

HALF YEAR RESULTS

11 November 2015

WORKSPACE GROUP PLC INTERIM RESULTS

WORKSPACE GROUP PLC

DELIVERING GROWTH THROUGH ACTIVE MANAGEMENT SIGNIFICANT INCREASE IN TRADING PROFIT, DIVIDEND AND VALUATION

HIGHLIGHTS

Financial Performance

- Profit before tax £163.4m (30 September 2014: £173.7m)
- Adjusted trading profit after interest up 65% to £20.4m (30 September 2014: £12.4m)
- EPRA net asset value per share up 12.7% to £7.92 (31 March 2015: £7.03)
- Adjusted underlying earnings per share up 48.8% to 12.5p (30 September 2014: 8.4p)
- Interim dividend per share increased by 25% to 4.86p (30 September 2014: 3.89p)

Operating Performance

- Total net rental income up 28.7% to £35.9m (30 September 2014: £27.9m)
- Total rent roll up 13.8% to £79.0m (31 March 2015: £69.4m)
- Like-for-like rent roll up 8.8% to £49.7m (31 March 2015: £45.7m)
- Like-for-like rent per sq. ft. up 11.1% to £20.68 (31 March 2015: £18.61)
- Like-for-like occupancy 90.9% (31 March 2015: 92.2%)

Property Valuation

- Underlying property valuation up 9.6% (£143m) to £1,631m (31 March 2015: £1,423m)
- Like-for-like capital value per sq. ft. at £313 (31 March 2015: £284)
- Like-for-like initial yield of 5.4% (31 March 2015: 5.4%)

Portfolio Management

- Four properties acquired for £91m, with contracts exchanged for a further acquisition for £10m
- Contracts exchanged for sale of an industrial estate for £23m
- Planning consent achieved for two mixed-use redevelopments for 320 flats and two major refurbishments in Shoreditch and Hoxton
- One refurbishment completed in the first half of the year with a further two refurbishments and one redevelopment expected to complete in the second half

Financing

- Amendment and extension of bank facilities completed in June 2015 with maturity extended from June 2018 to June 2020
- Bank margin reduced with overall cost of debt now running at 4.8% (31 March 2015: 5.4%)
- Undrawn bank facilities and cash of £83m (31 March 2015: £140m)
- Loan to value at 20% (31 March 2015: 19%)

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

“Workspace has delivered another strong financial and operational performance in the first half of the year, resulting in continued income and capital growth and unlocking further shareholder value. Our offer, which is based around high quality space, business grade technology and regular customer networking opportunities, remains compelling and we are seeing strong demand across London.

We are intensively managing the portfolio for growth, with current refurbishment and redevelopment projects progressing well. In the next few months, we will open the newly built Grand Union Studios in Ladbroke Grove, as well as launching new space at Vox Studios in Vauxhall and The Print Rooms in Southwark. Beyond that, we have a strong pipeline of projects coming through and remain alert to opportunities to continue to grow the business.”

-Ends -

For media and investor enquiries, please contact:

Workspace Group PLC 020 7138 3300
Jamie Hopkins, Chief Executive Officer
Graham Clemett, Chief Financial Officer
Clare Dundas, Head of Corporate Communications

Bell Pottinger 020 3772 2562
Victoria Geoghegan
Nick Lambert
Elizabeth Snow

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 is home to 4,000 new and growing companies in over 80 properties across London
- 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

Details of results presentation

There will be a results presentation to analysts and investors hosted by the Workspace Executive Team on Wednesday 11th November 2015 at 10:15am. The venue for the presentation is The London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS. There is also a webcast and conference call facility in conjunction with the presentation.

Webcast: The live webcast will be available here
<http://www.emincote.com/webcasts/default.asp?Event=workspace004>

Conference call details:
Dial in: +44 20 3059 8125
Passcode: Workspace

BUSINESS REVIEW

LIKE-FOR-LIKE PORTFOLIO

The like-for-like portfolio comprises properties which have not been impacted over the last 24 months by either major refurbishment or redevelopment activity. These properties represent the majority (60%) of the Group's rent roll.

Like-for-like rent roll has continued to grow strongly, with rent roll up 8.8% (£4.0m) in the first half of the year to £49.7m. The rental growth has come from the increases achieved in pricing, with occupancy running at just over 90%. Like-for-like rent per sq. ft. is up 11.1% to £20.68 in the six months to 30 September 2015 and up 20.4% over the last year.

	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
Like-for-like properties					
Number of properties	38	38	38	38	38
Occupancy	90.9%	90.6%	92.2%	92.9%	90.9%
Rent roll	£49.7m	£47.8m	£45.7m	£44.0m	£41.4m
Rent per sq. ft.	£20.68	£19.77	£18.61	£17.97	£17.18

A breakdown by property type is set out below:

	At 30 September 2015			
	No of Properties	Occupancy	Rent Roll	Rent per sq. ft.
Business centres	30	90.9%	£44.8m	£24.79
Industrial estates	8	90.8%	£4.9m	£8.25
Total/Average	38	90.9%	£49.7m	£20.68

We are seeing significantly higher levels of pricing growth at business centres where we saw rent per sq. ft. increase by 11% in the first half of the year compared to 2% growth across the industrial portfolio.

COMPLETED PROJECTS

This category comprises properties with new and upgraded space that have been delivered from our refurbishment and redevelopment programmes over the last two years. In total these projects have delivered 392,000 sq. ft. of new and upgraded space. We have been delighted by the level of demand and pricing levels achieved at these schemes, which are well ahead of our original assumptions. A summary by building is set out below:

Property	Completed	At 30 September 2015		
		Occupancy	Rent Roll	Rent Per sq. ft.
The Pill Box, E2	March 2014	98.5%	£1.3m	£26.86
Leyton Industrial Village, E10	May 2014	94.4%	£1.2m	£9.46
ScreenWorks, N5	June 2014	96.7%	£2.0m	£34.65
Bounds Green, N11	December 2014	100%	£1.1m	£8.62
Metal Box Factory, SE1	January 2015	94.0%	£4.9m	£48.82
The Light Bulb, SW18	March 2015	67.2%	£0.8m	£22.92
Cargo Works, SE1	April 2015	86.3%	£3.2m	£50.67
Total/Average		92.7%	£14.5m	£26.08

The rent roll has increased by £3.8m over the last six months to £14.5m, with the most notable increases being at Metal Box Factory (up £2.0m), Cargo Works (up £0.6m) and The Light Bulb (up £0.6m). If all the buildings were 90% let at our estimated rental values at 30 September 2015, the rent roll would be £16.5m, £2.0m higher than the 30 September 2015 rent roll.

PROJECTS UNDERWAY

We have a pipeline of properties that are at varying stages of refurbishment and redevelopment. This ranges from those at the planning stage, to those where we are vacating customers, through to properties where new space is under construction.

Projects underway	No of Projects	Rent Roll at 30 Sept 2015	Rent Roll at 31 March 2015
Refurbishment	7	£4.8m	£5.0m
Redevelopment	6	£0.3m	£0.3m
Total	13	£5.1m	£5.3m

During the course of these projects there will usually be a reduction in the rent roll in the areas affected by the works. On some of the larger refurbishment projects and at the redevelopment schemes we may need to completely vacate the property. The reduction in rent roll in the six months of £0.2m to £5.1m was due to a reduction in rent at Holywell Centre, EC2 ahead of the planned refurbishment. Based on our latest estimated rental values at 30 September 2015 and assuming 90% occupancy the rent roll at these schemes once completed and let would be £19.4m, £14.3m higher than the rent at 30 September 2015.

ACQUISITIONS

Acquisitions are excluded from our like-for-like category until we have at least twelve months of stabilised performance history following any planned refurbishment after acquisition.

Currently, this category comprises five properties acquired in previous financial years together with two properties acquired in the first six months of the current year. Rent roll from the properties acquired in prior years has increased by £0.5m in the six months to £4.6m with the largest increases being at 60 Gray's Inn Road, WC1 (up £0.2m) and Vestry Street Studios, N1 (up £0.2m). Rent roll from the two properties acquired in the current year was £1.5m at 30 September 2015.

TOTAL PORTFOLIO

Overall occupancy was 89.8% at 30 September 2015 (31 March 2015: 88.7%). Our total rent roll has increased over the six months by 13.8% to £79.0m (31 March 2015: £69.4m) as detailed below:

	£m
Rent roll at 31 March 2015	69.4
Like-for-like portfolio	4.0
Completed projects	3.8
Projects underway	(0.2)
Acquisitions	2.0
Rent roll at 30 September 2015	79.0

ENQUIRIES AND LETTINGS

Enquiry levels remain high across the portfolio averaging 1,027 per month in the first half of the year. Higher enquiry levels in the previous financial year were linked with marketing initiatives we undertook around the launch of new buildings. Levels of demand have continued to be strong into the second half of the current financial year.

Average number per month	Quarter Ended				
	30 Sept 2015	30 June 2015	31 March 2015	31 Dec 2014	30 Sept 2014
Enquiries	1,034	1,020	1,232	1,141	1,294
Lettings	108	102	120	105	108

PROFIT PERFORMANCE

Adjusted trading profit after interest for the six months (which includes our share of the trading profit of joint ventures after interest) is £20.4m, up 65% compared to the prior year.

£m	30 Sept 2015	30 Sept 2014
Net rental income – underlying	33.5	26.2
Net rental income – acquisitions	2.4	0.8
Net rental income – disposals	-	0.9
Joint venture income	0.5	0.5
Administrative expenses – underlying	(5.7)	(5.1)
Administrative expenses – share related incentives	(1.9)	(1.6)

Net finance costs	(8.4)	(9.3)
Adjusted trading profit after interest	20.4	12.4

Underlying net rental income is up 27.9% (£7.3m) to £33.5m with income growth of 19.7% (£3.8m) to £23.1m at like-for-like properties, growth of £3.6m in income to £6.5m at completed projects, and £0.1m reduction in income at projects underway to £3.9m.

Acquisitions have contributed £1.6m to net rental income growth in the half year, with a reduction in net rental income from disposals of £0.9m from the industrial properties sold in the middle of the previous financial year.

Joint venture income represents our share of net rental income less associated administrative expenses, primarily from the BlackRock Workspace Property Trust in which we have a 20.1% interest.

Underlying administrative expenses have increased by 11.8% (£0.6m) in the half year due to an increase in average headcount by six to 87, pay rises averaging 3% and an increase in general overheads of £0.2m.

Share related incentive costs have increased by £0.3m (18.8%) due to the continued strong Company performance.

Net finance costs have reduced by £0.9m (9.7%) in the half year. Average borrowings in the six months were £20m lower than in the prior year and the overall interest cost has reduced from 5.4% to 4.9% as a result of the bank refinancing completed in July 2015 (the average interest cost for the six months is 5.2%).

Profit before tax for the six months is £163.4m, 5.9% lower than the profit reported in the prior year due to lower levels of property and overage valuation uplifts.

£m	30 September 2015	30 September 2014
Adjusted trading profit after interest	20.4	12.4
Change in fair value of investment properties	137.9	143.5
Other items	5.1	17.8
Profit before tax	163.4	173.7
Adjusted underlying earnings per share	12.5p	8.4p

The reported change in fair value of investment properties of £137.9m reflects the increase in the CBRE valuation in the half year of £143.0m, excluding the increase in valuation of deferred consideration (cash and overage) from the sale of properties which is included in other items.

DIVIDEND

Our progressive dividend policy takes into account the expected growth in earnings per share and the distribution requirements that we have as a Real Estate Investment Trust. Accordingly, the Board has proposed an interim dividend of 4.86 pence per share, an increase of 25% on the prior year (2014: 3.89 pence), which will be paid on 2 February 2016 to shareholders on the register at 8 January 2016. This dividend will be paid as a Property Income Distribution.

PROPERTY VALUATION

At 30 September 2015, the wholly owned portfolio was independently valued by CBRE at £1,631m, an underlying increase of 9.6% (£143m) in the six months. The main movements in the valuation are set out below:

	£m
Valuation at 31 March 2015	1,423
Revaluation surplus for six months	143
Capital expenditure	27
Acquisitions	54
Property disposals	(1)
Capital receipts	(15)
Valuation at 30 September 2015	1,631

Set out below is a summary of the revaluation surplus and valuation at 30 September 2015 by property type:

£m	No of Properties	Revaluation surplus	Valuation
Like-for-like Properties	38	64	828
Completed Projects	7	33	266
Refurbishments	8	12	150
Redevelopments	15	31	227
Acquisitions	7	3	160
Total	75	143	1,631

Like-For-Like Properties

The 8.4% (£64m) increase in value of the like-for-like properties came from an uplift in rental pricing (representing 94% of the uplift) and a tightening in valuation yields (representing 6% of the uplift).

	30 Sept 2015	31 March 2015
ERV per sq. ft.	£21.82	£20.49
Rent per sq. ft.	£20.68	£18.61
Equivalent Yield	6.2%	6.4%
Net Initial Yield	5.4%	5.4%
Capital Value per sq. ft.	£313	£284

Completed Projects

The uplift of 14.2% (£33m) in value of Completed Projects reflects the pricing levels that have been achieved at these properties, ahead of initial expectations.

The largest increases in value have been at Metal Box Factory (uplift of £12m), The Light Bulb (£8m) and Cargo Works (£4m).

	30 Sept 2015
ERV per sq. ft.	£29.31
Rent per sq. ft.	£26.08

Equivalent Yield	6.2%
Net Initial Yield	5.3%
Capital Value per sq. ft.	£445

Refurbishments

We have also seen an uplift of 8.7% (£12m) in the value of refurbishments underway. Expectations for the pricing levels that can be achieved at these properties have been raised in light of the pricing levels achieved at the recently completed schemes. Linton House (to be renamed The Print Rooms), SE1 and Westminster Business Square (to be renamed Vox Studios), SE11, which are nearing completion, have had valuation uplifts of £3m and £2m respectively.

Redevelopments

The uplift of 15.8% (£31m) in the value of redevelopment projects is a combination of the:

- Increase in residential land values at schemes with planning and those at the planning stage of £20m, this includes an uplift of £10m at Rainbow Industrial Estate, Raynes Park, where residential planning consent was obtained in September 2015;
- Uplift in the value of business space being returned to Workspace of £6m; and
- Increases in the estimated overage due to Workspace of £5m.

ACQUISITIONS

We have continued to successfully identify and acquire complementary properties in our target locations across London where we can add value and leverage our operational platform to deliver strong returns, with five properties acquired since the start of the financial year:

- In June 2015, we acquired 25/28 Easton Street, WC1 for £16.6m at a capital value of £794 per sq. ft. The property is well located in Clerkenwell close to Exmouth market and complements our existing cluster of buildings in this popular Midtown area. The converted warehouse style offices, with net lettable area of 21,000 sq.ft, comprises basement, ground and three upper floors with potential for extension in due course. It was acquired from Amnesty International, and will be reconfigured as a multi-let business centre at the conclusion of a two year leaseback to Amnesty International.
- In June 2015, we acquired Angel House, EC1 for £34.0m at a capital value of £738 per sq.ft and a net initial yield of 3.7% off a low average passing rent of £29 per sq. ft. This attractive Art-Deco building extends to five floors providing 46,000 sq. ft. of net lettable space and is well located for Angel, Old Street and King's Cross St Pancras stations with six other Workspace buildings nearby. It is currently fully let to five customers with an average unexpired lease term of five years and three years to break. It offers excellent potential for repositioning and to capture rental uplift in due course.
- In October 2015, we acquired the former Mecca Bingo site in Garratt Lane, Wandsworth for £26.1m. This site, which comprises a vacant 43,000 sq. ft. bingo hall and 200 space car park has been a long-term land assembly target for Workspace. It adjoins Riverside, an existing 100,000 sq. ft. office and workshop building with a rent roll of £1.2m. The combined site provides nearly six acres of land with significant redevelopment potential. It is well located close to Earlsfield station which is one stop from Clapham Junction, a current mainline and proposed Crossrail 2 interchange station.

- In October 2015, we acquired Alexandra House, N22 for £14.0m. This is a 55,000 sq.ft office building currently let to the London Borough of Haringey at a low passing rent of £10 per sq. ft. The property was purchased at a capital value of £255 per sq. ft and at an initial yield of 3.7%.
- In October 2015, we took possession of the completed building at Cannon Wharf, SE8. This newly built 33,500 sq. ft. business centre is being acquired for £10.4m at a capital value of £310 per sq. ft.

DISPOSALS

During the half year we disposed of our 50% stake in Enterprise Hayes LLP for £3.1m and two small properties in Maidenhead and Park Royal for £0.6m.

In October 2015, we exchanged contracts for the sale of Leyton Industrial Estate, E10 for £23m. This 135,500 sq. ft. industrial estate was sold at a premium of 25% to the March 2015 valuation at a net initial yield of 4.8%.

REFURBISHMENT ACTIVITY

We completed the refurbishment of Cargo Works in the first half of the year delivering 61,000 sq. ft. of upgraded space and have two schemes that are expected to complete in the second half at Vox Studios and The Print Rooms delivering 101,000 sq. ft. of new and upgraded space.

We received planning permission for the construction of new business centres at the Holywell Centre, Shoreditch in June 2015 and Cremer Business Centre, Hoxton in October 2015. The two centres will deliver 106,000 sq. ft. of new business space at an estimated cost of £42m.

A summary of the current status of the refurbishment programme is set out below:

Projects	Number	Capex spent	Capex to spend	Refurbished and New Space (sq. ft.)
Completed (current year)	1	£3m	-	61,000
Underway	7	£29m	£82m	362,000
Design stage	5	-	£66m	368,000
Total	13	£32m	£148m	791,000

We would expect the capital expenditure on the refurbishment projects detailed above to be incurred over the next three years.

REDEVELOPMENT ACTIVITY

Many of our properties are in areas across London where there is strong demand for mixed use redevelopment. These schemes generally require demolition of an existing building to deliver new residential and commercial space. Our model is to use our expertise and knowledge to obtain a mixed use planning consent at one of these properties and then agree terms with a residential developer to undertake the redevelopment and construction at no cost or risk to Workspace. We receive back a combination of cash, new commercial space and overage in return for the sale of the residential component to the developer.

A summary of the current status of contracted redevelopments is set out below:

Contracted Redevelopment Projects	Number	Residential Units	Cash Received	Cash to Come	Estimated Overage to Come	New Business Space (sq. ft.)
Complete	2	281	£6m	-	£12m	113,000
Underway	6	1,690	£86m	£19m	£10m	167,000
Total	8	1,971	£92m	£19m	£22m	280,000

We received £14m of cash from these contracted redevelopments during the first half of the year and expect to receive the majority of the outstanding cash and overage over the next 18 months.

We received planning permission in June 2015 for the redevelopment of Lombard House, Croydon for a mixed use scheme comprising 96 homes and 23,000 sq. ft. of light industrial space. In September 2015 we received planning consent at Rainbow Industrial Estate, Raynes Park for a mixed use redevelopment comprising 224 residential units and 37,000 sq. ft. of new commercial and light industrial space. Including these schemes we now have six properties with residential planning consent for a total of 859 residential units that are not yet contracted for sale.

We have a further four properties where discussions are well advanced with planners for mixed use redevelopments for a total of 747 residential units.

CASH FLOW

The Group generates strong operating cash flow in line with trading profit, with good levels of cash collection and bad debts remaining low at £0.1m (Sept 2014: £0.2m).

A summary of the movements in cash flow are set out below:

	£m
Net cash from operations	18
Dividends paid	(12)
Capital expenditure	(27)
Property acquisitions	(58)
Property disposals	1
Capital receipts	14
Distributions from joint ventures	7
Disposal of joint ventures	3
Finance costs and settlement of financial derivatives	(3)
Net movement in year	(57)
Debt at 31 March 2015 (net of cash)	(270)
Debt at 30 September 2015 (net of cash)	(327)

FINANCING

At 30 September 2015, the Group had £410m of committed facilities with an average period to maturity of six years and the earliest maturity in October 2019. Details are set out below:

	Facility	Maturity
Private placement notes	£148.5m	June 2023
Private placement notes	£9m	June 2020
UK fund	£45m	June 2022/2023
Retail bond	£57.5m	October 2019
Bank facilities	£150m	June 2020
Total facilities	£410m	

Undrawn facilities (including cash) £83m

The Private Placement notes comprise \$100m dollar (£64.5m) ten year notes, £84m of Sterling ten year notes and £9m of seven year Sterling floating rate notes. The US dollar notes have been fully hedged against Sterling for ten years. The overall interest rate on the £148.5m ten year fixed rate notes is 5.6%. The UK Fund has provided a ten year floating rate facility which reduces by 50% (£22.5m) at the end of year nine. A seven year Retail Bond (listed on ORB) was issued in October 2012 and carries a coupon of 6.0%.

On 30 June 2015, we agreed terms with our three existing relationship banks to amend and extend our bank debt facilities. The existing £50m term loan and £100m revolver facilities were replaced by a new £150m revolver facility with the maturity extended from June 2018 to June 2020. The revised terms also provided for the potential extension of the revolver facility for a further two years to June 2022 and an increase in the quantum of the facility from £150m to £250m.

We have cancelled £95m of interest rate hedges out to June 2018 at a cost of £2.1m. Following the cancellation of this hedging, 50% of our debt facilities are fixed at longer term rates (31 March 2015: 73%), representing 62% of our debt on a drawn basis.

At 30 September 2015, overall loan to value was 20% (31 March 2015: 19%) and interest cover (based on net rental income) was 3.8 times, giving us good headroom on all of bank, placement notes and bond covenants.

NET ASSETS

Net assets increased in the six months by £153m to £1,299m, the most significant item being the £143m increase in the value of our investment portfolio. EPRA net asset value per share at 30 September 2015 was £7.92 (31 March 2015: £7.03), an increase of 12.7% in the period.

The main movements in net asset value per share in the six months are set out below:

	£
At 31 March 2015	7.03
Property valuation surplus	0.87
Trading profit after interest	0.12
Dividends paid in year	(0.08)
Other	(0.02)
At 30 September 2015	7.92

BLACKROCK WORKSPACE PROPERTY TRUST ('BLACKROCK JV')

We have a 20.1% interest in the BlackRock JV for which we also act as property manager receiving management and potentially performance fees. The BlackRock JV has continued to perform well during the half year, with underlying rent roll growth of 16.7% (£0.8m) excluding disposals. The property valuation has increased by 16.0% (excluding capital expenditure and disposals) to £119.4m at 30 September 2015. Four industrial estates were sold in June 2015 for £32.1m at a capital value of £176 per sq. ft. and net initial yield of 6.8%.

The five year term of the BlackRock JV comes to an end in February 2016, at which point it can either be extended for two additional one year terms or the properties sold. Based on the returns achieved over the life of the BlackRock JV, a performance fee could be payable to Workspace. This is currently estimated at £20m based on projected returns and property sales values although, in accordance with IFRS recognition rules, no value has been included in the balance sheet at 30 September 2015.

KEY PROPERTY STATISTICS

	Quarter ended 30 September 2015	Quarter ended 30 June 2015	Quarter ended 31 March 2015	Quarter ended 31 December 2014	Quarter ended 30 September 2014
Workspace Group Portfolio					
Property valuation	£1,631m	-	£1,423m	-	£1,230m
Number of estates	75	76	75	73	84
Lettable floorspace (million sq. ft.)	4.2	4.2	4.2	4.0	4.4
Number of lettable units	4,663	4,613	4,525	4,511	4,720
ERV	£98.1m	-	£90.3m	-	£79.7m
Cash rent roll of occupied units	£79.0m	£75.6m	£69.4m	£64.4m	£61.3m
Average rent per sq. ft.	£21.11	£20.19	£18.79	£17.97	£16.29
Overall occupancy	89.8%	89.5%	88.7%	88.9%	86.0%
Like-for-like lettable floor space (million sq. ft.)	2.4	2.4	2.5	2.5	2.4
Like-for-like cash rent roll*	£49.7m	£47.7m	£45.7m	£44.0m	£41.4m
Like-for-like average rent per sq. ft.	£20.68	£19.71	£18.61	£17.97	£17.18
Like-for-like occupancy	90.9%	90.6%	92.2%	92.9%	90.9%

BlackRock Workspace Property Trust

Property valuation	£119m	£111m	£133m	£126m	£117m
Number of estates	8	8	12	12	12
Lettable floorspace (million sq. ft.)	0.3	0.3	0.5	0.5	0.5
ERV	£7.3m	£6.9m	£8.9m	£8.6m	£8.4m
Cash rent roll of occupied units	£5.6m	£5.1m	£7.1m	£6.7m	£6.2m
Average rent per sq. ft.	£20.49	£19.21	£16.13	£16.17	£14.40
Overall occupancy	96.5%	92.2%	93.9%	88.9%	92.2%

*The like-for-like portfolio statistics have been restated for properties that have been sold in the first half of the year and those planned for disposal in the second half.

Consolidated Income Statement

	Notes	Unaudited 6 months ended 30 September		Audited Year ended 31 March
		2015 £m	2014 £m	2015 £m
Revenue	2	49.3	40.3	83.6
Direct costs	2	(13.4)	(12.4)	(25.9)
Net rental income	2	35.9	27.9	57.7
Administrative expenses		(7.6)	(6.7)	(13.8)
Trading profit excluding share of joint ventures		28.3	21.2	43.9
Profit/(loss) on disposal of investment properties	3(a)	0.1	(0.1)	0.3
Loss on disposal of joint ventures	3(b)	(0.1)	-	-
Other income	3(c)	2.2	12.6	10.1
Change in fair value of investment properties	9	137.9	143.5	318.0
Operating profit		168.4	177.2	372.3
Finance income	4	0.1	-	0.1
Finance costs	4	(8.5)	(9.3)	(18.6)
Change in fair value of derivative financial instruments	4	0.9	(0.2)	(2.2)
Gains from share in joint ventures	10	2.5	6.0	8.4
Profit before tax		163.4	173.7	360.0
Taxation	5	-	-	(0.1)
Profit for the period after tax		163.4	173.7	359.9
Attributable to:				
- Owners of the parent		163.4	164.7	350.9
- Non-controlling interests	16	-	9.0	9.0
		163.4	173.7	359.9
Basic earnings per share (pence)	7	101.2p	113.0p	231.4p
Diluted earnings per share (pence)	7	99.8p	111.4p	227.4p

Consolidated Statement of Comprehensive Income

		Unaudited 6 months ended 30 September		Audited Year ended 31 March
		2015 £m	2014 £m	2015 £m
Profit for the financial period		163.4	173.7	359.9
Items that may be classified subsequently to profit or loss:				
Change in fair value of derivative financial instruments (cash flow hedge)	14(e)	1.4	(0.3)	(0.3)
Total comprehensive income for the period		164.8	173.4	359.6
Attributable to:				
- Owners of the parent		164.8	164.4	350.6
- Non-controlling interests	16	-	9.0	9.0
		164.8	173.4	359.6

Consolidated Balance Sheet

	Notes	Unaudited 30 September 2015 £m	Audited 31 March 2015 £m	Unaudited 30 September 2014 £m
Non-current assets				
Investment properties	9	1,614.4	1,408.9	1,163.8
Intangible assets		0.5	0.4	0.4
Property, plant and equipment		2.0	2.0	2.0
Investment in joint ventures	10	21.2	28.6	28.7
Other investments		1.0	1.0	-
Trade and other receivables	11	11.2	8.7	18.1
Derivative financial instruments		0.1	0.3	-
		1,650.4	1,449.9	1,213.0
Current assets				
Trade and other receivables	11	23.6	18.9	17.3
Cash and cash equivalents	15(b)	8.6	42.6	6.4
Corporation tax asset		-	-	0.3
Assets held for sale	12	-	0.3	43.5
		32.2	61.8	67.5
Total assets		1,682.6	1,511.7	1280.5
Current liabilities				
Trade and other payables	13	(45.2)	(45.4)	(40.4)
		(45.2)	(45.4)	(40.4)
Non-current liabilities				
Borrowings	14	(338.3)	(317.4)	(332.7)
Derivative financial instruments	14(d) &(e)	-	(2.6)	(6.2)
		(338.3)	(320.0)	(338.9)
Total liabilities		(383.5)	(365.4)	(379.3)
Net assets		1,299.1	1,146.3	901.2
Shareholders' equity				
Ordinary shares		162.1	161.1	146.4
Share premium		136.1	136.8	57.4
Investment in own shares		(8.9)	(8.8)	(8.9)
Other reserves		18.2	15.7	14.7
Retained earnings		991.6	841.5	671.6
Total shareholders' equity		1,299.1	1,146.3	881.2
Non-controlling interests	16	-	-	20.0
		1,299.1	1,146.3	901.2
EPRA net asset value per share	8	£7.92	£7.03	£5.97

Consolidated Statement of Changes in Equity

Attributable to Owners of the Parent

	Share Capital £m	Share Premium £m	Investment in own shares £m	Other Reserves £m	Retained earnings £m	Total Shareholders equity £m	Non- controlling Interests £m	Total equity £m
Unaudited 6 months ended 30 September 2015								
Balance at 1 April 2015	161.1	136.8	(8.8)	15.7	841.5	1,146.3	-	1,146.3
Profit for the period	-	-	-	-	163.4	163.4	-	163.4
Change in fair value of derivatives	-	-	-	1.4	-	1.4	-	1.4
Total comprehensive income	-	-	-	1.4	163.4	164.8	-	164.8
Transactions with owners:								
Shares issued	1.0	(0.7)	-	-	(0.1)	0.2	-	0.2
Dividends paid (note 6)	-	-	-	-	(13.2)	(13.2)	-	(13.2)
Own shares purchased	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Share based payments	-	-	-	1.1	-	1.1	-	1.1
Balance at 30 September 2015	162.1	136.1	(8.9)	18.2	991.6	1,299.1	-	1,299.1
Unaudited 6 months ended 30 September 2014								
Balance at 1 April 2014	145.6	58.2	(8.9)	14.0	517.2	726.1	-	726.1
Profit for the period	-	-	-	-	164.7	164.7	9.0	173.7
Change in fair value of derivatives	-	-	-	(0.3)	-	(0.3)	-	(0.3)
Total comprehensive income	-	-	-	(0.3)	164.7	164.4	9.0	173.4
Transactions with owners:								
Shares issued	0.8	(0.8)	-	-	-	-	-	-
Dividends paid (note 6)	-	-	-	-	(10.3)	(10.3)	-	(10.3)
Reclassification	-	-	-	-	-	-	11.0	11.0
Share based payments	-	-	-	1.0	-	1.0	-	1.0
Balance at 30 September 2014	146.4	57.4	(8.9)	14.7	671.6	881.2	20.0	901.2
Audited 12 months ended 31 March 2015								
Balance at 1 April 2014	145.6	58.2	(8.9)	14.0	517.2	726.1	-	726.1
Profit for the year	-	-	-	-	350.9	350.9	9.0	359.9
Change in fair value of derivatives	-	-	-	(0.3)	-	(0.3)	-	(0.3)
Total comprehensive income	-	-	-	(0.3)	350.9	350.6	9.0	359.6
Transactions with owners:								
Shares issued	15.5	78.6	0.1	-	-	94.2	-	94.2
Dividends paid (note 6)	-	-	-	-	(16.6)	(16.6)	-	(16.6)
Reclassification	-	-	-	-	-	-	11.0	11.0
Acquisition of non-controlling interests	-	-	-	-	(10.0)	(10.0)	(20.0)	(30.0)
Share based payments	-	-	-	2.0	-	2.0	-	2.0
Balance at 31 March 2015	161.1	136.8	(8.8)	15.7	841.5	1,146.3	-	1,146.3

Consolidated Statement of Cash Flows

	Notes	Unaudited		Audited
		6 months ended 30 September 2015 £m	2014 £m	Year ended 31 March 2015 £m
Cash flows from operating activities				
Cash generated from operations	15(a)	27.5	23.5	54.3
Interest received		0.1	-	0.1
Interest paid		(9.2)	(9.3)	(18.5)
Tax (paid)/refunded		-	(0.1)	0.2
Net cash inflow from operating activities		18.4	14.1	36.1
Cash flows from investing activities				
Purchase of investment properties		(57.9)	(18.4)	(79.7)
Capital expenditure on investment properties		(26.6)	(16.1)	(35.8)
Proceeds from disposal of investment properties (net of sale costs)		13.6	38.4	99.4
Purchase of intangible assets		(0.1)	(0.1)	(0.3)
Purchase of property, plant and equipment		(0.3)	(0.2)	(0.7)
Capital distributions from joint ventures		6.3	-	2.0
Proceeds from disposal of joint ventures		3.1	-	-
Other income		0.8	-	-
Purchase of investments		-	-	(1.0)
Movement in funding balances with joint ventures		0.2	0.2	0.2
Distributions received from joint ventures	10	0.6	0.6	1.1
Net cash (outflow)/inflow from investing activities		(60.3)	4.4	(14.8)
Cash flows from financing activities				
Proceeds from issue of ordinary share capital		0.2	-	96.7
Fees paid on share issue		-	-	(2.6)
Finance costs for new/amended borrowing facilities		(1.0)	-	-
Settlement and re-couponsing of derivative financial instruments		(1.7)	-	-
Repayment of bank borrowings		-	(5.0)	(30.0)
Drawdown of bank borrowings		23.0	-	-
Acquisition of non-controlling interests		-	-	(30.0)
Own shares purchase		(0.1)	-	-
Dividends paid	6	(12.5)	(10.8)	(16.5)
Net cash inflow/(outflow) from financing activities		7.9	(15.8)	17.6
Net (decrease)/increase in cash and cash equivalents		(34.0)	2.7	38.9
Cash and cash equivalents at start of period	15(b)	42.6	3.7	3.7
Cash and cash equivalents at end of period	15(b)	8.6	6.4	42.6

Notes to the Half Year Report

For the 6 months ended 30 September 2015

1. Basis of preparation and accounting policies

The half year report has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS34 'Interim Financial Reporting' as adopted by the European Union. The half year report should be read in conjunction with the annual financial statements for the year ended 31 March 2015, which have been prepared in accordance with IFRSs as adopted by the European Union.

The condensed financial statements in the half year report are unaudited and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory accounts for the year to 31 March 2015, which were prepared under IFRS have been delivered to the Registrar of Companies. The auditors' opinion on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement made under Section 498 of the Companies Act 2006.

The Group's financial performance does not suffer materially from seasonal fluctuations. There have been no changes in estimates of amounts reported in prior periods which have a material impact on the current half year period.

The directors are satisfied that the Group has adequate resources, and sufficient headroom on its bank facilities to cover current liabilities, in order to continue in operational existence and for this reason the half year report is prepared on a going concern basis.

This report was approved by the Board on 10 November 2015.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2015, as described in those annual financial statements, except that taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected annual earnings.

New and amendments to accounting standards:

The following new standards, amendments and interpretations are mandatory for the first time for the financial year beginning 1 April 2015:

Standard or interpretation	Content
Annual improvements 2012	Changes to IFRS 2/IFRS 3/IFRS 8/IFRS 13/IAS 16/IAS 37/IAS 39
Annual improvements 2013	Changes to IFRS 1/IFRS 3/IFRS 13/IAS40

These either had no material impact on the Group's financial statements or resulted in changes to presentation and disclosure only.

2. Analysis of net rental income and segmental information

	6 months ended 30 September 2015			2014 (reclassified)			Year ended 31 March 2015		
	Revenue £m	Direct costs £m	Net rental income £m	Revenue £m	Direct costs £m	Net rental income £m	Revenue £m	Direct costs £m	Net rental income £m
Rental income	38.3	(0.8)	37.5	30.5	(1.2)	29.3	63.8	(2.3)	61.5
Service charges	8.2	(9.1)	(0.9)	7.6	(8.3)	(0.7)	15.3	(17.8)	(2.5)
Empty rates and other non- recoverables	-	(2.0)	(2.0)	-	(1.7)	(1.7)	-	(2.8)	(2.8)
Services, fees, commissions and sundry income	2.8	(1.5)	1.3	2.2	(1.2)	1.0	4.5	(3.0)	1.5
	49.3	(13.4)	35.9	40.3	(12.4)	27.9	83.6	(25.9)	57.7

All of the properties within the portfolio are geographically close to each other and have similar economic features and risks and all information provided to the Executive Committee is aggregated and reviewed in total as one portfolio. As a result, management has determined that the Group operates a single operating segment providing business accommodation for rent in London.

The segmented information for the 6 months ended 30 September 2014 has been reclassified to be consistent with the classification for year ended 31 March 2015.

3(a). Profit/(loss) on disposal of investment properties

	6 months ended 30 September 2015		Year ended 31 March 2015
	£m	£m	£m
Proceeds from sale of investment properties (net of sales costs)	13.0	37.4	99.0
Book value at time of sale (including assets held for sale)	(13.3)	(37.5)	(98.7)
	(0.3)	(0.1)	0.3
Realisation of profits on sale of properties out of joint ventures	0.4	-	-
Profit/(loss) on disposals	0.1	(0.1)	0.3

3(b). Loss on disposal of joint ventures

	6 months ended 30 September 2015		Year ended 31 March 2015
	£m	£m	£m
Proceeds from disposal of joint ventures	3.1	-	-
Carrying value at time of disposal (note 10)	(3.2)	-	-
Loss on disposal	(0.1)	-	-

3(c). Other income

	6 months ended 30 September		Year ended
	2015	2014	31 March 2015
	£m	£m	£m
Change in fair value of deferred consideration	2.2	12.6	10.1

The value of deferred consideration (cash and overage) from the sale of investment properties has been re-valued by CBRE Limited at 30 September 2015. The receivable is included in the Consolidated Balance Sheet under non-current and current trade and other receivables (see note 11).

4. Finance income and costs

	6 months ended 30 September		Year ended
	2015	2014	31 March 2015
	£m	£m	£m
Interest income on bank deposits	0.1	-	0.1
Total finance income	0.1	-	0.1
Interest payable on bank loans and overdrafts	(1.3)	(1.9)	(3.6)
Interest payable on other borrowings	(7.0)	(7.3)	(14.7)
Amortisation of issue costs of borrowings	(0.4)	(0.4)	(0.8)
Interest payable on finance leases	(0.2)	(0.1)	(0.3)
Interest capitalised on property refurbishments	0.4	0.4	0.8
Foreign exchange gains/(losses) on financing activities	1.5	(1.5)	(7.2)
Cash flow hedge - transfer from equity	(1.5)	1.5	7.2
Finance costs	(8.5)	(9.3)	(18.6)
Change in fair value of financial instruments through the income statement	0.9	(0.2)	(2.2)
Net finance costs	(7.5)	(9.5)	(20.7)

5. Taxation

The Group is a Real Estate Investment Trust (REIT). The Group's UK property rental business (both income and capital gains) is exempt from tax. The Group's other income is subject to corporation tax. No tax charge has arisen on this other income for the half year (30 September 2014: £nil).

6. Dividends paid

	Payment Date	Per share	6 months ended 30 September		Year ended
			2015 £m	2014 £m	31 March 2015 £m
For the year ended 31 March 2014 :					
Final dividend	August 2014	7.09p	-	10.3	10.3
For the year ended 31 March 2015:					
Interim Dividend	February 2015	3.89p	-	-	6.3
Final Dividend	August 2015	8.15p	13.2	-	-
			13.2	10.3	16.6
Timing difference on payment of withholding tax			(0.7)	0.5	(0.1)
Dividends cash paid			12.5	10.8	16.5

The directors intend to pay an interim dividend in respect of the financial year ended 31 March 2016 of 4.86p per Ordinary Share which will absorb an estimated £7.9m of shareholders' equity. It will be paid on 2 February 2016 to shareholders who are on the register of members on 8 January 2016. It is intended that the full amount of this dividend will be paid as a REIT Property Income Distribution (PID) net of withholding tax where appropriate.

7. Earnings per share

Earnings used for calculating earnings per share:	6 months ended 30 September		Year ended
	2015 £m	2014 £m	31 March 2015 £m
Basic and diluted earnings (attributable to owners of the parent)	163.4	164.7	350.9
Change in fair value of investment property (note 9)	(137.9)	(143.5)	(318.0)
Adjustments for non-controlling interests share of change in fair value of investment property	-	3.7	3.7
Profit/(Loss) on disposal of investment properties(note 3(a))	(0.1)	0.1	(0.3)
Loss on disposal of joint ventures (note 3(b))	0.1	-	-
Movement in fair value of derivative financial instruments (note 14(e))	(0.9)	0.2	2.2
Group's share of EPRA adjustments of joint venture	(3.5)	(5.5)	(9.3)
EPRA adjusted earnings	21.1	19.7	29.2
Adjustment for non-trading items:			
Group's share of joint ventures other expenses	1.5	-	2.1
Other income (noted 3(c))	(2.2)	(12.6)	(10.1)
Non-controlling interests (less adjustment above)	-	5.3	5.3
Taxation	-	-	0.1
Adjusted underlying earnings (before tax)	20.4	12.4	26.6

Earnings have been adjusted and calculated on a diluted basis to derive an earnings per share measure as defined by the European Public Real Estate Association (EPRA) and an underlying earnings measure with additional Company adjustments for non-trading items.

Number of shares used for calculating earnings per share:	6 months ended		Year ended
	30 September		31 March
	2015	2014	2015
	Number	Number	Number
Weighted average number of shares (excluding own shares held in trust)	161,503,118	145,725,323	151,635,965
Dilution due to share option schemes	2,349,850	2,185,886	2,649,360
Weighted average number of shares for diluted earnings per share	163,852,968	147,911,209	154,285,325

In pence:	6 months ended		Year ended
	30 September		31 March
	2015	2014	2014
Basic earnings per share	101.2p	113.0p	231.4p
Diluted earnings per share	99.8p	111.4p	227.4p
EPRA earnings per share ¹	12.9p	13.3p	18.9p
Adjusted underlying earnings per share ¹	12.5p	8.4p	17.2p

1. EPRA earnings per share and adjusted underlying earnings per share are calculated on a diluted basis.

8. Net assets per share

Net assets used for calculating net assets per share:	30 September	31 March	30 September
	2015	2015	2014
	£m	£m	£m
Net assets at end of period (attributable to owners of the parent)	1,299.1	1,146.3	881.2
Derivative financial instruments at fair value	(0.1)	2.3	6.2
EPRA net assets	1,299.0	1,148.6	887.4

Number of shares used for calculating net assets per share:	30 September	31 March	30 September
	2015	2015	2014
	Number	Number	Number
Shares in issue at period end	162,123,295	161,107,649	146,421,348
Less own shares held in trust	(125,770)	(114,354)	(124,106)
Number of shares for calculating basic net assets per share	161,997,525	160,993,295	146,297,242
Dilution due to share option schemes	2,021,231	2,462,487	2,342,474
Number of shares for calculating diluted adjusted net assets per share	164,018,756	163,455,782	148,639,716

	30 September	31 March	30 September
	2015	2015	2014
EPRA net assets per share	£7.92	£7.03	£5.97

Net assets have been adjusted and calculated on a diluted basis to derive a net asset per share measure as defined by the European Public Real Estate Association (EPRA).

9. Investment properties

	30 September 2015 £m	31 March 2015 £m	30 September 2014 £m
Balance at beginning of period	1,408.9	1,068.3	1,068.3
Purchase of investment properties	54.1	80.0	15.7
Acquisition of finance leases	-	3.6	-
Capital expenditure	26.1	37.2	16.9
Capitalised interest on refurbishments (note 4)	0.4	0.8	0.4
Disposals during the period	(13.0)	(98.7)	(37.5)
Change in fair value of investment property	137.9	318.0	143.5
Balance at end of period	1,614.4	1,409.2	1,207.3
Less: classified as held for sale (note 12)	-	(0.3)	(43.5)
Total investment properties	1,614.4	1,408.9	1,163.8

The assets held for sale have been transferred at fair value less costs to sell.

Valuation

The Group's investment properties were revalued at 30 September 2015 by the external valuer, CBRE Limited, a firm of independent qualified valuers, in accordance with the Royal Institution of Chartered Surveyors Valuation - Professional Standards 2014. Further information on the valuation methodology is provided in note 10 to the Group's annual financial statements for the year ended 31 March 2015.

The reconciliation of the valuation report to the total shown in the Consolidated Balance Sheet as non-current assets, investment properties, is as follows:

	30 September 2015 £m	31 March 2015 £m	30 September 2014 £m
Total per CBRE Limited valuation report	1,630.9	1,423.4	1,229.5
Deferred consideration on sale of property	(23.6)	(21.3)	(24.9)
Non-current assets held for sale	-	(0.3)	(44.3)
Head leases treated as finance leases under IAS 17	7.1	7.1	3.5
Total per balance sheet	1,614.4	1,408.9	1,163.8

The Group's Investment properties are carried at fair value and under IFRS 13 are required to be analysed by level depending on the valuation method adopted. The different valuation methods are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Use of a model with inputs (other than quoted prices included in Level 1) that are directly or indirectly observable market data.

Level 3 – Use of a model with inputs that are not based on observable market data.

Property valuations are complex and involve data which is not publicly available and involves a degree of judgement. All our investment properties are classified as Level 3, due to the fact that one or more significant inputs to the valuation are not based on observable market data. If the degree of subjectivity or nature of the measurement inputs changes then there could be a transfer between Levels 2 and 3 of classification. No changes requiring a transfer have occurred during the period.

The following table summarises the valuation techniques and inputs used in the determination of the property valuation:

Key unobservable inputs:-

Property Category	Valuation £m	Valuation technique	ERVs - per sq. ft.		Equivalent yields	
			Range	Weighted average	Range	Weighted average
Like-for-like	828	1	£6-£83	£22	5.0%-7.5%	6.2%
Completed refurbishments/ redevelopments	266	1	£9-£59	£29	5.7%-6.5%	6.2%
Refurbishments	150	2	£19-£56	£34	5.5%-7.3%	5.9%
Redevelopments	203	2	£9-£35	£23	6.0%-7.5%	6.3%
Acquisitions	160	1	£30-£55	£43	5.4%-6.5%	5.6%
Head leases	7					
Total	1,614					

1= income capitalisation method
2= residual value method

10. Joint ventures

The Group's investment in joint ventures represents:	30 September	31 March	30 September
	2015	2015	2014
	£m	£m	£m
Balance at beginning of period	28.6	23.1	23.1
Capital distributions	(6.3)	(2.0)	-
Loans to joint ventures	(0.2)	0.2	0.2
Share of gains	2.5	8.4	6.0
Income distributions received	(0.6)	(1.1)	(0.6)
Disposal of joint ventures (note 3(b))	(3.2)	-	-
Realisation of profits on sale of properties out of joint ventures	0.4	-	-
Balance at end of period	21.2	28.6	28.7

The Group has the following joint ventures:

	Partner	Established	Ownership
BlackRock Workspace Property Trust	BlackRock UK Property Fund	February 2011	20.1%
Enterprise House Investments LLP*	Polar Properties Ltd	April 2012	50%
Generate Studio Limited	Whitebox Creative Limited	February 2014	50%

*The Company sold its share in this joint venture in July 2015.

BlackRock Workspace Property Trust is a Jersey property unit trust established in February 2011 whose aim is to build a fund of up to £100m of office and industrial property in and around London. The Group holds a 20.1% interest however strategic decisions are taken with the agreement of both parties and no one party has control on their own. The Group is also property manager with significant delegated powers including responsibility for asset management and recommending acquisitions and disposals. As a result there is joint control and so the joint venture has been equity accounted for in the consolidated financial statements.

Enterprise House Investments LLP was established to obtain mixed use planning consent and redevelop Enterprise House, Hayes, UB3 for new residential and commercial space. The Group sold its share in this joint venture in July 2015.

Generate Studio Limited is engaged in the design and project management of office fit outs and work place consultancy both for Group properties and third parties.

11. Trade and other receivables

	30 September 2015 £m	31 March 2015 £m	30 September 2014 £m
Non-current trade and other receivables			
Deferred consideration on sale of investment property:			
Balance at beginning of period	8.7	11.2	11.2
Additions (cash receivable)	0.3	1.5	-
Less: classified as current	-	(14.1)	(5.7)
Change in fair value	2.2	10.1	12.6
Balance at end of period	11.2	8.7	18.1

The non-current receivables relate to deferred consideration (cash and overage) arising on the sale of investment properties. The conditional value of the portion of the receivable that relates to overage is held at fair value through profit and loss – £9.4m (31 March 2015: £7.2m). It has been fair valued by CBRE Limited on the basis of residual value as at 30 September 2015, using appropriate discount rates, and will be revalued on a regular basis. This is a Level 3 valuation, of a financial asset, as defined by IFRS 13 (see note 9). The change in fair value recorded in the income statement was a profit of £2.2m (30 September 2014: £12.6m) (see note 3(c)).

Current trade and other receivables	£m	£m	£m
Trade receivables	2.9	2.8	2.8
Less provision for impairment of receivables	(0.4)	(0.4)	(0.5)
Trade receivables - net	2.5	2.4	2.3
Prepayments and accrued income	5.0	2.4	5.1
Amounts due from related parties	-	-	0.2
Deferred consideration on sale of investment property	12.4	14.1	6.8
Other receivables	3.7	-	2.9
	23.6	18.9	17.3

12. Non-current assets held for sale

	30 September 2015 £m	31 March 2015 £m	30 September 2014 £m
Investment properties	-	0.3	43.5

In March 2015 the Group exchanged contracts for the sale of a property for £0.3m. The sale completed in May 2015.

In September 2014 the Group exchanged contracts for a portfolio sale of 10 properties for £43.5m. The sale was completed in October 2014.

13. Trade and other payables

	30 September 2015 £m	31 March 2015 £m	30 September 2014 £m
Trade payables	4.2	3.9	6.2
Other tax and social security payable	2.5	3.9	3.3
Tenants' deposit deeds	2.6	2.3	2.2
Tenants' deposits	15.4	13.3	11.3
Accrued expenses	16.8	18.8	14.3
Amounts due to related parties	0.4	0.4	0.4
Deferred income – rent and service charges	3.3	2.8	2.7
	45.2	45.4	40.4

14. Borrowings

(a) Balances

	30 September 2015 £m	31 March 2015 £m	30 September 2014 £m
Non – current			
Bank loans	71.0	48.8	73.4
6% Retail Bond	56.9	56.8	56.7
5.6% Senior US Dollar Notes 2023	66.1	67.6	62.0
5.53% Senior Notes 2023	83.8	83.7	83.7
Senior Floating Rate Notes 2020	9.0	9.0	9.0
Other term loan	44.4	44.4	44.4
Finance lease obligations	7.1	7.1	3.5
Total borrowings	338.3	317.4	332.7

All the Group's borrowings apart from the finance lease obligations are unsecured.

(b) Net debt

	30 September 2015 £m	31 March 2015 £m	30 September 2014 £m
Borrowings per (a) above	338.3	317.4	332.7
Adjust for:			
Finance leases	(7.1)	(7.1)	(3.5)
Cost of raising finance	3.6	3.0	3.5
Foreign exchange differences	(1.8)	(3.3)	2.3
	333.0	310.0	335.0
Cash at bank and in hand (note15(b))	(6.0)	(40.3)	(4.2)
Net debt	327.0	269.7	330.8

At 30 September 2015 the Group had £77m (31 March 2015: £100m) of undrawn bank facilities and £6.0m (31 March 2015: £40.3m) of unrestricted cash.

(c) Maturity

	30 September 2015 £m	31 March 2015 £m	30 September 2014 £m
Repayable between three years and four years	-	50.0	75.0
Repayable between four years and five years	139.5	57.5	-
Repayable in five years or more	193.5	202.5	260.0
	333.0	310.0	335.0
Cost of raising finance	(3.6)	(3.0)	(3.5)
Foreign exchange differences	1.8	3.3	(2.3)
	331.2	310.3	329.2
Finance leases			
Repayable in five years or more	7.1	7.1	3.5
Total borrowings	338.3	317.4	332.7

(d) Derivative financial instruments

The following derivatives/financial instruments are held:

	Amount hedged	Rate payable (or cap strike rate)%	Term/expiry
Cash flow hedge -cross currency swap	\$100m/£64.5m	5.66%	June 2023

The £95m (1.87%) interest rate swap to June 2018 was broken in June 2015 by a cash payment of £1.7m.

The Group has entered into a cross currency swap to ensure the US Dollar liability streams generated from the US Dollar Notes are fully hedged into Sterling for the life of the transaction. Through entering into the cross currency swap the Group has created a synthetic Sterling fixed rate liability totalling £64.5m. This swap has been designated as a cash flow hedge, with changes in value dealt with in equity.

(e) Fair values of financial instruments

	30 September		31 March		30 September	
	2015 Book value £m	2015 Fair value £m	2015 Book value £m	2015 Fair value £m	2014 Book value £m	2014 Fair value £m
Financial liabilities not at fair value through profit or loss						
Bank loans	71.0	71.0	48.8	48.8	73.4	73.4
6% Retail Bond	56.9	60.1	56.8	62.1	56.7	60.5
Private Placement Notes	158.9	158.9	160.3	160.3	154.7	154.7
Other term loan	44.4	44.4	44.4	44.4	44.4	44.4
Finance lease obligations	7.1	7.1	7.1	7.1	3.5	3.5
Total borrowings	338.3	341.5	317.4	322.7	332.7	336.5

Financial liabilities at fair value through profit or loss						
Derivative financial instruments:						
Interest rate swaps	-	-	2.6	2.6	0.7	0.7
Financial (assets)/liabilities at fair value through equity						
Derivative financial instruments:						
Cash flow hedge – derivatives used for hedging	(0.1)	(0.1)	(0.3)	(0.3)	5.5	5.5
	(0.1)	(0.1)	2.3	2.3	6.2	6.2
Financial assets at fair value through profit or loss						
Deferred consideration	21.8	21.8	20.3	20.3	23.0	23.0

The fair value of the Retail Bond has been established from the quoted market price at the Balance Sheet date and is thus a Level 1 valuation as defined by IFRS 13.

In accordance with IFRS 13 disclosure is required for financial instruments that are carried in the financial statements at fair value. The fair values of all the Group's financial derivatives have been determined by reference to market prices and discounted expected cash flows at prevailing interest rates and are Level 2 valuations. There have been no transfers between levels in the period.

The different levels of valuation hierarchy as defined by IFRS 13 are set out in note 9.

The total change in fair value of derivative financial instruments recorded in the income statement was a profit of £0.9m (30 September 2014: loss of £0.2m).

The change in fair value of derivative financial instruments, net of foreign exchange differences, recorded in other comprehensive income was a profit of £1.4m (30 September 2014: loss of £0.3m).

15(a). Cash generated from operations

Reconciliation of profit for the period to cash generated from operations:

	6 months ended		Year ended
	30 September	30 September	31 March
	2015	2014	2015
	£m	£m	£m
Profit before tax	163.4	173.7	360.0
Depreciation	0.3	0.3	0.7
Amortisation of intangibles	0.1	0.1	0.2
(Profit)/loss on disposal of investment properties	(0.1)	0.1	(0.3)
Loss on disposal of joint ventures	0.1	-	-
Other income	(2.2)	(12.6)	(10.1)
Change in fair value of investment property	(137.9)	(143.5)	(318.0)
Equity settled share based payments	1.1	1.0	2.0
Change in fair value of financial instruments	(0.9)	0.2	2.2
Finance income	(0.1)	-	(0.1)
Finance expense	8.5	9.3	18.6
Gains from share in joint ventures	(2.5)	(6.0)	(8.4)
Changes in working capital:			
(Increase) in trade and other receivables	(2.5)	(2.9)	(0.1)
Increase in trade and other payables	0.2	3.8	7.6
Cash generated from operations	27.5	23.5	54.3

15(b). Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	30 September 2015 £m	31 March 2015 £m	30 September 2014 £m
Cash at bank and in hand	6.0	40.3	4.2
Restricted cash – tenants' deposit deeds	2.6	2.3	2.2
	8.6	42.6	6.4

16. Non-controlling interests

In December 2009 Workspace acquired full control of its former Workspace Glebe joint venture. The purchase was satisfied by a cash payment of £15m and a debt facility of £68m provided by the former lenders to the joint venture, with further amounts potentially payable under the Glebe Proceeds Share Agreement ('GPSA').

The GPSA provided for the former lenders to Workspace Glebe to share in net cash proceeds from disposals from the Glebe property portfolio once Workspace received its priority return. The priority return was £92m. For proceeds up to £170m the lenders' share (after deducting Workspace's priority return) was 50%, from £170m up to £200m it was 30% and nil thereafter. The maximum payable under the GPSA was capped at £48m. All disposals were at the option of Workspace and there were no time limits.

The GPSA was accounted for as an equity instrument under IAS 32 representing a non-controlling interest (NCI). The Group recognised NCI of £9.0m for the 6 months ended 30 September 2014 resulting in a total amount attributable to the NCI of £20.0m as at 30 September 2014.

In December 2014 an agreement was reached with the former lenders to terminate the GPSA for a cash settlement of £30m.

17. Related party transactions

Transactions during the period between the Group and its joint ventures are set out below:

	6 months ended 30 September 2015 £m	2014 £m	Year ended 31 March 2015 £m
Capital distributions from joint ventures	6.3	-	2.0
Loans to joint ventures	0.2	(0.2)	(0.2)
Fee income and recharges to joint ventures	0.7	0.5	0.9
Fee income and recharges from joint ventures	(0.5)	(0.3)	(0.7)
Income distributions received from joint ventures	0.6	0.6	1.1
Fees paid to CBRE Limited	(0.1)	(0.1)	(0.2)

	30 September 2015 £m	31 March 2015 £m	30 September 2014 £m
Amounts receivable from joint ventures	-	-	0.2
Amounts payable to joint ventures	(0.4)	(0.4)	(0.4)

The Group as property manager of the BlackRock Workspace joint venture is entitled to a performance fee at the end of the five year initial term of the fund in March 2016. This is based on the Group's performance as property manager and on the basis that all the properties in the joint venture are sold. Under IAS18 recognition rules this has not been recognised as income in the period.

There are no other material related party transactions to disclose since the last Annual Report and Accounts.

18. Capital commitments

At the period end the estimated amounts of contractual commitments for future capital expenditure not provided:

	30 September 2015 £m	31 March 2015 £m	30 September 2014 £m
Purchase of investment properties	36.5	-	29.7
Construction or redevelopment of investment property	32.0	42.3	24.3

19. Post balance sheet events

In October 2015 the Group completed the purchases of the former Mecca Bingo site in Garratt Lane, SW18 for a cash consideration of £26.1m and Alexandra House, N22 for a cash consideration of £14m.

In October 2015 the Group exchanged contracts for the sale of Leyton Industrial Estate, E10 for a cash consideration of £23m.

In October 2015, the Group took possession of the completed £10.4m business centre at Cannon Wharf, Surrey Quays, SE8.

20. Half year report

Copies of this statement will be dispatched to shareholders on 18 November 2015 and will be available from the Group's registered office at Chester House, Kennington Park, 1-3 Brixton Road, London, SW9 6DE and on the Group's website www.workspace.co.uk from 10.00am on 11 November 2015.

21. Glossary of terms

A full glossary of terms used within this report is included in the Group's Annual Report and Accounts 2015, available on the Group's website www.workspace.co.uk.

Principal risks and uncertainties

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Group's medium-term performance and the factors which mitigate these risks, have not materially changed from those set out in the Group's Annual Report and Accounts 2015 and have been assessed in line with the requirements of the 2014 UK Corporate Governance Code. They are reproduced below. The Board is satisfied that we continue to operate within our risk profile.

Risk Area	Detail	Mitigating Activities and Actions
Financing	Reduced availability and cost of bank financing resulting in inability to meet business plans or satisfy liabilities.	<p>We regularly review funding requirements for business plans and ensure we have a wide range of options available for alternative sources of funding.</p> <p>We have a broad range of funding relationships in place and regularly review our refinancing strategy.</p> <p>We have also fixed or hedged 50% of our loan facilities so that our interest payment profile is stable.</p>
Property Valuation	Value of our properties declining as a result of macroeconomic environment, external market, or internal management factors.	<p>Market-related valuation risk is largely dependent on external factors which we cannot influence. However, we do the following to ensure we are aware of any market changes, and are generating the maximum value from our portfolio:</p> <ul style="list-style-type: none"> • Monitor the investment market mood. • Monitor market yields and pricing of property transactions across the London market. • Alternative use opportunities pursued across the portfolio and progress made in achieving planning consent for mixed-use development.
Customer	Demand by businesses for our accommodation declining as a result of social, economic or competitive factors.	<p>Every week the Executive Committee meet with Senior Management to monitor occupancy levels, pricing, demand levels and reasons for customers vacating. This ensures we react quickly to changes in any of these indicators.</p> <p>Our extensive marketing programme ensures that we are in control of our own leads and pipeline of deals to business centres. Our use of social media, backed up by a busy events programme, has further helped us to engage with customers, differentiating us as providing not only space but also an opportunity to network with other businesses based in our portfolio.</p>
Development	<p>Impact to underlying income and capital performance due to:</p> <ul style="list-style-type: none"> – Adverse planning rulings – Construction cost and timing overrun – Lack of demand for developments. 	<p>For every development scheme we work hard to gain a thorough understanding of the planning environment and ensure we seek counsel from appropriate advisers.</p> <p>We undertake a detailed development analysis and appraisal prior to commencing a development scheme. Investment Committee approval and sign-off is required for every project.</p> <p>Every month, a detailed review of progress against plans is presented to the Board, including post-project completion reviews.</p>

London	Changes in the political, infrastructure and environmental dynamics of London.	We regularly monitor the London economy and commission research reports. We also hold regular meetings with the GLA and the councils in the London boroughs in which we operate to ensure we're aware of any changes coming through ahead of time.
Investment	Underperformance due to: <ul style="list-style-type: none"> – Poor timing of disposals – Poor timing of acquisitions – Failure to achieve expected returns. 	Regular monitoring of asset performance and positioning of our portfolio. Thorough due diligence and detailed appraisals undertaken on all acquisitions prior to purchase. Close monitoring of acquisition performance against target returns.
Reputational	Joint ventures or other partnerships with third parties do not deliver the expected return.	Due diligence is undertaken on all potential new business ventures. Business plans for any JV partners are reviewed regularly, as are the performance and progress of the joint ventures.
Regulatory	Failure to meet regulatory requirements leading to fines or penalties or the introduction of new requirements that inhibit activity.	REIT conditions are monitored and tested on a regular basis and reported to the Board. Close working relationship maintained with appropriate authorities and all relevant issues openly disclosed. Advisers engaged to support best practice operation. The Risk Committee provides regular updates to the Board on emerging risks and issues. The Group's Health and Safety Manager meets regularly with the CEO.
Business Interruption	Major external events result in Workspace being unable to carry out its business for a sustained period.	Monitoring security threat/target information. Business continuity plans and procedures are in place and are regularly tested and updated. IT controls and safeguards are in place across all our systems, including a data centre back-up.
Brand	Failure to meet customer and external stakeholder expectations.	To ensure we understand our customers and their ever evolving requirements we undertake twice-yearly customer surveys and have a system of real-time feedback in place. We have also recently developed a customer engagement plan to ensure we are interacting with our customers in a variety of ways, including the use of social media. We maintain regular communication with all stakeholders, key shareholders and hold Investor Day presentations and roadshows.

Statement of directors' "Interim Financial Reporting" responsibilities

The directors confirm that this consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report and Accounts.

The directors of Workspace Group PLC are listed in the Workspace Group PLC Annual Report and Accounts for 31 March 2015. A list of current directors is maintained on the Workspace Group website: www.workspace.co.uk.

On behalf of the Board

J Hopkins
Chief Executive Officer
10 November 2015

G Clemett
Chief Financial Officer
10 November 2015

Independent review report to Workspace Group PLC

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the half year report of Workspace Group PLC for the six months ended 30 September 2015. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by Workspace Group PLC, comprise:

- the Consolidated Balance Sheet as at 30 September 2015;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the period then ended;
- the Consolidated Statement of Cash Flows for the period then ended;
- the Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the condensed consolidated interim financial statements.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements included in the half year report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed consolidated financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half year report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors

The half year report including the condensed consolidated interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half year report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the half year report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
10 November 2015
London

- a) The maintenance and integrity of the Workspace Group PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.