

15 April 2020

**BRUNTWOOD GROUP LIMITED
BRUNTWOOD INVESTMENTS PLC
BRUNTWOOD BOND 2 PLC**

STATEMENT ON COVID-19

Bruntwood Group Limited ("Bruntwood") today updates the market on the impact of the Covid-19 pandemic on its business.

Chris Oglesby, CEO of Bruntwood, said

"Our primary focus is the health, safety and well-being of our employees, whilst working hard to support our customers and other business partners during this challenging period. The Bruntwood team is operational, working at home, with full access to our central systems and communications network.

Financial Position

Following the issue of the Bruntwood Bond 2 plc retail eligible bond in February 2020, there are current cash reserves in excess of £25m and undrawn committed available debt facilities of £50m. On repayment of the balance of the Bruntwood Investments plc 2013 retail bond in July 2020, we will have an additional estimated £68m of unencumbered assets released from security arrangements against which Bruntwood expects to be able to raise additional finance as and when market conditions permit.

The Board has modelled various scenarios including reviewing estimated customer default rates, lower retention rates, higher concessions and valuation yield movement. Based on the output of these models, The Board considers there to be sufficient income and valuation headroom across Bruntwood's debt facilities and does not expect Bruntwood to breach any terms relating to them. Valuations would need to fall in excess of 30% and net income by 50% before any covenants are breached. The earliest major bank facility maturity is not until March 2022.

Impact on Operations

Bruntwood benefits from a diverse customer base across a variety of sectors. We appreciate that current circumstances are putting pressure on the cash flows of some of our customers. Where Bruntwood itself is making savings that directly relate to customer space (for example in the running of service charge) we will pass these savings on to our customers. We will also work with customers to help with their cash flow while they are waiting for government payments, predominantly through the deferral of rent or the provision of an incentive on entering new lease terms. We will look at each customer's request for help on a case by case basis, but we do anticipate those larger customers with strong balance sheets and the

ability to pay, to continue to pay their rent rather than seeking to pass their rental liabilities on to the landlord.

As at 9th April 2020, 67% of March quarter rents due had been collected compared to 75% at the same date in 2019. We have engaged with almost the entire customer base and to date have received requests for support from customers representing less than 10% of the overall portfolio. The majority of requests relate to the deferral of rent rather than the waiver of liabilities. We are working closely with these customers to reach an agreement, and will continue to closely monitor rent receipts over the coming quarter.

We are continuing with our fully funded pre-let or predominantly pre-let constructions. Major projects at Circle Square and Booths Park continue to progress whilst complying with guidance around social distancing. Work at Citylabs 2 had been paused for two weeks following a national policy decision by the main contractor to shut down work, but it has now been agreed that the development will resume imminently. There are some shortages of materials on site but contractors remain confident that they continue to make progress to resolve such issues.

In order to control costs at a time of uncertain income, the Board has taken active measures to ensure business continuity in the near term. 490 colleagues have been furloughed from a total workforce of 867. The Board has also cancelled all non-essential overhead expenditure and deferred all capital expenditure unless already linked with a committed customer transaction. All dividend payments have been cancelled until the market returns to a more settled state.

Assisting our local communities

Alderley Park is now operating as one of the national Covid-19 testing hubs staffed by medical professionals and volunteers. Universities, research institutes and companies are lending testing equipment to the new laboratory. Samples will be delivered to the hub laboratories from across the country for analysis and we are proud to be working together with the wider science community on such a vitally important project.

We are working with the NHS to provide free access to parking at our sites and we have handed over part of Citylabs on the Manchester Foundation Trust Campus for NHS use supported by Bruntwood colleagues.

We are liaising with our local community partners across the business to develop volunteering opportunities for furloughed staff during the crisis and are constantly reviewing opportunities for further support in the coming months.

ENDS

For further information, please see Bruntwood's website at <https://bruntwood.co.uk/> or contact:

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