22 January 2016

WORKSPACE GROUP PLC

INTERIM MANAGEMENT STATEMENT

GOOD LEVELS OF RENTAL GROWTH CONTINUE DRIVEN BY STRONG CUSTOMER DEMAND AND ACTIVE ASSET MANAGEMENT

Workspace Group PLC ("Workspace"), home to new and growing companies across London, announces its Interim Management Statement covering the period from 1 October 2015 to the date of this announcement, including the operational statistics for the quarter to 31 December 2015.

HIGHLIGHTS

- Total rent roll up 2.3% (£1.8m) in the quarter to £80.8m and up 16.4% (£11.4m) over the nine months from 31 March 2015.
- Like-for-like rent roll up 2.3% (£1.1m) in the quarter to £49.9m and 11.1% (£5.0m) over the nine months from 31 March 2015.
- Like-for-like rent per sq. ft. up 1.9% in the quarter to £20.58 and up 13.0% over the nine months from 31 March 2015.
- Like-for-like occupancy 91.2%, up from 91.0% at September 2015 (31 March 2015: 92.2%).
- Two refurbishment projects and one new building completed in the quarter providing 161,000 sq. ft. of new and upgraded business space.
- Three properties acquired in the quarter for £50m and two disposals of industrial properties for £30m.
- Two planning permissions obtained in the quarter for 200 residential units and 91,000 sq. ft. of new business space.

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

"It's been another very active period for Workspace with three new business centres delivered from our refurbishment and redevelopment programme, investment in three targeted acquisitions and a further recycling of capital from the sale of industrial properties.

We continue to see strong levels of customer demand for our high quality space, with our new business centres letting up quickly, as well as solid growth in pricing levels across the portfolio. Enquiry and letting activity has also picked up significantly in the New Year, ensuring the business is well positioned for continued growth."

For media and investor enquiries, please contact:

Workspace Group PLC 020 7138 3300
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 owns and manages over 80 properties all across London and is home to some 4,000 new and growing companies
- Workspace provides the right properties in the right locations to attract its customers and the right services to retain them and help them grow
- Workspace is growing through deep market knowledge, operational excellence and strong customer relationships
- For more information on Workspace, please visit www.workspace.co.uk

RENT ROLL PERFORMANCE

Total cash rent roll is £80.8m at 31 December 2015, up 16.4% (£11.4m) from 31 March 2015 as detailed below:

	£m
At 31 March 2015	69.4
Growth at like-for-like properties	5.0
Increase in rent at completed projects	4.3
Increase in rent from acquisitions	3.0
Reduction in rent from disposals	(1.1)
Current refurbishment and redevelopment projects	0.2
At 31 December 2015	80.8

LIKE-FOR-LIKE PROPERTIES

We have achieved another quarter of good like-for-like rent roll growth, with rent roll up 2.3% (£1.1m) in the quarter to £49.9m and up by 11.1% (£5.0m) from 31 March 2015. The growth rate fluctuates from quarter to quarter, impacted by the timing of leasing events and renewal activity, but overall growth in rent roll remains strong. The main driver of rental growth continues to be pricing, with rent per sq. ft. up 1.9% in the quarter and 13.0% from 31 March 2015.

Like-for-like properties	**31 Dec 2015**	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Number	**40**	40	40	40	40
Occupancy	**91.2%**	91.0%	90.7%	92.2%	92.7%
Rent roll	**£49.9m**	£48.8m	£47.2m	£44.9m	£43.4m
Rent per sq. ft.	**£20.58**	£20.19	£19.41	£18.22	£17.68

We are seeing stronger growth at our business centres where we have achieved rent roll growth of 12.3% over the nine months from 31 March 2015, compared to growth of 1.6% at our industrial estates.

COMPLETED PROJECTS

We are seeing strong demand for the new space at our completed refurbishment and redevelopment schemes. Rent roll is up £0.9m in the quarter and up £4.3m over the nine months since 31 March 2015 to £12.4m. At the Metal Box Factory, occupancy has now reached 93.8% with rent roll up £2.4m since 31 March 2015 to £5.3m.

In December 2015, we transferred a further three completed properties with 161,000 sq. ft. of new and upgraded space into this category. Vox Studios, Vauxhall, and the Print Rooms, Southbank (formally Linton House) are now available for let, and the new business centre, Grand Union Studios, in Ladbroke Grove, will be opening in February 2016. We are already seeing very strong levels of interest in these properties, most notably a completed letting at Vox Studios of 10,600 sq. ft. to Nutmeg, the online investment company, at £55 per sq. ft.

ACQUISITIONS

Rent roll has increased by £0.8m since 31 March 2015 at the properties acquired in prior years, as we deliver on our acquisition plans. In addition, we have added £2.2m of rent roll from the £101m of acquisitions made in the year-to-date. During the quarter we have completed on three acquisitions for £50m, comprising:

- A former Mecca Bingo site in Garratt Lane, Wandsworth, acquired in October 2015 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 Workspace property. The combined site provides nearly six acres of land with significant redevelopment potential.

- Alexandra House, N22, acquired in October 2015 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 a net initial yield of 3.7% with a rent roll of £0.6m.

- Cannon Wharf, SE8, acquired in October 2015 for £10.4m. This newly built 33,500 sq. ft. business centre in Surrey Quays was acquired at a capital value of £310 per sq. ft. At 31 December 2015, the centre was 15% occupied with a rent roll of £0.2m.

DISPOSALS

In November 2015, we completed the sale of Leyton Industrial Estate, E10, for £23m. This 135,500 sq. ft. industrial estate was sold at a premium of 10% to the 30 September 2015 valuation, at a net initial yield of 4.8%. Rent roll at disposal was £1.1m.

We exchanged contracts in December 2015 for the sale of a light industrial portfolio in Park Royal, NW10, for £7.0m. These buildings were sold at a premium of 16% to the September 2015 valuation at a net initial yield of 4.9%. Rent roll at these properties at 31 December 2015 was £0.4m.

ENQUIRIES AND LETTINGS

Enquiry levels remain strong, averaging 1,016 per month in the nine months since 31 March 2015. We saw a seasonal downturn in activity levels in December but have seen a strong pick up in enquiry levels in the first two weeks of January 2016, with enquiries averaging 285 per week and lettings 25 per week.

	Quarter Ended				
Average number per month	**31 Dec 2015**	**30 Sept 2015**	30 June 2015	31 March 2015	31 Dec 2014
Enquiries	**994**	**1,034**	1,020	1,232	1,141
Lettings	**73**	**108**	102	120	105

REFURBISHMENT AND REDEVELOPMENT ACTIVITY

In November 2015, we obtained planning permission for our refurbishment project at Cremer Street, Hoxton. The existing building comprising 41,000 sq. ft. of office and light industrial space, will be replaced by a new six floor business centre, providing 57,000 sq. ft. of net lettable space at an estimated cost of £21m.

In December 2015, we obtained planning consent for the mixed use redevelopment at Marshgate, Stratford. This site is located in the Pudding Mill Area of the Queen Elizabeth Olympic Park, 400 yards from the Olympic stadium and close to Pudding Mill station on the DLR. The site currently consists of 93,000 sq. ft. light industrial space and was valued at £14m at September 2015. The redevelopment comprises 200 residential units and a new 34,000 sq. ft. business centre.

Key Property Statistics

	Quarter ending 31 Dec 2015	Quarter ending 31 Sep 2015	Quarter ending 30 Jun 2015	Quarter ending 31 Mar 2015	Quarter ending 31 Dec 2014
Workspace Group Portfolio					
Number of estates	**77**	75	76	75	73
Lettable floor space (million sq. ft.) ✞	**4.2**	4.2	4.2	4.2	4.0
Number of lettable units	**4,725**	4,663	4,613	4,525	4,511
Cash rent roll of occupied units	**£80.8m**	£79.0m	£75.9m	£69.4m	£64.4m
Average annual rent per sq. ft.	**£22.39**	£21.11	£20.19	£18.79	£17.97
Overall occupancy	**85.8%**	89.8%	89.5%	88.7%	88.9%
Like-for-like lettable floor space (million sq. ft.)	**2.7**	2.7	2.7	2.7	2.7
Like-for-like cash rent roll	**£49.9m**	£48.8m	£47.2m	£44.9m	£43.4m
Like-for-like average annual rent per sq. ft.	**£20.58**	£20.19	£19.41	£18.22	£17.68
Like-for-like occupancy	**91.2%**	91.0%	90.7%	92.2%	92.7%
BlackRock Workspace Property Trust					
Number of estates	**8**	8	8	12	12
Lettable floor space (million sq. ft.)	**0.3**	0.3	0.3	0.5	0.5
Cash rent roll of occupied units	**£5.9m**	£5.6m	£5.1m	£7.1m	£6.7m
Average rent per sq. ft.	**£22.03**	£20.49	£19.21	£16.13	£16.17
Overall occupancy	**93.9%**	96.5%	92.2%	93.9%	88.9%

✞ Excludes storage space

Note

In the quarter we have restated the like-for-like category to include Screenworks, Islington, and The Pill Box, Bethnal Green, which both opened in the first half of 2014, and Vestry Street Studios which was acquired in May 2014. The Leathermarket business centre has been transferred out of the like-for-like category as it is subject to an extensive refurbishment.