

INVESTOR AND ANALYST
PRESENTATION
12 NOVEMBER 2013

WORKSPACE INTERIM RESULTS MOMENTUM MAINTAINED



WORKSPACE®



AGENDA

WORKSPACE

Jamie Hopkins

Chief Executive Officer

PERFORMANCE

Graham Clemett

Chief Financial Officer

DIRECTION

Jamie Hopkins

Chief Executive Officer

QUESTIONS



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

INCOME GROWTH

CAPITAL GROWTH



WORKSPACE RESULTS

Six Months

	Sept 2013	March 2013	Change
Rent Roll (lfl)	£45.9m	£44.2m	↑ +4%
Rent per sq. ft. (lfl)	£14.37	£14.00	↑ +3%
Occupancy (lfl)	90.9%	89.9%	Up 1.0%
Property Valuation	£921m	£830m	↑ +12%*
EPRA NAV (per share)	£4.04	£3.48	↑ +16%

Year on Year

	Sept 2013	Sept 2012	Change
Trading Profit after Interest**	£9.7m	£8.8m	↑ +10%
Interim Dividend (per share)	3.54p	3.22p	↑ +10%

Note

* Underlying increase

** Excluding exceptional interest costs and other income/(expenses)



PERFORMANCE HIGHLIGHTS

Income Statement

	Sept 2013	Sept 2012	Change
Total Profit before Tax	£100.8m	£24.6m	↑ x4
Net Rental income	£24.4m	£23.2m	↑ +5%
Trading Profit After Interest**	£9.7m	£8.8m	↑ +10%
Adjusted EPRA Earnings Per Share**	6.6p	5.9p	↑ +12%
Interim Dividend (per share)	3.54p	3.22p	↑ +10%

Balance Sheet

	Sept 2013	March 2013	Change
Portfolio Valuation	£921m	£830m	↑ +12%*
EPRA NAV (per share)	£4.04	£3.48	↑ +16%
Loan to Value	35%	40%	Down 5%
Debt Maturity Profile	7.3 years	2.9 years	Up 4.4 yrs

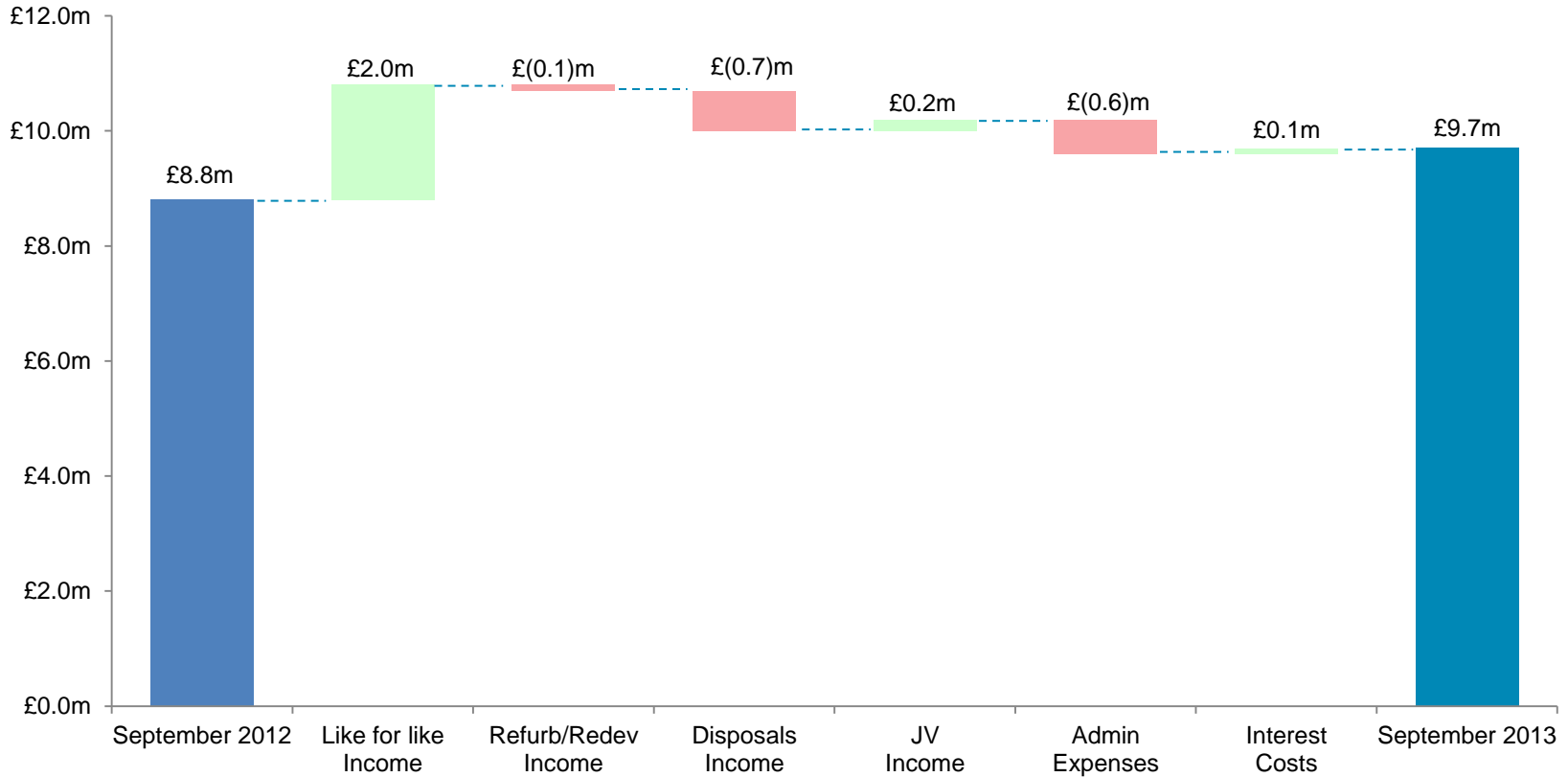
* Underlying increase

** Excluding exceptional interest costs and other income/(expenses)



PERFORMANCE

TRADING PROFIT AFTER INTEREST





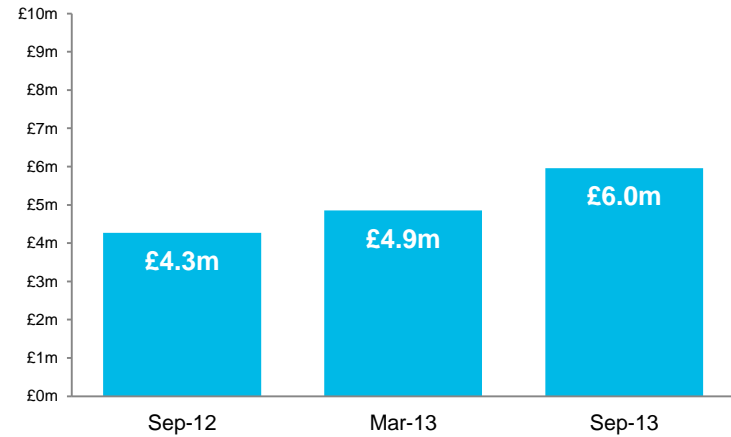
PERFORMANCE

RENT ROLL GROWTH

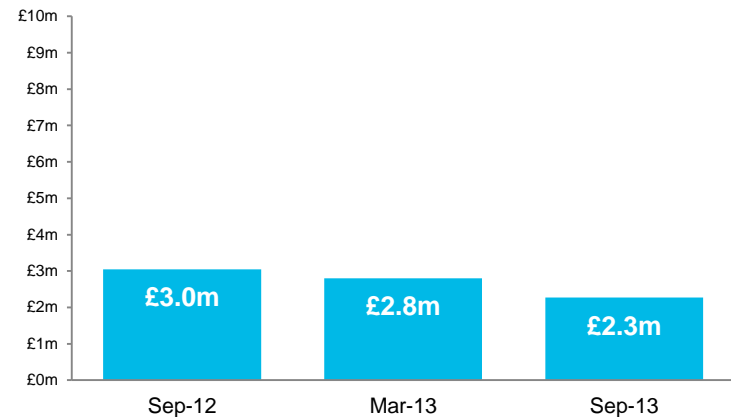
LIKE-FOR-LIKE



REFURBISHMENTS

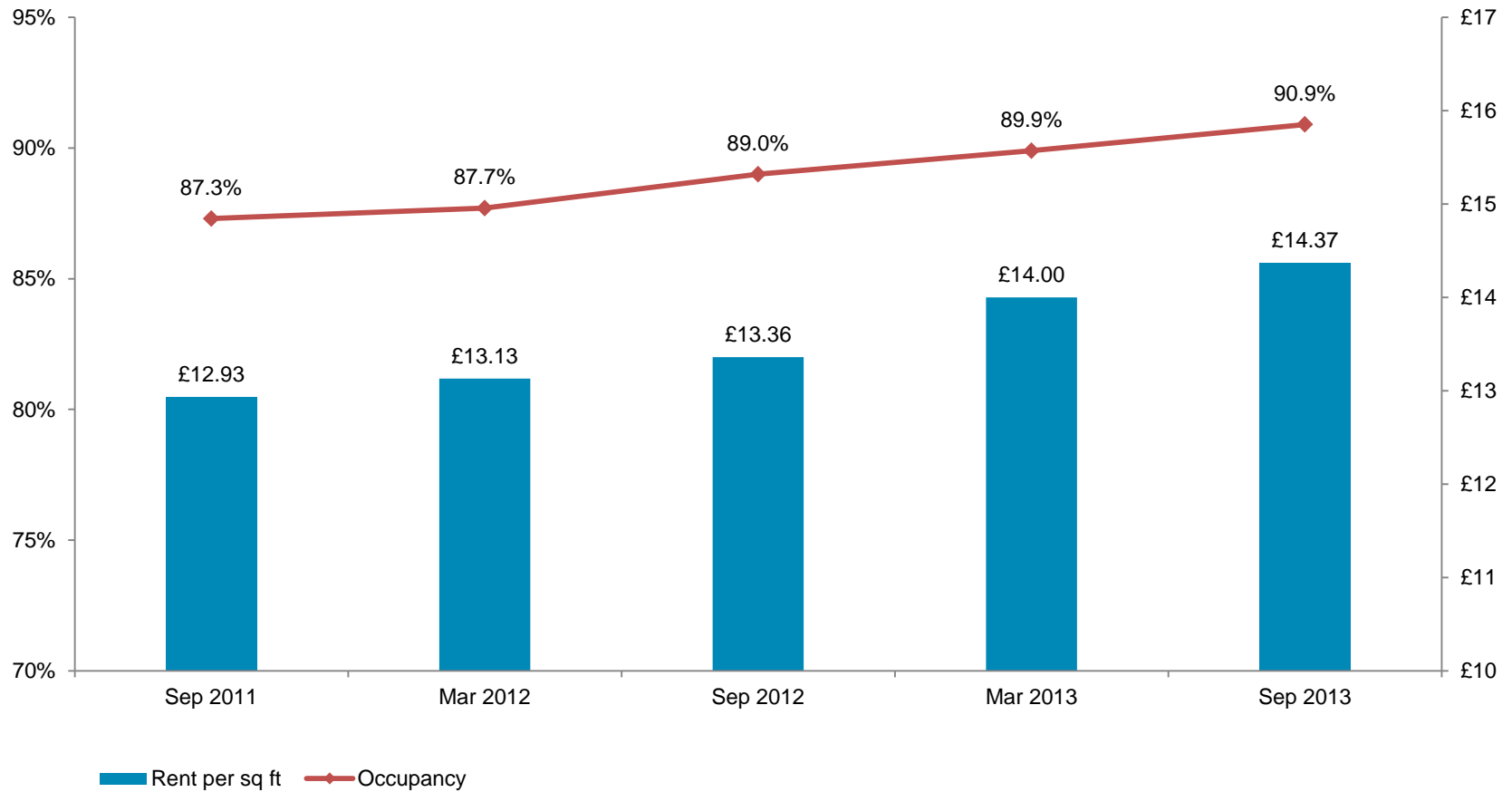


REDEVELOPMENTS





PERFORMANCE LIKE-FOR-LIKE TRENDS





PERFORMANCE REFURBISHMENT PROJECTS

	Projects	Current Rent Roll	Future Capex	Upgraded Space	New Space	Potential Future Rent
Completed	6	£2.8m*	£0m	91,000	69,000	£4.0m
Construction	2	£0.9m	£11m	82,000	62,000	£3.7m
Design Stage	6	£1.5m**	£54m	30,000	180,000	£6.0m

+£8.5m

Note

* Excludes £2.3m of rent not impacted by refurbishment

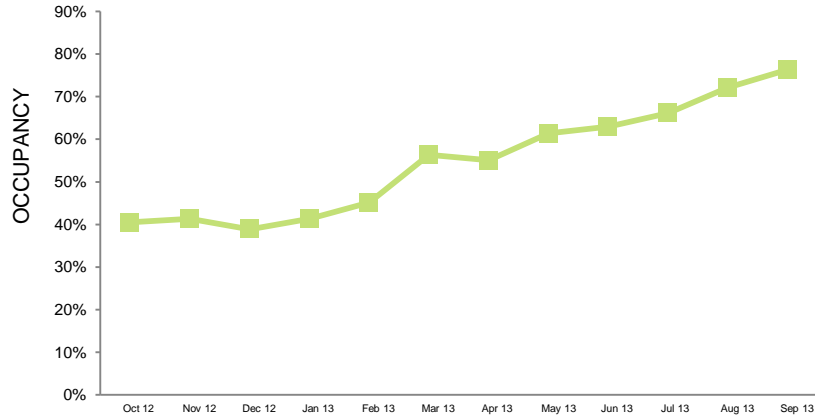
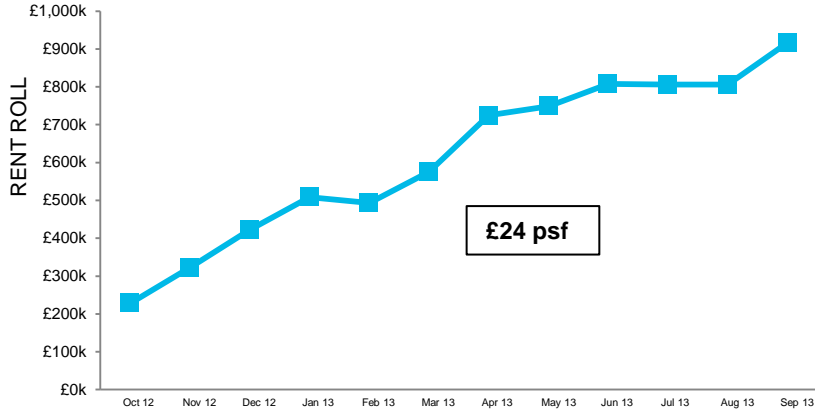
** Currently reported in like-for-like category

Additional detail set out in Appendix I

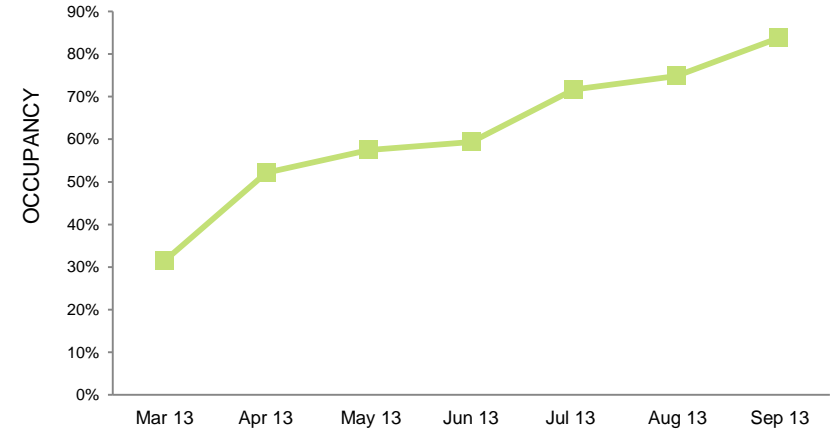
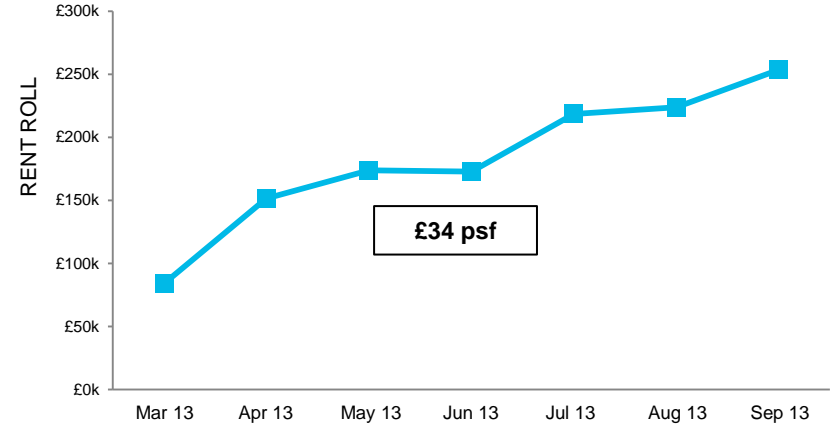


PERFORMANCE COMPLETED REFURBISHMENTS

CANALOT STUDIOS



CHESTER HOUSE





PERFORMANCE REDEVELOPMENT PROJECTS

	Schemes	Current Value	Current Rent Roll	Residential Units	Business Space	Potential Future Rent	Other
Underway	5	£122m	£1.4m	1,493	231,000	£4.6m	£73m cash + overage
With Planning	3			830	163,000		
Planning Stage	4			702	90,000		

Note

Additional detail set out in Appendix II

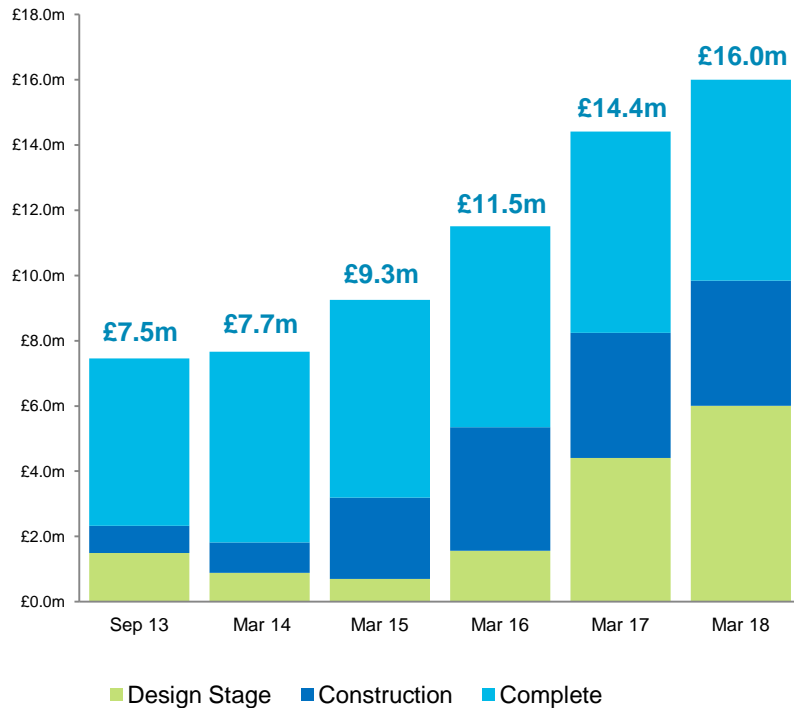


PERFORMANCE

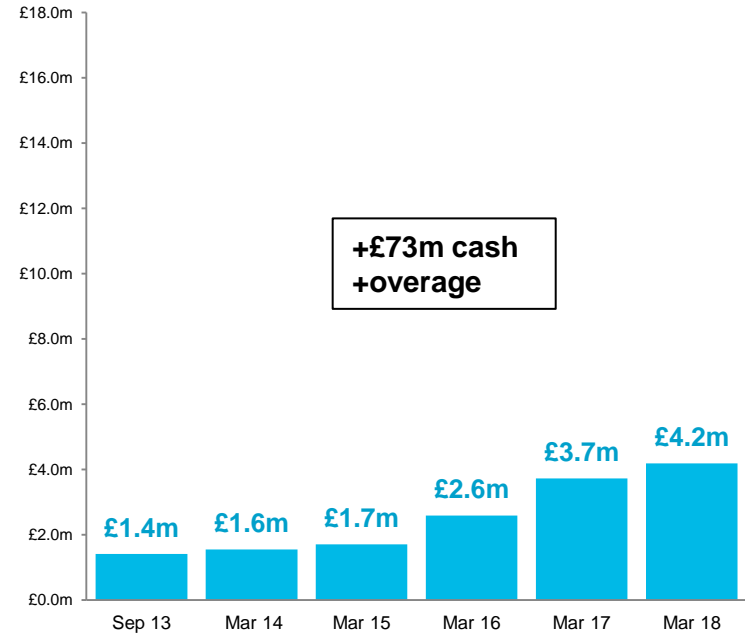
REFURBISHMENT & REDEVELOPMENT

RENT ROLL ESTIMATES

REFURBISHMENTS



REDEVELOPMENTS UNDERWAY





PERFORMANCE CASH FLOW

		£m
Trading		
Net cash from operations	11	1
Dividends paid	(10)	
Investment		
Capital Expenditure	(14)	7
Disposals/Capital Receipts	21	
Financing		
Cancellation of hedging contracts	(9)	
Release of secured bank facility funds	7	(5)
Refinancing costs	(3)	
Net movement in six months		3
Net Debt at March 2013		(327)
Net Debt at September 2013		(324)



PERFORMANCE BALANCE SHEET

	Sept 2013	March 2013
Investment Property Valuation	£921m	£830m
Investment in Joint Ventures	£22m	£21m
Net Debt	(£324m)	(£327m)
Glebe Proceeds Share	(£7m)	£0m
Other	(£23m)	(£24m)
Net Assets	£589m	£500m
EPRA NAV per Share	£4.04	£3.48
Loan to Value	35%	40%
Facility Headroom	£86m	£55m



PERFORMANCE PROPERTY VALUATION

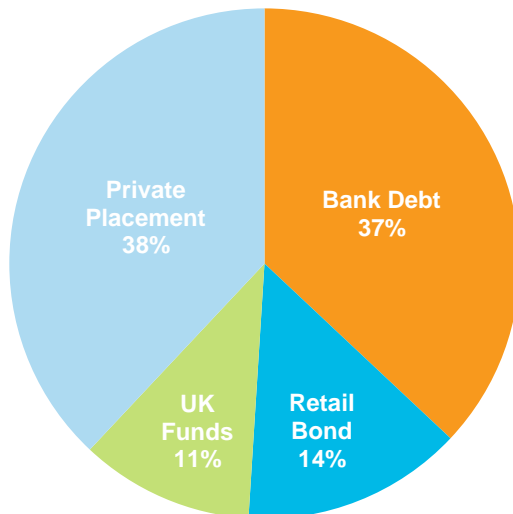




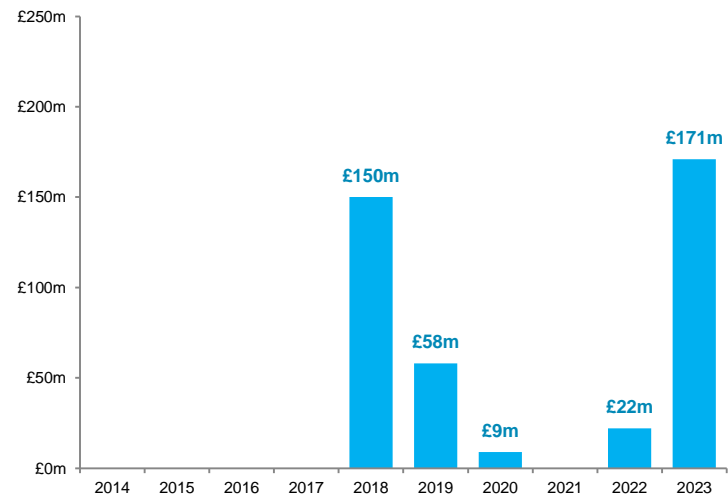
PERFORMANCE DEBT ANALYSIS

	Sept 2013	March 2013
Net Debt	£324m	£327m
Total Facilities	£410m	£383m
Secured Facilities	0%	85%
Average Borrowing Cost	5.3%	5.0%

FACILITIES BY TYPE



MATURITY PROFILE





PERFORMANCE

GLEBE PROCEEDS SHARE

- Portfolio acquired in December 2009 for £15m cash (plus £68m of stapled debt)
- Portfolio now valued at £199m, plus £12m cash received from disposals
- Workspace retains all rental income (currently £7m pa)
- Proceeds share in place with former lenders, no time limits
- Net cash proceeds from any disposals to be allocated as follows:

Net Proceeds	Workspace	Former lenders
Up to £92m	100% (£92m)	0% (£0m)
£92m to £170m	50% (£39m)	50% (£39m)
£170m to £200m	70% (£21m)	30% (£9m)
Over £200m	100%	0%

- Maximum proceeds share to former lenders £48m (£39m + £9m)



PERFORMANCE

GLEBE PROCEEDS SHARE

£m	Sept 2013	March 2013
Glebe Portfolio Value (including disposal proceeds)	£211m	£164m
Comprising:		
Investment Properties, no plans to sell	£99m	£81m
Properties with residential sales potential/sold	£112m	£83m
	↓	↓
Net proceeds after estimated sales costs	£106m	£79m
Proceeds Share:		
Workspace	£99m	£79m
Former lenders	£7m	£0m

→ Provision of £7m for Glebe Proceeds Share at 30 September 2013



DIRECTION CAPITAL GROWTH

At 30 September 2013	Core	Refurbishment	Redevelopment	Other	Total
Number of properties	48	8	9	18	83
Valuation	£557m	£125m	£188m	£51m	£921m
Revaluation surplus in six months	£38m	£4m	£52m	£2m	£96m
Net Initial Yield	7.1%				
Rent per sq. ft.	£14.86				
Capital Value per sq. ft.	£182				

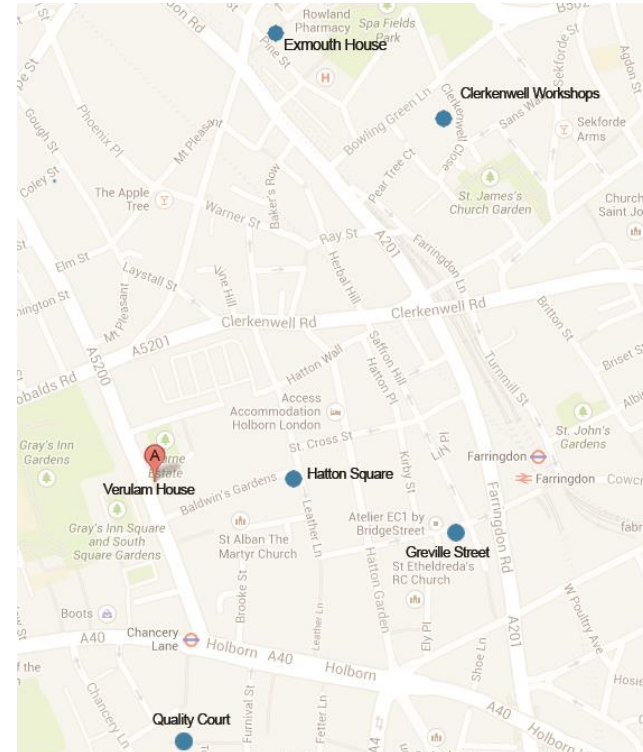
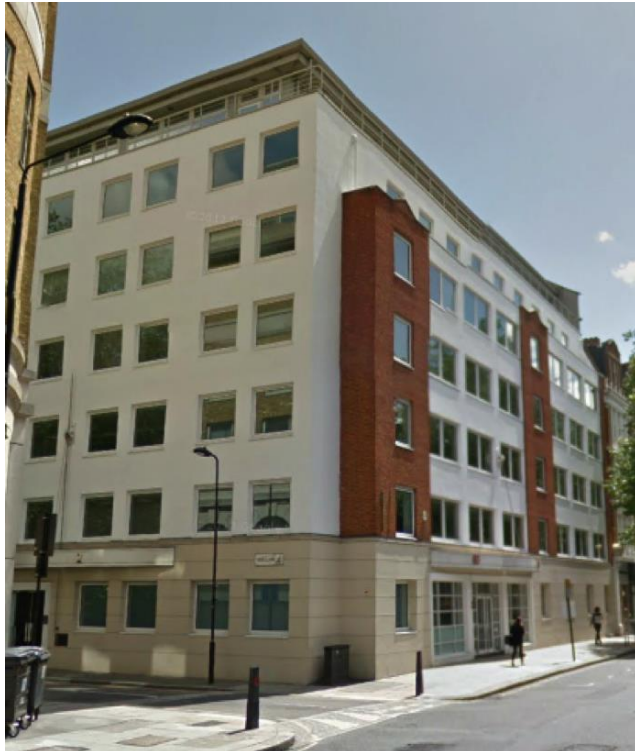
Disposals in Period

Number of properties		1	3	4
Proceeds		£12m	£8m	£20m



DIRECTION ACQUISITIONS

VERULAM HOUSE, GRAYS INN ROAD, WC1





DIRECTION ACQUISITIONS

VERULAM HOUSE, GRAYS INN ROAD, WC1

RATIONALE

- Core midtown location: [Crossrail](#)
- Good strategic fit: [cluster efficiencies](#)
- Strong customer demand: [in-house data](#)
- Optimal floor configuration: [unit sizing](#)
- Operational benefits: [Hatton de-cant](#)
- Large surface car park: [future opportunities](#)
- Under-managed and under-rented



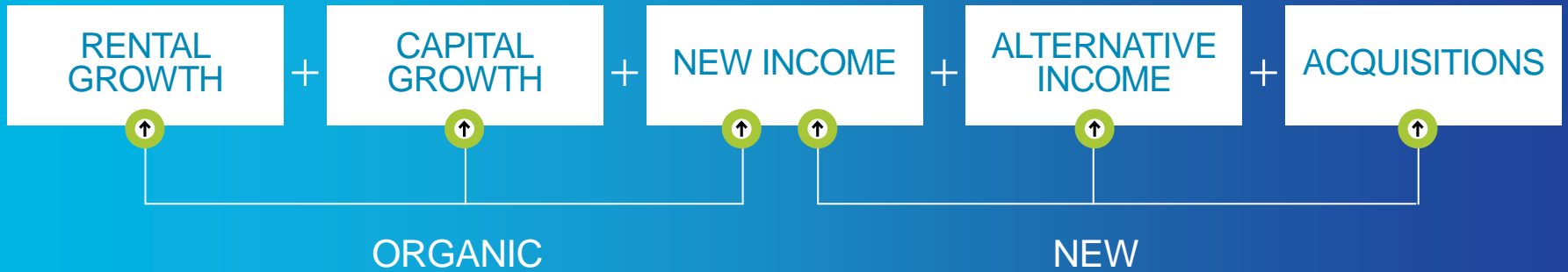
FINANCIALS

- £18.1m
- £433 per sq. ft. capital value
- Minimal day one expenditure
- Fully occupied by 7 customers
- Average rent currently £26 per sq. ft.



DIRECTION POSITIONED FOR GROWTH

INTENSIVE
MANAGEMENT
AND DIRECT
MARKETING





DIRECTION



SCAN THE CODE BELOW TO WATCH OUR
INVESTOR AND ANALYST PRESENTATION VIDEO:

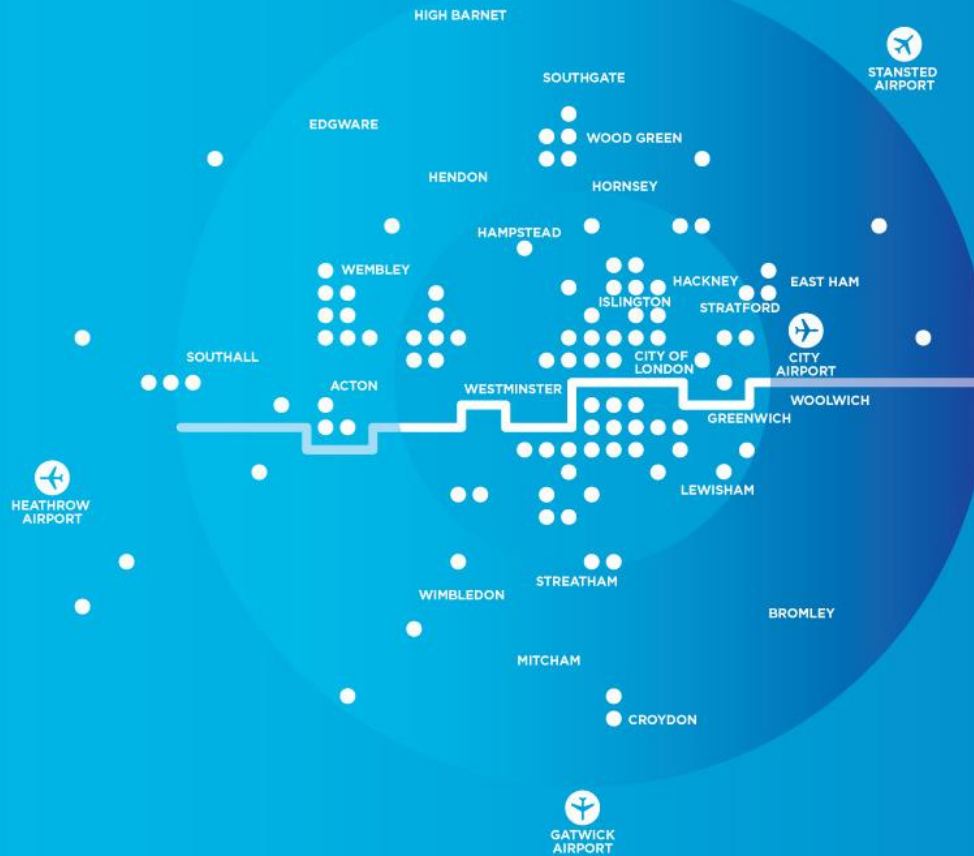


OR VISIT:

[INVESTORS.WORKSPACE.CO.UK/ABOUT-US/MEDIA-CENTRE/ANALYST-PRESENTATIONS/](https://investors.workspace.co.uk/about-us/media-centre/analyst-presentations/)



Q&A





APPENDIX I

REFURBISHMENT PROJECTS

Project Stage	September 2013 Valuation	Expected Cost	Cost to Complete	Completion	Upgraded area (Expected)	New space (Expected)	Project ERV (Average)	Updated ERV (Average)	Expected rent at 90% occupancy
Completed/Letting									
Canalot Studios				Sept 2012	32,702	16,268	£24	£27	£1.2m
Whitechapel				Oct 2012	-	6,532	£21	£22	£0.1m
Chester House (phase 2)				March 2013	-	8,903	£30	£34	£0.3m
Leyton I (phase 1)				April 2013	-	26,600	£12	£12	£0.3m
Westminster (phase 1)				August 2013	5,599	4,464	£28	£28	£0.3m
Exmouth House				August 2013	52,896	5,936	£28	£34	£1.8m
Space not impacted by refurbishment				-	-	-	-	-	£2.3m
	£87m				91,197	68,703			£6.3m
Construction									
Metal Box Factory		£15m	£9m	H1 2014	82,000	20,000	£28	£30	£2.8m
The Pill Box		£9m	£2m	H1 2014	-	42,000	£22	£24	£0.9m
	£38m	£24m	£11m		82,000	62,000			£3.7m
Design (with planning)									
Bounds Green		£1m		2014	-	14,000	£11		£0.2m
Leyton (phase 2)		£2m		2014	-	21,000	£12		£0.2m
Baldwins Gardens		£21m		2015	-	64,000	£40		£2.3m
Barley Mow Centre		£7m		2015	-	20,000	£30		£0.5m
Linton House		£7m		2015	30,000	16,000	£37		£1.6m
Westminster (phase 2)		£16m		2015	-	45,000	£30		£1.2m
		£54m			30,000	180,000			£6.0m



APPENDIX II

REDEVELOPMENT PROJECTS

Project Stage	Development partner	September 2013 Valuation	Expected completion	Residential units No.	Commercial space		Other proceeds	
					Area	Rent*	Cash	Overage
Underway								
The Filaments (phase 1)	Mount Anvil		H2 2014	209	53,000	£1.0m	n/a	✓
Screenworks	Taylor Wimpey		H1 2014	72	61,000	£1.4m	£4.8m	✓
Grand Union	Taylor Wimpey		H2 2015	145	60,000	£1.2m	£5.9m	✓
Bow (phase 1)	Peabody		H2 2015	267	10,000	£0.2m	£11.5m	✓
The Biscuit Factory	Grosvenor		2017	800	47,000	£0.8m	£51.0m	✓
		£122m		1,493	231,000	£4.6m	£73.2m	
With Planning								
Faircharm			2015-2016	148	52,000			
Bow (phase 2)			2016	290	41,000			
Poplar			2017	392	70,000			
				830	163,000			
At Planning Stage (Indicative scaling)								
Marshgate				300	8,000			
The Filaments (phase 2)				72	15,000			
Rainbow				200	34,000			
Highway				130	33,000			
				702	90,000			

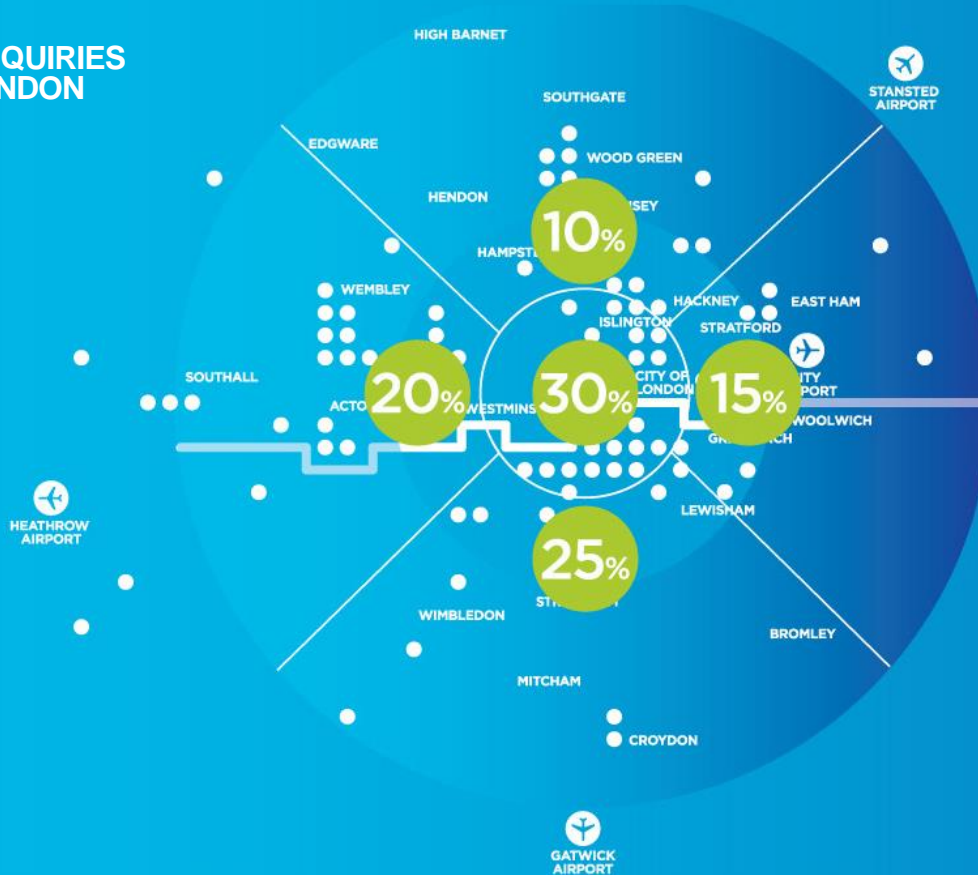
* Expected Rent at 90% occupancy



APPENDIX III

UNDERSTANDING CUSTOMERS

SPLIT OF ENQUIRIES ACROSS LONDON





APPENDIX IV

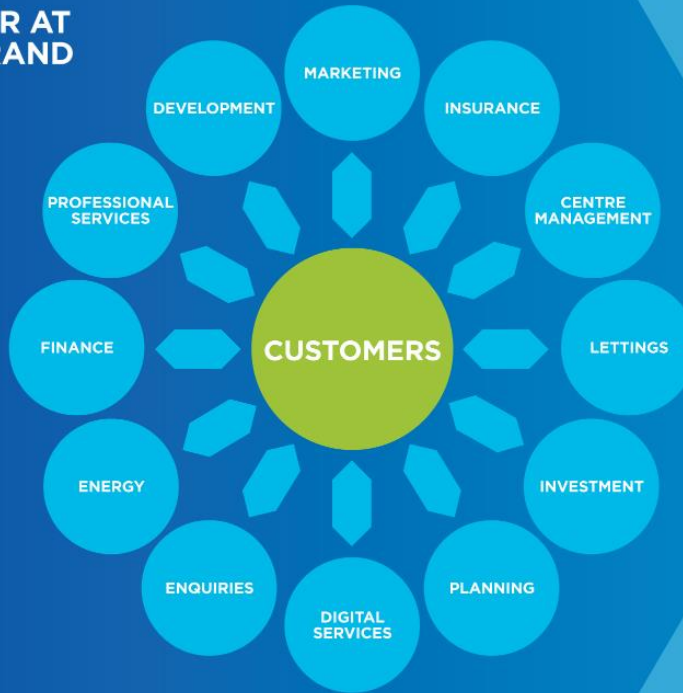
UNDERSTANDING CUSTOMERS

PUTTING OUR CUSTOMER AT THE CENTRE OF OUR BRAND



Workspace Group

Flexible, affordable workspace to let throughout London



WORKSPACE®

Enabling businesses to grow faster



APPENDIX V

UNDERSTANDING OUR CUSTOMERS

MARKETING STRATEGIES

BILLBOARDS & SIGNAGE

10,000 SQ. FT. ACROSS LONDON

LOCAL

MAIL & E-SHOTS
RETAIL & LEISURE LINKS
TRANSPORT HUBS

WEBSITE

467,000 VISITS
HEAT MAPPING
SEARCH ENGINE OPTIMISATION
PPC (PAY PER CLICK) EFFICIENCY
TRACKING AND FOLLOW UP
SOCIAL MEDIA STRATEGY

TELEPHONE

14,000 CALLS

EVENTS

75 CUSTOMER EVENTS
3,000 ATTENDEES

REFERRALS & RECOMMENDATIONS

82% CUSTOMER
SATISFACTION

PR AND MEDIA COVERAGE

RESULT

INCREASED INCOME

DATA AND KNOWLEDGE

INTIMATE
UNDERSTANDING



DISCLAIMER

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