

Press Release



5 October 2023

GPE Business Update

Great Portland Estates plc (GPE) publishes a business update for the six months to 30 September 2023.

Strong leasing 13.4% ahead of ERV

- 37 new leases and renewals (including nine Fully Managed deals) signed in the first half generating annual rent of £11.2 million (our share: £10.5 million), with market lettings on average 13.4% ahead of March 2023 ERV

Progressing development pipeline in supply constrained prime central London market

- Commitment to major office-led redevelopment at Jermyn Street Piccadilly, W1 to provide 66,600 sq ft (up from 54,700 sq ft) of new Grade A space
- Planning permission obtained for the redevelopment of Minerva House, SE1 and work underway to prepare the site for a potential start early next year
- Reviewing the Planning Inspector's report and Secretary of State's planning refusal at New City Court, SE1

Acquisition of HQ development opportunity in Soho Square, W1

- Acquisition of freehold interests at 16/19 Soho Square, 29/43 Oxford Street and 7 Falconberg Mews, W1 for £70 million (£772 per sq ft on consented NIA)

New £250 million unsecured Term Loan

- New £250 million unsecured Term Loan, with cash and undrawn facilities now in excess of £470 million

Toby Courtauld, Chief Executive, said:

"We are seeing healthy demand across our range of high quality, well-located spaces, signing up customers at rents comfortably ahead of March 2023 rental values. We are making good progress across our development and refurbishment programme, committing to our Jermyn Street scheme and adding to the pipeline with our acquisition in Soho Square."

Looking ahead, current market conditions will likely further constrain supply in a market where high quality space is extremely scarce. As customers compete to secure the next home for their business, we fully expect the gap between the best spaces and the rest to widen. Our clear focus on meeting this demand with our prime sustainable spaces and our market-leading levels of customer service, in core central London locations, means we are well placed. In addition, with our recent debt financing further enhancing our significant financial firepower, we will continue to take advantage of market opportunities which we expect to unearth."

Strong leasing performance 13.4% ahead of ERV

- 37 new leases and renewals signed in the first half generating annual rent of £11.2 million (our share: £10.5 million), with market lettings on average 13.4% ahead of March 2023 ERV, including:
 - nine Fully Managed leases signed at an average £220 per sq ft, 13.6% ahead of March 2023 ERV; and
 - 18 new retail leases securing £4.1 million of rent with market lettings 18.1% above March 2023 ERV.
- a further £6.2 million of rent is currently under offer; market lettings 4.4% ahead of March 2023 ERV.

During a period of strong retail lettings, at Walmar House, W1 we signed a new 10-year lease with VF Corp, which trades as The North Face, to extend their flagship store by 9,700 sq ft into an adjacent unit, increasing its footprint by 33%.

Further south on Regent St, at Kingsland House, W1 we signed a new 10-year lease with British contemporary designer fashion brand, JOSEPH. This completes the repositioning of the retail offering at Kingsland and Carrington House, following TUMI, Russell & Bromley, Pret A Manger and The Body Shop who completed new leases with GPE last year.

Commitment to the redevelopment of Jermyn Street Piccadilly, SW1

Following the agreement of a new headlease at Jermyn Street Piccadilly (formerly French Railways House) in July 2023, we have now committed to the redevelopment of the site. Our major office-led redevelopment will provide 66,600 sq ft (up from 54,700 sq ft) of new Grade A space. The scheme is expected to complete in mid-2026 and will embrace the principles of the circular economy. We will retain the existing foundations and basement, typically the largest embodied carbon element of a building, and construct a lightweight building above to allow the retention of the substructure. We will also reuse the structural steel from the demolition of 2 Aldermanbury Square, EC2, in its construction. This will almost eliminate the embodied carbon in the steelwork and allow for the delivery of 9,500 sq ft best in class, column-free floorplates.

Good progress ahead of potential start at Minerva House, SE1

During the period, Southwark Council resolved to grant planning permission for the redevelopment of Minerva House, SE1 and good progress has been made to prepare the site for a potential start early next year. Our plans will take the overall commercial space 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.

Two planning applications at New City Court, SE1 refused

We submitted two planning applications to Southwark Council to redevelop New City Court, SE1 on the Southbank, the first in December 2018 for a 372,500 sq ft scheme, and a second in April 2021 for a 389,100 sq ft scheme.

In January 2022, having explored all avenues to have both schemes approved without success, we regretfully appealed for non-determination. This triggered a planning inquiry that closed in August 2022. In September 2023, we received confirmation that the Planning Inspector's report recommended the planning applications were refused and the Secretary of State agreed with its conclusions. We are carefully reviewing the Planning Inspector's report and Secretary of State's decision and will provide a further update in due course. New City Court currently has a rent roll of £2.9 million.

Adding to the pipeline with the acquisition of the Soho Square Estate, W1

Building on our successful track record at the eastern end of Oxford Street, in August 2023, we acquired the freehold interests at 16/19 Soho Square, 29/43 Oxford Street and 7 Falconberg Mews, W1 for £70 million (£772 per sq ft on consented NIA). The 57,456 sq ft mixed-use buildings are currently multi-let at c.£1.48m p.a. with vacant possession expected by March 2024. The 0.5 acre site benefits from planning consent to demolish the existing buildings and deliver around 90,000 sq ft of new Grade A office and prime retail space. The redevelopment will provide a best-in-class HQ office building on Soho Square with flagship retail fronting Oxford Street, arranged over basement, lower ground, ground and eight upper floors, with multiple private terraces and a communal roof terrace.

New £250 million Term Loan signed

In early October 2023, we signed a new £250 million unsecured Term Loan at a headline margin of 175 basis points over SONIA with three existing relationship banks. The loan has an initial three-year term which may be extended to a maximum of five years at GPE's request, subject to bank consent. Our current total liquidity of more than £470 million will support the delivery of our strategic priorities, including funding the Group's near-term development programme and £175 million private placement debt maturing in May 2024.

Half year results

GPE will announce its half year results on 16 November 2023, with the results presentation available on our website at 8.30am.

Great Portland Estates plc

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