

# Press Release



7 July 2022

## Positive quarter: GPE Trading Update

Ahead of its Annual General Meeting at 11:00 today, Great Portland Estates plc (GPE) publishes a trading update for the quarter to 30 June 2022.

### Continued leasing success

- £6.0 million of new annual rent signed, including £1.9 million of Flex space and £1.7 million of retail space, market lettings 2.6% ahead of March 2022 ERV
- £9.5 million of further lettings under offer (up from £9.4 million at May), 1.9% ahead of March 2022 ERV
- c.£33 million of new annual rent in negotiation, demonstrating demand for prime offices and best in class flexible spaces

### Accretive sales and acquisitions

- Sale of 6/10 Market Place, W1 for £28.2m, 4.1% net initial yield, 3% above March 22 book value
- Acquisition of 6/10 St Andrew Street, EC4 completed for £30.0 million (£650 per sq ft), growing our fully managed offer
- Acquisition of 2 Cathedral Street, SE1 for £7.1 million, 4.4% net initial yield

### Strong financial position; total liquidity of £343 million

- LTV of 22.2%, weighted average interest rate of 2.4% (fully drawn), cash & undrawn facilities of £343 million
- Total prospective capex of c.£970 million (including refurbishments), including £15.1 million to complete pre-let 50 Finsbury Square development and a further £267.0 million to deliver our prospective scheme at 2 Aldermanbury Square, EC2

Toby Courtauld, Chief Executive, said:

*"I am pleased to report continued positive activity over the first quarter with healthy leasing, excellent progress at 50 Finsbury Square, EC2, which is already 98% pre-let or under-offer, and the completion of our acquisition of 6/10 St Andrew Street, EC4 for our fully managed offer. The second quarter has started well with our Customer first approach delivering encouraging levels of enquiries from prospective customers attracted to our brand of high quality, well-located space, more than 93% of which is within walking distance of an Elizabeth Line station. Today we have £9.5 million of lettings under offer, at a premium to March 2022 ERVs, with an additional £33 million under negotiation.*

*Whilst the current macro-economic backdrop is expected to be volatile in the short-term, 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 strategic focus, strong balance sheet, opportunity rich portfolio and experienced team, we remain confident in our outlook."*

Great Portland Estates plc  
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For further information see [www.gpe.co.uk](http://www.gpe.co.uk) or follow us on Twitter at @GPE\_plc

Leasing momentum continued into first quarter after record leasing year

The leasing highlights in the quarter included:

- 19 new leases and renewals signed generating annual rent of £6.0 million (our share: £5.4 million), with market lettings on average 2.6% ahead of March 2022 ERV;
- of the 19 new leases, we signed six Flex lettings including five for our fully managed offer, achieving on average £170 per sq ft, 4.5% ahead of March 2022 ERV;
- two rent reviews were settled securing £0.5 million of annual rent (our share: £0.5 million) in-line with the previous passing rent and 15% ahead of ERV;
- total space covered by new lettings, reviews and renewals was 62,800 sq ft;
- we have collected more than 95% of the rents due (across both office and retail space); and
- a further 37 lettings under offer (103,300 sq ft) which would deliver approximately £9.5 million p.a. in rent (our share: £8.7 million), with market lettings 1.9% ahead of March 2022 ERV, and a further c.£33 million in negotiation.

The largest transaction in the period was at 1 Newman Street, W1, where we leased the third floor (13,700 sq ft) to Scape UK Management. The student accommodation specialist has committed to a 10-year lease (with a five year break) at £92.50 per sq ft. The last remaining office floor is also currently under offer.

In early July, we leased a further retail unit at Hanover Square, W1 to the Opera Gallery, who will be relocating further north on New Bond Street to create a new larger flagship premises across basement, ground and first floor levels totalling over 6,100 sq ft of space. Opera Gallery will join other luxury retailers at Hanover, including Canali, Pronovias, Seiko, Moyses Stevens and WatchHouse, as well as the London Fashion Academy by Jimmy Choo. This letting takes the retail space at Hanover to 73% let, with three retail stores remaining.

Good development progress

At 50 Finsbury Square EC2, construction is advancing well with the scaffolding now largely removed ahead of expected completion later this year. The scheme will deliver 129,200 sq ft of refurbished space, including 121,800 sq ft of offices all of which is pre-let to Inmarsat. The majority of the remaining 7,300 sq ft of retail space is now under offer or in negotiation.

At 2 Aldermanbury Square, EC2 our enabling works are progressing well ahead of an anticipated construction start in late 2022. Our proposed development will substantially increase the size of the building to 321,100 sq ft (up from 176,000 sq ft) and will deliver our second Net Zero Carbon building, after 50 Finsbury Square, EC2. 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 of the Liverpool Street Elizabeth Line station. To date, we have been greatly encouraged by the strong customer interest in the scheme.

Disposal ahead of book value

In June, GPE sold the freehold of 6, 7/8 and 9/10 Market Place, W1 to a UK private property company. The property comprises three adjoining mixed use assets totalling 18,000 sq ft including multi-let offices and restaurant/café space.

The headline sale price of £28.2 million reflects a net initial yield of 4.1% on a topped up basis and capital value of £1,480 per sq ft. After deduction of outstanding occupier incentives and rental guarantees, the net price is £27.8m, 3.0% ahead of the March 2022 book value.

## Two attractive acquisitions

In May we completed the off-market acquisition of the long leasehold interest at 6/10 St Andrew Street, EC4 for £30.0 million (£650 per sq ft). The 46,200 sq ft building is currently vacant, and benefits from planning permission for a two-storey extension.

The building is located within five minutes walking distance of Chancery Lane and Farringdon stations and is only 450 metres from the new Farringdon Elizabeth Line. It has excellent fundamentals **and requires substantial refurbishment to bring it in line with GPE's net zero carbon commitment.** It will provide approximately 48,000 sq ft over lower ground and eight upper floors, with two private terraces as well as a communal roof terrace and winter garden. St Andrew Street will deliver best-in-class Fully Managed office space in a core target location, with outstanding amenity space at ground floor and roof top levels.

Also in May, we acquired 2 Cathedral Street, SE1 for £7.1 million reflecting a 4.4% net initial yield and £1,100 per sq ft. The 6,400 sq ft freehold building is currently let until 2029 at a rent of £332,000 per annum. The property is located in the heart of **Borough Market and will complement GPE's Minerva House** holding in this exciting submarket.

Strong financial position; LTV low at 22.2%

At 30 June 2022, Group consolidated net debt was £574.2 million, up from £531.2 million at 31 March 2022. The increase was largely due to on-going development capital expenditure across the Group and net acquisitions. Group gearing increased to 27.4% at 30 June 2022 from 25.4% at 31 March 2022.

Including cash held in joint ventures, total net debt was £550.6 million at 30 June 2022 (31 March 2022: £502.3 million) equivalent to a low EPRA loan to property value of 22.2%<sup>2</sup> (31 March 2022: 20.5%). At 30 June 2022, the Group, including our share of joint ventures, had cash and undrawn committed credit facilities of £343 million.

Our weighted average interest rate was 2.4% (fully drawn) at the quarter end, up 30 basis points since 31 March 2022. At 30 June 2022, **77% of the Group's total drawn debt was fixed or hedged.** Our weighted average drawn debt maturity was 6.5 years at 30 June 2022 (31 March 2022: 6.9 years).

	30 June 2022	31 March 2022
GPE net debt (£m)	574.2	531.2
GPE gearing <sup>1</sup>	27.4%	25.4%
Total net debt including 50% JV cash balances (£m)	550.6	502.3
EPRA LTV <sup>2</sup>	22.2%	20.5%

1. Based on net asset value at 31 March 2022

2. Based on property values and net liabilities at 31 March 2022

## Sustainability reporting

We have recently published our Sustainability Performance Report to 31 March 2022, which is now available on our website at:

[www.gpe.co.uk/media/4594/sustainability\\_performance\\_report\\_2022.pdf](http://www.gpe.co.uk/media/4594/sustainability_performance_report_2022.pdf).