

Press Release



6 July 2023

Quarterly trading update

Great Portland Estates plc (GPE) publishes a trading update for the quarter to 30 June 2023.

Toby Courtauld, Chief Executive, said: *“Against a challenging macro-economic backdrop that is placing upward pressure on yields, particularly for non-prime spaces, we are pleased with our strong operating performance. Whilst our low levels of vacancy means we have limited space to lease, we had another active quarter with £6.4 million of new leasing deals at rents 17% higher than the March 2023 ERV, reaffirming our confidence in our rental value guidance of 0% to 5% growth for the financial year. We are also encouraged by the further £5.3 million of rent that we currently have under offer, some 13% ahead of ERV.*

Our focus on the best spaces, whether HQ developments, Fitted or Fully Managed, is well suited to meet a market demand that is increasingly discerning. And with our strong balance sheet and plentiful liquidity, we are confident that we have the team and the track record to capitalise on opportunities that are emerging, particularly if the economic uncertainty persists”.

Good levels of leasing activity

- 22 new leases and renewals signed in the quarter generating annual rent of £6.4 million (our share: £6.4 million), with market lettings on average 16.9% ahead of March 2023 ERV, including:
 - four Fully Managed leases signed at an average £252 per sq ft, including achieving £278 per sq ft on a renewal at 16 Dufour’s Place, W1, 20.9% ahead of March 2023 ERV; and
 - twelve new retail leases securing £2.6 million of rent with market lettings 20.8% above March 2023 ERV.
- Our investment void rate remains low at 3.6%;
- a further £5.3 million of rent is currently under offer; market lettings 13.2% ahead of March 2023 ERV; and
- 99.2% of rent charged was collected within seven working days.

During the quarter, at 16 Dufour’s Place, W1, we renewed the 3rd floor (3,100 sq ft) lease with a marketing firm on a Fully Managed basis. They have taken an additional two year lease, paying a rent of £278 per sq ft, an increase of 53% on their previous terms. Since March 2022, our retention rate across our Fully Managed spaces has been 73%.

At the Hickman, E1, the building is now fully let following letting the remaining office space to a digital transformation company, which will occupy 6,757 sq ft on the second floor on a Fitted five-year lease with an option to break at year three.

At our Piccadilly Buildings, San Carlo, the award-winning restaurant group, signed a lease for a new Cicchetti, occupying 7,000 sq ft over ground and basement floors, across two units.

Two acquisitions for £53.0 million

In May 2023, we acquired the freehold of 141 Wardour Street, W1 (33,717 sq ft) for £39.0 million (£1,156 per sq ft). The building is currently vacant, has been stripped out and benefits from planning consent for a comprehensive refurbishment. Set in the heart of Soho, prominently positioned on the corner of Wardour Street and Broadwick Street and within a five minute walk of the new Tottenham Court Road Elizabeth line station. The consented scheme will provide best-in-class office and restaurant accommodation arranged over lower ground, ground and six upper floors, with private terraces across the 4th to 6th floors and a communal roof terrace.

Also in May, we acquired the freehold interest in Bramah House, 65/71 Bermondsey Street, SE1 for £14.0 million, reflecting a 5.9% net initial yield and a capital value of £892 per sq ft. The 15,696 sq ft freehold building is currently multi-let with a WAULT of 3.2 years to expiries. The property is located opposite our existing building at Woolyard and will augment our growing Fully Managed campus on Bermondsey Street.

Following our substantial refurbishment, both buildings will provide outstanding Fully Managed office space designed to meet evolving customer demands and GPE's net zero carbon commitments. Following these acquisitions GPE's portfolio of Fitted and Fully Managed spaces, together with our Fully Managed Partnerships, now totals 418,000 sq ft.

Resolution to grant planning permission received at Minerva House, SE1

During the quarter, Southwark Council resolved to grant planning permission for the high-quality redevelopment of Minerva House, SE1. The proposals, designed by Ben Adams Architects, are to re-use and extend the existing office building on the Southbank of the River Thames, creating inviting spaces that meet customers' current needs and GPE's four strategic sustainability pillars, as well as targeting Net Zero Carbon.

With a potential start later this year, the plans will take the overall commercial space provision to 140,300 sq ft, an increase of approximately 53% on the existing area. The public realm between Minerva House and Southwark Cathedral will be significantly enhanced and a new cut-through across the site for the publicly accessible Thames Path will be opened up. In addition, the scheme will create c.400 new jobs across the site.

AGM

Our Annual General Meeting will be held later this morning at The Royal College of Nursing, 20 Cavendish Square, London, W1G 0RN.

Great Portland Estates plc

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