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GPE refinances in the US Private Placement market

Great Portland Estates plc ("GPE") announces that it has raised £175 million through the issue of new seven year US private placement notes. The Sterling denominated unsecured debt has a fixed rate coupon of 2.15% (representing a margin of 125bp over the relevant Gilt).

The new issue priced on 22 February, signed on 28 March and will close with funds drawn on 22 May. The new notes were placed with eight institutional investors, including three new lenders to GPE, and have identical financial covenants to the Group's other unsecured debt.

The new notes will refinance £159.7 million (principal amount) of existing private placement notes which were prepaid last week at a total cash cost of £176.1 million. These notes had a blended fixed rate coupon of 5.3% and were due to mature in 2018 and 2021.

Looking ahead, GPE also intends to prepay the remaining £127.7 million of existing private placement notes (maturing in 2019 and 2022 with a blended fixed rate coupon of 4.6%) following receipt of the majority of the Rathbone Square, W1 freehold sale proceeds, which is expected to occur next month.

These refinancing activities will extend the Group's weighted average debt maturity to 6.4 years (4.7 years at 31 December 2016) and reduce the Group's weighted average interest rate to approximately 2.7% (3.7% at 31 December 2016).

NatWest Markets and Santander acted as joint active agents on the new issue. JC Rathbone Associates are acting as hedging advisers in respect of the prepayments.

Nick Sanderson, Finance Director of GPE commented, "We are very pleased with the considerable investor appetite shown for this issue, with an order book of more than £800 million testament to our focused business strategy and conservative capital structure. This financing locks in low cost debt funding for the next cycle and we believe the coupon is the lowest Sterling rate ever achieved by a REIT in the US private placement market."

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