

**7 July 2011**

**WORKSPACE GROUP PLC  
INTERIM MANAGEMENT STATEMENT**

Workspace Group PLC (“Workspace Group”), one of London's leading providers of space to small and medium-sized enterprises (SMEs), is today announcing an Interim Management Statement covering the period from 1 April 2011 to the date of this announcement.

This statement should be read in conjunction with today's announcement of the Rights Issue.

**Highlights for the first quarter ended 30 June 2011:**

- Total occupancy up 0.4% in the quarter to 84.0%
- Total cash rent roll up 1.4% (£0.7m) in the quarter to £49.6m
- Like-for-like occupancy stable at 86.4%
- Like-for-like cash rent roll up 1.2% (£0.5m) in the quarter to £43.5m
- Underlying property valuation at 15 June 2011 up 1.3% (£9m) to £727m
- Fully underwritten Rights Issue to raise net proceeds of approximately £63m to accelerate investment in our portfolio announced today

***Commenting on the performance, Harry Platt, Chief Executive said:***

*“The business is performing well, with good demand for space from our SME customer base across London. We are now poised for the next exciting phase of growth as we accelerate our investment in the redevelopment potential of our London property portfolio.”*

**Portfolio Performance**

We are continuing to see good levels of customer enquiries and lettings, despite the impact of the long Easter holiday in the quarter. At our like-for-like properties, we have seen rent per sq. ft. improve 1.6% to £12.27 with cash rent roll up 1.2% (£0.5m) to £43.5m and like-for-like occupancy steady at 86.4%.

<b>Workspace Group Portfolio</b>	<b>Quarter to 30 June 2011</b>	<b>Quarter to 31 March 2011</b>	<b>Quarter to 30 June 2010</b>
Average enquiries per month	911	1,045	908
Average lettings per month	77	79	87
Total cash rent roll <sup>1</sup>	£49.6m	£48.9m	£51.2m
Total occupancy <sup>1</sup>	84.0%	83.6%	82.7%
Like-for-like cash rent roll <sup>2</sup>	£43.5m	£43.0m	£41.7m

Like-for-like occupancy <sup>2</sup>	86.4%	86.4%	84.8%
Like-for-like rent per sq. ft.	£12.27	£12.06	£11.84

1. Total cash rent roll and occupancy at June 2010 includes the 8 properties sold into the BlackRock Workspace joint venture in February 2011.
2. Like-for-like has been restated in the quarter for the transfer out of Aberdeen Business Centre ahead of its redevelopment and transfer in of the Kennington Park estate (excluding areas within the estate being refurbished).

## Valuation

The valuation of the Group's properties as at 15 June 2011 was £726.8m (31 March 2011: £718.7m). There has been an underlying increase in the valuation of 1.3% (£9.4m), excluding the impact of capital expenditure and the sale of the car park at Ewer Street for student housing in April 2011, for £3.9m.

Total estimated rental value (ERV), excluding disposals, was up 2.3% (£1.4m) in the period to £62.8m, this includes £1.2m at Wandsworth Business Village (£nil at 31 March 2011) where the mixed-use redevelopment of the site is now underway.

Total existing use income yield (based on cash rent roll) was 7.7% (31 March 2011: 7.7%) and added value has increased by £3m, excluding disposals, to £78m. Overall, net initial yield as reported by our valuers, CBRE, was 6.9% (31 March 2011: 6.8%).

## Banking Facilities

On 6 July 2011 HSBC became an additional lender to the recently refinanced £125m RBS facility, taking up a £62.5m participation along side RBS. This adds a further bank to the base of high quality lenders to the Workspace Group.

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