

INVESTOR AND ANALYST
PRESENTATION
12 NOVEMBER 2014

WORKSPACE INTERIM RESULTS DRIVING VALUE

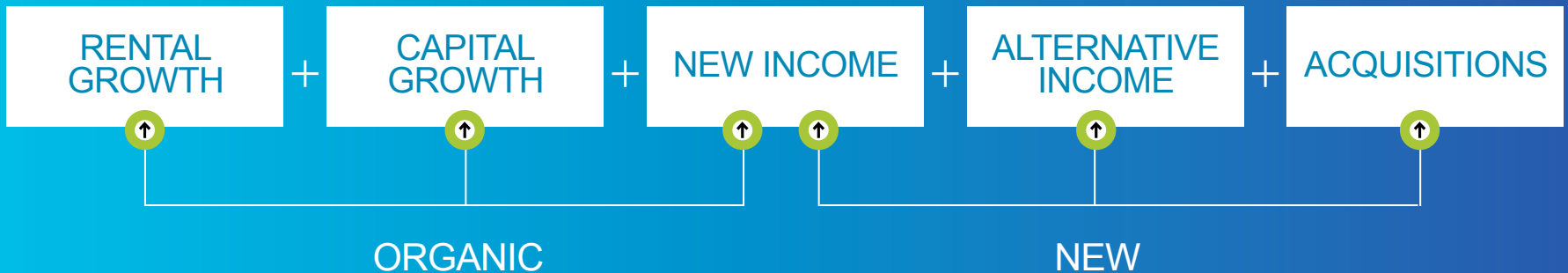


WORKSPACE®



WORKSPACE THE RIGHT STRATEGY

INTENSIVE
MANAGEMENT
AND DIRECT
MARKETING



EQUITY PLACING

Announcing a 9.99% cashbox equity placing to enable us to extend our refurbishment pipeline and progress acquisition opportunities



AGENDA

WORKSPACE

Jamie Hopkins

Chief Executive Officer

PERFORMANCE

Graham Clemett

Chief Financial Officer

DIRECTION

Jamie Hopkins

Chief Executive Officer

QUESTIONS





WORKSPACE RESULTS

	September 2014	March 2014	Change
Strong Growth			
Rent Roll (lfl)	£42.4m	£39.8m	↑ +7%
Property Valuation	£1,230m	£1,078m	↑ +15%*
Like-for-like Capital Value per sq. ft**	£227	£202	↑ +12%
EPRA NAV (per share)	£5.97	£4.96	↑ +20%
Operational Momentum			
Enquiries (per month)	1,258	1,063	↑ +18%
Occupancy (lfl)	90.2%	90.0%	↑ 0.2%
Rent per sq. ft (lfl)	£15.47	£14.59	↑ +6%
Interim Dividend (per share)	3.89p	3.54p***	↑ +10%

* Underlying increase

** Excluding industrial portfolio sold October 2014

*** Interim dividend for September 2013





PERFORMANCE HIGHLIGHTS

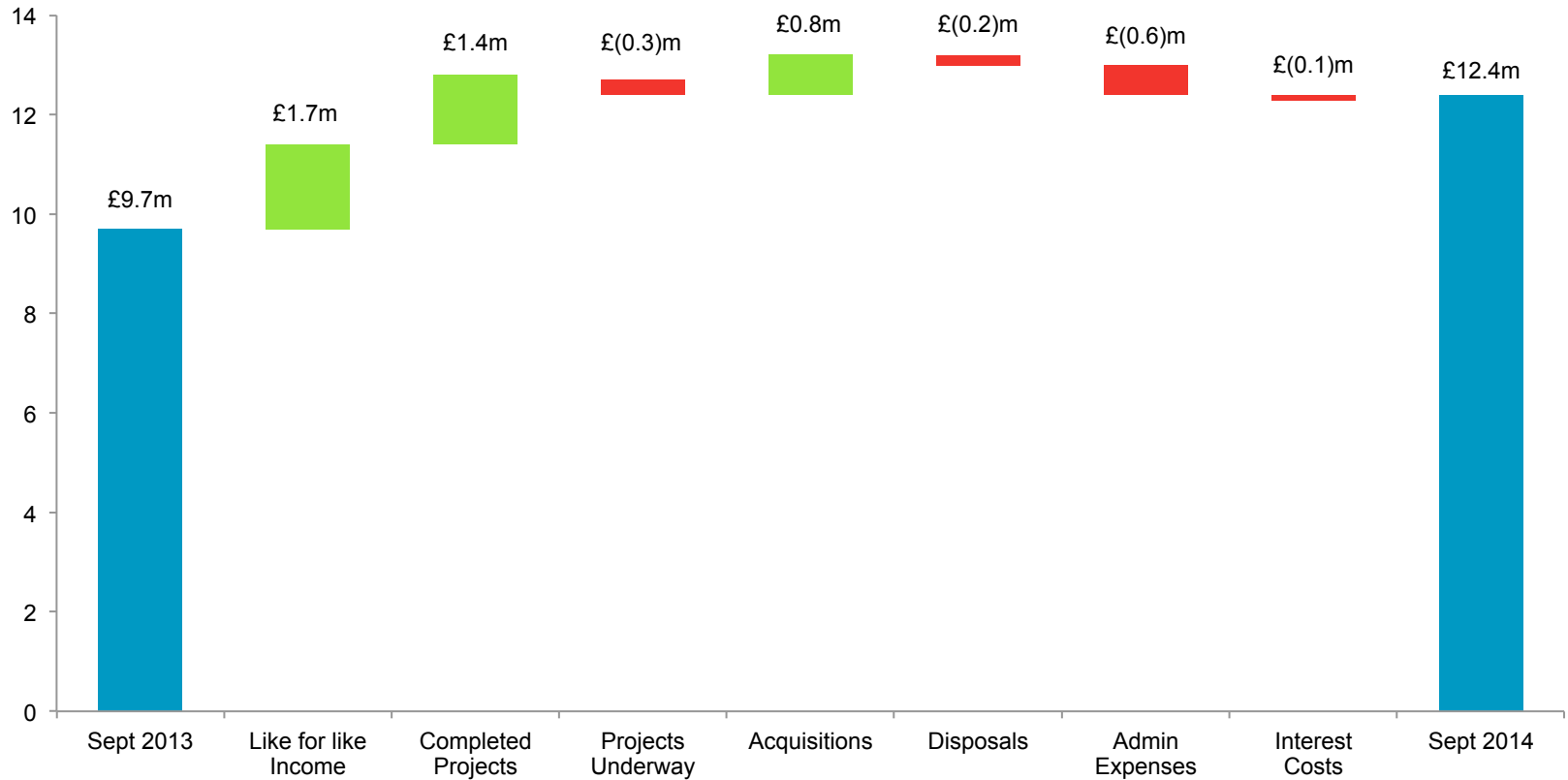
	September 2014	September 2013	Change
Income Statement			
Net Rental income	£27.9m	£24.4m	↑ +14%
Adjusted Trading Profit After Interest	£12.4m	£9.7m	↑ +28%
Profit Before Tax	£173.7m	£107.8m	↑ +61%
Adjusted Underlying Earnings (per share)	8.4p	6.6p	↑ +27%
Interim Dividend (per share)	3.89p	3.54p	↑ +10%
Balance Sheet	September 2014	March 2014	
Portfolio Valuation	£1,230m	£1,078m	↑ +15%*
EPRA NAV (per share)	£5.97	£4.96	↑ +20%
Net Debt	£331m	£338m	↓ £7m
Loan to Value	27%	31%	↓ 4%

* Underlying increase



PERFORMANCE

TRADING PROFIT AFTER INTEREST

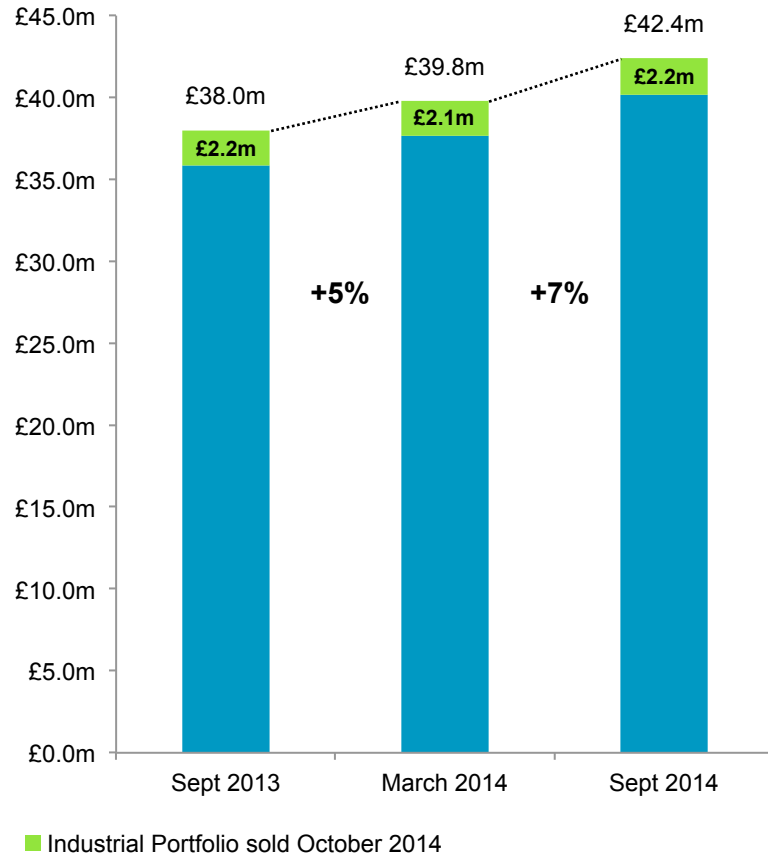




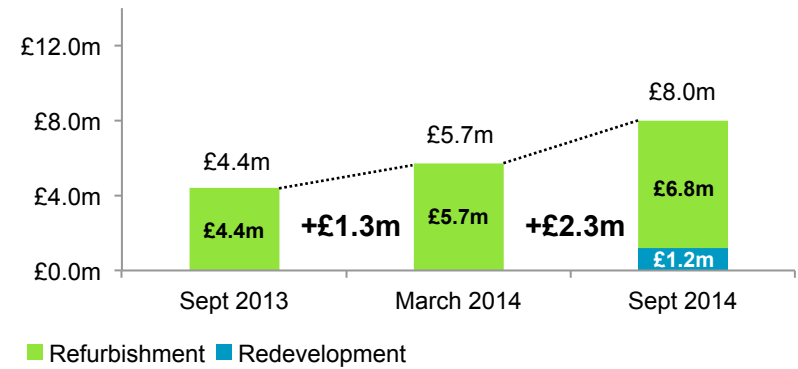
PERFORMANCE

RENT ROLL GROWTH

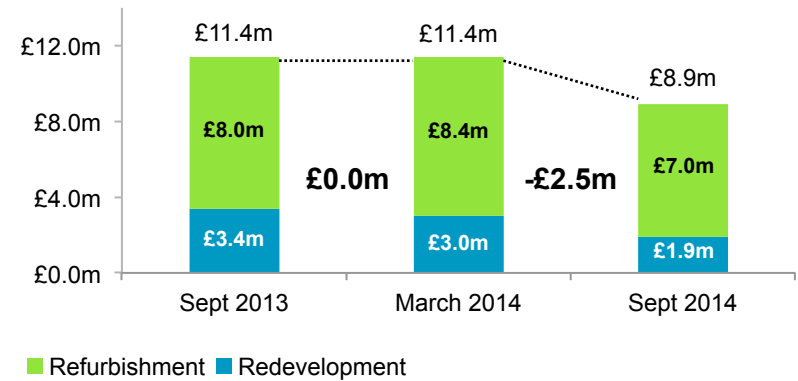
LIKE-FOR-LIKE



COMPLETED PROJECTS



PROJECTS UNDERWAY





PERFORMANCE CASH FLOW

		£m
Trading		
Net cash from operations	14	
Dividends paid	(11)	3
Investment		
Capital Expenditure	(16)	
Property Acquisitions	(19)	
Capital Receipts	38	4
Investment in joint ventures	1	
Net movement in six months		7
Net Debt at March 2014		(338)
Net Debt at September 2014		(331)



PERFORMANCE BALANCE SHEET

	September 2014	March 2014
Investment Property Valuation	£1,230m	£1,078m
Investment in Joint Ventures	£29m	£23m
Net Debt	(£331m)	(£338m)
Other	(£27m)	(£37m)
Net Assets	£901m	£726m
EPRA NAV per Share	£5.97	£4.96
Loan to Value	27%	31%
Facility Headroom	£79m	£72m



PERFORMANCE PROPERTY VALUATION METRICS

	September 2014	March 2014
Total Portfolio	£1,230m	£1,078m
Equivalent Yield	6.8%	7.3%
Net Initial Yield	5.3%	6.2%
Capital Value per sq.ft	£281	£240
Like-for-like*	£626m	£553m
ERV per sq.ft	£17.06	£16.05
Equivalent Yield	6.9%	7.2%
Net Initial Yield	6.0%	6.4%
Capital Value per sq.ft	£227	£202

* Excludes Industrial Portfolio sold October 2014



PERFORMANCE REVALUATION UPLIFT

	Uplift HY 2015	Main movements						
Like-for-Like	£80m	<table><tr><td>Pricing</td><td>£36m</td></tr><tr><td>Yield Movement</td><td>£33m</td></tr><tr><td>Industrial Portfolio</td><td>£11m</td></tr></table>	Pricing	£36m	Yield Movement	£33m	Industrial Portfolio	£11m
Pricing	£36m							
Yield Movement	£33m							
Industrial Portfolio	£11m							
Redevelopments	£48m	<table><tr><td>Overage Payments</td><td>£12m</td></tr><tr><td>Poplar</td><td>£11m</td></tr><tr><td>Screenworks</td><td>£11m</td></tr></table>	Overage Payments	£12m	Poplar	£11m	Screenworks	£11m
Overage Payments	£12m							
Poplar	£11m							
Screenworks	£11m							
Refurbishments	£28m	<table><tr><td>Completed Buildings</td><td>£18m</td></tr><tr><td>Projects in Progress</td><td>£10m</td></tr></table>	Completed Buildings	£18m	Projects in Progress	£10m		
Completed Buildings	£18m							
Projects in Progress	£10m							
Other	£1m							
Total	£157m							



PERFORMANCE

GLEBE PROCEEDS SHARE

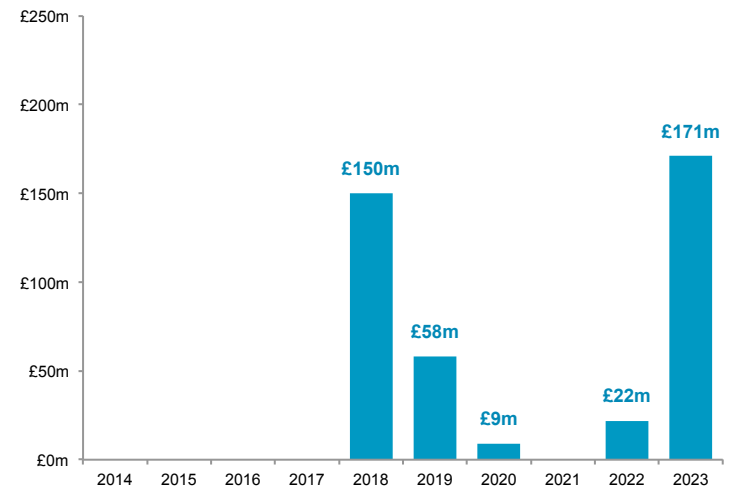
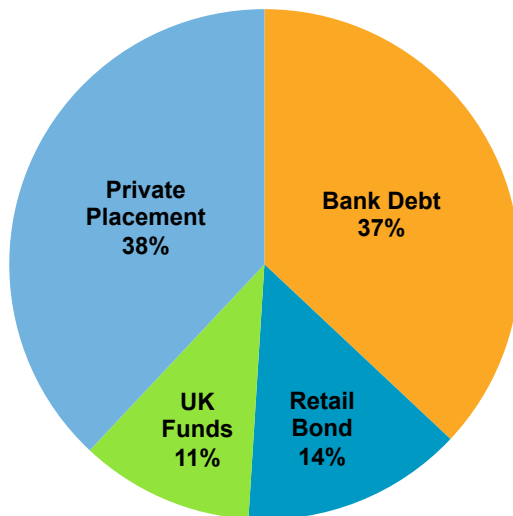
	September 2014	March 2014
Glebe Portfolio Valuation	£222m	£217m
Comprising:		
Commercial properties – no plans to sell	£129m	£110m
Properties with residential sales potential	£93m	£107m
Proceeds Share Calculation:		
Proceeds from sales to date	£45m	£14m
Potential proceeds from property sales (see above)	£93m	£107m
Deductible costs	(£7m)	(£7m)
Net Proceeds	£131m	£114m
→ Allocated to Workspace	£111m	£103m
→ Allocated to former lenders*	£20m	£11m

* Provision made



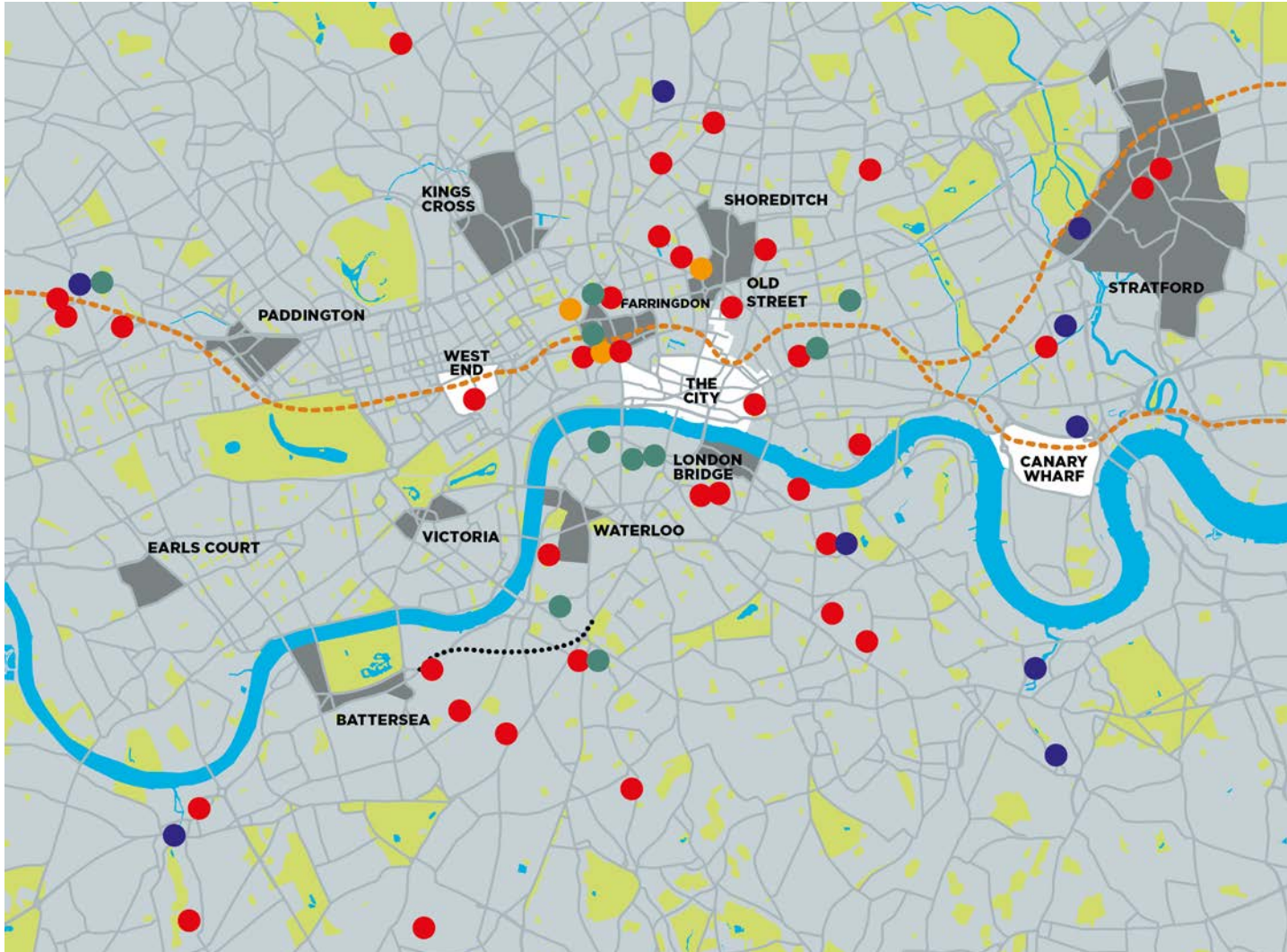
PERFORMANCE DEBT ANALYSIS

	September 2014	March 2014
Net Debt	£331m	£338m
Total Facilities (unsecured)	£410m	£410m
Hedged/fixed rate facilities	73%	73%
Average Borrowing Cost	5.3%	5.3%





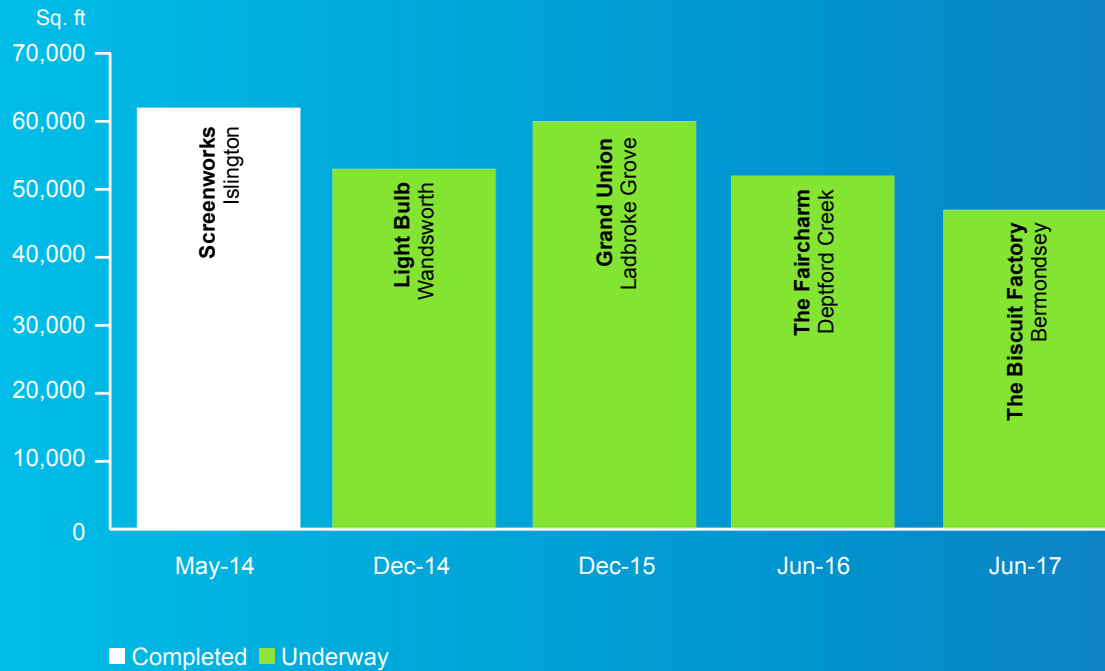
DIRECTION THE RIGHT STRATEGY



- Workspace Property
- Redevelopments
- Refurbishments
- Acquisitions



DIRECTION REDEVELOPMENT PROJECTS



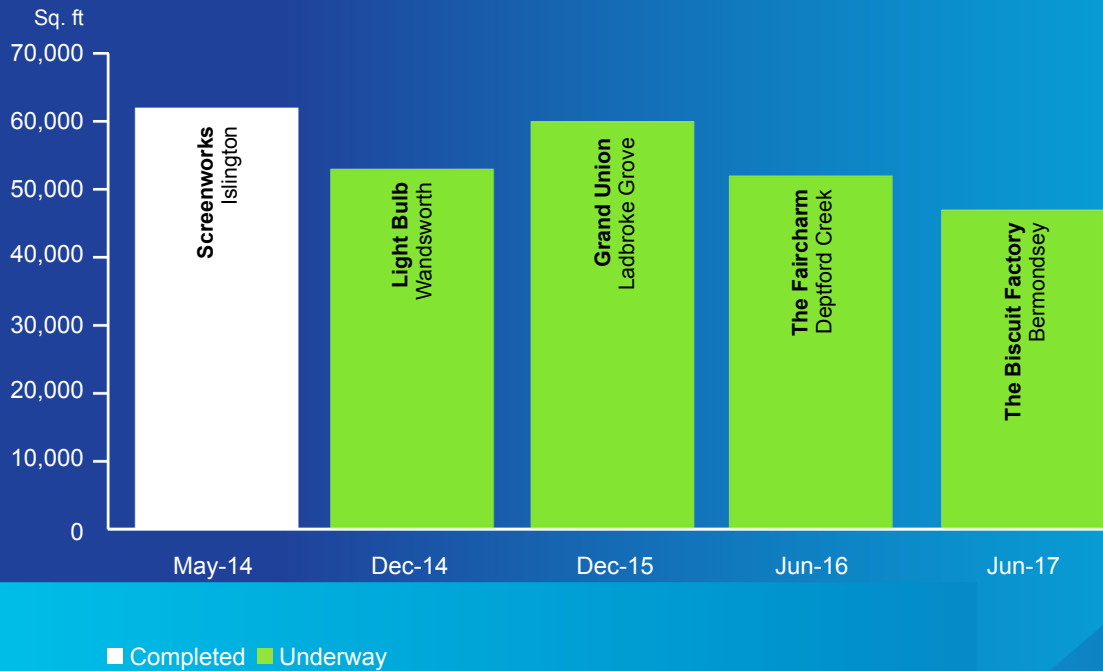
CURRENT

- 274,000 sq. ft of brand new business space

Note: Further details on the redevelopment projects are set out in Appendix I



DIRECTION REDEVELOPMENT PROJECTS



CURRENT

- 274,000 sq. ft of brand new business space

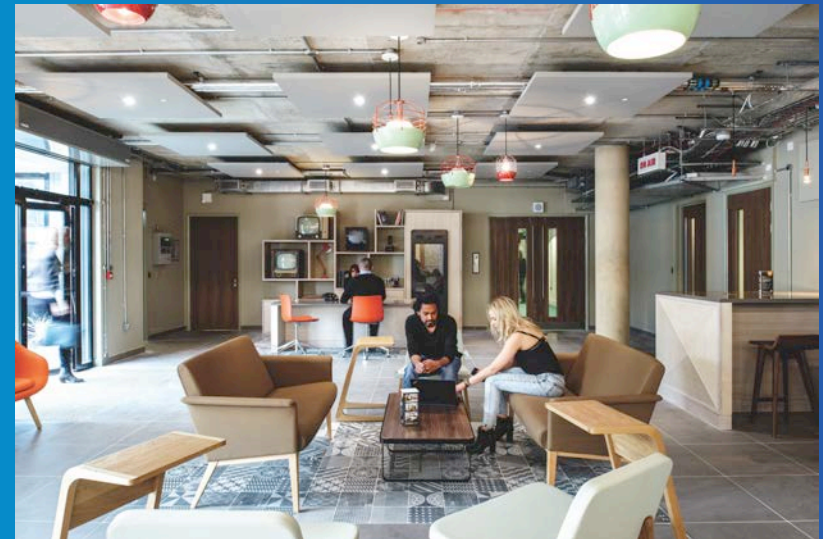
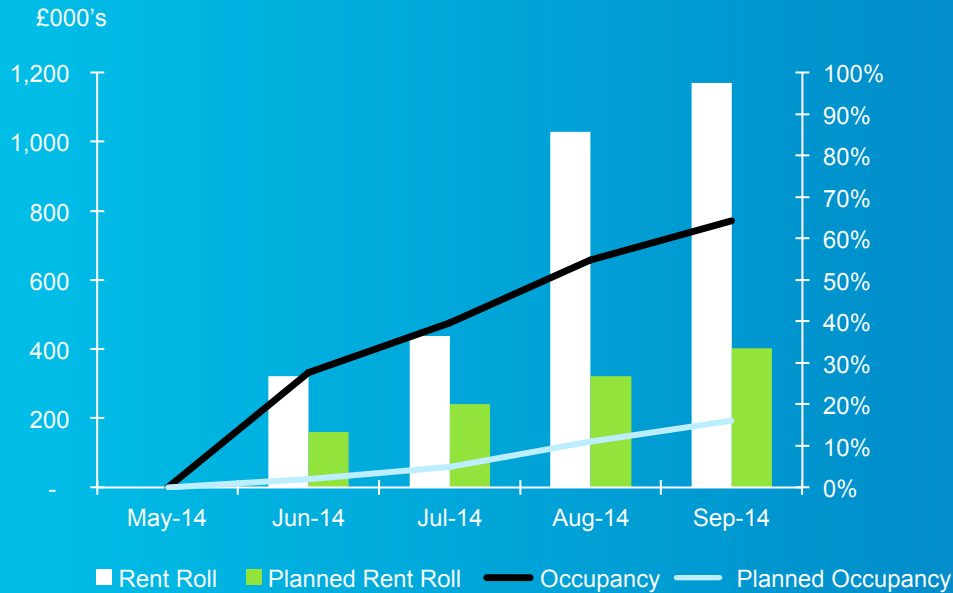
PIPELINE

- Planning obtained for a further 4 schemes
- In discussions with planners on a further 7 schemes

Note: Further details on the redevelopment projects are set out in Appendix I



DIRECTION SCREENWORKS, ISLINGTON





DIRECTION SCREENWORKS, ISLINGTON



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DIRECTION REDEVELOPMENT PROJECTS



Light Bulb,
Wandsworth

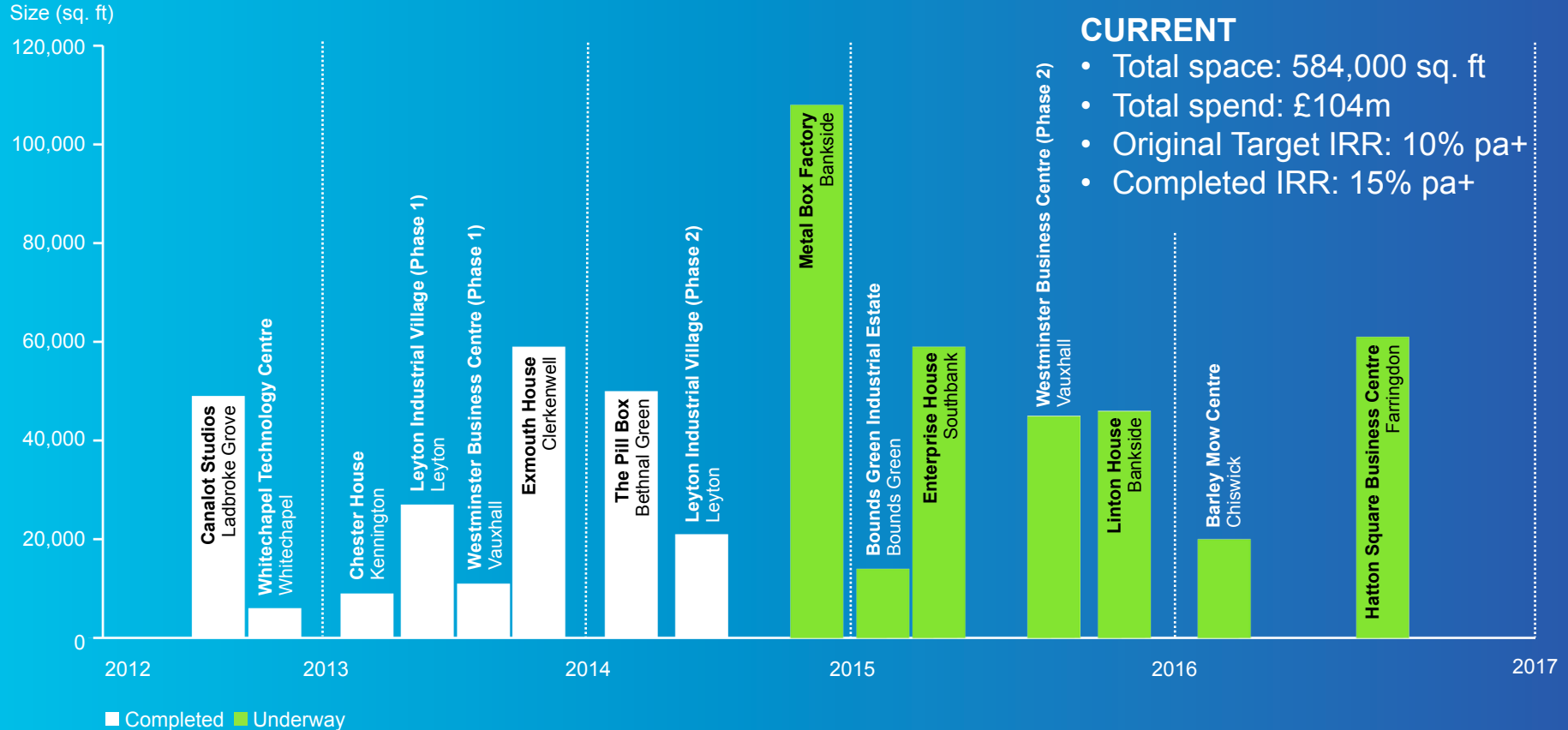


The Faircharm,
Deptford Creek



Grand Union,
Ladbroke Grove

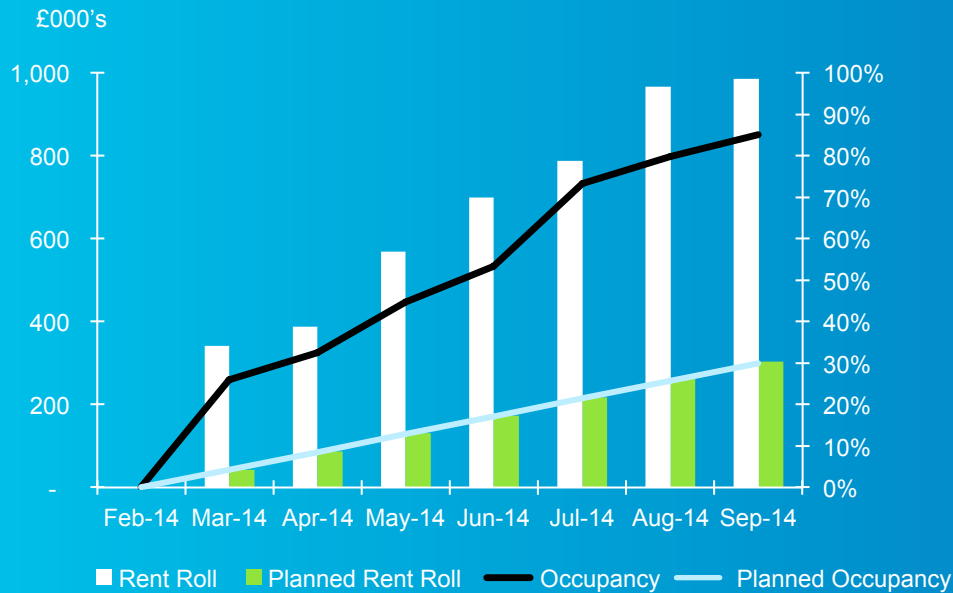
DIRECTION CURRENT REFURBISHMENT PROJECTS



Note: Further details on the refurbishment projects are set out in Appendix II



DIRECTION PILL BOX, BETHNAL GREEN





DIRECTION PILL BOX, BETHNAL GREEN



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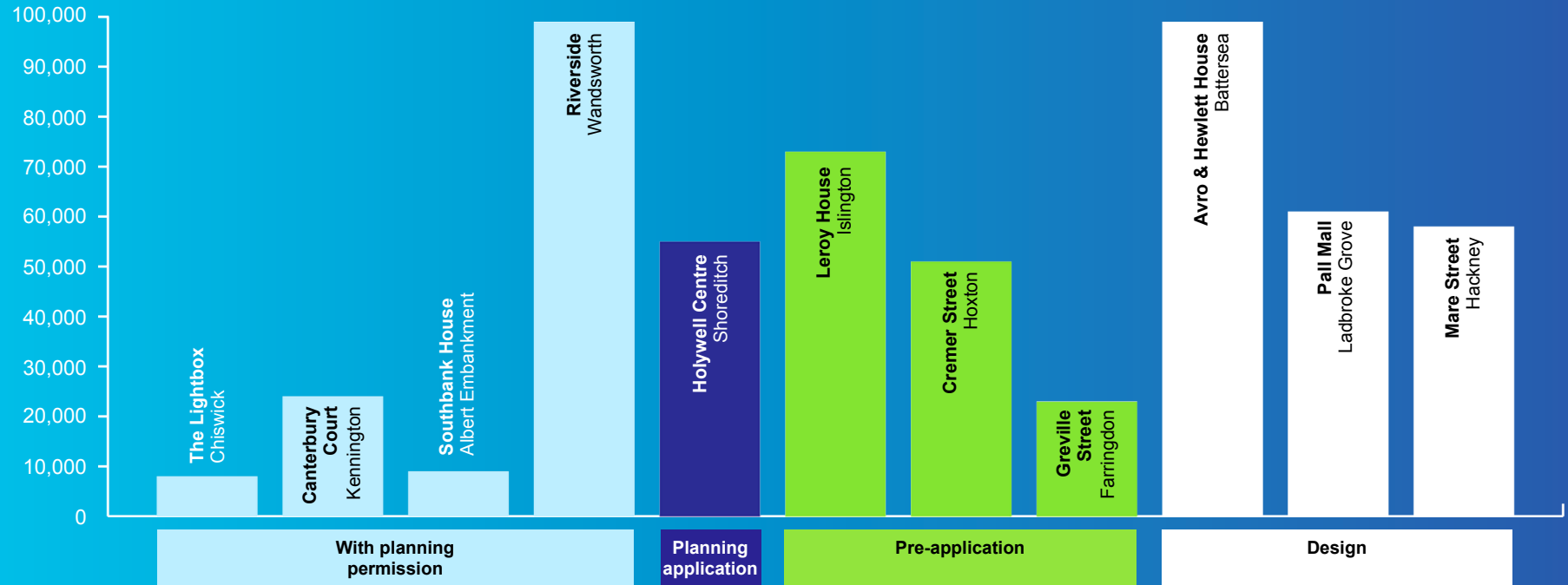


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DIRECTION PIPELINE REFURBISHMENT PROJECTS

Size (sq. ft)



PIPELINE

- Estimated space: 560,000 sq. ft
- Estimated spend: £128m
- Target IRR: 10% pa+

Note: Further details on the redevelopment projects are set out in Appendix III



DIRECTION HOLYWELL CENTRE, SHOREDITCH

CURRENT

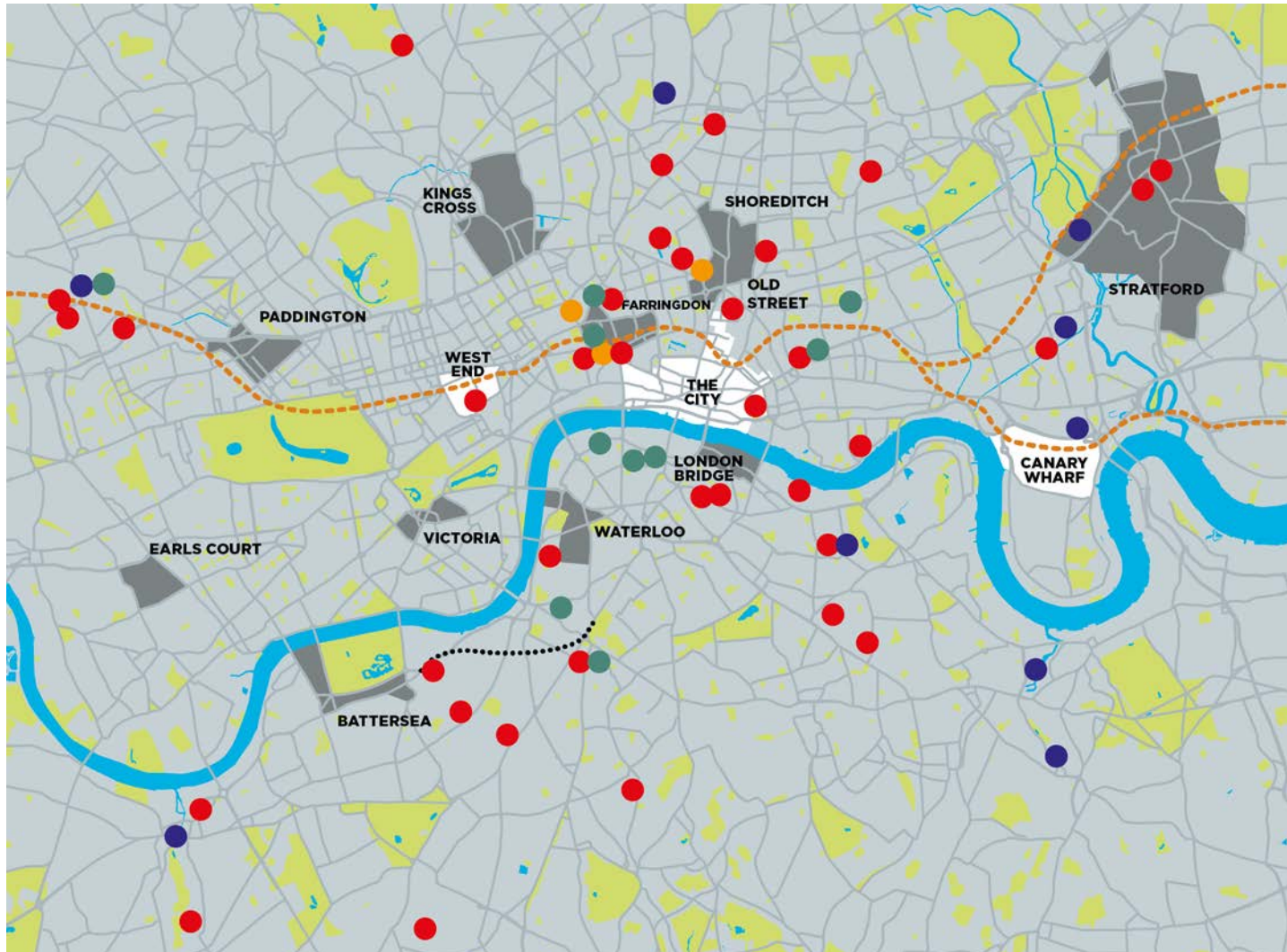


PLANNED





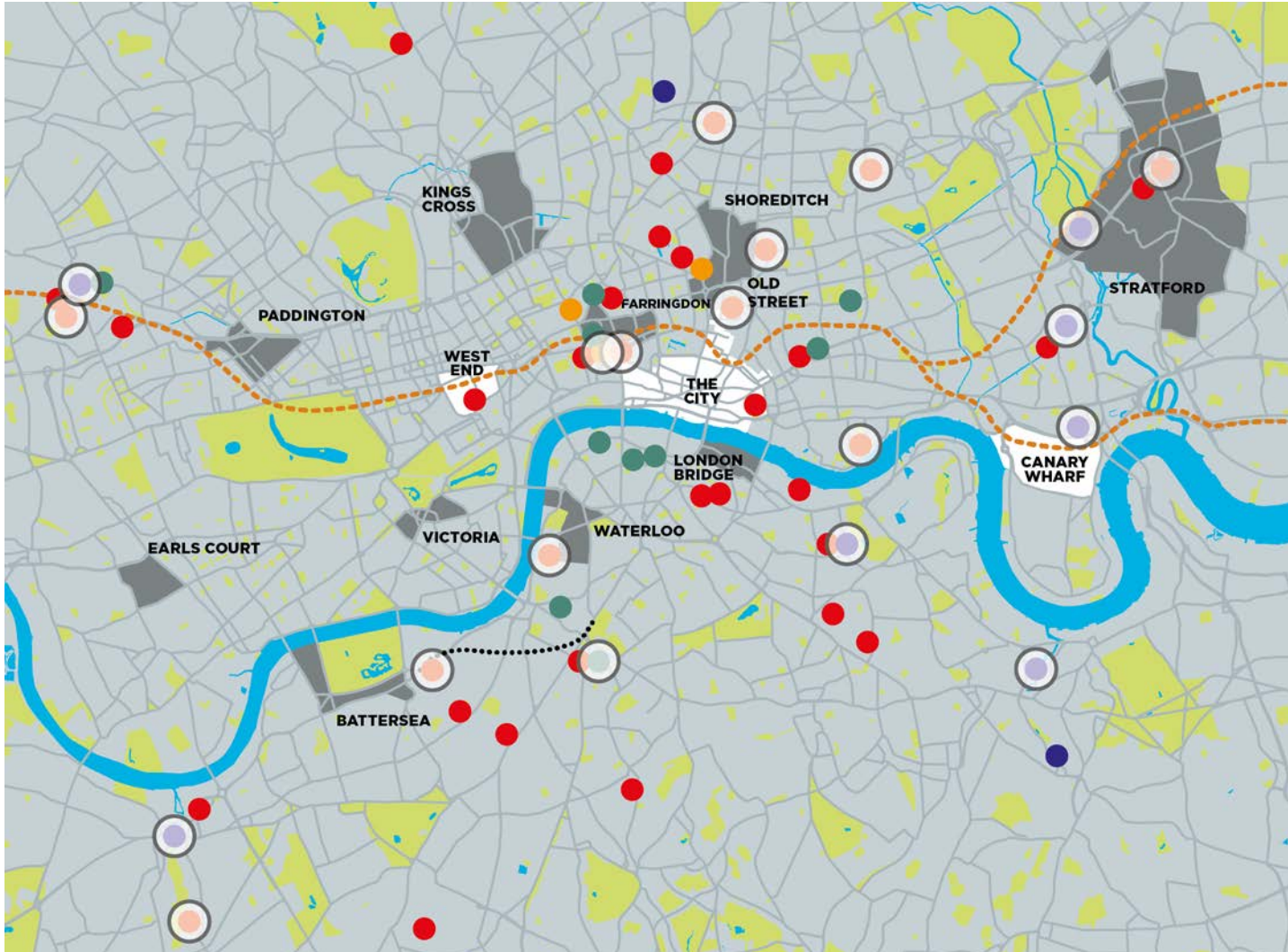
DIRECTION THE RIGHT STRATEGY



● Workspace Property ● Redevelopments ● Refurbishments ● Acquisitions



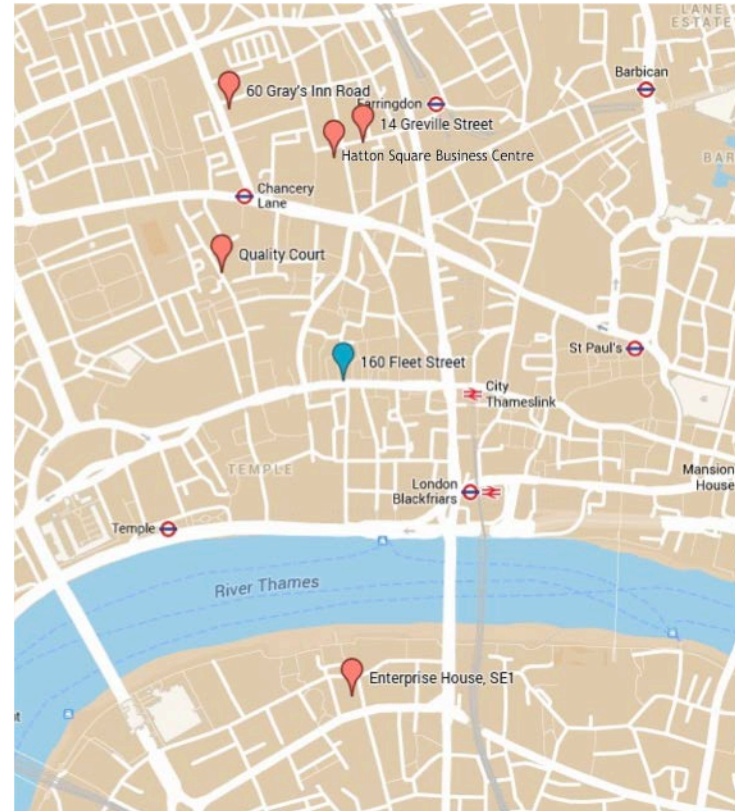
DIRECTION THE RIGHT STRATEGY





DIRECTION ACQUISITIONS

160 FLEET STREET, EC4





DIRECTION ACQUISITIONS

160 FLEET STREET, EC4

RATIONALE

- Core midtown location: [improving](#)
- Prominent Fleet Street frontage: [brand](#)
- Good strategic fit: [cluster efficiencies](#)
- Optimal floor configuration: [smaller units](#)
- Refurbished 2009: [M&E, Lifts, reception, meeting rooms and gym](#)
- Under-managed: [in administration](#)



FINANCIALS

- £29.7m
- £549 per sq. ft capital value
- Minimal day one expenditure
- 3.7% net initial yield
- 48% occupied by 22 customers



DIRECTION ACQUISITIONS

CURRENT (Last 12 months)

FORMAL BIDS: 24 Opportunities
£575m

ACQUIRED: 4 Properties
£63m

UNDER OFFER: 1 Property
£6m

FUTURE

PIPELINE:

- Increasing
- Market levelling
- Bidding on £215m

SWEETSPOT:

- £15-50m lot size
- Multi-let
- Undermanaged

FOCUS:

- In-house resource expanded
- Customer knowledge
- Cluster efficiencies

EXECUTION:

- Rigorous due diligence
- Move at speed
- Cash



DIRECTION SUMMARY

REDEVELOPMENTS

- 274,000 sq. ft. of brand new business space completed or underway
- Continuing pipeline

REFURBISHMENTS

- Current programme delivering 584,000 sq. ft. of new and upgraded space at a cost of £104m
 - 8 projects completed at a cost of £29m
 - 7 projects in progress at a total cost of £75m
 - Completed projects have delivered an IRR in excess of 15% pa
- Pipeline of a further 11 projects planned to deliver 560,000 sq. ft. of new and upgraded space at an estimated cost of £128m

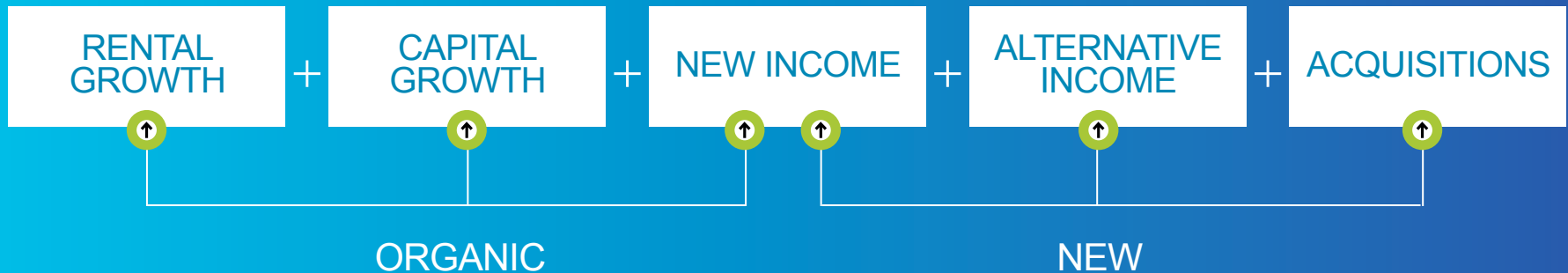
ACQUISITIONS

- £63m acquired in the last 12 months
- £6m under offer and £215m of bids
- Pipeline of targets increasing



THE RIGHT STRATEGY

INTENSIVE
MANAGEMENT
AND DIRECT
MARKETING

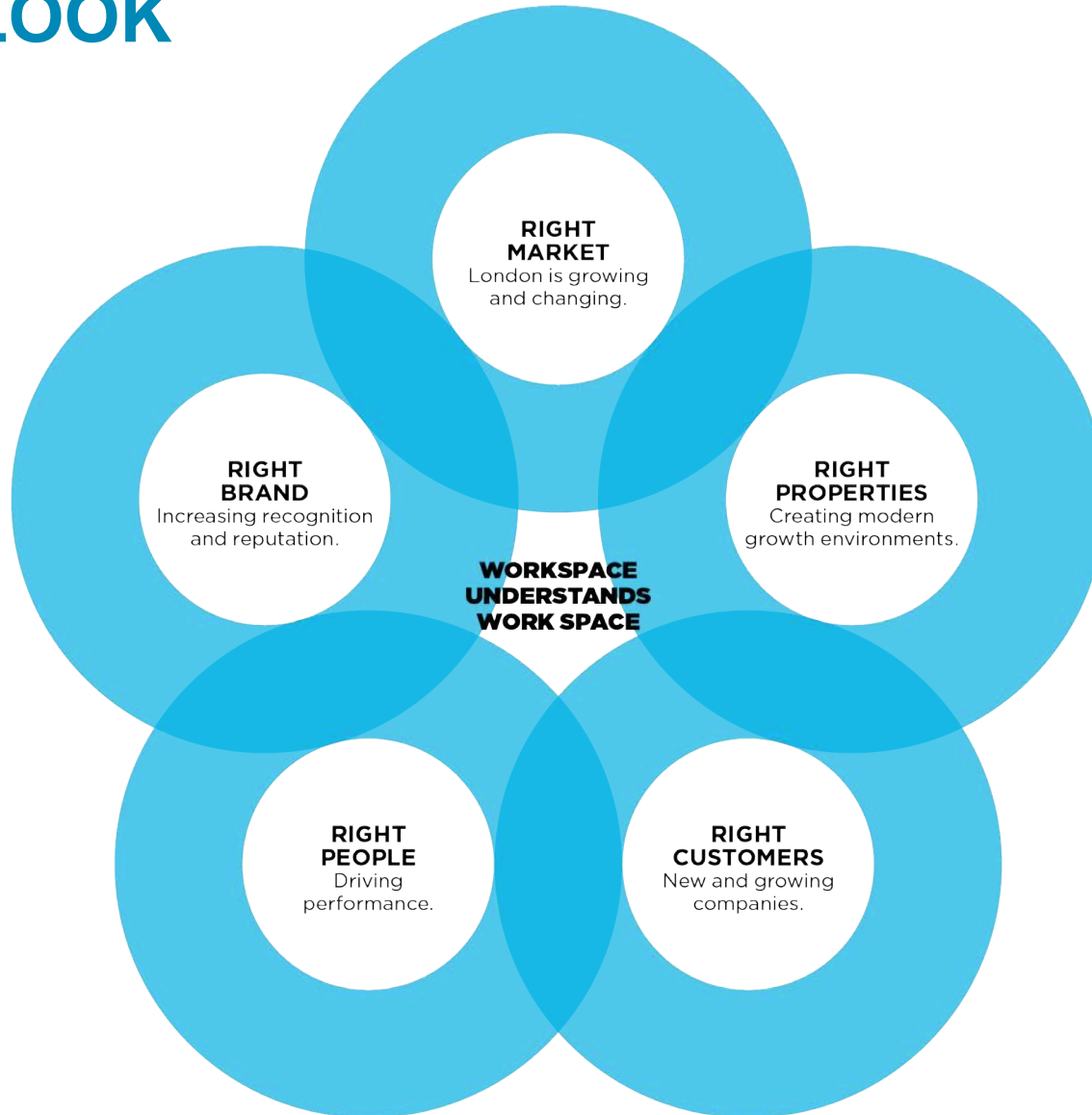


EQUITY PLACING

Announcing a 9.99% cashbox equity placing to enable us to extend our refurbishment pipeline and progress acquisition opportunities



DIRECTION OUTLOOK



QUESTIONS



SUPPLEMENTARY INFORMATION



WORKSPACE®



APPENDIX I

REDEVELOPMENT PROJECTS

At September 2014	Development partner	Valuation	Rent Roll	Expected completion	Residential units No.	Commercial space			Other proceeds		
						Area	Estimated ERV	Estimated Rent*	Contracted Cash	Contracted to come	Overage**
Contracted											
Screenworks	Taylor Wimpey	£32m	£1.2m	May 2014	72	61,855	£35	£1.9m	£5m	-	£1m
The Filaments (phase 1)	Mount Anvil	£28m	-	Dec 2014	209	53,000	£22	£1.0m	-	-	£12m
Grand Union Centre	Taylor Wimpey	£21m	-	Dec 2015	145	60,000	£22	£1.2m	£6m	£2m	£1m
Bow Enterprise Park (phase 1)	Peabody	£7m	-	Dec 2015	267	10,000	£12	£0.1m	£11m	-	£4m
The Faircharm	L&Q	£7m	-	Jun 2016	148	52,000	£20	£0.9m	£10m	-	n/a
Poplar Business Park (phase 1)	Telford Homes	£18m	£0.2m	Apr 2017	170	8,000	£12	£0.1m	£16m	£16m	£0m
Bow Enterprise Park (phase 2)	Peabody	£12m	-	May 2017	160	3,000	£10	£0.0m	£11m	£11m	n/a
The Biscuit Factory (part)	Grosvenor	£37m	£0.7m	Jun 2017	800	47,000	£20	£0.8m	£51m	£23m	£0m
		£162m	£2.1m		1,971	294,855		£5.9m	£109m	£52m	£18m
With Planning											
Bow Enterprise Park (phase 3)					130	38,000					
Poplar Business Park (phase 2/3)					222	58,000					
The Filaments (phase 2)					77	18,000					
		£45m	£1.0m		429	114,000					
At Planning / Design stage											
Marshgate					300						
Rainbow					200						
Highway					130						
Lombard House					92						
Chocolate Factory					300						
Arches Business Centre					177						
Stratford Office Village					200						
		£57m	£3.2m		1,399						

* Expected Rent at 90% occupancy

** Overage as valued by CBRE as at September 2014





APPENDIX II

REFURBISHMENT PROJECTS

At September 2014	Valuation	Actual/ Estimated cost	Cost to Complete	Estimated Completion	Unaffected area	Upgraded area	New space	Estimated ERV (Average)	Estimated Rent at 90% occupancy *	Current Rent Roll *
Completed										
Canalot Studios	£19m	£5m	-	Sept 2012	-	32,702	16,268	£30	£1.3m	£1.1m
Whitechapel Technology Centre	£12m	£2m	-	Oct 2012	32,103	-	5,832	£25	£0.8m	£0.8m
Chester House (phase 2)	£19m	£2m	-	Mar 2013	27,481	-	8,903	£44	£1.1m	£1.0m
Leyton Industrial Village (phase 1)	£13m	£3m	-	Apr 2013	84,127	-	26,600	£13	£0.8m	£0.7m
Westminster Business Square (phase 1)	£4m	£2m	-	Aug 2013	-	6,137	4,464	£24	£0.3m	£0.2m
Exmouth House	£35m	£4m	-	Aug 2013	-	52,907	5,936	£51	£2.7m	£2.0m
The Pill Box	£19m	£9m	-	Feb 2014	-	-	50,409	£29	£1.3m	£1.0m
Leyton Industrial Village (phase 2)	£4m	£2m	-	May 2014	-	-	21,293	£12	£0.2m	£0.1m
	£125m	£29m			143,711	91,746	139,705		£8.5m	£6.9m
Underway										
Metal Box Factory	£43m	£16m	£2m	Nov 2014	-	82,850	25,150	£36	£3.5m	£1.0m
Bounds Green Industrial Estate	£12m	£2m	£1m	Jan 2015	123,273	-	14,000	£13	£0.9m	£0.7m
Enterprise House	£46m	£3m	£2m	Mar 2015	11,532	59,000	-	£44	£2.7m	£2.1m
Westminster Business Square (phase 2)	£18m	£15m	£12m	Aug 2015	46,532	-	45,000	£31	£1.9m	£0.8m
Linton House	£16m	£9m	£8m	Nov 2015	-	30,000	16,000	£40	£1.7m	£0.7m
Barley Mow Centre	£28m	£7m	£6m	Apr 2016	60,942	-	20,000	£32	£2.1m	£1.5m
Hatton Square Business Centre	£14m	£23m	£23m	Oct 2016	-	-	60,600	£46	£2.5m	£0.0m
	£178m	£75m	£54m		242,279	171,850	180,750		£15.3m	£6.8m

* Includes rent for unaffected areas at September 2014 rental levels



APPENDIX III

PIPELINE REFURBISHMENT PROJECTS

Property	Location	Type of Scheme	Estimated Cost	Estimated Start	Upgraded area	New space	Status
Canterbury Court	Kennington	Upgrade	£4m	2015	24,000	-	With planning permission
Holywell Centre	Shoreditch	New build	£19m	2015	22,000	33,000	Planning application
Greville Street	Farringdon	New build	£8m	2015	15,000	8,000	Pre-application
Southbank House	Albert Embankment	Upgrade	£4m	2015	9,000	-	With planning permission
Riverside	Wandsworth	Upgrade	£12m	2015	99,000	-	No planning required
The Lightbox	Chiswick	Extension	£3m	2016	-	8,000	With planning permission
Cremer Street	Hoxton	New build	£17m	2016	41,000	10,000	Pre-application
Leroy House	Islington	Extend and upgrade	£14m	2016	35,000	38,000	Pre-application
Mare Street	Hackney	Extend and upgrade	£17m	2016	38,000	20,000	Design
Pall Mall	Ladbroke Grove	Extend and upgrade	£10m	2016	49,000	12,000	Design
Avro & Hewlett House	Battersea	New build	£20m	2017	59,000	40,000	Design
			£128m		391,000	169,000	



WORKSPACE

HOW WE MAKE MONEY

WHAT WE DO

TAILORED BUSINESS ENVIRONMENTS

+

NEW AND GROWING COMPANIES

+

LONDON

MARKET KNOWLEDGE

+

CUSTOMER RELATIONSHIPS

+

OPERATIONAL CAPABILITY

THE RIGHT PROPERTIES

+

THE RIGHT SERVICES

UNDERSTANDING DEMAND

CREATING SUPPLY

THE RIGHT STRATEGY

INCOME GROWTH

CAPITAL GROWTH



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