


GREAT PORTLAND ESTATES PLC

MEETING DATE	Mon, 26 Mar 2018 14:00 pm	TYPE	EGM	ISSUE DATE	Mon, 12 Mar 2018
MEETING LOCATION	33 Cavendish Square, London, W1G 0PW, United Kingdom				
CURRENT INDICES	FTSE MidCap				
SECTOR	Industrial & Office REITs				

COMPANY OVERVIEW

Great Portland Estates is a property investment and development company with the aim of generating superior portfolio and shareholder returns from investing in and improving central London real estate.

MEETING SPECIFIC INFORMATION

Quorum requirements and voting majority

Resolutions under extraordinary business have special voting majority requirements. Resolutions 1, 2, 5, 6 and 7 require three quarters of the votes validly cast in order to be approved.

	PROPOSALS	ADVICE
1*	<p>Adopt New Articles of Association</p> <p>Shareholder approval is sought for the adoption of new articles of association. The new articles of association include the insertion of the rights and restrictions attaching to the B Shares.</p> <p>Background: On 12 January 2018, The Great Ropemaker Partnership, the 50/50 joint venture between the Company and Ropemaker Properties Ltd, completed the sale of the freehold of 240 Blackfriars Road to clients of Wolfe Asset Management Limited, a wholly owned subsidiary of the Al Gurg Family, for a headline price of £266.5 million. On 31 January 2018, the Company's wholly-owned subsidiary, Pontsarn Investments Ltd, completed the sale of the freehold of 30 Broadwick Street to clients of Savills Investment Management for a headline price of £190.0 million. After expected costs of sale, the net cash proceeds generated for the Company by both sales totalled approximately £306.0 million. The Board proposes to return the net proceeds of approximately £306.0 million in aggregate to Shareholders and has chosen to implement this as a return of capital through the issue of a new class of B shares which the Company intends to redeem for cash in order to return 93.65 pence per Existing Ordinary Share to Shareholders, referred to as the B Share Scheme.</p> <p>Recommendation: The proposed amendments are adequately disclosed and raise no significant concerns. Support is recommended.</p>	For
2*	<p>Issue of B Shares</p> <p>In light of the Company's strong financial position and capital allocation discipline, and consistent with the Board's focus on generating returns for Shareholders, the Board is proposing a return of approximately £306.0 million to Shareholders by way of a B Share Scheme.</p> <p>B-Share Scheme: Under the terms of the B Share Scheme and assuming the Resolutions are passed at the General Meeting, each Shareholder will receive one B Share for each Existing Ordinary Share held at the Record Time. The return paid to Shareholders on the subsequent redemption of each B Share will be 93.65 pence. The authority conferred by Resolution 2 shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of the Resolution or, if earlier, at the close of business on 1 October 2018.</p> <p>Recommendation: The proposal is adequately explained and raises no concerns. Support is recommended.</p>	For

- | | | |
|-----------|--|---------------|
| 3 | Approve Share Consolidation
It is proposed that the B Share Scheme be accompanied by a consolidation of the Company's share capital at a ratio of 16 New Ordinary Shares for every 19 Existing Ordinary Shares (based on the market capitalisation of the Company as at 27 February 2018). This allows comparability of share prices and per share financial metrics (including net asset value and earnings) with prior financial periods. Following the Share Consolidation, each Shareholder will continue to own the same proportion of the issued share capital of the Company as immediately before the Share Consolidation, subject to fractional entitlements. No concerns with this proposal. Support is recommended. | For |
| 4 | Authority to Allot Shares and Grant Rights
The authority is limited to one third of the Company's issued share capital. This cap can increase to two-third of the issued share capital if shares are issued in connection with an offer by way of a rights issue. All directors are standing for annual re-election. This resolution is in line with normal market practice and expires at the next AGM. Support is recommended. | For |
| 5* | Issue Shares for Cash
Authority is limited to 5% of the Company's issued share capital and will expire at the next AGM. Within acceptable limits. More importantly, it is stated that if Resolution 5 is passed, the AGM General Dis-application of Pre-emption Rights will cease to have effect. | For |
| 6* | Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment
The Board is seeking approval to issue up to an additional 5% of the Company's issued share capital for cash for use only in connection with an acquisition or a specified capital investment. Such proposal is not supported as it is considered that the 5% limit sought under the general authority above is sufficient. Best practice would be to seek a specific authority from shareholders in relation to a specific transactions if such situation arises. As this is not the case, an oppose vote is therefore recommended. | Oppose |
| 7* | Authorise Share Repurchase
The authority is limited to 10% of the Company's issued share capital and will expire at the next AGM. This resolution will not be supported unless the Board has set forth a clear, cogent and compelling case demonstrating how the authority would benefit long-term shareholders. As no clear justification was provided by the Board, an oppose vote is recommended. | Oppose |
- * = Special resolution*
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SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Issue of B Shares

The return of capital under the B Share Scheme is separate from and will not affect the Company's dividend policy. Any future interim or final dividends declared by the Company will be in addition to the return of capital under the B Share Scheme. Assuming the Resolutions are passed at the General Meeting and the conditions to the implementation of the B Share Scheme are satisfied, any future dividend will be paid per share on the number of New Ordinary Shares held by each Shareholder after the Share Consolidation.

Proposal 3 - Approve Share Consolidation

It is disclosed that the ratio for the Share Consolidation has been set by reference to the closing mid-market price of 638.0 pence per Existing Ordinary Share and the number of Existing Ordinary Shares in issue on 27 February 2018 (being the last practicable date prior to the publication of this Circular). Depending upon the price of an Existing Ordinary Share and the number of Existing Ordinary Shares in issue shortly before the date of the General Meeting, this ratio may no longer maintain comparability of the Company's share price before and after the implementation of the B Share Scheme. If this is the case, the Directors are not obliged to but may in their absolute discretion adjust the ratio as permitted under the terms of Resolution 3 to maintain, as far as possible, the comparability.

Proposal 6 - Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment

The Company has stated that this additional authority will only be used to fund one or more acquisitions or specified capital investments, in line with the Pre-Emption Group Guidelines. This recommendation is not supported by PIRC.

COMPANY ENGAGEMENT

A draft copy of the report was sent to the company for comments.

BOARD AND COMMITTEE COMPOSITION (post-Meeting)

DIRECTOR	GENDER	INDEPENDENT BY			BOARD	AC	RC	NC	SC	TENURE
		PIRC	COMPANY							
Martin Scicluna	M	No	Yes	Ch	-	-	C	-	9	
Toby Courtauld	M	No	No	CEO	-	-	-	-	16	
Nick Sanderson	M	No	No	Exec	-	-	-	-	6	
Charles Philipps	M	Yes	Yes	SID	M	-	M	-	3	
Wendy Becker	F	Yes	Yes	NED	M	C	M	-	1	
Nick Hampton	M	Yes	Yes	NED	C	M	M	-	1	
Richard Mully	M	Yes	Yes	NED	M	M	M	-	1	
Jonathan Short	M	No	Yes	NED	M	M	M	-	10	
Number of Meetings					-	-	-	-		
Number of NED only Meetings					-					

PIRC assesses a non-executive director's independence according to PIRC's shareholder guidelines. Comments represent PIRC's analysis based on information in the report and accounts. AC = Audit Committee, RC = Remuneration Committee, NC = Nomination Committee, SC = Sustainability Committee, C = Chairperson of Committee, M = Member of Committee.

BOARD OF DIRECTORS (post-Meeting)

MARTIN SCICLUNA					CHAIRMAN				
AGE	65	TENURE	9 Years	COMMITTEES	N*				
OTHER POSITION	RSA plc [Ch]; WorldPay [SID]; ex-Deloitte LLP [Ch]; ex-Lloyds Banking Group plc [NED]								
INDEPENDENT BY PIRC	N	INDEPENDENT BY COMPANY			Y				
COMMENT	Not considered independent upon appointment as he was Chairman of the Company's audit firm Deloitte LLP from 1995 to 2007.								
TOBY COURTAULD					CHIEF EXECUTIVE				
AGE	48	TENURE	16 Years	COMMITTEES	None				
OTHER POSITION	British Property Federation [Dir]; Imperial College London Council [Mem]; Liv-Ex Limited [NED]; The New West End Company [Dir]; ex-MEPC [Management]								
INDEPENDENT BY PIRC	N	INDEPENDENT BY COMPANY			N				
SEVERANCE	12 months rolling								
NICK SANDERSON					EXECUTIVE DIRECTOR				
AGE	43	TENURE	6 Years	COMMITTEES	None				
OTHER POSITION	British Property Federation [Mem of Finance Comm]; EPRA [Mem of the Reporting & Accounting Committee]; ex-Deloitte [Head of real estate corporate finance advisory]; ex-Lehman Brothers; ex-Nomura; ex-UBS								
INDEPENDENT BY PIRC	N	INDEPENDENT BY COMPANY			N				
SEVERANCE	12 months rolling								
COMMENT	Finance Director.								
CHARLES PHILIPPS					SENIOR INDEPENDENT DIRECTOR				
AGE	57	TENURE	3 Years	COMMITTEES	A,N				
OTHER POSITION	Amlin plc [CEO]; Mitsui Sumitomo Insurance [Exec]; Outward Bound Trust [Trust]; ex-NatWest Markets [Dir]								
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY			Y				

WENDY BECKER		NON-EXECUTIVE DIRECTOR			
AGE	51	TENURE	1 Year	COMMITTEES	A,R*,N
OTHER POSITION	Cancer Research UK [DCh]; NHS England [NED]; ex-Jack Wills Ltd [CEO]; ex-McKinsey & Company Inc [Partner]; ex-Whitbread plc [NED]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	
NICK HAMPTON		NON-EXECUTIVE DIRECTOR			
AGE	49	TENURE	1 Year	COMMITTEES	A*,R,N
OTHER POSITION	Tate & Lyle [CFO]; ex-PespiCo [Finance]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	
RICHARD MULLY		NON-EXECUTIVE DIRECTOR			
AGE	55	TENURE	1 Year	COMMITTEES	A,R,N
OTHER POSITION	Aberdeen Asset Management [NED]; Alstria Office REIT-AG [Supervisor Ch]; St Modwen Properties [SID]; ex-Hansteen Holdings [SID]; ex-ISG [SID]; ex-Soros Real Estate Partners LLC [Managing Partner]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	
JONATHAN SHORT		NON-EXECUTIVE DIRECTOR			
AGE	55	TENURE	10 Years	COMMITTEES	A,R,N
OTHER POSITION	Annington Limited Group. [DCh]; Internos Real Investors LLP [ExecCh, Founder Partner]; ex-Big Yellow Group plc [NED]; ex-Pramerica [Div CEO]				
INDEPENDENT BY PIRC	N	INDEPENDENT BY COMPANY		Y	
COMMENT	Not considered independent owing to a tenure of over nine years.				

BOARD COMPOSITION

BOARD COMPOSITION FOLLOWING THE EGM

			FTSE MIDCAP MEAN	
	Number	% of Board	Number	% of Board
Executive Director	2	25.0	2.2	28.0
Independent NEDs	4	50.0	4.0	50.1
Connected NEDs	1	12.5	0.8	10.8
Other	1	12.5	0.8	10.8

BOARD COMMITTEES FOLLOWING THE EGM

					FTSE MIDCAP MEAN	
	Number of Members	% Women	% Independent by PIRC	% Independent by Company	Number of Members	% Independent by PIRC
Whole Board	8	12.5	50.0	75.0	7.8	51.4
Audit	5	20.0	80.0	100.0	3.5	89.2
Remuneration	4	25.0	75.0	100.0	3.8	88.2
Nomination	6	16.67	66.67	100.0	4.4	75.6

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