

**WORKSPACE GROUP PLC
INTERIM MANAGEMENT STATEMENT**

WORKSPACE – CONTINUED PROGRESS

Workspace Group PLC ("Workspace"), London's leading provider of space to new and growing companies, is today announcing an Interim Management Statement covering the period from 1 April 2012 to the date of this announcement, including the trading statistics for the first quarter and valuation as at 30 June 2012.

- Like-for-like occupancy 88.4%, up 0.6% in the quarter
- Like-for-like cash rent roll £45.4m, up 2.0% (£0.9m) in the quarter
- Property valuation £773m, with the underlying valuation up 1.1% (£9m) in the quarter
- Two properties acquired by the BlackRock Workspace Property Trust for £14m

Commenting Jamie Hopkins, Chief Executive said:

" The positive trading performance of the business has continued into the new financial year with good levels of demand for space driving improved occupancy and rental income. We are also moving forward in line with our plans on a broad range of refurbishment and redevelopment projects that should significantly enhance our ability to grow rental income."

Portfolio Performance

Average number per month	Quarter to June 2012	Quarter to March 2012	Quarter to December 2011	Quarter to September 2011	Quarter to June 2011
Enquiries	1,050	1,231	892	1,000	911
Lettings	84	84	78	88	77

Our lead indicators are positive with consistent levels of enquiries and lettings in the quarter to 30 June 2012 and continuing into July. The strong level of demand has translated into good growth in occupancy and rent roll at our like for like properties.

Like-for-Like (76 estates)	Quarter to June 2012	Quarter to March 2012	Quarter to December 2011	Quarter to September 2011
Occupancy	88.4%	87.8%	87.6%	87.7%
Cash rent Roll	£45.4m	£44.5m	£43.9m	£43.8m
Average rent per sq. ft.	£12.74	£12.61	£12.48	£12.38

Overall occupancy is 85.5%, up 0.2% in the quarter with total cash rent roll up £0.3m to £50.5m. The good growth at our like for like properties has been offset by the managed reduction in rent roll and occupancy at a number of sites where we are progressing with refurbishment or redevelopment schemes.

Property Valuation

At 30 June 2012 the wholly owned portfolio was independently valued by CBRE at £773m. The gross valuation is up 2.1% (£16m) in the quarter with underlying valuation, excluding the impact of capital expenditure and disposals, up by 1.1% (£9m).

	£m
Valuation at 31 March 2012	760
Property Disposals	(3)
Capital expenditure	7
Revaluation surplus in quarter	<u>9</u>
Valuation at 30 June 2012	<u>773</u>

The net initial yield of our like for like portfolio was flat in the quarter at 7.2%, with the total net initial yield at 7.0% compared to 7.1% at March 2012. The estimated rental value (ERV) of the like for like portfolio was up 0.3% (£0.1m) in the quarter, with the total ERV (adjusting for disposals) flat at £65.1m.

Enterprise House, Hayes was sold in April 2012 for £3.2m into a 50:50 joint venture partnership with Polar Group to progress a potential mixed use redevelopment.

Refurbishment Activity

- We have commenced enabling works at Great Guildford Street, SE1, Greenheath Business Centre, E2, and Exmouth House, EC1 with the main construction contracts expected to commence over the next two months.
- We are on site at Leyton, E10 (phase one of new build scheme), Chester House, Kennington Park, SW9 (new floor) and Westminster, SE11 (phase one of new build scheme).
- We expect to complete the extension to Whitechapel Technology Centre, E1 in August and the refurbishment and extension at Canalot Studios, W10 in September.
- In total these projects will deliver some 300,000 sq. ft. of new and upgraded space.

Redevelopment Activity

- We will be submitting a planning application by the end of July 2012 at Tower Bridge, SE16 for the conversion of seven acres of the site for residential use (c.800 units).

BlackRock Workspace Property Trust

Two properties were acquired by the Trust during the period:

- 197 – 207 City Road, EC1 for £7.3m in June 2012; and
- Baden Place, SE1 for £6.6m in July 2012.

The total invested amount (including planned capital expenditure) by the joint venture is now £80m with a further £20m still to invest.

Key Statistics

	Quarter ending Jun 2012	Quarter ending Mar 2012	Quarter ending Dec 2011	Quarter ending Sep 2011	Quarter ending Jun 2011
Workspace Group Portfolio					
Property valuation	£773m	£760m	£750m	£733m	£727m
Number of estates	91	92	94	94	95
Lettable floorspace (million sq ft) †	4.9	5.0	5.0	5.1	5.1
Number of lettable units	4,643	4,668	4,781	4,899	4,885
ERV	£65.1m	£65.4m	£64.9m	£65.2m	£62.8m
Cash rent roll of occupied units	£50.5m	£50.2m	£49.8m	£50.0m	£49.6m
Average annual rent per sq ft	£12.02	£11.79	£11.58	£11.52	£11.63
Overall occupancy	85.5%	85.3%	85.6%	85.2%	84.0%
Like-for-like lettable floor space (million sq ft)	4.0	4.0	4.0	4.0	4.0
Like-for-like net annual rent roll	£45.4m	£44.5m	£43.9m	£43.8m	£43.3m
Like-for-like average annual rent per sq ft	£12.74	£12.61	£12.48	£12.38	£12.41
Like-for-like occupancy	88.4%	87.8%	87.6%	87.7%	86.8%

BlackRock Workspace Property Trust †					
Property valuation	£69m	£62m	£47m	£36m	£36m
Number of estates	12	11	10	8	8
Lettable floorspace (million sq ft) †	0.5	0.4	0.4	0.3	0.3
ERV	£6.2m	£5.5m	£4.7m	£3.6m	£3.5m
Cash rent roll of occupied units	£4.7m	£4.7m	£3.8m	£2.9m	£3.0m
Average annual rent per sq ft	£11.36	£11.82	£10.66	£10.20	£10.58
Overall occupancy	88.5%	89.8%	88.7%	87.3%	87.9%

† Excludes storage space

‡ Workspace Group hold a 20.1% interest in the BlackRock Workspace Property Trust.

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