

17 April 2025

WORKSPACE GROUP PLC

FOURTH QUARTER BUSINESS UPDATE FOR THE PERIOD ENDING 31 MARCH 2025

Workspace Group PLC (“Workspace”), London’s leading owner and operator of sustainable, flexible work space, provides a business update for the fourth quarter ending 31 March 2025.

Lawrence Hutchings, Chief Executive Officer, Workspace Group PLC, commented:

“We have delivered a strong lettings performance in Q4, resulting in like-for-like rent roll growth, partly driven by strategic actions we’ve taken to counter current macroeconomic and competitive pressures, support retention and improve conversion. These actions will help make Workspace a more agile, efficient business and drive occupancy back up to sustainably higher levels. I look forward to providing more detail on this, and our wider short- and medium-term plans, as part of a strategy update that will be presented alongside our full year results in June.

Looking ahead to our new financial year, recent macroeconomic events combined with slower economic growth will continue to affect sentiment among some of our customers. Whilst it will take some time for us to work through the impact of the larger unit vacancies we have seen, and expect to see in the first half of this year, we remain laser focused on what we can control, including costs, as we continue to prioritise a recovery in occupancy and rent roll.

Workspace’s truly flexible offer was built from the ground up specifically for London’s SMEs. Confidence in the long-term outlook for this market underpins my excitement in the structural growth opportunity that lies ahead of us, which I believe Workspace is uniquely positioned to capture.”

Highlights

- 390 new lettings completed in the quarter, with a total rental value of £10.1m
- Like-for-like rent per sq. ft. up 0.9% in the fourth quarter to £48.08
- Like-for-like occupancy down 1.0% in the fourth quarter to 85.1%
- Like-for-like rent roll up 1.4% to £107.9m
- Continued progress on capital recycling from the disposal of non-core assets, having completed or exchanged on the sale of six properties for a total of £52.5m in the fourth quarter, with a further disposal completed in April for £10.3m
- Robust balance sheet with £260m of cash and undrawn facilities and proforma LTV of 34% (based on 30 September 2024 valuation)

Customer activity

Lettings activity was strong in the fourth quarter, with 390 new lettings completed with a total rental value of £10.1m, c.15% ahead of the final quarter of the previous financial year and a significant improvement on Q3. This was driven by actions taken to support retention and improve conversion, as well as enhanced marketing efforts.

	Monthly Average			Monthly Activity		
	Q4 2024/25	Q3 2024/25	Q4 2023/24	31 Mar 2025	28 Feb 2025	31 Jan 2025
Enquiries	796	628	818	777	694	916
Viewings	585	457	589	600	509	646
Lettings	130	91	114	175	121	94

Customer demand in the first quarter is expected to be seasonally quieter, impacted by the timing of bank holidays.

We have continued to see larger customers vacating in the quarter and occupancy has also been impacted as the recent completion of large-unit refurbishments, which are now available to let, has increased the total available floor area. This has resulted in a reduction in like-for-like occupancy of 1.0% in the quarter to 85.1%.

As we said in our Q3 update, we continue to selectively review unit pricing where appropriate, among other initiatives to support retention and attract new customers. Demand from small businesses for our core product has driven continued overall improvement in average pricing, with like-for-like rent per sq. ft. up 0.9% in the quarter to £48.08.

	Quarter Ended			
	31 Mar 25	31 Dec 24 ¹	30 Sep 24 ¹	30 Jun 24 ¹
Like-for-like occupancy	85.1%	86.1%	87.4%	88.2%
Like-for-like occupancy change ²	(1.0)%	(1.3)%	(0.8)%	0.0%
Like-for-like rent per sq. ft.	£48.08	£47.65	£47.12	£46.40
Like-for-like rent per sq. ft. change	0.9%	1.1%	1.6%	1.2%
Like-for-like rent roll	£107.9m	£106.4m	£107.1m	£110.1m
Like-for-like rent roll change	1.4%	(0.7)%	(2.7)%	1.2%

¹ Restated for the transfer in of Old Dairy, Shoreditch where occupancy is now stabilised post refurbishment, the transfer out of Archer Street Studios, Soho, and Rainbow Industrial Estate (part), Raynes Park, which have been sold, the transfer out of Shaftesbury Centre, Ladbrooke Grove to non-core which has been exchanged for sale and the transfer out of The Biscuit Factory site in Bermondsey which is undergoing major refurbishment.

² Absolute change

Additional detail on like-for-like occupancy

As part of our broader strategy, to be detailed in June, we have reevaluated our methodology for calculating like-for-like occupancy. This is especially important as we expect that we will have more large units coming back to us in the next six months, which will require refurbishment or subdivision. The macroeconomic backdrop has led us to take an increasingly stringent view on capital expenditure which has meant that some planned schemes may be deferred or amended in favour of letting space in its current state.

We previously adjusted the like-for-like floor space total for refurbishment projects that were planned but where capex was not yet approved. Going forward, we will only exclude floor space from the occupancy calculation once capex has been approved on a refurbishment project and the project is either underway or will be implemented imminently.

We have provided a reconciliation of total floor area to available floor area in the table below, along with the revised like-for-like occupancy, and as previously reported.

Of the 67,000 sq. ft. of planned refurbishments that have not yet been approved, detailed in the table below, we have budgeted capex for c.50,000 sq. ft. of these projects in the current financial year.

Like-for-like portfolio	Quarter Ended			
	31 Mar 25	31 Dec 24	30 Sep 24	30 Jun 24
Occupied floor space (sq. ft.)	2,244,858	2,233,723	2,272,497	2,372,807
Total floor space (sq. ft.)	2,733,734	2,733,898	2,729,923	2,733,430
Approved refurbishments (sq. ft.)	27,693	41,005	30,864	23,468
Available floor space (sq. ft.)	2,706,041	2,692,893	2,699,059	2,709,962
Occupancy (revised)	83.0%	82.9%	84.2%	87.6%
Planned unapproved refurbishments (sq. ft.)	67,218	98,501	97,787	20,129
Available floor space (sq. ft.) (previously reported)	2,638,823	2,594,392	2,601,272	2,689,833
Occupancy (previously reported)	85.1%	86.1%	87.4%	88.2%

Like-for-like rent roll and like-for-like rent per sq. ft. remain unchanged.

Total rent roll

Total rent roll increased by 0.8% (£1.1m) since December 2024 to £139.4m, as detailed below:

Total Rent Roll	£m
At 31 December 2024	138.3
Like-for-like portfolio	1.5
Completed projects	0.5
Projects underway and design stage	0.9
South East portfolio	0.2
Disposals	(2.0)
At 31 March 2025	139.4

Portfolio activity

We have continued to dispose of non-core assets and completed or exchanged on the sale of six properties for a total of £52.5m in the quarter, at a combined net initial yield of 4% and broadly in line with book value.

In January 2025, we completed on the sale of 20-30 Greyfriars Road, Reading, for £4.0m and in February 2025, we completed on the sale of Parma House, Wood Green, for £4.9m. In

March 2025, we exchanged on the sale of The Shaftesbury Centre in Ladbrooke Grove for £4.5m and completed on the sales of Rainbow Industrial Estate in Raynes Park for £20.3m, Archer Street Studios in Soho for £13.9m and the former Mecca Bingo site on Garratt Lane, Wandsworth, for £5.0m.

Following the quarter end, in April, we exchanged and completed on the sale of Q West in Brentford for £10.3m.

Activity is ongoing at our major refurbishment projects; Chocolate Factory in Wood Green, where we are delivering 40,000 sq. ft. of new and upgraded space and expect practical completion in the second quarter, and The Biscuit Factory in Bermondsey, which will deliver 30,000 sq. ft. of additional space towards the end of 2025. We have also started on site at The Centro Buildings in Camden, where we are transforming a traditional office building, Atelier House, into a Workspace business centre with 40 units, a café and meeting rooms.

We have continued to make progress with our ongoing programme of refurbishment and subdivision of larger units, with c.30,000 sq. ft. completed in the quarter and marketing commencing shortly on a further c.20,000 sq. ft. largely completed in the quarter.

Financing

With long-term interest rates expected to remain high and some debt maturing this year, we maintain a disciplined approach to gearing. Following the disposals made during the quarter, net debt decreased by £27m to £820m (31 December 2024: £847m). Cash and undrawn facilities were £260m as at 31 March 2025, with the proforma LTV at 34% based on the 30 September 2024 valuation.

Full year results

Workspace will publish its full year results for the year ended 31 March 2025 on 5 June 2025, alongside an update on strategy.

A presentation to analysts and investors will be held at 9:00am at our Eventspace, Salisbury House, 114 London Wall, EC2M 5QA.

– ENDS –

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Notes to Editors

About Workspace Group PLC:

Workspace is London's leading owner and operator of flexible workspace, currently managing 4.2 million sq. ft. of sustainable space at 66 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