Press Release

28 July 2014

Great Portland generating organic growth with portfolio value up 3.8% in Q1

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 2014. Details of the Group's recent valuation and rental value trends are set out in the Appendices.

Continued growth in rental values and capital values driving NAV per share uplift
- Portfolio valuation[1] up 3.8%, 9.0% and 18.3% over 3, 6 and 12 months respectively
- Continued strong valuation performance from our development properties up 6.2%, 13.8% and 24.9% over 3, 6 and 12 months respectively
- Rental value growth[1] of 1.9% (1.5% West End offices, 1.3% West End retail) over 3 months
- Rent roll growth of 6.7% over 3 months
- EPRA NAV[2] per share of 593 pence at 30 June 2014 up 4.2%, 12.5% and 27.8% over 3, 6 and 12 months respectively

Strong leasing activity ahead of ERVs
- 22 new lettings (117,000 sq ft) signed generating annual rent of £6.1 million (our share: £4.5 million); market lettings 1.4% ahead of March 2014 rental values (£17.3 million over 12 months, 4.1% ahead of June 2013 rental values)
- £1.0 million of new lettings since the quarter end and a further £4.2 million currently under offer, 6.1% premium to March 2014 ERV
- Vacancy rate lower at 2.5% (31 March 2014: 3.7%), low average office rent passing of £43.70 per sq ft, reversionary potential of 19.4%

Committed development programme expanded and extensive pipeline of opportunity
- Five committed schemes (724,500 sq ft), expected profit on cost of 20.7%, including:
  - 411,200 sq ft mixed use scheme at Rathbone Square, W1
  - 91,900 sq ft new build development at St Lawrence House, 26/34 Broadwick Street, W1
- Good progress across further six near-term schemes (305,600 sq ft), including 73/89 Oxford Street, W1 and 148 Old Street, EC1. All with potential starts in next 12 months
- Major development opportunity from additional 14 uncommitted pipeline schemes (1.3 million sq ft)
- Total development programme of 2.3 million sq ft covering 54% of the existing portfolio, 75% in West End, 53% with planning permission

Attractive bolt-on acquisition and disciplined capital recycling
- Medium-term development opportunity, Elm House, 13/16 Elm Street, WC1 purchased in July for £26.0 million (our share: £13.0 million), on a 0.5 acre site adjoining 200 Gray's Inn Road
- Successful launch of sales programme for 142 private residential units at Rathbone Square, W1
- Sale of Tudor House, 35 Gresse Street, W1 for £8.4 million

Excellent financial position
- Gearing conservative at 29.9%, loan-to-property-value of 25.1%
- Financial firepower of £492.8 million, weighted average interest rate only 3.7%

[1] On a like for like basis, including Joint Ventures, see Appendix
[2] In accordance with EPRA guidance

Toby Courtauld, Chief Executive, said:

"We are pleased to report a strong start to this financial year, with our attention focused on capturing the material organic growth potential from our 100% central London portfolio: we have made good progress across our 2.3 million sq ft development programme, winning new planning permissions and starting our largest ever development at our 411,200 sq ft Rathbone Square scheme at the east end of Oxford Street; we continue to lease well, attracting numerous businesses to our well designed, centrally located properties at rates ahead of ERVs; and our disciplined capital recycling has crystallised strong surpluses.

With a growing London economy and healthy demand for our limited quantity of available space, we can expect further rental and valuation growth which bodes well for our significant development programme".

Investor/analyst conference call
GPE will host a conference call at 10.30am today, 28 July 2014. The details for the conference call are as follows:

Telephone number: +44 (0) 20 3003 2666
Password: Great Portland Estates

Contacts:

Great Portland Estates

Toby Courtauld	Chief Executive	020 7647 3042
Nick Sanderson	Finance Director	020 7647 3034

Finsbury

James Murgatroyd	020 7251 3801
Gordon Simpson	020 7251 3801

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.

Portfolio valuation

Our portfolio again delivered positive valuation growth in the quarter to 30 June 2014 driven by our leasing and development successes combined with continued rental value growth. The valuation of the Group's properties as at 30 June 2014 was £2,796.4 million including our share of joint venture assets, an increase of £101.4 million since 31 March 2014. The net valuation uplift for the quarter was 3.8% on a like-for-like basis compared to 5.1% for the previous quarter. Further details are set out in Appendices 2 and 3.

The main drivers of the quarterly valuation uplift were our Rest of West End properties, up 4.0% and our development schemes which rose in value (net of capital expenditure) by 6.2%. Further details on valuation trends are set out in the Appendices. The wholly-owned portfolio was valued at £2,128.4 million at 30 June 2014 (like-for-like valuation uplift of 3.9% on the quarter) and the joint venture properties (100%) at £1,336.1 million (up 3.5% 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 reduced by 7 basis points over the quarter on a like-for-like basis and now stands at 4.6%. The investment portfolio's adjusted initial yield (including contracted income still in rent free periods) was 4.0% at 30 June 2014 (31 March 2014: 3.9%). A yield table is set out in Appendix 5.

Our successful letting activity continues to demonstrate the good demand for our high quality, well located and appropriately priced space. Our tenant retention remains strong and our vacancy rate reduced to 2.5% (31 March 2014: 3.7%). Across our portfolio, office rental values rose by 2.0% in the quarter, compared to 2.4% in the previous quarter. West End office rental values were 1.5% higher whilst City, Midtown and Southwark office rental values rose by 2.8% over the three month period. Demand from retail tenants remains robust and rental values in the West End retail portfolio rose by 1.3% in the quarter. The Group's rent roll was £98.9 million at 30 June 2014, up 6.7% in the quarter (31 March 2014: £92.7 million).

The Group's average office rent passing remains low at £43.70 per sq ft and the portfolio (including retail) was 19.4% reversionary overall at the quarter end. Rental value trends are highlighted in Appendix 6.

Estimated NAV per share and financing

The main contributor to the NAV per share increase for the quarter was the underlying uplift in the portfolio valuation of £101.4 million. Our portfolio repositioning activities combined with another strong performance from our committed development programme to drive the valuation increase. NAV per share also benefited from the sale of Tudor House, 35 Gresse Street, W1 at a net surplus of £0.4 million over the 31 March 2014 valuation. The final dividend payment of £18.6 million reduced NAV by 5 pence per share. Overall, as set out in the table below, EPRA NAV per share rose by 4.2% in the quarter to 593 pence (31 March 2014: 569 pence).

Pro Forma Estimated Balance Sheet [1]			
EPRA NAV [2]	**£m**	**pence per share**	***percentage movement***
At 31 March 2014	**1,961.3**	**569**	
Valuation uplift	101.4	29	
Profit on property sale	0.4	-	
Final dividend	(18.6)	(5)	
At 30 June 2014	**2,044.5**	**593**	*4.2%*
EPRA NNNAV [2]			
M2M of debt & derivatives	(62.4)	(18)	
At 30 June 2014	**1,982.1**	**575**	*4.5%*
At 31 March 2014	**1,898.3**	**550**	

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 £62.4 million, or 18 pence per share, results in EPRA NNNAV per share of 575 pence at 30 June 2014, a rise of 4.5% from 31 March 2014.

Net debt increased over the quarter predominantly due to capital expenditure at our committed development schemes. Offset by the impact of the increased portfolio valuation, our leverage ratios have strengthened further as shown in the table below, with net gearing of 29.9% and a loan to value ratio of 25.1%.

Summary of Debt Statistics

	Jun-14	**Mar-14**
GPE net debt	£601.8m	£586.1m
GPE gearing	29.9%	30.3%
Total debt including JVs	£702.8m	£687.1m
LTV	25.1%	25.7%

At 30 June 2014, around 96% of the Group’s total debt was fixed or hedged providing a low weighted average interest rate at the quarter end of 3.7%. Following expiry in June 2014 of the capped arrangements on the £159.7 million of private placement notes issued in 2011, we have subsequently replaced them with similar arrangements through to June 2017. As a result, we are continuing to benefit from low floating rates on around 28% of our total drawn debt. At 30 June 2014, we had significant financial firepower with undrawn committed facilities and cash of £492.8 million.

Asset management

Tenant interest in the limited amount of available space across our properties remained strong leading to 22 new lettings (117,000 sq ft) during the quarter, generating an annual rent of £6.1 million (our share: £4.5 million). The majority of these lettings were market lettings which completed on average 1.4% ahead of the valuer's March 2014 estimates. We also settled ten rent reviews in the quarter securing £3.9 million of rent (our share: £3.9 million), representing an increase of 29.9% over the previous passing rent.

During the quarter, we continued to capture the significant reversionary upside across our investment portfolio and our leasing successes included the letting of the fifth floor (15,700 sq ft) at Wells & More, W1 to Lionsgate at £75.00 per sq ft (£1.18 million), almost double the previous passing rent, and 24,500 sq ft (£1.16 million) of lettings at 200 Gray's Inn Road, WC1 to Warner Brothers. Leasing activity at recently completed developments was also strong, with three floors (31,100 sq ft) at 240 Blackfriars Road, SE1 let to Ramboll Group at £47.00 per sq ft (£1.46 million) and a further 10,100 sq ft of space let at City Tower, EC2 at an annual rent of £0.54 million.

Since quarter end, we have secured a further £1.0 million (our share: £0.5 million) of new lettings and we currently have 16 new lettings under offer accounting for £4.2 million per annum in rent (our share: £2.7 million) with the market lettings on average 6.1% ahead of the valuer's March 2014 ERV.

Leasing Transactions	**Three months ended**		
	30 June 2014	**31 March 2014**	**30 June 2013**
New leases and renewals completed			
Number	22	17	23
GPE share of rent p.a.	£4.5 million	£2.4 million	£13.0 million
Area (sq ft)	117,000	36,720	223,460
Rent per sq ft	£52	£69	£65
Rent reviews settled			
Number	10	5	4
GPE share of rent p.a.	£3.9 million	£2.9 million	£0.5 million
Area (sq ft)	74,000	60,200	4,750
Rent per sq ft	£53	£48	£115

Note: Includes joint ventures at our share

The letting transactions concluded during the quarter have helped to reduce the Group's already low vacancy rate to 2.5% at 30 June 2014 (3.7% at 31 March 2014). Further details are set out in Appendix 7.

Development management

We currently have five committed schemes – four in the West End and one in Midtown. Our committed schemes (724,500 sq ft) are expected to deliver a 20.7% profit on cost with completions between Summer 2014 and early 2017. In addition, we have six uncommitted schemes that could start in the next 12 months. Beyond that, our pipeline includes a further 14 uncommitted projects, giving us a total programme of 2.3 million sq ft, covering 54% of GPE's existing portfolio. Capital expenditure to come at our committed schemes totals £313.3 million (our share), which could rise to £415.8 million (our share) if the six near-term uncommitted schemes were started.

Committed schemes. At Walmar House, W1, our 60,300 sq ft mixed-use comprehensive refurbishment is progressing well and is due to complete in August 2014, with good levels of interest from a number of prospective tenants.

At 12/14 New Fetter Lane, EC4, construction of our 12 storey office scheme (142,500 sq ft) has commenced and practical completion is scheduled for September 2015. The agreement to pre-let the entire building to Bird & Bird in May 2013 included an option for the tenant to hand back up to 25,900 sq ft of the space up to six months prior to practical completion. Earlier this month, Bird & Bird agreed to waive this option and GPE will now deliver the reception to shell condition and give the tenant a capital contribution of £0.8 million on completion to cover their reception fit-out costs.

At our fully consented 411,200 sq ft mixed-use development scheme at Rathbone Square, W1, demolition works have commenced ahead of the expected start of the main construction works in early 2015 with the project due for completion in early 2017. As detailed below, we have successfully launched the sales programme of the 142 private residential units and we expect to commence our pre-letting campaign for the 214,800 sq ft of office space early next year. Following increases in the value of the site, based on current market assumptions, the project would deliver GPE a pre-tax profit on cost of 15.7%. The eventual profit on cost to GPE will be influenced by a variety of factors, including the disclosed overage arrangements agreed with the Royal Mail Group on purchase of the site in September 2011.

At St Lawrence House, 26/34 Broadwick Street, W1, having successfully received planning consent during the quarter, we expect to commence demolition works in early autumn 2014. Construction works for our 91,900 sq ft new-build office and retail scheme will start shortly thereafter with completion expected in spring 2016. Following strong upward revaluation of the land since the receipt of planning permission in May, based on current market assumptions, the project would deliver GPE a profit on cost of 13.9%.

We also expect to commence construction works for our 18,600 sq ft redevelopment at 78/82 Great Portland Street, W1 in early 2015. This mixed use scheme will accommodate the offsite residential space associated with our scheme at St Lawrence House, W1, including the affordable housing units. As a result, based on current market assumptions, the scheme is expected to be marginally loss making on a standalone basis.

A summary of our committed projects is set out in Appendix 8.

Project preparation and pipeline. We have also continued to make positive progress across our near-term development programme. With our development scheme at 73/89 Oxford Street, W1 fully consented and works expected to commence in early 2015 on achieving vacant possession, we are preparing our pre-letting initiatives for the 33,500 sq ft of retail space which sits directly opposite the Dean Street entrance to the Tottenham Court Road Crossrail station. At Tasman House, 59/63 Wells Street, W1, we expect to submit a planning application shortly to replace a tired 1950's building with 38,100 sq ft of new office and retail space, and construction is expected to start by the end of the year. At 148 Old Street, EC1, we continue to work up plans for the major refurbishment of the existing 97,800 sq ft building to create around 143,100 sq ft of high quality office space in this rapidly improving location, subject to planning and vacant possession.

Investment management

Earlier this month, we commenced the pre-sales marketing programme of the 142 private residential units at Rathbone Square, W1 with the opening of our UK marketing suite followed by a marketing launch in Asia. The scheme has been well received and, to date, we have exchanged on the sale of 46 units (totalling £73.1 million) with average sales prices ahead of business plan. A further 80 units have been reserved and the marketing process continues.

We are also marketing for sale the ten residential units at our 240 Blackfriars Road, SE1 scheme which completed in April. To date, we have exchanged on the sale of two units with a further two units under offer.

In the quarter, we sold our 7,370 sq ft freehold building at Tudor House, 35 Gresse Street, W1 for £8.4 million, reflecting a net initial yield of 3.1%, a capital value of £1,140 per sq ft and a 5.0% premium to the March 2014 book value, crystallising a 65.1% total return over the past 12 months.

Since the quarter end, the Great Ropemaker Partnership ("GRP"), our 50:50 joint venture with BP Pension Fund, completed the purchase of the freehold interest in Elm House, 13/16 Elm Street, WC1 for £26.0 million (our share: £13.0 million). Elm House is a prominent, eleven storey office building totalling approximately 49,700 sq ft and is currently vacant, providing a near-term refurbishment opportunity in a rapidly improving location with good rental prospects. The property sits on a 0.5 acre site adjoining GRP's fully let 200 Gray's Inn Road, WC1 office building and, medium-term, provides redevelopment potential in an area set to benefit from both Crossrail and the redevelopment of the adjacent Mount Pleasant site.

Cash collection and tenant delinquencies

The quarterly cash collection performance has continued to be very strong, with 99.6% of rent secured within seven working days of the quarter day (March 2014: 99.8%). One of our tenants (0.05% of rent roll) went into administration during the quarter (March 2014: one); however, we remain vigilant and continue to monitor the financial position of all our tenants. The segmentation of our tenant base and portfolio is shown in Appendix 9.

Appendix 1
Headline Results

GREAT PORTLAND ESTATES

To 30 June 2014	3 months	6 months	12 months
Property Valuation[1]	3.8%	9.0%	18.3%
Developments[1]	*6.2%*	*13.8%*	*24.9%*
Portfolio ERV movement[1]	1.9%	4.9%	7.5%
EPRA NAV	4.2%	12.5%	27.8%

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

Appendix 2
The Valuation
Including share of Joint Ventures

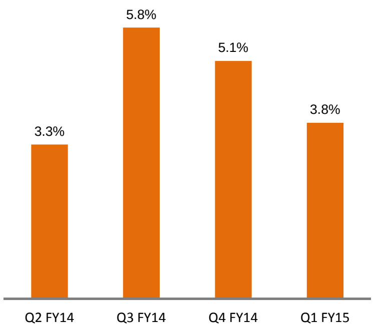
GREAT PORTLAND ESTATES

	Value	Movement 3 months to June 2014		Percentage Movement	
	£m	£m	Change	6 months	12 months
North of Oxford St	1,261.1	24.8	2.0%	6.2%	16.9%
Rest of West End	575.3	22.3	4.0%	9.5%	16.3%
West End Total	1,836.4	47.1	2.6%	7.2%	16.7%
City, Midtown & Southwark	353.0	18.8	5.6%	10.5%	15.5%
Investment Portfolio	**2,189.4**	**65.9**	**3.1%**	**7.7%**	**16.5%**
Development properties	607.0	35.5	6.2%	13.8%	24.9%
Properties held throughout the period	**2,796.4**	**101.4**	**3.8%**	**9.0%**	**18.3%**
Acquisitions	-	-	-	-	-
Total portfolio	**2,796.4**	**101.4**	**3.8%**	**9.0%**	**18.3%**

Appendix 3
The Valuation
Including share of Joint Ventures

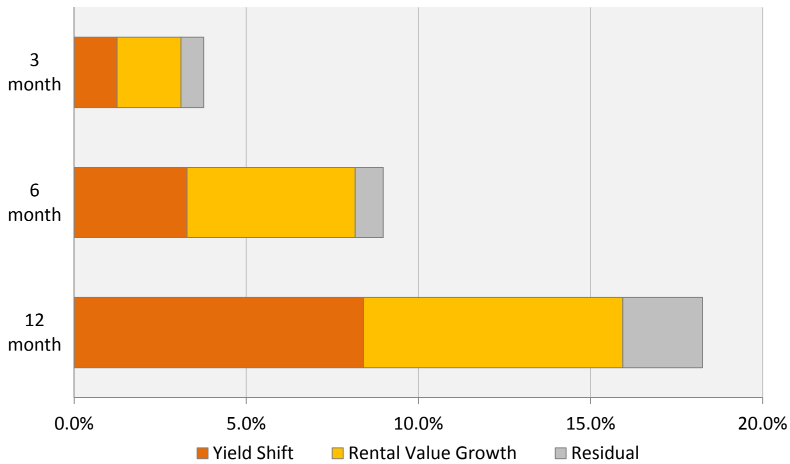
At 30 June 2014	Value £m	Quarterly Change %
North of Oxford St	1,261.1	2.0%
Rest of West End	575.3	4.0%
West End Total	1,836.4	2.6%
City, Midtown & Southwark	353.0	5.6%
Investment Portfolio	**2,189.4**	**3.1%**
Development properties	607.0	6.2%
Properties held throughout the period	**2,796.4**	**3.8%**
Acquisitions	-	-
Total portfolio	**2,796.4**	**3.8%**

Like for Like Quarterly Valuation Movement



Appendix 4
The Valuation[1]
Drivers of Valuation Movement

% movement



1 Including share of Joint Ventures

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

At 30 June 2014	Initial Yield %	True Equivalent Yield %	Basis Point +/- like-for-like 3 months	6 months	12 months
North of Oxford Street					
Offices	2.3	4.5	(2)	(8)	(38)
Retail	3.8	4.4	(19)	(34)	(47)
Rest Of West End					
Offices	2.7	4.6	(5)	(14)	(39)
Retail	3.0	4.3	(7)	(20)	(34)
Total West End	2.7	4.5	(6)	(14)	(39)
City, Midtown & Southwark	4.7	5.4	(9)	(29)	(45)
Total Portfolio	3.0 ***(4.0%[3])***	4.6	(7)	(17)	(40)

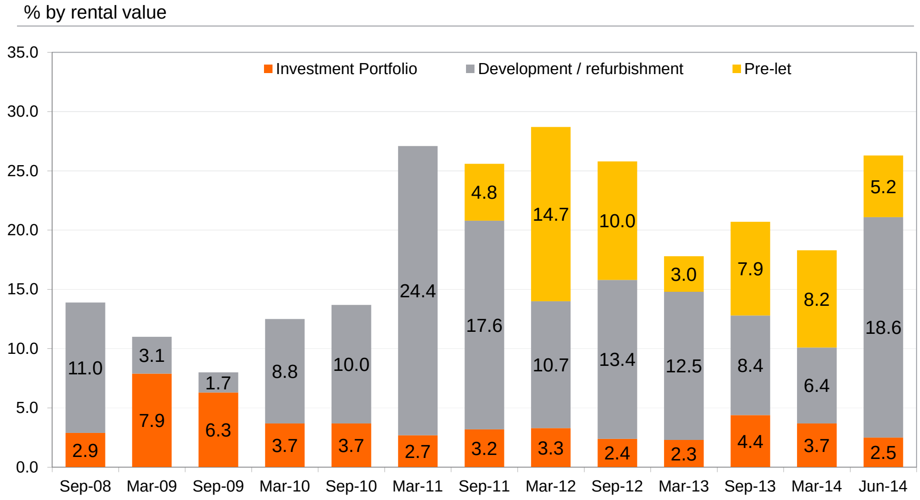
1 Including share of Joint Ventures 2 Excludes development properties 3 Initial yield post expiry of rent frees under contracted leases

Appendix 6
The Valuation[1]
ERV and Reversionary Potential

To 30 June 2014	Reversion £m	Movement in ERV 3 mth	6 mth	12 mth	Average Office Rent Passing £ per sq ft	Average Office ERV £ per sq ft	Reversionary Potential (inc. retail) %
North of Oxford St							
Offices	5.7	1.2%	4.5%	7.0%	54.00	62.60	15.0%
Retail	2.6	1.5%	7.9%	13.7%			19.0%
Rest of West End							
Offices	3.7	2.6%	7.2%	12.0%	38.40	61.00	32.7%
Retail	2.2	0.9%	4.3%	8.0%			23.3%
Total West End	**14.2**	**1.5%**	**5.6%**	**9.1%**	**49.60**	**62.20**	**18.9%**
City, Midtown & Southwark							
Offices	5.0	2.8%	3.2%	4.2%	34.70	45.20	21.0%
Retail	-	0.0%	(2.5)%	0.0%			
Total City, Midtown & Southwark	**5.0**	**2.8%**	**3.1%**	**4.1%**			**20.7%**
Total Portfolio	**19.2**	**1.9%**	**4.9%**	**7.5%**	**43.70**	**55.60**	**19.4%**

1 Including share of Joint Ventures

Appendix 7
Asset Management
Vacancy rate, % by rental value



Appendix 8
Development
Committed projects at 30 June 2014

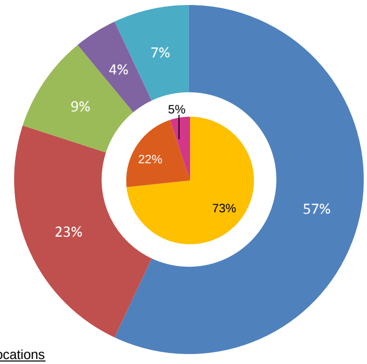
	Anticipated Finish	New building area sq ft	Cost to complete £m	ERV[1] £m	ERV[1] Office avg £psf	Income secured £m	% let[2]	Profit on cost[3]
Walmar House, 288/300 Regent St, W1	Aug 2014	60,300	1.9	4.3	72.65	0.3	7%	54%
12/14 New Fetter Lane, EC4	Sep 2015	142,500	46.0	8.3	58.75	8.3	100%	42%
78/82 Great Portland St, W1[4]	Mar 2016	18,600	8.5	0.2	n/a	-	-	(4)%
St Lawrence House, 26/34 Broadwick Street, W1[4]	Apr 2016	91,900	35.6	6.8	74.50	-	-	14%
Rathbone Square, W1[4]	Jan 2017	411,200	221.3	16.8	68.00	-	-	16%
Committed projects		**724,500**	**313.3**	**36.4**		**8.6**	**24%**	**21%**

Development value	£1,375psf	£996.2m
Development yield		6.8%
Expected profit on cost	£170.0m	20.7%
c.33% of expected profit taken June 2014[5]		

1. Agreed pre-let rent or CBRE June 2014 ERV 2. Based on ERV of property 3. Based on CBRE estimate of completed value
4. Committed in quarter 5. Profit included in CBRE June 2014 Valuation

Appendix 9
Portfolio overview
Including share of joint ventures at 30 June 2014

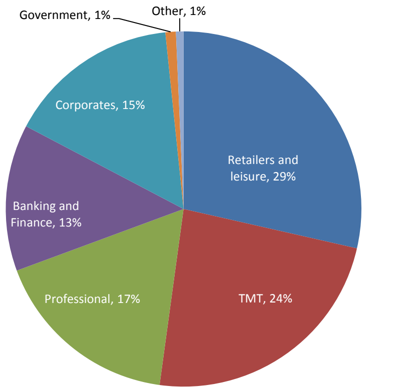
Portfolio characteristics



Our locations
North of Oxford Street   Rest of West End   Southwark   City   Midtown

Business mix
Office   Retail   Residential

Tenant mix



Appendix 10
The Valuation
Wholly-owned

	Value	Movement 3 months to June 2014		Percentage Movement	
	£m	£m	Change	6 months	12 months
North of Oxford St	1,045.4	20.2	2.0%	5.9%	16.4%
Rest of West End	428.3	20.7	5.1%	11.4%	20.5%
West End Total	1,473.7	40.9	2.9%	7.5%	17.5%
City, Midtown & Southwark	192.0	9.7	5.3%	8.6%	15.7%
Investment Portfolio	**1,665.7**	**50.6**	**3.1%**	**7.6%**	**17.3%**
Development properties	462.7	28.4	6.6%	14.5%	25.8%
Properties held throughout the period	**2,128.4**	**79.0**	**3.9%**	**9.0%**	**19.1%**
Acquisitions	-	-	-	-	-
Total portfolio	**2,128.4**	**79.0**	**3.9%**	**9.0%**	**19.1%**

Appendix 10
The Valuation
Joint ventures at 100%

	Value	Movement 3 months to June 2014		Percentage Movement	
	£m	£m	Change	6 months	12 months
North of Oxford St	431.7	9.3	2.2%	7.7%	19.8%
Rest of West End	293.9	3.1	1.1%	4.2%	5.4%
West End Total	725.6	12.4	1.7%	6.2%	13.6%
City, Midtown & Southwark	322.0	18.3	6.0%	12.8%	15.3%
Investment Portfolio	**1,047.6**	**30.7**	**3.0%**	**8.2%**	**14.1%**
Development properties	288.5	14.0	5.1%	11.6%	22.2%
Properties held throughout the period	**1,336.1**	**44.7**	**3.5%**	**8.9%**	**15.7%**
Acquisitions	-	-	-	-	-
Total portfolio	**1,336.1**	**44.7**	**3.5%**	**8.9%**	**15.7%**