



23 January 2008

## Great Portland sees continued rental growth in fiscal Q3

In today's Interim Management Statement, the Directors of Great Portland Estates plc ("GPE") announce an update on trading, as well as the quarterly valuation of the Group's properties as at 31 December 2007. A summary of the Group's recent valuations, rental value and NAV performance is set out in appendix 1 and detailed valuation statistics can be found in the tables attached at appendix 2 and 3.

Highlights of the quarter:

- Portfolio valuation down 4.1% due to 36 basis points outward market yield shift
- NAV per share of 617p down 6.5% since September, up 12.2% since December 2006
- NNNNAV per share of 619p down 6.6% since September, up 16.8% since December 2006
- Rental value growth of 2.6%, 3.7% in West End offices. Portfolio 45% reversionary
- New leases generating £2.3 million p.a. signed since September with £1.6 million p.a. under offer
- Void rate down to 3.6% from 4.6% in September. More than half of void space under offer
- Practical completion achieved at the pre-let 60 Great Portland Street development
- 180 Great Portland Street office development substantially let, with final space under offer at £67.50 per sq ft, up from November's record of £65 per sq ft
- Planning approval granted for 135,000 sq ft Wigmore Street redevelopment
- Property sales totalling £16.1 million in quarter at a 24% premium, net of costs, to September 2007 valuation

Toby Courtauld, Chief Executive of GPE said,

"We highlighted at our interim results in November that rising yields would have a negative impact on property valuations. This has proved to be the case as investors reappraised risk and sentiment deteriorated, particularly in the last few months of 2007. Central London's occupational markets, by comparison, remain well balanced with solid demand for the limited quantity of available office space. In the West End where 81% of our portfolio is located, vacancy rates remain at, or near, record lows.

Against this backdrop, the Group has made good operational progress since the half year. Numerous new leases have been signed, helping to push rental values up by 2.6% over the quarter and bringing our void rate down to 3.6%. More than half of our void space is currently under offer at rents ahead of their December 2007 rental values.

Looking forward, investment market turbulence is forecast to continue, particularly for poorly located, secondary properties and rental growth rates are expected to moderate. However, we remain confident that our blend of quality assets, in under-supplied core locations, with a low average office rent of £33.30 per sq ft and our management focus on asset repositioning will enable us to continue to outperform against our central London benchmarks”.

## **Valuation**

The valuation of the Group’s properties as at 31 December 2007 was £1,699.2 million including our share of joint venture assets, a fall of £72.9 million or 4.1% since 30 September 2007. The difficulties in the credit markets and consequent slowdown in property investment transactions have caused yields to rise and asset values to decline across the UK. The wholly owned portfolio true equivalent yield increased by 36 basis points over the quarter and now stands at 5.3% (5.4% for joint venture properties).

Rental values grew by 2.6% during the quarter, building on the 9.0% recorded for the six months to 30 September 2007. West End office rental values were 3.7% higher whilst City and Southwark rental values rose by 1.8%. The Group’s average office rental value remains low at approximately £47.10 per sq ft, some £13.80 per sq ft higher than the average office rent passing, whilst the portfolio was 45% reversionary at the quarter end.

With 81% of our assets located in the under-supplied core of the West End and the portfolio’s low average office rent of £33.30 per sq ft, we remain confident that our asset repositioning activities will enable us to continue to generate relative valuation outperformance. The net impact of the movement in yields and rental values on the portfolio valuation are set out in appendix 3.

## **Estimated NAV per share and financing**

The main movement in assets for the quarter was the reduction in portfolio valuation of £72.9 million due to adverse market yield expansion. NAV per share was also impacted by the interim dividend of £6.8 million and the purchase of shares to satisfy future LTIP requirements of £0.8 million. The sale of two properties in Whitfield Street, W1 at a profit to their September valuation lifted NAV by £3.1million. As set out in the table below the estimated NAV per share fell 6.5% from 660p in September to 617p at December 2007.

<i>Pro Forma Estimated Balance Sheet (unaudited)</i>			
	<i>£m</i>	<i>Pence</i>	<i>Percentage</i>
<i>Adj NAV</i>		<i>per share</i>	<i>movement</i>
<b>At 30 September 2007</b>	<b>1,195.0</b>	<b>660</b>	
Valuation reduction	(72.9)	(41)	
Sale of Totfield/Whitfield	3.1	2	
Purchase of shares in LTIP trust	(0.8)	-	
Interim dividend	(6.8)	(4)	
<b>At 31 December 2007</b>	<b>1,117.6</b>	<b>617</b>	<b>-6.5%</b>
<b>REIT NNNAV</b>			
Market to market of debt	4.5	2	
<b>At 31 December 2007</b>	<b>1,122.1</b>	<b>619</b>	<b>-6.6%</b>
<b>At 30 September 2007</b>	<b>1,199.9</b>	<b>663</b>	

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

The mark to market of debt of £4.5 million or 2p per share generated a NNNAV per share of 619p at December, a fall of 6.6% from September.

Net debt at December 2007 was £531.0 million, a reduction of £86.0 million from 30 September 2007, primarily due to the completion of the sale of the Met Building, offset by capital expenditure on developments of £16.3 million and investment in joint ventures. Gearing of 48% at December was down from 52% as at 30 September 2007. At December, the Group had cash and undrawn, committed credit facilities of £186 million.

### **Investment activity**

In December, two buildings located in Whitfield Street, W1 were sold for £16.1 million generating a profit of £3.1m or 24% to their September valuation, net of transaction costs.

Within the Great Capital Partnership (“GCP”), during December, we purchased a 29,500 sq ft holding fronting Broadwick Street, W1 for £18.4 million (GPE share £9.2 million). The acquisition augments GCP’s existing holdings in this prime Soho street, opening up a number of repositioning opportunities.

### **Letting and development**

Since September, we have signed new leases and relettings worth £2.3 million p.a., representing 4% of Group rent roll. Across our business demand from potential tenants for good quality, well located office and retail space remains solid. Our major refurbishment at 180 Great Portland Street, W1 is almost fully let with the final half floor under offer at £67.50 psf, a record for this segment of the West End. At 60 Great Portland Street, W1 the pre-let development has reached practical completion and the lease to The Engine Group is expected to complete imminently.

Resolution to grant planning consent for the 135,000 sq ft redevelopment of our Wigmore Street, W1 holdings was gained in December whilst positive discussions are continuing with major stakeholders for a possible redevelopment of our 1.3 acre Hanover Square, W1 holding. We aim to submit a planning application during 2008. At Blackfriars Road, SE1, demolition is progressing to facilitate a development in due course and all our other 11 schemes within the near term development programme are progressing well.

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**Forward Looking Statements**

This document may contain certain ‘forward-looking statements’. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes of results expressed or implied by such forward-looking statements.

Any forward-looking statements made by or on behalf of GPE speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. GPE does not undertake to update forward-looking statements to reflect any changes in GPE’s expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Information contained in this presentation relating to GPE or its share price, or the yield on its shares, should not be relied upon as an indicator of future performance.

# Appendix 1

## Summary Valuation Statistics



To December 2007	3 months	6 months	12 months
Property Valuation*	<b>-4.1%</b>	-2.2%	<b>+9.8%</b>
Portfolio ERV movement	<b>+2.6%</b>	+6.7%	<b>+20.9%</b>
NAV	<b>-6.5%</b>	-3.9%	<b>+12.2%</b>

\*Like-for-like, including share of joint ventures

# Appendix 2

## Valuation\*

GREAT  
PORTLAND  
ESTATES

To 31 December 2007	Value £m	Movement					
		3 months		6 months		12 months	
		£m	Change	£m	Change	£m	Change
North of Oxford Street	566.4	(24.1)	-4.1%	(12.8)	-2.2%	53.4	10.4%
Rest of West End	626.6	(23.0)	-3.5%	(12.2)	-1.9%	43.6	7.5%
West End Total	1,193.0	(47.1)	-3.8%	(25.0)	-2.1%	97.0	8.9%
City and Southwark Total	278.3	(15.2)	-5.2%	(18.9)	-6.3%	11.9	4.5%
<b>Investment Portfolio</b>	<b>1,471.3</b>	<b>(62.3)</b>	<b>-4.1%</b>	<b>(43.9)</b>	<b>-2.9%</b>	<b>108.9</b>	<b>8.0%</b>
Development properties	219.2	(10.2)	-4.4%	6.1	2.8%	43.6	24.9%
<b>Properties held throughout the period</b>	<b>1,690.5</b>	<b>(72.5)</b>	<b>-4.1%</b>	<b>(37.8)</b>	<b>-2.2%</b>	<b>152.5</b>	<b>9.9%</b>
Acquisitions	8.7	(0.4)	-4.6%	(0.4)	-4.6%	(0.4)	-4.6%
<b>Total</b>	<b>1,699.2</b>	<b>(72.9)</b>	<b>-4.1%</b>	<b>(38.2)</b>	<b>-2.2%</b>	<b>152.1</b>	<b>9.8%</b>

\*Includes share of Joint Ventures

## Appendix 2

### Rental Values\*

GREAT  
PORTLAND  
ESTATES

To 31 December 2007	3 months		6 months		12 months		Avg Office ERV	Avg Office Rent
	%	£m	%	£m	%	£m	£ per sq. ft	£ per sq. ft
<b>North of Oxford Street</b>								
Offices	2.6%	0.9	8.6%	2.8	25.1%	6.4	51.30	34.90
Retail	0.2%	0.0	1.6%	0.2	6.5%	0.6		
<b>Rest of West End</b>								
Offices	5.3%	1.3	10.8%	2.2	26.2%	3.0	58.00	37.50
Retail	1.1%	0.2	1.2%	0.1	5.4%	0.4		
<b>West End Offices</b>	<b>3.7%</b>	<b>2.2</b>	<b>9.5%</b>	<b>5.0</b>	<b>25.4%</b>	<b>9.4</b>	54.00	36.20
<b>Total West End</b>	<b>2.9%</b>	<b>2.4</b>	<b>7.1%</b>	<b>5.3</b>	<b>19.5%</b>	<b>10.4</b>		
<b>City and Southwark</b>	<b>1.8%</b>	<b>0.4</b>	<b>5.2%</b>	<b>1.1</b>	<b>25.9%</b>	<b>4.0</b>		
<b>Total portfolio</b>	<b>2.6%</b>	<b>2.8</b>	<b>6.7%</b>	<b>6.4</b>	<b>20.9%</b>	<b>14.4</b>	47.10	33.30

\*Includes share of Joint Ventures

# Appendix 2

## Yield Profile\* 1



To 31 December 2007	Initial Yield				Equivalent Yield			
	%	Basis point +/-			%	Basis point +/-		
		3 month	6 month	12 month		3 month	6 month	12 month
<b>North of Oxford Street</b>								
Offices	2.3%	25	36	(116)	5.5%	38	46	50
Retail	4.2%	50	35	13	5.0%	25	26	15
<b>Rest of West End</b>								
Offices	3.3%	10	11	(20)	5.0%	38	39	10
Retail	4.2%	49	81	75	5.0%	26	41	24
<b>West End Offices</b>	<b>2.8%</b>	<b>24</b>	<b>25</b>	<b>(75)</b>	<b>5.3%</b>	<b>38</b>	<b>43</b>	<b>33</b>
<b>Total West End</b>	<b>3.3%</b>	<b>34</b>	<b>36</b>	<b>(34)</b>	<b>5.2%</b>	<b>34</b>	<b>40</b>	<b>28</b>
<b>City and Southwark</b>	<b>4.4%</b>	<b>(3)</b>	<b>29</b>	<b>39</b>	<b>5.9%</b>	<b>40</b>	<b>55</b>	<b>58</b>
<b>Total portfolio</b>	<b>3.5%</b>	<b>27</b>	<b>35</b>	<b>(18)</b>	<b>5.3%</b>	<b>36</b>	<b>43</b>	<b>34</b>

\* Includes share of Joint Ventures

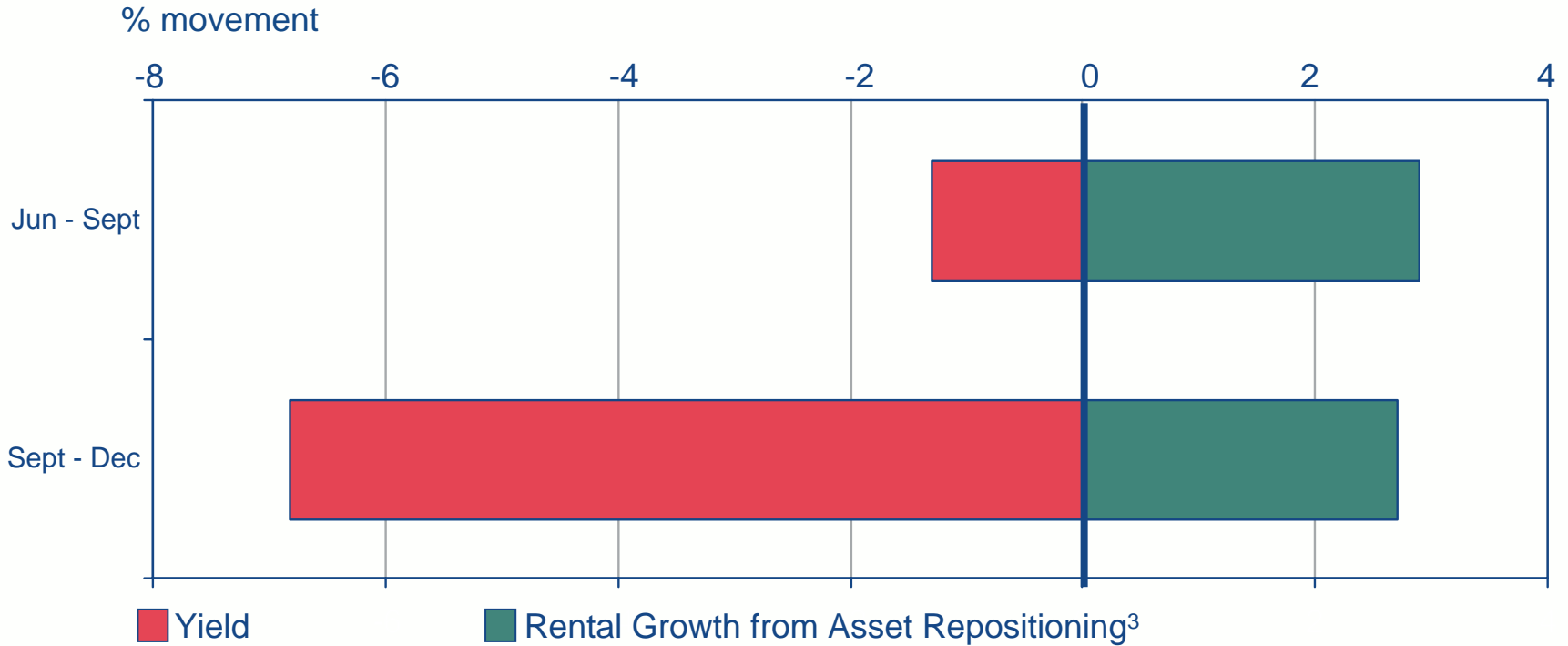
<sup>1</sup> Excluding developments



# Appendix 3

## The Valuation<sup>1</sup>

### Drivers of Valuation Movement<sup>2</sup>



1 Including share of Joint Ventures  
2 Excludes development properties  
3 Includes Income Residual

# Appendix 4

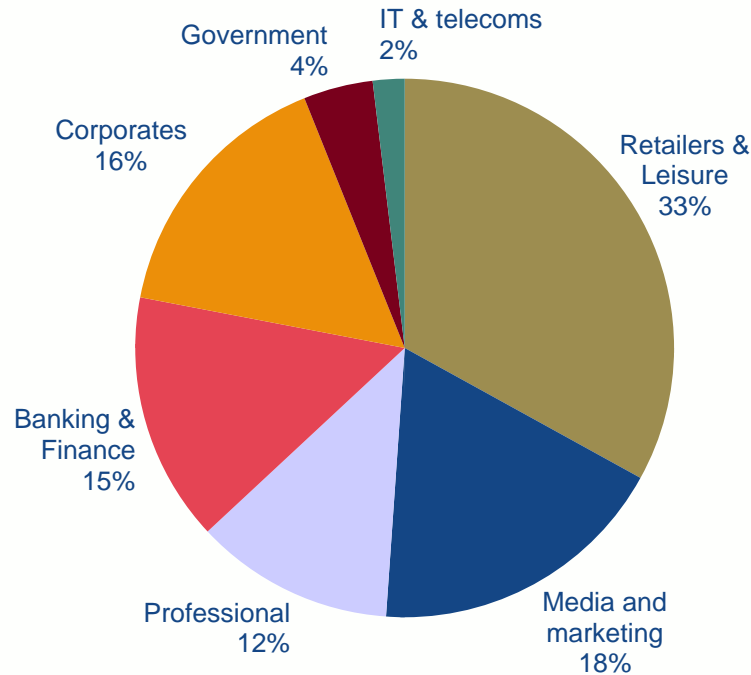
## Broad base of occupational demand

### GPE Tenants by Industry Group



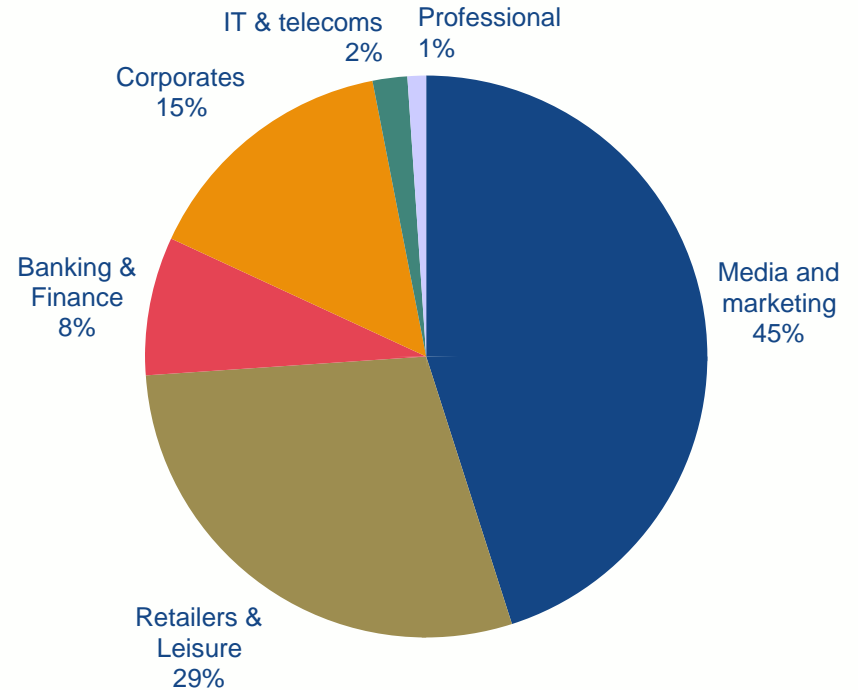
#### Occupiers

As at January 2008 based on rent roll



#### New Leases

Commencing after December 2006



Source: GPE

# Appendix 4

## Asset Management - Voids Summary



	% of Rent			Sq Ft		
	Mar 07	Sept 07	Dec 07*	Mar 07	Sept 07	Dec 07*
<b>Void</b>						
Wholly Owned	3.0	2.9	3.6	51,300	28,400	50,100
Joint Ventures	19.0	7.5	3.5	75,100	84,200	44,300
	<b>5.0</b>	<b>4.6</b>	<b>3.6</b>	<b>126,400</b>	<b>112,600</b>	<b>94,400</b>
<b>Refurb &amp; Dev't</b>						
Wholly Owned	18.0	19.6	22.3	266,600	216,000	278,300
Joint Ventures	-	6.1	5.4	-	150,200	140,500
	<b>15.7</b>	<b>14.8</b>	<b>16.5</b>	<b>266,600</b>	<b>366,200</b>	<b>418,800</b>
<b>Combined Total</b>	<b>20.7</b>	<b>19.4</b>	<b>20.0</b>	<b>393,000</b>	<b>478,800</b>	<b>513,200</b>

\*Includes prelets