

19 January 2023

WORKSPACE GROUP PLC

**THIRD QUARTER BUSINESS UPDATE FOR THE
PERIOD ENDING 31 DECEMBER 2022**

Workspace Group, London's leading provider of sustainable, flexible work space, provides a business update for the third quarter ending 31 December 2022.

HIGHLIGHTS

- Continued resilient levels of customer demand highlighting the appeal of our flexible offer and strength of our operating platform
- Good conversion of demand into new lettings with 330 new lettings completed in the quarter, with a total rental value of £8.8m per annum
- Further improvement in pricing with like-for-like rent per sq. ft. up 2.5% in the quarter, up 6.6% since March 2022, to £39.56
- Like-for-like occupancy broadly stable at 89.2% (30 September 2022: 89.6%)
- Strong demand at recently completed projects with occupancy up 2.8% in the quarter to 79.5%
- Like-for-like rent roll up 2.2% (£2.0m) in the quarter, up 5.9% since March 2022, to £96.5m. Total rent roll up £3.2m in the quarter to £137.9m
- Progress on planned disposals expected in the fourth quarter, with vacant possession achieved at Riverside, Wandsworth in December 2022 ahead of the contracted sale of the residential component
- Robust balance sheet with £215m of cash and undrawn facilities and proforma LTV of 32% (based on 30 September 2022 valuation) before proceeds from our planned disposal programme
- Successful one-year extension in December 2022 of our £335m revolving credit facilities on existing terms, with average maturity of drawn debt of 4.1 years

Graham Clemett, Chief Executive Officer, Workspace Group PLC, commented:

“We saw resilient demand for our distinctive flexible offer in the third quarter and a strong start to the fourth quarter with a good conversion of enquiries to lettings. Building on the momentum from the first half of the year the high level of customer demand has enabled us to move pricing further forward, although it still remains below pre-Covid levels.

Our customers are innovative and agile SMEs operating across a diverse range of sectors and industries; We are mindful, however, of the challenges some of our customers are facing in the current economic environment and remain focused on offering good value and great service.

We are making good progress on our project pipeline and alongside this we expect to complete on a number of our planned disposals during the fourth quarter to further improve our already robust financial position.

Our distinctive offer, proven operating track record and ownership of an extensive, high quality property footprint across London set us apart from others in the growing flexible market – providing an exciting market opportunity to deliver sustainable long-term growth.”

Customer activity

We have seen resilient underlying demand in the third quarter, despite the seasonal downturn in December and the disruption caused by rail and tube strikes.

	Monthly Average		Monthly Activity		
	Q3 2022/23	Q3 2021/22	31 Dec 2022	30 Nov 2022	31 Oct 2022
Enquiries	724	831	540	826	806
Viewings	479	513	324	583	529
Lettings	110	117	111	118	101

Despite the transport strikes in the first week of January, we have seen good levels of demand at the beginning of the fourth quarter with 440 enquiries in the first two weeks of January 2023.

Total rent roll increased by 2.4% (£3.2m) in the third quarter to £137.9m, as detailed below:

Total Rent Roll	£m
At 30 September 2022	134.7
Like-for-like portfolio	2.0
Completed projects	0.9
Projects Underway	(0.8)
Recent acquisitions	1.1
At 31 December 2022	137.9

Like-for-like rent per sq. ft. increased by 2.5% in the third quarter (6.6% in the year to date) to £39.56, still below pre-Covid levels, with like-for-like occupancy marginally down by 0.4% to 89.2%. The overall result was a 2.2% increase in like-for-like rent roll, to £96.5m.

	Quarter Ended		
	31 Dec 22	30 Sep 22	30 Jun 22
Like-for-like occupancy	89.2%	89.6%	89.6%
Like-for-like occupancy change	(0.4)%	-	0.1%
Like-for-like rent per sq. ft.	£39.56	£38.59	£38.07
Like-for-like rent per sq. ft. change	2.5%	1.4%	2.6%
Like-for-like rent roll	£96.5m	£94.5m	£93.8m
Like-for-like rent roll change	2.2%	0.7%	2.9%

Project activity

We have obtained vacant possession at our Riverside property in Wandsworth in December 2022, ahead of a major mixed-use redevelopment. We are now progressing with the contracted sale of the residential component of this scheme for £55m.

During the quarter, we lodged a planning application for a major project at Havelock Terrace, Battersea which will deliver a new 217,000 sq. ft. business centre adjacent to Battersea Power Station.

Recent acquisitions

We continue to make good progress in letting up the vacant space in the McKay portfolio, with 15 new lettings worth £1.2m completed in the third quarter. Occupancy is now at 89.4% across the portfolio (up 4.7% from 84.7% in September) with rent roll increasing by £1.0m to £21.8m. We also achieved planning permission for a 366 unit residential redevelopment of the Planets, Woking.

We are in active discussions to progress the disposal of non-core assets in the McKay portfolio, primarily the light industrial and logistics assets, with the timing dependent on market conditions.

At Busworks, Islington, which we acquired in October 2021, we have lodged a planning application for an extensive phased refurbishment and upgrade of this 104,000 sq. ft. Victorian bus factory to create an attractive, destination business centre in this dynamic location, north of Kings Cross, to high environmental standards.

Financing

In December 2022, we extended the maturity of our £335m revolving credit facilities by one year on existing terms, with £200m of these facilities now maturing in December 2025 and £135m in April 2025.

Net debt decreased by £1.5m in the quarter to £935m, with cash and undrawn facilities of £215m as at 31 December 2022 and LTV at 32% on a proforma basis, based on the 30 September 2022 valuation, before proceeds from our planned disposal programme. At 31 December 2022 our average cost of debt was 3.9% with 70% at fixed rates and an average maturity of drawn debt of 4.1 years.

– ENDS –

For further information, please contact:

Workspace Group PLC

Graham Clemett, Chief Executive Officer

Dave Benson, Chief Financial Officer

Paul Hewlett, Director of Strategy & Corporate Development

020 7138 3300

FGS Global

Chris Ryall

Guy Lamming

020 7251 3801

Notes to Editors

About Workspace Group PLC:

Established in 1987 and listed on the London Stock Exchange since 1993. We are home to thousands of businesses, including fast growing and established brands across a wide range of sectors.

Workspace is geared towards helping businesses perform at their very best. We provide inspiring, flexible work spaces in dynamic London locations.

Workspace (WKP) is a FTSE 250 listed Real Estate Investment Trust (REIT) and a member of the European Public Real Estate Association (EPRA).

Workspace® is a registered trademark of Workspace Group Plc, London, UK.

LEI: 2138003GUZRFIN3UT430

For more information on Workspace, please visit www.workspace.co.uk