics also measure our risk profile and our achievements against some of our sustainability and community targets. Each of these metrics for the year to 31 March 2020 is shown on the right.

› **See more** on our approach to risk on pages 80 to 93

Our investment activities

Purchases	**£nil**
Sales	**£73.3m**
Sales – premium to book value	**10.0%**
Net investment	**£(73.3)m**

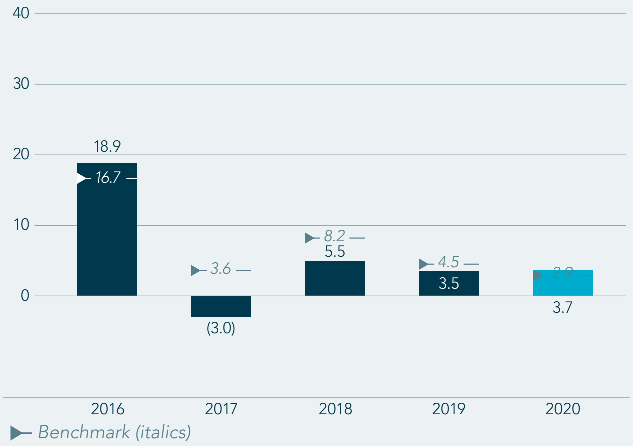
› **See more** on pages 32 and 33

Our development activities

Profit on cost	**14.7%**
Ungeared IRR	**9.2%**
Yield on cost	**4.8%**
Income already secured	**23.4%**
BREEAM Excellent (targeted)	**100%**
Committed capital expenditure	**£66.1m**

› **See more** on pages 34 to 38

Total Property Return % (TPR)



Rationale

TPR measures a company's performance at driving value from its property portfolio. It is calculated from the net capital growth of the portfolio plus net rental income derived from holding these properties plus profit or loss on disposals expressed as a percentage return on the period's opening value as calculated by MSCI.

Commentary

TPR is compared to a benchmark of £52.9 billion of similar assets included in the MSCI central London benchmark. The Group generated a portfolio TPR of 3.7% in the year whereas the benchmark produced a total return of 2.9%. This outperformance results from the strong performance of our committed developments in the year, in particular at Hanover Square and The Hickman, where we are delivering prime, Grade A space into a supply constrained market.

Alignment with remuneration

Performance criteria for Executive Directors' and certain senior managers' long-term incentives. The capital element of TPR is a performance criteria for Executive Directors' and employees' annual bonus.

› **See more** on page 133

New strategic non-financial KPIs for year to 31 March 2021

Given the growing importance of sustainability and our stakeholders to the success of our business, for the forthcoming year we will be introducing three new non-financial KPIs, all of which will be performance criteria for Executive Directors' and certain senior managers' annual bonus:

Sustainability

During the year, we entered into a £450 million ESG-linked revolving credit facility (RCF). Under the terms of the RCF, the margin we pay on the facility is subject to adjustment based on our performance against three challenging sustainability targets. To ensure these targets are further embedded into our behaviours, looking forward we will measure our aggregate performance against these targets as a non-financial KPI.

› **See more** on pages 72 to 79

Occupier satisfaction

High levels of occupier satisfaction are critical to both attracting and retaining businesses in our buildings. Looking forward, we will conduct an annual customer satisfaction survey to measure our relative Net Promoter Score (willingness to recommend) against our peer group, with a target outperformance of +2 points.

› **See more** on pages 58 and 59

Employee engagement

Our people are fundamental to the success of our business and delivery of our business plans. We are committed to supporting and developing our people and maintaining high levels of engagement. Therefore, from next year, we will aim to maximise our Employee Engagement Index Score with a target performance of greater than 75%.

› **See more** on pages 46 to 53 and 103

Our leasing activities

New lettings and renewals	**£14.4m**
Premium to ERV (market lettings)	**8.8%**
Vacancy rate	**2.0%**
ERV growth	**1.4%**
Reversionary potential	**11.7%**
Rent collected within 7 days	**62.9%**

› **See more** on pages 39 to 41

Our culture and people

Employee retention	**87%**
Lateral moves and promotions	**10**
Employees participating in optional Share Incentive Plan	**72%**

› **See more** on pages 46 to 53

Our stakeholder relationships

Net promoter score	**+25.3**
COVID-19 Community Fund	**>£280,000**
Staff participation in Community Day	**76%**

› **See more** on pages 58 to 67

Our portfolio

Movement in property valuation[1]	**(0.3)%**
Percentage of portfolio in development programme	**56%**

1. On a like-for-like basis.

› **See more** on pages 68 to 77

Our capital strength

Net gearing	**16.2%**
Loan to value	**14.2%**
Weighted average interest rate	**2.2%**
EPRA earnings per share	**22.0p**

› **See more** on pages 78 and 79

Strategic Report
Annual Review

In this section:

21	Statement from the Chief Executive
23	Our market
30	Our near-term strategic priorities
32	Our investment activities
34	Our development activities
39	Our leasing activities
42	Our financial results
46	Our culture and people
54	The Board
56	Senior Management Team
58	Our stakeholder relationships
68	Our portfolio
78	Our capital strength
80	Our approach to risk

A SPACE TO CONNECT

Technological innovation for occupiers to become more connected

Statement from the Chief Executive

> **GPE is today in the enviable position of being both well placed to withstand the impacts from the COVID crisis and able to look to our future with confidence."**
>
> **Toby Courtauld**
> Chief Executive

Our resilient business – evolving and innovating

This financial year has been dominated by UK political uncertainty and ended with the onset of COVID-19, where the full extent of the humanitarian, societal and economic impacts are still too early to judge. However, against this backdrop, we have again shown the resilience of our business with another strong operational performance: we have delivered many leasing successes, positive progress at our development schemes and disciplined capital management, all underpinned by our financial strength, deep stakeholder relationships and open, progressive culture. We have also continued to evolve and innovate, embracing opportunity as we further broadened our flex product and service offer, enhancing the occupier experience and installing technology solutions across our portfolio.

Robust financial results – exceptional balance sheet strength

In this context, we are pleased to report robust results, with IFRS and EPRA NAV per share rising by 1.8% in the year. When combined with an increase in ordinary dividends of 3.3% to 12.6 pence per share, our total accounting return was 3.2%. We delivered a diluted IFRS EPS of 20.0 pence, or an increase of 13.4% to 22.0 pence on an EPRA basis, and had net assets of £2,203.1 million at 31 March 2020.

› **See more** on our financials on pages 42 to 45

We have maintained our market-leading debt metrics and capital discipline, with our loan to value ratio at only 14.2%, providing substantial headroom above our Group debt covenants. This follows the profitable sale of 24/25 Britton Street, EC1 for £64.5 million and the successful completion in the year of our £200 million share buyback, meaning that we have now returned more than £615 million of surplus equity to shareholders since 2017. Our liquidity position is also strong with £411 million of available firepower and our next Group level debt maturity is not until 2024, with our debt profile further enhanced in the year through the issue of a new, innovative £450 million ESG-linked, unsecured revolving credit facility.

› **See more** on our capital strength on pages 78 and 79

Opportunity rich portfolio – 100% central London

Across our portfolio, the like-for-like property valuation movement was down 0.3%, with our committed developments up 11.9%. Unsurprisingly our offices delivered a stronger relative valuation performance, up 1.0%, compared to retail which fell 3.5%. Continued healthy demand for Grade A office space in a supply constrained market resulted in office ERV growth of 3.5% in the year and, with investment market activity muted for most of the year until the decisive outcome to the General Election, yields trended flat.

Notwithstanding the current situation, we believe the long-term prospects for London remain positive given its status as one of only a handful of truly global cities, with a commercial property market that has enduring appeal for occupiers and investors alike. Our positioning is also good with 56% of the portfolio in our development programme, with a further 37% in buildings where we can add additional value through active portfolio management. Moreover, with our vacancy rate of only 2.0%, a low average office rent of £53.40 per sq ft, reversionary potential of 11.7% and a further £23.9 million of rent available at our committed schemes, there is scope for continued organic growth as and when market conditions normalise. Meanwhile, our strong financial position will enable us to add to our portfolio should we unearth attractively priced opportunities that result from this period of uncertainty.

Embracing opportunity – meeting evolving occupier aspirations

Our experience shows that office occupiers are more focused than ever on the benefits of a high quality working environment in attracting and retaining talent, with increasing focus on outstanding sustainability and wellbeing credentials. As a result, the relationship between real estate owners and occupiers is evolving, with our occupiers now wanting increased levels of flexibility and service along with the provision of smart, tech-enabled buildings.

Our constant commitment to creating exceptional workspace has enabled us to deliver another strong leasing year, securing £14.4 million of annual rent, 8.8% above our valuer's ERV. We have also expanded our flexible space offering, which now represents 11% of our office space. Our team has also crystallised significant rental reversion across the investment portfolio, with 29 rent reviews settled securing £13.2 million at an average increase of 19.7% above the previous rent and beating ERV by 1.5%. Moreover, we have achieved high levels of occupier satisfaction, with our net promoter score of +25.3 almost double the UK property sector average.

These successes were supported during the year by the realignment of the operating structure of our Occupier and Property Services team and the roll-out of our new app 'sesame' across the portfolio. Meanwhile, our ambitions to embrace technology across our business were demonstrated by our investment in Pi Labs European PropTech VC fund during the year. Moreover, with sustainability considerations now featuring in everything that we do as they become an economic as well as moral imperative, we committed to the ground breaking Climate Change Commitment launched by the Better Buildings Partnership and stated our intention to become a net zero carbon business by 2030, as set out in our new sustainability Statement of Intent.

We also performed strongly again across leading sustainability indices, including achieving a five star rating in GRESB for the fourth consecutive year.

› **See more** on our development activities on pages 34 to 38

Committed to excellence – good development progress, although completion delays expected given COVID-19

Our three on-site development schemes are all near Crossrail stations and will provide 414,600 sq ft of Grade A, office and retail space, along with exciting new public realm. With construction progressing well before a brief pause during the initial weeks of the COVID-19 lockdown and a subsequent resumption of activities at slower rates, in part due to social distancing and delays in accessing raw materials, expected completion dates have inevitably been delayed somewhat. However, the schemes are expected to deliver a profit on cost of 14.7% and we are on track to achieve BREEAM Excellent sustainability ratings. Taken together, the schemes are 48% pre-let or under offer.

Our Hanover Square scheme is the largest with 221,100 sq ft of new office, retail and residential space, where we have already pre-let 52%, with the first retail unit now handed over to the occupier. A further 14.6% is under offer, with the scheme now expected to complete by October 2020. At The Hickman, E1, completion is anticipated this summer and occupier interest in the new 74,400 sq ft office building is encouraging, with 46% currently under offer. We are also pleased to have over half of the office space pre-let at 1 Newman & 70/88 Oxford Street (previously Oxford House), our 119,100 sq ft new build office and retail development at the east end of Oxford Street, opposite the new Tottenham Court Road Crossrail station.

Looking ahead, we have a substantial and flexible pipeline of ten uncommitted schemes totalling 1.4 million sq ft across four London boroughs, including three near-term schemes of 821,600 sq ft where we are currently working with both the local authorities and communities to secure planning to create great new spaces, helping London to thrive.

› **See more** on our capital strength on pages 78 and 79

Open and fair – supporting our occupiers, suppliers, partners and communities

The unprecedented situation arising from COVID-19 has highlighted the ongoing importance of our collaborative stakeholder relationships, including with our joint venture partners. We are maintaining our payment terms with our suppliers to support their cash flow given the challenging economic backdrop and are working with our occupiers, particularly in the retail, hospitality and leisure sectors, through agreeing on a case by case basis, the payment of monthly rents or deferring rental payments. Unsurprisingly, this resulted in our March rent collection rates being significantly behind historical levels and we expect this to persist into the June quarter date. We have worked closely with our suppliers and occupiers, with health and safety always a key consideration, to keep our development sites open and our occupied buildings operational with social distancing requirements in place.

We have also extended the scope of our community activities by launching a new Community Fund seeded by GPE directors and employees to bring some relief to those in London hardest hit by the COVID-19 crisis.

› **See more** on our communities on pages 60 to 62

Our talented team – achieving more together

Last but not least, all of our activities and successes in the year could not have been delivered without the fabulous efforts of our talented team and I would like to say a personal thank you to all my colleagues at GPE.

Over the year, the strength of our values and the magnetic appeal of our culture was highlighted with our most recent employee engagement survey showing 94% of our people would "recommend GPE as a great place to work" and we were delighted to make several internal Senior Management Team promotions during the year, as we develop our talent from within. We also successfully launched our Inclusion and Diversity strategy at an event attended by all employees, with valuable participation from our Non-Executive Directors, and we are pleased to have now achieved the National Equality Standard accreditation.

› **See more** on our people and culture on pages 46 to 53

Outlook

GPE is today in the enviable position of being both well placed to withstand the impacts from the COVID crisis and able to look to our future with confidence.

Whilst much of the year to March 2020 was characterised by political and economic uncertainty, nothing could have prepared us for the social and economic consequences of the COVID pandemic and I am proud of the response from each and every member of the GPE team. We are engaging extensively with our occupiers, offering assistance on a case by case basis and have established a new Community Fund, seeded by GPE's people to bring some relief to those in London hardest hit by the crisis.

As we examine the implications for our business, it is clear that we must plan for a recession with an increase in unemployment, leading to reduced occupational demand for space, implying falling rental and capital values. Key to our market's performance will be both the depth of the downturn and the shape of the recovery. Given this uncertainty, we are pausing the provision of guidance on rental value movements until the picture becomes clearer. Whatever the outcome, whilst some working practices might change, our human desire to congregate and create underpins our belief that London's magnetic appeal as a global business capital will persist for the long term. This belief is reinforced by our current leasing discussions, illustrating occupiers' ongoing appetite to secure high quality, sustainable space.

Guided by our strong purpose and unifying values, we have positioned GPE for any market eventuality; our low leverage is both defensive and gives us significant capacity for growth; our portfolio is virtually fully let, off low rents and has material upside potential from our extensive development pipeline; and our talented team with its deep market knowledge, combined with our financial strength, gives us the ability to choose our path to deliver on all our ambitions.

Our market

Global growth in 2019 was at the weakest level since the global financial crisis of 2008. Rising trade barriers and associated uncertainty weighed on business sentiment and activity globally. Closer to home, the UK's exit from the EU dominated the agenda and impacted business confidence. The decisive election outcome late last year provided greater clarity, but more recently this has been overshadowed by the spread and economic consequences of COVID-19.

The last twelve months have been marked by a combination of muted global growth and heightened levels of political and macro-economic uncertainty. Whilst the general election result in late 2019 in part alleviated the opaque political outlook, the recent economic shutdown as a result of COVID-19 is likely to disrupt global growth for some time to come. Furthermore, our future trading relations with the EU and the rest of the world still remain unresolved.

Global recession driven by global pandemic

Global equity markets had a strong 2019 with many indices reaching record highs. Whilst equity markets were positive, the underlying global economic backdrop remained relatively weak. Manufacturing activity was low, at levels not seen since the global financial crisis, trade disputes had impacted levels of global trade and business confidence and regional geopolitical tensions remained. The subsequent arrival of the COVID-19 pandemic has inflicted a tragic human cost and has resulted in a necessary global shutdown that is severely affecting economic activity. As a result, Oxford Economics predict that the global economy will contract sharply, by 2.8% in 2020, a downturn more severe than the 2008/09 financial crisis. This reduction is the result of an estimated 7% first half fall, partly offset by a rebound by the end of the year. However, the risks and uncertainties around current forecasts are large and highly dependent on the easing of existing shutdowns over the coming months.

UK recession set to follow

In the UK, equity markets during 2019 were volatile with movements clearly correlated to the UK Government's progress in navigating the UK's exit from the EU. Overall UK GDP grew by a modest 1.4% during the year. As with the rest of the world, the start of 2020 was marked by the impact of COVID-19 and forecast domestic growth has now been replaced by an expected steep recession. Oxford Economics forecast annual GDP to fall by 5.1% in 2020, bouncing back to 6.0% growth in 2021.

83%

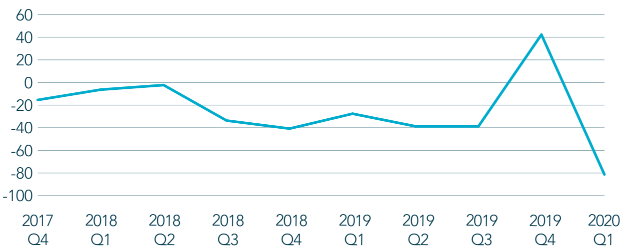
Fall in UK CFO optimism

Business confidence at record lows

Business and consumer confidence was fragile in 2019, as Brexit uncertainty dominated the national debate. The brief period of relief earlier this year, following December's decisive election result, was quickly ended by the arrival of COVID-19. PwC estimate that the current lockdown has resulted in 24% of UK businesses having to cease or pause trading. Whilst the Government response has been swift, confidence has hit record lows with Purchasing Manager Indices signalling the fastest ever recorded decline in business activity.

This negative sentiment is also reflected by the UK CFO community in Deloitte's most recent survey. It reported that 83% of CFOs are less optimistic than they were three months ago.

Deloitte survey of UK CFOs: business optimism



Source: Deloitte Q1 2020

Furthermore, with the expectation that demand is unlikely to return until 2021, CFOs are more focused on defensive strategies, including reducing costs, increasing cash flow and reducing leverage, than at any time since 2010.

Looking forward, the current crisis is likely to have a significant impact on the UK economy. Whilst the pandemic itself is expected to be overcome in the near future, the impact on business activity, unemployment and the public finances are expected to be much longer lived. However, given its unprecedented nature, it is too early to tell the likely impact COVID-19 will have on London's property markets.

Despite this challenging context, we remain well placed. Our low financial leverage will enable us to both weather market volatility and take advantage of any dislocation should it arise. But whatever the outcome, beyond the current disruption, we remain confident in the ability of London to attract businesses, capital and talent from around the world, with London expected to remain one of only a handful of truly global cities.

Moreover, it is possible that COVID-19 further accelerates some of the key existing trends in the London market. This may include the structural shift of retail sales to the internet, but also accelerate some trends that GPE has already been capitalising on, such as office occupiers seeking both increased flexibility and service provision, with a preference for Grade A space with strong sustainability and wellbeing credentials. In addition, with underlying interest rates having now fallen to unprecedented lows, the relative investment pricing attractions of London offices may persist, particularly when compared to pricing in other major global cities.

Our London

London generates around 22% of UK GDP, with the largest economy of any city in Europe, and is one of the world's leading commercial, creative and financial centres.

Despite the uncertainty created by the UK's exit from the EU and the more recent economic disruption as a result of COVID-19, London has been growing and is forecast to grow further. By 2030, London's population is expected to have increased to around ten million, up from around nine million today, and improving infrastructure, including extensions of the tube network and the expected opening of Crossrail in 2021, will bring more people within its reach. Its combination of a strong legal system, time zone advantages, international connectivity and a welcoming attitude to businesses from around the world has resulted in London retaining its position leading the Global Power City Index 2019, as measured by Mori Memorial Foundation.

Deep, liquid real estate markets

Central London has one of the world's largest commercial real estate markets, with around 440 million sq ft of office and retail property attracting a deep and diverse mix of occupiers and property investors, many from overseas. London's markets are also highly liquid and remain one of the leading global destinations for real estate investment.

Notwithstanding these strengths, for most of the year sentiment in London's commercial property markets remained muted, as political and economic uncertainty continued to dominate.

22%

Of UK GDP generated by London

Whilst our markets have trended broadly flat in recent years, and with considerably less volatility than the previous decade, we expect that London's commercial property markets will likely remain cyclical. Our strategy is designed to allow us to capture any opportunities that this cyclicality creates, both through flexing our activities and operational risk in tune with market conditions whilst always maintaining low levels of financial gearing.

› **See more** on pages 16 and 17

A West End focus in a growing London

Our historical focus has been in the West End, an area of London that provides a unique and diverse mix of commercial, retail, residential, cultural and tourist attractions, drawing people and businesses from around the world. It is also home to a broad range of occupiers, and, as a result, its success is not reliant on a single dominant sector. Furthermore, the barriers to developing buildings in the West End are high, and navigating these barriers requires specialist skills and knowledge. This plays to our strengths.

However, we know that modern occupiers expect more from their real estate. Regeneration, often associated with new infrastructure, combined with a shortage of new space in the core, means businesses are increasingly willing to move to new locations in central London to find the right space. Our portfolio reflects this, with many of our future development opportunities set to deliver high quality spaces in areas benefiting from this shift, including new and exciting projects in Southwark and the City fringe.

› **See more** on pages 34 to 38

Our occupational markets

Our occupational markets have remained highly active, despite a year marked by political and economic turbulence. More recently, supportive fundamentals have been disrupted by COVID-19, with take-up slowing in 2020.

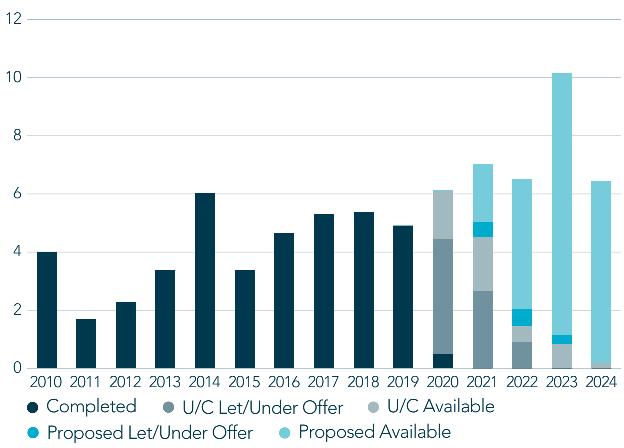
The prospect of an ongoing uncertain outlook, often combined with a structural need to move due to lease expiries, has encouraged businesses to look beyond short-term macro uncertainties to secure the right home for the long-term success of their business. To date, this resilient demand, combined with a shortage of high quality space, has ensured that the best space has continued to let well, supporting prime rents. Whilst the fundamentals in our markets have been supportive to date, looking forward it is too early to assess what the impact of the COVID-19 pandemic will be.

For the year ended 31 March 2020, central London take-up was 12.7 million sq ft, 7.1% lower than the preceding 12 months and 3.4% below the ten-year annual average of 13.1 million sq ft. Take-up was once again from a diverse range of industries with professional and business services (27%), creative industries (18%) and banking and finance (15%) the dominant sectors in Q1 2020.

Supply of new space remains limited; 60% of all space under construction already pre-let

Whilst demand for high quality space currently remains robust, the supply of new buildings across central London remains limited, with development completions for the year to 31 March 2020 of 1.3 million sq ft, down from 4.1 million sq ft in the preceding 12 months. Moreover, in the core of the West End, where the majority of our portfolio is located, development completions totalled only 45,300 sq ft over the year. The combination of an increasingly challenging planning regime, continued macro-economic uncertainty and limited availability of speculative development debt finance has helped restrict the delivery of new space. Looking ahead, as shown in the chart below, CBRE expects 35.8 million sq ft of new office space to be delivered in central London over the five years to December 2024. Given the bulk of this space is yet to start on site, we expect that the current slowdown in construction activity as a result of COVID-19 is likely to exacerbate this shortage further as schemes are delayed.

Central London developments million sq ft



Source: CBRE Research

This lack of development activity has limited new supply in our key markets, and with healthy occupier demand particularly at the prime end, this has kept availability relatively tight. Availability was 14.0 million sq ft at 31 March 2020, with new space only 28% of the total, up marginally from 13.7 million sq ft this time last year. Vacancy was low at 4.5% at 31 March 2020, up from 4.3% a year earlier. A lack of high quality space has led occupiers to be increasingly motivated to secure new space in advance of buildings completing. Pre-lets represented 25% of all take-up in the year to 31 March 2020 and 60% of future development completions are already pre-leased. Furthermore, occupiers are looking much further ahead to secure space depending on the size of their requirement. Today, occupiers are often seeking to secure space two years ahead of time for requirements of up to 100,000 sq ft and for very large spaces of up to 500,000 sq ft much longer.

West End occupational markets

Over the year to 31 March 2020, West End office take-up was 4.0 million sq ft, broadly in line with the preceding year. However, at the prime end, the take-up of new and pre-let space was 0.9 million sq ft, down 16.5% on the previous year and the lowest since 2013. Tight levels of supply of high quality space is particularly acute in the West End, with new space only 16.6% of total availability. Vacancy rates also remain low with Grade A space vacancy estimated by CBRE to be only 1.8% of total vacant space. Accordingly, CBRE reported that prime office rental values in the West End rose to £110.0 per sq ft, up from £107.50 a year earlier. Rent free periods on average remained flat at around 23 months on a ten-year term.

Wider UK retailing has suffered from a combination of lower retail sales and a structural shift, as increasing volumes of sales move online. However, prior to the arrival of COVID-19, central London retail demonstrated resilience and had suffered to a lesser extent. However, with stores now closed, the challenges facing retailers in London have grown. This was reflected in our own portfolio where retail rental values softened across London's key shopping streets, down overall by 4.3% during the year.

City, Midtown and Southwark occupational markets

Over the year to 31 March 2020, City office take-up was 5.9 million sq ft, up 2.6% on the preceding year, with availability of 6.0 million sq ft (up 3.6%) and broadly in line with the ten-year average of 5.9 million sq ft. Although higher than in the West End, vacancy rates remain low with Grade A vacancy estimated by CBRE to be only 3.5%. CBRE has also reported that prime City rental values increased by 2.8% to £73.00 per sq ft.

Midtown and Southwark office take-up was 1.7 million sq ft, down 49.1% on the preceding year as activity was limited by a shortage of high quality stock. Availability at 31 March 2020 stood at 1.8 million sq ft, down 20.3% during the year, and lower than the ten-year average of 2.3 million sq ft. CBRE reported prime office rents in Southwark and Midtown increased to £70.00 per sq ft (up from £65.00 per sq ft) and £82.50 (up from £80.00 per sq ft) respectively.

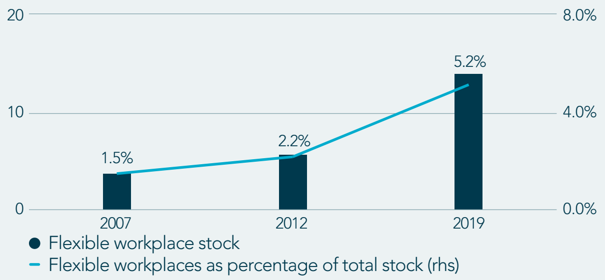
Our market challenges

The four key challenges in our markets...

The growth of flexible space

London has witnessed significant growth in the provision of flexible office and co-working space in recent years. Advances in technology, the growth in start-up businesses, increased mobility in the workforce and the rise of the gig economy has helped drive this growth, and a plethora of new suppliers have come into the market to provide it. Flexible space represented 16% of annual take-up in 2019, and comprises an estimated 6% of central London's office market.

Flexible workspace[1] m sq ft

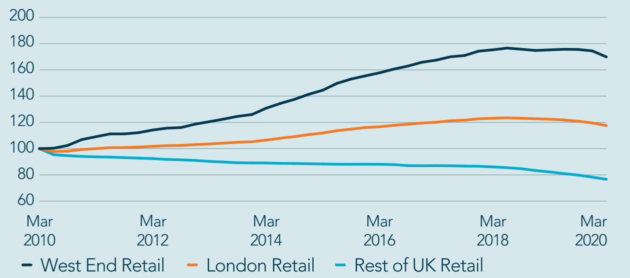


1. Cushman & Wakefield

Structural retail change

UK retailing continues to suffer from a combination of lower retail sales and a structural shift as increasing volumes of sales move online. This trend has been further exacerbated by the economic impact of COVID-19 and associated forced store closures. Together these factors have put pressure on retailers to adapt their business models and, in some cases, greatly reduce the retail space they occupy. A number of high profile corporate failures demonstrate that many have not adapted quickly enough to this changing landscape.

Market rental value growth index



Source: MSCI

... provide us with opportunities.

Whilst for many businesses, securing high quality, well-located space for longer-term occupation is vital, we recognise occupiers are increasingly seeking an element of flexibility for some parts of their business. We are currently meeting this market demand through a number of flexible offers. Firstly, our flex space which provides dedicated, fully fitted space on flexible terms allowing occupiers to move in and out of the space with ease. We are also in the process of refurbishing our first flex plus space which will extend this offer to provide additional services and amenity. This new space in Soho will complete later this year and early interest has been positive.

On larger spaces, we have entered into partnership arrangements, often to maximise cash flow ahead of redevelopment, to deliver flexible solutions and co-working environments with our most recent deal being with Knotel at City Place House, EC2. Looking forward, we consider that more flexible spaces will become an essential part of our development pipeline and for smaller spaces, under 10,000 sq ft, the default requirement.

In total, our flexible space now comprises 219,600 sq ft or 11% of our office portfolio.

› **See more** on page 41

London has not been immune to these changes. However, central London possesses a number of characteristics which have softened their impact to date. High levels of tourism (both domestic and international), flagship stores, a deep cultural offering and its growing population have contributed to its relative resilience.

Today retail space comprises 28% of our portfolio by value. We focus on delivering high quality, modern retail units into locations with enduring appeal with the bulk of our activities centred on the prime shopping streets of Oxford Street, Regent Street, Bond Street and Piccadilly. Our recent development activity at 1 Newman Street & 70/88 Oxford Street, W1, at the eastern end of Oxford Street, and Hanover Square, at the northern end of Bond Street, aim to deliver new retail experiences into locations that will benefit from the expected opening of Crossrail in 2021, following recent delays. Early interest in the schemes has been encouraging and during the year we completed our first retail letting in our Hanover Square scheme.

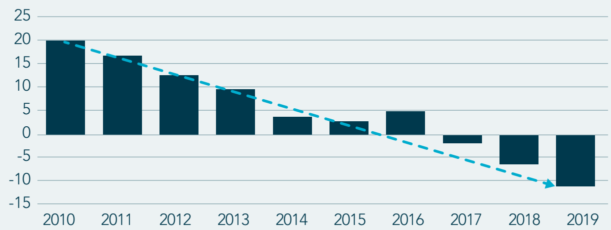
Other locations have been more challenging, particularly where the real estate is ageing, including at our Mount Royal scheme at the western end of Oxford Street. Here the future development opportunity remains, both to refresh and improve the retail offer, but more importantly to potentially create a large mixed-use scheme on a two acre site in the heart of the West End.

› **See more** on pages 34 and 36

Attracting and retaining talent

High quality workplaces are increasingly seen as an important tool for recruiting and retaining an enthusiastic and productive workforce. The nature of a successful workplace is also changing. Our research suggests that occupiers have an increasing need for offices that can adapt to accommodate the various ways in which people work, that embrace technology to allow occupiers to be more mobile, provide additional on-site services and are highly sustainable. With the supply of such space limited, occupiers are increasingly seeking to pre-let a number of years in advance to ensure they can secure the right space for their business.

Central London prime office developments
months to let 75%[1]



● Actual
– 2010 – 2019 Change: 20 months post-let to 11 months pre-let

1. CBRE Research; average months to let 75% of all buildings completed in year

We are responding to this by ensuring we are delivering the spaces that occupiers want. We stay close to our existing customers to understand their needs to ensure our buildings and the services we provide meet their requirements. Furthermore, on new spaces, whether flex or in the development pipeline, we are steered by our Guiding Principles for Design and our Design Review Panel to think ahead to challenge and anticipate the products and services that our occupiers will need over the next few years and beyond.

Our strong track record is demonstrated by our leasing success. Over the past decade the vast majority of our developments have been pre-let ahead of completion, allowing us to work with many of the occupiers to shape their spaces for their business needs. We have seen strong pre-let interest across our committed and near-term developments during the year. Today, we have 61,600 sq ft of space under offer across our three committed schemes and are in conversations with prospective occupiers on a number of our near-term schemes, some of which will not complete until 2026.

› **See more** on pages 34 to 38

The climate change challenge

Climate change is arguably the biggest long-term challenge we face and, as the risk and need for urgent action increases, the climate debate has moved from the periphery to now being both a moral and economic imperative. With the built environment contributing approximately 40% of the UK's carbon footprint, we have an obligation to play our part in adapting to and mitigating the risk and want to make a positive impact, helping London to thrive. Our occupiers are increasingly aware of their own contribution to climate change and their employees are demanding a change in approach. They are therefore adjusting their occupational requirements accordingly.

The Time is Now

We have recently launched our Statement of Intent 'The Time is Now'.

› **See more** on pages 8 and 9

In order to produce buildings to attract the occupiers of tomorrow, we must address our carbon footprint across our portfolio, both in our existing buildings and also through our development pipeline. Where we develop buildings, we seek to reduce our footprint through design efficiency using an appropriate mix of renewable and low carbon energy technologies and local energy generation solutions. We also seek to reduce embodied carbon through considering the type or quantity of materials used, technological innovation and efficient construction techniques. These measures will support our ambition to decarbonise our business to become net zero carbon by 2030. Last year we also announced targets to reduce energy intensity in our existing buildings by 40% (from a 2016 baseline) by 2030 and to delivering net zero carbon new build developments from 2030. These are challenging ambitions. We are already working with our occupiers and deep into our supply chains as we will need to collaborate with all our stakeholders to achieve them.

› **See more** on pages 72 and 73

Our investment markets

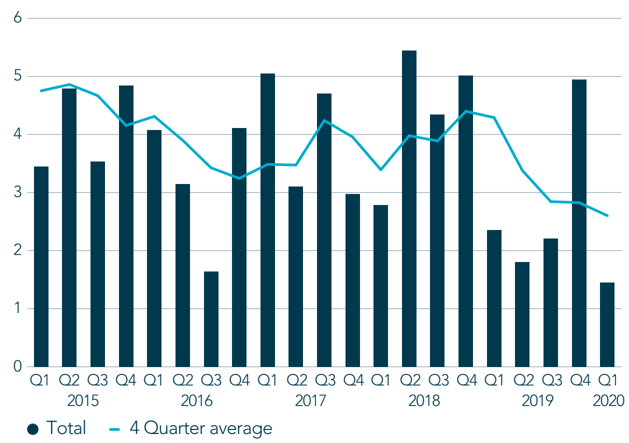
Transactions in London slowed as political instability in 2019 provided an uncertain outlook for the investment market. This was briefly lifted by a decisive election result, albeit activity in 2020 is likely to be shaped by the global impact of COVID-19.

Investment markets in 2019 were marked by the uncertainty created by the UK's ongoing negotiations to exit the EU and general election in December. Despite a flurry of transactions in the last few weeks of the year, following the decisive election result, investment activity totalled £11.3 billion, down 35.7% from £17.6 billion in 2018. Whilst overall volumes were down, the themes within the investment demand were unchanged. Demand continued to be strong for prime, well-let and well-located assets. We also continued to see strong demand for sites with near-term development opportunities as investors sought to increase their returns beyond those provided by low yielding, longer let assets. Investment markets were more domestically focused in 2019 with many overseas investors pausing for greater clarity, accounting for 53% of transactions down from 76% a year earlier.

Volumes for first quarter of 2020 impacted COVID-19

The arrival of COVID-19 has slowed investment activity considerably, as many buyers await greater clarity on its economic impact before committing to a purchase. In the meantime, whilst some buyers are seeking discounted pricing, vendors are unwilling to reduce prices as, to date, levels of financial stress are low. Moreover, buyers are facing logistical challenges as the ongoing lockdown has restricted travel and hampered the ability of more willing buyers to conduct effective due diligence. Office investment deals in the first quarter of 2020 were £1.4 billion, down 38% on the equivalent quarter of 2019 and down 55% on the ten-year average for a first quarter, with most successful deals commencing prior to the lockdown. We anticipate that turnover will continue to be muted until the economic and social backdrop returns to a more normalised environment.

London investment volumes £bn



Source: CBRE Research

Over the year, prime yields remained stable in both the West End and the City at 3.75% and 4.00% respectively. Whilst the expected post-election yield compression is now unlikely, London offices continue to be attractively priced when compared to other major cities. Moreover, relative to both government and corporate bonds, London real estate continues to offer relative value in a global environment where sustainable yield is scarce.

London: High Relative Yields (Prime Office) %

Source: JLL, Initial Yields

London retail investment volumes reduced in 2019 to £1.2 billion, down from £1.7 billion in 2018, remaining well below the five-year average. The structural changes facing the retail sector deepened during the year, resulting in buyers being more selective. More recently, the impact of COVID-19 has closed stores across the globe adding further to retailer financial distress. Whilst investment volumes have been light, CBRE reported that prime yields rose during the year to 2.5% and 3.25% on Bond Street and Oxford Street respectively.

Notwithstanding the present disruption, over the medium term we expect that London's relative value, combined with its transparent legal system, its position as a global hub and perceived safe haven status will continue to attract capital from around the globe.

› **See more** on page 24

Cautious equity demand

At the end of 2019, CBRE estimated that there was £32.75 billion of equity targeting London, and this was trending upwards in early 2020, largely driven by European investors. Given the uncertain backdrop, many international investors are now inevitably cautious and are monitoring the market, particularly with the ongoing travel restrictions. However, CBRE see no evidence that the strong fundamentals of the market will not continue and drive more interest from pent-up demand in the medium term when normality returns.

Near-term outlook for rents and yields

The unprecedented nature of the current COVID-19 situation means that, at this stage, it is too early to judge the market outlook with any certainty or provide rental value guidance for the new financial year. However, we do expect to see some yield expansion for both office and retail properties, although London's yields today still remain attractive relative to other global cities and underlying interest rates.

Our lead indicators are less favourable

Given the cyclical nature of our markets, we actively monitor numerous lead indicators to help identify key trends in our marketplace. In recent months, we have seen our property capital value indicators deteriorate markedly due to the impact of COVID-19 on the UK economy. Whilst market rents and yields have yet to fully reflect the changing economic environment, the prospect of a UK recession would suggest that the trajectory for values, from here, will be down. At present, visibility is poor on both the depth and longevity of any downturn. However, we remain well placed and we have the financial strength to allow us to choose our own path whatever the market backdrop.

Drivers of rents	2019 Outlook	**2020 Outlook**
GDP/GVA growth	🟠	🔴
Business investment	🔴	🔴
Confidence	🔴	🔴
Employment growth	🟠	🔴
Active demand/take-up	🟠	🔴
Vacancy rates	🟠	🟠
Development completions	🟢	🟢
Drivers of yields		
Rental growth	🟠	🔴
Weight of money	🟠	🟠
Gilts	🟢	🟢
BBB Bonds	🟠	🔴
Exchange rates	🟠	🟠
Political risk	🔴	🟠

"COVID-19 has had an abrupt impact on the investment market, with transactions slowing in the first quarter of 2020. However, whilst levels of demand are currently hard to read, vendors have to date remained composed and the amount of stock available on the market remains extremely low."

Alexa Baden-Powell
Investment Manager

Our near-term strategic priorities

We have a clear strategic focus that enables us to deliver attractive long-term value to our stakeholders. Our primary focus remains on maximising value from our portfolio organically through creating exciting spaces for occupiers, driving rental growth, delivering developments and recycling capital, whilst continuing to explore acquisition opportunities where we see value.

› **See more** on pages 16 and 17

Near-term strategic priorities 2019/20

Priority	Further recycling and selective investment activity › **See more** on pages 32 and 33	Progress the committed developments and prepare the pipeline › **See more** on pages 34 to 38	Drive rent roll growth › **See more** on pages 39 to 41
Key initiatives	– Explore further sales opportunities where prospective returns are insufficient. – Acquire properties, should we see attractive value in the market.	– Maintain programme of three new committed development schemes. – Secure further pre-lettings on committed schemes. – Prepare the ten schemes in the development pipeline for the next cycle. – Submit planning applications at 50 Finsbury Square, EC2 and City Place House, EC2.	– Capture further reversionary potential. – Reduce investment vacancy rate below 4%. – Seek further opportunities to roll out flex space offering. – Deliver ERV growth of between -2.0% and +1.5%.
2019/20 progress	– Total sales of £73.3 million at an average capital value of £1,305 per sq ft, 10% ahead of book value. – We maintained our disciplined approach to acquisitions and, with limited value to be found, no properties were purchased during the year.	– Good progress on three committed developments, albeit programmes delayed due to impact of COVID-19. – Further pre-letting success at Hanover Square, W1 and 1 Newman Street & 70/88 Oxford Street, W1 and a further 52,000 sq ft under negotiation at The Hickman, E1. – Deep development pipeline: ten projects, with planning consent submitted for refurbishment of 50 Finsbury Square, EC2. – Total development programme: 56% of portfolio, 1.8 million sq ft.	– Rent roll up 3.0% on a like-for-like basis. £3.9 million of reversion captured. – Vacancy rate low at 2.0%. – Ten flex space lettings totalling 97,800 sq ft across four buildings; flex space now 11% of portfolio. – Portfolio ERV up +1.4% in year.
Impact on strategic KPIs	– Sales ahead of book value, lower loan to value and support TPR and TAR. – Accretive recycling and reinvestment should enhance TPR and TSR. › **See more** on our KPIs and operational measures on pages 18 and 19	– Development surpluses enhance TPR and TAR. – Pre-lettings accelerate TPR and mitigate voids. – Extensive pipeline of development opportunities can support TSR. › **See more** on our KPIs and operational measures on pages 18 and 19	– Capture of rental reversion and occupier retention supports TPR. – Higher ERVs support asset values and TPR and TAR. › **See more** on our KPIs and operational measures on pages 18 and 19

Near-term strategic priorities 2020/21

Priority	COVID-19 response › See more on pages 49 and 58 to 62	Deliver and lease the committed schemes › See more on pages 34 and 35	Prepare the pipeline › See more on pages 36 to 38
Key initiatives	– Prioritise the safety and wellbeing of occupiers, suppliers and employees. – Maintain cash flow whilst supporting occupiers who are facing economic hardship. – Provide business continuity for our occupiers by keeping occupied portfolio operational. – Scenario planning and stress testing the Group's resilience. – Monitor acquisition opportunities.	– Complete construction of The Hickman, E1 and Hanover Square, W1 on time and budget. – Maintain programme for the completion of Oxford House, W1. – Maximise pre-letting of the remaining space. – Complete sale of blocks B & C at The Hickman, E1.	– Achieve vacant possession and commence refurbishment of 50 Finsbury Square, EC2. – Secure planning consent for City Place House, EC2 and New City Court, SE1. – Formalise the development strategy with key stakeholders at Mount Royal, W1 and submit planning application. – Finalise development plans for Piccadilly Estate, W1, Kingsland & Carrington House, W1 and Minerva House, SE1.
Priority	Progress sustainability agenda › See more on pages 72 and 77	Further embed our values › See more on pages 46 and 53	Continue to grow our flex offer › See more on pages 12, 13 and 41
Key initiatives	– Promote and communicate our Statement of Intent. – Finalise roadmap to zero carbon business. – Broaden employee education programme. – Meet KPIs embedded in ESG-linked RCF.	– Deliver follow-up actions from pulse survey and values based leadership training. – Achieve National Equality Standard. – Further progress inclusion and diversity initiatives. – Maintain positive health and safety culture.	– Evaluate additional 152,200 sq ft of space for flex offerings. – Further expand offer with successful launch of Flex+ space at Dufours Place, W1. – Utilise economies of scale for fit-out procurement and service delivery. – Broaden marketing initiatives.

Our investment activities

2019/20 Strategic Priority:
Further recycling and selective investment activity

Operational measures

	2020	2019
Purchases	**£nil**	£nil
Sales	**£73.3m**	£348.9m
Sales – premium/(discount) to book value[1]	**10.0%**	(0.7)%
Sales – capital value per sq ft	**£1,305**	£1,459
Total investment transactions[2]	**£73.3m**	£348.9m
Net investment[3]	**£(73.3)m**	£(348.9)m

1. Based on book values at start of financial year.
2. Purchases plus sales.
3. Purchases less sales.

Our approach

Buying at the right price and selling at the right time is central to our business model. Using our extensive network of market contacts, our investment team pursues a disciplined approach with clearly defined acquisition criteria.

› **See more** on page 16

Once we have acquired a property, the investment team works closely with our portfolio management and development teams to deliver the business plan and maximise the property's potential. Every asset's business plan is updated quarterly, providing estimates of forward look returns under different market scenarios. These plans also help to inform our sales activities, with the assets providing the lower risk adjusted returns often being sold and the proceeds recycled into better performing opportunities or returned to shareholders.

"Prior to the arrival of COVID-19, the decisive outcome of the general election briefly improved investor sentiment and lifted transaction activity in our investment markets. This renewed confidence resulted in a flurry of transactions completing in the last two weeks of 2019."

Robin Matthews
Investment Director

During the year we saw strong demand for long-let, well-located prime assets as well as for sites with near-term development potential. Accordingly, value has been scarce and we made no acquisitions during the year. However, we took advantage of these market conditions to profitably recycle out of one commercial property.

Given the continued strength of the investment market, attractive opportunities to buy were limited and we were once again a net seller, taking advantage of these supportive market conditions to sell 24/25 Britton Street, EC1. In total, together with some small residential sales, we generated £73.3 million in gross proceeds at a 10.0% premium to the 31 March 2019 book values.

Sales for the year ended 31 March 2020

	Price[1] £m	Premium/ (discount) to book value %	Price per sq ft £	NIY %
Commercial				
24/25 Britton Street, EC1	64.1	11.8	1,245	4.07%
Commercial total	**64.1**	**11.8**	**1,245**	**4.07%**
Residential				
78/92 Great Portland Street, W1	3.6	(3.7)	1,632	n/a
Rathbone Square, W1	5.6	0.0	2,219	n/a
Total	**73.3**	**10.0**	**1,305**	**4.07%**

1. After deductions for tenant incentives.

Last year, we entered into a structured sale agreement for our small Whitechapel Courtyard sites at the rear of our Hickman development. We expect the sale to conclude prior to completion of the main development in Q3 2020.

Residential sales of £9.2 million

During the year we completed £9.2 million of residential sales, including the last remaining unit at Rathbone Square, W1 for £5.6 million, in line with the March 2019 book value. GPE has no remaining interest in the asset.

New PropTech VC investment

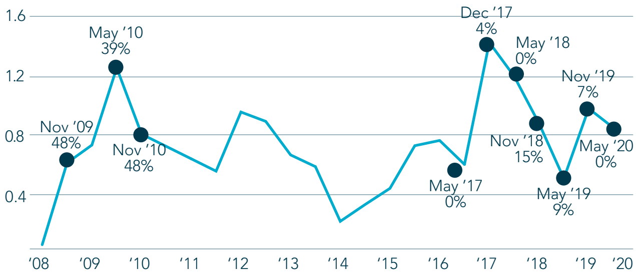
PropTech is having a growing impact on the markets in which we operate both as technology becomes increasingly embedded in buildings and as the services that surround our buildings become digitised. Therefore, whilst we saw limited opportunities in the investment market, we made a commitment in January 2020 of up to £5 million to invest in Pi Labs European PropTech venture capital fund. Launched in 2014, Pi Labs is Europe's longest standing PropTech VC and this third fund has a primary focus to invest in early stage PropTech start-ups across Europe and the UK that use technology solutions to enhance any stage of the real estate value chain.

Investment in the fund will provide us with an insight into emerging technologies and provide the ability to trial them in the portfolio. Key areas of focus for the fund include sustainability, the future of work, the future of retail, commercial real estate technologies, construction technology and smart cities.

How we are positioned

We have been a net seller for the past seven financial years, taking advantage of supportive investment markets to recycle out of mature assets where our business plans were complete. However, we are constantly reviewing acquisition opportunities, and we currently have £0.9 billion of potential acquisitions under review.

Value of deals under review by GPE £bn



● Percentage of reviewed stock trading near 'fair value'
— Value of deals under review £bn

Source: GPE

Whilst the number of assets under review remains high, opportunities providing attractive value continued to be scarce. Those with a near-term development opportunity, the sort of assets that we typically look to buy, saw strong demand and pricing was robust. None of the assets we reviewed traded within 10% of our view of fair value.

In the near term, we expect COVID-19 to greatly reduce the number of assets for sale. So far, levels of financial distress appear to be low and therefore vendors do not need to bring assets to an increasingly uncertain market. Looking further ahead, it is too early to ascertain what impact the pandemic and economic shutdown will have on the investment market. We will remain disciplined. Any potential purchase needs to outperform the assets we already own, and with our existing portfolio stacked with opportunity, the hurdle is high. However, we continue to closely monitor the market and we have both the financial firepower and the team to exploit any market weakness should it arise.

11.8%

Commercial sales above book value in the year

Good returns

Recycling out of mature assets

We comprehensively refurbished the office element of the building in 2011 and subsequently let the space to Kurt Geiger. Situated in the heart of Clerkenwell, in close proximity to the Farringdon Crossrail station, the refurbished building provided 49,900 sq ft of high quality accommodation arranged over two lower ground, ground and three upper floors as well as two retail units fronting Britton Street (1,500 sq ft).

Last year, we re-geared the lease with Kurt Geiger, extending their term to 2035 and increasing the overall rent to £55 per sq ft, an 80% increase post refurbishment. Securing this long-term income, combined with a minimum rental uplift on review, created a highly desirable investment opportunity.

With our business plan complete, we sold 24/25 Britton Street, EC1, in January 2020 to an overseas investor for a headline sale price of £64.50 million, equating to £64.06 million after deduction of vendor top ups. The headline price reflects a net initial yield of 4.07% and a capital value of £1,255 per sq ft. The premium to the March 2019 valuation was 11.8% and the sale crystallised an ungeared IRR of 15.7% p.a. since the office element was refurbished in 2011.

Our development activities

2019/20 Strategic Priority:
Progress the committed developments and prepare the pipeline

Operational measures

	2020	2019
Profit on cost[1]	**14.7%**	19.1%
Ungeared IRR[1]	**9.2%**	10.8%
Yield on cost[1]	**4.8%**	4.8%
Income already secured[1]	**23.4%**	21.3%
BREEAM Excellent (targeted)[1]	**100%**	100%
Committed capital expenditure to come	**£66.1m**	£139.5m

1. Committed developments at date of report.

Our approach

Upgrading our portfolio through development, using targeted capital expenditure, creates sustainable spaces with improved occupier appeal and longevity which enhances both rental values and capital returns. The cyclical nature of central London property markets means it is critical for us to match this development activity to the appropriate point in the cycle, delivering new buildings into a supportive market when quality space is scarce and demand is resilient. By combining our forensic analysis of market conditions with our active portfolio management, we aim to be opportunistic and flexible when planning the start and completion dates for our schemes.

We have a good track record of matching our activities to the ebb and flow of London's cyclical market and today we have three committed schemes and a substantial pipeline of opportunities. As a result, the successful delivery and preparation of the development programme are key near-term strategic priorities.

"We have made good progress on our six committed and near-term development schemes over the past 12 months. With two completions expected this year, our talented team are busy preparing the next wave of exciting schemes that will provide us with value-creating opportunities into the coming decade."

Andrew White
Development Director

We have made significant progress with our three committed schemes, which are now 48% pre-let or under offer. We continue to prepare our pipeline of future opportunities, with three schemes now in our near-term pipeline. Our total development programme represents 56% of the entire portfolio providing us with an extensive platform of future opportunities to add value.

We currently have three committed schemes on site, set to deliver 414,600 sq ft of high quality space, all near Crossrail stations and all targeting BREEAM 'Excellent', which are expected to generate a profit on cost of 14.7%. With two schemes due to finish this year, capital expenditure to come at these schemes totals £59.9 million and, at 31 March 2020, the committed development properties were valued at £590.3 million (our share).

Our ability to deliver sustainable development returns requires a deep pipeline of opportunities, which, when conditions allow, will become the development schemes of tomorrow. Today, our pipeline of future schemes is as rich as ever, with the team busy preparing a further ten schemes set to deliver more than 1.4 million sq ft across the coming decade.

› See our case study on page 38

Committed schemes 48% pre-let or under offer; two completions expected this year

Hanover Square, W1, our 221,100 sq ft mixed-use development in Mayfair, will deliver 167,100 sq ft of offices, 41,800 sq ft of retail and restaurant space and 12,200 sq ft of residential apartments. Construction has progressed well in the year although the recent lockdown associated with the COVID-19 pandemic has understandably required social distancing on site and will delay completion, marginally increasing costs to complete. Based on current working patterns, we expect the scheme to complete in sections over the coming months with full practical completion now expected in October 2020.

Following strong office pre-letting to KKR and Glencore, interest in the remaining 55,700 sq ft of office space continues to be strong, especially for the standalone office building on New Bond Street, W1 where we currently have 32,900 sq ft of office space under offer.

During the year, we pre-let a 5,000 sq ft retail unit on the corner of New Bond Street and Brook Street to Canali, 11.5% ahead of the March 2019 ERV and we handed the unit over to them in April 2020. We expect the letting prospects for the remaining five retail units to be more challenging given the current impact of COVID-19 on retail activity. However, we remain optimistic on their leasing prospects. The units are located on one of the world's premier retail streets, with attractive relative pricing and a unit sizing that is appropriate to their target market.

Hanover Square is now 52% pre-let with £7.2 million of rent secured and when completed it is expected to deliver a profit on cost of 20.9%. The development is owned in the GHS Partnership, our 50:50 joint venture with the Hong Kong Monetary Authority.

At Oxford House, now branded 1 Newman Street & 70/88 Oxford Street, W1, we have made good progress and the structure of the building is complete to level seven. 1 Newman Street & 70/88 Oxford Street will deliver 81,200 sq ft of new offices and 37,900 sq ft of retail space at the rapidly improving eastern end of Oxford Street, directly opposite the entrance to the Tottenham Court Road Crossrail station. We have commenced the marketing of the retail units although, again, we expect leasing progress to be slow given the impact of COVID-19 along with delays to the opening of Crossrail. Occupier interest for the office space however has been strong, given the quality of the building and the continued lack of new-build office supply in the core of the West End. As a result, we have pre-let the top three floors (39,970 sq ft) to Exane the European equities business and interest in the remainder is encouraging. Completion is now anticipated to be in Q3 2021 as a consequence of the lockdown, with an expected profit on cost (excluding the benefit of the pre-let) of 8.0%.

At The Hickman, E1, we are expecting to complete the development in August 2020. Our activities have transformed the existing building into 74,400 sq ft of Grade A office and retail space. The Hickman will be our most intelligent building to date. We are pioneering our integrated building app 'sesame', which will provide us and our occupiers with real-time data on occupancy, energy consumption, air quality, lighting and temperature, providing a better understanding of how the building is operating and being utilised.

Occupier interest in the seven storey building has been strong. To date, we have the top four floors (28,700 sq ft) under offer on a ten-year term at an average rent of £60.00 per sq ft, marginally ahead of the March 2020 ERV.

We expect to fit-out the second floor and lease the space on a Flex basis and provide co-working space on the lower ground, ground and first floors. By layering our flex space between the co-working and the core traditional spaces on the upper floors, we are creating a truly flexible building. We are aiming to provide the ability for occupiers of the co-working space, typically on the shortest commitments, to potentially graduate further up the building as their businesses mature. But equally, and of more immediate value, the core occupiers who take longer commitments can do so knowing that they can expand down into the co-working space as required. This, and the additional amenity, is designed to make the core space more attractive – proven by the fact that space we have under offer is at a premium to ERV. We are targeting a profit on cost of 16.8%.

Together, our three committed developments require £59.9 million of capital expenditure to complete, along with a further £6.2 million for our current refurbishments. Given the wider disruption as a result of COVID-19, we remain close to our contractors to ensure our sites are operating safely within current government guidelines. As these guidelines evolve, our forecast completion dates may change, however our earliest long-stop date under our existing pre-let agreements is not until June 2022. We also continue to closely monitor the financial position of our contractors whilst maintaining their cash flow through our usual bi-monthly payment terms.

Overall, our three schemes, which are all targeting a BREEAM 'Excellent' rating, are 48% pre-let or under offer and are expected to deliver a profit on cost of 14.7%, a yield on cost of 4.8% and an ungeared IRR of 9.2%.

Our committed schemes – 414,600 sq ft

1 Newman Street & 70/88 Oxford Street, W1

Size	**119,100 sq ft**
Construction cost	**£103.5m**
Expected completion date	**Q3 2021**
BREEAM target	**Excellent**
Crossrail station	**30 metres[1]**

Hanover Square, W1

Size	**221,100 sq ft**
Construction cost	**£121.3m[2]**
Expected completion date	**Q4 2020**
BREEAM target	**Excellent**
Crossrail station	**0 metres[1]**

The Hickman, E1

Size	**74,400 sq ft**
Construction cost	**£31.7m**
Expected completion date	**Q3 2020**
BREEAM target	**Excellent**
Crossrail station	**650 metres[1]**

1. Distance to nearest Crossrail station.
2. At GPE share through our GHS Partnership.

Sought after

The last piece of the puzzle

1 Newman Street & 70/88 Oxford Street, W1 is situated at the eastern end of Oxford Street opposite the Tottenham Court Road Crossrail station. Once completed in Q3 2021, the building will provide 119,100 sq ft of new Grade A space comprising 81,200 sq ft of offices and 37,900 sq ft of retail units.

We have had considerable success at this end of Oxford Street, with 1 Newman Street & 70/88 Oxford Street our third significant development and the final piece of the puzzle.

Our activities, along with the forthcoming opening of Crossrail in 2021, have helped revitalise a part of London that had previously suffered from significant underinvestment. This transformation has also encouraged a number of well established businesses to relocate to the area. We have completed significant office pre-lets to Facebook and Moneysupermarket (at Rathbone Square and 1 Dean Street respectively), along with retail pre-lettings to Benetton and New Look.

High quality buildings remain in short supply, and in May 2020 we were pleased to announce that Exane, the European equities business, had pre-let the top three office floors of the building (39,970 sq ft), taking a 15-year lease at an average rent of £100 per sq ft, 14 months before completion. The development is progressing well and we look forward to welcoming Exane to their new home later next year.

Rathbone Square, W1
Pre-let to Facebook
NIA: 242,800 sq ft
15-year lease (no breaks)

1 Dean Street, W1
Pre-let to Moneysupermarket, Benetton and New Look
NIA: 90,700 sq ft
15- and 10-year terms

1 Newman Street & 70/88 Oxford Street, W1
Pre-let to Exane
NIA: 39,970 sq ft
15-year lease
Completion: Q3 2022

Our near-term schemes – 821,600 sq ft

City Place House, EC2*

Proposed size	**320,000 sq ft**
Earliest start	**2022**
Opportunity area	**Crossrail**

50 Finsbury Square, EC2

Proposed size	**129,100 sq ft**
Earliest start	**2021**
Opportunity area	**Crossrail**

New City Court, SE1*

Proposed size	**372,500 sq ft**
Earliest start	**2022**
Opportunity area	**London Bridge**

* Computer Generated Image.

Three near-term schemes

Beyond our three committed schemes, we have a substantial and flexible pipeline of ten uncommitted schemes, including three schemes in our near-term pipeline.

At 50 Finsbury Square, EC2, we have submitted a planning application for a major refurbishment and have completed the surrender agreement with Bloomberg L.P. ahead of securing vacant possession. The 129,100 sq ft major refurbishment will see the office floor plates extended within the existing frame of the building, a large reception with a concierge as well as an improved amenity offer. We now expect to commence construction in early 2021.

Close by at City Place House, EC2, located 200m from the Moorgate Crossrail station, we are working on plans to maximise the potential of the site by significantly increasing the size of the building to 320,000 sq ft, up from 176,600 sq ft today. Initial discussions with the City of London have been encouraging and the project has a proposed start date in 2022. We expect to submit a planning application in Q3 2020.

At New City Court, SE1 in the London Bridge Quarter, we have submitted a planning application to materially increase the size of the existing 98,000 sq ft building to 372,500 sq ft and we expect a determination later this year.

Subject to planning, these three schemes could together deliver 821,600 sq ft of Grade A space, and have an expected capital expenditure of c.£600 million and an expected ERV of c.£55 million. Encouragingly, we have already had pre-let discussions for space across these three schemes with a number of potential occupiers, despite having yet to secure planning permission.

Designing climate change resilient and adaptable spaces

Our development activities form a significant part of our carbon footprint and it is clear that sustainability, wellbeing and community relationships continue to move up the agenda of our key stakeholders. Accordingly the climate change resilience of our developments forms a key part of our Sustainability Statement of Intent 'The Time is Now'. As part of this commitment we have also pledged to decarbonise our business by 2030 and committed to ensuring that all our new buildings are net zero carbon from 2030.

Our Sustainable Development Brief helps ensure that our schemes anticipate future sustainability requirements and are resilient to climate risk. Furthermore, our Design Review Panel, chaired by our Director of Workplace and Innovation, meets weekly and challenges our professional teams to ensure that we create space that fulfils our occupiers' needs. In particular, this means ensuring our developments meet the highest standards of sustainable design, embrace technology and provide a variety of adaptable and flexible working environments.

› **See more** on pages 72 to 77

56%

Of portfolio in development programme

Our development activities continued

Our pipeline of opportunity

How we are positioned

In addition to our six committed and near-term development schemes, our medium-term pipeline consists of a further seven schemes stacked full of opportunity. Providing us with a strong platform for organic growth and a wealth of value-creating opportunities, all of the schemes are currently income producing, are well located around major public transport interchanges in the heart of London and have flexible start dates.

Today, our total development programme is substantial, encompassing 56% of the portfolio which is set to provide in excess of 1.8 million sq ft of modern, high quality, sustainable space for London to thrive.

35 Portman Square, W1

Proposed size	72,800 sq ft[1]
Earliest start	2026
Opportunity area	Core West End

Jermyn Street Estate, SW1

Proposed size	133,200 sq ft[1]
Earliest start	2021/22
Opportunity area	Core West End

Kingsland/Carrington House, W1

Proposed size	53,500 sq ft
Earliest start	2022/23
Opportunity area	Prime retail

Mount Royal, W1

Proposed size	92,100 sq ft[1]
Earliest start	2022/23
Opportunity area	Core West End

French Railways House and 50 Jermyn Street, SW1

Proposed size	90,000 sq ft
Earliest start	2022
Opportunity area	Core West End

Minerva House, SE1

Proposed size	130,000 sq ft
Earliest start	2022
Opportunity area	London Bridge

95/96 New Bond Street, W1

Proposed size	9,600 sq ft[1]
Earliest start	2023/24
Opportunity area	Prime retail

1. Existing area.

Our leasing activities

2019/20 Strategic Priority:
Drive rent roll growth

Operational measures

	2020	2019
New lettings and renewals	**£14.4m**	£24.5m
Premium to ERV[1] (market lettings)	**8.8%**	6.9%
Vacancy rate	**2.0%**	4.8%
ERV growth	**1.4%**	1.2%
Reversionary potential	**11.7%**	8.3%
Rent collected within seven days[2]	**62.9%**	99.2%

1. ERV at beginning of financial year.
2. For March quarter.

Our approach

We consider that a close relationship with our occupiers is vital to our success. As a result, we manage all aspects of our property portfolio in-house, enabling us to continually refine our understanding of what occupiers want and how we can meet their needs. We aim to deliver a premium experience, through our high quality teams, the energised spaces we provide and high levels of customer service, all supported by technology. Our portfolio managers also work closely with our development team to ensure that vacant possession is achieved on a timely basis, ahead of key development starts, wherever possible relocating occupiers to other buildings within our portfolio.

Our portfolio managers, supported by our occupier services team, administer a portfolio of approximately 332 occupiers, from a diverse range of industries, in 44 buildings across 33 sites. This diversity limits our exposure to any one occupier or sector, with our 20 largest occupiers at 31 March 2020 accounting for 36.4% (2019: 39.8%) of our rent roll.

"We are continually refining our understanding of what our occupiers want and how we evolve to meet their needs. The expansion of both our flexible space offering and our new innovative app, 'sesame', enhance the level of service we are delivering to our occupiers."

Steven Mew
Portfolio Director

We have had another year of strong operational activity, reporting healthy leasing ahead of ERV and continuing the successful roll-out of our flexible space offering. We completed 46 new lettings, securing £14.4 million of rent, outperforming March 2019 ERVs by 8.8%. We also settled 29 rent reviews securing £13.2 million of rent.

Despite the economic and political turbulence our occupational markets continued to perform well. Demand for our brand of high quality, sustainable space remained robust, supporting our successful leasing activity. During the year, we delivered market lettings 8.8% ahead of ERV and overall rental value growth of 1.4%. We also continued to capture reversion across the portfolio, and coupled with the leasing activity, this helped drive like-for-like Group rent roll up by 3.0%.

The key highlights of another busy year included:

– 46 new leases and renewals completed during the year (2019: 78 leases) generating annual rent of £14.4 million (our share: £12.7 million; 2019: £19.3 million), with market lettings 8.8% ahead of ERV;

– ten Flex space and co-working lettings (97,800 sq ft), securing rent at a premium of 42% to net effective ERV, and currently appraising a further 152,200 sq ft;

– 29 rent reviews securing £13.2 million of rent (our share: £12.2 million; 2019: £10.5 million) were settled at an increase of 19.7% over the previous rent and capturing significant reversion;

– £3.9 million of reversion captured in the year to 31 March 2020 (2019: £2.7 million);

– total space covered by new lettings, reviews and renewals was 439,200 sq ft (2019: 600,400 sq ft);

– following the successful leasing period, the Group's vacancy rate has decreased to 2.0% (31 March 2019: 4.8%) and Group rent roll has increased by 3.0% to £100.8 million, on a like-for-like basis; and

– our average office rent remains low at £53.40 per sq ft.

8.8%

Premium to ERV on market lettings

Our leasing activities continued

A highly active year

Whilst we have been successful with further pre-lettings at our committed developments (see development activities section), we have been highly active across our investment portfolio including the expansion of our flexible spaces.

During the year, we significantly extended our commitment to our flexible offerings. After the success of our co-working arrangement with Runway East at New City Court, SE1, we expanded our co-working arrangement with a new flexible office partnership arrangement with Knotel for 82,300 sq ft at City Place House, EC2. Knotel is a flexible workspace provider and will operate the space until the building's redevelopment and together we will share the revenue generated from the businesses in occupation.

Our partnership arrangements to date have focused on income protection ahead of redevelopment. However, looking forward we are appraising longer-term arrangements, designed to enhance the income by utilising co-working partnerships to enliven the building arrival experience, provide expansion space for the other occupiers and act as a portfolio incubator for smaller businesses.

› See our development activities on pages 34 to 38

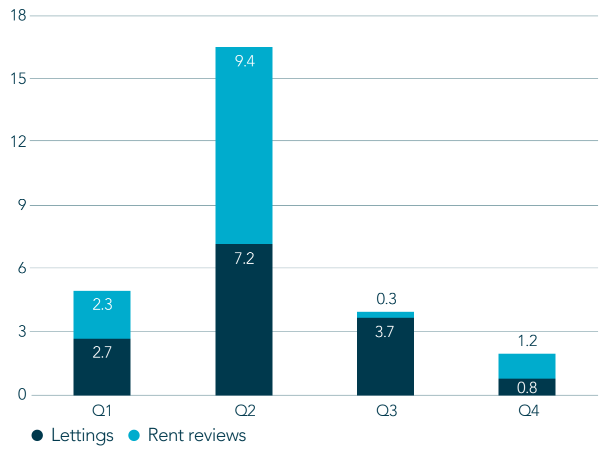
In addition, as our Flex product evolves, we have committed 16,300 sq ft to our new Flex+ space at Dufours Place, W1. This new Flex+ space further enhances our current Flex product and provides occupiers with added service provision as well as communal facilities such as a courtyard and ground floor café. Over the past twelve months, our flexible office space has increased from 87,600 sq ft to 219,600 sq ft, or 11% of our office portfolio, and we are also currently appraising a further 152,200 sq ft of flexible space across the portfolio.

In the investment portfolio, our completed development at 160 Old Street, EC1 is fully let following the letting of the two remaining office floors and the final two retail units. Together these totalled 15,200 sq ft of space for a combined rent of £1.1 million, 10.4% above March 2019 ERV.

At 50 Finsbury Square, EC2, we agreed a lease surrender with our largest occupier Bloomberg L.P. ahead of their forthcoming lease expiry in June 2020. Bloomberg L.P. paid £11.5 million, including dilapidations and a surrender premium. We will obtain full vacant possession in late 2020 to allow for a major refurbishment of the building.

› See our development activities on page 37

Lettings and rent reviews by quarter 2019/20 £m



During the year, we continued to see our office portfolio outperform our retail portfolio with our office property rental values increasing by 3.5% compared to a 4.3% fall in retail rental values, as weaker retailer sentiment continued.

We have 13 lettings under offer accounting for £12.3 million p.a. of rent (our share: £10.0 million), together 2.5% ahead of 31 March 2020 ERV.

Capturing reversion through rent reviews

Of the reversion that could be captured this financial year, a large proportion was available through rent review. As a result, it was essential that we successfully settled these reviews. We had another busy year, settling 29 rent reviews (159,300 sq ft), capturing £3.9 million of reversion, 19.7% ahead of the previous passing rent and at a 1.5% premium to ERV.

Significant rent review transactions included:

- at Carrington House, 126/130 Regent Street, W1, we settled a rent review with Russell & Bromley Limited, increasing the annual rent to £1.0 million, an increase of 103% on the previous passing rent and 30% above ERV at the review date;
- at 95/96 New Bond Street, W1, we settled a rent review with Victorinox Retail (UK) Limited (£550 psf Zone A), increasing the annual rent by £0.4 million to £1.25 million, an increase of 42% on the previous rent; and
- at Wells & More, 45 Mortimer Street, W1, we settled eight rent reviews with New Look, capturing reversion of £0.5 million, and increasing the combined annual rent to £4.3 million, an increase of 14% on the previous passing rent.

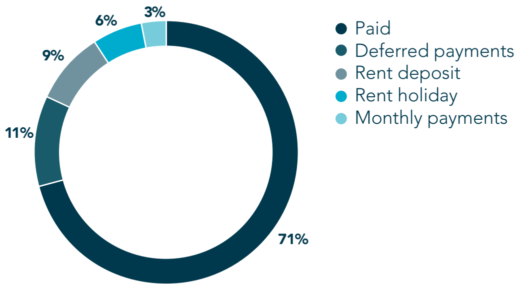
Our flexible offerings

Type of space	Completed (sq ft)	Committed (sq ft)	Appraising (sq ft)	Total (sq ft)
Flex	56,600	16,000	136,200	225,100
Flex+	–	16,300		
Partnerships	130,700	–	16,000	146,700
Total	**187,300**	**32,300**	**152,200**	**371,800**

Supporting our occupiers through COVID-19

Our occupiers are important stakeholders in our business and we have implemented measures to help support them through these unprecedented times. We recognise that the retail, leisure and hospitality sectors, 34% of our portfolio by rent roll (including office occupiers), have been hardest hit by the economic impact of restrictions on movement. This was reflected in the rent we collected within seven days falling to 62.9% for the March quarter (December: 99%). Accordingly, we have been in discussions with our occupiers who are facing cash flow difficulties to accommodate requests for rental concessions, including monthly payment terms, rent deferrals and in some cases rental holidays. Where possible, we have also drawn on existing occupier rental deposits.

Rent concessions agreed as a % of March quarter rent



We will be reviewing these concessions at regular intervals and welcome the significant support the Government has provided to assist businesses in these sectors during this extremely difficult period.

How we are positioned

Whilst the dynamics of the occupational office market prior to the pandemic were healthy, particularly for high quality space, the outlook is now more uncertain. Prospects for the forthcoming year are likely to be dominated by how long the current lockdown and associated disruption lasts and how quickly economic life can return to normal. We expect that well-financed, larger occupiers with lease expiries in their existing space will look through any near-term disruption to secure a long-term home for their business. However, more widely, we anticipate that financial disruption will reduce take-up levels, particularly for expansion space, and increase availability.

Notwithstanding the current crisis, we are well positioned: our leasing record remains strong, our committed development programme is focused on high quality, well located schemes that have enduring demand, our average rents remain low and 92% of our portfolio is within walking distance of a Crossrail station.

Flexi time

The right space at the right time

We know what occupiers want and we are evolving the way we provide space to meet that demand.

Occupational demand is continually evolving and we think that the requirements of our occupiers have structurally changed. One element of this is the popularity of serviced offices, which continues to grow.

However, as start-ups graduate into scale-ups, they are being hampered by the physical and cultural constraints of a typical serviced office. As they grow, many are looking for the characteristics of the serviced office in a space they can call their own. We believe that this demand will soon require most sub 10,000 sq ft space to be fitted out, providing a stepping-stone between serviced offices and traditional Cat A space.

Our portfolio is well suited to this product. With more than 75% of our floors sub 10,000 sq ft, we do not have to split floors and require customers to share facilities, and so our operational model does not need to drastically change. Crucially, the Flex product is accretive, creating attractive premia to traditional NPV, headline and net effective rents. The average length of lease for this space is around three years and, to date, it has typically taken less than a month to lease, which is quicker than traditional lettings, and therefore, less risky.

We think this new demand dynamic is here to stay. Greater expectations from occupiers has led, and will continue to require, more fitted and managed space. Accordingly, last year we launched our two flexible offerings, revenue share partnerships and Flex space. In the coming months we will extend our offering with our new Flex+ product which overlays service provision onto our already successful Flex offer. Flexible space currently accounts for 11% of our office portfolio and we are currently appraising a further 152,200 sq ft in the existing portfolio as well as actively targeting investment opportunities that lend themselves to our flexible space products.

Our financial results

"We have delivered EPRA NAV and earnings growth in the year with our recent activities placing us in an enviable position of financial strength with LTV of only 14.2%."

Nick Sanderson
Finance and Operations Director

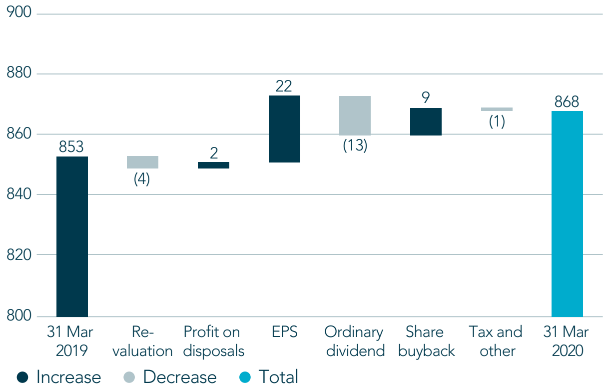
We calculate adjusted net assets and earnings per share in accordance with the Best Practice Recommendations issued by the European Public Real Estate Association (EPRA). The recommendations are designed to make the financial statements of public real estate companies clearer and more comparable across Europe, enhancing the transparency and coherence of the sector. We consider these standard metrics to be the most appropriate method of reporting the value and performance of the business and a reconciliation to the IFRS numbers is included in note 9 to the accounts. We note that EPRA has updated its definitions of EPRA NAV and, in accordance with their guidance, we will adopt them in the forthcoming financial year.

› **See more** about performance measures and EPRA metrics on pages 171 to 174

EPRA NAV growth driven by retained earnings and share buyback

At 31 March 2020, the Group's net assets were £2,203.1 million, down from £2,309.7 million at 31 March 2019 predominantly due to the £126.7 million returned to shareholders via a share buyback. EPRA net assets per share (NAV) at 31 March 2020 was 868 pence per share, an increase of 1.8% over the year, largely due to the marginal decline in value of the Group's properties being more than offset by the Group's earnings and the positive impact of the share buyback on a per share basis. When combined with ordinary dividends paid of 12.6 pence per share, this delivered a total accounting return of 3.2%.

EPRA NAV pence per share



The main drivers of the 15 pence per share increase in EPRA NAV from 31 March 2019 were:

- the decrease of 4 pence per share arising from the revaluation of the property portfolio, primarily driven by the reduced valuation of our investment properties more than outweighing development surpluses;
- profit on property disposals of 2 pence per share increased NAV;
- EPRA earnings for the year of 22 pence per share enhanced NAV;
- ordinary dividends paid of 13 pence per share reduced NAV;
- the completion of the share buyback programme enhanced NAV by 9 pence per share; and
- other items reduced NAV by 1 pence per share.

EPRA NNNAV was 871 pence at 31 March 2020 compared to 850 pence at 31 March 2019 (up 2.5%).

› **See more** about our capital strength on pages 78 and 79

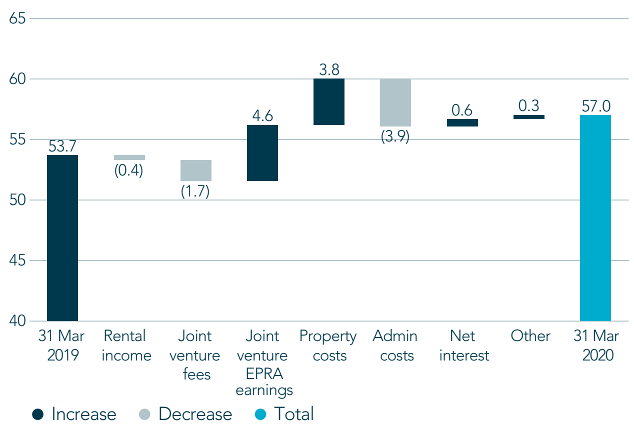
£2.2bn

Net assets

Higher EPRA earnings due to higher JV rents and lower property costs

The revaluation deficit of the Group's investment properties, along with a small accounting profit on disposals, led to the Group's reported IFRS profit after tax of £51.8 million (2019: £49.5 million). EPRA earnings were £57.0 million, 6.1% higher than last year predominantly due to higher rental income and lower finance costs in our joint ventures as a result of the full year impact of development completions and lower Group property costs due to reduced vacancy in the portfolio.

EPRA earnings £m



Rental income from wholly-owned properties and joint venture fees for the year were £79.9 million and £2.1 million respectively, generating a combined income of £82.0 million, down £2.1 million or 2.5% on last year. With rental income broadly stable, this reduced income was predominantly due to lower income from joint venture fees due to lower levels of transactional activity. Adjusting for acquisitions, disposals and transfers to and from the development programme, like-for-like rental income (including joint ventures) increased 7.4% on the prior year.

EPRA earnings from joint ventures was £11.3 million, up from £6.7 million last year, largely due to reduced finance costs as a result of the repayment of the £90.0 million (our share: £45.0 million) bank loan in the Great Ropemaker Partnership (GRP) and strong leasing activity including at our recently completed development at 160 Old Street, EC1.

Property expenses reduced by £3.8 million to £8.1 million, principally due to reduced costs associated with our leasing initiatives and lower portfolio vacancy. Administration costs were £29.0 million, an increase of £3.9 million on last year, primarily as a result of an increase in provisions for performance related pay given the Group's relative share price and property level performance.

Gross interest paid on our debt facilities was £10.3 million, £0.7 million lower than the prior year. The reduction in interest paid was predominantly due to reduced costs associated with our RCF and redemption of the Group's convertible bond in the prior year more than offsetting the full year impact of drawing on the Group's £100 million 2.8% private placement notes. Capitalised interest increased by £1.0 million to £5.8 million, as the cumulative cost of our committed developments increased as we neared completion.

As a result, the Group had an underlying net finance income (including interest receivable) of £0.8 million (2019: £0.2 million).

Basic IFRS EPS for the year was 20.0 pence, compared to 17.9 pence for 2019. Diluted IFRS EPS for the year was 20.0 pence compared to 17.1 pence for 2019. Diluted EPRA EPS was 22.0 pence (2019: 19.4 pence), an increase of 13.4% and cash EPS was 17.9 pence (2019: 17.1 pence).

Results of joint ventures

The Group's net investment in joint ventures increased to £647.0 million at 31 March 2020, up from £511.9 million in the previous year. The increase is largely due to an increase in partner loans to repay the bank loan in GRP and contributions to fund ongoing development expenditure, in particular for the development of Hanover Square, W1. Our share of joint venture net rental income was £17.9 million, up 14.0% from last year, as a result of increased rent from our letting activities and a reduction in interest payable. Our share of non-recourse net debt in the joint ventures was lower at £23.9 million at 31 March 2020 (2019: £67.4 million), predominantly due to the repayment of the GRP bank loan.

› **See more** about our joint ventures on page 64

Strong financial position; LTV low at 14.2%

The Group's consolidated net debt increased to £349.4 million at 31 March 2020, compared to £156.6 million at 31 March 2019. The increase was due to the completion of the Group's share buyback programme totalling £126.7 million in the year and development capital expenditure of £116.4 million more than offsetting receipts from the Group's property sales. As a result, the Group's gearing increased to 16.2% at 31 March 2020 from 6.8% at 31 March 2019.

Including non-recourse debt in joint ventures, total net debt was £373.3 million (2019: £224.0 million), equivalent to a low loan-to-property value of 14.2% (2019: 8.7%). At 31 March 2020, the proportion of the Group's total net debt represented by our share of joint venture debt was 6.4%, compared to 30.1% last year. At 31 March 2020, the Group, including its joint ventures, had cash (£111 million) and undrawn committed credit facilities (£300 million) totalling £411 million.

The Group's weighted average cost of debt for the year, including fees and joint venture debt, was 3.0%, marginally lower than the prior year. The weighted average interest rate (excluding fees) was 2.2% at the year end, down from 2.7% as a result of drawing on our low cost RCF and refinancing the GRP bank loan.

› **See more** about our capital strength on pages 78 and 79

£411m

Cash and undrawn facilities

Our financial results continued

Debt analysis

	March 2020	March 2019
Net debt excluding JVs (£m)	**349.4**	156.6
Net gearing	**16.2%**	6.8%
Total net debt including 50% JV non-recourse debt (£m)	**373.3**	224.0
Loan-to-property value	**14.2%**	8.7%
Total net gearing	**17.1%**	9.7%
Interest cover	**n/a**	n/a
Weighted average interest rate	**2.2%**	2.7%
Weighted average cost of debt	**3.0%**	3.2%
% of debt fixed/hedged	**69%**	100%
Cash and undrawn facilities (£m)	**411**	608

At 31 March 2020, 69% of the Group's total debt (including non-recourse joint venture debt) was at fixed or hedged rates (2019: 100%). The Group is operating with substantial headroom over its debt covenants. At 31 March 2020, given our low levels of leverage, property values would have to fall by around 70% before covenant breach.

Rent collection for the March quarter impacted by COVID-19

Whilst the financial year to 31 March 2020 has not been materially impacted by COVID-19, we saw significantly lower collection rates for the first quarterly rental charge of the year to 31 March 2021. 62.9% of quarterly rents (quarterly rents represent 91% our total rent roll) were secured within seven working days of the 25 March quarter day (Dec 2019: 99.3%, Mar 2019: 99.2%). This has now risen to 71.0% and of the balance outstanding, more than two-thirds is due from sectors hardest hit by the economic impact of restrictions on movement being retail, leisure and hospitality occupiers. Accordingly, we have been in discussions with our occupiers who are facing cash flow difficulties to accommodate requests for rental concessions, including monthly payment terms, rent deferrals and in some cases rental holidays.

Looking ahead, it is likely that the June quarter day collection rate will be lower than March, given the deteriorating economic backdrop combined with the current Government moratorium on lease forfeiture. The position could worsen further in the event that the Government unilaterally extends further new protections for occupiers beyond those already afforded to them under their negotiated lease contracts with their landlords.

› **See more** about our approach to rent concessions on page 41

At 25 March, we had 9% of our rent roll on monthly payment terms (Dec 2019: 8%, Mar 2019: 6%). Given the ongoing support that we are providing to some of our occupiers in managing their cash flow, we expect an increase in the proportion of occupiers moving to monthly payment terms in the near term.

Since 1 April 2019, seven of our occupiers went into administration, representing only 1.3% of our rent roll. At 31 March 2020, we held rent deposits and bank guarantees totalling £25.8 million, including £7.4 million for our retail, leisure and hospitality occupiers (of which £3.8 million, equivalent to 12 months rent, relates to New Look, our largest retail occupier).

Within our own business, none of our employees have been furloughed and the Group has no current plans to access any UK Government COVID-19 funding.

Taxation

The tax credit in the income statement for the year is £0.2 million (2019: £6.6 million tax charge). The effective tax rate on EPRA earnings is 0% (2019: 0%). The majority of the Group's income is tax free as a result of its REIT status, and other allowances were available to set against non-REIT profits. The Group complied with all relevant REIT tests for the year to 31 March 2020.

All entities within the Group are UK tax resident; as our business is located wholly in the UK, we consider this to be appropriate. The Group maintains an open working relationship with HMRC and seeks pre-clearance in respect of complex transactions. HMRC regards the Group as 'low risk' and maintaining this status is a key objective of the Group.

As a REIT, profits from our property rental business are exempt from UK corporation tax, provided we meet a number of conditions including distributing at least 90% of the rental income profits of this business (known as Property Income Distributions (PIDs)) on an annual basis. These PIDs are then typically treated as taxable income in the hands of shareholders.

The Group's REIT exemption does not extend to either profits arising from the sale of trading properties or profits arising from the sale of investment properties in respect of which a major redevelopment has completed within the preceding three years.

Additionally, during August 2019, HMRC published new guidance which states that it considers that the REIT exemption also does not extend to profits arising from the sale of investment properties which are undergoing a major redevelopment at the time of sale. The Group will continue to consider the potential effect of this guidance on any recent and future sales by the Group.

The Group is otherwise subject to corporation tax. Despite being a REIT, we are subject to a number of other taxes and certain sector specific charges in the same way as non-REIT companies. During the year, we incurred £5.0 million in respect of stamp taxes, section 106 contributions, community infrastructure levies, empty rates in respect of vacant space, head office rates, employer's national insurance and irrecoverable VAT.

› **See more** about our tax strategy at:
www.gpe.co.uk/about-us/governance

On-market share buyback programme

During the year, we completed our £200 million on-market share buyback programme. We repurchased and cancelled 17.5 million shares (£125.9 million) at an average price of £7.19 per share (or £7.24 per share, £126.7 million including costs).

› **See more** on page 79

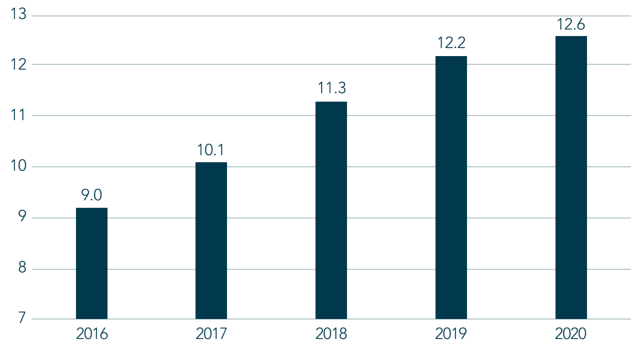
12.6p

Total ordinary dividends per share

Ordinary dividend growth

The Group operates a low and progressive ordinary dividend policy. The Board has declared a final dividend of 7.9 pence per share (2019: 7.9 pence) which will be paid, subject to shareholder approval, on 28 July 2020 to shareholders on the register on 29 May 2020. All of this final dividend will be a REIT PID in respect of the Group's tax exempt property rental business. Together with the interim dividend of 4.7 pence, the total dividend for the year is 12.6 pence per share, an increase of 3.3% on the prior twelve months.

Ordinary dividends per share pence



EPRA performance measures

Measure	Definition of Measure	**March 2020**	March 2019
EPRA earnings*	Recurring earnings from core operational activities	**£57.0m**	£53.7m
EPRA EPS*	EPRA earnings divided by the weighted average number of shares	**22.0p**	19.5p
Diluted EPRA EPS*	EPRA earnings divided by the diluted weighted average number of shares	**22.0p**	19.4p
EPRA costs (by portfolio value)*	EPRA costs (including direct vacancy costs) divided by market value of the portfolio	**1.4%**	1.4%
EPRA net assets*	Net assets adjusted to include the valuation surplus from trading properties and exclude the fair value of financial instruments and deferred tax	**£2,203.1m**	£2,310.1m
EPRA NAV*	EPRA net assets divided by the number of shares at the balance sheet date on a diluted basis	**868p**	853p
EPRA triple net assets*	EPRA net assets amended to include the fair value of financial instruments, debt, deferred tax and tax on sale of trading properties	**£2,211.5m**	£2,301.5m
EPRA NNNAV*	EPRA triple net assets divided by the number of shares at the balance sheet date on a diluted basis	**871p**	850p
EPRA NIY	Annualised rental income based on cash rents passing at the balance sheet date less non-recoverable property operating expenses, divided by the market value of the property increased by estimated purchasers' costs	**3.4%**	3.3%
EPRA 'topped up' NIY	EPRA NIY adjusted to include rental income in rent-free periods (or other unexpired lease incentives)	**3.6%**	3.6%
EPRA vacancy rate	ERV of non-development vacant space as a percentage of ERV of the whole portfolio	**5.1%**	8.6%

* Audited; reconciliation to IFRS numbers included in note 9 to the financial statements.

Our culture and people

Introduction

Our culture is fundamental to how we perform. Over the past twelve months we have further embedded our Company values and underlying behaviours by which we measure these. We launched our inaugural Inclusion and Diversity strategy to build on the inclusiveness and openness that weaves through our four values, engaged with and supported our people through our ongoing commitment to wellbeing and we have continued to promote talent from within.

Operational measures

	2020	2019
Employee retention[1]	**87%**	87%
Employees participating in the Share Incentive Plan	**72%**	72%
Lateral moves and promotions	**10**	9

1. Stability Index.

We achieve more together – our integrated team

Our values form the basis of our culture and how we thrive as a team:

- We achieve more together
- We are committed to excellence
- We are open and fair
- We embrace opportunity

As a small organisation in people terms – just over 110 employees – our people are fundamental to the success of our business and every single person's contribution counts. We are committed to supporting and developing our people to ensure that they can thrive at GPE and ensuring the appropriate structure and composition of our teams is an essential part of this. It ensures the success of individuals in their roles, as well as the teams' collective ability to meet their potential and deliver long-term value for GPE. As such, we have strengthened a number of our teams over the last year through individual promotions, internal progression and by introducing new roles to develop and deepen the skill offering in our structures to meet evolving business needs:

"It has been fantastic to recognise so many promotions over the last year and to see growth in a number of key and evolving areas of our business. The new role of Head of Health and Safety has been important to strengthen our strategic delivery in this area and has become all the more crucial in the current climate."

Toby Courtauld
Chief Executive

- **Sustainability and health and safety –** With sustainability now touching everything that we do, and to recognise the strategic contribution of our Head of Sustainability in this area, Janine Cole was promoted to Director of Sustainability and Community in November 2019. To meet the demands of the coming years and our ambitious strategic sustainability objectives, as set out in our Statement of Intent (The Time is Now), we have also sought to strengthen the team with the appointment of an additional Sustainability Manager and also a new Head of Health and Safety to continue to ensure we maintain the highest standards of health and safety.
- **Occupier Services –** Led by our Director of Occupier and Property Services, David O'Sullivan, who was also promoted in November having previously been Head of Occupier Services, we restructured what were the Building Management and Facilities Management teams into the Occupier Services and Property Services teams. The new structure has not only sought to reflect our focus on customer service delivery and the changing nature of the occupier environment, but also to ensure the structure meets the needs of our growing portfolio, in particular given the upcoming development completions at Hanover Square and The Hickman, along with our expanding flex space offer, whilst also providing more opportunities for role development and progression within the team. In the Occupier Services team, we were pleased to see two of our internal team move into Senior Occupier Services roles, and the promotion of our Regional Building Manager to Head of Occupier Services. Three new roles were also created in the new structure; two General Manager positions responsible for their flagship assets in the portfolio and one Estates Manager for Hanover Square, and we welcomed three new recruits into these positions late 2019. We have also recently welcomed the Head of Property Services, a newly created role in the Property Services team.

10

Lateral moves and internal promotions

- **Building Surveyor team –** Following a successful partnership with an external firm for the last two years, we have now built an internal Building Surveyor team, comprising one Senior Building Surveyor and two Building Surveyors, forming part of our Project Management team. We also promoted Helen Hare, our Head of Project Management, to Director of Project Management to reflect both the growth and breadth of her team, as well as Helen's wider contribution to the business.
- **Additional new roles –** In addition to the above, we have created a new role of Head of Planning Strategy and Senior Development Manager to take a more holistic approach to managing the increasingly complex planning process across the portfolio. We also recruited our first Head of Marketing to lead our corporate and commercial marketing activities, a new HR Manager to continue to enhance our people offering and activities, and three new analysts in our Financial Analysis and Management Information team who provide valuable insight and analysis across the business.

Our success is dependent on achieving more together, so when we recruit, we look for individuals who demonstrate that they are comfortable taking responsibility and working collaboratively and flexibly with colleagues and possess a willingness to contribute beyond their immediate roles. Our induction programme is comprehensive and ensures any new joiner can settle into their role quickly and, most importantly, understand our values and feel part of the GPE team.

With areas of our business continuing to evolve (including sustainability, community, technology and flex space), we encourage our people to embrace change and look for ways to be innovative. We find ourselves in an evolving market which continues to present new opportunities. Therefore, we encourage our people at all levels to identify areas of improvement, innovation and ideas for the future, no matter how big or small, and this is emphasised through our employee engagement activities as well through our business activities, such as the development of our market-leading app, sesame.

Our commitment to capital allocation discipline and active risk management remains the foundation of how we operate. We have a talented team who manage the portfolio, on an asset-by-asset basis, and our financial position to ensure the achievement of our strategic objectives. This often brings together individuals from different teams, making the most of the specialist skills across the business and enables knowledge sharing between colleagues.

14

New roles

Engagement is key

We believe that listening to and understanding our people and maintaining a high level of engagement across the business is key to motivation and productivity and ultimately the delivery of our business strategy. This year, we have focused on three keys areas to promote engagement: our Board Engagement Programme, our first Employee Pulse Survey and most recently, through GPE@Home, our response to the COVID-19 pandemic.

"Our culture is very open and we have lots of opportunity for two-way feedback, both formally and informally. What's more, we've seen that feedback is listened to and acted upon."

Rob Russell-Smith
Senior Portfolio Manager

Board engagement

This year, we have continued to build on our Board Engagement Programme to help the Board strengthen its understanding of employee views, to further its knowledge of the business and to maintain a collaborative and inclusive relationship with the Company in line with our culture and values. The Board has sought to do this over the years through a number of activities, including attending property tours with the relevant employees, holding informal breakfasts with the Executive Committee and Senior Management Team and ad hoc attendance at Team Away Days.

› **See more** on page 103

We have built on these activities in the Board Engagement Programme and to do so, we have launched two new initiatives:

- **'An audience with...' –** A twice yearly all-Company event hosted by a member of the GPE team with our Non-Executive Directors on a rotational basis. While allowing the Board to listen to and respond to employee feedback, these sessions also allow employees to get to know our Non-Executive Directors, their roles on the Board and their experience and interests. Our inaugural session with Alison Rose corresponded with the launch of our Inclusion and Diversity strategy in October 2019.

› **See more** about 'An audience with Alison Rose' on page 53

- **Online portal –** We have also set up an online portal for our people to submit questions to the Board. The portal is open at all times and we collate the questions to be answered at the next 'An audience with...' session.

Our culture and people continued

Pulse survey

We are always looking for opportunities to improve the people experience at GPE, and this year, we decided to move away from a formal engagement survey to more succinct pulse surveys as a means of seeking feedback more frequently from our employees, thereby allowing us to be more responsive.

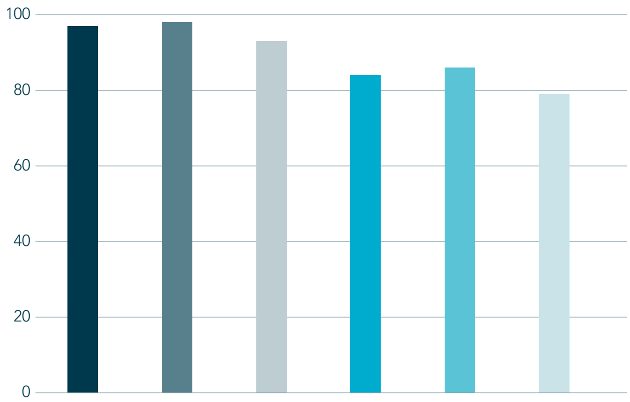
For consistency, and to measure overall engagement, we will continue to include in each pulse survey the same core Employee Engagement Index (EEI) questions that make up our overall engagement score. In addition, the pulse survey will look to measure the success and progress of specific initiatives, thereby offering a more flexible and agile approach to add value via the insights gathered and recommendations made. Our first pulse survey, in the autumn of 2019, focused on our values and behaviours, launched in February last year.

The participation rate was extremely encouraging at 96% of employees and the pulse survey results showed that overall engagement remains extremely high with our EEI score at 91%, up from 87% in 2017. 94% of our people would recommend GPE as a great place to work and 97% believe in what we are trying to achieve at GPE, compared to 89% in 2017.

We received overwhelmingly positive feedback that our values are right (91%) and employees felt able to explain our values to others. Highlights from across the four values include employees:

- feeling supported, with someone to go to if they need help;
- taking pride in their contribution towards the success of the business;
- knowing what is expected of them at work;
- being treated with respect and dignity; and
- feeling motivated to pursue opportunities for personal growth and development.

Pulse survey results %



- 97% believe in what we are trying to achieve at GPE
- 98% take pride in their contribution towards the success of GPE
- 93% know what is expected of them
- 84% have someone to go to when they need support
- 86% feel they are treated with respect and dignity
- 79% feel motivated to pursue opportunities for personal growth and development

Whilst engagement with the values is high, there is more to do to ensure our values drive the behaviours we expect to see, enabling an established best practice and 'the GPE way'. Our external partners, People Lab, who conducted the pulse survey, have run focus groups with a wide selection of employees across all teams and levels to gain further insight into the areas for improvement and to gather employee views on how they can be improved. We will use that insight over the course of the next year to inform our employee engagement activities and work on specific areas arising from the results.

"The commitment to making GPE a great place to work is clear. Following the pulse survey, I attended a focus group to explore the areas of improvements and I felt empowered to voice my opinions and contribute to making a difference."

Charlotte Ferguson
Leasing PA

94%

Would recommend GPE as a great place to work

97%

Believe in what we are trying to achieve at GPE

To ensure continual engagement with our employees in areas that we know are important to them, we have also continued a number of initiatives from previous years:

- our Bright Ideas Committee is in its second year, made up of 12 employees from across the business who come together on a monthly basis to discuss anonymous suggestions made by employees for improvement. The Committee either responds to each suggestion which is made publicly available on the intranet or takes specific proposals to the Executive Committee. Key highlights over the last year have been the introduction of a Staff Referral Scheme for introducing new candidates to GPE;
- small informal lunches hosted by Executive Committee members, which all employees are invited to attend throughout the year;
- lunchtime sessions run by internal and external presenters, including 'Everything you wanted to know about the Executive Committee', 'Privee app' and 'GPE's approach to the Flex Market';
- departmental lunches and Away Days – for example, our Portfolio Management Team ran an external Team Away Day, inviting the teams' families along to enjoy the day; and
- our second Community Day took place in September 2019. 76% of staff participated in activities supporting our two charity partners, Centrepoint and Groundwork London.

GPE@Home – responding to COVID-19 and prolonged working from home

The COVID-19 Committee's priority is our people's health and wellbeing. As such the group is made up of representatives from the teams responsible for responding to the COVID-19 pandemic and the operational, health and safety and people implications. Members of the Committee include the Finance and Operations Director, Director of Occupier and Property Services, Director of Sustainability and Community, Head of Health and Safety, Head of HR, Head of IT, Company Secretary and a Senior Project Manager.

The Committee provided regular and transparent communication when COVID-19 started to emerge and restrictions were first put in place, covering Government updates and advice, additional Group policies and guidance and information from our landlords on reported cases in the building. Our co-ordinated approach ensured that we were well prepared for the whole business to work from home and to support our employees in making that transition, demonstrating our one-team ethos working at its best.

The GPE@Home team consists of the HR team, Robin Matthews (Investment Director) and James Pellatt (Director of Workplace and Innovation). The team is focused on engaging with our people on four key areas: Working from home (protocols and policies), Wellbeing, Training and Social activities, and regularly communicates with the business on all topics. The objective of the group is to build on or adapt our activities in these areas to proactively support our people during the pandemic and prolonged working from home, with the aim to support all rather than taking a 'one size fits all' approach.

The initiatives have been received positively by employees, and we will continue to take feedback and suggestions from our people to ensure the programme responds to employee needs as they and the situation evolve. Some of the notable activities are included in the table below.

"It has been a very worrying and challenging time for everyone since the start of the COVID-19 pandemic. I feel very lucky to be part of a supportive and considerate company that really lives its values."

Aura Kolnik
Occupier Relationship Manager

GPE@Home initiatives

Wellbeing

- Increased flexibility for all to balance work and home responsibilities
- Paid time off work for working parents/carers
- One-to-one coaching for all (for personal or parental challenges)
- Weekly virtual yoga, COVID-19 related seminars

Working from home protocols

- Working from home manual including health and safety guidance, employee wellbeing and IT support
- Protocols including: regular breaks, one-hour meeting free a day, discouraging e-mails outside of working hours and on weekends, reducing meetings to 50 minutes

Training

- Training for staff which explored the challenges and opportunities of working virtually, how to avoid common pitfalls, how to communicate effectively and how to maintain presence. 90% of staff attended the session
- Training for managers on managing virtual teams

Social activities

- Buddy groups set up to increase and facilitate social interaction across the business
- 'Unlocking your inner creative potential' challenge launched
- All employee virtual social events
- Use of Yammer and other internal channels to share stories and articles

Our culture and people continued

Inclusion and diversity

Inclusion is at the heart of our culture, which is grounded in mutual respect and non-discrimination in respect of age, disability, gender, race, religion, sexual orientation or educational background. Respecting others and showing consideration for other opinions helps create an environment where people feel they belong. Through making the most of our differences and experiences, we believe that we can really achieve more together.

To help us promote and measure our inclusion and diversity activities to date, we undertook the externally moderated National Equality Standard assessment. Following the initial assessment in September 2018, we have been implementing a phased action plan which delivered the following:

September 2018

National Equality Standard assessment

Wellbeing
- Launched Wellbeing Programme

Pathways to property
- Three-year sponsorship

Mental health
- Mental health awareness training for all staff and managers
- New Wellbeing and Mental Health policy

Recruitment
- 30% female shortlist required

2019

Values and behaviours
- Incorporated into performance and remuneration processes

Maternity
- Significantly improved maternity pay to 26 weeks full pay
- Maternity coaching for expectant mothers

Launched Inclusion and Diversity strategy

Flexible working
- Increased flexible working for all

Joined Real Estate Balance Network

Launched Exec Com Rotating Seat Programme

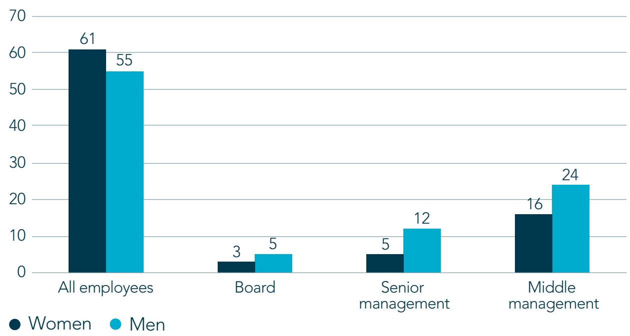
National Equality Standard achieved

April 2020

We were delighted we achieve the National Equality Standard accreditation in April 2020.

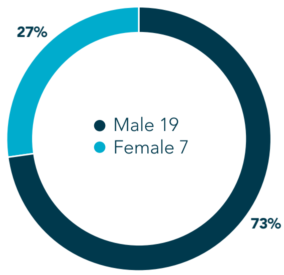
The accreditation represents a solid foundation in how we operate as a business and how inclusion and diversity is interwoven in our policies and working practices, governance structures and how we engage with and support our talent, all of which is supported by our senior management. It also recognises the importance of inclusion and diversity in our relationships with third parties and suppliers.

Gender diversity number of people as at 31 March 2020

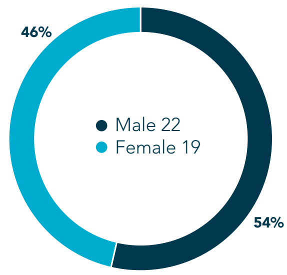


Executive Committee and Senior Management Team direct reports as at 31 March 2020

Executive Committee and their direct reports



Senior Management Team and their direct reports



The Executive Committee and their direct reports includes Executive Directors, other Executive Committee members, the Company Secretary and their direct reports comprising individuals whom they have direct line management responsibility for, excluding administrative or support roles (for example, personal assistants). A large proportion of the Executive Committee's direct reports are members of the Senior Management Team.

The Senior Management Team represents the level below the Executive Committee comprising Directors of and Heads of Department, who have direct line management responsibility for 35% of the business.

The data includes all permanent and fixed-term contract employees, and is calculated on an FTE (full-time equivalent) basis.

The business case for us to do more in respect of diversity is clear. Not only will it strengthen our culture further and enrich our talent pipeline by attracting candidates and supporting our people so that they can thrive through achieving their potential, it will also allow us to confidently meet the needs of our increasingly diverse occupier base. Inclusion and diversity also align closely with our Community strategy and the growing investor focus on all Environmental, Social and Governance activities. It is important to us that our activities have a clear sense of direction, and to this end we launched our first Inclusion and Diversity strategy in the autumn of 2019.

The strategy is built on the following five areas:

- **Culture –** further embedding our values and behaviours to strengthen our inclusive culture;
- **Engagement –** all employee engagement in our Inclusion and Diversity strategy, with senior management sponsorship of all activities;
- **Employment practices, policies and procedures –** continually reviewing working practices, policies and procedures to ensure they align with our approach;
- **Internal interventions –** specific initiatives relating to all aspects of diversity, such as recruitment and unconscious bias training; and
- **Our sector –** contributing more widely to sector challenges to ensure a diverse pipeline of talent for the future.

Our Chief Executive, Toby Courtauld, Chairman, Richard Mully, and Head of HR, Rachel Aylett launched the strategy at an all employee event alongside our inaugural 'An audience with...' session, where Nick Sanderson (Finance and Operations Director) hosted a Q&A session with Alison Rose (RBS CEO and Non-Executive Director) exploring Alison's role as a Non-Executive, her view on the economy and inclusion and diversity.

› **See more** about 'An audience with Alison Rose' on page 53

Recognising our efforts and achievements in respect of inclusion and diversity to date, we have more to do and are working closely with the Board on the next phase of the strategy. This is likely to include a focus on:

- increasing the diversity of the Board, Executive and Senior Management Team taking into consideration the recommendations of the Hampton-Alexander and Parker reviews;
- developing our talent pipeline at all levels, with support from our Board in developing our Senior Management Team;
- raising awareness across the spectrum of inclusion and diversity areas utilising national and international days and our internal communication channels;
- reflecting our activities externally through our website, with the aim of increasing candidate attraction;
- recruiting inclusion and diversity champions from within the business to champion and promote initiatives; and
- Mental Health, including Mental Health First Aider training for the Human Resources Team and members of the business (including two members of the Executive Committee).

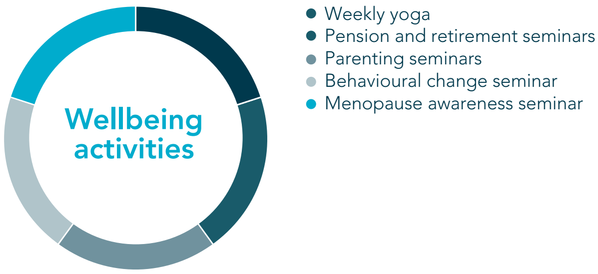
"We are pleased to have achieved the National Equality Standard and, working closely with the Board, we look forward to further progressing the next phase of our Inclusion and Diversity strategy."

Nick Sanderson
Finance and Operations Director

Supporting employee wellbeing

Our employees' wellbeing remains fundamental to supporting our high performing culture. In 2018, we launched our first Wellbeing Programme, which we continue to build on in six-monthly instalments. This allows us to take regular feedback from employees and design the programme to proactively meet the needs of our people and respond to their suggestions.

The Wellbeing Programme focuses on five key areas: physical health, mental health, work-life balance and supporting employees through their life cycles (including family and caring responsibilities) and financial health. We take a holistic approach to wellbeing so the programme has been designed to offer practical events, seminars and activities across the five areas. Some of the seminars and events will appeal to all, but we recognise the varying levels of support our people will need during their life and career and so we encourage people to focus on the parts of the programme most relevant to them.



To maximise engagement with the programme, we have run Wellbeing challenges such as the very successful Team Step Count Challenge and aligned where possible our wellbeing events and seminars to national and international days (e.g. World Health Day, Cycle to Work Day). Our Wellbeing Champions actively promote the Wellbeing Programme and events in their teams and across their peer group, taking feedback and proposing suggestions for areas to cover.

"In working with the Wellbeing Champions, we've had more insight into our people's needs and interests and have designed a varied programme that has something for everyone."

Katie Smith
Senior HR Advisor

Our culture and people continued

Unlocking our people's potential

Over the course of the year, we have invested £366,080 in employee and Non-Executive Director training.

We have a robust annual performance review process, which is focused on personal development with every member of the business having a Personal Development Plan (PDP) as well as assessing achievement of specific objectives relating to individuals' Roles and Responsibilities and GPE Values and Behaviours. We encourage everyone to pursue opportunities for personal growth and development. To support this, we design and deliver an annual Training Programme which responds to the specific training needs identified in PDPs as well as training courses to support the development of our values and behaviours. Individuals also have access to funding and support for external qualifications relevant to their role.

Every year, the Executive Committee undertakes a Group-wide Talent Development Review to ensure appropriate support and development opportunities are provided, looking for those opportunities across the Group as well as within teams to ensure we are maximising individuals' growth potential. To further support our talented team, our senior managers mentor selected individuals to provide insight into their area of the business and assist them with their professional development. In addition, two of our Executive Committee members are also undertaking training to achieve coaching qualifications.

For several years, the Executive Committee members have participated in the 360-degree Feedback programme, whereby members of the HR team speak to all the Executive Committee members' direct reports and peers. Feedback is sought for the two areas of the Performance Review process, Roles and Responsibilities and Values and Behaviours using the Stop, Start, Continue model for the second element. The feedback received is collated into themes, presented to the individual in a report and used as part of their annual performance review. This year, the Programme was extended to all Directors of and Heads of Department, totalling 17 people receiving in-depth qualitative feedback. Over the coming year, we will be working to expand this further and develop a stronger feedback culture across the whole business.

As mentioned above, this year we launched our 'Exec Comm Rotating Seat Programme' whereby two members of our Senior Management Team become Executive Committee members on a six-monthly rotation. The purpose of the programme is to provide development opportunities for our Senior Management Team by broadening their knowledge of the business and giving them an opportunity to contribute to business decisions outside of their area of direct responsibility, as well as improve the diversity of our Executive Committee by introducing new members and therefore new perspectives, whilst increasing representation from a wider range of teams. We are delighted with how successful the programme has been, with our inaugural participants of Martin Leighton (Director of Corporate Finance) and Helen Hare (Director of Project Management), due to be replaced shortly by two other members of the Senior Management Team.

To strengthen team performance and collaboration, a number of team development days were held focusing on defining the team's vision and goals for the future and how to work together to achieve those aims.

Rewarding performance

Reward and recognition are fundamental to our high performing culture and in living our values. All employees participate in the Company's annual bonus plan, with a proportion of their reward driven by performance against personal objectives and the balance awarded by corporate performance against GPE's financial targets. Personal objectives for every employee are split into two categories in the annual performance review, both of which have equal importance: your role and specific operational or project-based objectives and how you behave and collaborate, with each objective linked directly to a GPE Value. From next year, in order to fully integrate our values and behaviours into our reward structure and to proactively and positively drive the behaviours we wish to see, the personal bonus awards for every employee of GPE will be explicitly split into these two categories with a percentage awarded for each.

As part of our annual remuneration review process, as well as reviewing every individual's performance against their personal objectives and corresponding bonus awards, the Executive Committee and the Senior Management Team review salary benchmarking against market competitors, bonus eligibility levels, proposed promotions and Long-Term Incentive Plan awards. The outcome of this process is then presented to the Remuneration Committee. This robust approach ensures that every individual's full remuneration package is reviewed annually by the Executive Committee against internal criteria and external market conditions.

This year, the base salary increase for employees for the year commencing 1 April 2020 was 2%. Increases above 2% were awarded to recognise either promotions, an increase in responsibility, or due to a market realignment, such that the average increase in base salary for the year commencing 1 April 2020 was 4.7%.

"I was delighted to be given the opportunity to sit on the Exec Comm Rotating seat programme. At a time when the business continues to evolve in line with our ever changing world, the programme has provided me with a huge level of insight into and involvement in a range of decisions and increased my knowledge enormously. In turn I feel I have been able to provide the wider GPE team with feedback and improved guidance on how to present to the Executive Committee in the future."

Helen Hare
Director of Project Management

All employees have the opportunity to participate in the Company's two-for-one Share Incentive Plan (SIP) which encourages people to become investors in GPE and to share in the Company's financial success. Currently, 72% of employees participate in the scheme. Our 'Living our Values awards' recognises individual contributions more broadly; the scheme involves members of GPE nominating their colleagues to the Living our Values Committee for exceptionally demonstrating our values and behaviours. The successful awards are announced by our CEO at our all-staff Quarterly Review meetings and employees receive a retail voucher in recognition of their contributions.

An audience with Alison Rose

The Board Engagement Programme

I was delighted to be part of our inaugural 'An audience with…' series in October last year and thoroughly enjoyed the opportunity to engage with the wider GPE team.

We believe it is important for the Board to interact with all employees and have sought to do more of this in recent years, to ensure we are operating effectively and that we have the appropriate knowledge to make the right decisions for the Company. It is also illustrative of our inclusive culture and our values, the development of which the Board sponsored last year.

Last year, the UK Corporate Governance Code outlined increased requirements for Boards to engage with employees. The GPE Board were wholly supportive of this and were unanimous in our view that we would all like the opportunity to be responsible for this, rather than nominating one Non-Executive Director. We therefore agreed that on a rotational basis, all the Non-Executive Directors would present to all employees in a discursive, themed format bi-annually, followed by a Q&A session which became the 'An audience with…' series. To facilitate these Q&A sessions we set up an online portal where questions could be raised anonymously in advance of the event.

Nick Sanderson hosted the event which coincided with the launch of our inaugural Inclusion and Diversity strategy presented by the Chairman, Toby Courtauld, and Rachel Aylett, our Head of HR.

Nick opened the session by exploring my Non-Executive position; specifically why I had chosen GPE and what I had found most surprising since joining the team, before asking some quickfire questions about my view on the economy, global risk, London's infrastructure priorities and what the Government should be providing more of. We concluded with a fantastic discussion on inclusion and diversity where I was able to share my experience of our activities at RBS, as well as personal stories from my career including the importance of being authentic, learning from mistakes, and seeking support where needed (for example, through a mentor).

Richard Mully joined me for the Q&A. As well as the pre-submitted questions, we had many questions from the floor which facilitated a two-way discussion and enabled us to hear employee views across a range of matters.

We finished the event informally, with drinks and canapés and a chance to speak with members of the team.

The event was attended by approximately 80% of the Company, which was a great turnout and employee feedback on the programme was positive. We look forward to continuing the series with Charles Philipps later this year.

In addition to the 'An audience with…' series, we regularly attend property tours with members of the relevant teams and have informal breakfasts with the Executive Committee and Senior Management Team. More recently, in response to COVID-19, we have been holding regular calls with the Executive Directors and the rest of Executive Committee to share our broader experiences in responding to the crisis and to offer support where required.

> **"The event was not only a fantastic opportunity to hear about our Inclusion and Diversity strategy and to share our own views on the matter, it was great to get to know members of the Board. Alison's candid insight into her own experience in a male-dominated industry was inspiring and relatable, and very much appreciated by everyone who attended."**
>
> **Alexa Baden-Powell**
> Investment Manager

The Board

Chairman

Richard Mully
BSc (Hons), MBA
Chairman

Committee memberships:
Chairman of the Nomination Committee

Date appointed to the Board:
December 2016

Date appointed as Chairman:
February 2019

Independent: Yes, on appointment as Chairman

Relevant skills and experience:
Richard has extensive property, banking and private equity experience. This, combined with his Senior Independent and Non-Executive Director experience, enables him to provide constructive leadership, challenge and support to the Board and wider business for the benefit of all stakeholders. Richard is currently Vice Chairman and member of the Supervisory Board of Alstria Office REIT-AG and was formerly founder and Managing Partner of Soros Real Estate Partners LLC, a Non-Executive Director and Chairman of the Remuneration Committee of Standard Life Aberdeen plc and Senior Independent Director at ISG, Hansteen Holdings and St Modwen Properties.

Current external commitments:
Chairman of Arlington Business Parks Partnership Ltd, Vice Chairman of the Supervisory Board of Alstria Office REIT-AG and Senior Advisor to TPG Real Estate.

Executive Directors

Toby Courtauld
MA, MRICS
Chief Executive

Committee memberships:
Chairman of the Executive Committee and Sustainability Committee

Joint Venture directorships:
Director of the GHS Limited Partnership

Date appointed to the Board:
April 2002

Independent: No

Relevant skills and experience:
Toby has nearly three decades of extensive experience in real estate. He joined the Group in April 2002 as Chief Executive and was previously with the property company MEPC for 11 years where he gained broad experience ranging from portfolio management through to corporate transactions and general management as a member of the Group Executive Committee. He is past President of The British Property Federation. Toby's significant knowledge of the Company and the sector enables him to provide broad leadership of the business internally and externally, through the successful design and implementation of the Company's strategy, values and business plans and their exemplary communication to a wide range of stakeholders.

Current external commitments:
Member of the British Property Federation Board and Policy Committee, Director of The New West End Company, Non-Executive Director of Liv-Ex Limited, Member of the Council of Imperial College and Chairman of the White City Syndicate, an advisory group which is part of Imperial College.

Nick Sanderson
BA (Hons), ACA
Finance and Operations Director

Committee memberships:
Member of the Executive Committee and Sustainability Committee; Chairman of the Health and Safety Committee

Joint Venture directorships:
Director of the GHS Limited Partnership, the Great Ropemaker Partnership and the Great Victoria Partnership

Appointed to the Board: July 2011

Independent: No

Relevant skills and experience:
Nick joined the Group in July 2011 as Finance Director and became Finance and Operations Director in May 2019. He was formerly Partner, Head of Real Estate Corporate Finance Advisory at Deloitte, following ten years of real estate investment banking experience in Europe and Asia with Nomura, Lehman Brothers and UBS Investment Bank. Nick's wide range of property related financial experience combined with strategic and corporate finance skills enables him to provide valuable support in developing, implementing and articulating the Company's strategy, and taking leadership over the delivery of a wide range of financial and operational matters.

Current external commitments:
Member of the Reporting and Accounting Committee of EPRA.

Non-Executive Directors

Charles Philipps
Senior Independent Director

Committee memberships:
Member of the Audit, Remuneration and Nomination Committees

Date appointed to the Board:
April 2014

Independent: Yes

Relevant skills and experience:
Charles was formerly Chief Executive Officer of MS Amlin plc and a director of NatWest Markets. Charles' financial qualifications and significant commercial and general management experience gained within the banking and insurance industries provide him with a good understanding of different points of view, significantly contributing to his ability to offer wise counsel in his role of Senior Independent Director.

Current external commitments:
Chairman of the Outward Bound Trust.

Alison Rose
BA (Hons)
Non-Executive Director

Committee memberships:
Member of the Audit, Remuneration and Nomination Committees

Date appointed to the Board:
April 2018

Independent: Yes

Relevant skills and experience:
Alison is currently Chief Executive Officer of The Royal Bank of Scotland Group plc and was previously Deputy Chief Executive Officer of NatWest Holdings and Chief Executive Officer of Royal Bank of Scotland Commercial and Private Banking. She has also held a number of other banking and finance roles within Royal Bank of Scotland and NatWest Markets. Alison's significant experience of real estate financing, capital markets and customer relations through her different roles at Royal Bank of Scotland enables her to provide an informed view and helpful challenge to Board and Committee discussions.

Current external commitments:
Chief Executive Officer of The Royal Bank of Scotland Group plc, Trustee of BITC and Chair of the Scottish BITC Advisory Board.

Nick Hampton
MA (Hons)
Non-Executive Director

Committee memberships:
Chairman of the Audit Committee; Member of the Nomination Committee

Date appointed to the Board:
October 2016

Independent: Yes

Relevant skills and experience:
Nick is currently Chief Executive Officer (previously Chief Financial Officer) of Tate & Lyle, and prior to this spent 20 years with PepsiCo in a number of financial, commercial and operational roles. Nick's strong financial background and previous various operational and commercial roles, including formerly as Chief Financial Officer and currently as CEO of Tate & Lyle, involving knowledge of risk assessment and management systems, provides a strong basis for his effective performance as the Audit Committee Chair.

Current external commitments:
Chief Executive Officer of Tate & Lyle.

Vicky Jarman
BEng, ACA
Non-Executive Director

Committee memberships:
Member of the Audit, Remuneration and Nomination Committees

Date appointed to the Board:
February 2020

Independent: Yes

Relevant skills and experience:
Vicky is a chartered accountant who qualified at KPMG before spending over ten years with Lazard and Co Ltd working in the Investment Banking team and then as Chief Operating Officer for the London and Middle East operations until 2009. Vicky is currently a Non-Executive Director of Signature Aviation plc and Knight Frank LLP. She has previously been a Non-Executive Director and Chairman of the Audit Committees of each of Equiniti Group plc, Hays plc and De La Rue plc and Senior Independent Director at Equiniti Group plc. Vicky's significant financial, commercial and non-executive experience enable her to contribute to the strategy of the business and its long-term sustainable success.

Current external commitments:
Non-Executive Director of Signature Aviation plc and Knight Frank LLP.

Wendy Becker
BASc, MBA
Non-Executive Director

Committee memberships:
Chairman of the Remuneration Committee; Member of the Audit[1] and Nomination Committees

Date appointed to the Board:
February 2017

Independent: Yes

Relevant skills and experience:
Wendy is Chairman of Logitech International S.A. and a Non-Executive Director of Sony Corporation and Oxford University Press. She was formerly a Non-Executive Director of Whitbread PLC and NHS England, Chief Executive of Jack Wills Ltd and a partner of McKinsey & Company Inc. Wendy's management consultancy skills, retail CEO experience and current technology and previous remuneration non-executive roles provide her with a wealth of employee and business understanding and serve as a strong foundation for her effective performance as Remuneration Committee Chairman.

Current external commitments:
Chairman, Logitech International S.A., Non-Executive Director of Sony Corporation and Non-Executive Director of Oxford University Press.

1. Wendy will be stepping down from the Audit Committee from 9 June 2020, following the signing of the Annual Report.

Senior Management Team

Andrew White
BSc (Hons), Dip IPF, MRICS
Development Director

Date joined the Group: Joined the Group in March 2013 as Head of Development. Appointed to the Executive Committee in 2015 as Development Director.

Experience and responsibilities: Formerly a Divisional Director at Kier Property and previously with BAA Lynton and Development Securities. Responsible for the total return of the development portfolio including the successful delivery of all development projects across the Group.

A member of the Group's Executive Committee, the GHS Limited Partnership Operational Committee and a Director of the Great Victoria Partnership.

Marc Wilder
BSc (Hons), MRICS
Leasing Director

Date joined the Group: Joined the Group in June 2005 as Leasing Manager and appointed Head of Leasing in 2009. Appointed to the Executive Committee in 2015 as Leasing Director.

Experience and responsibilities: Formerly Head of Leasing at Benchmark plc, and previously with Threadneedle Asset Management and Hemingway Properties Limited. Responsible for leasing across the Group's investment portfolio and development programme.

A member of the Group's Executive Committee.

Janine Cole
CMIOSH, PIEMA
Director of Sustainability and Community

Date joined the Group: Joined the Group in November 1998 as Health and Safety Administrator. Promoted to Safety, Health and Environmental Manager in 2002 and appointed Head of Sustainability in 2011. Promoted to Director in 2019.

Experience and responsibilities: Formerly a Professional Services Administrator with National Britannia. Responsible for sustainability and health and safety across the Group.

A Board Director for the Better Buildings Partnership and a member of the British Property Federation, EPRA Sustainability Committee and the Design for Performance Advisory Board.

Robin Matthews
MA (Hons), MSc, MRICS
Investment Director

Date joined the Group: Joined the Group in September 2016 as Investment Director and a member of the Executive Committee.

Experience and responsibilities: Formerly Property Director at Moorfield Group and previously with London & Capital Group and Colliers International. Responsible for overseeing the Group's new investment activities.

A member of the Group's Executive Committee.

David O'Sullivan
BSc, CIBSE
Director of Occupier and Property Services

Date joined the Group: Joined the Group in May 2018 as Head of Occupier Services. Promoted to Director in 2019.

Experience and responsibilities: Formerly Managing Director of Property Management EMEA at Tishman Speyer and previously Vice President of Corporate Services at Credit Suisse. Responsible for the delivery of Occupier and Property Services across the portfolio.

Helen Hare
BSc (Hons), MRICS
Director of Project Management

Date joined the Group: Joined the Group in August 2007 as Project Manager. Promoted to Head of Project Management in 2017. Promoted to Director in 2019.

Experience and responsibilities: Formerly a Director of Brixton Estates and Commercial Manager at Bucknall Austin. Responsible for setting procurement strategy and ensuring capital expenditure on all projects is completed in accordance with individual asset business plans across the Group.

Simon Rowley
BA (Hons), MSc, MRICS
Head of Office Leasing

Date joined the Group: Joined the Group in January 2011 as Leasing Manager and appointed Senior Leasing Manager in April 2017. Promoted to Head of Office Leasing in September 2018.

Experience and responsibilities: Formerly Associate Director at GVA Grimley. Responsible for implementing and executing leasing strategies and campaigns across the Group's developments and large-scale refurbishments, including managing the Group's approach to flex space offerings.

Hugh Morgan
BSc (Hons), MRICS
Director of Investment Management

Date joined the Group: Joined the Group in September 2007 as Investment Manager and appointed Head of Investment Management in 2010. Promoted to Director in 2017.

Experience and responsibilities: Formerly a Director with Savills and previously with Nelson Bakewell. Responsible for generating and executing asset strategies for existing assets within the Group's portfolio including hold/sell decisions.

A member of the GHS Limited Partnership Operational Committee and a Director of the Great Wigmore Partnership.

Lisa Day
Head of Occupier Services

Date joined the Group: Joined the Group in 2005 as a Premises Manager. Promoted to Regional Building Manager in December 2013 and then to Head of Occupier Services in November 2019.

Experience and responsibilities: Assistant Accommodation Manager at the Food Standards Agency.

Responsible for the delivery of Occupier Services across the portfolio.

James Pellatt
BSc (Hons), MRICS
Director of Workplace and Innovation

Date joined the Group: Joined the Group in March 2011 as Head of Projects. Promoted to Director of Workplace and Innovation in 2017.

Experience and responsibilities: Formerly a Senior Director with Tishman Speyer and previously with More London Development and EC Harris. Responsible for overseeing the Group's design forums and workplace innovation.

Rachel Aylett
BA (Hons), MA, Assoc CIPD
Head of Human Resources

Date joined the Group: Joined the Group in October 2017 as Human Resources Manager. Promoted to Head of Human Resources in September 2018.

Experience and responsibilities: Formerly acting Head of HR and HR Manager at Kingley Napley LLP. Responsible for human resource management and development across the Group.

Stephen Burrows
BA (Hons), MA, ACA
Director of Financial Reporting and IR

Date joined the Group: Joined the Group in September 2003 as Financial Accountant and appointed Head of Financial Reporting and Investor Relations in 2011. Promoted to Director in 2017.

Experience and responsibilities: Formerly an Audit Manager in Ernst & Young's Real Estate Group and previously with the National Audit Office. Responsible for financial reporting, forecasting and investor relations across the Group.

A member of the British Property Federation Technical Accounting Group.

Steven Mew
BSc (Hons), Dip PropInv, MRICS
Portfolio Director

Date joined the Group: Joined the Group in October 2016 as Portfolio Director and a member of the Executive Committee.

Experience and responsibilities: Formerly Director at McKay Securities. Previously with Gooch Webster. Responsible for driving the performance of the Group's investment portfolio.

A member of the Group's Executive Committee and a Director of the Great Ropemaker Partnership.

Martin Leighton
LLB, ACA, CTA
Director of Corporate Finance

Date joined the Group: Joined the Group in January 2003 as Corporate Finance Manager and appointed Head of Corporate Finance in 2011. Promoted to Director in 2017.

Experience and responsibilities: Formerly a Corporate Finance Assistant Director with Ernst & Young. Responsible for the day-to-day management of all tax affairs, transaction structuring, raising debt finance and interest rate risk management across the Group.

A member of the British Property Federation Finance Committee.

Rebecca Bradley
BSc (Hons), NEBOSH, IWFM
Head of Property Services

Date joined the Group: Joined the Group in May 2020 as Head of Property Services.

Experience and responsibilities: 20 plus years of experience in the world of Property and FM. Most recently worked as a self-employed consultant advising various clients on FM management and strategy in the flexible workspace, contact centre, media/marketing, social media and consumer goods industries. Previously employed in various FM/Property roles at British Airways, Microsoft, London Stock Exchange, Bank of America Merrill Lynch and Tishman Speyer.

Responsible for the delivery of property services across the portfolio.

Darren Lennark
LLB
Company Secretary (Interim)

Date joined the Group: Joined the Group in September 2019 as Interim Company Secretary.

Experience and responsibilities: Formerly a senior corporate lawyer at CMS for over ten years. Previously Deputy and Interim Group Company Secretary at Tesco plc and Group Company Secretary at Jardine Lloyd Thompson Group plc.

Responsible for driving the corporate governance agenda across the Group. Company Secretary for all joint venture companies.

Alexis George
BSc (Hons)
Head of Health and Safety

Date joined the Group: Joined in March 2020 as Head of Health and Safety.

Experience and responsibilities: Former Team Principal with Quantum Compliance and previously Health and Safety Lead at Windsor Great Park for the Crown Estate. Responsible for the strategic and operational delivery of health and safety management across the Group. A member of the Institute of Occupational Safety and Health.

Piers Blewitt
BSc, MRICS
Head of Planning Strategy and Senior Development Manager

Date joined the Group: Joined in July 2003 as Development Manager. Promoted to Senior Development Manager in January 2016 and then to Head of Planning Strategy and Senior Development Manager in April 2020.

Experience and responsibilities: Formerly Development Manager at City & West End Developments and Development Securities.

Responsible for the creation of development business plans and their successful delivery.

Steven Rollingson
Head of IT

Date joined the Group: Joined the Group in February 2016 as IT Manager. Promoted to Head of IT in April 2019.

Experience and responsibilities: Formerly IT Manager at Skidmore, Owings and Merrill. Responsible for strategic and operational aspects of technology across the Group.

Anisha Patel
BA (Hons)
Head of Marketing

Date joined the Group: Joined the Group in June 2020 as Head of Marketing.

Experience and responsibilities: Formerly Head of Marketing and Enquiries at Workspace and previously Head of Customer Marketing UK and Ireland at HTC Europe. Responsible for the delivery of the Group's marketing strategy and activities.

Our stakeholder relationships

Introduction

Building and nurturing the relationships we have with our stakeholders is critical to our success and too valuable to outsource. As a result, we manage all aspects of our property portfolio in-house. We aim to build lasting relationships based on professionalism, fair-dealing and integrity.

› **See more** on our culture and people on pages 46 to 53 and engaging with our employees on page 103

› **See more** on engaging with our shareholders on pages 103 to 105

Operational measures

>£280k
Raised for COVID-19 Community Fund

30 days
Average supplier payment period

76%
Staff participation in Community Day

29%
Of net assets in joint venture

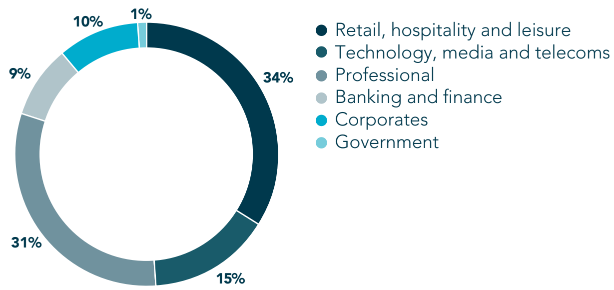
+25.3
Net promoter score

Occupiers

Understanding our customers' businesses and having a deep appreciation of what they require enables us to deliver a workplace environment in which they can focus exclusively on their core business needs. Having a strong, enduring relationship with them ensures that they remain satisfied within their existing space, and allows us to retain or relocate them when their occupational requirements change or their leases expire. The knowledge we gain by having a close working relationship with them is vital to help us design and deliver space in which their business can thrive.

Today, we are navigating the commercial and societal impact of COVID-19 and the measures currently employed by the Government requiring the majority of businesses to adopt working from home as standard, alongside the application of social distancing protocols.

GPE occupier mix %



As several of our occupiers fall within sectors deemed critical to the COVID-19 response, we have endeavoured to keep all of our managed portfolio buildings open and operating. We have implemented a range of measures to ensure the wellbeing of our occupiers, staff and service partners as we seek to maintain business as usual. We have been fully supported in this through the commitment and efforts of our key suppliers, our colleagues and staff. As a result, our relationships with our occupiers have grown stronger and mutually appreciative as we face these unprecedented challenges together.

Approach and objectives

The role of the property owner is rapidly evolving, as the needs of office occupiers change. Exemplary customer service and the provision of high quality amenity space is now key to the recruitment and retention of talent in a competitive marketplace. To ensure we can deliver and maintain the highest standards, we have a dedicated in-house Occupier Services Team whose role is to manage the day-to-day operation of our buildings and deliver enhanced service provision for all of our customers. Delivering the right space and an extensive service offer gives businesses the opportunity to attract the best people and increases staff wellbeing and productivity.

Knowledge of the changing needs of our occupiers requires a close relationship and frequent engagement. A key element of our approach is to require our portfolio managers to formally meet with every occupier twice a year and at least one Executive Committee member will meet with our top 30 occupiers annually. These meetings, combined with the independent customer-service surveys we undertake, provide an understanding of how our occupiers' real estate needs are developing and provide valuable insight into the health of the industries in which they operate.

Progress during the year

A number of key themes arose from our engagement with our occupiers this year, including:

- the increased requirement for additional service provision;
- the importance of communication between occupier and owner;
- a heightened focus on staff wellbeing and the broadening of amenities within buildings;
- greater promotion of sustainability initiatives; and
- improving awareness of GPE's brand and values.

In response, we have implemented a number of initiatives. To aid the delivery of our high quality service offer, we rolled out 'sesame', our exclusive building app, to the entirety of our portfolio. The app provides a community platform within the building, allowing B2B and B2C opportunities, a dedicated lifestyle and concierge manager, a suite of offers and discounts from local businesses supporting the local economy, over 150 e-magazines and newspapers, automated smartphone access (dependent on building infrastructure) and environmental control of air conditioning systems. The app will also provide detailed analytics to further enhance and bespoke the services we provide.

These themes have also informed how we deliver our services. As a result, we have restructured our Occupier Services Team to:

– reflect the changing occupier requirements by recruiting directly from the hotel and hospitality industries;
– use technology to better connect with our entire building population, irrespective of size or location;
– expand the range of spaces where occupiers can congregate and collaborate, with services that support and complement their lifestyles;
– engage people with new skills and a new mindset;
– have customer service at its heart; and
– deliver enhancement of usable outdoor spaces.

Next steps

We expect that the demands of occupiers will continue to develop and, as a result, creating new innovative spaces for London will become increasingly complex. As our occupiers' needs develop, so our products will continue to evolve. The role of our Director of Workplace and Innovation is to ensure that we remain innovative in the design of our workplaces, integrating sustainability and making the most of appropriate technology. This will require working closely with occupiers as many of our goals will require us working together. Energy consumption of our occupiers accounts for a third of our carbon footprint and therefore we are seeking to partner with our occupiers on a number of energy efficiency case studies. The studies will identify opportunities to reduce energy consumption either through improvements to building performance or by encouraging behavioural change.

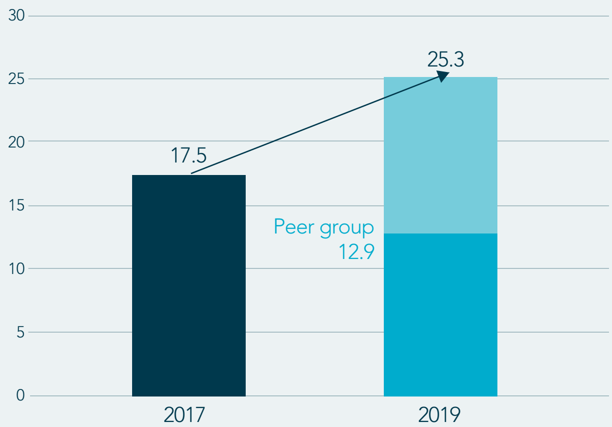
We will also need to collaborate across the property industry. As part of our ongoing research into how offices spaces may evolve, we also partner with six continental European office REITS to carry out research to understand what end users want. This research helped us to formulate 'Our Guiding Principles for Design', which define what will make each and every GPE development unique. Based on our consultation, experience and research, they allow us to respond to create the workplace of tomorrow.

High levels of satisfaction

During the year, we commissioned an independent customer satisfaction survey to update our understanding of how our occupiers view their buildings and the services we provide. Encouragingly, our Net Promoter Score, best translated as the willingness to recommend GPE, increased from +17.5 in 2017 to +25.3 in 2019, materially ahead of our peer group which scored +12.9.

From the feedback and comments we received, we are preparing building-specific action plans to further improve our services. We will continue to evolve our offer and, looking forward, will run the survey on an annual basis to benchmark our progress.

Net Promoter Score



Source: RealService

Communities

To enable us to deliver spaces in central London we need to create enduring, sustainable relationships with the communities where we are working. We consider our communities to be London as a whole, the boroughs in which we work and the streets in which our buildings are located.

Approach and objectives

As a business 100% focused on central London, our Community Strategy is designed to help address some of London's key social and environmental challenges.

We take a number of approaches to developing community relationships. Through our development process, we hold regular consultation exercises where we meet and listen to feedback from local community groups and through this we often build long lasting relationships, such as our current partnership with Bankside Open Spaces Trust. As members of a number of Business Improvement Districts in London and through regular engagement with borough councils, we hear first hand where investment and support is needed. This helps us provide assistance where it is most needed. During the year this led to the identification of schools in Islington that were in need of support on air quality and the provision of financial support for the Lisle Street green wall in SE1.

We meet our charity partners regularly to understand their current challenges and this led to a change of focus with both Centrepoint and Groundwork London following the COVID-19 outbreak.

Progress during the year

Both Centrepoint and Groundwork London have seen donations fall in the wake of the COVID-19 pandemic. Never has the need to create strong supportive relationships with community partners been more important, nor the link between social and environmental challenges been more evident. As a result of COVID-19, we have undertaken a review of our community budget and strategy, and in response:

- confirmed our commitment to our existing charity partners, Centrepoint and Groundwork London, committing to an additional year's support until April 2022 and raised our charitable contributions in both cases;
- made additional donations to Bankside Open Spaces Trust to support them in keeping open spaces open within the London Borough of Southwark;
- raised our overall corporate community budget to £200,000; and
- set up a new GPE Community Fund to supplement our community budget, seed funded with more than £280,000 by our Directors, Executive Committee and staff, with GPE matching contributions, to help support London's needs both in the short term and in addressing the longer-term social impact of the COVID-19 crisis.

We believe that this strategy, coupled with our commitment to integrating the measurement of social impact through the design and construction of our buildings, will deliver a lasting benefit for the communities in which we work.

Working with our communities

Our Community Strategy and social value guidelines 'Creating Sustainable Relationships' are designed to ensure that we contribute positively and secure long-term benefits for our communities. As a London business, it is essential that the themes in our strategy reflect the key priorities for our capital city, and therefore it is based around four pillars:

Breaking the cycle of youth homelessness

Together with Centrepoint, our charity partner, we are focused on tackling youth homelessness in London. Centrepoint undertake fantastic work, not only providing much needed accommodation, but also a wide range of services from a helpline to their impressive engagement programme to help get young people into employment. During the year, we raised £100,000, including £25,000 from our Community Day charity bike ride and a further £22,000 in goods in kind and pro bono support. We also continued to support Centrepoint in providing opportunities for trainee placements for their young people with our supply chain partners.

COVID-19 has had a significant impact on Centrepoint. Not only have they seen financial support decrease from corporate partners, but there have been significant challenges dealing with young people needing to self-isolate within services. As a result, we increased our support, kick starting their emergency appeal with a £25,000 donation and helped with gifts in kind donations such as food supplies and hand sanitiser.

Improving air quality and urban greening

Air pollution is a significant concern for London and the health and wellbeing of the communities in which we work. Green spaces and improved biodiversity help to improve air quality and support adaption to and mitigation from the impacts of climate change.

During the year, we donated £40,000 to Groundwork London, which was specifically directed to improving air quality in and around London schools. Over the last two years we have directly supported ten schools across Tower Hamlets, Southwark, Camden and Islington on biodiversity and air quality initiatives.

Furthermore, as part of our community day, in which 76% of our staff participated, we spent two days transforming a community garden in Hackney, improving biodiversity in Burgess Park, Southwark and up-cycling old furniture in Barnet. Due to COVID-19, Groundwork London has seen bookings for corporate days decrease, so we increased our annual donation to them by £10,000 to help support older people and refugee communities currently self-isolating.

As a member of Wild West End, we are working together with other property owners in London's West End to enhance biodiversity and increase connections with green space and nature. As part of our membership we also monitor the impact of our existing green interventions, using their value matrix to baseline biodiversity across our portfolio and taking that learning into the design of our new buildings, which ultimately improves the wellbeing of residents, workers and visitors. We have also continued our support for Bankside Open Spaces Trust which aims to make London Bankside a greener, more beautiful place to live and work and installed new greening at New City Court with their apprentice gardeners. The activities of Bankside Open Spaces Trust have been significantly curtailed by COVID-19 and therefore we provided an additional donation to support their rescheduled Great Get Together event and a further contribution to help keep the parks in Southwark open.

Addressing the skills gap through engagement with education

In order to ensure that we can continue to develop and refurbish the workplaces and homes of the future, it is essential that we support local skills and opportunities more broadly across the industry to help develop the skilled workforce of tomorrow. Since 2013, we have built a rewarding relationship with Westminster University in supporting their building related degree programmes. During the year, we provided assistance to 250 students either through a series of lectures on Sustainability and Innovation, or through real case study material from our Hickman, Hanover Square and New City Court developments to inform their studies. We also supported the 2020 Build UK Open Doors scheme.

Mitigating the risk of modern slavery in our portfolio

We seek to ensure that there is no slavery or human trafficking within any part of our business or in our supply chains. We support the Gangmasters and Labour Abuse Authority's Construction Protocol which aims to eradicate slavery and labour exploitation in the building industry and encourage our contractors to consider the use of the BRE Ethical Labour Sourcing Standard. We also encourage the payment of the London Living Wage for all operatives. Worker Engagement Audits are undertaken regularly at our construction sites in addition to materials procurement risk assessments to verify the supply chain for materials being used within our buildings. In particular, all our new build developments and major refurbishments are required to obtain Forest Stewardship Council project certification, which assists in verifying the stewardship of timber products.

Our stakeholder relationships continued

Communities – continued

Next steps

The strong relationships we have with our community partners have been a great success and an embodiment of living our values. By giving both our charity partners, Centrepoint and Groundwork London, access to our supply chain we have truly achieved more together.

Our engagement with Westminster University is also growing and during the next financial year we will be supporting three Masters students as they embark on dissertations connected with net zero carbon buildings, supporting innovative thinking on a significant challenge for the industry.

Our engagement with the communities surrounding our developments has proved particularly rewarding. Our relationship with Bankside Open Spaces Trust created an opportunity for their apprenticeship gardeners to install temporary greening on an occupier's terrace at New City Court. This opportunity supported local aims to increase urban greening in the area, both improving the wellbeing of our occupiers and providing an additional learning opportunity for the apprentice gardeners. We will build on this approach in the forthcoming year, looking for opportunities to engage with community partners, as part of our commitment in our Sustainability Statement of Intent 'The Time is Now' to create £10 million of Social Value within our local communities by 2030.

Partners – our suppliers

We work with a broad and diverse range of suppliers, from small independent companies to large multinationals. The successful and profitable delivery of our larger projects requires the effective management of a multitude of factors, including maintaining strong relationships and collegiate working. Whilst most procurement is often subject to a tender process to ensure we obtain value for money, we aim to partner with suppliers who share our values and work collegiately to secure the best people with an established track record and, where possible, retain key team members on successive projects.

Approach and objectives

The close relationship we foster with our suppliers, alongside a track record of successful project delivery and a deep pipeline of future work, means that people want to work with us, and ensures that we have good access to quality partners. We also aim to treat our suppliers fairly through prompt payment, including bi-monthly payment terms with some of our largest contractors. Whilst we expect all our suppliers to comply with standards and codes that may be specific to their industry, our Supplier Code of Conduct sets out the standards that we require of our suppliers. Furthermore, in order for us to achieve our goal of decarbonising our business by 2030, we will need engagement from all of our suppliers. We therefore ensure that the sustainability goals of our suppliers are taken into account when tendering our contracts.

Progress during the year

We rely on our suppliers to help us deliver our development programme and to provide a number of key services across our portfolio, including security, cleaning and property maintenance. As a result, to our occupiers, our suppliers are the face of GPE. During the year, we have partnered with fewer providers to improve service levels and consistency across our portfolio, aiming to:

- ensure we work with service partners that are fully aligned and promote our values and culture;
- help us deliver sustainability targets through direct engagement with our service teams; and
- further promote a strong health and safety culture across the portfolio.

The Group's largest subsidiary is required to report on its payment practices and, for the period to 31 March 2020, we improved our performance with an average payment period of 30 days, with more than two thirds of payments made to term.

Next steps

We are currently in the early stages of procuring the construction contract for the redevelopment of 50 Finsbury Square, EC2. Elements of the scheme are being tendered separately with the intention of appointing the main contractor ahead of commencing the development early next year.

Providing safe, healthy and secure environments

We aim to provide safe, healthy and secure environments and are committed to maintaining the highest standards of health and safety across our portfolio and to remaining at the forefront of industry change, whilst reducing exposure to risk for our occupiers, supply chain partners and employees. Whilst we have always had a proactive attitude towards health and safety, changes and attitudes within the industry are helping us to develop a more collaborative approach with our supply chain.

During the year, following Board approval, we launched a new Health and Safety strategy, with the goal of embedding a proactive approach to health and safety across our business and with our supply chain partners which goes beyond legal compliance. The main aim was to create an integrated approach, with each individual in the business having the confidence to take ownership of health and safety. The strategy was launched in September by the Chief Executive and then rolled out across the business by the health and safety team to help our people understand how it impacted their individual roles. Since then, we have improved our health and safety management system, integrating systems between our development, occupier and property services teams to improve communication. All employee related health and safety information has been updated and incorporated on our intranet, complete with case studies of health and safety leadership in the business. We are instigating a programme of senior leadership team health and safety tours of our development sites and managed portfolio with a number of inspections taking place during the year. These visits look to identify where additional support is needed on health and safety for our internal team and also to discuss health and safety with our suppliers. The visits also provide opportunities to celebrate examples of a positive health and safety culture.

Our change in approach is also being reflected in how we measure health and safety performance incorporating the use of both reactive measures such as accident reporting and outcomes from accident investigation as well as more proactive health and safety indicators such as positive health and safety observations and the implementation of control measures. We are also supporting our occupiers, rolling out occupier fire safety monitoring checks to help provide information on changing expectations on fire safety across the industry. These checks are allowing us to have regular conversations with our occupiers on health and safety matters more generally, raising awareness and allowing potential concerns to be dealt with proactively.

The outcomes of these checks are being included with our whole building approach to fire safety, joining up our fire strategy, with our risk assessment, maintenance and management checks and occupier fire safety monitoring checks to produce a continuous thread of regularly updated information from design to operation and management of our buildings. All suppliers are expected to provide evidence of health and safety training for their people. Where accidents do occur, we work with our supply chain on accident investigation to understand lessons learned, opportunities for improvement and consider how the work could have been set up differently and understand how, as a client, we can support our suppliers better.

The COVID-19 pandemic has required us to put additional health and safety processes in place for our employees, occupiers and suppliers. We have followed Government guidelines from the start of the outbreak, supported our employees in their transition to home working, worked with our suppliers to ensure that essential building maintenance could be carried out safely and introduced additional cleaning measures and social distancing protocols to reassure our occupiers.

In March 2020, there was an accident at one of our occupied buildings where a subcontracted window cleaner fell from height. The operative concerned was seriously injured. We are working closely with our internal team and our supply chain to undertake a full accident investigation and understand if there are any opportunities to improve our current processes and procedures. The Board are kept fully updated on the investigation with progress reports on the investigation provided to them in April and May 2020.

Health and safety incidents by year

	2020	2019	2018
Enforcement notices or fines received	**–**	–	–
Employees			
Work related fatalities	**–**	–	–
Reportable injuries/incidents	**–**	–	–
First aid injuries	**3**	3	3
Number of days off due to accidents and incidents	**–**	–	–
At our occupied buildings			
Work related fatalities	**–**	–	–
Reportable injuries/incidents	**2**	2	2
First aid injuries	**14**	13	15
At our developments			
Work related fatalities	**–**	–	–
Reportable accidents/incidents	**4**	1	3
First aid injuries	**14**	6	19

Our stakeholder relationships continued

Partners – our joint ventures

Joint ventures are an important part of our business and today they comprise three active partnerships. Our joint ventures are built on long-term relationships with trusted, high quality partners. At 31 March 2020, they made up 25.8% of the portfolio valuation, 29.4% of net assets and 19.3% of rent roll (at 31 March 2019: 22.8%, 22.2% and 19.2% respectively).

Approach and objectives

Our approach has been to seek joint venture partners to help us unlock real estate opportunities that might not have been available to GPE alone, either through sharing risk or providing access to new properties. The success of our joint venture activities relies on strong relationships with our partners based on frequent engagement. Each partnership has a joint board (including at least one GPE Executive Director) that meets quarterly on a formal basis with frequent ad hoc engagement throughout the year. The joint venture properties are valued quarterly, with detailed management information being provided to the joint venture board.

Progress during the year

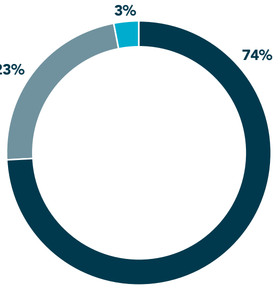
Key decisions made by the respective joint venture boards in the year include:

- in the Great Ropemaker Partnership (GRP), we agreed to repay the £90.0 million bank loan facility in full;
- in the GHS Limited Partnership (GHS), we agreed a pre-let of the flagship retail unit on New Bond Street to Canali; and
- in the Great Victoria Partnership (GVP), we have been collaborating with a number of the local stakeholders, and Westminster Council, to work up the development plans for our Mount Royal site at the western end of Oxford Street.

Next steps

Looking forward, we are working closely with our partners to advance our business plans, including completion of the leasing at Hanover Square, W1 in GHS and progressing the planning application for our proposed development at Mount Royal, W1 in GVP.

Wholly-owned and joint venture property values
at 31 March 2020



Local planning authorities

Developing new buildings in central London is appropriately challenging, particularly in the West End. Large areas are protected by conservation areas, building heights are restricted, development needs to be considerate to local residents and the planning process is stringent. As a result, our relationships with local planning authorities are key to the delivery of new spaces in London. The emerging London Plan is now being adopted as policy and includes a number of further challenging requirements.

Approach and objectives

Navigating the planning process is a core driver of our success. We aim to engage with local authorities in an open, transparent and non-adversarial manner to enable us to secure planning consents that are both beneficial to us and the local communities in which they are built. In line with our social value guidelines, as a matter of course, we liaise with community stakeholders to understand their needs. Our buildings need to positively impact the communities in which they are located and therefore, where possible, we will adjust our proposals to take account of comments received. We use planning performance agreements with the local planning authority to ensure that our planning applications are determined in a timely manner.

Key activities in the year

During the year we have continued to work with community groups in the London Bridge area, supporting air quality and urban greening projects, apprenticeship opportunities and local schools. Over the coming months we will continue to support these initiatives, focusing on ensuring that our proposals for New City Court, SE1 enhance the excellent work already being undertaken by community groups in the area. This process is implemented at each development scheme, with urban greening and biodiversity projects currently being supported in Islington as part of early engagement for our 50 Finsbury Square, EC2 and our social value guidelines are in the process of being implemented in full for Oxford House, W1.

Next steps

Over the next 12 months we will be launching consultations for a number of our development pipeline projects. This will involve liaising with our key stakeholders, local residents and local authorities to ensure that our proposals are fully explained and have a broad base of support. In line with our social value guidelines, we will look for local community projects that our schemes can support. Sustainability is becoming ever more important in the planning process with many of our key local authorities declaring climate emergencies. We will look to work with them to support their principles of 'good growth'.

Section 172(1) statement

The directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, had regard, amongst other matters, to those matters set out in section 172(1)(a) to (f) of the Companies Act 2006, being:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

Our stakeholders

GPE has identified its key stakeholders as being its: employees, occupiers, suppliers, shareholders and debt capital providers, JV partners, communities and local planning authorities. Building and nurturing these relationships based on professionalism, fair dealing and integrity is critical to our success.

Our engagement

Our extensive engagement efforts help to ensure that the Board can understand, consider and balance broad stakeholder interests when making decisions to deliver long-term sustainable success. Details of how we engage with our stakeholders can be found on pages 58 to 64 and 103 to 106.

Board processes

While the Board will engage directly with stakeholders on certain issues, stakeholder engagement will often take place at an operational level with the Board receiving regular updates on stakeholder views from the Executive Directors and senior management.

As part of the director induction process, directors receive a briefing and induction materials regarding their duties under s.172. Training has further been delivered by the Corporate Secretariat team to management to ensure that they understand the duties of the Board and the importance of s.172(1) matters in GPE's strategy discussions and decision making. Board papers for all key decisions are required to include a specific section reviewing the impact of the proposal on relevant stakeholder groups as well as other s.172(1) considerations.

The page overleaf sets out some examples of how the Board has considered s.172(1) matters in its decision making in 2019/20.

You can read more about our approach to s.172(1) matters and stakeholder engagement as follows:

Key decisions and long-term consequences	A clear plan and financial strength	› **See more** on pages 4 to 5
	How we create value	› **See more** on pages 16 to 17
	Impact on decisions	› **See more** on page 66
	Chairman's letter	› **See more** on pages 97 to 99
	What we did in 2019/20	› **See more** on pages 108 to 109
Employees	Our culture and people	› **See more** on pages 46 to 53
	Leadership and purpose	› **See more** on pages 102 to 103
Fostering business relationships with suppliers, customers and others	Our stakeholder relationships	› **See more** on pages 58 to 64
	Leadership and purpose	› **See more** on page 106
Community	Our stakeholder relationships	› **See more** on pages 58 to 64
	Leadership and purpose	› **See more** on page 106
Environment	Our portfolio	› **See more** on pages 68 to 77
	Our stakeholder relationships	› **See more** on pages 58 to 64
High standards of business conduct	Our culture and people	› **See more** on pages 46 to 53
	Our stakeholder relationships	› **See more** on pages 58 to 64
	Chairman's letter	› **See more** on pages 97 to 99
	Anti-bribery and corruption, ethics and whistleblowing	› **See more** on pages 106 and 122
Investors	Leadership and purpose	› **See more** on pages 103 to 105
	Our capital strength	› **See more** on pages 78 to 79

Impact on decisions

Some examples of how the Board has considered stakeholder interests and s.172(1) matters in its decision making in 2019/20 are set out below and in 'What we did in 2019/20' on pages 108 and 109.

› **See more** on page 78

ESG-linked RCF

In January 2020, the Board approved a new ESG-linked unsecured revolving credit facility (RCF) to replace its existing RCF. In considering the proposal, the Board reviewed the likely consequences of the refinancing in the long term, including the positive financial impacts of a lower margin on costs and an extended debt maturity date.

The Board discussed the increasing focus of employees, occupiers and investors on sustainability matters and the commercial imperative to drive forward GPE's sustainability agenda.

The Board approved three challenging ESG-linked KPIs which aligned with GPE's strategy, to unlock potential, creating high quality, sustainable spaces that occupiers demand, our values and the values of our lenders.

The Board agreed that all margin adjustments, to be achieved through the delivery of the KPIs, would be donated to registered charities focused on environmental initiatives in furtherance of our Community Strategy.

› **See more** on page 41

Increasing our flexible space offer

The Board has regard to stakeholder views as an integral part of its strategy discussions. This year particular focus has been given to the further development of GPE's flex product.

In order to fully understand occupier demands and market trends, the Board receives regular updates from meetings with our occupiers and agents and discusses market updates and feedback from our occupier surveys.

As the relationship between owner and occupier evolves, the Board has considered greater occupier demand for increased flexibility and service provision and appropriate action to maximise the opportunity we have to generate long-term value for our shareholders, employees and other stakeholders.

The Board has therefore supported extending our commitment to flexible office space during the year, including the expansion of our co-working partnerships at City Place House, EC2 and committing to our new flex+ product to enhance our existing flex offering, innovating across our operations and working with our communities to create space for London to thrive.

› **See more** in the Directors' remuneration report on pages 126 to 154

Remuneration policy

In considering the proposed changes to our Directors' remuneration policy this year, careful consideration was given to appropriately incentivising management and employees to deliver our strategy for the benefit of stakeholders, while reinforcing behaviours in line with our culture and values.

In considering the Directors' remuneration policy, the Remuneration Committee discussed alignment with wider workforce policies and led an extensive consultation exercise involving shareholders, representing over 50% of GPE's share register, and proxy advisory bodies.

The feedback received from this process helped to shape our revised Directors' remuneration policy in a number of areas, including: the addition of ESG targets within annual bonus measures; the introduction of post-employment share ownership guidelines; and our commitment to align Executive Director and wider workforce pension contribution rates by the end of 2022. Shareholders will be asked to approve the revised policy at this year's AGM.

Non-Financial Information Statement

This table signposts related non-financial information in this report and further reading on our website.

Reporting requirement[1]	Policies	Website	Reference in 2020 Annual Report
1. Environmental matters	Sustainability policy statement Creating Sustainable Spaces – Sustainable Development Brief Our Guiding Principles of Design Sustainability Statement of Intent	**www.gpe.co.uk/sustainability/our-approach** **www.gpe.co.uk/sustainability/developing-sustainable-buildings** **www.gpe.co.uk/sustainability/our-sustainability-statement-of-intent**	› **See more** about The Time is Now on pages 8 and 72 › **See more** about our sustainable portfolio on pages 68 to 77
2. Employees	Our values Diversity policy Inclusion and Diversity strategy Personal Development Plans	**www.gpe.co.uk/about-us/our-purpose-values** **www.gpe.co.uk/our-relationships/our-employees**	› **See more** about our values on page 3 › **See more** about our culture and people on pages 46 to 53 › **See more** about inclusion and diversity on pages 50 to 51 and page 114
3. Human rights	Supplier Code of Conduct Annual Modern Slavery Statement	**www.gpe.co.uk/our-relationships/our-suppliers** **www.gpe.co.uk/sustainability/our approach** **www.gpe.co.uk/our-modern-slavery-statement**	› **See more** about how we behave, human rights and supplier stewardship on page 106 › **See more** about mitigating the risk of modern slavery on page 61 › **See more** about partners – our suppliers on page 62
4. Social	Creating Sustainable Relationships GPE Standard Supply Terms Health and Safety policy	**www.gpe.co.uk/our-relationships/community-relationships** **www.gpe.co.uk/our-relationships/our-suppliers** **www.gpe.co.uk/sustainability/working-safely**	› **See more** about our stakeholder relationships pages 58 to 66 › **See more** about communities on page 60 › **See more** about partners – our suppliers on page 62 › **See more** about providing safe, healthy and secure environments on page 63
5. Anti-corruption and anti-bribery	Ethics policy Whistleblowing policy Gifts and Hospitality policy Use of GPE Suppliers policy Conflicts of Interest policy Inside Information and Share Dealing policy	**www.gpe.co.uk/about-us/governance**	› **See more** about anti-corruption and anti-bribery matters on page 106 › **See more** about our anti-bribery and corruption, ethics and whistleblowing policies on page 122
6. Business model		**www.gpe.co.uk/about-us/our-strategy**	› **See more** about how we create value on pages 16 and 17
7. Principal risk and uncertainties	Group Risk Management policy	**www.gpe.co.uk/about-us/governance**	› **See more** about our approach to risk on pages 80 to 93
8. Non-financial key performance indicators		**www.gpe.co.uk/investors/investment-case/key-performance-indicators-2020**	› **See more** about our KPI benchmarks on pages 18 and 19 › **See more** about our near-term strategic priorities on pages 30 and 31

1. Board oversight of these policies and matters is also covered through 'What we did 2019/20' on pages 108 and 109.

Our portfolio

Introduction

Our portfolio has its origins in the West End, which accounts for 69% of our properties. We only operate in central London, but have expanded our locations to encompass the City, Southwark and Midtown.

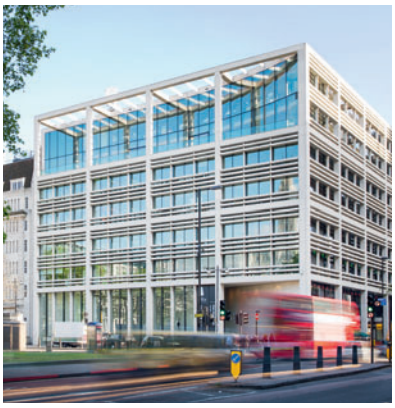
Operational measures

-0.3%
Movement in property valuation (on a like-for-like basis)

56%
Percentage of portfolio in development programme

100%
Energy purchased on renewable tariffs

0.1%
% of portfolio with EPC rating >E



Our approach

Our focused business model is based upon repositioning properties to unlock their full potential. This repositioning relies on having a deep understanding of the markets in which we operate, both to enable us to unearth new opportunities as we find them and to deliver buildings that meet the demands of modern occupiers.

We aim to position our portfolio to maximise the opportunity for future growth. As a result, every property has a detailed business plan which forecasts each and every occupier's future cash flows and, using our own assumptions for future movements in rents and yields, forecasts the forward look returns for the portfolio. If a property's prospective returns do not meet our required investment hurdles, taking into account both our cost of capital and the risks, typically it is sold.

Ensuring that our properties meet the requirements of modern occupiers is fundamental to the delivery of our business plans. We aim to deliver buildings that let well in their local markets, are future-proofed in a rapidly changing world and have regard to the wider environment in which they are located. Through the responsible management and development of our portfolio, we aim to deliver sustainable returns that enhance the long-term value of our business.

Well located central London portfolio

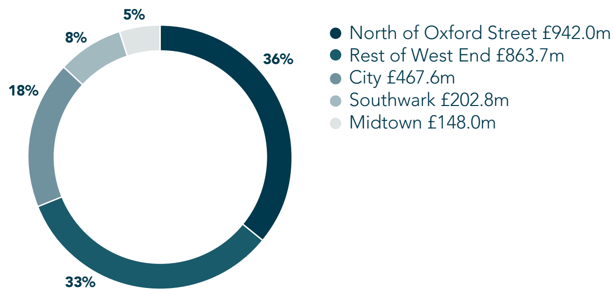
Our specialist approach requires focus. As a result, we only operate in central London. Whilst our origins lay in the West End, we recognise that central London is growing, and as it grows, new locations will become sought after by occupiers seeking new homes for their businesses. As a result, we remain opportunistic and will invest across central London where we see both value and opportunities for growth.

› **See more** about our London on page 24

100%

Of the portfolio in central London

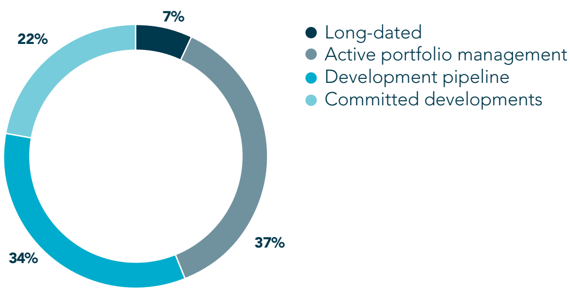
Our portfolio – 69% in West End



Positioned for organic growth

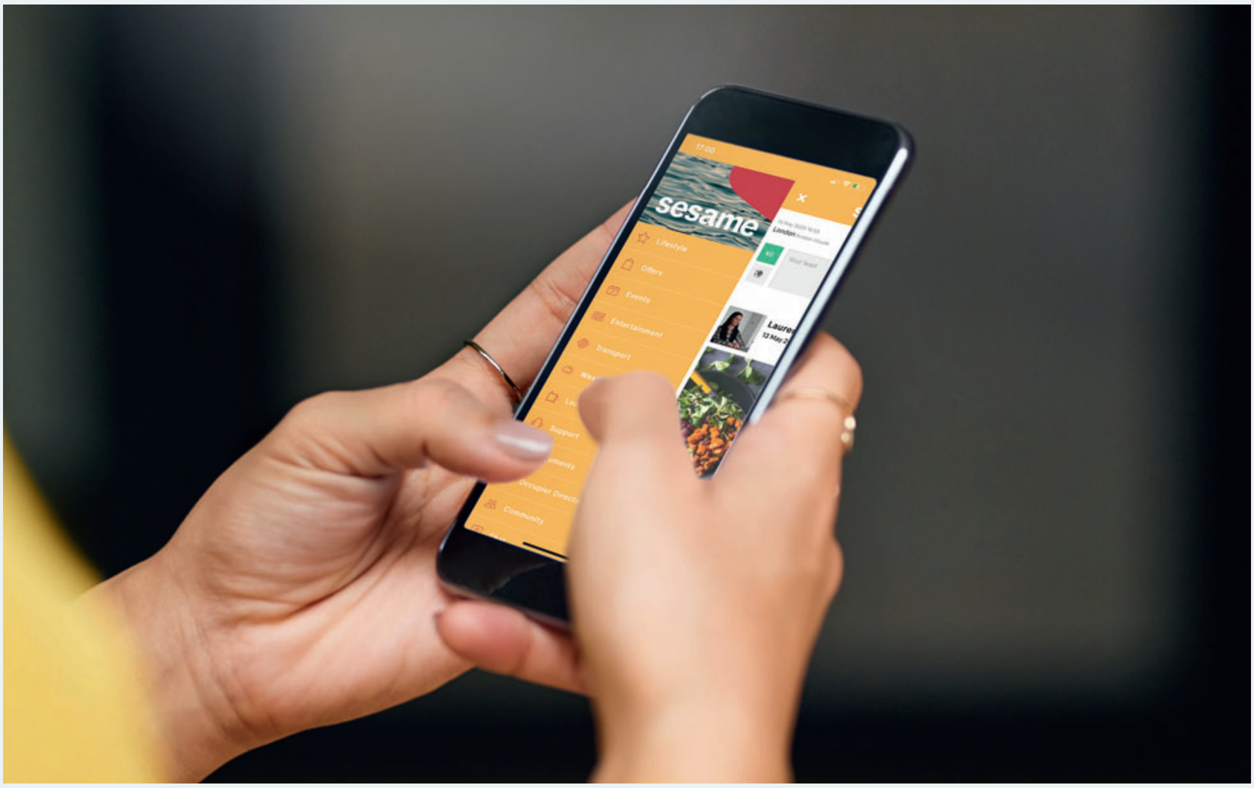
In 2009 and 2012, we raised equity capital to take advantage of the value that we saw in the investment market. As a result, we were net buyers in the four financial years to 31 March 2013. These acquisitions have helped stock our future development programme which today totals 56% of the Group's existing portfolio.

Our central London portfolio (%)



Of the remainder of the portfolio, 37% are buildings where we will add future value through active portfolio management. Typically, these buildings have shorter leases, are reversionary and have significant repositioning opportunities.

The long-dated assets, representing 7% of the portfolio, are properties that we recently redeveloped and are long let. Given the long lease terms we have achieved on these buildings, there is typically limited opportunity for us to add further value. As a result, over time, we expect to crystallise the profits we have made through sales.



Open sesame

Technology supporting an enhanced occupier experience

In order to ensure that our spaces continue to meet the needs of our occupiers into the next decade and beyond, we need to create buildings which offer their users:

– sustainable spaces that promote health and wellbeing;

– control over their environment;

– choice of where they work in a supported, relaxed environment; and

– access to superior levels of service and amenity.

Advances in technology can help deliver these goals. Our smartphone app, 'sesame', puts greater control in the hands of the user, through automated building access and the ability to adjust cooling and lighting. It also provides a number of services to building occupiers including the provision of a community platform, a library of newspapers and magazines and a lifestyle concierge service.

Moreover, the data generated by the app, in combination with sensors in the workplace, can provide constant anonymous feedback on occupancy levels, temperature, light levels, air quality and noise. This feedback will allow us to work with our occupiers to adapt and flex the building environment as their business needs evolve. We are also utilising digital twin technology to monitor the real-time performance of the building to ensure the building is operating as designed and even anticipate when items of plant and machinery need replacing.

At The Hickman, our 74,400 sq ft development in Whitechapel, E1, we have fully integrated technology, sustainability and wellbeing from inception. We are refurbishing the fabric of the existing building to reduce the total embodied carbon of the project and, with a BREEAM Excellent and EPC A rating targeted, it is expected that the building will achieve an energy improvement of almost 40% over current Building Regulations' energy efficiency requirements.

The Hickman will also be able to learn and adapt according to use, meaning we are able to optimise the conditions for occupation, reducing energy consumption and associated carbon emissions, whilst improving comfort levels for our occupiers.

Through our fresh contemporary design, we will be able to offer a choice of flexible work settings, providing opportunities for quiet, independent work as well as collaboration space. Furthermore, occupiers will also benefit from our lifestyle service, allowing them to access a host of other, value added services at a push of a button.

In line with our commitment to promote improved air quality and biodiversity, we are increasing urban greening, installing a green roof, terraces and planting within the courtyard. The provision of 79 bike spaces and showers, coupled with the close proximity of a public park, will provide further opportunities for our occupiers to exercise and access outdoor space, positively impacting their wellbeing.

"
With the full impact of the disruption from COVID-19 yet to be felt, portfolio values were broadly stable, reducing by 0.3% on a like-for-like basis."

Hugh Morgan
Director of Investment Management

Portfolio values broadly stable; down 0.3% in year

The valuation of our portfolio, including our share of joint ventures, fell marginally over the 12 months by £8.8 million, or 0.3%, on a like-for-like basis, to £2,624.1 million at 31 March 2020.

The key drivers behind the Group's valuation movement for the year were:

– retail rental value declines – in the past 12 months rental values across our retail portfolio were down 4.3% on a like-for-like basis, with our office portfolio rental values increasing by 3.5%, largely driven by our leasing performance;

› **See more** about our market on pages 23 to 29

– development gains – the valuation of our committed development properties increased by 11.9% on a like-for-like basis to £590.3 million during the year as demand for high quality space continued to outstrip supply supporting values and two of our three schemes approached completion;

› **See more** about our development management on pages 34 to 38

– active portfolio management – during another strong year, 75 new leases, rent reviews and renewals were completed, with new lettings 8.8% ahead of ERV, securing £24.9 million (our share) of annual income, supporting the valuation over the year; and

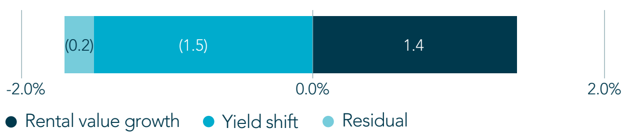
› **See more** about our portfolio management on pages 39 to 41

– higher investment yields – the valuation was marginally reduced by yield movements which increased by six basis points (2019: one basis point increase) during the year. At 31 March 2020, the portfolio true equivalent yield was 4.6%.

› **See more** about our market on pages 23 to 29

Including rent from pre-lets and leases currently in rent-free periods, the adjusted initial yield of the investment portfolio at 31 March 2020 was 4.0%, 20 basis points lower since the start of the financial year.

Drivers of valuation growth (%)



Whilst the overall valuation was marginally down by 0.3% during the year, elements of the portfolio showed greater variation. Our office properties rose by 1.0% compared to a 3.5% fall in retail values, as weaker retailer sentiment reduced ERVs and softened yields. Furthermore, short leasehold properties (<100 years), which represent 17% of the portfolio, reduced in value by 10.2% compared to an increase of 1.9% in the rest of the portfolio, as investor demand for shorter leasehold assets reduced.

Our joint venture properties increased in value by 7.8% over the year, driven by our committed development at Hanover Square, W1, which increased in value by 28.5% following further pre-letting activity, while the wholly-owned portfolio fell by 2.9% on a like-for-like basis.

Material valuation uncertainty

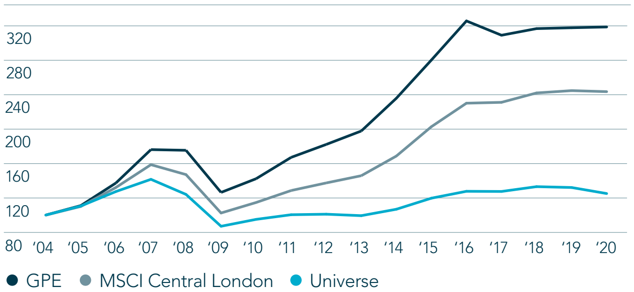
The rapid spread of COVID-19 has disrupted activity in our real estate markets, creating heightened valuation uncertainty for CBRE, the Group's valuers. As a result, CBRE has included a clause within the valuation report which highlights a 'material valuation uncertainty'. This clause serves as a precaution and does not invalidate the valuation, and does not mean that the valuation cannot be relied upon. Rather, it is intended to highlight that due to current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case.

Our relative performance

The Group delivered a total property return (TPR) for the year of 3.7%, compared to the central London MSCI quarterly index of 2.5%, and a capital return of 0.3%, versus -0.8% for MSCI. This outperformance results from the strong performance of our committed developments in the year, in particular at Hanover Square and The Hickman, where we are delivering prime, Grade A space into a supply constrained market.

Long-term outperformance
Relative returns vs MSCI

Relative capital growth % p.a.[1]



1. 2004 – first pure comparability to MSCI Central London.

11.9%

Development properties valuation uplift

Portfolio performance

		Wholly-owned £m	Joint ventures[1] £m	Total £m	Proportion of portfolio %	Valuation movement %
North of Oxford Street	Office	550.4	–	550.4	21.0	0.9
	Retail	121.1	73.5	194.6	7.4	(15.5)
	Residential	4.5	–	4.5	0.2	(0.8)
Rest of West End	Office	251.9	–	251.9	9.6	(1.3)
	Retail	236.9	30.5	267.4	10.2	(3.5)
	Residential	5.7	–	5.7	0.2	0.7
Total West End		1,170.5	104.0	1,274.5	48.6	(3.3)
City, Midtown and Southwark	Office	506.2	232.2	738.4	28.1	(1.8)
	Retail	13.7	2.8	16.5	0.6	(47.9)
	Residential	4.4	–	4.4	0.2	–
Total City, Midtown and Southwark		524.3	235.0	759.3	28.9	(3.6)
Investment property portfolio		**1,694.8**	**339.0**	**2,033.8**	**77.5**	**(3.4)**
Development property		251.6	338.7	590.3	22.5	11.9
Total properties held throughout the year		**1,946.4**	**677.7**	**2,624.1**	**100.0**	**(0.3)**
Acquisitions		–	–	–	–	–
Total property portfolio		**1,946.4**	**677.7**	**2,624.1**	**100.0**	**(0.3)**

1. GPE share.

Portfolio characteristics

		Investment properties £m	Development properties £m	Total property portfolio £m	Office £m	Retail £m	Residential £m	Total £m	Net internal area sq ft 000's
North of Oxford Street		749.5	192.5	942.0	646.2	291.3	4.5	942.0	734
Rest of West End		525.0	338.7	863.7	422.3	426.1	15.3	863.7	568
Total West End		**1,274.5**	**531.2**	**1,805.7**	**1,068.5**	**717.4**	**19.8**	**1,805.7**	**1,302**
City, Midtown and Southwark		759.3	59.1	818.4	797.4	16.6	4.4	818.4	1,285
Total		**2,033.8**	**590.3**	**2,624.1**	**1,865.9**	**734.0**	**24.2**	**2,624.1**	**2,587**
By use:	Office	1,540.7	325.2	1,865.9					
	Retail	478.5	255.5	734.0					
	Residential	14.6	9.6	24.2					
Total		**2,033.8**	**590.3**	**2,624.1**					
Net internal area sq ft 000's		2,172	415	2,587					

£2.6bn

Portfolio valuation

The Time is Now

Committed to a sustainable London

In May 2020, we launched our sustainability Statement of Intent 'The Time is Now' which is underpinned by four pillars with commitments that we will:

- decarbonise our business to become net zero by 2030;
- design climate change resilient and adaptable spaces;
- create a lasting positive social impact in our communities; and
- put health and wellbeing front and centre.

Never has it been more important to address climate risk; nor has the link between the environment, social impact and health and wellbeing been more evident. Last year, recognising the increased urgency of the climate crisis, we set challenging targets to:

1. reduce the energy intensity of our occupied portfolio by 40% and carbon emissions by 69% by 2030, including occupier consumption;
2. create net zero carbon new build developments from 2030; and
3. set out our timescales and approach to becoming a net zero carbon business.

Targets are meaningless unless they are embedded throughout the organisation and shape behaviour. Accordingly, during the year we incorporated our energy intensity target into our ESG-linked revolving credit facility, along with targets to reduce embodied carbon of our new developments and major refurbishments by 40% by 2030 and to improve biodiversity net gain across our portfolio by 25% by 2030. Looking forward, the rate of interest we pay on this facility will depend on our performance against these targets.

Furthermore, these targets have been included within the objectives of a number of our senior management team and will be used to assess levels of future remuneration.

› **See more** on our KPIs on pages 18 to 19

These four pillars are supported by our review of material risks undertaken last year, and align with the four UN Sustainable Development Goals we identified as resonating most with our business.

We are committed to ensuring that our buildings are designed and managed to support the mental health and wellbeing of our employees, occupiers and our local communities.

Air quality is a significant issue for London and for ensuring health and wellbeing. Our Statement of Intent sets out how we are considering outdoor and indoor air quality and putting health and wellbeing front and centre.

Our targets to reduce the energy intensity and carbon intensity of our occupied portfolio now included within our ESG-linked RCF will help us to drive carbon emissions down.

Through the installation of renewable energy and the use of technology to improve targeting and monitoring of energy consumption, we are making our buildings more sustainable.

We are focused on ensuring a lasting positive impact for the communities in which we are working and have committed to contributing £10 million of social value by 2030.

We recognise the role we have to play in reducing carbon emissions. We have therefore committed to decarbonising our business by 2030.

Decarbonise our business by 2030

The built environment is estimated to contribute around 40% of the UK's carbon emissions. The real estate industry, therefore, has an obligation to address its carbon footprint.

Our approach to decarbonising our business starts with maximising the energy efficiency of our buildings.

We already purchase 100% of our electricity and gas on renewable tariffs, however, we need to significantly reduce consumption. During the year our like-for-like energy consumption decreased by 6%. However, to enable us to deliver sustained year on year improvements in energy efficiency, and to meet our energy intensity and carbon intensity reduction targets, we will need to work closely with our occupiers and supply chain partners to reduce the amount of energy we collectively consume.

The Design for Performance initiative is an industry funded project, backed by the Better Buildings Partnership to tackle the performance gap between design intent and actual performance of buildings once in operation.

As a 'Design for Performance Pioneer', we have been able to see first-hand the benefits that the scheme will bring in delivering improved building energy performance through enhanced energy modelling, building handover and commissioning processes across the industry. We have therefore mandated 'Design for Performance' for our major refurbishments and new developments to ensure that, once in use, our buildings perform as efficiently as designed. Whilst energy efficiency is our first priority, the installation of on-site renewable and low carbon energy technology, supported by local energy generation solutions, will help to further decarbonise our portfolio.

As a developer, embodied carbon is a significant proportion of our carbon footprint, accounting for more than a third of our footprint during the last financial year. We have therefore responded to the World Green Building Council's call for action on embodied carbon and the RIBA climate challenge, committing to reducing our embodied carbon emissions by 40% by 2030.

"Never has it been more important to address climate risk; nor has the link between the environment, social impact and health and wellbeing been more evident. The Time is Now sets out the four pillars of our approach, because if not now, when?"

Janine Cole
Director of Sustainability and Community

100%

Energy purchased on renewable tariffs

Maintaining year on year reductions in embodied carbon will only be achieved through the use of new technology, alternative materials and innovative building techniques, whilst implementing principles of the Circular Economy.

Only once building energy efficiency measures, embodied carbon reductions and renewable energy installations have been addressed will we consider offsetting the residual carbon.

During the year we also signed the Better Buildings Partnership 'Climate Change Commitment'. This commits us to publishing our net zero carbon roadmap by the end of 2020, and tracking our progress against the roadmap on an annual basis. We expect to complete our roadmap by autumn 2020, which will also include further detail on our approach and the scope of our net zero carbon commitment and the circumstances under which we may choose to offset emissions.

Design climate resilient and adaptable spaces

In order to improve the climate resilience of our buildings, we need to transition away from reliance on fossil fuels, retrofit biodiversity measures to our existing buildings and ensure that we are designing for longevity. As part of our Statement of Intent, and included within the targets of our ESG-linked RCF, we have committed to improving biodiversity net gain across our portfolio by 25% by 2030. Nature-based solutions such as biodiverse roofs, green walls, trees and pocket parks all help to reduce the urban heat island effect, contributing to climate change resilience as well as improving external air quality and supporting the health and wellbeing of the local community. We will also prioritise the installation of renewable energy systems.

The Better Buildings Partnership Climate Change Commitment requires us to develop a comprehensive climate resilience strategy for our portfolio. We already have processes in place to address and manage climate risk (see page 84 on our principal risks and our disclosure in line with the recommendations from the Task Force on Climate Related Financial Disclosures on page 77), and we are working to address these obligations in full with our strategy due to be released in 2022 in line with our commitments.

Creating a lasting positive social impact

By investing in local initiatives and maximising social value, we create more attractive places that are sustainable in the long term. As part of our commitment to creating a lasting positive social impact on our local communities, we have committed to generating £10 million of social value over the next ten years. We will achieve this through the implementation of our Social Value Guidelines, which ensure that we monitor, manage and measure the social impact of our refurbishment and development activities.

The COVID-19 outbreak has demonstrated the inextricable link between the environment and social impact, with communities placing a much greater value on health and wellbeing than ever before. We will therefore continue to invest in improved air quality, urban greening and biodiversity and support charities and organisations that support the maintenance and creation of green spaces in London.

Our Community Fund, created this year in response to COVID-19, will focus on the most vulnerable groups within London who have been severely impacted by the pandemic, focusing on the homeless and other vulnerable groups, mental health and wellbeing and educational initiatives. Donations will be made both to support the immediate response and longer-term recovery.

› **See more** about our stakeholder relationships on pages 58 to 66 and our Community Impact Report at **www.gpe.co.uk/our-relationships/local-communities**

"Our Wellbeing brief integrates our approach to health and wellbeing, from the earliest design stages of our developments and refurbishments through to the operation of our buildings, enabling us to respond to growing occupier requirements."

Kulbir Bhatti
Sustainability Manager

Putting health and wellbeing front and centre

A sustainable building should also contribute to the wellbeing of its occupiers and the local community, supporting healthier, happier and more productive lives. We know, through our review of material risks undertaken last year, that wellbeing is one of our top three most material issues. Focus is expected to continue to grow in this area following the COVID-19 outbreak and we are already responding to revised guidelines issued by industry groups on internal air quality.

During the year, we launched our Wellbeing Brief and we are using this to create flexible, inclusive and accessible spaces that benefit the wellbeing of our occupants and the community.

We take an integrated and inclusive approach to ensure that relevant and applicable health and wellbeing aspects are considered during the design process and consider:

- indoor air and water quality;
- thermal, visual and acoustic comfort;
- biodiversity and access to nature; and
- healthy behaviours.

We integrate core requirements from wellbeing accreditation standards such as Fitwel and the WELL Building Standard to ensure that occupiers can obtain full certification for their spaces should they wish to do so, once their fit-outs are complete.

We also look to retrofit our existing buildings to improve wellbeing, working with our occupiers to implement additional facilities and services where possible, creating new outdoor spaces, improving biodiversity and retrofitting cycle and shower facilities. Our smartphone app 'sesame', which has recently been rolled out across our portfolio also includes features to support the wellbeing of our occupiers.

Our health and wellbeing approach is not limited to our buildings. We actively promote initiatives to support the health and wellbeing of our people, local communities and supply chain partners, working to support mental health initiatives and ensure ethical labour practices.

› **See more** about our culture and people on pages 46 to 53

£10m

Social value to be generated by 2030

Progress on building certification

We continue to work to improve the number of our buildings rated for their sustainability credentials.

There are significant limitations of Energy Performance Certificates (EPCs) as they do not reflect the actual energy performance of our buildings. The Real Estate Energy Benchmark (REEB) collated by the Better Buildings Partnership demonstrated the lack of correlation between EPC and actual energy performance once more this year. However, in line with current legislative requirements and government proposals on the future trajectory for minimum energy efficiency standards we are actively managing ratings, seeking to improve EPC ratings by at least one grade following refurbishment.

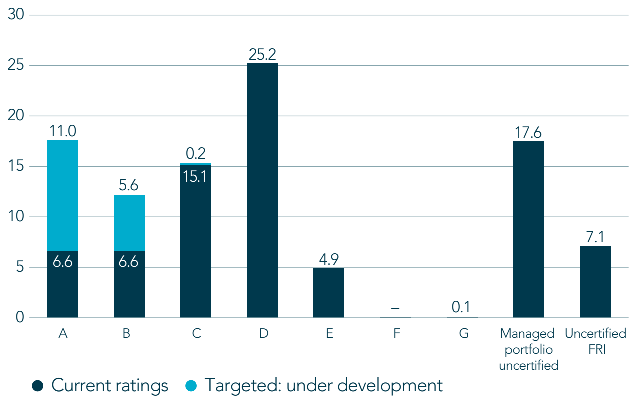
As illustrated in the chart below less than 0.2% of our rated properties has an EPC rating below an E. Where we have refurbishments or developments on site, the targeted ratings have been indicated.

Unrated managed buildings are currently under review following the expiry of the original EPC certificate and new ratings will be obtained once ongoing works to improve energy performance are completed.

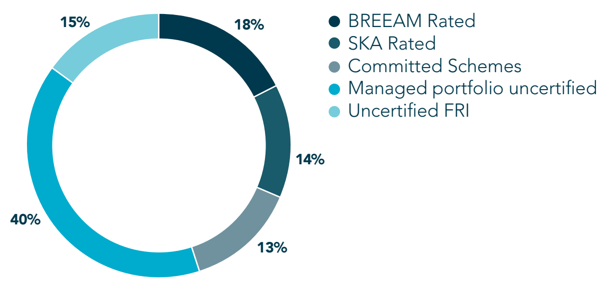
To supplement EPC ratings we use a variety of sustainability certification schemes and use the most appropriate system for the type and scale of the project including BREEAM, the RICS led SKA Rating system and residential schemes such as the Code for Sustainable Homes. Today 22% of our portfolio by area is rated BREEAM 'Very Good' or 'Excellent' with a further 11% currently on site with BREEAM 'Excellent' targeted.

Our substantial development pipeline (56% of today's portfolio by floor area) is largely unrated in its present form. However we will be aiming to significantly improve the environmental performance through development or refurbishment works and expect a BREEAM 'Excellent' rating of this element of the portfolio by 2030. A further 14% of our portfolio is SKA rated, a rating scheme, which is typically used for floor by floor refurbishment as opposed to whole building performance and therefore is more commonly used by us for retrofit projects. For more information see our Sustainability Data Performance report at **www.gpe.co.uk/sustainability/our-performance**.

EPC ratings: percentage of portfolio (by sq ft) (%)



Percentage of current floor area certified to date (%)



Our portfolio continued

Streamlined Energy and Carbon Reporting (SECR) disclosure

Our SECR disclosure presents our carbon footprint across Scopes 1, 2 and 3, together with an appropriate intensity metric and our total energy use of electricity and gas.

	2020	2019
Gross Internal Floor Area (m^2)	**189,306**	192,745
Scope 1 emissions and direct energy use		
Emissions associated with combustion of fuel (tCO_2e)	**1,807**	2,311
Emissions associated with operation of facilities (refrigerant gas) (tCO_2e)	**1.9**	320.0
Energy use of combustion of fuel (kWh)	**9,826,113**	12,564,341
Scope 2 emissions and indirect energy use		
Emissions associated with purchased electricity, heat, steam and cooling usage (tCO_2e)	**3,207**	3,469
Emissions associated with head office electricity usage (tCO_2e)	**48**	52
Energy use of purchased electricity, heat, steam and cooling (kWh)	**12,734,121**	12,440,093
Energy use of electricity at head office (kWh)	**187,803**	184,055
Scope 3 emissions and indirect energy use		
Emissions associated with purchased electricity sub-metered to occupiers (tCO_2e)	**5,150**	5,775
Energy use of purchased electricity sub-metered to occupiers (kWh)	**20,147,359**	20,401,351
Emissions and energy use totals		
Absolute emissions (tCO_2e)	**10,211**	11,608
Total energy use (kWh)	**42,895,396**	45,589,840
Intensity measures		
Emissions per m^2 gross internal area ($tCO_2e/m^2/year$)	**0.0539**	0.0602
Energy use per m^2 gross internal area ($kWh/m^2/year$)	**226.59**	236.53
Emissions and energy use totals like-for-like		
Absolute emissions on a like-for-like basis (tCO_2e)	**9,851**	11,286
Energy use on a like-for-like basis (kWh)	**41,217,755**	44,136,443
Intensity measures like-for-like		
Emissions per m^2 gross internal area on a like-for-like basis ($tCO_2e/m^2/year$)	**0.0572**	0.0656
Energy use per m^2 gross internal area on a like-for-like basis ($kWh/m^2/year$)	**240**	256

During the year our like-for-like energy consumption decreased by 6%, this was due to extensive works undertaken to replace boilers and reduce plant run times at 200 Gray's Inn Road. Due to the proportion of our energy consumption that is attributable to this building, the works undertaken have had a significant impact on overall portfolio energy reduction.

As part of requirements under Phase 2 of the Energy Savings Opportunity Scheme (ESOS) we also conducted twelve energy audits of our highest consuming properties. The process identified 3,771 mWh of potential energy savings. These are being incorporated within the Energy Action Plans for the relevant buildings. We are also undertaking more in-depth audits at properties where energy consumption is highest to allow us to plan for longer-term retrofit plans and align with our net zero carbon ambitions. At 200 Gray's Inn Road, this process is being undertaken jointly with our occupiers to understand how we can work together to reduce consumption. Our energy working group oversees operational energy improvements.

Independent assurance

Independent assurance is provided by Deloitte LLP in accordance with the International Standard on Assurance Engagements (ISAE3000).

Our methodology

For our SECR disclosure we have used the operational control consolidation method, as this best reflects our property management arrangements and our influence over energy consumption. Included in our operational control data are emissions and energy usage from our managed properties (including 100% of emissions from joint venture properties) and head office usage. Where we have purchased energy, which is sub-metered to occupiers, this is itemised separately. We have not included usage or emissions from our development sites or for FRI let properties as these fall outside our operational control. Emissions from our development sites are reported on our website **www.gpe.co.uk/sustainability/**.

We have used DEFRA Environmental Reporting Guidelines and the Greenhouse Gas Protocol to calculate our emissions.

Our full Annual Sustainability Performance Data Report, aligned with EPRA Sustainability Best Practice Recommendations, can be found at **www.gpe.co.uk/sustainability/our-performance/**.

Task Force on Climate-Related Financial Disclosures (TCFD)

We are making good progress incorporating the findings of the Task Force on Climate Related Financial Disclosures within our business and reporting. A summary in line with TCFD guidelines is provided below. For more on our approach to risk see pages 80 to 93 and pages 97 to 109 for Board activities. A more detailed disclosure in line with TCFD is available on our website at **www.gpe.co.uk/sustainability.**

Governance	
Board oversight of climate-related risks and opportunities	Sustainability updates are regularly provided at scheduled Board meetings with formal updates provided on a six-monthly basis.
Management role in assessing and managing climate-related risks and opportunities	The Sustainability Committee, chaired by our Chief Executive, meets quarterly and is attended by a number of the Senior Management Team. Regular sustainability updates are also provided to the Executive Committee and Board.
Strategy	
Climate-related risks and opportunities over short, medium and long term	**Short term 1-3 years** Rapidly evolving legislation including the implementation of Minimum Energy Efficiency Standards, tightening of regulations and potential introduction of 'In-use' building performance ratings increases the running costs of our portfolio. **Medium term 3-7 years** The need to decarbonise and adapt to climate change may give rise to higher market demand for buildings with improved sustainability credentials and greater energy efficiency. This may lead to environmentally stranded assets that are no longer fit for purpose and provide an opportunity for us to deliver buildings that meet this need. **Long term 7-15 years** Speed of market transformation and technological progress may impact on our ability to decarbonise our business. Greater demand for buildings that have been adapted to accommodate the likely impact of climate change, including (within London) higher temperatures and an increase in extreme weather events, including flooding and water shortages.
Impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Climate-related risks and opportunities will impact how we develop, refurbish and manage buildings in addition to shaping the nature of the buildings that we acquire and sell. As part of the completion of our net zero carbon roadmap we are modelling: – financial impact and payback of energy efficiency measures; – impact on development appraisals of designing net zero carbon buildings; – likely cost of carbon offsetting; and – the impact of carbon pricing.
Resilience of organisation's strategy taking into account different climate-related scenarios	Physical risks will impact on the costs of maintaining and developing our buildings. Our Statement of Intent lays out a clear strategy for dealing with both mitigation of climate change and adaptation to the effects of climate change. Our targets support our trajectory to decarbonise our business by 2030.
Risk management	
Integration of processes for identifying, assessing and managing climate-related risks into overall risk management	The Executive Committee, Audit Committee and the Board formally review the Group's principal risks. This includes climate-related risks, including their likelihood, impact and mitigating controls, which are managed by the Sustainability Committee.
Metrics and targets	
Metrics used to assess climate-related risks and opportunities in line with strategy and risk management processes	We report on a number of metrics (see below); we have recently announced our intention to decarbonise our business by 2030 (see page 72); and our ESG-linked RCF also contains a number of climate-related metrics (see page 78).
Disclosure of Scope 1, 2 and where appropriate Scope 3 and related risks	Metrics in connection with climate-related risks including Scope 1, 2 and 3 emissions are reported within our Streamlined Energy and Carbon Reporting and within our Annual Sustainability Performance Data Report at **www.gpe.co.uk/sustainability/our-performance/** which is aligned with EPRA Sustainability Best Practice Recommendations.
Targets used by the organisation to manage climate-related risks and opportunities and performance against targets	See our Statement of Intent at **www.gpe.co.uk/sustainability/our-sustainability-statement-of-intent/** and the targets included in our ESG-linked RCF at **www.gpe.co.uk/investors/debt-information/revolving-bank-facility** for further details.

Our capital strength

Introduction

Our strategy is underpinned by a consistent combination of low financial leverage and capital allocation discipline, demonstrated by our LTV today of 14.2% and £616 million of surplus equity returned to shareholders in recent years.

Operational measures

	2020	2019
Net gearing	**16.2%**	6.8%
Loan to value	**14.2%**	8.7%
Interest cover	**n/m**	n/m
Cash and undrawn facilities	**£411m**	£608m
Weighted average interest rate	**2.2%**	2.7%
EPRA earnings per share	**22.0p**	19.5p

Our approach

While our primary objective is to deliver returns consistently ahead of our cost of capital, we also seek to minimise the cost of our capital through the appropriate mix of equity and debt finance, and to ensure that we have access to sufficient financial resources to implement our business plans. Optimising and flexing the allocation of capital across our portfolio, including between our investment and development activities, is key to our business and ensuring that we maximise returns on a risk adjusted basis through the property cycle. Accordingly, we operate with four key 'givens':

– conservative leverage to enhance, not drive, returns;
– sustainable ordinary dividends;
– disciplined capital allocation; and
– balance sheet efficiency – track record of accretively raising and returning capital.

Our preference for low financial leverage helps to provide downside protection when operating in the cyclical central London property market and to maintain the financial flexibility to allow us to act quickly on new investment opportunities as they arise.

› **See more** about our approach to risk on pages 80 to 94

"Our financial position is very strong, with plenty of low cost, flexible firepower. We have sought to actively manage our capital structure over the year, and in particular our refinancing transactions included issuing the first ESG-linked RCF by a UK REIT."

Martin Leighton
Director of Corporate Finance

Innovative ESG-linked refinancing

We are constantly on the lookout for ways to further enhance our capital structure and, in the summer of 2019, we identified a potential opportunity to 'Amend and Extend' our key £450 million revolving credit facility (RCF) by linking it to our sustainability strategy, extending its maturity and lowering its cost. We were delighted to receive the support of our lenders and completed the transaction in January 2020 with a group of five existing relationship banks. The £450 million size of the RCF has been maintained, and its slightly reduced headline margin of 90 basis points (previously 92.5 basis points) is subject to adjustment from May 2021, depending on our performance against three challenging ESG-linked KPIs which align with our ambitious sustainability strategy. The facility now has a January 2025 initial maturity date which can potentially be extended to January 2027, subject to bank consent. This is the first ESG-linked RCF to be issued by a UK-REIT and the financial effect of all margin adjustments will be given to registered charities focused on environmental initiatives.

Our balance sheet is in extremely good shape. With a loan to value ratio of just 14.2% and £411 million of cash and undrawn bank facilities, we are very well positioned to fund our committed capex programme and any additional opportunities which may arise.

Innovative structuring, reducing interest costs and extending maturities

The Group's sources of debt funding are diverse, both secured and unsecured, and include the public, private and bank markets. Our debt providers are key stakeholders in our business and are a mix of UK and overseas banks, together with overseas life insurance companies and pension funds.

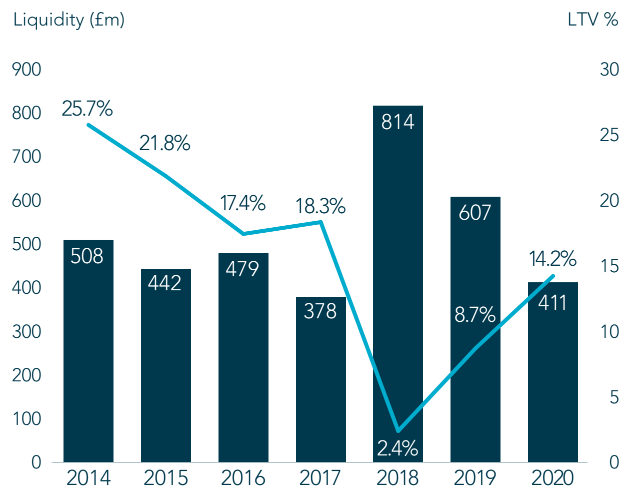
Our financing activity this year focused on proactively further enhancing our debt book. In January 2020, we entered into a £450 million ESG-linked unsecured revolving credit facility (RCF) with a headline margin of 90 basis points over LIBOR and an initial five-year term which may be extended to a maximum of seven years, subject to bank consent. This is the first RCF issued by a UK-REIT which is ESG-linked, such that its margin is subject to adjustment depending on our performance against three challenging ESG-linked KPIs. In a further innovation, the financial effect of all margin adjustments will be given to registered charities focused on environmental initiatives. The new facility is an amendment and extension of a £450 million RCF which had a headline margin of 92.5 basis points and was due to mature in 2024.

Our debt maturity profile was further enhanced in September 2019 by the prepayment of a £90 million secured loan issued by the Great Ropemaker Partnership which was due to expire in December 2020.

Ample liquidity and flexible, low cost debt book

At 31 March 2020, we had £411 million of cash and undrawn committed debt facilities with no Group level debt maturities until 2024, giving us very significant financial firepower for the future. Furthermore, due to market uncertainty caused by COVID-19, we increased the drawn position on our £450 million unsecured revolving credit facility, from £66 million to £150 million in March 2020, with our cash on deposit of £111 million at 31 March 2020 comfortably exceeding our committed capex to come.

LTV and liquidity (years to March)



At 31 March 2020, 69% of our total drawn debt and 43% of our total committed debt was from non-bank sources (March 2019: 88% and 40% respectively), with 69% of our debt book being fixed rate or hedged (March 2019: 100%). We have substantial headroom above our Group debt covenants and values could fall by 70% before a breach. Due in part to both our very low levels of low cost debt and the treatment of capitalised interest under our Group covenants, our interest cover ratio for the year was once again not measurable.

As noted above, we have no near-term Group level debt maturities and our low loan to value ratio of just 14.2% feels appropriate given current market uncertainties.

Balance sheet discipline and £200 million share buyback

When considering the appropriate level of financial leverage in the business, we apply the same capital discipline that we use when making asset level decisions. Typically, we aim for a loan to value ratio of between 10%-40% through the cycle and today we are at the lower end of the range given our portfolio activities and market cycle position. Additionally, we have a track record of accretively raising and returning equity capital to shareholders at the appropriate time and in the appropriate circumstances. Our key considerations when making such capital decisions include:

- the market outlook;
- opportunities for growth (both capital expenditure and acquisitions);
- opportunities for profitable recycling activity; and
- current and prospective debt ratios (including LTV and interest cover).

The most recent application of this disciplined approach is our £200 million return of surplus equity by way of an on-market share buyback programme, which completed in November 2019. Over the entire programme, we repurchased and cancelled 27.8 million shares at average share price of £7.20 (or £7.25 per share, £201.5 million including costs). This included 17.5 million shares at an average share price of £7.19 (or £7.23 per share, £126.7 million including costs) during the year ended 31 March 2020.

› **See more** about our financial results on page 45

£616m

Returned to shareholders in last three years

Our approach to risk

The successful management of risk is critical for the Group to deliver its strategic priorities. Whilst the ultimate responsibility for risk management rests with the Board, the effective day-to-day management of risk is integral in the way we do business and the culture of our team. Our attitude to risk is one of collective responsibility with the identification and management of risks and opportunities part of the mindset of the GPE team. Our organisational structure, including close involvement of senior management in all significant decisions and in-house management of all development, portfolio and occupational service activities, together with our prudent and analytical approach, is designed to align the Group's interests with those of shareholders.

Setting and monitoring our 'risk appetite'

The Group's overarching risk appetite is set in the context that we focus on a single market, that of central London, operating out of a single head office within close proximity to all of our activities. Central London's real estate markets are highly cyclical and, as a result, we apply a disciplined approach to our capital allocation and managing our operational risk, in particular our development exposure, in tune with prevailing market conditions. Furthermore, we aim to operate with low financial risk through maintaining conservative financial leverage.

We use a suite of key operational parameters as an important tool to set and then measure the Group's risk profile. These parameters consider, amongst other matters, the Group's size, financial gearing, interest cover, level of speculative and total development exposure, and single asset concentration risk. These parameters are revisited annually as part of the Group's Strategy Review and reviewed at each Board meeting. We monitor the Group's actual and forecast position over a five-year period against these parameters.

› **See more** details on our operational measures on pages 18 and 19

Our risk culture and how we manage our risks

Our over-arching risk management process is comprised of four main stages as summarised in the diagram below.

We believe that effective management of risk is based on a 'top-down' and 'bottom-up' approach with appropriate controls and oversight as outlined on page 81, which include:

- our strategy setting process;
- the quality of our people and culture;
- established procedures and internal controls;
- policies for highlighting and controlling risks;
- regular oversight by the relevant Committees and the Board; and
- a clear reading of market conditions and the property cycle.

Moreover, risk management is an integral part of all our activities. Risks and, more positively, where these might also provide opportunities, are considered as part of every business decision we make and how they would affect the achievement of our strategic priorities and the long-term performance of our business.

Six-monthly assessment of principal and emerging risks, opportunities and effectiveness of controls

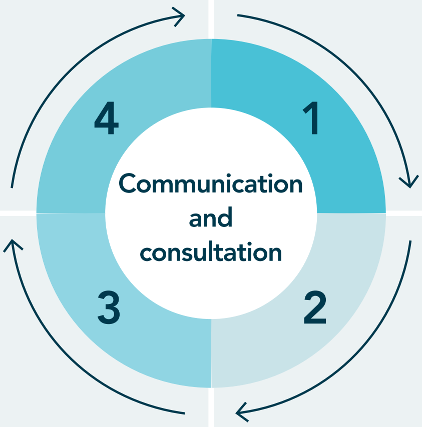
As part of a robust assessment of the principal and emerging risks facing the Group, at the half-year and year end, the Executive Committee, the Audit Committee and the Board formally review the Group's principal and emerging risks, including those that would threaten its business model, future performance, solvency and liquidity. Importantly, part of this review is the consideration of:

- the internal operational controls in place to mitigate the principal risks and how key controls over these risks have operated in the preceding six months;
- consideration of any emerging risks and opportunities; and
- the Board's ongoing monitoring of the principal risks.

Whilst emerging risks and opportunities are considered as part of this formal six-monthly assessment, the Board spends additional time at scheduled Board meetings on 'blue sky' thinking and consideration of possible emerging risks. As part of this process, the Executive Committee members are tasked to provide a summary at each scheduled Board meeting of the three 'things' concerning and exciting them most. We also ask our Heads of Department the same question to ensure that we are continually challenging ourselves as to how we should evolve. Emerging risks are also specifically considered by the Board as part of its annual Strategy Review. While risks relating to structural retail and market changes, pandemic and short and medium-term climate change risks have been captured within our re-framed principal risks, we have also spent time this year discussing emerging risks across a number themes such as long-term climate change and advances in technology.

Risk monitoring, reporting and escalation

- Risks documented, reported and monitored on a regular basis by management, Executive Committee, Audit Committee and Board
- New risks and significant changes to risk profiles escalated as appropriate



Risk identification

- Identification and description of significant and emerging risks that could affect GPE's key objectives
- Risks categorised with assignment of accountabilities and Executive ownership of principal risks

Risk response

- Appropriate response determined with reference to risk appetite
- Risk response may include Treat, Transfer, Terminate or Tolerate

Risk assessment

- Potential impact and likelihood of risk assessed using defined criteria
- Principal risks assessed on a gross, net and target risk basis

Board oversight of risk

Board

Nomination Committee | Audit Committee | Remuneration Committee

Executive Committee

Operational Committee oversight

Weekly

Development management
Portfolio management
Investment management
Financial management

Quarterly

Living our values
Health and safety
Development management review
Portfolio management review
Sustainability
Community

People and culture guided by our values

Focused market expertise
Open communication
Transparent disclosure with stakeholders
Integrity in business conduct
Interests aligned with shareholders
Qualified and experienced personnel with specific roles
Intense development, portfolio management and occupational services teams
Conservative attitude to capital deployment
Analytical rigour

Procedures and internal controls

High level risk assessment framework
Strict approval requirements
Extensive documentation to support decisions
Formal policies and procedures consistently applied
Defined performance indicators with sensitivity analysis
External review of key controls/internal audit
Whistleblowing policy

Policies for highlighting and controlling risk

Investment return benchmarks
Debt leverage, covenant compliance and liquidity limits
Regular review of business plans, dashboard lead indicators and operational parameters
Occupancy targets
Development appraisal parameters
Leasing objectives and occupier covenant testing

Business risk

Our approach to risk continued

During the year, the Audit Committee and Board have taken the opportunity to oversee an in-depth review of GPE's principal risks:

- to ensure that the principal risks continue to reflect the most significant risks facing the business at the current time, particularly in the face of an evolving real estate industry and market, ongoing macro-economic and political uncertainties as well as, more recently, the uncertainties arising from the COVID-19 crisis;
- to more closely reflect how GPE's risks are being discussed and considered across the organisation and in the context of GPE's strategic priorities;
- to simplify and consolidate risks where considered appropriate; and
- to further consider and identify possible emerging risks.

As a consequence of this exercise, we have re-framed the descriptions of GPE's principal risks, identified two new principal risks and escalated the status of certain risks that were previously captured within a broader principal risk description. Save for the new or escalated risks explained below, the risks to the business, at a high level, remain broadly unchanged from the previous year, the key changes being as follows:

- inclusion of a new pandemic risk given the continuing risks arising from the current COVID-19 crisis, the full extent of the humanitarian, societal and economic impacts of which are still too early to judge;
- as a result of a perceived greater risk arising from the impact of ongoing structural changes in the retail industry on the demand for, and profitability of retail space in central London, we have added 'Structural retail changes' as a separate principal risk;
- increasing regulation and stakeholder, occupier and public expectations make our response to the climate change challenge a commercial and reputational imperative which is likely to impact how we operate in the future. 'Climate change and decarbonisation' has therefore been recognised as a separate principal risk as well as an emerging risk;
- an increasingly stringent planning environment as a result of political and economic uncertainties, increased focus on the provision of affordable housing in certain London boroughs, recommendations following the Grenfell Tower fire and evolving environmental requirements have resulted in 'Challenging planning environment' being separated out as a standalone principal risk; and
- other risks have been simplified or consolidated where these are considered to be a sub-set of a single broader principal risk. For example, the risks of poor management of voids, low occupier retention and occupier failures or dissatisfaction are now considered to be part of a broader risk of 'Meeting occupier needs and competition'. Similarly, risks relating to central London performance, macro-economic conditions such as Brexit, civil unrest and terrorism have been combined under a single risk relating to 'London attractiveness'.

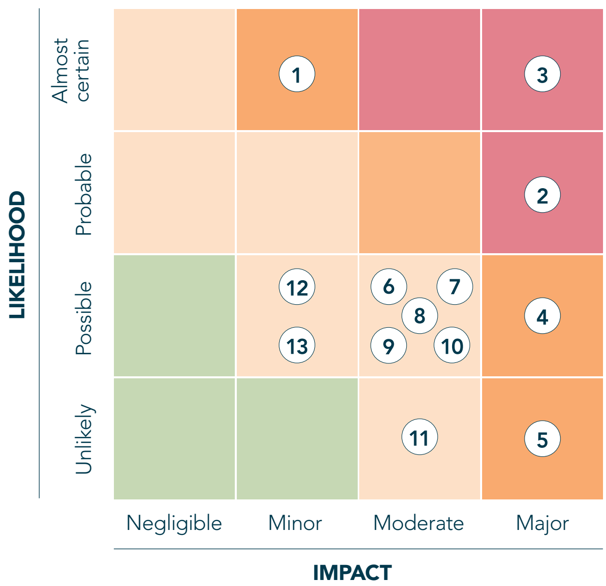
A description of the Group's principal risks, together with a summary of steps taken to mitigate those risks, is shown on pages 84 to 93. Given the above changes to our principal risks, the risk movements do not show the year-on-year assessment changes of each risk but instead reflect the Board's view of the directional change of the re-framed risks over that period.

As we continue to review our strategy in the context of a changing market, the impacts of the COVID-19 crisis and macro-economic uncertainties, we will continue to assess our risk appetite and target for each risk as part of our strategy review process. The Board has assessed the likelihood and impact of the revised principal risks, the net risk assessments for which are shown in the heatmap below.

Net risk heatmap

Principal risk

1	Structural retail changes
2	Climate change and decarbonisation
3	Pandemic
4	London attractiveness
5	Property market dislocation and impact on financial leverage
6	Failure to maximise returns from prevailing market conditions
7	Failure to profitably deliver the development programme
8	Challenging planning environment
9	Attract and retain the right people
10	Meeting occupier needs and competition
11	Poor capital allocation decisions
12	Health and safety
13	Cyber security and infrastructure failure



Risk severity

Low Medium High Very high

1 **Net risk rating** as assessed after existing controls and mitigation

The Board's ongoing monitoring of the Group's principal risks and controls

Ongoing monitoring of our principal risks and controls by the Board is undertaken through:

- relatively low levels of authority for transactions requiring Board approval, with investment transactions and development approvals requiring, amongst other matters, consideration of the impact on financial leverage, interest cover and portfolio risk/composition;
- the Executive Committee's oversight of all day-to-day significant decisions;
- the Chief Executive reporting on the market conditions dashboard, operational parameters and people as appropriate at each of the scheduled Board meetings;
- members of the Executive Committee providing a review of the development programme, occupational markets and key property matters at each of the scheduled Board meetings;
- the Finance and Operations Director reporting on Group forecasts, including actual and prospective leverage metrics, the occupier watch list and delinquencies, cyber and IT initiatives, sustainability and health and safety matters at scheduled Board meetings;
- the Executive Directors communicating with the Board on any significant market and operational matters between Board meetings;
- senior managers attending the Board and Audit Committee meetings as appropriate to discuss specific risks either across the business, such as sustainability, health and safety and cyber, or relating to transactions; and
- the Audit Committee meeting with the valuers at least twice a year to better understand market conditions and challenge the assumptions underlying the valuation.

Our focus during the year

The continued challenging market conditions as a result of the uncertain economic and political environment associated with the UK leaving the European Union, and, more recently, the COVID-19 crisis, and how we have considered these in light of our business, is explained in more detail in 'Our market' on page 23 and our viability assessment on page 94. In light of this ongoing uncertainty, the focus on our strategy and business model with a clear linkage of our risks to overarching strategic priorities and operational parameters have again this year been revisited at all our scheduled Board meetings. Areas of significant focus have included:

- the progress of our three developments at Hanover Square, W1, 1 Newman Street & 70/88 Oxford Street, W1 and The Hickman, E1;

› **See more** on pages 34 to 36

- the continued strong and pragmatic leasing activity across our development portfolio, including pre-lettings achieved at Hanover Square, W1 and at 1 Newman Street & 70/88 Oxford Street, W1;

› **See more** on pages 34 to 36

- continuing to crystallise profits through the sale of 24/25 Britton Street for a headline sale price of £64.5 million;

› **See more** on page 33

- maintaining our low financial leverage whilst returning £125.9 million to shareholders through our share buyback programme;

› **See more** on pages 78 and 79

- given our risks of 'Failing to maximise returns from prevailing market conditions' and 'Meeting occupier needs and competition', further developing our flex product and service offer and installing market-leading technology solutions across our portfolio, including our new app 'sesame';

› **See more** on pages 40, 41 and 69

- launching our Inclusion and Diversity strategy and related initiatives and achieving the National Equality Standard accreditation;

› **See more** on pages 50 and 51

- in view of our 'Decarbonisation and climate change' risk, issuing the first ESG-linked bank facility by a UK REIT and committing to becoming a net zero carbon business by 2030, launching our Statement of Intent 'The Time is Now';

› **See more** on pages 72 and 78

- launching our inaugural Health and Safety strategy and strengthening our procedures across the portfolio;

› **See more** on page 63

- continued focus on our cyber governance both at head office and in relation to landlord IT equipment across our portfolio; and

› **See more** on page 122

- extensive engagement with stakeholders in order to manage and mitigate the impacts of COVID-19 while supporting our stakeholders where we can.

› **See more** on pages 49 and 58 to 64

Our approach to risk continued

How we manage principal risks and uncertainties

Principal risk	Link to strategic priorities	How we monitor and manage risk
Structural retail changes		
A continued structural shift in the retail industry could force changes to leasing requirements (e.g. turnover rents) and/or reduce the demand for, or profitability of retail space in central London. This could reduce rents, asset values and returns from retail space.	2 3	Strategic financial forecasts updated prior to each Board meeting including scenario planning for different economic cycles. Quarterly review of asset-by-asset business plans to assess potential exposures and inform hold/sell strategies. Regular reporting to Executive Committee and Board on negotiations and marketing campaigns. Regular updates received from central London retail agencies to understand current market trends and anticipating future changes to deal structures. The Group's in-house portfolio management teams have proactive engagement with occupiers to understand their occupational needs and requirements with a focus on retaining income. Design Review Panel reviews building design and specification to ensure the scheme can accommodate flexibility of unit sizes appropriate for future retail occupier demand. In-house Leasing and Marketing teams liaise with external advisors on a regular basis, creating marketing campaigns, agreed budgets and timelines in accordance with the leasing/marketing objectives.
Climate change and decarbonisation		
The need to decarbonise our business increases the cost of our activities through the need to retro-fit buildings to improve their sustainability credentials and reduces our ability to redevelop due to planning restrictions, increased regulation and stakeholder expectations, the increased cost of low carbon technology and potentially the pricing of carbon. Failure to meet the climate challenge could impact our ability to deliver new buildings, reduce the demand for the buildings we own, cause significant reputational damage and result in exposure to environmental activism and potentially stranded assets.	3 4	Regular Board and Executive review of Sustainability policy and climate change commitments. Sustainability Committee meets quarterly to consider strategy in respect of climate change and Environmental and Social strategy and risks. Dedicated Director of Sustainability and Community and Sustainability Manager. Design Review Panel reviews design brief for all buildings to ensure that forthcoming sustainability risks are considered. Sustainable Development Brief and Sustainability strategy in place. ESG-linked RCF and the introduction of ESG strategic bonus measures for Executive Committee members to support delivery of decarbonisation within the business. The creation of a baseline carbon position for existing near-term development schemes is currently underway.
Pandemic		
Ongoing pandemic (lasting longer than three months) could lead to a significant decrease in demand in our markets, adversely impact our rental income, reduce the availability of our workforce and disrupt our supply chains resulting in a decreased ability to maintain the consistency of our operations.	1 2 3 4 6	Business Continuity Plans and IT Business Continuity Plans in place. Response Committee established and led by the Finance and Operations Director to identify risks and concerns to help manage GPE's response to COVID-19 crisis. Daily and weekly reporting to the Executive Committee. Regular Board calls held during COVID-19 crisis to review GPE's response and mitigations with key updates provided between meetings. Reviews of Government guidelines and emerging practice with risk assessments undertaken as control measures change. Enhanced stakeholder engagement, particularly with occupiers, contractors, shareholders and employees. Selection of contractors and suppliers based on creditworthiness.

Near-term strategic priorities

1 COVID-19 response
2 Deliver and lease committed schemes
3 Prepare the pipeline
4 Progress sustainability agenda
5 Further embed values
6 Continue to grow flex offer

Directional travel of net risk movement over the last 12 months	Commentary
Increasing	Retail space comprises 28% of our portfolio by value. Whilst wider UK retailing has suffered from a combination of lower retail sales and a structural shift, as increasing volumes of sales move online, central London retail has to date demonstrated greater resilience, underpinned by tourism (both domestic and international), flagship stores, a deep cultural offering and its growing population. Moreover, we focus on delivering high quality, modern retail units into locations with enduring appeal with the bulk of our activities centred on the prime shopping streets of Oxford Street, Regent Street, Bond Street and Piccadilly. Our current development activity at Oxford House, at the eastern end of Oxford Street, and Hanover Square, at the northern end of Bond Street, aim to deliver new retail experiences into locations that will benefit from the expected opening of Crossrail in 2021. Early interest in the schemes has been encouraging and during the year we completed our first retail letting in our Hanover Square scheme. However, the outbreak of COVID-19 and associated lockdown has made the position more challenging and rental values across our retail units fell 4.3% during the year.
Increasing	With the built environment contributing approximately 40% of the UK's carbon footprint and the climate change debate moving from the periphery to now being both a moral and economic imperative, particularly for our occupiers and other stakeholders, we have been further expanding our sustainability commitments and activities. Having announced in 2019 targets to reduce energy intensity in our existing buildings by 40% (from a 2016 baseline) by 2030 and to delivering net zero carbon new build developments from 2030, we have more recently articulated our approach to sustainability in our Statement of Intent 'The Time is Now', which includes a commitment to decarbonise our business to become net zero by 2030. We are also committing to design climate change resilient and adaptable spaces, create a lasting positive social impact in our communities and put health and wellbeing front and centre. Moreover, with sustainability touching everything that we do, in early 2020 we incorporated our energy intensity target into our ESG-linked revolving credit facility, along with targets to reduce embodied carbon of our new developments and major refurbishments by 40% by 2030 and to improve biodiversity net gain across our portfolio by 25% by 2030. As a result, the rate of interest we pay on this facility will depend on our performance against these targets. Furthermore, these targets have been included within the objectives of many of our senior executives and will be used to assess levels of future remuneration. We also continue to work to improve the number of our buildings rated for their sustainability credentials. In line with current legislative requirements and Government proposals on the future trajectory for minimum energy efficiency standards, we are actively managing ratings, seeking to improve EPC ratings by at least one grade following refurbishment. › **See more** on page 77
Increasing	The current COVID-19 pandemic is already having profound social and economic consequences. However, the resilience of our business, finances and people are already in strong evidence. We are engaging extensively with all our stakeholders, including offering assistance to our occupiers on a case by case basis, extending our community activities, including through the creation of a new Community Fund, and working hard to ensure the safety and wellbeing of our employees who have all been working from home since late March 2020. All our properties have remained open and operating to Government guidelines, including our development sites. We have also issued to all our occupiers a 'return to the office' playbook. None of our employees have been furloughed and the Group has no current plans to access any UK Government COVID-19 funding.

Our approach to risk continued

How we manage principal risks and uncertainties continued

Principal risk	Link to strategic priorities	How we monitor and manage risk
London attractiveness		
The appeal of London to occupiers and investors may diminish due to macro-economic conditions (e.g. Brexit), the rise of alternative destinations for international trade, the impact of civil unrest and terrorism, the impact of long-term climate change (e.g. risk of flooding) and the relative expense of operating in London. This could result in a lack of investment and occupier demand leading to decreasing income and asset values.	2 3 6	Board annual strategy review with regular economic and market updates received from third parties. Strategic financial forecasts are updated prior to each Board meeting including scenario planning for different economic cycles and eventualities, including to reflect potential impacts regarding the UK's exit from the EU and, more recently, broader economic recovery from the COVID-19 crisis. Regular review of strategic priorities and transactions in light of the Group's dashboard of lead indicators and operational parameters. Detailed planning regarding the UK's exit from the EU, with regular updates to the Board on GPE's preparations and potential impacts. The Group aims to maintain a consistent policy of low financial leverage.
Property market dislocation and impact on financial leverage		
Assets may reduce in value due to capital markets disruption and/or a macro-economic shock which could increase GPE's financial leverage and potentially result in our breaching banking covenants.	2 3 6	Quarterly review of capital structure, including gearing levels, by Finance and Operations Director and Executive Committee. Board annual strategy review with regular economic and market updates received from third parties. Regular review of strategic priorities and transactions in light of the Group's dashboard of lead indicators and operational parameters. Quarterly review of current and forecast debt, hedging levels and financing ratios under various market scenarios. The Group aims to maintain a consistent policy of low financial leverage. The Group's funding measures are diversified across a range of bank and bond markets. Regular review of financing by Finance and Operations Director and Executive Committee with reporting at each Board meeting.
Failure to maximise returns from prevailing market conditions		
We fail to adequately read market conditions and respond accordingly. This could result in making leasing decisions or buying, selling or developing buildings at the incorrect time leading to insufficient returns on our investment. Additionally, in periods of stable markets we may fail to effectively adjust our business model to maximise returns from prevailing market conditions.	2 3 4 6	Strategic financial forecasts are updated prior to each Board meeting including scenario planning for different economic cycles and eventualities. Regular review of property cycle by reference to dashboard of lead indicators. Board annual strategy review including regular economic and market updates received from third parties. Dedicated in-house team with remit to research sub-markets in central London seeking the right balance between investment and development opportunities for current and prospective market conditions. Detailed due diligence undertaken for all prospective acquisitions prior to purchase to ensure appropriate returns. Quarterly review of asset-by-asset business plans to assess future performance and to inform hold/sell decision making.

Near-term strategic priorities

1 COVID-19 response
2 Deliver and lease committed schemes
3 Prepare the pipeline
4 Progress sustainability agenda
5 Further embed values
6 Continue to grow flex offer

Directional travel of net risk movement over the last 12 months	Commentary
Increasing	London generates around 22% of UK GDP, with the largest economy of any city in Europe, and is one of the world's leading commercial, creative and financial centres, with a deep pool of talent. Despite the uncertainty created by the UK's exit from the EU and the more recent economic disruption as a result of COVID-19, London has been growing and is forecast to grow further. By 2030, London's population is expected to have increased to around ten million, up from around nine million today, and improving infrastructure, including extensions of the tube network and the expected opening of Crossrail in 2021, will bring more people within its reach. Its combination of a strong legal system, time zone advantages, international connectivity and a welcoming attitude to businesses from around the world has resulted in London retaining its position leading the Global Power City Index 2019, as measured by the Mori Memorial Foundation. Central London also offers one of the world's largest commercial real estate markets, with around 440 million sq ft of office and retail property attracting a deep and diverse mix of occupiers and property investors, many from overseas. London's markets are also highly liquid and remain one of the leading global destinations for real estate investment.
No change	Over the long term, real estate markets have historically been cyclical and London has been no exception to this. As a result, we have consistently adopted a conservative approach to financial leverage. As at 31 March 2020, our property LTV was 14.2%, net gearing was 16.2% and interest cover not measurable. As a result, we have substantial headroom above our Group debt covenants. We estimate property values could fall around 70% before Group debt covenants could be endangered, even before factoring in mitigating management actions. The Group also has significant financial capacity with liquidity of £411 million, comprising cash of £111 million and undrawn committed facilities of £300 million. In addition, the Group's weighted average interest rate remains low at only 2.2% (falling to 1.9% on a fully drawn basis), with an attractive debt maturity ladder and diverse funding sources, predominantly borrowing on an unsecured basis.
No change	The Group has this year again continued to take advantage of supportive market conditions through developing 414,600 sq ft of prime Grade A space for delivery in the next 18 months into a supply-constrained market, whilst also profitably recycling capital with £73 million of sales at a 10% premium to book values.

Our approach to risk continued

How we manage principal risks and uncertainties continued

Principal risk	Link to strategic priorities	How we monitor and manage risk
Failure to profitably deliver the development programme		
We fail to translate the development pipeline and current committed schemes into profitable developments through poor development management, inappropriate level of development undertaken as a percentage of the portfolio, poor timing of activity and/or inappropriate products for the local market resulting in weak leasing performance, reputational damage, reducing asset values and lowering Group earnings.	2 3 4	Updated strategic financial forecasts reviewed at each scheduled Board meeting including scenario planning for different economic cycles. Development management quarterly updates to Executive Committee with reporting to each scheduled Board meeting. Regular review of portfolio mix and asset concentration. Adjustment of the portfolio as appropriate through undertaking acquisitions and/or development projects in joint venture or forward funding. Prior to committing to a development, the Group conducts a detailed financial and operational appraisal process which evaluates the expected returns from a development in light of likely risks. During the course of a development, the actual costs and estimated returns are regularly monitored to signpost prompt decisions on project management, leasing and ownership. Working with agents, potential occupiers and purchasers to identify their needs and aspirations including sustainability, wellbeing and technological advances during the planning application and design stages. Regular pipeline review meetings between Development and Portfolio Management teams and quarterly asset review sessions. Selection of contractors and suppliers based on track record of delivery and creditworthiness. In-house Project Management team closely monitor construction and manage contractors to ensure adequate resourcing to meet programme. Post-completion reviews undertaken through Final Appraisal process on all developments to identify best practice and areas for improvement. Regular review of the prospective performance of individual assets and their business plans with joint venture partners.
Challenging planning environment		
The increasingly stringent planning environment limits our ability to create new spaces, increases costs, and results in our failure to obtain viable planning consents.	3 4	Prior to committing to a development, the Group conducts a detailed financial and operational appraisal process which evaluates the expected returns from a development in light of likely risks. Active engagement with planning authorities. Early engagement with local residents and community groups, adjoining owners and freeholders. Third-party expertise used to support in-house teams, where appropriate. Regular updates to the Executive Committee and Board on regulatory and planning policy developments. Sustainable building design, including climate change mitigation and adaption, considered at an early design stage. All our major developments are subject to a minimum BREEAM rating requirement of 'Very Good' for major refurbishments and 'Excellent' for new build developments.

Near-term strategic priorities

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Directional travel of net risk movement over the last 12 months	Commentary
No change	We currently have three committed schemes on-site, set to deliver 414,600 sq ft of high quality space, all near Crossrail stations and all targeting BREEAM 'Excellent'. These schemes are already 48% pre-let or under-offer, with two of the schemes due for completion this year, and are expected to generate a profit on cost of 14.7%. Beyond this, the Group is preparing a further ten schemes set to deliver more than 1.4 million sq ft across the coming decade.
Increasing	To successfully deliver our developments, we work closely with both the local authorities and communities to secure planning consents to create great new spaces, helping London to thrive. The emerging London Plan is now being adopted as policy and includes a number of further challenging requirements. Moreover, our substantial and flexible pipeline of ten uncommitted schemes totals 1.4 million sq ft across four London boroughs, all of which will likely be subject to planning approval requirements. We aim to engage with local authorities in an open, transparent and non-adversarial manner to enable us to secure planning consents that are both beneficial to us and the local communities in which they are built. In line with our social value guidelines, as a matter of course, we liaise with community stakeholders to understand their needs and, where possible, we will adjust our proposals to take account of comments received. We use planning performance agreements with the local planning authority to ensure that our planning applications are determined in a timely manner. During the year we have continued to work with community groups in the London Bridge area, supporting air quality and urban greening projects, apprenticeship opportunities and local schools. Over the coming months we will continue to support these initiatives, focusing on ensuring that our proposals for New City Court, SE1 enhance the excellent work already being undertaken by community groups in the area. This process is implemented at each development scheme, with urban greening and biodiversity projects currently being supported in Islington as part of early engagement for our 50 Finsbury Square, EC2 and our social value guidelines are in the process of being implemented in full for Oxford House, W1. Moreover, sustainability is becoming ever more important in the planning process with many of our key local authorities declaring climate emergencies. We will look to work with them to support their principles of 'good growth'.

Our approach to risk continued

How we manage principal risks and uncertainties continued

Principal risk	Link to strategic priorities	How we monitor and manage risk
People		
Failure to attract, develop and retain high quality, suitably experienced individuals means we may not have the necessary capability or resource levels resulting in the failure to deliver our business plan.	1 2 3 4 5 6	Regular review is undertaken of the Group's resource requirements and succession planning. The Group has a remuneration system that is strongly linked to performance and a formal six-monthly appraisal system to provide regular assessment of individual performance. Benchmarking of remuneration packages of all employees is undertaken annually to ensure competitive financial and non-financial packages in line with market rates. Annual personal development planning and ongoing training support for all employees together with focused initiatives to nurture potential successors, including introduction of mentoring programme. Clear articulation of GPE values so all existing and prospective employees understand our core beliefs and behaviours. Launch of new Inclusion and Diversity strategy in October 2019. Health and wellbeing programme implemented following earlier roll-out of mental health training programme. Focus on people engagement with regular two-way communication and responsive employee-focused activities, e.g. Board engagement sessions, employee engagement surveys and flexible working.
Meeting occupier needs and competition		
We fail to understand and provide spaces that meet quickly evolving occupier needs, including an inappropriate mix of flex versus traditional space and/or we fail to identify and react effectively to shifting patterns of work space use. This could lead to GPE failing to deliver space that occupiers want resulting in poor investment returns, potentially stranded assets and losing occupiers to competitors.	2 3 4 6	Quarterly review of individual property business plans and the market more generally, including review of property IRRs. Portfolio Management quarterly updates to Executive Committee with reporting at each scheduled Board meeting. Board and management reviews of GPE flexible space offer across the portfolio, including broadening our product offering. The Group's in-house Portfolio Management teams have proactive engagement with occupiers to understand their occupational needs and requirements with a focus on retaining income, including through our annual occupier survey. Our Director of Workplace and Innovation is responsible for keeping the Board up to date on market developments and incorporating innovation in the GPE portfolio.
Poor capital allocation decisions		
We make poor decisions regarding the allocation of capital such that we buy, sell, hold or develop the incorrect buildings resulting in inadequate investment returns.	3 4 6	Regular reviews conducted of individual property IRRs, including quarterly review of individual property dashboards, and market generally. Weekly investment meetings held and regular dialogue maintained with key intermediaries. Portfolio Management, Development and Leasing quarterly updates to Executive Committee with reporting at each scheduled Board meeting. Strategic Review forecast on an asset-by-asset basis provides a business plan for each individual property which is reviewed against the performance of the business as a whole. Detailed due diligence processes in place to help ensure appropriate returns.

Near-term strategic priorities

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Directional travel of net risk movement over the last 12 months	Commentary
No change	The motivation of our people and maintaining our strong collaborative culture remains fundamental to the delivery of our strategic priorities. During the year, the strength of our values and appeal of our culture was highlighted with our most recent employee engagement survey showing 94% of our people would "recommend GPE as a great place to work" and we were delighted to make several internal Senior Management Team promotions as we develop our talent from within. We also successfully launched our Inclusion and Diversity strategy at an all-staff event, with valuable participation from our Non-Executive Directors, and we are pleased to have now achieved the National Equality Standard accreditation. We also broadened our health and wellbeing programme for our employees, held another Community Day, working with our charity partners Centrepoint and Groundwork London, and launched our Board engagement programme. Our employee retention remains high at 87% and we continue to focus on growing the breadth and depth of our talent, providing focused development support where needed.
Increasing	We have had another strong year of leasing, completing 46 new lettings and securing £14.4 million of rent at an 8.8% premium to March 2019 ERVs, whilst continuing the successful roll-out of our flexible space offering. We have also continued to capture reversion across the portfolio and, coupled with the leasing activity, this has helped drive like-for-like Group rent roll up by 3%. Over the past twelve months, our flexible office space has increased from 87,600 sq ft to 219,600 sq ft, or 11% of our office portfolio, and we are also currently appraising a further 152,200 sq ft of flexible space across the portfolio. After the success of our co-working arrangement with Runway East at New City Court, SE1, we expanded our co-working arrangement with a new flexible office partnership arrangement with Knotel for 82,300 sq ft at City Place House, EC2. In addition, we have committed 16,300 sq ft to our new Flex+ space at Dufours Place, W1, which will provide occupiers with added service provision as well as communal facilities such as a courtyard and ground floor café. During the year, we created our Occupier Services and Property Services teams to reflect our focus on customer service delivery and the changing nature of the occupier environment, whilst also ensuring the structure meets the needs of our growing portfolio, in particular given our upcoming development completions. We also commissioned an independent customer satisfaction survey to update our understanding of how our occupiers view their buildings and the services we provide. Encouragingly, our Net Promoter Score increased from +17.5 in 2017 to +25.3 in 2019, materially ahead of our peer group which scored +12.9.
No change	With limited availability of attractively priced acquisition opportunities and the depth of opportunity in our existing portfolio, we made no acquisitions in the year. However, taking advantage of strong investor demand for well let, attractively located properties, we made sales of £73 million in the year. We also successfully completed our £200 million share buyback, meaning that we have now returned more than £615 million of surplus equity to shareholders since 2017, whilst retaining the lowest loan to value ratio in the UK REIT sector.

Our approach to risk continued

How we manage principal risks and uncertainties continued

Principal risk	Link to strategic priorities	How we monitor and manage risk
Health and safety		
A serious health and safety incident (including by our contractors) could result in loss of life or serious injury and financial and reputational damage to GPE. Furthermore, significant changes in health and safety regulations driven by government intervention following events such as the Grenfell Tower fire may increase costs of compliance and/or risks of non-compliance.	1 2 3 4 5	Formal quarterly reporting on health and safety to the Executive Committee and regular reporting to the Board, including on progress against new Health and Safety strategy. Regular site health and safety checks undertaken by Executive Committee members, Development and Project Management team members and third parties. Pre-qualification and competency checks undertaken for all contractors and consultants appointed. Formal reporting on near misses/significant incidents and accidents. Annual cycle of health and safety audits. Online health and safety management system in place for business. Comprehensive fire safety management procedures in place.
Cyber security and infrastructure failure		
A cyber attack or infrastructure failure could lead to business or network disruption within our portfolio or loss of occupier data. This could have a significant impact on flex+ occupiers to which we provide increased infrastructure support and high risk occupiers who may seek to recoup damages from GPE, leading to potential direct regulatory fines and reputational damage.	1 2 3 4 5 6	IT and cyber security updates are regularly reported to the Executive Committee and the Board. A head office and portfolio IT risk register is maintained. The Group's IT Business Continuity Plan is regularly reviewed and tested and recovery of data at off-site recovery centre is tested during the year. Regular testing of IT security is undertaken including penetration testing of key systems. The Group's data is regularly backed up and replicated. Employee awareness training on cyber risk is undertaken regularly. Cyber risk insurance is in place. Each building has a bespoke Emergency Action Plan, maintaining appropriate systems to mitigate any infrastructure failure.

Near-term strategic priorities

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Directional travel of net risk movement over the last 12 months	Commentary
No change	We continue to focus on ensuring that we have a best in class and proactive health and safety culture at GPE, which we reinforced during the year with the recruitment of a new Head of Health and Safety. During the year, following Board approval, we launched a new Health and Safety strategy, with the goal of embedding a proactive approach to health and safety across our business and with our supply chain partners which goes beyond legal compliance. The main aim was to create an integrated approach, with each individual in the business having the confidence to take ownership of health and safety. We have also enhanced our health and safety management system, integrating systems between our development, occupier and property services teams to improve communication. All employee-related health and safety information has been updated and incorporated on our intranet, complete with case studies of health and safety leadership in the business. We instigated a programme of senior leadership team health and safety tours of our development sites and managed portfolio with a number of inspections taking place during the year. Our change in approach is also being reflected in how we measure health and safety performance incorporating the use of both reactive measures, such as accident reporting and outcomes from accident investigation, as well as more proactive health and safety indicators such as positive health and safety observations and the implementation of control measures. We are also supporting our occupiers, rolling out occupier fire safety monitoring checks to help provide information on changing expectations on fire safety across the industry. The COVID-19 outbreak has required us to put additional health and safety processes in place for our employees, occupiers and suppliers. We have followed Government guidelines from the start of the outbreak, supported our employees in their transition to home working, worked with our suppliers to ensure that essential building maintenance could be carried out safely and introduced additional cleaning measures and social distancing protocols to reassure our occupiers. The Group had six reportable accidents during the year. Where accidents do occur, we work with our supply chain on accident investigation to understand lessons learned and opportunities for improvement, to consider how the work could have been set up differently and to understand how, as a client, we can better support our suppliers.
Increasing	Given the increased incidence of attempted cyber attacks on UK businesses, we have continued to invest time and resource into our cyber security measures, both in our head office and across our portfolio.

Viability statement

Assessment of the Group's prospects

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Board has assessed the prospects of the Group over a longer period than the 12 months that has been required by the 'Going Concern' provision. The work conducted for this longer-term assessment supports the Board's statements on both viability, as set out below, and going concern as set out on page 157.

The Group's future prospects are assessed regularly and at an annual Strategy Review in April. For the current year, due to the market disruption from COVID-19, the Strategy Review was postponed. In its place, we conducted a comprehensive update of the Group's financial forecasts. This update included a number of market scenarios, including the impact of exiting the EU, a significant recession and a number of potential COVID-19 stress sensitivities. The update included an assessment of the pandemic's impact on the macro-economic environment, forecasts of key property market metrics (including yields and rental value movements), annual valuation movements for each of our properties, forecast cash collection rates based on our experience to date, forecast levels of delinquencies and delays to the delivery of our development programme.

The key outputs from this process are full forecast financial statements for a five-year period, with a primary focus on the first three years. The forecasts are summarised in a dashboard, which analyses profits, cash flows, funding requirements, key financial ratios and headroom in respect of the financial covenants contained in the Group's various loan arrangements. The forecasts were considered by the Board in April and May, and will be updated and incorporated into the Strategy Review which will now take place in September 2020.

The Group's financial forecasts contain a number of assumptions, including:

- estimated year-on-year movements in rental values and yields for each of our key sub-markets under a number of scenarios;
- the refinancing of the Group's debt facilities as they fall due, albeit the Group has only one small refinancing in the viability period (the GVP loan facility);
- the completion of the Group's committed development programme, in line with our most recent estimated completion dates, which constitute 22% of the portfolio by value, and the commencement of selected pipeline projects; and
- forecast interest rates.

Assessment of viability

A three-year viability period is considered an optimum balance between our need to plan for the long term and the shorter-term nature of our active business model, which often includes high levels of recycling of our property portfolio and a committed development programme which will be delivered over the next three financial years.

The assessment of viability included stress testing the resilience of the Group, and its business model, to the potential impact of the Group's principal market risks, or a combination of these risks, on Group cash flows, profitability, property valuations and the impact on the financial covenants contained in our various loan arrangements. Specifically, given the ongoing economic disruption from COVID-19, our assessment of viability was based on forecasting the Group's performance under a static and a 'Going Concern' market scenario with further sensitivity analysis to understand the resilience of the Group to COVID-19 disruption.

Our static market scenario assumed flat rents and property yields together with our latest forecast cash collection estimates. The Going Concern market scenario then overlaid the impact of a significant economic and property downturn similar in severity to the 2008/09 recession. Over the three-year period the Going Concern scenario reduced values by around 40%.

We modelled these two market scenarios under two COVID-19 stress sensitivities: Severe and Extreme. These sensitivities assumed, for a period of up to 24 months, reduced levels of cash collection, potential occupier failures, increased void periods, delayed development completions and no property disposals. Aligned with our Going Concern assessment, our principal scenario for assessing the Group's viability was the Going Concern market scenario with the Extreme COVID-19 sensitivity.

The results of this sensitivity analysis showed that, given the Group's low levels of debt and high liquidity, it would be able to withstand the impact of these scenarios over the period of the financial forecast and continue to operate with headroom above the financial covenants contained in its various loan arrangements.

In addition, a reverse stress test was performed, to understand how extensive the impact of COVID-19 would need to be to breach the Group's interest cover ratio or inner borrowing covenants. Under this scenario, before any mitigating actions, in the three-year period, rental income would need to fall by around 47%, property values would need to fall by more than 50% and all development activity would need to be suspended by two years.

Viability statement

Whilst the directors have no reason to believe that the Group will not be viable over a longer period, based on this assessment of the prospects and viability of the Group, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 March 2023.

Governance

In this section:

96	Overview
97	Introduction from the Chairman
100	Leadership and purpose
110	Division of responsibilities
112	Composition, succession and evaluation
118	Audit, risks and internal controls
126	Directors' remuneration report
155	Report of the directors
158	Directors' responsibilities statement

A SPACE TO INDULGE

Receptions as social hubs offering refreshments

Overview

Leadership and purpose

Provides an overview of the activities undertaken by the Board in the year, how the Board has considered its s.172 responsibilities and its governance framework.

- A review of the year from the Chairman
- Board activities during the year
- Setting the Company's standards
- Purpose, values and culture
- Stakeholder engagement and how the Board has considered its s.172 and stakeholder responsibilities
- Our conflicts of interest procedures
- Board induction and development

› **See more** about our approach to leadership and purpose on pages 97 to 109

Division of responsibilities

Explains the roles of the Board and its directors.

- The role and interaction of the Board and its Committees during the year
- The roles of the individual directors

› **See more** about our approach to division of responsibilities on pages 110 and 111

Composition, succession and evaluation

Sets out the key processes which ensure that the Board and its Committees can operate effectively.

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

› **See more** about our approach to effectiveness on pages 112 to 117

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 more** about our approach to accountability on pages 118 to 125

Remuneration

Describes the Company's remuneration arrangements in respect of its directors, how these have been implemented in 2019/20 and details of our proposed revised remuneration policy to govern future arrangements.

- Statement by the Remuneration Committee Chair
- Remuneration of directors at a glance
- Annual report on remuneration
- Directors' remuneration policy

› **See more** about our approach to remuneration on pages 126 to 154

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

The UK Corporate Governance Code 2018 (the Code) came into effect and applied for GPE's financial year ended 31 March 2020. The Board considers that it has complied in full with the provisions of the Code during the year with the exception of Provision 38 which requires the alignment of Executive Director pension contributions with the wider workforce. As explained in the Directors' remuneration report on pages 128 and 145, we have committed to align the contribution levels of the current Executive Directors with the average workforce contribution rate by the end of 2022, with any new Executive Directors to be aligned on appointment. The Code is publicly available at **www.frc.org.uk**. A summary of the system of governance adopted by the Company and how we have applied the principles of the Code is set out on pages 97 to 154.

Introduction from the Chairman

> "At GPE, the Board's support, advice and interaction extends beyond the boardroom, supporting our efforts to promote and monitor culture at GPE and ensure its alignment with our purpose, values and strategy."

Richard Mully
Chairman

Dear fellow shareholder

I am delighted to introduce this year's Corporate Governance report for the financial year ended 31 March 2020.

The Board recognises that how the Group does business is as important as what it does. A strong governance framework with robust supporting processes across the Group, and with high standards set from the top, is a key factor in our delivering sustainable business performance, generating value for shareholders and contributing to wider society.

A key part of the Board's role is to provide entrepreneurial leadership, with appropriate oversight, challenge and support to management. At GPE, the Board's support, advice and interaction extends beyond the boardroom, supporting our efforts to promote and monitor culture at GPE and ensure its alignment with our purpose, values and strategy.

Board focus and oversight

One important area of continuing Board discussion has been the consideration of our strategy in these uncertain times.

While we have discussed our strategy on an ongoing basis, following the outbreak of the COVID-19 crisis we took the decision to postpone our scheduled annual Strategy Review session in April 2020 until later in the year. We instead used this time to review more immediate and near-term priorities, including GPE's response to the current crisis.

Other areas of the Board's focus during the year included:

- the strengthening of our culture through our purpose and values;
- the development of our Sustainability strategy and Statement of Intent;
- implementing and enhancing our approach to employee and wider stakeholder engagement;
- overseeing the launch of our new Inclusion and Diversity strategy and other talent planning, succession and diversity initiatives;
- the launch of GPE's inaugural Health and Safety strategy; and
- strengthening our risk management, GDPR and IT governance processes.

Further details can be found in 'What we did in 2019/20' on pages 108 and 109.

2018 UK Corporate Governance Code and s.172 reporting

The year under review is the first year in respect of which the revised UK Corporate Governance Code 2018 (the Code) has applied to GPE. This report demonstrates how we have applied the principles of the Code and complied with the provisions of the Code during the year and our approach to governance in practice.

Details of how the Board has discharged its duty under section 172 of the Companies Act 2006 can be found on pages 65 and 66.

Board changes

Succession planning is an important part of our governance processes. Having identified a need to further strengthen the Board's financial experience for now and into the future, we were delighted to welcome Vicky Jarman to the Board as a Non-Executive Director. Vicky joined the Board on 1 February 2020 when she also become a member of the Audit, Nomination and Remuneration Committees. A search process is currently underway for an additional Non-Executive Director with relevant property expertise and we hope to announce an appointment in due course. Details regarding our Board appointment process can be found in the Nomination Committee report on page 113.

Board effectiveness review

This year, we undertook an external evaluation of the effectiveness of the Board and its Committees which was facilitated by Dr Tracy Long of Boardroom Review Limited, an external board evaluation specialist. Details of this process, the findings of the review and our progress against the actions arising from the 2018/19 Board evaluation can be found on pages 115 and 116.

Our strategy and consideration of the likely consequence of decisions for the long term

In the context of continued uncertainty arising from geopolitical and macro-economic factors, including the UK's exit from the European Union, and more recently COVID-19, a consistent feature of our Board discussions has been whether and how we might adapt our strategy to ensure we are well positioned to maximise the opportunity we have to generate long-term value across our business. As part of these discussions we challenge our strategic 'givens' and reflect on the optimum size for our business, whether our risk profile is appropriate, whether and how we should return any excess equity and on our investment and disposal strategies. The Group's business model and strategy are outlined on pages 16 to 17 and 30 to 31.

Introduction from the Chairman continued

We have continued to focus on how we should innovate and evolve our business to react to changing workplace needs and what occupiers want. This year has seen the further development and roll-out of our flex space offerings, further details of which can be found on pages 40 and 41. Today, flexible space accounts for 11% of our office portfolio and we are currently appraising a further 152,200 sq ft in the existing portfolio, as well as actively targeting investment opportunities that lend themselves to these products.

As the relationship between owner and occupier evolves, the Board recognises the importance of innovation and technology in turning challenges into opportunities. With our clear purpose of unlocking potential, we are innovating across our operations and working with our communities to create space for London to thrive. In November 2019, we completed the roll-out of our new app 'sesame', further enhancing the level of service we are delivering to our occupiers. In January 2020, we also made a commitment of up to £5 million to invest in Pi Labs European PropTech venture capital fund whose primary focus is to invest in early stage PropTech start-ups across Europe and the UK that use technology solutions to enhance the real estate value chain.

We have maintained our commitment to capital allocation and balance sheet discipline and in November 2019 we completed our £200 million return of surplus equity to shareholders through our share buyback programme. At the same time, 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.

Stakeholder engagement

Building and nurturing strong working relationships with our employees, occupiers, suppliers, shareholders and debt capital providers, JV partners, communities, local planning authorities and other stakeholders is critical to our success and is intrinsic in our day-to-day activities. As well as direct engagement, a key part of the Board's role is, therefore, the oversight of work undertaken by the GPE team to maintain and enhance these relationships.

This year we have continued our efforts to listen to our stakeholders in order to better understand their views and to inform our decision making and strategic planning. These efforts have continued during the recent COVID-19 crisis, during which period we have sought to offer support, where appropriate, to our stakeholders that need it during these unprecedented times. Further details of how we engage with our stakeholders are set out on pages 58 to 66 and 103 to 106.

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

Sustainability is a key priority for GPE and our stakeholders. During the year, the Board has received reports and updates from our Director of Sustainability and Community and has held detailed discussions regarding our sustainability objectives, strategy, risks and opportunities. In addition to being a good corporate citizen, sustainability has become an economic and strategic imperative. This year has seen a step change in our sustainability efforts and we are integrating ESG considerations into all of our activities. At GPE, we now believe that sustainability touches everything we do.

The Board approved GPE's updated Sustainability policy in April 2020 and our new Statement of Intent in May 2020. Further details can be found on page 72.

Reflecting our sustainability commitments and aspirations, we were pleased to announce the Group's new innovative £450 million ESG-linked revolving credit facility in February 2020, the first such facility to be issued by a UK REIT. From 2020/21, sustainability metrics now also feature as an important element of our Executive Committee's annual bonus targets, as further explained in the Directors' remuneration report on pages 128 and 133.

We have continued to oversee the delivery of our 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.

We were pleased to extend our partnerships with our two charity partners, Centrepoint and Groundwork London, until April 2022. In view of the likely impact of the COVID-19 crisis on some of the more vulnerable members in our communities, we were also pleased to increase our annual donation to Centrepoint from £50,000 to £75,000 in April 2020 to support the launch of Centrepoint's emergency funding appeal.

In May 2020, we were delighted to announce the creation of a GPE COVID-19 Community Fund to support some of the most vulnerable people in our London communities at this unprecedented time. Through a combination of Board, employee and Company contributions, we have so far raised more than £280,000 to be applied to worthwhile causes with a London focus.

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 the year, we specifically considered how we are addressing the risks and opportunities in a number of areas, including in relation to the COVID-19 crisis, our flex space offering, sustainability, technology and cyber security, and health and safety. In September 2019, the Board approved GPE's inaugural Health and Safety strategy which is designed to further mitigate operational risks and strengthen our health and safety culture.

More broadly, the Board and Audit Committee undertook a review to enhance GPE's risk management framework and processes to ensure these remain appropriately robust. We also took this opportunity to challenge and refocus our principal risks. For more on our risks, see 'Our approach to risk' on pages 80 to 94.

Maintaining a reputation for high standards of business conduct

We aspire to the highest standards of conduct and, together with a culture of continuous improvement in standards and performance, this helps to ensure that good governance extends beyond the boardroom.

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, including to address wellbeing and mental health considerations.

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. A copy of our modern slavery statement is available at **www.gpe.co.uk**. More on how we behave can be found on pages 61 and 106.

I am delighted that the efforts of our team have been rewarded with our winning a number of awards and recognitions, including Property Week's 'Developer of the Year' 2019 and IR Magazine's Award for 'Best in Sector: Real Estate'. I am also very pleased to report our achieving a gold award in relation to EPRA's 2019 Sustainability Best Practice Recommendations and a green five star rating in relation to GRESB.

It was very encouraging to see the results of our latest employee pulse survey in November 2019 showing an Employee Engagement Index score of 91%, reflecting the high levels of overall employee engagement at GPE. Furthermore, our Net Promoter Score from this year's independent customer satisfaction survey, best translated as the willingness to recommend GPE, increased from +17.5 in 2017 to +25.3, significantly ahead of our peer group.

These outcomes are a great credit to the hard work and dedication of the entire GPE team.

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

Richard Mully
Chairman
9 June 2020

Leadership and purpose

The Board's attendance in 2019/20

Attendance at scheduled Board and Committee meetings during the year was as follows:

	Board – scheduled (6 meetings)[1]	Audit Committee (4 meetings) See pages 118 to 125	Nomination Committee (5 meetings) See pages 112 to 117	Remuneration Committee (5 meetings) See pages 126 to 154
Chairman				
Richard Mully[2]	●●●●●●	–	●●●●●	●●●●●
Executive Directors[3]				
Toby Courtauld	●●●●●●	–	–	–
Nick Sanderson	●●●●●●	–	–	–
Non-Executive Directors[4]				
Charles Philipps	●●●●●●	●●●●	●●●●●	●●●●●
Wendy Becker	●●●●●●	●●●●	●●●●●	●●●●●
Nick Hampton	●●●●●●	●●●●	●●●●●	–
Vicky Jarman[5]	(0/0)	● (1/1)	● (1/1)	(0/0)
Alison Rose[6]	●●●● ●	●●●●	●●● ●	●●●●●

● Meetings attended

1. There were six scheduled Board meetings in 2019/20. There was one unscheduled Board meeting held at short notice during the year – see Board activities on pages 101, 108 and 109. In addition, the Board held regular update calls from mid-March 2020 to discuss GPE's response to the impacts, risks and opportunities arising from the COVID-19 crisis.
2. Richard Mully stepped down from the Remuneration Committee on 27 February 2020 following the appointment of Vicky Jarman and a review of the Committee's composition. Richard Mully has an open invitation to attend future Remuneration Committee meetings where appropriate.
3. 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.
4. Non-Executive Directors (including the Chairman), where not a member of a Committee, have a standing invitation to attend meetings of that Committee where appropriate.
5. Vicky Jarman became a member of the Board and of the Audit, Nomination and Remuneration Committees on 1 February 2020 and the number in (parentheses) is the number of meetings she could have attended in the year.
6. Alison Rose was unable to attend the Board meeting held on 19 September 2019 due to a late scheduling conflict with another material business commitment. Alison was unable to attend one Nomination Committee meeting held on 8 November 2019 due to the unexpected ill-health of a family member. In each case Alison received meeting papers in advance and was able to provide comments to the Chairman of the meeting.

Board activities

The Board typically meets for scheduled Board meetings six times a year. The Board will also meet as necessary to consider matters of a time-sensitive nature.

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

The Board has a duty to promote the long-term sustainable success of the Company for its shareholders. Its role includes the establishment, review and monitoring of strategy, values 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. The Board provides and promotes effective and entrepreneurial leadership across the business within the Group's governance framework.

	July	September	November	January	March/April	May
Strategy and its implementation						
Strategic review, discussion and setting of Business Plan		●	●	●	●	●
Chief Executive's Report including market conditions dashboard, operational parameters, investment market and propositions, asset strategies, strategic risks and opportunities, 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 and Operations Director's Report including forecasts, finance initiatives, debt and equity markets update, operational matters including health and safety, HR, ESG, IT and tenant watch list		●	●	●	●	●
Shareholder analysis	●	●	●	●	●	●
Board property tour (April 2020 tour postponed due to COVID-19)		●				
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			●			●
Stakeholder feedback, including shareholders and analysts, employees, occupiers, communities, suppliers, joint venture partners, local planning authorities	●	●	●	●	●	●
Reports from Board Committees	●	●	●	●	●	●
Corporate governance matters including authority levels, Terms of Reference, UK Corporate Governance Code compliance					●	●
Health and Safety Reports including strategy and updates		●	●		●	
Sustainability updates including vision, strategy, targets and roadmap			●	●	●	●
Corporate Responsibility including approval of the Company's Modern Slavery Statement, Ethics, Whistleblowing and Gifts and Hospitality 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 advisors.

A forward agenda for the Board is maintained to ensure that all necessary and appropriate matters are covered during the year and to allow sufficient time for discussion and debate.

The Board receives papers and presentations from the Executive Directors and senior managers are regularly invited to attend to provide further insight and feedback on specific matters.

Significant matters discussed and major transactions approved by the Board in the year are shown on pages 108 and 109.

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.

Leadership and purpose continued

Our purpose, values and culture

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.

Our strong and positive culture is fundamental to how we perform and serves as the foundation to what makes GPE positively unique.

In February 2019, following a Board sponsored and employee-driven initiative, we launched 'Together We Thrive' to all employees to articulate our purpose, values and the underlying behaviours by which we measure our values to preserve and strengthen our culture for the future. This important work has continued throughout the year to further embed and integrate the values and behaviours within the Group, our strategy, the way we do business and in everyday decision making.

› **See more** on how we do this in 'Our culture and people' on pages 46 to 53

How the Board monitors culture

The Board is committed to ensuring that the tone of our values is set from the top by both the Board and the Senior Management Team. Our size and the high level of regular Board interaction with employees facilitates the Board's monitoring of culture and the implementation of our values which we do in a number of ways:

- inclusion of culture, values and behaviour-led questions within employee surveys with Board analysis of the results;
- regular face-to-face engagement with employees as part of our Non-Executive Director breakfast programme, twice yearly employee engagement sessions, Board and Committee presentations, property tours and other meetings and engagements throughout the year (see 'Engaging with our employees' on page 103 for more details);
- 'Living Our Values' is an integral part of every individual's objective setting and annual performance reviews, with values-led performance outcomes being reported via the Remuneration Committee. This year we have introduced 360-degree feedback reviews for a wider cohort of senior management prompting open feedback on culture and values which then feeds into an individual's personal development plan. For 2020/21, we have strengthened the link between the values and remuneration with a proportion of each employees' personal bonus now explicitly based on values and behaviours;
- the Executive Committee has regular 'Living Our Values' meetings with Heads of Department which are then discussed with the Board;
- policies, pay and inclusion and diversity activities are reviewed to ensure they appropriately capture and reflect our values;
- reviews of compliance, whistleblowing statistics, health and safety incidents and internal audit reviews to identify and address any areas not meeting expected standards of conduct or behaviour;
- feedback from our stakeholder engagement programmes, including our occupier survey results, helps the Board to assess how the values and behaviours are embedded in our interactions with third parties and the way we do business; and
- review of supplier payment practices, including most recently in the context of the COVID-19 crisis.

The Group's response to the recent COVID-19 crisis has further demonstrated the strength of our collaborative culture and the commitment of our people to serve in the best interests of GPE, each other, and our wider stakeholders.

Safeguarding our culture and further embedding our values remains a continuous area of focus for the Board. While our employee engagement survey this year showed high levels of engagement with our values following their launch last year, the survey also highlighted that there is more we can do to help drive the right behaviours through all of our activities. Further insight and employee views have been gained through externally facilitated focus groups which will help to inform our ongoing values-based initiatives.

Stakeholder engagement

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. Given this high level of engagement, we decided that we would not adopt any of the three specific employee engagement methods referred to in the 2018 UK Corporate Governance Code at this time. Instead, we have adopted the following employee engagement arrangements which the Board believes have operated effectively during the year to provide the Board with regular formal and informal employee feedback for consideration as part of the Board's decision making process:

– a formal programme of breakfast meetings between the Non-Executive Directors and members of the Executive Committee and Heads of Department. These meetings have no fixed agenda and provide 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; and

– a Non-Executive Director, on a rotational basis, presenting 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 'An audience with...' session, which proved to be a great success, was held in October 2019 and included presentations by Richard Mully, Toby Courtauld and Rachel Aylett, our Head of HR, on the launch of GPE's Inclusion and Diversity strategy and the actions underway to achieve the National Equality Standard. Hosted by Nick Sanderson, Alison Rose discussed her view of the current markets and other areas of Board focus, including inclusion and diversity, followed by a lively and interactive Q&A session with GPE employees covering a wide variety of topics.

  These sessions are also designed for Board members to provide the Board's views, as appropriate, on matters raised through employee engagement and feedback from the sessions is reported to the Board.

  Given the interactive nature of the sessions, our second 'An audience with...' session, which was due to be presented by Charles Philipps in March 2020, was postponed at late notice due to the COVID-19 crisis in the UK. This will now take place over the coming months.

In addition to these arrangements, direct Board engagement with employees during the year has included the following:

– in September, property tours of The Hickman and 200 Gray's Inn Road as part of the annual Board property tour involving our Development, Project Management and Occupier and Property Services 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, inclusion and diversity and corporate governance;

– Vicky Jarman attending our Investor Event with employees, shareholders and analysts in February and Charles Philipps attending our all-staff Sustainability Event in March;

– Toby Courtauld, Nick Sanderson and our Company Secretary presenting, with a Q&A session, on 'everything you want to know about the Board and Executive Committee,' which also included discussions on the work of the Remuneration and other Board Committees;

– all-staff Quarterly Review meetings led by our Chief Executive which provide an informal forum for employees to discuss and raise questions regarding key events at GPE. Richard Mully attended our April 2020 Quarterly Review, which was held via video-conference due to the COVID-19 crisis, to hear employee views and to share the Board's perspectives on recent events; and

– in response to the implementation of remote working arrangements during the COVID-19 crisis, all employees have been invited to attend a weekly update call, led by our Chief Executive, to discuss key developments and concerns.

While the impact of COVID-19 has presented operational challenges for all businesses, we have adopted a number of initiatives and activities to maintain levels of employee engagement, wellbeing and feedback to ensure we can support our people during this unprecedented period.

› **See more** on page 49

Engaging with our shareholders

As part of assuming the role of Chairman last year, Richard Mully offered to meet with our top ten shareholders representing almost 50% of the share register. These meetings have continued during the year and have allowed our Chairman to engage first hand with some of our largest shareholders.

Richard, along with the full Board, also met with some of our retail shareholders at our 2019 AGM. The AGM provides the Board with an opportunity to speak with and answer questions from private and institutional shareholders during the formal meeting, and also more informally before the meeting starts. Regrettably, due to the COVID-19 crisis and the need for social distancing measures, this form of engagement may not be possible at this year's AGM. That being the case, we would encourage shareholders to raise any questions of the Board ahead of the meeting, details for which can be found in our 2020 AGM Notice. The Board looks forward to once again meeting shareholders in person at future events, when circumstances allow.

We believe that communication with our shareholders is key. To this end, Richard Mully, together with Charles Philipps as Senior Independent Director, is 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. During the year, Wendy Becker, Chair of the Remuneration Committee, engaged with our 20 largest shareholders on the development of our revised Directors' remuneration policy.

› **See more** on pages 66 and 128

The Board is supported by our comprehensive investor relations programme led by Toby Courtauld and Nick Sanderson involving roadshow meetings, meetings at industry conferences and investor and analyst events.

Leadership and purpose continued

“We continue to shape our engagement with our shareholders to ensure we are clear and transparent in our communication and provide insight into the issues that are on their agenda.”

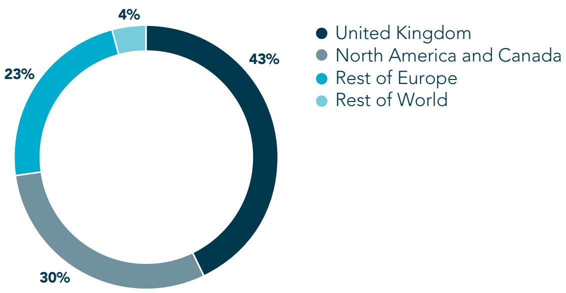
Stephen Burrows
Director of Financial Reporting and Investor Relations

Relations with shareholders

Our approach

The Board aims to maintain an open relationship with our shareholders based on a clear investment case and transparent disclosure. 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 roadshows, 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 2020



› **See more** detail about our largest shareholders on page 156

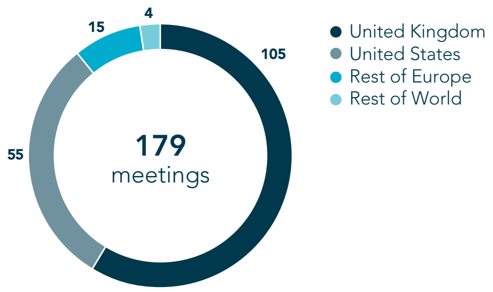
The Board is also committed to providing investors with regular announcements of significant events affecting the Group, including its business activity and financial performance. These announcements are available on the Group’s website at **www.gpe.co.uk** along with results webcasts, analyst presentations,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

The Executive Directors and the Director of Financial Reporting and 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 Board on a regular basis.

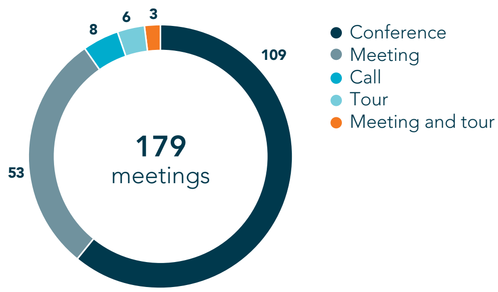
Activities during the year

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 eight industry conferences, which provide the management team the ability to meet a large number of investors on a formal and informal basis, eight roadshows to meet with investors in London, the US, the Netherlands, Scotland and Australia and our Investor and Analyst Event in February 2020. We actively seek feedback after every roadshow which is provided to the Board on a regular basis.

Investor contact by location



Investor contact by method



A number of common topics were raised during our meetings with shareholders, including:

- our view on the markets in which we operate;
- the impact of increasing demand for flexible spaces;
- the growth prospects from our development pipeline;
- the impact of structural retail changes on London; and
- changing occupier requirements including technology, sustainability and design.

We used these topics to shape both the content of subsequent investor presentations and the agenda of our Investor and Analyst Event.

Furthermore, given the increased focus on sustainability, our Director of Sustainability and Community and Director of Financial Reporting and Investor Relations continued our outreach with a number of our larger investors to understand their views on the Group’s key ESG issues. In addition to this engagement, the Board believes that it is essential to provide transparent reporting and, therefore, we participate in a number of sustainability indices:

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

During the year, we consulted with shareholders on a number of topics. From October to December 2019 we sought shareholder views on our new Directors' remuneration policy. Feedback was received on a number of areas, including support for the addition of ESG and stakeholder targets within the Executive Directors' annual bonus measures to reflect the growing importance of sustainability to the future of the business; the introduction of post-employment share ownership guidelines for Executive Directors; and the alignment of Executive Director and workforce pension contribution rates. This feedback helped to shape our revised policy which shareholders will be asked to approve at this year's AGM.

The Executive Directors and Corporate Finance Team also have regular dialogue with our debt providers, including relationship banks, private placement investors and debenture holders and report back to the Board as appropriate.

Investor and analyst event

We hold a biennial Investor and Analyst Event to provide an opportunity for the investment community to have a deeper dive on some of our activities and have the opportunity to hear from the wider GPE team.

This year the title of the event, which took place on 13 February 2020, was 'Evolving and Innovating' and was intended to highlight a number of increasingly topical themes including utilising technology, the rise of the sustainability agenda, the changing nature of occupier requirements as well as an update on our markets.

We had ten presentations from the GPE team including panel sessions to provide a wider view from across our business. We were also joined by Faisal Butt from Pi Labs who provided insight into the rise of PropTech, Simon Booth of KKR who explained why they chose Hanover Square as their London HQ and Miles Keeping of Hillbreak who challenged our team on their progress on the sustainability agenda.

We had around 70 attendees and feedback from the event was positive and will contribute to our thinking for 2022.

Faisal Butt, Founder and Chief Executive of Pi Labs

What we did in 2019/20

2019

April/May
- Investor roadshows: London, Amsterdam
- Conferences: Peel Hunt

June
- Investor roadshows: London, US
- Conferences: Morgan Stanley (London)

July
- Annual General Meeting

September
- Conferences: BAML (New York), EPRA (Madrid)
- Equity sales force meetings × 1

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

December
- Investor roadshow: US
- EPRA Corporate Access Day (London)
- Sell side Tour: 160 Old Street
- Equity sales force meetings × 1

2020

January
- Roadshows: Amsterdam, Edinburgh
- Equity sales force meetings × 1

February
- Analyst and Investor Event: 'Evolving and Innovating'
- Equity sales force meetings × 2

March
- Conferences: Citi (US), BAML (London)
- Equity sales force meetings x 1

Awards

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 also won IR Magazine's Award for 'Best in Sector: Real Estate'.

Leadership and purpose continued

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

In addition to the above employee and shareholder activities, the Board oversees and receives regular updates throughout the year on engagement activities with our other key stakeholders. The Board develops its understanding of these key stakeholder views in a number of different ways, including the following:

Occupiers – The Board meets occupiers where possible as part of its cycle of property tours. Board papers include regular updates on occupier engagement activities, including feedback from occupier meetings, which are periodically attended by Executive Directors, independent customer surveys, discussions with property agents, industry forums and events and marketing campaigns;

Communities – Our Community strategy, which is designed to create sustainable relationships with our London communities, is set by the Board with implementation overseen by our Communities and Charities Committee which is chaired by the Finance and Operations Director. The Board receives regular updates on activities and initiatives, including the annual GPE Community Day, and most recently approved the creation of the GPE COVID-19 Community Fund;

Joint Venture Partners – Frequent engagement throughout the year is led by our Executive Directors, at least one of whom serves on each joint venture board, with regular updates and reporting of key matters to the Board;

Suppliers – Engagement is led through our Development, Leasing, Occupier Services, Health and Safety and Sustainability Teams with information received through regular Board reports and presentations. The Board engages directly with contractors during development site visits and may also receive external presentations from suppliers such as property agents and valuers. The Audit Committee reviews GPE's supplier payment practices and performance twice yearly; and

Local Planning Authorities – Our relationships with key planning authorities are key to the delivery of new spaces in London. Our Development Director reports to the Board at each scheduled Board meeting on recent engagement activities, including planning discussions, community considerations and any development consultations involving key stakeholders and local residents.

Further details of our key stakeholder relationships describing how we have engaged with our various stakeholders during the year and how stakeholder issues have been monitored and considered 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 58 to 66;
– our culture and people on pages 46 to 53;
– our approach to risk on pages 80 to 93; and
– what we did in 2019/20 on pages 108 and 109.

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 2019, 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, Whistleblowing and Gifts and Hospitality, Use of GPE Suppliers, Conflicts of Interest and our Inside Information and Share Dealing policies. All new employees receive one-to-one training on these policies as part of their induction process. A formal compliance statement relating to these policies is required to be signed-off by employees annually with any concerns reported 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 2020.

The Audit Committee also reviews our Whistleblowing, Ethics and Gifts and Hospitality policies annually. This year our Ethics policy was updated to reflect our commitment to providing a working environment that is conducive to good mental health and to eradicate any stigma attached to mental health issues. 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 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 any actual and potential conflicts of interest that may arise from 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.

Our approach to Board induction and development

All new directors receive a comprehensive induction programme over a number of months which is tailored to their individual roles and needs and which is designed to facilitate their understanding of the Group, its purpose, values and strategy, its corporate governance and the markets in which it operates.

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 and wider industry. Senior managers and external advisors presented to the Board during the year on a range of subjects, including global economic and political risks and Brexit preparations; industry themes and developments; the global and UK real estate investment market; a deep dive into the flexible space market and GPE's flexible space offering; property technology; health and safety; environmental and sustainability matters; cyber risk management; and accounting and governance developments.

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 and development areas are discussed with individual directors as part of the annual performance evaluation process.

Vicky Jarman joined the Board on 1 February 2020 and is undertaking a tailored and comprehensive induction programme.

"The induction process has been facilitated by the Chairman and the Company Secretary and has quickly developed my knowledge and deeper understanding of GPE, its values and culture.

Upon appointment I received a tailored induction pack and a library of reference materials covering key areas including Board and Committee papers, strategy, finance and operations, governance and directors' duties and risk management and internal controls.

I have spent valuable time with the Chairs of each of the Committees and wider Board and I have had a structured programme of meetings with executives and senior managers from around the business to deepen my knowledge of their functions, as well as to understand current risks and opportunities.

Meeting with a number of advisors, including the internal and external auditors, brokers and remuneration consultants has also given me a valuable external perspective on the business.

I attended GPE's Investor and Analyst Event in February which was a great opportunity in my first weeks to hear from employees, shareholders, analysts and occupiers on their key areas of focus.

Unfortunately my planned property tours of New City Court, City Place House and The Hickman have been deferred due to COVID-19 but I am looking forward to seeing more of GPE's assets first hand and to learn more about our asset and development plans.

Over the coming months I am excited to meet more of GPE's passionate employees and to engage further with our wider stakeholders."

What we did in 2019/20

The table below provides examples of our significant discussions, transactions and appointments over and above the scheduled matters outlined on page 101, together with examples of our oversight of engagement with stakeholders and consideration of s.172 matters since April 2019. You can read our s.172(1) statement on pages 65 and 66.

2019

Strategy, governance, risk and opportunity management

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
- Received external presentations on global economic and political risks, the listed real estate landscape and the London office market to inform the Board's strategic discussions and consideration of risks and opportunities
- Review of health and safety risks, incidents occurring during the year, the impacts of regulatory changes and recommended actions to strengthen systems and procedures in both the development and occupied portfolio
- Discussion of IT and cyber risk management and approval of an updated two-year IT strategy

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 in view of growing occupier preferences for fitted space and space provided on more flexible lease terms

- Discussion and approval of GPE's energy and carbon targets

July

- Approval of extension of the Group's £450m revolving credit facility, extending the availability of a flexible source of debt on agreeable terms
- Review of property sales strategy
- Consideration of flexible space offering and potential co-working partners

› **See more** on pages 40, 41 and 66

- Approval of Wendy Becker's proposed appointment as Chair of Logitech S.A. after having stepped down as non-executive director of NHS England

August

- Approval of a rent review at 45 Mortimer Street with New Look and a new letting of the entire 4th floor space to Brown Foreman

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

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
- 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 buildings in the development pipeline
- Discussion of feedback from meetings with top occupiers
- Updates received on significant retailers' trading outlooks
- Noting of feedback on internal and external presentations made on GPE portfolio team activities
- Decision to restart GPE's flexible share buyback programme, returning surplus equity to shareholders

› **See more** on pages 78 and 79

July

- Discussion of feedback from investor meetings following the year end results
- 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 Director's remuneration policy
- Review of feedback from presentations to potential retail occupiers at committed developments
- Discussion of feedback from planners and joint venture partners

September

- Approval of inaugural Health and Safety strategy

› **See more** on page 63

- Approval of a lease surrender with Bloomberg at 50 Finsbury Square ahead of their lease expiry in June 2020
- Approval of commitment of up to £5 million to invest in Pi Labs European PropTech venture capital fund

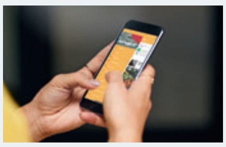
› **See more** on page 32

- Approval of lease re-gear with Kurt Geiger at 24/25 Britton Street to extend the term to 2035
- Discussion of flex space opportunities and product development; co-working partnerships, valuation considerations and resourcing needs
- Approval of repayment of the third-party bank debt in GRP
- Review of Brexit preparedness
- Approval of Alison Rose's proposed appointment to Chief Executive of The Royal Bank of Scotland Group plc

- Board tour of The Hickman and 200 Gray's Inn Road

- Demonstration of the GPE workplace app designed to improve occupier experience and service levels

› **See more** on page 69



- Supported restructuring of occupier services team to better address both team and occupier needs, including for flexible space requirements
- Noted recent discussions with GPE's joint venture partners
- Approval of GPE's 2019 Modern Slavery Statement
- Review of upcoming Inclusion and Diversity strategy launch having regard to employee and investor feedback

› **See more** on pages 50 and 51

November

- Review of key strategic considerations, including in relation to GPE's flex space offering
- Approval of a significant proposed pre-letting at 1 Newman Street

- Preliminary discussion of a potential acquisition opportunity

- Following a health and safety incident at one of our development sites, review of feedback from our building contractor and the demolition contractor and actions proposed relating to the contractor and GPE teams
- Consideration of feedback from all-staff Board engagement session and Inclusion and Diversity strategy launch in October
- Review of the Community Day held in September in support of Groundwork London and Centrepoint with high levels of staff participation

› **See more** on pages 60 and 61

- Discussion of feedback received from the 2020 remuneration policy consultation, with the Remuneration Committee subsequently developing the policy further in response to investor feedback

› **See more** on page 66

2020

January

- Discussion of key themes, risks and opportunities to be addressed as part of the 2020 Strategy Review
- A deep dive presentation on GPE's flexible space products, opportunities and resourcing requirements with consideration of evolving occupier needs
- Approval of sale of 24/25 Britton Street for £64.5 million

› **See more** on page 33

- Approval of the appointment of Vicky Jarman as Non-Executive Director

› **See more** on page 113

- Discussion of environmental sustainability as an increasingly important commercial issue driven by growing occupier and investor demand. Review of the development of GPE's programme of ESG-related activities
- Approval of new £450 million ESG-linked RCF aligned to ambitious sustainability targets and growing stakeholder sentiment

› **See more** on pages 66 and 78

- Consideration of an update on people and culture, GPE's employee engagement survey results and ongoing work to further embed GPE's values
- Consideration of the results of GPE's second Occupier Satisfaction Survey and approved conducting the survey on an annual basis

› **See more** on page 59

- Discussion of feedback from engagement with central London retailers as part of New Bond Street marketing strategy
- Review of feedback from institutional shareholder meetings following half year results

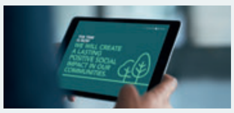
March/April

- Discussion of impacts and response to COVID-19 crisis with external presentations on the macro environment and the UK real estate market
- Review of updated financial forecasts and scenario models
- Discussion of Board Evaluation findings and recommendations
- Review of IT and cyber and health and safety governance, risks and controls including an update on a recent health and safety incident
- Review of enhanced risk management framework and in-depth review of GPE's principal risks

› **See more** on pages 80 to 93

- Consideration of stakeholder engagement and support during COVID-19 crisis including in relation to: revised rental payment arrangements as appropriate; the continued operation of occupied buildings and development sites; maintaining payments to suppliers; employee wellbeing; and supporting our communities through Centrepoint and the GPE COVID-19 Community Fund
- Review of sustainability Statement of Intent

› **See more** on page 72



- Review of feedback from GPE Investor and Analyst Event held in February and following April trading update
- Review of the recommended actions arising from the recent Occupier Satisfaction Survey
- Noted feedback from senior management strategy and 'Living Our Values' session

Governance

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 101 to 109
› See biographies of the directors on pages 54 and 55
› See the division of responsibilities of the directors on page 111

Board Committees

Audit Committee

- four scheduled meetings a year
- oversees financial reporting
- monitors risk management and internal controls
- scrutinises activities and performance of the external auditor
- evaluates internal auditor and audit plan

› See Audit Committee report on pages 118 to 125
› See risk management report on pages 80 to 93

Remuneration Committee

- five 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 126 to 154

Nomination Committee

- five scheduled meetings a year
- recommends Board appointments
- approves senior management appointments
- oversees succession planning and development of a diverse pipeline
- responsible for Board effectiveness evaluation

› See Nomination Committee report on pages 112 to 117

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 94

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 94

The division of responsibilities of the directors

The Board comprises the Non-Executive Chairman, two Executive Directors and five 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. The Executive Committee makes decisions within the parameters set out in the Group's Delegated Authorities which govern the taking and escalation of significant decisions. 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 Schedule of Board Responsibilities and 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, 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 and Communities and Charities Committees and has Board responsibility for Health and Safety, 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, Charles is also responsible for the Chairman succession process, working closely with the Nomination Committee.
Non-Executive Directors	Wendy Becker, Nick Hampton, Vicky Jarman 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. Each Committee Chair seeks engagement with shareholders, as appropriate, on significant matters relating to their areas of responsibility.

The biographical details of the directors can be found on pages 54 and 55 which show the breadth of their skills and experience, why their contribution is important to the Company's long-term sustainable success, and their membership of the Company's various Committees.

Composition, succession and evaluation

Nomination Committee

Nomination Committee members and attendance in 2019/20

Chairman	
Richard Mully	5/5
Members	
Charles Philipps	5/5
Wendy Becker	5/5
Nick Hampton	5/5
Vicky Jarman[1]	1/1
Alison Rose[2]	4/5

1. Vicky Jarman became a member of the Committee on 1 February 2020 and was eligible to attend one meeting during the year.
2. Alison Rose was unable to attend one meeting due to the unexpected ill-health of a family member. Alison separately provided comments on meeting items to the Committee Chairman.

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 of directors and the future strategy of the Group. It is the Committee's role to consider succession planning for the Board and senior executives below Board level, to oversee the development of a diverse pipeline for succession 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**.

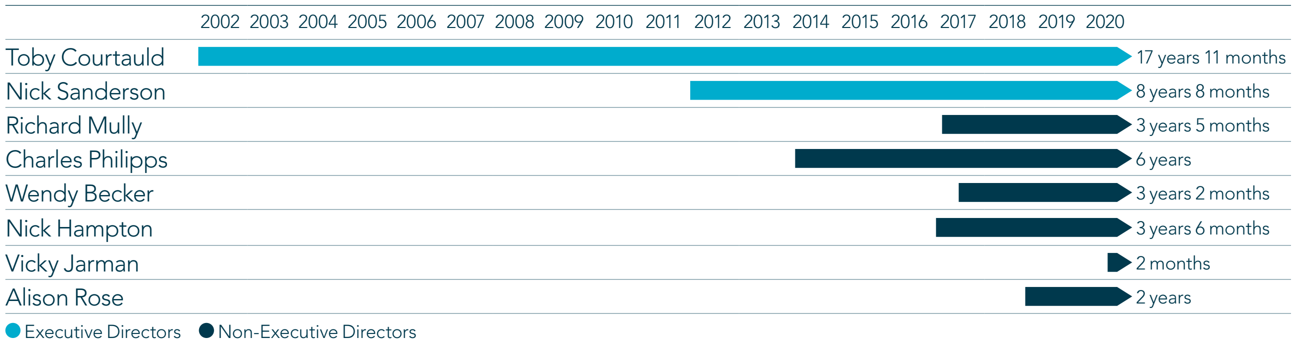
The Nomination Committee membership generally includes all of the Non-Executive Directors. At the beginning of the year, the Nomination Committee comprised the Chairman of the Board, Richard Mully, and four independent Non-Executive Directors, namely Charles Philipps, Wendy Becker, Nick Hampton and Alison Rose. Vicky Jarman became a member of the Committee on 1 February 2020.

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 Nomination Committee meetings to provide the Committee with updates on human resourcing and succession planning and to provide their input into the succession planning process for 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. During the year, the Board carefully considered the appointment of Wendy Becker to the Board of Sony Corporation and as Chair (previously non-executive director) of Logitech International S.A. along with her stepping down as a non-executive director of NHS England, and the promotion of Alison Rose to CEO of The Royal Bank of Scotland Group plc. The Board was satisfied that these changes would not impact Wendy or Alison's independence and that in each case they would continue to be able to devote appropriate time and add significant value to their respective roles at GPE.

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, the Nomination Committee reviews the recommendations of the Board evaluation process and progress against the recommendations from the previous year.

Directors' tenure (as at 31 March 2020)



"This year our focus has been on the recruitment of additional Non-Executive Directors, oversight of wider succession planning and further initiatives to develop a diverse pipeline for succession."

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 2020. This year our focus has been on the recruitment of additional Non-Executive Directors, oversight of wider succession planning and further initiatives to develop a diverse pipeline for succession.

Board composition

There have been a number of changes to the Board and its Committees during the year.

We have continued to focus on appropriate ongoing succession of the Non-Executive Directors. As part of this process, it was unanimously agreed in the year that we should appoint a Non-Executive Director with relevant financial experience in addition to a Non-Executive Director with relevant property experience. Following confirmation that they would not be conflicted, we appointed Russell Reynolds to help us with these two searches. Russell Reynolds has no connection with the Company or any individual directors other than to assist with Executive and Non-Executive succession planning and appointment processes.

In respect of the search for a Non-Executive Director with relevant financial experience, the Committee considered an initial shortlist of candidates. Following interviews with myself and further discussions with the Committee, the list was reduced to two preferred candidates. It was agreed with the Committee that Charles Philipps, Wendy Becker and Nick Hampton should meet with the refined shortlist of candidates, after which the preferred candidate should meet with Toby Courtauld and Nick Sanderson prior to any recommendation being made to the Board. Following this process, we were delighted to welcome Vicky Jarman to the Board on 1 February 2020, from which date Vicky also joined the Audit, Nomination and Remuneration Committees. Vicky brings with her significant financial, commercial and non-executive knowledge and experience which enables her to contribute to the long-term sustainable success and strategy of the business.

The search for an additional Non-Executive Director with relevant property experience is ongoing and we hope to announce the appointment of a new Non-Executive Director in due course.

Following the appointment of Vicky Jarman to the Board and a review of our Board Committee memberships, the following changes were made to the composition of the Board's Committees: I stepped down as a member of the Remuneration Committee from 27 February 2020, although I will continue to attend meetings as appropriate, save where my own remuneration is under consideration. Wendy Becker will step down as a member of the Audit Committee with effect from 9 June 2020, following the signing of the 2020 Annual Report and financial statements, and again continues to have an open invitation to attend meetings where appropriate.

Succession planning and talent development

During the year, in addition to the Board process described above, we have considered the development plans and succession planning for Executive Directors as well as for members of the Senior Management Team.

Recognising and developing our top talent is key to ensuring that we have a healthy and diverse pipeline of current and potential future leaders. This year we were delighted to endorse the promotions of: Janine Cole to Director of Sustainability and Community; Helen Hare to Director of Project Management; David O'Sullivan to Director of Occupier and Property Services; and Lisa Day to Head of Occupier Services. These promotions reflect the demonstrated successful leadership of Janine, Helen, David and Lisa within their respective teams, combined with the strategic and operational importance of the functions that they lead. We have further strengthened our senior team through a number of recent and important external hires, including the appointments of Alexis George as our Head of Health and Safety, Rebecca Bradley as Head of Property Services and the appointment of Anisha Patel as our Head of Marketing. More recently, Piers Blewitt was promoted to Head of Planning Strategy and Senior Development Manager to lead a more holistic approach to the planning process across our portfolio.

To strengthen GPE's increasing focus on customer experience and higher service provision, the Committee also supported the realignment of the operating structure of our Occupier and Property Services team in the year.

The Board and Committee remain focused on talent planning and the development of a diverse succession pipeline. To ensure this is given appropriate time and focus, this year we extended the number of scheduled Nomination Committee meetings from four to five.

Over the coming year, the Committee will be overseeing the development of a new Non-Executive Director mentoring programme to enable members of our talented team to benefit from the advice and experience of our Non-Executive Directors.

Further details on GPE's talent development programme can be found on pages 46 to 53.

Composition, succession and evaluation continued

Our approach to inclusion and diversity

We recognise the strategic importance of a diverse Board and workforce which is representative of our stakeholders and which provides different perspectives to support the development and delivery of our strategy both now and in the future. Our inclusive culture provides a solid foundation for our approach to diversity, both of the Board and the wider business.

Recognising the benefits of a diverse Board, we currently have 37.5% 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 improved 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 women today representing 37.5% of the Board's composition, 44% of the Senior Management Team below the Executive Committee and 47% of all promotions over the last two years.

Our Board composition is in line with the recommendations of the Hampton-Alexander Review and we are making some good progress across the organisation. However, we fully recognise the need to improve diversity amongst our Executive Committee and this remains a key area of focus. Further details regarding GPE's gender diversity, including the gender balance of the Executive Committee and their direct reports, can be found on page 50.

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. While the Board does not currently have any directors from an ethnic minority background, we are supportive of the Parker Review and remain mindful of its recommendations for boards of FTSE 250 companies to have at least one director from an ethnic background by 2024.

Inclusion and diversity remain high on the agenda as we continue to oversee the many initiatives underway at GPE to build a diverse talent pipeline and strengthen diversity at a senior level and across the organisation.

During the year the Committee oversaw the development of GPE's first Inclusion and Diversity strategy and, in October 2019, Alison Rose and I were proud to attend the launch of the strategy at an all-staff event. Our strategy is built on five core areas: our Culture; Engagement; Employment Practices, Policies and Procedures; Internal Interventions; and our Sector. We were pleased to have achieved the National Equality Standard accreditation in April 2020, reflecting the advancements we are making in this area. The Committee continues to drive and oversee progress against our Inclusion and Diversity strategy, further details of which can be found on pages 50 and 51.

GPE's Board composition and independence

As at 31 March 2020, the Board comprised the Chairman, two Executive Directors and five Non-Executive Directors. The biographies of all members of the Board outlining the experience they bring to their roles are set out on pages 54 and 55. The roles each of the directors play on the Board are outlined on page 111.

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.

Committee effectiveness review

Boardroom Review Limited was appointed to undertake an external evaluation of the Board and its Committees in 2019/20. Details of the review and its findings can be found on pages 115 and 116.

Richard Mully
Chairman of the Nomination Committee
9 June 2020

Our 2019/20 Board evaluation process

In accordance with the requirements of the Code, we undertake a review of the effectiveness of the Board's performance and that of its Committees and directors every year, with an external evaluation held every three years. Our progress against the actions identified through the 2018/19 internal review are set out on page 116.

The 2019/20 Board and Committee effectiveness review was facilitated by Dr Tracy Long of Boardroom Review Limited (BRL), an external board evaluation specialist, between September 2019 and April 2020. Dr Long also undertook our 2013/14 and 2016/17 reviews. In considering who to appoint, we felt that by having some familiarity with how the Board had worked in the past, Dr Long would be best placed to also consider whether there was anything we needed to change in how we operate as a Board and to prepare for the future as the business and strategy evolve. Neither Dr Long nor BRL have any other connection with the Company or any individual director.

The aim of the review was to assess the effectiveness of the Board and individual directors in order to identify any actions to improve how we can fulfil our duties and become a more effective Board.

The review was designed to encourage directors to optimise their contribution to the success of GPE and to maximise the value they add beyond statutory requirements, by building on current strengths and agreeing and preparing for the challenges ahead. The process also considered the effectiveness of individual directors and one-to-one feedback and advice was given to directors by Dr Long at the end of the process.

As part of the review, Dr Long conducted individual interviews with directors which typically lasted two hours, as well as interviews with other members of the Executive Committee.

The review focused on a number of key areas:

- Leadership and Contribution – including Board culture and composition; the roles of the Chair and Chief Executive; the use of time and information; and Non-Executive Director engagement and horizon scanning; and
- The Work of the Board and its Committees – including the Board's approach to strategy; risks and controls; corporate culture and stakeholder communications.

The following Board Evaluation process was adopted

2019

September/October

BRL appointment

BRL appointed to facilitate the evaluation and briefed by the Chairman and Company Secretary on key themes and objectives

December

Preparatory work

BRL provided with access to Board, Committee and other governance-related papers

2020

January/February

Interviews

One-to-one meetings held between Dr Long and individual members of the Board. Meetings were also held between Dr Long and other Executive Committee members

Meeting observation

Dr Long attends the January Board, Remuneration and Nomination Committee meetings and the February Nomination and Audit Committee meetings

April

Review of draft report with the Chairman

Dr Long and Richard Mully discuss Dr Long's draft report

One-to-one feedback

Dr Long provides one-to-one feedback to individual members of the Board

Board meeting presentation

Dr Long presents her findings to the Board for discussion

May

Nomination Committee meeting

The Committee further considers the recommendations from Dr Long's review

Composition, succession and evaluation continued

The review concluded that the Board, its Committees and individual directors continue to operate effectively.

Some of the key strengths identified included:

- a supportive and transparent Boardroom culture with strong leadership from the Chairman, high levels of engagement and contribution, constructive challenge and diversity of perspective;
- efficient Board and Committee meeting management with a clear focus on priorities;
- a strong approach to strategy with due consideration of the changing needs and expectations of stakeholders;
- a disciplined risk and control framework, with clear financial metrics and operational parameters; and
- GPE has a strong, open and identifiable culture which is set by the Board and which flows through the organisation.

The review identified some recommendations and opportunities and the key areas of focus for 2020/21 are set out below.

2020/21 actions

- To consider broadening the Board's property industry experience, the process for which is currently underway
- Further testing and agreeing the Board's strategic priorities and risk appetite as opportunities emerge in a changing market
- Continued focus on talent management, Executive succession planning and diversity by the Board and Nomination Committee
- Deepening the Board's insight and understanding of the impact of technology changes across the sector and supply chain
- Audit Committee to oversee actions identified for the improvement of the risk register
- Reducing repetition in operational papers and presentations to the Board

Progress against 2018/19 Board evaluation actions for 2019/20

2019/20 actions	Progress
Given the market uncertainty, for the Board to spend more time on 'blue sky thinking' and identification of possible emerging risks	Additional time is scheduled at Board meetings to discuss broader strategic matters, emerging risks and opportunities Executive Committee members 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 External guest speakers invited to attend Board meetings and dinners in the year to provide external perspectives and disrupt thinking Board time dedicated to discussing the potential impacts of COVID-19 in the short and longer term
Actions identified to ensure that the Board improves its understanding of a wider set of stakeholders	'An audience with…' Board-employee engagement sessions launched in 2019. NED breakfasts extended to include a wider reach of employees. Employee survey results showing very high levels of engagement with Employee Engagement Index score at 91% Greater discussion of major occupier feedback and occupier survey results with agreement to undertake the survey on an annual basis. Deep dive presentation received on the flexible space market Board site visits to understand more challenging refurbishments, including at 200 Gray's Inn Road Board papers for key decisions now include a specific section reviewing the impact of the proposal on relevant stakeholder groups as well as other s.172(1) considerations
Continued focus on Board succession planning and the development of a diverse pipeline	Vicky Jarman appointed to the Board on 1 February 2020 with an additional search underway for an additional Non-Executive Director with relevant property experience Launch of Inclusion and Diversity strategy in October 2019 and continued oversight of initiatives. National Equality Standard accreditation achieved in April 2020 Additional Nomination Committee meeting added to Board schedule to allow for increased focus on diversity, talent development and succession planning

What we did in 2019/20

2019

April

Board Meeting

The Board and Committee memberships are approved

May

Nomination Committee

The Committee considers the personal development plans of the Executive Directors

The Committee approves the Inclusion and Diversity strategy and implementation plan and activities to help develop a diverse succession pipeline. The Committee reviews and approves GPE's Diversity policy and maternity and paternity pay policy

The Committee discusses Executive Director succession planning

Richard Mully provides an update on the search process for a new Non-Executive Director

September

Nomination Committee

The Committee agrees the Executive Director succession planning process

The Committee receives an update on Non-Executive Director succession planning and agrees to retain Russell Reynolds to undertake a search for one Non-Executive Director with relevant property experience and another with relevant financial experience based on specified skills, expertise and experience

November

Nomination Committee

The Committee discusses the outputs from the Executive Director succession planning exercise

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

The Committee approves the shortlist of candidates for a new Non-Executive Director with financial experience

The Committee discusses senior management talent planning and development and supports three senior promotions and the restructuring of the Occupier Services team

2020

January

Nomination Committee

The Committee agrees to recommend the appointment of Vicky Jarman as a new Non-Executive Director

The Committee discusses the role specification and a long list of potential candidates for a new Non-Executive Director with relevant property experience

The Committee reviews the status of recommendations from the Board evaluation 2018/19

Board meeting

Board approval is granted for the appointment of Vicky Jarman

February

Nomination Committee

Richard Mully provides the Committee with an update on progress of the Non-Executive Director search

The Committee reviews the Group's Diversity policy and receives an update from Rachel Aylett, Head of HR on progress against the Inclusion and Diversity strategy and recommended next steps. The Committee also reviews progress against the National Equality Standard

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

The Committee reviews the Nomination Committee Terms of Reference

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 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 and emerging risks faced by the Group. These processes and procedures have been further enhanced during the year 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 of 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;
- Executive Committee reporting on control systems to the Audit Committee and Board, including to annually confirm its view on whether GPE's internal controls, and broader control environment, are operating effectively;
- 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, Gifts and Hospitality and Whistleblowing policies by all employees annually; and
- review by the Audit Committee of Internal Audit's reports and reports from the external auditors.

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. For the 2020 year end, the Audit Committee and Board oversaw an in-depth review of the Company's risk management framework and principal risks which identified a number of new principal and emerging risks, reframed some of our principal risk descriptions and further strengthened our risk management framework and processes.

The Group's systems of risk management and 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.

The Audit Committee formally considers the key 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.

During the year, the Board and the Audit Committee have continued to review and monitor the risks, potential impacts and GPE's preparations associated with the UK's exit from the EU, and international trade negotiations following Brexit, including in relation to GPE's operations, development delivery, valuations, financial forecasts and business plans.

The Audit Committee and Board have further considered the Group's risks and internal controls in the context of the COVID-19 crisis and reviewed additional controls which have been implemented in response to the crisis. Given the significant impact of COVID-19 on the business and the wider economy, 'Pandemic' has been added to our principal risk register as a new principal risk.

Both COVID-19 and the UK's exit from the EU have been considered in the context of our viability assessment set out on page 94.

The Group's updated principal risks and the processes in place to manage those risks are described in more detail on pages 80 to 93.

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

The directors' statement on 'fair, balanced and understandable' is made on page 158. When considering whether the 2020 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 into 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 draft is reviewed by the Audit Committee and the external auditor on a timely basis to allow for sufficient consideration and is discussed with the Finance and Operations Director and senior management prior to consideration by the Board;
- the Finance and Operations Director, in his year-end Audit Committee and Board papers, includes a checklist of areas that the Committee and 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 there are any significant omissions of information; and
- the Audit Committee provides advice to the Board on whether, taken as a whole, the Annual Report and financial statements are fair, balanced and understandable while providing the necessary information to assess the Company's position and performance, business model and strategy.

The Audit Committee further 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 external auditor.

Audit Committee meetings

Audit Committee members and attendance in 2019/20

Chairman	
Nick Hampton	4/4
Members	
Charles Philipps	4/4
Wendy Becker[1]	4/4
Vicky Jarman[2]	1/1
Alison Rose	4/4

1. Wendy Becker will step down from the Audit Committee on 9 June 2020, following the signing of the Annual Report.
2. Vicky Jarman became a member of the Audit Committee on 1 February 2020 and was eligible to attend one meeting during 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**.

At the beginning of the year, the Committee comprised four independent Non-Executive Directors, namely Nick Hampton as Chairman, Charles Philipps, Wendy Becker and Alison Rose. Vicky Jarman became a member of the Committee upon her appointment to the Board on 1 February 2020. Following Vicky's appointment and a review of the Committee's composition, it was agreed that Wendy Becker would step down from the Committee on 9 June 2020, following the signing of the 2020 Annual Report and financial statements.

The biographies of the Committee members are set out on pages 54 and 55. Charles Philipps, Nick Hampton, Alison Rose and Vicky Jarman have recent and relevant financial experience, which, combined with Alison Rose and Vicky Jarman's property related experience ensures 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 includes discussions with the Group's external valuer, CBRE, on the valuation process and conditions in London's real estate markets and the Group's external 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.

The Chairman of the Board, Richard Mully, attends the meetings reviewing the half-year and year-end results and has a standing invitation to attend any other meetings as appropriate. The Chief Executive, Finance and Operations Director, Director of Financial Reporting and Investor Relations, Director of Corporate Finance, other members of senior management and representatives from the external auditor and internal auditor also attend meetings as appropriate.

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

"The Committee has continued to play a crucial role in providing comfort to the Board on the integrity of the Group's processes and procedures in relation to financial reporting, internal control and risk management."

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 2020. The Committee has continued to play a crucial role in providing comfort to the Board on the integrity of the Group's processes and procedures in relation to financial reporting, internal control and risk management.

The report 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 120.

As outlined on pages 120 and 125, 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 which is outlined in more detail below, as a Committee we are satisfied that the valuation process is sufficiently robust.

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

- the amendment and extension of the Group's £450 million revolving credit facility (RCF) to a new £450 million ESG-linked RCF;
- the methodology used to value our flexible space offering;
- the introduction of IFRS 16 Leases and transitional arrangements; and
- the new industry-wide EPRA net asset value measures which we are required to implement for the full-year ending 31 March 2021.

External audit process

In light of the COVID-19 pandemic, the Committee and I have held regular discussions with management and Deloitte to discuss the process, controls and deliverables for the year-end results and the Annual Report and financial statements and to ensure that the external audit process has been carried out effectively. Despite the impact of COVID-19, appropriate interaction between the Committee, management and Deloitte has been maintained throughout the process and the ability of all of GPE's employees to work remotely has served to ensure minimal disruption to the external audit process.

Governance

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 the impact of the heightened economic and political uncertainty created by the UK's exit from the EU, 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. Due to the impact of the COVID-19 pandemic, the 31 March 2020 valuation included a statement highlighting a material valuation uncertainty given the current levels of market disruption. This statement was included in all recent RICS property valuations and was not specific to GPE. 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.

Fair, balanced and understandable

The Board as a whole is responsible for determining whether the 2020 Annual Report and financial statements are fair, balanced and understandable. The Audit Committee's role is covered on page 119.

Viability and going concern statements

The Committee considered the viability and going concern statements and their underlying assumptions, including management's work on assessing the potential risks to the business including, in particular, planning for the impact of the COVID-19 pandemic and the appropriateness of the Company's choice of a three-year viability 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 and going concern statements.

Internal controls and risk management

The Audit Committee's role in supporting the Board's oversight and review of the Group's principal and emerging risks, internal controls and risk management processes is covered on pages 80 to 83 and page 118.

Internal audit

Our internal audit function provides independent assurance as to the adequacy and effectiveness of the Company's internal controls and risk management systems. Our internal audit function is outsourced to PwC, who report on their findings to the Committee.

In February 2020, the Committee considered PwC's internal audit report on GPE's third party management, including buildings and facilities management. The report concluded that the majority of the controls in place were operating effectively. The Committee also discussed the implementation of agreed actions arising from PwC's previous internal audit findings in relation to cyber security, development procurement and GDPR and was satisfied with the progress made. Six-monthly reports on IT general controls and cyber governance are also presented to the Board by the Head of IT.

The Committee reviewed and agreed with PwC the internal audit plan for 2020/21, having regard to the Company's risk management framework. It was concluded that, for the financial year ahead, PwC should undertake an internal audit of:

– health and safety management;
– HR and payroll processes and controls;
– cyber security; and
– flexible working space.

The Committee believes that the process for determining the internal audit plan 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. In light of the continuing COVID-19 crisis and its impact on the business, the internal audit plan for 2020/21 will continue to be reviewed and adapted, if appropriate, to meet the changing needs of the business.

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. 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 106 and any non-compliance is escalated to the Committee as appropriate. No matters were escalated to the Committee in the year.

The Company's whistleblowing processes include a confidential hotline, operated by an independent third party, through which employees can anonymously raise matters of concern relating to suspected wrongdoings or dangers at work. Any matters reported are investigated by the Company Secretary or the Senior Independent Director. During the year, there were no whistleblowing incidents reported.

Auditor reappointment

Deloitte was appointed as external auditor to Great Portland Estates plc in 2003 and the lead audit partner, Jude Tacon, took responsibility for the audit in June 2018. Auditor effectiveness is reviewed every year. However, it is currently 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. The formal review of the Committee's effectiveness was covered as part of the Board evaluation process and I am pleased that the review confirmed that the Committee is working well. Further details on the process and its broader findings can be found on pages 115 to 116.

Nick Hampton
Chairman of the Audit Committee
9 June 2020

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 Committee and relevant members of management is considered by the Committee. Feedback from the review undertaken in September 2019 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 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 and 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 and in particular noted that the transition to a new audit partner since 2018/19 had been very smooth.

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 Deloitte and the 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 Deloitte 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.

The Committee requested that Deloitte continue to provide feedback on how the Company was responding to governance requirements and, in February 2020, the Deloitte Governance Team provided an in-depth update on recent corporate governance developments and their impact on the Company.

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 external 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. The Committee believes that the relationship with the external auditor is effective and remains satisfied with their independence and effectiveness. The Committee has, therefore, recommended to the Board that Deloitte be reappointed as auditor at the 2020 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 2020, 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 external auditor, Deloitte, is responsible for the annual statutory audit and also provide certain other services which the Audit Committee believe they are best placed to undertake due to their position as auditor. These arrangements are governed by the Group's policy for provision of non-audit services by the external auditor which is available on the Company's website at **www.gpe.co.uk/investors/governance**.

The policy was updated in February 2020 in order to reflect the FRC's Revised Ethical Standard that came into force on 15 March 2020.

The purpose of this policy is to ensure that auditor independence and objectivity are maintained and under the policy, prior approval is required by the Committee for any permitted 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 and Operations Director and, importantly, he is required to consider whether it is in the interests of the Company that the services are provided by Deloitte, rather than another supplier. The policy also applies a fee cap on permitted non-audit services whereby such fees in any financial year must not exceed 70% of the average statutory audit fee for the prior three consecutive financial years.

During the year, activities undertaken by Deloitte 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 2019/20 sustainability and energy consumption data.

In each case, Deloitte were considered the most appropriate service provider due to their position as auditor and given their detailed knowledge and understanding of our business and industry.

Payments made by the Group for audit and non-audit fees for the year are disclosed on page 169. The Group's audit fees are presented to, discussed and approved by the Audit Committee at its February year-end planning meeting. In addition, audit and non-audit fees paid to Deloitte in respect of joint ventures totalled £69,900 (GPE share: £34,950) (2019: £69,700) and £nil (2019: £nil) respectively. The non-audit fees for the year ended 31 March 2020 as a percentage of the prior three-year average audit fees are 35%.

Audit and non-audit fees

	2020 £000s	2019 £000s	2018 £000s
Audit fees	**271**	229	222
Non-audit fees including the interim review	**77**	75	68
Ratio of non-audit fees to audit fees	**29%**	33%	31%
Audit fees of joint ventures (GPE share)	**35**	38	28

In addition to ensuring compliance with the Group's policy in respect of non-audit services, the 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, which is outsourced to PwC.

The Committee reviews and approves the internal audit plan annually for a rolling three-year period which is closely aligned to the review by management and the Committee of the Group's risk management framework. In addition, the Committee Chairman meets with PwC separately to the Committee to discuss planned internal audit activities and the results of internal audit reviews.

The Committee meets annually with PwC without management present to discuss the effectiveness of the Internal Audit function, and also to seek feedback from PwC on the conduct of members of the GPE team during the internal audit process. The last such meeting took place in February 2020 when it was confirmed that there had been a good level of communication and interaction between the teams. The external audit partner also meets separately with PwC at least annually.

As PwC is engaged by the Group to provide tax compliance advice and other advisory services, consideration is given as to any potential conflict with Internal Audit before PwC is appointed to any advisory role. The Audit Committee also specifically considers PwC's independence when annually reviewing and approving the internal audit plan 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 2020

2019

September

Annual planning meeting

Met with the external auditor, Deloitte, to review:

- the results of the AQR's 2018/19 Quality Inspection Report on Deloitte
- the effectiveness and independence of the auditor – see pages 123 and 124
- significant accounting and key areas of judgement – see page 121
- Deloitte's 2019/20 Audit Plan

November

Review of half-year results

Met with CBRE to consider the September 2019 valuation

Met with Deloitte to consider:

- Deloitte's 2019 sustainability data assurance report
- Deloitte's independence
- their review of the September 2019 valuation and the half-year results announcement
- significant accounting and key areas of judgement including going concern – see page 121
- Group tax matters with the Director 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

2020

February

Internal audit

Met with the internal auditor, PwC, to:

- review PwC's internal audit report on:
  - GPE's third-party management including buildings and facilities management
- updates on previous internal audit findings including cyber security, development procurement and GDPR
- agree and approve 2020/21 internal audit plan

Year-end planning update

Met with Deloitte to consider/approve:

- significant accounting and key areas of judgement
- proposed changes in disclosure planned for the 2020 Annual Report
- the 2019/20 audit plan update
- the 2019/20 audit fee – see page 124

Other matters

Corporate governance update received from the Company Secretary and Deloitte

Review of GPE's Ethics, Whistleblowing and Gifts and Hospitality policies – see page 122

Review of the Audit Committee Terms of Reference

Update of the Provision for Non-Audit Services policy

May/June

Review of year-end results

Met with CBRE to consider the March 2020 valuation – see pages 70 and 71

Met with Deloitte to review:

- Deloitte's audit of the March 2020 valuation – see pages 70 and 71
- significant accounting and key areas of judgement including going concern and viability work – see page 121
- update on Group tax matters
- update on GPE's prompt payment code
- the principal and emerging risks, monitoring of internal controls and risk management processes – see pages 80 to 93
- the preliminary results announcement and Annual Report
- the Committee's effectiveness
- relationship between Deloitte and GPE management with feedback provided by Deloitte without management present
- reappointment of the auditor – see pages 122 and 123

Directors' remuneration report

Remuneration Committee

Remuneration Committee members and attendance in 2019/20

Chairman	
Wendy Becker	5/5
Members	
Richard Mully[1]	5/5
Charles Philipps	5/5
Vicky Jarman[2]	N/A
Alison Rose	5/5

1. Richard Mully stepped down as a member of the Committee on 27 February 2020.
2. Vicky Jarman became a member of the Committee on 1 February 2020, following which there were no further Committee meetings during the year.

Our approach

The key objectives of the Remuneration Committee are to ensure that 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 18 and 19, 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 generally uses financial targets based on TAR and the capital growth element of TPR, together with a review of the attainment of strategic and personal objectives to achieve operational excellence. However, for 2020/21 only, given the exceptional level of uncertainty in current real estate values during the COVID-19 crisis, the Annual Bonus Plan will use the inherently equally robust measure of relative TSR rather than TAR.

From 2020, the Long-Term Incentive Plan (the LTIP) will use two of our key performance indicators to measure the Group's performance, namely TSR (50%) and TAR (50%). Under the LTIP, 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 purpose, 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 with other peer companies in the sector, and, using a significant proportion of variable reward, offers the ability to increase total potential remuneration for superior performance through the Annual Bonus Plan and long-term incentives.

Remuneration of employees and engagement

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

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, during the year the Committee reviewed the workforce pension rate and discussed GPE's gender pay gap statistics alongside our Inclusion and Diversity strategy, related policies and performance against the National Equality Standard, which was achieved in April 2020.

GPE's annual review process and how this links to employees' remuneration is incorporated into our new joiner induction process. During 2018, to ensure employees understood how our remuneration policies for the Executive Directors align with wider Company pay policies, Toby Courtauld and Nick Sanderson, supported by Rachel Aylett, our Head of HR, held an interactive session with employees to discuss our remuneration policy, gender pay and diversity. The Chairman of the Committee is intending to invite all GPE employees to attend a further event to discuss remuneration and the 2020 remuneration policy revisions later this year, following the 2020 AGM.

In January 2020, a number of briefing sessions were arranged which enabled employees to find out more about GPE's pension scheme and the Executive Directors and Company Secretary hosted a session with employees to discuss the work of GPE's Board and Committees, including the Remuneration Committee.

Our process

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

At the beginning of the year, the Committee comprised four independent Non-Executive Directors, namely Wendy Becker as Chairman, Richard Mully, Charles Philipps and Alison Rose. Vicky Jarman became a member of the Committee on 1 February 2020. Following Vicky's appointment and a review of the Committee's composition, Richard Mully stepped down as a member of the Committee on 27 February 2020. Non-Executive Directors who are not members of the Committee each have a standing invitation to attend meetings of the Committee as appropriate, save where their own remuneration is under consideration.

The Committee was advised during the year by FIT Remuneration Consultants LLP (FIT Rem) as independent remuneration consultants. FIT Rem, which was appointed by the Committee in August 2014, 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 and does not provide any other services to the Company.

At the request of the Committee, Toby Courtauld, the Chief Executive, attends Committee meetings where appropriate and provides input with regard to the achievement of personal objectives for the Finance and Operations Director and other senior executives. He also attends discussions on remuneration as considered appropriate by the Committee, including on new appointments and promotions and to provide his input on the development of the remuneration policy. Rachel Aylett, Head of HR, attends a number of Committee meetings where appropriate to present proposals regarding workforce remuneration and related policies and the alignment of remuneration across the organisation, as well as to voice the perspectives of employees on relevant matters.

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

Compliance with the 2018 UK Corporate Governance Code

Throughout the year, and in particular as part of the Directors' remuneration policy review, the Committee has considered the provisions set out in paragraph 40 of the 2018 UK Corporate Governance Code. In the Committee's view, the Company's proposed remuneration policy and current practices address these factors as set out below:

Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce	This year involved the triennial review of the Company's remuneration policy and the proposed new policy is clearly disclosed in this report. The Committee proactively engaged with shareholders and their representative bodies as part of the policy renewal process (engaging with shareholders representing over 50% of the share register). It is also regularly updated on developments in market practice and received reports on pay and conditions across the business. The Chairman of the Committee is intending to invite all staff to attend a session to discuss remuneration and the 2020 policy revisions later this year, following the 2020 AGM
Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand	The Company operates a simple pay model which is biased to variable pay but only permits significant payments where the Company outperforms on both an absolute and relative basis against clear KPIs. The Annual Bonus Plan also includes a variety of strategic and personal objectives, with at least 50% of these combined elements being objectively measurable
Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated	There is broad discretion to reduce variable pay if the Committee does not consider the formulaic outcome to be appropriate in the circumstances and all plans include the ability to operate malus and clawback where appropriate
Predictability – the range of possible reward values to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy	The policy includes a scenario chart showing potential pay levels on various assumptions and all awards are subject to maximum grant levels as set out in the policy, together with the discretions set out under 'Risk' above
Proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance	The outturn in respect of variable pay is clearly set out in this report on pages 131 to 140 with payment clearly linked to our strategic and financial priorities. As indicated under 'Risk', the outturn can be reduced by the Committee as appropriate
Alignment to culture – incentive schemes should drive behaviours consistent with company purpose, values and strategy	Equivalent plans apply to the wider workforce to engender a high-performance culture, albeit that the weighting on personal performance increases as the plans cascade through the workforce. All objectives are directly linked to the Company's KPIs while a proportion of objectives must be values-led

"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 Committee, I am pleased to present the Directors' remuneration report for the year ended 31 March 2020. I am pleased to report that, at the 2019 AGM, our Directors' remuneration report was approved with over 95% of votes in favour.

Policy renewal

UK law requires a listed company to seek shareholder approval for the renewal of its Directors' remuneration policy at least every three years. Our policy was last approved by shareholders in 2017 and we will, therefore, be submitting an updated policy to shareholders at the 2020 AGM. The proposed policy has been subject to thorough consultation with our major shareholders and the main proxy voting advisors.

Over the last year, the Committee undertook a review of the policy to consider whether it remains the most appropriate means of incentivising and retaining the best available talent for the Company. As part of this review, we reviewed a range of alternative structures but concluded that the current approach is both simple and well aligned to our strategy and remains fit for purpose.

This approach has served the Company well over many years and, operating with a clear bias to variable pay linked to our KPIs with an appropriate mix of absolute and relative performance goals, it ensures that management can only achieve near maximum levels of reward for achievement of both significant outperformance of other real estate companies and real absolute returns for our shareholders.

On this basis, the proposed 2020 policy largely reflects a continuation of the 2017 policy although, consistent with developments in best practice more generally, we include:

- discretion for the Committee to override and reduce the formulaic outturn under its variable pay plans in suitable cases;
- deferral of an element of the annual bonus;
- introduction of post-cessation share ownership guidelines; and
- alignment of pension rates for any new Executive Director appointment to the Board with the average workforce rate, and we have committed to align the rate for incumbent Executive Directors by the end of 2022.

2020/21 implementation of our policy

As part of the policy review, we carefully considered the performance measures applying to the variable pay arrangements and consulted extensively with our largest shareholders and their representative bodies.

Annual Bonus

The Annual Bonus Plan measures will be slightly changed for 2020/21 as set out below. In particular:

- the Committee has decided to align the weightings of the TAR and MSCI capital growth index components at 35% each, with the remaining 30% split equally between personal and ESG/strategic measures, although for 2020/21 only, the TAR element will be replaced with the inherently equally robust measure of relative TSR due to the exceptional level of uncertainty in current real estate values during the COVID-19 crisis;
- we shall be modifying the way that the non-financial (strategic and personal) measures operate with a clear commitment that ESG factors will be included within the 15% of the annual bonus attributed to ESG/strategic measures; and
- at least half of the opportunity in respect of the non-financial measures will also be subject to objectively measurable performance goals.

LTIP

The LTIP will be subject to two, rather than the current three, performance measures which reflects some concern regarding the robustness of using Total Property Return against IPD over a three-year period. Going forward, performance will, therefore, be assessed against the other existing two measures of relative TSR and absolute TAR, both of which are explained in the main body of this report.

Under the 2017 policy, unusually, the Committee pre-set the target ranges for the subsequent three cycles of annual bonus and LTIP awards. Given the volatility arising from the UK's current economic challenges which include, amongst other things, Brexit and COVID-19, retaining such an approach is no longer considered appropriate. The Committee will, instead, adopt the market standard approach of setting the appropriate ranges on or about the start of the performance period (one year for the annual bonus and three years for the LTIP) having regard to business plans, external forecasts and such other factors as the Committee considers relevant at the time. The annual bonus ranges will be clearly reported retrospectively following the financial year end

If not for the COVID-19 crisis, we would have granted LTIP awards shortly after the 2020 AGM and would have sought to include details of the precise performance targets in this report. In the circumstances, the Committee considers it appropriate to consider the precise timing and level of grants, mindful of guidance to avoid windfall gains in volatile markets, within the agreed caps, following shareholder approval of the new remuneration policy at the 2020 AGM. The Committee will then set the target ranges and make appropriate market disclosures as part of the grant process.

Salaries

For the year commencing 1 April 2020, the average like-for-like salary increase will be 4.7% with all employees receiving the minimum increase of 2%. The Committee propose to increase Toby Courtauld and Nick Sanderson's salaries by 2% in line with that minimum level but, in view of the COVID-19 crisis, this increase has been deferred and is expected to take effect from 1 July 2020, subject to the Committee being satisfied that lockdown restrictions have been sufficiently lifted.

We trust that shareholders will agree that, with the proposed improvements, the remuneration policy remains appropriate and that shareholders will support the relevant resolutions at the 2020 AGM.

I would also like to thank our major shareholders and proxy voting advisors for their time in helping the Committee to develop the proposed policy.

Remuneration in respect of the year ended 31 March 2020

Against the backdrop of a year dominated by UK political and economic uncertainty, we have again delivered on our long-term strategy with excellent progress across our business, combining many operational successes with strong leasing activity and ongoing capital discipline, including successful completion of our £200 million share buyback programme.

We have also continued to innovate, as we create space for London to thrive, and embrace change to meet the evolving aspirations of our occupiers, people, communities and other stakeholders. During the year, we further broadened our flex product and service offer, installed market-leading technology solutions across our portfolio including our new app 'sesame', issued the first ESG-linked bank facility by a UK REIT, committed to becoming a net zero carbon business by 2030 and achieved the National Equality Standard following the launch of our Inclusion and Diversity strategy.

Moreover, we have maintained our market-leading debt metrics with our loan-to-property value ratio being only 14.2% and our liquidity position strong with £411 million of available cash and undrawn facilities. As a result, despite the onset of COVID-19 towards the end of our financial year, the full extent of whose humanitarian, societal and economic impacts are still too early to judge, we have been able to maintain payment of our ordinary dividends and, when combined with net asset value (NAV) per share growth, we delivered a TAR of 3.2% in the financial year ended 31 March 2020. Whilst unprecedented share price declines across global equity markets in March meant our TSR for the year to 31 March 2020 was -7.2%, we outperformed the FTSE 350 Real Estate index by 5.2 percentage points.

The unprecedented current situation means that the resilience of our business has never mattered more, underpinned by our financial strength, deep stakeholder relationships and our open culture. Our portfolio positioning is also good with 56% of the portfolio in our development programme, and a further 37% in buildings where we can add further value through active portfolio management. We are also continuing to work collaboratively with our occupiers, suppliers, partners and communities, whilst ensuring the ongoing wellbeing and development of our people in line with our values. Taken together, we remain well positioned to continue delivering both our purpose and long-term shareholder value.

Annual Bonus

Under our 2019/20 Annual Bonus Plan, we delivered a TAR of 3.2% in the financial year ended 31 March 2020 as explained above and therefore the TAR threshold of 4% was not met, resulting in a zero payout for this measure. However, the Group's portfolio capital growth outperformed our relevant MSCI central London capital growth index for the year to 31 March 2020 by 0.8%, resulting in a payout of 33.34% under the Annual Bonus Capital Growth measure.

In determining overall outcomes under the Annual Bonus Plan, the Committee has also taken into account individual Executive Directors' performance against their personal objectives set at the beginning of the year. As you will see on pages 136 and 137, the Executive Directors each performed strongly in the year in delivering against these objectives.

However, having regard to broader circumstances and the COVID-19 crisis, the Committee, with Executive Director support, exercised its discretion to reduce the personal objective performance assessments of 90% for each of Toby Courtauld and Nick Sanderson to a lower outturn of 70% in each case, with an amount equal to the difference between these amounts being paid by GPE to the GPE COVID-19 Community Fund.

2017 LTIP awards

Over the last three years, the central London commercial property markets have lacked strong direction and have broadly tracked sideways, in part due to muted economic growth since the EU Referendum and continued geopolitical and market uncertainty. However, our development activities and capital discipline over this period, combining sales of in excess of £750 million at prices broadly in-line with book value and £616 million of surplus capital returned to shareholders whilst the shares were trading at a meaningful discount to net asset value, means that we delivered EPRA NAV per share growth over the three years to 31 March 2020 of 8.6%. When combined with ordinary dividend payments, we delivered three-year annualised positive TAR of 4.2% resulting in a 23% vesting of the TAR measure for the Group's three-year 2017 LTIP award.

Given our strong relative share price performance compared with the FTSE 350 Real Estate index, we expect 83% vesting of the TSR measure under the 2017 LTIP award based on the information available as at 31 March 2020.

We underperformed against the TPR benchmark for the three-year period to 31 March 2020, given our higher than benchmark exposure to properties with short lease lengths, resulting in a nil vesting under the TPR measure.

Key decisions in the context of COVID-19

The Committee has given careful consideration to remuneration in the context of the external COVID-19 environment. GPE remains in a strong financial and liquidity position following robust operational performance for the year and is well placed to withstand the impacts from the current crisis and to look to the future with confidence.

The Board has recommended a final dividend to shareholders in line with the prior year and we consider ourselves fortunate that no GPE employees have been furloughed as a result of the crisis and we have no current plans to access any UK Government COVID-19 funding.

Nevertheless, the Committee's decision making has been mindful of the current climate in a number of areas:

- in determining and reducing the 2019/20 personal objective outcomes for Executive Directors under the Annual Bonus Plan, with an amount equal to the value of the reduction being paid by GPE to the GPE COVID-19 Community Fund;
- in deferring the effective date of 2020/21 salary and fee increases for the Board until the Committee is satisfied that COVID-19 lockdown restrictions have been sufficiently lifted;
- the Chairman and other Non-Executive Directors agreeing to waive 20% of their 2020/21 fees for a three-month period and the Chairman further agreeing to waive any fee increase in respect of 2020/21, with an amount equal to the waived amounts being contributed to the GPE COVID-19 Community Fund;
- for 2020/21 only, the annual bonus will be subject to relative TSR over the financial year rather than the usual TAR measure. The Committee did not consider it possible to set a suitable TAR target scale given the current uncertainty of real estate values in the midst of the COVID-19 crisis and the potential for highly volatile valuations making such a scale likely to be binary with zero or full vesting; and
- as explained on page 128, due to the crisis, the Committee has considered it appropriate to defer agreeing and then disclosing precise 2020 LTIP performance targets in this report, and will instead consider the precise timing, grant levels and performance target ranges for the 2020 LTIP awards (within the agreed caps) following the 2020 AGM, mindful of guidance to avoid windfall gains in volatile markets. Appropriate market disclosures will be made as part of the grant process.

I hope you find this report clear and informative and I look forward to receiving your support for the resolutions approving both this report, and the revised Directors' remuneration policy, at the 2020 AGM.

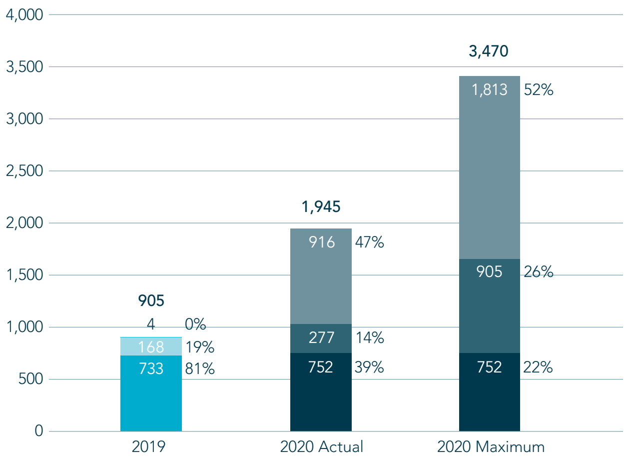
Wendy Becker
Chairman of the Remuneration Committee
9 June 2020

2019/20 Executive Directors' remuneration – at a glance

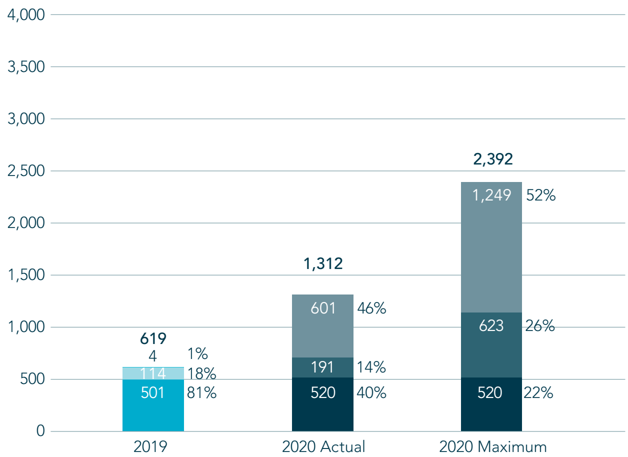
Please find below a summary of our remuneration and performance outcomes for the year ended 31 March 2020.

Single total remuneration figure £000[1]

Toby Courtauld – Chief Executive



Nick Sanderson – Finance and Operations Director

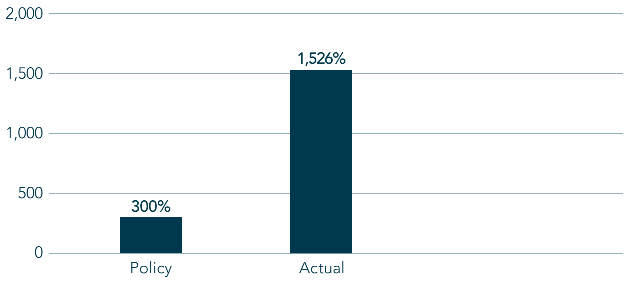


Salary, benefits and pension   Cash bonus   LTIP and SIP shares

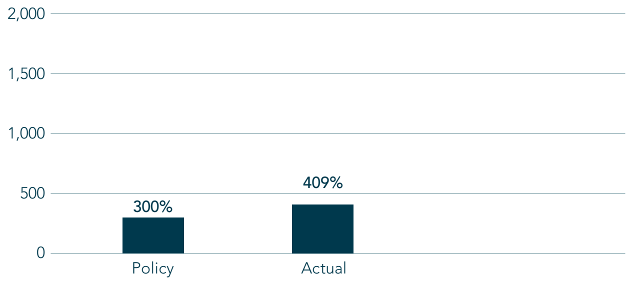
1. These figures contain estimates, see pages 129, 134 and 138. The 2020 Actual figures include the estimated value of the 2017 LTIP awards expected to vest in July 2020, based on the information available as at 31 March 2020 and calculated using the average share price for the three months to 31 March 2020 of £8.51 per share. Following the impact of COVID-19, the share price as at 1 June 2020 was £6.69 at which price the estimated value of the 2017 LTIP would be £724,666 and £474,694 for Toby Courtauld and Nick Sanderson respectively.

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

Toby Courtauld – Chief Executive



Nick Sanderson – Finance and Operations Director



1. The value of shareholding as at 31 March 2020 has been calculated based on the share price as at 31 March 2020 of £6.81.

Total remuneration

Executive Directors	Salary £000	Benefits £000	Annual bonus £000	LTIP[1] £000	Pension £000	SIP[2] £000	Total £000
Toby Courtauld	603	28	277	912	121	4	1,945
Nick Sanderson	415	22	191	597	83	4	1,312
Total	**1,018**	**50**	**468**	**1,509**	**204**	**8**	**3,257**

1. These figures contain estimates. See pages 129, 134 and 138. The LTIP figures include the estimated value of the 2017 LTIP awards expected to vest in July 2020, based on the information available as at 31 March 2020 and calculated using the average share price for the three months to 31 March 2020 of £8.51 per share. Following the impact of COVID-19, the share price as at 1 June 2020 was £6.69 at which price the estimated value of the 2017 LTIP would be £724,666 and £474,694 for Toby Courtauld and Nick Sanderson respectively.
2. This column shows the value of the matching shares awarded under the Employee Share Incentive Plan (the SIP) and calculated at the share price on the date the shares were purchased. No performance measures are relevant as per HMRC guidance.

› **See more** details on pages 134 to 138

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: +0.8%	33.34%	25%
TAR	45%	TAR: +4%	TAR: +3.2%	0%	0%
Operational excellence	30%	See pages 136 and 137	See pages 136 and 137	Toby Courtauld – 70% Nick Sanderson – 70%	21% 21%

› **See more** details on pages 129 and 130

2017 LTIP Awards – vesting in July 2020 (included in the year ended 31 March 2020 single figure)

LTIP measure	Target	Actual	% of maximum achieved
TSR - three years to vesting in July 2020	Median to upper quartile	Estimated as at 31 March 2020 69th percentile	83%
TAR – three years to 31 March 2020	4%–10% p.a.	4.2% p.a.	23%
TPR – three years to 31 March 2020	Index to Index +1.5% p.a.	Index minus 0.88% p.a	0%

› **See more** details on pages 129, 130 and 138

Annual report on remuneration

Statement of implementation of remuneration policy for the year ending 31 March 2021

Executive Directors

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

Salary

	Year ending 31 March 2021 £000	Year ended 31 March 2020 £000	% increase
Toby Courtauld	615	603	2
Nick Sanderson	423	415	2

Both Toby Courtauld and Nick Sanderson have received an increase in salary below the average awarded to employees. This increase reflected the minimum increase provided to employees across the Group of 2%. In view of the COVID-19 crisis, this increase has been deferred and is expected to take effect from 1 July 2020, subject to the Committee being satisfied that lockdown restrictions have been sufficiently lifted at that time. The table above does not reflect the pro-rated salaries and actual amounts paid will be disclosed in the Directors' remuneration report for the year ending 31 March 2021. 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 across the Group.

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 2021	Pension contribution (% of salary) Year ended 31 March 2020	Benefits
Toby Courtauld	20%	20%	Policy Level
Nick Sanderson	20%	20%	Policy Level

Neither of the Executive Directors participate in the Group's defined benefit final salary pension plan, which was closed to new entrants in 2002. The Executive Directors have agreed that their pension contribution rates will be reduced to the rate available to the majority of staff (subject to periodic review but currently 10% of salary) from the end of the 2022 calendar year.

Bonus for the year ending 31 March 2021

The target and maximum annual bonus potentials will remain unchanged at 75% and 150% of salary respectively for the Executive Directors. Under the proposed new remuneration policy, it is anticipated that 40% of the annual bonus outcome will be deferred into shares for three years under the proposed new Deferred Share Bonus Plan (the DSBP). The table below sets out the performance measures and their respective weightings for the year ending 31 March 2021.

Performance measures[1]	Weighting	Description
Capital Growth	35%	Growth of the Company's property portfolio against MSCI's relevant Capital Growth Index for the year to 31 March 2021 with 16.67% of this element payable at Index and 100% for a pre-determined level of outperformance.
Total Shareholder Return	35%	TSR versus the constituents of the FTSE 350 Real Estate Index (excluding agencies) in the financial year. In subsequent years, it is envisaged that this will revert to Total Accounting Return (being growth of EPRA NTA plus dividends paid against target range).
ESG/strategic measures	15%	This element will be dependent upon the achievement of objectively measurable targets, each of which have an equal 5% weighting, as follows: (i) Sustainability – 50% of this element will be payable on performance against all three of our ESG-linked RCF targets within pre-defined target ranges and 100% payable for outperformance of all three targets; (ii) Occupier satisfaction – 50% of this element will be payable on achievement of a pre-determined Net Promoter Score level and 100% for outperformance of this level by 2 points; and (iii) Employees – 50% of this element will be payable on achievement of an Employee Engagement Index score of 75% and 100% payable for a pre-determined level of outperformance.
Personal/team performance	15%	The approach to assessing the personal element of the bonus has been sharpened to focus on a smaller number of key objectives and behaviours. The assessed outturn, and details of their delivery against these objectives, will again be disclosed in next year's report.

1. The Committee is of the opinion that, given the commercial sensitivity around GPE's business, disclosing precise targets for the Annual Bonus Plan in advance, other than to the extent disclosed above in the case of the ESG/strategic measures, 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 awards for the year ending 2021

The maximum potential award for the 2020 LTIP is 300% of base salary. Practice has been to grant at this level each year. The awards will be subject to a 50:50 mix of relative (to a predetermined group of other real estate companies) TSR and absolute TAR measures. In respect of TAR, from the year ending 31 March 2021, the Group will adopt the new EPRA metric of EPRA NTA. For the year ended 31 March 2020, the Group's EPRA NTA and EPRA NAV were the same, as explained in our KPIs on page 18.

The Committee will determine the appropriate award level at the time of grant having regard to the then prevailing circumstances and will set, and ensure the disclosure, of the performance target ranges as explained on page 128.

Following the vesting of the awards after the three-year performance period, the 2020 LTIP awards will be subject to a two-year holding period, whereby participants will not be permitted to exercise any performance-vested awards until the fifth anniversary of grant. The holding period will generally continue to operate post-cessation of employment.

Non-Executive Directors

The table below sets out the fee rates for the Non-Executive Directors for the year ending 31 March 2021. Following an external benchmarking exercise, the Chairman's fee has been increased by 6.4%, which was considered appropriate given that he was appointed with a lower fee than the previous Chairman to permit the rate to increase to the appropriate level as he grew in experience. One further above-inflation increase may be considered suitable in future years to achieve the appropriate level. The base fees for the Non-Executive Directors have been increased by 2.7%, broadly in line with the base increase for employees. In view of COVID-19, the fee increases for the Chairman and other Non-Executive Directors have been deferred and are expected to take effect from 1 July 2020, subject to the Committee being satisfied that lockdown restrictions have been sufficiently lifted at that time. The Chairman has waived his entitlement to the amount of any increased fee for 2020/21 and all Non-Executive Directors, including the Chairman, have waived 20% of all their fees for a three-month period commencing 1 June 2020, with an amount equal to the waived amounts being contributed to the GPE COVID-19 Community Fund.

Non-Executive Directors' annual fees for the year ending 31 March 2021

	Base fee[1] £	Senior Independent Director £	Audit Committee £	Remuneration Committee £	Nomination Committee £	Total fees[2] £
Richard Mully	235,000	–	–	–	–	235,000
Charles Philipps	56,500	10,000	5,000	5,000	3,350	79,850
Wendy Becker	56,500	–	956[3]	12,500	3,350	73,306
Nick Hampton	56,500	–	12,500	–	3,350	72,350
Alison Rose	56,500	–	5,000	5,000	3,350	69,850
Vicky Jarman	56,500	–	5,000	5,000	3,350	69,850

1. These figures do not reflect the pro-rated or waived fee increases for the period as described above and actual amounts paid will be disclosed in the Directors' remuneration report for the year ending 31 March 2021.
2. This table discloses the annual fee rates for each Non-Executive Director without adjustment for the deferred fee increases or waivers described above. Actual fees paid in 2020/21 will be disclosed in the Directors' remuneration report for the year ending 31 March 2021.
3. Wendy Becker will be stepping down from the Audit Committee from 9 June 2020 and this figure represents her fees for the relevant period.

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.

Directors’ remuneration report continued

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 2020.

Audited

	Salary/fees		Benefits		Pension[1]		SIP[2]		Fixed Total		Annual Bonus		LTIP		Variable Total		Total[5,6]	
	2020 £000	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000	**2020[3] £000**	2019[4] £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Executive																		
Toby Courtauld	**603**	588	**28**	27	**121**	118	**4**	4	**756**	737	**277**	168	**912**	–	**1,189**	168	**1,945**	905
Nick Sanderson	**415**	400	**22**	21	**83**	80	**4**	4	**524**	505	**191**	114	**597**	–	**788**	114	**1,312**	619
Non-Executive																		
Richard Mully[7]	**220**	92	**4**	2	**–**	–	**–**	–	**224**	94	**–**	–	**–**	–	**–**	–	**224**	94
Charles Philipps[8]	**78**	70	**–**	–	**–**	–	**–**	–	**78**	70	**–**	–	**–**	–	**–**	–	**78**	70
Wendy Becker	**76**	71	**–**	–	**–**	–	**–**	–	**76**	71	**–**	–	**–**	–	**–**	–	**76**	71
Nick Hampton[9]	**71**	66	**2**	–	**–**	–	**–**	–	**73**	66	**–**	–	**–**	–	**–**	–	**73**	66
Alison Rose	**68**	60	**–**	–	**–**	–	**–**	–	**68**	60	**–**	–	**–**	–	**–**	–	**68**	60
Vicky Jarman[10]	**11**	–	**–**	–	**–**	–	**–**	–	**11**	–	**–**	–	**–**	–	**–**	–	**11**	–
Martin Scicluna[11]	**–**	205	**–**	2	**–**	–	**–**	–	**–**	207	**–**	–	**–**	–	**–**	–	**–**	207
Jonathan Short[12]	**–**	17	**–**	–	**–**	–	**–**	–	**–**	17	**–**	–	**–**	–	**–**	–	**–**	17
Total	**1,542**	1,569	**56**	52	**204**	198	**8**	8	**1,810**	1,827	**468**	282	**1,509**	–	**1,977**	282	**3,787**	2,109

1. Toby Courtauld and Nick Sanderson receive a pension allowance of 20% of their basic salary.
2. The value of the matching shares awarded under the SIP and calculated using the share price on the date the shares were purchased.
3. The estimated value of the 2017 LTIP awards expected to vest in July 2020, based on the information available as at 31 March 2020 and calculated at the average share price of £8.51 per share for the three months to 31 March 2020. The estimated value attributable to share price growth is £264,132 and £173,020 for Toby Courtauld and Nick Sanderson respectively. This has been calculated using the difference between the share price at grant of £5.94 and the three-month average share price at 31 March 2020. Following the impact of COVID-19, the actual share price as at 1 June 2020 was £6.69 at which price the estimated value of the 2017 LTIP would be £724,666 and £474,694 for Toby Courtauld and Nick Sanderson respectively.
4. The numbers disclosed in the 2019 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 2019 was 0% and the actual vesting was 0%.
5. The 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 2020 was £2,270,000 (2019: £2,101,000).
7. Richard Mully was appointed Chairman of the Board 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. Vicky Jarman was appointed to the Board on 1 February 2020.
11. Martin Scicluna retired from the Board on 31 January 2019.
12. Jonathan Short retired from the Board at the 2018 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. Executive Directors are not provided with a company car or a company car allowance.

2020 bonus outcome

The financial targets for the bonus for the year ended 31 March 2020, 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 financial 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 Group's property portfolio against MSCI's relevant Capital Growth Index (for the year to 31 March 2020) – 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: +0.8%	33.34%	151	104
45%	Absolute performance	Achievement of TAR targets (for the year to 31 March 2020) – on a straight-line basis	TAR: +4% (at which point 20% is payable)	TAR: +10%	TAR: +3.2%	0%	–	–
30%	Operational excellence	Achievement against personal objectives (for the year to 31 March 2020)	Partial achievement of personal objectives	Exceeding personal objectives	See pages 136 and 137	Toby Courtauld 70% Nick Sanderson 70%	126	87
						Total	**277**	**191**

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%

Directors' remuneration report continued

The Executive Directors' personal objectives, approved by the Committee, are designed to focus on the delivery of the strategic priorities and the successful management of risk for both 2019/20 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 awarded Toby Courtauld and Nick Sanderson 90% of the full potential bonus for Operational Excellence. However, the reported figure reflects the decision taken by the Committee with Executive Director support, having regard to broader circumstances surrounding the COVID-19 crisis, to reduce the assessed performance achieved of 90% to a lower outturn of 70% (being the lowest outturn in recent years) with an amount equal to the difference between these amounts being paid by GPE to the GPE COVID-19 Community Fund.

Significant personal objectives for each of the Executive Directors included:

Toby Courtauld

	Weighting	Percentage award	Objective	Achievement
Strategy	**33.3%**	**30.8%**	Creation and implementation of corporate strategy.	Led and delivered annual strategy review process, considering numerous strategic options, both variations of status quo and more radical, setting out a plan to operate in the relatively flat conditions throughout the year, including: – reviewing all corporate options, leading to amongst other outputs, a further return to shareholders of surplus equity, in line with our disciplined approach to capital management; – restructuring to create an Occupier Services team to deliver enhanced occupier support and service. Led to further improvement in our Net Promoter Score relative to our peer group; – grew flex space offer to c.11% of office portfolio, tapping into a rich seam of demand; – renewed personal time commitment to GPE's sustainability agenda, including our journey to becoming net zero carbon and culminating in the launch of the Group's sustainability Statement of Intent; and – invested in innovation including through the creation and roll-out of a portfolio-wide app, 'sesame', and through a new investment in a proptech fund exploring new technology in real estate. Resultant leverage still at or near lowest level across UK REIT universe giving us both defensive characteristics against the COVID-19 downturn and capacity to invest. Resultant development pipeline is at or near highest percentage across UK REIT universe with flexible timing. Winner of Developer of the Year, Property Week Awards. 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 Real Estate company, IR Magazine Awards. Voted No.2 Best Investor Relations Team in European Real Estate in Institutional Investor awards. Top 3 ranking for Best European Real Estate CEO at same awards for eighth consecutive year.
Portfolio positioning	**33.3%**	**30.8%**	Creation and implementation of property strategy and business plan.	Portfolio positioned to take advantage of multiple market outcomes. Seven-year net sales campaign totalling £2.56 billion largely concluded with £64.5 million sold, 11% ahead of book value, during the year. Three committed development projects pre-letting well with deals agreed during the year on much of the remaining space, ahead of ERV. Strong portfolio management including £14.4 million of new rent from lettings with market deals 8.8% ahead of ERV and vacancy at a near all-time low of 2%. Generated ERV growth over the year towards top end of forecast. New flex office product, covering 219,600 sq ft, operating successfully pre-COVID-19 outbreak. Well positioned to take advantage of demand for flexibility post-COVID-19. Maintained disciplined approach to acquisitions, preferring to invest internally for better risk adjusted returns. Well positioned to buy should opportunities emerge as a result of COVID-19 impact.
			Lead and progress innovation and sustainability agendas.	Portfolio-wide app launched. Proptech investment made. Research projects progressed through membership of European Think Tank. Sustainability agenda elevated to the centre of strategy. Committed to become net zero carbon business by 2030. Statement of Intent launched.
Team, culture and behaviour	**33.4%**	**28.4%**	Ensure and foster a positive, creative culture built around a strong team ethic.	Strong leadership embedding our corporate purpose and values resulting in exceptional employee engagement: 94% of GPE people think "GPE is a great place to work". Second Community Day and new Community Fund both successfully delivered. Mentoring programming broadened. Rotating seats at Executive Committee successfully implemented. Next phase of GPE Wellbeing programme launched. Inclusion and Diversity strategy launched. National Equality Standard accreditation achieved.
Assessed reduction		**20%**		The assessed performance achieved was 90% for the personal objectives. However, having regard to the broader circumstances surrounding the COVID-19 crisis, the Committee and Toby Courtauld agreed that the assessment should be reduced by 20% of the maximum resulting in an agreed outturn of 70% with an amount equal to the difference between these amounts being paid to the GPE COVID-19 Community Fund.
Final overall assessment		**70%**		

Nick Sanderson

	Weighting	Percentage award	Objective	Achievement
Strategy	**33.3%**	**30.0%**	Assist in setting and delivery of corporate strategy.	Led Board debate and successfully completed £200 million share buyback, whilst maintaining lowest financial leverage (LTV of 14%) in UK REIT universe. Investment in Pi Labs proptech VC fund.
			Maintain low cost, flexible and conservative debt structure.	Innovative £450 million ESG-linked corporate revolving credit facility issued, the first by a UK REIT and lowest coupon in sector. One of lowest cost and most flexible debt books in REIT sector with weighted average interest rate of 2.2% and 92% on unsecured basis, following redemption of GRP bank loan.
			Transparent and proactive communication of strategy to shareholders and other stakeholders.	Voted No.1 Real Estate company, IR Magazine Awards, No.2 Investor Relations team and No.2 CFO in European real estate (small/midcap) in Institutional Investor awards. Shortlisted Best Overall Company in IR Society Best Practice Awards. Led IR programme, including Investor and Analyst event. GPE shortlisted for best Annual Report in FTSE 250 in ICSA awards. Maintained programme of meeting GPE's top occupiers.
			Maintain focus on efficient operations and risk management to support strategy.	Led GPE COVID-19 response team and formed GPE@Home team. Continued robust occupier credit underwriting to ensure minimal delinquencies (<1.5% of rent roll in the financial year). Inaugural IT strategy launched, with enhanced cyber risk measures and portfolio wide support. New Health and Safety strategy launched and rolled out across business. Further tightening of corporate structure through subsidiary strike-offs.
Portfolio positioning	**33.3%**	**30.0%**	Driving sustainability initiatives across all aspects of GPE.	Sustainability Statement of Intent launched (including commitment to be net zero carbon business by 2030) following participation in Climate Change Commitment with BPP. Sustainability education programme for employees commenced. New Community Fund launched and second Community Day held. Continued success in sustainability and ESG reporting, including GRESB 5 stars for fourth consecutive year.
			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%**	**30.0%**	Wider development of GPE team and culture.	Strong engagement survey results (96% participation rate, 94% recommend GPE as great place to work) showing 91% of employees can explain our values and believe they are right for GPE. Values now embedded in performance process. Inclusion and Diversity strategy launched and National Equality Standard achieved, supported by introduction of rotating seats on Executive Committee and recruitment training. Phase 3 of GPE wellbeing programme and enhanced flexible working policy delivered.
			Continue to develop and motivate finance and other central function teams.	Successful restructuring and enhanced resourcing for HR, Financial Analysis and Management Information and Health and Safety teams. Recruitment of new Head of Health and Safety.
Assessed reduction		**20%**		The assessed performance achieved was 90% for the personal objectives. However, having regard to the broader circumstances surrounding the COVID-19 crisis, the Committee and Nick Sanderson agreed that the assessment should be reduced by 20% of the maximum resulting in an agreed outturn of 70% with an amount equal to the difference between these amounts being paid to the GPE COVID-19 Community Fund.
Final overall assessment		**70%**		

Anticipated vesting of 2017 LTIP awards

The tables below set out the alignment of LTIP awards with Company strategy and the anticipated vesting for those awards in July 2020, 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 134.

Anticipated vesting of LTIP awards granted in the year ended 31 March 2018 – vesting in the year ending 31 March 2021 is included in the 2020 single figure.

Key elements of strategy	% of award	Measured by	Threshold performance target (20%)	Maximum performance target (100%)	Estimated performance	Estimated vesting level as at 31 March 2020 as a percentage of maximum by vesting date[1]
Shareholder value	33.33%	Total Shareholder Return (based on a three-year performance period)	Median	Upper quartile	69th percentile	83%
Absolute performance	33.33%	Total Accounting Return (based on a three-year performance period)	4% p.a.	10% p.a.	4.2% p.a.	23%
Portfolio performance	33.33%	Total Property Return against IPD (central London index) (based on a three-year performance period)	Index	Index + 1.5% p.a.	Index minus 0.88% p.a.	0%

1. Toby Courtauld and Nick Sanderson's 2017 LTIP awards are due to vest on 7 July 2020. For the TAR and TPR targets, the performance period for the 2017 awards is the three-year period to 31 March 2020. For the TSR element, the vesting period is the three-year period from the award date and compares the Company's TSR to that of the constituents, at the date of grant, of the FTSE 350 Real Estate Index excluding agencies.

Actual vesting of LTIP and SMP awards granted in year ended 31 March 2017 – vested in the year ended 31 March 2020 and included in the 2019 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 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	33rd percentile	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 2.8% p.a.	0%
	SMP	33.33%					
Portfolio performance	LTIP	66.66%	Total property return (based on a three-year performance period)	Median	Upper quartile	11th percentile	0%
	SMP	33.33%					

1. The numbers disclosed in the 2019 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 2019 was 0% and the actual vesting was 0%.

The value of actual LTIP and SMP awards vesting versus estimated numbers included in the 2019 Annual Report are as follows:

	2019 Actual £000	2019 Estimated £000
Toby Courtauld	–	–
Nick Sanderson	–	–

The aggregate gain to all directors from share awards that vested during the year to 31 March 2020 was £nil.

Unvested share awards

The following tables provide details of outstanding share awards under the LTIP and the performance measures that apply to the awards.

Executive Director	Date of grant	Basis of award	Face value of award made £000	Number of awards[1,2]	Percentage of award receivable for threshold performance	End of performance period	Performance measures
Toby Courtauld	7 July 2017	300% of salary	1,722	290,109	20%	6 July 2020	Total Shareholder Return – 33.33%
	4 June 2018	300% of salary	1,765	254,848	20%	3 June 2021	
	3 June 2019	300% of salary	1,809	252,072	20%	2 June 2022	Total Property Return – 33.33%
Nick Sanderson	7 July 2017	300% of salary	1,128	190,037	20%	6 July 2020	
	4 June 2018	300% of salary	1,200	173,225	20%	3 June 2021	TAR Target – 33.33%
	3 June 2019	300% of salary	1,245	173,427	20%	2 June 2022	

1. For the 2017, 2018 and 2019 LTIP award, the face value is calculated on the five-day average share price prior to the date of grant of the LTIP award. For the 2017 LTIP this was up to and including 6 July 2017, being £5.94. For the 2018 LTIP, this was up to and including 1 June 2018, being £6.93. For the 2019 LTIP, this was up to and including 31 May 2019, being £7.18.
2. When verifying the satisfaction of the performance targets, it became apparent that a grant price for the 2017 LTIP grant of £5.84 had been used when the correct price was £5.94. Accordingly, the shares regarded as granted in 2017 have been marginally reduced to reflect the intended level. The number of awards in the above table is, therefore, slightly lower than reported in previous reports. All vestings in this report have been calculated using this reduced grant number.

Performance measure over three years	% of award	Vesting level			Start of measurement period
		20%	Straight-line vesting between these points	100%	
TAR	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 IPD Total Property Return – central London index	33%	Index		Index + 1.5% p.a.	1 April prior to grant

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	
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 (excluding LTIP) held at 31 March 2020**	Total interests (excluding LTIP) held at 31 March 2019	LTIP[5]	**Total interests held at 31 March 2020**
Toby Courtauld	300%	265,645	1,351,387	Yes – 1,526%	1,430	**1,352,817**	1,352,175	626,135	**1,978,952**
Nick Sanderson	300%	182,766	249,173	Yes – 409%	1,432	**250,605**	249,960	424,744	**675,349**

1. For Toby Courtauld and Nick Sanderson, the holdings are calculated based on the share price as at 31 March 2020 of £6.81.
2. Beneficial interests include shares held directly or indirectly by connected persons.
3. Between 1 April 2020 and 8 June 2020, Toby Courtauld and Nick Sanderson acquired 68 and 67 Partnership shares and 136 and 134 conditional Matching shares respectively under the SIP. In addition, under the SIP, 77 Matching shares vested to each of Toby Courtauld and Nick Sanderson, otherwise there were no changes in their shareholdings.
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.
5. Figures include 22,512 shares and 14,746 shares for Toby Courtauld and Nick Sanderson respectively which are no longer subject to performance conditions.

Directors' remuneration report continued

Non-Executive Directors' shareholding

	31 March 2020	31 March 2019
Richard Mully	**26,379**	16,379
Charles Philipps	**4,094**	4,094
Wendy Becker	**8,277**	8,277
Nick Hampton	**2,500**	2,500
Alison Rose	–	–
Vicky Jarman	**2,708**	–

There were no changes in the shareholdings of the Non-Executive Directors in office as at 31 March 2020 between 1 April 2020 and 8 June 2020.

Non-Executive Directors' annual fees for the year ended 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
Vicky Jarman[1]	9,167	–	833	833	558	11,391

1. Vicky Jarman was appointed to the Board on 1 February 2020.

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 payout/vesting as compared to the maximum opportunity.

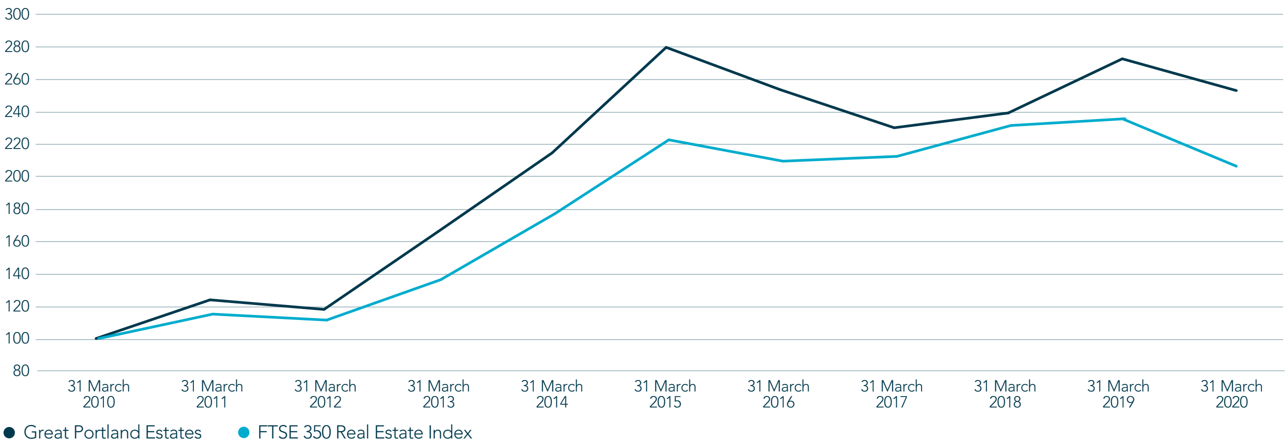
	2011	2012	2013[1]	2014	2015	2016	2017	2018	2019	2020
Single figure of total remuneration (£000)	2,087	2,910	4,924	3,409	3,689	2,650	1,402	1,174	905	**1,945**
Bonus payout as % of maximum opportunity	100%	70%	92%	100%	48%	100%	20%	37%	19%	**31%**
Long-term incentive vesting rates (as % of maximum opportunity)	50%	100%	95%	86%	81%	58%	33%	10%	0%	**35%**

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 (indexed)



Employee Share Trust

Upon the vesting of share awards, shares used to satisfy awards under the LTIP 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 2020 was 1,109,303.

Dilution

The Company currently funds the Trustees to purchase all of the shares required to satisfy awards under the Company's share 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 2020[1]
10% dilution in ten years (all plans)	1.47%
5% dilution in ten years (discretionary plans)	1.44%

1. This figure shows the number of shares required to satisfy all outstanding awards as at 31 March 2020 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)		
	2020	2019	% change[1]	**2020**	2019	% change[1]	**2020**	2019	% change	**2020**	2019	% change
Base salary	**603**	588	2.5	**10,065**	9,515	5.7	**110**	104	5.8	**92**	91	1.1
Taxable benefits	**28**	27	3.7	**513**	507	1.2	**110**	104	5.8	**5**	5	–
Bonus	**277**	168	64.8	**3,252**	2,418	34.5	**110**	104	5.8	**30**	23	30.4
Total	**908**	783	16.0	**13,830**	12,440	11.2	**110**	104	5.8	**127**	119	6.7

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 and Operations 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) applies a higher weighting to personal objectives.

Chief Executive pay 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 (116 as at 31 March 2020), 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. The ratios will therefore fluctuate according to variable pay outcomes each year and have increased from the prior year when there was a nil LTIP vesting.

Ratio of the pay of the 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 2020	Modified Method A	29.3:1	22.1:1	9.6:1
31 March 2019[1]	Modified Method A	14.2:1	9.3:1	5.7:1

1. The 2019 ratios are unchanged from those stated in the 2019 Directors' remuneration report as there was no change in the final LTIP (nil) vesting outcome.

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

- Employee pay data is based on full time equivalent pay for UK employees as at 31 March 2020. 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 or 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.
- Chief Executive pay is as per the single total figure of remuneration for 2020, as disclosed on page 134.
- The 2020 ratio will be re-stated in the 2021 Directors' remuneration report to take account of the final LTIP vesting data for eligible employees and for the Chief Executive.
- The Committee has considered the pay data for the three individuals identified for 2020 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 Chief Executive and the employee percentile pay used to determine the 2020 pay ratios:

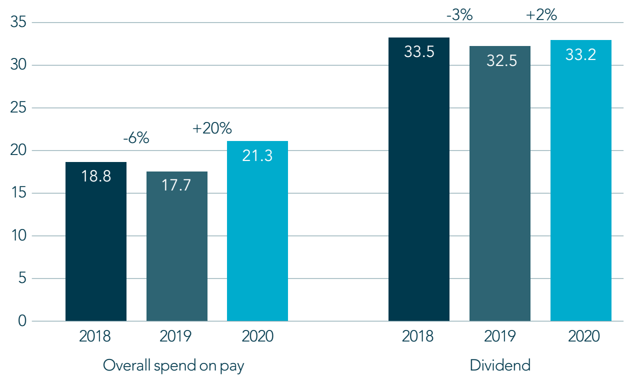
	Chief Executive £000	25th percentile £000	50th percentile (median) £000	75th percentile £000
Total salary	**603**	**50**	**63**	**123**
Total remuneration (single figure)	**1,945**	**66**	**88**	**203**

Our LTIP 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. 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 2018, 2019 and 2020:

Relative importance of spend on pay £m



Consideration by the directors of matters relating to directors' remuneration

Committee advisors

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 2020 were £72,670 which is charged on its normal terms.

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

- Deloitte on measurement of TAR performance targets for the LTIP awards. Fees paid to Deloitte in respect of this were £2,500. Deloitte are appointed by the Company as its auditor. Total fees paid to Deloitte are shown on page 169;
- Aon Hewitt on measurement of TSR performance targets for the LTIP awards together with IFRS 2 calculations. Fees paid to Aon Hewitt in respect of this were £16,650. Aon Hewitt also provides benchmarking services to the Group and fees paid in relation to this total £4,000; 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 awards as part of its MSCI membership. Fees paid in relation to this membership total £34,915.

Statement of voting at the AGM

The following table shows the results of:

- the binding vote on the Directors' remuneration policy commencing from the 6 July 2017 AGM; and
- the advisory vote on the Directors' remuneration report at the 4 July 2019 AGM.

It is the Committee's policy to consult with major shareholders prior to any major changes to its Executive remuneration.

	For	Against	Abstentions
2017 Directors' remuneration policy	259,839,425 (97.13%)	7,669,753 (2.87%)	1,808,378
2019 Directors' remuneration report	205,038,325 (95.61%)	9,423,955 (4.39%)	1,616,009

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.

Directors' remuneration report continued

Directors' remuneration policy

This section of the Directors' 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 we intend to apply, subject to shareholder approval, from 24 July 2020, the date of the next AGM. Until such approval the current remuneration policy, which was approved by shareholders at the 2017 AGM, will apply. It is the intention that the new policy will apply for a period of three years from approval. Any key changes in policy have been highlighted in the proposed new policy. The policy part of the remuneration report, if approved, will be displayed on the Company's website, at **www.gpe.co.uk/investors**, immediately after the 2020 AGM.

Executive Director remuneration

Purpose and link to strategy		Operation and process
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 Director 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 and annual increases within the rest of the Group.
	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.
	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 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 94.

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.

Maximum opportunity	Performance metrics	Key changes to last approved policy
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/or – 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 July 2017, currently c.£700,000).	Individual and Company performances are considerations in setting base salary.	No change.
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 benefits 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.	No change.
The contribution is a maximum of 20%. The current Executive Directors as at 1 April 2020 receive a contribution or cash equivalent equal to 20% of base salary. The contribution level for the current Executive Directors will be aligned with the average rate for all employees, by the end of 2022. Any new Executive Directors that are recruited will receive a contribution at no more than the same level as the average all-employee rate (as at the date of recruitment).	Not applicable.	Contribution level for all Executive Directors will be aligned with the average all-employee contribution rate by the end of 2022.

Governance

Purpose and link to strategy		Operation and process
Variable remuneration	Annual Bonus Plan Links reward to the annual performance targets, which are set on or about the beginning of the financial year in line with the Company's strategy. Ensures an alignment between the operation of the Directors' 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. Bonuses are paid in cash and shares. Up to 60% of any bonus will be paid in cash following the end of the financial year. At least 40% of any bonus outcome will be deferred into shares, typically through the new Deferred Share Bonus Plan (the DSBP) and normally for three years. The DSBP will be submitted to the 2020 AGM for shareholders to approve for a ten-year period. 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 50% of maximum (i.e. 75% of base salary). Threshold bonus is not more than 30% of base salary with 0% payable if the threshold is not met.
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 TAR growth, above benchmark total property returns and superior shareholder returns.	The LTIP was approved and adopted by shareholders in July 2010 with an initial ten-year term. It will be submitted to the 2020 AGM for renewal to permit the LTIP to operate for a further ten-year period. **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 holding period will apply to awards following the end of the performance period. Awards will typically be structured as nil cost options exercisable from the end of the 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; and 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.

Maximum opportunity	Performance metrics	Key changes to last approved policy
The maximum bonus is 150% of base salary.	At least 70% of the bonus will be linked to key financial measures, with the balance linked to personal or strategic objectives (including ESG factors). At least half of the combined opportunity relating to personal or strategic objectives will be objectively measurable. 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 may reduce formulaic bonus outcomes, if it considers them to be inconsistent with the performance of the Company, business or individual during the 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, in the view of the Committee, materially less difficult to satisfy. Further details on the measures for the financial year 2020/21 are set out on page 133.	Introduce: – deferral of 40% of any bonus outcome into shares for three years; and – Committee discretion to override formulaic outcomes to ensure the vesting is appropriate, taking into account performance of the Company, any individual, team or department.
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 or TAR growth). The performance metrics are set by the 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 will also have a standard discretion to reduce the formulaic outcome of performance conditions if no longer appropriate in the circumstances (including the performance of the Company, any individual or business). 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 2020/21 awards are set out in the Directors' remuneration report on page 133.	Introduce Committee discretion to adjust formulaic outcomes to ensure the vesting is appropriate, taking into account performance of the Company, any individual, team or department.

Purpose and link to strategy		Operation and process
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 up to 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 contributions. Dividends are also paid directly to participants on all SIP shares. In 2010, shareholders approved a Save As You Earn Scheme (SAYE) for all 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. The SIP and SAYE will each be submitted at the 2020 AGM for shareholders to approve a further ten-year term.
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 shares in the Company equivalent in value to no less than 300% of base salary. A post-cessation shareholding guideline will operate from the approval of this policy at the 2020 AGM. Executive Directors will be expected to retain the lower of actual shares held at cessation and shares equal to 300% of salary for two years post-cessation. This guideline will apply in respect of any vested shares which vest from DSBP and LTIP awards granted after the 2020 AGM (unless the Committee no longer considers it necessary). Shares retained following vesting of LTIP and/or DSBP awards granted after the 2020 AGM will be held in escrow to enable enforcement of post-cessation share ownership guidelines.

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, TAR targets and relative TSR performance. Relative measures will be assessed against appropriate comparators such as 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 are commercially sensitive and will be reported in the subsequent Directors' remuneration report. The targets for the 2020 LTIP award will be determined and disclosed by the Committee following the 2020 AGM, as explained on page 128. As referred to in the Committee Chairman's statement, it is intended that appropriate targets will be set for each award cycle. 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 individuals' 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 payouts.

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 with quantum of awards being set at levels commensurate with their role. All employees are eligible to participate in the 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 (currently) 10% of salary.

Maximum opportunity	Performance metrics	Key changes to last approved policy
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 tax-advantaged all-employee plans, there are no performance conditions attached to awards.	No changes.
Not applicable.	Not applicable.	Introduction of a two-year post-cessation shareholding guideline.

3. Changes to remuneration policy from previous policy

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 Plan, LTIP and DSBP 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 Directors' remuneration report and may, as appropriate, be the subject of consultations with the Company's major shareholders.

The all-employee tax-advantaged share plans will be operated in accordance with HMRC guidance and their respective rules.

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 page 139 of the Directors' remuneration report. 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 Committee. Non-Executive Directors are paid a base fee and additional fees for membership or chairmanship of Committees and for the 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, which is currently £600,000, but shareholders are being asked to increase this to £750,000 at the 2020 AGM. In the normal course, the Committee would generally consider awarding the Chairman (and the other directors would generally consider awarding the Non-Executive Directors) an annual increase in line with the rate of inflation for staff generally. However, this is not automatic and any decisions will be taken in the round. The 2020/21 fee levels are set out on page 133.	Not applicable.

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 with at least 40% of the bonus outcome normally subject to deferral under the proposed new DSBP 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 Plan, 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 LTIP 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 prohibited period.

Component	Policy
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 or 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	24 July 2020
Charles Philipps	10 January 2014	24 July 2020
Wendy Becker	12 January 2017	24 July 2020
Nick Hampton	28 September 2016	24 July 2020
Alison Rose	4 April 2018	24 July 2020
Vicky Jarman[1]	22 January 2020	24 July 2020[1]

1. Vicky Jarman was appointed to the Board on 1 February 2020 and will be subject to election at the next AGM on 24 July 2020.

Directors' remuneration report continued

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 include 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.

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 Plan, LTIP, DSBP, 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.
Deferred Share Bonus Plan (DSBP)	Awards may be retained until the normal vesting date. In exceptional circumstances the Committee may accelerate vesting at the date of cessation.	Outstanding awards lapse.	In accordance with the rules of the DSBP, outstanding awards will normally vest in full on a change of control.

Component	Good Leaver*	Bad Leaver**	Change of control
Long Term Incentive Plan (LTIP)	Awards may vest at the date of cessation of employment or the normal vesting date (including any applicable holding period) 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 LTIP, on a change of control, vesting will occur immediately. Performance against targets will be assessed by the Committee on a change of control. The number of 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.
Share Incentive Plan (SIP)	All shares can be sold or transferred out of the SIP. 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 SIP. 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 shares can be sold or transferred out of the SIP. 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 six 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, LTIP, DSBP, SIP and SAYE are those leaving under specified conditions as set out below.

Annual Bonus Plan and LTIP:

– death;
– ill-health, injury or disability (evidenced to the satisfaction of the 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 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.

Under the DSBP all leavers will be considered 'good', expect where the employee is dismissed for misconduct.

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.

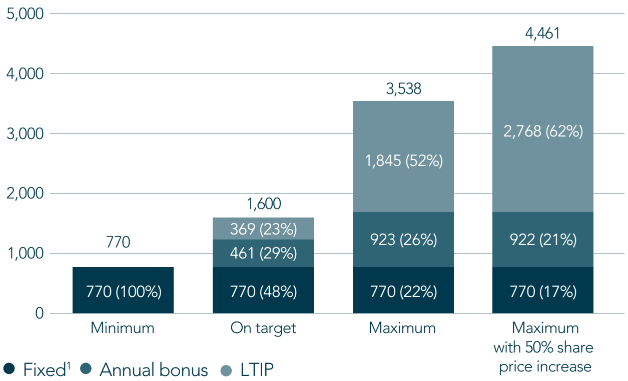
** Bad leavers are those leavers who are not good leavers.

Directors' remuneration report continued

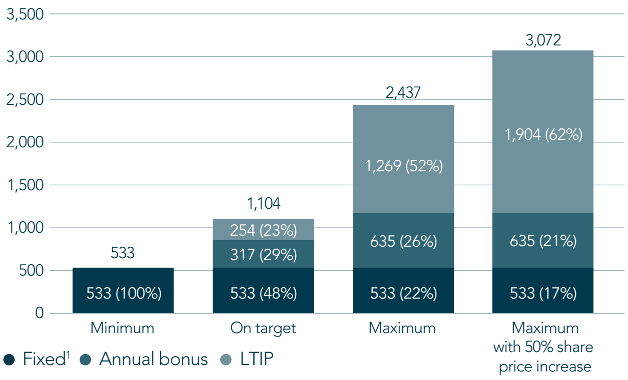
Executive Director remuneration scenarios based on performance

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 remuneration policy and applied to salaries for the year ending 31 March 2021. It should be noted the projected values exclude the impact of any dividend accrual.

Chief Executive £000



Finance and Operations Director £000



1. The Fixed amounts in the charts reflect the increased full annual salaries that will take effect from 1 July 2020 subject to the Committee being satisfied that lockdown restrictions have been sufficiently lifted at that time. Salaries have not been pro-rated for these purposes.

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 employee remuneration levels and proposed discretionary bonus awards.

While the Company engages with employees on remuneration generally, including executive remuneration, it did not formally consult with employees on the policy or use any remuneration comparison metrics during the year reported. The Chairman of the Committee is intending to invite all staff to attend a session to discuss remuneration and the 2020 policy revisions later this year, following the AGM.

Further details of how the Committee has considered the broad operation of the remuneration policy and practices for all employees can be found on page 126.

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 the remuneration policy.

The proposed 2020 remuneration policy has been subject to thorough consultation with our major shareholders and the main proxy voting advisors.

Deliberation and process

The Committee ensures it seeks independent advice as appropriate and the Committee also has access to HR and company secretariat without the executives present. Consistent with good practice, any decisions are taken without the affected individual present.

This report will be submitted to shareholders for approval at the AGM to be held on 24 July 2020.

Approved by the Board on 9 June 2020 and signed on its behalf by:

Wendy Becker
Chairman of the Remuneration Committee
9 June 2020

Report of the directors

Strategic Report

The Group's Strategic Report on pages 1 to 94 includes the Company's business model and strategy, principal risks and uncertainties facing the Group and how these are managed and mitigated, an indication of likely future developments in the Company and details of important events since the year ended 31 March 2020.

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 advisors 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's results for the year are set out on pages 160 to 186. An interim dividend of 4.7 pence per share (2019: 4.3 pence) was paid on 2 January 2020, and the directors propose to pay a final dividend of 7.9 pence per share on 28 July 2020 to shareholders on the register of members as at the close of business on 29 May 2020. This makes a total of 12.6 pence per share (2019: 12.2 pence) for the year ended 31 March 2020.

Directors

Biographical details of the current directors of the Company are shown on pages 54 and 55.

In accordance with the UK Corporate Governance Code, all the directors will retire and will offer themselves for election or re-election at the forthcoming Annual General Meeting.

Directors' shareholdings

The interests of the directors of the Company (and of their connected persons) in the shares of the Company, which have been notified to the Company in accordance with the Market Abuse Regulation, are set out in the Directors' remuneration report on pages 139 and 140. The Directors' remuneration report also sets out details of any changes in those interests between 31 March 2020 and 8 June 2020.

Directors' indemnities and insurance

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

The Company maintains directors' and officers' liability insurance and pension trustee liability insurance, both of which are reviewed annually.

Directors' powers

The powers of the directors are contained in the Company's Articles of Association. These include powers, subject to relevant legislation, to authorise the issue and buyback of the Company's shares by the Company, subject to authority being given to the directors by the shareholders in a general meeting.

Appointment and replacement of directors

The rules about the appointment and replacement of directors are contained in the Company's Articles of Association. Under the Articles of Association, a director shall retire from office if he or she has been appointed since the previous Annual General Meeting or if it is the third Annual General Meeting following that at which he or she was elected or last re-elected. Notwithstanding the provisions of the Articles of Association, the Board has agreed that all directors will retire and seek election or re-election at each Annual General Meeting in accordance with the UK Corporate Governance Code.

Changes to the Articles of Association must be approved by the Company's shareholders in accordance with legislation in force from time to time.

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 96 to 154, all of which are incorporated into this Report of the directors by reference.

Political donations

It is the Company's policy not to make political donations or undertake any activities incurring political expenditure.

Annual General Meeting

The Company's Annual General Meeting will be held at Kent House, 14/17 Market Place, London W1W 8AJ on 24 July 2020 at 1pm. In light of the COVID-19 pandemic and public health guidance, this year's AGM is currently intended to be held as a closed meeting. While shareholders will, regrettably, not be permitted to attend the AGM in person, shareholders are encouraged to submit their proxy voting instructions as early as possible and to raise any questions in advance of the meeting via e-mail. Please refer to the Notice of AGM 2020 for further details.

Additional disclosures

Disclosures required by the Financial Conduct Authority's Listing Rule 9.8.4 and Schedule 7, Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), to the extent not already disclosed or referred to in this Report of the directors, can be found on the following pages, all of which are incorporated into this Report of the directors by reference:

	Page
Capitalised interest	170 and 174
Financial instruments	168, 180 to 182
Greenhouse gas emissions, energy consumption and energy efficient action	75 to 76
Engagement with suppliers, customers and others	58 to 66, 103 to 106
Research and development	32, 37, 41, 58, 59, 69, 73
Director waiver of emoluments	133

The Directors' responsibilities statement is on page 158 and is incorporated into this Report of the directors by reference.

Significant shareholdings

As at 31 March 2020, the Company had been notified, in accordance with the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTR 5), of the following interests in the voting rights in its ordinary share capital:

	Number of voting rights[1]	%[1]
T.Rowe Price Associates, Inc.	28,233,061	11.12
Norges Bank Investment Management	26,778,630	10.00
BlackRock Inc.	24,570,390	8.72
Standard Life Aberdeen plc	10,366,321	4.00

1. As at date of notification.

In the period from 31 March 2020 to 8 June 2020 the Company was notified that Norges Bank Investment Management now holds voting rights in respect of 28,329,893 GPE shares, representing 11.15% of the total voting rights in the Company.

Information provided to the Company under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules is publicly available via the regulatory information service and on the Company's website.

Share capital and control

As at 31 March 2020, the issued share capital of the Company was 253,867,911 (2019: 271,365,894) ordinary shares of 15 5/19 pence each, all fully paid up and listed on the London Stock Exchange.

At the 2019 Annual General Meeting, shareholders authorised the Company to make market purchases of up to 40,677,747 ordinary shares of 15 5/19 pence each, representing 14.99% of the issued share capital of the Company as at 21 May 2019, such authority to expire at the earlier of the conclusion of the 2020 Annual General Meeting or 1 October 2020.

During the year and in accordance with the authorities obtained from shareholders at the 2018 and 2019 Annual General Meetings, the Company continued with its share buyback programme which had originally commenced on 15 November 2018. The share buyback programme sought to repurchase ordinary shares for a maximum aggregate consideration of £200.0 million during a 12-month period from 15 November 2018, subject to certain pre-set parameters and up to a maximum of 42,221,384 ordinary shares. The purpose of the share buyback programme was to return surplus equity to shareholders and through the reduction of the Company's issued share capital it reflects the directors' ongoing commitment to capital allocation and balance sheet discipline.

From 15 November 2018 to 29 March 2019, the Company purchased 10,297,781 ordinary shares of 15 5/19 pence each (which represented 3.8% of the called-up share capital of the Company as at 31 March 2019) for an aggregate consideration of £74.1 million (£74.8 million including costs). The average price paid per share was £7.20 (or £7.26 per share including costs). All of the purchased shares were cancelled.

No further share purchases were made by the Company between 29 March 2019 and 21 May 2019 and the programme recommenced on 22 May 2019 and ended on 13 November 2019. During this period, the Company purchased 17,497,983 ordinary shares of 15 5/19 pence each (which represented 6.9% of the called-up share capital of the Company as at 31 March 2020) for an aggregate consideration of £125.9 million (£126.7 million including costs). The average price paid per share was £7.19 (or £7.24 per share including costs). All of the purchased shares were cancelled. Further details on the share buyback can be found on pages 45 and 79.

There are no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carry 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 employee 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 Trustee in its absolute discretion thinks fit as if it were absolutely entitled to those ordinary shares. The Trustee has waived the right to receive dividends on the shares held in the Company.

Change of control

The Company has a number of unsecured borrowing facilities provided by various lenders. These facilities generally include provisions that may require any outstanding borrowings to be repaid or the alteration or termination of the facilities upon the occurrence of a change of control of the Company. The Company's 2010 LTIP and Executive Annual Bonus Plan contain provisions relating to the vesting of awards in the event of a change of control.

Going concern

The Group's business activities, together with the factors affecting its performance, including the COVID-19 pandemic, are set out in the Strategic Report on pages 1 to 94. Details of the finances of the Group, including its strong liquidity position, attractively priced borrowing facilities and favourable debt maturity profile are set out in 'Our financial results' on pages 42 to 45 and in notes 17 and 18 of the financial statements on pages 179 to 182.

The directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance, with particular focus on the impact of COVID-19 on the macro-economic conditions in which the Group is operating. As part of the review, the directors have modelled a series of market scenarios to further understand the resilience of the business to the impact of COVID-19. This included a going concern scenario to consider the impact of market disruption on the Group's cash balances, its capital commitments, its debt maturity profile, including undrawn facilities, its levels of rent collection and the long-term nature of occupier leases. Further information on the assumptions contained in the going concern scenario is on page 164. 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 a period of at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

Viability statement

The Company's viability statement is on page 94.

Statement as to disclosure of information to the auditor

So far as the directors who held office at the date of approval of this Report of the directors are aware, there is no relevant audit information of which the auditor is 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 auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

By order of the Board
Darren Lennark
Company Secretary

Great Portland Estates plc
Company number: 596137
9 June 2020

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

This responsibility statement was approved by the Board of Directors and is signed on its behalf by:

Toby Courtauld
Chief Executive
9 June 2020

Nick Sanderson
Finance and Operations Director
9 June 2020

Financial statements

In this section:

160	Group income statement
160	Group statement of comprehensive income
161	Group balance sheet
162	Group statement of cash flows
163	Group statement of changes in equity
164	Notes forming part of the Group financial statements
187	Independent auditor's report
197	Company balance sheet
199	Notes forming part of the Company financial statements

A SPACE TO CHILL

Space to relax as the boundaries between work and leisure blur

Group income statement

For the year ended 31 March 2020

	Notes	2020 £m	2019 £m
Total revenue	2	**102.4**	112.4
Net rental income	3	**79.9**	80.3
Joint venture management fee income	12	**2.1**	3.8
Rental and joint venture fee income		**82.0**	84.1
Property expenses	4	**(8.1)**	(11.9)
Net rental and related income		**73.9**	72.2
Administration expenses	5	**(29.0)**	(25.1)
Development management revenue		**–**	–
Development management costs		**(0.2)**	(0.3)
Development management losses		**(0.2)**	(0.3)
Trading property revenue		**6.4**	14.4
Trading property cost of sales		**(5.6)**	(23.9)
Profit/(loss) on sale of trading property	11	**0.8**	(9.5)
Operating profit before (deficit)/surplus on property and results of joint ventures		**45.5**	37.3
(Deficit)/surplus from investment property	10	**(52.6)**	7.3
Share of results of joint ventures	12	**57.9**	10.0
Operating profit		**50.8**	54.6
Finance income	6	**7.3**	8.3
Finance costs	7	**(6.5)**	(8.1)
Fair value movement on convertible bond		**–**	1.3
Profit before tax		**51.6**	56.1
Tax	8	**0.2**	(6.6)
Profit for the year		**51.8**	49.5
Basic earnings per share	9	**20.0p**	17.9p
Diluted earnings per share	9	**20.0p**	17.1p
Basic EPRA earnings per share	9	**22.0p**	19.5p
Diluted EPRA earnings per share	9	**22.0p**	19.4p

All results are derived from continuing operations in the United Kingdom and are attributable to ordinary equity holders.

Group statement of comprehensive income

For the year ended 31 March 2020

	Notes	2020 £m	2019 £m
Profit for the year		**51.8**	49.5
Items that will not be reclassified subsequently to profit and loss			
Actuarial loss on defined benefit scheme	26	**(0.4)**	(0.9)
Deferred tax on actuarial loss on defined benefit scheme		**–**	0.2
Total comprehensive income and expense for the year		**51.4**	48.8

Group balance sheet

At 31 March 2020

	Notes	2020 £m	2019 £m
Non-current assets			
Investment property	10	**1,987.1**	2,025.0
Investment in joint ventures	12	**647.0**	511.9
Property, plant and equipment	13	**7.5**	4.0
Other investments	14	**0.2**	–
		2,641.8	2,540.9
Current assets			
Trading property	11	**–**	5.6
Trade and other receivables	15	**16.1**	10.9
Corporation tax	8	**0.5**	–
Cash and cash equivalents		**94.9**	139.4
		111.5	155.9
Total assets		**2,753.3**	2,696.8
Current liabilities			
Trade and other payables	16	**(60.0)**	(47.1)
Corporation tax	8	**–**	(3.3)
		(60.0)	(50.4)
Non-current liabilities			
Interest-bearing loans and borrowings	17	**(444.3)**	(296.0)
Obligations under head leases	19	**(40.7)**	(40.7)
Obligations under occupational leases	20	**(4.8)**	–
Pension liabilities	26	**(0.4)**	–
Deferred tax	8	**–**	–
		(490.2)	(336.7)
Total liabilities		**(550.2)**	(387.1)
Net assets		**2,203.1**	2,309.7
Equity			
Share capital	21	**38.7**	41.4
Share premium account		**46.0**	46.0
Capital redemption reserve	21	**326.7**	324.0
Retained earnings		**1,792.3**	1,900.0
Investment in own shares	22	**(0.6)**	(1.7)
Total equity		**2,203.1**	2,309.7
Basic net assets per share	9	**868p**	851p
EPRA NAV	9	**868p**	853p

Approved by the Board on 9 June 2020 and signed on its behalf by:

Toby Courtauld
Chief Executive

Nick Sanderson
Finance and Operations Director

Group statement of cash flows

For the year ended 31 March 2020

	Notes	**2020 £m**	2019 £m
Operating activities			
Operating profit		**50.8**	54.6
Adjustments for non-cash items	23	**(2.4)**	(13.7)
Decrease in trading property		**4.9**	13.4
(Increase)/decrease in receivables		**(6.4)**	2.2
Increase/(decrease) in payables		**4.8**	(13.5)
Cash generated from operations		**51.7**	43.0
Interest paid		**(10.1)**	(12.3)
Interest received		**0.6**	1.3
Tax paid		**(3.6)**	(5.0)
Cash flows from operating activities		**38.6**	27.0
Investing activities			
Distributions from joint ventures		**4.6**	10.1
Funds to joint ventures		**(56.9)**	(35.6)
Purchase of other investments		**(0.2)**	–
Purchase and development of property		**(64.6)**	(47.6)
Purchase of plant and equipment		**(0.1)**	(0.1)
Sale of properties		**66.9**	342.1
Investment in joint ventures		**(18.0)**	(45.6)
Cash flows from investing activities		**(68.3)**	223.3
Financing activities			
Revolving credit facility drawn	17	**149.1**	–
Repayment of convertible bond	17	**–**	(149.6)
Issue of private placement notes	17	**–**	99.7
Purchase of own shares	21	**(127.8)**	(73.7)
Capital returned via a B share scheme		**–**	(306.0)
Payment of lease obligations		**(2.8)**	–
Dividends paid	24	**(33.3)**	(32.7)
Cash flows from financing activities		**(14.8)**	(462.3)
Net decrease in cash and cash equivalents		**(44.5)**	(212.0)
Cash and cash equivalents at 1 April		**139.4**	351.4
Cash and cash equivalents at 31 March		**94.9**	139.4

Group statement of changes in equity

For the year ended 31 March 2020

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2019		41.4	46.0	324.0	1,900.0	(1.7)	2,309.7
Adoption of IFRS 16		–	–	–	(0.7)	–	(0.7)
Total equity at 1 April 2019 restated		41.4	46.0	324.0	1,899.3	(1.7)	2,309.0
Profit for the year		–	–	–	51.8	–	51.8
Actuarial loss on defined benefit scheme		–	–	–	(0.4)	–	(0.4)
Total comprehensive income for the year		–	–	–	51.4	–	51.4
Employee Long-Term Incentive Plan charge	22	–	–	–	–	2.6	2.6
Dividends to shareholders	24	–	–	–	(33.2)	–	(33.2)
Share buyback	21	(2.7)	–	2.7	(126.7)	–	(126.7)
Transfer to retained earnings	22	–	–	–	1.5	(1.5)	–
Total equity at 31 March 2020		38.7	46.0	326.7	1,792.3	(0.6)	2,203.1

Group statement of changes in equity

For the year ended 31 March 2019

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2018		43.0	46.0	322.4	1,957.9	(2.4)	2,366.9
Profit for the year		–	–	–	49.5	–	49.5
Actuarial loss on defined benefit scheme		–	–	–	(0.9)	–	(0.9)
Deferred tax on actuarial loss on defined benefit scheme		–	–	–	0.2	–	0.2
Total comprehensive income for the year		–	–	–	48.8	–	48.8
Employee Long-Term Incentive Plan charge	22	–	–	–	–	1.3	1.3
Dividends to shareholders	24	–	–	–	(32.5)	–	(32.5)
Share buyback	21	(1.6)	–	1.6	(74.8)	–	(74.8)
Transfer to retained earnings	22	–	–	–	0.6	(0.6)	–
Total equity at 31 March 2019		41.4	46.0	324.0	1,900.0	(1.7)	2,309.7

Notes forming part of the Group financial statements

1 Accounting policies

Basis of preparation

Great Portland Estates plc is a public company limited by shares incorporated and domiciled in the United Kingdom (England and Wales). The address of the registered office is given on page 211. The financial statements have been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for the revaluation of properties and certain financial instruments which are held at fair value. The consolidated financial statements, including the results and financial position, are expressed in Sterling (£), which is the functional and presentation currency of the Group.

The directors have considered the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 March 2020, with particular focus on the significant impact COVID-19 is having on the macro-economic conditions in which the Group is operating. This assessment is based on the next 12 months of the Group's financial forecasts, including a going concern scenario which included the following key assumptions:

- a 35% decline in the valuation of the property portfolio;
- a twelve-month delay to developments; and
- an overall decline of around 35% in rental income.

The going concern scenario demonstrates that the Group over the next 12 months:

- has significant liquidity to fund its ongoing operations;
- is operating with significant headroom above its Group debt financing covenants;
  - property values would have to fall by a further 41% before breach (or 70% from 31 March 2020 values);
  - due to the measurement of its income related bank covenants, in particular the treatment of capitalised interest, for the year ended 31 March 2020, the Group did not have a net interest charge. As a result, its interest cover covenant was not measurable. Absent the benefit of capitalised interest, as assumed in the going concern assessment, earnings before interest and tax would need to fall by a further 77% before breach (or 90% from 31 March 2020 levels); and
- has no debt maturities.

Based on these considerations, together with extensive stress testing, available market information and the directors' knowledge and experience of the Group's property portfolio and markets, the directors have adopted the going concern basis in preparing the accounts for the year ended 31 March 2020.

Significant judgements and sources of estimation uncertainty

In the process of preparing the financial statements, the directors are required to make certain judgements, assumptions and estimates. Not all of the Group's accounting policies require the directors to make difficult, subjective or complex judgements or estimates. Any estimates and judgements made are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results may differ from those estimates.

No significant judgements have been made.

The following is intended to provide an understanding of the estimates that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements.

Key source of estimation uncertainty: property portfolio valuation

The valuation to assess the fair value of the Group's investment properties is prepared by its external valuer. The valuation is based upon a number of assumptions including future rental income, anticipated maintenance costs, future development costs and an appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. An adjustment to any of these assumptions could lead to a material change in the property valuation. For 31 March 2020, the rapid spread of COVID-19 has disrupted activity in real estate markets creating heightened valuation uncertainty for the Group's valuers. As a result, the valuation report includes a clause which highlights a 'material valuation uncertainty'. This clause serves as a precaution and does not invalidate the valuation and does not mean that the valuation cannot be relied upon. Rather, it is intended to highlight that due to current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case.

For the current year and prior year the directors adopted the valuation without adjustment, further information is provided in the accounting policy for investment property and note 10.

1 Accounting policies continued

New accounting standards

During the year ended 31 March 2020, the following accounting standards and guidance were adopted by the Group:

- IFRS 16 Leases (see below);
- IFRIC 23 Uncertainty over Income Tax Treatments;
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28);
- Annual Improvements to IFRS Standards 2015–2017 Cycle;
- Prepayment Features with Negative Compensation (Amendments to IFRS 9); and
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).

The adoption of the Standards and Interpretations has not significantly impacted these financial statements and any changes to our accounting policies as a result of their adoption have been reflected in this note.

At the date of approval of these financial statements, the following Standards and Interpretations were in issue but not yet effective (and in some cases had not yet been adopted by the EU) and have not been applied in these financial statements:

- Amendments to References to the Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS 3);
- Definition of Material (Amendments to IAS 1 and IAS 8);
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7); and
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1).

None of these are expected to have a significant effect on the financial statements of the Group.

This is the Group's first set of financial statements where IFRS 16 Leases has been applied. There have been no retrospective adjustments made to the prior year figures. The impact on the results on adoption of this standard is set out below:

- IFRS 16 replaces IAS 17 Leases and requires all operating leases in excess of one year, where the Group is the lessee, to be included on the Group's balance sheet, and recognise a right-of-use asset and a related lease liability representing the obligation to make lease payments. The right-of-use asset is assessed for impairment annually (incorporating any onerous lease assessments) and amortised on a straight-line basis, with the lease liability being amortised using the effective interest method. The accounting for lessors does not significantly change. The Group's only significant lease commitments relates to its head office;
- the Group has applied IFRS 16 using the modified retrospective approach and has not restated comparative information. The transition date of initial application of IFRS 16 for the Group is 1 April 2019. The Group recognised a right of use asset of £4.9 million in property, plant and equipment (note 13) and a lease liability of £5.6 million (note 20) at the transition date. The impact at transition date on the opening retained earnings is £0.7 million;
- the impact on the consolidated income statement for the period ended 31 March 2020 is a £0.1 million decrease in administration expenses and a £0.1 million increase in finance costs. In the Group statement of cash flows the depreciation of the right of use assets of £0.8 million is included in operating profit and the repayment of the lease liability of £0.9 million is included in financing activities improving operational cash flows; and
- in the prior year, operating lease commitments were disclosed under IAS 17 with undiscounted non-cancellable future lease payments of £6.1 million at 31 March 2019. After discounting using an incremental borrowing rate of 3.2%, the future lease payments under IFRS 16, the liability reduced to £5.6 million.

The Group's accounting policies under IFRS 16 are as follows:

Leases – the Group as a lessor

Rent receivable is recognised in the income statement on a straight-line basis over the term of the lease. In the event that a lease incentive is granted to a lessee, such incentives are recognised as an asset, with the aggregate cost of the incentive recognised as a reduction in rental income on a straight-line basis over the term of the lease.

Leases – the Group as lessee

Where the Group is a lessee, a right of use asset and lease liability are recognised at the outset of the lease. The lease liability is initially measured at the present value of the lease payments based on the Group's expectations of the likelihood of the lease term. The lease liability is subsequently adjusted to reflect an imputed finance charge, payments made to the lessor and any lease modifications.

Notes forming part of the Group financial statements continued

1 Accounting policies continued

The right of use asset is initially measured at cost, which comprises the amount of the lease liability, direct costs incurred, less any lease incentives received by the Group. The Group has two categories of right of use assets: those in respect of head leases related to its leasehold properties and an occupational lease for its head office. The right of use asset in respect of head leases is classified as investment property and is added to the carrying value of the leasehold investment property. The right of use asset in respect of its occupational leases is classified as property, plant and equipment and is subsequently depreciated over the length of the lease.

Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and all its subsidiary undertakings for the year ended 31 March 2020. Subsidiary undertakings are those entities controlled by the Group. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

Rental income

This comprises rental income and premiums on lease surrenders on investment properties for the year, exclusive of service charges receivable.

Lease incentives

Lease incentives, including rent-free periods and payments to occupiers, are allocated to the income statement on a straight-line basis over the lease term or on another systematic basis, if applicable. The value of resulting accrued rental income is included within the respective property.

Other property expenses

Irrecoverable running costs directly attributable to specific properties within the Group's portfolio are charged to the income statement as other property expenses. Costs incurred in the improvement of the portfolio which, in the opinion of the directors, are not of a capital nature are written-off to the income statement as incurred.

Administration expenses

Costs not directly attributable to individual properties are treated as administration expenses.

Share-based payment

The cost of granting share-based payments to employees and directors is recognised within administration expenses in the income statement. The Group has used the Stochastic model to value the grants, which is dependent upon factors including the share price, expected volatility and vesting period, and the resulting fair value is amortised through the income statement over the vesting period. The charge is recognised over the vesting period and reversed if it is likely that any non-market-based performance or service criteria will not be met.

Segmental analysis

The directors are required to present the Group's financial information by business segment or geographical area. This requires a review of the Group's organisational structure and internal reporting system to identify reportable segments and an assessment of where the Group's assets or customers are located.

All of the Group's revenue is generated from investment and trading properties located in central London. The properties are managed as a single portfolio by a portfolio management team whose responsibilities are not segregated by location or type, but are managed on an asset-by-asset basis. The majority of the Group's assets are mixed-use, therefore the office, retail and any residential space is managed together. Within the property portfolio, the Group has a number of properties under development. The directors view the Group's development activities as an integral part of the life cycle of each of its assets rather than a separate business or division. The nature of developing property means that whilst a property is under development it generates no revenue and has no operating results. Once a development has completed, it returns to the investment property portfolio, or if it is a trading property, it is sold. The directors have considered the nature of the business, how the business is managed and how they review performance and, in their judgement, the Group has only one reportable segment. The components of the valuation, as provided by the external valuer, are set out in note 10.

Investment property

Both leasehold and freehold investment properties and investment properties under development are professionally valued on a fair value basis by qualified external valuers and the directors must ensure that they are satisfied that the valuation of the Group's properties is appropriate for inclusion in the accounts without adjustment.

The valuations have been prepared in accordance the RICS Valuation – Global Standards 2017 (incorporating the International Valuation Standards) and the UK national supplement 2018 (the Red Book) and have been primarily derived using comparable recent market transactions on arm's length terms.

1 Accounting policies continued

For investment property, this approach involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods.

These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuation. Other factors that are taken into account in the valuations include the tenure of the property, tenancy details, non-payment of rent, planning, building and environmental factors that might affect the property.

In the case of investment property under development, the approach applied is the 'residual method' of valuation, which is the investment method of valuation as described above with a deduction for the costs necessary to complete the development, together with an allowance for the remaining risk.

The Group recognises sales and purchases of property when control passes on completion of the contract. Gains or losses on the sale of properties are calculated by reference to the carrying value at the end of the previous year, adjusted for subsequent capital expenditure.

Trading property

Trading property is being developed for sale or being held for sale after development is complete, and is carried at the lower of cost and net realisable value. Revenue is recognised on completion of disposal. Cost includes direct expenditure and capitalised interest. Cost of sales, including costs associated with off-plan residential sales, are expensed to the income statement as incurred.

Depreciation

No depreciation is provided in respect of freehold investment properties and leasehold investment properties. Plant and equipment is held at cost less accumulated depreciation. Depreciation is provided on plant and equipment, at rates calculated to write off the cost, less residual value prevailing at the balance sheet date of each asset evenly over its expected useful life, as follows:

Fixtures and fittings – over three to five years.

Leasehold improvements – over the term of the lease.

Joint ventures

Joint ventures are accounted for under the equity method where, in the directors' judgement, the Group has joint control of the entity. The Group's level of control in its joint ventures is driven both by the individual agreements which set out how control is shared by the partners and how that control is exercised in practice. The Group balance sheet contains the Group's share of the net assets of its joint ventures. Balances with partners owed to or from the Group by joint ventures are included within investments. The Group's share of joint venture profits and losses are included in the Group income statement in a single line. All of the Group's joint ventures adopt the accounting policies of the Group for inclusion in the Group financial statements. There have been no new joint ventures during the year and no changes to any of the agreements in place.

Income tax

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of previous years. Deferred tax is provided in full on temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the asset is realised or the liability is settled. Deferred tax assets are recognised when it is probable that taxable profits will be available against which the deferred tax assets can be utilised. No provision is made for temporary differences arising on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. Tax is included in the income statement except when it relates to items recognised directly in other comprehensive income or equity, in which case the related tax is also recognised directly in other comprehensive income or equity.

Pension benefits

The Group contributes to a defined benefit pension plan which is funded with assets held separately from those of the Group. The full value of the net assets or liabilities of the pension fund is brought on to the balance sheet at each balance sheet date. Actuarial gains and losses are taken to other comprehensive income; all other movements are taken to the income statement.

Capitalisation of interest

Interest associated with direct expenditure on investment and trading properties under development is capitalised. Direct expenditure includes the purchase cost of a site if it has been purchased with the specific intention to redevelop, but does not include the original book cost of a site where no intention existed. Interest is capitalised from the start of the development work until the date of practical completion. The rate used is the Group's weighted average cost of borrowings or, if appropriate, the rate on specific associated borrowings.

1 Accounting policies continued

Other investments

Other investments comprise investments in Pi Labs European PropTech venture capital fund which is measured at fair value, based on the net assets of the fund, this is a Level 2 valuation as defined by IFRS 13. Changes in fair value are recognised in profit or loss.

Financial instruments

i Derivatives The Group may use derivative financial instruments to hedge its exposure to foreign currency fluctuations and interest rate risks. The Group's derivatives are measured at fair value in the balance sheet. Derivatives are initially recognised at fair value at the date a derivative contract is entered into. At 31 March 2020, the Group had no derivatives.

ii Borrowings The Group's borrowings in the form of its debentures, private placement notes and bank loans are recognised initially at fair value, after taking account of any discount or premium on issue and attributable transaction costs. Subsequently, borrowings are held at amortised cost, with any discounts, premiums and attributable costs charged to the income statement using the effective interest rate method.

iii Convertible bond The Group's convertible bond could be settled in shares, cash or a combination of both at the Group's discretion. The bonds were designated at fair value through profit and loss upon initial recognition, with any gains or losses arising subsequently due to re-measurement being recognised in the income statement. The convertible bonds matured in the prior year.

iv Cash and cash equivalents Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible into a known amount of cash and are subject to insignificant risk of changes in value.

v Trade receivables and payables Trade receivables and payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

2 Total revenue

	2020 £m	2019 £m
Gross rental income	**80.7**	82.9
Spreading of tenant lease incentives	**0.3**	(1.6)
Service charge income	**12.9**	12.9
Joint venture fee income	**2.1**	3.8
Trading property revenue	**6.4**	14.4
	102.4	112.4

3 Net rental income

	2020 £m	2019 £m
Gross rental income	**80.7**	82.9
Spreading of tenant lease incentives	**0.3**	(1.6)
Ground rents	**(1.1)**	(1.0)
	79.9	80.3

4 Property expenses

	2020 £m	2019 £m
Service charge income	**(12.9)**	(12.9)
Service charge expenses	**14.8**	15.1
Other property expenses	**6.2**	9.7
	8.1	11.9

5 Administration expenses

	2020 £m	2019 £m
Employee costs	**20.5**	17.2
Operating leases	**–**	1.0
Depreciation	**1.5**	0.8
Other head office costs	**7.0**	6.1
	29.0	25.1

Included within employee costs is an accounting charge for the LTIP scheme of £2.6 million (2019: £1.3 million). Employee costs, including those of directors, comprise the following:

	2020 £m	2019 £m
Wages and salaries (including annual bonuses)	**15.7**	14.0
Share-based payments	**2.6**	1.3
Social security costs	**2.6**	2.3
Other pension costs	**1.6**	1.6
	22.5	19.2
Less: recovered through service charges	**(1.2)**	(1.5)
Less: capitalised into development projects	**(0.8)**	(0.5)
	20.5	17.2

Key management compensation

The emoluments and pension benefits of the directors are set out in detail within the Directors' remuneration report on pages 126 to 154. The directors and the Executive Committee are considered to be key management for the purposes of IAS 24 'Related Party Transactions' with their aggregate compensation set out below:

	2020 £m	2019 £m
Wages and salaries (including annual bonuses)	**4.0**	3.3
Share-based payments	**0.9**	0.4
Social security costs	**0.6**	0.5
Other pension costs	**0.4**	0.4
	5.9	4.6

The Group had loans to key management of £6,026 outstanding at 31 March 2020. The Group's key management, its pension plan and joint ventures are the Group's only related parties.

Employee information

The average number of employees of the Group, including directors, was:

	2020 Number	2019 Number
Head office and property management	**114**	110

Auditor's remuneration

	2020 £000's	2019 £000's
Audit of the Company's annual accounts	**171**	123
Audit of subsidiaries	**100**	102
	271	225
Audit-related assurance services, including the interim review	**77**	75
Total audit and audit-related services	**348**	300
Other services	**–**	–
	348	300

6 Finance income

	2020 £m	2019 £m
Interest on balances with joint ventures	**6.9**	7.1
Interest on cash deposits	**0.4**	1.2
	7.3	8.3

7 Finance costs

	2020 £m	2019 £m
Interest on revolving credit facilities	**2.3**	3.0
Interest on private placement notes	**6.8**	6.2
Interest on debenture stock	**1.2**	1.2
Interest on convertible bond	**–**	0.6
Interest on obligations under occupational leases	**0.1**	–
Interest on obligations under head leases	**1.9**	1.9
Gross finance costs	**12.3**	12.9
Less: capitalised interest at an average rate of 3.1% (2019: 3.2%)	**(5.8)**	(4.8)
	6.5	8.1

8 Tax

	2020 £m	2019 £m
Current tax		
UK corporation tax	**–**	8.1
Tax (over provided)/under provided in previous years	**(0.2)**	0.1
Total current tax	**(0.2)**	8.2
Deferred tax	**–**	(1.6)
Tax (credit)/charge for the year	**(0.2)**	6.6

The difference between the standard rate of tax and the effective rate of tax arises from the items set out below:

	2020 £m	2019 £m
Profit before tax	**51.6**	56.1
Tax charge on profit at standard rate of 19% (2019: 19%)	**9.8**	10.7
REIT tax-exempt rental profits and gains	**(13.5)**	(9.8)
Changes in fair value of properties not subject to tax	**2.3**	(1.4)
Changes in fair value of financial instruments not subject to tax	**–**	(0.2)
Prior periods' corporation tax	**(0.2)**	0.1
Gains in respect of sales of investment properties subject to tax	**–**	6.8
Gains in respect of £150 million 1% convertible bonds 2018	**–**	2.8
Other	**1.4**	(2.4)
Tax (credit)/charge for the year	**(0.2)**	6.6

During the year, £nil million of deferred tax was credited directly to equity (2019: £0.2 million). The Group's net deferred tax asset at 31 March 2020 was £nil (2019: £nil) consisting of a deferred tax liability of £0.1 million (2019: £0.1 million) and a deferred tax asset of £0.1 million (2019: £0.1 million).

8 Tax continued

Movement in deferred tax

	At 1 April 2019 £m	Recognised in the income statement £m	Recognised in equity £m	At 31 March 2020 £m
Net deferred tax asset/(liability) in respect of other timing differences	–	–	–	–

A deferred tax asset of £3.7 million (2019: £2.5 million), mainly relating to revenue losses and contingent share awards was not recognised because it is uncertain whether future taxable profits will arise against which this asset can be utilised.

As a REIT, the Group is largely exempt from corporation tax in respect of its rental profits and chargeable gains relating to its property rental business. The Group is otherwise subject to corporation tax. In particular, the Group's REIT exemption does not extend to either profits arising from the sale of trading properties or profits arising from the sale of investment properties in respect of which a major redevelopment has completed within the preceding three years.

In order to ensure that the Group is able to both retain its status as a REIT and to avoid financial charges being imposed, a number of tests (including a minimum distribution test) must be met by both Great Portland Estates plc and by the Group as a whole on an ongoing basis. These conditions are detailed in the Corporation Tax Act 2010.

Additionally, during August 2019, HMRC published new guidance which states that it considers that the REIT exemption also does not extend to profits arising from the sale of investment properties which are undergoing a major redevelopment at the time of sale. The Group will continue to consider its potential effect of this guidance on any recent and future sales by the Group.

9 Alternative performance measures and EPRA metrics

Adjusted earnings and net assets per share are calculated in accordance with the Best Practice Recommendations issued by the European Public Real Estate Association (EPRA). The recommendations are designed to make the financial statements of public real estate companies clearer and more comparable across Europe, enhancing the transparency and coherence of the sector. The directors consider these EPRA metrics, and the other metrics provided, to be the most appropriate method of reporting the value and performance of the business.

Weighted average number of ordinary shares

	2020 Number of shares	2019 Number of shares
Issued ordinary share capital at 1 April	**271,365,894**	281,663,675
Share buyback	**(11,864,663)**	(4,608,662)
Investment in own shares	**(1,109,303)**	(1,122,294)
Weighted average number of ordinary shares at 31 March – Basic	**258,391,928**	275,932,719

Basic and diluted earnings per share

	Profit after tax 2020 £m	Number of shares 2020 million	Profit per share 2020 pence	Profit after tax 2019 £m	Number of shares 2019 million	Profit per share 2019 pence
Basic	**51.8**	**258.4**	**20.0**	49.5	275.9	17.9
Dilutive effect of convertible bond	**–**	**–**	**–**	(0.7)	8.7	(0.8)
Dilutive effect of LTIP shares	**–**	**0.8**	**–**	–	0.4	–
Diluted	**51.8**	**259.2**	**20.0**	48.8	285.0	17.1

Financial statements

Notes forming part of the Group financial statements continued

9 Alternative performance measures and EPRA metrics continued

Basic and diluted EPRA earnings per share

	Profit after tax 2020 £m	**Number of shares 2020 million**	**Earnings per share 2020 pence**	Profit after tax 2019 £m	Number of shares 2019 million	Earnings per share 2019 pence
Basic	**51.8**	**258.4**	**20.0**	49.5	275.9	17.9
Deficit/(surplus) from investment property net of tax (note 10)	**52.6**	**–**	**20.3**	(1.4)	–	(0.5)
Surplus from joint venture investment property (note 12)	**(46.6)**	**–**	**(18.0)**	(3.4)	–	(1.2)
Movement in fair value of convertible bond net of tax	**–**	**–**	**–**	1.0	–	0.4
Movement in fair value of derivatives in joint ventures (note 12)	**–**	**–**	**–**	0.1	–	–
(Profit)/loss on sale of trading property net of tax	**(0.8)**	**–**	**(0.3)**	9.5	–	3.5
Deferred tax (note 8)	**–**	**–**	**–**	(1.6)	–	(0.6)
Basic EPRA earnings	**57.0**	**258.4**	**22.0**	53.7	275.9	19.5
Dilutive effect of LTIP shares	**–**	**0.8**	**–**	–	0.4	(0.1)
Diluted EPRA earnings	**57.0**	**259.2**	**22.0**	53.7	276.3	19.4

EPRA net assets per share

	Net assets 2020 £m	**Number of shares 2020 million**	**Net assets per share 2020 pence**	Net assets 2019 £m	Number of shares 2019 million	Net assets per share 2019 pence
Basic net assets	**2,203.1**	**253.9**	**868**	2,309.7	271.4	851
Investment in own shares	**–**	**(1.1)**	**4**	–	(1.1)	4
Dilutive effect of LTIP shares	**–**	**1.0**	**(4)**	–	0.5	(2)
Diluted net assets	**2,203.1**	**253.8**	**868**	2,309.7	270.8	853
Fair value of derivatives in joint ventures (note 12)	**–**	**–**	**–**	0.4	–	–
Deferred tax (note 8)	**–**	**–**	**–**	–	–	–
EPRA NAV	**2,203.1**	**253.8**	**868**	2,310.1	270.8	853
Fair value of financial liabilities (note 17)	**9.8**	**–**	**4**	(7.2)	–	(3)
Fair value of financial liabilities in joint ventures (note 12)	**(1.4)**	**–**	**(1)**	(1.0)	–	–
Fair value of derivatives in joint ventures (note 12)	**–**	**–**	**–**	(0.4)	–	–
Deferred tax (note 8)	**–**	**–**	**–**	–	–	–
EPRA NNNAV	**2,211.5**	**253.8**	**871**	2,301.5	270.8	850

9 Alternative performance measures and EPRA metrics continued

EPRA cost ratio (including share of joint ventures)

	2020 £m	2019 £m
Administration expenses	**29.0**	25.1
Property expenses	**8.1**	11.9
Joint venture management fee income	**(2.1)**	(3.8)
Joint venture property and administration costs	**1.7**	2.4
EPRA costs (including direct vacancy costs) (A)	**36.7**	35.6
Direct vacancy costs	**(3.8)**	(6.1)
Joint venture direct vacancy cost	**(0.4)**	(0.4)
EPRA costs (excluding direct vacancy costs) (B)	**32.5**	29.1
Net rental income	**79.9**	80.3
Joint venture net rental income	**17.9**	15.7
Gross rental income (C)	**97.8**	96.0
Portfolio at fair value including joint ventures (D)	**2,624.1**	2,579.0
Cost ratio (including direct vacancy costs) (A/C)	**37.5%**	37.1%
Cost ratio (excluding direct vacancy costs) (B/C)	**33.2%**	30.3%
Cost ratio (by portfolio value) (A/D)	**1.4%**	1.4%

EPRA capital expenditure is included in note 10.

Net debt and loan-to-property value

	2020 £m	2019 £m
£142.9 million 5⅝% debenture stock 2029	**22.0**	22.0
£450.0 million revolving credit facility	**148.1**	–
Private placement notes	**274.2**	274.0
Less: cash balances	**(94.9)**	(139.4)
Net debt excluding joint ventures	**349.4**	156.6
Joint venture bank loans (at share)	**39.9**	84.8
Less: joint venture cash balances (at share)	**(16.0)**	(17.4)
Net debt including joint ventures (A)	**373.3**	224.0
Group properties at market value	**1,946.4**	1,989.9
Joint venture properties at market value	**677.7**	589.1
Properties at fair value including joint ventures (B)	**2,624.1**	2,579.0
Loan-to-property value (A/B)	**14.2%**	8.7%

Total accounting return

	2020 Pence per share	2019 Pence per share
Opening EPRA NAV (A)	**853.0**	845.0
Closing EPRA NAV	**868.0**	853.0
Increase in EPRA NAV	**15.0**	8.0
Ordinary dividends paid in the year	**12.6**	11.6
Total return (B)	**27.6**	19.6
Total accounting return (B/A)	**3.2%**	2.3%

Notes forming part of the Group financial statements continued

9 Alternative performance measures and EPRA metrics continued

Cash earnings per share

	Profit after tax 2020 £m	Number of shares 2020 million	Earnings per share 2020 pence	Profit after tax 2019 £m	Number of shares 2019 million	Earnings per share 2019 pence
Diluted EPRA earnings	**57.0**	**259.2**	**22.0**	53.7	276.3	19.4
Capitalised interest	**(5.8)**	**–**	**(2.2)**	(4.8)	–	(1.7)
Capitalised interest in joint ventures	**(4.4)**	**–**	**(1.7)**	(3.5)	–	(1.3)
Spreading of tenant lease incentives	**(0.3)**	**–**	**(0.1)**	1.6	–	0.6
Spreading of tenant lease incentives in joint ventures	**(2.7)**	**–**	**(1.1)**	(1.0)	–	(0.4)
Employee Long-Term Incentive Plan charge	**2.6**	**–**	**1.0**	1.3	–	0.5
Cash earnings per share	**46.4**	**259.2**	**17.9**	47.3	276.3	17.1

10 Investment property

Investment property

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2018	1,059.6	1,083.1	2,142.7
Costs capitalised	7.0	2.2	9.2
Disposals	(336.6)	–	(336.6)
Net valuation surplus/(deficit) on investment property	3.5	(4.2)	(0.7)
Book value at 31 March 2019	733.5	1,081.1	1,814.6
Costs capitalised	**11.8**	**11.8**	**23.6**
Disposals	**(56.9)**	**–**	**(56.9)**
Net valuation deficit on investment property	**(22.4)**	**(23.3)**	**(45.7)**
Book value at 31 March 2020	**666.0**	**1,069.6**	**1,735.6**

Investment property under development

	Freehold £m	Leasehold £m	Total £m
Book value at 1 April 2018	162.5	–	162.5
Costs capitalised	38.8	–	38.8
Interest capitalised	4.8	–	4.8
Net revaluation surplus on investment property under development	4.3	–	4.3
Book value at 31 March 2019	210.4	–	210.4
Costs capitalised	**48.1**	**–**	**48.1**
Interest capitalised	**5.8**	**–**	**5.8**
Net valuation deficit on investment property under development	**(12.8)**	**–**	**(12.8)**
Book value at 31 March 2020	**251.5**	**–**	**251.5**
Total investment property	**917.5**	**1,069.6**	**1,987.1**

The book value of investment property includes £40.7 million (2019: £40.7 million) in respect of the present value of future ground rents. The market value of the portfolio (excluding these amounts) is £1,946.4 million. The market value of the Group's total property portfolio, including trading properties, was £1,946.4 million (2019: £1,989.9 million). The total portfolio value including joint venture properties of £677.7 million (see note 12) was £2,624.1 million. At 31 March 2020, property with a carrying value of £112.6 million (2019: £108.4 million) was secured under the first mortgage debenture stock (see note 17).

Surplus from investment property

	2020 £m	2019 £m
Net valuation (deficit)/surplus on investment property	**(58.5)**	3.6
Profit on sale of investment properties	**5.9**	3.7
	(52.6)	7.3

10 Investment property continued

The Group's investment properties, including those held in joint ventures (note 12), were valued on the basis of Fair Value by CBRE Limited (CBRE), external valuers, as at 31 March 2020. The valuations have been prepared in accordance with the RICS Valuation – Global Standards 2017 (incorporating the International Valuation Standards) and the UK national supplement 2018 (the Red Book) and have been primarily derived using comparable recent market transactions on arm's length terms.

For the 31 March 2020 valuation, the rapid spread of COVID-19 has disrupted activity in real estate markets creating heightened valuation uncertainty for the Group's valuers. As a result, the valuation report includes a clause which highlights a 'material valuation uncertainty' which is as follows:

"As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this portfolio under frequent review."

This clause serves as a precaution and does not invalidate the valuation, and does not mean that the valuation cannot be relied upon. Rather, it is intended to highlight that due to current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case.

The total fees, including the fixed fee for this assignment, earned by CBRE (or other companies forming part of the same group of companies within the UK) from the Group are less than 5.0% of total UK revenues. The valuation at 31 March 2019 was the first year for a new principal signatory of the CBRE valuation reports. CBRE has continuously been carrying out valuation instructions for the Group for in excess of 20 years. CBRE has carried out valuation, agency and professional services on behalf of the Group for in excess of 20 years.

Real estate valuations are complex and derived using comparable market transactions which are not publicly available and involve an element of judgement. Therefore, in line with EPRA guidance, we have classified the valuation of the property portfolio as Level 3 as defined by IFRS 13. There were no transfers between levels during the year. Inputs to the valuation, including capitalisation yields (typically the true equivalent yield) and rental values, are defined as 'unobservable' as defined by IFRS 13.

Key inputs to the valuation

		ERV		True equivalent yield	
		Average £ per sq ft	Range £ per sq ft	Average %	Range %
North of Oxford Street	Office	**75**	**46 – 92**	**4.5**	**4.1 – 6.8**
	Retail	**77**	**32 – 147**	**4.2**	**3.6 – 6.7**
Rest of West End	Office	**81**	**60 – 93**	**4.8**	**3.6 – 6.2**
	Retail	**120**	**14 – 335**	**4.1**	**3.1 – 6.2**
City, Midtown and Southwark	Office	**56**	**46 – 64**	**5.1**	**4.4 – 5.6**
	Retail	**77**	**33 – 111**	**4.6**	**4.4 – 4.9**

Everything else being equal, there is a positive relationship between rental values and the property valuation, such that an increase in rental values will increase the valuation of a property and a decrease in rental values will reduce the valuation of the property. Any percentage movement in rental values will translate into approximately the same percentage movement in the property valuation. However, due to the long-term nature of leases, where the passing rent is fixed and often subject to upwards only rent reviews, the impact will not be immediate and will be recognised over a number of years. The relationship between capitalisation yields and the property valuation is negative and more immediate; therefore an increase in capitalisation yields will reduce the valuation of a property and a reduction will increase its valuation. A decrease in the capitalisation yield by 25 basis points would result in an increase in the fair value of the Group's investment property by £149.2 million, whilst a 25 basis point increase would reduce the fair value by £134.0 million. There are interrelationships between these inputs as they are determined by market conditions, and the valuation movement in any one period depends on the balance between them. If these inputs move in opposite directions (i.e. rental values increase and yields decrease) valuation movements can be amplified, whereas if they move in the same direction they may offset, reducing the overall net valuation movement. Additionally, investment property under development is sensitive to estimated income, cost and developer's profit assumptions included in the valuations.

At 31 March 2020, the Group had capital commitments of £57.5 million (2019: £93.6 million). For further detail see Our development activities on pages 34 to 38.

10 Investment property continued

EPRA capital expenditure

	2020 £m	2019 £m
Group		
Acquisitions	–	–
Developments (including trading properties)	48.1	38.8
Investment property	23.6	9.2
Interest capitalised (including trading properties)	5.8	4.8
Joint ventures (at share)		
Developments	34.1	70.5
Investment property	0.7	5.8
Interest capitalised	4.4	3.5
Total	116.7	132.6

See note 9 for further detail on EPRA measures.

11 Trading property

	2020 £m	2019 £m
At 1 April	5.6	19.5
Disposals	(5.6)	(13.9)
At 31 March	–	5.6

The Group has developed a large mixed-use scheme at Rathbone Square, W1. Part of the approved scheme consisted of residential units which the Group held for sale. As a result, the residential element of the scheme was classified as trading property. During the year, the final residential unit was sold for £5.6 million.

12 Investment in joint ventures

The Group has the following investments in joint ventures:

	Equity £m	Balances with partners £m	2020 Total £m	2019 Total £m
At 1 April	329.1	182.8	511.9	423.7
Movement on joint venture balances	–	63.8	63.8	42.7
Additions	18.0	–	18.0	45.6
Share of profit of joint ventures	11.3	–	11.3	6.6
Share of revaluation surplus of joint ventures	46.6	–	46.6	3.5
Share of loss on disposal of joint venture properties	–	–	–	(0.1)
Share of results of joint ventures	57.9	–	57.9	10.0
Distributions	(4.6)	–	(4.6)	(10.1)
At 31 March	400.4	246.6	647.0	511.9

All of the Group's joint ventures operate solely in the United Kingdom and comprise the following:

	Country of registration	2020 ownership	2019 ownership
The GHS Limited Partnership	Jersey	50%	50%
The Great Capital Partnership (inactive)	United Kingdom	50%	50%
The Great Ropemaker Partnership	United Kingdom	50%	50%
The Great Victoria Partnerships	United Kingdom	50%	50%
The Great Wigmore Partnership (inactive)	United Kingdom	50%	50%

12 Investment in joint ventures continued

The Group's share in the assets and liabilities, revenues and expenses for the joint ventures is set out below:

	The GHS Limited Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	Other £m	2020 Total £m	2020 At share £m	2019 At share £m
Balance sheets							
Investment property	**677.5**	**541.3**	**147.0**	**–**	**1,365.8**	**682.9**	594.3
Current assets	**1.3**	**5.1**	**0.8**	**–**	**7.2**	**3.6**	2.4
Cash	**13.2**	**8.3**	**10.4**	**–**	**31.9**	**16.0**	17.4
Balances (from)/to partners	**(208.6)**	**(295.6)**	**10.9**	**–**	**(493.3)**	**(246.6)**	(182.8)
Bank loans	**–**	**–**	**(79.8)**	**–**	**(79.8)**	**(39.9)**	(84.8)
Derivatives	**–**	**–**	**–**	**–**	**–**	**–**	(0.4)
Current liabilities	**(8.3)**	**(9.8)**	**(2.5)**	**(0.1)**	**(20.7)**	**(10.4)**	(11.8)
Finance leases	**–**	**(10.3)**	**–**	**–**	**(10.3)**	**(5.2)**	(5.2)
Net assets	**475.1**	**239.0**	**86.8**	**(0.1)**	**800.8**	**400.4**	329.1

	The GHS Limited Partnership £m	The Great Ropemaker Partnership £m	The Great Victoria Partnerships £m	Other £m	2020 Total £m	2020 At share £m	2019 At share £m
Income statements							
Net rental income	**–**	**24.4**	**11.5**	**–**	**35.9**	**17.9**	15.7
Property and administration costs	**(0.6)**	**(2.5)**	**(0.2)**	**(0.1)**	**(3.4)**	**(1.7)**	(2.4)
Net finance costs	**0.1**	**(6.9)**	**(3.0)**	**–**	**(9.8)**	**(4.9)**	(6.6)
Movement in fair value of derivatives	**–**	**–**	**–**	**–**	**–**	**–**	(0.1)
Profit/(loss) from joint ventures	**(0.5)**	**15.0**	**8.3**	**(0.1)**	**22.7**	**11.3**	6.6
Revaluation of investment property	**150.2**	**(4.8)**	**(52.2)**	**–**	**93.2**	**46.6**	3.5
Loss on sale of investment property	**–**	**–**	**–**	**–**	**–**	**–**	(0.1)
Share of results of joint ventures	**149.7**	**10.2**	**(43.9)**	**(0.1)**	**115.9**	**57.9**	10.0

The non-recourse debt facilities of the joint ventures at 31 March 2020 are set out below:

Joint venture debt facilities	Nominal value (100%) £m	Maturity	Fixed/floating	Interest rate
The Great Victoria Partnership	80.0	July 2022	Fixed	3.74%

At 31 March 2020, the Great Victoria Partnership loan had a fair value of £82.6 million (2019: £81.8 million). During the year, the £90.0 million bank loan facility in the Great Ropemaker Partnership was repaid in full. All interest-bearing loans are in sterling. At 31 March 2020, the joint ventures had £nil undrawn facilities (2019: £nil).

Transactions during the year between the Group and its joint ventures, which are related parties, are disclosed below:

	2020 £m	2019 £m
Movement on joint venture balances during the year	**(63.8)**	(42.7)
Balances receivable at the year end from joint ventures	**(246.6)**	(182.8)
Distributions	**4.6**	10.1
Management fee income	**2.1**	3.8

The joint venture balances are repayable on demand and bear interest as follows: the GHS Limited Partnership at 5.3% on balances at inception and 4.0% on any subsequent balances and the Great Ropemaker Partnership at 2.0%.

The investment properties include £5.2 million (2019: £5.2 million) in respect of the present value of future ground rents, net of these amounts the market value of our share of the total joint venture properties is £677.7 million. The Group earns fee income from its joint ventures for the provision of management services. All of the above transactions are made on terms equivalent to those that prevail in arm's length transactions.

At 31 March 2020, the Group had £nil contingent liabilities arising in its joint ventures (2019: £nil). At 31 March 2020, the Group had capital commitments in respect of its joint ventures of £13.4 million (2019: £45.9 million).

13 Property, plant and equipment

	Right of use asset for occupational leases £m	Leasehold improvements £m	Fixtures and fittings/other £m	Total £m
Cost				
At 1 April 2018	–	5.5	1.1	6.6
Costs capitalised	–	0.1	–	0.1
At 31 March 2019	–	5.6	1.1	6.7
Adoption of IFRS 16	**4.9**	**–**	**–**	**4.9**
Costs capitalised	**–**	**–**	**0.1**	**0.1**
At 31 March 2020	**4.9**	**5.6**	**1.2**	**11.7**
Depreciation				
At 1 April 2019	–	1.8	0.9	2.7
Charge for the year	**0.8**	**0.6**	**0.1**	**1.5**
At 31 March 2020	**0.8**	**2.4**	**1.0**	**4.2**
Carrying amount at 31 March 2019	–	3.8	0.2	4.0
Carrying amount at 31 March 2020	**4.1**	**3.2**	**0.2**	**7.5**

14 Other investments

	2020 £m	2019 £m
At 1 April	**–**	–
Acquisitions	**0.2**	–
At 31 March	**0.2**	–

In January 2020, the Group entered into a commitment of up to £5 million to invest in Pi Labs European PropTech venture capital fund. At 31 March 2020, the Group had made investments of £0.2 million. Launched in 2014, Pi Labs is Europe's longest standing PropTech VC and this third fund has a primary focus to invest in early stage PropTech start-ups across Europe and the UK that use technology solutions to enhance any stage of the real estate value chain. Key areas of focus for the fund include sustainability, future of work, future of retail, commercial real estate technologies, construction technology and smart cities.

15 Trade and other receivables

	2020 £m	2019 £m
Trade receivables	**11.8**	3.6
Expected credit loss allowance	**(2.2)**	(0.7)
	9.6	2.9
Prepayments and accrued income	**1.0**	0.6
Amounts due on development management contracts	**1.4**	1.4
Other trade receivables	**4.1**	6.0
	16.1	10.9

15 Trade and other receivables continued

Trade receivables consist of rent and service charge monies, which are due on the quarter day with no credit period. Interest is charged on trade receivables in accordance with the terms of the occupier's lease. Trade receivables are provided for based on the expected credit loss, which uses a lifetime expected loss allowance for all trade receivables based on an assessment of each individual occupier's circumstance. This assessment reviews the outstanding balances of each individual occupier and makes an assessment of the likelihood of recovery, based on an evaluation of their financial situation. Where the expected credit loss relates to revenue already recognised this has been recognised immediately in the income statement. For the portion of the expected credit loss that relates to future revenue which is no longer considered fully recoverable, the relevant amount of rent received in advance has been released.

Debtors past due but not impaired were £0.6 million (2019: £1.9 million) of which £0.6 million (2019: £1.8 million) is over 30 days.

	2020 £m	2019 £m
Movements in expected credit loss allowance		
Balance at the beginning of the year	(0.7)	(0.4)
Expected credit loss allowance during the year	(0.1)	(0.3)
Expected credit loss allowance in respect of future years	(2.1)	–
Amounts written-off as uncollectable	0.7	–
	(2.2)	(0.7)

16 Trade and other payables

	2020 £m	2019 £m
Rents received in advance	19.4	19.7
Deposits received on forward sale of residential units	0.3	1.9
Other payables and accrued expenses	40.3	25.5
	60.0	47.1

17 Interest-bearing loans and borrowings

	2020 £m	2019 £m
Non-current liabilities at amortised cost		
Secured		
£142.9 million 5⅝% debenture stock 2029	22.0	22.0
Unsecured		
£450.0 million revolving credit facility	148.1	–
£175.0 million 2.15% private placement notes 2024	174.5	174.4
£40.0 million 2.70% private placement notes 2028	39.9	39.8
£30.0 million 2.79% private placement notes 2030	29.9	29.9
£30.0 million 2.93% private placement notes 2033	29.9	29.9
Non-current interest-bearing loans and borrowings	444.3	296.0

In January 2020, the Group entered into an 'Amendment and Extension' transaction on its £450 million unsecured revolving credit facility (RCF). The size of the RCF is unchanged at £450 million, but the headline margin was reduced to 90.0 basis points over LIBOR (plus or minus 2.5 basis points subject to a number of ESG-linked targets) with the maturity extended to January 2025 which can potentially be extended further to January 2027, subject to bank consent.

At 31 March 2020, the Group had £301.0 million (2019: £451.0 million) of undrawn credit facilities.

18 Financial instruments

Categories of financial instrument	Carrying amount 2020 £m	Amounts recognised in income statement 2020 £m	Gain/(loss) to equity 2020 £m	Carrying amount 2019 £m	Amounts recognised in income statement 2019 £m	Gain/(loss) to equity 2019 £m
Other investments	**0.2**	**–**	**–**	–	–	–
Assets at fair value	**0.2**	**–**	**–**	–	–	–
Convertible bond	**–**	**–**	**–**	–	0.7	–
Current liabilities at fair value	**–**	**–**	**–**	–	0.7	–
Balances with partners	**246.6**	**6.9**	**–**	182.8	7.1	–
Trade receivables	**15.6**	**(0.1)**	**–**	10.9	(0.3)	–
Cash and cash equivalents	**94.9**	**0.4**	**–**	139.4	1.2	–
Loans and receivables	**357.1**	**7.2**	**–**	333.1	8.0	–
Trade and other payables	**(11.2)**	**–**	**–**	(11.8)	–	–
Interest-bearing loans and borrowings	**(444.3)**	**(4.5)**	**–**	(296.0)	(5.7)	–
Obligations under occupational leases	**(4.8)**	**(0.1)**	**–**	–	–	–
Obligations under finance leases	**(40.7)**	**(1.9)**	**–**	(40.7)	(1.8)	–
Liabilities at amortised cost	**(501.0)**	**(6.5)**	**–**	(348.5)	(7.5)	–
Total financial instruments	**(143.7)**	**0.7**	**–**	(15.4)	1.2	–

Financial risk management objectives

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group has a policy of reviewing the financial information of prospective occupiers and only dealing with those that are creditworthy and obtaining sufficient rental cash deposits or third-party guarantees as a means of mitigating financial loss from defaults.

The concentration of credit risk is limited due to the large and diverse occupier base. Accordingly, the directors believe that there is no further expected credit loss required in excess of that provided. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of rent deposits obtained. Details of the Group's receivables are summarised in note 15 of the financial statements.

The Group's cash deposits are placed with a diversified range of banks, and strict counterparty limits ensure the Group's exposure to bank failure is minimised.

Capital risk

The Group manages its capital to ensure that entities in the Group will be able to operate on a going concern basis and as such it aims to maintain an appropriate mix of debt and equity financing. The current capital structure of the Group consists of a mix of equity and debt. Equity comprises issued share capital, reserves and retained earnings as disclosed in the Group statement of changes in equity. Debt comprises long-term debenture stock, private placement notes, convertible bonds and drawings against committed revolving credit facilities from banks. The Group aims to maintain a loan-to-property value of between 10% – 40% (see note 9).

The Group operates solely in the United Kingdom, and its operating profits and net assets are Sterling denominated. As a result, the Group's policy is to have no unhedged assets or liabilities denominated in foreign currencies. The currency risk on overseas transactions has historically been fully hedged through foreign currency derivatives to create a synthetic sterling exposure.

18 Financial instruments continued

Liquidity risk

The Group operates a framework for the management of its short-, medium- and long-term funding requirements. Cash flow and funding needs are regularly monitored to ensure sufficient undrawn facilities are in place. The Group's funding sources are diversified across a range of bank and bond markets and strict counterparty limits are operated on deposits.

The Group meets its day-to-day working capital requirements through the utilisation of its revolving credit facility. The availability of this facility depends on the Group complying with a number of key financial covenants; these covenants and the Group's compliance with them are set out in the table below:

Key covenants	Covenant	March 2020 actuals
Group		
Net debt/net equity	**<1.25x**	**0.162x**
Inner borrowing (unencumbered asset value/unsecured borrowings)	**>1.66x**	**4.267x**
Interest cover	**>1.35x**	**n/m**

Due to low levels of consolidated Group debt, there was no net interest charge (as measured under our debt covenants) in the year, as a result interest cover was not measurable. The Group has undrawn credit facilities of £301.0 million and has substantial headroom above all of its key covenants. As a result, the directors consider the Group to have adequate liquidity to be able to fund the ongoing operations of the business.

The following tables detail the Group's remaining contractual maturity on its financial instruments and have been drawn up based on the undiscounted cash flows of financial liabilities, including associated interest payments, based on the earliest date on which the Group is required to pay, and conditions existing at the balance sheet date:

At 31 March 2020	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
Non-derivative financial liabilities						
£142.9 million $5\frac{5}{8}$% debenture stock 2029	**22.0**	**32.7**	**1.2**	**1.2**	**3.7**	**26.6**
£450.0 million revolving credit facility	**148.1**	**162.4**	**2.5**	**2.6**	**157.3**	**–**
Private placement notes	**274.2**	**312.8**	**5.9**	**5.9**	**189.5**	**111.5**
	444.3	**507.9**	**9.6**	**9.7**	**350.5**	**138.1**

At 31 March 2019	Carrying amount £m	Contractual cash flows £m	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m
Non-derivative financial liabilities						
£142.9 million $5\frac{5}{8}$% debenture stock 2029	22.0	33.9	1.2	1.2	3.7	27.8
£450.0 million revolving credit facility	–	5.2	1.5	1.5	2.2	–
Private placement notes	274.0	318.6	5.9	5.9	17.7	289.1
	296.0	357.7	8.6	8.6	23.6	316.9

Interest rate risk

Interest rate risk arises from the Group's use of interest-bearing financial instruments. It is the risk that future cash flows arising from a financial instrument will fluctuate due to changes in interest rates. It is the Group's policy to reduce interest rate risk in respect of the cash flows arising from its debt finance either through the use of fixed rate debt or through the use of interest rate derivatives such as swaps, caps and floors. It is the Group's usual policy to maintain the proportion of floating interest rate exposure to between 20%–40% of forecast total debt. However, this target is flexible, and may not be adhered to at all times depending on, for example, the Group's view of future interest rate movements. At 31 March 2020, the Group had no interest rate derivatives.

18 Financial instruments continued

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the balance sheet date, and represents management's assessment of possible changes in interest rates based on historical trends. For the floating rate liabilities, the analysis is prepared assuming the amount of the liability at 31 March 2020 was outstanding for the whole year:

	Impact on profit		Impact on equity	
	2020 £m	2019 £m	**2020 £m**	2019 £m
Increase of 100 basis points	**(1.5)**	0.7	**(1.5)**	0.7
Increase of 50 basis points	**(0.8)**	0.4	**(0.8)**	0.4
Decrease of 25 basis points	**0.4**	(0.2)	**0.4**	(0.2)
Decrease of 50 basis points	**0.8**	(0.4)	**0.8**	(0.4)

Fair value of interest-bearing loans and borrowings

	Book value 2020 £m	**Fair value 2020 £m**	Book value 2019 £m	Fair value 2019 £m
Items not carried at fair value				
£142.9 million 5⅝% debenture stock 2029	**22.0**	**28.6**	22.0	27.3
Private placement notes	**274.2**	**257.8**	274.0	275.9
£450.0 million revolving credit facility	**148.1**	**148.1**	–	–
	444.3	**434.5**	296.0	303.2

The fair values of the Group's private placement notes were determined by comparing the discounted future cash flows using the contracted yields with those of the reference gilts plus the implied margins, representing Level 2 fair value measurements as defined by IFRS 13 Fair Value Measurement.

The fair values of the Group's cash and cash equivalents and trade payables and receivables are not materially different from those at which they are carried in the financial statements.

19 Head lease obligations

Head lease obligations in respect of the Group's leasehold properties are payable as follows:

	Minimum lease payments 2020 £m	**Impact of discounting 2020 £m**	**Present value of minimum lease payments 2020 £m**	Minimum lease payments 2019 £m	Interest 2019 £m	Present value of minimum lease payments 2019 £m
Less than one year	**1.9**	**(1.9)**	**–**	1.9	(1.9)	–
Between two and five years	**9.5**	**(9.4)**	**0.1**	9.5	(9.4)	0.1
More than five years	**193.0**	**(152.4)**	**40.6**	194.9	(154.3)	40.6
	204.4	**(163.7)**	**40.7**	206.3	(165.6)	40.7

20 Occupational lease obligations

Obligations in respect of the Group's occupational leases for its head office are payable as follows:

	Minimum lease payments 2020 £m	**Impact of discounting 2020 £m**	**Present value of minimum lease payments 2020 £m**	Minimum lease payments 2019 £m	Impact of discounting 2019 £m	Present value of minimum lease payments 2019 £m
Less than one year	**1.0**	**(0.1)**	**0.9**	–	–	–
Between two and five years	**4.1**	**(0.2)**	**3.9**	–	–	–
More than five years	**–**	**–**	**–**	–	–	–
	5.1	**(0.3)**	**4.8**	–	–	–

21 Share capital

	2020 Number	2020 £m	2019 Number	2019 £m
Allotted, called up and fully paid ordinary shares of 15 5⁄19 pence				
At 1 April	**271,365,894**	**41.4**	281,663,675	43.0
Share buyback	**(17,497,983)**	**(2.7)**	(10,297,781)	(1.6)
At 31 March	**253,867,911**	**38.7**	271,365,894	41.4

On 15 November 2018, the Company announced its intention to return up to £200 million of equity to shareholders over a twelve-month period through a share buyback. During the year, the Company bought 17,497,983 shares at an average price of £7.24 per share including costs. After taking account the completion of the share buyback, at 31 March 2020, the Company had 253,867,911 ordinary shares with a nominal value of 15 5⁄19 pence each.

22 Investment in own shares

	2020 £m	2019 £m
At 1 April	**1.7**	2.4
Employee Long-Term Incentive Plan charge	**(2.6)**	(1.3)
Transfer to retained earnings	**1.5**	0.6
At 31 March	**0.6**	1.7

The investment in the Company's own shares is held at cost and comprises 1,109,303 shares (2019: 1,109,303 shares) held by the Great Portland Estates plc LTIP Employee Share Trust which will vest for certain senior employees of the Group if performance conditions are met. During the year, no shares (2019: 68,834 shares) were awarded to directors and senior employees in respect of the 2016 LTIP award and no additional shares were acquired by the Trust (2019: 0 shares). The fair value of shares awarded and outstanding at 31 March 2020 was £7.3 million (2019: £5.1 million).

23 Notes to the Group statement of cash flows

Reconciliation of financing liabilities

	1 April 2019 £m	New obligations £m	Inflows/ (outflows) £m	Fair value changes £m	Other £m	31 March 2020 £m
Long-term borrowings	296.0	**–**	**149.1**	**–**	**(0.8)**	**444.3**
Obligations under leases	40.7	**5.6**	**(2.8)**	**–**	**2.0**	**45.5**
	336.7	**5.6**	**146.3**	**–**	**1.2**	**489.8**

	1 April 2018 £m	Outflows £m	New obligations £m	Fair value changes £m	Other £m	31 March 2019 £m
Long-term borrowings	196.2	–	99.7	–	0.1	296.0
Short-term borrowings	150.9	(149.6)	–	(1.3)	–	–
Obligations under leases	40.8	–	–	–	(0.1)	40.7
Obligation to redeem B shares	306.0	(306.0)	–	–	–	–
	693.9	(455.6)	99.7	(1.3)	–	336.7

Adjustment for non-cash items

	2020 £m	2019 £m
Deficit/(surplus) from investment property	**52.6**	(7.3)
Employee Long-Term Incentive Plan charge	**2.6**	1.3
Spreading of tenant lease incentives	**(0.3)**	1.6
Share of results of joint ventures	**(57.9)**	(10.0)
Depreciation	**1.5**	0.7
Other	**(0.9)**	–
Adjustments for non-cash items	**(2.4)**	(13.7)

Notes forming part of the Group financial statements continued

24 Dividends

	2020 £m	2019 £m
Dividends paid		
Interim dividend for the year ended 31 March 2020 of 4.7 pence per share	**11.9**	–
Final dividend for the year ended 31 March 2019 of 7.9 pence per share	**21.3**	–
Interim dividend for the year ended 31 March 2019 of 4.3 pence per share	**–**	12.0
Final dividend for the year ended 31 March 2018 of 7.3 pence per share	**–**	20.5
	33.2	32.5

A final dividend of 7.9 pence per share was approved by the Board on 20 May 2020 and, subject to shareholder approval, will be paid on 28 July 2020 to shareholders on the register on 29 May 2020. The dividend is not recognised as a liability at 31 March 2020. The 2019 final dividend and the 2020 interim dividend are included within the Group statement of changes in equity.

25 Lease obligations

Future aggregate minimum rentals receivable under non-cancellable operating leases are:

	2020 £m	2019 £m
The Group as a lessor		
Less than one year	**71.0**	73.6
Between two and five years	**154.4**	187.9
More than five years	**63.7**	88.8
	289.1	350.3

The Group leases its investment properties under operating leases. The weighted average length of lease at 31 March 2020 was 3.6 years (2019: 4.3 years). All investment properties, except those under development, generated rental income and no contingent rents were recognised in the year (2019: £nil).

26 Employee benefits

The Group operates a UK-funded approved defined contribution plan. The Group's contribution for the year was £0.4 million (2019: £0.7 million). The Group also contributes to a defined benefit final salary pension plan (the Plan), the assets of which are held and managed by trustees separately from the assets of the Group. The Plan has been closed to new entrants since April 2002. The most recent actuarial valuation of the Plan was conducted at 1 April 2017 by a qualified independent actuary using the projected unit method. The Plan was valued using the following key actuarial assumptions:

	2020 %	2019 %
Discount rate	**2.30**	2.50
Expected rate of salary increases	**3.50**	4.20
RPI inflation	**2.50**	3.20
Rate of future pension increases	**5.00**	5.00

Life expectancy assumptions at age 65:

	2020 Years	2019 Years
Retiring today age 65	**24**	24
Retiring in 25 years (age 40 today)	**26**	26

The amount recognised in the balance sheet in respect of the Plan is as follows:

	2020 £m	2019 £m
Present value of unfunded obligations	**(35.9)**	(36.6)
Fair value of the Plan assets	**35.5**	36.6
Pension deficit	**(0.4)**	–

Amounts recognised as administration expenses in the income statement are as follows:

	2020 £m	2019 £m
Current service cost	**(0.3)**	(0.3)
Net interest cost	**–**	–
	(0.3)	(0.3)

Changes in the present value of the pension obligation are as follows:

	2020 £m	2019 £m
Defined benefit obligation at 1 April	**36.6**	34.5
Service cost	**0.3**	0.3
Interest cost	**0.9**	0.9
Effect of changes in financial assumptions	**(0.4)**	1.8
Benefits paid	**(1.5)**	(0.9)
Present value of defined benefit obligation at 31 March	**35.9**	36.6

Changes to the fair value of the Plan assets are as follows:

	2020 £m	2019 £m
Fair value of the Plan assets at 1 April	**36.6**	35.0
Interest income	**0.9**	0.9
Actuarial (loss)/gain	**(0.8)**	0.9
Employer contributions	**0.3**	0.7
Benefits paid	**(1.5)**	(0.9)
Fair value of the Plan assets at 31 March	**35.5**	36.6

Net pension liability	**0.4**	–

Notes forming part of the Group financial statements continued

26 Employee benefits continued

The amount recognised immediately in the Group statement of comprehensive income was a loss of £0.4 million (2019: £0.9 million).

Virtually all equity and debt instruments have quoted prices in active markets. The fair value of the Plan assets at the balance sheet date is analysed as follows:

	2020 £m	2019 £m
Cash	**0.1**	0.2
Equities	**14.3**	14.3
Bonds	**21.1**	22.1
	35.5	36.6

Other than market and demographic risks, which are common to all retirement benefit schemes, there are no specific risks in the relevant benefit schemes which the Group considers to be significant or unusual. Detail on two of the more specific risks is detailed below:

Changes in bond yields

Falling bond yields tend to increase the funding and accounting liabilities. However, the investment in corporate and government bonds offers a degree of matching, i.e. the movement in assets arising from changes in bond yields partially matches the movement in the funding or accounting liabilities. In this way, the exposure to movements in bond yields is reduced.

Life expectancy

The majority of the obligations are to provide a pension for the life of the member on retirement, so increases in life expectancy will result in an increase in the liabilities. The inflation-linked nature of the majority of benefit payments increases the sensitivity of the liabilities to changes in life expectancy.

The effect on the defined benefit obligation of changing the key assumptions, calculated using approximate methods based on historical trends, is set out below:

	2020 £m	2019 £m
Discount rate -0.25%	**37.7**	38.5
Discount rate +0.25%	**34.2**	34.9
RPI inflation -0.25%	**35.1**	35.8
RPI inflation +0.25%	**36.7**	37.5
Post-retirement mortality assumption – one year age rating	**37.6**	38.2

The Group expects to contribute £0.7 million to the Plan in the year ending 31 March 2021. The expected total benefit payments for the year ending 31 March 2021 is £0.7 million, with £5.0 million expected to be paid over the next five years. A funding plan has been agreed committing the Group to cash combinations of £347,000 p.a. over five years as well as a contribution rate of 46.8% p.a. of member pensionable salaries to eliminate any funding shortfalls and the ongoing benefit accrual.

27 Reserves

The following describes the nature and purpose of each reserve within equity:

Share capital

The nominal value of the Company's issued share capital, comprising 15 $\frac{5}{19}$ pence ordinary shares.

Share premium

Amount subscribed for share capital in excess of nominal value, less directly attributable issue costs.

Capital redemption reserve

Amount equivalent to the nominal value of the Company's own shares acquired as a result of share buyback programmes.

Retained earnings

Cumulative net gains and losses recognised in the Group income statement together with other items such as dividends.

Investment in own shares

Amount paid to acquire the Company's own shares for its Employee Long-Term Incentive Plan less accounting charges.

Independent auditor's report to the members of Great Portland Estates plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Great Portland Estates plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements which comprise:

- the Group income statement;
- the Group statement of comprehensive income;
- the Group and Parent Company balance sheets;
- the Group and Parent Company statements of changes in equity;
- the Group cash flow statement; and
- the related notes 1 to 27 for Group financial statements and i to vii for the Parent Company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Parent Company for the year are disclosed in note 5 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: – Valuation of the property portfolio.
Materiality	The materiality that we used for the Group financial statements was £30.0 million which was determined on the basis of approximately 1% of net assets.
Scoping	Our Group audit scope comprises the audit of Great Portland Estates plc as well as the Group's subsidiaries and joint ventures. The Group team performs full scope audits for all of the subsidiaries and joint venture which are subject to statutory audit requirements. Those entities not subject to an underlying statutory audit are audited based on component materiality.
Significant changes in our approach	There have been no significant changes in our audit approach, other than to consider the impact of the COVID-19 pandemic which is discussed in more detail in the key audit matter and our approach to controls.

Independent auditor's report continued

4. Conclusions relating to going concern, principal risks and viability statement

4.1 Going concern	We have reviewed the directors' statement in note 1 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's and Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements. We considered as part of our risk assessment the nature of the Group, its business model and related risks including where relevant the impact of the Covid-19 pandemic and Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment. We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.	**Going concern is the basis of preparation of the financial statements that assumes an entity will remain in operation for a period of at least 12 months from the date of approval of the financial statements.** We confirm that we have nothing material to report, add or draw attention to in respect of these matters.
4.2 Principal risks and viability statement	Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the Group's and the Parent Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to: – the disclosures on pages 80 to 93 that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated; – the directors' confirmation on page 80 that they have carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or – the directors' explanation on page 94 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. We are also required to report whether the directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	**Viability means the ability of the Group to continue over the time horizon considered appropriate by the directors.** We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Valuation of property portfolio

Key audit matter description	The Group owns a portfolio of property assets in central London. The portfolio is valued at £2,624.1 million (2019: £2,579.0 million), including share of joint venture properties, as at 31 March 2020. The valuation of the investment and development property portfolio is a key source of estimation uncertainty and includes a number of assumptions including capitalisation yields and estimated rental values (ERVs) as well as forecast cost to complete, the level of developer's profit and financing costs in relation to development properties. Due to the high level of estimation required in determining the valuation, we have determined that there is a potential fraud risk in the balance. The Group uses professionally qualified external valuers to fair value the Group's wholly-owned portfolio bi-annually and the joint venture portfolio quarterly. The valuers are engaged by the Directors and performed their work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards. As detailed in note 10, in applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the Group's external valuer, CBRE, has declared a 'material valuation uncertainty' in their valuation report on the portfolio as at 31 March 2020. This is on the basis that market activity as a whole has been so significantly impacted by the effects of Covid-19 such that as at the valuation date they consider that they can attach less weight to previous market evidence for comparison purposes to inform opinions of value, and that a higher degree of caution should be attached to their valuation. In addition to this, and consistent with the market conditions observed in the prior year, we note there continued to be a higher level of judgement associated with certain asset valuations, notably those with a significant retail element and those held under short leaseholds. Covid-19 further increased judgement in relation to assumptions around: – occupier demand and solvency; – asset liquidity; – the relative impact on the different sectors including retail, hospitality and leisure and flexible office space; and – the assumptions around development progress on site and timelines to completion and letting. Please see critical judgements and accounting policy at page 164 and 167, notes 10 and 12 to the financial statements and discussion in the report of the Audit Committee on page 121.

Financial statements

How the scope of our audit responded to the key audit matter	We have performed testing of the property valuations and critically assessed the assumptions and estimates made. These procedures included: **Understanding of the process and relevant controls** We obtained and documented an understanding of relevant controls in the valuation process. We met with key management to enhance our knowledge of the portfolio and to enable us to identify specific key assumptions for certain properties including property vacancies, leases nearing maturity or break clauses and significant ongoing tenant negotiations with existing and prospective tenants. **Data provided to the valuers** We assessed Management's process for providing data to the valuer and their process for evaluating the output. We tested the integrity of a sample of the data provided to the external valuer. This included verifying a sample of information provided to the external valuer to underlying lease agreements, and verifying costs to complete. We assessed the Group's development appraisal process through meeting with project managers, testing management's process to forecast costs to complete and inspecting commitments of key developments. **External valuation** We assessed the competence, capabilities and objectivity of the external valuer. We obtained the external valuation reports and met with the external valuer to discuss the results of their work on a sample of properties. With the assistance of an expert member of the audit team, who is a chartered surveyor, we discussed and challenged the valuation process, performance of the portfolio and significant judgements and assumptions applied in their valuation model, including yields, occupancy rates, lease incentives and break clauses. Our challenge included benchmarking the key assumptions to external market data and comparable property transactions, in particular the yield. We specifically challenged them on the key assumptions applied in the valuations with reference to the ongoing impact of Brexit and the specific impact as at 31 March 2020 of COVID-19.
Key observations	While we note the increased estimation uncertainty in relation to the property valuation as a result of COVID-19, and as disclosed in note 10, we considered the assumptions applied in arriving at the fair value of the Group's investment and development property portfolio to be reasonable and the valuations to be suitable for inclusion in the financial statements at 31 March 2020.

6. Our application of materiality

6.1 Materiality

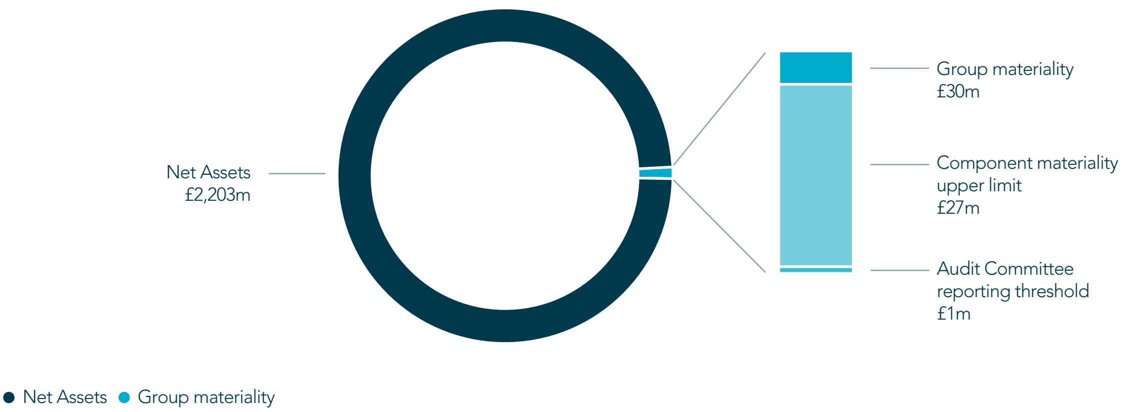
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£30.0 million (2019: £30.0 million)	£20.5 million (2019: £25.4 million)
Basis for determining materiality	We determined materiality for the Group based on approximately 1% of net assets (2019: approximately 1% of net assets).	We determined materiality for the Parent Company based on 3% of net assets (2019: 3% of net assets).
Rationale for the benchmark applied	We consider net assets to be a critical financial performance measure for the Group on the basis that it is a key metric used by management, investors, analysts and lenders.	We consider net assets to be a critical financial performance measure on the basis that the Parent Company holds all the investments therefore making the Balance Sheet the relevant primary statement for management and lenders.

In addition to net assets, we consider EPRA Profit Before Tax to be a critical financial performance measure for the Group and we applied a lower threshold of £2.7 million (2019: £2.7 million) based on 5% (2019: 5%) of that measure for testing of all balances impacting this financial performance measure.

Performance measures (£m)



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of Group materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered the following factors:

- our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to rely on controls over a number of business processes; and
- our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1 million (2019: £1 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

One audit team, led by the Senior Statutory Auditor, audits the Group. The audit is performed centrally, as the books and records for each entity within the Group are maintained at head office.

We also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

We perform full scope audits for all of the Group's subsidiaries and joint ventures which are subject to statutory audit requirements at company specific materiality levels which are lower than Group materiality, these materiality levels range from £1,000 to £27 million (2019: under £1,000 to £27 million). Those entities not subject to an underlying statutory audit are audited based on component materiality. This comprises 100% (2019: 100%) of the Group's revenue and 100% (2019: 100%) of net assets.

7.2 Our consideration of the control environment

From our understanding of the entity and after testing relevant controls, we relied on controls in performing our audit of:

- Rental income;
- Operating expenses;
- Capital expenditure; and
- Service charge and property expenditure.

We had planned to test the operating effectiveness of controls relating to the payroll cycle in the period. However, these controls were performed prior to moving to electronic reviews and sign-offs. Because the lockdown was declared prior to the necessary manually evidenced samples being provided, we were unable to complete operating effectiveness testing. We have therefore completed our substantive testing without taking controls reliance for these account balances.

Due to planned upgrades to the IT system, we did not plan and perform testing of the IT controls.

8. Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- **Fair, balanced and understandable** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting** – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- results of our enquiries of management, internal audit and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and involving relevant internal specialists, including tax and real estate valuation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of the investment and development property portfolio. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules as well as relevant provisions of tax legislation, including the REIT rules.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty, most notably health and safety regulations.

11.2 Audit response to risks identified

As a result of performing the above, we identified Valuation of the Property Portfolio as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

– we have not received all the information and explanations we require for our audit; or
– adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
– the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14. Other matters

14.1 Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Shareholders on 15 July 2003 to audit the financial statements for the year ending 31 March 2004 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 17 years, covering the years ending 31 March 2004 to 31 March 2020.

14.2 Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Tacon (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
9 June 2020

Company balance sheet

At 31 March 2020

	Notes	2020 £m	2019 £m
Non-current assets			
Fixed asset investments	iii	**1,219.5**	1,219.5
		1,219.5	1,219.5
Current assets			
Debtors	iv	**689.7**	610.8
Cash at bank and short-term deposits		**95.0**	139.1
		784.7	749.9
Total assets		**2,004.2**	1,969.4
Current liabilities	v	**(876.0)**	(831.3)
Non-current liabilities			
Interest-bearing loans and borrowings	vi	**(444.3)**	(296.0)
Deferred tax	vii	**–**	–
		(444.3)	(296.0)
Total liabilities		**(1,320.3)**	(1,127.3)
Net assets		**683.9**	842.1
Capital and reserves			
Share capital	21	**38.7**	41.4
Share premium account		**46.0**	46.0
Capital redemption reserve	21	**326.7**	324.0
Retained earnings		**273.1**	432.4
Investment in own shares	22	**(0.6)**	(1.7)
Shareholders' funds		**683.9**	842.1

Notes: The loss within the Company financial statements was £0.9 million (2019: profit £349.7 million). References in roman numerals refer to the notes to the Company financial statements, references in numbers refer to the notes to the Group financial statements.

The financial statements of Great Portland Estates plc (registered number: 00596137) were approved by the Board on 9 June 2020 and signed on its behalf by:

Toby Courtauld
Chief Executive

Nick Sanderson
Finance and Operations Director

Company statement of changes in equity

For the year ended 31 March 2020

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2019		**41.4**	**46.0**	**324.0**	**432.4**	**(1.7)**	**842.1**
Loss for the year and total comprehensive expense		**–**	**–**	**–**	**(0.9)**	**–**	**(0.9)**
Share buyback	21	**(2.7)**	**–**	**2.7**	**(126.7)**	**–**	**(126.7)**
Dividends to shareholders	24	**–**	**–**	**–**	**(33.2)**	**–**	**(33.2)**
Employee Long-Term Incentive Plan charge	22	**–**	**–**	**–**	**–**	**2.6**	**2.6**
Transfer to retained earnings		**–**	**–**	**–**	**1.5**	**(1.5)**	**–**
Total equity at 31 March 2020		**38.7**	**46.0**	**326.7**	**273.1**	**(0.6)**	**683.9**

At 31 March 2020, the Company had realised profits available for distribution in excess of £250 million.

Company statement of changes in equity

For the year ended 31 March 2019

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Investment in own shares £m	Total equity £m
Total equity at 1 April 2018		43.0	46.0	322.4	189.4	(2.4)	598.4
Profit for the year and total comprehensive income		–	–	–	349.7	–	349.7
Share buyback	21	(1.6)	–	1.6	(74.8)	–	(74.8)
Dividends to shareholders	24	–	–	–	(32.5)	–	(32.5)
Employee Long-Term Incentive Plan charge	22	–	–	–	–	1.3	1.3
Transfer to retained earnings		–	–	–	0.6	(0.6)	–
Total equity at 31 March 2019		41.4	46.0	324.0	432.4	(1.7)	842.1

Notes forming part of the Company financial statements

i Accounting policies

Accounting convention

Great Portland Estates plc is a public company limited by shares incorporated and domiciled in the United Kingdom (England and Wales). The address of the registered office is given on page 211. The financial statements have been prepared on the historical cost basis except for the re-measurement of certain financial instruments to fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. There were no significant judgements made or critical estimates applied in the preparation of the financial statements.

Disclosure exemptions adopted

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) Reduced Disclosure Framework as issued by the Financial Reporting Council incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and July 2016.

In preparing these financial statements Great Portland Estates plc has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- certain disclosures in respect of financial instruments;
- the effect of future accounting standards not yet adopted; and
- disclosure of related party transactions with wholly-owned members of the Group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated Group accounts into which Great Portland Estates plc is consolidated.

Subsidiary undertakings and joint ventures

The Company is a holding and financing company for the Great Portland Estates plc Group. Shares in subsidiary undertakings and joint ventures are carried at amounts equal to their original cost less any provision for impairment.

Other

Accounting policies for share-based payments, other investment, deferred tax and financial instruments are the same as those of the Group and are set out on pages 164 to 168.

The Company participates in a group defined benefit scheme which is the legal responsibility of Great Portland Estates Services Limited as the sponsoring employer. There is no contractual agreement or stated policy for charging the net defined benefit cost. In accordance with IAS 19 (Revised 2011), the Company accounts for the contributions to the scheme as if it were a defined contribution scheme. Details of the Group's pension plan can be found on pages 185 and 186.

The auditor's remuneration for audit and other services is disclosed in note 5 to the Group accounts.

ii Profit attributable to members of the parent undertaking

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. The loss dealt within the financial statements of the Company was £0.9 million (2019: profit of £349.7 million). The employees of the Company are the directors and the Company Secretary. Full disclosure of the directors' remuneration can be found on pages 126 to 154.

iii Fixed asset investments

	Investment in joint ventures £m	Shares in subsidiary undertakings £m	Total £m
At 1 April 2019	**0.2**	**1,219.3**	**1,219.5**
Additions	–	–	–
31 March 2020	**0.2**	**1,219.3**	**1,219.5**

Shares in subsidiary undertakings and joint ventures are carried at cost less any provision for impairment. The historical cost of the shares in subsidiary undertakings and joint ventures at 31 March 2020 was £1,219.5 million (2019: £1,219.5 million).

The subsidiaries of the Company at 31 March 2020 were:

Direct subsidiaries

The Company has a 100% interest in the ordinary share capital of the following entities:

	Principal activity		Principal activity
Great Portland Estates Services Limited	Property management	G.P.E. (St Thomas Street) Limited	Property investment
Collin Estates Limited	Property investment	J.L.P. Investment Company Limited	Property investment
Courtana Investments Limited	Property investment	Knighton Estates Limited	Property investment
G.P.E. (Bermondsey Street) Limited	Property investment	Pontsarn Investments Limited	Property investment
Great Portland Estates Capital (Jersey) Limited	Finance company	Portman Square Properties Holdings Limited	Property investment
GPE (Brook Street) Limited	Property investment	GPE Pension Trustee Limited	Property investment
GPE (GHS) Limited	Property investment	G.P.E. (Marcol House) Limited	Property investment
The Great Star Partnership Limited	Property investment	G.P.E. (Rathbone Place 1) Limited	Property investment
G.P.E. Construction Limited	Construction	G.P.E. (Rathbone Place 2) Limited	Property investment
The Rathbone Place Partnership (G.P. 1) Limited	Property investment	G.P.E. (Rathbone Place 3) Limited	Property investment
73/77 Oxford Street Limited	Property investment		

iii Fixed asset investments continued

Indirect subsidiaries

	Principal activity		Principal activity
The Rathbone Place Partnership (G.P. 2) Limited	Holding company	Portman Square Properties Limited	Property investment
G.P.E. (Newman Street) Limited	Property investment	The City Place House Partnership (G.P.) Limited	Property investment
The Rathbone Place Limited Partnership*	Property investment	The City Tower Partnership (G.P.) Limited	Property investment
Rathbone Square No.1 Limited	Property investment	Rathbone Square No.2 Limited	Property investment
GWP Duke Street Limited	Property investment	GWP Grays Yard Limited	Property investment
The Newman Street Unit Trust	Property investment	Marcol House Jersey Limited	Property investment

* The Group has taken advantage of the exemption, which is conferred by The Partnerships (Accounts) Regulations 2008, for preparing financial statements for The Rathbone Place Limited Partnership.

	Principal activity		Principal activity
The Great Victoria Partnership (G.P.) Limited	Property investment	The Great Victoria Partnership (G.P.) (No. 2) Limited	Property investment
The Great Wigmore Partnership (G.P.) Limited	Property investment	Great Capital Partnership (G.P.) Limited	Property investment
Great Ropemaker Partnership (G.P.) Limited	Property investment		

Indirectly held joint venture entities

	Principal activity		Principal activity
Great Victoria Property Limited	Property investment	The Great Victoria Partnership	Property investment
The Great Victoria Partnership (No. 2)	Property investment	Great Victoria Property (No. 2) Limited	Property investment
Great Wigmore Property Limited	Property investment	The Great Wigmore Partnership	Property investment
The Great Capital Partnership	Property investment	Great Capital Property Limited	Property investment
Great Ropemaker Property Limited	Property investment	The Great Ropemaker Partnership	Property investment
Great Ropemaker Property (Nominee 1) Limited	Property investment	Great Ropemaker Property (Nominee 2) Limited	Property investment
GHS (GP) Limited	Property investment	GPE (Hanover Square) Limited	Property investment
The GHS Limited Partnership	Property investment	GHS (Nominee) Limited	Property investment

All of the above companies are registered at 33 Cavendish Square, London W1G 0PW and operate in England and Wales except for: Great Portland Estates Capital (Jersey) Limited which is registered at 47 Esplanade, St Helier, Jersey JE1 0BD; Marcol House Jersey Limited, GHS (GP) Limited, GHS (Nominee) Limited and The GHS Limited Partnership which are registered at 44 Esplanade, St Helier, Jersey, JE4 9WG; The Newman Street Unit Trust which is registered at 11 Old Jewry, London, EC2R 8DU. Great Portland Estates plc is the ultimate parent undertaking of the Great Portland Estates Group.

iv Debtors

	2020 £m	2019 £m
Amounts owed by subsidiary undertakings	**436.6**	421.2
Amounts owed by joint ventures	**252.1**	188.2
Other debtors	**1.0**	1.4
	689.7	610.8

v Current liabilities

	2020 £m	2019 £m
Amounts owed to subsidiary undertakings	**864.3**	815.5
Amounts owed to joint ventures	**5.5**	5.5
Other taxes and social security costs	**–**	3.4
Other creditors	**1.6**	1.6
Accruals	**4.6**	5.3
	876.0	831.3

vi Interest-bearing loans and borrowings

	2020 £m	2019 £m
Bank loans	**148.2**	–
Debentures	**22.0**	22.0
Private placement notes	**274.1**	274.0
	444.3	296.0

At 31 March 2020, property with a carrying value of £112.6 million (2019: £108.4 million) was secured under the first mortgage debenture stock. Further details of the Company's loans and borrowings can be found on notes 17 and 18 of the Group accounts.

vii Deferred tax

	1 April 2019 £m	Recognised in the income statement £m	31 March 2020 £m
Net deferred tax in respect of other temporary differences	–	**–**	**–**
	–	**–**	**–**

A deferred tax asset of £nil million (2019: £1.1 million) relating to contingent share awards was not recognised because it is uncertain whether future taxable profits will arise against which this asset can be utilised.

Other information

In this section:

204	Five year record
205	Our properties and occupiers
208	Portfolio statistics
209	Glossary
211	Shareholders' information
212	Financial calendar

A SPACE TO SHARE

Communal areas for occupiers to come together and collaborate

Five year record

Based on the Group financial statements for the years ended 31 March

Balance sheet

	2016 £m	2017 £m	2018 £m	2019 £m	**2020 £m**
Property portfolio	2,932.1	2,351.9	2,305.2	2,025.0	**1,987.1**
Joint ventures	543.4	480.8	423.7	511.9	**647.0**
Trading property	172.4	246.7	19.5	5.6	**–**
Loans and borrowings	(600.2)	(537.7)	(347.1)	(296.0)	**(444.3)**
Other assets/(liabilities)	(135.5)	196.7	(34.4)	63.2	**13.3**
Net assets	**2,912.2**	**2,738.4**	**2,366.9**	**2,309.7**	**2,203.1**

Financed by

	£m	£m	£m	£m	**£m**
Issued share capital	43.0	43.0	43.0	41.4	**38.7**
Reserves	2,869.2	2,695.4	2,323.9	2,268.3	**2,164.4**
Total equity	**2,912.2**	**2,738.4**	**2,366.9**	**2,309.7**	**2,203.1**
Net assets per share	**847p**	**796p**	**840p**	**851p**	**868p**
EPRA NAV	**847p**	**799p**	**845p**	**853p**	**868p**

Income statement

	£m	£m	£m	£m	**£m**
Net rental income	75.5	80.2	92.0	80.3	**79.9**
Joint venture fee income	4.1	4.1	5.2	3.8	**2.1**
Rental and joint venture fee income	79.6	84.3	97.2	84.1	**82.0**
Property and administration expenses	(32.6)	(27.4)	(35.4)	(37.0)	**(37.1)**
Profit/(loss) on trading property	(0.6)	(0.3)	11.6	(9.5)	**0.8**
Development management (losses)/profits	4.0	–	(0.4)	(0.3)	**(0.2)**
	50.4	56.6	73.0	37.3	**45.5**
(Deficit)/surplus on investment property	422.2	(136.9)	35.5	7.3	**(52.6)**
Share of results of joint ventures	66.8	(57.2)	41.2	10.0	**57.9**
Operating profit/(loss)	**539.4**	**(137.5)**	**149.7**	**54.6**	**50.8**
Finance income	7.8	9.0	9.8	8.3	**7.3**
Finance costs	(14.8)	(9.2)	(11.2)	(8.1)	**(6.5)**
Fair value movement on convertible bond	13.5	10.1	8.5	1.3	**–**
Fair value movement on derivatives	9.2	38.9	(5.4)	–	**–**
Non-recurring items	–	(51.5)	(74.7)	–	**–**
Profit/(loss) before tax	**555.1**	**(140.2)**	**76.7**	**56.1**	**51.6**
Tax	1.1	0.8	(6.4)	(6.6)	**0.2**
Profit/(loss) for the year	**556.2**	**(139.4)**	**70.3**	**49.5**	**51.8**
Earnings/(loss) per share – basic	**162.6p**	**(40.8)p**	**21.5p**	**17.9p**	**20.0p**
Earnings/(loss) per share – diluted	**161.9p**	**(40.8)p**	**18.2p**	**17.1p**	**20.0p**
EPRA earnings per share – diluted	**13.5p**	**17.3p**	**20.4p**	**19.4p**	**22.0p**
Dividend per share	**9.2p**	**10.1p**	**11.3p**	**12.2p**	**12.6p**

Our properties and occupiers

In value order (GPE share)

Ownership	Property name		Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
£200 million plus						
50%	Hanover Square	1	Rest of West End	FH/LH	–	221,100
100%	The Piccadilly Buildings	2	Rest of West End	LH	15,243,200	187,800
£100 million – £200 million						
100%	1 Newman & 70/88 Oxford Street	3	Noho	FH	–	119,100
100%	Wells & More, 45 Mortimer Street	4	Noho	FH	6,906,600	123,300
100%	City Tower, 40 Basinghall Street	5	City	LH	7,171,000	143,200
50%	200 & 2014 Gray's Inn Road	6	Midtown	LH	5,893,700	287,900
100%	Elsley House, 20/30 Great Titchfield Street	7	Noho	FH	4,857,700	65,000
100%	Kent House, 14/17 Market Place	8	Noho	FH	4,206,100	59,200
£75 million – £100 million						
100%	Walmar House, 288/300 Regent Street	9	Noho	LH	4,350,000	56,500
50%	160 Old Street	10	City	FH	4,176,600	161,900
100%	City Place House, 55 Basinghall Street	11	City	LH	3,562,600	176,600
100%	Carrington House, 126/130 Regent Street		Rest of West End	LH	3,562,900	31,000
100%	50 Finsbury Square	12	City	FH	2,666,300	126,400
100%	New City Court, 14/20 St Thomas Street	13	Southwark	FH	4,933,900	98,000
100%	Minerva House		Southwark	FH	4,318,000	105,900
100%	35 Portman Square	14	Noho	LH	5,260,700	72,800

Our properties and occupiers continued

In value order (GPE share)

Ownership	Property name		Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
£50 million – £75 million						
50%	Mount Royal, 508/540 Oxford Street	15	Noho	LH	5,934,500	92,100
100%	The Hickman	16	City	FH	–	74,400
100%	Orchard Court		Noho	LH	2,459,100	47,900
£30 million – £50 million						
100%	46/58 Bermondsey Street		Southwark	FH	1,968,500	46,800
100%	95/96 New Bond Street		Rest of West End	LH	1,250,000	9,600
100%	48/54 Broadwick Street		Rest of West End	FH	266,800	25,870
100%	10/12 Cork Street		Rest of West End	LH	1,797,300	21,300
100%	Challenger House		City	FH	1,412,500	14,400
50%	103/113 Regent Street		Rest of West End	LH	2,125,000	56,900
100%	31/34 Alfred Place		Noho	LH	2,396,000	42,700
£10 million – £30 million						
100%	6/10 Market Place		Noho	FH	1,314,200	18,400
50%	Elm Yard	17	Midtown	FH	1,332,200	49,400
100%	Kingsland House, 122/124 Regent Street		Rest of West End	LH	592,300	8,700

In value order (GPE share)

Ownership	Property name	Location	Tenure	Rent roll (GPE share) £	Net internal area sq ft
Below £10 million					
100%	6 Brook Street	Rest of West End	LH	306,200	3,600
100%	Poland Street	Rest of West End	FH	142,100	1,900
100%	23/24 Newman Street	Noho	LH	237,900	25,100
100%	183/190 Tottenham Court Road	Noho	LH	114,200	12,000
100%	The Hickman B&C site	City	FH	–	–

FH = Freehold or Virtual Freehold.
LH = Leasehold.

Top ten occupiers

	Occupier	Use	Rent roll (our share) £m	% of rent roll (our share)
1	New Look	Office	3.9	3.8
2	Turner Broadcasting	Office	3.0	2.9
3	Runway East	Office	2.8	2.8
4	Richemont UK Limited	Office	2.6	2.6
5	Winckworth Sherwood LLP	Office	2.5	2.5
6	Carlton Communications Limited	Office	2.4	2.4
7	Superdry	Retail	2.1	2.1
8	ITN Limited	Office	1.8	1.8
9	Dennis Publishing Limited	Office	1.6	1.6
10	Next Holdings Limited	Retail	1.4	1.4
	Total		**24.1**	**23.9**

Portfolio statistics at 31 March 2020

Rental income

			Wholly-owned			Share of joint ventures			
			Rent roll £m	Reversionary potential £m	Rental values £m	Rent roll £m	Reversionary potential £m	Rental values £m	Total rental values £m
London	North of Oxford Street	Office	25.8	–	25.8	–	–	–	25.8
		Retail	6.2	(0.3)	5.9	6.0	(0.9)	5.1	11.0
	Rest of West End	Office	12.9	0.1	13.0	–	–	–	13.0
		Retail	10.3	0.7	11.0	2.1	–	2.1	13.1
	Total West End		**55.2**	**0.5**	**55.7**	**8.1**	**(0.9)**	**7.2**	**62.9**
	City, Midtown and Southwark	Office	23.7	10.8	34.5	11.2	1.4	12.6	47.1
		Retail	2.4	–	2.4	0.2	–	0.2	2.6
	Total City, Midtown and Southwark		**26.1**	**10.8**	**36.9**	**11.4**	**1.4**	**12.8**	**49.7**
Total let portfolio			**81.3**	**11.3**	**92.6**	**19.5**	**0.5**	**20.0**	**112.6**
Voids					3.0			–	3.0
Premises under refurbishment					21.8			14.0	35.8
Total portfolio					**117.4**			**34.0**	**151.4**

Rent roll security, lease lengths and voids

			Wholly-owned			Joint ventures		
			Rent roll secure for five years %	Weighted average lease length Years	Voids %	Rent roll secure for five years %	Weighted average lease length Years	Voids %
London	North of Oxford Street	Office	25.3	4.2	0.8	–	–	–
		Retail	56.8	4.6	5.3	33.6	2.9	–
	Rest of West End	Office	5.0	2.3	2.4	–	–	–
		Retail	30.1	3.9	5.3	100.0	7.0	–
	Total West End		**25.1**	**3.8**	**2.6**	**51.1**	**4.0**	**–**
	City, Midtown and Southwark	Office	4.2	2.3	1.4	30.4	6.4	–
		Retail	73.7	12.7	12.1	54.4	9.3	–
	Total City, Midtown and Southwark		**10.4**	**3.2**	**2.4**	**30.7**	**6.5**	**–**
Total portfolio			**20.4**	**3.6**	**2.5**	**39.1**	**5.4**	**–**

Rental values and yields

			Wholly-owned		Joint ventures		Wholly-owned		Joint ventures	
			Average rent £psf	Average ERV £psf	Average rent £psf	Average ERV £psf	Initial yield %	True equivalent yield %	Initial yield %	True equivalent yield %
London	North of Oxford Street	Office	70.9	75.1	–	–	4.0	4.5	–	–
		Retail	59.0	77.4	128.8	110.1	4.0	4.2	7.3	4.4
	Rest of West End	Office	78.1	80.7	–	–	4.2	4.8	–	–
		Retail	110.6	119.9	74.8	128.7	3.7	4.1	4.8	4.5
	Total West End		**75.9**	**78.8**	**108.2**	**114.2**	**4.0**	**4.4**	**6.6**	**4.4**
	City, Midtown and Southwark	Office	39.3	56.2	45.9	51.4	3.1	5.1	3.2	4.8
		Retail	79.3	76.8	45.5	45.1	2.4	4.6	3.7	5.0
	Total City, Midtown and Southwark		**41.2**	**56.0**	**45.9**	**51.2**	**3.1**	**5.0**	**3.2**	**4.8**
Total portfolio			**59.7**	**68.4**	**60.2**	**78.1**	**3.7**	**4.6**	**4.2**	**4.7**

Glossary

Building Research Establishment Environmental Assessment Methodology (BREEAM)
Building Research Establishment method of assessing, rating and certifying the sustainability of buildings.

Cash EPS
EPRA EPS adjusted for non-cash items: tenant incentives, capitalised interest and charges for share-based payments.

Core West End
Areas of London with W1 and SW1 postcodes.

Development profit on cost
The value of the development at completion, less the value of the land at the point of development commencement and costs to construct (including finance charges, letting fees, void costs and marketing expenses).

Development profit on cost %
The development profit on cost divided by the land value at the point of development commencement together with the costs to construct.

Earnings Per Share (EPS)
Profit after tax divided by the weighted average number of ordinary shares in issue.

EPRA metrics
Standard calculation methods for adjusted EPS and NAV and other operating metrics as set out by the European Public Real Estate Association (EPRA) in their Best Practice and Policy Recommendations.

Estimated Rental Value (ERV)
The market rental value of lettable space as estimated by the Group's valuers at each balance sheet date.

Fair value – Investment property
The amount as estimated by the Group's valuers for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In line with market practice, values are stated net of purchasers' costs.

Flex
Individual fitted out, ready to occupy floors, let on flexible terms.

Flex+
Flex with added levels of service and shared amenity.

Flex space partnerships
Revenue share agreements with flexible space operators.

Internal Rate of Return (IRR)
The rate of return that if used as a discount rate and applied to the projected cash flows that would result in a net present value of zero.

MSCI
Morgan Stanley Capital International (MSCI) is a company that produces an independent benchmark of property returns.

MSCI central London
An index, compiled by MSCI, of the central and inner London properties in their March annual valued universes.

Like-for-like (Lfl)
The element of the portfolio that has been held for the whole of the period of account.

Loan To Value (LTV)
Total bank loans, private placement notes, convertible bonds at nominal value and debenture stock, net of cash (including our share of joint ventures balances), expressed as a percentage of the market value of the property portfolio (including our share of joint ventures).

Net assets per share or Net Asset Value (NAV)
Equity shareholders' funds divided by the number of ordinary shares at the balance sheet date.

Net debt
The book value of the Group's bank and loan facilities, private placement notes and debenture loans plus the nominal value of the convertible bond less cash and cash equivalents.

Net gearing
Total Group borrowings (including the convertible bonds at nominal value) less short-term deposits and cash as a percentage of equity shareholders' funds, calculated in accordance with our bank covenants.

Net initial yield
Annual net rents on investment properties as a percentage of the investment property valuation having added notional purchasers' costs.

Non-PIDs
Dividends from profits of the Group's taxable residual business.

Glossary continued

Portfolio Internal Rate of Return (IRR)
The rate of return that if used as a discount rate and applied to the projected cash flows from the portfolio would result in a net present value of zero.

Property Income Distributions (PIDs)
Dividends from profits of the Group's tax-exempt property rental business.

REIT
UK Real Estate Investment Trust.

Rent Roll
The annual contracted rental income.

Reversionary potential
The percentage by which ERV exceeds rent roll on let space.

Topped up initial yield
Annual net rents on investment properties as a percentage of the investment property valuation having added notional purchasers' costs and contracted uplifts from tenant incentives.

Total Accounting Return (TAR)
The growth in EPRA NAV per share plus ordinary dividends paid, expressed as a percentage of EPRA NAV per share at the beginning of the period.

Total Property Return (TPR)
Capital growth in the portfolio plus net rental income derived from holding these properties plus profit on sale of disposals expressed as a percentage return on the period's opening value.

Total Shareholder Return (TSR)
The growth in the ordinary share price as quoted on the London Stock Exchange, plus dividends per share received for the period expressed as a percentage of the share price at the beginning of the period.

Triple net asset value (NNNAV)
NAV adjusted to include the fair value of the Group's financial liabilities, deferred tax and tax arising on sale of trading properties on a diluted basis.

True equivalent yield
The constant capitalisation rate which, if applied to all cash flows from an investment property, including current rent, reversions to current market rent and such items as voids and expenditures, equates to the market value having taken into account notional purchasers' costs. Assumes rent is received quarterly in advance.

Ungeared IRR
The ungeared internal rate of return (IRR) is the interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero, without the benefit of financing. The internal rate of return is used to evaluate the attractiveness of a project or investment.

Vacancy rate
The element of a property which is unoccupied but available for letting, expressed as the ERV of the vacant space divided by the ERV of the total portfolio.

Weighted Average Unexpired Lease Term (WAULT)
The Weighted Average Unexpired Lease Term expressed in years.

Whole life surplus
The value of the development at completion, less the value of the land at the point of acquisition and costs to construct (including finance charges, letting fees, void costs and marketing expenses) plus any income earned over the period.

Shareholders' information

Shareholder enquiries

All enquiries relating to holdings of shares, bonds or debentures in Great Portland Estates, including notification of change of address, queries regarding dividend/interest payments or the loss of a certificate, should be addressed to the Company's registrars:

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Tel: 0371 664 0300
E-mail: shareholderenquiries@linkgroup.co.uk

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00am – 5.30pm, Monday to Friday excluding public holidays in England and Wales.

If you are calling from overseas please dial +44 371 664 0300.

Unsolicited telephone calls – boiler room scams

In recent years, some of our shareholders have received unsolicited telephone calls or correspondence concerning investment matters from organisations or persons claiming or implying that they have some connection with the Company.

These are typically from overseas based 'brokers' who target UK shareholders offering to sell them shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These operations are commonly known as 'boiler rooms'. Shareholders are advised to be very wary of any offers of unsolicited advice, discounted shares, premium prices for shares they own or free reports into the Company. If you receive any unsolicited investment advice:

– ensure you get the correct name of the person and firm;
– check that the firm is on the Financial Conduct;
– Authority (FCA) Register to ensure they are authorised at **https://register.fca.org.uk**;
– use the details on the FCA Register to contact the firm;
– call the FCA Consumer Helpline (0800 111 6768) if there are no contact details in the Register or you are told they are out of date; and
– if the calls persist, hang up.

If you use an unauthorised firm to buy or sell shares, you will not have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme.

Payment of dividends

If you would like your dividends/interest paid directly into your bank or building society account, you should write to Link Asset Services, including details of your nominated account. Although this will enable your dividend/interest to be paid directly into your account, your tax voucher will still be sent to your registered address.

Tax consequences of REIT status

As a REIT, dividend payments must be split between PIDs and non-PIDs. Information in respect of the tax consequences for shareholders of receiving dividends can be found on the Company's website at **www.gpe.co.uk/investors/shareholder-information/reits.**

Share dealing service

An online and telephone dealing service is available for UK shareholders through Link Share Deal. For further information on this service, or to buy and sell shares, please contact:

Online dealing – **www.linksharedeal.com**

Telephone dealing – 0371 664 0445

Calls are charged at the standard geographical rate and will vary by provider. Lines are open between 8.00am–4.30pm Monday to Friday.

Website

The Company has a corporate website, which holds, amongst other information, a copy of our latest Annual Report and financial statements, a list of properties held by the Group and copies of all press announcements released over the last 12 months. The site can be found at **www.gpe.co.uk.**

Company Secretary

Darren Lennark

Registered office
33 Cavendish Square
London W1G 0PW
Tel: 020 7647 3000
Registered number: 596137

Financial calendar

2020

28 May
Ex-dividend date for 2019/20 final dividend

29 May
Registration qualifying date for 2019/20 final dividend

24 July
Annual General Meeting

28 July
2019/20 final dividend payable

11 November
Announcement of 2020/21 interim results

19 November
Ex-dividend date for 2020/21 interim dividend (provisional)[1]

20 November
Registration qualifying date for 2020/21 interim dividend (provisional)[1]

2021

5 January
2020/21 interim dividend payable (provisional)[1]

19 May
Announcement of 2020/21 full-year results (provisional)[1, 2]

1. Provisional dates will be confirmed in the half-year results announcement 2020.
2. The timetable for the potential final dividend will be confirmed in the 2021 Annual Report.

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