

5 October 2021

## Strong office leasing: GPE trading update

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

*Toby Courtauld, Chief Executive, said: "We have had a strong quarter, maintaining our leasing momentum as central London continues to reopen and people return to the office, whilst crystallising our returns through the sale of 160 Old Street, EC1. Occupier demand is robust, focusing on prime Grade A space and flex office products, both of which play to our strengths. Testament to this, in the quarter we pre-leased all the offices at 50 Finsbury Square, EC2 and successfully completed the letting programme at our first fully fitted and managed space at 16 Dufour's Place, W1 at an average rent of £191 per sq ft. Looking ahead we expect healthy demand to persist and today we have a further £3.3 million of lettings under offer 7.3% ahead of ERV and £38 million of new annual rent in negotiation, including in our near-term pipeline where construction is expected to start early next year. This continued demand for our spaces, combined with our sizeable development pipeline and plentiful liquidity, means we remain well placed to capitalise on the expected growth in the London and UK economy."*

### **Strong leasing momentum maintained; strongest quarterly rent collection since December 2019**

- £14.3 million of new annual rent signed in the quarter to 30 September, market lettings 10.4% ahead of March 2021 ERV, including £8.5 million pre-let
- £3.3 million of further lettings under offer, 7.3% ahead of March 2021 ERV
- c.£38 million of new annual rent in negotiation, demonstrating demand for prime offices and best in class flexible spaces
- First fully fitted and managed space at 16 Dufour's Place fully let, average rent £191 per sq ft
- Improved September quarter rent collection; strongest quarterly performance since December 2019

### **Crystallising surpluses at 160 Old Street, EC1**

- 160 Old Street, EC1 sold for £181.5 million, reflecting 5% premium to March 2021 valuation

### **Excellent progress across our development programme; major pre-let secured, resolution to grant planning achieved at French Railways House & 50 Jermyn Street, SW1**

- Good progress at our major office refurbishment at 50 Finsbury Square, EC2 (128,100 sq ft); offices now 100% pre-let, targeting Net Zero Carbon, completion expected Q4 2022
- Momentum maintained on four-near term schemes (909,400 sq ft) with forecast capex of c.£800 million; resolution to grant planning achieved at French Railways House & 50 Jermyn Street, SW1 in July
- s106 signed at 2 Aldermanbury Square, EC2 ahead of potential 320,500 sq ft development start in early 2022, strong occupier interest

**Strong leasing quarter: £14.3 million of new lettings, 10.4% ahead of ERV**

During the quarter we saw a continued demand for prime office spaces and best in class flexible spaces which has translated into another strong leasing performance.

The leasing highlights included:

- 19 new leases and renewals signed generating annual rent of £14.3 million (our share: £12.8 million), with market lettings 10.4% ahead of March 2021 ERV;
- Total space covered by new lettings, reviews and renewals was 174,200 sq ft; and
- A further 14 leases under offer (58,700 sq ft) which would deliver approximately £3.3 million p.a. in rent (our share: £3.3 million), with market lettings 7.3% above March 2021 ERV as well as c.£38 million of new annual rent in negotiation.

<b>Leasing Transactions</b>	<b>Three months ended 30 September 2021</b>	<b>Six months ended 30 September 2021</b>	<b>Six months ended 30 September 2020</b>
<b>New leases and renewals completed</b>			
Number	19	35	9
GPE share of rent p.a.	£12.8 million	£21.8 million	£6.1 million
Area (sq ft)	174,200	358,800	77,300
Rent per sq ft	£82	£76	£78
<b>Rent reviews settled</b>			
Number	-	3	5
GPE share of rent p.a.	£nil million	£2.0 million	£3.7 million
Area (sq ft)	-	28,400	59,100
Rent per sq ft	£nil	£72	£62

*Note: Includes joint ventures at our share*

Notable leasing transactions during the quarter included:

- Inmarsat Global Limited pre-let for all the office space at 50 Finsbury Square, EC2, 121,800 sq ft on a 20-year lease (15-year break) paying an annual rent of £8.5m, 11.2% above March 21 ERV;
- At our completed development Hanover Square, W1, we completed two new office leases at Medici Courtyard (15,400 sq ft) to KKR and UPL for a combined £1.85m p.a. on a 14-year (six-year break) and 15-year (five-year break) term respectively. Taken together, 95% of the office space at the scheme is now let. We have also completed two further retail lettings totalling 6,400 sq ft; and
- Our Flex+ space at 16 Dufour's Place, W1 (16,300 sq ft), our fully fitted, fully managed space, is now fully let within six months of launch at an average of £191 per sq ft, 10.5% above March 21 ERV, with the two most recent lettings in excess of £200 per sq ft. We continue the roll out of our fully fitted and fully managed offering to other buildings, with a further three lettings recently completed.

**Improving rent collection; 84% of September rent collected to date**

To date, we have collected 84% of all quarterly rents (which represent 97% of this quarter's rent roll), three working days after the 29 September quarter day. This is ahead of the previous two quarters at an equivalent point in time, which were 73% and 76% for March and June respectively and the strongest since December 2019. We collected 73% in respect of retail, hospitality and leisure occupiers and 87% for all other sectors.

### **Crystallising surpluses at 160 Old Street, EC1**

In September, the Great Ropemaker Partnership (GRP), our 50:50 joint venture with BP Pension Fund, sold 160 Old Street, EC1 to a fund advised by J.P. Morgan Global Alternatives. The headline price of £181.5 million reflected a 5% premium to the March 2021 valuation.

The building was comprehensively refurbished by GRP completing in 2018 to provide 166,300 sq ft of high-quality accommodation arranged over lower ground, ground and eight upper floors. The office space is 70% let to Turner Broadcasting to 2034. The balance of the office and retail space is let to a variety of occupiers including Robert Bosch Limited, Pusher Limited and Sensat Surveying Limited together with a small amount of vacant space and some near-term asset management opportunities. The total contracted annual rental income was £7.9 million, with a weighted average unexpired lease term of approximately 10.3 years to the earlier of breaks or expiries.

### **Strong development progress**

After successfully completing the development of 1 Newman Street, W1 in July and handing over three of the seven office floors to Exane, we have continued to make excellent progress across our 1.4 million sq ft development pipeline.

### **One committed scheme; 50 Finsbury Square, EC2, offices now 100% let**

At 50 Finsbury Square, EC2, the refurbishment of the 128,100 sq ft building, including construction of the new roof pavilion, is progressing well, and we expect completion in late 2022. 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 is expected to be our first certified as net zero carbon. We committed to the refurbishment at the start of the year and, testament to the quality of the building, in August we pre-let all of the offices to Inmarsat Global Limited (see above).

### **Good development progress; resolution to grant planning achieved at French Railways House & 50 Jermyn Street, SW1**

Following being awarded resolution to grant planning permission at 2 Aldermanbury Square, EC2 in June, we have signed the s106 Agreement with the City of London, appointed a contractor for the demolition, enabling and substructure works and are in discussion with a number of potential main contractors ahead of our proposed January 2022 start date. Our proposed development will substantially increase the size of the building to 320,500 sq ft (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.

In July, we obtained resolution to grant planning permission at French Railways House and 50 Jermyn Street, SW1, part of our Piccadilly Estate. Our proposed major office-led redevelopment will 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, will reuse substantial elements of the existing building's substructure to reduce its carbon footprint and will include a significant amount of new amenity including a number of external spaces including communal roof terrace. The development of the building is subject to Crown consent.

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**Forward Looking Statements**

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