

14 July 2016

## WORKSPACE GROUP PLC

### Q1 TRADING UPDATE

#### CONTINUED GROWTH THROUGH PERFORMANCE

Workspace Group PLC ("Workspace"), home to new and growing companies across London, announces its trading update covering the period from 1 April 2016 to the date of this announcement, including the operational statistics for the quarter to 30 June 2016.

#### Highlights

##### *Operating Performance*

- Total rent roll up 4.9% (£3.8m) to £82.0m (31 March 2016: £78.2m)
- Like-for-like rent roll up 2.0% (£0.9m) to £46.8m (31 March 2016: £45.9m)
- Like-for-like rent per sq. ft. up 3.0% to £22.69 (31 March 2016: £22.04)
- Like-for-like occupancy at 89.6% (31 March 2016: 90.8%)
- Rent roll at completed refurbishment and redevelopment schemes up 22.8% (£3.1m) to £16.4m

##### *Active Asset Management*

- Conclusion of the successful BlackRock Workspace Property Trust ("BWPT") joint venture with the sale of the remaining eight properties in May and June 2016 for £131m, in line with March 2016 valuation
- Performance fee of £25m received by Workspace in June 2016 as a result of the strong returns achieved over the five year life of the BWPT joint venture

##### *Financing*

- Conservatively financed with a proforma LTV at 30 June 2016 of 12% (31 March 2016: 16%) based on the property valuation at 31 March 2016
- Cash and undrawn facilities of £196m at 30 June 2016 (31 March 2016: £134m) with marginal cost on debt of 1.8%.

**Commenting on the results, Jamie Hopkins, Chief Executive Officer said:**

*“The Company has had an active quarter and a good start to the new financial year. Like-for-like rent roll has continued to grow and the pace of letting at our new and refurbished business centres has been very strong. We also concluded our successful joint venture with BlackRock in the quarter, selling the remaining properties and receiving a significant performance fee.*

*The full impact on the UK economy of last month’s EU Referendum is as yet unknown and we will continue to monitor the situation closely. However, I believe that Workspace, with its strong balance sheet, recognisable brand and compelling customer offer is well placed to take advantage of opportunities to continue to grow the business and deliver shareholder value.”*

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**Notes to Editors**

About Workspace Group PLC:

- Workspace is a FTSE250 Property Company and has been listed on the London Stock Exchange since 1993
- Workspace provides the right properties to attract its customers and the right services to retain them and help them grow their businesses
- Workspace is growing through deep market knowledge, operational excellence and strong customer relationships
- For more information on Workspace, please visit [www.workspace.co.uk](http://www.workspace.co.uk)

**RENT ROLL PERFORMANCE**

Total cash rent roll is £82.0m at 30 June 2016, up 4.9% (£3.8m) from 31 March 2016 as detailed below:

	£m
Rent roll at 31 March 2016	78.2
Growth at like-for-like properties	0.9
Increase at completed projects	3.1
Reduction at projects underway	(1.3)
Increase at acquired properties	1.1
<b>Rent roll at 30 June 2016</b>	<b>82.0</b>

## LIKE-FOR-LIKE PROPERTIES

The like-for-like portfolio comprises properties which have not been impacted over the last 24 months by either major refurbishment or redevelopment activity. Two properties, Pall Mall Deposit, Ladbroke Grove and Southbank House, Vauxhall have been transferred out of the like-for-like category ahead of major refurbishments.

The like-for-like rent roll was up 2.0% (£0.9m) in the quarter and 11.6% (£4.9m) over the last year, although we did see some moderation in letting activity at our like-for-like properties in the last 2 weeks of June around the EU referendum. Rent per sq. ft. was up 3.0% in the quarter with occupancy at 89.6% (31 March 2016: 90.8%)

	<b>30 Jun 2016</b>	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015
Like-for-like properties					
Number of properties	<b>34</b>	34	34	34	34
Occupancy	<b>89.6%</b>	90.8%	91.4%	91.2%	90.5%
Rent roll	<b>£46.8m</b>	£45.9m	£44.1m	£43.4m	£42.0m
Rent per sq. ft.	<b>£22.69</b>	£22.04	£21.29	£20.98	£20.25

## COMPLETED PROJECTS

We are seeing very strong demand for the space at our six completed refurbishment and redevelopment schemes, with overall rent roll at these properties increasing by 22.8% (£3.1m) to £16.4m in the quarter and overall occupancy improving to 82.5% (31 March 2016: 75.9%).

## PROJECTS UNDERWAY

We are currently underway on five refurbishments with two further refurbishments at Pall Mall Deposit and Southbank House planned to commence shortly. The rent roll at these refurbishments reduced by £0.8m in the quarter to £10.0m. This included a reduction of £0.4m in the quarter at Cremer Business Centre, Hoxton, as we work towards obtaining vacant possession ahead of demolition of the existing building.

We continue to make good progress on our redevelopment project pipeline. At Lombard House, Croydon where we have planning for a 96 unit residential redevelopment, we achieved vacant possession in the quarter (with a reduction in rent roll of £0.4m) ahead of its planned sale.

## ACQUISITIONS

No acquisitions have been made in the quarter. Rent roll at the nine properties acquired in previous periods has increased by £1.1m to £6.1m in the quarter as we progress with our repositioning plans at these properties.

## ENQUIRIES AND LETTINGS

Good levels of enquiries and lettings have continued into the new financial year, with enquiries averaging 1,050 per month and lettings 106 per month in the quarter.

Average number per month	Quarter Ended				
	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Sept 2015	30 Jun 2015
Enquiries	1,050	1,070	994	1,034	1,020
Lettings	106	116	73	108	102

## BLACKROCK WORKSPACE PROPERTY TRUST

We completed the disposal in May and June 2016 of the remaining eight properties in the BlackRock Workspace Property Trust ("BWPT") joint venture, in which Workspace had a 20% interest, for £131m. The disposals were in line with the valuation of these properties at 31 March 2016 at a net initial yield of 4.7%.

The disposals marked the conclusion of the joint venture with BlackRock in which Workspace made an initial investment of £20m in 2011. Based on the sector leading returns achieved over the five year life of the joint venture, Workspace received a performance fee from BWPT of £25m in June 2016.

## FINANCIAL MANAGEMENT

Net debt has reduced in the quarter to £214m at 30 June 2016 (31 March 2016: £276m) with the proforma LTV based on the property valuation at 31 March 2016 reduced to 12% (31 March 2016: 16%). This includes the proceeds from the sale of the remaining properties in the BWPT joint venture and the associated performance fee.

Cash and undrawn committed facilities totalled £196m at 30 June 2016, comprising cash deposits of £46m and £150m of undrawn revolver facilities with a marginal cost of 1.8%.

In June 2016, we extended the maturity of our £150m revolving bank facility by 12 months to June 2021.

## KEY PROPERTY STATISTICS

	Quarter ended 30 June 2016	Quarter ended 31 March 2016	Quarter ended 31 Dec 2015	Quarter ended 30 Sept 2015	Quarter ended 30 June 2015
<b>Workspace Group Portfolio</b>					
Number of estates	<b>69</b>	69	77	75	76
Lettable floorspace (million sq. ft.)	<b>3.7</b>	3.8	4.2	4.2	4.2
Number of lettable units	<b>4,513</b>	4,554	4,725	4,663	4,613
Cash rent roll of occupied units	<b>£82.0m</b>	£78.2m	£80.8m	£79.0m	£75.6m
Average rent per sq. ft.	<b>£26.06</b>	£24.32	£22.39	£21.11	£20.19
Overall occupancy	<b>84.5%</b>	85.8%	85.8%	89.8%	89.5%
Like-for-like lettable floor space (million sq. ft.)	<b>2.3</b>	2.3	2.3	2.3	2.3
Like-for-like cash rent roll	<b>£46.8m</b>	£45.9m	£44.1m	£43.4m	£42.0m
Like-for-like average rent per sq. ft.	<b>£22.69</b>	£22.04	£21.29	£20.98	£20.25
Like-for-like occupancy	<b>89.6%</b>	90.8%	91.4%	91.2%	90.5%