Press Release

GREAT PORTLAND ESTATES

21 July 2011

First quarter valuation and business update

In today's Interim Management Statement, the Directors of Great Portland Estates plc ("GPE" or "Group") announce an update on trading, as well as the quarterly valuation of the Group's properties as at 30 June 2011. Details of the Group's recent valuation and rental value trends are set out in the Appendices.

Key points from the quarter:

- Portfolio valuation up 3.8%[1] since 31 March 2011, 14.7%[2] since 30 June 2010
- Rental value growth of 2.1%[2] (2.0% West End offices, 3.3% West End retail)

- EPRA NAV[3] per share of 375 pence at 30 June 2011 up 4.2% from 31 March 2011, up 27% from 30 June 2010
- EPRA NNNAV[3] per share of 376 pence at 30 June 2011 up 3.9% from 31 March 2011

- Development agreement signed and planning permission gained for 205,400 sq ft scheme at Hanover Square, W1;
- Five development schemes (379,000 sq ft) on site, progressing well;
- A further 11 schemes in the near term programme covering 1.8 million sq ft;
- Four disposals agreed totalling £111.0 million (GPE share £65.1 million) at a 7.2% premium to March 2011 book value

- 15 new leases signed generating £6.3 million p.a. (Group share £5.8 million p.a.)
- Void rate[4] low at 3.0% (31 March 2011: 2.7%)
- Flexible and low cost financing: Gearing 28.7% and weighted average cost of debt at 4.5%

[1] Underlying capital growth including 160 Great Portland Street surrender premium
[2] On a like for like basis including joint ventures, see Appendix 1
[3] In accordance with EPRA guidance
[4] Includes share of joint ventures

Toby Courtauld, Chief Executive, said,

"Investor demand for central London commercial property continued unabated during the quarter and with limited supply, we expect much of it to remain unsatiated for some time to come. A key mainstay behind this demand is investor expectations for further rental growth as the supply of available space to let falls faster than its rate of replenishment.

We remain encouraged by both the levels and spread of tenant demand across our portfolio, helping us to maintain our investment properties at almost full occupancy and deliver decent rates of rental growth.

In the context of these supportive market conditions and our strong financial position, we remain confident that our well located portfolio, supplemented by our exceptional near-term development programme will enable us to continue to generate attractive returns to shareholders."

Great Portland Estates plc
33 Cavendish Square, London W1G 0PW
Tel 020 7647 3000 Fax 020 7016 5500
www.gpe.co.uk

registered number 596137 England

Portfolio valuation

Our portfolio continued to experience solid valuation growth in the quarter to 30 June 2011 as strong investor demand and rental value growth continued to support Central London real estate. The valuation of the Group's properties as at 30 June 2011 was £1,703.9 million including our share of joint venture assets, a rise of £58.4 million. The net valuation uplift for the quarter, including the benefit of the remainder of the Telewest UK Limited lease surrender of £4.7 million was 3.8% on a like-for-like basis compared to 4.6% for the previous quarter. Further details are set out in Appendices 2 and 3.

The main drivers of the quarterly valuation uplift were West End offices, up 3.7% and our near term development schemes which rose in value by 7.5%. In the former, our holdings in Hanover Square, W1 were marked up by almost 20% following the signing of the masterplan development agreement and the grant of planning permission, whilst in the latter case solid rental value growth drove values higher. Further details on valuation trends by ownership and sectors are set out in the Appendices. The wholly owned portfolio was valued at £1,048.7 million at 30 June (valuation uplift of 4.2% on the quarter) and the joint venture properties (100%) at £1,217.2 million (up 2.4% on the quarter). The net impact of the movement in yields and rental values on the portfolio valuation is set out in Appendix 4.

The portfolio true equivalent yield was static over the quarter and now stands at 5.2%. The investment portfolio's adjusted initial yield (including contracted income still in rent free periods) was 4.2% at June, 20 basis points lower than at March 2011. A yield table is set out in Appendix 5.

Occupational demand continued to improve over the quarter although at a lesser rate than in the previous quarter. Office rental values in our West End portfolio rose by 2.0% in the quarter, compared to the 5.3% increase recorded for the previous three months. Although retail demand has been volatile across the market as a whole, rental values in our West End portfolio climbed by 3.3% in the quarter reflecting the continued depth of demand for prime retail units on London's main shopping streets.

The Group's average office rent remains low at £36.30 per sq ft. and the portfolio (including retail) was 11.8% reversionary overall at the quarter end. Rental value trends are highlighted in Appendix 6.

Estimated NAV per share and financing

The main movement for the quarter was the underlying uplift in the portfolio valuation of £58.4 million, due principally to increases as a result of securing planning permission at Hanover Square, W1 and rental value growth driving the revaluation of key assets including 160 Great Portland Street, Kent House and Marcol House, all in W1. EPRA NAV was also boosted by the receipt of the remainder of the Telewest lease surrender at 160 Great Portland Street. Combining the Telewest receipts with the valuation movement brings the total valuation uplift to 3.8%. The final dividend of £15.8 million reduced NAV by 5 pence per share. Overall, as set out in the table below, adjusted net assets per share increased by 4.2% to 375p (March 2011: 360p).

Pro Forma Estimated Balance Sheet [1]			
	£m	*pence per share*	*percentage movement*
EPRA NAV [2]			
At 31 March 2011	**1,115.8**	**360**	
Valuation uplift	58.4	19	
Telewest lease surrender	4.7	1	
Final dividend	(15.8)	(5)	
At 30 June 2011	**1,163.1**	**375**	*4.2%*
EPRA NNNAV			
M2M of debt & derivatives	2.1	1	
At 30 June 2011	**1,165.2**	**376**	*3.9%*
At 31 March 2011	**1,123.7**	**362**	

Note:
[1] The pro forma balance sheet is unaudited and does not include retained earnings for the quarter
[2] EPRA adjustments

The mark to market of debt of £2.1 million or 1 pence per share generates a NNNAV per share of 376p at June, a rise of 3.9% from March 2011.

Net debt has reduced marginally over the quarter as a result of a number of selective disposals and, with the impact of an increasing portfolio valuation, the leverage ratios have reduced and remain comfortable.

Summary of Debt Statistics

	Jun-11	**Mar-11**
GPE Net Debt	£333.9m	£349.1m
GPE gearing	28.7%	31.4%
Total debt including JVs	£500.7m	£514.0m
LTV	29.4%	31.1%

On 30 June 2011 we drew down on the £159.7 million of debt finance recently raised through our private placement bond issue and the funds were immediately used to reduce amounts drawn on the Group's revolving credit facilities. As a result, at 30 June 2011 around 90% of the Group's total debt was fixed or hedged providing a weighted average interest rate at the period end of 4.5%.

Investment management

As we highlighted in our recent AGM statement, whilst we expect to identify further interesting acquisition opportunities, we have begun the process of recycling capital out of maturing assets, taking advantage of strong investor demand.

Since 31 March 2011, we have disposed of four properties for a total of £111.0 million. At 192/194 Oxford Street, W1, having restructured the retail leases, we have agreed to sell the building for £19.1 million in line with its March 2011 book value. In accordance with its strategy to focus on its West End holdings, the Great Capital Partnership disposed of three further non-core properties. In April, it sold 201/207 Kensington High Street, W8 for £12.8 million (GPE share £6.4 million). In July, it disposed of 26/40 Kensington High Street, W8 for £62.5 million (GPE share £31.25 million) and 67/75 Kingsway, WC2 for £16.6 million (GPE share £8.3 million). Together, these disposals raised £111.0 million (our share £65.1 million) and represented a premium to the March 2011 book value of 7.2%.

Asset management

Leasing activity in the quarter was dominated by the pre-letting of 160 Great Portland Street to Double Negative, an existing tenant, who have agreed a new 20 year lease at a rent of £4.8 million per annum. The building, which is currently undergoing a comprehensive refurbishment, will provide Double Negative with a tailor made, highly specified, new headquarters facility and they will take occupation during the summer of 2012.

In total, 15 new leases completed in the quarter generating an annual rent of £6.3 million p.a. (Group share £5.8 million p.a.). Around 80% of these lettings by value were market lettings which completed on average 4.1% ahead of the valuer's March 2011 estimates, whilst the balance were well below the March 2011 ERV because they incorporate landlord's breaks to allow possible redevelopment during the next three years. 14 potential lettings are currently under offer accounting for a further £2.1 million p.a. in rent (Group share £1.9 million p.a.).

Leasing Transactions	**Three months ended**		
	31 June 2011	**31 March 2011**	**31 June 2010**
New leases and renewals completed			
Number	15	15	27
GPE share of rent p.a.	£5.8 million	£2.2 million	£1.1 million
Area (sq. ft)	118,400	68,900	42,000
Rent per sq ft	£53	£35	£35
Rent reviews settled			
Number	5	7	2
GPE share of rent p.a.	£0.7 million	£2.9 million	£0.5 million
Area (sq. ft)	23,500	89,700	9,700
Rent per sq ft (including retail)	£53	£60	£112

Note: Includes joint ventures

The Group's void rate marginally increased during the quarter to 3.0% (up from 2.7% at 31 March 2011).

Cash collection and tenant delinquencies

The cash collection performance has improved on recent quarters with 95% of rent secured within seven working days after the quarter day (March 2011: 92%). Around 8% of our rent roll is subject to monthly payments and none of our tenants went into liquidation during the quarter. The segmentation of our tenant base is shown in Appendix 7.

Development overview

With work completed at our refurbishment project at 184/190 Oxford Street, we now have five schemes on site – four in the West End and one in Mid-town. In addition, we have eleven schemes that could start during the next 15 months giving us around 2.2 million sq ft that could be delivered by the end of 2014. Beyond that, our pipeline includes a further 10 projects giving us a total programme of 3.1 million sq ft, covering 52% of GPE's existing portfolio.

Projects on Site. The demolition of the existing buildings at Marcol House, 289/295 Regent Street, W1, is complete and works to construct the new 103,300 sq ft building are progressing well, as is construction at our residential scheme at 23/24 Newman Street, W1. Demolition has commenced at Wigmore Street, W1 and the scheme is expected to be completed in summer 2013. Refurbishment works at 24/25 Britton Street, EC1 and 160 Great Portland Street, W1 are both on target to complete in October 2011 and May 2012 respectively.

Project preparation. During the quarter, we received resolution to grant planning permission from Westminster City Council for our proposed 205,400 sq ft development at Hanover Square, W1.

Designed by leading London architects Lifschutz Davidson Sandilands, the proposed scheme is a comprehensive Masterplan of our 1.3 acre site bounded by Hanover Square, Tenterden Street, New Bond Street and Brook Street in Mayfair. The development will be carried out around the Eastern ticket hall of the Bond Street Crossrail station on the North-West corner of Hanover Square. GPE's proposals for the area will provide two new buildings, and the refurbishment of the Grade II* listed Georgian building at 20 Hanover Square. The buildings will include high quality offices, international standard retail space on New Bond Street and six residential apartments on Brook Street.

Importantly, the scheme will also provide a new public Square as part of the proposals including new pedestrian links between New Bond Street, Brook Street and Oxford Street, to the north of the site. The existing buildings on the site will be demolished over the next two years to make way for the new development.

At 100 Bishopsgate Partnership, held in joint venture with Brookfield Properties, we have commenced demolition of the existing buildings to prepare for our pre-letting campaign for this 955,300 sq ft development scheme. The process to introduce a new investor to the project continues and we are encouraged by the level of interest.

We continue to prepare schemes at Walmar House, Regent Street, W1, 240 Blackfriars Road, SE1, Fetter Lane, EC4 and City Tower, Basinghall Street, EC2 for potential starts over the next 12 months.

Contacts:

Great Portland Estates

Toby Courtauld	Chief Executive	020 7647 3042
Neil Thompson	Portfolio Director	020 7647 3039

Finsbury

James Murgatroyd	020 7251 3801
Gordon Simpson	020 7251 3801

Forward Looking Statements

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