



Workspace Group

Results for the Half Year 30 September 2010



→ Agenda



Introduction

Harry Platt

Financial Performance

Graham Clemett

Outlook

Harry Platt

→ Background and Priorities



London's Economy and its SMEs

Workspace's Priorities:

1. To increase occupancy and rental income
2. To drive value from the existing portfolio
3. To churn the asset base
4. To exploit our brand more fully

Active across the Portfolio

→ Business Overview



Trading Activity

- Good demand for space
- 4th consecutive quarter of (L4L) occupancy growth
- Pricing stable
- GE debt refinanced

Portfolio Activity

- Valuation robust and recovering; driven by our efforts
- Good progress in achieving planning consents
- £22m of completed/contracted disposals at a surplus to valuation
- Wide range of redevelopment opportunities

→ Results Highlights



	September 2010	September 2009	Change
Like-for-like occupancy	85.6%	82.7%	up 2.9%
Like-for-like cash rent roll	£39.7m	£38.9m	+ 2.0%
Overall occupancy	83.2%	81.9%	up 1.3%
Overall rent roll	£51.0m	£46.9m	+ 8.7%
Trading profit after interest	£6.6m	£5.0m	+32%
Property Valuation	£732m	£605m	+21%
EPRA NAV per share	28p	22p	+27%
Interim dividend per share	0.275p	0.25p	+10%

→ Financial Performance



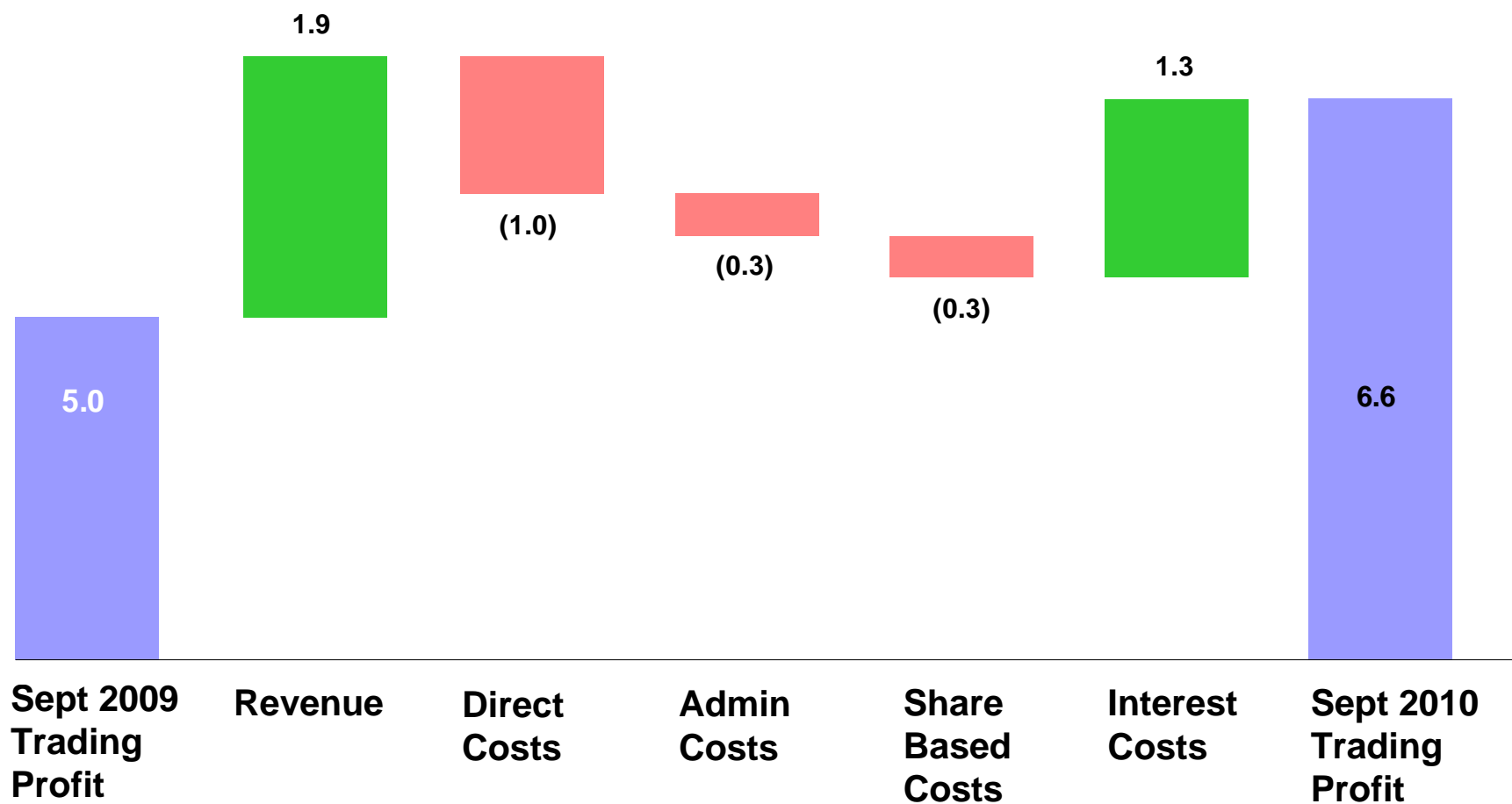
Graham Clemett

→ Financial Highlights

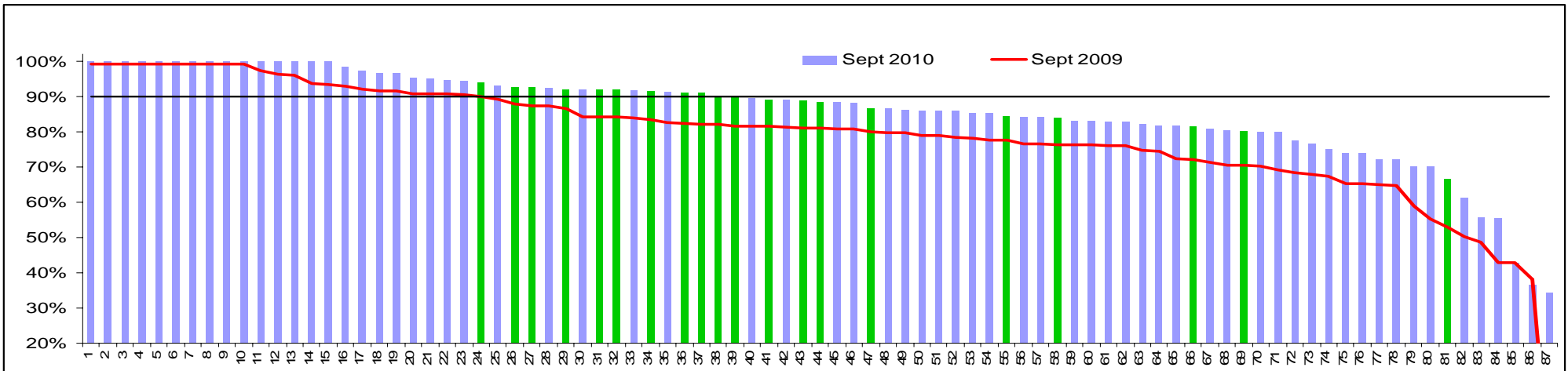


Income Statement (£m)	September 2010	September 2009	Change
Net Rental Income	22.9	22.0	+4%
Trading Profit after Interest	6.6	5.0	+32%
Profit/(Loss) before Tax	18.0	(39.3)	-
Interim Dividend per Share	0.275p	0.25p	+10%
Balance Sheet (£m)	September 2010	March 2010	Change
Valuation	732	717	+2%
Debt	(397)	(383)	-4%
Net Assets	300	287	+5%
EPRA NAV per Share	28p	27p	+4%

→ Trading Profit after Interest



→ Like-for-Like Occupancy

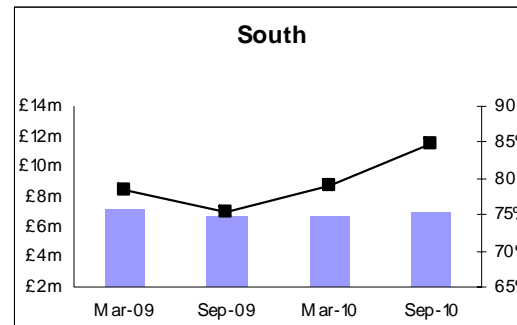
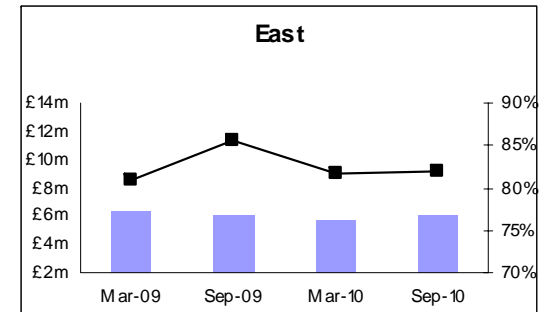
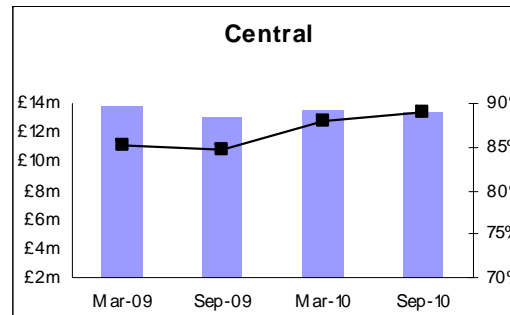
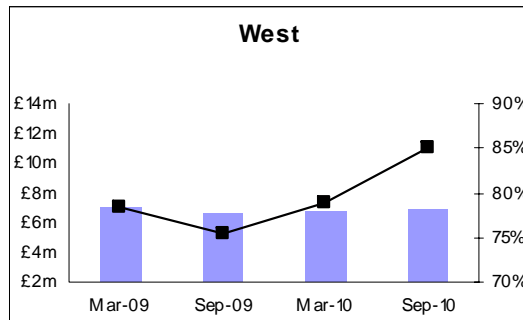
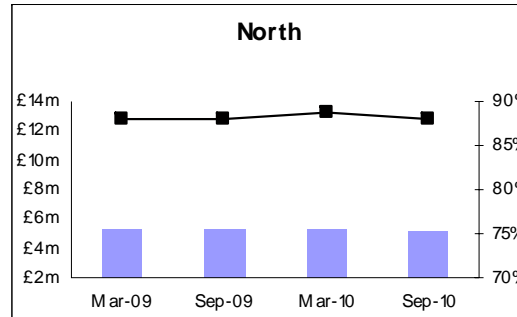


- Like-for-like occupancy up 2.9% over the last year to 85.6%
- Good improvement in occupancy over the last year at majority of properties
- Top 20 estates (by income) highlighted in green
- 39 out of the 87 properties (45%) now have an occupancy of 90% or more

→ Occupancy and Rent Roll Trends



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■ Rent Roll —■ Occupancy

→ Balance Sheet



£m	September 2010	March 2010	September 2009
Property Valuation	732	717	605
Debt	(397)	(383)	(347)
Interest Rate Derivatives	(22)	(23)	(22)
Other	(13)	(24)	(28)
Net Assets	300	287	208
EPRA NAV per share	28p	27p	22p
Gearing (excluding derivatives)	123%	124%	151%

→ Debt Analysis



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**September
2010**

**March
2010**

Net Debt	£397m	£383m
LTV	54%	53%
% Hedged	79%	70%
Average Interest Cost	5.6%	6.7%
Headroom (including restricted cash)	£25m	£36m

	<u>Drawn Amount</u>	<u>Term</u>	<u>Margin (over LIBOR)</u>
RBS	£129m	November 2012	2.75%
Lloyds	£68m	December 2014	1.35%
Bayern Club	£200m	June 2015	2.25%

→ Property Valuation



£m	Value	Existing Use Occupancy	Yield	Added Value	Total Value	ERV
Like-for-like Properties	509	85.6%	7.8%	24	533	48.8
Refurbishment Properties	127	76.4%	7.6%	15	142	12.3
Other Properties	34	78.9%	4.7%	23	57	4.5
Total	670	83.2%	7.6%	62	732	65.6

- No movement in income yield over last 6 months
- Increase in valuation comes from a combination of:
 - rental income growth
 - increase in added value

Harry Platt

→ The Workspace Portfolio



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Westbourne



Clerkenwell



Kennington



Tower Bridge

→ Activity on the Ground



Westbourne Studios (57,000 sq ft)

	September 2010	September 2009
Occupancy	90.0%	80.0%
Rent Roll	£1.35m	£1.25m

- 19 lettings in last 6 months
- 7 new, 3 contractions and 9 expansions

Clerkenwell Workshops (52,000 sq ft)

	September 2010	September 2009
Occupancy	91.3%	88.9%
Rent Roll	£1.63m	£1.40m

- 16 lettings in last 6 months
- 6 new, 4 contractions and 6 expansions

Kennington Park (368,000 sq. ft/ 6.2 acres)

Canterbury Court:

- Occupancy (30 Sept 2010): 89%
- Planning application for 50,000 sq. ft of retail and gym use in basement

Chichester/Chester House:

- Planning application for 12,000 sq. ft of commercial space for small businesses
- Workspace Head Office relocation planned for Q2 2011

Tower Bridge Business Complex (558,000 sq ft /12.6acres)

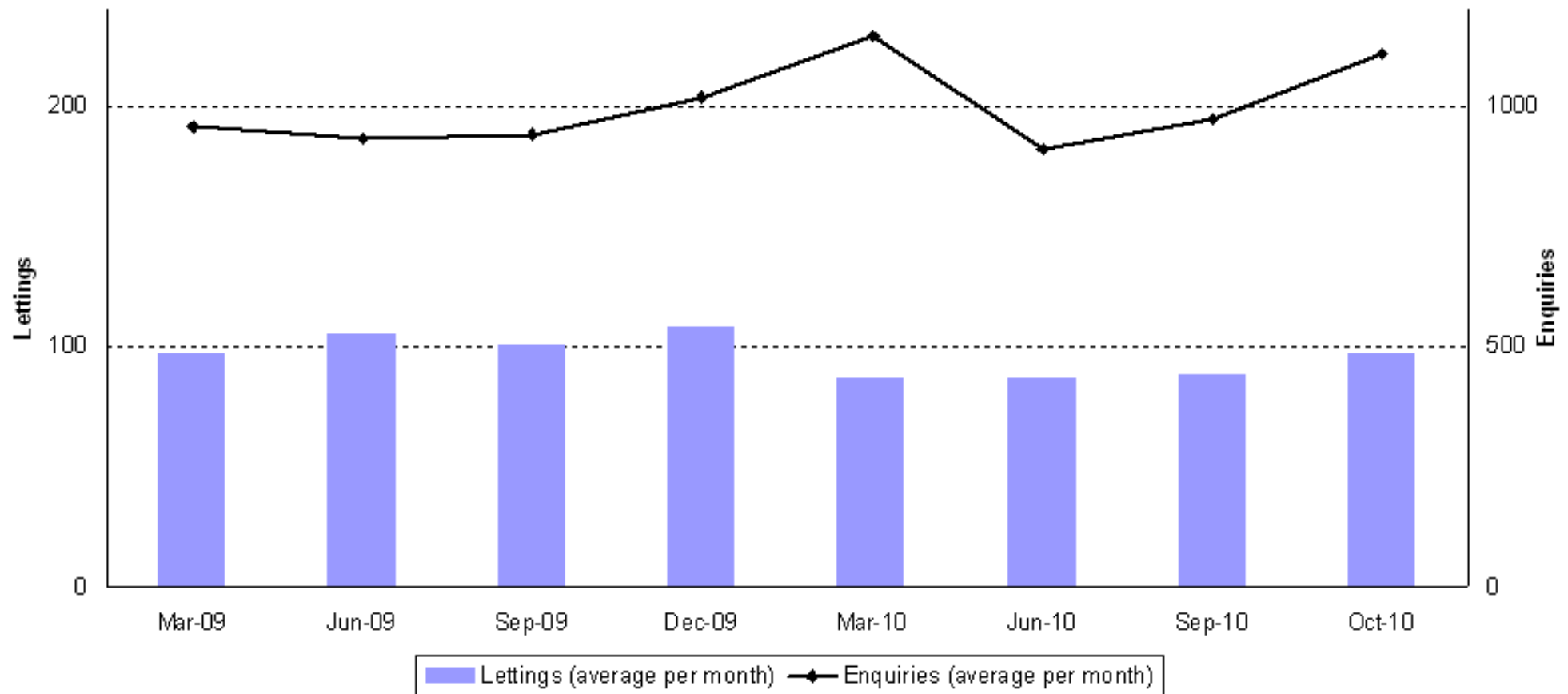
North Section:

- 7 acres proposed for re-designation to residential usage
- Short-term uses on this part of site (Team Spirit; V22)

South Section:

- Centred on the main Biscuit Factory building
- Attracting a broad range of creative customers
- Opening of East London line a positive
- Recent lettings for smaller units at £12-£15 per sq. ft

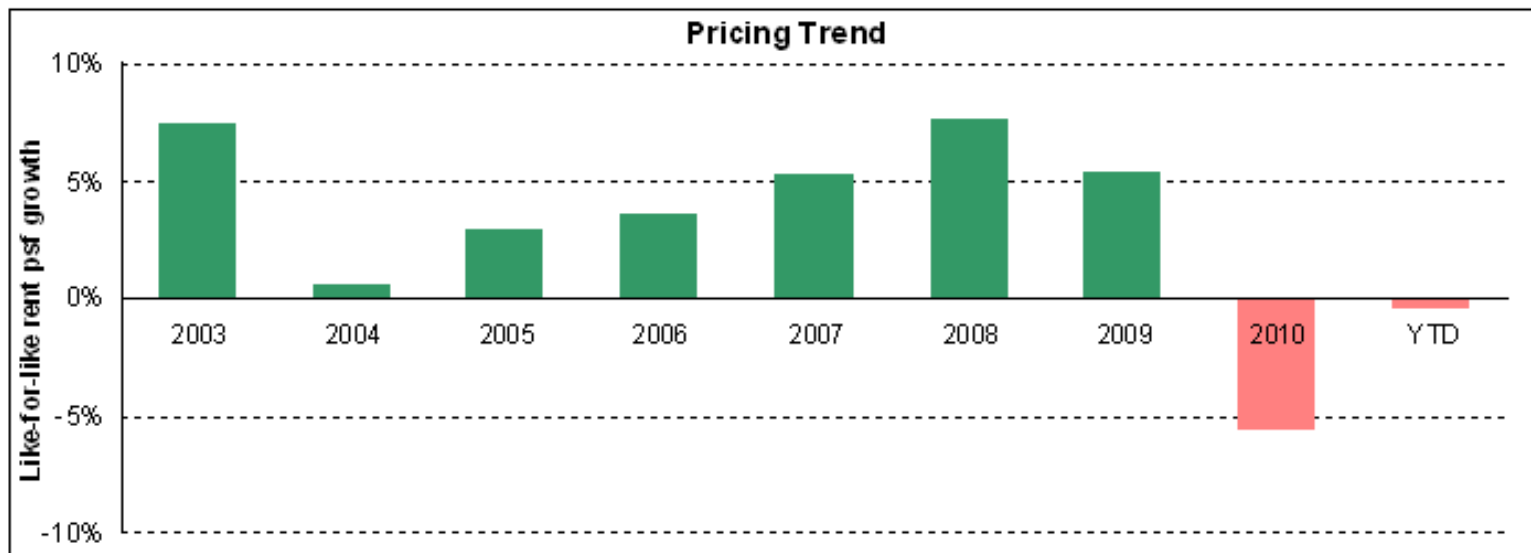
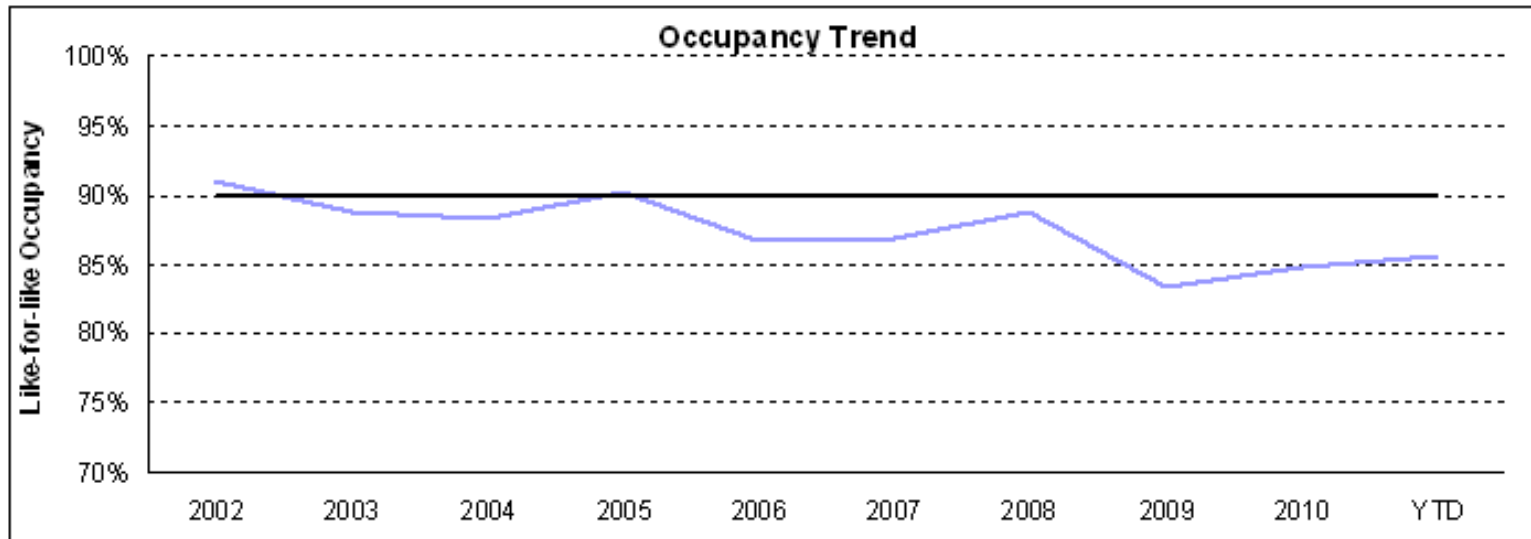
→ Enquiries & Letting Trends



→ Occupancy and Pricing Trends



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→ Redevelopment Pipeline



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Pre-Application Phase

Enterprise Hayes
Faircharm

Marshgate
Tower Bridge

Highway

Planning Application Phase

Bow Enterprise
Greenheath

Poplar

Magenta

Planning Consent Achieved

Aberdeen
Grand Union
Westminster

Exmouth
Baldwin
Westwood

Bounds Green
Leyton
Linton

Sales/Development Phase

Wandsworth
Alscot

Ewer St
Surrey House

Canalot

At Various Stages

Kennington

Great Guildford

→ Branding



Workspace Group

- Workspace Group site
(www.workspacegroup.co.uk)
- Community Interest Sites
(www.westbournestudios.com)
- Work Inspiration
- Anyspace Direct
(www.anyspacedirect.co.uk)
- Touchdown Space



→ Looking Forward



- Our enquiry levels are good
- Occupancy continues to rise
- Redevelopment activity across the portfolio
- Leveraging the brand

We and our customers are part of London's recovery