Great Portland Estates Trading Update

Great Portland Estates plc (“GPE”) today publishes its trading update for the quarter to 30 June 2019.

Continued leasing successes and capturing reversion

• 9 new lettings (35,400 sq ft) signed generating annual rent of £2.2 million (our share: £1.9 million); market lettings in line with March 2019 ERV
• 7 rent reviews settled securing £2.3 million p.a.; 17.2% above previous passing rent; remaining reversionary potential of 7.5% (£7.7 million)
• 12 lettings under offer totalling £3.7 million p.a. of rent (our share: £2.9 million), including 5,000 sq ft of retail at our Hanover Square development; market lettings 9.4% ahead of March 2019 ERV
• Flex and co-working space now 100,900 sq ft, 4.9% of office portfolio; appraising further 132,500 sq ft
• Vacancy rate low at 4.2% (March 2019: 4.8%)

Three committed development schemes progressing well; development programme 54% of portfolio

• Good progress on our three BREEAM ‘Excellent’ committed schemes (414,900 sq ft), including Hanover Square, W1 which is already 53% pre-let or under offer; all located near to Crossrail stations, 19.1% forecast profit on cost, capital expenditure to come of £120.6 million. Good levels of occupier interest
• Exceptional and flexible development pipeline; 10 schemes (1.4 million sq ft), income producing, 3.2 years average lease length, 9.7% reversionary¹

Strong financial position; further surplus equity returned through share buyback

• LTV² of 9.9%, weighted average interest rate of 2.7%, drawn debt 100% fixed or hedged
• Cash and undrawn committed facilities of £578 million, low marginal cost of debt of 1.7%
• Share buyback of up to £200 million ongoing; £96.9 million (13.5 million shares) purchased to date

Toby Courtauld, Chief Executive, said:

“I am pleased to report continued positive activity over the first quarter with healthy leasing, excellent progress at our three committed development schemes, which are already more than 23% pre-let or under offer, and further surplus equity returned to shareholders through our ongoing share buyback programme. The second quarter has started well with encouraging levels of enquiries from prospective occupiers attracted to our brand of high quality, well located space. Today we have £3.7 million of lettings under offer at a 9.4% premium to March 2019 ERVs.

Whilst the current political uncertainties could lead to economic turbulence, we remain convinced of the long-term, enduring appeal of our capital city and its property markets to businesses and investors alike. With our clear strategy, exciting portfolio including our exceptional development pipeline of more than 1.4 million sq ft and talented team, supported by our collaborative culture, deep market knowledge and financial strength, we have the capacity to choose our path to maximise returns for shareholders and we look to our future with confidence.”

¹ Existing use of development pipeline at 31 March 2019
² Based on property values at 31 March 2019
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For further information see www.gpe.co.uk or follow us on Twitter at @GPE_plc

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 management

Occupier interest across our properties has continued to be healthy as we delivered another quarter of good leasing performance, including:

- 9 new leases and renewals signed generating annual rent of £2.2 million (our share: £1.9 million), with market lettings in line with March 2019 ERV;
- 7 rent reviews were settled securing £2.3 million of annual rent (our share: £2.1 million) at an increase of 17.2% over the previous passing rent and broadly in line with ERV;
- total space covered by new lettings, reviews and renewals was 65,800 sq ft;
- occupancy at our 48,400 sq ft co-working partnership with Runway East at New City Court, SE1 increased to 90%;
- together our flex and co-working offers now represents 4.9% of the office portfolio; and
- our leasing successes in the quarter have reduced the investment portfolio vacancy rate from 4.8% at 31 March 2019 to 4.2% at 30 June 2019.

<table>
<thead>
<tr>
<th>Leasing Transactions</th>
<th>Three months ended</th>
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<tbody>
<tr>
<td></td>
<td>30 June 2019</td>
</tr>
<tr>
<td><strong>New leases and renewals completed</strong></td>
<td></td>
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<tr>
<td>Number</td>
<td>9</td>
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<tr>
<td>GPE share of rent p.a.</td>
<td>£1.9 million</td>
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<tr>
<td>Area (sq ft)</td>
<td>35,400</td>
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<tr>
<td>Rent per sq ft</td>
<td>£62</td>
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<tr>
<td><strong>Rent reviews settled</strong></td>
<td></td>
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<tr>
<td>Number</td>
<td>7</td>
</tr>
<tr>
<td>GPE share of rent p.a.</td>
<td>£2.1 million</td>
</tr>
<tr>
<td>Area (sq ft)</td>
<td>30,400</td>
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<tr>
<td>Rent per sq ft</td>
<td>£77</td>
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*Note: Includes joint ventures at our share*

We have a further 12 lettings currently under offer which, if completed, would deliver approximately £3.7 million p.a. of rent (our share: £2.9 million), 9.4% ahead of 31 March 2019 ERV.

Our quarterly cash collection performance has continued to be strong, with 98.3% of rent secured within seven working days of the June quarter day. One of our retail occupiers (Arcadia) at Mount Royal, W1 entered into a Company Voluntary Arrangement during the quarter (March 2019: one administration) to reduce their rental payments by 30% until 2022, a reduction of £9.4 million pre annum (our share) or 0.4% rent roll. We remain vigilant and regularly monitor the financial position of all our occupiers.

Development management

**Three committed schemes; all BREEAM ‘Excellent’**

At Oxford House, 76 Oxford Street, W1, the main contractor (Lendlease) has started on site and works are progressing well. The new building will deliver 81,100 sq ft of new offices and 37,900 sq ft of retail space directly opposite the Dean Street entrance to the Tottenham Court Road Crossrail station and completion is targeted for Q2 2021, with an expected profit on cost of 18.3%. Early occupier interest in the building has been strong, particularly for the office space given the quality of the building and the continued lack of new-build office supply in the core of the West End.

At Hanover Square, W1, construction is advancing well with the cladding complete to floor six of the main office building (18 Hanover Square). The scheme will deliver 221,200 sq ft in total, comprising 167,200 sq ft of offices, 41,800 sq ft of retail and restaurant space and 12,200 sq ft of residential apartments. Following the pre-let of 111,100 sq ft of offices in 18 Hanover Square to KKR and Glencore, interest in the remaining office space across the scheme continues to be strong. Furthermore, following the launch of the marketing for the
Bond Street retail space, we now have 5,000 sq ft of the retail units under offer at rents 11.5% ahead of the March 2019 ERV. The project is expected to deliver a profit on cost of 20.9%.

At The Hickman, E1, we expect to deliver the new 74,700 sq ft Grade A office and retail building in Q1 2020. Occupier interest in the building is encouraging and we are in the process of selecting a partner to work with us to deliver a co-working offer for the basement, ground and first floors (together 20,600 sq ft). We are targeting a profit on cost of 13.8% with average office rents across the building of around £51.40 per sq ft.

At 30 June 2019, the three committed development properties required £120.6 million of capital expenditure to complete, with 98% of the construction costs fixed.

Substantial development pipeline
Our development pipeline includes a further 10 uncommitted projects (1.4 million sq ft). These schemes include a number of exciting projects, including City Place House, EC2 where, instead of refurbishing the space as previously planned, we now intend to deliver around 350,000 sq ft of new-build Grade A office and retail space in an area that is set to benefit from the opening of Crossrail later next year. All of the schemes are income producing today, with an average lease length of 3.2 years, and they provide a strong platform to add value stretching into the 2020s.

Investment management
During the quarter, we completed £9.2 million of residential sales, including the last remaining unit at Rathbone Square, W1 for £5.6 million, in line with the March 2019 book value.

Share buyback programme of up to £200 million ongoing
Following a pause to our share buyback programme during our closed period, we recommenced the programme with our full year results on 22 May. To date we have repurchased and cancelled £96.9 million (13.5 million shares).

Over the coming months, we expect to continue to review regularly the size and timing of the buyback, including potentially ceasing the programme, as we adjust the scale and speed of our property sales and acquisitions to reflect underlying market conditions.

Strong financial position maintained

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<tr>
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<th>30 June 2019</th>
<th>31 March 2019</th>
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<tr>
<td>GPE net debt</td>
<td>£188.9m</td>
<td>£156.6m</td>
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<td>GPE gearing¹</td>
<td>8.2%</td>
<td>6.8%</td>
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<tr>
<td>Total net debt including JVs</td>
<td>£253.8m</td>
<td>£224.0m</td>
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<tr>
<td>LTV²</td>
<td>9.9%</td>
<td>8.7%</td>
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1. Based on net asset value at 31 March 2019
2. Based on property values at 31 March 2019

Group consolidated net debt increased to £188.9 million at 30 June 2019, up from £156.6 million at 31 March 2019 due to capital expenditure on our committed development schemes and the continuation of the share buyback. Group gearing rose to 8.2% at 30 June 2019 from 6.8% at 31 March 2019. Including non-recourse debt in joint ventures, total net debt was £253.8 million (31 March 2019: £224.0 million) equivalent to a low loan-to-property value of 9.9% (31 March 2019: 8.7%). Pro forma for the completion of the £200 million share buyback, LTV would be 13.9%. At 30 June 2019, the Group, including its joint ventures, had cash and undrawn committed credit facilities of £578 million.

Our weighted average interest rate was unchanged at 2.7% at the quarter end and our weighted average debt maturity was 6.2 years. At 30 June 2019, 100% of the Group’s total drawn debt was fixed or hedged. Our marginal cost of debt remains low at 1.7% and our £450 million revolving credit facility does not mature until October 2023.