

13 April 2023

WORKSPACE GROUP PLC

STRONG FOURTH QUARTER TRADING PERFORMANCE

Workspace Group, London's leading owner and operator of sustainable, flexible work space, provides a trading update for the fourth quarter ending 31 March 2023.

HIGHLIGHTS

- Continued resilient levels of customer demand with enquiries averaging 932 per month, highlighting the appeal of our flexible offer and strength of our operating platform
- Good conversion of demand into new lettings with 341 new lettings completed in the quarter, with a total rental value of £8.3m per annum
- Further positive pricing momentum with like-for-like rent per sq. ft. up 2.7% in the quarter, up 9.4% since March 2022, to £40.61
- Like-for-like occupancy stable at 89.1% (31 December 2022: 89.2%)
- Like-for-like rent roll up 1.2% (£1.2m) in the quarter, up 7.2% since March 2022, to £97.7m. Total rent roll up £2.2m (1.6%) in the quarter to £140.1m
- Sale of the residential component of the Riverside mixed-use redevelopment in Wandsworth completed in March 2023 for £54m, in line with its September 2022 valuation
- Robust balance sheet with a proforma LTV of 32% (based on 30 September 2022 valuation) and an average maturity of drawn debt of 4.1 years

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

"We saw a strong fourth quarter of trading activity with customer demand enabling us to continue moving our pricing forward.

This performance reflects the continuing attractions of our offer to the changing needs of businesses looking for space. We provide flexibility in terms of both lease length and size of space at affordable prices within high-quality sustainable buildings, in well-connected locations across London.

Importantly in these challenging economic times we have a robust balance sheet, with the majority of our debt on long maturities. This will be further enhanced as we progress with the disposal of non-core assets.

Our distinctive offer, proven operating track record and ownership of an extensive property footprint across London sets us apart from others in the growing flexible space market. This all provides us with an exciting opportunity to deliver sustainable long-term growth."

Customer activity

We have seen strong demand in the fourth quarter despite the disruption caused by tube and rail strikes.

	Monthly Average			Monthly Activity		
	Q4 2022/23	Q4 2021/22	FY 2022/23	31 Mar 2023	28 Feb 2023	31 Jan 2023
Enquiries	932	957	798	986	863	946
Viewings	589	634	518	613	578	577
Lettings	114	127	110	150	95	96

Total rent roll increased by 1.6% (£2.2m) in the fourth quarter to £140.1m, as detailed below:

Total Rent Roll	£m
At 31 December 2022	137.9
Like-for-like portfolio	1.2
Completed projects	1.1
Projects underway	(0.2)
Recent acquisitions	0.1
At 31 March 2023	140.1

We have been able to continue to move pricing forward across our like-for-like portfolio with rent per sq. ft. increasing by 2.7% in the fourth quarter to £40.61, up 9.4% in the year. We are seeing stronger demand at higher pricing for smaller units and are subdividing a number of our larger units to meet this requirement. Like-for-like occupancy was down 0.1% to 89.1% in the quarter, with an overall increase in rent roll of £1.2m (1.2%) to £97.7m.

	Quarter Ended			
	31 Mar 23	31 Dec 22	30 Sep 22	30 Jun 22
Like-for-like occupancy	89.1%	89.2%	89.6%	89.6%
Like-for-like occupancy change	(0.1)%	(0.4)%	-	0.1%
Like-for-like rent per sq. ft.	£40.61	£39.56	£38.59	£38.07
Like-for-like rent per sq. ft. change	2.7%	2.5%	1.4%	2.6%
Like-for-like rent roll	£97.7m	£96.5m	£94.5m	£93.8m
Like-for-like rent roll change	1.2%	2.2%	0.7%	2.9%

We have made good progress letting up space at our recently completed projects with rent roll up 9% (£1.1m) in the quarter. Good progress has also been made at the McKay London-based properties with rent roll up 12% (£0.9m). This is offset by a £0.8m reduction in rent at the McKay industrial estate in Weybridge where we now have vacant possession, with planning approved for the refurbishment of the site.

Disposals

The disposal of the Riverside residential scheme in Wandsworth completed on 10 March 2023 for £54m, in line with its September 2022 valuation, with £44m paid on completion and the remaining £10m payable in March 2024. We continue to progress discussions for the sale of other non-core properties.

Financing

Net debt decreased by £33m in the quarter to £902m, with cash and undrawn facilities of £148m as at 31 March 2023 and LTV at 32% on a proforma basis, based on the 30 September 2022 valuation. At 31 March 2023 our average cost of debt was 3.7%, with 73% at fixed rates and an average maturity of drawn debt of 4.1 years.

– ENDS –

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Workspace Group PLC

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Details of Year End Results Presentation

Workspace will host a results presentation for analysts and investors on Thursday 25 May 2023 at 9:00am at the London Stock Exchange.

Notes to Editors

About Workspace Group PLC:

Workspace is London's leading owner and operator of flexible work space, managing five million sq ft of sustainable space across 77 characterful properties 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.

Our ownership model 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, please visit www.workspace.co.uk