2 February 2012

Third 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 31 December 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 2.6%[1] since 30 September 2011, 10.6%[1] since 31 December 2010
- Rental value growth of 1.0%[1] (1.5% West End offices, 0.5% West End retail)

- EPRA NAV[2] per share of 386 pence at 31 December 2011 up 2.1% from 30 September 2011, up 18.4% from 31 December 2010
- EPRA NNNAV[2] per share of 382 pence at 31 December 2011 up 1.9% from 30 September 2011
- Gearing remains conservative at 41.6% (or 36.7% pro forma for property sales), weighted average cost of debt low at 4.0%

- Disposals of £60.2 million (our share) in the quarter at a 2.8% premium to September 2011 book value. Further sales totalling £54.0 million (our share: £27.0 million) since 31 December 2011 at a 44.6% premium to September book value
- Acquisition of 200 & 214 Gray's Inn Road, WC1 completed on 18 October 2011 for £132.7 million (our share: £66.4 million). Cash-on-cash yield of 8.4% (post new non-recourse debt financing)

- Two major pre-lettings signed which will generate £9.3 million of annual rent (our share: £6.9 million)
- 35 new lettings (including above pre-lets) signed generating £11.8 million per annum (our share: £8.7 million); market lettings at 3.4% ahead of March 2011 rental values
- Void rate[3] reduced to 2.5% (30 September 2011: 3.2%), 2.1% pro forma for sales and lettings under offer

- Three schemes on site at 31 December 2011 (306,700 sq ft, 9.1% of portfolio, all West End), 61.3%[4] pre-let, expected profit on cost of 48.0 %. Completions from May 2012
- Development of 240 Blackfriars Road, SE1 (237,000 sq ft) commenced in January 2012 following pre-let to UBM plc
- Major development potential from a further 18 uncommitted schemes, covering 2.8 million sq ft, all with flexible start dates

[1] On a like for like basis, see appendix 1
[2] In accordance with EPRA guidance
[3] Includes share of joint ventures
[4] Based on December 2011 ERV

Toby Courtauld, Chief Executive, said,

"Whilst macro-economic conditions for the UK as a whole remain challenging, London and its property markets continue to fare relatively well; investor demand, particularly from overseas, remains strong whilst tenant take-up has increased over the quarter to the long run average level. With low vacancy rates and a scarcity of debt finance keeping the lid on new development starts, we expect the impending shortage of new supply will strongly favour London landlords once sustainable economic growth returns.

Great Portland Estates has had a productive three months; with some strong leasing and profitable selling, it is our positive actions that are driving our outperformance. With a central London portfolio let off low rents, rich with opportunities for improvement, an enviable development pipeline and financial flexibility, despite the continued economic uncertainty, we remain confident in our ability to deliver further attractive returns to our shareholders".

Portfolio valuation

Central London real estate valuations were broadly stable in the quarter to 31 December 2011 as a result of continued investor demand despite the further weakening in broader economic and capital market conditions. However, the valuation of the Group's properties as at 31 December 2011 rose by £45.9 million over the quarter to £1,905.5 million (including our share of joint venture assets), predominantly due to our pre-letting and asset management activities. The net valuation uplift for the quarter was 2.6% on a like-for-like basis compared to 0.5% for the previous quarter. Further details are set out in Appendices 2 and 3.

By sector, the main drivers of the quarterly valuation uplift were West End offices, up 1.6% and our development schemes which rose in value by 9.1%. The wholly owned portfolio was valued at £1,184.4 million at 31 December (a like-for-like valuation uplift of 2.4% on the quarter) and the joint venture properties (100%) at £1,331.1 million (up 1.9% on the quarter on a like-for-like basis). 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 stable on a like-for-like basis over the quarter at 5.3%. The investment portfolio's adjusted initial yield (including contracted income still in rent free periods) was 4.1% at December, an increase of 10 basis points from September 2011. A yield table is set out in Appendix 5.

Whilst occupiers in our markets generally remained cautious during the quarter, our successful letting activity demonstrates that demand exists for high quality, well located and sensibly priced space. Indeed, our tenant retention remains strong and our void level has reduced to 2.5% (30 September 2011: 3.2%). Across our portfolio, office rental values rose by 1.2% in the quarter, compared to the 0.5% increase recorded for the previous three months. West End office rental values were 1.5% higher whilst City and Southwark office rental values increased by 0.3%. Retail demand has been resilient and rental values in the West End portfolio rose by 0.5% in the quarter.

The Group's average office rent remains low at £33.70 per sq ft and the portfolio overall (including retail) was 9.9% reversionary 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 £45.9 million, due principally to our successful pre-lettings at 33 Margaret Street (formerly Marcol House), W1 and 240 Blackfriars Road, SE1, combined with rental value growth driving the revaluation of key assets including 160 Great Portland Street, Hanover Square and Wells & More, all in W1. Net assets per share was also enhanced by our contracted property sales in the quarter at a premium of £1.0 million to 30 September book values. Together, these increased NAV by 15 pence per share.

The provision for potential future payments to Eurohypo under the profit share arrangements at 33 Margaret Street and 23/24 Newman Street has increased by £12.1 million in the quarter and now totals £14.7 million (compared to a maximum potential future payment of £25.5 million). This increased profit share provision, combined with the interim dividend payment of £9.9 million, has reduced NAV by 7 pence per share. Overall, as set out in the table below, EPRA net assets per share increased by 2.1% to 386p (September 2011: 378p).

Pro Forma Estimated Balance Sheet [1]			
	£m	*pence*	*percentage*
EPRA NAV [2]		*per share*	*movement*
At 30 September 2011	**1,165.8**	**378**	
Valuation uplift	45.9	15	
Surplus on property disposals	1.0	-	
Provision for potential profit share to Eurohypo	(12.1)	(4)	
Interim dividend	(9.9)	(3)	
At 31 December 2011	**1,190.7**	**386**	*2.1%*
EPRA NNNAV [2]			
M2M of debt & derivatives	(14.2)	(4)	
At 31 December 2011	**1,176.5**	**382**	*1.9%*
At 30 September 2011	**1,156.0**	**375**	

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

The mark to market of debt and derivatives of £14.2 million (or 4 pence per share) results in EPRA NNNAV of 382 pence per share at December, a rise of 1.9% from September 2011.

Net debt has increased over the quarter as a result of continued investment in the portfolio, including committed development expenditure at our schemes in W1 and completion of the purchase (and associated new non-recourse debt financing) of 200 & 214 Gray's Inn Road (in joint venture with BP Pension Fund). Net of the impact of an increasing portfolio valuation, the leverage ratios have moved up only slightly and remain comfortable as shown in the table below.

Summary of Debt Statistics

£ million	**Dec-11**	**Sept-11**
GPE net debt	495.4	473.2
GPE gearing	41.6%	40.5%
Total net debt including JVs	696.5	630.5
LTV	36.6%	34.6%

Pro forma for the receipt of contracted sales proceeds (including transactions which have exchanged since 31 December 2011), gearing reduces to 36.7% (representing a loan to value ratio of 34.5%) and total net debt (including joint ventures) falls to £638.0 million. We have significant financial firepower with undrawn facilities and cash in excess of £250 million following these contracted sales.

At 31 December 2011, around 70% of the Group's total debt (including share of joint venture debt) was fixed or hedged. However, a significant proportion of hedged debt is subject to capped arrangements and, as a result, we are benefitting from floating rates on around 58% of our total debt. The weighted average interest rate at the period end was low at 4.0%.

Development overview

We have had a successful three months delivering some significant pre-lets and making good progress across the development programme. Works completed during the quarter at 24/25 Britton Street, EC1 where Kurt Geiger took occupation in November and at 23/24 Newman Street, W1. At 31 December 2011, we had three schemes on site, all in the West End and 61.3% pre-let by rental value. In addition, we commenced on site at 240 Blackfriars Road, SE1 in January 2012 following the pre-let of 46.7% of the building (by rental value) to UBM plc. Our substantial pipeline of opportunities includes an additional 18 uncommitted projects, giving us a total programme of 3.3 million sq ft, covering 48.7% of GPE's existing portfolio.

Pre-letting activity. Activity since 30 September was dominated by two major pre-lettings, together representing 169,800 sq ft of office space which will deliver £9.3 million (our share: £6.9 million) of total rent per annum. Combined with our pre-letting to Double Negative Limited at 160 Great Portland Street, W1 announced in May 2011, we have secured £14.1 million (our share: 11.7 million) of pre-let rental income since 31 March 2011.

In December, we agreed to pre-let the majority of the office space at our redevelopment of 33 Margaret Street, W1 (formerly Marcol House) to Savills plc. Savills plc will take five separate twenty year leases of ground to part fifth floors, totaling 64,150 sq ft (22,060 sq ft of which is subject to a tenant's break clause at year ten which, if exercised, is subject to a penalty equating to fifteen months rent) and will pay an initial rent of £4.4 million per annum, after a thirty month rent free period. The initial rent equates to £68.60 per sq ft on average and Savills plc will take occupation during the spring of 2013. The pre-letting to Savills plc will leave only 31,020 sq ft available on the part fifth, sixth and seventh floors.

In January 2012, we announced that the Great Ropemaker Partnership ("GRP") had pre-let 105,650 sq ft of space to UBM plc at 240 Blackfriars Road, SE1. UBM plc will take separate fifteen year leases of the office floors (eleventh to nineteenth), ground/mezzanine and basement level, and will pay an initial rent of £4.9 million per annum after a thirty six month rent free period. The initial rent equates to an average rent of £47.00 per sq ft on the office floors.

Projects on Site. Work is progressing well at our fully pre-let refurbishment at 160 Great Portland Street, W1 and the property is scheduled to be handed over to Double Negative Limited in shell condition in May 2012. Ground works are now complete and construction work has commenced at Wigmore Street, W1 with practical completion set for June 2013 whilst building works at 33 Margaret Street, W1 are expected to be completed in October 2012.

Having exchanged the major pre-letting with UBM plc, we have now committed to develop 240 Blackfriars Road, SE1 in GRP (our 50:50 joint venture with BP Pension Fund). Construction work for this high quality 237,000 sq ft development scheme has now commenced with completion scheduled for March 2014. Our share of total costs (including land and notional interest) is approximately £62 million.

Project preparation. At our major 2.3 acre freehold West End site at Rathbone Place, W1, we have now appointed Make Architects to work with us on a revised proposal for the site and we expect to submit a new planning application later this year.

At 100 Bishopsgate, EC2, (held in our 50:50 joint venture with Brookfield), enabling works are progressing well and are expected to be completed by July 2012. Further activity on the site will only be commenced once a suitable pre-let has been entered into. The marketing suite opened in September 2011 and discussions with a number of potential occupiers are on-going.

We are continuing to prepare a number of pipeline projects, including Walmar House, Regent Street, W1 and Fetter Lane, EC4, for potential starts over the next 18 months, market conditions permitting.

Investment management

As we highlighted in our 2011 Half Year Results presentation, we have continued the process of recycling capital out of mature or non-core assets (including some smaller refurbishment properties), taking advantage of strong investor demand.

In the quarter to 31 December, we contracted to sell 22 properties for a total of £60.2 million. In November, we sold the freehold interest in six assets in proximity to London Bridge, SE1 for £27.0 million, reflecting a net initial yield to the purchaser of 5.2% and a healthy premium to the March 2011 valuation. In addition, we have the benefit of a two year overage provision with the purchaser. At 28/29 Savile Row, W1, we sold the long leasehold interest on a small refurbishment property for £16.25 million in December. The price reflects a premium of 4.8% to September 2011 book value, an initial yield to the purchaser of 1.2% and a capital value of £1,017 per sq ft. In the quarter, GPE also exchanged on the sale of fifteen of the sixteen private flats at Newman Street, W1, for total proceeds of £16.9 million in line with September 2011 book value.

Since 31 December 2011, our Great Capital Partnership (“GCP”) joint venture has sold further non-core properties, raising total proceeds of £54.0 million (our share: £27.0 million) at a blended premium of 44.6% to 30 September book values.

In total, since 30 September, we have disposed of 29 properties for a total of £114.2 million (our share: £87.2 million), at a blended premium of 12.9% to September 2011 book values and with an average lot size of £3.9 million. Our disposals since 31 March 2011 total £206.1 million (our share: £152.2 million), at a blended premium of 14.6% to March 2011 book values. The proceeds from these disposals have been re-invested with our purchases at Rathbone Place and Gray’s Inn Road, and we expect to identify further interesting acquisition opportunities during 2012.

Asset management

In a busy quarter, we continued to find new tenants for our buildings securing 35 new lettings (including pre-lets) in the three months to December, generating an annual rent of £11.8 million (our share: £8.7 million). Around 90% of these lettings were market lettings which completed on average 3.4% ahead of the valuer’s March 2011 estimates, whilst the balance were below the March 2011 ERV because they incorporate landlord’s breaks to allow possible redevelopment during the next few years. In addition, we have 14 new lettings under offer accounting for a further £1.9 million per annum in rent (our share: £1.6 million).

Leasing Transactions	Three months ended		
	31 December 2011	30 September 2011	31 December 2010
New leases and renewals completed			
Number	35	20	36
GPE share of rent p.a.	£8.7 million	£2.1 million	£3.9 million
Area (sq ft)	239,000	68,400	111,700
Rent per sq ft	£49	£35	£39
Rent reviews settled			
Number	4	3	1
GPE share of rent p.a.	£1.4 million	£0.1million	£0.1 million
Area (sq ft)	66,000	7,300	3,000
Rent per sq ft	£44	£27	£47

Note: Includes joint ventures at our share

Following our decision in the autumn to defer the redevelopment of the Jermyn Street Estate (56,000 sq ft of office space) given the prevailing economics of securing vacant possession across the entire scheme, we have continued with our revised strategy of retaining existing tenants where appropriate (31,200 sq ft let or under offer at a 12.5% premium to the valuer's March 2011 ERV) and undertaking refurbishment works on the balance in order to achieve an increase in rental cash flow.

The letting transactions concluded during the quarter have helped to reduce the Group's void rate at 31 December 2011 to 2.5% (3.2% at September 2011), or 2.1% pro forma for subsequent sales and space currently under offer. Further details are set out in Appendix 7.

Cash collection and tenant delinquencies

The quarterly cash collection performance has continued to be strong. We secured 98% of rent seven working days after the quarter day (September 2011: 98%, December 2010: 95.5%). One of our tenants, the shoe retailer Barratts Priceless, went into administration during the quarter, accounting for 0.3% (our share) of the rent roll (September 2011: one tenant, accounting for 0.1% of rent roll). We have subsequently repurchased the lease they held on the unit at Mount Royal, Oxford St, W1 from the administrator following strong leasing interest from prospective tenants.

Only around 4.1% (September 2011: 5.8%) of our rent roll is subject to monthly payments and the segmentation of our tenant base is shown in Appendix 8.

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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 document 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
Headline Results

To 31 December 2011	**3 months**	6 months	12 months
Property Valuation[1]	**2.6%**	2.9%	10.6%
Portfolio ERV movement[1]	**1.0%**	2.0%	8.0%
EPRA NAV	**2.1%**	2.9%	18.4%

1 On a like-for-like basis, including share of joint ventures

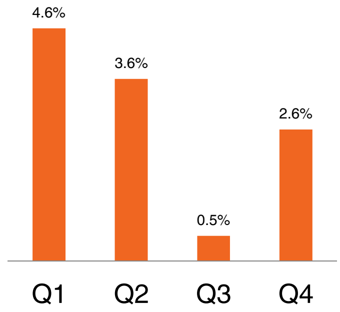
Appendix 2
The Valuation
Including share of Joint Ventures

	Value	Movement 3 months to Dec 2011		Movement to Dec 2011 Change	
	£m	£m	Change	6 months	12 months
North of Oxford St	807.5	10.2	1.3%	1.4%	5.0%
Rest of West End	459.9	10.3	2.3%	3.4%	16.7%
West End Total	1,267.4	20.5	1.6%	2.1%	9.0%
West End Office	*944.4*	*15.1*	*1.6%*	*2.0%*	*9.6%*
West End Retail	*323.0*	*5.4*	*1.7%*	*2.3%*	*7.1%*
City & Southwark	267.1	0.8	0.3%	-	6.8%
Investment Portfolio	**1,534.5**	**21.3**	**1.4%**	**1.8%**	**8.6%**
Development properties	302.1	25.2	9.1%	9.4%	22.0%
Properties held throughout the period	**1,836.6**	**46.5**	**2.6%**	**2.9%**	**10.6%**
Acquisitions	68.9	(0.6)	(0.8)%	(0.8)%	(0.8)%
Total portfolio	**1,905.5**	**45.9**	**2.5%**	**2.8%**	**10.1%**

Appendix 3
The Valuation
Including share of Joint Ventures

	Value £m	3 month Change %
North of Oxford St	807.5	1.3%
Rest of West End	459.9	2.3%
West End Total	1,267.4	1.6%
City & Southwark	267.1	0.3%
Investment Portfolio	**1,534.5**	**1.4%**
Development properties	302.1	9.1%
Properties held throughout the period	**1,836.6**	**2.6%**
Acquisition	68.9	(0.8)%
Total portfolio	**1,905.5**	**2.5%**

Like for Like Quarterly Valuation Movement



Appendix 4
The Valuation[1]
Drivers of Valuation Movement[2]

% movement

1 Including share of Joint Ventures

Appendix 5
The Valuation[1]
Yield Profile[2]

31 December 2011	Initial Yield	True Equivalent Yield			
	%	%	Basis Point +/- like-for-like		
			3 months	6 months	12 months
North of Oxford Street					
Offices	4.0%	5.1%	-8	-1	-6
Retail	4.3%	5.0%	-4	-3	-17
Rest Of West End					
Offices	2.4%	4.9%	-2	-3	-5
Retail	3.4%	4.9%	0	-3	-17
Total West End	**3.5%**	**5.0%**	**-5**	**-2**	**-9**
City & Southwark	4.7%	6.1%	3	2	-15
Total Let Portfolio	**3.8% (*4.1%*[3])**	**5.3%**	**-3**	**-1**	**-10**

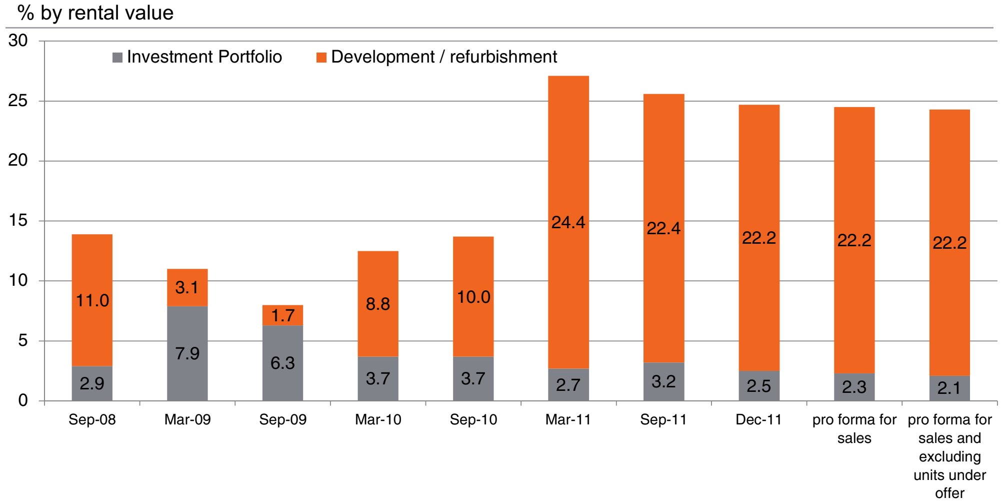
1 Including share of Joint Ventures
2 Excludes development properties
3 Initial yield post expiry of rent frees under contracted leases

Appendix 6
The Valuation[1]
ERV and Reversionary Potential

	Reversion	Movement in ERV			Average Office Rent Passing	Average Office ERV	Reversionary Potential (inc. retail)
To 31 December 2011	**£m**	**3 mth**	**6 mth**	**12 mth**	**£ per sq ft**	**£ per sq ft**	**%**
North of Oxford St							
Offices	0.6	1.6%	2.5%	7.5%	33.30	40.50	2.2%
Retail	0.8	0.6%	1.0%	3.1%			8.6%
Rest of West End							
Offices	1.3	1.2%	3.3%	17.0%	36.10	42.50	12.2%
Retail	0.9	0.4%	2.2%	7.9%			14.3%
Total West End	**3.6**	**1.2%**	**2.3%**	**8.2%**	**34.10**	**41.00**	**6.9%**
City & Southwark							
Offices	2.9	0.3%	0.9%	8.0%	33.00	36.30	17.1%
Retail	0.5	(1.6)%	(1.7)%	(0.5)%			
Total City & Southwark	**3.4**	**0.1%**	**0.7%**	**7.3%**			**18.8%**
Total Let Portfolio	**7.0**	**1.0%**	**2.0%**	**8.0%**	**33.70**	**39.50**	**9.9%**

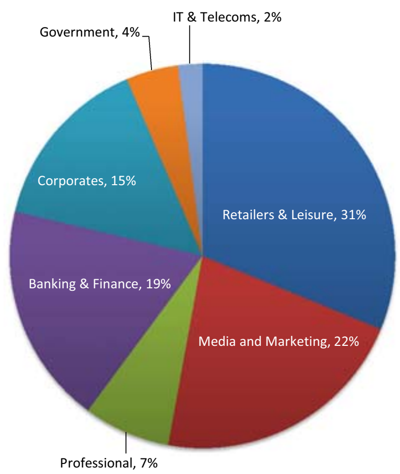
1 Including share of Joint Ventures

Appendix 7
Asset Management
EPRA vacancy[1], % by rental value



1. Including joint ventures

Appendix 8
GPE tenants
Including joint ventures at 31 December 2011



Appendix 9
The Valuation
Wholly-owned

	Value	Movement 3 months to Dec 2011		Movement to Dec 2011 Change	
	£m	£m	Change	6 months	12 months
North of Oxford St	644.6	5.3	0.8%	0.9%	3.7%
Rest of West End	263.5	6.6	2.6%	3.9%	23.2%
West End Total	908.1	11.9	1.3%	1.7%	8.7%
West End Office	*740.1*	*5.7*	*0.8%*	*1.2%*	*8.5%*
West End Retail	*168.0*	*6.2*	*3.9%*	*4.2%*	*9.8%*
City & Southwark	199.0	4.1	2.1%	1.9%	9.9%
Investment Portfolio	**1,107.1**	**16.0**	**1.5%**	**1.8%**	**8.9%**
Development properties	77.3	12.1	18.6%	21.3%	44.8%
Properties held throughout the period	**1,184.4**	**28.1**	**2.4%**	**2.8%**	**10.7%**
Acquisitions	-	-	-	-	-
Total portfolio	**1,184.4**	**28.1**	**2.4%**	**2.8%**	**10.7%**

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Appendix 9
The Valuation
Joint ventures at 100%

	Value	Movement 3 months to Dec 2011		Movement to Dec 2011 Change	
	£m	£m	Change	6 months	12 months
North of Oxford St	326.0	9.7	3.1%	3.7%	10.3%
Rest of West End	392.7	7.4	1.9%	2.7%	8.9%
West End Total	718.7	17.1	2.4%	3.2%	9.5%
West End Office	*408.5*	*18.9*	*4.9%*	*5.4%*	*13.8%*
West End Retail	*310.2*	*(1.8)*	*(0.6)%*	*0.4%*	*4.4%*
City & Southwark	136.1	(6.5)	(4.6)%	(4.9)%	(1.5)%
Investment Portfolio	**854.8**	**10.6**	**1.3%**	**1.8%**	**7.6%**
Development properties	338.5	11.7	3.6%	1.8%	9.9%
Properties held throughout the period	**1,193.3**	**22.3**	**1.9%**	**1.8%**	**8.3%**
Acquisitions	137.8	(1.2)	(0.8)%	(0.8)%	(0.8)%
Total portfolio	**1,331.1**	**21.1**	**1.6%**	**1.5%**	**7.2%**

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