



20 June 2017

GPE Acquires Cityside and Challenger House, Whitechapel E1

Great Portland Estates plc (“GPE”) has acquired the freehold of land and buildings including Cityside and Challenger House, 40/42 Adler Street and 2/8 Whitechapel Road, London E1 from Hermes Investment Management, for £49.6 million (£320 per sq ft*).

The 1.1 acre site sits between Aldgate to the west and the new Whitechapel Crossrail Station to the east and is made up of;

- Cityside House –The freehold interest in a five-storey, 54,300 sq ft office building. The property is currently unoccupied and has planning consent for an additional three floors, taking the total net internal area to 76,500 sq ft, reflecting a capital value of £250 per sq ft*. GPE expects to complete major refurbishment works during the second half of 2019, targeting average rents across the building of £47 per sq ft.
- Challenger House –The freehold interest in a five-storey hotel, leased to Qbic Hotels for a further 21 years at a rent of £1,400,000 p.a., with CPI linked five yearly reviews, capped and collared at 2% - 4% p.a.. The hotel trades from 171 bedrooms with a public restaurant.
- Development sites - Freehold land to the rear of Cityside House, part of which has a planning consent for 19,000 sq ft of development, comprising hotel and residential uses. GPE will seek to improve the existing consent to deliver more beneficial and value creating uses for the land including amenity space for the occupiers of Cityside House.

Robin Matthews, Investment Director at GPE, said: “This acquisition represents an exciting opportunity for us to develop a well-designed, cost effective and prominent office building in the heart of Whitechapel, supported by a long-term income stream from Qbic Hotels, and further development sites. In addition, Whitechapel is set to benefit from significant further regeneration, including its new Crossrail station opening in late 2018.

Chris Taylor, Head of Private Markets at Hermes Investment Management, said: “The sale of 40/42 Adler Street and 2/8 Whitechapel Road is an excellent result for the Fund. We are now able to redeploy capital into new acquisitions where we believe additional value can be added.”

*based off net internal area of the existing and consented property

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Notes to Editors:

Hermes Investment Management

We are an asset manager with a difference. We believe that, while our primary purpose is helping beneficiaries retire better by providing world class active investment management and stewardship services, our role goes further. We believe we have a duty to deliver holistic returns – outcomes for our clients that go far beyond the financial and consider the impact our decisions have on society, the environment and the wider world.

Our goal is to help people invest better, retire better and create a better society for all.

We offer clients access to a broad range of specialist, high conviction investment teams with £30.8 billion* assets under management. In Hermes EOS, we have the industry's leading engagement resource, advising on £264.2 billion* of assets.

Hermes' investment solutions include:

- **Private markets** – Infrastructure, private debt, private equity and real estate
- **High active share equities** - Asia, global emerging markets, Europe, US, global, and small and mid cap
- **Credit** - Absolute return, global high yield, multi strategy and global investment grade
- **Multi asset** - Multi asset inflation
- **Stewardship** – Active engagement, intelligent voting, sustainable development and advocacy

*Please note the total AUM figure includes £6.0bn of assets managed or under an advisory agreement by Hermes GPE LLP (“HGPE”), a joint venture between Hermes Fund Managers Limited (“HFM”) and GPE Partner Limited. HGPE is an independent entity and not part of the Hermes group. £0.1bn of total group AUM figure represents HFM mandates under advice. Source: Hermes as at 31 March 2017 with the exception of one portfolio totalling £10.6m valued as at 28 February 2017.

Great Portland Estates plc

We are a FTSE 250 property investment and development company owning £3.1 billion of office, retail and residential space in central London.

Our portfolio consists of 57 properties totalling 3.0 million sq. ft., with a development pipeline totalling c2.0 million sq. ft. of potential new space.

We aim to deliver superior returns to our shareholders by unlocking the often hidden potential in retail and office property in central London.

*The entity HGPE mentioned above has no corporate relationship with any entity within the wider Great Portland Estates plc group.