Triodos Investment Management

GREAT PORTLAND ESTATES PLC

Meeting Date:	Thu, 03 Jul 2014 11:30am	**Type:**	AGM	**Issue date:**	Fri, 20 Jun 2014
Meeting Location:	Chandos House, 2 Queen Anne Street, London W1				
Current Indices:	FTSE MidCap				
Sector:	Industrial & Office REITs				

	PROPOSALS	ADVICE
1	**Receive the Annual Report** The objectives for the Company are clearly stated and the strategy for the group is clearly defined. An adequate group-wide environmental policy has been published and some quantitative data is provided. Gender balance at all levels of the Company is disclosed. Acceptable proposal.	**For**
2	**Approve the dividend** The board is recommending a final dividend of 5.4p per share (2012: 5.3p). If approved, taken together with the interim dividend of 3.4p per share (2012: 3.3p), this will result in an increase of 2% in the total regular dividend for the year to 8.8p per share (2012: 8.6p). Covered by earnings.	**For**
3	**Approve the Remuneration Report** All elements of each director's cash remuneration are disclosed. All share incentive awards are stated with award dates and prices. Pension contributions and entitlements are disclosed. Rewards made to the Executive Directors for the year, are considered excessive in comparison with their base salaries. There is an unacceptable balance of CEO realised pay with financial performance. The change in CEO total pay over five years is not commensurate with the change in TSR over the same period. Rating: C Based on the excessive awards, Triodos abstains on this resolution.	**Abstain**
4	**Approve Remuneration Policy** Disclosure: B Disclosure is considered acceptable. Pleasing to note that the Company provides expected values for outstanding share awards. Balance: D The Company operates two long term incentive schemes the LTIP and SMP. With a three year performance period, the LTIP is not considered long term. The use of three performance measures is good practice, however they should be used on a concurrent basis, i.e., all targets must be met for awards to vest. Total potential rewards under all incentive schemes at 500% of base salary is considered excessive. The actual aggregate expected value of short and long term incentive awards granted during the year is more than 200% of salary. The ratio of CEO pay to employee average pay is not disclosed. However, it has been estimated and it is not considered excessive. Dividends accrue over the performance period (three years) on the number of shares that vest. This practice is not acceptable; a dividend should not be backdated to include the performance period. Contracts: C The Company's recruitment policy allows for the replication of new appointees' forfeited schemes at their previous employers. This is considered an inappropriate practice as it undermines the rationale behind the remuneration policy to retain Executive Directors. There is no evidence that upside discretion can not be used while determining severance. The Company can apply accelerated vesting upon change in control. Rating: BDC Based on the potentially excessive awards available under all incentive schemes, Triodos does not support this resolution.	**Oppose**

5	**To re-elect Toby Courtauld** Chief Executive Officer. Twelve months rolling contract.	**For**
6	**To re-elect Nick Sanderson** Finance Director. Twelve months rolling contract.	**For**
7	**To re-elect Neil Thompson** Executive Director. Twelve months rolling contract.	**For**
8	**To re-elect Martin Scicluna** Incumbent Chairman. Not independent on appointment.	**For**
9	**To re-elect Jonathan Nicholls** Senior Independent Director. Considered independent.	**For**
10	**To re-elect Jonathan Short** Independent Non-Executive Director.	**For**
11	**To re-elect Elizabeth Holden** Independent Non-Executive Director.	**For**
12	**To elect Charles Philipps** Newly appointed, independent, Non-Executive Director.	**For**
13	**Appoint the auditors** Deloitte LLP proposed for re-election. Non-audit fees represent approximately 91% of audit fees during the year under review and approximately 70% of audit fees over a three-year aggregate basis. This raises concerns over the independence of the auditor. A part of the audit-related fees (£40,000) have been included in the category of non-audit work as these are predominantly related to sustainability assurance work. Triodos does not support this resolution.	**Oppose**
14	**Allow the board to determine the auditors remuneration** Standard proposal.	**For**
15	**Issue shares with pre-emption rights** General authority limited to one third of the issued share capital, and an additional third if in connection with a pre-emptive rights issue. The authority expires within an acceptable time-frame. The Company has annual elections for directors. Acceptable proposal.	**For**
16	**Approve increase in non-executives fees** Authority is sought to increase the limit of the aggregate remuneration cap for non-executive directors from £500,000 to £600,000. The aggregate fees paid to the non-executive directors during the year are £450,200. The proposed new limit of £600,000 would be a 20% increase on the current limit and would provide headroom for a 33% increase in fees. The purpose of the limit is to act as a barrier for excessive fee increases. Although the propose increase is considered potentially excessive, the Company provided adequate justifications for it. Acceptable proposal.	**For**
17*	**Issue shares for cash** The authority is 5.0% percent of the issued share capital. The authority expires within an acceptable time-frame. Within acceptable limits.	**For**
18*	**Authorise Share Repurchase** Authority limited to 14.99% of the issued share capital and expires at the next AGM. Within limits. Acceptable proposal.	**For**

19* **Meeting notification related proposal** **Oppose**

The proposed resolution reflects the implementation of the EU Shareholder Rights Directive into English law, which took place on 3 August 2009 as implemented by the company in its Articles of Association. Under the regulations, the minimum notice period for general meetings (other than Annual General Meetings) will increase to 21 days unless shareholders agree on a shorter notice period, in which case it may be 14 days. Shareholder approval is sought to call general meetings on 14 clear days notice.

All companies should aim to provide at least 20 working days notice for general meetings in order to give shareholders sufficient time to consider what are often complex issues. Although the proposed change is permissible by the Companies Act, Triodos votes against this resolution.

**** = Special resolution***

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