Press Release

22 July 2010

First 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 30 June 2010. 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 4.6% [1] since 31 March 2010
- Estimated NAV per share of 295 pence at 30 June 2010 up 4.2% in quarter
- Estimated NNNAV per share of 298 pence at 30 June 2010 up 2.4% in quarter
- Rental value growth of 2.3%, (2.5% in West End offices 1.8% in West End retail)

- New property acquisitions of £165 million completed in the last three months
- £322 million of total commitments made since £166 million rights issue in May 2009
- Two property disposals totalling £20.1 million at a 10.4% premium to March 2010 book value
- Two West End development projects now on site
- 27 new leases signed generating £1.5 million p.a. (Group share £1.1 million p.a.)
- Void rate stable at 3.6% (31 March 2010: 3.4%)
- Gearing low at 40.0%. Cash and undrawn committed credit facilities of around £366 million

Notes
[1] On a like for like basis

Toby Courtauld, Chief Executive, said,

"London's property investment markets continued to recover during the quarter although at a lesser pace than the unsustainably high rates of the previous two quarters. We expect this less urgent mood to persist for the balance of the year with investors looking to rental growth to support further price increases.

In our own portfolio, we have been encouraged by the demand levels from prospective tenants which has helped support rental growth across the portfolio. Whilst we expect sentiment to remain relatively volatile in the near term, looking two or three years ahead, we maintain our confidence in London as a global financial centre. With a prospective supply/demand balance that favours the landlord, we can expect rents to rise over this timescale.

With some strong acquisitions behind us, a first class development programme ahead of us and low financial gearing giving us plenty of capacity for further expansion, we look to the future with confidence."

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Portfolio valuation

Central London commercial real estate valuations continued to rise in the quarter as a result of a modest improvement in rental values and a slight enhancement in yields supported by solid investor demand in the quarter to 30 June 2010. The valuation of the Group's properties as at 30 June 2010 was £1,440.1 million including our share of joint venture assets, a rise of £52.6 million or 4.6% on a like-for-like basis since 31 March 2010 compared to 6.7% for the previous quarter. Acquisitions made in the quarter increased the valuation by £149.5 million as at 30 June 2010, whilst disposals reduced the quarter end valuation by £18.2 million.

By sector, the portfolio value increases in the quarter were - West End offices 4.8%, City & Southwark offices 2.8% and West End retail 3.6%. Further details on valuation trends by ownership and sectors are set out on slides 2 and 3 in the Appendix. The wholly owned portfolio was valued at £937.5 million at 30 June (up 4.3% like for like, on the quarter) and the joint venture properties (our share) at £502.6 million (up 4.6% like for like, on the quarter). The net impact of the movement in yields and rental values on the portfolio valuation is set out on in the Appendices.

The portfolio true equivalent yield declined by 15 basis points over the quarter and now stands at 5.4%. The investment portfolio's adjusted initial yield (including contracted income still in rent free periods) was 5.2% at June, a fall of 10 basis points from March 2010. A yield table is set out on slide 5 in the Appendix.

Occupational demand has shown early signs of improvement and our tenant retention remains encouraging with 72% of those who could have left our properties for the nine months to 30 June deciding to stay. Across our portfolio, rental values rose by 2.3% in the quarter, compared to the 3.1% increase recorded for the previous three months. West End office rental values were 2.5% higher whilst City and Southwark office rental values rose by 1.8%. Retail demand has been resilient and rental values in the West End portfolio increased by 1.8% in the quarter.

Looking forward, we expect take up to moderate in the near term from its above average levels over the past six months reflecting the lower level of business confidence recorded recently. However, looking two or three years ahead, with a prospective office supply shortage and at or near trend rate of economic growth, we expect rents to show healthy increases over this timeframe.

The Group's average office rent remains low at £37.30 per sq ft., up from £35.30 per sq. ft. at March 2010 following acquisitions at Portman Square, W1 and City Place House, Basinghall Street, EC2. Overall the portfolio was rack rented at the quarter end and rental value trends are highlighted on slide 6 in the Appendix.

Estimated NAV per share and financing

The principal reason behind the net asset value rise for the quarter was the increase in portfolio valuation of 4.6% or £52.6 million due to a combination of rental value and yield factors. Net assets per share were reduced by the payment of the second interim dividend of £15.6 million but benefited from the sale of properties on Foley Street and Eastcastle Street for a combined net profit of £1.8 million over March 2010 valuation. As set out in the table below, estimated net assets per share increased by 4.2% from 283 pence in March to 295 pence at 30 June 2010.

Pro Forma Estimated Balance Sheet [1]			
	£m	*pence*	*Percentage*
Adjusted NAV[2]		*per share*	*movement*
At 31 March 2010	**883.8**	**283**	
Valuation uplift	52.6	16	
Property disposals	1.8	1	
Second interim dividend	(15.6)	(5)	
At 30 June 2010	**922.6**	**295**	*4.2%*
REIT NNNAV			
M2M of debt & derivatives	8.0	3	
At 30 June 2010	**930.6**	**298**	*2.4%*
At 31 March 2010	**909.6**	**291**	

Note:
[1] The pro forma balance sheet is unaudited and does not include retained earnings for the quarter
[2] EPRA adjustments to Net Asset Value

The mark to market of debt of £8.0 million or 3 pence per share generates a NNNAV of 298 pence at 30 June 2010, a rise of 2.4% from March.

Net debt has increased over the quarter mainly as a consequence of property investments with the effect on the Group's leverage ratios softened by an increasing portfolio valuation, leaving gearing at a comfortable level.

Summary of Debt Statistics

£ million	**Jun-10**	**Mar-10**
GPE Net Debt	369	233
GPE gearing	40.0%	26.5%
Total debt including JVs	492	359
Total LTV	34.2%	28.8%
Cash and undrawn credit lines	366	477

Around half of the Group's total debt was at floating rates at 30 June 2010 allowing a low weighted average interest rate for the period end of 3.5%.

GPE and Starwood Capital Group have agreed terms for a new £80 million credit facility for the Great Star Partnership which will be drawn by the end of July 2010. This five year, secured term loan will be used to refinance the joint venture, will be fully hedged and will have an initial cost of debt including margin of 3.6%.

Investment management

Since the financial year end, we have continued to be active in investing in properties which we believe have the potential for strong performance.

It is anticipated that the Great Star Partnership will complete the acquisition of City Tower, 40 Basinghall Street, EC2 and City Place House, 55 Basinghall Street, EC2 by the end of July 2010 so that GPE and Starwood Capital each own a 50% interest in these properties which were valued at £131 million at 30 June 2010.

In June, we announced the acquisition of 35 Portman Square, W1 for £53.0 million from the shareholders of Portman Square Properties Holdings Ltd via a corporate acquisition, and reflecting a net initial yield of 7.7%. The consideration was made up of £31 million cash and assumed debt of £22 million. 35 Portman Square is an eight storey, 73,000 sq. ft. building fronting Portman Square in the West End occupying an under-developed corner site of around 0.5 acres. The building was comprehensively refurbished in 2006 to a Grade A standard and subsequently multi-let to 12 tenants producing a net rent of £4.24 million with a weighted unexpired lease term of 4.3 years. The property is held on a lease from The Portman Estate expiring in September 2060 at a fixed rent of £1,000 per annum.

During the quarter, GPE disposed of two properties at 46/48 Foley Street, W1 and 38/40 Eastcastle Street, W1, for a total of £20.1 million and representing a premium of 10.4% the March 2010 book value.

Asset management

We saw reasonable levels of leasing activity throughout the quarter, as set out in the table below, with 27 new leases completed generating an annual rent of £1.5 million p.a. (Group share £1.1 million p.a.). 28 potential lettings are currently under offer accounting for a further £4.5 million p.a. in rent (Group share £3.3 million p.a.). Rent reviews totalling £2.8 million p.a. (Group share £1.6 million p.a.) have been settled 5.7% ahead of the valuer's estimates at the relevant review date.

Leasing Transactions	**Three months ended**		
	30 June 2010	**31 March 2010**	**30 June 2009**
New leases and renewals completed			
Number	27	35	35
GPE share of rent p.a.	£1.1 million	£3.5 million	£1.8 million
Area (sq. ft.)	42,000	118,500	93,800
Rent per sq. ft.	£35	£32	£26.50
Rent reviews settled			
Number	5	4	2
GPE share of rent p.a.	£1.6 million	£0.7 million	£0.5 million
Area (sq. ft.)	55,000	13,600	9,700
Rent per sq. ft.	£51	£55	£112

Note: Includes joint ventures

The letting transactions concluded during the quarter have helped maintain the Group's low void rate at 3.6% (from 3.4% at March 2010). Further information on the letting of space and/or retention of income on lease expiry or break is set out on slide 7 in the Appendix.

Cash collection and tenant delinquencies

The June quarterly cash collection performance was in line with expectations taking into account acquisitions which completed during the quarter. We secured 90% of rent seven working days after the quarter day (March 2010: 93%). One of our retail tenants went into liquidation around the quarter day, accounting for less than 0.1% of rent roll (March 2010: four tenants, accounting for 0.5% of rent roll). Around 5% of our rent roll is subject to monthly payments. The segmentation of our tenant base is shown on slide 10 in the Appendix.

Development overview

We have recently started two schemes and we have a further seven schemes which could start by the end of 2011 giving us almost 1.6 million sq. ft. that could be delivered in the next few years. Beyond that, our pipeline includes a further 15 projects which brings the total programme to 2.8 million sq. ft., covering 53% of GPE's existing portfolio.

Leasing. The 47,000 sq. ft. Woolyard, Bermondsey Street, SE1 project is now over 98% let or under offer following three leasing transactions during the quarter. At our refurbishment project at 184 Oxford Street, W1 we have agreed to lease the retail unit to an international fashion retailer for an annual rent of almost £1 million on a ten year term.

Recent project starts. In July we received a resolution to grant planning permission for further enhancements to our proposals at our 102,000 sq. ft. redevelopment of Marcol House, 289/295 Regent Street, W1, and at our residential scheme at 23/24 Newman Street, W1. Demolition commenced earlier this month and we are targeting practical completion in 2012.

Project preparation. The 100 Bishopsgate Partnership, our joint venture with Brookfield Properties, has made good progress in preparing this major City development for a potential start date during 2011, subject to a variety of partner approvals. Detailed design and specification studies have identified project improvements which could allow an increase in lettable area up from 815,000 sq. ft. to approximately 860,000 sq. ft.

We continue to prepare schemes at Oxford Street, Wigmore Street, Walmar House, Regent Street, all in W1 and Fetter Lane, EC4 for a potential start over the next two years. At Hanover Square, W1, discussions on our masterplan proposals continue with Crossrail and, having received a favourable response from a number of stakeholders to our design proposals, we anticipate submitting a planning application later in 2010.

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Forward Looking Statements

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