

20 January 2022

WORKSPACE GROUP PLC

**THIRD QUARTER BUSINESS UPDATE FOR THE
PERIOD ENDING 31 DECEMBER 2021**

Workspace Group, London's leading provider of flexible offices, provides a business update for the third quarter ending 31 December 2021.

HIGHLIGHTS

- Customer demand has remained strong, with an average in the quarter of 831 enquiries per month (Q3 2020/21: 672) and 117 lettings per month (Q3 2020/21: 109)
- Like-for-like occupancy continues to improve, up 1.0% in the quarter to 86.6%
- Like-for-like rent per sq. ft. up 1.2% in the quarter to £35.92
- Like-for-like rent roll up 2.3% in the quarter, to £89.3m, with total rent roll up £5.1m to £107.2m
- Acquisition of The Busworks in Islington for £45m in November 2021
- Bank facilities refinanced with £200m sustainability-linked revolving credit facility
- Pro forma LTV at 25% at 31 December 2021, based on the September 2021 valuation
- £225m of cash and available facilities provides financial flexibility to continue to invest in the project pipeline and acquisition opportunities

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

"It has been a good quarter, with continued positive momentum in occupancy and pricing. We are seeing strong demand for our space, with good levels of enquiries, viewings and lettings despite the renewed work from home guidance issued by the Government in December. Our performance in the third quarter and early signs of trading in the fourth show that SMEs are looking through the current short-term uncertainty to choose the right space for their business longer-term. They are looking for flexible terms and attractive, sustainable office space in well-connected locations and Workspace is ideally placed to continue to capture this demand."

Customer Activity

We have seen good levels of demand in the third quarter, with a monthly average of 831 enquiries and a good conversion to viewings and subsequent lettings. This has continued in the fourth quarter, with 487 enquiries and 248 viewings in the first two weeks of January.

| | Monthly Average | | Monthly Activity | | |
|-----------|-----------------|---------------|------------------|----------------|----------------|
| | Q3 2021/22 | Q3 2020/21 | 31 Dec 2021 | 30 Nov 2021 | 31 Oct 2021 |
| Enquiries | 831 | 672 | 590 | 948 | 955 |
| Viewings | 513 | 322 | 302 | 642 | 594 |
| Lettings | 117 | 109 | 101 | 116 | 135 |

Utilisation of business centres by our customers fell back following the work from home guidance issued by the Government in December but has picked up in the first two weeks of January and is currently running at 43% of pre-Covid levels. This compares to 55% of pre-Covid levels reached in November 2021.

Like-for-like occupancy has continued to improve in the third quarter, up 1.0% to 86.6%, reflecting demand from both new customers and existing customer expansions.

Having seen pricing stabilise during the first half, like-for-like rent per sq. ft. increased by 1.2% in the third quarter to £35.92.

| | Quarter Ended | | |
|---------------------------------------|---------------|-----------|-----------|
| | 31 Dec 21 | 30 Sep 21 | 30 Jun 21 |
| Like-for-like occupancy | 86.6% | 85.6% | 82.9% |
| Like-for-like occupancy change* | 1.0% | 2.7% | 1.0% |
| Like-for-like rent per sq. ft. | £35.92 | £35.50 | £35.41 |
| Like-for-like rent per sq. ft. change | 1.2% | 0.3% | (2.3)% |
| Like-for-like rent roll | £89.3m | £87.3m | £84.6m |
| Like-for-like rent roll change | 2.3% | 3.2% | (1.1)% |

*Absolute change

The combined impact of the growth in like-for-like occupancy and rise in rent per sq. ft. in the quarter resulted in a 2.3% increase in like-for-like rent roll, to £89.3m. Total rent roll increased by 5.0% in the third quarter to £107.2m. This included rent of £1.4m from the acquisition of The Busworks, Islington, in November 2021.

Rent Collection

Rent collection remains robust, despite the continued Government restrictions on rent collection measures. The majority of our customers pay monthly and we have, as of 18 January 2022, collected 96% of rent due for the third quarter taking the collection rate for the first three quarters of the year to 97%.

Acquisitions

In November 2021, we acquired The Busworks, in Islington, for £45m. This off-market acquisition was funded from existing facilities. The property provides 104,000 sq. ft. of net lettable space across two conjoined warehouse buildings on 1.6 acres and has significant potential to be sustainably upgraded and repositioned.

Financing

In December 2021, we agreed a new £200m sustainability-linked revolving credit facility (“RCF”) with an enlarged syndicate including two additional banks. The facility has an initial term of three years, with the potential to extend by a further two years and to increase the facility amount to a maximum of £300m, subject to lender consent.

The RCF replaces the Group’s previous revolving credit facility and extends the average maturity of the Group’s debt facilities to 5.2 years. Pricing for the new facility is in line with the previous facility, with a margin of 1.65% over SONIA, but also includes a margin adjustment depending on performance against a number of ESG-related metrics.

Net debt increased by £43m in the quarter to £575m, with cash and undrawn facilities of £225m as at 31 December 2021 and LTV at 25% on a proforma basis, based on the 30 September 2021 property valuation.

– ENDS –

For further information, please contact:

Workspace Group PLC

Clare Marland, Head of Corporate Communications

020 7369 2301

Finsbury Glover Hering

Guy Lamming
Chris Ryall

020 7251 3801

Notes to Editors

About Workspace Group PLC:

Established in 1987, and listed on the London Stock Exchange since 1993, Workspace owns and manages some 4 million sq. ft. of business space in London. We are home to London’s brightest 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