

Hibernia REIT plc Trading Update

Ahead of its Annual General Meeting being held at noon today, Hibernia REIT plc (“Hibernia” or the “Group”) issues a trading update relating to the period from 1 April 2021 to date.

Highlights

- Over 98% of commercial rent for the quarter ending September 2021 received or on agreed monthly payment plans; 98% of residential rent for the month of July 2021 received
- 2 Cumberland Place development completed, adding 58,000 sq. ft. of new offices to the in-place portfolio; lease to 3M of 24,000 sq. ft. expected to start in August 2021
- Three rent reviews and one lease variation executed over an aggregate 77,000 sq. ft. of offices; no material net change in contracted rent but some increase in lease term certain
- We continue to prepare our near-term office development pipeline for commencement; non-binding heads of terms have been agreed for a pre-let of the majority of Harcourt Square

Market update

Ireland remains on track to have fully vaccinated its adult population in the coming weeks and many employers are planning to re-open their offices in September. Occupier activity has picked up as COVID restrictions have eased and since building inspections were allowed again from May 2021. This is yet to be reflected in Dublin office take-up, with 0.2m sq. ft. leased in the second quarter (Q2 2020: 0.1m sq. ft.), representing almost the entirety of take-up in the first half of 2021 of 0.2m sq. ft. (H1 2020: 0.9m sq. ft.). The vacancy rate for Grade A office space in Dublin’s city centre rose from 9.8% to 10.9% in the quarter ended June 2021 and the overall Dublin office vacancy rate increased from 9.9% to 10.6%. The majority of this increase was due to the completion of new office developments. Prime Grade A office headline rents in the city centre remained unchanged at €57.50 per sq. ft. in the quarter (source: Knight Frank).

Investment transaction volumes have continued to recover, totalling €2.8bn in the first half of 2021 (H1 2020: €1.1bn), of which of €1.5bn occurred in the second quarter (Q2 2020: €0.4bn), and heading into the second half of the year agents are reporting a good pipeline of prospective deals. Yields for prime offices in central Dublin remain around 4% (source: Knight Frank).

Rent collection

Commercial tenants¹

Rent collection statistics for the quarter ending 30 September 2021 are similar those reported for recent quarters: at close of business on 26 July 2021, 95% of rent for the quarter had been received and over 98% was received or on agreed monthly payment plans.

Residential tenants²

At close of business on 23 July 2021, 98% of contracted rent for the month had been received and the occupancy rate in our residential units was 99%. At the same point in May and June 2021, respectively, 98% and 96% of that month’s contracted rent had been received and the occupancy rate was 94% and 97%. We have now received over 99% of May and June rent.

Acquisitions and disposals

Since 31 March 2021 we have invested €2.7m (excluding costs) in bolt-on acquisitions of properties. No disposals were made in the period.

¹ Approximately 90% of Group contracted rent per annum

² Approximately 10% of Group contracted rent per annum

Developments and refurbishments

2 Cumberland Place, our 58,000 sq. ft. office development scheme, reached practical completion in late July 2021 and the long lease to 3M of 24,000 sq. ft. is expected to commence in August 2021. The refurbishment of 50 City Quay, a 4,500 sq. ft. office building in our Windmill Quarter, is due to complete imminently.

As announced separately today, we have agreed non-binding heads of terms for a pre-let of the majority of our 337,000 sq. ft. development at Harcourt Square for the long-term. There is no certainty an agreement for lease will be concluded.

Asset management

Our in-place office portfolio now totals 1.2m sq. ft. and the vacancy rate has increased to 9%³ from 7%⁴ at 31 March 2021 as a result of the completion of 2 Cumberland Place. The majority of the remaining available space is in the Forum and Central Quay. Three rent reviews over 60,000 sq. ft. were settled in the period and one lease variation on 17,000 sq. ft. was executed, extending term certain by 10 years. There was no material change in contracted rent as a result of these agreements. Three office rent reviews are active over 40,000 sq. ft.: no material change to existing rents is expected.

Sustainability

We promoted Neil Menzies to Director of Sustainability and published our Net Zero Carbon Pathway in June 2021. The Net Zero Carbon Pathway gives detail on the measures we are taking to meet our commitment to become a net zero carbon business by 2030 and is available on our website at <https://www.hiberniareit.com/sustainability>.

Valuer rotation

In line with best practice, periodically we rotate independent valuer. Cushman & Wakefield has acted as the Group's valuer since September 2017. Following a tender process, Savills has been appointed and will undertake its first valuation of the Hibernia property portfolio in September 2021.

Balance sheet

At 30 June 2021 Hibernia had net debt of €273m and cash and undrawn facilities of €122m. Factoring in the proceeds of €125m received in July from the issue of 10- and 12-year US private placement notes, committed expenditure and payment of the final dividend of 3.4c per share, proforma cash and undrawn facilities at 30 June 2021 totalled €216m.

Kevin Nowlan, Chief Executive Officer of Hibernia, said:

"It has been encouraging to see investor and occupier activity picking up, though this is yet to be reflected in take-up figures. Visibility on the pace and shape of the economic recovery remains low but we are well-positioned with a clear strategy, low leverage and a high-quality tenant base. We continue to focus on preparing our exciting major office developments for commencement in the near term and the potential pre-let at Harcourt Square announced this morning is an important step in this regard."

³ The space in 2 Cumberland Place let to 3M is not included in the vacancy rate. Including Marine House & Clanwilliam Court, where leases are being allowed to expire for redevelopment, the vacancy rate is 11%

⁴ Including Marine House & Clanwilliam Court the vacancy rate at 31 March 2021 was 9%

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About Hibernia REIT plc

Hibernia REIT plc is an Irish Real Estate Investment Trust ("REIT"), listed on Euronext Dublin and the London Stock Exchange. Hibernia owns and develops property and specialises in Dublin city centre offices.