17 November 2021

WORKSPACE GROUP PLC
HALF YEAR RESULTS

POSITIVE CUSTOMER MOMENTUM AND FOCUS ON GROWTH OPPORTUNITIES AHEAD

Workspace Group PLC ("Workspace"), London's leading provider of flexible office space, today announces its results for the half year to 30 September 2021.

The results reflect a recovery in our trading performance and good momentum in customer activity. Our customers are returning to their offices and we're seeing strong new customer demand for flexible, well-located office space across London.

Financial highlights: Trading profit recovery, strong balance sheet

- Trading profit after interest† up 42.5% to £21.8m (30 September 2020: £15.3m) driven by 12.3% (£4.5m) increase in net rental income
- Property valuation of £2,271m, a small underlying decrease of 0.7% (£15m) from 31 March 2021
- Profit before tax of £3.4m (30 September 2020: £110.4m loss)
- Interim dividend reinstated at 7.00p per share (30 September 2020: Nil)
- EPRA net tangible assets per share down 1.1% to £9.28 from 31 March 2021
- Loan to value of 23% (31 March 2021: 24%) with £318m of available cash and undrawn facilities

Customer activity: Strong demand and improving customer utilisation

- Strong customer demand with enquiries, viewings and lettings now at pre-Covid levels
- Like-for-like rent roll up by 2.1% to £87.3m in the six months to 30 September 2021
- Strong growth in like-for-like occupancy, up 3.7% to 85.6%, with rent per sq. ft. stabilising in the second quarter, up 0.3% to £35.50 after a 2.3% decline in the first quarter
- Significant increase in customers returning to their offices, with utilisation of our centres reaching 60% of pre-Covid levels mid-week, and 55% over the week as a whole
- High levels of rent collection, with 97% of rents due for the first half received as at 9 November 2021

Portfolio activity: Expanding our footprint through sustainable asset management

- Strategic recycling of capital with the disposal of 13-17 Fitzroy Street for £92m and the acquisition of The Old Dairy in Shoreditch for £43.4m
- Acquisition announced today of former Victorian bus factory, The Busworks in Islington, for £45m, with significant potential to be sustainably upgraded and repositioned
- Extensive refurbishment of our 60,000 sq. ft. Pall Mall Deposit business centre in Ladbroke Grove completed in September 2021
- Mirror Works, a new 40,000 sq. ft. business centre in Stratford, launched in October 2021
- Two further projects to complete in the second half, providing a further 32,000 sq. ft. of new or upgraded space
- Healthy pipeline of refurbishment and redevelopment activity, projected to deliver 1.2m sq. ft. of new and upgraded space over the next five years

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

“We have seen a strong recovery in our trading performance in the first half of the year after successfully managing through the challenges of the last year. The speed and strength of that recovery has been fuelled by rising demand for our unique flexible offering, which is proving to be an attractive option for an increasing number of businesses in London as the way people work rapidly evolves. Now more than ever, space matters and businesses are making decisions about their offices based on what their people want – great space in interesting, convenient locations with top sustainability credentials.

All the signs point to strong underlying momentum in our business. Demand metrics continued to improve in the first half across London, utilisation of our centres is increasing, prices have stabilised and rent collection is strong.

We are building on this momentum through active management of our portfolio and have our sights firmly set on the exciting growth opportunities ahead as we continue to expand our property footprint. And, as sustainability becomes an increasingly important consideration for our business and our customers, our unique business model serves us well. We are focused on repurposing and investing in our portfolio of iconic buildings to make them greener and fit for our customer's changing needs. We revive communities by providing quality business space in a broad range of areas across the Capital and of course always acting responsibly with our customers, partners and those communities.

As our half year results show, those who predicted that the pandemic would lead to the end of the office are being quickly disproven. Our performance highlights that with the right space in the right locations and a flexible, customer-centric offering, businesses still believe they do their best work together. We are excited by the significant growth opportunities in front of us, and the plans we have in place to capture them.”

Summary Results

	September 2021	September 2020	Change
Financial performance			
Net rental income	**£41.0m**	£36.5m	+12%
Trading profit after interest†	**£21.8m**	£15.3m	+42%
Profit/(loss) before tax	**£3.4m**	£(110.4)m	+103%
Interim dividend per share	**7.0p**	-	-

	September 2021	March 2021	Change
Valuation			
EPRA net tangible assets per share†	**£9.28**	£9.38	-1.1%
CBRE property valuation†	**£2,271m**	£2,324m	-0.7%**
Financing			
Loan to value	**23%**	24%	-1%*
Undrawn bank facilities and cash	**£318m**	£434m	-£116m*

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

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Details of results presentation

Workspace will host a results presentation for analysts and investors on Wednesday, 17 November 2021 at 10:00am. The venue for the presentation is The London Stock Exchange, 10 Paternoster Square, EC4M 7LS.

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

Webcast: The live webcast will be available here:
https://secure.emincote.com/client/workspace/workspace018

Conference call: In order to join via phone at 10.00am, please register at the following link and you will be provided with dial-in details and a unique access code:
https://secure.emincote.com/client/workspace/workspace018/vip_connect

Notes to Editors
About Workspace Group PLC:

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

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

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

BUSINESS REVIEW

ENQUIRIES AND LETTINGS

New customer demand for space in our business centres continues to improve, with a monthly average of 941 enquiries in the first half and good conversion to viewings and lettings.

	Monthly average		Monthly activity					
	H1 21/22	H1 20/21	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021
Enquiries	941	687	1,004	888	912	927	974	939
Viewings	622	289	633	660	593	593	640	612
Lettings	131	81	175	119	119	121	154	100

The positive trend has continued into the third quarter, with 955 enquiries and 594 viewings in October 2021.

We have also seen a strong pick-up in utilisation of our centres as more customers return to their offices. Utilisation of our centres is currently running at some 55% of pre-Covid levels, with activity peaking mid-week at 60% of pre-Covid levels.

RENT ROLL

Total rent roll, representing the total annualised net rental income at a given date, was down 1.8% in the six months to £102.1m at 30 September 2021, with overall occupancy increasing from 77.8% to 81.2%.

Rent Roll	£m
At 31 March 2021	103.9
Like-for-like portfolio	1.8
Completed projects	0.7
Projects underway and design stage	0.2
Acquisitions	2.2
Disposals/other	(6.7)
At 30 September 2021	**102.1**

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 at their current rent roll and occupancy) was £144.8m at 30 September 2021.

Like-for-like Portfolio

The like-for-like portfolio represents 86% of the total rent roll as at 30 September 2021. It comprises 39 properties with stabilised occupancy, excluding buildings impacted by significant refurbishment or redevelopment activity or contracted for sale.

Like for Like	Quarter Ended 30 Sep 21	 30 Jun 21	 31 Mar 21
Occupancy	85.6%	82.9%	81.9%
Occupancy change	2.7%	1.0%	
Rent per sq. ft.	£35.50	£35.41	£36.25
Rent per sq. ft. change	0.3%	(2.3)%	
Rent roll	£87.3m	£84.6m	£85.5m
Rent roll change	3.2%	(1.1)%	

The like-for-like rent roll has increased by 2.1% (£1.8m) in the six months to 30 September 2021 to £87.3m. The increase has come from a 3.7% increase in occupancy from 81.9% to 85.6%, offset by a 2.1% decrease in rent per sq. ft. to £35.50. We have seen pricing stabilise with a 0.3% increase in rent per sq. ft. in the second quarter after a decline of 2.3% in the first quarter.

If all the like-for-like properties were at 90% occupancy at the CBRE estimated rental values at 30 September 2021, the rent roll would be £105.7m, £18.4m higher than the actual cash rent roll at 30 September 2021.

Completed Projects

There are six projects in the completed projects category, with overall rent roll increasing by 16.0% (£0.7m) in the six months to £4.8m and occupancy at 65.5%. This includes Pall Mall Deposit, Ladbroke Grove, where we completed an extensive refurbishment of our 60,000 sq. ft. business centre in September 2021.

If the buildings in this category were all at 90% occupancy at the CBRE estimated rental values at 30 September 2021, the rent roll would be £9.3m, an uplift of £4.5m.

Projects Underway – Refurbishments

We are currently underway on four refurbishment projects that will deliver 214,000 sq. ft. of new and upgraded space. We expect to complete the upgrade of 15,000 sq. ft. at Westbourne Studios during the second half. As at 30 September 2021, rent roll was £3.9m, up £0.2m in the six months.

Assuming 90% occupancy at the CBRE estimated rental values at 30 September 2021, the rent roll at these four buildings once they are completed would be £7.7m, an uplift of £3.8m.

Projects Underway – Redevelopments

At the half year two mixed-use redevelopment projects were underway providing 57,000 sq. ft. of net lettable space. Mirror Works, a new 40,000 sq. ft. business centre in Stratford was launched in October 2021 and we expect to deliver 17,000 sq. ft. of additional space at The Light Bulb, Wandsworth, in the second half of the year.

Assuming 90% occupancy at the CBRE estimated rental values at 30 September 2021, the rent roll at the two new business centres would be £1.4m.

Projects at Design Stage

These are properties where we are planning a refurbishment or redevelopment that has not yet commenced. The rent roll at these properties at 30 September 2021 was £3.9m, stable in the six months.

Acquisitions

In September 2021, we completed the acquisition of The Old Dairy in Shoreditch for £43.4m, adding £2.2m to our rent roll.

Assuming 90% occupancy at the CBRE estimated rental value at 30 September 2021, the rent roll at this building would be £2.7m, an uplift of £0.5m.

Disposals

We completed the sale of 13-17 Fitzroy Street in Fitzrovia for £92m in September 2021. At 31 March 2021 rent roll at this property was £6.0m, with the single occupier, Arup, vacating as expected in June 2021. We had originally planned a major refurbishment of this building upon the vacation of Arup however, having reviewed our options, we decided that it was the optimum time to sell and recycle the capital into other more attractive organic and acquisition opportunities which we believe will generate superior value for shareholders.

PROFIT PERFORMANCE

Trading profit after interest for the half year was up 42.5% (£6.5m) on the prior half year to £21.8m.

£m	**30 Sep 2021**	30 Sep 2020
Net rental income	**41.0**	36.5
Administrative expenses	**(8.7)**	(9.4)
Net finance costs	**(10.5)**	(11.8)
Trading profit after interest	**21.8**	15.3

Net rental income was up 12.3% (£4.5m) to £41.0m, as detailed below:

£m	**30 Sep 2021**	30 Sep 2020
Underlying net rental income	**40.4**	55.4
Rent discounts and waivers	**-**	(19.9)
Expected credit losses	**(0.3)**	(1.5)
Disposals	**0.9**	2.5
Net rental income	**41.0**	36.5

There was a £15m (27.1%) decrease in underlying net rental income to £40.4m, as detailed below:

£m	**30 Sep 2021**	30 Sep 2020
Underlying rental income	**47.5**	59.9
Unrecovered service charges	**(2.2)**	(0.8)
Empty rates and other non-recoverable costs	**(4.9)**	(3.2)
Services, fees, commissions and sundry income	**(0.0)**	(0.5)
Underlying net rental income	**40.4**	55.4

The reduction in rental income of £12.4m to £47.5m reflects the reduction in rent roll during the course of the prior year resulting from reduced occupancy and average rent per sq. ft.

Our focus on cost control during the lockdown periods enabled us to reduce unrecovered service charges in the prior year. With customers now returning to our centres in increasing numbers, service charge costs are returning to more normal levels which, combined with lower average occupancy compared to the prior year, has resulted in an increase in unrecovered service charge costs in the first half of this financial year. The lower average occupancy has also resulted in an increase in empty rates and nonrecoverable costs to £4.9m.

Net rental income in the prior year was significantly reduced by rent discounts and waivers given to customers, predominantly in respect of the first quarter when we offered a 50% discount to our business centre customers. These one-off discounts and waivers have not been repeated in the current financial year.

In addition, although we hold rent deposits for the majority of our customers, the Government restrictions on rent collection have impeded efforts to collect rent from a number of our customers which resulted in a significant charge for expected credit losses in the prior year. Although restrictions still remain in place, rent collection in the first half has continued to improve, with a charge of £0.3m in the six months to 30 September 2021.

Administrative expenses decreased by £0.7m to £8.7m, down 7.4%, with discretionary costs remaining under tight control during the first half.

Net finance costs decreased by 11.0% (£1.3m) in the half year. The average net debt balance over the 6 months was £51.5m lower than the first six months of the prior year, whilst the average interest rate has decreased from 3.8% to 3.1% following the pre-payment of £148.5m of 5.6% Private Placement loan notes in April 2021.

Profit before tax in the half year was £3.4m reflecting the small decrease in the property valuation of £14.9m which compares to the £125.3m decrease in the first six months of the prior year.

£m	**30 Sep 2021**	30 Sep 2020
Trading profit after interest	**21.8**	15.3
Change in fair value of investment properties	**(14.9)**	(125.3)
Loss on sale of investment properties	**(3.5)**	(0.2)
Other items	**-**	(0.2)
Profit/(loss) before tax	**3.4**	(110.4)
Adjusted underlying earnings per share	**12.0p**	8.4p

The loss on sale of investment property of £3.5m relates to the disposal of Fitzroy Street.

Adjusted underlying earnings per share, based on EPRA earnings adjusted for non-trading items and calculated on a diluted share basis, is up 43% to 12.0p.

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 ongoing recovery and continued confidence in the outlook for the Group the Board is pleased to announce that this year an interim dividend of 7.0p per share (2020: nil) will be paid on 2 February 2022 to shareholders on the register at 7 January 2022. The dividend will be paid as a Property Income Distribution.

PROPERTY VALUATION

At 30 September 2021, our property portfolio was independently valued by CBRE at £2,271m, an underlying decrease of 0.7% (£15m) in the half year. The main movements in the valuation are set out below:

	£m
Valuation at 31 March 2021	2,324
Capital expenditure	14
Acquisitions	43
Disposals	(95)
Revaluation	(15)
Valuation at 30 September 2021	**2,271**

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

£m	Valuation	Movement
Like-for-like Properties	1,817	(11)
Completed Projects	155	(1)
Refurbishments	158	(2)
Redevelopments	98	(1)
Acquisitions	43	-
Total	**2,271**	**(15)**

Like-for-like Properties

There was a 0.6% (£11m) underlying decrease in the valuation of like-for-like properties to £1,817m. This is driven by a 3.1% decrease in the ERV per sq. ft. (£63m) reflecting the pricing of lettings and renewals, offset by a 15 bps shift in equivalent yield (£52m).

	30 Sep 2021	31 March 2021	Change
ERV per sq. ft.	**£40.91**	£42.23	-3.1%
Rent per sq. ft.	**£35.50**	£36.25	-2.1%
Equivalent Yield	**5.8%**	5.9%	-0.1%
Net Initial Yield	**4.3%**	4.2%	+0.1%
Capital Value per sq. ft.	**£633**	£633	-0.0%

Completed Projects

There was an underlying decrease of 0.6% (£1m) in the value of the six completed projects to £155m. The overall valuation metrics for completed projects are set out below:

	30 Sep 2021
ERV per sq. ft.	**£28.33**
Rent per sq. ft.	**£20.10**
Equivalent Yield	**6.1%**
Net Initial Yield	**2.8%**
Capital Value per sq. ft.	**£424**

Current Refurbishments and Redevelopments

There was an underlying decrease of 1.3% (£2m) in the value of our current refurbishments to £158m and a reduction of 1.0% (£1m) in the value of our current redevelopments to £98m.

The most significant movements in this category are an increase of £2.5m at Havelock Terrace, Battersea, where we have had positive pre-application discussions with planners on a major refurbishment scheme, offset by a reduction of £2.3m at Westbourne Studios, where we are progressing refurbishment plans for one wing of the centre.

REFURBISHMENT ACTIVITY

A summary of the status of the refurbishment pipeline at 30 September 2021 is set out below:

Projects	Number	Capex spent	Capex to spend	Upgraded and new space (sq. ft.)
Underway	4	£4m	£43m	214,000
Design stage	4	–	£124m	371,000
Design stage (without planning)	2	–	£130m	270,000

In May 2021, we received planning permission for the re-designation of land use for a major scheme at Kennington Park. The existing 91,000 sq. ft. of low-grade space situated to the south and east of the Kennington Park campus will be replaced with 200,000 sq. ft. of high specification office space.

REDEVELOPMENT ACTIVITY

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

A summary of the status of the redevelopment pipeline at 30 September 2021 is set out below:

	No. of properties	Residential units	Cash received	New commercial space (sq. ft.)
Underway	2	277	£24m	57,000
Design stage	5	1,241	–	281,000

ACQUISITIONS AND DISPOSALS

During the first half, we completed the sale of 13-17 Fitzroy Street in Fitzrovia for £92m. We had originally planned a major refurbishment of this building when the occupier, Arup, vacated as expected in June. However, having reviewed our options, we decided that it was the optimum time to sell and recycle the capital into other more attractive organic and acquisition opportunities which we believe will generate superior value for shareholders.

In this regard, we recently completed the acquisition of The Old Dairy in Shoreditch for £43.4m. Adjacent to our existing business centre, The Frames, and currently 80.4% occupied, we will reposition The Old Dairy over time to our distinctive, flexible model, which will strengthen our presence and broaden our offering in this exciting and dynamic area of London.

We continue to track additional opportunities across London but remain disciplined in our returns criteria.

CASH FLOW

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

£m	**30 Sep 2021**	30 Sep 2020
Net cash from operations after interest†	**21**	14
Dividends paid	**(29)**	(42)
Capital expenditure	**(15)**	(13)
Purchase of Investment Properties	**(43)**	-
Property disposals	**92**	11
Other	**7**	-
Net movement	**33**	(30)
Opening debt (net of cash)	**(565)**	(541)
Closing debt (net of cash)	**(532)**	(571)

† Excludes £18m of VAT receipts relating to sale of Fitzroy included in 'other'.

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

Rent collection remains robust, despite the continued Government restrictions on rent collection measures. The majority of our customers pay monthly and we have, as of 9 November 2021, collected 97% of rent due for the second quarter taking the collection rate for the first half or the year to 97%.

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

FINANCING

As at 30 September 2021, the Group had £68.1m of available cash and £250.0m 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
Bank facilities	-	250.0	2022-2023
Total	**600.0**	**850.0**	

All facilities are provided on an unsecured basis with an average maturity of 4.8 years (31 March 2021: 4.8 years).

At 30 September 2021, the average interest cost of our fixed rate private placement notes and Green Bond was 2.8% and our revolver bank facilities are provided at a floating rate of 1.65% over LIBOR.

At 30 September 2021, loan to value (LTV) was 23% (31 March 2021: 24%) and interest cover, based on net rental income and interest paid over the last 12 month period (excluding exceptional refinancing costs), was 4.3 times (31 March 2021: 3.8 times), providing good headroom on all facility covenants.

NET ASSETS

Net assets decreased in the six months by £28.7m to £1,691m. EPRA net tangible assets (NTA) per share at 30 September 2021 was down 1.1% (£0.10) to £9.28:

	EPRA NTA per share £
At 31 March 2021	9.38
Adjusted trading profit after interest	0.12
Property valuation deficit	(0.08)
Loss on disposal of Investment Property	(0.02)
Dividends paid	(0.18)
Other	0.06
At 30 September 2021	**9.28**

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

OUTLOOK

The strong pick-up in new customer activity that we saw towards the end of the last financial year has continued into the first half of the current financial year. Assuming no material impact from government-imposed Covid restrictions through the winter, we expect to see continued momentum into the second half of the year.

We remain focussed on improving occupancy, and are on track to make significant progress towards reaching pre-covid levels by the end of the financial year. We have seen pricing stabilise during the first half and will selectively look to start to increase pricing during the second half of the financial year, with more meaningful price increases likely in the next financial year.

Improvement in net rental income will lag improvement in rent roll and, in the short term, whilst occupancy recovers to pre-covid levels, there will be a drag on income from unrecovered service charges and other occupancy related costs, such as empty rates.

The increase in rent roll as occupancy and pricing improve, together with the delivery of our pipeline of refurbishment and redevelopment projects and the impact from potential acquisition activity, provides the opportunity for significant income and capital growth over the medium term.

KEY PROPERTY STATISTICS

	Half Year ended			
	30 Sep 2021	31 March 2021	30 Sep 2020	31 March 2020
Workspace Group Portfolio				
CBRE property valuation	**£2,271m**	£2,324m	£2,450m	£2,574m
Number of locations	**58**	58	58	59
Lettable floorspace (million sq. ft.)	**3.9**	3.9	3.9	3.9
Number of lettable units	**4,234**	4,196	4,147	4,009
Rent roll of occupied units	**£102.1m**	£103.9m	£118.2m	£132.8m
Average rent per sq. ft.	**£32.28**	£33.90	£37.15	£39.18
Overall occupancy	**81.2%**	77.8%	81.1%	87.0%
Like-for-like number of properties	**39**	38	38	29
Like-for-like lettable floor space (million sq. ft.)	**2.9**	2.8	2.8	2.2
Like-for-like rent roll growth	**2.1%**	(13.9)%	(11.6)%	1.2%
Like-for-like rent per sq. ft. growth	**(2.1)%**	(9.9)%	(3.3)%	0.3%
Like-for-like occupancy movement	**3.7%**	(3.9)%	(7.8)%	0.9%

1) The like-for-like category has been restated in the current financial year for the following:
   - The transfer in of Brickfields and Rainbow Industrial Estate (part) from the completed projects category
   - The transfer out of Leroy House to the refurbishment projects category
2) Like-for-like statistics for prior years are not restated for the changes made to the like-for-like property portfolio in the current financial year.
3) Overall rent per sq. ft. and occupancy statistics include the lettable area at like-for-like properties and all refurbishment and redevelopment projects, including those projects recently completed and also properties where we are in the process of obtaining vacant possession.

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Notes	**Unaudited 6 months ended 30 September 2021 £m**	Unaudited 6 months ended 30 September 2020 £m	Audited Year ended 31 March 2021 £m
Revenue	2	**61.2**	75.5	142.3
Direct costs	2	**(20.2)**	(39.0)	(60.8)
Net rental income	2	**41.0**	36.5	81.5
Administrative expenses		**(8.7)**	(9.4)	(19.0)
Trading profit		**32.3**	27.1	62.5
Loss on disposal of investment properties	3(a)	**(3.5)**	(0.2)	(0.1)
Other expenses	3(b)	**-**	(0.2)	(0.2)
Change in fair value of investment properties	9	**(14.9)**	(125.3)	(257.7)
Operating profit/ (loss)		**13.9**	(98.6)	(195.5)
Finance costs	4	**(10.5)**	(11.8)	(23.8)
Exceptional finance costs	4	**-**	-	(16.4)
Profit/ (Loss) before tax		**3.4**	(110.4)	(235.7)
Taxation	5	**-**	-	-
Profit/ (Loss) for the period after tax		**3.4**	(110.4)	(235.7)
Basic earnings per share	7	**1.9p**	(61.1) p	(130.3) p
Diluted earnings per share	7	**1.9p**	(60.8) p	(130.3) p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Unaudited 6 months ended 30 September 2021 £m	Unaudited 6 months ended 30 September 2020 £m	Audited Year ended 31 March 2021 £m
Profit/ (Loss) for the period	**3.4**	(110.4)	(235.7)
Other comprehensive income:			
Items that may be classified subsequently to profit or loss:			
Change in fair value of other investments	**-**	-	-
Cash flow hedge – transfer to income statement	**(0.3)**	3.7	8.6
Cash flow hedge – change in fair value	**-**	(4.2)	(9.8)
Other comprehensive income/(loss) in the year	**(0.3)**	(0.5)	(1.2)
Total comprehensive income/ (loss) for the period	**3.1**	(110.9)	(236.9)

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2021

	Notes	**Unaudited 30 September 2021 £m**	Audited 31 March 2021 £m	Unaudited 30 September 2020 £m
Non-current assets				
Investment properties	9	**2,297.1**	2,349.9	2,471.4
Intangible assets		**2.2**	2.4	2.2
Property, plant and equipment		**3.4**	4.0	4.3
Other investments		**7.9**	7.9	7.9
Derivative financial instruments	13(e) & (f)	**-**	8.7	14.3
Deferred tax		**0.4**	0.4	0.5
		2,311.0	2,373.3	2,500.6
Current assets				
Trade and other receivables	10	**28.1**	29.3	35.0
Cash and cash equivalents	11	**75.0**	191.0	12.4
		103.1	220.3	47.4
Total assets		**2,414.1**	2,593.6	2,548.0
Current liabilities				
Trade and other payables	12	**(100.3)**	(95.0)	(90.3)
Borrowings	13(a)	**-**	(156.6)	-
		(100.3)	(251.6)	(90.3)
Non-current liabilities				
Borrowings	13(a)	**(596.7)**	(596.2)	(586.9)
Lease obligations	14	**(26.3)**	(26.3)	(26.3)
		(623.0)	(622.5)	(613.2)
Total liabilities		**(723.3)**	(874.1)	(703.5)
Net assets		**1,690.8**	1,719.5	1,844.5
Shareholders' equity				
Share capital	17	**181.1**	181.1	181.1
Share premium		**295.5**	295.5	295.1
Investment in own shares		**(9.6)**	(9.6)	(9.6)
Other reserves		**33.4**	33.1	33.2
Retained earnings		**1,190.4**	1,219.4	1,344.7
Total shareholders' equity		**1,690.8**	1,719.5	1,844.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

		Attributable to owners of the Parent					
Unaudited 6 months to 30 September 2021	Notes	Share capital £m	Share premium £m	Investment in own shares £m	Other reserves £m	Retained earnings £m	Total Shareholders' equity £m
Balance at 1 April 2021		181.1	295.5	(9.6)	33.1	1,219.4	1,719.5
Profit for the period		-	-	-	-	3.4	3.4
Other comprehensive income		-	-	-	-	(0.3)	(0.3)
Total comprehensive income		-	-	-	-	3.1	3.1
Transactions with owners:							
Share issues	17	-	-	-	-	-	-
Dividends paid	6	-	-	-	-	(32.1)	(32.1)
Share based payments		-	-	-	0.3	-	0.3
Balance at 30 September 2021		**181.1**	**295.5**	**(9.6)**	**33.4**	**1,190.4**	**1,690.8**

Unaudited 6 months to 30 September 2020							
Balance at 1 April 2020		180.7	295.4	(9.6)	32.2	1,499.3	1,998.0
Profit for the period		-	-	-	-	(110.4)	(110.4)
Other comprehensive income		-	-	-	(0.5)	-	(0.5)
Total comprehensive income		-	-	-	(0.5)	(110.4)	(110.9)
Transactions with owners:							
Share issues	17	0.4	(0.3)	-	-	-	0.1
Dividends paid	6	-	-	-	-	(44.2)	(44.2)
Share based payments		-	-	-	1.5	-	1.5
Balance at 30 September 2020		**181.1**	**295.1**	**(9.6)**	**33.2**	**1,344.7**	**1,844.5**

Audited 12 months to 31 March 2021							
Balance at 1 April 2020		180.7	295.4	(9.6)	32.2	1,499.3	1,998.0
Profit for the year		-	-	-	-	(235.7)	(235.7)
Other comprehensive income		-	-	-	(1.2)	-	(1.2)
Total comprehensive income		-	-	-	(1.2)	(235.7)	(236.9)
Transactions with owners:							
Share issues	17	0.4	0.1	-	(0.4)	-	0.1
Dividends paid	6	-	-	-	-	(44.2)	(44.2)
Share based payments		-	-	-	2.5	-	2.5
Balance at 31 March 2021		**181.1**	**295.5**	**(9.6)**	**33.1**	**1,219.4**	**1,719.5**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 30 SEPTEMBER 2021

	Notes	**Unaudited 6 month ended 30 September 2021 £m**	Unaudited 6 months ended 30 September 2020 £m	Audited Year ended 31 March 2021 £m
Cash flows from operating activities				
Cash generated from operations	15	**48.3**	25.6	62.4
Interest paid		**(9.3)**	(11.8)	(23.4)
Tax paid		**-**	(0.7)	(0.6)
Net cash inflow from operating activities		**39.0**	13.1	38.4
Cash flows from investing activities				
Purchase of investment properties		**(43.5)**	**-**	**-**
Capital expenditure on investment properties		**(14.3)**	(12.2)	(23.6)
Proceeds from disposal of investment properties		**91.8**	11.0	11.0
Purchase of intangible assets		**(0.3)**	(0.5)	(1.2)
Purchase of property, plant and equipment		**(0.3)**	(0.4)	(1.2)
Other income		**4.5**	-	0.1
Purchase of investments		**-**	(0.1)	-
Net cash inflow/ (outflow) from investing activities		**37.9**	(2.2)	(14.9)
Cash flows from financing activities				
Proceeds from issue of ordinary share capital		**-**	0.1	0.1
Settlement and re-couponing of derivative financial instruments		**0.7**	-	(2.0)
Repayment of Private Placement Notes		**(148.5)**	(9.0)	(217.0)
Repayment of bank borrowings		**(25.0)**	(81.0)	-
Drawdown of bank borrowings		**25.0**	54.0	54.0
Exceptional finance costs		**(16.4)**	-	-
Green Bond Proceeds		**-**	-	299.5
Own shares purchased		**-**	-	-
Dividends paid	6	**(28.7)**	(41.8)	(46.3)
Net cash (outflow)/ inflow from financing activities		**(192.9)**	(77.7)	88.3
Net (decrease)/ increase in cash and cash equivalents		**(116.0)**	(66.8)	111.8
Cash and cash equivalents at start of period	11	**191.0**	79.2	79.2
Cash and cash equivalents at end of period	11	**75.0**	12.4	191.0

1. Accounting policies

Basis of preparation

The half year report has been prepared in accordance with the Disclosure and Transparency Rules and with IAS34 'Interim Financial Reporting' as adopted 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 2021, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU").

The condensed financial statements in the half year report are unaudited and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Annual Report and Accounts for the year to 31 March 2021, which were prepared under IFRSs have been delivered to the Registrar of Companies. The auditor's opinion on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement made under Section 498 of the Companies Act 2006. The annual financial statements of the Group for the year ended 31 March 2022 will be prepared in accordance with UK-adopted international accounting standards

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

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

Going concern

The Board is required to assess the appropriateness of applying the going concern basis in the preparation of the financial statements. The extended impact of the Covid-19 pandemic on the operations of the Group has been a key consideration when assessing the appropriateness of applying the going concern basis in the preparation of the financial statements. There is still some uncertainty as to how the economy will recover and whether there will be any long-term impact on the demand for office space. We have therefore modelled a number of different scenarios considering a period of 12 months 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 gradual recovery period of two years to return pre-pandemic levels of 90% occupancy.
- New lettings continue to be below the average price per sq. ft. of vacating customers until like-for-like occupancy levels reach 90%.
- Continued higher levels of counterparty risk, with bad debt significantly higher than pre-pandemic levels.
- A further two months of Government restrictions on public movement in the winter of 2021 ("lockdown").
- The forecast assumes there will be no movement in yield, but the property valuation will decrease further in line with the fall in rent psf.

The Directors fully considered the Principal risks of the Company and how they may impact the model. Further details of the principal risks can be found on pages 32 to 34.

The appropriateness of the going concern basis is reliant on the continued availability of borrowings and compliance with loan covenants. All borrowings require compliance with LTV and Interest Cover covenants. As at the tightest test date in the scenarios modelled, the Group could withstand a reduction in net rental income of 57% and a fall in the asset valuation of 54% compared to September 2021 before these covenants are breached, assuming no mitigating actions are taken.

As at 30 September 2021 the Group had a fully unsecured loan portfolio of £850m and significant headroom on its facilities with £68m of cash and undrawn facilities of £250m. Of the undrawn facilities, £83m is due to expire in June 2022 and the remaining £167m in June 2023.

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

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

This report was approved by the Board on 16 November 2021.

Change in accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2021, with the exception of the following standards, amendments and interpretations endorsed by the UK were effective for the first time for the Group's current accounting period and had no material impact on the financial statements.

- References to Conceptual Framework in IFRSs (amended);
- IFRS 16 (amended) – Covid-19-related Rent Concessions;
- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amended) – Interest Rate Benchmark Reform – Phase 2.

Standards in issue but not yet effective

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

- IFRS 17 – Insurance Contracts;
- IAS 1 (amended) – Classification of liabilities as current or non-current;
- IAS 1 and IFRS Practice Statement 2 (amended) – Disclosure of Accounting Policy;
- IAS 8 (amended) – Definition of Accounting Estimate;
- IAS 37: Onerous Contracts—Cost of Fulfilling a Contract;
- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended;
- Annual Improvements to IFRS Standards 2018-2020;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

2. Analysis of net rental income

	6 months ended 30 September 2021			6 months ended 30 September 2020		
	Revenue £m	**Direct costs £m**	**Net rental income £m**	Revenue £m	Direct costs £m	Net rental income £m
Rental income	**49.6**	**(1.5)**	**48.1**	63.7	(20.7)	43.0
Service charges	**9.3**	**(11.5)**	**(2.2)**	9.9	(12.7)	(2.8)
Empty rates and other non-recoverable costs	**-**	**(4.9)**	**(4.9)**	-	(3.2)	(3.2)
Services, fees, commissions and sundry income	**2.3**	**(2.3)**	**-**	1.9	(2.4)	(0.5)
	61.2	**(20.2)**	**41.0**	75.5	(39.0)	36.5

	Year ended 31 March 2021		
	Revenue £m	**Direct costs £m**	**Net rental income £m**
Rental income	118.0	(24.4)	93.6
Service charges	20.3	(24.6)	(4.3)
Empty rates and other non-recoverable costs	-	(7.1)	(7.1)
Services, fees, commissions and sundry income	4.0	(4.7)	(0.7)
	142.3	(60.8)	81.5

Included within direct costs for rental income and service charge in the period are amounts of £nil and £nil (31 March 2021: £17.8m and £2.1m, 30 September 2020: £17.9m and £2.0m) respectively, relating to discounts provided to customers, accounted for in accordance with IFRS 9. Additionally, a charge of £0.3m (31 March 2021: £4.2m, 30 September 2020: £1.5m) for expected credit losses in respect of receivables from customers is recognised in direct costs of rental income in the period.

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

3(a). Loss on disposal of investment properties

	6 months ended 30 September 2021 £m	6 months ended 30 September 2020 £m	Year ended 31 March 2021 £m
Proceeds from sale of investment properties (net of sale costs)	**91.8**	11.0	11.0
Book value at time of sale	**(95.3)**	(11.2)	(11.1)
Loss on disposal	**(3.5)**	(0.2)	(0.1)

3(b). Other expenses

	6 months ended 30 September 2021 £m	6 months ended 30 September 2020 £m	Year ended 31 March 2021 £m
Change in fair value of deferred consideration	**-**	0.2	0.2
	-	0.2	0.2

The value of deferred consideration (cash and overage) from the sale of investment properties has been re-valued by CBRE Limited at 30 September 2021. The amounts receivable are included in the consolidated balance sheet under current trade and other receivables (note 10).

4. Finance costs

	6 months ended 30 September 2021 £m	6 months ended 30 September 2020 £m	Year ended 31 March 2021 £m
Interest payable on bank loans and overdrafts	**(0.8)**	(1.6)	(3.1)
Interest payable on other borrowings	**(8.5)**	(9.2)	(18.6)
Amortisation of issue costs of borrowings	**(0.6)**	(0.4)	(0.9)
Interest on lease liabilities	**(0.8)**	(0.8)	(1.6)
Interest capitalised on property refurbishments (note 9)	**0.2**	0.2	0.4
Foreign exchange (losses)/gains on financing activities	**-**	(3.7)	(8.6)
Cash flow hedge – transfer from equity	**-**	3.7	8.6
Finance Cost	**(10.5)**	(11.8)	(23.8)
Exceptional Finance Cost	**-**	-	(16.4)
Total finance costs	**(10.5)**	(11.8)	(40.2)

5. Taxation

	6 months ended 30 September 2021 £m	6 months ended 30 September 2020 £m	Year ended 31 March 2021 £m
Current tax:			
UK corporation tax	**-**	-	-
Deferred tax:			
On origination and reversal of temporary differences	**-**	-	-
Total taxation charge	**-**	-	-

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 2021: £nil, 30 September 2020: £nil).

6. Dividends

Ordinary dividends paid	Payment date	Per share	**6 months ended 30 September 2021 £m**	6 months ended 30 September 2020 £m	Year ended 31 March 2021 £m
For the year ended 31 March 2020:					
Final dividend	August 2020	24.49p	**-**	44.2	44.2
For the year ended 31 March 2021:					
Final dividend	August 2021	17.75p	**32.1**	-	-
Dividends for the period			**32.1**	44.2	44.2
Timing difference on payment of withholding tax			**(3.4)**	(2.4)	2.1
Dividends cash paid			**28.7**	41.8	46.3

In addition, the Directors are proposing an interim dividend in respect of the financial year ending 31 March 2022 of 7 pence per ordinary share which will absorb an estimated £12.7m of revenue reserves and cash. The dividend will be paid on 2 February 2022 to shareholders who are on the register of members on 7 January 2022. The dividend will be paid as a REIT Property Income Distribution (PID) net of withholding tax where appropriate.

7. Earnings per share

Earnings used for calculating earnings per share:	**6 months ended 30 September 2021 £m**	6 months ended 30 September 2020 £m	Year ended 31 March 2021 £m
Basic and diluted earnings/ (losses)	**3.4**	(110.4)	(235.7)
Change in fair value of investment properties	**14.9**	125.3	257.7
Exceptional finance costs	**-**	-	16.4
Loss on disposal of investment properties	**3.5**	0.2	0.1
EPRA earnings	**21.8**	15.1	38.5
Adjustment for non-trading items:			
Other expenses (note 3(b))	**-**	0.2	0.2
Taxation	**-**	-	-
Adjusted trading profit after interest	**21.8**	15.3	38.7

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

Number of shares used for calculating earnings per share:	**6 months ended 30 September 2021**	6 months ended 30 September 2020	Year ended 31 March 2021
Weighted average number of shares (excluding own shares held in trust)	**181,006,085**	180,725,220	180,839,945
Dilution due to share option schemes	**832,534**	888,198	-
Weighted average number of shares for diluted earnings per share	**181,838,619**	181,613,418	180,839,945

	6 months ended 30 September 2021	6 months ended 30 September 2020	Year ended 31 March 2021
Basic earnings per share	**1.9p**	(61.1)p	(130.3)p
Diluted earnings per share	**1.9p**	(60.8)p	(130.3)p
EPRA earnings per share	**12.1p**	8.4p	21.3p
Adjusted underlying earnings per share[1]	**12.0p**	8.4p	21.3p

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

8. Net assets per share

Number of shares used for calculating net assets per share:	**30 September 2021**	31 March 2021	30 September 2020
Shares in issue at period-end	**181,123,659**	181,113,594	181,106,425
Less own shares held in trust at period-end	**(162,113)**	(159,139)	(165,034)
Number of shares for calculating basic net assets per share	**180,961,546**	180,954,455	180,941,391
Dilution due to share option schemes	**954,111**	1,116,127	1,038,337
Number of shares for calculating diluted adjusted net assets per share	**181,915,657**	182,070,582	181,979,728

	30 September 2021	31 March 2021	30 September 2020
Basic net assets per share	**£9.34**	£9.50	£10.19
Diluted net assets per share	**£9.29**	£9.44	£10.14
EPRA net tangible assets per share	**£9.28**	£9.38	£10.05

EPRA Net Asset Value Metrics

EPRA published updated best practice reporting guidance in October 2019, which included 3 new Net Asset Valuation metrics; EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV). This new set of EPRA NAVs metrics came into full effect for accounting periods starting from 1st January 2021, presented below;

	September 2021			March 2021		
	EPRA NRV £m	**EPRA NTA £m**	**EPRA NDV £m**	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
IFRS Equity attributable to shareholders	**1,690.8**	**1,690.8**	**1,690.8**	1,719.5	1,719.5	1,719.5
Derivative financial instruments at fair value	**-**	**-**	**-**	(8.7)	(8.7)	-
Intangibles per IFRS balance sheet	**-**	**(2.2)**	**-**	-	(2.3)	-
Excess of fair value of debt over book value	**-**	**-**	**(48.4)**	-	-	(22.2)
Purchasers costs	**154.5**	**-**	**-**	158.1	-	-
New EPRA measure	**1,845.3**	**1,688.6**	**1,642.4**	1,868.9	1,708.5	1,697.3
Number of shares for calculating diluted net assets per share (millions)	**181.9**	**181.9**	**181.9**	182.1	182.1	182.1
New EPRA measure per share	**£10.14**	**£9.28**	**£9.03**	£10.26	£9.38	£9.32

	September 2020		
	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
IFRS Equity attributable to shareholders	1,844.5	1,844.5	1,844.5
Derivative financial instruments at fair value	(14.3)	(14.3)	-
Intangibles per IFRS balance sheet	-	(2.2)	-
Excess of fair value of debt over book value	-	-	(31.6)
Purchasers costs	166.6	-	-
New EPRA measure	1,996.8	1,828.0	1,812.9
Number of shares for calculating diluted net assets per share (millions)	182.0	182.0	182.0
New EPRA measure per share	£10.97	£10.05	£9.96

9. Investment Properties

	30 September 2021 £m	31 March 2021 £m	30 September 2020 £m
Balance at 1 April	**2,349.9**	2,586.3	2,586.3
Purchase of investment properties	**43.4**	-	-
Capital expenditure	**13.8**	22.8	12.1
Remeasurement of leases	**-**	(1.9)	(1.9)
Capitalised interest on refurbishments (note 4)	**0.2**	0.4	0.2
Disposals during the period	**(95.3)**	-	-
Change in fair value of investment properties	**(14.9)**	(257.7)	(125.3)
Total investment properties	**2,297.1**	2,349.9	2,471.4

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

Capitalised interest is included at a rate of capitalisation of 3.7% (March 2021: 3.7%, September 2020 3.8%). The total amount of capitalised interest included in investment properties is £14.7m (March 2021: £14.5m, September 2020 £14.3m).

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

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

Valuation

The Group's investment properties are held at fair value and were revalued at 30 September 2021 by the external valuer, CBRE Limited, a firm of independent qualified valuers in accordance with the Royal Institution of Chartered Surveyors Valuation – Global Standards. All the properties are revalued at period end regardless of the date of acquisition. 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) is based on the income capitalisation method which applies market-based yields to the Estimated Rental Values (ERVs) of each of the properties. Yields are based on current market expectations depending on the location and use of the property. ERVs are based on estimated rental potential considering current rental streams and market comparatives whilst also considering the occupancy and timing of rent reviews at each property. Although occupancy and rent review timings are known, and there is market evidence for transaction prices for similar properties, there is still a significant element of estimation and judgement in estimating ERVs. As a result of adjustments made to market observable data, the significant inputs are deemed unobservable under IFRS 13.

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

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

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

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

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

	30 September 2021 £m	31 March 2021 £m	30 September 2020 £m
Total per CBRE valuation report	**2,271.4**	2,324.2	2,450.3
Deferred consideration on sale of property	**(0.6)**	(0.6)	(5.2)
Head leases obligations	**26.3**	26.3	26.3
Less: reclassified as held for sale	**-**	-	-
Total investment properties per balance sheet	**2,297.1**	2,349.9	2,471.4

The Group's Investment properties are carried at fair value and under IFRS 13 are required to be analysed by level depending on the valuation method adopted. The different valuation methods are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 – Use of a model with inputs (other than quoted prices included in Level 1) that are directly or indirectly observable market data.
Level 3 – Use of a model with inputs that are not based on observable market data.

Property valuations are complex and involve data which is not publicly available and involves a degree of judgement. All the investment properties are classified as Level 3, due to the fact that one or more significant inputs to the valuation are not based on observable market data. If the degree of subjectivity or nature of the measurement inputs changes then there could be a transfer between Levels 2 and 3 of classification. No changes requiring a transfer have occurred during the current or previous year.

The following table summarises the valuation techniques and inputs used in the determination of the property valuation at 30 September 2021.

Key unobservable inputs:

			ERVs – per sq. ft.		Equivalent yields	
Property category	Valuation £m	Valuation technique	Range	Weighted average	Range	Weighted average
Like-for-like	1,816.9	1	£12 - £66	£41	4.3% - 7.4%	5.7%
Completed projects	155.2	1	£19 - £48	£28	5.4% - 6.4%	5.9%
Refurbishments	157.7	2	£18 - £35	£25	3.6% - 6.3%	5.3%
Redevelopments	97.6	2	£14 - £30	£20	3.6% - 6.8%	5.2%
Other	43.4	1	£53 - £53	£53	4.9% - 4.9%	4.9%
Head leases	26.3	n/a				
Total	2,297.1					

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

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

Costs to complete is a key unobservable input for redevelopments at planning stage with a range of £213–£268 per sq. ft. and a weighted average of £244 per sq. ft.

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

10. Trade and other receivables

Current trade and other receivables	**30 September 2021 £m**	31 March 2021 £m	30 September 2020 £m
Trade receivables	**10.0**	11.4	14.0
Prepayments, other receivables and accrued income	**17.5**	12.8	15.8
Deferred consideration on sale of investment properties	**0.6**	5.1	5.2
	28.1	29.3	35.0

Included within trade receivables is the provision for impairment of receivables of £4.9m (March 2021: £4.6m, September 2020: £2.6m). In accordance with IFRS16 £0.4m of covid-19 deferrals are being accounted for within other receivables (March 2021: £1.1m, September 2020: £2.5m).

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 2021: loss of £0.2m, 30 September 2020: loss of £0.2m) (note 3(b)).

Receivables at fair value:
Included within deferred consideration on sale of investment properties is £0.6m (March 2021: £5.1m, September 2020: £5.2m) of overage or cash which is held at fair value through profit and loss.

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

11. Cash and cash equivalents

	30 September 2021 £m	31 March 2021 £m	30 September 2020 £m
Cash at bank and in hand	**68.1**	183.6	4.3
Restricted cash – tenants’ deposit deeds	**6.9**	7.4	8.1
	75.0	191.0	12.4

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

12. Trade and other payables

	30 September 2021 £m	31 March 2021 £m	30 September 2020 £m
Trade payables	**12.5**	10.4	9.7
Other tax and social security payable	**24.6**	3.6	13.2
Corporation tax payable	**-**	-	-
Tenants’ deposit deeds (note 11)	**6.9**	7.4	8.1
Tenants’ deposits	**23.3**	20.7	23.6
Accrued expenses	**23.4**	43.4	24.4
Deferred income – rent and service charges	**9.6**	9.5	11.3
	100.3	95.0	90.3

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

13. Borrowings

(a) Balances

	30 September 2021 £m	31 March 2021 £m	30 September 2020 £m
Current			
5.6% Senior US Dollar Notes 2023 (unsecured)	**-**	72.6	-
5.53% Senior Notes 2023 (unsecured)	**-**	84.0	
Non-current			
Bank loans (unsecured)	**(0.6)**	(0.8)	126.2
5.6% Senior US Dollar Notes 2023 (unsecured)	**-**	-	77.5
5.53% Senior Notes 2023 (unsecured)	**-**	-	83.9
3.07% Senior Notes 2025 (unsecured)	**79.8**	79.8	79.8
3.19% Senior Notes 2027 (unsecured)	**119.8**	119.7	119.7
3.6% Senior Notes 2029 (unsecured)	**99.8**	99.8	99.8
Green Bond (unsecured)	**297.9**	297.7	-
	596.7	752.8	586.9

(b) Net Debt

	30 September 2021 £m	31 March 2021 £m	30 September 2020 £m
Borrowings per (a) above	**596.7**	752.8	586.9
Adjust for:			
Cost of raising finance	**3.3**	3.8	1.7
Foreign exchange differences	**-**	(8.1)	(13.1)
	600.0	748.5	575.5
Cash at bank and in hand (note 11)	**(68.1)**	(183.6)	(4.3)
Net Debt	**531.9**	564.9	571.2

At 30 September 2021, the Group had £250m (31 March 2021: £250m, 30 September 2020: £123m) of undrawn bank facilities and £68.1m of unrestricted cash (31 March 2021: £183.6m, 30 September 2020: £4.3m).

The Group has a loan to value covenant applicable to the Bank Loan and Senior Debt Borrowings of 60% and Green Bond of 65%, and compliance is being comfortably met. Loan to value at 30 September 2021 was 23% (March 2021: 24%, September 2020: 23%).

The Group also has an interest cover covenant of 2.0x applicable to the Bank Loan and Senior Debt Borrowings, and 1.75x applicable for the Green Bond. This is calculated as net rental income divided by interest payable on loans and other borrowings. At 30 September 2021 interest cover was 4.3x (31 March 2021: 3.8x, September 2020: 4.5x).

(c) Maturity

	Unaudited 30 September 2021 £m	Audited 31 March 2021 £m	Unaudited 30 September 2020 £m
Repayable within one year	**-**	148.5	-
Repayable between one and two years	**-**	-	127.0
Repayable between two and three years	**-**	-	148.5
Repayable between three years and four years	**80.0**	-	-
Repayable between four years and five years	**-**	80.0	80.0
Repayable in five years or more	**520.0**	520.0	220.0
	600.0	748.5	575.5
Cost of raising finance	**(3.3)**	(3.8)	(1.7)
Foreign exchange differences	**-**	8.1	13.1
	596.7	752.8	586.9

(d) Interest rate and repayment profile

	Principal at period end £m	Interest rate	Interest payable	Repayable
Current				
Bank overdraft due within one year or on demand (£2m facility)	–	Base +2.25%	Variable	On demand
Non-current				
Private Placement Notes:				
3.07% Senior Notes	80.0	3.07%	Half Yearly	August 2025
3.19% Senior Notes	120.0	3.19%	Half Yearly	August 2027
3.6% Senior Notes	100.0	3.6%	Half Yearly	January 2029
Revolver loan	-	LIBOR +1.65%	Monthly	June 2022 & 2023
Green Bond	300.0	2.25%	Yearly	March 2028
	600.0			

(e) Derivative financial instruments

In the previous period the Group had cross currency swaps to ensure the US Dollar liability streams generated from the US Dollar Notes were fully hedged into Sterling for the life of the transaction. Through entering cross currency swaps the Group had created a synthetic Sterling fixed rate liability totalling £64.5m. The Debt was repaid in the period and subsequently the Derivative was derecognised.

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

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

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

	30 September 2021 £m	31 March 2021 £m	30 September 2020 £m
Carrying amount of derivative	-	8.7	14.3
Change in fair value of designated hedging instrument	-	(9.8)	(4.2)
Change in fair value of designated hedged item	-	8.6	3.7
Notional amount £m	-	64.5	64.5
Notional amount ($m)	-	100	100
Rate payable (%)	-	5.66%	5.66%
Maturity	-	June 2023	June 2023
Hedge ratio	-	1:1	1:1

(f) Financial instruments and fair values

	Unaudited 30 September 2021 Book Value £m	**Unaudited 30 September 2021 Fair Value £m**	Audited 31 March 2021 Book Value £m	Audited 31 March 2021 Fair Value £m	Unaudited 30 September 2020 Book Value £m	Unaudited 30 September 2020 Fair Value £m
Financial liabilities held at amortised cost						
Bank loans	**(0.6)**	**(0.6)**	(0.8)	(0.8)	126.2	127.0
Private Placement Notes	**299.4**	**323.9**	455.9	478.1	460.8	491.6
Lease obligations	**26.3**	**26.3**	26.3	26.3	26.3	26.3
Green Bond	**297.9**	**321.8**	297.7	297.7	-	-
	623.0	**671.4**	779.1	801.3	613.3	644.9
Financial assets at fair value through other comprehensive income						
Derivative financial instruments:						
Cash flow hedge – derivatives used for hedging	**-**	**-**	8.7	8.7	14.3	14.3
Other Investments	**7.9**	**7.9**	7.9	7.9	7.9	7.9
	7.9	**7.9**	16.6	16.6	22.2	22.2
Financial assets at fair value through profit or loss						
Deferred consideration (overage)	**0.6**	**0.6**	5.1	5.1	5.2	5.2
	0.6	**0.6**	5.1	5.1	5.2	5.2

In accordance with IFRS 13 disclosure is required for financial instruments that are carried or disclosed in the financial statements at fair value. The fair values of all the Group's financial derivatives, bank loans and Private Placement Notes have been determined by reference to market prices and discounted expected cash flows at prevailing interest rates and are Level 2 valuations. There have been no transfers between levels in the year. The different levels of valuation hierarchy as defined by IFRS 13 are set out in note 9.

The total change in fair value of derivative financial instruments recorded in other comprehensive income was a £nil (March 2021: loss of £9.8m, September 2020: loss of £4.2m).

14. Lease obligations

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

	Unaudited 30 September 2021 £m	Audited 31 March 2021 £m	Unaudited 30 September 2020 £m
Leases repayable in two years or more	**26.3**	26.3	26.3

Minimum lease payments under leases fall due as follows:

Within one year	**1.6**	1.6	1.6
Between two and five years	**6.6**	6.6	6.6
Beyond five years	**147.6**	148.4	149.2
	155.8	156.6	157.4
Future finance charges on leases	**(129.5)**	(130.3)	(131.1)
Present value of lease liabilities	**26.3**	26.3	26.3

15. Notes to cash flow statement

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

	6 months ended 30 September 2021 £m	6 months ended 30 September 2020 £m	Year ended 31 March 2021 £m
Profit/(Loss) before tax	**3.4**	(110.4)	(235.7)
Depreciation	**0.9**	0.9	2.0
Amortisation of intangibles	**0.4**	0.3	0.9
Loss on disposal of investment properties	**3.5**	0.2	0.1
Other expenses	**-**	0.2	0.2
Net loss from change in fair value of investment property	**14.9**	125.3	257.7
Equity settled share based payments	**0.3**	1.5	2.5
Finance expense	**10.5**	11.8	23.8
Exceptional finance costs	**-**	-	16.4
Changes in working capital:			
Increase in trade and other receivables	**(3.2)**	(9.8)	(4.4)
Increase/ (decrease) in trade and other payables	**17.6**	5.6	(1.1)
Cash generated from operations	**48.3**	25.6	62.4

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

	30 September 2021 £m	31 March 2021 £m	30 September 2020 £m
Cash at bank and in hand	**68.1**	183.6	4.3
Restricted cash – tenants' deposit deeds	**6.9**	7.4	8.1
	75.0	191.0	12.4

16. Capital commitments

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

	Unaudited 30 September 2021 £m	Audited 31 March 2021 £m	Unaudited 30 September 2020 £m
Construction or refurbishment of investment properties	**3.2**	4.2	4.2

17. Share Capital

	Unaudited 30 September 2021 £m	Audited 31 March 2021 £m	Unaudited 30 September 2020 £m
Issued: fully paid ordinary shares of £1 each	**181.1**	181.1	181.1

Movements in share capital were as follows:	**Unaudited 30 September 2021 £m**	Audited 31 March 2021 £m	Unaudited 30 September 2020 £m
Number of shares at 1 April	**181,113,594**	180,747,868	180,747,868
Issue of shares	**10,065**	365,726	358,557
Number of shares at period end	**181,123,659**	181,113,594	181,106,425

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

18. Post balance sheet events

In November 2021, the Group completed the acquisition of The Busworks business for £45m.

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 2021. A list of current Directors is maintained on the Workspace Group website: www.workspace.co.uk.

Approved by the Board on 16 November 2021 and signed on its behalf by

D Benson
Director

INDEPENDENT REVIEW REPORT TO WORKSPACE GROUP PLC

Conclusion

We have been engaged by the Group to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2021 which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2021 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

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

As disclosed in note 1, the latest annual financial statements of the group were prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the next annual financial statements will be prepared in accordance with UK-adopted international accounting standards. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

Our responsibility

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

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

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

Richard Kelly
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
16 November 2021

Principal Risks and uncertainties

The Board assesses and monitors the key risks of the business. The key risks that could affect the Group's medium-term performance and the factors which mitigate these risks, have not materially changed from those set out in the Group's Annual Report and Accounts 2021 and have been assessed in line with the requirements of the 2019 UK Corporate Governance Code. They are reproduced below. The Board is satisfied that we continue to operate within our risk profile.

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

Risk area	Mitigating activities
Brexit The UK has now entered into a trade agreement with the EU, removing the most significant risk of a no-deal Brexit. The Risk Committee and the Board have continued to consider the potential impacts that Brexit may have on the business throughout the year. Workspace operates solely in London with no international activities. The main risks to the Group are the impact on the UK economy and Workspace customers.	• Modelling and stress testing our business plans and viability throughout the year, including loan covenants and borrowing levels • Reviewing and monitoring loan covenants and borrowing levels • Regular communication with customers and stakeholders to gather information on potential Brexit impacts • Review of any key contracts which may be impacted by Brexit • Consideration of the potential impact on employees and communication with staff as and when applicable • Liaising with our advisors on any potential changes to regulation which may arise
Customer demand Demand for our flexible office space declining as a result of social, economic or competitive factors, which impacts on: • Fall in occupancy levels at our properties • Falling rent roll • Reduction in property valuation The move to more flexible working, particularly working patterns, has accelerated in the past year as a result of Covid-19. Opportunities for growth could be missed without a clear branding strategy to meet these changing demands.	• Launched a new, more intuitive consumer website to grow direct web enquiries and drive organic search • Broad mix of buildings across London with different office experiences 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 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. • Initiated a brand campaign to raise awareness of our differentiated brand offer with digital and out of home advertising
Valuation Value of our properties decreasing as a result of external market or internal management factors, impacting on: • Financing covenants linked to loan to value ratio • Impact on share price	• Market-related valuation risk is largely dependent on external factors. We maintain a conservative LTV ratio which can withstand a severe decline in property values without covenant breaches • We monitor changes in sentiment in the London real estate market, yields and pricing to track possible changes in valuation. CBRE, the leading full-service real estate services and investment organisation in the world, provides twice yearly valuations of all our properties. • Alternative use opportunities, including mixed-use developments, are actively pursued across the portfolio.
Customer payment default Covid-19 and its impact on the economy has resulted in an increase in customers defaulting on their rental payments. A continued economic downturn could result in further pressure on rent collection figures with a prolonged period of companies failing leading to a decline in occupancy and increase in office vacancies, which impacts on: • Negative cash flow and increasing interest costs • Breach of financial covenants	• Rent collections have been impacted during the year as a result of the moratorium put in place by the Government which limits the use of some debt recovery methods. • The impact has been mitigated by strong credit control processes in place and an experienced team of credit controllers, able to make quick decisions and negotiate with customers for payment. In addition, we hold a three month deposit for the majority of customers. • Centre staff maintain relationships with customers and can identify early signs of potential issues.

Risk area	Mitigating activities
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, which impacts on: • 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. • Workspace will only make acquisitions that are expected to yield a minimum return and will not knowingly overpay for an asset.
Third party relationships Poor performance from one of Workspace's key contractors or third party partners could result in an interruption to or reduction in quality of our service offering to customers or could lead to significant disruptions and delays in any refurbishment or redevelopment projects. Which could impact: • Decline in customer confidence • Increase project or operational costs • Fall in customer demand	• Workspace has in place a robust tender and selection process for key contractors and partners. Contracts contain service level agreements which are monitored regularly and actions taken in the case of underperformance. • For key services, Workspace maintains relationships with alternative providers so that other solutions would be available if the main contractor or third party was unable to continue providing their services. Processes are in place for identifying key suppliers and understanding any specific risks that require further mitigation. • We have committed to being London Living Wage compliant for all contractors by April 2022.
Regulatory Failure to meet regulatory requirements and/or lack of knowledge about changing regulation in property development, finance or health and safety. Regulatory infringements can lead to fines, tax penalties, health and safety sanctions or more stringent regulatory controls which can also affect our corporate reputation, development activity and customer demand.	• Health and safety is one of our primary concerns, with strong leadership promoting a culture of awareness throughout the business. We have well-developed policies and procedures in place to help ensure that any workers, employees or visitors on site comply with strict safety guidelines and we work with well-respected suppliers who share our high quality standards in health and safety. • Health and safety management systems are reviewed and updated in line with changing regulation and regular audits are undertaken to identify any potential improvements. • Sustainability requirements have an increasing importance for the Group and it is a responsibility we take seriously. We have committed to a Carbon Zero target of 2030 and we are implementing the TCFD recommendations.
Resourcing An inability to recruit and retain talented employees in key areas could lead to: • Increased costs from high staff turnover • Adverse impact on brand and reputation • Delay to growth plans	• We have a robust recruitment process to attract new joiners and established interview and evaluation processes with a view to ensuring a good fit with the required skill set and our valued corporate culture. Various incentive schemes align employee objectives with the strategic objectives of the Group to motivate employees to work in the best interests of the Group and its stakeholders. This is supported by a robust appraisal and review process for all employees. • Our HR and Support Services teams run a detailed training and development programme designed to ensure employees are supported and encouraged to progress with learning and study opportunities. The HR function was this year strengthened by the newly created appointment of a Head of People who will coordinate all activities to attract and retain talented employees. • We have a strong internal culture based on our Company values which encourage independent thought and initiative which is articulated in our four key values: – Know your stuff. – Find a way. – Show we care. – Be a little bit crazy.
Cyber security Malicious threats to information systems could lead to: • Loss of critical data • Financial loss due to fraud • Reputational damage amongst customers	• Cyber security risk is managed using a mitigation framework comprising network security, IT security policies and third party risk assessments. Controls are regularly reviewed and updated and include technology such as next generation firewalls, multi layered access control through to people solutions such as user awareness training and mock-phishing emails. • Assurance of the frameworks performance is gained through an independent maturity assessment, penetration testing and network vulnerability testing, all performed annually.

Risk area	Mitigating activities
Financing Reduced availability of financing options could result in: • Inability to fund business plans • Restricted ability to invest in new opportunities • Increased interest costs. • Negative reputational impact amongst lenders and in the investment community	• We regularly review funding requirements for business plans and ensure we have a wide range of options to fund our forthcoming plans. We also prepare a five-year business plan which is reviewed and updated annually • We have a broad range of funding relationships in place and regularly review our refinancing strategy • Loan covenants are monitored and reported to the Board on a monthly basis and we undertake detailed cashflow monitoring and forecasting. • We extended our Revolving Credit Facility for a further year and launched a successful £300m Green Bond in the prior year, providing the group with adequate funds for future plans.