

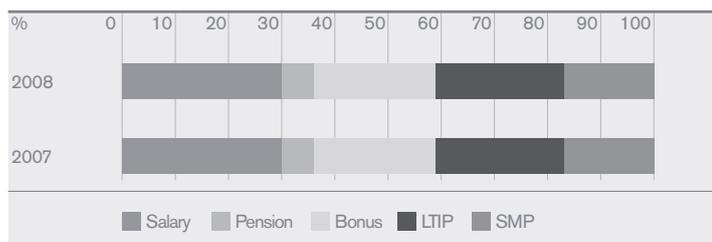
# Directors' remuneration report

## Remuneration policy principles

The Company's remuneration policy seeks to provide remuneration in a form to attract, retain and motivate high calibre executives, with an emphasis on delivering greater variable reward for achieving and exceeding the Group's strategic plan. This total pay position is analysed by looking across each of the different elements of remuneration including, salary, pension, the annual bonus plan and long-term incentives to provide the Remuneration Committee ("the Committee") with a total remuneration view rather than just the competitiveness of the individual elements.

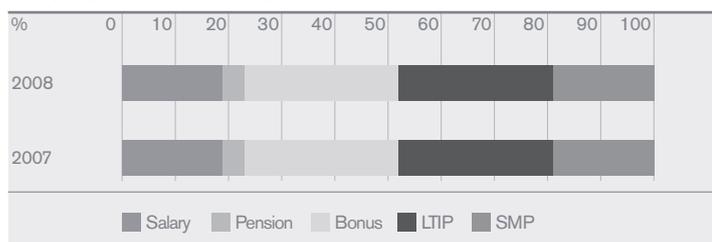
To achieve the Company's remuneration policy, the Committee seeks to ensure around mid-market total remuneration for on-target performance taking into account the size and complexity of the business as compared to other peer companies in the sector, using a high level of variable reward and with the opportunity to increase total potential remuneration for superior performance through the annual bonus plan, long-term incentive plan ("LTIP") and share matching plan ("SMP"). The relative size of the components of the Executive Directors' variable remuneration has remained unchanged from 2007.

## Distribution of total "on-target"<sup>1</sup> annual Executive Director remuneration



1. The on-target award level for the bonus plan is assumed to be 75% of salary with a maximum award of 150%. The on-target award for the LTIP and SMP are based on the market norm expected values provided by Hewitt New Bridge Street ("HNBS") of 82.5% of salary for the LTIP and 55% for the SMP with maximums of 150% and 100% respectively.

## Distribution of total maximum annual Executive Director remuneration



Details of all payments to Executive Directors in the year, which are disclosed on page 50, show the relative values of the basic and performance related elements of remuneration for the year under review.

Although financial targets for the annual bonus plan were not met (primarily as a result of the movement in yields following the credit crunch), overall the Company has continued to perform well, both in its relative performance, and in the Executive Directors' achievement of their personal objectives to progress the Company's strategy. In considering the Executive Directors' reward structure for the year to come, we believe that the relative magnitude of the elements of the variable reward structure and performance targets for the LTIP and SMP remain appropriate with adjustment made only for appropriate increases in salary to reward competitively individual performance and experience.

## Basic salary and benefits

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

In April 2007, following a benchmarking exercise by HNBS, the directors received increases in salaries as follows: Toby Courtauld £425,000 (from £400,000), Timon Drakesmith £260,000 (from £225,000), Robert Noel £340,000 (from £320,000) and Neil Thompson £260,000 (from £216,000). The increases of Timon Drakesmith and Neil Thompson, who were appointed to the Board in September 2005 and August 2006 respectively, reflected that their salaries were initially set below mid-market levels in order to provide scope for development into their roles. It is now felt that their salaries reflect the increasing importance of the Group's financial and development operations and their proven abilities in their roles.

For the current year, following review of a benchmarking exercise carried out by HNBS and reference to the continued performance of the Executive Directors, from 1 April 2008 the directors salaries have been increased as follows:

Toby Courtauld £446,250 (from £425,000), Timon Drakesmith £273,000 (from £260,000), Robert Noel £357,000 (from £340,000) and Neil Thompson £286,000 (from £260,000).

Benefits principally comprise life insurance, health insurance, private healthcare subscriptions, car and travel concessions and membership subscriptions. The taxable value of these benefits is included in the table on page 50.

**Directors' remuneration details in respect of the year ended 31 March 2008 (audited)**

	Salaries/ fees £000	Performance related bonuses £000	Benefits £000	Total 2008 £000	Total 2007 £000	Pension contribution 2008 £000	Pension contribution 2007 £000
<b>Executive</b>							
Toby Courtauld	425	446	11	882	1,005	85	80
Timon Drakesmith	260	273	8	541	569	52	45
Robert Noel	340	357	13	710	809	68	64
Neil Thompson <sup>1</sup>	260	273	9	542	365	52	29
	1,285	1,349	41	2,675	2,748	257	218
<b>Non-Executive</b>							
Richard Peskin	163	–	17	180	179	–	–
Kathleen O'Donovan	56	–	–	56	53	–	–
John Edgcumbe <sup>2</sup>	10	–	–	10	35	–	–
Charles Irby	45	–	–	45	41	–	–
Phillip Rose	42	–	–	42	38	–	–
Jonathan Short <sup>3</sup>	38	–	–	38	–	–	–
	354	–	17	371	346	–	–
<b>Total</b>	<b>1,639</b>	<b>1,349</b>	<b>58</b>	<b>3,046</b>	<b>3,094</b>	<b>257</b>	<b>218</b>

1. Joined the Board on 1 August 2006.

2. Retired 5 July 2007.

3. Joined the Board on 2 April 2007.

**Alignment of variable awards with Company strategy for the year ended 31 March 2008**

Variable component	Maximum percentage of salary	Key elements of strategy	Measured by	Maximum performance target	Percentage achieved
Annual Bonus Plan	75%	Market competitiveness	Growth of the Company's property portfolio against IPD's relevant Capital Growth Index (for the year to 31 March)	Annual percentage rate of portfolio capital growth to exceed annual percentage rate of capital growth of the central London IPD index by 2.5%	100%
	45%	Absolute performance	Achievement of NAV targets (for the year to 31 March)	NAV growth greater than 130% of target	0%
	30%	Operational excellence	Achievement against objectives (for the year to 31 March)	Exceeding personal objectives	100%
2004 and 2005 LTIP	125%	Shareholder value	Total shareholder value and growth in the Group's net assets per share (Based on a three year performance period)	Upper decile TSR performance and growth in the Group's net assets to exceed RPI by 6%	2004 – 100% 2005 – n/a <sup>1</sup>
2006, 2007 and proposed 2008 LTIP	75%	Shareholder value	Total shareholder return (Based on a three year performance period)	Upper quartile TSR performance	2006 – n/a 2007 – n/a
	75%	Absolute performance	Growth in the Group's net assets per share (Based on a three year performance period)	The Group's net assets to exceed RPI plus 8%	
SMP	50%	Shareholder value	Total shareholder return (Based on a three year performance period)	Upper quartile TSR performance	
	50%	Absolute performance	Growth in the Group's net assets per share (Based on a three year performance period)	The Group's net assets to exceed RPI plus 12%	

1. As at the date of this Report, 100% of shares under the 2005 award would vest.

**Long-Term Incentive Plan details in respect of the year ended 31 March 2008 (audited)**

	Award date	Number of shares under award at 1 April 2007	Number of shares awarded during the year	Number of shares lapsed/did not vest	Market value of shares on grant Pence	Number of shares vested	Market value on date of vesting Pence	Number of shares under award at 31 March 2008	Vesting date of outstanding shares
Toby Courtauld	27 May 2004	165,677	–	–	257.17	165,677	720	–	n/a
	25 May 2005	133,928	–	–	348.25	–	–	133,928	25 May 2008
	17 July 2006	116,166	–	–	517.00	–	–	116,166	17 July 2009
	31 May 2007	–	91,726	–	715.50	–	–	91,726	31 May 2010
Timon Drakesmith	12 Sept 2005	71,666	–	–	379.75	–	–	71,666	25 May 2008
	17 July 2006	65,343	–	–	517.00	–	–	65,343	17 July 2009
	31 May 2007	–	56,115	–	715.50	–	–	56,115	31 May 2010
Robert Noel	27 May 2004	131,058	–	–	257.17	131,058	720	–	n/a
	25 May 2005	107,142	–	–	348.25	–	–	107,142	25 May 2008
	17 July 2006	92,933	–	–	517.00	–	–	92,933	17 July 2009
	31 May 2007	–	73,381	–	715.50	–	–	73,381	31 May 2010
Neil Thompson	27 May 2004	55,390	–	–	257.17	55,390	720	–	n/a
	25 May 2005	71,428	–	–	348.25	–	–	71,428	25 May 2008
	17 July 2006	62,817	–	–	517.00	–	–	62,817	17 July 2009
	31 May 2007	–	56,115	–	715.50	–	–	56,115	31 May 2010

1. Performance conditions attached to the LTIP awards are described below and on page 50.

**Bonus plan**

Each year the Committee considers the appropriateness of the component parts of the annual bonus plan on page 50 in assessing the overall remuneration of Executive Directors. The Committee also has the discretion to recommend the payment of an additional bonus to a director for exceptional performance over and above the high standard already required.

The personal objectives, other than those covered by the corporate measures for the Executive Directors for 2008 included the following and were specific as to each individual's role and responsibilities:

- successful execution of investments;
- enhanced portfolio performance;
- exceeding rental income and void targets;
- efficient management of joint venture operations;
- appropriate monitoring of factors affecting REIT status;
- successful progression of the development programme;
- proactive shareholder relations programme;
- good internal communication;
- ensuring appropriate levels of human resources;
- active representation on key property industry associations;
- the development of the Group's environmental policies; and
- ensuring delivery of health and safety objectives.

As a result of the achievement of the Executive Directors' achievements during the year, as reflected in the review of the Company on pages 6 to 14, pages 18 to 29 and pages 32 to 36, the Remuneration Committee has awarded the Executive Directors the full 30% of salary for operational excellence.

**Long-Term Incentive Plans****2006 LTIP**

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

shares awarded, which are believed by the Committee to provide the best alignment between the interests of participants and shareholders.

- the performance condition attached to one half of an award requires NAV growth of between RPI plus 3% in total increasing on a straight line to RPI plus 8% in total over three financial years (starting with the financial year that commences immediately before the date) for between 20% and 100% of this part of the award to vest (i.e. between 10% and 50% of the total award); and
- the performance condition attached to the other half requires total shareholder return ("TSR") performance against selected constituents of the FTSE 350 Real Estate Sector (excluding agencies) over the three years from grant of the award of between median and upper quartile for between 20% and 100% of this part of the award to vest (i.e. between 10% and 50% of the total award) with straight-line vesting in between.

**LTIP awards before 2006**

Under the previous LTIP, Executive Directors (and Senior Managers to a lesser extent) were eligible for share awards up to an annual limit of 125% of a participant's basic salary. The vesting of the shares under the 2005 award under this LTIP are conditional on the following performance conditions both being met:

- Total shareholder return (measured using share price and the reinvestment of dividends) over the three years relative to a bespoke comparator group of 18 companies (including the Company) selected from the FTSE Real Estate Index at the date of the award.

Comparator companies for the award are:

Brixton plc	Minerva plc
CLS Holdings plc	Quintain Estates & Development PLC
Derwent London plc	St Modwen Properties PLC
Development Securities plc	Shaftesbury PLC
Grainger Trust plc	SEGRO plc
Hammerson plc	The British Land Company PLC
Helical Bar plc	Warner Estate Holding PLC
Land Securities Group PLC	Workspace Group plc
Liberty International PLC	

- The growth in the Group's net assets per share exceeding the rate of inflation over the same period by an average of at least two percentage points per annum.

Net assets per share is to be calculated as the fully diluted net asset value of the Great Portland Estates Group as published in the Company's Annual Report, adjusted, as appropriate:

- to exclude the effect of deferred tax relating to capital allowances exceeding depreciation;
- to include the effect of marking debt to market;
- to include the effect of contingent corporation tax on chargeable gains;
- to ensure a consistent basis of calculation following any changes in accounting standards; and
- to take account of certain variations in share capital.

A participant in the 2005 award will be entitled to a percentage of their award dependent upon the Company's total shareholder return over the performance period compared to the comparator group over the same period as follows:

Ranking in comparator group	Percentage of award vesting
1st and 2nd	100
3rd	85
4th	70
5th	55
6th	40
7th	35
8th	30
9th	25
10th	20
11th or below	0

### Share Matching Plan

Executive Directors (and to a lesser extent Senior Managers) are eligible to be awarded shares under an SMP, approved by shareholders in 2006, up to an annual limit of 100% of salary:

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

### Share Matching Plan details in respect of the year ended 31 March 2008 (audited)

Director	Award date	Number of shares under award at 1 April 2007	Number of shares awarded during the year	Number of shares lapsed/did not vest	Market value of shares on grant Pence	Number of shares vested	Market value on date of vesting Pence	Number of shares under award at 31 March 2008	Vesting date of outstanding shares
Toby Courtauld	17 July 2006	78,376	–	–	517.00	–	–	78,376	17 July 2009
	08 June 2007	–	60,676	–	661.50	–	–	60,676	08 June 2010
Timon Drakesmith	17 July 2006	44,086	–	–	517.00	–	–	44,086	17 July 2009
	08 June 2007	–	37,121	–	661.50	–	–	37,121	08 June 2010
Robert Noel	17 July 2006	62,700	–	–	517.00	–	–	62,700	17 July 2009
	08 June 2007	–	48,543	–	661.50	–	–	48,543	08 June 2010
Neil Thompson	17 July 2006	42,380	–	–	517.00	–	–	42,380	17 July 2009
	08 June 2007	–	37,121	–	661.50	–	–	37,121	08 June 2010

Performance conditions attached to the SMP awards are described above.

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

- dividends on Matching shares will be rolled up.

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

- the performance condition attached to one half of an award will require NAV growth of between RPI plus 4% in total increasing on a straight line to RPI plus 12% in total over three financial years (starting with the financial year that commences immediately before the date of grant) over the three years from grant of the award for between 20% and 100% of this part of the award to vest (i.e. between 10% and 50% of the total award); and
- the performance condition attached to the other half will require total shareholder return ("TSR") performance against the selected constituents of the FTSE 350 Real Estate Sector (excluding agencies) of between median and upper quartile for between 20% and 100% of this part of the award to vest (i.e. between 10% and 50% of the total award) with straight-line vesting in between.

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

LTIP and SMP Matching shares, upon vesting, are transferred out of the Great Portland Estates plc LTIP Employer Share Trust ("the Trust"), a discretionary trust established to facilitate the operation of the LTIP and SMP with shares vesting to date being purchased by the Trustees of the Trust in the open market. The number of shares held by the Trust as at 31 March 2008 was 758,027.

### Share ownership

Under the 2006 LTIP, Executive Directors are expected to build and hold a shareholding of the Company's shares obtained through incentive plans equal in value to 100% of salary within five years.

#### As at 31 March 2008

Director	Target value of shareholding £	Current shareholding Shares	Value of shareholding 31 March 2008 £	Percentage holding against 5 year target
Toby Courtauld	425,000	140,197	742,343	175%
Timon Drakesmith	260,000	35,155	186,146	72% <sup>1</sup>
Robert Noel	340,000	77,635	411,077	121%
Neil Thompson	260,000	29,054	153,841	59% <sup>2</sup>

1. Joined the Board on 12 September 2005.

2. Joined the Board on 1 August 2006.

### Pensions

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

#### Remuneration of Non-Executive Directors

The fees of the Non-Executive Directors, excluding the Chairman, are reviewed annually by the Executive Directors, who make recommendations to the Board. The total of Non-Executive Directors' fees is limited by the Articles of Association. Remuneration of the Non-Executive Directors including the Chairman comprises a basic fee, together with a fee for serving on each Board Committee. The Chairman receives a basic fee of £160,000 per annum increased to £168,000 from 1 April 2008 and all other Non-Executive Directors received a basic fee of £35,000 per annum increased to £36,750 from 1 April 2008. In addition, in recognition of greater responsibility and time commitment, the Senior Independent Director receives a fee of £5,000 per annum, the Chairman of the Audit Committee receives a fee of £7,500 per annum, the Chairman of the Remuneration Committee a fee of £6,000 per annum and the Chairman of the Nomination Committee a fee of £5,000 per annum. Members of the Audit and Remuneration Committee receive a fee of £3,500 per annum and £3,000 for the Nomination Committee increased to £3,750 for the Audit and Remuneration Committees and £3,350 for the Nomination Committee from 1 April 2008. Non-Executive Directors are not eligible for the Bonus Plan, LTIP or SMP, nor are contributions made to any pension arrangements.

#### Service agreements

The policy of the Company is to have service contracts for Executive Directors with notice periods of one year. It is sometimes necessary when recruiting a new Executive Director to give a service contract with an initial term of longer than one year. In such circumstances it is the policy of the Company that the notice period should reduce to one year after the initial period of service.

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

The Company's policy on termination payments is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual terms, the circumstances of the termination and any applicable duty to mitigate. It is the Committee's policy not to reward poor performance.

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

Executive Directors may, with the consent of the Committee, retain fees paid to them for acting as a Non-Executive Director of a company outside the Group, except where the directorship is a representative of the Company. Toby Courtauld a Non-Executive Director of Live-ex Limited, for which he received no remuneration during the year. Robert Noel became a director of The New West End Company on 1 April 2008 for which he receives no remuneration.

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

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

Executive	Date of service agreement	Unexpired term (months)
Toby Courtauld	18 March 2002	12
Robert Noel	5 June 2002	12
Timon Drakesmith	15 August 2005	12
Neil Thompson	1 August 2006	12

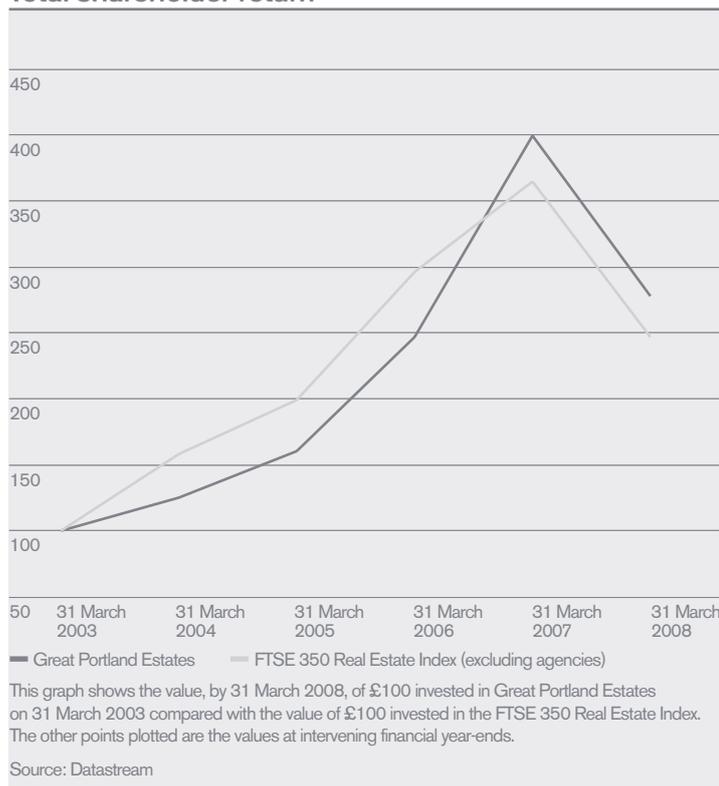
  

Non-Executive	Date of appointment letter	Date when next subject to reappointment/re-election
Richard Peskin	31 March 2000	2008
Kathleen O'Donovan	31 March 2003	2010
Charles Irby	31 March 2004	2010
Phillip Rose	11 April 2005	2008
Jonathan Short	2 April 2007	2010

### Total shareholder return

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

### Total shareholder return



### Remuneration Committee and advisers

The Committee comprises three independent Non-Executive Directors, Charles Irby (Chairman), Kathleen O'Donovan and Jonathan Short, and has responsibility for:

- determining the remuneration, contract terms and other benefits of the Chairman and Executive Directors;
- reviewing the remuneration framework for Senior Managers including the annual bonus plan, and long-term incentive arrangements;

- reviewing the remuneration framework for all other employees including the annual bonus plan, where employees are eligible to participate in performance related bonus plans based on Company and individual performance targets;
- overseeing any significant changes to employee benefits, including pensions; and
- approving the design of and targets for performance related incentive schemes.

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

The Committee is advised by HNBS, a firm of independent remuneration consultants, who were appointed by the Committee, and who only provide advice to the Group in respect of remuneration; and Investment Property Databank ("IPD") who provide measurement against its property benchmark. Toby Courtauld, the Chief Executive, provided advice in relation to the discretionary bonuses for the other Executive Directors.

### Remuneration report

In preparing this Remuneration report, the Committee has followed the requirements of Section 1 of the 2006 Combined Code on Corporate Governance, the Companies Act 1985, as amended by the Directors' Remuneration Report Regulations 2002, and the Listing Rules of the Financial Service Authority. This report will be submitted to shareholders for approval at the Annual General Meeting to be held on 3 July 2008.

Approved by the Board on 21 May 2008 and signed on its behalf by

**Charles Irby**

Chairman of the Remuneration Committee