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GPE Joint Venture acquires 200 & 214 Gray's Inn Road, WC1

The Great Ropemaker Partnership (“GRP”), a 50:50 Joint Venture between Great Portland Estates plc (“GPE”) and The BP Pension Fund has exchanged contracts to acquire 200 & 214 Gray's Inn Road, WC1, from an affiliate of Beacon Capital for £132.75 million reflecting a capital value of £455 per sq. ft. Completion is set for 18 October.

200 Gray's Inn Road is a 246,500 sq. ft., Grade A office building arranged over 10 floors that offers highly specified and efficient office space. It is held virtual freehold and is leased to four tenants including Carlton Communications Ltd and ITN at £8.42 million per annum. The leases expire between 2017 and 2023, with significant rent reviews in 2011 and 2013, and a weighted average unexpired lease term of 6.8 years.

214 Gray's Inn Road comprises 45,500 sq. ft. of predominately car parking and back up accommodation for 200 Gray's Inn Road and is mainly let to ITN until 2023 at a rent of £500,000 per annum. It is held long leasehold expiring June 2174 at a peppercorn rent.

Ben Chambers, GPE Investment Director said “We are delighted to have acquired 200 & 214 Gray's Inn Road at an attractive initial yield of 6.4% and a low entry cost of £455 per sq. ft., significantly beneath our estimate of its replacement cost. The building provides a superb standard of office accommodation which combined with the leasing profile, gives GRP opportunities to add significant value through active management. Furthermore, it is in an area we expect to benefit in the medium term from the impact of the Crossrail and Thameslink projects at Farringdon, and the continued development activity around King's Cross and St Pancras.

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