

**21 July 2022**

**WORKSPACE GROUP PLC**

**FIRST QUARTER BUSINESS UPDATE FOR THE  
PERIOD ENDING 30 JUNE 2022**

Workspace Group, London's leading provider of flexible offices, provides a business update for the first quarter ending 30 June 2022, unless otherwise stated.

**HIGHLIGHTS**

- Continued good underlying levels of customer enquiries, viewings and lettings
- Further improvement in pricing with like-for-like rent per sq. ft. up 2.6% in the quarter to £38.07
- Like-for-like occupancy stable at 89.6%
- Like-for-like rent roll up 2.9% in the quarter to £93.8m
- Strong demand at recently completed projects, with overall occupancy on these schemes increasing by 5% to 74% in the quarter
- Integration of McKay assets progressing to plan with good traction on leasing activity
- Exchanged contracts for disposal of residential scheme at Riverside, Wandsworth, for £55m, in line with the March 2022 valuation. Completion expected December 2022
- Progressing with the disposal of McKay non-core assets and continue to target completion by December 2022
- LTV at 32% on a proforma basis, before proceeds from planned disposal programme

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

*"We have had a good start to the year, with customer demand for our distinctive flexible offering driving further like-for-like pricing growth and high occupancy levels. We are also delivering additional rent roll growth from the strong progress we are making letting up recently completed schemes and the successful integration of recent acquisitions.*

*We continue to closely monitor the wider economic situation but are not currently seeing any meaningful impact on customer demand. As we have consistently demonstrated in the past, in these more challenging business environments our active operational capabilities combined with the attractions of our flexible offer and broad range of properties resonate strongly with our diverse customer base of agile, innovative SMEs."*

## Customer Activity

We saw good underlying levels of demand in the first quarter, although the reported levels of enquiries, viewings and lettings were impacted by bank holidays including the timing of Easter, the additional Jubilee holidays and disruption caused by tube and rail strikes in June. Overall leasing activity was strong with 325 lettings completed in the first quarter, with a lease value of £8.3m. This momentum has continued into the second quarter. In the first two weeks of July 2022 there were 379 enquiries, 226 viewings and we completed 60 lettings with a lease value of £1.4m.

	Monthly Average		Monthly Activity		
	Q1 2022/23	Q1 2021/22	30 Jun 2022	31 May 2022	30 Apr 2022
Enquiries	<b>757</b>	947	685	815	771
Viewings	<b>508</b>	615	447	562	516
Lettings	<b>108</b>	125	108	103	114

Total rent roll increased by £24.3m to £135.3m in the quarter, as detailed below:

Total Rent Roll	£m
At 31 March 2022	111.0
Like-for-like portfolio	2.6
Completed projects	0.6
McKay portfolio	22.0
Other	(0.9)
<b>At 30 June 2022</b>	<b>135.3</b>

## Portfolio Activity

Occupancy in our like-for-like portfolio was stable at 89.6% and we are seeing a further improvement in pricing with like-for-like rent per sq. ft. up by 2.6% in the first quarter to £38.07.

	Quarter Ended		
	30 Jun 22	31 Mar 22**	31 Dec 21**
Like-for-like occupancy	89.6%	89.5%	86.3%
Like-for-like occupancy change*	0.1%	3.2%	0.6%
Like-for-like rent per sq. ft.	£38.07	£37.12	£36.68
Like-for-like rent per sq. ft. change	2.6%	1.2%	1.6%
Like-for-like rent roll	£93.8m	£91.2m	£87.6m
Like-for-like rent roll change	2.9%	4.1%	2.2%

\*Absolute change

\*\* Prior periods restated for the reclassification of Riverside, Wandsworth, which has been removed from like-for-like following exchange for sale

We have made strong progress in letting up our recently completed projects, with occupancy across these properties increasing by 5% to 74% in the quarter. This includes:

- Mirror Works, Stratford, up by 14.6% to 38.0%
- Mare Street, Hackney, up 9.9% to 80.0%
- Pall Mall Deposit, Ladbroke Grove, up 4.7% to 80.3%

Rent roll across the completed projects category in total increased by 8.9% to £7.2m, with rent per sq. ft. up 1.8%.

We have made solid progress on the integration of the McKay portfolio acquired in May 2022, with the London assets live on our website and leasing interest and activity now coming through the Workspace platform. We have seen good leasing traction since the acquisition, with some 49,000 sq. ft. completing or coming under offer, in line or ahead of March 2022 ERV's. This includes 13,500 sq. ft. of new deals and 4,000 sq. ft. of renewals in London and 4,500 sq. ft. of new deals and 27,000 sq. ft. of renewals in the South East.

## **Disposals**

We have exchanged on the sale of the residential element of our Riverside redevelopment for £55m, in line with the March 2022 valuation. This sale was contingent on an amendment to the planning application, for which we received a resolution to grant consent on 28 June 2022. Completion is due by 31<sup>st</sup> December 2022 subject to us achieving vacant possession and signing of the s106 agreement.

We are progressing with the disposal of the non-core assets from the McKay portfolio, which are performing in line with expectations. We continue to target completion of these disposals by December 2022.

## **Financing**

Net debt as at 30 June 2022 was £909m, a £5m reduction from the proforma 31 March 2022 position adjusted for the McKay acquisition. The average maturity of drawn debt is 3.9 years and the average effective interest rate is 3.2%, with 69% of the drawn amount at fixed rates.

Total facilities at 30 June 2022 were £1.2bn, with cash and available facilities of £336m. The required amendments to the McKay facilities following acquisition are expected to be completed by September 2022.

LTV at June 2022 was 32% on a proforma basis, based on the 31 March 2022 property valuations for Workspace and McKay (adjusted for the disposal of Great Brighams Mead). The proceeds from our programme of planned disposals during the current financial year should reduce our LTV to well below 30%, and will significantly increase our proportion of fixed-rate debt.

– ENDS –

**For further information, please contact:**

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## **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).

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For more information on Workspace, please visit [www.workspace.co.uk](http://www.workspace.co.uk)