WKP XLON Workspace Group PLC

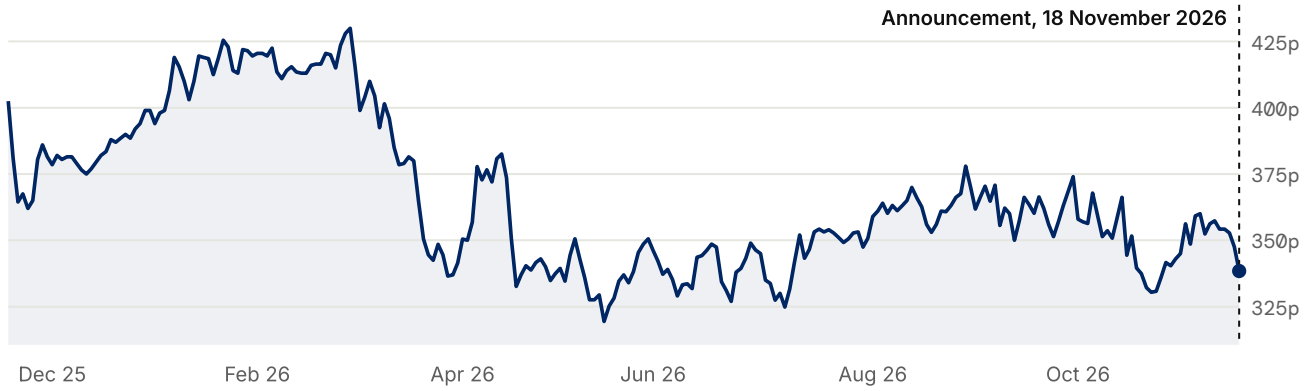
WORKSPACE GROUP PLC HALF YEAR RESULTS · RNS 5795D · 18 November 2026

Workspace defers interim dividend as valuation falls 6.6% and trading profit drops 17%

Share price	339.6p
Market cap	£654m
52-week range	312p - 434.4p
Shares in issue	192.7m
12-month change	-15.9%

Ticker Data API, as at 17 Nov 2026, 16:29

SHARE PRICE, 12 MONTHS



SUMMARY

Workspace Group's half-year results today showed trading profit after interest down 17.0% to £25.4m and an interim dividend decision deferred to the full-year results, against 9.4p a year earlier. The portfolio fell 6.6% on an underlying basis to £1,975m, cutting EPRA net tangible assets (NTA) per share to £6.05 from £6.87 and lifting loan to value to 38%. The operating core held steadier: stabilised occupancy rose to 82.8% and rent per sq. ft. rose 1.3%, while the first deals under new all-inclusive pricing came in 12% above estimated rental value. The longer-term case now turns on refinancing £420m of cheap fixed-rate debt due in 2027 and 2028, finishing a £200m disposal programme in a slow market, and showing the new products work at scale.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
Trading profit after interest	£25.4m	H1 to 30 Sep 2026	down 17.0% from £30.6m
Adjusted underlying earnings per share	13.1p	H1 to 30 Sep 2026	down from 15.8p
Interim dividend per share	Deferred	H1 FY27	9.4p in prior-year half
Property valuation	£1,975m	30 Sep 2026	down 6.6% underlying from £2,133m at Mar 26
EPRA net tangible assets per share	£6.05	30 Sep 2026	down 11.9% from £6.87 at Mar 26
Loan to value	38%	30 Sep 2026	up 3.0pp from 35%
Stabilised Portfolio occupancy	82.8%	30 Sep 2026	up from 82.5% at Mar 26
Undrawn bank facilities and cash	£246m	30 Sep 2026	up from £242m at Mar 26
Cumulative disposals since March 2025	£138.3m	To 18 Nov 2026	against £200m target by March 2027
Net debt to earnings	8.7 times	30 Sep 2026	up from 8.1 times at Mar 26

Sources: Half year results RNS, 18 Nov 2026

THE ANNOUNCEMENT

- The Group has until March 2028 to meet its REIT distribution requirement for FY27.
- Trading profit after interest fell 17.0% to £25.4m and adjusted underlying earnings per share fell to 13.1p from 15.8p. Net rental income dropped 10.9% to £52.3m, or 7.3% on an underlying basis excluding disposals. The company described the results as in line with expectations.
- CBRE and Knight Frank valued the portfolio at £1,975m, an underlying fall of 6.6%, as equivalent yields moved out 30bps and ERV per sq. ft. fell 1.5%. The write-down drove a loss before tax of £121.2m, against £71.1m a year earlier, took 11.9% off EPRA NTA per share, leaving it at £6.05, and pushed loan to value up from 35% to 38%.
- Stabilised Portfolio occupancy edged up to 82.8% and rent per sq. ft. rose 1.3% to £46.13, though activity slowed, with 491 lettings against 604 and Q2 viewings averaging 322 a month. Under the new all-inclusive pricing, 38 Unfurnished deals on 16,000 sq. ft. completed at £64.40 per sq. ft., 12% above ERV.
- Cumulative disposals since March 2025 reached £138.3m against a £200m target for March 2027, with £8m exchanged and £48m under offer. The additional £100m+ of disposals is now expected to take longer.
- Updated Case Study designs cut the expected incremental yields on cost, for example to 15-25% from 25-30% at Salisbury House. Some investment has moved into FY28, with capital expenditure of about £40m expected in FY27 and about £60m in FY28.

AGAINST GUIDANCE

The company called the results in line with its expectations and said second-half trading has started in line. Much of the operating picture was flagged in the 15 October Q2 business update, which reported total occupancy of 79.2%, a £126.6m rent roll and slower disposals. What is new is the dividend deferral and a weaker capital programme than set out in June: Case Study yield-on-cost ranges have been lowered after detailed design and tendering, and part of the investment has moved into FY28. The medium-term ambition of more than £125m of annual trading profit before interest is unchanged but has no date attached, and H1 trading profit was £40.6m. Ticker's earnings surprise model had leaned towards an in-line result, an estimate the reported figures broadly match.

BULL CASE

- The core portfolio is holding up despite quieter demand. Stabilised occupancy rose to 82.8% even with 24 units held back for Furnished fit-out, stabilised rent roll grew 1.6%, and October renewals came in at an average 6.4% uplift.
- Early pricing under the new model is encouraging. Completed Unfurnished deals averaged 12% above ERV and those under offer 15% above, and the stated sensitivities show a 2.5% rise in ERV would add about £41m to the stabilised valuation.
- Near-term funding risk is contained. Cash and undrawn facilities of £246m cover contractual maturities through March 2028, interest cover is 3.6 times, and the going concern stress test shows covenants would hold through a 37% fall in valuation or a 27% fall in net rental income.
- Disposal pricing is not uniformly poor. Q2 sales of Parkhall Blocks A&B and 66 Wilson Street raised £13.0m at a 0.4% discount to the September valuation, and Saba Capital's 29.73% combined position adds the possibility of a corporate event.

BEAR CASE

- Refinancing will raise costs. The company itself warns funding costs are likely to rise substantially.
- Recurring cash does not fund the business on its own. Operating cash after interest of £21m fell short of £28m of dividends paid and £16m of capital expenditure, and disposal receipts of £27m covered the gap.
- Demand indicators are weakening. Q2 viewings averaged 322 a month with conversion of 62%, October brought only 36 lettings, and underlying net rental income fell 7.3% as unrecovered service charge costs rose.
- The evidence for the new strategy is thin and being revised. The above-ERV deals cover only 16,000 sq. ft., the all-inclusive price bundles rates, utilities and service charge so it is not a straight net-rent comparison, Case Study returns have been cut, and Q1 disposals went through at a 28.0% discount to March 2026 book value.

WHAT TO WATCH

- Disposals before March 2027: completion of the £8m Switchback and Gainsborough House sale, expected in January 2027, and whether the £48m under offer completes near book value or at Q1-style discounts.
- The full-year results, when the Board will decide the interim dividend with better sight of disposals and refinancing costs.
- Delivery of the remaining 14 first-phase Furnished units in December 2026 and the letting rates achieved, plus changes to Saba Capital's 29.73% position, held partly through total return swaps.

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