

17 January 2007

Great Portland portfolio value up 6% in Q3

The Directors of Great Portland Estates plc (“GPE”) announce the quarterly valuation of the Group’s properties as at 31 December 2006, the details of which can be found in the attached tables (see appendix 1).

Highlights of the quarter:

- Valuation of portfolio including share of joint ventures up 6.1% at £1,417.8 million.
- Adjusted NAV per share* up 7.2% to 550p.
- REIT NNNNAV per share* up 8.4% to 530p.
- Valuation of acquisitions up 20.1% net of costs.
- Portfolio ERV growth of £2.5 million (up 3.7%).
- West End office ERV increased by £2.0 million, or 4.6%.
- Strong letting activity continues with £1.4 million of new rents secured through lettings.
- Conversion to UK-REIT status on 1 January 2007 eliminating £126.7 million of contingent capital gains tax by paying a conversion charge of £28.4 million.
- Over £87 million of capital transactions including £52.0 million of purchases and £35.3 million of sales.

*Estimate based on valuation increase and other items, see table below.

Toby Courtauld, Chief Executive of GPE said, “As we enter the REIT regime, the Group is in great shape. We have continued to find good acquisitions in a fiercely competitive market and our growing development programme is both well timed and well located, being predominately in the supply-constrained West End of London. With take-up of office space running ahead of the long term average and rents growing across the Capital, we look forward to continuing this strong performance during 2007”.

Valuation

The valuation of the Group’s properties as at 31 December was £1,417.8 million including our share of joint venture assets. All properties, including acquisitions and our share of joint ventures, rose in value by £81.4 million or 6.1% since 30 September 2006. More than half of the investment portfolio valuation uplift was due to asset management activity and the creating of rental growth with the balance coming from yield compression.

Rental values grew across the portfolio by 3.7% during the quarter, building on the 6.3% recorded for the six months to 30 September 2006. West End office rental values were 4.6% higher whilst City and Southwark rental values rose by 2.0%. The Group average office rental value remains low at approximately £38.20 per sq ft, some £6 per sq ft higher than the average office rent passing. The wholly owned portfolio true equivalent yield fell 13 basis points over the quarter and now stands at 4.9% (4.8% for joint venture properties).

Estimated NAV per share and financing

The portfolio valuation movement of £81.4 million for the three months to 31 December 2006 has been used to estimate pro forma NAV per share amounts. Adjusted NAV per share as at 31 December 2006 was estimated at 550p (up 7.2% on September 2006), whilst REIT NNNAV per share was estimated at 530p (up 8.4% on September 2006). Adjusted NAV per share saw less growth in the quarter because it did not benefit from a reduced mark to market of debt following the debenture buy back carried out in December 2006. Details are set out in the table below.

Proforma unaudited estimated balance sheet highlights			
	<i>£m</i>	<i>Pence per share</i>	<i>% Change</i>
<u>Adj NAV</u>			
At 30 September 2006	928.1	513	
Valuation uplift	81.4	45	
Interim dividend	(6.1)	(3)	
Debenture buyback	(9.1)	(5)	
At 31 December 2006	994.3	550	+7.2%
<u>REIT NNNAV</u>			
Mark to market of debt	(6.4)	(4)	
REIT Conversion charge	(28.4)	(16)	
At 31 December 2006	959.5	530	+8.4%
At 30 September 2006	884.3	489	

Note: The pro forma balance sheet does not include retained earnings for the quarter

Net debt at 31 December 2006 was £417 million, up £38 million from 30 September 2006 due to the completion of the Hanover Square/Prudential Property swap and capital expenditure on developments. Gearing at 43% was unchanged from the level as at 30 September 2006.

On 1 January 2007 the Group converted to UK-REIT status and is due to pay a conversion charge estimated at £28.4 million by 14 July 2007, removing £126.7 million of contingent Capital Gains Tax.

Investment activity

Two acquisitions were made by the Group during the quarter, both in the West End and adjoining existing holdings on New Bond Street and on Oxford Street, for a total consideration of £52.0 million including costs. They performed strongly during the quarter rising in value by an average of 20.1%. One sale was completed during the quarter at an aggregate price of £35.3 million, in line with its 30 September 2006 valuation.

Letting and development

Letting activity remains healthy across the business. Of note, the final floor of Met Building, Percy Street, W1 was let during the quarter at a rent of £52.50 per sq ft whilst two of the recently refurbished floors at Bond Street House, W1 have been let at an average rent of £81.00 per sq ft.

The near-term development pipeline is progressing well. 180 Great Portland Street, W1 was completed on time and on budget in December and we are confident as to its letting prospects. Refurbishments of 31,000 sq ft at Elsley House, Great Titchfield Street, W1 and 22,000 sq ft at Kent House, Market Place, W1 are both due to complete in February. Meanwhile, construction work is progressing well at both the 90,000 sq ft 60 Great Portland Street, W1 (formerly Knighton House) and at the 110,000 sq ft Titchmor scheme on Mortimer St, W1.

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Valuation

31 December 2006

	Value £m	Movement			
		3 months to December 2006		6 months to December 2006	
		£m	Change	£m	Change
North of Oxford Street	456.0	23.0	5.3%	48.1	11.8%
Rest of West End	290.7	21.6	8.0%	38.6	15.3%
West End Total	746.7	44.6	6.4%	86.7	13.1%
City and Southwark Total	216.8	4.9	3.8%	10.5	7.9%
Investment Portfolio	963.5	49.5	5.4%	97.2	11.2%
Development properties	178.1	11.6	6.9%	29.4	19.7%
Properties held throughout the period	1,141.6	61.1	5.7%	126.6	12.5%
Acquisitions	62.4	10.4	20.1%	10.4	20.1%
Total wholly-owned portfolio	1,204.0	71.5	6.3%	137.0	12.8%
Share of Joint Venture held throughout the period	213.8	9.9	4.9%	26.3	14.0%
Total	1,417.8	81.4	6.1%	163.3	13.0%

Rental Values

31 December 2006

	Movement				
	3 months to December 2006		6 months to December 2006		Av. Office ERV
	%	£m	%	£m	£ per sq. ft
North of Oxford Street					
Offices	3.8%	1.2	7.7%	2.3	39.8
Retail	0.7%	-	1.3%	-	
Rest of West End					
Offices	6.5%	0.8	8.7%	1.1	50.3
Retail	3.2%	0.2	7.4%	0.4	
West End Offices	4.6%	2.0	8.0%	3.4	
Total West End	4.2%	2.2	7.5%	3.8	
City and Southwark	2.0%	0.3	4.5%	0.6	28.4
Total wholly-owned portfolio	3.7%	2.5	6.8%	4.4	38.2
Joint venture portfolio	1.5%	0.4	4.1%	0.9	

Yield Profile

31 December 2006

	%	Initial Yield		Equivalent Yield		
		Basis point +/-		%	Basis point +/-	
		3 month	6 month		3 month	6 month
North of Oxford Street						
Offices	3.5%	(16)	(27)	5.1%	(13)	(18)
Retail	4.4%	(23)	(30)	5.0%	(15)	(19)
Rest of West End						
Offices	2.1%	(66)	(168)	4.2%	(22)	(63)
Retail	3.9%	(24)	(69)	4.6%	(28)	(35)
Total West End	3.2%	(34)	(78)	4.8%	(18)	(37)
City and Southwark	4.5%	7	(10)	5.3%	6	(27)
Total wholly-owned portfolio	3.5%	(26)	(65)	4.9%	(13)	(35)
Joint venture portfolio	3.3%	(24)	(32)	4.8%	(15)	(16)