

8 July 2021

## Momentum Building: GPE Trading Update

Great Portland Estates plc (GPE) today publishes its trading update for the quarter to 30 June 2021.

*Toby Courtauld, Chief Executive, said: "The acceleration in enquiries that we experienced in the first quarter of the year has translated into healthy leasing activity, particularly for our prime Grade A and flex office products. In a strong leasing quarter, we have continued to let space ahead of ERV, improved our rental collection performance and have placed 50 Finsbury Square, EC2, under offer to a single occupier. Furthermore, we have passed a significant milestone for our development pipeline by securing resolution to grant planning permission for the comprehensive redevelopment of 2 Aldermanbury Square, EC2.*

*As momentum in our markets builds, we can expect demand for our flexible and sustainable spaces to grow. With our sizeable development programme designed to satisfy customers' changing needs, our low leverage and high liquidity providing significant capacity for growth and our talented and innovative team, we are well placed to capitalise in such a dynamic market environment."*

### Strong leasing momentum

- £12.7 million of new annual rent signed, including £8.0 million of retail space, market lettings 9.3% ahead of March 2021 ERV, including a further three lettings at our new Flex+ offering at 16 Dufour's Place, W1 (now 90% let or under offer within 3 months of launch)
- £14.9 million of further lettings under offer (up from £5.5 million at May), 6.7% ahead of March 2021 ERV
- c.£33 million of new annual rent in negotiation, demonstrating demand for prime offices and best in class flexible spaces

### Improved rent collection: strong June quarter rent collection ahead of all four previous quarters

- 86% of June rent collected to date including amounts covered by rent deposits; 84% excluding deposits (93% from office units; 58% from retail/hospitality/leisure sectors; 94% all other sectors) ahead of March quarter at equivalent date
- All offices open for business with 32% occupier utilisation; 92% of retail units open

### Excellent progress across our development programme; one completion, resolution to grant planning achieved for 320,500 sq ft prime office scheme at 2 Aldermanbury Square, EC2

- 1 Newman Street, W1 (122,700 sq ft) completed in July, 38% let including 15,200 sq ft retail letting, good interest in remaining office space
- Good progress at major office refurbishment at 50 Finsbury Square, EC2 (128,100 sq ft); now all under offer, forecast 21% profit on cost, targeting NZC, £45 million capex to complete (expected Q4 2022)
- Momentum maintained on four-near term schemes (909,400 sq ft); resolution to grant planning permission achieved at 2 Aldermanbury Square, EC2 (320,500 sq ft new build); c.£800 million capex ahead of potential starts in 2022; strong occupier interest

### Strong financial position; total liquidity of £423 million

- Property LTV<sup>2</sup> of 19.1%, weighted average interest rate of 2.5%, cash/undrawn facilities of £423 million
- Total prospective capex of c.£900 million (including refurbishments)
- Organic rent roll growth of 104% including four near-term developments

### Embracing change and innovation

- New HR Director, Carrie Heiss, to join in September and appointed to Executive Committee
- The Hickman, E1 awarded SmartScore 'Platinum' rating, the first award globally
- Detailed reporting on our Sustainability performance to 31 March 2021 is now available on our website

**Strong leasing: £12.7 million of new lettings, 9.3% ahead of ERV**

The improving economic backdrop, combined with the expectation that the supply of prime spaces will remain constrained over the coming years, has translated into an active leasing quarter.

The leasing highlights included:

- 16 new leases and renewals signed generating annual rent of £12.7 million (our share: £8.9 million), with market lettings 9.3% ahead of March 2021 ERV;
- Three rent reviews were settled securing £2.0 million of annual rent (our share: £2.0 million) in line with the previous passing rent and 1.2% ahead of ERV;
- Total space covered by new lettings, reviews and renewals was 213,000 sq ft;
- The Group's rent roll has increased by 2.2% to £97.3 million and the Group's vacancy rate decreased to 11.8% (31 March 2021: 13.2%);
- A further 23 leases under offer (196,400 sq ft) which would deliver approximately £14.9 million p.a. in rent (our share: £13.4 million), with market lettings 6.7% above March 2021 ERV; and
- c.£33 million of new annual rent in negotiation, demonstrating continued demand for prime offices and best in class flexible spaces.

Leasing Transactions	Three months ended		
	30 June 2021	31 March 2021	30 June 2020
<b>New leases and renewals completed</b>			
Number	16	8	4
GPE share of rent p.a.	£8.9 million	£2.3 million	£4.3 million
Area (sq ft)	184,600	35,300	44,500
Rent per sq ft	£71	£87	£96
<b>Rent reviews settled</b>			
Number	3	9	2
GPE share of rent p.a.	£2.0 million	£2.9 million	£0.6 million
Area (sq ft)	28,400	59,500	15,000
Rent per sq ft	£72	£60	£42

*Note: Includes joint ventures at our share*

Notable leasing transactions during the quarter included:

- At our recently completed Flex+ space at 16 Dufour's Place, W1 (16,300 sq ft), we completed a further three lettings and have now 90% of the building let or under offer 3 months after completion. Across these six leases we have achieved an average rent of £190 per sq ft (fitted and fully managed), 8.2% above ERV;
- At Hanover, W1, we let the final floor of 18 Hanover Square (16,500 sq ft) to a financial services company. We also completed two further office lettings at 20 Hanover Square during the quarter and a further three leases are under offer. The offices are now 100% let or under offer, eight months post completion;
- At 103/113 Regent Street, W1 we accepted the surrender of Superdry's lease (annual rent £4.3 million) and are replacing them with a global fashion brand; and
- At 1 Newman Street & 70/88 Oxford Street, W1 redevelopment, we pre-let 15,200 sq ft of retail space to competitive socialisation operator Boom Battle Bar (BBB). BBB has agreed a fifteen-year lease (without break) at an initial minimum rent of £625,000 per annum (plus a turnover top-up).

## 86% of June 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	55%	93%	83%	85%
Monthly rent	84%	96%	92%	93%
<b>Received</b>	<b>58%</b>	<b>94%</b>	<b>84%</b>	<b>86%</b>

For the 24 June quarter, 83% of rents due (which, following rescheduling and other temporary arrangements with occupiers, represents 82% of this quarter's rent roll) was secured within seven working days (March 2021: 81%). Of the further 18% of our rent roll on monthly payment terms (March 2021: 28%), 92% was collected within five working days of the due date. In total, so far we have collected 84% of all rent due, or 86% (March 2021: 82%) including amounts available from rent deposits.

At 30 June 2021, we held rent deposits and bank guarantees totalling £15.7 million (March 2021: £17.2 million), of which we anticipate that we will be able to utilise £1.3 million against our outstanding June 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, none of our occupiers went into administration (March 2021: two).

All of our office buildings remain open for business, with levels of occupier utilisation currently around 32% of full occupancy and around 92% of our retail units are open.

### 88% of rent for the year to 31 March 2021 now collected

Of the £89.4 million of rent billed in the year to 31 March 2021, to date we have collected 81%, or 88% after the utilisation of rent deposits, leaving £11.1 million outstanding.

### Significant development activity

Within our 1.5 million sq ft development pipeline we have continued to make excellent progress with both our committed and near-term schemes:

#### 1 Newman Street & 70/88 Oxford Street complete; first retail letting achieved

At 1 Newman Street & 70/88 Oxford Street, W1, we recently completed the 122,700 sq ft office and retail building, sitting directly opposite the Dean Street entrance to the Tottenham Court Road Crossrail station. In June, we agreed the letting of all of the basement space to Boom Battle Bar for a new competitive socialisation offer. Together with the 39,970 sq ft of space pre-leased to Exane, the new building is now 38.4% let, and we have good interest in the majority of the remainder.

#### 50 Finsbury Square, EC2, now 100% under offer

At 50 Finsbury Square, EC2, main construction works are progressing well at our 128,100 sq ft major refurbishment. Our extensive repositioning will extend the office floor plates within the existing frame of the building, create a large reception with a concierge as well as an improved retail, leisure and amenity offer. The new building will be a sustainability, wellbeing and technology exemplar delivering on all four pillars of our Sustainability Statement of Intent and will become our most tech-enabled building to date. Given the quality of the product and after only committing to the refurbishment at the start of the year, we now have all of the building under offer.

#### Four near term schemes; resolution to grant planning achieved at 2 Aldermanbury Square

In June, we successfully obtained resolution to grant planning permission at 2 Aldermanbury Square, EC2, our 320,500 sq ft redevelopment in the City. Our proposed development will substantially increase the size of the building on the site (up from 176,000 sq ft) and will incorporate our sustainability aspirations from the outset, with the aim of delivering a net zero carbon building five years ahead of our current target of 2030. The scheme also includes a number of public realm and amenity improvements that will have a positive impact on the local area and improve accessibility to the western entrance to the Liverpool Street Crossrail station. To date we have been greatly encouraged by the strong occupier interest in the scheme.

At French Railways House and 50 Jermyn Street, SW1, part of our Piccadilly Estate, we are planning a major office-led redevelopment to provide 64,800 sq ft (up from 54,600 sq ft) of new Grade A space. The proposed highly sustainable building will be in keeping with surrounding conservation area and heritage

assets and will include a significant amount of new amenity including a number of external spaces including communal roof terrace. Our proposals for the site are subject to Crown consent.

At New City Court, SE1, we have amended our proposals, lowering the height whilst maintaining area, to materially increase the size of the existing 98,000 sq ft building to 386,400 sq ft and we expect a planning determination later this year.

At Minerva House, SE1, we are finalising plans for a 137,700 sq ft major office refurbishment. We are already in discussions with Southwark and aim to submit our planning application later this month. Our proposals will reposition this building taking full advantage of its river frontage and, by adding additional storeys, we will be able to create outdoor terraces and amenity space with commanding views over central London.

**The Hickman achieves a SmartScore ‘Platinum’ rating**

In July, WiredScore announced that The Hickman, E1 was the first building globally to achieve the prestigious SmartScore ‘Platinum’ rating. The Hickman is a comprehensive redevelopment completed in September 2020, delivering 75,300 sq ft of highly tech enabled and sustainable workspace.

SmartScore, the certification for smart buildings was launched in April 2021 to provide a global standard to identify best-in-class smart buildings that deliver an exceptional user experience, drive cost efficiency, meet high standards of sustainability and are fully future-proof. The Platinum rating demonstrates our commitment to continuous technological innovation to enhance the occupier workplace experience. The combination of the digital twin to optimise operational energy, together with the integration of sesame™ and other building technologies means that occupiers and their staff enjoy a more sustainable and productive workplace.

**Strong financial position; LTV low at 19.1%**

At 30 June 2021, Group consolidated net debt was £496.8 million, up from £477.5 million at 31 March 2021. The increase was largely due to on-going development capital expenditure across the Group. Group gearing increased to 25.6% at 30 June 2021 from 24.6% at 31 March 2021.

Including cash held in joint ventures, total net debt was £470.1 million at 30 June 2021 (31 March 2021: £451.0 million) equivalent to a loan to property value of 19.1%<sup>2</sup> (31 March 2021: 18.4%). At 30 June 2021, the Group, including our share of joint ventures, had cash and undrawn committed credit facilities of £423.5 million.

Our weighted average interest rate was 2.5% at the quarter end, unchanged since 31 March 2021. At 30 June 2021, 89% of the Group’s total drawn debt was fixed or hedged. Our weighted average drawn debt maturity was 7.8 years at 30 June 2021 (31 March 2021: 8.1 years).

	<b>30 June 2021</b>	<b>31 March 2021</b>
GPE net debt (£m)	496.8	477.5
GPE gearing <sup>1</sup>	25.6%	24.6%
Total net debt including JVs (£m)	470.1	451.0
LTV <sup>2</sup>	19.1%	18.4%

1. Based on net asset value at 31 March 2021  
 2. Based on property values at 31 March 2021

**New HR Director appointed to Executive Committee**

We have recently appointed Carrie Heiss as HR Director who will be joining GPE in September. Carrie is currently Chief HR Officer at Olivetree Group, having previously been Group Head of HR at TP ICAP plc. Given the strategic importance of our culture, people and talent development initiatives as we continue to embrace change, and also Carrie’s extensive experience, she will be a member of the Executive Committee.

**Sustainability reporting**

We have recently published our sustainability reports to 31 March 2021. Our Sustainability performance data report, our TCFD disclosure and Social impact report are now available on our website: <https://www.gpe.co.uk/sustainability/>. We are also preparing a Sustainable finance framework which will be available on the website in July.

**Contacts:****Great Portland Estates plc****+44 (0) 20 7647 3000**

Toby Courtauld, Chief Executive  
Nick Sanderson, Chief Financial and Operating Officer  
Stephen Burrows, Director of Financial Reporting and IR

**Finsbury Group****+44 (0) 20 7251 3801**

James Murgatroyd  
Gordon Simpson

**Forward Looking Statements**

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