

15 October 2012

Great Portland sells stake in City development joint venture to Brookfield

Great Portland Estates plc (“GPE”) announces that it has agreed to sell a 37.5% interest in The 100 Bishopsgate Partnership (“the Partnership”), its 50:50 joint venture with Brookfield Properties Corporation (“BPO”) to BPO for £47.2 million in cash. £15.74 million will be paid on completion, with equal further payments of £15.74 million in October 2013 and April 2014. GPE will receive interest at a rate of 5.5% on the deferred payments, and will retain 12.5% of the Partnership, subject to a put and call arrangement with BPO. At completion, BPO will own 87.5% of the Partnership.

The Partnership owns the leasehold interest in 100 Bishopsgate, a two-acre site fronting Bishopsgate, Camomile Street, St. Mary Axe and St. Helen’s Place in the City. Planning consent was achieved in 2011 by the Partnership for a 948,600 sq. ft mixed use development including a forty-storey building providing offices, ancillary retail of 22,250 sq. ft., and a second office and retail building of 49,600 sq. ft.

The Worshipful Company of Leathersellers (“the Leathersellers”) owns the freehold and the Partnership will construct and pay for the Leathersellers’ new Livery Hall and office building at 5/7 St. Helen’s Place, over the next three years.

The sale price equates to CBRE’s 30 June 2012 valuation, pro-forma for subsequent capital expenditure. The Partnership receives short term income until January 2013 of £0.4m per annum.

BPO will continue to act as Development Manager to the Partnership and Brookfield Multiplex has also entered a pre-construction services agreement to act as the main contractor for the development. GPE will no longer act as both Property and Asset Manager as BPO will assume those roles.

GPE’s 12.5% holding will be the subject of ‘put and call’ options, with GPE able to ‘put’ its remaining holding onto BPO in October 2014 at £15.74 million, and BPO able to ‘call’ for GPE to sell to a third party investor only, and only in the event that BPO simultaneously sells a 37.5% holding, therefore giving that investor the chance to own 50% of the Partnership. Under the call option, the transfer price is the higher of £15.74 million, the actual transfer price agreed between BPO and the third party or the market value of GPE’s holding at the time of the transfer.

BPO will provide 100% of the funding for the Partnership until October 2014, with GPE reimbursing Brookfield if they continue to hold a 12.5% interest beyond that date.

Toby Courtauld, Chief Executive of GPE, said “We have worked hard with our partners Brookfield to prepare 100 Bishopsgate for a potential start on site once pre-lettings are in place. Now that these preparatory works are complete, the time is right for us to reduce our holding. 100 Bishopsgate

promises to be a building of exceptional quality in the capable hands of the Partnership's development manager, Brookfield."

Dennis Friedrich, CEO of Brookfield Office Properties, said "We are strong believers in the long-term outlook for London as a flourishing centre of commerce, as indicated by this transaction and other recent investments we've made in the City. Our venture with GPE has been successful and we look forward to our continued partnership as the 100 Bishopsgate development progresses."

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