

07 April 2022

WORKSPACE GROUP PLC

STRONG FOURTH QUARTER PERFORMANCE COMPLETES YEAR OF RECOVERY

Workspace Group, London's leading provider of flexible office space, provides a trading update for the fourth quarter ending 31 March 2022.

Trading Highlights

- Continued strong demand from SMEs demonstrates appeal of our flexible offer, with an average of 957 enquiries per month (Q4 2020/21: 910) and 127 lettings per month (Q4 2020/21: 111) in the fourth quarter
- Another quarter of strong growth in like-for-like occupancy, up 3.0% in the quarter to 89.6%, and up 7.8% over the year, now reaching normalised pre-Covid levels with scope for further growth
- Further improvement in pricing with like-for-like rent per sq. ft. up 1.3% in the quarter to £36.39
- Like-for-like rent roll up 4.0% in the quarter to £92.9m, with total rent roll up 3.5% to £111.0m
- Customer utilisation of our centres continues to improve, averaging 69% of pre-Covid levels in the week ending 1st April 2022, peaking at 73% mid-week

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

"This is a fantastic end to a year of strong recovery, and we are going into the new financial year with positive momentum across all key indicators. Our strong performance in the fourth quarter demonstrates further evidence that whilst SMEs have always appreciated flexible working, they also place enormous value on working together in the right space where they can collaborate, be creative and build distinctive cultures for their businesses. In this dynamic SME market, the continued demand for our space across a broad range of locations is translating into higher occupancy, higher utilisation and improved pricing.

Despite the uncertain macroeconomic environment, it is clear that our offer is resonating and our strategy is working. We are confident that we are well positioned for further sustainable growth and see the recommended offer for McKay Securities as an opportunity to accelerate these growth plans and generate strong returns over the medium term."

Customer Activity

We saw continued strong levels of demand in the fourth quarter, with a monthly average of 957 enquiries and good conversion to viewings and lettings.

	Monthly Average				
	Q4 2021/22	Q3 2021/22	Q2 2021/22	Q1 2021/22	Q4 2020/21
Enquiries	957	831	935	947	910
Viewings	634	513	629	615	413
Lettings	127	117	138	125	111

Utilisation of business centres by our customers has increased in the quarter, averaging 69% of pre-Covid levels in the week ending 1st April 2022, with activity peaking at 73% of pre-Covid levels mid-week.

Occupancy and Rent Roll

Occupancy in our like-for-like portfolio has increased strongly, up by 3.0% in the fourth quarter to 89.6%, and up 7.8% over the year as a whole.

We've also seen a further quarter of pricing growth, with like-for-like rent per sq. ft. up by 1.3% from £35.92 to £36.39.

	Quarter Ended			
	31 Mar 22	31 Dec 21	30 Sep 21	30 Jun 21
Like-for-like occupancy	89.6%	86.6%	85.6%	82.9%
Change*	3.0%	1.0%	2.7%	1.1%
Like-for-like rent per sq. ft.	£36.39	£35.92	£35.50	£35.41
Change	1.3%	1.2%	0.3%	(2.3)%
Like-for-like rent roll	£92.9m	£89.3m	£87.3m	£84.6m
Change	4.0%	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 4.0% increase in like-for-like rent roll, to £92.9m.

Total rent roll in the quarter increased by 3.5% to £111.0m, with overall occupancy increasing by 2.1% in the quarter to 84.3%.

McKay Offer

On 2 March 2022, we announced a recommended offer to acquire McKay Securities Plc for £272m at 297p per share. Workspace has received irrevocable undertakings and a letter of intent in respect of 37% of McKay's issued share capital as at 28 March 2022. Meetings of McKay shareholders to approve the transaction are due to be held on 27 April 2022.

Disposal

On 7 March 2022, we exchanged and completed on the disposal of a light industrial estate, Highway Business Park, for £23.7m at a significant premium to the 30 September 2021 valuation of £11.6m.

Upcoming Events

We will be holding a live sustainability event for analysts and investors in the afternoon of Tuesday, 10 May 2022, including a presentation, panel discussion and Q&A. Venue details will follow shortly and a recording of the event will be available on our website afterwards.

We report our full year results for the year to 31 March 2022 on Wednesday, 8 June 2022. There will be a live presentation for analysts and investors at the London Stock Exchange, with webcast and conference call details available on our website in due course.

– ENDS –

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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).

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For more information on Workspace, please visit www.workspace.co.uk