

8 February 2013

## WORKSPACE GROUP PLC INTERIM MANAGEMENT STATEMENT

Workspace Group PLC ("Workspace"), London's leading provider of space to new and growing companies, announces its Interim Management Statement relating to the period from 1 October 2012 to the date of this announcement. This includes the trading statistics for the third quarter and valuation as at 31 December 2012.

### Highlights

- Demand for space remains strong with like-for-like rent roll up 1.4% (£0.6m) in the quarter to £44.2m and up 4.5% (£1.9m) in the financial year to date. Total rent roll is £51.0m (March 2012: £50.2m).
- Like-for-like occupancy is now 89.6%, up 0.8% in the quarter and up 1.9% in the year to date.
- Our London property portfolio is valued at £799m, an underlying increase of 1.5% (£11m) in the quarter and 3.6% (£28m) since March 2012.
- Net initial yield is 7.1% (March 2012: 7.1%) and the average capital value is £168 per sq. ft. (March 2012: £152 per sq. ft.).

### Outlook

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

*"I am extremely pleased to report another strong quarter's results with good increases in both like-for-like occupancy and rental income. It is encouraging that this strong level of customer demand has continued into the current calendar year. Our market knowledge and focused asset management strategy continues to drive momentum in the business and shareholder returns."*

*"Our total property valuation has also increased; benefiting from an improved operating performance alongside the uplift in value achieved from our on-going programme of refurbishment and redevelopment. Tailoring and upgrading our properties in order to attract our customers is proving successful and remains a priority."*

### Operating Performance

We saw good levels of enquiries and lettings in the quarter, despite the anticipated seasonal slowdown at Christmas. Enquiries averaged 964 per month, compared to 892 per month in the comparable quarter last year.

Average number per month:	Quarter to December 2012	Quarter to September 2012	Quarter to June 2012	Quarter to March 2012	Quarter to December 2011
Enquiries	964	1,026	1,050	1,231	892
Lettings	79	70	84	84	78

The like-for-like property portfolio, which excludes properties undergoing refurbishment or redevelopment, continues to see growth in both occupancy and rent.

Like-for-Like	December 2012	September 2012	June 2012	March 2012	December 2011
Occupancy	89.6%	88.8%	88.5%	87.7%	87.2%
Rent roll	£44.2m	£43.6m	£43.2m	£42.3m	£41.7m
Rent per sq. ft.	£13.07	£12.99	£12.89	£12.77	£12.68

Like-for-like occupancy was up 0.8% in the quarter to 89.6% and has increased by 1.9% over the last nine months. Like-for-like rent roll has increased by £0.6m (1.4%) in the quarter and has grown by £1.9m (4.5%) over the nine months.

Total cash rent roll, including refurbishment and redevelopment properties is £51.0m, up £0.5m in the quarter, comprising:

- growth in like-for-like rent roll of £0.6m;
- an increase in rent roll of £0.2m at completed refurbishments; and
- a reduction of £0.3m in rent roll at properties where refurbishment and redevelopment activity is progressing.

Total occupancy is 87.0%, up 2.4% in the quarter. This includes an uplift in occupancy of 1.8% from the exclusion of 90,000 sq.ft of space that is no longer available for letting or has been demolished at properties undergoing refurbishment or redevelopment.

Contracted rent roll, which includes stepped rates and rent free periods, was £2.5m higher than the cash rent roll at £53.5m at December 2012 of which £1.5m should convert to cash over the next 6 months.

### Property Valuation

At 31 December 2012 the wholly owned portfolio was independently valued by CBRE at £799m with the underlying valuation, excluding the impact of capital expenditure, up by 1.5% (£11m) in the quarter and 3.6% (£28m) in the year to date. A summary of the movements is set out below:

Valuation	£m
At 31 March 2012	760
Property Disposals	(10)
Capital expenditure	21
Revaluation surpluses:	
- 3 months to June 2012	9
- 3 months to September 2012	8
- 3 months to December 2012	11
At 31 December 2012	799

The total ERV for the portfolio at December 2012 is £66.7m compared to a cash rent roll of £51.0m. The ERV of the like-for-like portfolio is £51.0m up 1.0% (£0.5m) in the quarter and 1.8% (£0.9m) in the year to date.

The total net initial yield on our whole portfolio as calculated by our valuers, CBRE, is 7.1% (March 2012: 7.1%) with an equivalent yield of 8.4% (March 2012: 8.4%). The capital value per sq. ft. is £168 (March 2012: £152).

### Refurbishment and Redevelopment

Our programme of refurbishment and redevelopment activity is progressing to plan. Early signs are promising at Canalot Studios, W10, a refurbishment project that was completed in September 2012 at a total cost of £5m. We upgraded the quality of 32,000 sq. ft. of the existing space and added 17,000 sq. ft. of new space on the top of the building. We are seeing good levels of customer demand and pricing is tracking ahead of our original appraisal.

### Blackrock Workspace Property Trust

A portfolio of 3 properties was acquired by the Trust on 5 October 2012 for £15m. Taking into account future capital expenditure this completes the planned total investment of £100m by this joint venture, in which Workspace has a 20.1% interest.

## Key Property Statistics

	Quarter ending 31 Dec 2012	Quarter ending 30 Sept 2012	Quarter ending 30 June 2012	Quarter ending 31 March 2012
<b>Workspace Group Portfolio</b>				
Property valuation	£799m	£781m	£773m	£760m
Number of estates	90	90	91	92
Lettable floorspace (million sq. ft.) <sup>U</sup>	4.8	4.8	4.9	5.0
Number of lettable units	4,607	4,639	4,643	4,668
ERV	£66.7m	£65.3m	£65.1m	£65.4m
Cash rent roll of occupied units	£51.0m	£50.5m	£50.5m	£50.2m
Average annual rent per sq. ft.	£12.33	£12.30	£12.02	£11.79
Overall occupancy	87.0%	84.6%	85.5%	85.3%
Like-for-like lettable floor space (million sq. ft.)	3.8	3.8	3.8	3.8
Like-for-like cash rent roll	£44.2m	£43.6m	£43.2m	£42.3m
Like-for-like average annual rent per sq. ft.	£13.07	£12.99	£12.89	£12.77
Like-for-like occupancy	89.6%	88.8%	88.5%	87.7%
<b>BlackRock Workspace Property Trust</b>				
Property valuation	£94m	£77m	£69m	£62m
Number of estates	16	13	12	11
Lettable floorspace (million sq. ft.)	0.5	0.5	0.5	0.4
ERV	£8.4m	£6.9m	£6.2m	£5.5m
Cash rent roll of occupied units	£7.0m	£5.3m	£4.7m	£4.7m
Average rent per sq. ft.	£14.47	£13.07	£11.36	£11.82
Overall occupancy	88.4%	89.3%	88.5%	89.8%

U Excludes storage space

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## Notes to Editors

### About Workspace Group PLC

- Workspace is a FTSE250 company and has been listed on the London Stock Exchange since 1993
- It has a strong 25 year track record in providing tailored business premises to growing companies in London
- It owns and manages over 100 properties in London providing 5.4 million square feet of space and is home to c. 4,000 businesses employing over 30,000 people
- For more information on Workspace, please visit: <http://www.workspacegroupplc.co.uk/>