

25 January 2024

WORKSPACE GROUP PLC

THIRD QUARTER BUSINESS UPDATE FOR THE PERIOD ENDING 31 DECEMBER 2023

Workspace Group PLC (“Workspace”), London’s leading owner and operator of sustainable, flexible work space, provides a business update for the third quarter ending 31 December 2023.

HIGHLIGHTS

- Resilient customer demand with 312 new lettings completed in the quarter, with a total rental value of £7.6m per annum
- Continued rental growth with like-for-like rent roll up 1.0% in the quarter, up 7.4% since March 2023
- Improved pricing with like-for-like rent per sq. ft. up 1.7% in the quarter, up 8.5% since March 2023, to £43.63
- Like-for-like occupancy broadly stable at 88.2% (30 September 2023: 88.6%)
- Further progress on disposal of non-core assets, with £39m of sales since September 2023, £132m of sales since March 2023
- Robust balance sheet with £147m of cash and undrawn facilities and proforma LTV of 34% (based on 30 September 2023 valuation)
- Corporate Purchase Power Agreement signed to supply around two thirds of our electricity demand over the next 10 years from a newly constructed solar plant

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

“We have delivered another resilient operational performance in the third quarter, highlighting the attraction of our distinctive, flexible offer. A good start to the fourth quarter, combined with a positive trading outlook and strong balance sheet, underpins our confidence for the year ahead.

We continue to progress the disposal of non-core assets, enabling us to recycle capital efficiently, selectively investing in our value enhancing programme of upgrades and refurbishment projects across the portfolio.

We have also taken a significant step forward in our path to net zero with some two thirds of our electricity to be sourced from a newly constructed solar plant in Devon, underpinning the long-term energy security for Workspace and our customers.”

Customer activity

We have seen resilient underlying demand in the third quarter, despite the typical seasonal slowdown in activity we see in December, with 312 new lettings completed with a total rental value of £7.6m.

	Monthly Average		Monthly Activity		
	Q3 2023/24	Q3 2022/23	31 Dec 2023	30 Nov 2023	31 Oct 2023
Enquiries	759	724	573	846	858
Viewings	488	479	385	545	533
Lettings	104	110	104	118	90

We have seen a return to good levels of demand in January 2024 with 629 enquires in the first three weeks of the new year.

Total rent roll decreased by 1.0% (£1.4m) in the third quarter to £140.5m, reflecting like-for-like growth offset by asset disposals and project activity as detailed below:

Total Rent Roll	£m
At 30 September 2023	141.9
Like-for-like portfolio	1.1
Disposals	(1.0)
Projects underway and design stage	(1.6)
Other	0.1
At 31 December 2023	140.5

Like-for-like rent roll was up 1.0% in the quarter (7.4% in the year to date) to £108.3m. Like-for-like rent per sq. ft. increased by 1.7% in the third quarter and 8.5% since March 2023, to £43.63. Like-for-like occupancy was marginally down by 0.4% in the quarter to 88.2%.

	Quarter Ended		
	31 Dec 23	30 Sep 23**	30 Jun 23**
Like-for-like occupancy	88.2%	88.6%	89.1%
Like-for-like occupancy change*	(0.4)%	(0.5)%	(0.1)%
Like-for-like rent per sq. ft.	£43.63	£42.90	£41.50
Like-for-like rent per sq. ft. change	1.7%	3.4%	3.2%
Like-for-like rent roll	£108.3m	£107.2m	£104.0m
Like-for-like rent roll change	1.0%	3.1%	3.2%

*Absolute change

**Restated for the reclassification of Centro – Atelier House, which is now included in the refurbishment category

Portfolio activity

In October 2023, we exchanged on the sale of an advertising tower adjacent to The Mille Building in Brentford for £9.0m and in November, we exchanged on the sale the Three Acre industrial estate, Folkestone for £4.5m in line with the September 2023 valuation. Both disposals completed in the third quarter.

In January 2024, we exchanged on the sales of an industrial estate in Poplar for £21.5m and an industrial estate in Banbury for £3.8m, 4% below the September 2023 valuation. The sale of the industrial estates are expected to complete in the fourth quarter.

We obtained vacant possession of Atelier House, at the northern end of our Centro property, in December 2023, which allows us to now progress with our planned conversion of this building to a Workspace business centre.

We continue to make good progress on our major refurbishment projects at Leroy House in Islington, Chocolate Factory in Wood Green and The Biscuit Factory in Bermondsey.

Financing

In November 2023, we extended the maturity of our £335m revolving credit facilities by one year on existing terms, with £200m of these facilities now maturing in December 2026 and £135m in April 2026.

Net debt decreased by £14m in the quarter to £853m, with cash and undrawn facilities of £147m as at 31 December 2023 and LTV at 34%, based on the 30 September 2023 valuation.

– 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 4.6 million sq. ft. of sustainable space at 78 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