15 November 2022

WORKSPACE GROUP PLC
HALF YEAR RESULTS

STRONG FINANCIAL PERFORMANCE DRIVEN BY RESILIENT CUSTOMER DEMAND

Workspace Group PLC (“Workspace”), London’s leading provider of sustainable, flexible workspace, today announces its results for the half year to 30 September 2022.

Financial highlights: Strong increase in trading profit and dividend

- Trading profit after interest† up 33.5% to £29.1m (30 September 2021: £21.8m) driven by 36.8% (£15.1m) increase in net rental income to £56.1m
- Profit before tax of £35.8m (30 September 2021: £3.4m) after exceptional costs of £2.9m which include the integration of McKay
- Interim dividend up 20% to 8.4p per share (30 September 2021: 7.0p)
- Property valuation stable at £2,863m, an underlying increase** of 0.3% (£8m) from 31 March 2022
- EPRA net tangible assets per share down 1.4% from 31 March 2022 to £9.74
- Robust balance sheet with £263m of cash and undrawn facilities and LTV of 33% (31 March 2022: 23%)
- Average cost of debt of 3.5% with 71% at fixed rates (at current debt levels) and a weighted average drawn debt maturity of 4.1 years

Customer activity: Stable occupancy and improving pricing

- Continued resilient levels of customer demand and letting activity highlighting the appeal of our flexible offer
- Like-for-like rent roll up by 3.6% to £94.5m in the six months to 30 September 2022
- Like-for-like occupancy stable at 89.6% with rent per sq. ft. up 4.0% in the half year to £38.59
- Strong demand at recently completed projects with occupancy up 6.7% in the first half to 76.7%

Portfolio activity: McKay integration complete and active capital recycling

- Operational integration of McKay complete and McKay debt facilities amended
- Expect to complete the sale of the residential component of our mixed-use redevelopment at Riverside, Wandsworth for £55m in January 2023
- Completed the sale of a medical centre in Newbury from the McKay portfolio for £7.25m
- Progressing with the planned disposal of other McKay non-core assets, with timing dependent on market conditions

Sustainability: A differentiated model

- An inherently green property portfolio with energy intensity already 30% lower than industry best practice standard
- Targeting a 5% reduction in operational energy and scope one gas emissions in the year
- On track to increase the percentage of EPC A and B rated space by 10% in the year
Commenting on the results, Graham Clemett, Chief Executive Officer said:

“Having delivered a rapid recovery from the challenges of the Covid period, I am delighted with our continued progress. Occupancy has now stabilised, pricing is steadily increasing, new space is letting up well and we have completed the integration of the McKay business. This robust operational performance has driven the strong financial results we are reporting for the first half.

We are clearly in a period of economic uncertainty with elevated inflation. We are mindful of this in the way we actively manage our relationships with customers and business partners and the support we provide to our staff. We are also focused on tightly controlling our own costs and prudently managing our balance sheet.

Our customers are innovative and agile SMEs operating across a diverse range of sectors and industries and the way they want to use their space reflects this diversity. Their space is an integral part of their business, and they want choice and control over how they fit it out. We provide our customers with a blank canvas and over half use their space in a non-traditional way – work space, not office space. This is true flexibility and is what continues to set us apart in the expanding flexible market.

Despite the current economic challenges, we are well placed to deliver a strong trading performance for the full year. We have good momentum from the rental growth in the first half and we are seeing resilient customer demand into the second half of the year. We will continue to pursue our disposal programme where the reduction in income from disposals will be offset by a similar level of interest cost saving.

As the pioneers of flex in London, we have a long track record of success and a clear plan to realise our growth potential. By owning great buildings, upgrading them to meet our customers' needs, recycling capital into new opportunities and delivering our project pipeline, we can capture more of the significant market opportunity ahead of us and deliver sustainable long term growth.”

Summary Results

<table>
<thead>
<tr>
<th></th>
<th>September 2022</th>
<th>September 2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial performance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net rental income</td>
<td>£56.1m</td>
<td>£41.0m</td>
<td>+36.8%</td>
</tr>
<tr>
<td>Trading profit after interest†</td>
<td>£29.1m</td>
<td>£21.8m</td>
<td>+33.5%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>£35.8m</td>
<td>£3.4m</td>
<td></td>
</tr>
<tr>
<td>Interim dividend per share</td>
<td>8.4p</td>
<td>7.0p</td>
<td>+20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>September 2022</th>
<th>March 2022</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Valuation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPRA net tangible assets per share†</td>
<td>£9.74</td>
<td>£9.88</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Property valuation†</td>
<td>£2,863m</td>
<td>£2,402m</td>
<td>+0.3%**</td>
</tr>
<tr>
<td><strong>Financing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan to value</td>
<td>33%</td>
<td>23%</td>
<td>+10%*</td>
</tr>
<tr>
<td>Undrawn bank facilities and cash</td>
<td>£263m</td>
<td>£442m</td>
<td>-£179m</td>
</tr>
</tbody>
</table>

† 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 and including McKay at acquisition value
For media and investor enquiries, please contact:

**Workspace Group PLC**  
Graham Clemett, Chief Executive Officer  
Dave Benson, Chief Financial Officer  
Duncan Pelham, Senior Corporate Communications Manager

**FGS Global**  
Chris Ryall  
Guy Lamming

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**Details of results presentation**

Workspace will host a results presentation for analysts and investors on Tuesday 15 November 2022 at 10:45am. The venue for the presentation is The London Stock Exchange, 10 Paternoster Square, EC4M 7LS.

The presentation can also be accessed live via webcast or conference call.

**Webcast**

The live webcast will be available here:  
https://secure.emincote.com/client/workspace/workspace022

**Conference call**

In order to join via phone at 10:45am, 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/workspace022/vip_connect

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**Notes to Editors**

About Workspace Group PLC:

Established in 1987 and listed on the London Stock Exchange since 1993. 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).

LEI: 2138003GUZRFIN3UT430

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

CUSTOMER ACTIVITY

We saw resilient underlying demand, although activity levels were impacted by the extreme hot weather over the summer and disruption caused by tube and rail strikes.

<table>
<thead>
<tr>
<th>Monthly Average</th>
<th>Monthly Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 22/23</td>
<td>H1 21/22</td>
</tr>
<tr>
<td>Enquiries</td>
<td>769</td>
</tr>
<tr>
<td>Viewings</td>
<td>502</td>
</tr>
<tr>
<td>Lettings</td>
<td>107</td>
</tr>
</tbody>
</table>

Good activity levels have continued into the third quarter, with 806 enquiries, 529 viewings and 96 deals in October 2022.

Alongside our new lettings, we have seen strong renewal activity in the half year, with 178 customers across the like-like-for-like portfolio renewing for a £1.0m (14%) uplift in annual rent.

RENT ROLL

Total rent roll, representing the total annualised net rental income at a given date, was up 2.4% in the six months to £134.7m at 30 September 2022.

<table>
<thead>
<tr>
<th>Rent Roll</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 March 2022*</td>
<td>131.6</td>
</tr>
<tr>
<td>Like-for-like portfolio</td>
<td>3.3</td>
</tr>
<tr>
<td>Completed projects</td>
<td>1.5</td>
</tr>
<tr>
<td>Projects underway and design stage</td>
<td>(1.6)</td>
</tr>
<tr>
<td>Recent acquisitions</td>
<td>0.1</td>
</tr>
<tr>
<td>Disposals</td>
<td>(0.2)</td>
</tr>
<tr>
<td><strong>At 30 September 2022</strong></td>
<td><strong>134.7</strong></td>
</tr>
</tbody>
</table>

*Adjusted for McKay portfolio acquired in May 2022

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 £183.3m at 30 September 2022.

Like-for-like portfolio

The like-for-like portfolio represents 70% of the total rent roll as at 30 September 2022. It comprises 38 properties with stabilised occupancy excluding recent acquisitions, buildings impacted by significant refurbishment or redevelopment activity or contracted for sale.
The like-for-like rent roll has increased by 3.6% (£3.3m) in the six months to 30 September 2022 to £94.5m. The increase is driven by an uplift of 4.0% in rent per sq. ft. to £38.59.

If all the like-for-like properties were at 90% occupancy at the ERVs at 30 September 2022, the rent roll would be £111.7m, £17.2m higher than the actual rent roll at 30 September 2022.

**Completed Projects**

There are ten projects in the completed projects category, with overall rent roll increasing by 15.6% (£1.5m) in the six months to £10.8m, with rent per sq. ft. up 5.7% and occupancy up 6.7% to 76.7%.

If the buildings in this category were all at 90% occupancy at the ERVs at 30 September 2022, the rent roll would be £15.3m, an uplift of £4.5m.

**Projects Underway – Refurbishments**

We are currently underway on two refurbishment projects that will deliver 97,000 sq. ft. of new and upgraded space. As at 30 September 2022, rent roll was £0.5m, down £0.2m in the six months.

Assuming 90% occupancy at the ERVs at 30 September 2022, the rent roll at these two buildings once they are completed would be £4.2m, an uplift of £3.7m.

**Projects Underway – Redevelopments**

We are progressing with obtaining vacant possession at our Riverside property in Wandsworth, ahead of a major mixed-use redevelopment, which resulted in a £1.4m reduction in rent roll in the six months, to £1.0m.

We expect to complete on the sale of the residential component of this scheme in January 2023 and commence the construction of the new commercial buildings (comprising 153,000 sq. ft. of workshop and office space), at our cost, on a phased basis in the second half of 2023.

**Projects at Design Stage**

These are properties where we are planning a refurbishment or redevelopment that has not yet commenced. As at 30 September 2022 the rent roll at these properties was £3.5m.

**Recent Acquisitions and Disposals**

In September 2021, we completed the acquisition of Old Dairy, Shoreditch for £43.4m and in November 2021 we completed the acquisition of The Busworks, Islington for £45.0m. We are progressing with the design of extensive refurbishments at these two buildings. The rent roll across these two properties at 30 September 2022 was £3.5m, down £0.3m in the six months.
In May 2022, we completed the acquisition of the McKay portfolio. As at 30 September 2022 the rent roll at these properties was £20.8m, an increase since acquisition of £0.4m. The integration is now complete with all operational activity utilising the Workspace platform.

As at 30 September 2022 the rent roll at the seven London assets was £7.2m and occupancy 64.7%. Four of these buildings have recently been refurbished and we are making good progress in letting up the vacant and refurbished space with 46,000 sq. ft let in the first half with £1.1m of rent. We have seen increasing demand for the Workspace flexible offer at these properties. As at 30 September 2022 the rent roll at the seven London assets was £7.2m and occupancy 64.7%. Four of these buildings have recently been refurbished and we are making good progress in letting up the vacant and refurbished space with 46,000 sq. ft let in the first half with £1.1m of rent. We have seen increasing demand for the Workspace flexible offer at these properties.

We continue to target disposal of the non-core light industrial and logistics assets with the timing dependant on market conditions. In the meantime, we are achieving good rental pricing growth on both renewals and new lettings with 73,000 sq. ft let with rent of £1.0m since acquisition. We have one vacant industrial estate in Farnborough where we are seeing a strong level of demand. Overall occupancy across these sites at 30 September 2022 was 91% with a rent roll of £5.1m. Assuming 90% occupancy (or current occupancy if higher) at the ERVs at 30 September 2022, the rent roll would be £6.7m, an uplift of £1.6m.

In July 2022 we completed the sale of a medical centre in Newbury, which had rent roll of £0.2m, for £7.25m (£1.15m ahead of the March 2022 valuation).

**PROFIT PERFORMANCE**

Trading profit after interest for the half year was up 33.5% (£7.3m) on the prior half year to £29.1m.

<table>
<thead>
<tr>
<th></th>
<th>30 Sep 2022</th>
<th>30 Sep 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net rental income</strong></td>
<td>56.1</td>
<td>41.0</td>
</tr>
<tr>
<td>Administrative expenses - underlying</td>
<td>(8.9)</td>
<td>(8.4)</td>
</tr>
<tr>
<td>Administrative expenses - acquisitions</td>
<td>(1.5)</td>
<td>-</td>
</tr>
<tr>
<td>Administrative expenses - share based costs*</td>
<td>(1.0)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>(15.6)</td>
<td>(10.5)</td>
</tr>
<tr>
<td><strong>Trading profit after interest</strong></td>
<td>29.1</td>
<td>21.8</td>
</tr>
</tbody>
</table>

*These relate to both cash and equity settled costs

Net rental income was up 36.8% (£15.1m) to £56.1m.

<table>
<thead>
<tr>
<th></th>
<th>30 Sep 2022</th>
<th>30 Sep 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Underlying rental income</strong></td>
<td>55.9</td>
<td>47.2</td>
</tr>
<tr>
<td>Unrecovered service charges</td>
<td>(1.7)</td>
<td>(2.2)</td>
</tr>
<tr>
<td>Empty rates and other non-recoverable costs</td>
<td>(4.8)</td>
<td>(4.9)</td>
</tr>
<tr>
<td>Services, fees, commissions and sundry income</td>
<td>(0.4)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Underlying net rental income</strong></td>
<td>49.0</td>
<td>40.1</td>
</tr>
<tr>
<td>Expected credit losses</td>
<td>(0.2)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>7.3</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>1.2</td>
</tr>
<tr>
<td><strong>Net rental income</strong></td>
<td>56.1</td>
<td>41.0</td>
</tr>
</tbody>
</table>
The £8.7m increase in underlying rental income to £55.9m reflects the strong increase in occupancy and improved pricing over the last year.

With energy costs hedged until October 2024 and higher occupancy levels compared to the prior period there was a decrease of £0.5m in unrecovered service charge costs in the first half of the financial year.

Higher average occupancy has also resulted in a reduction in empty rates with non-recoverable costs decreasing by £0.1m to £4.8m. Net costs of services, fees, commissions and sundry income increased by £0.4m driven by an enhanced customer events programme.

Rent collection in the first half has remained strong with 98% of rent collected to date resulting in a charge for expected credit losses of £0.2m in the six months to 30 September 2022.

Growth in net rental income was further accelerated by a £7.3m contribution from the McKay portfolio acquired in May 2022.

Underling administrative expenses remained under tight control, increasing by £0.5m to £8.9m, which included inflationary pay rises of 3% but with higher increases in more junior roles. Administration costs also included £1.5m in respect of the McKay business, with further savings expected in the second half now that integration is complete. Share based costs increased by £0.7m to £1.0m, with lower vesting levels and assumptions in the prior year.

Net finance costs increased by 48.6% (£5.1m) in the half year reflecting the increased level of debt following the McKay acquisition and the increase in SONIA during the period. The average net debt balance over the six months was £227m higher than the first six months of the prior year, whilst the average interest cost has increased from 3.1% to 3.5%.

Profit before tax in the half year was £35.8m compared to the £3.4m in the first six months of the prior year.

<table>
<thead>
<tr>
<th>£m</th>
<th>30 Sep 2022</th>
<th>30 Sep 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading profit after interest</td>
<td>29.1</td>
<td>21.8</td>
</tr>
<tr>
<td>Change in fair value of investment properties</td>
<td>8.1</td>
<td>(14.9)</td>
</tr>
<tr>
<td>Gain/(loss) on sale of investment properties</td>
<td>1.5</td>
<td>(3.5)</td>
</tr>
<tr>
<td>Exceptional items</td>
<td>(2.9)</td>
<td>-</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>35.8</td>
<td>3.4</td>
</tr>
<tr>
<td>Adjusted underlying earnings per share</td>
<td>15.3p</td>
<td>12.0p</td>
</tr>
</tbody>
</table>

The increase in the property revaluation was £8.1m compared to a decrease of £14.9m in the prior year.

The gain on sale of investment property of £1.5m relates to the disposal of the medical centre at Newbury from the McKay portfolio.

Exceptional items include one-off costs relating to the acquisition and integration of McKay, including the cost of buying-out the McKay pension scheme, and implementation of a new finance and property management system.

Adjusted underlying earnings per share, based on EPRA earnings adjusted for non-trading items and calculated on a diluted share basis, was up 27.5% to 15.3p.

**INTERIM DIVIDEND**

Our dividend policy is based on trading profit after interest, taking into account our investment and acquisition plans and the distribution requirements that we have as a REIT, with our aim
being to ensure the total dividend per share in each financial year is covered at least 1.2 times by adjusted underlying earnings per share.

With the strong improvement in trading performance in the first half and confidence in the longer term prospects of the Company, the Board is pleased to announce that this year an interim dividend of 8.4p per share (2021: 7.0p) will be paid on 1 February 2023 to shareholders on the register at 6 January 2023. The dividend will be paid as a REIT Property Income Distribution (PID) net of withholding tax where appropriate.

PROPERTY VALUATION

At 30 September 2022, our property portfolio was independently valued by CBRE and Knight Frank at £2,863m, an underlying increase of 0.3% (£8m) in the half year. The main movements in the valuation are set out below:

<table>
<thead>
<tr>
<th>£m</th>
<th>Valuation at 31 March 2022</th>
<th>Valuation at 30 September 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditure</td>
<td>2,402</td>
<td>2,863</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>434</td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td>(6)</td>
<td></td>
</tr>
<tr>
<td>Revaluation</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,863</td>
<td>8</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>£m</th>
<th>Valuation</th>
<th>Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Like-for-like properties</td>
<td>1,891</td>
<td>15</td>
</tr>
<tr>
<td>Completed projects</td>
<td>250</td>
<td>(1)</td>
</tr>
<tr>
<td>Refurbishments</td>
<td>93</td>
<td>(10)</td>
</tr>
<tr>
<td>Redevelopments</td>
<td>96</td>
<td>(9)</td>
</tr>
<tr>
<td>Recent acquisitions*</td>
<td>533</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,863</td>
<td>8</td>
</tr>
</tbody>
</table>

*Includes Old Dairy and Busworks acquired in prior year

Like-for-like Properties

There was a 0.8% (£15m) underlying increase in the valuation of like-for-like properties to £1,891m. This was driven by a 7.5% increase in the ERV per sq. ft. (£132m) reflecting the pricing of recent lettings and renewals, offset by a 30bps outward shift in equivalent yield (£117m). This outward shift typically ranged from 20bps to 50bps depending upon location.

<table>
<thead>
<tr>
<th>30 Sep 2022</th>
<th>31 Mar 2022</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERV per sq. ft.</td>
<td>£45.41</td>
<td>£42.23</td>
</tr>
<tr>
<td>Rent per sq. ft.</td>
<td>£38.59</td>
<td>£37.12</td>
</tr>
<tr>
<td>Equivalent Yield</td>
<td>5.9%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Net Initial Yield</td>
<td>4.3%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Capital Value per sq. ft.</td>
<td>£692</td>
<td>£679</td>
</tr>
</tbody>
</table>

*absolute change

A 5% increase in ERV would increase the valuation of like-for-like properties by approximately £100m whilst a 50bps increase in equivalent yield would decrease the valuation by approximately £150m.
Completed Projects

There was an underlying decrease of 0.4% (£1m) in the value of the ten completed projects to £250m. The overall valuation metrics for completed projects are set out below:

<table>
<thead>
<tr>
<th>30 Sep 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERV per sq. ft.</td>
</tr>
<tr>
<td>Rent per sq. ft.</td>
</tr>
<tr>
<td>Equivalent Yield</td>
</tr>
<tr>
<td>Net Initial Yield</td>
</tr>
<tr>
<td>Capital Value per sq. ft.</td>
</tr>
</tbody>
</table>

Current Refurbishments and Redevelopments

There was an underlying decrease of 9.7% (£10m) in the value of our current refurbishments to £93m and a reduction of 8.6% (£9m) in the value of our current redevelopments to £96m.

The most significant movements in this category are a decrease of £5.1m at Leroy House, Islington, where we have commenced a major refurbishment and a £3.7m decrease at our light industrial property Havelock Terrace, Battersea reflecting the outward movement of industrial yields.

Recent Acquisitions

We completed the acquisition of McKay Securities PLC on 6 May 2022 for a total consideration of £267.6m, comprising £191.1m in cash and 10.5m Workspace shares, and £9.4m transaction costs, representing a 14% discount to NTA acquired (after seller's transaction costs) of £310.5m.

There was an underlying increase of 3.2% (£14m) in the valuation of the McKay portfolio, compared to the acquisition cost. This was however, a 9% (£42m) discount to the 31 March 2022 valuation of the portfolio, adjusting for disposals. A summary of the half year valuation and underlying movements for the McKay portfolio from acquisition is set out below:

<table>
<thead>
<tr>
<th>£m</th>
<th>Valuation</th>
<th>Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>London Offices</td>
<td>162</td>
<td>13</td>
</tr>
<tr>
<td>South East Offices</td>
<td>134</td>
<td>8</td>
</tr>
<tr>
<td>South East Industrials</td>
<td>140</td>
<td>(8)</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>446</strong></td>
<td><strong>14</strong></td>
</tr>
</tbody>
</table>

The valuation metrics for the McKay portfolio are set out below:

<table>
<thead>
<tr>
<th>As at 30 September 2022</th>
<th>London Offices</th>
<th>South East Offices</th>
<th>South East Industrials</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. Properties</td>
<td>7</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>ERV per sq. ft.</td>
<td>£41.60</td>
<td>£25.44</td>
<td>£12.23</td>
</tr>
<tr>
<td>Rent per sq. ft.</td>
<td>£38.05</td>
<td>£21.39</td>
<td>£9.99</td>
</tr>
<tr>
<td>Equivalent Yield</td>
<td>6.2%</td>
<td>7.9%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Net Initial Yield</td>
<td>2.5%</td>
<td>5.6%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Capital Value per sq. ft.</td>
<td>£557</td>
<td>£299</td>
<td>£243</td>
</tr>
</tbody>
</table>

This category also includes Old Dairy, Shoreditch and BusWorks, Islington which were acquired in 2021/22. There was a 1.1% (£1m) underlying decrease in the valuation of these two properties to £87m.
REFURBISHMENT ACTIVITY

A summary of the status of the refurbishment pipeline at 30 September 2022 is set out below:

<table>
<thead>
<tr>
<th>Projects</th>
<th>Number</th>
<th>Capex spent</th>
<th>Capex to spend</th>
<th>Upgraded and new space (sq. ft.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underway</td>
<td>2</td>
<td>£7m</td>
<td>£40m</td>
<td>97,000</td>
</tr>
<tr>
<td>Design stage</td>
<td>6</td>
<td>£0m</td>
<td>£203m</td>
<td>453,000</td>
</tr>
<tr>
<td>Design stage (without planning)</td>
<td>5</td>
<td>£0m</td>
<td>£345m</td>
<td>509,000</td>
</tr>
</tbody>
</table>

Our adaptive re-use of existing buildings for refurbishments delivers up to 70% reduction in embodied carbon compared to new build schemes. We are on-site at Leroy House, Islington where we are delivering a 58,000 sq. ft business centre with a stabilised income of £2.1m which we expect to complete in 2024.

We are progressing detailed design for new business space at Kennington Park, Riverside and The Biscuit Factory where in total we have planning permission for 453,000 sq. ft of new space which we will deliver on a phased basis.

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 typically to 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 2022 is set out below:

<table>
<thead>
<tr>
<th>Projects</th>
<th>No. of properties</th>
<th>Residential units</th>
<th>Cash received</th>
<th>Cash to come</th>
<th>New commercial space (sq. ft.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underway</td>
<td>1</td>
<td>430</td>
<td>£0m</td>
<td>£55m</td>
<td>N/A</td>
</tr>
<tr>
<td>Design stage</td>
<td>3</td>
<td>539</td>
<td>£0m</td>
<td>TBC</td>
<td>80,000</td>
</tr>
</tbody>
</table>

We are making good progress in obtaining vacant possession ahead of the sale of the residential component of Riverside, Wandsworth and expect to complete the sale in January 2023.

SUSTAINABILITY UPDATE

We have an inherently green property portfolio with energy intensity already 30% lower than the industry best practice standard. Further improving the energy efficiency of our buildings is key in helping us to achieve our target of being a net zero carbon business by 2030. The Workspace portfolio is currently over 30% A/B rated, and we are on track to upgrade a further 550k sq. ft. (10%) to EPC A/B by the end of the financial year. We are also targeting a reduction of both our operational energy and Scope 1 gas emissions by 5% in the year.
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:

<table>
<thead>
<tr>
<th></th>
<th>30 Sep 2022</th>
<th>30 Sep 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>£m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash from operations after interest†</td>
<td>30</td>
<td>21</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(26)</td>
<td>(29)</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(25)</td>
<td>(15)</td>
</tr>
<tr>
<td>Purchase of Investment Properties</td>
<td>(201)</td>
<td>(43)</td>
</tr>
<tr>
<td>Net Debt acquired</td>
<td>(162)</td>
<td>-</td>
</tr>
<tr>
<td>Property disposals and cash receipts</td>
<td>7</td>
<td>92</td>
</tr>
<tr>
<td>Other</td>
<td>(2)</td>
<td>7</td>
</tr>
<tr>
<td>Net movement</td>
<td>(379)</td>
<td>33</td>
</tr>
<tr>
<td>Opening debt (net of cash)</td>
<td>(558)</td>
<td>(565)</td>
</tr>
<tr>
<td>Closing debt (net of cash)</td>
<td>(937)</td>
<td>(532)</td>
</tr>
</tbody>
</table>

† 2021 excludes £18m of VAT receipts relating to sale of Fitzroy included in ‘other’.

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

The overall increase of £379m in net debt reflects the acquisition of McKay in May 2022 for cash consideration of £201m (including fees) and net debt acquired of £162m.

Rent collection remains robust with 98% of rent due for the first half or the year collected as of 8 November 2022. The majority of the amounts still outstanding are covered by rent deposits or by the provision for doubtful debts.

NET ASSETS

Net assets increased in the half year by £77m to £1,877m. EPRA net tangible assets (NTA) per share at 30 September 2022 was down 1.4% (£0.14) to £9.74:

<table>
<thead>
<tr>
<th></th>
<th>EPRA NTA per share £</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 March 2022</td>
<td>9.88</td>
</tr>
<tr>
<td>Adjusted trading profit after interest</td>
<td>0.15</td>
</tr>
<tr>
<td>Property valuation surplus</td>
<td>0.04</td>
</tr>
<tr>
<td>Profit on disposal of investment property</td>
<td>0.01</td>
</tr>
<tr>
<td>Share issue</td>
<td>(0.19)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(0.15)</td>
</tr>
<tr>
<td><strong>At 30 September 2022</strong></td>
<td><strong>9.74</strong></td>
</tr>
</tbody>
</table>

The calculation of EPRA NTA per share is set out in note 8 of the financial statements.

TOTAL ACCOUNTING RETURN

The total accounting return for the half year was 0.1% compared to 0.8% in the half year ended September 2021. The total accounting return comprises the growth in absolute EPRA net tangible assets per share plus dividends paid in the year as a percentage of the opening EPRA net tangible assets per share. The calculation of total accounting return is set out in note 8 of the financial statements.
FINANCING

As at 30 September 2022, the Group had £13m of available cash and £250.0m of undrawn facilities:

<table>
<thead>
<tr>
<th>Drawn amount £m</th>
<th>Facility £m</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Placement Notes</td>
<td>300.0</td>
<td>300.0</td>
</tr>
<tr>
<td>Green Bond</td>
<td>300.0</td>
<td>300.0</td>
</tr>
<tr>
<td>Aviva loan</td>
<td>65.0</td>
<td>65.0</td>
</tr>
<tr>
<td>Bank facilities</td>
<td>285.0</td>
<td>535.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>950.0</strong></td>
<td><strong>1,200.0</strong></td>
</tr>
</tbody>
</table>

The majority of the Group’s debt comprises long-term fixed-rate committed facilities comprising a £300m green bond, £300m of private placement notes, and a £65m loan facility from Aviva.

Shorter term liquidity and flexibility is provided by floating-rate bank facilities totalling £535m which were £285m drawn at 30 September 2022. The bank facilities comprise £335m of sustainability-linked revolving credit facilities (RCFs) and a £200m acquisition facility put in place for the acquisition of McKay. £200m of RCF facilities mature in December 2024 and £135m in April 2024, with both facilities having the potential to extend by two further years. The £200m RCF also has the option to increase the facility amount by up to £100m, subject to lender consent.

All facilities, other than the Aviva loan, are provided on an unsecured basis with an average maturity of 4.1 years (31 March 2022: 4.2 years).

At 30 September 2022, the effective interest rate was 3.5% based on SONIA at 2.2%, with 71% of the net debt (£665m) at fixed rates. The average interest cost of our fixed rate borrowings was 2.9% and our floating-rate bank facilities had an average margin of 1.69% over SONIA. A 1% increase in SONIA would increase the effective interest rate by 0.3% (at current debt levels).

At 30 September 2022, loan to value (LTV) was 33% (31 March 2022: 23%) and interest cover, based on net rental income and interest paid over the last 12 month period, was 4.5 times (31 March 2022: 4.8 times), providing good headroom on all facility covenants.

FINANCIAL OUTLOOK FOR 2022/23

Over the first half we have seen stable like-for-like occupancy and continued rental growth driven by good levels of customer demand. Rental income in the second half will be underpinned by the 3.6% growth in like-for-like rent roll in the first half. While there may be an impact from the current economic environment on our customers, we are currently seeing continued levels of good demand in the second half and our pricing still remains below pre-Covid levels. Rental income growth will also be supported by the letting up of recently completed projects and the letting up of vacant space and pricing growth in the McKay portfolio.

The current high levels of inflation will continue to put pressure on both our service charge and administrative costs. In relation to service charge costs, where the majority of the cost is passed on to our customers, we have been able to limit the impact on customers by hedging our energy costs. Staff costs are the most significant driver of our administration costs and, whilst we have limited inflationary salary increases to 3% in the current year we have seen higher increases in more junior roles.

The majority of our debt is at fixed interest rates. Around 30% bears interest at a margin over SONIA, and is therefore subject to changes in market interest rates. Given recent and expected increases in interest rates, we therefore anticipate a slight increase in our average cost of borrowing to around 3.7% for the full year.
We expect capital expenditure of around £50m in the full year as we progress with planned projects, including the refurbishment of Leroy House.

We expect to complete the £55m sale of the residential element of our development at Riverside, Wandsworth in January 2023. Together with the disposal of non-core assets from the McKay portfolio and other potential disposals this should reduce our LTV to below 30%.

**PROPERTY STATISTICS**

<table>
<thead>
<tr>
<th>Workspace Portfolio</th>
<th>30 Sep 2022</th>
<th>31 Mar 2022</th>
<th>30 Sep 2021</th>
<th>31 Mar 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property valuation</td>
<td>£2,863m</td>
<td>£2,402m</td>
<td>£2,271m</td>
<td>£2,324m</td>
</tr>
<tr>
<td>Number of locations</td>
<td>87</td>
<td>57</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>Lettable floorspace (million sq. ft.)</td>
<td>5.4</td>
<td>4.0</td>
<td>3.9</td>
<td>3.9</td>
</tr>
<tr>
<td>Number of lettable units</td>
<td>4,901</td>
<td>4,482</td>
<td>4,234</td>
<td>4,196</td>
</tr>
<tr>
<td>Rent roll of occupied units</td>
<td>£134.7m</td>
<td>£111.0m</td>
<td>£102.1m</td>
<td>£103.9m</td>
</tr>
<tr>
<td>Average rent per sq. ft.</td>
<td>£30.03</td>
<td>£33.26</td>
<td>£32.28</td>
<td>£33.90</td>
</tr>
<tr>
<td>Overall occupancy</td>
<td>84.0%</td>
<td>84.3%</td>
<td>81.2%</td>
<td>77.8%</td>
</tr>
<tr>
<td>Like-for-like number of properties</td>
<td>38</td>
<td>39</td>
<td>39</td>
<td>38</td>
</tr>
<tr>
<td>Like-for-like lettable floor space (million sq. ft.)</td>
<td>2.7</td>
<td>2.8</td>
<td>2.9</td>
<td>2.8</td>
</tr>
<tr>
<td>Like-for-like rent roll growth</td>
<td>3.6%</td>
<td>6.4%</td>
<td>2.1%</td>
<td>(13.9)%</td>
</tr>
<tr>
<td>Like-for-like rent per sq. ft. growth</td>
<td>4.0%</td>
<td>2.5%</td>
<td>(2.1)%</td>
<td>(9.9)%</td>
</tr>
<tr>
<td>Like-for-like occupancy movement</td>
<td>0.1%</td>
<td>4.0%</td>
<td>3.7%</td>
<td>(3.9)%</td>
</tr>
</tbody>
</table>

1) The like-for-like category has been restated in the current financial year for the following:
   • The transfer out of Riverside 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 includes 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 2022

<table>
<thead>
<tr>
<th></th>
<th>Unaudited 6 months ended 30 September £m</th>
<th>Unaudited 6 months ended 30 September £m</th>
<th>Audited Year ended 31 March £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2</td>
<td>82.3</td>
<td>61.2</td>
</tr>
<tr>
<td>Direct costs(^1)</td>
<td>2</td>
<td>(26.2)</td>
<td>(20.2)</td>
</tr>
<tr>
<td><strong>Net rental income</strong></td>
<td>2</td>
<td>56.1</td>
<td>41.0</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(11.4)</td>
<td></td>
<td>(8.7)</td>
</tr>
<tr>
<td><strong>Trading profit</strong></td>
<td></td>
<td>44.7</td>
<td>32.3</td>
</tr>
<tr>
<td>Profit/(loss) on disposal of investment properties</td>
<td>3(a)</td>
<td>1.5</td>
<td>(3.5)</td>
</tr>
<tr>
<td>Other income</td>
<td>3(b)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other expenses</td>
<td>3(c)</td>
<td>(2.3)</td>
<td>-</td>
</tr>
<tr>
<td>Change in fair value of investment properties</td>
<td>9</td>
<td>8.1</td>
<td>(14.9)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td></td>
<td>52.0</td>
<td>13.9</td>
</tr>
<tr>
<td>Finance costs</td>
<td>4</td>
<td>(15.6)</td>
<td>(10.5)</td>
</tr>
<tr>
<td>Exceptional finance costs</td>
<td>4</td>
<td>(0.6)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td></td>
<td>35.8</td>
<td>3.4</td>
</tr>
<tr>
<td>Taxation</td>
<td>5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit for the period after tax</strong></td>
<td></td>
<td>35.8</td>
<td>3.4</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>7</td>
<td>18.9p</td>
<td>1.9p</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>7</td>
<td>18.8p</td>
<td>1.9p</td>
</tr>
</tbody>
</table>

\(^1\) Direct costs include impairment of receivables of £0.2m (31 March 2022: £1.5m, 30 September 2021: £0.3m). See note 2 for further information.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
### FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

<table>
<thead>
<tr>
<th></th>
<th>Unaudited 6 months ended 30 September £m</th>
<th>Unaudited 6 months ended 30 September £m</th>
<th>Audited Year ended 31 March £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the period</td>
<td>35.8</td>
<td>3.4</td>
<td>123.9</td>
</tr>
<tr>
<td>Other comprehensive income:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value of investments recycled to retained earnings</td>
<td>-</td>
<td>-</td>
<td>2.1</td>
</tr>
<tr>
<td>Cash flow hedge – transfer to income statement</td>
<td>-</td>
<td>(0.3)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Pension fund movement</td>
<td>0.9</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other comprehensive income/(loss) in the year</td>
<td>0.9</td>
<td>(0.3)</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td>36.7</td>
<td>3.1</td>
<td>125.7</td>
</tr>
</tbody>
</table>
## CONSOLIDATED BALANCE SHEET

### AS AT 30 SEPTEMBER 2022

<table>
<thead>
<tr>
<th></th>
<th>Unaudited 30 September 2022 £m</th>
<th>Audited 31 March 2022 £m</th>
<th>Unaudited 30 September 2021 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment properties</td>
<td>2,824.3</td>
<td>2,366.7</td>
<td>2,297.1</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>2.0</td>
<td>1.9</td>
<td>2.2</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>2.9</td>
<td>2.9</td>
<td>3.4</td>
</tr>
<tr>
<td>Other investments</td>
<td>1.7</td>
<td>1.7</td>
<td>7.9</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>0.3</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td></td>
<td><strong>2,831.2</strong></td>
<td><strong>2,373.5</strong></td>
<td><strong>2,311.0</strong></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>37.1</td>
<td>23.5</td>
<td>28.1</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>65.9</td>
<td>65.9</td>
<td>-</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>19.9</td>
<td>49.0</td>
<td>75.0</td>
</tr>
<tr>
<td></td>
<td><strong>122.9</strong></td>
<td><strong>138.4</strong></td>
<td><strong>103.1</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>2,954.1</strong></td>
<td><strong>2,511.9</strong></td>
<td><strong>2,414.1</strong></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(97.8)</td>
<td>(85.8)</td>
<td>(100.3)</td>
</tr>
<tr>
<td>Borrowings</td>
<td>(199.7)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pension fund deficit</td>
<td>(0.3)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>(297.8)</strong></td>
<td><strong>(85.8)</strong></td>
<td><strong>(100.3)</strong></td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>(745.1)</td>
<td>(595.5)</td>
<td>(596.7)</td>
</tr>
<tr>
<td>Lease obligations</td>
<td>(34.6)</td>
<td>(31.0)</td>
<td>(26.3)</td>
</tr>
<tr>
<td></td>
<td><strong>(779.7)</strong></td>
<td><strong>(626.5)</strong></td>
<td><strong>(623.0)</strong></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>(1,077.5)</strong></td>
<td><strong>(712.3)</strong></td>
<td><strong>(723.3)</strong></td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td><strong>1,876.6</strong></td>
<td><strong>1,799.6</strong></td>
<td><strong>1,690.8</strong></td>
</tr>
</tbody>
</table>

## Shareholders’ equity

<table>
<thead>
<tr>
<th></th>
<th>Unaudited 30 September 2022 £m</th>
<th>Audited 31 March 2022 £m</th>
<th>Unaudited 30 September 2021 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>191.6</td>
<td>181.1</td>
<td>181.1</td>
</tr>
<tr>
<td>Share premium</td>
<td>352.1</td>
<td>295.5</td>
<td>295.5</td>
</tr>
<tr>
<td>Investment in own shares</td>
<td>(9.9)</td>
<td>(9.9)</td>
<td>(9.6)</td>
</tr>
<tr>
<td>Other reserves</td>
<td>33.6</td>
<td>32.6</td>
<td>33.4</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>1,309.2</td>
<td>1,300.3</td>
<td>1,190.4</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td><strong>1,876.6</strong></td>
<td><strong>1,799.6</strong></td>
<td><strong>1,690.8</strong></td>
</tr>
</tbody>
</table>
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

<table>
<thead>
<tr>
<th>Unaudited 6 months to 30 September 2022</th>
<th>Attributable to owners of the Parent</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share capital £m</td>
<td>Share premium £m</td>
</tr>
<tr>
<td>Balance at 1 April 2022</td>
<td>181.1</td>
<td>295.5</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transactions with owners:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares issued</td>
<td>16</td>
<td>10.5</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Share based payments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance at 30 September 2022</td>
<td>191.6</td>
<td>352.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unaudited 6 months to 30 September 2021</th>
<th>Attributable to owners of the Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Notes</td>
</tr>
<tr>
<td>Balance at 1 April 2021</td>
<td>181.1</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>-</td>
</tr>
<tr>
<td>Other comprehensive loss</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
</tr>
<tr>
<td>Transactions with owners:</td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>6</td>
</tr>
<tr>
<td>Share based payments</td>
<td>-</td>
</tr>
<tr>
<td>Balance at 30 September 2021</td>
<td>181.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Audited 12 months to 31 March 2022</th>
<th>Attributable to owners of the Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Notes</td>
</tr>
<tr>
<td>Balance at 1 April 2021</td>
<td>181.1</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
</tr>
<tr>
<td>Transactions with owners:</td>
<td></td>
</tr>
<tr>
<td>Purchase of own shares</td>
<td>16</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>6</td>
</tr>
<tr>
<td>Recycled OCI to retained earnings</td>
<td>-</td>
</tr>
<tr>
<td>Share based payments</td>
<td>-</td>
</tr>
<tr>
<td>Balance at 31 March 2022</td>
<td>181.1</td>
</tr>
</tbody>
</table>
# CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 30 SEPTEMBER 2022

<table>
<thead>
<tr>
<th>Unaudited 6 month ended 30 September 2022 £m</th>
<th>Unaudited 6 months ended 30 September 2021 £m</th>
<th>Audited Year ended 31 March 2022 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Cash flows from operating activities

Cash generated from operations | 15 | 40.2 | 48.3 | 80.5 |
Interest paid | (10.0) | (9.3) | (22.6) |
Tax paid | - | - | - |
Net cash inflow from operating activities | 30.2 | 39.0 | 57.9 |

## Cash flows from investing activities

Purchase of investment properties | (184.4) | (43.5) | (88.4) |
Capital expenditure on investment properties | (24.8) | (14.3) | (29.8) |
Proceeds from disposal of investment properties | 7.2 | 91.8 | 117.3 |
Purchase of intangible assets | (0.4) | (0.3) | (0.5) |
Purchase of property, plant and equipment | (0.7) | (0.3) | (0.7) |
Other (expenses)/ income | (1.4) | 4.5 | 4.5 |
Proceeds from sale of investments | - | - | 6.8 |
Net cash (outflow)/ inflow from investing activities | (204.5) | 37.9 | 9.2 |

## Cash flows from financing activities

Finance costs of new/amended borrowing facilities | (0.7) | - | (1.3) |
Settlement and re-couponing of derivative financial instruments | - | 0.7 | 0.7 |
Repayment of Private Placement Notes and bank borrowings | (40.0) | (173.5) | (173.5) |
Drawdown of bank borrowings | 212.0 | 25.0 | 25.0 |
Exceptional costs | - | (16.4) | (16.4) |
Own shares purchased (net) | - | - | (0.3) |
Dividends paid | 6 | (26.1) | (28.7) | (43.3) |
Net cash inflow/ (outflow) from financing activities | 145.2 | (192.9) | (209.1) |

## Net decrease in cash and cash equivalents

| | Unaudited 6 month ended 30 September 2022 £m | Unaudited 6 months ended 30 September 2021 £m | Audited Year ended 31 March 2022 £m |
|---|---|---|
| Notes | | |

Cash and cash equivalents at start of period | 11 | 49.0 | 191.0 | 191.0 |
Cash and cash equivalents at end of period | 11 | 19.9 | 75.0 | 49.0 |
1. Accounting policies

Basis of preparation

The half year report has been prepared in accordance with the Disclosure and Transparency Rules and with IAS 34 ‘Interim Financial Reporting’ as adopted for use in the UK. The half year report should be read in conjunction with the annual financial statements for the year ended 31 March 2022, which have been prepared in accordance with UK adopted international accounting standards.

The condensed financial statements in the half year report, presented in Sterling, 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 2022, were prepared and approved by the Directors on a going concern basis, in accordance with UK adopted international accounting standards (“IFRS”). The Company elected to prepare its Parent Company financial statements in accordance with FRS 101. 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. Macro-economic and political issues, including the war in Ukraine, have heightened wider concerns around the UK economy. In this context, the Directors have fully considered the business activities and principal risks of the Company. In preparing the assessment of going concern, the Board has reviewed a number of different scenarios over the 12 months period from the date of signing of these financial statements. These scenarios include a severe, but realistically possible, scenario which includes the following key assumptions:

- A reduction in occupancy, reflecting weaker customer demand for office space.
- A reduction in the pricing of new lettings, resulting in a reduction in average rent per sq. ft.
- Increased levels of counterparty risk, with bad debt significantly higher than current levels.
- Continued high levels of cost inflation.
- Further increases in SONIA rates impacting the cost of variable rate borrowings.
- Estimated rental value reduction in-line with the decline in average rent per sq. ft. and outward movement in investment yields resulting in a lower property valuation.

The appropriateness of the going concern basis is reliant on the continued availability of borrowings and compliance with loan covenants. All borrowings require compliance with LTV and Interest Cover covenants. As at the tightest test date in the scenarios modelled, the Group could withstand a reduction in net rental income of 40% compared to the September 2022 Net Rental Income (on an annualised basis and adjusted for a full year of ownership of the McKay portfolio) and a fall in the asset valuation of 45% compared to September 2022 before these covenants are breached, assuming no mitigating actions are taken.

As at 30 September 2022 the Group had a fully unsecured loan portfolio of £1,200m and significant headroom on its facilities with £13m of cash and undrawn facilities of £250m. Shorter term liquidity and flexibility is provided by floating-rate bank facilities totalling £535m which were £285m drawn at 30 September 2022. The bank facilities comprise £335m of sustainability-linked revolving credit facilities (RCFs) and a £200m acquisition facility put in place for the acquisition of McKay which matures in September 2023. £200m of RCF facilities mature in December 2024 and £135m in April 2024, with both facilities having the potential to extend by two further years. The £200m RCF also has the option to increase the facility amount by up to £100m, subject to lender consent.

For the full period of the scenario tested, the Group maintains sufficient headroom in its cash and loan facilities and loan covenants are met.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

This report was approved by the Board on 14 November 2022.
Change in accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2022, with the exception of the following standards, amendments and interpretations endorsed by the UK which 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);
- IFRS 16 (amended) – Covid-19-related Rent Concessions;
- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amended) – Interest Rate Benchmark Reform – Phase 2.

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.

- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract;
- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended;
- Amendments to IFRS 3: Reference to the Conceptual Framework;
- Amendments to IAS 1: Classification of liabilities as current or non-current;
- IFRS 17: Insurance Contracts;
- Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors: Definition;
- Amendments to IAS 1: Presentation of Financial Statements and IFRS Practise Statement 2 Making Materiality Judgements;
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
2. Analysis of net rental income

<table>
<thead>
<tr>
<th></th>
<th>6 months ended 30 September 2022</th>
<th>6 months ended 30 September 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue £m</td>
<td>Direct costs £m</td>
</tr>
<tr>
<td>Rental income</td>
<td>65.6</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Service charges</td>
<td>14.1</td>
<td>(16.4)</td>
</tr>
<tr>
<td>Empty rates and other non-recoverable costs</td>
<td>-</td>
<td>(5.5)</td>
</tr>
<tr>
<td>Services, fees, commissions and sundry income</td>
<td>2.6</td>
<td>(2.9)</td>
</tr>
<tr>
<td></td>
<td>82.3</td>
<td>(26.2)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 March 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue £m</td>
</tr>
<tr>
<td>Rental income</td>
<td>104.3</td>
</tr>
<tr>
<td>Service charges</td>
<td>21.1</td>
</tr>
<tr>
<td>Empty rates and other non-recoverable costs</td>
<td>-</td>
</tr>
<tr>
<td>Services, fees, commissions and sundry income</td>
<td>7.5</td>
</tr>
<tr>
<td></td>
<td>132.9</td>
</tr>
</tbody>
</table>

A charge of £0.2m (31 March 2022: £1.5m, 30 September 2021: £0.3m) 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 and around London.

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

<table>
<thead>
<tr>
<th></th>
<th>6 months ended 30 September 2022</th>
<th>6 months ended 30 September 2021</th>
<th>Year ended 31 March 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sale of investment properties (net of sale costs)</td>
<td>7.2</td>
<td>91.8</td>
<td>117.3</td>
</tr>
<tr>
<td>Book value at time of sale</td>
<td>(5.7)</td>
<td>(95.3)</td>
<td>(109.5)</td>
</tr>
<tr>
<td>Profit/(loss) on disposal</td>
<td>1.5</td>
<td>(3.5)</td>
<td>7.8</td>
</tr>
</tbody>
</table>

3(b). Other income

<table>
<thead>
<tr>
<th></th>
<th>6 months ended 30 September 2022</th>
<th>6 months ended 30 September 2021</th>
<th>Year ended 31 March 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other income</td>
<td>-</td>
<td>-</td>
<td>0.5</td>
</tr>
</tbody>
</table>

The Group disposed of the investment in Lovespace Ltd in the year ended 31 March 2022, resulting in a gain of £0.6m.
3(c). Other expenses

<table>
<thead>
<tr>
<th></th>
<th>6 months ended 30 September 2022 £m</th>
<th>6 months ended 30 September 2021 £m</th>
<th>Year ended 31 March 2022 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other expenses</td>
<td>(2.3)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Other expenses include the exceptional one-off costs relating to the acquisition and integration of McKay Securities Limited (formerly McKay Securities PLC), including the cost of buying out the McKay Securities Limited defined benefit pension scheme (see note 18) and the implementation costs of replacing our finance and property system. These costs are outside the Group’s normal trading activities.

4. Finance costs

<table>
<thead>
<tr>
<th></th>
<th>6 months ended 30 September 2022 £m</th>
<th>6 months ended 30 September 2021 £m</th>
<th>Year ended 31 March 2022 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest payable on bank loans and overdrafts</td>
<td>(4.3)</td>
<td>(0.8)</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Interest payable on other borrowings</td>
<td>(9.4)</td>
<td>(8.5)</td>
<td>(16.7)</td>
</tr>
<tr>
<td>Amortisation of issue costs of borrowings</td>
<td>(1.1)</td>
<td>(0.6)</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Interest on lease liabilities</td>
<td>(1.0)</td>
<td>(0.8)</td>
<td>(1.7)</td>
</tr>
<tr>
<td>Interest capitalised on property refurbishments</td>
<td>0.1</td>
<td>0.2</td>
<td>0.4</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>0.1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Finance costs</strong></td>
<td>(15.6)</td>
<td>(10.5)</td>
<td>(20.5)</td>
</tr>
<tr>
<td>Exceptional finance costs</td>
<td>(0.6)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total finance costs</strong></td>
<td>(16.2)</td>
<td>(10.5)</td>
<td>(20.5)</td>
</tr>
</tbody>
</table>

Exceptional finance costs in the period relate to unamortised finance costs for McKay Securities Limited’s previous bank loan which were written off when this was refinanced in September 2022.

5. Taxation

<table>
<thead>
<tr>
<th></th>
<th>6 months ended 30 September 2022 £m</th>
<th>6 months ended 30 September 2021 £m</th>
<th>Year ended 31 March 2022 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current tax:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK corporation tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Deferred tax:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On origination and reversal of temporary differences</td>
<td>-</td>
<td>-</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Total taxation charge</strong></td>
<td></td>
<td></td>
<td>0.1</td>
</tr>
</tbody>
</table>

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 2022: £0.1m, 30 September 2021: £nil).
6. Dividends

Ordinary dividends paid

<table>
<thead>
<tr>
<th>Payment date</th>
<th>Per share</th>
<th>6 months ended 30 September 2022</th>
<th>6 months ended 30 September 2021</th>
<th>Year ended 31 March 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>For the year ended 31 March 2021:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final dividend</td>
<td>August 2021</td>
<td>17.75p</td>
<td>-</td>
<td>32.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For the year ended 31 March 2022:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interim dividend</td>
<td>February 2022</td>
<td>7.0p</td>
<td>-</td>
<td>12.7</td>
</tr>
<tr>
<td>Final dividend</td>
<td>August 2022</td>
<td>14.5p</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dividends for the period

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>6 months ended 30 September 2022</th>
<th>6 months ended 30 September 2021</th>
<th>Year ended 31 March 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Dividends' cash paid</td>
<td></td>
<td>26.1</td>
<td>28.7</td>
<td>43.3</td>
</tr>
</tbody>
</table>

In addition, the Directors are proposing an interim dividend in respect of the financial year ending 31 March 2023 of 8.4 pence per ordinary share which will absorb an estimated £16.1m of revenue reserves and cash. The dividend will be paid on 1 February 2023 to shareholders who are on the register of members on 6 January 2023. The dividend will be paid as a REIT Property Income Distribution (PID) net of withholding tax where appropriate.

7. Earnings per share

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:

<table>
<thead>
<tr>
<th></th>
<th>6 months ended 30 September 2022</th>
<th>6 months ended 30 September 2021</th>
<th>Year ended 31 March 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average number of shares (excluding own shares held in trust)</td>
<td>189,456,131</td>
<td>181,006,085</td>
<td>180,983,916</td>
</tr>
<tr>
<td>Weighted average dilution due to share option schemes</td>
<td>872,332</td>
<td>832,534</td>
<td>998,280</td>
</tr>
<tr>
<td>Weighted average number of shares for diluted earnings per share</td>
<td>190,328,463</td>
<td>181,838,619</td>
<td>181,982,196</td>
</tr>
</tbody>
</table>

Earnings per share

<table>
<thead>
<tr>
<th></th>
<th>6 months ended 30 September 2022</th>
<th>6 months ended 30 September 2021</th>
<th>Year ended 31 March 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings per share</td>
<td>18.9p</td>
<td>1.9p</td>
<td>68.5p</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>18.8p</td>
<td>1.9p</td>
<td>68.1p</td>
</tr>
<tr>
<td>EPRA earnings per share</td>
<td>13.8p</td>
<td>1.2p</td>
<td>26.2p</td>
</tr>
<tr>
<td>Adjusted underlying earnings per share¹</td>
<td>15.3p</td>
<td>1.2p</td>
<td>25.8p</td>
</tr>
</tbody>
</table>

¹ Adjusted underlying earnings per share is calculated by dividing adjusted trading profit after finance costs by the diluted weighted average number of shares of 190,328,463 (31 March 2022: 181,982,165, 30 September 2021: 181,838,619).
8. Net assets per share

<table>
<thead>
<tr>
<th></th>
<th>30 September 2022</th>
<th>31 March 2022</th>
<th>30 September 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of shares used for calculating net assets per share:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares in issue at period-end</td>
<td>191,638,357</td>
<td>181,125,259</td>
<td>181,123,659</td>
</tr>
<tr>
<td>Less own shares held in trust at period-end</td>
<td>(160,476)</td>
<td>(162,113)</td>
<td>(162,113)</td>
</tr>
<tr>
<td>Number of shares for calculating basic net assets per share</td>
<td>191,477,881</td>
<td>180,963,146</td>
<td>180,961,546</td>
</tr>
<tr>
<td>Dilution due to share option schemes</td>
<td>958,891</td>
<td>1,078,852</td>
<td>954,111</td>
</tr>
<tr>
<td>Number of shares for calculating diluted adjusted net assets per share</td>
<td>192,436,772</td>
<td>182,041,998</td>
<td>181,915,657</td>
</tr>
<tr>
<td><strong>EPRA Net tangible assets per share</strong></td>
<td>£9.74</td>
<td>£9.88</td>
<td>£9.28</td>
</tr>
<tr>
<td><strong>Basic net assets per share</strong></td>
<td>£9.80</td>
<td>£9.94</td>
<td>£9.34</td>
</tr>
<tr>
<td><strong>Diluted net assets per share</strong></td>
<td>£9.75</td>
<td>£9.89</td>
<td>£9.29</td>
</tr>
</tbody>
</table>

**EPRA Net Asset Value Metrics**

<table>
<thead>
<tr>
<th></th>
<th>30 September 2022</th>
<th>31 March 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IFRS Equity attributable to shareholders</strong></td>
<td>1,876.6</td>
<td>1,876.6</td>
</tr>
<tr>
<td>Derivative financial instruments at fair value</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Intangibles per IFRS balance sheet</td>
<td>- (2.0)</td>
<td>- (1.9)</td>
</tr>
<tr>
<td>Excess of book value of debt over fair value</td>
<td>-</td>
<td>128.4</td>
</tr>
<tr>
<td>Purchasers’ costs¹</td>
<td>194.7</td>
<td>163.3</td>
</tr>
<tr>
<td><strong>EPRA measure</strong></td>
<td>2,071.3</td>
<td>2,005.0</td>
</tr>
<tr>
<td>Number of shares for calculating diluted net assets per share (millions)</td>
<td>192.4</td>
<td>182.4</td>
</tr>
<tr>
<td><strong>EPRA measure per share</strong></td>
<td>£10.76</td>
<td>£9.74</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>30 September 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IFRS Equity attributable to shareholders</strong></td>
<td>1,690.8</td>
</tr>
<tr>
<td>Derivative financial instruments at fair value</td>
<td>-</td>
</tr>
<tr>
<td>Intangibles per IFRS balance sheet</td>
<td>- (2.2)</td>
</tr>
<tr>
<td>Excess of book value of debt over book value</td>
<td>-</td>
</tr>
<tr>
<td>Purchasers’ costs¹</td>
<td>154.5</td>
</tr>
<tr>
<td><strong>EPRA measure</strong></td>
<td>1,845.3</td>
</tr>
<tr>
<td>Number of shares for calculating diluted net assets per share (millions)</td>
<td>181.9</td>
</tr>
<tr>
<td><strong>EPRA measure per share</strong></td>
<td>£10.14</td>
</tr>
</tbody>
</table>

¹ EPRA NTA and EPRA NDV reflect IFRS values which are net of purchasers’ costs. Purchasers’ costs are added back when calculating EPRA NRV.

**Total Accounting Return**

<table>
<thead>
<tr>
<th></th>
<th>30 September 2022</th>
<th>31 March 2022</th>
<th>30 September 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening EPRA net tangible assets per share (A)</td>
<td>9.88</td>
<td>9.38</td>
<td>9.38</td>
</tr>
<tr>
<td>Closing EPRA net tangible assets per share</td>
<td>9.74</td>
<td>9.88</td>
<td>9.28</td>
</tr>
<tr>
<td>(Decrease)/ increase in EPRA net tangible assets per share</td>
<td>(0.14)</td>
<td>0.50</td>
<td>(0.10)</td>
</tr>
<tr>
<td>Ordinary dividends paid in the year</td>
<td>0.15</td>
<td>0.25</td>
<td>0.18</td>
</tr>
<tr>
<td>Total return (B)</td>
<td>0.01</td>
<td>0.75</td>
<td>0.08</td>
</tr>
<tr>
<td>Total accounting return (B/A)</td>
<td>0.1%</td>
<td>8.0%</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

The total accounting return for the period comprises the growth in absolute EPRA net tangible assets per share plus dividends paid in the period as a percentage of the opening EPRA net tangible assets per share. The total return for the period to 30 September 2022 was 0.1% (year ended 31 March 2022: 8.0%, period ended 30 September 2021: 0.8%).
9. Investment Properties

<table>
<thead>
<tr>
<th>Balance at 1 April</th>
<th>30 September 2022</th>
<th>31 March 2022</th>
<th>30 September 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of investment properties</td>
<td>£2,366.7</td>
<td>£2,349.9</td>
<td>£2,349.9</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>£426.6</td>
<td>£88.4</td>
<td>43.4</td>
</tr>
<tr>
<td>Remeasurement of leases</td>
<td>£24.8</td>
<td>£30.0</td>
<td>13.8</td>
</tr>
<tr>
<td>Capitalised interest on refurbishments (note 4)</td>
<td>3.6</td>
<td>4.7</td>
<td>-</td>
</tr>
<tr>
<td>Disposals during the period</td>
<td>(5.6)</td>
<td>(109.5)</td>
<td>(95.5)</td>
</tr>
<tr>
<td>Change in fair value of investment properties</td>
<td>7.6</td>
<td>68.7</td>
<td>(14.9)</td>
</tr>
<tr>
<td>Adjustment for tenant incentives recognised in advance under IFRS 16</td>
<td>0.5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less: Classified as assets for resale</td>
<td>-</td>
<td>(65.9)</td>
<td>-</td>
</tr>
<tr>
<td>Total investment properties</td>
<td>£2,824.3</td>
<td>£2,366.7</td>
<td>£2,297.1</td>
</tr>
</tbody>
</table>

Investment properties represent a single class of property being business premises for rent in and around London.

During the period, the Group acquired McKay Securities Limited (formerly McKay Securities PLC) adding 32 properties in and around London to the portfolio.

Capitalised interest is included at a rate of capitalisation of 3.0% (31 March 2022: 3.0%, 30 September 2021: 3.7%). The total amount of capitalised interest included in investment properties is £15.0m (31 March 2022: £14.9m, 30 September 2021: £14.7m).

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 0.2% 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 2022 by the external valuer, CBRE Limited, for the Workspace properties held throughout the period, and by the external valuer, Knight Frank LLP, for the McKay properties acquired during the period. Both firms are 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. In line with IFRS 13, all investment properties are valued on the basis of their highest and best use.

The valuation of like-for-like properties (which are not subject to refurbishment or redevelopment) and completed projects are 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 and market comparatives whilst also considering the occupancy and timing of rent reviews at each property. Although occupancy and rent review timings are known, and there is market evidence for transaction prices for similar properties, there is still a significant element of estimation and judgement in estimating ERVs. 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 investment properties, is as follows:

<table>
<thead>
<tr>
<th></th>
<th>30 September 2022 £m</th>
<th>31 March 2022 £m</th>
<th>30 September 2021 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total per valuation report</td>
<td>2,863.0</td>
<td>2,402.2</td>
<td>2,271.4</td>
</tr>
<tr>
<td>Deferred consideration on sale of property</td>
<td>(0.6)</td>
<td>(0.6)</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Head leases obligations</td>
<td>34.6</td>
<td>31.0</td>
<td>26.3</td>
</tr>
<tr>
<td>Less: reclassified as held for sale</td>
<td>(65.9)</td>
<td>(65.9)</td>
<td>-</td>
</tr>
<tr>
<td>Less: tenant incentives recognised in advance under IFRS 16</td>
<td>(6.8)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total investment properties per balance sheet</td>
<td>2,824.3</td>
<td>2,366.7</td>
<td>2,297.1</td>
</tr>
</tbody>
</table>

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 2022.

**Key unobservable inputs:**

<table>
<thead>
<tr>
<th>Property category</th>
<th>Valuation £m</th>
<th>Valuation technique</th>
<th>ERVs – per sq. ft.</th>
<th>Equivalent yields</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Range</td>
<td>Weighted average</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Range</td>
<td>Weighted average</td>
</tr>
<tr>
<td>Like-for-like</td>
<td>1,891.5</td>
<td>1</td>
<td>£20 - £75</td>
<td>£45</td>
</tr>
<tr>
<td>Completed projects</td>
<td>249.9</td>
<td>1</td>
<td>£22 - £50</td>
<td>£30</td>
</tr>
<tr>
<td>Refurbishments</td>
<td>92.8</td>
<td>2</td>
<td>£20 - £40</td>
<td>£27</td>
</tr>
<tr>
<td>Redevelopments</td>
<td>29.5</td>
<td>2</td>
<td>£3 - £11</td>
<td>£6</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>526.0</td>
<td>1</td>
<td>£6 - £62</td>
<td>£25</td>
</tr>
<tr>
<td>Head leases</td>
<td>34.6</td>
<td>n/a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,824.3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 10%–19% with a weighted average of 17%.

Costs to complete is a key unobservable input for redevelopments at planning stage with a range of £219–£247 per sq. ft. and a weighted average of £226 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

<table>
<thead>
<tr>
<th>Current trade and other receivables</th>
<th>30 September 2022 £m</th>
<th>31 March 2022 £m</th>
<th>30 September 2021 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>11.4</td>
<td>6.7</td>
<td>10.0</td>
</tr>
<tr>
<td>Prepayments, other receivables and accrued income</td>
<td>25.1</td>
<td>16.2</td>
<td>17.5</td>
</tr>
<tr>
<td>Deferred consideration on sale of investment properties</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td></td>
<td><strong>37.1</strong></td>
<td><strong>23.5</strong></td>
<td><strong>28.1</strong></td>
</tr>
</tbody>
</table>

Included within trade receivables is the provision for impairment of receivables of £5.1m (31 March 2022: £5.2m, 30 September 2021: £4.9m).

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 £nil (31 March 2022: £nil, 30 September 2021: £nil) (note 3(b)).

**Receivables at fair value:**
Included within deferred consideration on sale of investment properties is £0.6m (31 March 2022: £0.6m, 30 September 2021: £0.6m) 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

<table>
<thead>
<tr>
<th>Cash and cash equivalents</th>
<th>30 September 2022 £m</th>
<th>31 March 2022 £m</th>
<th>30 September 2021 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and in hand</td>
<td>13.3</td>
<td>42.3</td>
<td>68.1</td>
</tr>
<tr>
<td>Restricted cash – tenants’ deposit deeds</td>
<td>6.6</td>
<td>6.7</td>
<td>6.9</td>
</tr>
<tr>
<td></td>
<td><strong>19.9</strong></td>
<td><strong>49.0</strong></td>
<td><strong>75.0</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Trade and other payables</th>
<th>30 September 2022 £m</th>
<th>31 March 2022 £m</th>
<th>30 September 2021 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>10.6</td>
<td>13.2</td>
<td>12.5</td>
</tr>
<tr>
<td>Other tax and social security payable</td>
<td>5.8</td>
<td>3.8</td>
<td>24.6</td>
</tr>
<tr>
<td>Tenants’ deposit deeds (note 11)</td>
<td>6.6</td>
<td>6.7</td>
<td>6.9</td>
</tr>
<tr>
<td>Tenants’ deposits</td>
<td>29.4</td>
<td>26.5</td>
<td>23.3</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>31.9</td>
<td>27.4</td>
<td>23.4</td>
</tr>
<tr>
<td>Deferred income – rent and service charges</td>
<td>13.5</td>
<td>8.2</td>
<td>9.6</td>
</tr>
<tr>
<td></td>
<td><strong>97.8</strong></td>
<td><strong>85.8</strong></td>
<td><strong>100.3</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 September 2022 £m</th>
<th>31 March 2022 £m</th>
<th>30 September 2021 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans (unsecured)</td>
<td>199.7</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans (unsecured)</td>
<td>83.4</td>
<td>(2.1)</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Other loans (secured)</td>
<td>64.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3.07% Senior Notes 2025 (unsecured)</td>
<td>79.9</td>
<td>79.9</td>
<td>79.8</td>
</tr>
<tr>
<td>3.19% Senior Notes 2027 (unsecured)</td>
<td>119.8</td>
<td>119.8</td>
<td>119.8</td>
</tr>
<tr>
<td>3.6% Senior Notes 2029 (unsecured)</td>
<td>99.8</td>
<td>99.8</td>
<td>99.8</td>
</tr>
<tr>
<td>Green Bond (unsecured)</td>
<td>298.2</td>
<td>298.1</td>
<td>297.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>944.8</td>
<td>595.5</td>
<td>596.7</td>
</tr>
</tbody>
</table>

(b) Net Debt

<table>
<thead>
<tr>
<th></th>
<th>30 September 2022 £m</th>
<th>31 March 2022 £m</th>
<th>30 September 2021 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings per (a) above</td>
<td>944.8</td>
<td>595.5</td>
<td>596.7</td>
</tr>
<tr>
<td>Adjust for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of raising finance</td>
<td>5.2</td>
<td>4.5</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Cash at bank and in hand (note 11)</strong></td>
<td>(13.3)</td>
<td>(42.3)</td>
<td>(68.1)</td>
</tr>
<tr>
<td><strong>Net Debt</strong></td>
<td>936.7</td>
<td>557.7</td>
<td>531.9</td>
</tr>
</tbody>
</table>

At 30 September 2022, the Group had £250m (31 March 2022: £400m, 30 September 2021: £250m) of undrawn bank facilities and £13.3m of unrestricted cash (31 March 2022: £42.3m, 30 September 2021: £68.1m). There are unamortised finance costs of £1.5m (31 March 2022: £2.1m, 30 September 2021: £0.6m).

Net debt represents borrowing facilities drawn, less cash at bank and in hand. It excludes lease obligations and any cost of raising finance as they have no future cash flows.

The Group has a loan to value covenant applicable to the Bank Loans and Senior Debt Borrowings of 60% and Green Bond of 65%. Loan to value at 30 September 2022 was 33% (31 March 2022: 23%, 30 September 2021: 23%).

The Group also has an interest cover covenant of 2.0x applicable to the Bank Loan and Senior Debt Borrowings, and 1.75x applicable for the Green Bond. This is calculated as net rental income divided by interest payable on loans and other borrowings. At 30 September 2022 interest cover was 4.5x (31 March 2022: 4.8x, 30 September 2021: 4.3x).

(c) Maturity

<table>
<thead>
<tr>
<th></th>
<th>Unaudited 30 September 2022 £m</th>
<th>Audited 31 March 2022 £m</th>
<th>Unaudited 30 September 2021 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayable within one year</td>
<td>200.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Repayable between one and two years</td>
<td>73.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Repayable between two and three years</td>
<td>92.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Repayable between three years and four years</td>
<td>-</td>
<td>80.0</td>
<td>80.0</td>
</tr>
<tr>
<td>Repayable between four years and five years</td>
<td>120.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Repayable in five years or more</td>
<td>465.0</td>
<td>520.0</td>
<td>520.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>950.0</td>
<td>600.0</td>
<td>600.0</td>
</tr>
<tr>
<td>Cost of raising finance</td>
<td>(5.2)</td>
<td>(4.5)</td>
<td>(3.3)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>944.8</td>
<td>595.5</td>
<td>596.7</td>
</tr>
</tbody>
</table>
(d) Interest rate and repayment profile

<table>
<thead>
<tr>
<th>Period</th>
<th>Interest Rate</th>
<th>Repayment</th>
<th>Principal at Period End (£m)</th>
<th>Interest Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Bank overdraft due within one year or on demand (£2m facility)</td>
<td>Base +2.25%</td>
<td>Variable</td>
<td>200.0</td>
<td>On demand</td>
</tr>
<tr>
<td>Non-current Private Placement Notes:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.07% Senior Notes</td>
<td>80.0</td>
<td>3.07%</td>
<td>Half Yearly</td>
<td>August 2025</td>
</tr>
<tr>
<td>3.19% Senior Notes</td>
<td>120.0</td>
<td>3.19%</td>
<td>Half Yearly</td>
<td>August 2027</td>
</tr>
<tr>
<td>3.6% Senior Notes</td>
<td>100.0</td>
<td>3.60%</td>
<td>Half Yearly</td>
<td>January 2029</td>
</tr>
<tr>
<td>Bank Loan</td>
<td>12.0</td>
<td>SONIA + 1.65%</td>
<td>Monthly</td>
<td>December 2024</td>
</tr>
<tr>
<td>Bank Loan</td>
<td>73.0</td>
<td>SONIA + 1.65%</td>
<td>Monthly</td>
<td>April 2024</td>
</tr>
<tr>
<td>Other Loan (secured)</td>
<td>65.0</td>
<td>4.02%</td>
<td>Monthly</td>
<td>May 2030</td>
</tr>
<tr>
<td>Green Bond</td>
<td>300.0</td>
<td>2.25%</td>
<td>Yearly</td>
<td>March 2028</td>
</tr>
</tbody>
</table>

950.0

1 This is an average over the life of the facility. The margin increases from 1.5% to 2.15% over the facility availability period.

2 The base margin can be adjusted by up to 4.5bps dependent upon achievement of three ESG-linked metrics.

(e) Financial instruments and fair values

<table>
<thead>
<tr>
<th>Financial liabilities held at amortised cost</th>
<th>Unaudited 30 September 2022</th>
<th>Audited 31 March 2022</th>
<th>Unaudited 30 September 2021</th>
<th>Audited 31 March 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank loans (unsecured)</td>
<td>283.1</td>
<td>(2.1)</td>
<td>299.4</td>
<td>323.9</td>
</tr>
<tr>
<td>Other loans (secured)</td>
<td>64.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Private Placement Notes</td>
<td>299.5</td>
<td>301.8</td>
<td>299.4</td>
<td>323.9</td>
</tr>
<tr>
<td>Lease obligations</td>
<td>34.6</td>
<td>31.0</td>
<td>26.3</td>
<td>26.3</td>
</tr>
<tr>
<td>Green Bond</td>
<td>298.2</td>
<td>298.1</td>
<td>297.9</td>
<td>321.8</td>
</tr>
</tbody>
</table>

979.4 851.0 626.5 613.5 623.0 671.4

Financial assets at fair value through other comprehensive income

<table>
<thead>
<tr>
<th>Derivative financial instruments:</th>
<th>Unaudited 30 September 2022</th>
<th>Audited 31 March 2022</th>
<th>Unaudited 30 September 2021</th>
<th>Audited 31 March 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Investments</td>
<td>1.7</td>
<td>1.7</td>
<td>7.9</td>
<td>7.9</td>
</tr>
</tbody>
</table>

1.7 1.7 1.7 1.7 7.9 7.9

Financial assets at fair value through profit or loss

<table>
<thead>
<tr>
<th>Deferred consideration (overage)</th>
<th>Unaudited 30 September 2022</th>
<th>Audited 31 March 2022</th>
<th>Unaudited 30 September 2021</th>
<th>Audited 31 March 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
</tr>
</tbody>
</table>

0.6 0.6 0.6 0.6 0.6 0.6

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, other 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 in note 9.

The total change in fair value of derivative financial instruments recorded in other comprehensive income was a £nil (31 March 2022: £nil, 30 September 2021: £nil).
14. Lease obligation

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

<table>
<thead>
<tr>
<th>Unaudited 30 September £m</th>
<th>Audited 31 March 2022 £m</th>
<th>Unaudited 30 September 2021 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leases repayable in two years or more</td>
<td>34.6</td>
<td>31.0</td>
</tr>
</tbody>
</table>

Minimum lease payments under leases fall due as follows:

Within one year | 2.1 | 1.9 | 1.6 |
Between two and five years | 8.3 | 7.4 | 6.6 |
Beyond five years | 200.8 | 181.0 | 147.6 |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>211.2</td>
<td>190.3</td>
<td>155.8</td>
</tr>
</tbody>
</table>

Future finance charges on leases | (176.6) | (159.3) | (129.5) |
Present value of lease liabilities | 34.6 | 31.0 | 26.3 |

15. Notes to cash flow statement

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

<table>
<thead>
<tr>
<th>6 months ended 30 September 2022 £m</th>
<th>6 months ended 30 September 2021 £m</th>
<th>Year ended 31 March 2022 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>35.8</td>
<td>3.4</td>
</tr>
<tr>
<td>Depreciation</td>
<td>0.7</td>
<td>0.9</td>
</tr>
<tr>
<td>Amortisation of intangibles</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td>Letting fees amortisation</td>
<td>0.3</td>
<td>-</td>
</tr>
<tr>
<td>(Profit)/ Loss on disposal of investment properties</td>
<td>(1.5)</td>
<td>3.5</td>
</tr>
<tr>
<td>Other expenses/ (income)</td>
<td>2.3</td>
<td>-</td>
</tr>
<tr>
<td>Net (profit)/loss from change in fair value of investment property</td>
<td>(8.1)</td>
<td>14.9</td>
</tr>
<tr>
<td>Equity-settled share based payments</td>
<td>1.0</td>
<td>0.3</td>
</tr>
<tr>
<td>Finance expense</td>
<td>15.6</td>
<td>10.5</td>
</tr>
<tr>
<td>Exceptional finance costs</td>
<td>0.6</td>
<td>-</td>
</tr>
<tr>
<td>Changes in working capital:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase)/ decrease in trade and other receivables</td>
<td>(8.3)</td>
<td>(3.2)</td>
</tr>
<tr>
<td>Increase in trade and other payables</td>
<td>1.5</td>
<td>17.6</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>40.2</td>
<td>48.3</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>30 September 2022 £m</th>
<th>31 March 2022 £m</th>
<th>30 September 2021 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and in hand</td>
<td>13.3</td>
<td>42.3</td>
</tr>
<tr>
<td>Restricted cash – tenants’ deposit deeds</td>
<td>6.6</td>
<td>6.7</td>
</tr>
<tr>
<td></td>
<td>19.9</td>
<td>49.0</td>
</tr>
</tbody>
</table>
16. Share Capital

<table>
<thead>
<tr>
<th></th>
<th>Unaudited 30 September 2022</th>
<th>Audited 31 March 2022</th>
<th>Unaudited 30 September 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shares at 1 April</td>
<td>181,125,259</td>
<td>181,113,594</td>
<td>181,113,594</td>
</tr>
<tr>
<td>Issue of shares</td>
<td>10,513,098</td>
<td>11,665</td>
<td>10,065</td>
</tr>
<tr>
<td>Number of shares at period end</td>
<td>191,638,357</td>
<td>181,125,259</td>
<td>181,123,659</td>
</tr>
</tbody>
</table>

The Group issued shares as part of the consideration for the acquisition of McKay Securities Limited (formerly McKay Securities PLC) during the period ended 30 September 2022 totalling 10,513,098. The average share price on issue was £6.38 leading to share premium of £56,560,467 in the period. In the year there were no share scheme options issued (31 March 2022: 11,665 with net proceeds £nil, 30 September 2021: 10,065 with net proceeds £nil).

17. Capital commitments

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

<table>
<thead>
<tr>
<th></th>
<th>Unaudited 30 September 2022</th>
<th>Audited 31 March 2022</th>
<th>Unaudited 30 September 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction or refurbishment of investment properties</td>
<td>30.0</td>
<td>4.6</td>
<td>3.2</td>
</tr>
</tbody>
</table>

18. Post balance sheet events

On 12 October 2022, the Group entered into a pension buy-out transaction whereby an insurance company took on all current and future liabilities of the McKay Securities Limited defined benefit pension scheme totalling £6.7m in exchange for the £5.4m assets of the scheme and a cash contribution from the Company of £1.3m. The liability for the payment and associated costs was provided for as at 30 September 2022.

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 for use in the UK;

• 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 2022. A list of current Directors is maintained on the Workspace Group website: www.workspace.co.uk.

Approved by the Board on 14 November 2022 and signed on its behalf by

D Benson
Director
INDEPENDENT REVIEW REPORT TO WORKSPACE GROUP PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2022 which comprises Consolidated Income Statement, Consolidated Statement of Comprehensive Income, 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 2022 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK’s Financial Conduct Authority ("the UK FCA").

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("ISRE (UK) 2410") issued 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.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern, and the above conclusions are not a guarantee that the group will continue in operation.

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 UK-adopted international accounting standards.

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 for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

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. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.
The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company 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 company for our review work, for this report, or for the conclusions we have reached.

Bano Sheikh for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
14 November 2022
PRINCIPAL RISKS AND UNCERTAINTIES

The Board assesses and monitors the principal risks of the business and considers how these risks could best be mitigated, where possible, through a combination of internal controls and risk management. The first six months of the financial year has seen a period of political uncertainty and challenging macro-economic conditions with high inflation and increasing interest rates.

Whilst the combination of these factors presents an increased risk of recession and potential adverse impact on property values and construction costs, 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 2022.

Workspace recognises that climate change will have an impact on our business. Our properties are at risk from physical climate related issues and as a business we are also at risk from the transition to a net zero economy in the form of increasing regulation and changes in customer demand. We are actively managing our climate change risk and have put in place mitigation measures for the most material impacts.

These risks have been assessed in line with the requirements of the 2018 UK Corporate Governance Code and are shown below. The Board is satisfied that we continue to operate within our risk profile.

<table>
<thead>
<tr>
<th>Risk Area</th>
<th>Mitigating activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer demand</strong></td>
<td>- Broad mix of buildings across London with different office experiences at various price points to match customer requirements</td>
</tr>
<tr>
<td></td>
<td>- Pipeline of refurbishment and redevelopments to further enhance the portfolio</td>
</tr>
<tr>
<td></td>
<td>- Weekly meeting to track enquiries, viewings and lettings to closely track customer trends and amend pricing as demand changes</td>
</tr>
<tr>
<td></td>
<td>- Centre staff maintain ongoing relationships with our customers to understand their requirements and implement change to meet their needs</td>
</tr>
<tr>
<td></td>
<td>- Business plans are stress tested to assess the sensitivity of forecasts to reduced levels of demand and implement contingency measures</td>
</tr>
<tr>
<td></td>
<td>- Marketing campaigns maintain awareness of Workspace’s offer and content and messaging are regularly reviewed to remain relevant and appealing to customers</td>
</tr>
<tr>
<td><strong>Financing</strong></td>
<td>- We regularly review funding requirements for business plans, and 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</td>
</tr>
<tr>
<td></td>
<td>- We have a broad range of funding relationships in place and regularly review our refinancing strategy. We also maintain a specific interest rate profile via use of fixed rates on our loan facilities so that our interest payment profile is stable</td>
</tr>
<tr>
<td></td>
<td>- Loan covenants are monitored and reported to the Board on a monthly basis, and we undertake detailed cash flow monitoring and forecasting</td>
</tr>
<tr>
<td></td>
<td>- During 2021/22 we refinanced our Revolving Credit Facility, extending the maturity for a further three years, providing the Group with adequate funds for future plans</td>
</tr>
<tr>
<td></td>
<td>- During the first six months of 2022/23 we refinanced the McKay RCF and Aviva loan providing further certainty over our funding position going forwards</td>
</tr>
<tr>
<td>Valuation</td>
<td>Market-related valuation risk is largely dependent on independent, external factors. We maintain a conservative LTV ratio which can withstand a severe decline in property values without covenant breaches.</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Macroeconomic uncertainty could have an impact on asset valuations, whereby property yields increase, and valuations fall. This may result in a reduction in return on investment and negative impact on covenant testing.</td>
<td>We monitor changes in sentiment in the London real estate market, yields and pricing to track possible changes in valuation. CBRE and Knight Frank, both leading full-service real estate services and investment organisations, provides twice yearly valuations of all our properties.</td>
</tr>
<tr>
<td><strong>RISK IMPACT</strong></td>
<td>We manage our properties to ensure they are compliant with the Minimum Energy Efficiency Standards (MEES) for EPCs.</td>
</tr>
<tr>
<td>- Financing covenants linked to loan to value (‘LTV’) ratio</td>
<td>Alternative use opportunities, including mixed-use developments, are actively pursued across the portfolio.</td>
</tr>
<tr>
<td>- Impact on share price</td>
<td></td>
</tr>
<tr>
<td>- Failure to meet Energy Performance Certificate (EPC) targets could result in a loss of rental income impacting valuation</td>
<td></td>
</tr>
<tr>
<td><strong>RISK IMPACT</strong></td>
<td></td>
</tr>
<tr>
<td>- Negative impact on valuation</td>
<td></td>
</tr>
<tr>
<td>- Impact on overall shareholder return</td>
<td></td>
</tr>
<tr>
<td>Acquisition pricing</td>
<td>We have an acquisition strategy determining key criteria such as location, size and potential for growth. These criteria are based on the many years of knowledge and understanding of our market and customer demand.</td>
</tr>
<tr>
<td>Inadequate appraisal and due diligence of a new acquisition could lead to paying above market price leading to a negative impact on valuation and rental income targets</td>
<td>A detailed appraisal is prepared for each acquisition and is presented to the Investment Committee for challenge and discussion prior to authorisation by the Board. The acquisition is then subject to thorough due diligence prior to completion.</td>
</tr>
<tr>
<td><strong>RISK IMPACT</strong></td>
<td>Workspace will only make acquisitions that are expected to yield a minimum return and will not knowingly overpay for an asset.</td>
</tr>
<tr>
<td>- Negative impact on valuation</td>
<td>For all corporate acquisitions we undertake appropriate property, financial and tax due diligence including a review of ESG.</td>
</tr>
<tr>
<td>- Impact on overall shareholder return</td>
<td></td>
</tr>
<tr>
<td>Customer default payment</td>
<td>Rent collections improved during the year but still impacted as a result of the moratorium put in place by the Government. This has now been partially removed improving our ability to enforce payment.</td>
</tr>
<tr>
<td>There is a reducing impact from Covid-19 on the economy with less customers defaulting on their rental payments. However there remains a risk of continued economic downturn given the broader geopolitical climate, inflation and interest rate rises. This could result in further pressure on rent collection figures with a prolonged period of companies failing leading to a decline in occupancy and increase in office vacancies.</td>
<td>The reduced impact continues to be mitigated by strong credit control processes in place and an experienced team of credit controllers, able to make quick decisions and negotiate with customers for payment. In addition, we hold a month three-month deposit for the majority of customers.</td>
</tr>
<tr>
<td><strong>RISK IMPACT</strong></td>
<td>Centre staff maintain relationships with customers and can identify early signs of potential issues.</td>
</tr>
<tr>
<td>- Negative cash flow and increasing interest costs</td>
<td></td>
</tr>
<tr>
<td>- Breach of financial covenants</td>
<td></td>
</tr>
<tr>
<td>Cyber security</td>
<td>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 layer access control through to people solutions such as user awareness training and mock-phishing emails.</td>
</tr>
<tr>
<td>A cyber-attack could lead to a loss of access to Workspace systems or a network disruption for a prolonged period of time, this could damage Workspace reputation and inhibit our ability to run the business.</td>
<td>Assurance of the framework’s performance is gained through an independent maturity assessment, penetration testing and network vulnerability testing, all performed annually.</td>
</tr>
<tr>
<td><strong>RISK IMPACT</strong></td>
<td></td>
</tr>
<tr>
<td>- Inability to process new leases and invoice customers</td>
<td></td>
</tr>
<tr>
<td>- Reputational damage</td>
<td></td>
</tr>
<tr>
<td>- Increased operational costs</td>
<td></td>
</tr>
<tr>
<td><strong>Resourcing</strong></td>
<td><strong>RISK IMPACT</strong></td>
</tr>
<tr>
<td>----------------</td>
<td>----------------</td>
</tr>
</tbody>
</table>
| Ineffective succession planning, recruitment and people management could lead to limited resourcing levels and a shortage of suitably skilled individuals to be able to achieve Workspace objectives and grow the business. A failure to have in place adequate resourcing may also result in stretch of existing management and a decline in efficiency. | - 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 Recruitment Manager who will coordinate all activities to attract talented employees. |

**RISK IMPACT**  
- Increased costs from high staff turnover  
- Delay to growth plans  
- Reputational damage

<table>
<thead>
<tr>
<th><strong>Third party relationships</strong></th>
<th><strong>RISK IMPACT</strong></th>
</tr>
</thead>
</table>
| Poor performance from one of Workspace’s key contractors or third party partners could result in an interruption to or reduction in the quality of our service offering to customers or could lead to significant disruptions and delays in any refurbishment or redevelopment projects. | - Workspace has in place a robust tender and selection process for key contractors and partners. Contracts contain service level agreements which are monitored regularly, and actions taken in the case of underperformance.  
- For key services, Workspace maintains relationships with alternative providers so that other solutions would be available if the main contractor or third party was unable to continue providing their services. Processes are in place for identifying key suppliers and understanding any specific risks that require further mitigation.  
- Workspace is London Living Wage compliant for all contractors since April 2022. |

**RISK IMPACT**  
- Decline in customer confidence  
- Increase project or operational costs  
- Fall in customer demand

<table>
<thead>
<tr>
<th><strong>Regulatory</strong></th>
<th><strong>RISK IMPACT</strong></th>
</tr>
</thead>
</table>
| A failure to keep up to date and plan for changing regulations in key areas such as health and safety or sustainability could lead to fines or reputational damage. | - Health and safety is one of our primary concerns, with strong leadership promoting a culture of awareness throughout the business. We have well-developed policies and procedures in place to help ensure that any workers, employees or visitors on site comply with strict safety guidelines and we work with well-respected suppliers who share our high-quality standards in health and safety.  
- Health and safety management systems are reviewed and updated in line with changing regulation and regular audits are undertaken to identify any potential improvements.  
- Sustainability requirements have an increasing importance for the Group, and it is a responsibility we take seriously. We have committed to a Carbon Zero target of 2030, and we are implementing the TCFD recommendations. |

**RISK IMPACT**  
- Increased costs  
- Reputational damage