



Workspace Group

# PRELIMINARY RESULTS ANNOUNCEMENT 2010



ENABLING  
ENTREPRENEURS  
IN LONDON

# → Agenda



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**Introduction**

**Harry Platt**

**Financial Performance**

**Graham Clemett**

**Looking Forward**

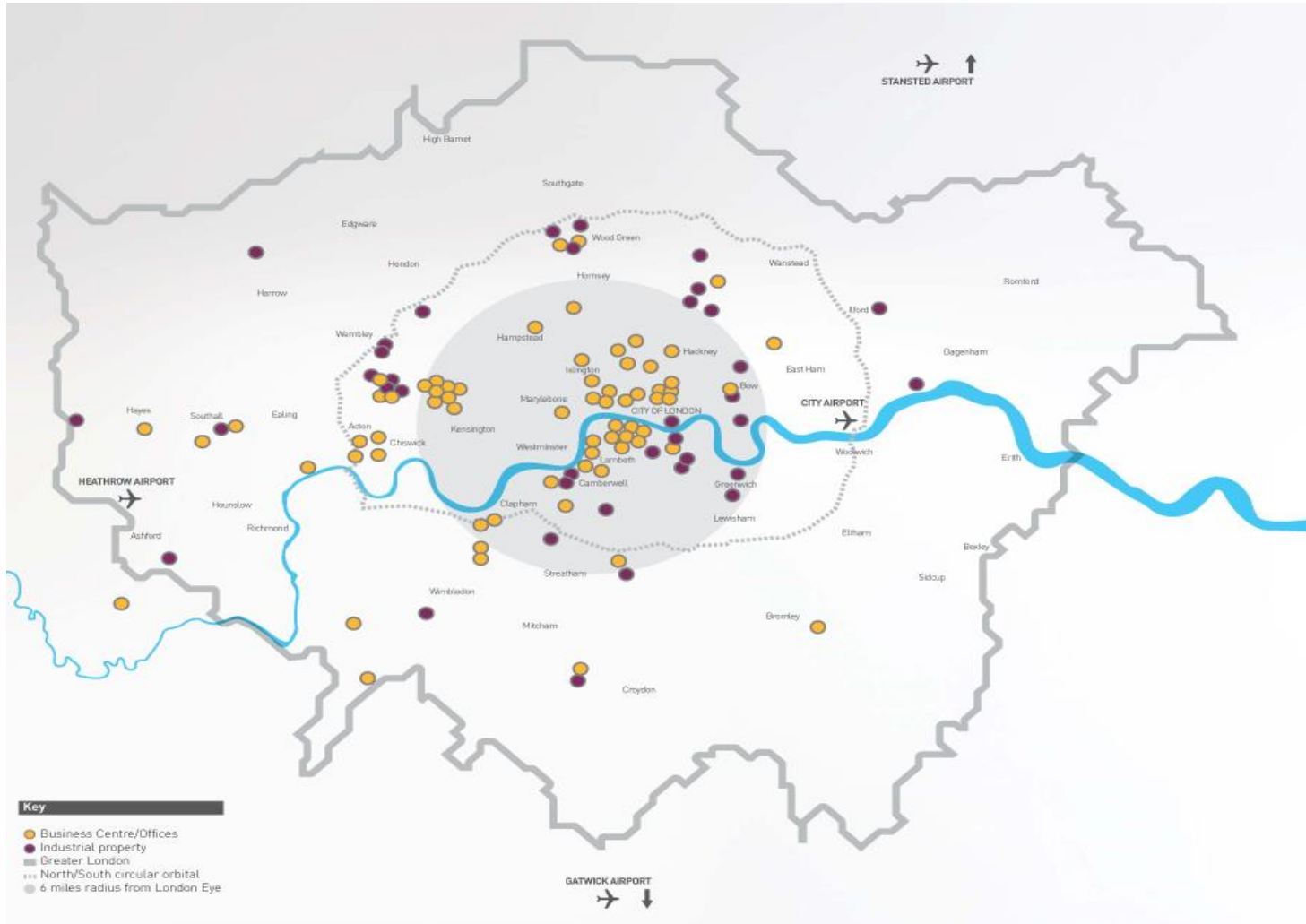
**Harry Platt**

**Q&A**

# → The Workspace Model



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# → Results Highlights



- Like-for-like occupancy 84.7%, up from 82.9%
- £101m property acquired; £57m disposed
- Property valuation £717m
- NAV per share 27p, up 23% in last six months
- Trading profit after interest £10.8m, up 8% in the year
- Dividend maintained, scrip alternative offered
- In advanced discussions on refinancing of GE debt

# → Delivering on our Priorities through the year



- Underlying Trading
- Disposals and Cash Management
- Former Glebe JV Portfolio Re-purchased

# → Portfolio Management



	<u>March 2010</u>	<u>March 2009</u>
Floorspace	5.5m sq. ft	5.0m sq. ft
Cash rent roll	£50.7m	£50.8m
Overall occupancy	81.9%	80.3%
Cash rent per sq.ft	£11.22	£12.64
Capital Value per sq.ft	£126	£132
Underlying Income Yield	7.9%	8.4%

# → Operating Highlights



	Full Year	First Half	Second Half	Fourth Quarter
Like-for-like occupancy (absolute)	↑ 1.8%	↑ 0.7%	↑ 1.1%	↑ 0.6%
Like-for-like rent roll (% rent roll)	↓ (5.0%)	↓ (6.0%)	↑ 1.1%	↑ 1.6%
Trading profit after interest	£10.8m	£5.0m	£5.8m	-
Valuation surplus/(deficit)	↑ 2.3%	↓ (7.1%)	↑ 9.4%	↑ 3.3%
EPRA NAV per share	↔ 27p	↓ (5p)	↑ 5p	↑ 2p



# Financial Performance

Graham Clemett

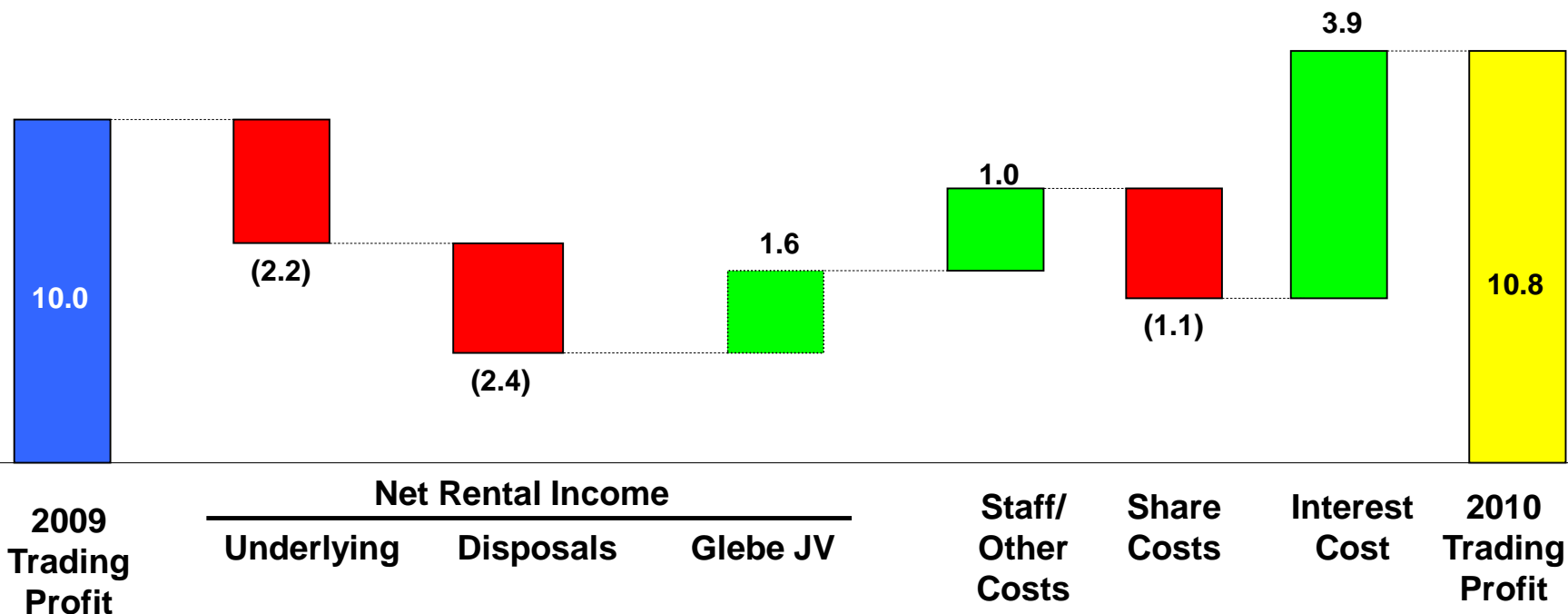


# → Income Statement



£m	2010	2009	
Net Rental Income	<u>44.4</u>	<u>47.4</u>	-6%
Trading Profit	35.3	38.4	-8%
Interest (excluding exceptional items)	<u>(24.5)</u>	<u>(28.4)</u>	
<b>Trading Profit after Interest</b>	<b>10.8</b>	<b>10.0</b>	<b>+8%</b>
Property Valuation Movement	1.8	(325.3)	
Joint Venture Adjustments	14.2	(9.5)	
Other Items	<u>(0.8)</u>	<u>(35.6)</u>	
Profit/(Loss) for the Year before Tax	<u>26.0</u>	<u>(360.4)</u>	
<i>EPRA Earnings per share</i>	1.6p	1.4p	
<i>Dividends per share</i>	0.75p	0.75p	

# → Trading Profit after Interest



# → Cashflow



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2009/10

£m

## Trading

Cashflow from Operations	11.1
Dividends	(8.1)



3.0

## Other Property Related

Disposals	57.1
Capital Expenditure	(5.9)
Other Acquisitions	(4.0)



47.2

(12.6)



## Workspace Glebe JV

Share Placing	18.8
Cash payment to BoS	(15.0)
Other payments/costs	(2.1)

## Other

Hedging Amendment	(8.6)
2008/9 Rights and Refinancing costs	(4.3)
Other	0.3

## Reduction in existing borrowings

39.3

Stapled debt acquired (Glebe JV)

(68.0)

## Net increase in borrowings

(28.7)

# → Balance Sheet

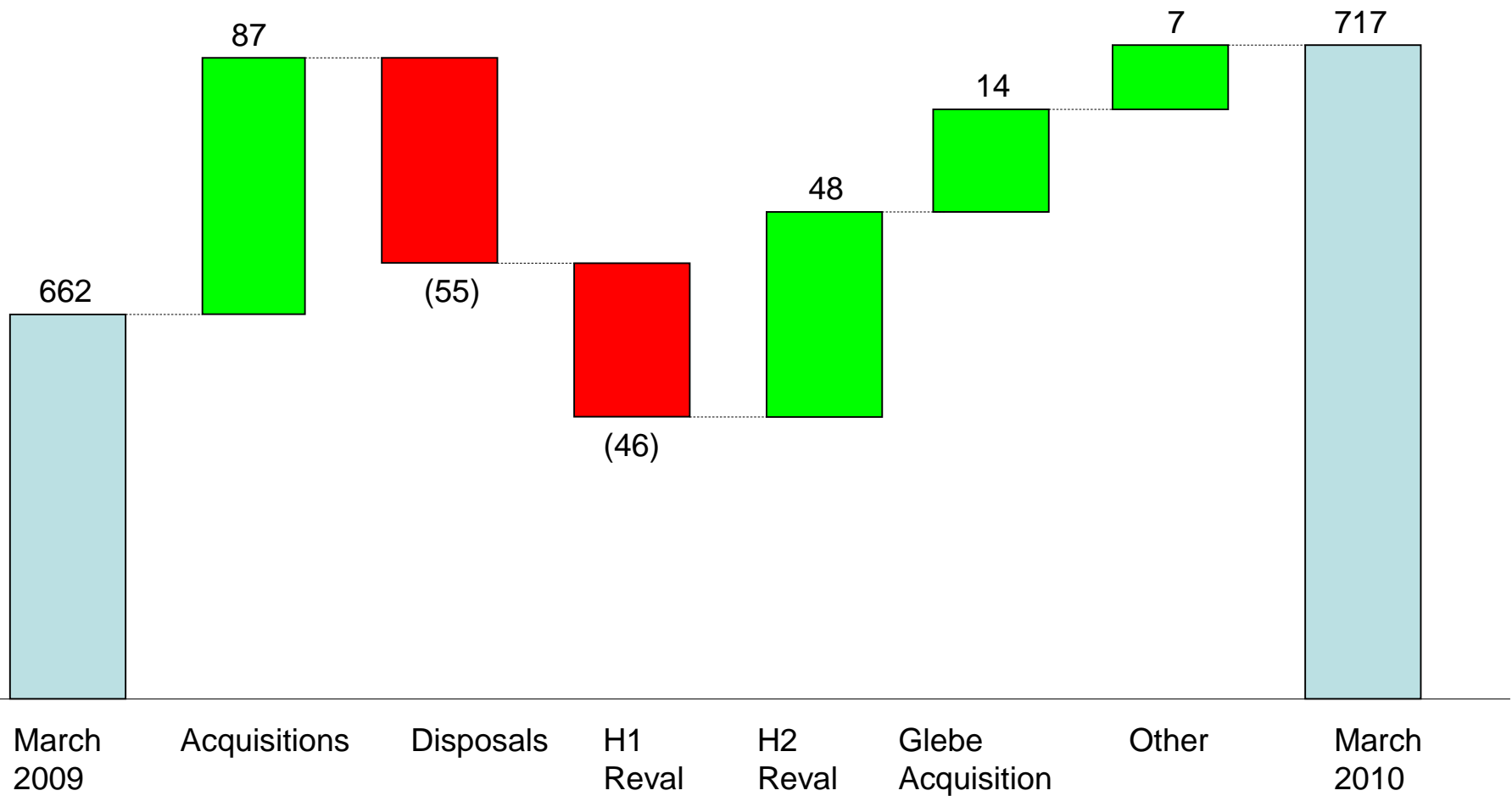


£m	March 2010	September 2009	March 2009
Property Valuation	717	605	662
Borrowings	(383)	(346)	(355)
Hedging	(22)	(22)	(26)
Other Assets/Liabilities	(25)	(29)	(29)
Net Assets	<u>287</u>	<u>208</u>	<u>252</u>
<i>EPRA NAV per share</i>	<i>27p</i>	<i>22p</i>	<i>27p</i>
<i>Loan to Value</i>	<i>53%</i>	<i>57%</i>	<i>54%</i>

# → Property Valuation



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# → Components of Valuation



	Number	Existing Use Valuation	Existing Use Yield	Added Value	Total Value
Like-for-like properties	83	£483m	7.9%	£31m	£514m
Glebe JV Properties	12	£85m	7.3%	£16m	£101m
Refurbished properties	5	£84m	6.9%	£1m	£85m
Held for redevelopment	5	£11m	4.1%	£6m	£17m
	<b>105</b>	<b>£662m</b>	<b>7.7%</b>	<b>£55m</b>	<b>£717m</b>
<i>CBRE Initial Yield</i>					<i>7.1%</i>

# → Bank Facilities & Interest



	<i>Drawn Amount</i>	<i>Term</i>	<i>Margin</i>	
<u>Debt</u>				
RBS	£116m	Nov 2012	2.75%	} 2.2%
GE	£199m	Nov 2012	2%/3%*	
BoS	£68m	Dec 2014	1.25%	
	<u>£383m</u>			
<u>Hedging</u>				
Fixed rate swap -1	£225m	Oct 2012	4.8%	} 3.8%
Fixed rate swap – 2	£50m	June 2013	5.2%	
Floating (3 month LIBOR)	£108m	-		
	<u>£383m</u>			
<b>Interest Rate</b>				<u><b>6.0%</b></u>

\* If not refinanced GE margin increases to 3% from August 2010 with an extension fee payable of 1.7% of the amount extended.

# → Glebe JV Transaction

## Acquired full control of former Glebe JV for £83m

- £15m cash (funded by share placing)
- £68m stapled debt facility (5 year term 1.25% margin over LIBOR)

## Attractive Portfolio

- 1.1m sq. ft of lettable space, 34 acres of freehold land
- £6.1m cash rent roll (occupancy 78%)

## Proceed Sharing Arrangement

- Agreed sharing of proceeds from disposals with lender
- Only applies when cash is realised from disposals

## Transaction Benefits

- Immediately enhancing to EPS and NAV (+1.5p per share)
- Significant asset management and re-development potential



# → Financial Summary



- Dividend maintained
- Resilient cashflow
- Good covenant headroom
- Glebe JV situation resolved
- GE Refinance well progressed



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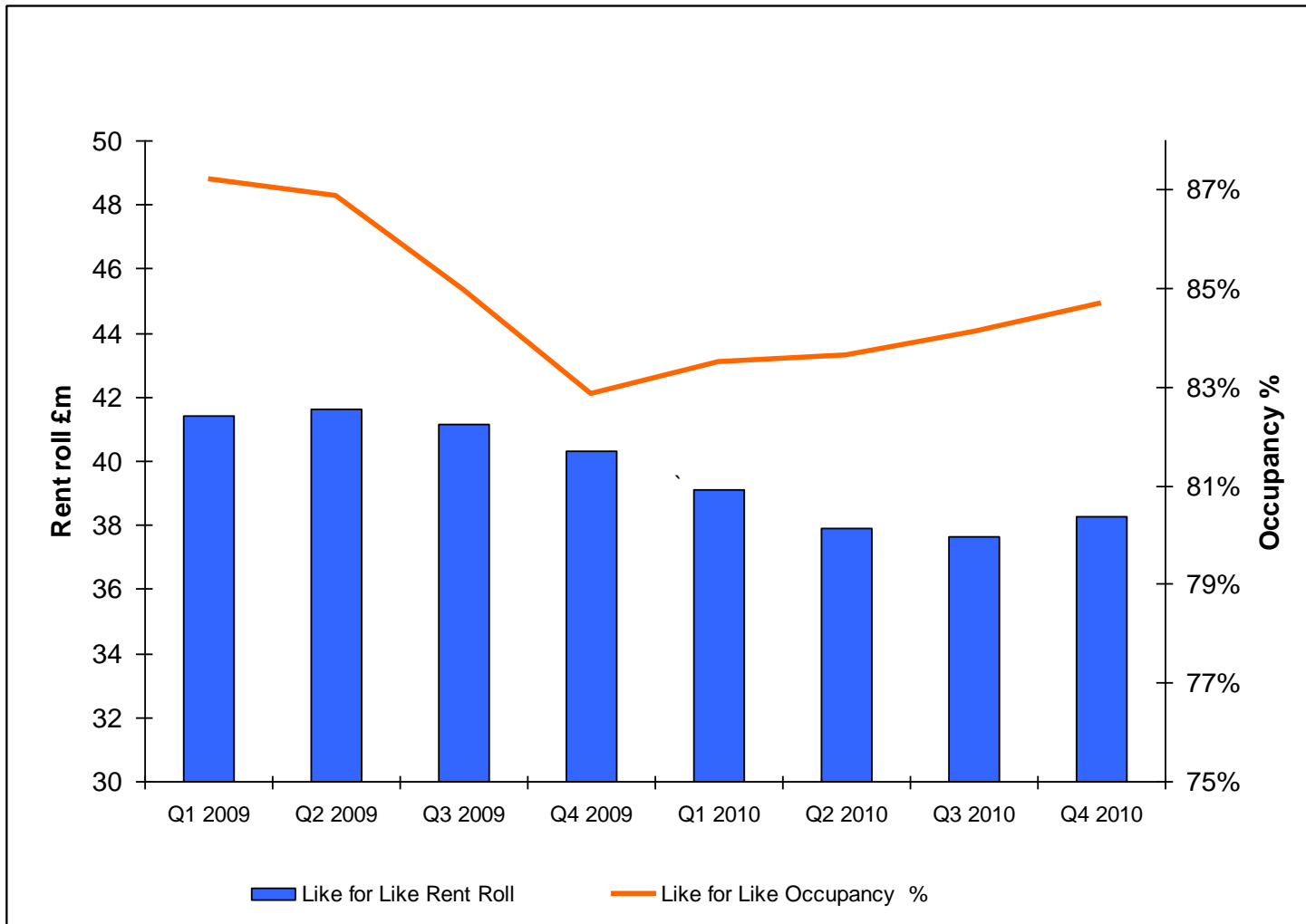
# Looking Forward

Harry Platt

# → Trading



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# → Added Value in the Year

Cash realised in year (£15m)



New value created in the year £12m



Added value on Workspace Glebe properties acquired £16m



# → Added Value: Current Initiatives



## Examples

Pre-Application Phase

- Tower Bridge Business Complex, Marshgate Business Centre, Highway Business Centre

Planning Application Phase

- Baldwin Gardens, Bow Enterprise Park, Poplar Business Centre

Planning Consent Achieved

- Aberdeen Business Centre, Grand Union Centre

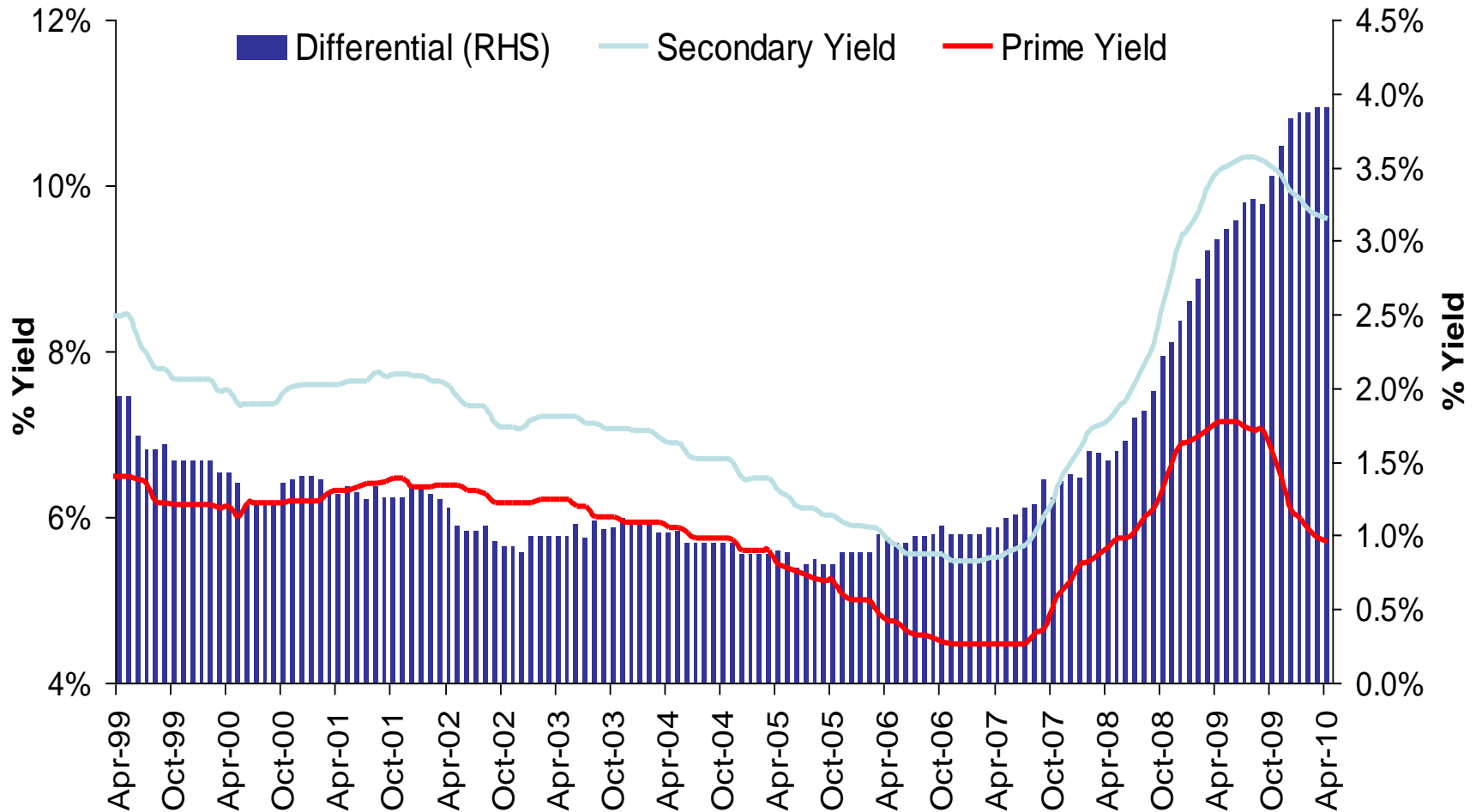
Sales/Development Phase

- Wandsworth, Magenta House, Ewer Street, Surrey/St Ives, Alscot Road

# → Prime vs Secondary All Property Yields



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Source: CBRE Monthly Yields

# → Leveraging the Brand



- Existing Portfolio

Attracting customers

Retaining customers

Achieving premium rents

Achieving alternative use/intensification

- Beyond This

Properties

Customers

Example: [anyspacedirect.co.uk](http://anyspacedirect.co.uk)

**Opening up wider opportunities**

# → Outlook and Priorities



- Further announcement on GE debt
- London and its SMEs
- Growth in earnings and dividends
- Growth in asset values of existing stock
- New opportunities