

12 October 2020

Great Portland Estates Trading Update

Great Portland Estates plc (GPE) today publishes its trading update for the quarter to 30 September 2020.

Toby Courtauld, Chief Executive, said:

“The trajectory of COVID-19 continues to dominate the economic backdrop and disrupt the activities of many businesses across London. Whilst rental collection and occupancy rates have improved across the portfolio since March, many sectors remain challenged. We continue to engage with those occupiers unable to meet their rental obligations, offering assistance on a case by case basis to support them through this difficult period. Whilst we expect the near term outlook to remain unpredictable, we remain firm believers in the long term appeal of well-designed and located offices and of London’s role as a dominant global city.

GPE is well positioned for any eventuality; our low leverage and high liquidity provides resilience and significant capacity for growth; we are delivering innovative, flexible, sustainable spaces that meet the needs of occupiers in today’s quickly evolving market and we are preparing our future developments from our extensive pipeline, for which we are encouraged by healthy levels of early occupier demand. This positive platform, combined with our strong culture and talented team, means we are ready to capitalise on this period of uncertainty.”

73% of September rent collected to date (including amounts covered by rent deposits)

Collection performance to date of rents due by occupier type	Retail, Hospitality & Leisure	Other sectors	Total	Total (after rent deposits)
Quarterly rent	21%	84%	63%	71%
Monthly rent	69%	87%	80%	92%
Received	28%	85%	65%	73%

For the 29 September quarter, 61% of rents due (which, following rescheduling and other temporary arrangements with occupiers, represents 70% of this quarter’s rent roll) was secured within seven working days (June 2020: 57%), which has now risen to 63%. Of the further 30% of our rent roll on monthly payment terms (June 2020: 30%), 80% was collected within seven working days of the due date. In total, so far we have collected 65% of all rent due, or 73% (June 2020: 69%) including amounts available from rent deposits.

At 30 September 2020, we held rent deposits and bank guarantees totalling £18.5 million (June 2020: £21.6 million), of which we anticipate that we will be able to utilise £1.9 million against our outstanding September rent.

For those occupiers who have been unable to pay their rent, we are implementing measures to help support them through these unprecedented times. Accordingly, on a case by case basis, we are currently offering occupiers facing cash flow difficulties monthly payment terms, deferral of rental payments or rental holidays, as appropriate. During the quarter, two of our occupiers went into administration (June 2020: two), representing only 0.9% of our rent roll.

All of our office buildings remain open for business, with levels of occupier utilisation currently around 27% of full occupancy and around 90% of our retail units are open.

82% of March and June rent now collected

Of the £43.7 million rent billed in the March and June quarters, to date we have collected 69%, or 82% after the utilisation of rent deposits. We will be making an appropriate provision against the £8.3 million outstanding for estimated non-recovery in our forthcoming half year results.

£2.3 million of new lettings in the quarter

We completed five new lettings (32,700 sq ft) during the quarter, generating annual rent of £2.3 million (our share: £1.8 million) with market lettings 4.6% above March 2020 ERVs. We currently have a further 114,800 sq ft of space under offer which would deliver approximately £7.6 million p.a. in rent (our share: £5.0 million), with market lettings 5.4% above March 2020 ERV.

Successful development completions

During the period, we delivered a number of sectional completions at our development at Hanover Square, W1. To date, we have completed 20 Hanover Square, the Medici Courtyard offices and retail units on New Bond Street, along with the adjacent six residential units which, following the marketing launch in late September, were all placed under offer within eight days. We have also completed floors five to eight of 18 Hanover Square, the main office building, which is 87% pre-let to KKR and Glencore. The remainder of the 18 Hanover Square office floors will complete over the coming weeks with the final sectional completion, that of the courtyard, expected in November.

In September, we achieved practical completion at The Hickman, E1. Our development activities have transformed a previously tired office building into 75,300 sq ft of innovative new space. This highly sustainable BREEAM 'Excellent' refurbishment is also technologically advanced, utilising both our app 'sesame' and digital twin technology to improve the occupier experience and minimise operational carbon emissions. The Hickman is located in a popular area set to benefit from the arrival of the new Whitechapel Crossrail station and interest in the building remains encouraging. We are now under offer to lease 17,150 sq ft of space.

New USPP issued and repayment of GVP debt

In August we issued £150 million of new unsecured US private placement notes. The Sterling denominated notes cover 12 year and 15 year maturities (weighted average of 14.5 years) and have a weighted average fixed rate coupon of 2.77%. Funds will be drawn on 5 November and increase available liquidity to more than £450 million. The notes were placed with six investors, including two new lenders to GPE, and have identical financial covenants to the Group's other unsecured debt.

We are also in the process of repaying the non-recourse secured debt facility in our Great Victoria Partnership (GVP), which is secured over Mount Royal, W1. The £80 million (our share: £40 million) facility will be repaid by the end of October, after which 98% of the Group's debt will be on a flexible unsecured basis.

Forthcoming results

We expect to release our half year results to 30 September 2020 on Wednesday 11 November 2020.

Contacts:

Great Portland Estates plc

+44 (0) 20 7647 3000

Toby Courtauld, Chief Executive

Nick Sanderson, Finance and Operations Director

Stephen Burrows, Director of Financial Reporting and Investor Relations

Finsbury Group

+44 (0) 20 7251 3801

James Murgatroyd

Gordon Simpson

Forward Looking Statements

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