

## Hibernia REIT plc Trading Update

Hibernia REIT plc (“Hibernia” or the “Group”) today issues a trading update relating to the period from 1 October 2021 to date.

### Highlights

- 288,500 sq. ft. in our Harcourt Square development pre-let to KPMG Ireland on a long lease, with options for up to a further 48,500 sq. ft. to be leased on the same terms
- Dockland Central sold for €152.3m
- Over 99% of commercial rent for the current quarter received or on agreed monthly payment plans and over 99% of residential rent received for the past three months
- An A-minus rating received in our 2021 CDP Climate Change response

### Market update<sup>1</sup>

Dublin office take-up has continued to recover, led by occupiers in the technology and professional services sectors, despite the temporary return in November of Government guidance to work from home, which was subsequently lifted in January. 1.0m sq. ft. was leased in the fourth quarter of 2021, with two large lettings accounting for half of this (Q4 2020: 0.3m sq. ft., Q4 2019: 1.2m sq. ft.). The fourth quarter was the third consecutive quarterly increase in take-up and brought the total for the year to 1.6m sq. ft. (2020: 1.5m sq. ft., 2019: 3.3m sq. ft.). The vacancy rate for Grade A office space in Dublin’s city centre reduced from 11.1% to 9.1% in the fourth quarter (Q4 2020: 8.7%) and the overall Dublin office vacancy rate fell from 10.5% to 9.8% (Q4 2020: 9.5%) as letting activity picked up. Prime Grade A office headline rents in the city centre remained stable at €57.50 per sq. ft. (Q4 2020: €57.50 per sq. ft.). There is good momentum as we move into 2022, with 0.8m sq. ft. of office space reserved<sup>2</sup> and 3.0m sq. ft. of active demand<sup>3</sup> at the end of December (Q4 2020: 0.3m sq. ft. reserved<sup>2</sup> and 2.3m sq. ft. of active demand<sup>3</sup>).

Investment transaction volumes have also recovered, reaching €5.5bn in 2021 (2020: €3.0bn), of which of €2.8bn occurred in the second half (H2 2020: €1.9bn), and the main Dublin agents are reporting a good pipeline of deals. Yields for prime offices in central Dublin remain around 4% (Q4 2020: 4%), with the prospect of yields tightening for new buildings with the best sustainability credentials. PRS yields are currently in a range of 3.6%-3.75%<sup>2</sup> (Q4 2020: 3.75%<sup>2</sup>).

### Rent collection

Over 99% of commercial rent<sup>4</sup> for the quarter ending March 2022 has been received or is on agreed monthly payment plans, with over 97% received. 99% of residential rent for the month of January has been received and the occupancy rate in our residential units is 99%. Over 99% of residential rent in respect of the months of November and December has been received.

### Acquisitions and disposals

The sale of Dockland Central for €152.3m, a price slightly ahead of the property’s March 2021 carrying value, completed in early October. No acquisitions have been agreed since the end of September.

### Developments and refurbishments

In December, we pre-leased 288,500 sq. ft. in our Harcourt Square office development to KPMG Ireland (“KPMG”). Upon commencement of the 20-year lease, which is expected to occur in early 2026, KPMG will pay initial annual rent of €17.0m and will receive the equivalent of 40 months rent

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<sup>1</sup> Market statistics sourced from Knight Frank unless otherwise stated

<sup>2</sup> Source: CBRE Research

<sup>3</sup> Source: Cushman & Wakefield / Hibernia

<sup>4</sup> Commercial rent is approximately 90% of Group annual contracted rent, with the remainder being residential rent

free through an incentive and enhanced fit-out. KPMG has options to lease up to a further 48,500 sq. ft. in the 347,000 sq. ft. scheme on the same terms.

In December, we received an initial grant of planning, subject to appeal, for the refurbishment and extension of Hardwicke House and Montague House. This would allow us to expand the property from 88,000 sq. ft. to approximately 140,000 sq. ft. of lettable office space.

### **Asset management**

Our in-place office portfolio now totals 0.9m sq. ft.<sup>5</sup> and the vacancy rate has increased to 11%<sup>5</sup> from 9%<sup>5</sup> at the end of September as a result of the sale of Dockland Central, which was fully occupied. 12,000 sq. ft. of new lettings in the in-place office portfolio have been agreed since September, offsetting one (expected) lease termination of 11,000 sq. ft. in Central Quay. The majority of available space is in the Forum, Central Quay and 2 Cumberland Place. We expect the vacancy rate in the in-place office portfolio to reduce in the near term. Six office rent reviews are active over 161,000 sq. ft.: no material change to existing rents is expected. The remaining leases in the Clanwilliam Quarter have expired in preparation for the site's redevelopment.

### **Sustainability**

We received an A-minus rating in our 2021 CDP Climate Change response, demonstrating our continued progress and placing Hibernia in the 20% of responders reaching "leadership" level of environmental stewardship. We also received confirmation that our recently completed development, 2 Cumberland Place, achieved LEED Platinum certification. We have engaged with a number of our key stakeholders as part of a new materiality assessment, and we will share the results of this in the 2022 Sustainability Report.

### **Balance sheet**

At the end of December net debt was €146m, with cash and undrawn facilities of €374m. Factoring in payment of the interim dividend of 2.0c per share in late January, proforma cash and undrawn facilities at year end totalled €361m, giving us significant funding capacity for our upcoming development pipeline.

Kevin Nowlan, Chief Executive Officer of Hibernia, said:

*"With the pre-let of the majority of Harcourt Square to KPMG, the sale of Dockland Central and the achievement of an A-minus rating in our 2021 CDP Climate Change response we are making excellent progress on our key strategic priorities of asset clustering and ESG excellence.*

*"Ireland's strong economic performance, together with high levels of foreign direct investment, helped occupier activity recover in 2021 and with health restrictions in Ireland now lifted, we are optimistic that the positive momentum in the office market will continue in 2022, absent an adverse change in the direction of the pandemic."*

### **ENDS**

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<sup>5</sup> Marine House & Clanwilliam Court, where all leases expired by the end of January 2022 to enable redevelopment in the near term, are excluded from the in-place office portfolio statistics. Harcourt Square, which remains fully occupied and income-producing until leases expire in December 2022 is included in the statistics.

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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.