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Workspace Group PLC
22 November 2024

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WORKSPACE GROUP PLC
HALF YEAR RESULTS

CONTINUED UNDERLYING INCOME AND DIVIDEND GROWTH FROM OUR UNIQUE AND SCALABLE OPERATING PLATFORM

Workspace Group PLC ("Workspace"), London's leading owner and operator of sustainable, flexible work space today announces its results for the half year to 30 September 2024. The comments in this announcement refer to the period from 1 April 2024 to 30 September 2024 unless otherwise stated.

Financial highlights: Underlying rental income growth driving increase in dividend, valuation stabilised

- Underlying net rental income[†1] up 4.3% to £60.2m (September 2023: £57.7m), net rental income[†] down 0.8% (£0.5m) to £60.5m (September 2023: £61.0m) following disposals
- Trading profit after interest[†] up 5.1% to £32.7m (September 2023: £31.1m)
- Interim dividend per share up 4.4% to 9.4p per share (September 2023: 9.0p)
- Like-for-like portfolio valuation stabilised, down 0.2%[2] with equivalent yield out 9bps to 7.1%, offset by 1.3% growth in ERV
- Total portfolio valuation of £2,423m, an underlying[2] reduction of 0.8% (£20m) from 31 March 2024 (September 2023: underlying[2] reduction of 6.6%)
- Profit before tax of £10.2m, reflecting the movement in the property valuation (September 2023: £147.9m loss)
- EPRA net tangible assets per share[†] down 1.9% to £7.85 (March 2024: £8.00)
- Robust balance sheet with £144m of cash and undrawn facilities (March 2024: £145m) and LTV[†] stable at 35% (March 2024: 35%)
- Average cost of debt at 30 September was 3.6% with 89% of debt at fixed rates.
- In November 2024, agreed extension of £135m credit facility to 2028 and additional £80m term loan facility

Scalable operating platform: customer demand driving continued pricing growth

- Good customer demand with 603 lettings completed in the half year with a total rental value of £15.8m, highlighting the appeal of our flexible offer
- Like-for-like rent per sq. ft. up 2.8% in the half year to £47.00
- Like-for-like rent roll down 1.3% in the half year to £109.0m, reflecting a higher than usual level of larger customers vacating in the period
- Like-for-like occupancy down 0.7% in the half year to 87.5%

Accretive asset management and sustainability activity targeted to customer demand

- Active capital recycling with £29.9m of disposals completed in the first half of the year, and a further £47.2m already exchanged and expected to complete in the second half of the year
- Refurbishment and extension of Leroy House in Islington completed in October 2024, our first net zero building, delivering 57,000 sq. ft. of new space across 101 units
- Progressing the major refurbishment projects at Chocolate Factory and The Biscuit Factory, with an additional c.1m sq. ft. of larger projects in the pipeline
- Further 60,000 sq. ft. of refurbishment and unit subdivision projects completed in the first half to meet customer demand, delivering strong income returns
- Excellent performance against our environmental objectives, with a 10% reduction in operational energy intensity, 30% reduction in gas use and 5% increase in EPC A and B rated space to 56% compared to the first half of last year

Lawrence Hutchings, Chief Executive Officer, said:

"Workspace is a leader in the London flex market, with a deep understanding of what our customers want from their work space and a focus on championing the needs of the Capital's fastest growing businesses. Today's results, reflecting good customer demand and continued pricing growth, demonstrate the enduring appeal of the Workspace offer for these businesses.

With over 35 years of experience and a unique, scalable business model, Workspace is well positioned for further success as we continue to capture demand and, over the medium term, look to increase our share of London's growing SME market. This is an exciting time for the business, and I am delighted to be here as Workspace's new CEO to build on the great legacy left by my predecessor Graham and drive the continued evolution of the business.

Over the coming weeks and months, I am looking forward to spending more time in Workspace's centres across London, meeting our diverse range of customers and getting to know the teams responsible for making Workspace the unique place it is."

Summary Results

	September 2024	September 2023	Change
Financial performance			
Net rental income[†]	**£60.5m**	£61.0m	-0.8%
Trading profit after interest[†]	**£32.7m**	£31.1m	+5.1%
Profit/(loss) before tax	**£10.2m**	£(147.9)m	

Interim dividend per share	**9.4p**	9.0p	+4.4%

	September 2024	March 2024	Change
Valuation			
EPRA net tangible assets per share†	**£7.85**	£8.00	-1.9%
Property valuation†	**£2,423m**	£2,446m	-0.8%[2]
Financing			
Loan to value†	**35%**	35%	
Undrawn bank facilities and cash	**£144m**	£145m	

† 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.

[1] Underlying change adjusted for disposals.

[2] Underlying change excluding capital expenditure and disposals.

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Details of results presentation

Workspace will host a results presentation for analysts and investors on Friday, 22 November 2024 at 9:00am. The venue for the presentation is Eventspace, at Salisbury House, 114 London Wall, EC2M 5QA.

The presentation can also be accessed live via webcast at the following link:

https://secure.emincote.com/client/workspace/workspace026

Notes to Editors

About Workspace Group PLC:

Workspace is London's leading owner and operator of flexible workspace, currently managing 4.3 million sq. ft. of sustainable space at 73 locations in London and the South East.

We are home to some 4,000 of London's fastest growing and established brands from a diverse range of sectors. Our purpose, to give businesses the freedom to grow, is based on the belief that in the right space, teams can achieve more. That in environments they tailor themselves, free from constraint and compromise, teams are best able to collaborate, build their culture and realise their potential.

We have a unique combination of a highly effective and scalable operating platform, a portfolio of distinctive properties, and an ownership model that allows us to offer true flexibility. We provide customers with blank canvas space to create a home for their business, alongside leases that give them the freedom to easily scale up and down within our well-connected, extensive portfolio.

We are inherently sustainable - we invest across the capital, breathing new life into old buildings and creating hubs of economic activity that help flatten London's working map. We work closely with our local communities to ensure we make a positive and lasting environmental and social impact, creating value over the long term.

Workspace was established in 1987, has been listed on the London Stock Exchange since 1993, is a FTSE 250 listed Real Estate Investment Trust (REIT) and a member of the European Public Real Estate Association (EPRA).

Workspace® is a registered trademark of Workspace Group PLC, London, UK.

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

BUSINESS REVIEW

CUSTOMER ACTIVITY

We have seen good customer demand with 603 lettings completed in the half year with a total rental value of £15.8m, up 5.3% on the first six months of the previous financial year.

	Monthly Average			Monthly Activity		
	H1 2024/25	H1 2023/24	FY 2023/24	30 Sep 2024	31 Aug 2024	31 Jul 2024
Enquiries	**694**	788	788	698	685	717
Viewings	**492**	509	524	476	457	525
Lettings	**101**	98	103	145	76	75

The good level of customer lettings has been offset by a higher than usual level of customer vacations in the period, including a number of larger customers. The majority of these have either grown with us successfully and been acquired by large corporates or are at sites where we have not wanted to offer the longer leases typically required by larger occupiers due to planned redevelopment. While this churn is higher than usual, it is part of the regular rhythm of our business and, in line with our model, represents an opportunity to create value through subdividing many of these larger units into smaller units, for which we see stronger demand and achieve higher pricing.

The good demand that we saw in September has continued into the third quarter, with 757 enquiries, 540 viewings and 78 deals in October 2024, delivered against the backdrop of uncertainty in the lead-up to the Autumn Budget on 30 October.

RENT ROLL

Total rent roll, representing the total annualised net rental income at a given date, was down 2.3% (£3.3m) in the six months to £140.1m at 30 September 2024.

Total Rent Roll	£m
At 31 March 2024	143.4
Like-for-like portfolio	(1.4)
Disposals	(2.0)
Other	0.1
At 30 September 2024	**140.1**

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 and non-core properties at their current rent roll and occupancy), was £194.3m at 30 September 2024.

Like-for-like portfolio

The like-for-like portfolio represents 78% of the total rent roll as at 30 September 2024. It comprises 42 properties with stabilised occupancy excluding recent acquisitions, buildings impacted by significant refurbishment or redevelopment activity, or contracted for sale.

	Six Months Ended		
Like-for-Like	30 Sep 24	31 Mar 24[1]	30 Sep 23[1]
Occupancy	87.5%	88.2%	88.4%
Occupancy change[2]	(0.7%)	(0.2%)	(0.4%)
Rent per sq. ft.	£47.00	£45.73	£44.19
Rent per sq. ft. change	2.8%	3.5%	6.9%
Rent roll	£109.0m	£110.4m	£107.1m
Rent roll change	(1.3%)	3.1%	6.7%

[1] Restated for the transfer in of Old Dairy, Shoreditch, where occupancy is now stabilised post-acquisition and the transfer out of The Biscuit Factory site in Bermondsey which is undergoing major refurbishment and redevelopment activity

[2] Absolute change

We have continued to move pricing forward across our like-for-like portfolio with rent per sq. ft. increasing by 2.8% in the half year to £47.00. Like-for-like occupancy was down by 0.7% to 87.5% in the half year, with an overall decrease in like-for-like rent roll of 1.3% (£1.4m) to £109.0m, reflecting the higher than usual level of customer vacations in the period, as noted above.

We have seen ERV per sq. ft. increase by 1.3% in the half year. If all the like-for-like properties were at 90% occupancy at the CBRE estimated rental values at 30 September 2024, the rent roll would be £127.0m, £18.0m higher than the actual rent roll at 30 September 2024.

Completed Projects

There are six projects in the completed projects category. Rent roll reduced overall by £0.1m in the six months to £7.0m.

If the buildings in this category were all at 90% occupancy at the ERVs at 30 September 2024, the rent roll would be £10.0m, an uplift of £3.0m.

Projects Underway - Refurbishments

We are currently underway on nine refurbishment projects that will deliver 553,500 sq. ft. of new and upgraded space. As at 30 September 2024, rent roll was £12.8m, up £0.3m in the last six months.

Assuming 90% occupancy at the ERVs at 30 September 2024, the rent roll at these nine buildings once they are completed would be £24.9m, an uplift of £12.1m.

Projects at Design Stage

These are properties where we are well advanced in planning a refurbishment or redevelopment that has not yet commenced. As at 30 September 2024, the rent roll at these five properties was £3.6m, in line with 31 March 2024.

South East Office

As at 30 September 2024, the rent roll of the South East office portfolio, comprising eight buildings, was down £0.1m to £6.7m.

Assuming 90% occupancy (or current occupancy if higher) at the ERVs at 30 September 2024, the rent roll would be £9.3m, an uplift of £2.6m.

Non-core

Non-core

As at 30 September 2024, the rent roll of the non-core portfolio, comprising four properties, was £1.0m, up £0.1m.

Disposals

In July, we exchanged on the sale of Ashcombe House, Leatherhead and The Planets, Woking for a combined total of £15.7m, in line with the March 2024 valuation.

In November, we exchanged on the sale of Rainbow Industrial Estate, Raynes Park for £20.3m, in line with the September 2024 valuation.

We received a total of £29.9m in cash during the first half of the year from the completions of non-core disposals; Poplar Business Park in Poplar, Mallard Court and Cygnet House in Staines and 5 Acre Estate in Folkestone, with a further £47.2m of disposals already exchanged and expected to complete in the second half of the year with an aggregate net initial yield of 4.6%.

PROFIT PERFORMANCE

Trading profit after interest for the half year was up 5.1% (£1.6m) on the prior half year to £32.7m.

£m	**30 Sep 2024**	30 Sep 2023
Underlying rental income	**68.7**	65.4
Unrecovered service charge costs	**(3.1)**	(2.8)
Empty rates and other non-recoverable costs	**(5.4)**	(5.3)
Services, fees, commissions and sundry income	**-**	0.4
Underlying net rental income	**60.2**	57.7
Disposals	**0.3**	3.3
Net rental income	**60.5**	61.0
Administrative expenses - underlying	**(10.9)**	(10.4)
Administrative expenses - share based costs[1]	**(1.5)**	(1.2)
Net finance costs	**(15.4)**	(18.3)
Trading profit after interest	**32.7**	31.1

[1] These relate to both cash and equity settled costs

Underlying rental income increased £3.3m to £68.7m, reflecting the strong increase in average rent per sq. ft. achieved over the last year. Net rental income was down 0.8% (£0.5m) to £60.5m following the disposals made over the last year.

Unrecovered service charge costs, empty rates and other non-recoverable costs both increased slightly reflecting underlying inflation and the slight fall in occupancy, which also impacted net revenue from services, fees, commissions and sundry income.

Underlying administrative expenses increased by £0.5m to £10.9m, reflecting underlying inflation. Share-based costs increased by £0.3m to £1.5m.

Net finance costs decreased by £2.9m to £15.4m in the half year, reflecting the decrease in SONIA over the last six months, a reduction in average net debt following asset disposals and an increase in capitalised interest due to the step up in activity on major projects. The average net debt balance in the period was £28m lower than the first six months of the prior year, whilst the average interest cost decreased from 3.8% to 3.4%.

Profit before tax was £10.2m compared to a £147.9m loss in the prior year.

£m	**30 Sep 2024**	30 Sep 2023
Trading profit after interest	**32.7**	31.1
Change in fair value of investment properties	**(20.3)**	(177.4)
Loss on sale of investment properties	**(1.1)**	(1.2)
Other costs	**(1.1)**	(0.4)
Profit/(loss) before tax	**10.2**	(147.9)
Adjusted underlying earnings per share	**16.9p**	16.1p

The change in fair value of investment properties, including assets held for sale, was a decrease of £20.3m compared to a decrease of £177.4m in the prior year.

The loss on sale of investment properties of £1.1m resulted from costs associated with disposals in the first half.

Other costs include one-off items relating to the implementation of our new finance and property management and CRM systems.

Adjusted underlying earnings per share, based on EPRA earnings adjusted for non-trading items and calculated on a diluted share basis, was up 0.8p to 16.9p. The calculation of adjusted, basic, diluted and EPRA earnings per share is shown in note 7 to the financial statements.

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 solid 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 9.4p per share (2023: 9.0p) will be paid on 3 February 2025 to shareholders on the register at 10 January 2025. The dividend will be paid as a normal dividend (not a REIT Property Income Distribution).

PROPERTY VALUATION

PROPERTY VALUATION

At 30 September 2024, our property portfolio was independently valued by CBRE at £2,423m, an underlying decrease of 0.8% (£20m) in the half year. The main movements in the valuation are set out below:

	£m
Valuation at 31 March 2024	2,446
Capital expenditure	27
Disposals	(30)
Revaluation	(20)
Valuation at 30 September 2024	**2,423**

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

£m	**Valuation**	Movement
Like-for-like properties	**1,813**	(3)
Completed projects	**138**	-
Refurbishments	**349**	(10)
Redevelopments	**18**	(2)
South East office	**78**	(5)
Non-core	**27**	-
Total	**2,423**	(20)

Like-for-like Properties

There was a 0.2% (£3m) underlying decrease in the valuation of like-for-like properties to £1,813m. This was driven by a 9bps outward shift in equivalent yield (-£26m), offset by a 1.3% increase in the ERV per sq. ft. (+£23m).

ERV growth has returned to a lower, historically more normal level, with pricing at most centres now back at or above pre-Covid levels. We saw stronger growth in ERV for smaller space, which represents the majority of our letting activity, with an increase of 3.0% in the half year for units under 1,000 sq. ft., compared to larger spaces where ERVs remained stable. This reflects our approach to implement a wide range of smaller unit refurbishments and subdivisions to align our spaces with customer demand.

	30 Sep 2024	31 Mar 2024[1]	Change
ERV per sq. ft.	**£50.78**	£50.11	1.3%
Rent per sq. ft.	**£47.00**	£45.73	2.8%
Equivalent yield	**7.1%**	7.0%	0.1%[2]
Net initial yield	**5.4%**	5.5%	-0.1%[2]
Capital value per sq. ft.	**£652**	£651	0.2%

[1] Restated for the transfer in of Old Dairy, Shoreditch, where occupancy is now stabilised post-acquisition and the transfer out of The Biscuit Factory site in Bermondsey which is undergoing major refurbishment and redevelopment activity

[2] Absolute change

A 2.5% increase in ERV would increase the valuation of like-for-like properties by approximately £45m whilst a 25bps decrease in equivalent yield would increase the valuation by approximately £66m.

Completed Projects

The underlying value of the six completed projects was stable at £138m. This was driven by a 9bps outward shift in equivalent yield, offset by a 1.0% increase in the ERV per sq. ft. The overall valuation metrics for completed projects are set out below:

	30 Sep 2024
ERV per sq. ft.	**£34.11**
Rent per sq. ft.	**£30.10**
Equivalent yield	**7.4%**
Net initial yield	**4.6%**
Capital value per sq. ft.	**£423**

Current Refurbishments and Redevelopments

There was an underlying decrease of 2.8% (£10m) in the value of our current refurbishments to £349m and a reduction of 10.0% (£2m) in the value of our current redevelopments to £18m.

The decreases in respect of refurbishments largely reflected the movement in market yields, with redevelopment valuations also impacted by a decline in expected residential values and increases in expected build costs.

South East Office

There was a 6.0% (£5m) underlying decrease in the valuation of the South East office portfolio to £78m, with a 33bps outward shift in equivalent yield, offset by a 1.6% increase in ERV per sq. ft. The overall valuation metrics are set out below:

	30 Sep 2024
ERV per sq. ft.	**£29.53**
Rent per sq. ft.	**£23.29**
Equivalent Yield	**10.8%**

Net Initial Yield	**8.2%**
Capital Value per sq. ft.	**£236**

REFURBISHMENT ACTIVITY

A summary of the status of the refurbishment pipeline at 30 September 2024 is set out below:

Projects	Number	Capex spent	Capex to spend	Upgraded and new space (sq. ft.)
Underway	9	£70m	£40m	553,500
Design stage	8	£0m	£454m	717,000
Design stage (without planning)	4	£0m	£112m	222,000

We completed the refurbishment and extension of Leroy House in Islington in October 2024, delivering 57,000 sq. ft. of new space across 101 units. This is a great example of our refurbishment-first, sustainable approach and was designed to be our first Net Zero building in construction and operation. The building, which has a striking double height entrance and fantastic light-filled communal space, has captured the imagination of London's SMEs, with 13 leases signed already. We are also on site with major upgrades and extensions at Chocolate Factory, Wood Green, and at The Biscuit Factory, Bermondsey.

We have commenced work at Atelier House, at the northern end of our Centro property, where we are transforming the traditional office building into a Workspace business centre, delivering over 40 units, a café and meeting rooms to meet demand from Camden's creative SME base. Strip-out is complete and completion is scheduled for summer next year.

SUSTAINABILITY

We have an inherently green property portfolio with energy intensity already 10% lower than industry best practice for net zero carbon offices[1]. Further improving the energy efficiency of our buildings is key in helping us to achieve our target of being a net zero carbon business. The Workspace portfolio is currently 56% EPC A and B rated, an increase of 5% in the half year, and we are on track to upgrade the remainder of our portfolio to these categories by 2030.

We are also targeting a 50% reduction in our emissions by 2030, whilst continuing to procure 100% renewable electricity. Since February 2024, two-thirds of our electricity is sourced directly from a solar plant in Devon, recognised for its high-quality renewable supply. In the half year we also achieved a 10% reduction in operational energy intensity and a 29% reduction in gas use compared to the first six months of the previous financial year.

[1] 2025 UKGBC target for net zero carbon offices

CASH FLOW

A summary of cash flows is set out below:

£m	**30 Sep 2024**	30 Sep 2023
Net cash from operations after interest†	**32**	20
Dividends paid	**(35)**	(32)
Capital expenditure	**(28)**	(36)
Property disposals and capital receipts	**29**	92
Other	**1**	(9)
Net movement	**(1)**	35
Opening debt (net of cash)	**(855)**	(902)
Closing debt (net of cash)	**(856)**	(867)

† 2023 excludes £8.8m of VAT payments relating to sale of Riverside included in 'Other'

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

Net debt was broadly unchanged in the period with the prior year final dividend largely funded from operating profit and disposal receipts funding capital expenditure.

NET ASSETS

Net assets decreased slightly in the half year by £25m to £1,524m. EPRA net tangible assets (NTA) per share at 30 September 2024 was down 1.9% (£0.15) to £7.85.

	EPRA NTA per share £
At 31 March 2024	8.00
Adjusted trading profit after interest	0.17
Dividends paid	(0.19)
Property valuation deficit	(0.11)
Other	(0.02)
At 30 September 2024	**7.85**

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 0.5% compared to (8.4)% in the half year ended September 2023. The total accounting return comprises the change 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 2024, the Group had £3m of available cash and £141m of undrawn facilities.

	Drawn amount £m	Facility £m	Maturity
Private placement notes	300.0	300.0	2025-2029
Green bond	300.0	300.0	2028
Secured loan	65.0	65.0	2030
Bank facilities	193.8	335.0	2026
Total	**858.8**	**1,000.0**	

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

Shorter-term liquidity and flexibility is provided by floating-rate sustainability-linked Revolving Credit Facilities (RCFs) totalling £335.0m, which at 30 September 2024 comprised a £135m facility maturing in April 2026 and a £200m facility maturing in December 2026. The facilities were £193.8m drawn at 30 September 2024 and the average maturity of drawn debt was 3.1 years (31 March 2024: 3.6 years).

In February 2024, £100m of the floating rate bank borrowings were swapped to an all-in fixed rate of 6.1% for two years. At 30 September 2024, the Group's effective interest rate was 3.6% based on SONIA at 4.95%, with 89% (£765m) of the debt at fixed or hedged rates. The average interest cost of our fixed-rate borrowings was 3.4% and our un-hedged floating-rate bank borrowings had an average margin of 1.8% over SONIA. A 1% change in SONIA would change the effective interest rate by 0.1% (at current debt levels).

At 30 September 2024, loan to value (LTV) was 35% (31 March 2024: 35%) and interest cover, based on net rental income and interest paid over the last 12 month period, was 3.8 times (31 March 2024: 3.7 times), providing good headroom on all facility covenants.

Following the period end, the terms of the £135m RCF have been amended to extend the maturity to 30 November 2028, with options to extend by up to a further two years and an option to increase the facility amount to £255m, subject to lender consent. In addition, an £80m term loan facility has been agreed with an initial maturity of November 2026 and options to extend by up to two further years, subject to lender consent. The amendments make no significant change to the Company's average cost of debt but on a proforma basis increase undrawn facilities and cash to £224m and extend the average maturity of drawn debt to 3.4 years.

FINANCIAL OUTLOOK FOR 2024/25

In the first half of the year, we were operating in a quieter market impacted by ongoing macro-economic uncertainty, particularly in the run-up to the UK Budget in October. Against that backdrop, we have seen good underlying rental growth with continued pricing increases, with this being partly offset by a drop in occupancy and rent roll as noted above.

Whilst the immediate, direct impact of the Budget on Workspace and the majority of our, typically service-based, SME customers is likely to be limited, it may take some time for broader market sentiment to adjust. Our focus will be on driving occupancy and rent roll in the second half, although much of the rental growth from the refurbishment and subdivision of the larger units vacated in the first half is likely to be realised in the next financial year, once the work to alter the space has been completed.

The high levels of inflation we have seen over recent years have been reducing, albeit wage inflation is expected to remain above historic norms following increases to the Living Wage and National Insurance announced in the Budget. We continue to invest in our platform to drive productivity and efficiency to mitigate inflationary pressures and enhance profitability.

We expect capital expenditure to be around £30m in the second half as we continue to progress with planned asset management projects, including completing the refurbishment of Chocolate Factory, progressing work at The Biscuit Factory, and the ongoing refurbishment and subdivision of larger units across the portfolio.

With planned capital expenditure largely offset by asset disposals and with 89% of our debt at fixed rates or hedged, we expect interest costs in the second half to be broadly stable.

Over the longer-term, we expect to deliver significant earnings and dividend growth, with the £36m of reversion across our existing portfolio augmented by delivery of our extensive project pipeline and the potential for further expansion through increasing our share of London's growing SME market.

PROPERTY STATISTICS

	Half Year ended			
	30 Sep 2024	31 Mar 2024	30 Sep 2023	31 Mar 2023
Workspace Portfolio				
Property valuation	**£2,423m**	£2,446m	£2,505m	£2,741m
Number of locations	**73**	77	79	86
Lettable floorspace (million sq. ft.)	**4.3**	4.5	4.7	5.2
Number of lettable units	**4,650**	4,678	4,718	4,910
Rent roll of occupied units	**£140.1m**	£143.4m	£141.9m	£140.1m
Average rent per sq. ft.	**£40.27**	£38.21	£36.81	£32.86
Overall occupancy	**81.5%**	83.0%	83.5%	81.5%
Like-for-like number of properties	**42**	43	42	38
Like-for-like lettable floor space (million sq. ft.)	**2.7**	2.9	2.9	2.7
Like-for-like rent roll growth	**(1.3%)**	3.0%	6.4%	3.4%
Like-for-like rent per sq. ft. growth	**2.8%**	3.4%	6.8%	5.2%
Like-for-like occupancy movement	**(0.7%)**	(0.4%)	(0.6%)	(0.5%)

Half Year ended			
30 Sep 2024	31 Mar 2024	30 Sep 2023	31 Mar 2023

1) The like-for-like category has been restated in the current financial year for the transfer in of Old Dairy, Shoreditch, where occupancy is now stabilised post-acquisition, and the transfer out of The Biscuit Factory site in Bermondsey which is undergoing major refurbishment and redevelopment activity.
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) Occupancy is the area of space let divided by the total net lettable area (excluding land used for open storage) expressed as a percentage. Net lettable area is the internal area of a building that is available to let.
4) 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.

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 continued challenging macro-economic conditions, albeit with inflation reducing and interest rates stabilising.

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 2024.

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

Risk Area	**Mitigating activities**
Customer demand Opportunities for growth could be missed without a clear brand positioning strategy to meet the evolving demands of target customers. Macroeconomic factors, including political instability and geopolitical tensions, weak economic growth, inflationary pressures and high interest rates, could also impact our customers. **RISK IMPACT** • Fall in occupancy levels at our properties • Reduction in rent roll • Reduction in property valuation	• Marketing campaigns maintain awareness of Workspace's offer and the content and messaging are regularly reviewed to remain relevant and appealing. • Broad mix of buildings across London with different work space offerings, at various price points to match customer requirements • Pipeline of refurbishment and redevelopments to further enhance the portfolio • Weekly meeting to track enquiries, viewings and lettings to closely track customer trends and amend pricing in response as demand changes • Centre staff maintain ongoing relationships with our customers to understand their requirements and implement change to meet their needs. • Business plans are stress tested to assess the sensitivity of forecasts to reduced levels of demand and implement contingency measures.
Financing There may be a reduction in the availability of long-term financing due to an economic recession, which may result in an inability to grow the business and impact Workspace's ability to deliver services to customers. **RISK IMPACT** • Inability to fund business plans and invest in new opportunities • Increased interest costs • Negative reputational impact amongst lenders and in the investment community	• 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. • 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 the use of fixed rates on the majority of our debt facilities so that our interest payment profile is broadly stable • Loan covenants are monitored and reported to the Board on a monthly basis, and we undertake detailed cash flow monitoring and forecasting. • During 2023/24 we extended our Revolving Credit Facilities (RCF) to 2026 and put in place a £100m interest rate hedge to manage our interest costs. • In November 2024 we extended the maturity of the £135m of RCF to November 2028 and put in place an £80m term loan to November 2026, providing further certainty over our funding position going forwards.
Valuation Macroeconomic uncertainty, reductions in occupancy or pricing, or failure to meet Energy Performance Certificate (EPC) targets 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. **RISK IMPACT**	• 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. • We monitor changes in sentiment in the London real estate market, yields, and pricing to track possible changes in valuation. CBRE, a leading full-service real estate services and investment organisation, provides twice-yearly independent valuations of all our properties. • We manage and invest in our properties, planning and

Risk Area	Mitigating activities
• Financing covenants linked to loan to value ('LTV') ratio. • Impact on share price.	• We manage and invest in our properties, planning and undertaking upgrades where necessary, to ensure they are compliant with current and future Minimum Energy Efficiency Standards (MEES) for EPCs. • Alternative use opportunities, including mixed-use developments, are actively pursued across the portfolio.
Acquisition pricing 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. **RISK IMPACT** • Negative impact on valuation • Impact on overall shareholder return	• 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. • 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, including capital expenditure and risks associated with ESG concerns. • Workspace will only make acquisitions that are expected to yield a minimum return and will not knowingly overpay for an asset. • For all corporate acquisitions we undertake appropriate property, financial and tax due diligence including a review of ESG.
Customer payment default There remains uncertainty around the macroeconomic environment given broader geopolitical events and interest rate pressures. This could result in further pressure on rent collection figures. **RISK IMPACT** • Negative cash flow and increasing interest costs • Breach of financial covenants	• Rent collection and customer payment levels have remained strong throughout the first half of the year, however the economic environment remains challenging. • The risk impact continues to be mitigated by strong credit control processes and an experienced team of credit controllers who are able to make quick decisions and negotiate with customers for payment. In addition, we hold a three-month deposit for the majority of customers. • Centre staff maintain relationships with customers and can identify early signs of potential issues.
Cyber security A cyber-attack could lead to a loss of access to Workspace systems or a network disruption for a prolonged period of time which could damage Workspace's reputation and inhibit our ability to run the business. **RISK IMPACT** • Inability to process new leases and invoice customers • Reputational damage • Increased operational costs	• Cyber security risk is managed using a mitigation framework comprising network security, IT security policies and third-party risk assessments. Controls are regularly reviewed and updated and include technology such as next generation firewalls, multi layered access control through to people solutions such as user awareness training and mock-phishing emails. • Assurance over the framework's performance is gained through an independent maturity assessment, penetration testing and network vulnerability testing, all performed annually. • We're committed to continue the adoption of the NIST Cybersecurity Framework to enhance our cyber security maturity. This adoption will strengthen risk management, improve controls, fortify incident response, and ensure consistent protection and recovery, validated through external independent assessments.
Resourcing Ineffective succession planning, recruitment, and people management could lead to limited resourcing levels and a shortage of suitably skilled individuals able to achieve Workspace's objectives and grow the business. Inadequate resourcing may also result in management being spread too thinly and a decline in effectiveness. **RISK IMPACT** • Increased costs from high staff turnover • Delay in growth plans • Reputational damage	• 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 corporate culture. • We are diversifying our recruitment pools, including launching a new apprenticeship program to support our succession plans and ensure we have a diverse talent pool. • 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 formal appraisal and review process for all employees. • Our HR and People teams run a broad training and development programme designed to ensure employees are supported and encouraged to progress with learning and study opportunities. • The Workspace recruitment manager coordinates all activities to attract talented employees.
Third party relationships	• Workspace has in place a robust tender and selection process for key contractors and partners. Contracts

Risk Area	Mitigating activities
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. **RISK IMPACT** • Decline in customer confidence • Increased project or operational costs • Weaker cash flow • Fall in customer demand • Reputational damage	process for key contractors and partners. Contracts contain service level agreements which are monitored regularly and actions are 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 service providers since April 2022.
Regulatory A failure to keep up to date and plan for changing regulations in key areas such as health and safety and sustainability could lead to fines or reputational damage **RISK IMPACT** • Increased costs • 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 regulations 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 becoming a net zero carbon business and being climate resilient. We undertake an annual review of all ESG regulation, our policies and procedures to ensure compliance.
Climate change Failure to recognise that climate change presents a financial risk to our business alongside changes to our customers' expectations could have a significant impact on the business. **RISK IMPACT** • Loss of rent roll • Increased operating costs • Negative impact on value • Reduced occupancy levels • Reputational damage	• Annual assessment of our climate risk exposure, using climate modelling to inform our risk management plan. • Ongoing review of control measures and their effectiveness by our Risk Management Group and Environmental Sustainability Committee. • Active management of acute physical risks such as floods and storms across the portfolio through emergency preparedness, site maintenance surveys and business continuity planning. • Delivery of an accelerated net zero carbon and EPC upgrade plan across the portfolio to manage transition risk. • Introduction of climate objectives linked with remuneration, to incentivise focused action • Long-term energy contracts in place to hedge price and availability risk. • Stretching carbon targets for our development projects to minimise reliance on raw materials and exposure to increasing offset costs

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Notes	**Unaudited 6 months ended 30 September 2024 £m**	Unaudited 6 months ended 30 September 2023 £m	Audited Year ended 31 March 2024 £m
Revenue	2	**92.4**	90.7	184.3
Direct costs[1]	2	**(31.9)**	(29.7)	(58.1)
Net rental income	2	**60.5**	61.0	126.2
Administrative expenses		**(12.4)**	(11.6)	(25.3)
Trading profit		**48.1**	49.4	100.9
Loss on disposal of investment properties	3(a)	**(1.1)**	(1.2)	(2.3)
Other expenses	3(b)	**(1.1)**	(0.4)	(1.2)
Change in fair value of investment properties	9	**(20.0)**	(170.8)	(251.2)
Impairment of assets held for sale	9	**(0.3)**	(6.6)	(4.1)
Operating profit/ (loss)		**25.6**	(129.6)	(157.9)

	Notes	Unaudited 6 months ended 30 September 2024 £m	Unaudited 6 months ended 30 September 2023 £m	Audited Year ended 31 March 2024 £m
Finance costs	4	**(15.4)**	(18.3)	(34.9)
Profit/ (loss) before tax		**10.2**	(147.9)	(192.8)
Taxation	5	**-**	-	0.3
Profit/ (loss) for the period after tax		**10.2**	(147.9)	(192.5)
Basic earnings/ (loss) per share	7	**5.3p**	(77.2p)	(100.4p)
Diluted earnings/ (loss) per share	7	**5.3p**	(77.2p)	(100.4p)

[1] Direct costs include impairment of receivables of £0.7m (31 March 2024: £0.8m, 30 September 2023: £0.6m). See note 2 for further information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Unaudited 6 months ended 30 September 2024 £m	Unaudited 6 months ended 30 September 2023 £m	Audited Year ended 31 March 2024 £m
Profit/ (loss) for the period	**10.2**	(147.9)	(192.5)
Other comprehensive income:			
Items that may be classified subsequently to profit or loss:			
Change in fair value of other investments	**-**	-	1.1
Change in fair value of derivative	**(0.5)**	-	0.2
Other comprehensive (loss)/ income in the period	**(0.5)**	-	1.3
Total comprehensive income/ (loss) for the period	**9.7**	(147.9)	(191.2)

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2024

	Notes	Unaudited 30 September 2024 £m	Audited 31 March 2024 £m	Unaudited 30 September 2023 £m
Non-current assets				
Investment properties	9	**2,404.0**	2,408.5	2,471.7
Intangible assets		**2.2**	2.2	2.1
Property, plant and equipment		**2.9**	3.0	3.9
Other investments		**3.2**	3.2	2.1
Derivative financial instruments	13(e)	**-**	0.2	-
Deferred tax		**0.3**	0.3	-
		2,412.6	2,417.4	2,479.8
Current assets				
Trade and other receivables	10	**37.2**	36.7	58.1
Assets held for sale		**47.2**	65.7	60.5
Cash and cash equivalents	11	**9.0**	11.6	10.3
		93.4	114.0	128.9
Total assets		**2,506.0**	2,531.4	2,608.7
Current liabilities				
Trade and other payables	12	**(91.9)**	(93.0)	(99.1)
Borrowings	13(a)	**(79.9)**	-	-
		(171.8)	(93.0)	(99.1)
Non-current liabilities				
Borrowings	13(a)	**(775.5)**	(854.8)	(867.3)
Lease obligations	14	**(34.7)**	(34.7)	(34.7)
Derivative financial instruments	13(e)	**(0.3)**	-	-
		(810.5)	(889.5)	(902.0)
Total liabilities		**(982.3)**	(982.5)	(1,001.1)
Net assets		**1,523.7**	1,548.9	1,607.6
Shareholders' equity				
Share capital	16	**192.1**	191.9	191.9
Share premium		**295.5**	296.6	296.6
Investment in own shares		**(9.6)**	(9.9)	(9.9)
Other reserves		**91.0**	93.0	89.8
Retained earnings		**954.7**	977.3	1,039.2
Total shareholders' equity		**1,523.7**	1,548.9	1,607.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

Unaudited 6 months to 30 September 2024	Notes	Share capital £m	Share premium £m	Investment in own shares £m	Other reserves £m	Retained earnings £m	Total Shareholders' equity £m
		Attributable to owners of the Parent					
Balance at 1 April 2024		191.9	296.6	(9.9)	93.0	977.3	1,548.9
Profit for the period		-	-	-	-	10.2	10.2
Other comprehensive income		-	-	-	(0.5)	-	(0.5)
Total comprehensive (loss)/ income		-	-	-	(0.5)	10.2	9.7
Transactions with owners:							
Dividends paid	6	-	-	-	-	(36.5)	(36.5)
Cost of shares awarded to employees		-	-	0.3	-	-	0.3
Share based payments		0.2	(1.1)	-	(1.5)	3.7	1.3
Balance at 30 September 2024		**192.1**	**295.5**	**(9.6)**	**91.0**	**954.7**	**1,523.7**

Unaudited 6 months to 30 September 2023							
Balance at 1 April 2023		191.6	295.5	(9.9)	91.0	1,219.5	1,787.7
Loss for the period		-	-	-	-	(147.9)	(147.9)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive loss		-	-	-	-	(147.9)	(147.9)
Transactions with owners:							
Dividends paid	6	-	-	-	-	(33.3)	(33.3)
Share based payments		0.3	1.1	-	(1.2)	0.9	1.1
Balance at 30 September 2023		191.9	296.6	(9.9)	89.8	1,039.2	1,607.6

Audited 12 months to 31 March 2024							
Balance at 1 April 2023		191.6	295.5	(9.9)	91.0	1,219.5	1,787.7
Loss for the year		-	-	-	-	(192.5)	(192.5)
Other comprehensive income		-	-	-	1.3	-	1.3
Total comprehensive income/ (loss)		-	-	-	1.3	(192.5)	(191.2)
Transactions with owners:							
Dividends paid	6	-	-	-	-	(50.6)	(50.6)
Share based payments		0.3	1.1	-	0.7	0.9	3.0
Balance at 31 March 2024		191.9	296.6	(9.9)	93.0	977.3	1,548.9

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 30 SEPTEMBER 2024

	Notes	**Unaudited 6 month ended 30 September 2024 £m**	Unaudited 6 months ended 30 September 2023 £m	Audited Year ended 31 March 2024 £m
Cash flows from operating activities				
Cash generated from operations	15	**43.4**	26.7	87.7
Interest paid		**(11.3)**	(15.2)	(33.8)
Net cash inflow from operating activities		**32.1**	11.5	53.9
Cash flows from investing activities				
Capital expenditure on investment properties		**(28.0)**	(35.9)	(71.7)
Proceeds from government grants		**-**	-	1.5
Proceeds from disposal of investment properties (net of sales costs)		**-**	3.5	22.3
Proceeds from disposal of assets held for sale (net of sale costs)		**29.4**	88.0	96.2
Purchase of intangible assets		**(0.5)**	(0.4)	(0.8)
Purchase of property, plant and equipment		**(0.7)**	(0.3)	(0.4)
Other expenses		**-**	(0.4)	(1.2)
Net cash inflow from investing activities		**0.2**	54.5	45.9
Cash flows from financing activities				
Finance costs of new/amended borrowing facilities		**-**	-	(0.8)
Settlement of share schemes		**(0.4)**	(0.2)	-
Proceeds from disposal of own shares		**0.3**	-	-
Repayment of bank borrowings		**(89.2)**	(134.5)	(211.0)
Draw down of bank borrowings		**89.0**	92.0	156.0
Dividends paid	6	**(34.6)**	(31.5)	(50.7)

	Notes	Unaudited 6 month ended 30 September 2024 £m	Unaudited 6 months ended 30 September 2023 £m	Audited Year ended 31 March 2024 £m
Net cash outflow from financing activities		**(34.0)**	(74.2)	(106.7)
Net decrease in cash and cash equivalents		**(2.6)**	(8.2)	(6.9)
Cash and cash equivalents at start of period	11	**11.6**	18.5	18.5
Cash and cash equivalents at end of period	11	**9.0**	10.3	11.6

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

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 2024, which have been prepared in accordance with UK adopted international accounting standards.

The condensed consolidated 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 2024, were prepared and approved by the Directors on a going concern basis, in accordance with UK adopted international accounting standards ("IFRS"). A copy of the statutory accounts for the year ended 31 March 2024 has been delivered to the Registrar of Companies. 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 Directors are required to assess the appropriateness of applying the going concern basis in the preparation of the financial statements. The current macro-economic environment and geopolitical issues heighten concerns around the UK economy and increase the risk of an economic downturn. 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 month 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.
- Elevated levels of counterparty risk, with bad debt significantly higher than pre-pandemic levels.
- Continued elevated levels of cost inflation.
- Interest rates remaining at current levels, 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, sufficient liquidity 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 39% compared to the September 2024 Net Rental Income and a fall in the asset valuation of 40% compared to 30
September 2024 before these covenants are breached, assuming no mitigating actions are taken.

As at 30 September 2024, the Company had significant headroom with £144m of cash and undrawn facilities. The majority of the Group's debt is long-term fixed-rate committed facilities comprising a £300m Green Bond, £300m of private placement notes, and a £65m secured loan facility. Shorter term liquidity and flexibility is provided by floating rate sustainability-linked revolving credit facilities (RCFs) totalling £335m, with £135m due in April 2026 and £200m due in December 2026. The £200m RCF also has the option to increase the facility amount by up to £100m, subject to lender consent.

Following the period end, the terms of the £135m RCF have been amended to extend the maturity to 30 November 2028, with options to extend by up to a further two years and an option to increase the facility amount to £255m, subject to lender consent. In addition, an additional £80m term loan facility has been agreed with an initial maturity of November 2026 and options to extend by up to two further years, subject to lender consent.

For the full period of assessment under the scenario tested, the Group maintains sufficient liquidity and loan covenant headroom.

Consequently, the Directors have a reasonable expectation that the Group and Company 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 consolidated set of financial statements and therefore the financial statements have been prepared on a going concern basis.

This report was approved by the Board on 21 November 2024.

Change in accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2024, 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.

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current.

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 the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

2. Analysis of net rental income

	Unaudited 6 months ended 30 September 2024			Unaudited 6 months ended 30 September 2023		
	Revenue £m	**Direct costs[1] £m**	**Net rental income £m**	Revenue £m	Direct costs £m	Net rental income £m
Rental income	**72.9**	**(3.9)**	**69.0**	71.8	(2.8)	69.0
Service charges	**16.0**	**(19.1)**	**(3.1)**	15.9	(18.7)	(2.8)
Empty rates and other non-recoverable costs	**-**	**(5.4)**	**(5.4)**	-	(5.5)	(5.5)
Services, fees, commissions and sundry income	**3.5**	**(3.5)**	**-**	3.0	(2.7)	0.3
	92.4	**(31.9)**	**60.5**	90.7	(29.7)	61.0

	Audited Year ended 31 March 2024		
	Revenue £m	Direct costs[1] £m	Net rental income £m
Rental income	145.0	(4.9)	140.1
Service charges	32.6	(37.5)	(4.9)
Empty rates and other non-recoverable costs	-	(10.2)	(10.2)
Services, fees, commissions and sundry income	6.7	(5.5)	1.2
	184.3	(58.1)	126.2

[1] There are two properties within the current period (30 September 2023: two; 31 March 2024: two) that are non-rent producing

A charge of £0.7m (31 March 2024: £0.8m, 30 September 2023: £0.6m) 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). Loss on disposal of investment properties

	Unaudited 6 months ended 30 September 2024 £m	Unaudited 6 months ended 30 September 2023 £m	Audited Year ended 31 March 2024 £m
Proceeds from sale of investment properties (net of sale costs)	**-**	3.4	12.3
Proceeds from sale of assets held for sale (net of sale costs)	**29.4**	88.1	96.2
Book value at time of sale	**(30.5)**	(92.7)	(110.8)
Loss on disposal	**(1.1)**	(1.2)	(2.3)

3(b). Other income/(expenses)

	Unaudited 6 months ended 30 September 2024 £m	Unaudited 6 months ended 30 September 2023 £m	Audited Year ended 31 March 2024 £m
Change in fair value of deferred consideration	**-**	0.1	-
Other expenses	**(1.1)**	(0.5)	(1.2)
	(1.1)	(0.4)	(1.2)

The change in fair value of deferred consideration (cash and overage) of £nil from the sale of investment properties has been revalued by CBRE Limited at 30 September 2024 (31 March 2024: £nil; 30 September 2023: £0.1m increase).

Other expenses include one-off costs relating to the replacement of our finance and property and CRM systems. These costs are outside the Group's normal trading activities.

4. Finance costs

	Unaudited 6 months ended 30 September 2024 £m	Unaudited 6 months ended 30 September 2023 £m	Audited Year ended 31 March 2024 £m
Interest payable on bank loans and overdrafts	**(6.4)**	(7.7)	(15.0)
Interest payable on other borrowings	**(9.7)**	(9.7)	(19.3)
Amortisation of issue costs of borrowings	**(0.8)**	(0.9)	(1.7)
Interest on lease liabilities	**(0.9)**	(0.9)	(2.1)
Interest capitalised on property refurbishments (note 9)	**2.3**	0.8	3.0
Interest receivable	**0.1**	0.1	0.2
Total finance costs	**(15.4)**	(18.3)	(34.9)

All finance costs have been calculated in accordance with IFRS 9, re-estimating the cash flows based on the original effective interest rate with the adjustment being taken through profit and loss.

5. Taxation

	Unaudited 6 months ended 30 September 2024 £m	Unaudited 6 months ended 30 September 2023 £m	Audited Year ended 31 March 2024 £m
Current tax:			
UK corporation tax	**-**	-	-
Deferred tax:			
On origination and reversal of temporary differences	**-**	-	(0.3)
			(0.3)

Total taxation charge	**-**	-	(0.3)

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 2024: (£0.3m), 30 September 2023: £nil).

6. Dividends

Ordinary dividends paid	Payment date	Per share	**Unaudited 6 months ended 30 September 2024 £m**	Unaudited 6 months ended 30 September 2023 £m	Audited Year ended 31 March 2024 £m
For the year ended 31 March 2023:					
Final dividend	August 2023	17.4p		33.3	33.3
For the year ended 31 March 2024:					
Interim dividend	February 2024	9.0p	**-**	-	17.3
Final dividend	August 2024	19.0p	**36.5**	-	-
Dividends for the period			**36.5**	33.3	50.6
Timing difference on payment of withholding tax			**(1.9)**	(1.8)	0.1
Dividends cash paid			**34.6**	31.5	50.7

The Directors are proposing an interim dividend in respect of the financial year ending 31 March 2025 of 9.4 pence per ordinary share which will absorb an estimated £18.1m of revenue reserves and cash. The dividend will be paid on 3 February 2025 to shareholders who are on the register of members on 10 January 2025. The dividend will be paid as a normal dividend (not a REIT Property Income Distribution), net of withholding tax where appropriate.

7. Earnings per share

Earnings used for calculating earnings per share:	**Unaudited 6 months ended 30 September 2024 £m**	Unaudited 6 months ended 30 September 2023 £m	Audited Year ended 31 March 2024 £m
Basic and diluted earnings	**10.2**	(147.9)	(192.5)
Change in fair value of investment properties	**20.0**	170.8	251.2
Impairment of assets held for sale	**0.3**	6.6	4.1
Loss on disposal of investment properties	**1.1**	1.2	2.3
EPRA earnings	**31.6**	30.7	65.1
Adjustment for non-trading items:			
Other expenses (note 3(b))	**1.1**	0.4	1.2
Taxation	**-**	-	(0.3)
Adjusted trading profit after interest	**32.7**	31.1	66.0

Earnings have been adjusted to derive an earnings per share measure as defined by the European Public Real Estate Association (EPRA) and an adjusted underlying earnings per share measure.

Number of shares used for calculating earnings per share:	**Unaudited 6 months ended 30 September 2024**	Unaudited 6 months ended 30 September 2023	Audited Year ended 31 March 2024
Weighted average number of shares (excluding own shares held in trust)	**191,908,584**	191,594,236	191,676,994
Dilution due to share option schemes	**1,539,059**	1,177,892	1,537,856
Weighted average number of shares for diluted earnings per share	**193,447,643**	192,772,128	193,214,850

	Unaudited 6 months ended 30 September 2024	Unaudited 6 months ended 30 September 2023	Audited Year ended 31 March 2024
Basic earnings/ (loss) per share	**5.3p**	(77.2p)	(100.4p)
Diluted earnings/ (loss) per share	**5.3p**	(77.2p)	(100.4p)
EPRA earnings per share	**16.3p**	16.0p	34.0p
Adjusted underlying earnings per share[1]	**16.9p**	16.1p	34.1p

[1] Adjusted underlying earnings per share is calculated by dividing adjusted trading profit after interest by the diluted weighted average number of shares of 193,447,643 (31 March 2024: 193,214,850, 30 September 2023: 192,772,128).

For the prior periods, the diluted loss per share has been restricted to a loss of 100.4p per share at 31 March 2024 and 77.2p per share for 30 September 2023, as the loss per share cannot be reduced by dilution in accordance with IAS 33 Earnings per Share.

8. Net assets per share

Number of shares used for calculating net assets per share:	**Unaudited 30 September 2024**	Audited 31 March 2024	Unaudited 30 September 2023
Shares in issue at period-end	**192,143,004**	191,910,392	191,897,854
Less own shares held in trust at period-end	**(57,289)**	(139,649)	(135,461)
Number of shares for calculating basic net assets per share	**192,085,715**	191,770,743	191,762,393
Dilution due to share option schemes	**1,681,592**	1,637,759	1,269,278
Number of shares for calculating diluted net assets per share	**193,767,307**	193,408,502	193,031,671

EPRA Net Asset Value Metrics

	Unaudited 30 September 2024			Audited 31 March 2024		
	EPRA NRV £m	**EPRA NTA £m**	**EPRA NDV £m**	**EPRA NRV £m**	**EPRA NTA £m**	EPRA NDV £m
IFRS Equity attributable to shareholders	**1,523.7**	**1,523.7**	**1,523.7**	1,548.9	1,548.9	1,548.9
Fair value of derivative financial instruments	**0.3**	**0.3**	-	(0.2)	(0.2)	-
Intangibles per IFRS balance sheet	-	**(2.2)**	-	-	(2.2)	-
Excess of book value of debt over fair value	-	-	**47.7**	-	-	59.3
Purchasers' costs[1]	**164.7**			[illegible]		

Purchasers' costs	**164.7**	**-**	**-**	166.4	-	-
EPRA measure	**1,688.7**	**1,521.8**	**1,571.4**	1,715.1	1,546.5	1,608.2
Number of shares for calculating diluted net assets per share (millions)	**193.8**	**193.8**	**193.8**	193.4	193.4	193.4
EPRA measure per share	**£8.72**	**£7.85**	**£8.11**	£8.87	£8.00	£8.32

	Unaudited 30 September 2023		
	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
IFRS Equity attributable to shareholders	1,607.6	1,607.6	1,607.6
Intangibles per IFRS balance sheet	-	(2.1)	-
Excess of fair value of debt over book value	-	-	103.1
Purchasers' costs[1]	170.4	-	-
EPRA measure	1,778.0	1,605.5	1,710.7
Number of shares for calculating diluted net assets per share (millions)	193.0	193.0	193.0
EPRA measure per share	£9.21	£8.32	£8.87

[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

Total Accounting Return	**Unaudited 30 September 2024**	Audited 31 March 2024	Unaudited 30 September 2023
Opening EPRA net tangible assets per share (A)	**8.00**	9.27	9.27
Closing EPRA net tangible assets per share	**7.85**	8.00	8.32
Decrease in EPRA net tangible assets per share	**(0.15)**	(1.27)	(0.95)
Ordinary dividends paid in the period	**0.19**	0.26	0.17
Total return (B)	**0.04**	(1.01)	(0.78)
Total accounting return (B/A)	**0.5%**	(10.9%)	(8.4%)

The total accounting return for the period comprises the reduction 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.

9. Investment Properties

	Unaudited 30 September 2024 £m	Audited 31 March 2024 £m	Unaudited 30 September 2023 £m
Balance at 1 April	**2,408.5**	2,643.3	2,643.3
Capital expenditure	**23.7**	68.4	33.5
Capitalised interest on refurbishments (note 4)	**2.3**	3.0	0.8
Disposals during the period	-	(12.5)	(3.6)
Change in fair value of investment properties	**(20.0)**	(251.2)	(170.8)
Disposed properties tenant incentives recognised in advance under IFRS 16	**0.2**	1.4	1.4
Less: Classified as assets held for sale	**(10.7)**	(43.9)	(32.9)
Total investment properties	**2,404.0**	2,408.5	2,471.7

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

Capitalised interest is included at a rate of capitalisation of 6.9% (31 March 2024: 6.8%, 30 September 2023: 6.6%). The total amount of capitalised interest included in investment properties is £20.4m (31 March 2024: £18.1m, 30 September 2023: £15.9m).

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

Five of the properties classified as held for sale at the end of the prior year were not sold during the half-year. Four of these are retained within current assets as they are still expected to sell within the next 12 months of 30 September 2024 and have been subject to an impairment charge of £0.3m following the valuation carried out at 30 September 2024. One (31 March 2024: six, 30 September 2023: six) additional property was reclassified as held for sale at 30 September 2024.

Valuation

The Group's investment properties are held at fair value and were revalued at 30 September 2024 by the external valuer, CBRE Limited, for the properties held throughout the period. They 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, 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:

	Unaudited 30 September 2024 £m	Audited 31 March 2024 £m	Unaudited 30 September 2023 £m

Total per CBRE valuation report	**2,422.8**	2,446.5	2,505.2
Deferred consideration on sale of property	**(0.6)**	(0.6)	(0.6)
Head lease obligations	**34.7**	34.7	34.7
Less: reclassified as held for sale	**(47.2)**	(65.7)	(60.5)
Less: tenant incentives recognised in advance under IFRS 16	**(5.7)**	(6.4)	(7.1)
Total investment properties per balance sheet	**2,404.0**	2,408.5	2,471.7

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 years.

CBRE have made enquiries to ascertain any sustainability factors which are likely to impact on value, consistent with the scope of their terms of engagement. Sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect the value of an asset, even if not explicitly recognised. This includes key environmental risks; such as flooding, energy efficiency, climate, design, legislation and management considerations - as well as current and historic land use. Where CBRE recognise the value impacts of sustainability, they reflect their understanding of how market participants include sustainability factors in their decisions and the consequential impact on market valuations.

The following table summarises the valuation techniques and inputs used in the determination of the property valuation at 30 September 2024.

Key unobservable inputs:

			ERVs - per sq. ft.		Equivalent yields	
Property category	Valuation £m	Valuation technique	Range	Weighted average	Range	Weighted average
Like-for-like	1,800.4	1	£24 - £83	£51	5.8% - 8.6%	7.1%
Completed projects	138.0	1	£25 - £54	£34	6.7% - 8.4%	7.4%
Refurbishments / Redevelopments	358.3	2	£17 - £75	£35	5.2% - 9.9%	7.2%
South East Offices	78.3	1	£25 - £40	£30	8.4% - 12.4%	10.8%
Head leases	34.7	N/A				
IFRS 16 adjustment	(5.7)	N/A				
Total	2,404.0					

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

Developer's profit is a key unobservable input for properties that are valued using the residual value method. The range is 10%-16% with a weighted average of 14%.

Costs to complete is a key unobservable input for properties that are valued using the residual value method. The range is £225-£389 per sq. ft. and a weighted average of £328 per sq. ft.

The following table summarises the valuation techniques and inputs used in the determination of the property valuation at 31 March 2024.

Key unobservable inputs:

			ERVs - per sq. ft.		Equivalent yields	
Property category	Valuation £m	Valuation technique	Range	Weighted average	Range	Weighted average
Like-for-like	1,833.2	1	£24 - £81	£49	4.9% - 8.4%	7.0%
Completed projects	137.4	1	£25 - £53	£35	6.6% - 7.2%	7.3%
Refurbishments	318.5	2	£24 - £75	£38	5.0% - 9.9%	7.3%
Redevelopments	18.9	2	£18 - £30	£19	4.8% - 8.7%	7.4%
South East Offices	72.2	1	£25 - £40	£30	8.0% - 11.4%	10.4%
Head leases	34.7	N/A				
IFRS 16 adjustment	(6.4)	N/A				
Total	2,408.5					

A key unobservable input for redevelopments at planning stage and refurbishments is developer's profit. The range is 10%-19% with a weighted average of 15%.

Costs to complete is a key unobservable input for redevelopments at planning stage with a range of £273-£416 per sq. ft. and a weighted average of £325 per sq. ft.

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

The following table summarises the valuation techniques and inputs used in the determination of the property valuation at 30 September 2023.

Key unobservable inputs:

			ERVs - per sq. ft.		Equivalent yields	
Property category	Valuation £m	Valuation technique	Range	Weighted average	Range	Weighted average
Like-for-like	1,880.9	1	£20 - £79	£48	5.0% - 8.2%	6.7%
Completed projects	177.3	1	£24 - £53	£31	5.9% - 7.0%	6.9%
Refurbishments	289.9	2	£24 - £56	£37	4.8% - 9.8%	7.0%
Redevelopments	19.7	2	£12 - £17	£15	5.0% - 9.9%	7.1%
South East Offices	76.3	1	£25 - £35	£29	7.3% - 11.6%	9.9%
Head leases	34.7	N/A				
IFRS 16 adjustment	(7.1)	N/A				
Total	2,471.7					

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

Developer's profit is a key unobservable input for properties that are valued using the residual value method. The range is 10%-19% with a

Developer's profit is a key unobservable input for properties that are valued using the residual value method. The range is 10%-19% with a weighted average of 14%.

Costs to complete is a key unobservable input for properties that are valued using the residual value method. The range of £222-£425 per sq. ft. and a weighted average of £270 per sq. ft.

10. Trade and other receivables

Current trade and other receivables	Unaudited 30 September 2024 £m	Audited 31 March 2024 £m	Unaudited 30 September 2023 £m
Trade receivables	**17.8**	18.7	20.3
Prepayments, other receivables and accrued income	**18.3**	16.9	26.5
Deferred consideration on sale of investment properties	**1.1**	1.1	11.3
	37.2	36.7	58.1

Included within trade receivables is the provision for impairment of receivables of £4.5m (31 March 2024: £3.9m, 30 September 2023: £4.3m).

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 2024: £nil, 30 September 2023: £0.1m) (note 3(b)).

Receivables at fair value:
Included within deferred consideration on sale of investment properties is £0.6m (31 March 2024: £0.6m, 30 September 2023: £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

	Unaudited 30 September 2024 £m	Audited 31 March 2024 £m	Unaudited 30 September 2023 £m
Cash at bank and in hand	**2.5**	4.1	4.0
Restricted cash	**6.5**	7.5	6.3
	9.0	11.6	10.3

£6.2m (31 March 2024: £6.7m, 30 September 2023: £6.2m) of the restricted cash relates to tenants' deposit deeds which represent returnable cash security deposits received from tenants which are held in ring-fenced bank accounts in accordance with the terms of the individual lease contracts. The remaining balance relates to restricted cash under terms of development projects funding.

12. Trade and other payables

	Unaudited 30 September 2024 £m	Audited 31 March 2024 £m	Unaudited 30 September 2023 £m
Trade payables	**7.9**	7.4	13.6
Other tax and social security payable	**6.7**	4.8	6.8
Tenants' deposit deeds	**8.1**	8.2	6.3
Tenants' deposits	**31.7**	32.0	31.3
Accrued expenses	**25.7**	28.5	28.0
Deferred income - rent and service charges	**11.8**	12.1	13.1
	91.9	93.0	99.1

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

	Unaudited 30 September 2024 £m	Audited 31 March 2024 £m	Unaudited 30 September 2023 £m
Current			
3.07% Senior Notes 2025 (unsecured)	**79.9**	-	-
Non-current			
Bank loans (unsecured)	**192.6**	192.3	205.1
Other loans (secured)	**64.2**	64.1	64.0
3.07% Senior Notes 2025 (unsecured)	**-**	79.9	79.9
3.19% Senior Notes 2027 (unsecured)	**119.9**	119.9	119.8
3.6% Senior Notes 2029 (unsecured)	**99.9**	99.9	99.9
Green Bond (unsecured)	**298.9**	298.7	298.6
	855.4	854.8	867.3

(b) Net Debt

	Unaudited 30 September 2024 £m	Audited 31 March 2024 £m	Unaudited 30 September 2023 £m
Borrowings per (a) above	**855.4**	854.8	867.3
Adjust for:			
Cost of raising finance	**3.4**	4.2	4.2
	858.8	859.0	871.5
Cash at bank and in hand (note 11)	**(2.5)**	(4.1)	(4.0)
Net Debt	**856.3**	854.9	867.5

At 30 September 2024, the Group had £141.2m (31 March 2024: £141.0m, 30 September 2023: £129.0m) of undrawn bank facilities, a £2.0m

overdraft facility (31 March 2024: £2.0m, 30 September 2023: £2.0m) and £2.5m of unrestricted cash (31 March 2024: £4.1m, 30 September 2023: £4.0m).

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%, Green Bond of 65% and Aviva Loan of 55%. Loan to value at 30 September 2024 was 35% (31 March 2024: 35%, 30 September 2023: 34%).

The Group also has an interest cover covenant of 2.0x applicable to the Bank Loan and Senior Debt Borrowings, 1.75x applicable for the Green Bond and 2.25x applicable for the Aviva Loan. This is calculated as net rental income divided by interest payable on loans and other borrowings. At 30 September 2024 interest cover was 3.8x (31 March 2024: 3.7x, 30 September 2023: 3.5x).

(c) Maturity

	Unaudited 30 September 2024 £m	Audited 31 March 2024 £m	Unaudited 30 September 2023 £m
Repayable within one year	**80.0**	-	-
Repayable between one and two years	**30.0**	80.0	157.5
Repayable between two and three years	**283.8**	194.0	129.0
Repayable between three years and four years	**300.0**	420.0	120.0
Repayable between four years and five years	**100.0**	100.0	300.0
Repayable in five years or more	**65.0**	65.0	165.0
	858.8	859.0	871.5
Cost of raising finance	**(3.4)**	(4.2)	(4.2)
	855.4	854.8	867.3

(d) Interest rate and repayment profile

	Principal at period end £m	Interest rate	Interest payable	Repayable
Current				
Bank overdraft due within one year or on demand	-	Base + 2.25%	Variable	On demand
Non-current				
Private Placement Notes:				
3.07% Senior Notes	**80.0**	3.07%	Half Yearly	August 2025
3.19% Senior Notes	**120.0**	3.19%	Half Yearly	August 2027
3.6% Senior Notes	**100.0**	3.60%	Half Yearly	January 2029
Bank Loan	**163.8**	SONIA + 1.77%[1]	Monthly	December 2026
Bank Loan	**30.0**	SONIA + 1.77%[1]	Monthly	April 2026
Other Loan (secured)	**65.0**	4.02%	Quarterly	May 2030
Green Bond	**300.0**	2.25%	Yearly	March 2028
	858.8			

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

(e) Derivative financial instruments

The Group uses a mixture of fixed rate and variable rate facilities to manage its interest rate exposure appropriately to provide operational and budget certainty. To manage the interest rate risk arising on variable rate debt, £100m of the debt has been swapped to fixed rate GBP using an interest rate swap.

The hedged item is designated as the variability of the cash flows of the specific debt instrument arising from future changes in the SONIA rate, which is an eligible hedged item.

Hedge effectiveness is assessed on critical terms (amount, interest rate, interest settlement dates, currency and maturity date). The critical terms of this hedging relationship perfectly matched at origination, so for the prospective assessment of effectiveness a qualitative assessment was performed. The interest rate swap creates an equal and opposite interest receipt and a fixed interest payment, therefore creating an exact offset for this transaction resulting in a net fixed interest payable. Potential sources of hedge ineffectiveness include significant change in the credit risk of either party or a reduction in the hedged item as such will impact the economic relationship between the fair value changes of the hedged item and the swap.

	Unaudited 30 September 2024 £m	Audited 31 March 2024 £m	Unaudited 30 September 2023 £m
Carrying amount of derivative	**(0.3)**	0.2	-
Change in fair value of designated hedging instrument	**(0.5)**	0.2	-
Notional amount £m	**100**	100	-
Rate payable (%)	**4.285**	4.285	-
Maturity	**31 January 2026**	31 January 2026	-
Hedge ratio	**1:1**	1:1	-

(f) Financial instruments and fair values

	Unaudited 30 September 2024 Book Value £m	**Unaudited 30 September 2024 Fair Value £m**	Audited 31 March 2024 Book Value £m	Audited 31 March 2024 Fair Value £m	Unaudited 30 September 2023 Book Value £m	Unaudited 30 September 2023 Fair Value £m
Financial liabilities held at amortised cost						
Bank loans (unsecured)	**192.6**	**192.6**	192.3	192.3	205.1	205.1
Other loans (secured)	**64.2**	**62.2**	64.1	61.6	64.0	57.0
Private Placement Notes	**299.7**	**288.0**	299.6	285.4	299.6	270.1
Lease obligations	**34.7**	**34.7**	34.7	34.7	34.7	34.7
Green Bond	**298.9**	**264.9**	298.7	256.1	298.6	232.0

	890.1	**842.4**	889.4	830.1	902.0	798.9
Financial assets at fair value through other comprehensive income						
Financial derivative	**(0.3)**	**(0.3)**	0.2	0.2	-	-
Other Investments	**3.2**	**3.2**	3.2	3.2	2.1	2.1
	2.9	**2.9**	3.4	3.4	2.1	2.1
Financial assets at fair value through profit or loss						
Deferred consideration (overage)	**1.1**	**1.1**	1.1	1.1	11.3	11.3
	1.1	**1.1**	1.1	1.1	11.3	11.3

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 (£0.5m) (31 March 2024: £0.2m, 30 September 2023: £nil).

14. Lease obligations

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

	Unaudited 30 September 2024 £m	Audited 31 March 2024 £m	Unaudited 30 September 2023 £m
Minimum lease payments under leases fall due as follows:			
Within one year	**2.1**	2.1	2.1
Between one and five years	**8.4**	8.4	8.4
Between five and fifteen years	**20.8**	17.2	18.1
Beyond fifteen years	**175.8**	180.5	180.7
	207.1	208.2	209.3
Future finance charges on leases	**(172.4)**	(173.5)	(174.6)
Present value of lease liabilities	**34.7**	34.7	34.7

Following the adoption of IFRS 16, lease obligations are shown separately on the face of the balance sheet. The balance represents a non-current liability as the payment shown within one year of £2.1m is offset by future finance charges on leases of £2.1m. All lease obligations are long leaseholds, therefore, the majority of the obligations fall beyond fifteen years.

15. Notes to cash flow statement

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

	Unaudited 6 months ended 30 September 2024 £m	Unaudited 6 months ended 30 September 2023 £m	Audited Year ended 31 March 2024 £m
Profit/ (loss) before tax	**10.2**	(147.9)	(192.8)
Depreciation	**0.8**	0.8	1.7
Amortisation of intangibles	**0.5**	0.3	0.6
Letting fees amortisation	**0.2**	0.2	0.3
Loss on disposal of investment properties	**1.1**	1.2	2.3
Other expenses	**-**	0.4	1.2
Net loss from change in fair value of investment property	**20.0**	170.8	251.2
Impairment of assets held for sale	**0.3**	6.6	4.1
Equity-settled share based payments	**1.5**	1.2	3.3
Finance expense	**15.4**	18.3	34.9
Changes in working capital:			
Increase in trade and other receivables	**(0.8)**	(13.6)	(2.9)
Decrease in trade and other payables	**(5.8)**	(11.6)	(16.2)
Cash generated from operations	**43.4**	26.7	87.7

For the purposes of the cash flow statement, cash and cash equivalents include restricted cash - tenants' deposit deeds (note 11).

16. Share Capital

	Unaudited 30 September 2024 £m	Audited 31 March 2024 £m	Unaudited 30 September 2023 £m
Issued: fully paid ordinary shares of £1 each	**192.1**	191.9	191.9

Movements in share capital were as follows:	**Unaudited 30 September 2024**	Audited 31 March 2024	Unaudited 30 September 2023
Number of shares at 1 April	**191,910,392**	191,638,357	191,638,357
Issue of shares	**232,612**	272,035	259,497
Number of shares at period end	**192,143,004**	191,910,392	191,897,854

In the period there were 232,612 scheme options issued with net proceeds £nil (31 March 2024: 272,035 options issued with £nil proceeds, 30 September 2023: 259,497 options issued with £nil proceeds).

17. Capital commitments

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

	Unaudited 30 September 2024 £m	Audited 31 March 2024 £m	Unaudited 30 September 2023 £m
Construction or refurbishment of investment properties	**20.8**	18.8	30.3

18. Post balance sheet events

In November 2024, the Group's £135m RCF bank facilities were refinanced extending maturity to 30 November 2028, with options to extend by up to a further two years and an option to increase the facility amount to £255m, subject to lender consent. In addition, an additional £80m term loan facility has been agreed with an initial maturity of November 2026 and options to extend by up to two further years, subject to lender consent.

The Group has exchanged for sale on Rainbow Industrial Estate in November 2024, for a total consideration of £20.3m.

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 2024. A list of current Directors is maintained on the Workspace Group website: www.workspace.co.uk.

Approved by the Board on 21 November 2024 and signed on its behalf by

D Benson
Director

INDEPENDENT REVIEW REPORT TO WORKSPACE GROUP PLC

Conclusion

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 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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 2024 which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Change in Equity, and the Consolidated Statement of Cash Flows and the related explanatory notes.

Basis for conclusion

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

As disclosed in the notes of the annual financial statements of the Group are prepared in accordance with UK adopted International Accounting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

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 for conclusion section of this report, nothing has come to our attention to suggest 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 are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410 (Revised), however future events or conditions may cause the Group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the Company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. 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 paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London, UK
21 November 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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