

6 July 2023

WORKSPACE GROUP PLC

**FIRST QUARTER BUSINESS UPDATE FOR THE
PERIOD ENDING 30 JUNE 2023**

Workspace Group PLC (“Workspace”), London’s leading owner and operator of sustainable, flexible work space, provides a business update for the first quarter ending 30 June 2023.

HIGHLIGHTS

- Resilient levels of customer demand with 260 new lettings completed in the quarter, with a total rental value of £7.0m per annum
- Like-for-like occupancy stable at 89.2%
- Like-for-like rent roll up 3.2% (£3.2m) in the quarter to £103.6m
- Like-for-like rent per sq. ft. up 3.3% in the quarter to £41.73
- £82m of non-core disposals completed and further £7m exchanged for sale
- Planning consent obtained for 218,000 sq. ft. office redevelopment at Havelock Terrace, Battersea
- Robust balance sheet with £166m of cash and undrawn facilities and proforma LTV of 31% (based on 31 March 2023 valuation)

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

“We have had a good start to the new financial year highlighting the appeal of our flexible offer, with stable like-for-like occupancy and continued improvement in pricing. As always, we are staying very close to our customers monitoring trends on a real time basis. While we remain vigilant, London’s SMEs are proving resilient in the current economic climate.

We continue to make good progress on the disposal of non-core properties completing the sale of the previously announced portfolio of five industrial estates for £82m, and in June exchanging for sale a further industrial estate for £7m.

Our extensive property portfolio across London provides us with a rich opportunity to upgrade and reposition our buildings to meet both the changing needs of our customers and higher environmental standards. We have a number of projects underway and we obtained planning consent in May for a significant office redevelopment adjacent to Battersea Power Station.”

Customer activity

We have seen good demand in the first quarter with 260 new lettings completed with a total rental value of £7.0m.

	Monthly Average		Monthly Activity		
	Q1 2023/24	Q1 2022/23	30 Jun 2023	31 May 2023	30 Apr 2023
Enquiries	738	757	777	783	655
Viewings	491	508	536	530	406
Lettings	87	108	93	92	75

Total rent roll increased by 0.2% (£0.3m) in the first quarter to £140.4m, as detailed below:

Total Rent Roll	£m
At 31 March 2023	140.1
Like-for-like portfolio	3.2
Completed projects	0.2
Projects underway and design stage	0.4
South East portfolio	0.1
Disposals	(3.6)
At 30 June 2023	140.4

Like-for-like rent per sq. ft. increased by 3.3% in the first quarter to £41.73, with like-for-like occupancy stable, down by 0.1% to 89.2%. The net result was a 3.2% increase in like-for-like rent roll to £103.6m.

	Quarter Ended		
	30 Jun 23	31 Mar 23**	31 Dec 22**
Like-for-like occupancy	89.2%	89.3%	89.3%
Like-for-like occupancy change*	(0.1)%	0.0%	0.0%
Like-for-like rent per sq. ft.	£41.73	£40.41	£39.30
Like-for-like rent per sq. ft. change	3.3%	2.8%	2.4%
Like-for-like rent roll	£103.6m	£100.4m	£98.9m
Like-for-like rent roll change	3.2%	1.5%	2.4%

*Absolute change

** Prior periods restated for the reclassification of Mare Street, Castle Lane and Wilson Street, which are now included in like-for-like

Portfolio activity

In May, we received planning consent for a major redevelopment project at Havelock Terrace, Battersea, which will deliver a new 218,000 sq. ft. office building adjacent to Battersea Power Station.

In June, we completed on the sale of five non-core properties for £82m with a corresponding reduction of £3.6m in rent-roll. The properties sold comprise light industrial and logistics properties in Bracknell, Crawley, Poyle, Theale and Weybridge. We also exchanged contracts for the sale of another non-core industrial estate in Farnborough for £7m, in line with the 31 March 2023 valuation. Completion is expected to take place in July 2023.

Financing

Net debt decreased by £68m in the quarter to £834m, with cash and undrawn facilities of £166m as at 30 June 2023 and LTV at 31% on a proforma basis, based on the 31 March 2023 valuation. At 30 June 2023, our average cost of debt was 4.0%.

Chairman succession

As previously announced, Stephen Hubbard steps down as Chairman following the AGM today and will be replaced by Duncan Owen. Duncan has been a Non-Executive Director of Workspace since July 2021.

– 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:

Workspace is London's leading owner and operator of flexible workspace, managing five million sq. ft. of sustainable space with 76 core 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).

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

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