

15 October 2024

WORKSPACE GROUP PLC

**SECOND QUARTER BUSINESS UPDATE FOR THE
PERIOD ENDING 30 SEPTEMBER 2024**

Workspace Group PLC (“Workspace”), London’s leading owner and operator of sustainable, flexible work space, provides a business update for the second quarter ending 30 September 2024.

HIGHLIGHTS

- Good customer demand with 296 new lettings completed in the quarter, with a total rental value of £7.4m per annum (HY24/25: 603 new lettings with a rental value of £15.8m per annum)
- Pricing momentum maintained with like-for-like rent per sq. ft. up 1.6% in the second quarter and up 2.8% in the half year to £47.00
- Like-for-like occupancy down 0.7% in the second quarter to 87.5% (stable in the first quarter), with like-for-like rent roll down 1.4% in the half year to £109.0m, driven by a higher than usual level of larger customers vacating in the period
- Good progress on disposals of non-core assets, with £29.9m completed in the first half and a further £26.9m exchanged and expected to complete in the second half of the year
- Robust balance sheet with £144m of cash and undrawn facilities and proforma LTV of 35% (based on 31 March 2024 valuation)

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

“We have seen good customer demand in what is typically a quieter quarter for lettings over the summer. Our strong track record of consistently driving pricing growth continued in the quarter, demonstrating the appeal of our offer to businesses looking for high quality, well connected and sustainable work space.

We saw a drop in like-for-like occupancy due to an unusually high number of customer vacations in the quarter, including a number of larger customers who have grown with us over many years. While this churn is higher than usual, it is part of the regular rhythm of our business. Many of the larger units will be subdivided into smaller units, where we see stronger demand and achieve higher pricing. We are encouraged by the improving leasing activity we have seen in September.

We continue to recycle capital from disposals into our extensive project pipeline and have recently completed the refurbishment of Leroy House in Islington. This ongoing activity, coupled with the strong demand we see from London’s SMEs, gives us confidence in the exciting growth opportunities ahead for Workspace.”

Customer activity

We have seen good demand with 296 new lettings completed in the second quarter with a total rental value of £7.4m.

	Monthly Average			Monthly Activity		
	Q2 2024/25	Q1 2024/25	FY 2023/24	30 Sep 2024	31 Aug 2024	31 Jul 2024
Enquiries	700	688	788	698	685	717
Viewings	486	499	524	476	457	525
Lettings	99	102	103	145	76	75

The good level of customer lettings has been offset by a higher than usual level of customer vacations in the period and, as a result, we have seen a drop in like-for-like occupancy in the quarter of 0.7% to 87.5%. However, good customer demand has driven continued improvement in pricing with like-for-like rent per sq. ft. up 1.6% in the quarter to £47.00.

	Quarter Ended		
	30 Sep 24	30 Jun 24 ¹	31 Mar 24 ¹
Like-for-like occupancy	87.5%	88.2%	88.2%
Like-for-like occupancy change ²	(0.7)%	(0.0)%	(0.0)%
Like-for-like rent per sq. ft.	£47.00	£46.28	£45.73
Like-for-like rent per sq. ft. change	1.6%	1.2%	2.0%
Like-for-like rent roll	£109.0m	£111.8m	£110.5m
Like-for-like rent roll change	(2.5)%	1.3%	2.4%

¹ Restated for the transfer in of Old Dairy, Shoreditch, where occupancy is now stabilised post-acquisition and the transfer out of The Biscuit Factory site in Bermondsey which is undergoing major refurbishment and redevelopment activity

² Absolute change

Total rent roll decreased by 2.3% (£3.3m) in the first half to £140.1m, as detailed below:

Total Rent Roll	£m
At 31 March 2024	143.4
Like-for-like portfolio	(1.4)
Disposals	(2.0)
Other	0.1
At 30 September 2024	140.1

Portfolio activity

In July, we exchanged on the sale of Ashcombe House, Leatherhead and The Planets, Woking for a combined total of £15.7m, in line with the March 2024 valuation.

We received a total of £29.9m in cash during the first half of the year from the completions of non-core disposals; Poplar Business Park in Poplar, Mallard Court and Cygnet House in Staines and 5 Acre Estate in Folkestone, with a further £26.9m of disposals exchanged and expected to complete in the second half of the year.

We completed the refurbishment and extension of Leroy House in Islington in October 2024, delivering 58,000 sq. ft. of new space across 101 units. This is a great example of our

refurbishment-first, sustainable approach and is designed to be our first Net Zero building in construction and operation. The building, which has a striking double height entrance and fantastic light-filled communal space, has already captured the imagination of London's SMEs, with 11 units let or under offer in the first two weeks of marketing.

Financing

Net debt increased by £28m in the quarter to £856m (31 March 2024: £855m), following payment of the full year dividend. Cash and undrawn facilities were £144m as at 30 September 2024, with LTV at 35% on a proforma basis, based on the 31 March 2024 valuation.

Half year results

Workspace will publish its half year results for the six months to 30 September 2024 on 22 November 2024. 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 4.3 million sq. ft. of sustainable space at 73 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