

HELLO

WORKSPACE

Investor & Analyst Presentation
13 November 2019

WORKSPACE

OPERATIONS

FINANCIALS

OUTLOOK

QUESTIONS

**SUPPLEMENTARY
INFORMATION**

WORKSPACE

London

- 6.1m working population¹
- 25% employment growth over the last 10 years²
- 11% employment growth forecast over next 10 years³

Flexible Space

- Now an established and fast growing sector
- Increasing competition with a wide range of customer offerings
- Some business models under pressure and scrutiny

Our Portfolio

- Well located character properties of scale
- 106 buildings on 60 acres of freehold land
- 100% ownership and control

Our Platform

- Distinctive and recognised offer
- High level of customer demand and activity
- All managed in-house

¹ ONS, June 2019

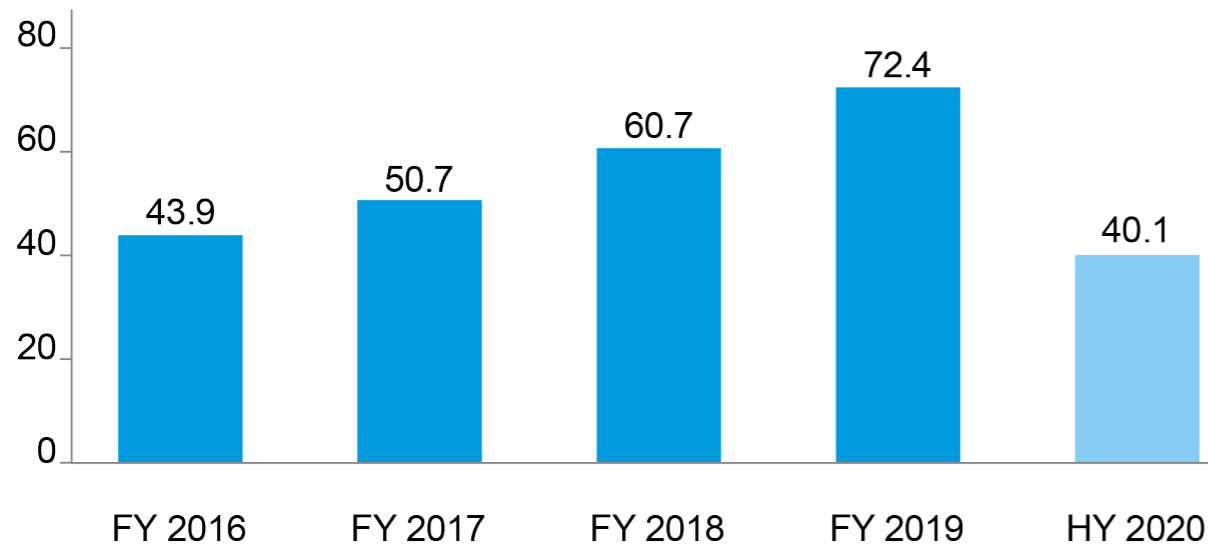
^{2,3} Oxford Economics, April 2019

WORKSPACE

Financial Highlights

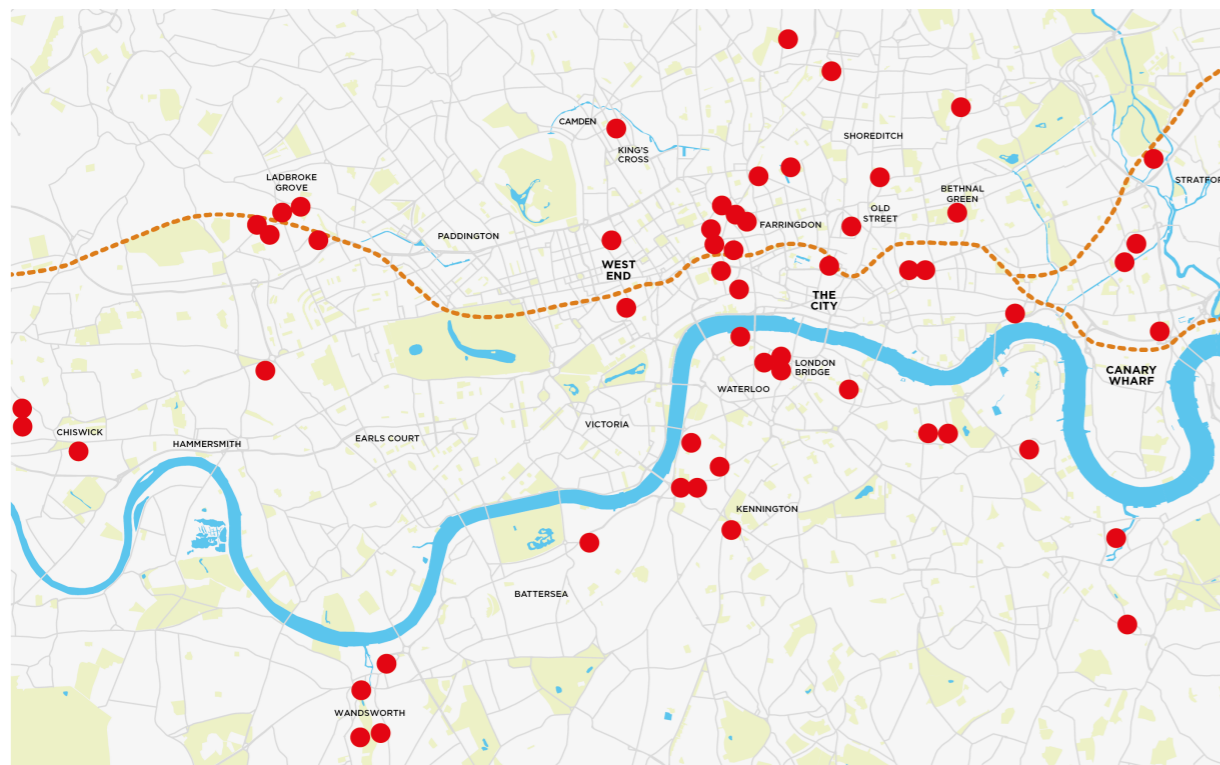


Trading profit after interest (£m)



Strong trading performance*

- Net Rental Income up 11% to £60.1m
- Trading Profit After Interest up 13% to £40.1m
- Interim Dividend per share up 10% to 11.67p



High quality portfolio**

- Property Valuation up 2.2% to £2,682m
- EPRA NAV (per share) up 2.7% to £11.15
- Capital Value per sq. ft. (Ifl) up 2.4% to £670

* vs 6 months to 30 September 2018

** vs 31 March 2019

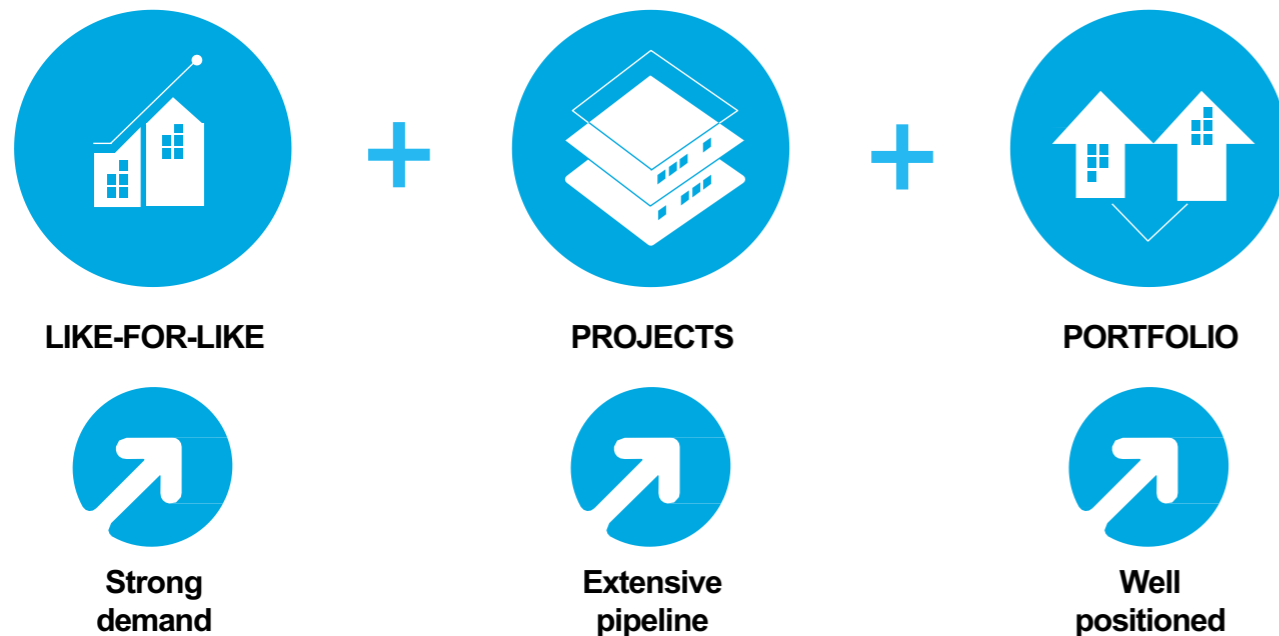
WORKSPACE

Operational and Strategic Highlights



Operating platform driving growth*

- Enquiries per month up 9% to 1,109
- Viewings per month up 22% to 708
- Lettings per month up 38% to 127



Proven strategy

- Like-for-Like Rent Roll up 1.0%** to £94.0m
- 4 refurbishments completed (200,000 sq. ft. of new and upgraded space)
- 3 disposals at a 27% premium to book value

* vs 6 months to 30 September 2018

** vs 31 March 2019

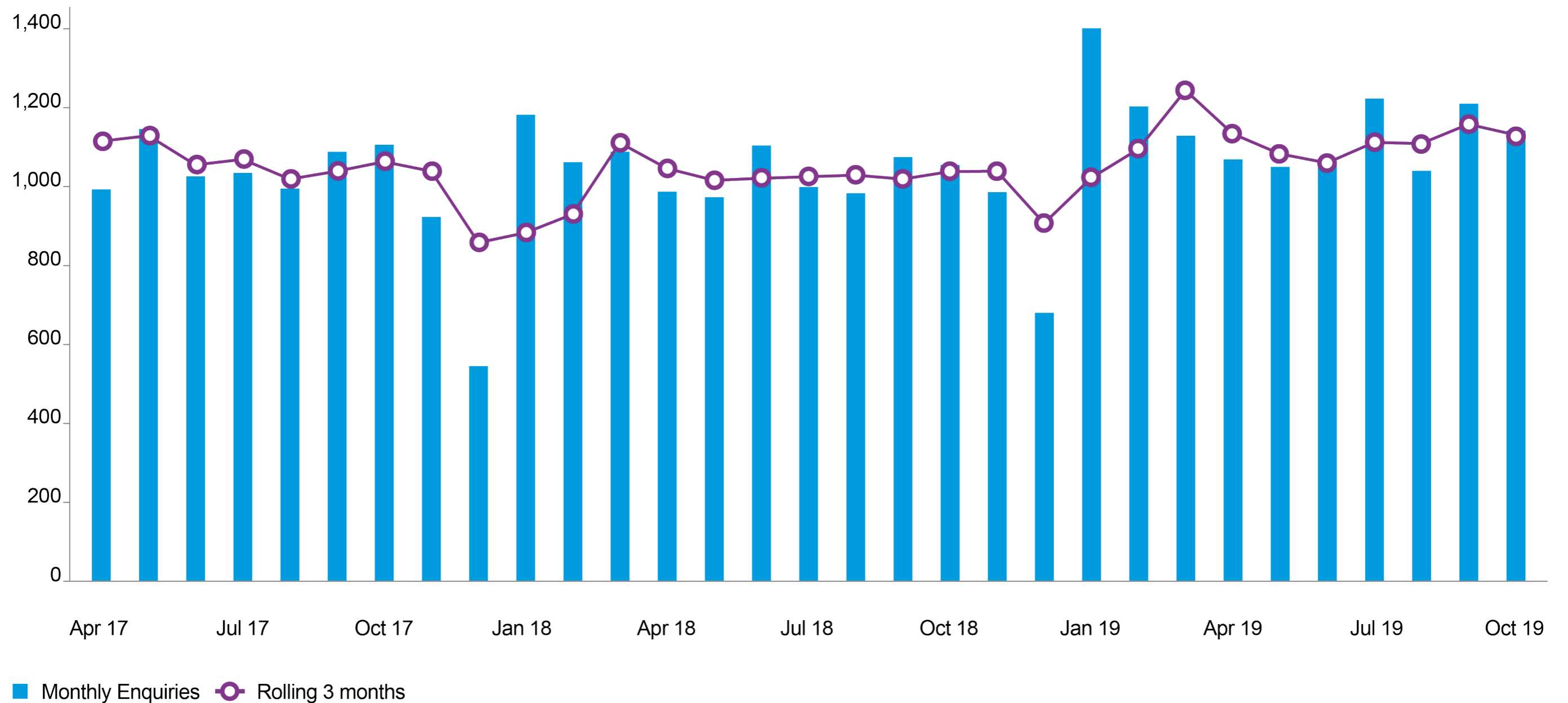
OPERATIONS

OPERATIONS

Strong customer demand



Enquiries



OPERATIONS

High level of activity



Six months to September 2019

452 customers joined

309 internal moves

203 customers left

Six months to March 2019

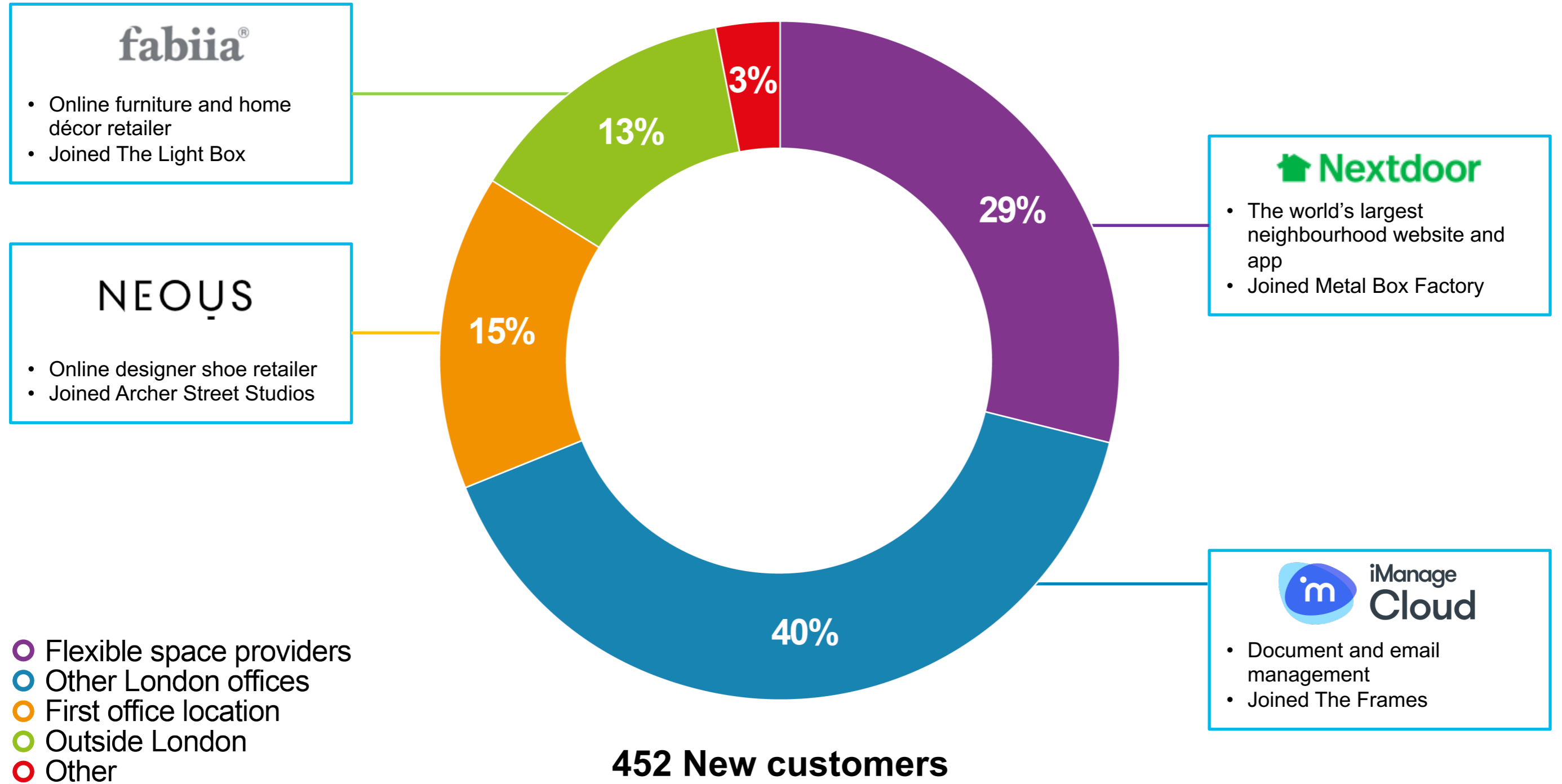
424 customers joined

260 internal moves

247 customers left

OPERATIONS

Customers joining from



Note: Percentages based on rental income

OPERATIONS

Significant internal activity



Moving within same building (234 moves)



- Energy company
- Joined in November 2017
- Expanded within Kennington Park



- Online home decor company
- Joined in September 2014
- Expanded within Goswell Road

Moving to another building (75 moves)



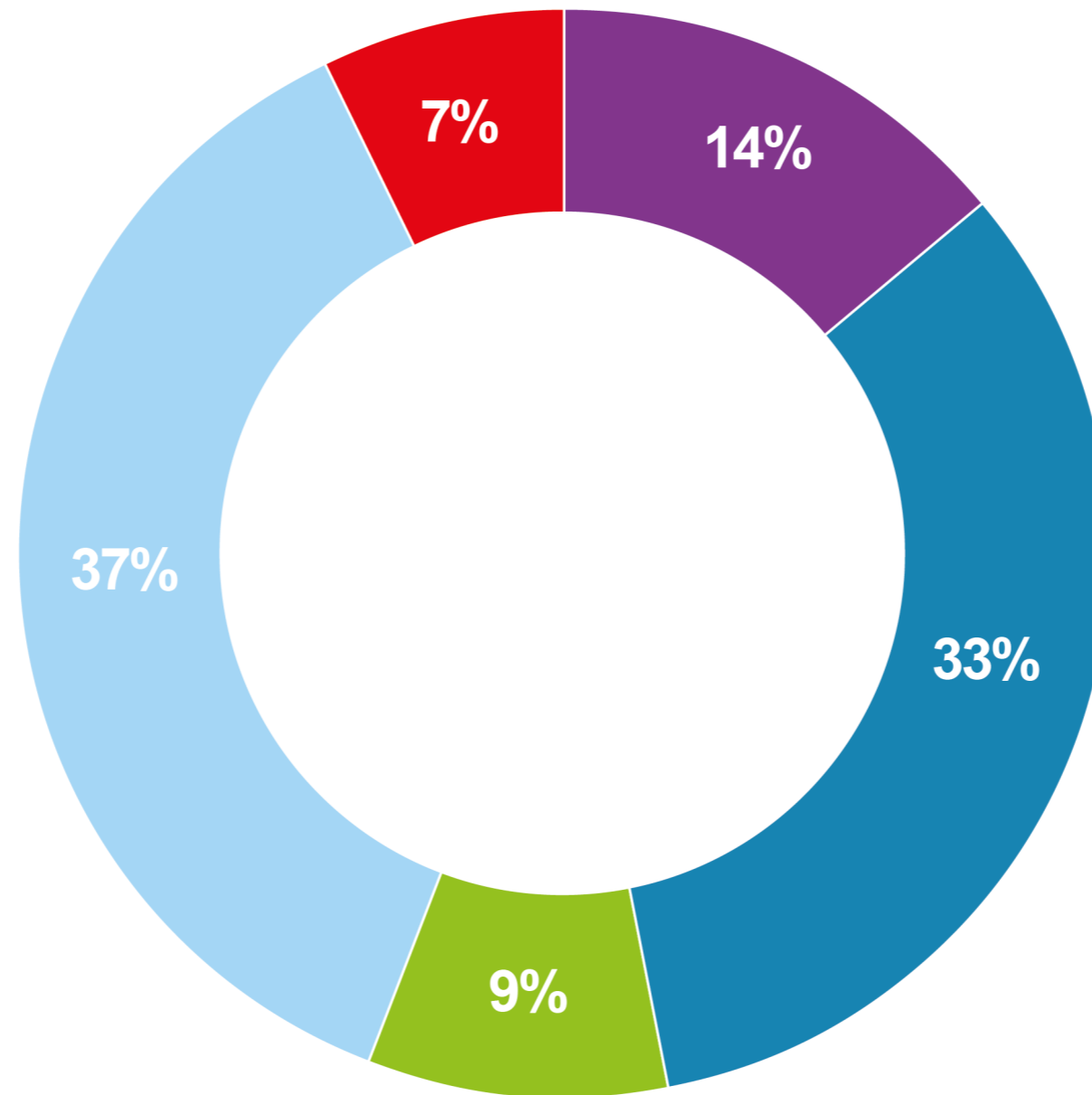
- Digital solutions for sports industry
- Joined in April 2013
- Expanded from Kennington Park to recently launched Edinburgh House



- Consumer communication technology
- Joined in December 2013
- Expanded from Clerkenwell Workshops to Goswell Road

OPERATIONS

Customers leaving to



203 Customers left

- Flexible space providers
- Other London offices
- Outside London
- Office not required
- Other

Note: Percentages based on rental income

OPERATIONS

Like-for-like properties



**Kennington Park,
Kennington**
365,000 sq. ft.

Rent roll: £11.2m
No. of customers: 154
Rent per sq. ft.: £31.85
Occupancy: 96%



**The Biscuit Factory,
Bermondsey**
254,000 sq. ft.

Rent roll: £5.3m
No. of customers: 190
Rent per sq. ft.: £23.75
Occupancy: 89%



**The Shepherds
Building,
Shepherd's Bush**
149,000 sq. ft.

Rent roll: £6.3m
No. of customers: 29
Rent per sq. ft.: £45.53
Occupancy: 93%



**Metal Box Factory,
Bankside**
107,000 sq. ft.

Rent roll: £6.8m
No. of customers: 122
Rent per sq. ft.: £68.08
Occupancy: 94%

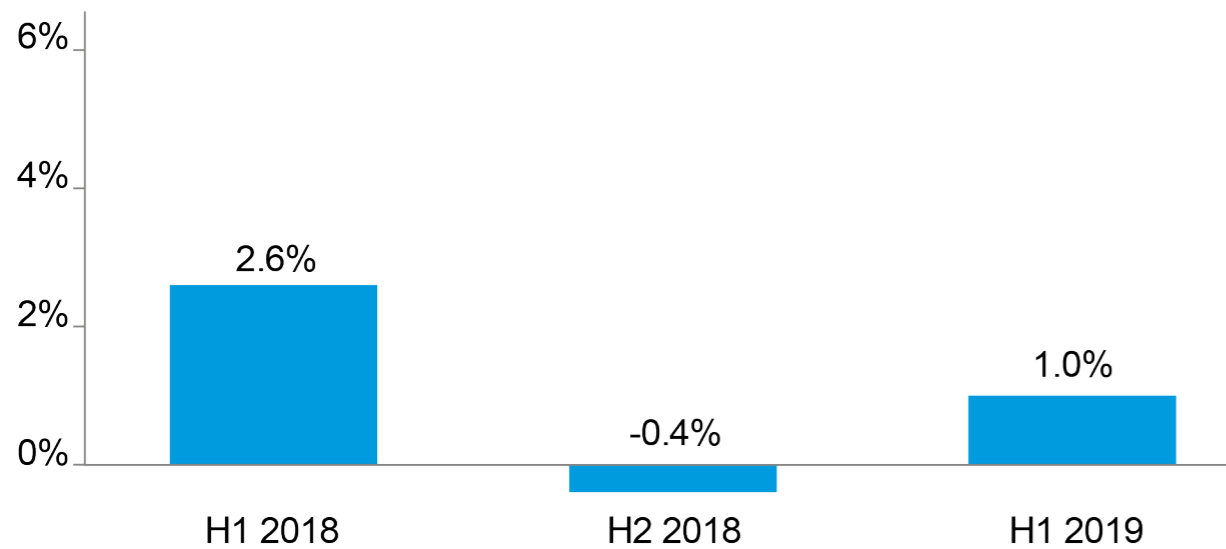
Data as at 30 September 2019

OPERATIONS

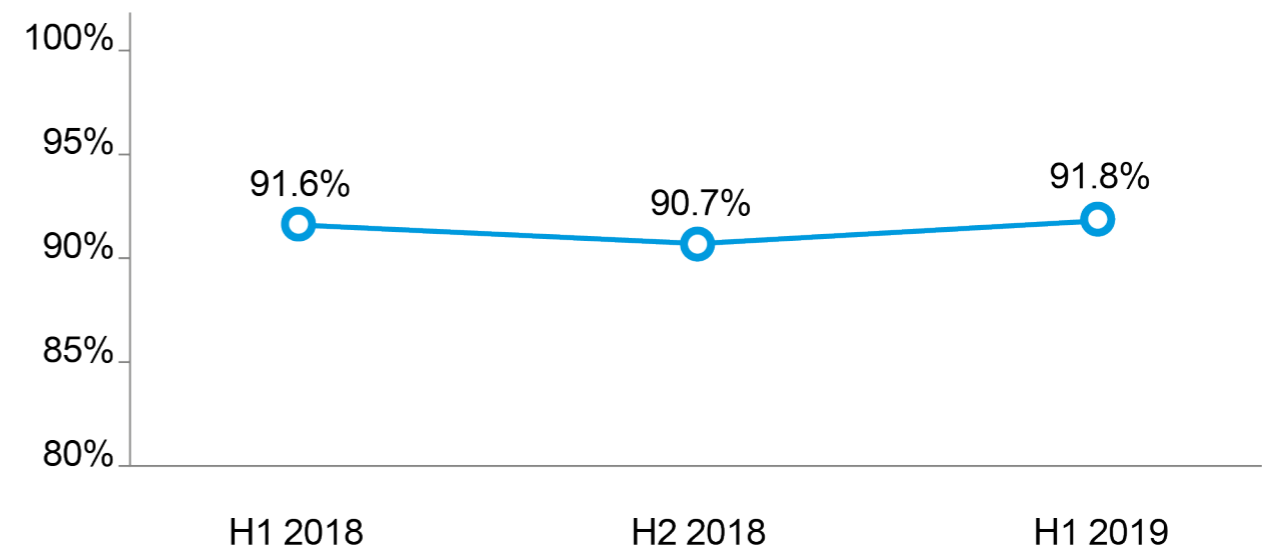
Like-for-like trends



Rent Roll Growth

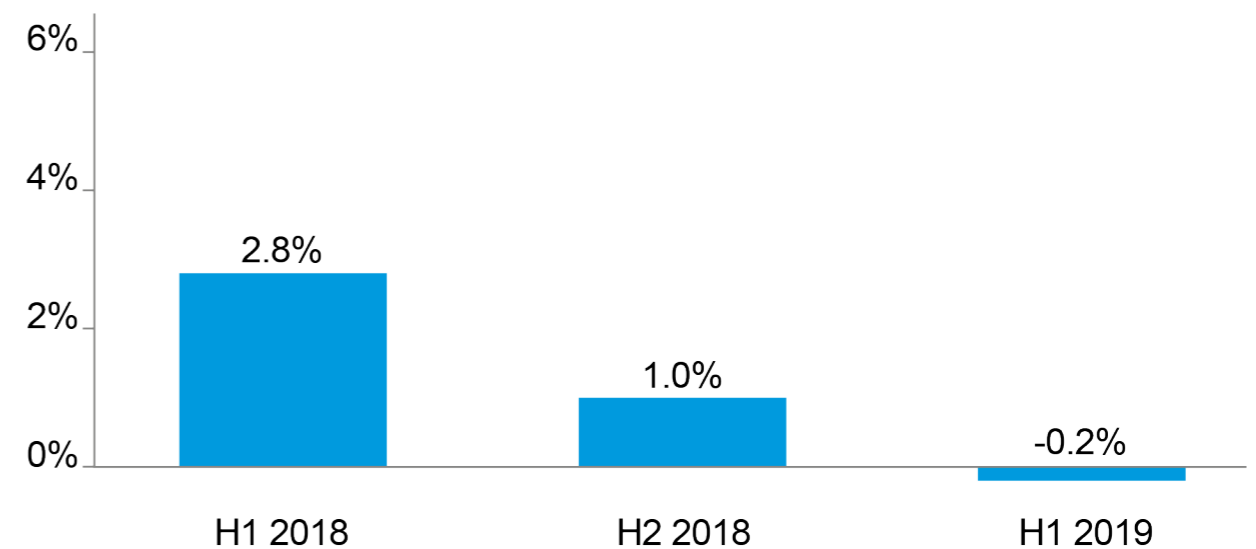


Occupancy



- Return to rent roll growth in H1
- Driven by occupancy increase, offset by price reductions
- Expect to see further rent roll growth in H2

Rent per sq. ft. Growth



OPERATIONS

Completed Projects



**The Frames,
Shoreditch**
52,000 sq.ft.

Rent roll: £2.3m
No. of customers: 64
Occupancy: 99%

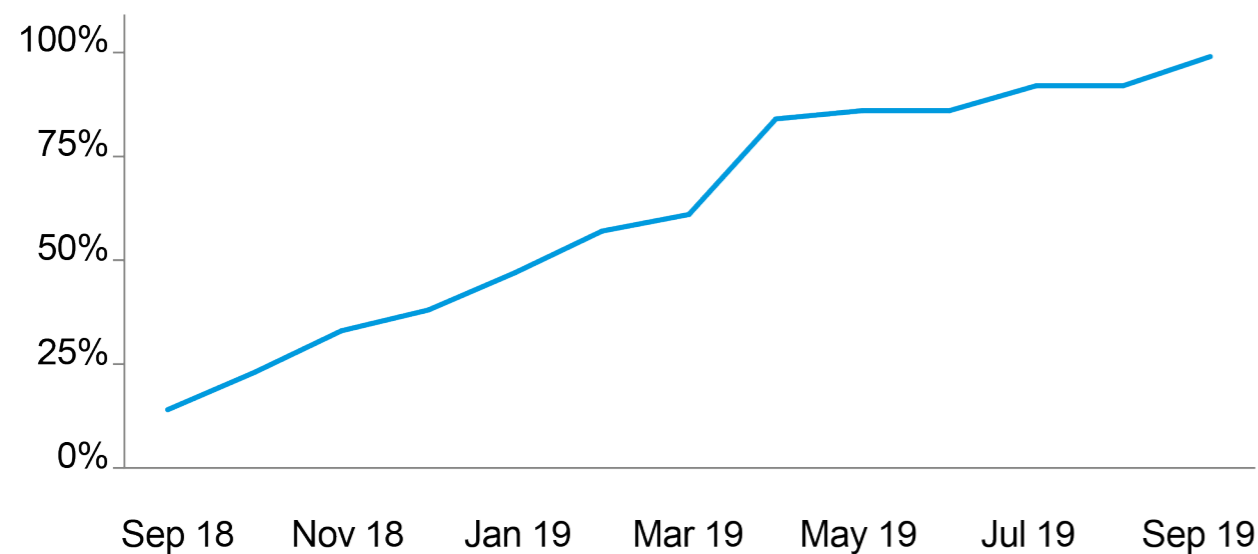


**Edinburgh House,
Vauxhall**
65,000 sq.ft.

Rent roll: £1.9m
No. of customers: 62
Occupancy: 81%

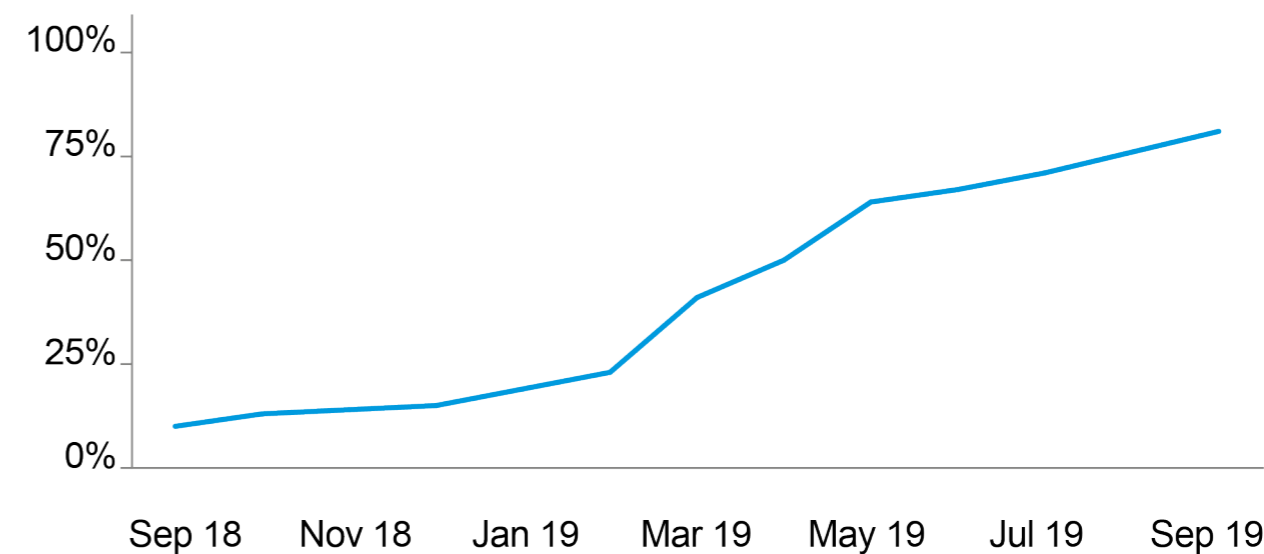
The Frames

Letting up



Edinburgh House

Letting up



Data as at 30 September 2019

OPERATIONS

Current Year Activity



**Brickfields,
Hoxton**
57,000 sq. ft.

Launched June 2019
Rent roll: £0.3m
Occupancy: 25%



**Mare Street Studios,
Hackney**
55,000 sq. ft.

Launching Spring 2020

Data as at 30 September 2019

FINANCIALS



FINANCIALS

Income Statement



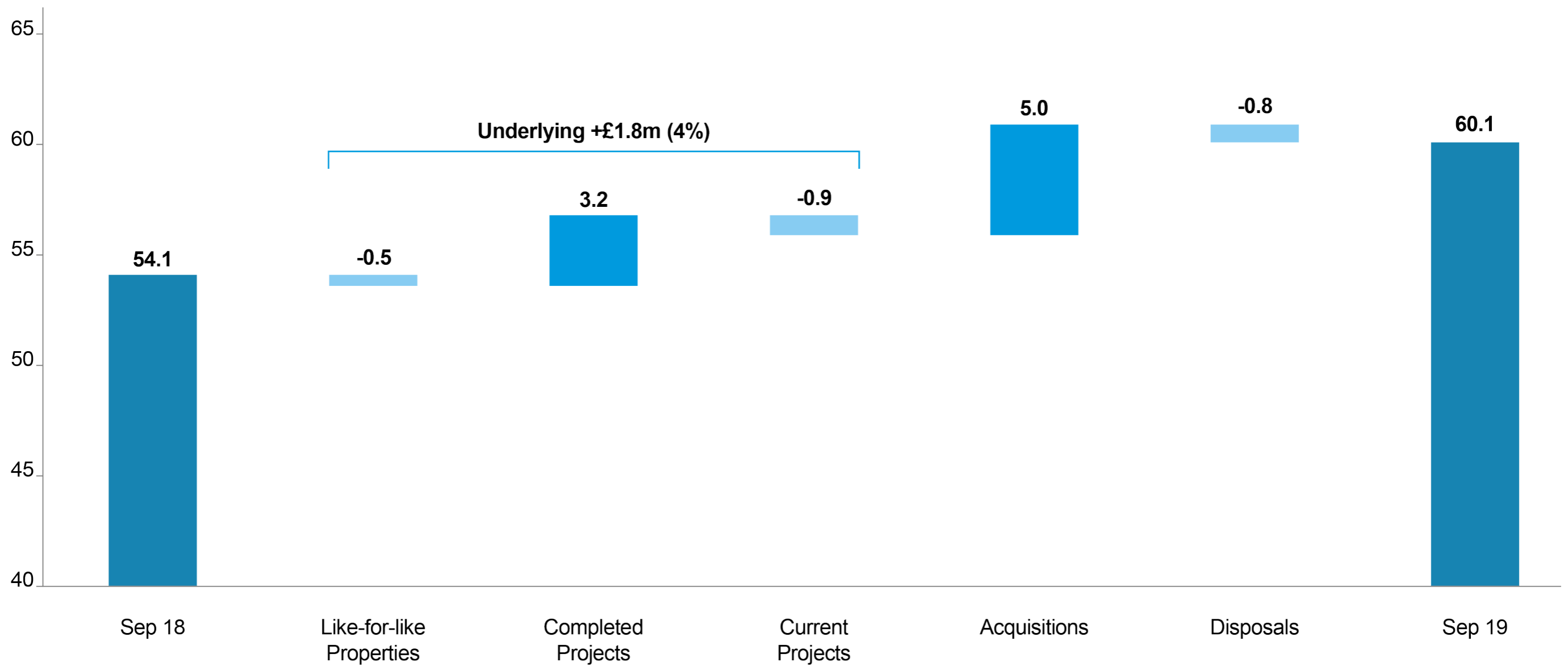
£m	September 2019	September 2018	Change
Net Rental Income	60.1	54.1	+11%
Administrative Expenses	(8.5)	(8.4)	+1%
Net Finance Costs	(11.5)	(10.3)	+12%
Trading Profit after Interest	40.1	35.4	+13%
Change in Fair Value of Investment Properties	59.6	60.6	
Profit on Sale of Investment Properties	–	8.5	
Exceptional Finance Costs	–	(3.1)	
Other Items	(0.6)	(0.2)	
Profit Before Tax	99.1	101.6	-2%
Adjusted Underlying Earnings Per Share	22.1p	20.2p	+9%
Interim Dividend Per Share	11.67p	10.61p	+10%

FINANCIALS

Net Rental Income



£m



FINANCIALS

Cash Flow



£m	September 2019		September 2018	
Trading				
Net Cash from Operations after Interest	44		24	
Dividends Paid	(38)	6	(32)	(8)
Investment				
Capital Expenditure	(33)		(49)	
Purchase of Investment Properties	–		(100)	
Property Disposals and Cash Receipts	11		56	
Share Placement	–		176	
Other	(1)	(23)	(8)	75
Net Movement		(17)		67
Opening Net Debt		(580)		(517)
Closing Net Debt		(597)		(450)
<i>Bad Debt charge (£m)</i>		0.2		0.2

FINANCIALS

Balance Sheet



£m	September 2019	March 2019
Investment Property Valuation	2,682	2,604
Net Debt	(597)	(580)
Other	(43)	(42)
Net Assets	2,042	1,982
EPRA NAV per Share	£11.15	£10.86
Loan to Value	22%	22%
Undrawn Revolver Facilities and Cash	£111m	£127m

FINANCIALS

Revaluation



	Valuation	Underlying Movement	Main components	
Like-for-like	£1,672m	£33m	ERV per sq. ft. down 1.4% to £44.70 Equivalent yield contraction of 0.1% to 5.8%	£(24)m £57m
Completed Projects	£583m	£15m	The Frames Ink Rooms	£8m £4m
Current Refurbishments	£219m	£0m		
Current Redevelopments	£158m	£1m		
Held for sale	£50m	£10m	Greville Street Alexandra House	£5m £4m
Total	£2,682m	£59m		

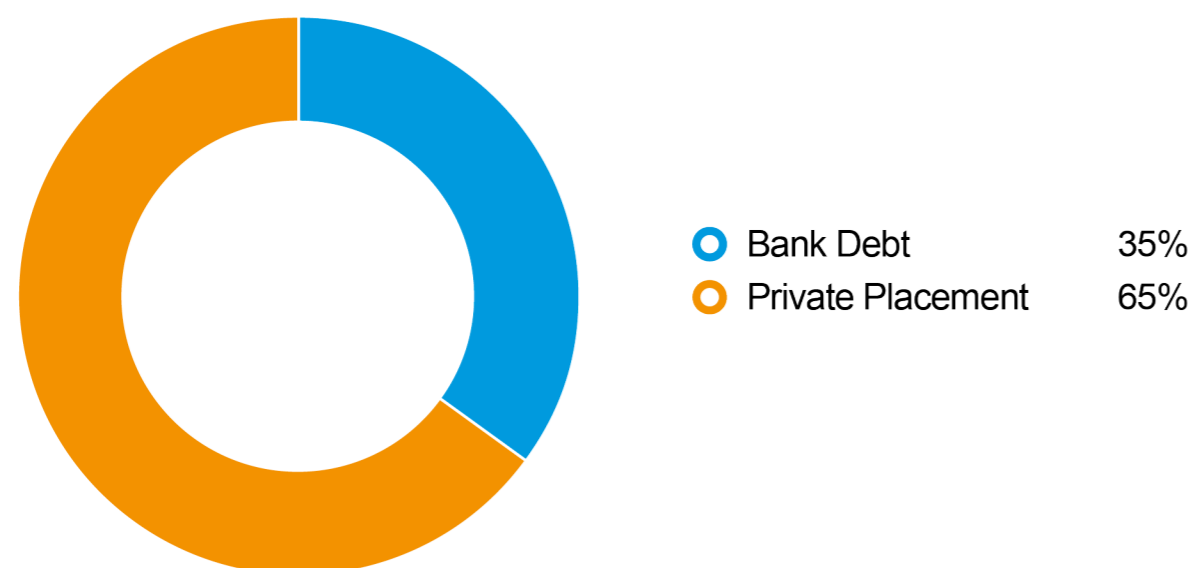
FINANCIALS

Debt

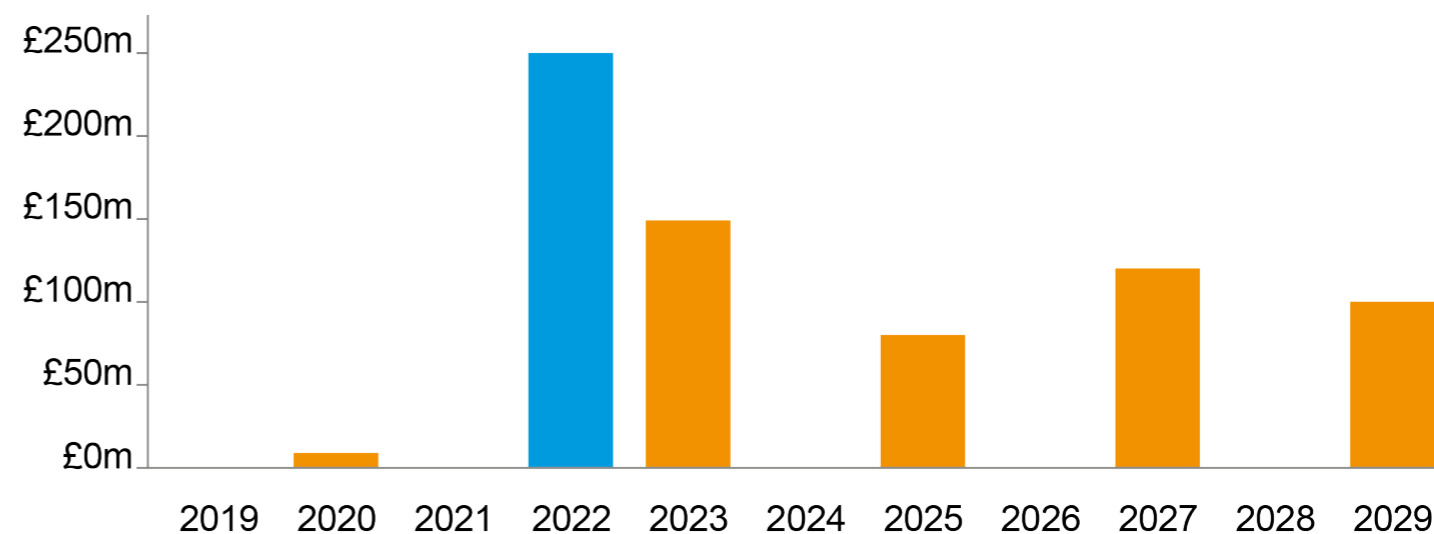


	September 2019	March 2019
Net Debt	£597m	£580m
Average Interest Cost	3.6%	3.7%
Marginal Cost (Undrawn Facilities) over LIBOR	1.5%	1.5%
Average Period to Maturity	5.0 years	5.6 years
S&P Rating	BBB (stable)	BBB (stable)

Facilities By Type



Maturity Profile



VIEW WIRE
KITCHEN

OUTLOOK

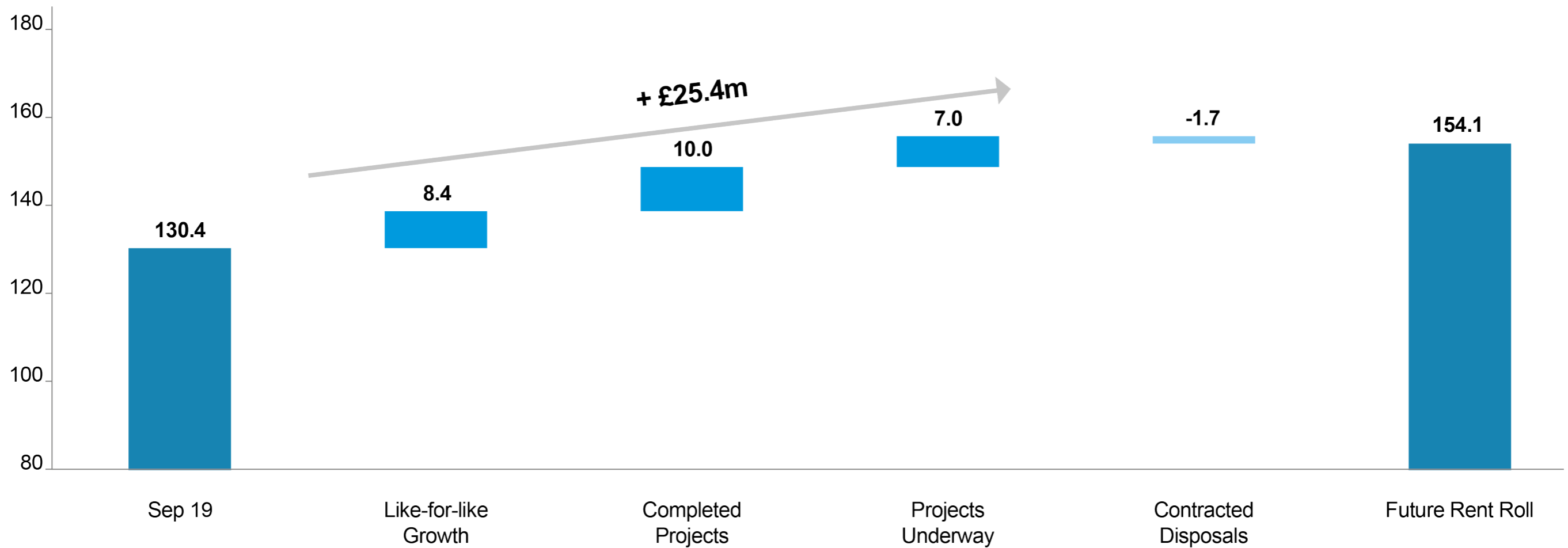


OUTLOOK

Current Rent Roll Trajectory



Rent Roll (£m)



Notes:

- Not a profit forecast, for illustrative purposes only
- Assumes like-for-like ERV reversion at 30 September 2019 captured at current occupancy level
- Future rents for projects based on the assumptions set out in Appendices 1 & 2
- Assumes all projects let to 90% occupancy
- Excludes projects at the design stage

OUTLOOK

Operational Priorities



Broadening our channels to market



Leveraging our data and technology



Enhancing our sales capabilities



Raising the customer service level

OUTLOOK

Portfolio Priorities



➔ Continue to exploit refurbishment and redevelopment opportunities across the portfolio

- Execution of current pipeline
- Identify and secure planning for further schemes

➔ Well positioned to take advantage of acquisition opportunities:

- Focus on London
- Larger scale properties that can be repositioned
- Longer-term redevelopment opportunities

QUESTIONS



SUPPLEMENTARY INFORMATION



APPENDIX 1

Refurbishment Projects (1/2)



At September 2019	Valuation	Cost	Completion date	Unaffected area (sq. ft.)	Upgraded area (sq. ft.)	New Space (sq. ft.)	Estimated ERV (Average)	Estimated Rent at 90% occupancy*	September 2019 Rent Roll
Completed									
Goswell Road	£36m	£6m	Sep 2019	–	42,808	–	£50	£2.0m	£0.5m
Ink Rooms	£29m	£9m	Jun 2019	–	–	22,209	£70	£1.4m	£0.5m
Brickfields	£43m	£27m	Jun 2019	–	–	56,755	£47	£2.4m	£0.3m
The Light Box	£38m	£6m	Apr 2019	–	59,645	18,844	£30	£2.1m	£1.9m
Metal Box Factory (part)	£8m	£1m	Dec 2018	–	7,253	–	£73	£0.5m	£0.3m
Gray's Inn Road	£36m	£6m	Oct 2018	–	36,149	–	£59	£1.9m	£1.5m
Vox Studios (phase 2)	£22m	£8m	Oct 2018	–	–	27,454	£47	£1.2m	£0.9m
Edinburgh House	£34m	£20m	Sep 2018	–	–	65,492	£45	£2.6m	£1.9m
The Frames	£62m	£25m	Sep 2018	–	–	52,271	£64	£3.0m	£2.3m
China Works	£53m	£6m	Jun 2018	–	68,817	–	£51	£3.1m	£2.1m
Fleet Street	£31m	£2m	Aug 2017	–	42,849	–	£56	£2.1m	£1.3m
The Leather Market (Incl. Taper Studios)	£126m	£9m	Mar 2019	5,943	116,862	24,728	£51	£6.8m	£6.4m
Barley Mow Centre	£45m	£11m	Aug 2017	–	53,205	24,151	£35	£2.4m	£2.0m
Cannon Wharf	£9m	£1m	July 2017	–	32,619	–	£19	£0.6m	£0.5m
	£572m	£137m		5,943	460,207	291,904		£32.1m	£22.4m

APPENDIX 1

Refurbishment Projects (2/2)



At September 2019	Valuation	Actual/ Estimated cost	Cost to Complete	Estimated Completion	Unaffected area (sq. ft.)	Upgraded area (sq. ft.)	New Space (sq. ft.)	Estimated ERV (Average)	Estimated Rent at 90% occupancy*	September 2019 Rent Roll
Underway										
Mare Street Studios	£27m	£21m	£4m	H1 2020	–	–	55,385	£42	£2.1m	£0.0m
Wenlock Studios	£20m	£1m	£1m	H1 2020	20,098	11,059	–	£39	£1.1m	£0.9m
Pall Mall Deposit	£22m	£11m	£8m	H1 2020	–	49,445	13,363	£36	£2.0m	£0.6m
Rainbow Industrial Estate (Phase 1)	£3m	£6m	£3m	H1 2020	–	–	19,005	£22	£0.4m	£0.0m
Chocolate Factory (part)	£19m	£11m	£6m	H2 2020	–	58,833	6,000	£25	£1.4m	£0.6m
	£91m	£50m	£22m		20,098	119,337	93,753		£7.0m	£2.1m
Design Stage										
Canalot Studios		£3m	£3m	2020	–	49,642	–			
The Biscuit Factory (part)#		£12m	£12m	2021	–	–	27,000			
Leroy House#		£15m	£15m	2021	–	46,000	15,000			
The Shaftesbury Centre#		£15m	£15m	2021	–	–	41,000			
		£45m	£45m		–	95,642	83,000			
Design Stage (without planning)										
Havelock Terrace#		£60m	£60m	2023	–	–	155,000			
Fitzroy Street		£14m	£14m	2022	–	93,000	–			
		£74m	£74m		–	93,000	155,000			

Currently in like-for-like category

* Includes rent for unaffected areas at September 2019 rental levels

APPENDIX 2

Redevelopment Projects



At September 2019	Development partner	Valuation	September 2019 Rent Roll	Commercial Space estimated completion	Residential units no.	Commercial space returned			Other proceeds		
						New Space (sq. ft.)	Estimated ERV	Estimated Rent*	Cash received	Cash to come	Overage to come
Completed											
The Fuel Tank	L&Q	£12m	£0.5m	Jun 2018	148	35,187	£24	£0.8m	£10m	–	n/a
		£12m	£0.5m		148	35,187		£0.8m	£10m	–	–
Underway/Contracted											
Poplar Business Park (phase 1)	Telford Homes	£4m	–	–	170	–	–	–	£16m	£3m	£1m
Bow Enterprise Park (phase 3)	Galliford Try	£12m	–	2020	130	39,714	£24	£0.9m	£6m	–	–
The Light Bulb (phase 2)	Strawberry Star	£9m	–	2020	77	17,071	£35	£0.5m	£8m	–	–
Marshgate	Anthology	£15m	–	2021	200	39,000	£21	£0.7m	£11m	£4m	n/a
		£40m	–		577	95,785		£2.1m	£41m	£7m	£1m
Design Stage											
Rainbow Industrial Estate (phase 2)			£0.2m	TBD	224	13,808					
Poplar Business Park (phase 2/3)			£1.0m	2026	222	56,000					
Chocolate Factory (part) / Parma House			£0.7m	2021	230	14,000					
Highway Business Park			£0.3m	2022	117	31,000					
		£75m	£2.2m		793	114,808					
Design Stage (without planning)											
Riverside# / Garratt Lane				2022	402	140,000					
					402	140,000					

* Expected rent at 90% occupancy

Currently in like-for-like category

APPENDIX 3

Environmental & Social Initiatives



Our Strategy:

Our ESG strategy underpins our commitment to the sustainable growth of our business and ensures that we operate responsibly in our dealings with all stakeholders. Continuously striving to enhance our environmental performance and contributing positively to our local communities in and around our properties are key priorities for us.

Our Initiatives and Current Activity:

- Signed up to the BBP Climate Change Commitment to deliver net zero carbon real estate portfolios by 2050
- Currently developing our Science Based Targets for emissions
- Achieved BREEAM Very Good for Ink Rooms refurbishment
- Set up customer environmental groups to share energy and recycling data and collaborate on ESG initiatives
- Facilitating free 'Mental Health & Wellbeing in the Workplace' workshops for customers
- 29 Workspace employees participated in Thrive in Five Wellbeing at Work Challenge
- Delivered career, CV and interview practice workshops and offered 17 work experience placements as part of our InspiresMe programme

APPENDIX 3

Environmental & Social Awards and Accreditations



Global Real Estate Sustainability Benchmark ('GRESB')

Green Star for the sixth year in a row, achieving a score of 85, exceeding both the average score of 72 and peer average score of 77.



European Public Real Estate Association ('EPRA')

Gold for reporting in line with the 2019 European Sustainability Best Practice Recommendations (EPRA SBPRs) for the sixth year in a row.



Carbon Disclosure Project ('CDP')

Achieved a B in our Carbon Disclosure Project score, exceeding the sector score average of B-.



MAYOR OF LONDON

London Healthy Workplace Award

Achieved the Healthy Workplace Award Foundation Level accreditation.



Social Mobility pledge

Signed up to a commitment to provide work experience to those from disadvantaged backgrounds.

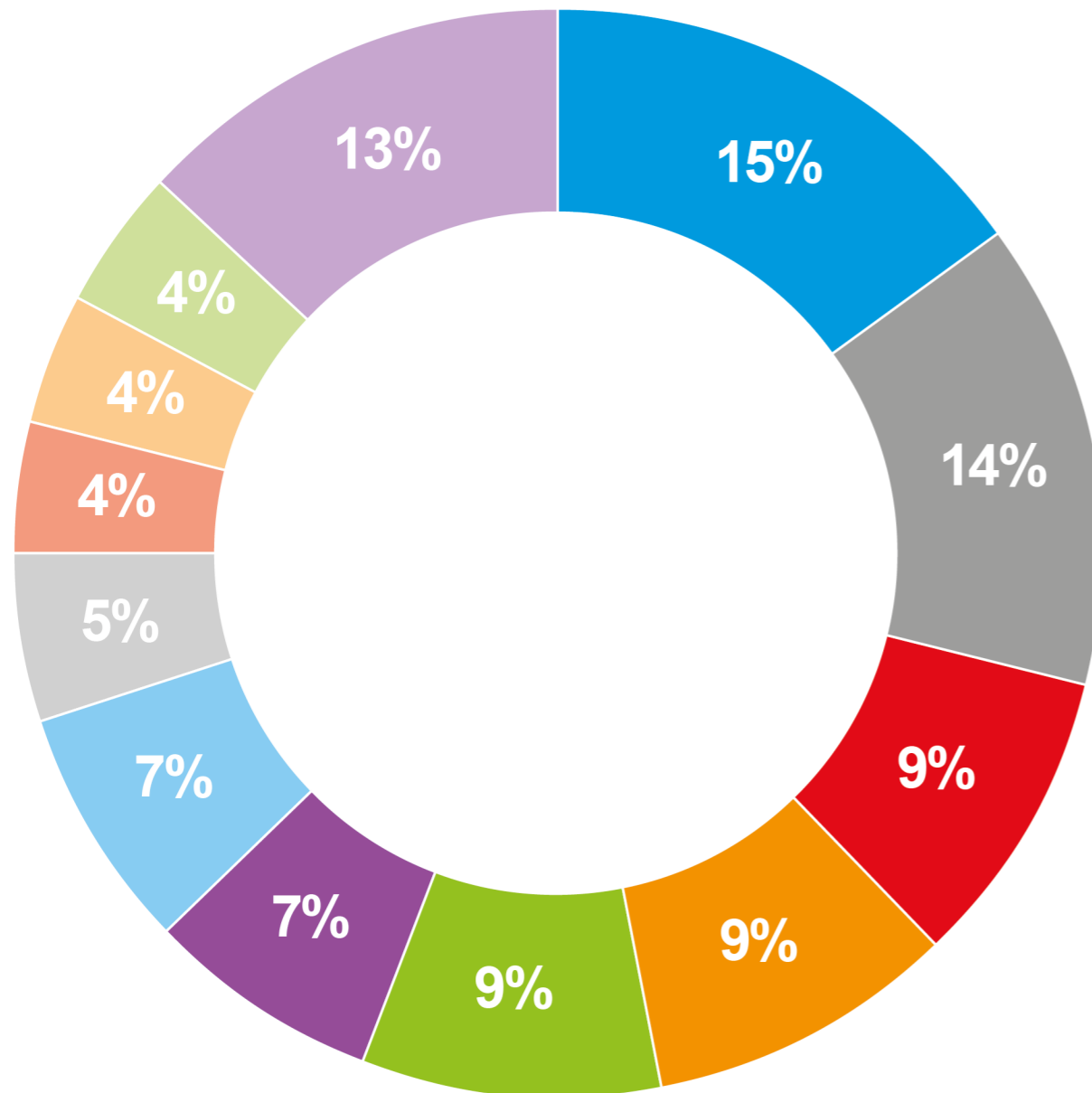


Investors in People

Accreditation held for the 19th year in a row, having achieved the highest Gold Award at the last accreditation.

APPENDIX 4

Customer Sector Diversity



- Professional, Technical and Consultancy Services**
 - Engineering
 - Business Consultancy
 - Architecture
 - Public Relations & Communications
- Information, Communication & Technology**
 - Software & Software Design
 - Technology
 - IT Services
 - Data & Information Services
- Marketing**
 - Digital Marketing
 - Marketing
 - Branding
 - Advertising
- Wholesale & Retail**
 - Retail Sale of Household Goods
 - E-Commerce
 - Wholesale of Household Goods
 - Fashion E-Commerce
- Arts, Entertainment & Recreation**
 - Film/Video Production
 - Photography
 - Television Programme Production
 - Music
- Financial Services**
 - Financial Services
 - FinTech
 - Insurance Services
 - InsurTech
- Administrative & Support Services**
 - Recruitment
 - Events
 - Food & Drink Services (Catering)
 - Cleaning & Hygiene Services
- Not For Profit**
 - Charity
 - Not For Profit
 - Social Enterprise
 - Membership Organisations
- Construction & Property**
 - Specialised Construction Activities
 - Construction Consultancy & Surveying
 - Construction
 - Property Management
- Manufacturing**
 - Manufacture of Textiles & Clothes
 - Manufacture of Electronic Products/Equipment
 - Printing
 - Manufacture of Food & Beverages
- Design**
 - Fashion Design
 - Interior Design
 - Graphic Design
 - Product Design
- Other**

Rent Roll as at July 2019

APPENDIX 5

Workspace Investment Case (1/2)



Highly recognisable brand and flexible customer offering

- Flexible lease terms for space in inspiring London properties combined with high quality facilities, enhanced connectivity through bespoke technology and outstanding customer service.

100% ownership of properties held for the long-term

- Control of assets and ability to adapt properties quickly in response to new opportunities and customer demand.

Diversified customer base

- Strong demand from established businesses of all sizes and sectors, representing a resilient customer base and associated income stream.

Direct customer relationships through operational platform and centre managers

- Direct relationships facilitated by an in-house sales and marketing platform and on-site centre staff mean we can react immediately to customer feedback and adjust our approach accordingly.

Track record of strong rental income growth driving attractive dividend trajectory

- Strong income growth driven by a unique like-for-like portfolio, rolling refurbishment activity and selective acquisitions which, as a REIT, translates into attractive distributions for shareholders. Our dividend has nearly trebled over the last 5 years.

APPENDIX 5

Workspace Investment Case (2/2)



Conservatively valued portfolio

- Consistent record of valuation uplifts but, with a capital value of under £700 per sq.ft., still significant potential for further growth driven by our focused asset management.

Deep understanding of the London market to drive portfolio evolution

- 30 years of experience and extensive knowledge of acquisition opportunities to capitalise on the growth dynamics in the UK's largest population centre as well as tactical disposals to realise value.

Scalable operating platform

- Potential for significant operational leverage as the portfolio grows organically and through acquisitions.

Conservative balance sheet with financial flexibility

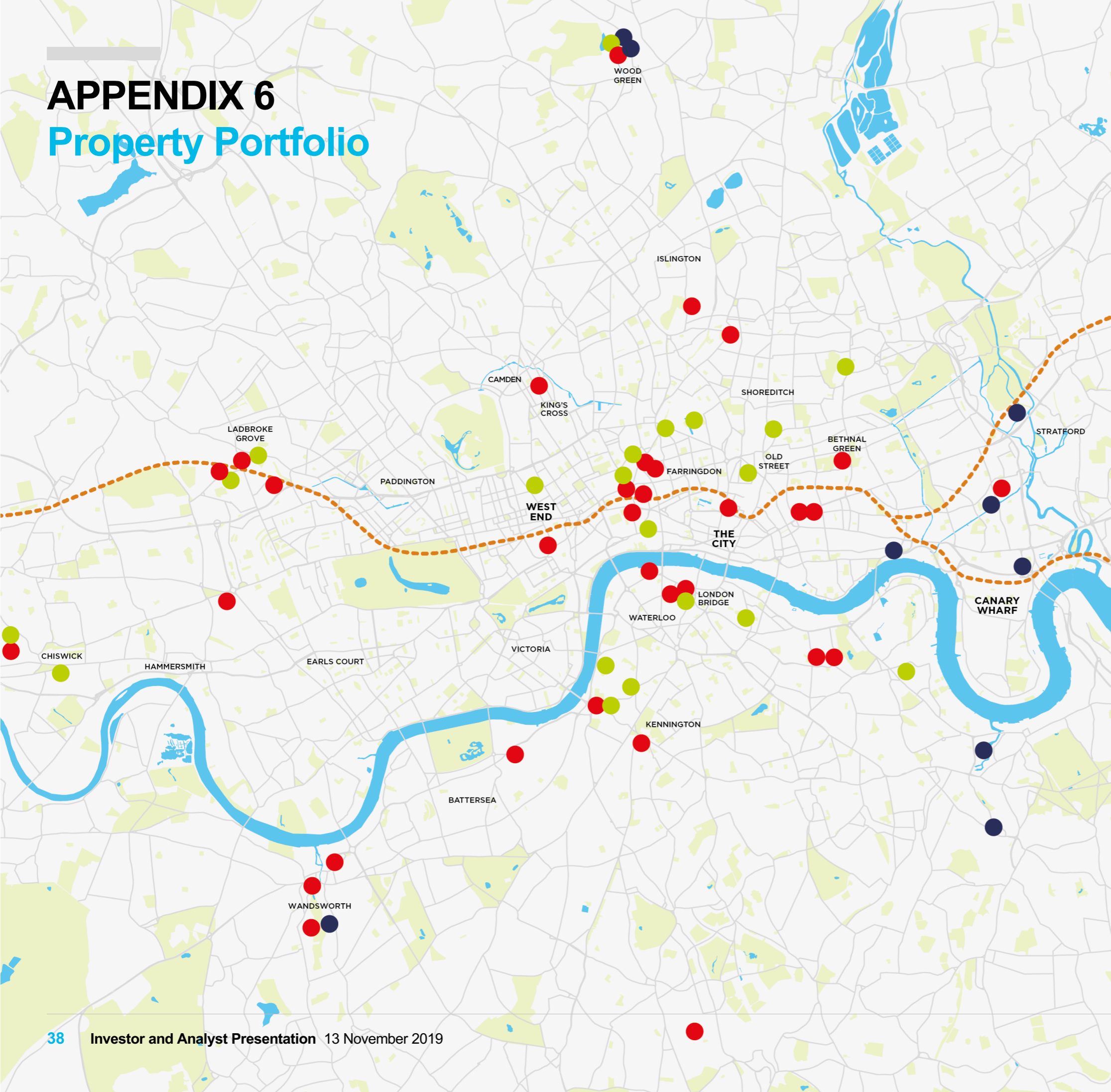
- Medium-term LTV guideline of under 30% through the cycle but maintaining the flexibility for opportunistic acquisitions.

Strong focus on environmental and social sustainability

- ESG credentials and commitment to ongoing initiatives aligned with the demands of our socially conscious customers and stakeholders.

APPENDIX 6

Property Portfolio



- Like-for-like
- Refurbishments
- Redevelopments
- Crossrail

DISCLAIMER



The information in this document may include forward-looking statements, which are based on current expectations and projections about future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as 'anticipate', 'estimate', 'expect', 'intend', 'will', 'project', 'plan', 'believe', 'target' and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. These forward-looking statements reflect the directors' current 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. Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulations, UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), neither the Company nor anyone else undertakes to publicly update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.

This presentation should also be read in the light of the Company's interim results statement for the six months ended 30 September 2019 and the annual report & accounts for the year ended 31 March 2019, 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.