

Customer focus driving growth The Workspace Advantage

Full year results
Investor and Analyst Presentation
7 June 2017



AGENDA



Workspace

Jamie Hopkins
Chief Executive Officer

Performance

Graham Clemett
Chief Financial Officer

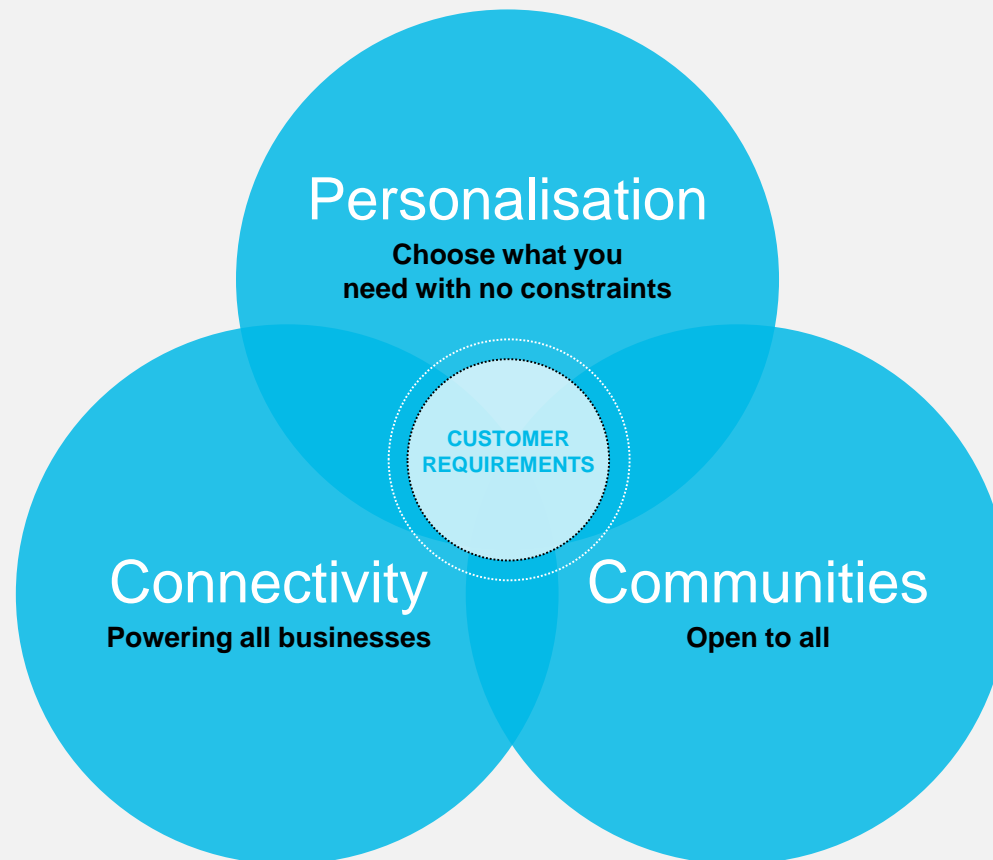
Direction

Jamie Hopkins
Chief Executive Officer

Questions

WORKSPACE

The Workspace Advantage



WORKSPACE

The Workspace Advantage



Our Assets

- Well connected
- Inspiring spaces
- Appropriately managed
- Fully owned

Two distinct parts that come together to drive growth and add value

Our Marketing

- Customer-first brand and culture
- Direct relationships
- Data, insight and knowledge
- Flexible terms and mindset



WORKSPACE

Results

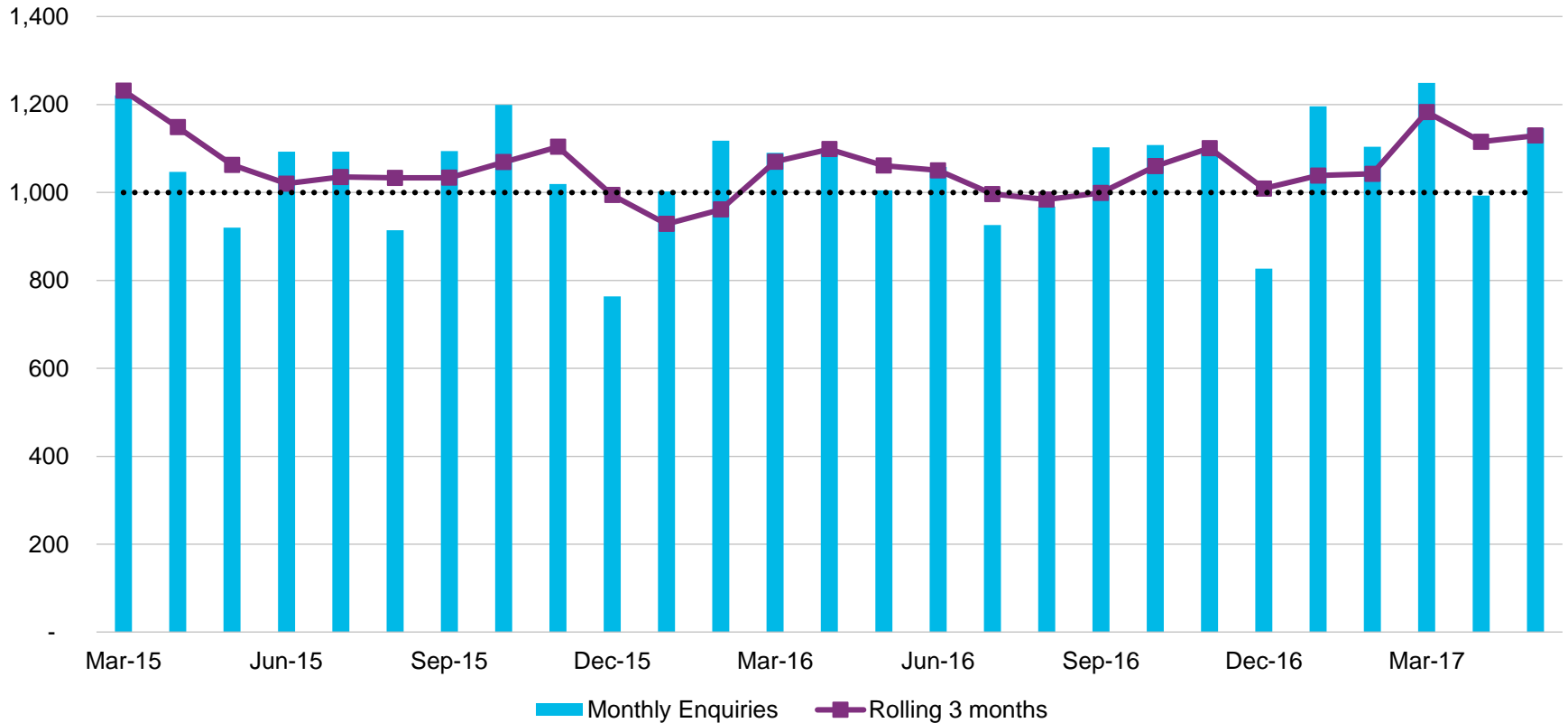


	March 2017	March 2016	Change
Active Management			
Rent Roll (lfl)	£59.6m	£52.4m	↑ 13.7%
Rent per sq. ft. (lfl)	£28.17	£24.96	↑ 12.9%
Enquiries (per month)	1,060	1,029	↑ 3.0%
Occupancy (lfl)	90.3%	90.4%	↓ 0.1%
Property Valuation	£1,844m	£1,779m	↑ 2.1%*
Capital Value per sq. ft. (lfl)	£427	£404	↑ 5.7%
EPRA NAV (per share)	£9.53	£9.23	↑ 3.3%
Strong Operating Growth			
Trading Profit after interest	£50.7m	£43.9m	↑ 15.5%
Total dividend (per share)	21.07p	15.05p	↑ 40.0%

* Underlying

WORKSPACE

Demand



WORKSPACE

Growth



Like-for-like



Occupancy  pricing

Completed projects



Letting up  pricing

Projects underway



Letting up  pricing



Project Pipeline



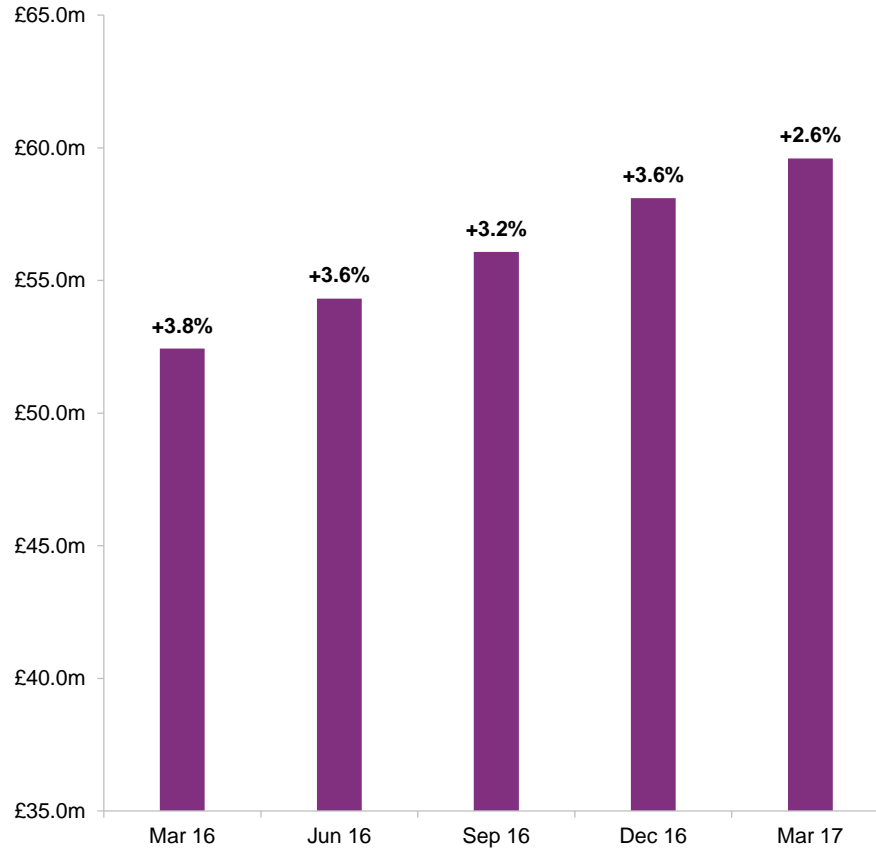
Acquisitions

WORKSPACE

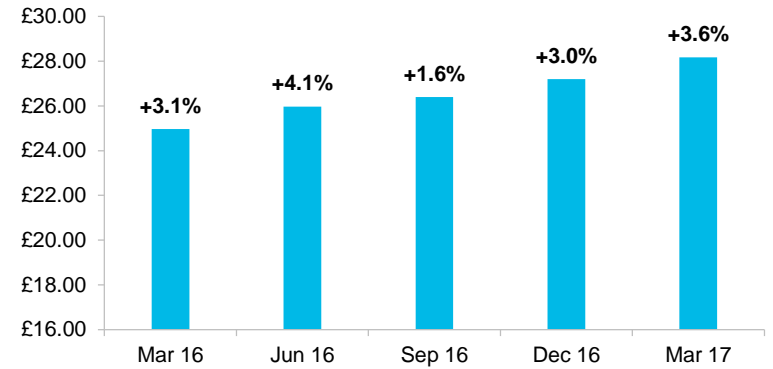
Like-for-like



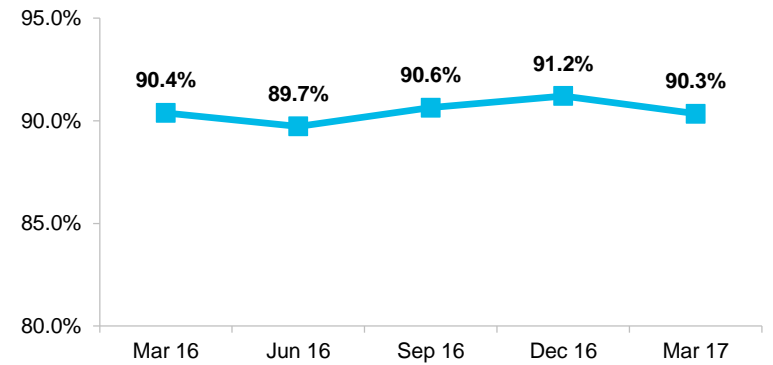
Rent roll



Rent per sq. ft.

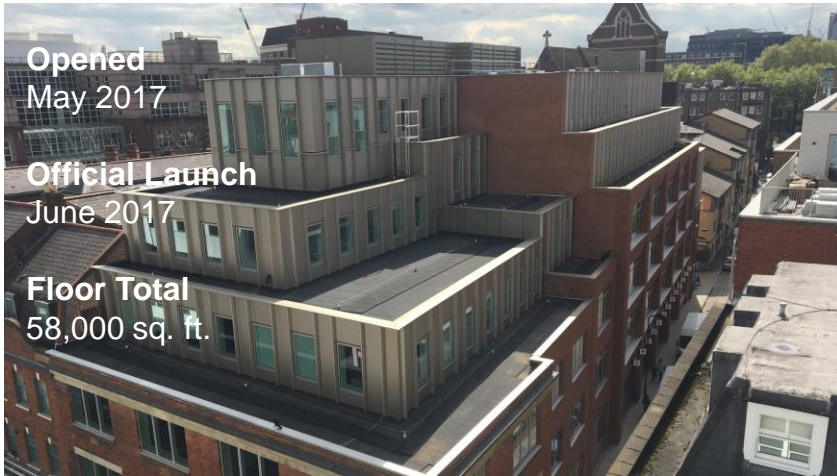


Occupancy

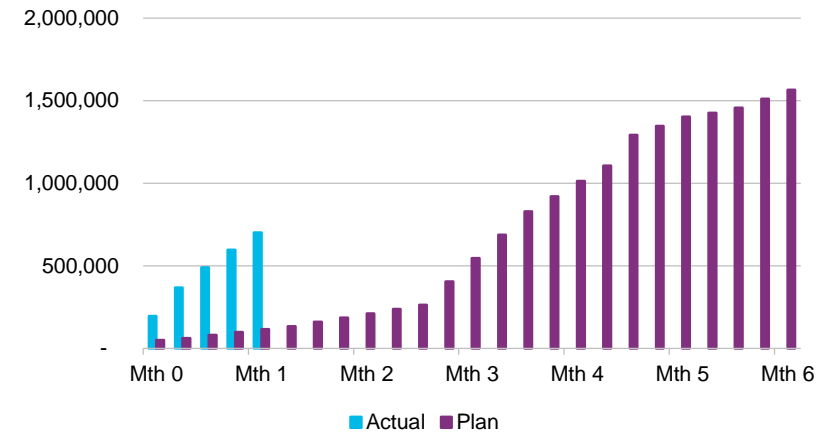


WORKSPACE

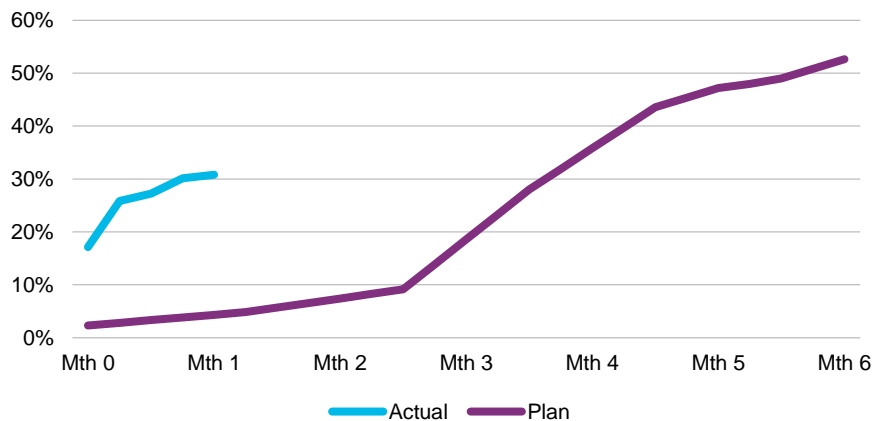
The Record Hall



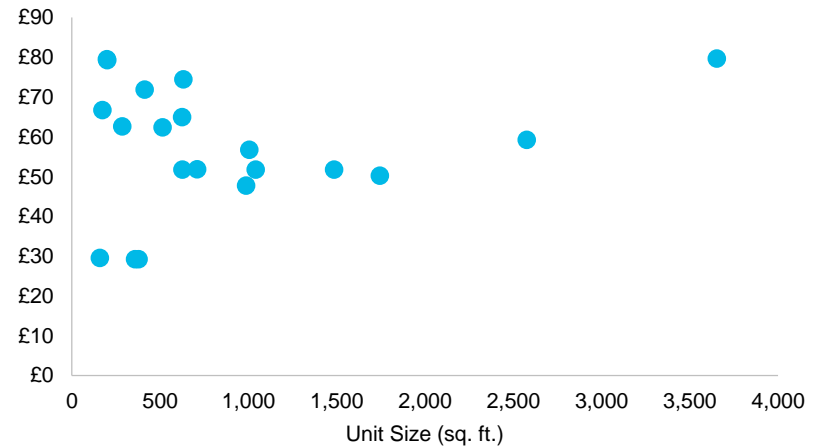
Rent Roll



Occupancy

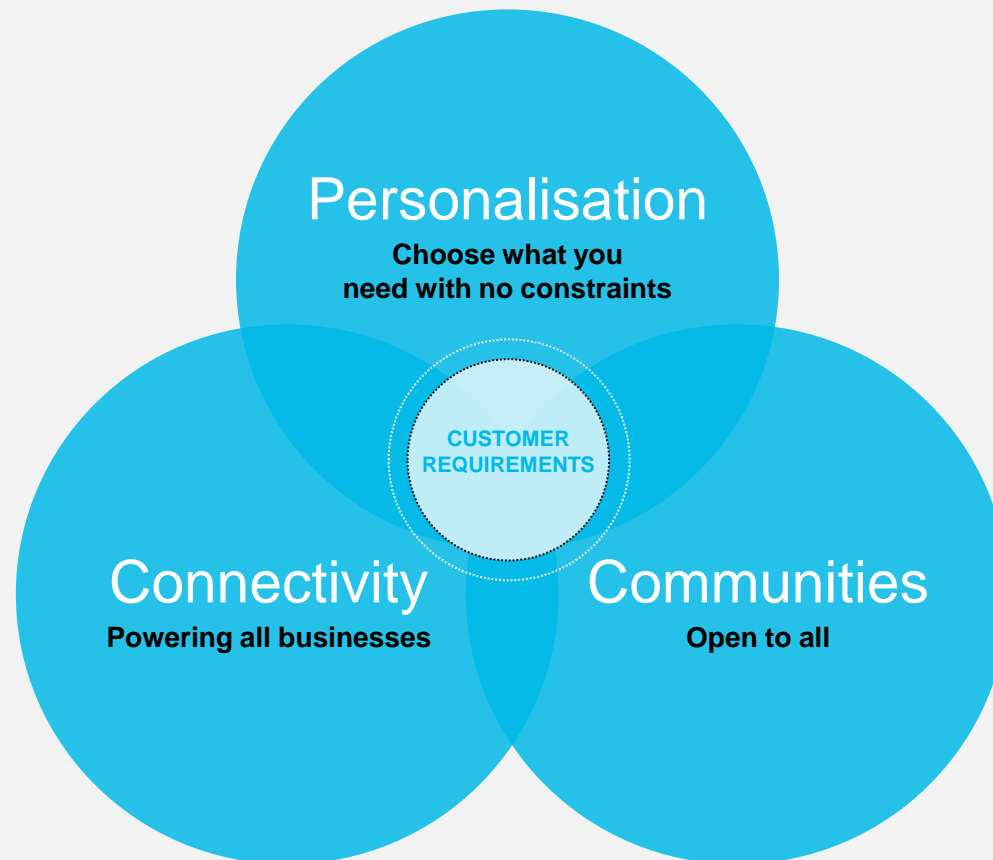


Pricing



WORKSPACE

The Workspace Advantage



PERFORMANCE

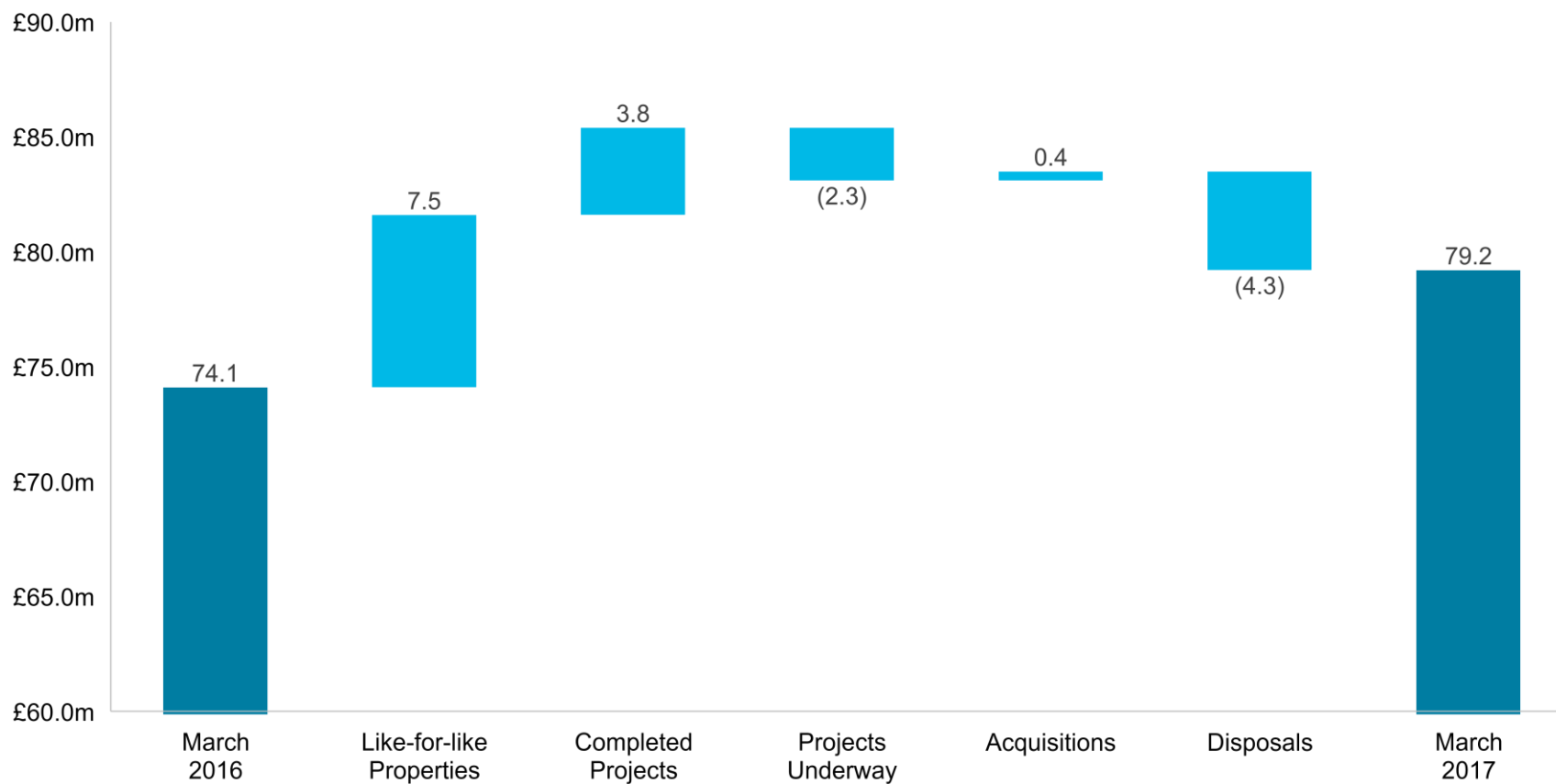
Income Statement



£m	March 2017	March 2016	Change
Net Rental Income	79.2	74.1	+7%
Joint Venture Income	0.3	1.3	
Administrative Expenses	(15.1)	(14.6)	+3%
Net Finance Costs	(13.7)	(16.9)	(19)%
Trading Profit after Interest	50.7	43.9	+16%
Investment Property Surplus	39.5	296.6	
Joint Venture Performance Fee	0.4	24.1	
Exceptional Finance Costs	(1.4)	–	
Other items	(0.4)	26.7	
Profit Before Tax	88.8	391.3	
Underlying Earnings Per Share	30.6p	26.8p	+14%
Total Dividend Per Share	21.07p	15.05p	+40%

PERFORMANCE

Net Rental Income

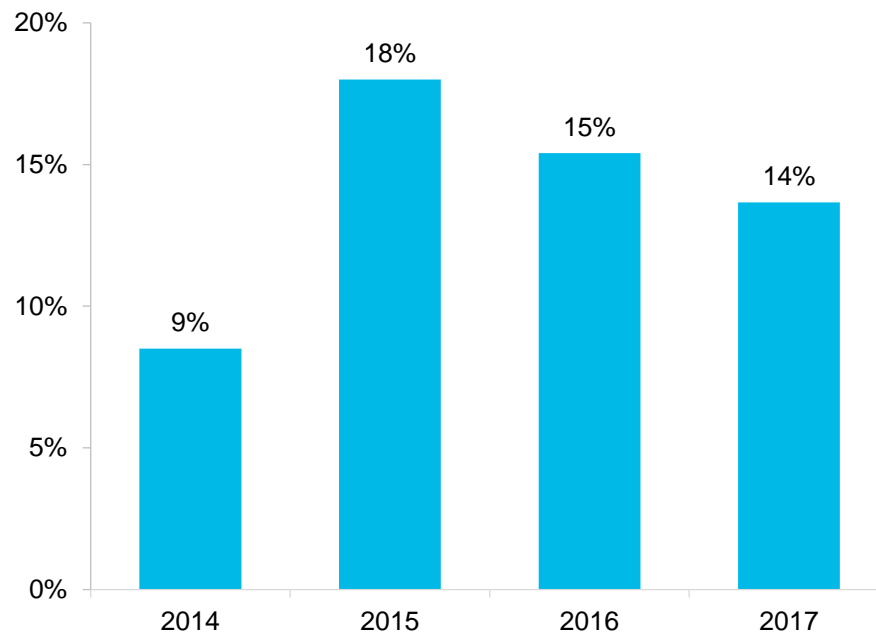


PERFORMANCE

Like-for-like Properties



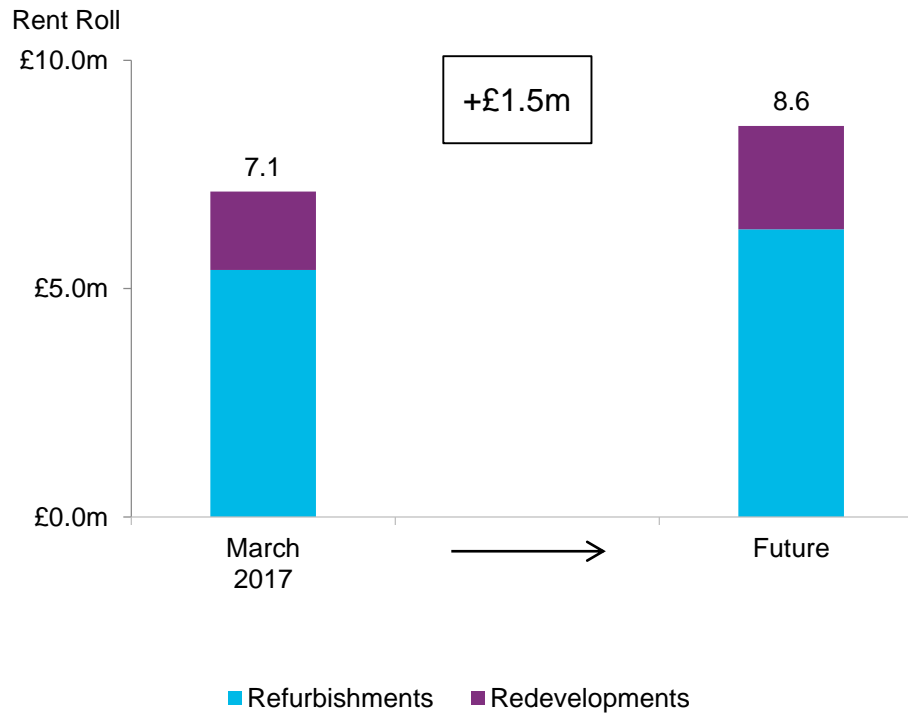
Rent Roll Growth



- Represents 67% of total rent roll at March 2017
- Comprises 35 properties with 2.3m sq. ft. of space
- Recent growth largely from pricing increases
- Occupancy stable at around 90%

PERFORMANCE

Completed Projects

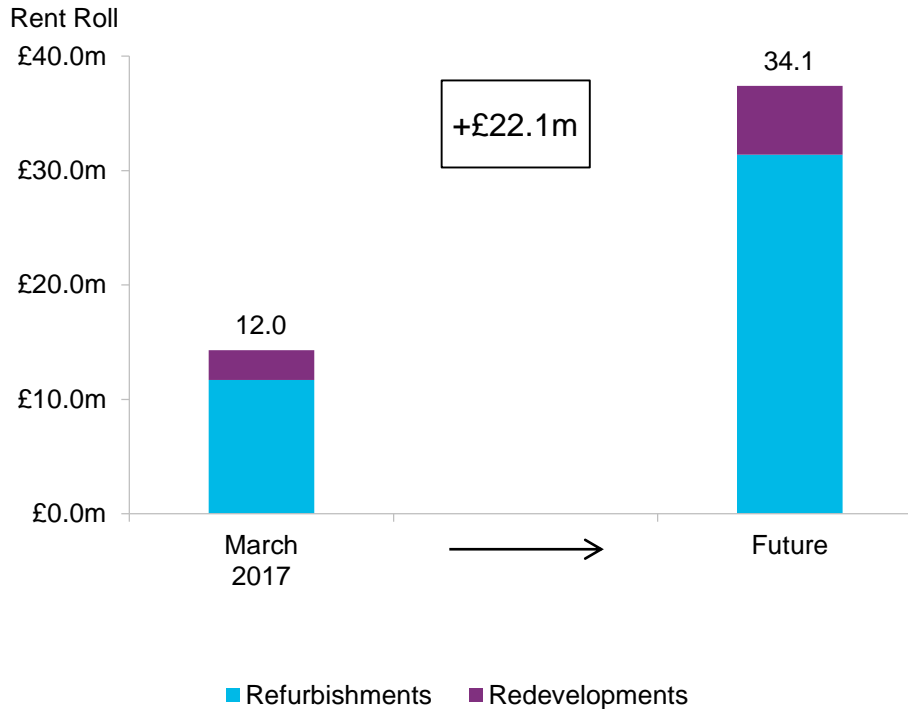


- Represents 8% of total rent roll at March 2017
- 2 refurbishments and 1 new building
- 190,000 sq. ft. of new and upgraded space

Future rents based on the assumptions set out in Appendix 1 & 2

PERFORMANCE

Projects Underway

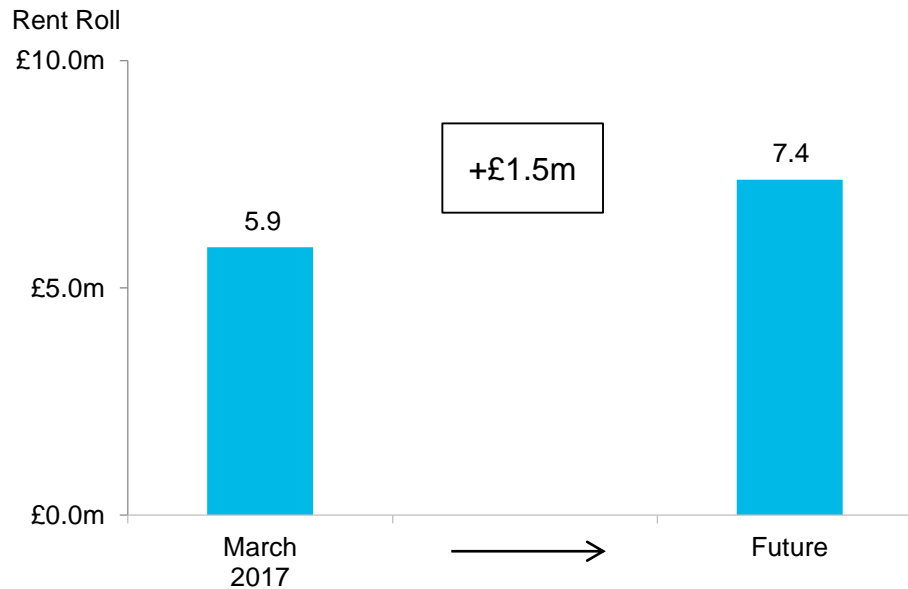


- Represents 13% of total rent roll at March 2017
- 12 refurbishments underway at a total cost of £168m (£122m to come)
- 3 new buildings to be delivered from contracted redevelopments
- 840,000 sq. ft. of new and upgraded space

Future rents based on the assumptions set out in Appendix 1 & 2

PERFORMANCE

Acquisitions

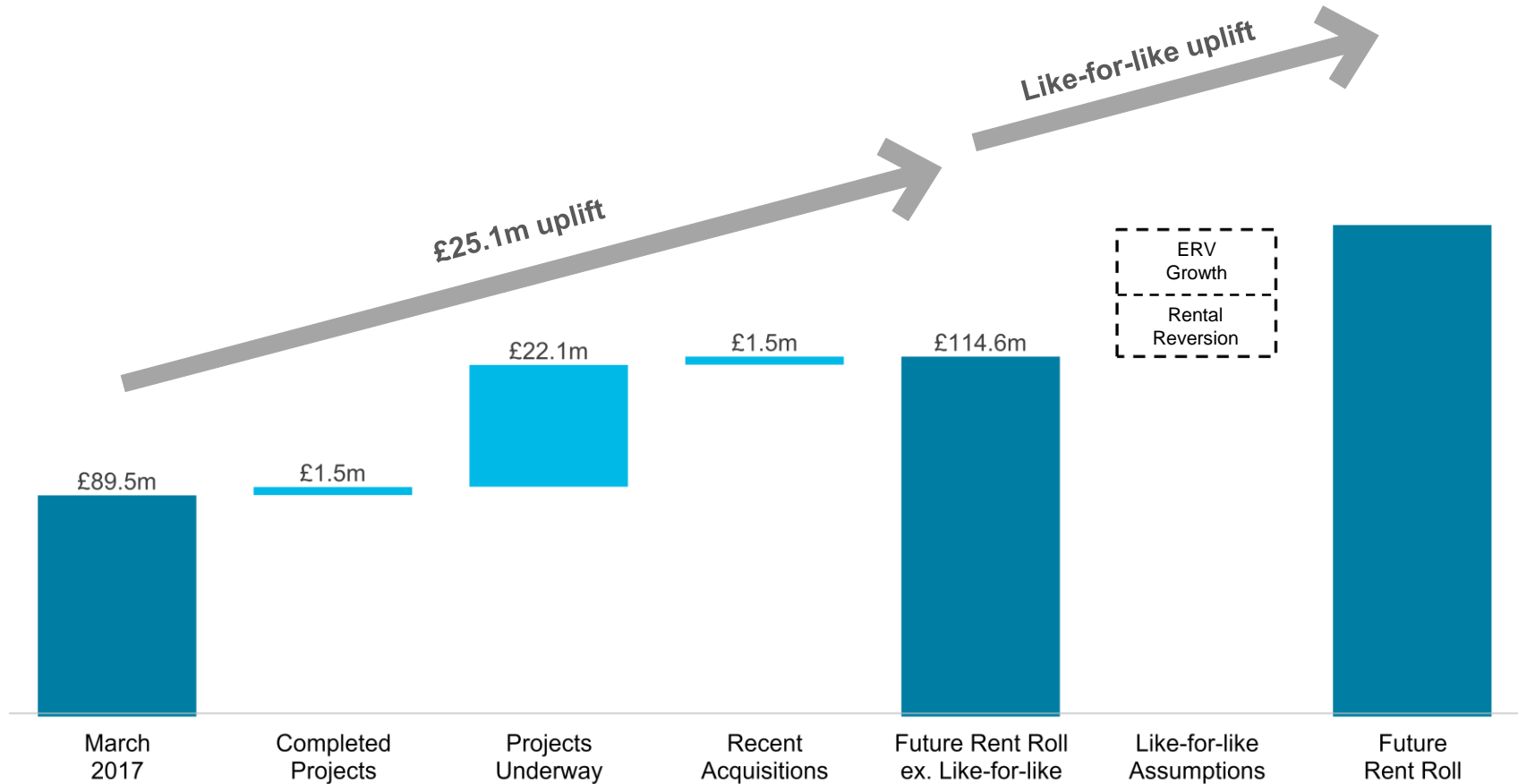


- Represents 7% of total rent roll at March 2017
- Comprises 5 properties acquired in recent years being repositioned and let
- Properties undergoing major capital expenditure transferred to refurbishment category

Future rents based on CBRE estimated rental values at 31 March 2017 at 90% occupancy

PERFORMANCE

Future Rent Roll Growth



Notes

- Not a profit forecast, for illustrative purposes only
- Future rents (ex. like-for-like) based on the assumptions set out in Appendices 1 & 2
- Excludes pipeline projects not yet underway
- Excludes acquisitions and disposals after 31 March 2017

PERFORMANCE

Cash Flow



£m		Total
Trading		
Net Cash from Operations after Interest	53	
Dividends Paid	(27)	26
Investment		
Capital Expenditure	(58)	
Purchase of Investment Properties (Deposits)	(11)	
Property Disposals	8	8
Capital Receipts	23	
Distributions and Proceeds from Joint Ventures	46	
Net Movement in year		34
Net Debt at March 2016		(276)
Net Debt at March 2017		(242)

PERFORMANCE

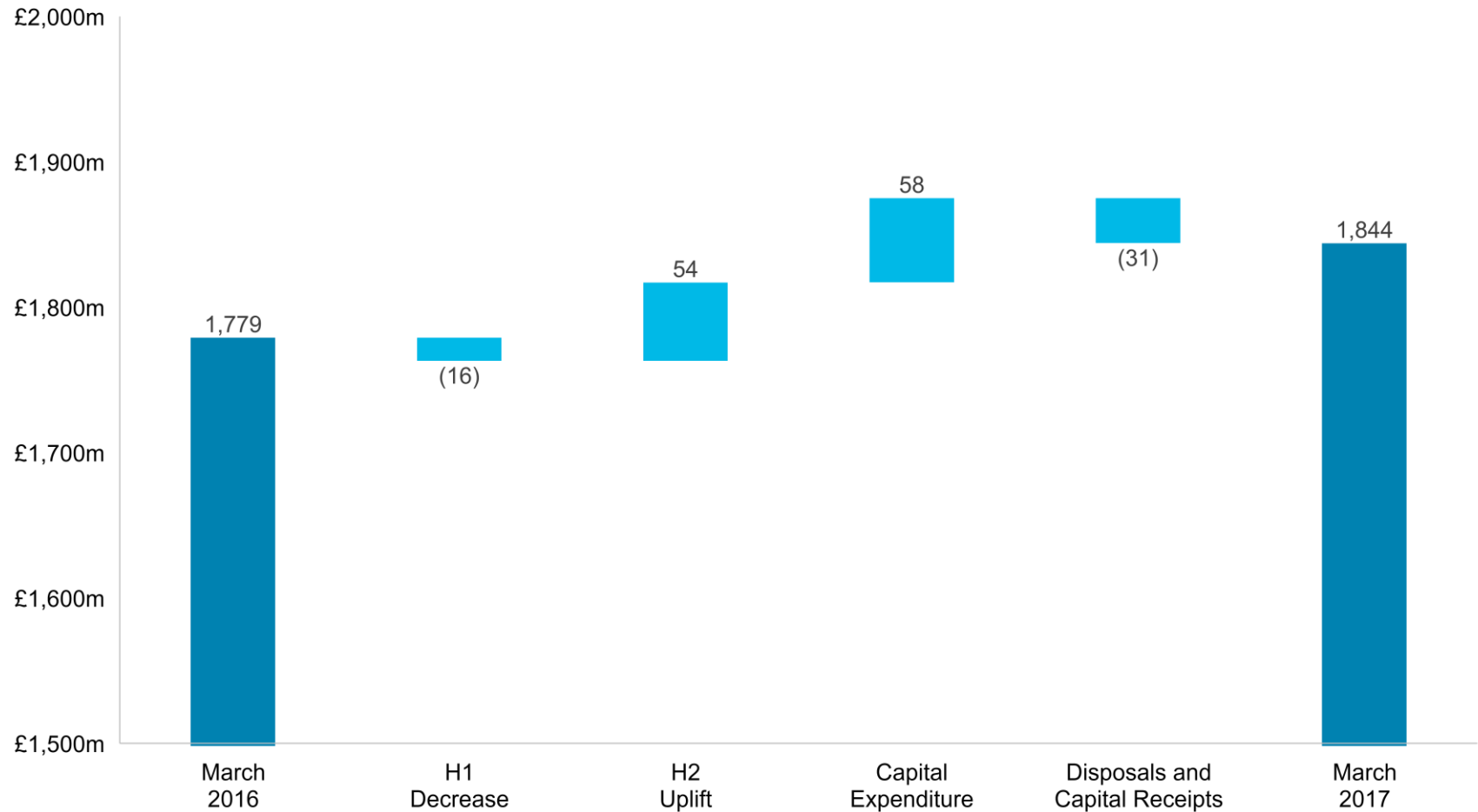
Balance Sheet



£m	March 2017	March 2016
Investment Property Valuation	1,844	1,779
Other Investment	3	27
Net Debt	(242)	(276)
Other	(26)	(12)
Net Assets	1,579	1,518
EPRA NAV per Share	£9.53	£9.23
Loan to Value	13%	16%
Net Initial Yield (lfl)	5.4%	4.9%
Equivalent Yield (lfl)	6.5%	6.4%

PERFORMANCE

Property Valuation



PERFORMANCE

Revaluation



	Uplift/(Deficit)	Main drivers
Like-for-like	£47m	<ul style="list-style-type: none"> ERV per sq. ft. up 6.7% Equivalent Yield out 0.1% Uplands Industrial Estate
Completed Projects	£8m	<ul style="list-style-type: none"> Grand Union Studios The Print Rooms
Redevelopments	£8m	<ul style="list-style-type: none"> Arches Business Centre
Refurbishments	£(20)m	<ul style="list-style-type: none"> Edinburgh House The Leather Market
Acquisitions	£(5)m	<ul style="list-style-type: none"> Goswell Road
Total	£38m	

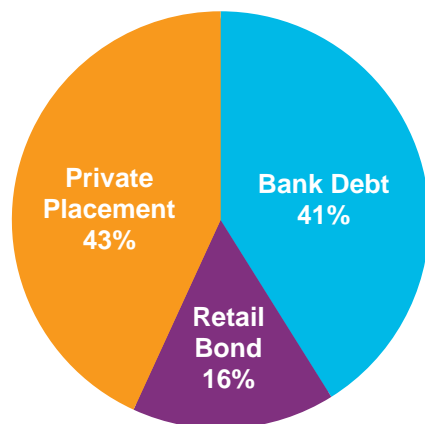
PERFORMANCE

Debt

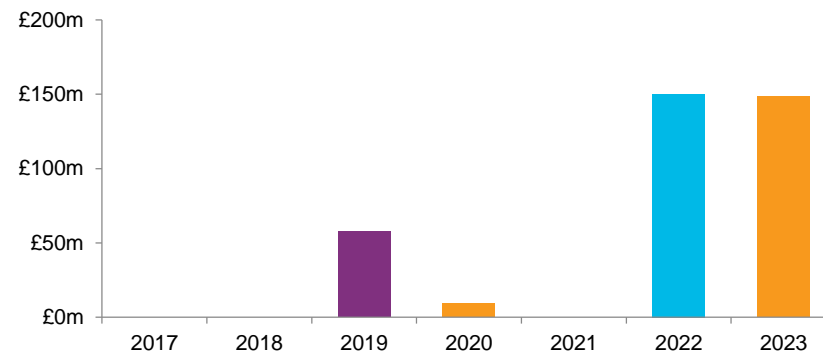


	March 2017	March 2016
Net Debt	£242m	£276m
Average Interest Cost	5.2%	5.1%
Undrawn Facilities	£123m	£134m
Marginal Cost (undrawn facilities)	1.7%	-
Average Period to Maturity	5.2 years	5.9 years

Facilities By Type



Maturity Profile



PERFORMANCE

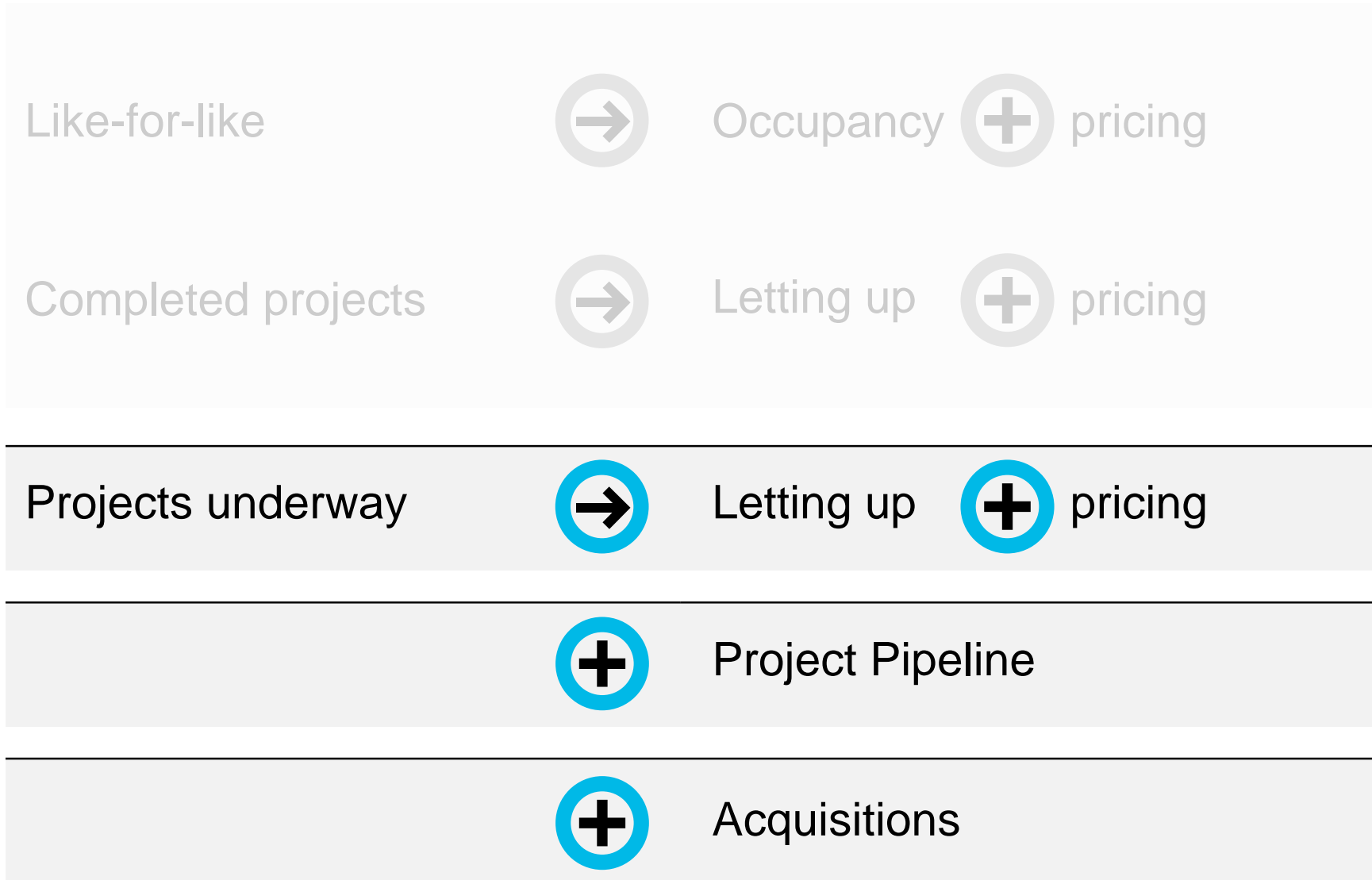
Proforma Impact of Acquisition and Disposal Activity



£m	As at 31 March 2017	Fitzroy Acquisition	Uplands Disposal	Proforma
Rent Roll	89.5	4.9	(1.6)	92.8
Valuation	1,844	99	(40)	1,903
Net Debt	(242)	(99)	50	(291)
LTV	13%	–	–	15%
Undrawn Facilities	123	(99)	50	74

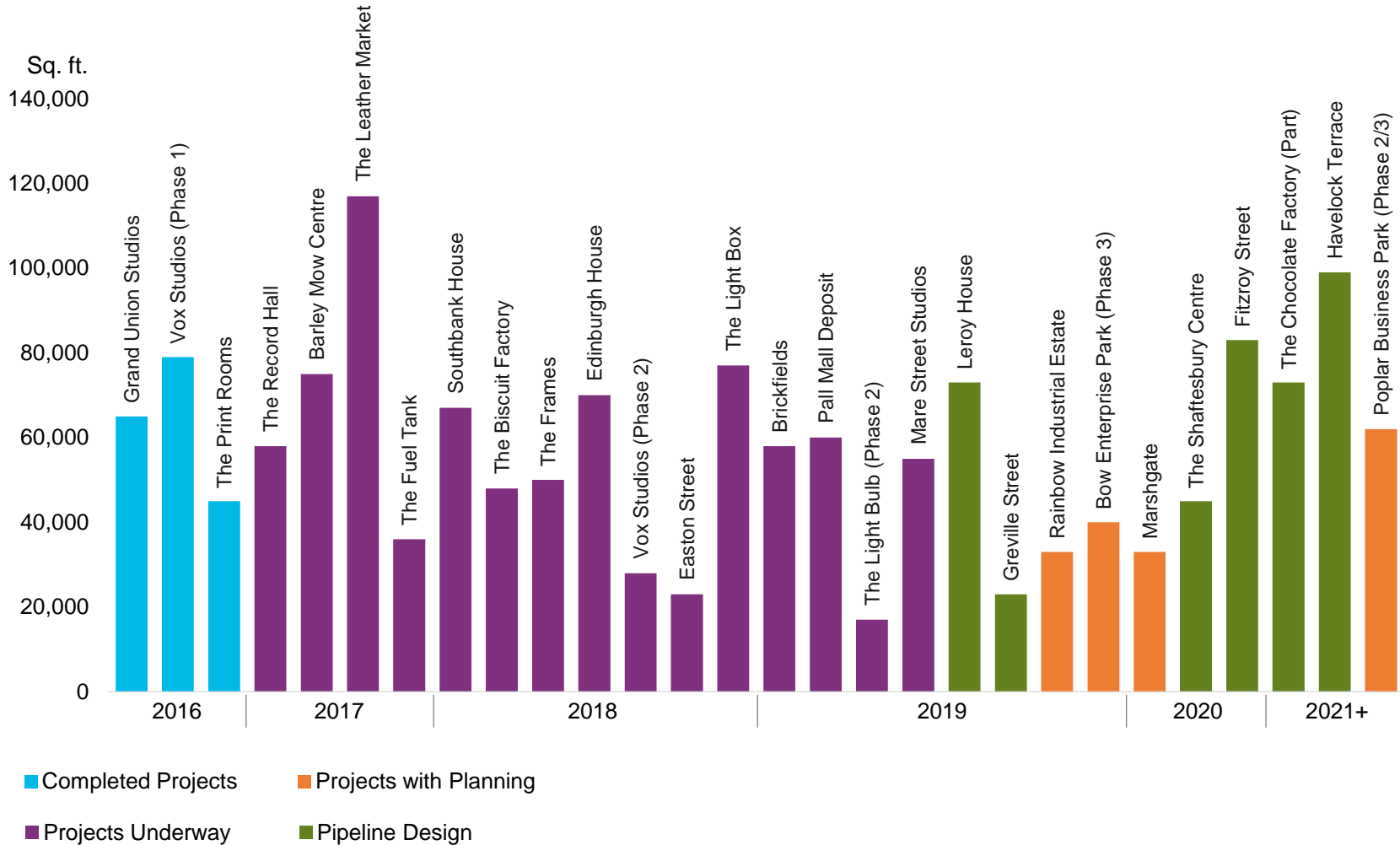
DIRECTION

Growth



DIRECTION

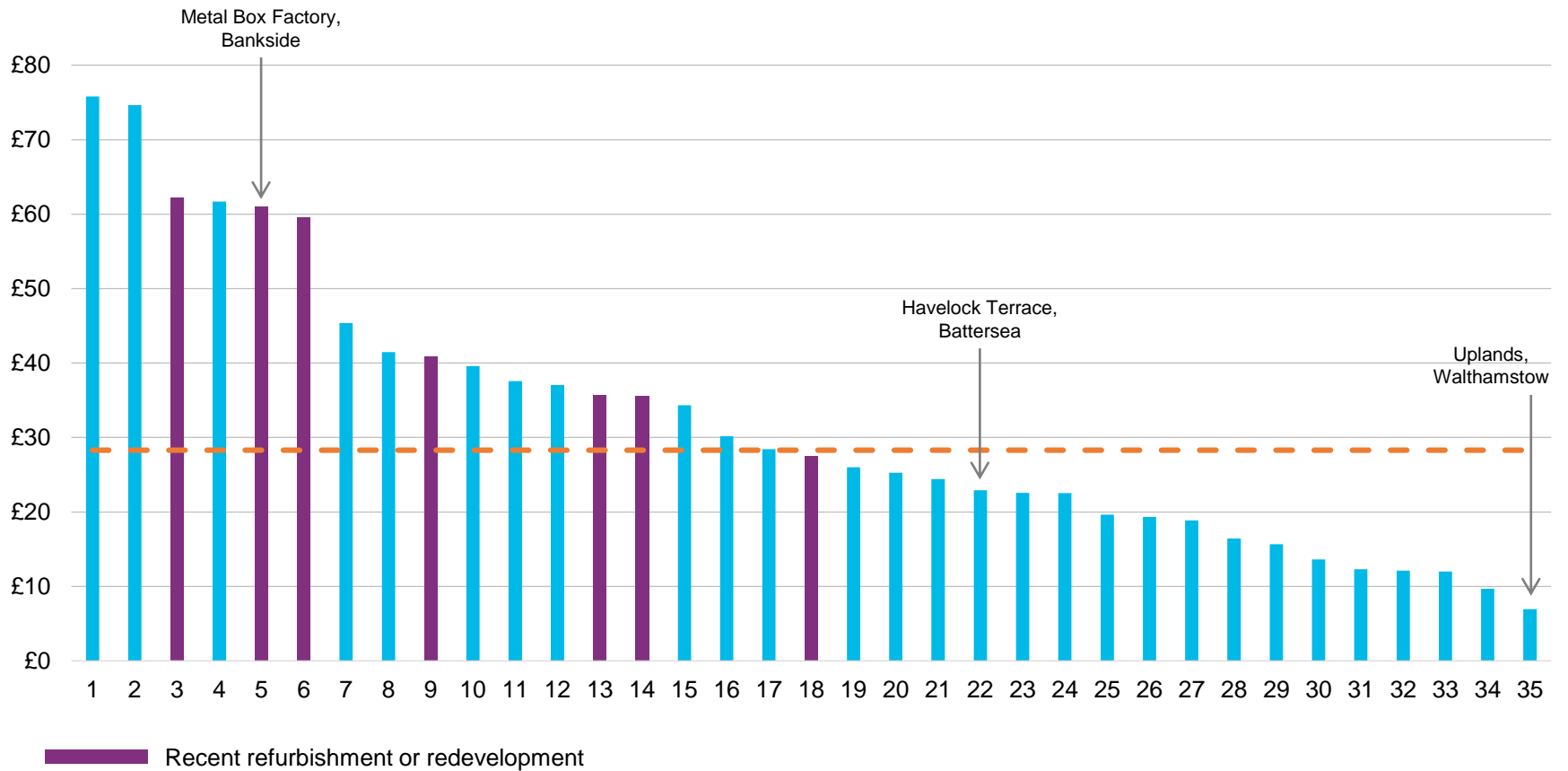
Project Pipeline



DIRECTION

Like-for-like

Rent Per Sq. Ft.



DIRECTION

Acquisition

13-17 Fitzroy Street, W1



DIRECTION

Acquisition

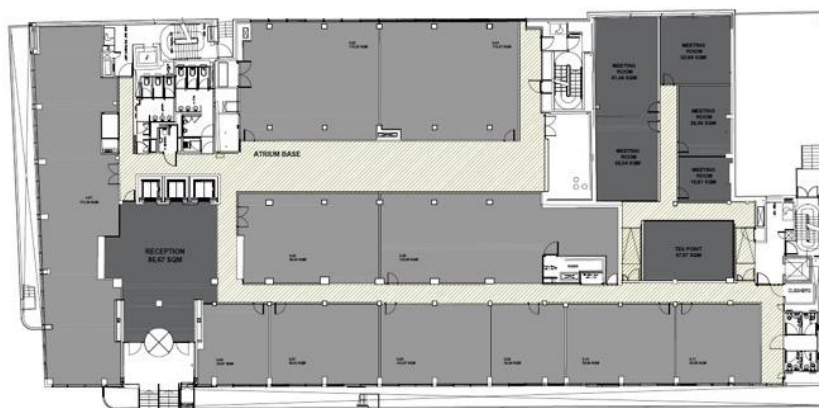
13-17 Fitzroy Street, W1

Existing Ground Floor Layout



- Acquired April 2017
- 92,700 sq. ft.
- 3 year lease to break
- £52.50 per sq. ft.
- £98.5 million
- 4.6% net initial yield

Indicative Ground Floor Layout for Workspace



DIRECTION

Disposal

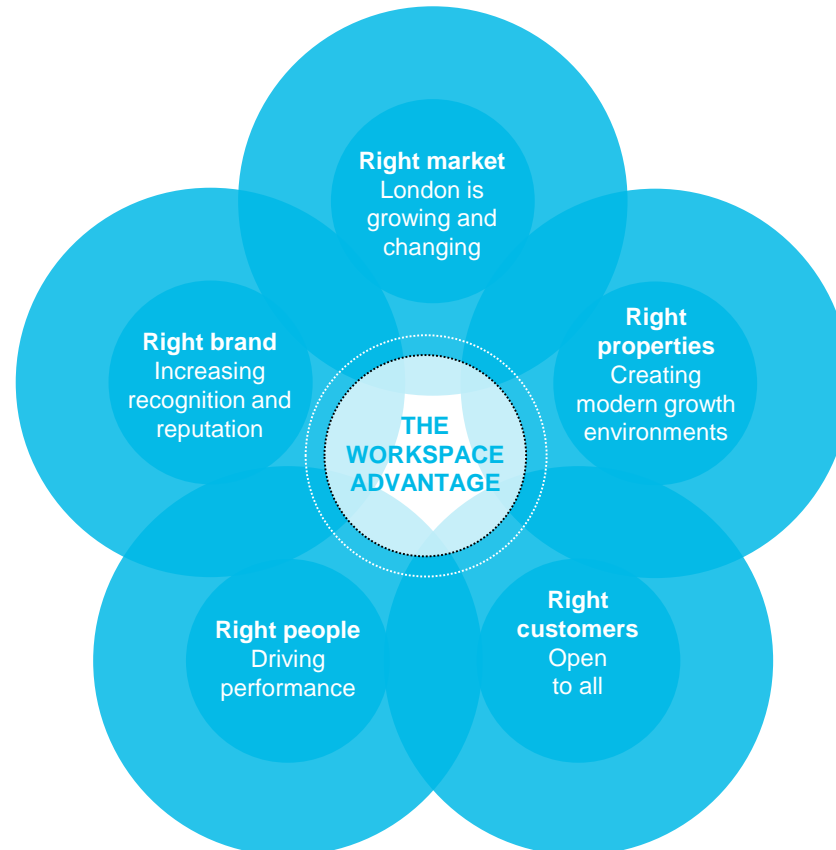
Uplands, Walthamstow



- Sold May 2017
- 290,000 sq. ft.
- 11 acres
- £5.70 per sq. ft. average
- £50 million
- 3.1% net initial yield

DIRECTION

Outlook





Questions





**Supplementary
information**



APPENDIX 1



Refurbishment Projects

At March 2017	Valuation	Actual/ Estimated cost	Cost to Complete	Estimated Completion	Upgraded area	New space	Estimated ERV (Average)	Estimated Rent at 90% occupancy	March 2017 Rent Roll
Completed									
Vox Studios (phase 1)	£56m	£17m	–	Jan 2016	27,954	51,216	£47	£3.4m	£3.1m
The Print Rooms	£43m	£9m	–	Jan 2016	28,340	17,490	£66	£2.9m	£2.3m
	£99m	£26m			56,294	68,706		£6.3m	£5.4m
Underway									
The Record Hall	£50m	£24m	£1m	May 2017	–	57,658	£63	£3.3m	£0.0m
Barley Mow Centre	£41m	£11m	£3m	Jul 2017	54,007	20,983	£44	£2.9m	£1.6m
The Leather Market	£88m	£5m	£2m	Aug 2017	117,329	–	£52	£5.5m	£5.1m
Southbank House	£41m	£6m	£5m	H1 2018	66,716	–	£48	£2.9m	£1.4m
The Frames (formerly Holywell)	£15m	£25m	£18m	H2 2018	–	49,972	£57	£2.6m	£0.0m
Edinburgh House	£14m	£19m	£18m	H2 2018	–	69,976	£48	£3.0m	£0.0m
Vox Studios (phase 2)	£8m	£8m	£7m	H2 2018	–	27,961	£43	£1.1m	£0.5m
Easton Street	£15m	£9m	£9m	H2 2018	–	23,144	£65	£1.4m	£0.0m
The Light Box	£29m	£5m	£5m	H2 2018	60,481	16,964	£34	£2.4m	£1.6m
Brickfields (formerly Cremer St)	£11m	£27m	£25m	H1 2019	–	57,893	£48	£2.5m	£0.0m
Pall Mall Deposit	£21m	£10m	£10m	H1 2019	36,000	24,000	£33	£1.8m	£1.1m
Mare Street Studios	£10m	£19m	£19m	H1 2019	–	55,000	£40	£2.0m	£0.4m
	£343m	£168m	£122m		334,533	403,551		£31.4m	£11.7m
Design Stage									
Leroy House#		£15m	£15m	2019	35,000	38,000			
Greville Street		£9m	£9m	2019	–	23,000			
The Shaftesbury Centre#		£20m	£20m	2020	–	45,000			
Chocolate Factory (part)		£20m	£20m	2021	55,000	18,000			
Havelock Terrace#		£20m	£20m	2021	59,000	40,000			
		£84m	£84m		149,000	164,000			

Currently in like-for-like category

APPENDIX 2



Redevelopment Projects

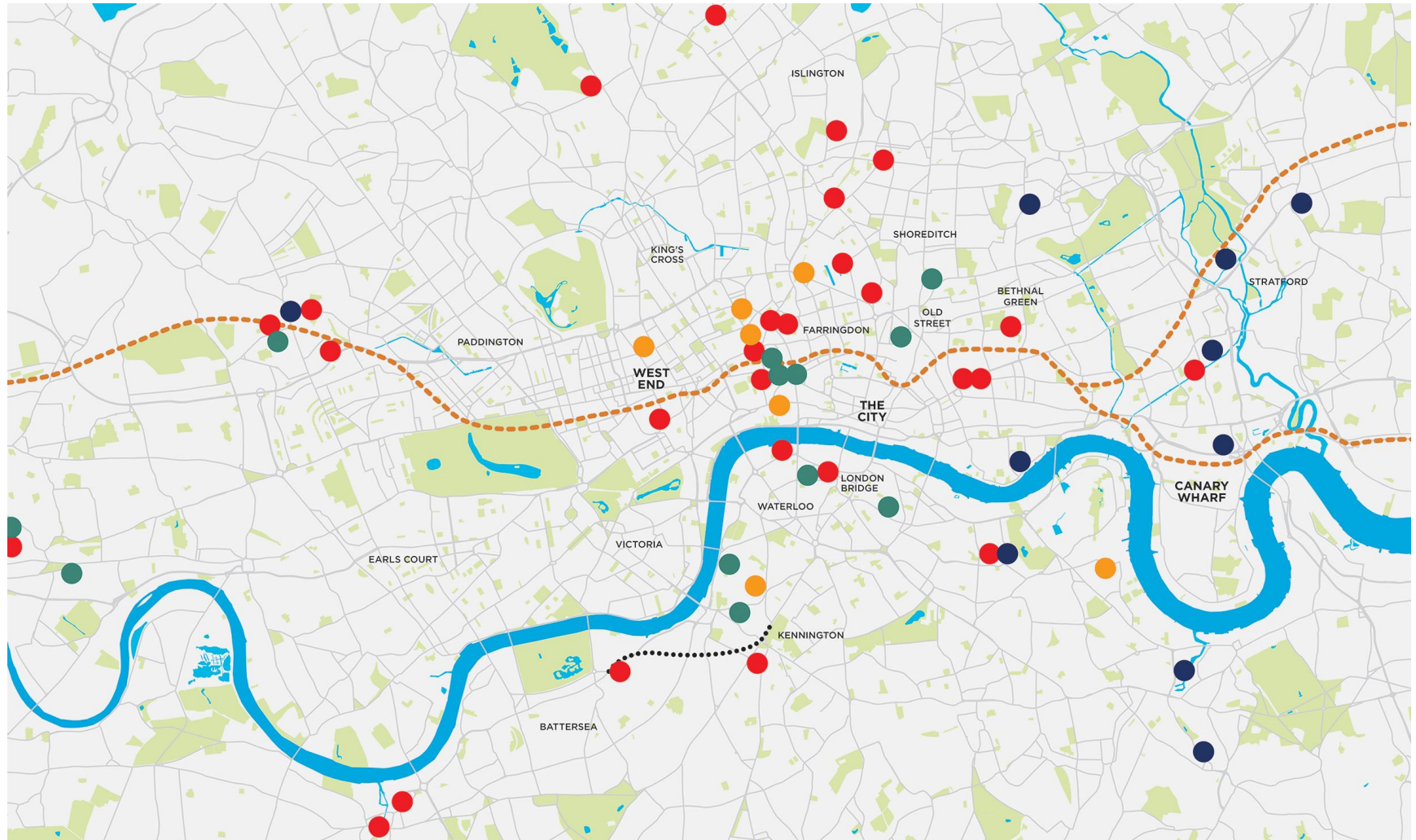
At March 2017	Development partner	Valuation	March 2017 Rent Roll	Estimated completion	Residential units no.	Commercial space returned			Other proceeds		
						New Space	Estimated ERV	Estimated Rent*	Cash received	Cash to come	Overage to come
Completed											
Grand Union Studios	Taylor Wimpey	£36m	£1.7m	Mar 2016	145	64,725	£39	£2.3m	£9m	–	–
Bow Enterprise Park (phase 1)	Peabody	£11m	–	Jun 2016	267	–	–	–	£11m	£3m	£8m
		£47m	£1.7m		412	64,725		£2.3m	£20m	£3m	£8m
Underway/Contracted											
The Fuel Tank (formerly Faircharm)	L&Q	£10m	–	2017	148	36,000	£21	£0.7m	£10m	–	n/a
Poplar Business Park (phase 1)	Telford Homes	£5m	–	–	170	–	–	–	£16m	£2m	£3m
Bow Enterprise Park (phase 2)	Peabody	–	–	–	160	–	–	–	£11m	–	n/a
The Biscuit Factory	Grosvenor	£24m	–	2018	800	48,000	£35	£1.5m	£48m	£3m	£0m
Arches Business Centre	Galliard Homes	£13m	£0.3m	–	110	–	–	–	£0m	£13m	–
The Light Bulb (phase 2)	Strawberry Star	£15m	–	2019	77	17,000	£33	£0.5m	£1m	£7m	–
		£67m	£0.3m		1,465	101,000		£2.7m	£86m	£25m	£3m
With Planning											
Rainbow Industrial Estate			£0.4m	2019	224	33,000	£17	£0.5m			
Bow Enterprise Park (phase 3)			–	2019	130	40,000	£30	£1.1m			
Marshgate			£0.3m	2020	200	33,000	£20	£0.6m			
Stratford Office Village			£0.8m	–	101	–	–	–			
Poplar Business Park (phase 2/3)			£0.8m	2023	222	58,000	£21	£1.1m			
		£105m	£2.3m		877	164,000		£3.3m			
Design Stage											
Highway Business Park				2020	113						
Chocolate Factory (part)				2021	220						
Riverside#/Garratt Lane				2022	350						
					683						

* Expected rent at 90% occupancy

Currently in like-for-like category

APPENDIX 3

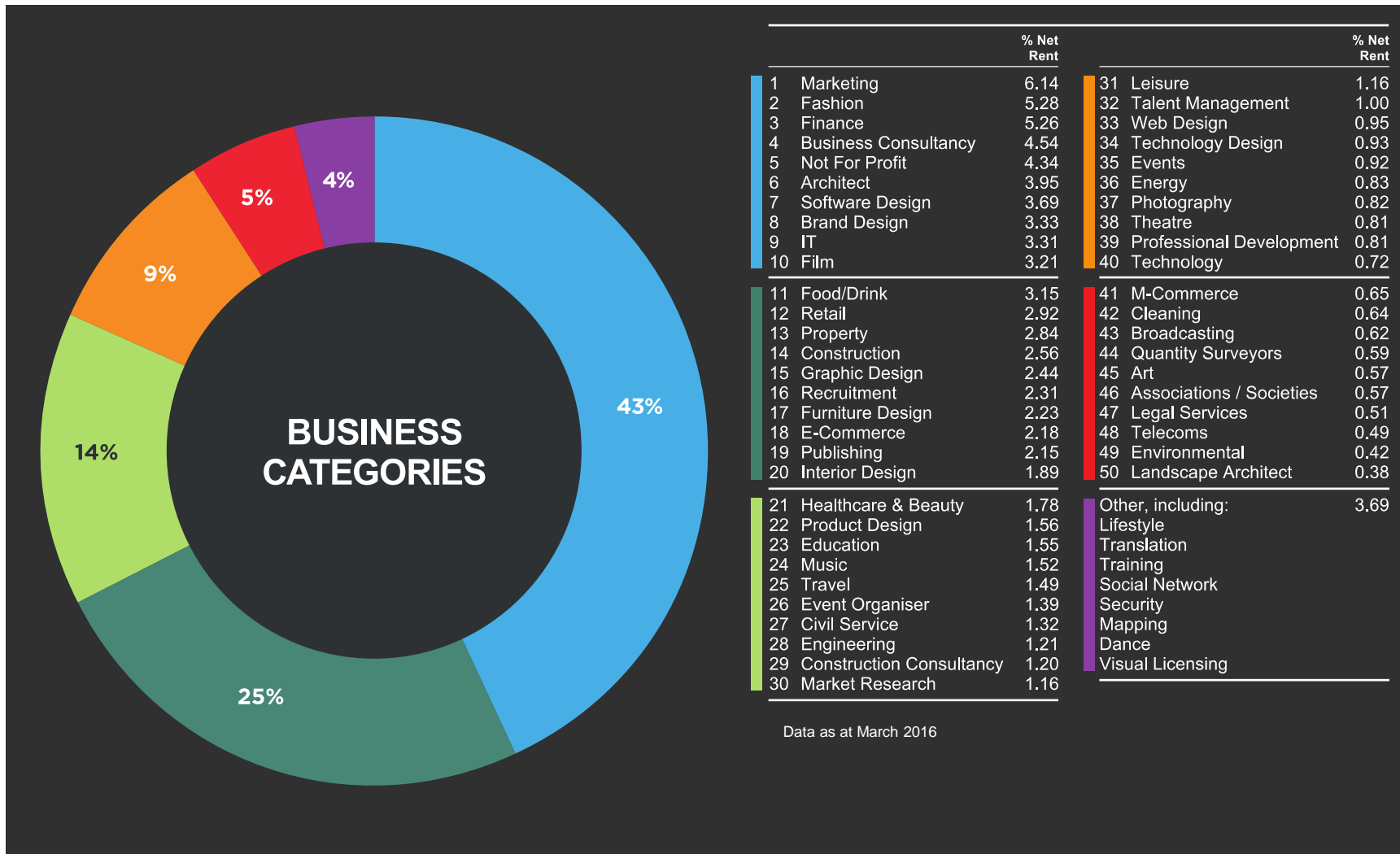
Property Portfolio



- Like-for-like
- Acquisitions
- Redevelopments
- Refurbishments
- Crossrail
- Northern Line extension

APPENDIX 4

Customer Mix



DISCLAIMER



The information in this document may include forward-looking statements, which are based on current expectations and projections about future events. These forward-looking statements reflect the directors' beliefs and expectations and are subject to risks, uncertainties and assumptions about the Company, including, amongst other things, the development of its business, trends in its operating industry, returns on investment and future capital expenditure and acquisitions, that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the document. As a result, you are cautioned not to place reliance on such forward looking statements as a prediction of actual results or otherwise. The information and opinions contained in this document are provided as at the date of this document and are subject to change without notice. No one undertakes to publicly update or revise any such forward-looking statements.

This presentation should also be read in the light of the Company's full preliminary results announcement for the year ended 31 March 2017 including the principal risks and uncertainties identified therein. No statement in this document is or is intended to be a profit forecast or profit estimate or to imply that the earnings of the Company for the current or future financial years will necessarily match or exceed the historical or published earnings of the Company.