11 November 2020

WORKSPACE GROUP PLC
HALF YEAR RESULTS

RESILIENT OPERATING PERFORMANCE, REINFORCING STRENGTH OF OUR OPPORTUNITY

Workspace Group PLC ("Workspace") today announces its half year results for the period to 30 September 2020.

Despite a challenging operating environment due to Covid-19, the half year results reflect the resilience of the business, underpinned by its flexible customer-focused offering and freehold ownership model. Workspace is uniquely placed to meet the fast-changing needs of London's brightest businesses as they emerge from the pandemic.

Financial highlights: Resilience in the face of near-term impact of Covid-19

- Trading profit after interest[†] of £15.3m (2019: £40.1m) after £19.9m of rent discounts given to customers
- Property valuation of £2,450m, an underlying reduction of £126m (4.9%) from 31 March 2020
- Loss before tax of £110.4m (30 September 2019: £99.1m profit), reflecting a fall in the property valuation
- In light of the current pandemic and the recent return to lockdown, the Board has decided to defer a decision on dividend payment until the full year
- Loan to value of 23% (31 March 2020: 21%) with £127m of available cash and undrawn facilities
- EPRA net tangible assets per share of £10.05, down 7.6% from 31 March 2020

Customer activity: Near-term challenges but positive signs of recovery under eased restrictions in Q2

- Increase in customers vacating and downsizing due to Covid-19
- Like-for-like occupancy declined by 7.8% to 85.5%; rent per sq. ft. reduced by 3.3% to £40.61; like-for-like rent roll down 11.6% to £98.8m
- Strong levels of rent collection, with 95% of rents due for the first half (net of discounts and deferrals) received as at 2 November 2020
- Significant improvement in new customer demand under eased restrictions, reaching near pre-Covid levels in September
- Steadily increased customer utilisation of our centres in second quarter, reaching over 30% of pre-Covid levels by mid-September, prior to new Government restrictions

Portfolio activity: Further strengthening our leading London footprint

- One disposal completed for £11m, in line with the 31 March 2020 valuation
- Two new business centres providing 94,000 sq. ft. of net lettable space opened in the first half
- Three projects expected to complete in the second half, providing a further 105,000 sq. ft. of new and upgraded space

Commenting on the results, Graham Clemett, Chief Executive Officer said:

"Like so many businesses, we have had a challenging first half as a result of the Covid-19 pandemic. Despite the difficult environment, we have delivered a resilient performance which has highlighted the strength of our offering and business model. We have sought to support our customers as much as possible during this time, offering the majority a 50% rent discount in the first quarter. We believe our freehold ownership model, our financial strength and our long-established flexible offer will be an attractive option for an increasing number of London businesses as the economy recovers. In this regard, it was encouraging to see the increase in enquiries and lettings from new customers to near pre-Covid levels in the second quarter, confirming the appeal of our offer.

There is no doubt that people's expectations of the office are changing. Although this trend has been apparent to us for several years, the pandemic has accelerated fundamental changes to the role and requirements of the office for an increasing number of businesses and their employees. As the economy recovers from Covid-19, businesses will need to be more agile and will expect the same from office space providers. By owning our properties outright, we can quickly adapt to customers' changing needs – from ensuring they are Covid-safe to making our offices ever more sustainable. This is distinct to Workspace and ideally positions us in the flight to flexibility.

Our immediate priority is to manage our way through the challenges of the second half of the year. With Government Covid-19 restrictions in place we expect to see further pressure on occupancy and pricing in the near-term, which will impact on our full year performance. However, our strong balance sheet, compelling customer offer and experienced team mean that Workspace is well positioned to navigate the challenges ahead and benefit as the economy recovers."

Summary Results

	September 2020	September 2019	Change
Financial performance			
Net rental income	**£36.5m**	£60.1m	-39%
Trading profit after interest†	**£15.3m**	£40.1m	-62%
Profit/(loss) before tax	**£(110.4)m**	£99.1m	-211%
Interim dividend per share	**-**	11.67p	-

	September 2020	March 2020	Change
Valuation			
EPRA net tangible assets per share†	**£10.05**	£10.88	-7.6%
EPRA net reinstatement value per share†	**£10.98**	£11.92	-7.9%
CBRE property valuation†	**£2,450m**	£2,574m	-4.9%**
Financing			
Loan to value	**23%**	21%	+2%*
Undrawn bank facilities and cash	**£127m**	£166m	-£39m*

† Alternative performance measure (APM). The Group uses a number of financial measures to assess and explain its performance. Some of these which are not defined within IFRS are considered APMs. For further details see Notes to the Financial Statements.
* absolute change
** underlying change excluding capital expenditure and disposals

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Details of results presentation

The results presentation will be published online at 07.30am and be available at www.workspace.co.uk/investors/reportingcentre

There will be a live Q&A session with Workspace's management team for analysts and investors today at 10.00am, available to access via webcast or conference call. Questions can be submitted either online via the webcast or to the operator on the conference call.

Webcast: The live webcast will be available here:
https://secure.emincote.com/client/workspace/workspace015

Conference call: In order to join the Q&A session via phone at 10am, please register at the following link and you will be provided with dial-in details and a unique access code:
https://secure.emincote.com/client/workspace/workspace015/vip_connect

Notes to Editors

About Workspace Group PLC:

Established in 1987, and listed on the London Stock Exchange since 1993, Workspace owns and manages some 4 million sq. ft. of business space in London. We are home to thousands of businesses, including fast growing and established brands across a wide range of sectors. Workspace is geared towards helping businesses perform at their very best. We provide inspiring, flexible work spaces in dynamic London locations.

Workspace (WKP) is a FTSE 250 listed Real Estate Investment Trust (REIT) and a member of the European Public Real Estate Association (EPRA).

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For more information on Workspace, visit www.workspace.co.uk

BUSINESS REVIEW

ENQUIRIES AND LETTINGS

The Covid-19 Government restrictions on public movement had a significant impact on enquiries and lettings in the first quarter but the improving trend seen in May and June continued into the second quarter, with enquiries reaching near pre-Covid levels by mid-September.

	Monthly average		Monthly activity					
	H1 2020/21	H1 2019/20	Sep 2020	Aug 2020	Jul 2020	Jun 2020	May 2020	Apr 2020
Enquiries	**687**	1,109	935	757	914	765	480	272
Viewings	**289**	708	491	345	469	318	95	14
Lettings	**81**	127	126	114	118	91	17	20

Activity levels reduced following the new Government restrictions and advice announced in September with 785 enquiries and 122 lettings in October.

RENT ROLL

Total rent roll, representing the total annualised net rental income at a given date, was down 11.0% in the six months to £118.2m at 30 September 2020, with overall occupancy reducing from 87.0% to 81.1%.

Rent Roll	£m
At 31 March 2020	132.8
Like-for-like portfolio	(12.9)
Completed projects	0.3
Projects underway and design stage	(2.0)
At 30 September 2020	**118.2**

The total estimated rental value (ERV) of the portfolio, comprising the ERV of the like-for-like portfolio and those properties currently undergoing refurbishment or redevelopment (but only including properties at the design stage at their current rent roll and occupancy) was £161.1m at 30 September 2020.

Like-for-like Portfolio

The like-for-like portfolio represents 84% of the total rent roll as at 30 September 2020. It comprises 38 properties with stabilised occupancy, excluding buildings impacted by significant refurbishment or redevelopment activity or contracted for sale. Like-for-like trends reported for previous financial years are not restated for the property transfers made in the current financial year.

The like-for-like rent roll has decreased by 11.6% (£12.9m) in the six months to 30 September 2020 to £98.8m. The decline has come from a 7.8% reduction in occupancy from 93.3% to 85.5%, combined with a 3.3% decrease in rent per sq. ft. to £40.61.

If all the like-for-like properties were at 90% occupancy at the CBRE estimated rental values at 30 September 2020, the rent roll would be £115.8m, £17.0m higher than the actual cash rent roll at 30 September 2020.

Completed Projects

There are five projects in the completed projects category, with overall rent roll increasing by 11% (£0.3m) in the six months to £3.3m and occupancy at 46%. This includes Mare Street, Hackney, and Lock Studios, Bow, which both opened in June 2020 providing 94,000 sq. ft. of net lettable space.

If the buildings in this category were all at 90% occupancy at the CBRE estimated rental values at 30 September 2020, the rent roll would be £7.7m, an uplift of £4.4m.

Projects Underway – Refurbishments

We are currently underway on six refurbishment projects that will deliver 240,000 sq. ft. of new and upgraded space. We expect the two refurbishments at Wenlock Studios, Old Street, and Parkhall Business Centre, Dulwich, to complete during the second half providing 88,000 sq. ft. of upgraded space. As at 30 September 2020, rent roll was £6.3m, down £1.8m in the six months.

Assuming 90% occupancy at the CBRE estimated rental values at 30 September 2020, the rent roll at these six buildings once they are completed would be £11.4m, an uplift of £5.1m.

Projects Underway – Redevelopments

There are currently two mixed-use redevelopment projects underway providing 58,000 sq. ft. of net lettable space, with the first delivering 17,000 sq. ft. of additional space at The Light Bulb, Wandsworth, completing in the second half of the year.

Assuming 90% occupancy at the CBRE estimated rental values at 30 September 2020, the rent roll at the two new business centres would be £1.3m.

Projects at Design Stage

These are properties where we are planning a refurbishment or redevelopment that has not yet commenced. In a number of cases this is because we are awaiting planning consent. The rent roll at these properties at 30 September 2020 was £9.8m, down £0.4m in the six months.

PROFIT PERFORMANCE

Trading profit after interest for the half year was down 61.8% (£24.8m) on the prior half year to £15.3m.

£m	**30 Sept 2020**	30 Sept 2019
Net rental income	**36.5**	60.1
Administrative expenses - underlying	**(7.8)**	(7.4)
Administrative expenses - share based costs*	**(1.6)**	(1.1)
Net finance costs	**(11.8)**	(11.5)
Trading profit after interest	**15.3**	40.1

* These relate to both cash and equity settled costs

Net rental income was down 39.3% (£23.6m) in total to £36.5m, as detailed below:

£m	**30 Sept 2020**	30 Sept 2019
Underlying net rental income	**57.7**	59.1
Rent discounts and waivers	**(19.9)**	-
Expected credit losses	**(1.5)**	(0.2)
Disposals	**0.2**	1.2
	36.5	60.1

There was a £1.4m (2.4%) decrease in underlying net rental income, largely driven by the fall in occupancy and average rent per sq. ft., partially offset by savings in direct costs and the letting up of recently completed projects.

Net rental income was significantly reduced by rent waivers and discounts given to customers, predominantly in respect of Q1. Overall, we have given rent reductions to over 90% of our customers (by rent), which represents a reduction in net rent totalling £19.9m in the half year. Additionally, although we hold rent deposits for the majority of our customers, the extension of Government restrictions on rent collection have impeded efforts to collect rent from a number of our customers resulting in a charge for expected credit losses of £1.5m.

Underlying administrative expenses increased by £0.4m to £7.8m, up 5.4%. The prior year benefited from a short-term saving in executive costs following Jamie Hopkins stepping down as CEO in May 2019. Discretionary costs and headcount are being kept under tight control.

Net finance costs increased by 2.6% (£0.3m) in the half year. The average net debt balance over the 6 months was £23.9m lower than the first six months of the prior year, whilst the average interest rate has increased marginally from 3.6% to 3.8%.

Loss before tax was £110.4m reflecting a decrease in the property valuation of £125.3m since 31 March 2020 compared to an increase of £59.6m in the first six months of the prior year.

£m	**30 Sept 2020**	30 Sept 2019
Trading profit after interest	**15.3**	40.1
Change in fair value of investment properties	**(125.3)**	59.6
Loss on sale of investment properties	**(0.2)**	-
Other items	**(0.2)**	(0.6)
(Loss)/profit before tax	**(110.4)**	99.1
Adjusted underlying earnings per share	**8.4p**	22.1p

The small loss on sale of investment properties relates to sales costs associated with a disposal which completed in the half year in line with the March 2020 valuation.

Adjusted underlying earnings per share, based on EPRA earnings adjusted for non-trading items and calculated on a diluted share basis, is down 62.0% to 8.4p.

INTERIM DIVIDEND

We remain focused on balancing the interests of shareholders and other stakeholders and the long-term sustainability of our business. The Board is mindful of the importance of income to shareholders but, in light of the current pandemic and following the Government's implementation of a second national lockdown, has decided to defer a decision on payment of a dividend until the full year.

PROPERTY VALUATION

At 30 September 2020, our property portfolio was independently valued by CBRE at £2,450m, an underlying decrease of 4.9% (£126m) in the half year. The main movements in the valuation over the half year are set out below:

	£m
Valuation at 31 March 2020	2,574
Revaluation	(126)
Capital expenditure	13
Disposals	(11)
Valuation at 30 September 2020	**2,450**

A summary of the half year valuation and revaluation movement by property type is set out below:

£m	Valuation	Uplift / deficit
Like-for-like Properties	1,898	(93)
Completed Projects	126	(6)
Refurbishments	323	(25)
Redevelopments	103	(2)
Total	**2,450**	**(126)**

Like-for-like Properties

There was a 4.7% (£93m) underlying decrease in the valuation of like-for-like properties to £1,898m. This is driven by a 3.1% decrease in the ERV per sq. ft. (£64m) reflecting price reductions we have seen on lettings and renewals completed in the first half of the year, and a small 8bps outward shift in equivalent yields (£29m).

	30 Sept 2020	31 March 2020	Change
ERV per sq. ft.	**£45.21**	£46.65	-3.1%
Rent per sq. ft.	**£40.61**	£41.98	-3.3%
Equivalent Yield	**5.9%**	5.8%	+0.1%
Net Initial Yield	**4.7%**	5.1%	-0.4%
Capital Value per sq. ft.	**£667**	£696	-4.2%

Completed Projects

There was an underlying decrease of 4.5% (£6m) in the value of the five completed projects to £126m. The overall valuation metrics for completed projects are set out below:

	30 Sept 2020
ERV per sq. ft.	**£37.10**
Rent per sq. ft.	**£30.85**
Equivalent Yield	**5.7%**
Net Initial Yield	**2.1%**
Capital Value per sq. ft.	**£549**

The major movements within this category were a decrease of £3.4m at Mare Street Studios, Hackney, which is at the early stage of letting up after being launched in June 2020, and a decrease of £2.5m at 160 Fleet Street with a 3% reduction in ERV reflecting the pricing of recent lettings.

Current Refurbishments and Redevelopments

There was an underlying decrease of 7.2% (£25m) in the value of our current refurbishments to £323m and a reduction of 1.9% (£2m) in the value of our current redevelopments to £103m.

The most significant movements in this category are a decrease of £5.6m at Fitzroy Street, Fitzrovia, where the sole occupier, as expected, has exercised their break ahead of our planned extensive refurbishment and a reduction of £4.2m at Biscuit Factory (J Block), Bermondsey, where the refurbishment programme has been delayed by Covid-19.

REFURBISHMENT ACTIVITY

A summary of the status of the refurbishment pipeline at 30 September 2020 is set out below:

Projects	Number	Capex spent	Capex to spend	Upgraded and new space (sq. ft.)
Underway	6	£15m	£15m	240,000
Design stage	4	–	£85m	310,000
Design stage (without planning)	1	–	£60m	155,000

REDEVELOPMENT ACTIVITY

Many of our properties are in areas where there is strong demand for mixed-use redevelopment. Our model is to use our expertise, knowledge and local relationships to obtain a mixed-use planning consent and then agree terms with a residential developer to undertake the redevelopment and construction at no cost and limited risk to Workspace. We receive back a combination of cash, new commercial space and overage in return for the sale of the residential scheme to the developer.

A summary of the status of the redevelopment pipeline at 30 September 2020 is set out below:

	No. of properties	Residential units	Cash received	Cash/ overage to come	New commercial space (sq. ft.)
Underway	2	277	£19m	£4m	58,000
Design stage	5	1,209	–	–	289,000

In June 2020, we were granted planning consent for a significant mixed-use redevelopment project in Wandsworth. The 5.4 acre site currently comprises 145,000 sq. ft. of low quality office, leisure and light industrial space, with a rent roll of £2.4m. The planning consent is for a new 106,000 sq. ft. business centre and 65,000 sq. ft. of new light industrial space, as well as 402 residential apartments, including 35% affordable housing.

ACQUISITIONS AND DISPOSALS

No acquisitions were made in the first half but we continue to track opportunities across London and remain disciplined in our returns criteria.

In September 2020, we completed the sale of Bow Exchange, Bow for £11.0m, in line with the 31 March 2020 valuation, at a capital value of £298 per sq. ft.

CASH FLOW

The Group generates strong operating cash flow in line with trading profit. A summary of cash flows in the half year are set out below:

£m	**30 Sept 2020**	30 Sept 2019
Net cash from operations after interest	**14**	44
Dividends paid	**(42)**	(38)
Capital expenditure	**(13)**	(33)
Property disposals and cash receipts	**11**	11
Other	**-**	(1)
Net movement	**(30)**	(17)
Opening debt (net of cash)	**(541)**	(580)
Closing debt (net of cash)	**(571)**	(597)

There is a reconciliation of net debt in note 13(b) to the financial statements.

Cash collection in the first half of the year has been adversely impacted by the effect of Covid-19 on many of our customers' businesses and by the Government restrictions on rent collection measures. In addition to the £19.9m of rent discounts given to customers in the first half, rent deferrals were also agreed with customers on a case by case basis totalling £3.3m, of which £2.5m remains outstanding at 30 September 2020.

Rent collection remains strong with 95% of rents (after discounts and deferrals) for the first half collected by 2 November 2020.

	Q1	Q2	**H1**
Rent collected as proportion of rent receivable after discounts and deferrals	97%	94%	**95%**
Rent collected as proportion of gross rents	44%	88%	**66%**

The majority of the amounts still outstanding are covered by rent deposits or by the provision for doubtful debts.

In the second half of the year, 86% of third quarter rent (including October monthly rents) were collected by 2 November 2020.

FINANCING

As at 30 September 2020, the Group had £4.3m of available cash and £123m of undrawn facilities:

	Drawn amount	Facility	Maturity
Private Placement Notes	£448.5m	£448.5m	2023-2029
Bank facilities	£127.0m	£250.0m	2022
Total	**£575.5m**	**£698.5m**	

All facilities are provided on an unsecured basis with an average maturity of 4.1 years (31 March 2020: 4.5 years).

The average interest cost of our fixed rate private placement notes is 4.1%. Our revolver bank facilities are provided at a floating rate of 1.65% over LIBOR. At 30 September 2020, 64% of our facilities are at fixed rates, representing 78% of our borrowings on a drawn basis.

At 30 September 2020, loan to value (LTV) was 23% (31 March 2020: 21%) and interest cover (based on net rental income) was 4.5 times (31 March 2020: 5.2), providing good headroom on all facility covenants. We estimate that we could withstand a reduction in net rental income of 52% or a fall in asset valuation of 61% before any debt covenants are breached.

NET ASSETS

Net assets decreased in the six months by £153m to £1,845m. EPRA net tangible assets (NTA) per share at 30 September 2020 was down 7.6% (£0.83) to £10.05 and EPRA net reinstatement value (NRV) per share was down 7.9% (£0.94) to £10.98:

	EPRA NRV per share £	EPRA NTA per share £
At 31 March 2020	11.92	10.88
Adjusted trading profit after interest	0.08	0.08
Property valuation deficit	(0.69)	(0.69)
Purchasers costs	(0.11)	-
Dividends paid	(0.24)	(0.24)
Other	0.02	0.02
At 30 September 2020	**10.98**	**10.05**

The calculation of EPRA NTA and NRV per share measures are set out in note 8 of the financial statements.

OUTLOOK FOR THE YEAR TO 31 MARCH 2021

There remains significant uncertainty about the full year trading result, with our performance very sensitive to Covid-19 and associated Government restrictions. We have, however, modelled a number of scenarios that provide comfort on the continuing robustness of the business as a going concern. The key variables for our operating performance are occupancy and pricing, with a 5% change in occupancy having an impact of approximately £7m, and a 5% change in rent per sq. ft. having an impact of approximately £6m on rent roll. A 5% change in occupancy would also increase void costs by around £2m on an annualised basis.

Our immediate focus is on retaining existing customers, alongside capturing the demand from new customers. Performance in the second half of the year will be driven by a combination of:

- The reduction in income from customers that vacated during the first half.

- Existing customers downsizing and vacating in the second half of the year, sensitive to Government restrictions.

- New customer demand, although again sensitive to any Government policy restrictions.

KEY PROPERTY STATISTICS

	Half Year ended			
	30 Sept 2020	31 March 2020	30 Sept 2019	31 March 2019
Workspace Group Portfolio				
CBRE property valuation	**£2,450m**	£2,574m	£2,682m	£2,604m
Number of locations	**58**	59	64	64
Lettable floorspace (million sq. ft.)	**3.9**	3.9	4.0	3.9
Number of lettable units	**4,147**	4,009	4,969	4,796
Rent roll of occupied units	**£118.2m**	£132.8m	£130.4m	£127.5m
Average rent per sq. ft.	**£37.15**	£39.18	£38.06	£38.45
Overall occupancy	**81.1%**	87.0%	86.3%	84.8%
Like-for-like number of properties	**38**	29	28	30
Like-for-like lettable floor space (million sq. ft.)	**2.8**	2.2	2.2	2.1
Like-for-like rent roll growth	**(11.6)%**	1.2%	0.7%	(0.4)%
Like-for-like rent per sq. ft. growth	**(3.3)%**	0.3%	(1.0)%	1.0%
Like-for-like occupancy movement	**(7.8)%**	0.9%	1.7%	(0.7)%

1) The like-for-like category has been restated in the current financial year for the following:
   - The transfer in of Goswell Road, Cannon Wharf, Ink Rooms, 60 Gray's Inn Road, The Light Box, Edinburgh House, The Frames, The Leather Market, China Works and Fuel Tank from the completed projects category
   - The transfer in of Canalot Studios from the refurbishment projects category
   - The transfer in of Poplar Business Park from the redevelopment projects category
   - The transfer out of Westbourne Studios to the refurbishment projects category
   - The transfer out of Mallard Place to the redevelopment projects category
2) Like-for-like statistics for prior years are not restated for the changes made to the like-for-like property portfolio in the current financial year.
3) Overall rent per sq. ft. and occupancy statistics include the lettable area at like-for-like properties and all refurbishment and redevelopment projects, including those projects recently completed and also properties where we are in the process of obtaining vacant possession.

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Notes	**Unaudited 6 months ended 30 September 2020 £m**	Unaudited 6 months ended 30 September 2019 £m	Audited Year ended 31 March 2020 £m
Revenue	2	**75.5**	80.2	161.4
Direct costs	2	**(39.0)**	(20.1)	(39.4)
Net rental income	2	**36.5**	60.1	122.0
Administrative expenses		**(9.4)**	(8.5)	(17.7)
Trading profit		**27.1**	51.6	104.3
Loss on disposal of investment properties	3(a)	**(0.2)**	-	(0.8)
Other expenses	3(b)	**(0.2)**	(0.6)	(0.2)
Change in fair value of investment properties	9	**(125.3)**	59.6	(7.5)
Operating (loss)/ profit		**(98.6)**	110.6	95.8
Finance costs	4	**(11.8)**	(11.5)	(23.3)
(Loss)/ profit before tax		**(110.4)**	99.1	72.5
Taxation	5	**-**	-	(0.4)
(Loss)/ profit for the period after tax		**(110.4)**	99.1	72.1
Basic earnings per share	7	**(61.1)p**	54.9p	40.0p
Diluted earnings per share	7	**(60.8)p**	54.5p	39.7p

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Unaudited 6 months ended 30 September 2020 £m	Unaudited 6 months ended 30 September 2019 £m	Audited Year ended 31 March 2020 £m
(Loss)/ profit for the period	**(110.4)**	99.1	72.1
Other comprehensive income:			
Items that may be classified subsequently to profit or loss:			
Change in fair value of other investments	**-**	(1.6)	(1.9)
Cash flow hedge – transfer to income statement	**3.7**	(4.3)	(4.2)
Cash flow hedge – change in fair value	**(4.2)**	6.4	8.3
Total comprehensive income for the period	**(110.9)**	99.6	74.3

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2020

	Notes	**Unaudited 30 September 2020 £m**	Audited 31 March 2020 £m	Unaudited 30 September 2019 £m
Non-current assets				
Investment properties	9	**2,471.4**	2,586.3	2,635.6
Intangible assets		**2.2**	2.0	2.0
Property, plant and equipment		**4.3**	4.8	3.7
Other investments		**7.9**	7.9	8.2
Trade and other receivables	10	**-**	-	4.5
Derivative financial instruments	13(e) & (f)	**14.3**	18.5	16.5
Deferred tax		**0.5**	0.6	-
		2,500.6	2,620.1	2,670.5
Current assets				
Assets held for sale	9	**-**	11.0	60.5
Trade and other receivables	10	**35.0**	25.2	21.6
Cash and cash equivalents	11	**12.4**	79.2	20.5
		47.4	115.4	102.6
Total assets		**2,548.0**	2,735.5	2,773.1
Current liabilities				
Trade and other payables	12	**(90.3)**	(83.1)	(87.4)
Borrowings	12	**-**	(9.0)	**-**
		(90.3)	(92.1)	(87.4)
Non-current liabilities				
Borrowings	13(a)	**(586.9)**	(617.2)	(623.0)
Lease obligations	14	**(26.3)**	(28.2)	(20.5)
		(613.2)	(645.4)	(643.5)
Total liabilities		**(703.5)**	(737.5)	(730.9)
Net assets		**1,844.5**	1,998.0	2,042.2
Shareholders' equity				
Share capital	17	**181.1**	180.7	180.7
Share premium		**295.1**	295.4	295.4
Investment in own shares		**(9.6)**	(9.6)	(9.9)
Other reserves		**33.2**	32.2	28.7
Retained earnings		**1,344.7**	1,499.3	1,547.3
Total shareholders' equity		**1,844.5**	1,998.0	2,042.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

		Attributable to owners of the Parent					
Unaudited 6 months to 30 September 2020	Notes	Share capital £m	Share premium £m	Investment in own shares £m	Other reserves £m	Retained earnings £m	Total Share-holders' equity £m
Balance at 1 April 2020		180.7	295.4	(9.6)	32.2	1,499.3	1,998.0
Profit for the period		-	-	-	-	(110.4)	(110.4)
Other comprehensive income		-	-	-	(0.5)	-	(0.5)
Total comprehensive income		-	-	-	(0.5)	(110.4)	(110.9)
Transactions with owners:							
Share issues	17	0.4	(0.3)	-	-	-	0.1
Own share purchase (net)		-	-	-	-	-	-
Dividends paid	6	-	-	-	-	(44.2)	(44.2)
Share based payments		-	-	-	1.5	-	1.5
Balance at 30 September 2020		**181.1**	**295.1**	**(9.6)**	**33.2**	**1,344.7**	**1,844.5**

Unaudited 6 months to 30 September 2019							
Balance at 1 April 2019		180.4	295.1	(9.3)	27.4	1,488.4	1,982.0
Profit for the period		-	-	-	-	99.1	99.1
Other comprehensive income		-	-	-	0.5	-	0.5
Total comprehensive income		-	-	-	0.5	99.1	99.6
Transactions with owners:							
Share issues	17	0.3	0.3	-	-	-	0.6
Own share purchase (net)				(0.6)			(0.6)
Dividends paid	6	-	-	-	-	(40.2)	(40.2)
Share based payments		-	-	-	0.8	-	0.8
Balance at 30 September 2019		**180.7**	**295.4**	**(9.9)**	**28.7**	**1,547.3**	**2,042.2**

Audited 12 months to 31 March 2020							
Balance at 1 April 2019		180.4	295.1	(9.3)	27.4	1,488.4	1,982.0
Profit for the year		-	-	-	-	72.1	72.1
Other comprehensive income		-	-	-	2.2	-	2.2
Total comprehensive income		-	-	-	2.2	72.1	74.3
Transactions with owners:							
Share issues	17	0.3	0.3	(0.3)	-	-	0.3
Own share purchase (net)		-	-	-	-	-	-
Dividends paid	6	-	-	-	-	(61.2)	(61.2)
Share based payments		-	-	-	2.6	-	2.6
Balance at 31 March 2020		**180.7**	**295.4**	**(9.6)**	**32.2**	**1,499.3**	**1,998.0**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 30 SEPTEMBER 2020

	Notes	**Unaudited 6 month ended 30 September 2020 £m**	Unaudited 6 months ended 30 September 2019 £m	Audited Year ended 31 March 2020 £m
Cash flows from operating activities				
Cash generated from operations	15	**25.6**	55.4	108.7
Interest paid		**(11.8)**	(12.0)	(24.1)
Tax paid		**(0.7)**	0.2	0.1
Net cash inflow from operating activities		**13.1**	43.6	84.7
Cash flows from investing activities				
Capital expenditure on investment properties		**(12.2)**	(32.6)	(59.7)
Proceeds from disposal of investment properties		**11.0**	10.5	75.0
Purchase of intangible assets		**(0.5)**	(0.6)	(0.9)
Purchase of property, plant and equipment		**(0.4)**	(0.6)	(2.3)
Other income (overage receipts)		**-**	0.6	2.0
Purchase of investments		**(0.1)**	(0.1)	0.5
Net cash (outflow)/ inflow from investing activities		**(2.2)**	(22.8)	14.6
Cash flows from financing activities				
Proceeds from issue of ordinary share capital		**0.1**	0.6	0.6
Settlement and re-couponing of derivative financial instruments		**-**	(0.1)	-
Repayment of Private Placement Notes		**(9.0)**	-	-
Repayment of bank borrowings		**(81.0)**	(25.0)	(90.1)
Drawdown of bank borrowings		**54.0**	36.0	104.0
Own shares purchased		**-**	(0.6)	(0.3)
Dividends paid	6	**(41.8)**	(37.9)	(61.0)
Net cash outflow from financing activities		**(77.7)**	(27.0)	(46.8)
Net (decrease)/ increase in cash and cash equivalents		**(66.8)**	(6.2)	52.5
Cash and cash equivalents at start of period	11	**79.2**	26.7	26.7
Cash and cash equivalents at end of period	11	**12.4**	20.5	79.2

1. Accounting policies

Basis of preparation

The half year report has been prepared in accordance with the Disclosure and Transparency Rules 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 2020, 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 Annual Report and Accounts for the year to 31 March 2020, which were prepared under IFRS as adopted by the European Union have been delivered to the Registrar of Companies. The auditor's 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.

There have been no changes in estimates of amounts reported in prior periods which have a material impact on the current half year period.

As with most other UK property companies and REITs, the Group presents many of its financial measures in accordance with the guidance criteria issued by the European Public Real Estate Association ('EPRA'). These measures, which provide consistency across the sector, are all derived from the IFRS figures in notes 7 and 8.

Going concern

The Board is required to assess the appropriateness of applying the going concern basis in the preparation of the financial statements. In considering this, the Directors have reviewed a financial forecast and cashflow model for the 18 month period to 31 March 2022. The model has been prepared on the basis of a severe but plausible downside scenario which includes key assumptions around the continued impact of Covid-19 alongside other principal risks.
Key assumptions in this scenario include:

- A further reduction of 12% in occupancy and 6% in pricing.
- Occupancy to stabilise at the low point of March 2021 with a limited and slow recovery thereafter.
- A further 20% reduction in NRI reflecting risk of unrecoverable rent.
- An expansion in investment yields of 100bps at March 2021.

The appropriateness of the going concern basis is reliant on the continued availability of borrowings and compliance with loan covenants. Based on the financial forecast the group could withstand a reduction in net rental income of 52 percent and a fall in the asset valuation of 61 percent before covenants are breached, assuming no mitigating actions are taken. As at 30 September 2020, the company had significant headroom on its facilities and loan covenants with £4m of cash, undrawn facilities of £123m and no debt due to be refinanced until June 2022. For the full period considered, the Group maintains sufficient headroom in its cash and loan facilities and loan covenants are met.

Based on these factors, and the outcome of their review, the Directors have a reasonable expectation that the Group and the Company have adequate resources and sufficient loan facility headroom to continue as a going concern.

This report was approved by the Board on 10 November 2020.

Change in accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2020, with the exception of the following standards, amendments and interpretations endorsed by the EU were effective for the first time for the Group's current accounting period and had no material impact on the financial statements.

- References to Conceptual Framework in IFRSs (amended);
- IAS 1 and IAS 8 (amended) – Definition of Material;
- IFRS 3 (amended) – Definition of a Business;
- IFRS 16 (amended) – Covid-19-related Rent Concessions.

Derecognition of trade receivables

Discounts have been provided to the majority of our customers on receipt of payment for the net amount due for the discounted period. These retrospective discounts are considered to be a partial forgiveness of the trade receivable. In accordance with IFRS 9, the element of the trade receivable that has been forgiven has been derecognised in the balance sheet and recognised as a loss in the income statement.

Standards in issue but not yet effective

The following standards, amendments and interpretations were in issue at the date of approval of these financial statements but were not yet effective for the current accounting period and have not been adopted early. Based on the Group's current circumstances, the Directors do not anticipate that their adoption in future periods will have a material impact on the financial statements of the Group.

- IFRS 17 – Insurance Contracts;
- IAS 1 (amended) – Classification of liabilities as current or non-current;
- IFRS 10 and IAS 28 (amended) – Sale or Contribution of Assets between an investor and its Associate or Joint Venture.

Significant judgments, key assumptions and estimates

Property portfolio valuation
The valuation provided by CBRE at 31 March 2020 included a materiality uncertainty clause as required by the Royal Institution of Chartered Surveyors (RICS) in response to the Covid-19 pandemic. This was to reflect that less certainty and consequently, a higher degree of caution should be attached to the valuation than would normally be the case. This requirement has since been relaxed and the valuation as at 30 September does not include a material uncertainty clause.

Impairment testing of trade receivables and other financial assets
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment based on the expected credit loss. Accrued income has been recognised in accordance with IFRS 16 in relation to the spreading of rental income which has been deferred in agreement with some customers and due to be repaid over the remaining period of their lease. We provide for the impairment of trade receivables and accrued income in accordance with IFRS 9 based on the expected credit loss which uses a lifetime expected loss allowance for all trade receivables based on the individual occupiers' circumstance. Due to the impact of Covid-19 on our customers we are experiencing a higher level of unpaid debts than is usual which is reflected in the increased provision for this period.

2. Analysis of net rental income

	6 months ended 30 September 2020			6 months ended 30 September 2019		
	Revenue £m	**Direct costs £m**	**Net rental income £m**	Revenue £m	Direct costs £m	Net rental income £m
Rental income	**63.7**	**(20.7)**	**43.0**	65.6	(1.5)	64.1
Service charges	**9.9**	**(12.7)**	**(2.8)**	10.9	(13.2)	(2.3)
Empty rates and other non-recoverable costs	**-**	**(3.2)**	**(3.2)**	-	(2.8)	(2.8)
Services, fees, commissions and sundry income	**1.9**	**(2.4)**	**(0.5)**	3.7	(2.6)	1.1
	75.5	**(39.0)**	**36.5**	80.2	(20.1)	60.1

	Year ended 31 March 2020		
	Revenue £m	**Direct costs £m**	**Net rental income £m**
Rental income	132.7	(2.2)	130.5
Service charges	21.8	(25.5)	(3.7)
Empty rates and other non-recoverable costs	-	(6.3)	(6.3)
Services, fees, commissions and sundry income	6.9	(5.4)	1.5
	161.4	(39.4)	122.0

Included within direct costs for rental income and service charge in the period are amounts of £17.9m and £2.0m respectively, relating to discounts provided to customers, accounted for in accordance with IFRS9. Additionally, a charge of £1.5m for expected credit losses in respect of receivables from customers is recognised in direct costs of rental income in the period.

All of the properties within the portfolio are geographically close to each other and have similar economic features and risks. Management information utilised by the Executive Committee to monitor and assess performance is reviewed as one portfolio. As a result, management have determined that the Group operates a single operating segment of providing business space for rent in London.

3(a). Loss on disposal of investment properties

	6 months ended 30 September 2020 £m	6 months ended 30 September 2019 £m	Year ended 31 March 2020 £m
Proceeds from sale of investment properties (net of sale costs)	**11.0**	15.0	79.5
Book value at time of sale	**(11.2)**	(15.0)	(80.3)
Loss on disposal	**(0.2)**	-	(0.8)

3(b). Other expenses

	6 months ended 30 September 2020 £m	6 months ended 30 September 2019 £m	Year ended 31 March 2020 £m
Change in fair value of deferred consideration	**0.2**	0.6	0.2
	0.2	0.6	0.2

The value of deferred consideration (cash and overage) from the sale of investment properties has been re-valued by CBRE Limited at 30 September 2020. The amounts receivable are included in the consolidated balance sheet under current trade and other receivables (note 10).

4. Finance costs

	6 months ended 30 September 2020 £m	6 months ended 30 September 2019 £m	Year ended 31 March 2020 £m
Interest payable on bank loans and overdrafts	**(1.6)**	(2.1)	(4.1)
Interest payable on other borrowings	**(9.2)**	(9.4)	(18.6)
Amortisation of issue costs of borrowings	**(0.4)**	(0.4)	(0.7)
Interest on lease liabilities	**(0.8)**	(0.6)	(1.7)
Interest capitalised on property refurbishments (note 9)	**0.2**	1.0	1.8
Foreign exchange (losses)/gains on financing activities	**(3.7)**	4.3	4.2
Cash flow hedge – transfer from equity	**3.7**	(4.3)	(4.2)
Total finance costs	**(11.8)**	(11.5)	(23.3)

5. Taxation

	6 months ended 30 September 2020 £m	6 months ended 30 September 2019 £m	Year ended 31 March 2020 £m
Current tax:			
UK corporation tax	**-**	-	0.8
Deferred tax:			
On origination and reversal of temporary differences	**-**	-	(0.4)
Total taxation charge	**-**	-	0.4

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 (31 March 2020: £0.4m, 30 September 2019: £nil).

6. Dividends

Ordinary dividends paid	Payment date	Per share	6 months ended 30 September 2020 £m	6 months ended 30 September 2019 £m	Year ended 31 March 2020 £m
For the year ended 31 March 2019:					
Final dividend	August 2019	22.26p	**-**	40.2	40.2
For the year ended 31 March 2020:					
Interim dividend	February 2020	11.67p	**-**	-	21.0
Final dividend	August 2020	24.49p	**44.2**	-	-
Dividends for the period			**44.2**	40.2	61.2
Timing difference on payment of withholding tax			**(2.4)**	(2.3)	(0.2)
Dividends cash paid			**41.8**	37.9	61.0

7. Earnings per share

Earnings used for calculating earnings per share:	6 months ended 30 September 2020 £m	6 months ended 30 September 2019 £m	Year ended 31 March 2020 £m
Basic and diluted earnings	**(110.4)**	99.1	72.1
Change in fair value of investment properties	**125.3**	(59.6)	7.5
Loss on disposal of investment properties	**0.2**	-	0.8
EPRA earnings	**15.1**	39.5	80.4
Adjustment for non-trading items:			
Other expenses (note 3(b))	**0.2**	0.6	0.2
Taxation	**-**	-	0.4
Adjusted trading profit after interest	**15.3**	40.1	81.0

Earnings have been adjusted to derive an earnings per share measure as defined by the European Public Real Estate

Association (EPRA) and an adjusted underlying earnings per share measure.

Number of shares used for calculating earnings per share:	**6 months ended 30 September 2020**	6 months ended 30 September 2019	Year ended 31 March 2020
Weighted average number of shares (excluding own shares held in trust)	**180,725,220**	180,366,326	180,465,649
Dilution due to share option schemes	**888,198**	1,186,691	981,867
Weighted average number of shares for diluted earnings per share	**181,613,418**	181,553,017	181,447,516

	6 months ended 30 September 2020	6 months ended 30 September 2019	Year ended 31 March 2020
Basic earnings per share	**(61.1)p**	54.9p	40.0p
Diluted earnings per share	**(60.8)p**	54.5p	39.7p
EPRA earnings per share	**8.4p**	21.9p	44.5p
Adjusted underlying earnings per share[1]	**8.4p**	22.1p	44.6p

[1] Adjusted underlying earnings per share is calculated on a diluted basis.

8. Net assets per share

Number of shares used for calculating net assets per share:	**30 September 2020**	31 March 2020	30 September 2019
Shares in issue at period-end	**181,106,425**	180,747,868	180,729,144
Less own shares held in trust at period-end	**(165,034)**	(174,719)	(174,719)
Number of shares for calculating basic net assets per share	**180,941,391**	180,573,149	180,554,425
Dilution due to share option schemes	**1,038,337**	1,232,747	1,119,431
Number of shares for calculating diluted adjusted net assets per share	**181,979,728**	181,805,896	181,673,856

	30 September 2020	31 March 2020	30 September 2019
Basic net assets per share	**£10.19**	£11.07	£11.31
Diluted net assets per share	**£10.14**	£10.99	£11.24

EPRA Net Asset Value Metrics

EPRA published updated best practice reporting guidance in October 2019, which included 3 new Net Asset Valuation metrics; EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV). This new set of EPRA NAVs metrics came into full effect for accounting periods starting from 1st January 2020, presented below for comparison to the EPRA NAV metric.

	September 2020			March 2020		
	EPRA NRV £m	**EPRA NTA £m**	**EPRA NDV £m**	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
IFRS Equity attributable to shareholders	**1,844.5**	**1,844.5**	**1,844.5**	1,998.0	1,998.0	1,998.0
Derivative financial instruments at fair value	**(14.3)**	**(14.3)**	**-**	(18.5)	(18.5)	-
Intangibles per IFRS balance sheet	**-**	**(2.2)**	**-**	-	(2.0)	-
Excess of fair value of debt over book value	**-**	**-**	**31.6**	-	-	11.9
Purchasers costs	**166.6**	**-**	**-**	187.8	-	-
New EPRA measure	**1996.8**	**1,828.0**	**1,876.1**	2,167.3	1,977.5	2,009.9
Number of shares for calculating diluted net assets per share (millions)	**182.0**	**182.0**	**182.0**	181.8	181.8	181.8
New EPRA measure per share	**£10.97**	**£10.05**	**£10.31**	£11.92	£10.88	£11.06

	September 2019		
	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
IFRS Equity attributable to shareholders	2,042.2	2,042.2	2,042.2
Derivative financial instruments at fair value	(16.5)	(16.5)	-
Intangibles per IFRS balance sheet	-	(2.0)	-
Excess of fair value of debt over book value	-	-	32.0
Purchasers costs	182.4	-	-
New EPRA measure	2,208.1	2,023.7	2,074.2
Number of shares for calculating diluted net assets per share (millions)	181.7	181.7	181.7
New EPRA measure per share	£12.15	£11.14	£11.42

Reconciliation to previously reported EPRA NAV

	September 2020			March 2020		
	EPRA NRV £m	**EPRA NTA £m**	**EPRA NDV £m**	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
Net assets at end of period (basic)	**1,844.5**	**1,844.5**	**1,844.5**	1,998.0	1,998.0	1,998.0
Derivative financial instruments at fair value	**(14.3)**	**(14.3)**	**(14.3)**	(18.5)	(18.5)	(18.5)
EPRA NAV	**1,830.2**	**1,830.2**	**1,830.2**	1,979.5	1,979.5	1,979.5
Derivative financial instruments at fair value	**-**	**-**	**14.3**	-	-	18.5
Exclude Intangibles per IFRS balance sheet	**-**	**(2.2)**	**-**	-	(2.0)	-
Excess of fair value of debt over book value	**-**	**-**	**31.6**	-	-	11.9
Purchasers costs	**166.6**	**-**	**-**	187.8	-	-
New EPRA measure	**1996.8**	**1,828.0**	**1,876.1**	2,167.3	1,977.5	2,009.9

	September 2019		
	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
Net assets at end of period (basic)	2,042.2	2,042.2	2,042.2
Derivative financial instruments at fair value	(16.5)	(16.5)	(16.5)
EPRA NAV	2,025.7	2,025.7	2,025.7
Derivative financial instruments at fair value	-	-	16.5
Exclude Intangibles per IFRS balance sheet	-	(2.0)	-
Excess of fair value of debt over book value	-	-	32.0
Purchasers costs	182.4	-	-
New EPRA measure	2.208.1	2,023.7	2,074.2

9. Investment Properties

	30 September 2020 £m	31 March 2020 £m	30 September 2019 £m
Balance at 1 April	**2,586.3**	2,591.4	2,591.4
Capital expenditure	**12.1**	53.5	28.4
Remeasurement of leases	**(1.9)**	12.4	4.7
Capitalised interest on refurbishments (note 4)	**0.2**	1.8	1.0
Disposals during the period	**-**	(65.3)	-
Change in fair value of investment properties	**(125.3)**	(7.5)	59.6
Balance at end of period	**2,471.4**	2,586.3	2,685.1
Less: reclassified as held for sale	**-**	-	(49.5)
Total investment properties	**2,471.4**	2,586.3	2,635.6

Investment properties represent a single class of property being business accommodation for rent in London.

Capitalised interest is included at a rate of capitalisation of 3.8% (March 2020: 4.0%, September 2019 4.3%). The total amount of capitalised interest included in investment properties is £14.3m (March 2020: £14.1m, September 2019 £13.3m).

The change in fair value of investment properties is recognised in the consolidated income statement.

The Group occupies around 14,000 square feet of space within one of its Investment Properties as its Head Office. The deemed valuation of this space equates to approximately 0.5% of the overall Investment Property valuation and as such has not been split out as specific Owner Occupied Property.

Valuation

The Group's investment properties are held at fair value and were revalued at 30 September 2020 by the external valuer, CBRE Limited, a firm of independent qualified valuers in accordance with the Royal Institution of Chartered Surveyors Valuation – Global Standards. All the properties are revalued at period end regardless of the date of acquisition. This includes a physical inspection of all properties, at least once a year. In line with IFRS 13, all investment properties are valued on the basis of their highest and best use.

The valuation provided by CBRE at 31 March 2020 included a materiality uncertainty clause as required by the Royal Institution of Chartered Surveyors (RICS) in response to the Covid-19 pandemic. This was to reflect that less certainty and consequently a higher degree of caution should be attached to the valuation than would normally be the case. This requirement has since been relaxed and the valuation as at 30 September does not include a material uncertainty clause.

The valuation of like-for-like properties (which are not subject to refurbishment or redevelopment) is based on the income capitalisation method which applies market-based yields to the Estimated Rental Values (ERVs) of each of the properties. Yields are based on current market expectations depending on the location and use of the property. ERVs are based on estimated rental potential considering current rental streams, market comparatives, occupancy and timing of rent reviews. Whilst there is market evidence for these inputs and recent transaction prices for similar properties, there is still a significant element of estimation and judgement. As a result of adjustments made to market observable data, the significant inputs are deemed unobservable under IFRS 13.

When valuing properties being refurbished by Workspace, the residual value method is used. The completed value of the refurbishment is determined as for like-for-like properties above. Capital expenditure required to complete the building is then deducted and a discount factor is applied to reflect the time period to complete construction and allowance made for construction and market risk to arrive at the residual value of the property.

The discount factor used is the property yield that is also applied to the ERV to determine the value of the completed building. Other risks such as unexpected time delays relating to planned capital expenditure are assessed on a project-by-project basis, looking at market comparable data where possible and the complexity of the proposed scheme.

Redevelopment properties are also valued using the residual value method. The completed proposed redevelopment which would be undertaken by a residential developer is valued based on the market value for similar sites and then adjusted for costs to complete, developer's profit margin and a time discount factor. Allowance is also made for planning and construction risk depending on the stage of the redevelopment. If a contract is agreed for the sale/redevelopment of the site, the property is valued based on agreed consideration.

For all methods the valuers are provided with information on tenure, letting, town planning and the repair of the buildings and sites.

The reconciliation of the valuation report total to the amount shown in the consolidated balance sheet as non-current assets, investment properties, is as follows:

	30 September 2020 £m	31 March 2020 £m	30 September 2019 £m
Total per CBRE valuation report	**2,450.3**	2,574.4	2,681.9
Deferred consideration on sale of property	**(5.2)**	(5.3)	(6.3)
Head leases obligations	**26.3**	28.2	20.5
Less: reclassified as held for sale	**-**	(11.0)	(60.5)
Total investment properties per balance sheet	**2,471.4**	2,586.3	2,635.6

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 the 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 current or previous year.

The following table summarises the valuation techniques and inputs used in the determination of the property valuation at 30 September 2020.

Key unobservable inputs:

			ERVs – per sq. ft.		Equivalent yields	
Property category	Valuation £m	Valuation technique	Range	Weighted average	Range	Weighted average
Like-for-like	1,897.9	1	£12 - £70	£45	4.5% - 7.4%	5.9%
Completed projects	126.3	1	£23 - £52	£37	4.6% - 6.5%	5.7%
Refurbishments	322.6	2	£19 - £70	£34	4.3% - 6.4%	5.3%
Redevelopments	98.3	2	£14 - £35	£19	3.9% - 6.7%	5.3%
Head leases	26.3	n/a				
Total	2,471.4					

1 = Income capitalisation method.
2 = Residual value method.

Developer's profit is a key unobservable input for redevelopments and refurbishments at planning stage. The range is 14%–19% with a weighted average of 16%.

Costs to complete is a key unobservable input for redevelopments at planning stage with a range of £213–£274 per sq. ft. and a weighted average of £238 per sq. ft.

Costs to complete are not considered to be a significant unobservable input for refurbishments due to the high percentage that is already fixed.

10. Trade and other receivables

Non-current deferred consideration	**30 September 2020 £m**	31 March 2020 £m	30 September 2019 £m
Deferred consideration on sale of investment properties	-	-	4.5

Current trade and other receivables	**30 September 2020 £m**	31 March 2020 £m	30 September 2019 £m
Trade receivables	**14.0**	10.0	7.6
Prepayments, other receivables and accrued income	**15.8**	9.9	12.2
Deferred consideration on sale of investment properties	**5.2**	5.3	1.8
	35.0	25.2	21.6

Included within trade receivables is the provision for impairment of receivables of £2.6m (March 2020: £1.1m, September 2019: £0.9m). In accordance with IFRS16 £2.5m covid-19 deferrals are being accounted for within other receivables (March 2020: £nil, September 2019: £nil).

The deferred consideration arising on the sale of investment properties relates to cash and overage. The overage has been fair valued by CBRE Limited on the basis of residual value, 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. The change in fair value recorded in the Consolidated income statement was a loss of £0.2m (31 March 2020: loss of £0.2m, 30 September 2018: loss of £0.6m) (note 3(b)).

Receivables at fair value:
Included within deferred consideration (both non-current and current) on sale of investment properties is £5.2m (March 2020: £5.3m, September 2019: £6.3m) of overage or cash which is held at fair value through profit and loss.

Receivables at amortised cost:
The remaining receivables are held at amortised cost. There is no material difference between the above amounts and their fair values due to the short-term nature of the receivables. All the Group's trade and other receivables are denominated in Sterling.

11. Cash and cash equivalents

	30 September 2020 £m	31 March 2020 £m	30 September 2019 £m
Cash at bank and in hand	**4.3**	70.3	11.6
Restricted cash – tenants' deposit deeds	**8.1**	8.9	8.9
	12.4	79.2	20.5

Tenants' deposit deeds represent returnable cash security deposits received from tenants and are ring-fenced under the terms of the individual lease contracts.

12. Trade and other payables

	30 September 2020 £m	31 March 2020 £m	30 September 2019 £m
Trade payables	**9.7**	4.8	6.7
Other tax and social security payable	**13.2**	5.6	6.1
Corporation tax payable	**-**	0.8	-
Tenants' deposit deeds (note 14)	**8.1**	8.9	8.9
Tenants' deposits	**23.6**	25.6	24.2
Accrued expenses	**24.4**	26.6	29.0
Deferred income – rent and service charges	**11.3**	10.8	12.5
	90.3	83.1	87.4

There is no material difference between the above amounts and their fair values due to the short-term nature of the payables.

13. Borrowings

(a) Balances

	30 September 2020 £m	31 March 2020 £m	30 September 2019 £m
Current			
Senior Floating Rate Notes 2020 (unsecured)	**-**	9.0	-
	-	9.0	-

	30 September 2020 £m	31 March 2020 £m	30 September 2019 £m
Non-current			
Bank loans (unsecured)	**126.2**	153.0	149.8
5.6% Senior US Dollar Notes 2023 (unsecured)	**77.5**	81.0	81.1
5.53% Senior Notes 2023 (unsecured)	**83.9**	83.9	83.9
Senior Floating Rate Notes 2020 (unsecured)	**-**	-	9.0
3.07% Senior Notes 2025 (unsecured)	**79.8**	79.8	79.7
3.19% Senior Notes 2027 (unsecured)	**119.7**	119.7	119.7
3.6% Senior Notes 2029 (unsecured)	**99.8**	99.8	99.8
	586.9	617.2	623.0

(b) Net Debt

	30 September 2020 £m	31 March 2020 £m	30 September 2019 £m
Borrowings per (a) above	**586.9**	626.2	623.0
Adjust for:			
Cost of raising finance	**1.7**	1.9	2.2
Foreign exchange differences	**(13.1)**	(16.6)	(16.7)
	575.5	611.5	608.5
Cash at bank and in hand (note 11)	**(4.3)**	(70.3)	(11.6)
Net Debt	**571.2**	541.2	596.9

At 30 September 2020, the Group had £123m (31 March 2020: £96m, 30 September 2019: £99m) of undrawn bank facilities and £4.3m of unrestricted cash (31 March 2020: £70.3m, 30 September 2019: £11.6m).

The Group has a loan to value covenant applicable to these borrowings of 60%, and compliance is being comfortably met.

Loan to value at 30 September 2020 was 23% (March 2020: 21%, September 2019: 22%).

The Group also has an interest cover covenant of 2.0x, calculated as net rental income divided by interest payable on loans and other borrowings. At 30 September 2020 interest cover was 4.5 (31 March 2020: 5.2x, September 2019: 5.2x).

(c) Maturity

	Unaudited 30 September 2020 £m	Audited 31 March 2020 £m	Unaudited 30 September 2019 £m
Repayable within one year	**-**	9.0	9.0
Repayable between one and two years	**127.0**	-	-
Repayable between two and three years	**148.5**	154.0	151.0
Repayable between three years and four years	**-**	148.5	148.5
Repayable between four years and five years	**80.0**	-	-
Repayable in five years or more	**220.0**	300.0	300.0
	575.5	611.5	608.5
Cost of raising finance	**(1.7)**	(1.9)	(2.2)
Foreign exchange differences	**13.1**	16.6	16.7
	586.9	626.2	623.0

(d) Interest rate and repayment profile

	Principal at period end £m	Interest rate	Interest payable	Repayable
Current				
Bank overdraft due within one year or on demand (£2m facility)	–	Base +2.25%	Variable	On demand
Non-current				
Private Placement Notes:				
5.6% Senior US Dollar Notes	64.5	5.6%	Half Yearly	June 2023
5.53% Senior Notes	84.0	5.53%	Half Yearly	June 2023
3.07% Senior Notes	80.0	3.07%	Half Yearly	August 2025
3.19% Senior Notes	120.0	3.19%	Half Yearly	August 2027
3.6% Senior Notes	100.0	3.6%	Half Yearly	January 2029
Revolver loan	127.0	LIBOR +1.65%	Monthly	June 2022
	575.5			

(e) Derivative financial instruments

The Group has cross currency swaps 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 cross currency swaps the Group has created a synthetic Sterling fixed rate liability totalling £64.5m.

These swaps have been designated as a cash flow hedge with changes in fair value dealt with in other comprehensive income. The Group has elected to continue applying hedge accounting as set out in IAS 39 to these swaps as permitted by IFRS 9.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The critical terms of this hedging relationship perfectly matched at origination, so for the prospective assessment of effectiveness a qualitative assessment was performed. Quantitative retrospective effectiveness tests using the hypothetical derivative method are performed at each period end to determine the continuing effectiveness of the relationship. Sources of hedge ineffectiveness include credit risk or changes made to the critical terms of the hedged item or the hedging instrument.

The effects of the cash flow US Dollar swap hedging relationship is as follows:

	30 September 2020 £m	31 March 2020 £m	30 September 2019 £m
Carrying amount of derivative	**14.3**	18.5	16.5
Change in fair value of designated hedging instrument	**(4.2)**	8.3	6.4
Change in fair value of designated hedged item	**3.7**	(4.2)	(4.3)

Notional amount £m	**64.5**	64.5	64.5
Notional amount ($m)	**100**	100	100
Rate payable (%)	**5.66%**	5.66%	5.66%
Maturity	**June 2023**	June 2023	June 2023
Hedge ratio	**1:1**	1:1	1:1

(f) Financial instruments and fair values

	Unaudited 30 September 2020 Book Value £m	**Unaudited 30 September 2020 Fair Value £m**	Audited 31 March 2020 Book Value £m	Audited 31 March 2020 Fair Value £m	Unaudited 30 September 2019 Book Value £m	Unaudited 30 September 2019 Fair Value £m
Financial liabilities held at amortised cost						
Bank loans	**126.2**	**127.0**	153.0	154.0	149.8	151.0
Private Placement Notes	**460.8**	**491.6**	473.2	484.1	473.2	504.0
Lease obligations	**26.3**	**26.3**	28.2	28.2	20.5	20.5
	613.3	**644.9**	654.4	666.3	643.5	675.5
Financial assets at fair value through other comprehensive income						
Derivative financial instruments:						
Cash flow hedge – derivatives used for hedging	**(14.3)**	**(14.3)**	(18.5)	(18.5)	(16.5)	(16.5)
Other Investments	**(7.9)**	**(7.9)**	(7.9)	(7.9)	(8.2)	(8.2)
	(22.2)	**(22.2)**	(26.4)	(26.4)	(24.7)	(27.7)
Financial assets at fair value through profit or loss						
Deferred consideration (overage)	**5.2**	**5.2**	5.3	5.3	1.8	1.8
	5.2	**5.2**	5.3	5.3	1.8	1.8

In accordance with IFRS 13 disclosure is required for financial instruments that are carried or disclosed in the financial statements at fair value. The fair values of all the Group's financial derivatives, bank loans and Private Placement Notes 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 year. The different levels of valuation hierarchy as defined by IFRS 13 are set out below in note 10.

The total change in fair value of derivative financial instruments recorded in other comprehensive income was a £0.5m loss (March 2020: gain of £2.2m, September 2019: gain of £0.5m).

14. Lease obligation

Lease liabilities in respect of leased investment property are recognised in accordance with IFRS 16.

	Unaudited 30 September 2020 £m	Audited 31 March 2020 £m	Unaudited 30 September 2019 £m
Leases repayable in two years or more	**26.3**	28.2	20.5

Minimum lease payments under leases fall due as follows:

Within one year	**1.6**	1.8	1.3
Between two and five years	**6.6**	7.0	5.0
Beyond five years	**149.2**	157.2	117.0
	157.4	166.0	123.3
Future finance charges on leases	**(131.1)**	(137.8)	(102.8)
Present value of lease liabilities	**26.3**	28.2	20.5

Following the adoption of IFRS16 lease obligations, which were previously included in borrowings, have been shown separately on the face of the balance sheet.

15. Notes to cash flow statement

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

	6 months ended 30 September 2020 £m	6 months ended 30 September 2019 £m	Year ended 31 March 2020 £m
(Loss)/ profit before tax	**(110.4)**	99.1	72.5
Depreciation	**0.9**	0.3	0.9
Amortisation of intangibles	**0.3**	0.2	0.5
Profit on disposal of investment properties	**0.2**	-	0.8
Other expenses	**0.2**	0.6	0.2
Net gain/(loss) from change in fair value of investment property	**125.3**	(59.6)	7.5
Equity settled share based payments	**1.5**	0.8	2.6
Finance expense	**11.8**	11.5	23.0
Changes in working capital:			
Increase in trade and other receivables	**(9.8)**	(9.4)	(9.5)
Increase in trade and other payables	**5.6**	11.9	10.2
Cash generated from operations	**25.6**	55.4	108.7

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

	30 September 2020 £m	31 March 2020 £m	30 September 2019 £m
Cash at bank and in hand	**4.3**	70.3	11.6
Restricted cash – tenants' deposit deeds	**8.1**	8.9	8.9
	12.4	79.2	20.5

16. Capital commitments

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

	Unaudited 30 September 2020 £m	Audited 31 March 2020 £m	Unaudited 30 September 2019 £m
Construction or refurbishment of investment properties	**4.2**	4.3	12.3

17. Share Capital

	Unaudited 30 September 2020 £m	Audited 31 March 2020 £m	Unaudited 30 September 2019 £m
Issued: fully paid ordinary shares of £1 each	**181.1**	180.7	180.7

Movements in share capital were as follows:	**Unaudited 30 September 2020 £m**	Audited 31 March 2020 £m	Unaudited 30 September 2019 £m
Number of shares at 1 April	**180,747,868**	180,385,498	180,385,498
Issue of shares	**358,557**	362,370	343,646
Number of shares at period end	**181,106,425**	180,747,868	180,729,144

The Group has issued 0.4m of shares to satisfy the exercise of employee share option schemes.

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

• the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;

• the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year 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 year; and

(b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Directors of Workspace Group PLC are listed in the Workspace Group PLC Annual Report and Accounts for 31 March 2020. A list of current Directors is maintained on the Workspace Group website: www.workspace.co.uk.

Approved by the Board on 10 November 2020 and signed on its behalf by

D Benson
Director

INDEPENDENT REVIEW REPORT TO WORKSPACE GROUP PLC

Conclusion

We have been engaged by the Group to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

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 UK. 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. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) 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.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Group in accordance with the terms of our engagement to assist the Group in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Group those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group for our review work, for this report, or for the conclusions we have reached.

Richard Kelly
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
10 November 2020

Principal Risks and uncertainties

The Board 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 2019 and have been assessed in line with the requirements of the 2019 UK Corporate Governance Code. They are reproduced below. The Board is satisfied that we continue to operate within our risk profile.

The Covid-19 pandemic has had a significant impact on Workspace and its customers. A Covid-19 working group was set up to identify specific risks in relation to the pandemic and implement an action plan to address these risks. Key areas of consideration included employees, customers, regulation, properties, financing and a back-to-business plan following the easing of restrictions.

Risk area	**Mitigating activities**
Brexit The UK is now in a transition period following its exit from the EU on 31 January 2020. Workspace operates solely in London with no international activities. The main risks to the Group are the impact on the UK economy and Workspace customers.	• Modelling and stress testing our business plans and viability throughout the year, including loan covenants and borrowing levels • Reviewing and monitoring loan covenants and borrowing levels • Regular communication with customers and stakeholders to gather information on potential Brexit impacts • Review of any key contracts which may be impacted by Brexit • Consideration of the potential impact on employees and communication with staff as and when applicable • Liaising with our advisors on any potential changes to regulation which may arise
Customer demand Demand for our flexible office space declining as a result of social, economic or competitive factors, which impacts on: • Fall in occupancy levels at our properties • Falling rent roll • Reduction in property valuation **Covid-19 risk and response** The Government guidelines for businesses to work from home in response to the Covid-19 pandemic had an immediate impact on customer demand. This could be further exacerbated if the economy falls into recession and business are reluctant to take up new office space. In response to the lockdown, Workspace offered a 50% discount to its customers for the three months to the end of June 2020.	• We use a wide range of marketing strategies to reach our customers, with around 70% of customer leads coming from our lettings website. Advertising, word-of-mouth, social media and aggregators also contribute customer leads. Our range of 59 buildings providing over 3.9m sq. ft. of lettable space enables us to offer different office experiences at various price points to match customer requirements. Weekly enquiries, viewings and lettings are closely tracked to identify changes in expected customer trends. Based on trends in demand, we are able to vary our pricing and occupancy levels to match requirements • Our asset management and in-house lettings teams know and understand our customers through ongoing business relationships, often over several years. Changes in customer behaviour are quickly noted and followed up. Where the customer requires an expansion or contraction of their office space, we are usually able to offer alternative space very quickly due to our flexible lease terms. • Our business plans are stress tested to assess the sensitivity of our forecasts to reduced levels of demand, and contingency measures can be implemented. Although a loss of customers is a risk, customer turnover on its own can be beneficial in allowing office space to be refurbished and rent reversion captured.
Valuation Value of our properties decreasing as a result of external market or internal management factors, impacting on: • Financing covenants linked to loan to value ratio • Impact on share price **Covid-19 risk and response** A prolonged recession following the lockdown could result in a negative impact on both ERVs and yields. We have managed our balance sheet so that we are in a strong financial position with significant headroom on our loan to value covenant.	• Market-related valuation risk is largely dependent on external factors. We maintain a conservative LTV ratio which can withstand a severe decline in property values without covenant breaches • We monitor changes in sentiment in the London real estate market, yields and pricing to track possible changes in valuation. CBRE, the leading full-service real estate services and investment organisation in the world, provides twice yearly valuations of all our properties. • Alternative use opportunities, including mixed-use developments, are actively pursued across the portfolio.

Risk area	Mitigating activities
Competition New entrants to our market space decrease customer demand for our properties resulting in reduced rent roll growth. **Covid-19 risk and response** Competitors may respond to the crisis faster and provide solutions that deal with Covid-19 in offices more effectively. We continue to monitor competitor activity and speak to our customers about requirements.	• We closely monitor competitors locally and across the region more generally by comparing pricing, customer offering and location. Competitor trends and performance are regularly reviewed and discussed at the corporate strategy level. Alongside the review of competition, we also liaise closely with our customers to gain insightful feedback on our business space, facilities and overall product. This helps us to create new initiatives to respond to customer behaviours and keep ahead of competition. • Our asset management and lettings teams maintain close relationships with customers which provides us with real-time information about customer requirements, allowing us to modify or improve our customer offer according to market developments.
Refurbishments and development Cost inflation or timing delays or inability to proceed with planned pipeline of schemes. Failure to deliver expected returns on developments, cost over runs and delayed delivery of key projects all have a potential effect on property returns and valuation. Not completing projects on time and on budget can have a negative effect on our reputation. **Covid-19 risk and response** Extended Government restrictions on movement could impact the delivery of planned projects, impacting financial returns. Two properties due to launch around the time of the Government announcement to restrict movement were put on hold and launched at a later date once restrictions were relaxed.	• We maintain a pipeline of potential refurbishments and developments that we bring to market at the appropriate time when customer feedback indicates increasing demand for flexible office space. All projects are fully assessed before work is commenced and full costings developed. Building work is managed to strict financial targets and assessed on an ongoing basis during the project. The Investment Committee is responsible for approving all projects prior to commencement and monitors progress on refurbishments and redevelopments against project timings and budgets. After project completion, the Investment Committee reviews the result and notes any key points for future projects.
Acquisitions and business development Inappropriate strategies on acquisitions, disposals and new business initiatives, including timing, incorrect valuations and longer than anticipated letting up process could lead to financial underperformance. Acquisitions and disposals are essential components of our capital recycling strategy which drives long-term growth and net rental income. Failure to execute that strategy successfully impacts our ability to recycle capital into properties that meet changing customer demand and ultimately affect growth in net rental income. **Covid-19 risk and response** Transactional activity was limited during these uncertain times. We continue to manage our finances prudently to maintain our robust liquidity profile. We remain alert to market opportunities that satisfy our financial and strategic requirements.	• We undertake regular monitoring of asset performance and positioning of our portfolio with periodic detailed portfolio reviews • For each new acquisition we undertake thorough due diligence and detailed appraisals prior to purchase • We monitor acquisition performance against target returns • Property disposals are subject to detailed review and Board approval

<table>
<tr><th>Risk area</th><th>Mitigating activities</th></tr>
<tr><td>London

Our property portfolio is solely London-based. Adverse changes in the political, economic and environmental context could translate into reduced demand for our properties. Single incidents such as a terrorist attack or, as has occurred this year, the Government restriction on movement due to the Covid-19 pandemic can affect lettings, customer demand and pricing.

Covid-19 risk and response

Business could reconsider their office requirements following the pandemic with a preference for locations outside of Central London requiring less reliance on public transport.

Workspace has a portfolio of properties spread across London including outside of transport zone 1. We are monitoring enquiries closely to understand any changes in requirements.</td><td>• We have been active in the London property market for over 30 years with a proven base of knowledge and experience through various property cycles. We have regular meeting with influencers and decision-makers in the London economy to keep us abreast of economic and political trends that could affect our portfolio.
• We manage our portfolio conservatively and keenly monitor political and economic risks that could affect the London market. Our development strategy tends to be incremental with fewer large scale developments to impact our cost base. Over the longer term, we believe that the London market is one of the most resilient given its global exposure. Our strong balance sheet and market-leading position ensures that we are well-placed to benefit from both positive and negative</td></tr>
<tr><td>Business Interruption

Major events outside the Company’s control could prevent us from carrying out our normal daily business for an undefined period of time.

Our centres are there to support our customers and their daily business activities. Loss of access, Wi-Fi or other amenities could affect our customers and our own operations. This could result in loss of rental income, impact on valuation and reputational damage.

Covid-19 risk and response

The Covid-19 pandemic is the most serious business interruption event that we have encountered.

Our business continuity planning and investment in IT structure meant that we were well prepared to adapt quickly to remote working.

Once restrictions were eased, a mobilisation plan was developed to assist employees and customers in returning to work in the office.</td><td>• We have robust business continuity plans and procedures in place to manage short-term shutdowns of our centres due to terrorism or other incidents. A crisis management plan and cascade of customer communications details a series of actions designed to disseminate crucial information and ensure the safety of our employees, customers and suppliers during a crisis situation. IT controls maintain the security of customer and corporate data and are regularly tested and updated.
• These measures were extensively tested during the Covid-19 pandemic in the first and second quarters of 2020. This was an unprecedented situation that far exceeded contingency plans for short-term shutdowns. Nonetheless, our systems worked well in allowing customers to access their premises in accordance with Government guidelines, data was kept secure and our asset management teams worked tirelessly to maintain contact</td></tr>
<tr><td>Regulatory

Failure to meet regulatory requirements and/or lack of knowledge about changing regulation in property development, finance or health and safety.

Regulatory infringements can lead to fines, tax penalties, health and safety sanctions or more stringent regulatory controls which can also affect our corporate reputation, development activity and customer demand.

Covid-19 risk and response

We have kept up-to-date with Government announcements and published guidelines regarding hygiene, health and safety and social distancing.</td><td>• The Company Secretary, supported by the Head of Legal and Assistant Company Secretary, prepares a detailed briefing for the Board on a regular basis covering all regulatory issues. The Company’s Health and Safety Manager meets regularly with the Chief Executive Officer to keep abreast of health and safety provisions which are also reported to the Board.</td></tr>
</table>

Risk area	Mitigating activities
Resourcing An inability to recruit and retain talented employees in key areas could lead to: • Inability to implement strategic goals • Adverse impact on brand and reputation • A high employee turnover resulting in a loss of knowledge base **Covid-19 risk and response** Employees will be more aware of their safety when travelling to work and in the office. Workspace implemented a plan to allow employees to return to work in a clean and safe environment that allows for social distancing. Measures include staggered hours and a limit on the number of staff allowed in the certain areas of the office at one time.	• We have a robust recruitment process to attract new joiners and established interview and evaluation processes with a view to ensuring a good fit with the required skill set and our valued corporate culture. Various incentive schemes align employee objectives with the strategic objectives of the Group to motivate employees to work in the best interests of the Group and its stakeholders. This is supported by a robust appraisal and review process for all employees. • Our HR and Support Services teams run a detailed training and development programme designed to ensure employees are supported and encouraged to progress with learning and study opportunities. The HR function was this year strengthened by the newly created appointment of a Head of People who will coordinate all activities to attract and retain talented employees. • We have a strong internal culture based on our Company values which encourage independent thought and initiative which is articulated in our four key values: – Know your stuff. – Find a way. – Show we care. – Be a little bit crazy.
Cyber security Malicious threats to information systems could lead to: • Loss of critical data • Financial loss due to fraud • Reputational damage amongst customers **Covid-19 risk and response** At a time when there is increased reliance on technology as employees work remotely, there is a higher risk of cyber attacks from criminals taking advantage of business focussing on other events. We already have robust processes surrounding cyber security which have been reviewed to consider the impact of the pandemic and to put in place additional safeguards to cover remote working.	• Cyber security risk is managed using a mitigation framework comprising network security, IT security policies and third party risk assessments. Controls are regularly reviewed and updated and include technology such as next generation firewalls, multi layered access control through to people solutions such as user awareness training and mock-phishing emails. • Assurance of the frameworks performance is gained through an independent maturity assessment, penetration testing and network vulnerability testing, all performed annually.
Financing Reduced availability of financing options could result in: • Inability to fund business plans • Restricted ability to invest in new opportunities • Increased interest costs. • Negative reputational impact amongst lenders and in the investment community **Covid-19 risk and response** The pandemic has impacted our customers and their ability to pay which could impact our financial performance and lead to a breach in covenants. There has been an extensive review of our forecast models, considering various downside scenarios, as reported in our Basis of Preparation note.	• We regularly review funding requirements for business plans and ensure we have a wide range of options to fund our forthcoming plans. We also prepare a five-year business plan which is reviewed and updated annually • We have a broad range of funding relationships in place and regularly review our refinancing strategy • We maintain a specific interest rate profile via use of fixed rates and swaps on our loan facilities so that our interest payment profile is stable • Loan covenants are monitored and reported to the Board on a monthly basis and we undertake detailed cashflow monitoring and forecasting.