Press Release

14 April 2021

Great Portland Estates Trading Update

Great Portland Estates plc (GPE) today publishes its trading update for the quarter to 31 March 2021.

Toby Courtauld, Chief Executive, said:

"The most recent COVID-19 lockdown has disrupted the activities of many businesses across London, resulting in a number of occupiers still being unable to meet their rental commitments. However, the ongoing vaccination programme and Government roadmap to easing lockdown restrictions is supporting renewed optimism, which we are seeing reflected in improved rent collection, greater letting activity and increased enquiry levels on available space. In particular, prime offices and best in class flexible spaces continue to be highly sought after and in relatively short supply, both trends which we expect to persist. Whilst the near term outlook will remain unpredictable, looking beyond COVID, we are confident that London will maintain its position as one of only a handful of truly global cities attracting businesses, capital and talent from around the world.

In that context, we are well positioned. Our leverage is low, providing significant capacity for growth; our extensive development pipeline is set to deliver high quality, sustainable spaces that remain in high demand; across of our investment portfolio, we are delivering flexible, tech-enabled spaces that support the productivity and wellbeing of our customers; this, combined with the talents of our experienced team and strong culture, means that we have an exciting opportunity to deliver on all our ambitions."

March quarter rent collection ahead of all four previous quarters

- 82% of March rent collected to date including amounts covered by rent deposits; 78% excluding deposits (90% from office units; 44% from retail/hospitality/leisure sectors; 91% all other sectors) ahead of all four previous quarters at an equivalent date
- 84% of rent for the year ended 31 March 2021 rent now collected including drawn deposits; 76% excluding deposits
- £17.2 million of rent deposits/bank guarantees held, of which £1.7 million anticipated to be utilised against outstanding March rent
- All offices open for business with COVID-19 Secure status

Encouraging leasing momentum

- £4.4 million of new annual rent signed in quarter. Market lettings 1.9% ahead of March 2020 ERV, including two lettings at our recently completed Hanover Square, W1 development to Colonial Property Co, for the signature restaurant space, and Lexington Partners for an office floor
- 16 lettings under offer for £10.7 million (our share: £7.1 million), 8.2% ahead of September 2020 ERV
- Further c.£35 million of new annual rent in negotiation, demonstrating demand for prime offices and best in class flexible spaces

Good progress across our development programme; one development start, two planning applications submitted

- Newly committed to major office refurbishment at 50 Finsbury Square, EC2 (127,500 sq ft); market leading sustainability, wellbeing and technology credentials
- Planning applications now submitted for:
    - 2 Aldermanbury Square, EC2 (320,600 sq ft); new build, office-led redevelopment targeting first net zero carbon building, five years ahead of our 2030 current target
    - French Railways House and 50 Jermyn Street, SW1, providing 65,000 sq ft of highly sustainable, brand new office space in Piccadilly
- Further planning application for Minerva House, SE1 anticipated to be submitted in next quarter

82% of March 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	47%	91%	81%	84%
Monthly rent	32%	90%	60%	60%
Received	44%	91%	78%	82%

For the 25 March quarter, 79% of rents due (which represents 72% of this quarter's rent roll following rescheduling and other temporary arrangements with occupiers) was secured within seven working days (December 2020: 68%), which has now risen to 81%. Of the further 28% of our rent roll on monthly payment terms (December 2020: 30%), 60% was collected within seven working days of the due date. In total, so far we have collected 78% of all rent due, or 82% (December 2020: 77%) including amounts available from rent deposits.

At 31 March 2021, we held rent deposits and bank guarantees totalling £17.2 million (December 2020: £16.5 million), of which we anticipate that we will be able to utilise £1.7 million against our outstanding March 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 (Dec 2020: three), representing only 0.9% of our rent roll.

All of our office buildings remain open for business, with levels of occupier utilisation around 17% of full occupancy and around 22% of our retail units were open last week. We expect these levels to materially increase following the permitted re-opening of non-essential retail stores and outdoor hospitality venues earlier this week.

84% 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 76%, or 84% after the utilisation of rent deposits. We will be making an appropriate provision against the £14.6 million outstanding for estimated non-recovery in our forthcoming annual results.

£4.4 million of new lettings in the quarter
We completed ten new lettings (58,400 sq ft) during the quarter, generating annual rent of £4.4 million (our share: £2.9 million) with market lettings 1.9% above March 2020 ERVs. We currently have a further 120,500 sq ft of space under offer which would deliver approximately £10.7 million p.a. in rent (our share: £7.1 million), with market lettings 8.2% above September 2020 ERV. We have an additional c.£35 million of new annual rent in negotiation.

In an active quarter, we have been encouraged by the strong occupier interest across our portfolio. At our recently completed Flex+ space at Dufours Place, W1, we have completed one lease and have a further two floors under offer, with these three deals delivering an all-in average rent (including service provision) of £183 per sq ft, 1.6% above the March 2020 ERV. At Hanover Square, W1, we completed two further lettings. The first to Colonial Property Co (Colonial), a New England inspired concept, which leased the 9,350 sq ft restaurant space across three floors of dining and social gathering in the historic Grade II* listed 20 Hanover Square, W1. Colonial agreed a twenty-year lease (without break) at an initial minimum rent of £600,000 per annum (plus a turnover top-up). More recently Lexington Partners agreed to occupy the second floor of the offices in 1 Medici Courtyard (9,000 sq ft) on a 15-year lease (with option to break at year 10) paying an annual rent of £1.0 million.

One development start, two planning applications submitted
Within our 1.4 million sq ft development pipeline we have continued to make progress. In January, we added to our committed developments with the commencement of the extensive repositioning of 50 Finsbury Square, EC2. Our 127,500 sq ft major refurbishment 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. Following completion of the strip out, our main construction activities have commenced. The new building will be a sustainability, wellbeing and technology exemplar and our first development to deliver on all four pillars of our Sustainability Statement of Intent (The Time is Now).

In February, we submitted our planning application for 2 Aldermanbury Square, EC2 (previously City Place House). This office led 320,600 sq ft redevelopment will substantially increase the size of the building on the site (up from 176,600 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. We are greatly encouraged by the strong occupier interest in the scheme and are currently in negotiations on a significant proportion of the space.

In February, we also submitted our planning application for a major office-led redevelopment of French Railways House and 50 Jermyn Street, SW1, part of our Piccadilly Estate. The proposed, highly sustainable building, will provide 65,000 sq ft (up from 54,600 sq ft) of new Grade A space 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.

Looking forward, we are in discussions with Southwark with the aim of submitting a planning application for Minerva House, SE1 in the coming quarter.

Senior management team
We were pleased to announce in the quarter a number of senior management changes and promotions, in particular as we broaden and deepen our offer to our occupiers and sustainability and social impact considerations become increasingly important in our strategic thinking and business activities. These changes included the promotion of Janine Cole to the GPE Executive Committee as Sustainability & Social Impact Director.

Forthcoming results
We expect to release our annual results to 31 March 2021 on Wednesday 19 May 2021.

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Forward Looking Statements

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