

WORKSPACE INTERIM MANAGEMENT STATEMENT

CONTINUED STRONG PERFORMANCE

Workspace Group PLC ("Workspace"), London's leading provider of space to new and growing companies, announces its Interim Management Statement covering the period from 1 October 2014 to the date of this announcement, including operational statistics for the quarter to 31 December 2014.

Highlights

- Total rent roll up £3.1m (5.1%) in the quarter to £64.4m and up £6.1m (10.5%) over the nine months from 31 March 2014
- Like-for-like rent roll up £2.6m (6.2%) in the quarter to £44.7m and up by £5.2m (13.2%) from 31 March 2014
- Like-for-like occupancy at 92.6% up from 90.6% at 30 September 2014 and 91.4% at 31 March 2014; with rent per sq.ft up 4.5% in the quarter to £17.76 and up 11.9% over the nine months from 31 March 2014
- Completion of refurbishment projects at Metal Box Factory, SE1 and Bounds Green, N11 delivering 122,000 sq.ft of new and upgraded space
- Successful share placing in November 2014 raising gross proceeds of £96.5m at £6.60 per share
- Three acquisitions completed for a total consideration of £61m, with 160 Fleet Street, EC1 acquired in November 2014 for £30m and Edinburgh House, SE11 (£25m) and Peer House, WC1 (£6m) completing in January 2015
- Settlement of the Glebe Proceeds Share Agreement for £30m announced in December 2014

Outlook

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

"This was another good quarter of rental growth, with continued strong demand for space at our properties from a diverse range of new and growing companies across London. I am also pleased to report that following our successful equity placing in November, we have expanded our property footprint with the acquisition of three buildings in attractive locations in Midtown and on the South Bank.

In addition we continue to advance our planned refurbishment and redevelopment projects which will provide a significant amount of new and upgraded space for our customers and create further value for our shareholders."

<ends>

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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 27 year track record in providing tailored business premises to new and growing companies in London.
- For more information on Workspace, please visit www.workspace.co.uk

RENT ROLL PERFORMANCE

Like-for-like Portfolio

Like-for-like rent roll growth has been strong over the period with rent roll up £2.6m (6.2%) in the quarter to £44.7m and up by £5.2m (13.2%) from 31 March 2014. Like-for-like rent per sq.ft. has also shown good growth, up 4.5% in the quarter and 11.9% from 31 March 2014.

Like-for-Like	Dec 2014	Sep 2014	Jun 2014	Mar 2014	Dec 2013
Rent roll	£44.7m	£42.1m	£41.3m	£39.5m	£38.2m
Rent per sq. ft.	£17.76	£16.99	£16.54	£15.87	£15.25
Occupancy	92.6%	90.6%	91.5%	91.4%	91.8%

The like-for-like portfolio has been restated this quarter for the following:

- Four properties have been transferred from the completed projects category as the refurbishments were completed more than two years ago. These properties had a rent roll of £5.0m and an average rent of £31 per sq.ft. at 31 December 2014;
- Seven properties have been taken out of the like-for-like category as we are now progressing with significant refurbishment or redevelopment activity at these sites. These properties had a rent roll of £3.0m and an average rent of £11 per sq.ft. at 31 December 2014; and
- It excludes the portfolio of ten industrial properties sold in October 2014 with a rent roll of £2.2m.

Completed Projects

We continue to make excellent progress letting up space at our new and refurbished buildings. Rent roll was up £1.3m (27%) in the quarter with overall occupancy reaching 83% at 31 December 2014.

Completed Projects	Dec 2014	Sep 2014	Jun 2014	Mar 2014	Dec 2013
Rent roll	£6.1m	£4.8m	£3.5m	£2.7m	£2.3m
Rent per sq. ft.	£15.86	£14.16	£11.58	£10.30	£8.72

Completed projects now comprises five properties with four properties transferred from completed projects to the like-for-like category in the quarter and two properties transferred into this category following completion.

The extensive refurbishment of the Metal Box Factory, SE1 completed in December 2014 and provides 108,000 sq.ft. of new and upgraded space on Bankside. We are achieving lettings in January 2015 on new space at this property at prices well ahead of our plan expectations. We also completed the construction of three new buildings providing 14,000 sq.ft. of space on surplus land at Bounds Green, N11 bordering the North Circular.

Current Refurbishment and Redevelopment Projects

Projects underway comprise nine refurbishments and eleven redevelopments. These projects require either partial or total vacation of sites during the course of construction and there has been a reduction in rent roll of £0.1m in the quarter and £2.3m since March 2014.

Current Projects	Dec 2014	Sep 2014	Jun 2014	Mar 2014	Dec 2013
Rent roll	£10.5m	£10.6m	£12.3m	£12.8m	£13.0m

Total Rent Roll

Total cash rent roll is £64.4m at 31 December 2014, up 10.5% (£6.1m) from 31 March 2014, with overall occupancy at 88.9% (31 March 2014: 85.8%). Growth in rent roll by category over the nine months to 31 December 2014 is set out below:

	£m
At 31 March 2014	58.3
Like-for-like properties	5.2
Completed projects	3.4
Current refurbishment and redevelopment projects	(2.3)
Acquisitions	2.0
Disposals	(2.2)
At 31 December 2014	<u>64.4</u>

ENQUIRIES AND LETTINGS

Enquiry and letting levels remain high, despite the usual slowdown in activity over the Christmas period.

	Quarter Ended				
Average number per month:	Dec 2014	Sep 2014	Jun 2014	Mar 2014	Dec 2013
Enquiries	1,141	1,294	1,222	1,287	917
Lettings	105	108	104	102	80

EQUITY SHARE PLACING

In November 2014 we successfully completed a share placing issuing 14.6m of new shares (representing approximately 9.99% of the issued ordering share capital prior to the placing) at £6.60 per share raising gross proceeds of £96.5m. The proceeds are being used to extend and accelerate our refurbishment pipeline and take advantage of acquisition opportunities.

ACQUISITIONS

Three properties have been acquired in the period for a total consideration of £61m:

- In November 2014 we acquired 160 Fleet St, EC4 for £29.7m. This 54,000 sq.ft. property in Midtown was acquired out of administration at a capital value of £549 per sq.ft. and only 48% let at a net initial yield of 3.7%
- In January 2015 we acquired Edinburgh House, SE11 for £25.3m. This prominent 68,000 sq.ft. property in Kennington is fully let to the Metropolitan Police Authority at a rent of £22 per sq.ft. and is being acquired at a capital value of £370 per sq.ft. and a net initial yield of 5.2%
- In January 2015 we also acquired Peer House, WC1 for £6.1m. This property adjoins our existing property at 60 Gray's Inn Road, WC1 in Midtown and is fully let off a low average rent of £21 per sq.ft. It is being acquired at a capital value of £605 per sq.ft. and a net initial yield of 3.3%

GLEBE PROCEEDS SHARE ARRANGEMENT ('GPSA')

In December 2014 we successfully agreed the termination of the GPSA with the former lenders to the Glebe joint venture ('JV') in return for a cash payment of £30m. The maximum that could have been payable under the GPSA was £48m with £20m recognised at 30 September 2014.

The payment reflected a successful conclusion for both parties to the acquisition by Workspace of full control of the JV in December 2009 for an initial consideration of £83m. The Glebe portfolio comprises 11 commercial properties with a total value (including disposal proceeds received) of £267m at 30 September 2014.

Key Property Statistics

	Quarter ending 31 Dec 2014	Quarter ending 30 Sep 2014	Quarter ending 30 Jun 2014	Quarter ending 31 Mar 2014	Quarter ending 31 Dec 2013
Workspace Group Portfolio					
Number of estates	73	84	84	83	83
Lettable floorspace (million sq. ft.) †	4.0	4.4	4.5	4.5	4.6
Number of lettable units	4,511	4,720	4,681	4,653	4,543
Cash rent roll of occupied units	£64.4m	£61.3m	£61.0m	£58.3m	£56.7m
Average annual rent per sq. ft.	£17.97	£16.29	£15.73	£15.12	£14.11
Overall occupancy	88.9%	86.0%	85.7%	85.8%	87.1%
Like-for-like lettable floor space (m sq. ft.)	2.7	2.7	2.7	2.7	2.7
Like-for-like cash rent roll	£44.7m	£42.1m	£41.3m	£39.5m	£38.2m
Like-for-like average annual rent per sq. ft.	£17.76	£16.99	£16.54	£15.87	£15.25
Like-for-like occupancy	92.6%	90.6%	91.5%	91.4%	91.8%
BlackRock Workspace Property Trust					
Number of estates	12	12	13	14	14
Lettable floorspace (million sq. ft.)	0.5	0.5	0.5	0.5	0.5
Cash rent roll of occupied units	£6.7m	£6.2m	£6.2m	£6.4m	£6.4m
Average rent per sq. ft.	£16.17	£14.40	£14.84	£14.66	£14.57
Overall occupancy	88.3%	91.6%	89.1%	87.7%	89.1%

† Excludes storage space