

17 January 2019

WORKSPACE GROUP PLC
THIRD QUARTER BUSINESS UPDATE
ACTIVE QUARTER WITH CONTINUED STRONG DEMAND

HIGHLIGHTS

- Good level of customer demand in the third quarter with enquiries averaging 907 per month (Q3 2017/18: 858) and lettings of 98 per month (Q3 2017/18: 86).
- Acquisition of The Shepherds Building, Shepherd's Bush, completed in October 2018 for £125m.
- Three refurbishment projects completed in the quarter providing 80,000 sq. ft. of new and upgraded space.
- Planning consent obtained in November 2018 for a 61,000 sq. ft. refurbishment and extension at Leroy House, Islington.
- Terms for £100m of ten-year private placement notes agreed in December 2018 with funding completing on 17 January 2019.
- Pro-forma LTV ratio of 22% at 31 December 2018, based on 30 September 2018 property valuation.

Jamie Hopkins, Chief Executive Officer, Workspace Group PLC, commented:

"We have continued to see a great deal of activity across the whole of the business in the third quarter and enquiries held up well, despite the usual quieter December. We are particularly pleased with the demand for our newly refurbished space, which is capturing the imagination of London's occupiers, both large and small.

We are mindful that we are operating in a very uncertain economic and political environment. Our balance sheet is strong and we are confident that we have positioned the business to continue to benefit from the structural shift in the market, where office space is increasingly becoming a strategic decision for companies."

Enquiries and Lettings

We have seen good levels of demand for space through the quarter, despite the seasonal downturn in enquiries during December. Enquiries averaged 907 per month in the quarter and lettings averaged 98 per month.

Average number per month	Quarter Ended				
	31 Dec 2018	30 Sep 2018	30 Jun 2018	31 Mar 2018	31 Dec 2017
Enquiries	907	1,019	1,021	1,111	858
Lettings	98	97	88	92	86

Acquisitions

The acquisition of The Shepherds Building, Shepherd's Bush, for £125m completed in October 2018. The building comprises of 150,000 sq. ft. of net lettable space, acquired at a capital value of £835 per sq. ft. and a net initial yield of 4.8%, rising to 5.1% on the expiry of rent frees.

Refurbishment and Redevelopment Activity

We have been delighted with the strength of demand for the new space at the refurbishment and redevelopment projects that have completed during 2018.

In October 2018, we completed the second phase of the refurbishment programme at Vox Studios in Vauxhall. This provides an additional 27,000 sq. ft. of space, increasing the total lettable area at this business centre to 108,000 sq. ft. We also completed the refurbishment and upgrade of 36,000 sq. ft. at Gray's Inn Road in Holborn.

In November 2018, we obtained planning consent for a major refurbishment of Leroy House, Islington. The project will provide 61,000 sq. ft. of new and upgraded space.

In December 2018, we completed the refurbishment of 17,000 sq. ft. of space at Metal Box Factory, Bankside.

Financing

In December 2018, we agreed the placing of £100m of ten-year private placement notes at a fixed rate coupon of 3.6%, with funding on 17 January 2019. This replaces the £100m 364-day bank facility which was put in place, alongside the acquisition of The Shepherds Building, in October 2018. The overall weighted average cost of debt will be around 3.8% (H1 2018/19: 3.8%).

Net debt increased by £109m in the quarter to £559m, with cash balances and undrawn facilities of £148m as at 31 December 2018.

The pro-forma loan-to-value ratio at 31 December 2018, based on the 30 September 2018 property valuation is 22% (30 September 2018: 18%).

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Notes to Editors

About Workspace Group PLC:

Workspace is focused on helping businesses perform at their very best. The Workspace Advantage is our unique customer offer and is open to all – we provide inspiring, flexible workspaces with super-fast technology in dynamic London locations.

Established in 1987, and listed on the London Stock Exchange since 1993, Workspace owns and manages 3.9 million sq. ft. of business space across 65 London properties which it lets directly to customers. We are home to thousands of businesses including some of the fastest growing and established brands across a wide range of sectors.

The way businesses work is changing. That's why we continually invest in providing the technology infrastructure that enables our customers to think and move fast, and alongside their working environment, is tailored to each individual business.

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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