



16 July 2014

WORKSPACE GROUP PLC

INTERIM MANAGEMENT STATEMENT

Workspace Group PLC ("Workspace"), London's leading provider of space to new and growing companies, announces its Interim Management Statement covering the period from 1 April 2014 to the date of this announcement, including the operational statistics for the quarter to 30 June 2014.

Highlights

- Total rent roll of £61.0m up 4.6% (£2.7m) in the quarter and up 14.9% (£7.9m) over the last twelve months from 30 June 2013.
- Like-for-like rent roll up 3.3% (£1.3m) in the quarter to £41.1m and up by 10.8% (£4.0m) over the last twelve months from 30 June 2013.
- Like-for-like occupancy at 90.6%, up 0.6% in the quarter with rent per sq.ft up 2.5% in the quarter to £14.96.
- Strong demand at our completed refurbishment and redevelopment projects, with rent roll up £1.2m in the quarter to £7.1m.
- Acquisition of Vestry Street Studios, N1 and 12-13 Greville Street, EC1 completed in the quarter for £14.9m.
- Planning permission secured for the second phase of the mixed use redevelopment at The Filaments, SW18.
- Entered into agreements with residential developers for the mixed use redevelopments at The Faircharm, SE8 and the second phase at Bow Enterprise Park, E3.



Outlook

Jamie Hopkins, Chief Executive Officer commented:

“This has been a good start to the financial year with strong demand for our tailored space driving growth in pricing and rent roll. Our focused asset management and clear understanding of our customers’ requirements continues to deliver value for shareholders.

We have increased our footprint across London, launching new buildings in areas attractive to our customers, such as Screenworks in Islington and Pill Box in Bethnal Green. In addition, our presence in Midtown has been strengthened with the acquisition of properties in Holborn and Farringdon. We continue to explore refurbishment and redevelopment options throughout the portfolio as well as making selective property acquisitions in the right locations where we can offer the services and facilities that suit our customers’ needs.”

- Ends -

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Notes to Editors

About Workspace Group PLC

- Workspace is a FTSE250 company and has been listed on the London Stock Exchange since 1993;
- It has a strong 25 year track record in providing tailored business premises to growing companies in London;
- It owns and manages 97 properties across London providing 5.0 million square feet of space and is home to some 4,000 businesses employing over 30,000 people;
- For more information on Workspace, please visit www.workspace.co.uk



OCCUPANCY AND RENT ROLL

Like-for-like Portfolio

Like-for-Like	Jun 2014	Mar 2014	Dec 2013	Sep 2013	Jun 2013
Number of properties	57	57	57	57	57
Occupancy	90.6%	90.0%	90.5%	91.0%	90.2%
Rent roll	£41.1m	£39.8m	£38.7m	£38.0m	£37.1m
Rent per sq. ft.	£14.96	£14.59	£14.07	£13.75	£13.55

The like-for-like property portfolio performance has been restated for both the current quarter and the prior quarter comparatives to exclude Hatton Square Business Centre, Barley Mow Centre, Enterprise House, Linton House and Bounds Green which are undergoing refurbishment and Poplar Business Park which will be redeveloped.

Like-for-like rent roll has increased by £1.3m in the quarter to 30 June 2014 with strong demand driving further uplift in pricing levels. Like-for-like rent per sq. ft. was up 2.5% to £14.96 in the quarter to 30 June 2014 and up 10.4% over the last twelve months.

Completed Projects

Rental growth at our completed refurbishment and redevelopment projects is becoming an increasingly significant component of overall growth, with rent roll at completed projects up £1.2m in the quarter to 30 June 2014 to £7.1m.

We have been delighted with the level of interest and lettings at our two most recently completed schemes with occupancy at Pill Box, E2 which opened in March 2014, now at 53% (average rent per sq.ft of £29) and occupancy at Screenworks, N5 which opened in May 2014 already at 28% (average rent per sq.ft of £36). In both cases occupancy and pricing are well ahead of our initial expectations.

Total Rent Roll

Total cash rent roll is £61.0m at June 2014, up 4.6% (£2.7m) in the first quarter.

	£m
At March 2014	58.3
Like-for-like growth	1.3
Increase in rent at completed projects	1.2
Rent reduction at current refurbishment and redevelopment projects	(0.5)
Acquisitions	0.7
At June 2014	<u>61.0</u>

Rent roll growth from the like-for-like portfolio and the completed projects of £2.5m in the quarter has been partly offset by a £0.5m reduction in rent at properties undergoing refurbishment and redevelopment. The increase in rent of £0.7m from acquisitions relates to the purchase of Vestry Street Studios in May 2014 for £12.6m and 12-13 Greville Street in April 2014 for £2.3m and an increase in rent roll of £0.1m at 60 Gray's Inn Road which was acquired in November 2013.

ENQUIRIES AND LETTINGS

	Quarter Ended				
	Jun 2014	Mar 2014	Dec 2013	Sep 2013	Jun 2013
Average number per month:					
Enquiries	1,222	1,292	917	1,010	1,033
Lettings	104	103	80	84	74

Enquiry levels remain high reflecting the strength of demand we are seeing for space at our buildings across London. Lettings have increased over the last two quarters benefiting from the 111,000 sq.ft of new space at the recently opened Pill Box and Screenworks business centres.



REFURBISHMENT AND REDEVELOPMENT ACTIVITY

We continue to make good progress in line with our plans across a range of refurbishment and redevelopment projects:

- We opened our new 61,000 sq.ft business centre in Islington, Screenworks, in May 2014. This was built at no cost to Workspace as part of the consideration for the sale of the planning consent we had obtained at this site for 72 residential units to Taylor Wimpey.
- We completed the second phase construction of 21,000 sq. ft of new industrial units at Leyton Industrial Village, E10 in May 2014 on time and in line with budget at £2m.
- The upgrade and two floor extension at the Metal Box Factory, SE1 (creating a 102,000 sq.ft business centre) is expected to be completed in September 2014 at a total estimated cost of £16m. We are already seeing strong levels of interest for the new space at this attractive location on the Southbank.
- We obtained planning consent in April 2014 for the second phase of the mixed use redevelopment at the Filaments, SW18 for a further 77 residential units and 18,000 sq.ft of commercial space.
- We sold the second phase of the mixed use redevelopment at Bow Enterprise Park, E3 of 160 residential units to Peabody in April 2014 return for £11m in cash and 3,000sq.ft of new industrial space.
- We entered into an agreement in May 2014 for the sale of 148 residential units at our mixed use redevelopment at The Faircharm, SE8 to London & Quadrant in return for £10m in cash and a new 52,000 sq.ft business centre. We were delighted to receive a New London Award (NLA) at the NLA's Annual Awards in July 2014 in the mixed use category for this redevelopment in recognition of its pioneering design and architecture.
- We are currently marketing to developers the first phase of the redevelopment at Poplar Business Park, E14 where we have planning consent in total for 392 residential units and 70,000 sq.ft of new business space.

Key Property Statistics

	Quarter ending 30 Jun 2014	Quarter ending 31 Mar 2014	Quarter ending 31 Dec 2013	Quarter ending 30 Sep 2013	Quarter ending 30 Jun 2013
Workspace Group Portfolio					
Number of estates	84	83	83	83	84
Lettable floorspace (million sq.ft.) †	4.5	4.5	4.6	4.6	4.6
Number of lettable units	4,701	4,653	4,543	4,539	4,543
Cash rent roll of occupied units	£61.0m	£58.3m	£56.7m	£54.1m	£53.1m
Average annual rent per sq. ft.	£15.73	£15.12	£14.11	£13.58	£13.26
Overall occupancy	85.7%	85.8%	87.1%	86.8%	86.9%
Like-for-like lettable floor space (m sq.ft.)	3.0	3.0	3.0	3.0	3.0
Like-for-like cash rent roll	£41.1m	£39.8m	£38.7m	£38.0m	£37.1m
Like-for-like average annual rent per sq.ft.	£14.96	£14.59	£14.07	£13.75	£13.55
Like-for-like occupancy	90.6%	90.0%	90.5%	91.0%	90.2%
BlackRock Workspace Property Trust					
Number of estates	13	14	14	15	15
Lettable floorspace (million sq.ft.)	0.5	0.5	0.5	0.5	0.5
Cash rent roll of occupied units	£6.2m	£6.4m	£6.4m	£6.5m	£6.3m
Average rent per sq. ft.	£14.84	£14.66	£14.57	£14.48	£13.96
Overall occupancy	89.1%	87.7%	89.1%	88.5%	88.0%

† Excludes storage space