

17 April 2024

WORKSPACE GROUP PLC

FOURTH QUARTER BUSINESS UPDATE FOR THE PERIOD ENDING 31 MARCH 2024

Workspace Group PLC (“Workspace”), London’s leading owner and operator of sustainable, flexible work space for SMEs, provides a business update for the fourth quarter ending 31 March 2024.

HIGHLIGHTS

- Resilient customer demand with 343 new lettings completed in the quarter, with a total rental value of £8.7m per annum
- Significant customer activity over the year as a whole with 1,238 lettings completed with a total rental value of £31.3m, highlighting the appeal of our flexible offer and strength of our operating platform
- Continued rental growth with like-for-like rent roll up 1.9% in the quarter, up 9.6% since 31 March 2023
- Improved pricing with like-for-like rent per sq. ft. up 1.9% in the quarter, up 10.4% since 31 March 2023, to £44.27
- Like-for-like occupancy broadly stable at 88.1% (31 December 2023: 88.4%)
- Further progress on disposal of non-core assets, with £41m of sales since 31 December 2023 and £143m of sales in the year
- Robust balance sheet with £145m of cash and undrawn facilities and proforma LTV of 34% (based on 30 September 2023 valuation)

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

“We have had another year of strong trading, with continued demand for our offer delivering double digit rent roll and pricing growth in the year.

We have made additional progress on disposals, recycling capital efficiently to invest in our value-enhancing programme of refurbishment projects across the portfolio, while further strengthening our balance sheet.

As the leading provider of flexible work space to London’s SMEs with a track record spanning more than 35 years, we remain well-positioned to capitalise on the growing shift towards flex and to support the SME community – the unsung heroes of the Capital’s economy.”

Customer activity

We have seen good demand in the fourth quarter, although the early timing of Easter impacted enquiries in March and early April. We were, however, able to maintain robust levels of viewings and lettings activity through the quarter, with 343 new lettings completed with a total rental value of £8.7m. Overall, 1,238 lettings were completed in the year to 31 March 2024 for a total rental value of £31.3m.

	Monthly Average		Monthly Activity		
	Q4 2023/24	Q4 2022/23	31 Mar 2024	29 Feb 2024	31 Jan 2024
Enquiries	818	932	658	836	961
Viewings	589	589	507	668	593
Lettings	114	114	116	124	103

Total rent roll increased by 2.1% (£2.9m) in the quarter to £143.4m, reflecting like-for-like growth and continued letting up of refurbishment projects, offset by disposals as detailed below:

Total Rent Roll	£m
At 31 December 2023	140.5
Like-for-like portfolio	2.1
Projects underway and design stage	1.0
Disposals	(0.3)
Other	0.1
At 31 March 2024	143.4

Like-for-like rent roll was up 1.9% in the quarter and 9.6% since 31 March 2023 to £111.2m. Like-for-like rent per sq. ft. increased by 1.9% in the quarter and 10.4% since 31 March 2023 to £44.27. Like-for-like occupancy was marginally down by 0.3% in the quarter to 88.1%.

	Quarter Ended			
	31 Mar 24	31 Dec 23**	30 Sep 23**	30 Jun 23**
Like-for-like occupancy	88.1%	88.4%	88.5%	89.0%
Like-for-like occupancy change*	(0.3)%	(0.1)%	(0.5)%	(0.1)%
Like-for-like rent per sq. ft.	£44.27	£43.46	£42.82	£41.45
Like-for-like rent per sq. ft. change	1.9%	1.5%	3.3%	3.4%
Like-for-like rent roll	£111.2m	£109.1m	£108.0m	£104.7m
Like-for-like rent roll change	1.9%	1.0%	3.2%	3.2%

*Absolute change

**Restated for the reclassification of Lock Studios and Mirror Works, which are now included in the like-for-like category, and the removal of Poplar as exchanged for sale.

Portfolio activity

Since 31 December 2023, we have exchanged on the sale of five non-core properties for a total of £41m at a net initial yield of 6% and 3% below the September 2023 valuation, comprising:

- An industrial estate in Poplar for £21.5m in January 2024
- An industrial estate in Banbury for £3.8m in February 2024
- A residential development opportunity at Chocolate Factory, Wood Green, for £7.3m in February 2024
- A small office property, Mallard Court in Staines, for £4.3m in March 2024
- The former McKay head office, 20-30 Greyfriars in Reading, for £4.0m in April 2024

We continue to make good progress on our major refurbishment projects at Leroy House in Islington, Chocolate Factory in Wood Green and The Biscuit Factory in Bermondsey, which will deliver 211,000 sq. ft. of new and upgraded space.

Financing

Net debt was broadly unchanged in the quarter at £855m (31 December 2023: £853m), with cash and undrawn facilities of £145m as at 31 March 2024 and LTV at 34% on a proforma basis, based on the 30 September 2023 valuation.

– ENDS –

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Notes to Editors

About Workspace Group PLC:

Workspace is London's leading owner and operator of flexible work space, currently managing 4.5 million sq. ft. of sustainable space at 77 locations in London and the South East.

We are home to some 4,000 of London's fastest growing and established brands from a diverse range of sectors. Our purpose, to give businesses the freedom to grow, is based on the belief that in the right space, teams can achieve more. That in environments they tailor themselves, free from constraint and compromise, teams are best able to collaborate, build their culture and realise their potential.

We have a unique combination of a highly effective and scalable operating platform, a portfolio of distinctive properties, and an ownership model that allows us to offer true flexibility. We provide customers with blank canvas space to create a home for their business, alongside

leases that give them the freedom to easily scale up and down within our well-connected, extensive portfolio.

We are inherently sustainable – we invest across the capital, breathing new life into old buildings and creating hubs of economic activity that help flatten London’s working map. We work closely with our local communities to ensure we make a positive and lasting environmental and social impact, creating value over the long term.

Workspace was established in 1987, has been listed on the London Stock Exchange since 1993, is a FTSE 250 listed Real Estate Investment Trust (REIT) and a member of the European Public Real Estate Association (EPRA).

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