Press Release

3 April 2020

Great Portland Estates Trading Update

Great Portland Estates plc ("GPE") today publishes a trading update and summary on the impact of COVID-19 on the business to date.

Toby Courtauld, Chief Executive, said:

"Despite these unprecedented conditions, the GPE team is pulling together well, focussing on our top priorities of the safety and wellbeing of our occupiers, suppliers and employees and ensuring that our portfolio is as prepared as can be for a potentially prolonged period of lockdown. However long the Coronavirus lasts, with our low gearing and ample liquidity, GPE is well positioned to weather the impact until market conditions normalise. In the meantime, unsurprisingly, we expect leasing activity to decline until the crisis passes, particularly in retail, although it is pleasing that a number of our office pre-letting negotiations are ongoing and we continue to receive new enquiries from prospective occupiers."

COVID-19 update – working with our stakeholders

- We are supporting our occupiers, particularly in the retail, hospitality and leisure sectors, through agreeing on a case by case basis the payment of monthly rents or deferring rental payments
- We are operating our properties in line with UK Government guidelines. All of our occupied buildings remain operational, albeit the majority of our occupiers are working from home, and activity on two of our three development sites has temporarily been suspended
- We are maintaining our regular payments to suppliers to ensure their cash flow is maintained given the challenging economic backdrop
- We extended our partnership with Centrepoint, our charity partner focused on youth homelessness, to 2022 and increased our annual donation to £75,000

Trading update – rent collection and leasing performance

- We collected 62.9% of quarterly rent due within seven working days of the March quarter day (Dec 2019: 99.3%, March 2019: 99.2%) with a further 4.5% expected imminently; more than 60% of the outstanding rent is from occupiers in the retail, hospitality and leisure sectors
- We secured four new lettings (10,900 sq ft) in the quarter to 31 March 2020, generating annual rent of £0.7 million (our share: £0.7 million) and with market lettings 19.1% ahead of March 2019 ERV
- 13 further lettings are currently under offer totalling £9.0 million p.a. of rent (our share: £9.0 million), including three office pre-lettings. A further two new pre-let offers have been received in the past seven days

Strong financial position – LTV[1] of 14.1% and total liquidity of £411 million

- We remain in a robust financial position, with LTV[1] of 14.1%, net gearing[2] of 14.7% and interest cover not measureable[3], providing substantial headroom above our Group debt covenants (values could fall by 72% before breach[2]). Our weighted average debt maturity is 5.7 years and our next Group level debt maturity is in 2024
- Our liquidity position is strong with total liquidity of £411 million at 31 March 2020. We increased the drawn position on our £450 million unsecured revolving credit facility, from £66 million to £150 million on 18 March, with our cash on deposit of £111 million exceeding our committed capex to come (£76 million at 31 December 2019)
- In line with our normal convention, a decision about payment of a final dividend will be made once the year end results are finalised in May
- At this stage, we expect to deliver our annual results to 31 March 2020 in line with our existing timetable on Wednesday 20 May 2020, with the external property valuation expected to include a material valuation uncertainty statement

1. Net debt at 31 March 2020 using September 2019 property valuations
2. In accordance with Group covenants at 30 September 2019 (last measurement date)
3. Due to low levels of consolidated net debt, there was no net interest charge under the definition of our covenants. As a result, interest cover was not measureable. Excluding the benefit of capitalised interest cover was 21.7x.

Our people, operations and suppliers
As we manage the impact of COVID-19, we have adapted our operations to provide business continuity. All our head office staff are now working from home, utilising technology to keep in regular communication with each other and our stakeholders. Whilst activities currently continue onsite at The Hickman, E1, our contractors have temporarily suspended activities at our Hanover Square, W1 and Oxford House, W1 development sites while they consider how they can continue to work within Government guidelines. At this stage, it is too early to determine how the current situation will adversely impact expected practical completion dates, however our earliest long-stop date under our existing pre-let agreements is not until June 2022. All of our leased buildings remain operational to provide access for our occupiers as required. We are also maintaining our regular payments to suppliers to ensure their cash flow is maintained given the challenging economic backdrop.

Supporting our occupiers
Our occupiers are important stakeholders in our business and we have implemented measures to help support them through these unprecedented times. We recognise that the retail, leisure and hospitality sectors, 33% of our portfolio by rent roll (including office occupiers), have been hardest hit by the economic impact of restrictions on movement. Accordingly, we are in discussions with our retail occupiers who are facing cash flow difficulties to offer monthly payment terms. Furthermore, our smaller independent occupiers have been offered a three month rent deferral while our larger occupiers are being assessed on a case-by-case basis. We will be reviewing these concessions at regular intervals and welcome the significant support the Government has provided to assist businesses in these sectors during this extremely difficult period.

Rent collection for the March quarter
62.9% of quarterly rents (which represent 91% our total rent roll) were secured within seven working days of the 25 March quarter day (Dec 2019: 99.3%, Mar 2019: 99.2%) with a further 4.5% expected imminently. Of the balance outstanding, 60% is due from retail, leisure and hospitality occupiers. At 25 March, we had a further 9% of our rent roll on monthly payment terms (Dec 2019: 8%, Mar 2019: 6%). Given the ongoing support that we are providing some of our occupiers in managing their cash flow, we expect an increase in the proportion of occupiers moving to monthly payment terms in the near term. During the quarter, three of our smaller occupiers went into administration (December 2019: two), representing only 0.3% of our rent roll. At 31 March 2020, we held rent deposits and bank guarantees totalling £25.8 million, including £7.4 million for our retail, leisure and hospitality occupiers (of which £3.8 million (equivalent to 12 months rent) relates to New Look, our largest retail occupier).

Leasing in the quarter
We completed four new lettings during the quarter, generating annual rent of £0.7 million (our share: £0.7 million) with market lettings 19.1% above March 2019 ERVs. We currently have a further 127,000 sq ft of space under offer which would deliver approximately £9.0 million p.a. in rent (our share: £9.0 million), with market lettings 9.0% above September 2019 ERV.

Strong financial position
We remain in a strong financial position with low levels of financial leverage (LTV[1] of 14.1%) and high liquidity, with substantial headroom above our debt covenants. At 31 March 2020, Group consolidated net debt was £349 million, down from £403.1 million at 31 December 2019, with the reduction attributable to the 24/25 Britton Street, EC1 sale in January offset by on-going development capital expenditure across the Group. Including the non-recourse debt in the joint ventures, total net debt was £373 million (31 December 2019: £418.0 million). The Group's key bank covenants and headroom at 30 September 2019, the last formal measurement date, were as follows:

Key Covenants	Requirement	At 30 September 2019
Net debt/net equity	<1.25x	0.15x
Unsecured asset value/unsecured borrowings	>1.66x	5.92x
Interest cover	>1.35x	n/a[2]

1. Net debt at 31 March 2020 using September 2019 property valuations
2. Due to low levels of consolidated net debt, there was no net interest charge under the definition of our covenants. As a result, interest cover was not measureable. Excluding the benefit of capitalised interest cover was 21.7x.

At 31 March 2020, the Group, including our share of joint ventures, had cash on deposit of £111 million and further undrawn committed credit facilities of £300 million.

Supporting our communities
Given how the current situation is likely to impact some of the more vulnerable members in our communities, we have increased our annual donation to our charity partner Centrepoint to £75,000 from £50,000. In addition we have extended our existing three year partnership by another year to May 2022.

Forthcoming results
Our intention is to release our annual results to 31 March 2020, as scheduled, on Wednesday 20 May 2020. We will update the market should our timetable change. Our results will include an external valuation of our property portfolio. All RICS property valuations, including ours at 31 March 2020, will include a statement highlighting a material valuation uncertainty given the current levels of market disruption.

Contacts:

Great Portland Estates plc **+44 (0) 20 7647 3000**

Toby Courtauld, Chief Executive
Nick Sanderson, Finance and Operations Director
Stephen Burrows, Director of Financial Reporting and Investor Relations

Finsbury Group **+44 (0) 20 7251 3801**

James Murgatroyd
Gordon Simpson

Forward Looking Statements

This document may contain certain 'forward-looking statements'. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes of results expressed or implied by such forward-looking statements.

Any forward-looking statements made by or on behalf of GPE speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. GPE does not undertake to update forward-looking statements to reflect any changes in GPE's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Information contained in this document relating to GPE or its share price, or the yield on its shares, should not be relied upon as an indicator of future performance.