

Press Release



4 July 2024

Quarterly trading update

Great Portland Estates plc (GPE) publishes a trading update for the quarter to 30 June 2024.

Toby Courtauld, Chief Executive, said: *“The strong leasing demand we have experienced for some time has continued into the new financial year. Despite the portfolio being virtually full, we signed £4.3 million of new leasing deals in the quarter, 7.7% ahead of the valuer’s ERV. This strong performance reaffirms our confidence in our portfolio rental value guidance of +3.0% to +6.0% growth for the financial year, with our guidance for prime spaces higher still at +5.0% to +10.0%.*

We are well placed to take advantage of both the strength in occupational markets and the current disruption in London’s investment market. Our substantial capex programme is set to deliver the very best, sustainable spaces into a market starved of such supply; our focus on HQ development and our Fully Managed offer is meeting discerning customer demand; and, with our recent capital raise, we have the financial firepower to exploit our pipeline of acquisition opportunities, accelerating our growth into increasingly favourable market conditions.”

Sustained levels of leasing activity

- 12 new leases and renewals signed in the quarter generating annual rent of £4.3 million (our share: £4.0 million), with market lettings on average 7.7% ahead of March 2024 ERV, including:
 - seven Fully Managed leases signed generating an additional £3.1 million of rent at an average £210 per sq ft (£237 per sq ft across the four West End deals), in total 8.3% ahead of March 2024 ERV; and
 - three new retail leases securing £1.1 million of rent with market lettings 6.0% above March 2024 ERV.
- Our investment void rate remains near record lows at 1.2% at 31 May 2024; and
- A further £5.1 million of rent is currently under offer; market lettings 3.8% ahead of March 2024 ERV.

In April 2024, we let the retail space at 141 Wardour Street, W1 to British luxury retail brand, REPRESENT, for its new London flagship store. The space comprises 5,000 sq ft across two floors, which will be its second store globally to date, following its LA opening in West Hollywood.

During the quarter, at 16 Dufour’s Place, W1, we renewed leases with existing customers on the 1st and 5th floors (5,100 sq ft) on a Fully Managed basis at an average rent of £249 per sq ft, an increase of 29% on the previous terms.

Property swap to acquire The Courtyard, WC1

In April 2024, the Group exchanged contracts to buy The Courtyard, WC1 for £10.4 million of cash and through a property exchange of 95/96 New Bond Street, W1 for £18.2 million (£462 per sq ft; 69% below replacement cost). The Courtyard comprises 62,000 sq ft of vacant office and partially let retail space and is well suited to be repositioned into the Group's Fully Managed offering. The Courtyard is located in a prime West End location, around 400 metres from Tottenham Court Road Elizabeth line station, and is adjacent to Alfred Place, one of the Group's other Fully Managed buildings.

£350 million rights issue completed

In June 2024, we completed a fully underwritten £350 million rights issue to seize the significant opportunity we are seeing emerge in our central London real estate investment markets. The correction in asset values over the last 18 months has resulted in central London commercial real estate now trading in line with levels last seen in 2009 in real terms. We are currently tracking approximately £1.3 billion of acquisition opportunities (£1.4 billion in May including The Courtyard) which we believe are capable of being purchased at or below replacement cost, with GPE well placed to take advantage of these opportunities given our best in class workspaces, sustainability credentials and differentiated flex offering. Beyond this, there is a further £1.5 billion of opportunities on our watchlist.

We expect that the acquisitions and developments we acquire through the deployment of the proceeds of the Rights Issue will enhance shareholder returns, be accretive to both EPRA earnings and NTA per share and support our ambition to deliver a Total Accounting Return of 10% plus over the medium term (before yield compression). Furthermore, with the macro-economic environment improving, there is further upside should property yields contract in a falling interest rate and improving rental growth environment.

AGM

Our Annual General Meeting will be held at 11.30 this morning at The Royal College of Nursing, 20 Cavendish Square, London, W1G 0RN.

Great Portland Estates plc

Toby Courtauld, Chief Executive
Nick Sanderson, Chief Financial & Operating Officer
Stephen Burrows, Director of Investor Relations and
Joint Director of Finance

+44 (0) 20 7647 3000

FGS Global

James Murgatroyd
Gordon Simpson

+44 (0) 20 7251 3801

For further information see www.gpe.co.uk or follow us on Twitter at @GPE_London

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