



Workspace Group



Workspace Group PLC

Analyst Presentation – 6th July 2010





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Introduction

Harry Platt

→ Introduction



Objective

- How we will build income and deliver value within the current environment

Assumptions

- That yields do not harden
- That we work with our existing capital structure

→ Our Brand – More than a Logo



- Marketing
- Perception among customers
- Service delivery
- Reputation with planners
- Reputation with government



We own freeholds

→ Components of Valuation



	Number	Existing Use Valuation	Existing Use Yield	Added Value	Total Value
Like-for-like properties	83	£483m	7.9%	£31m	£514m
Refurbished properties	5	£84m	6.9%	£1m	£85m
Held for redevelopment	5	£11m	4.1%	£6m	£17m
Glebe properties	12	£85m	7.3%	£16m	£101m



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Operations Overview

Chris Pieroni

→ Contracted Like for Like Net Rent



	March 2009	March 2010	Movement	Churn	Other
Contracted Rent	£41.6m	£40.1m	-£1.5m	-£1.1m	-£0.4m

→ Contracted Like for Like Net Rent



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External Churn

	Rent (£m)
Gained	6.2
Lost	(9.4)
Net	(3.2)

Internal Churn

	Rent (£m)
Gained	5.2
Lost	(3.1)
Net	2.1

Overall Net

	-1.1
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→ Contracted Like for Like Net Rent



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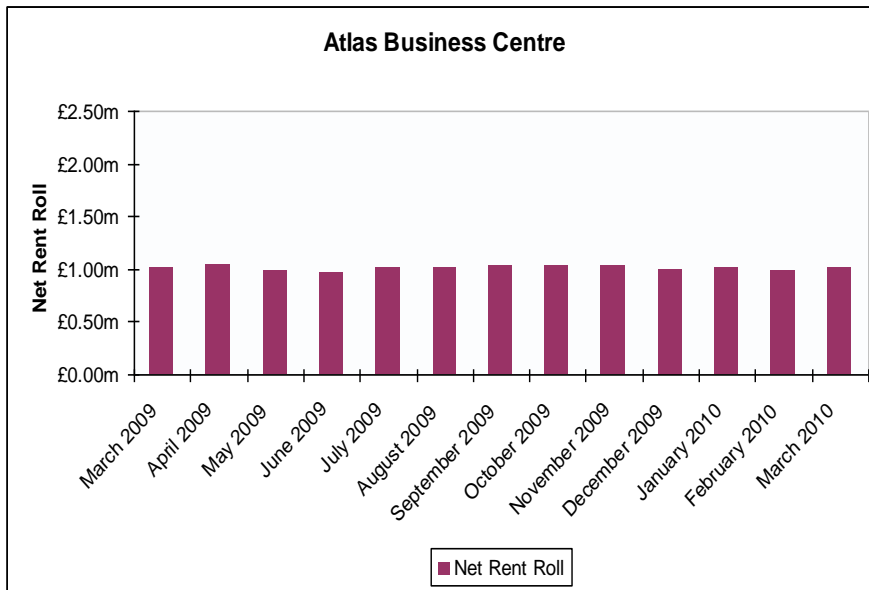
Impact of floor space volume and pricing on rent roll

	(£m)
Occupancy Impact	+ 1.3
Pricing Impact	- 2.4
	-1.1

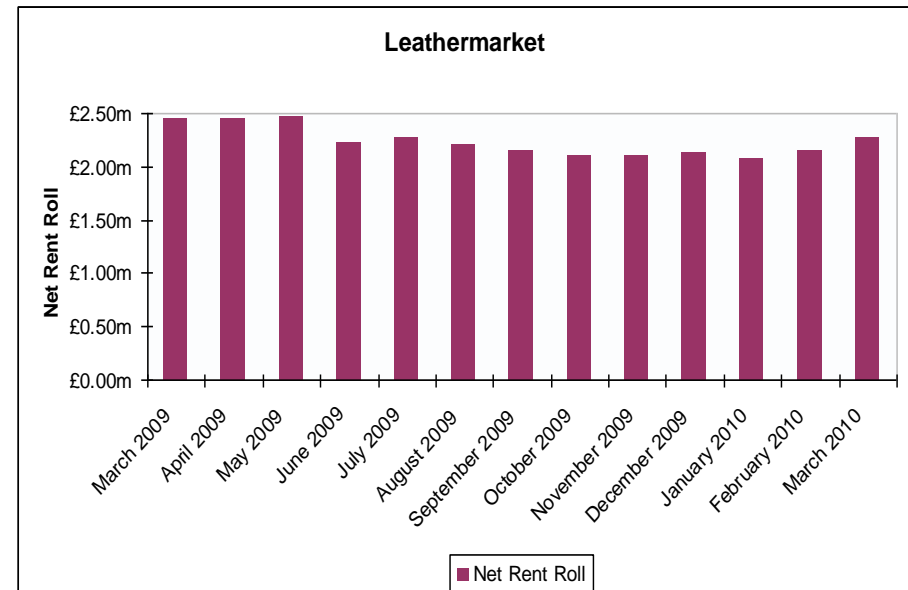
→ Portfolio Performance



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Stable Rent Roll

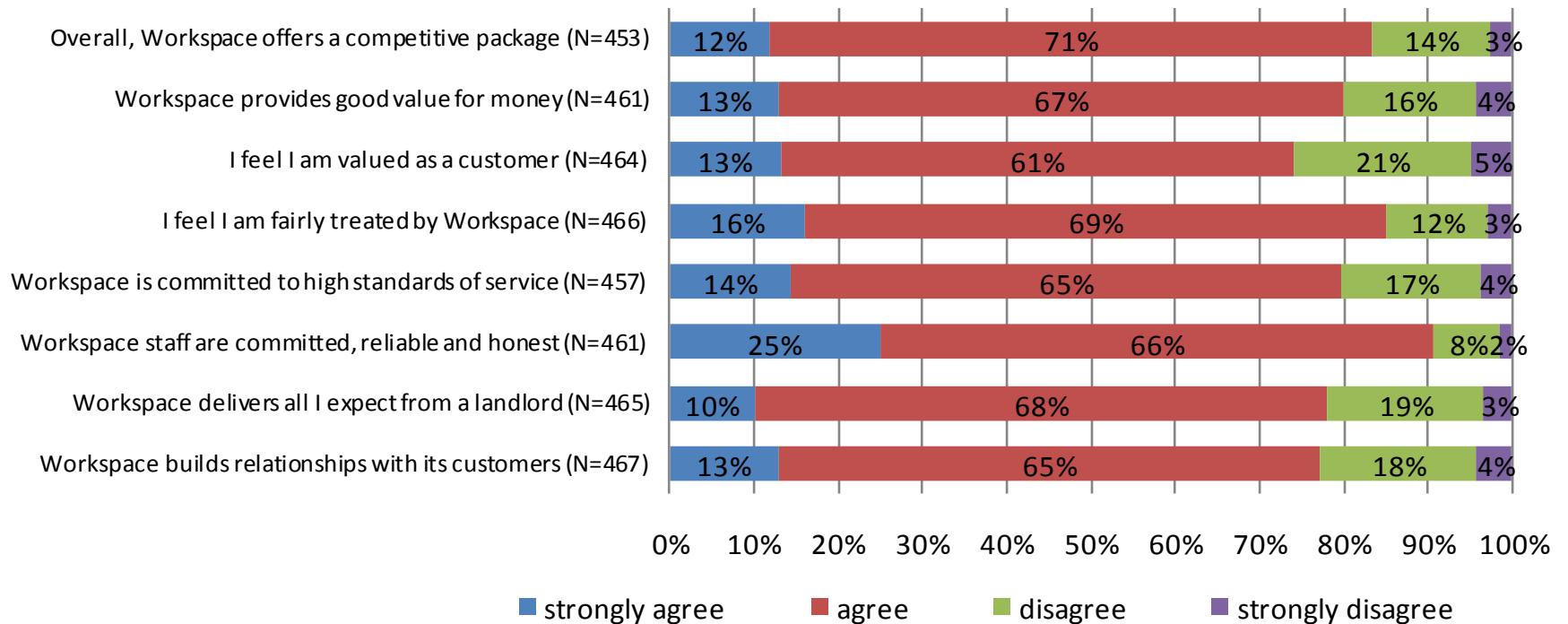


Rent roll adjusts as market evolves

→ What Do Our Customers Think Of Us?



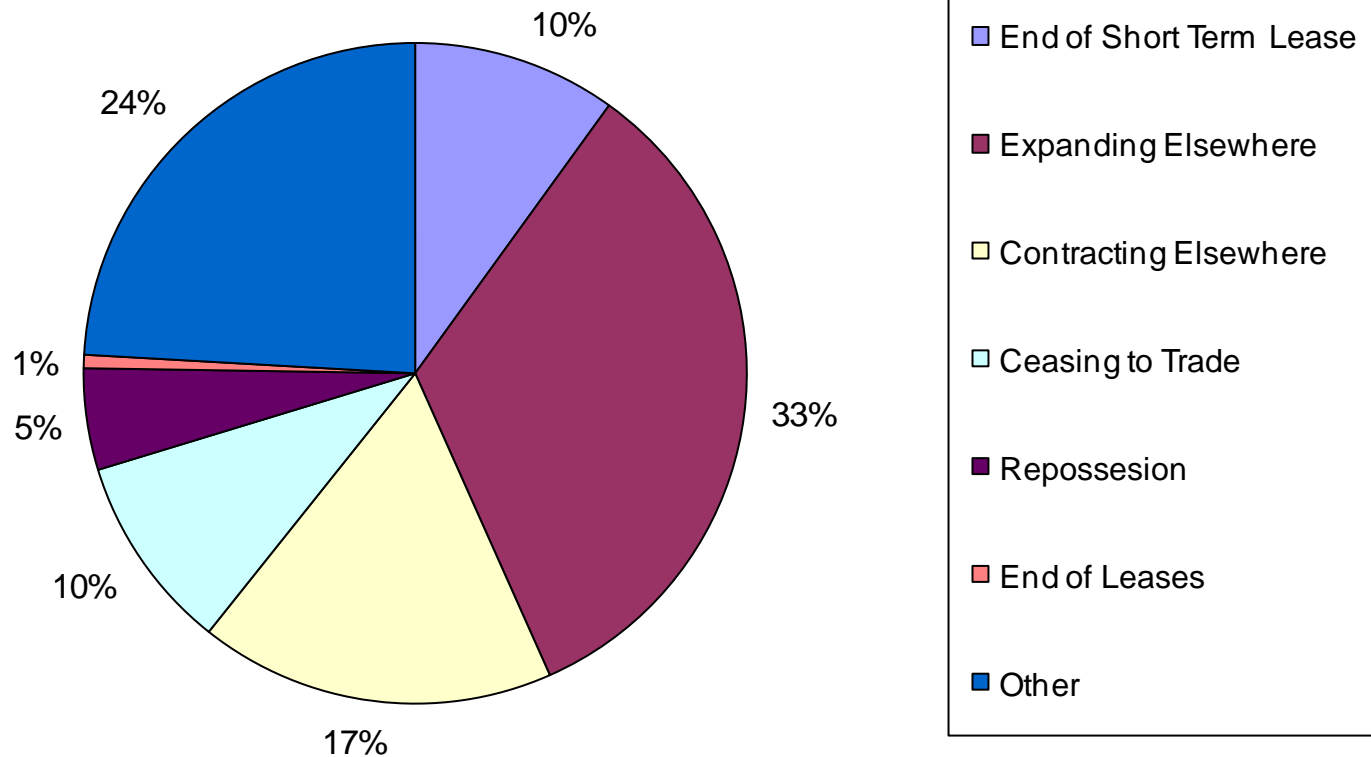
Overall Customer Satisfaction: 81% (2009 79%)



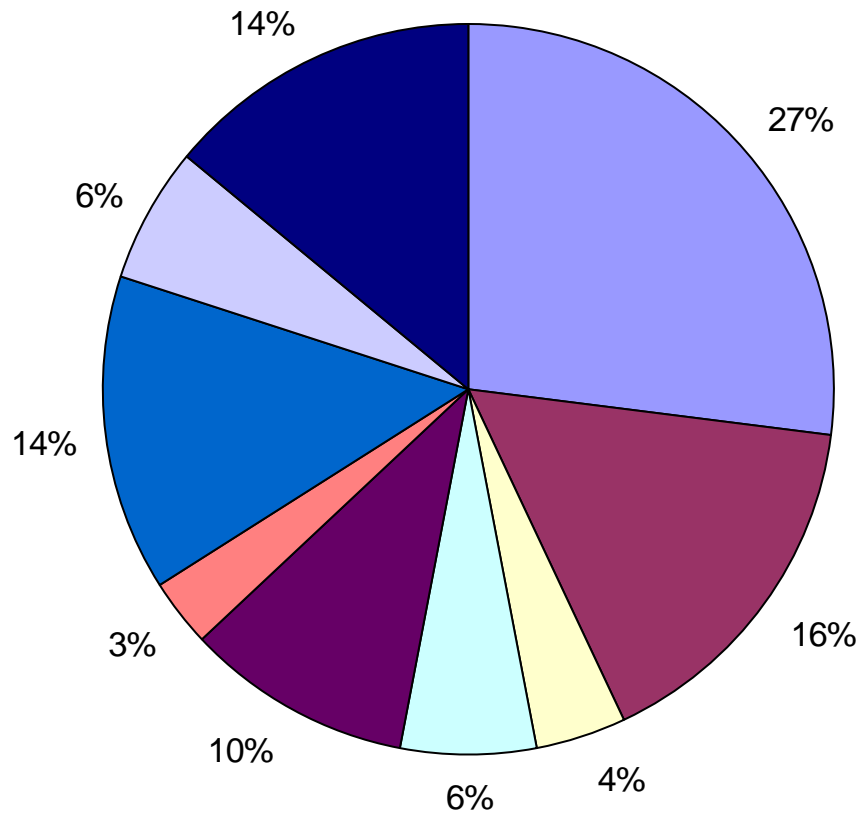
→ Reasons Why Customers Leave



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→ Our Customer Base



- Creatives
- Business Professional and Financial Services
- Construction
- Information and Communication
- Manufacturing
- Transport and Storage
- Wholesale and Retail
- All Other Services
- Unknown

→ Our Creative Customers

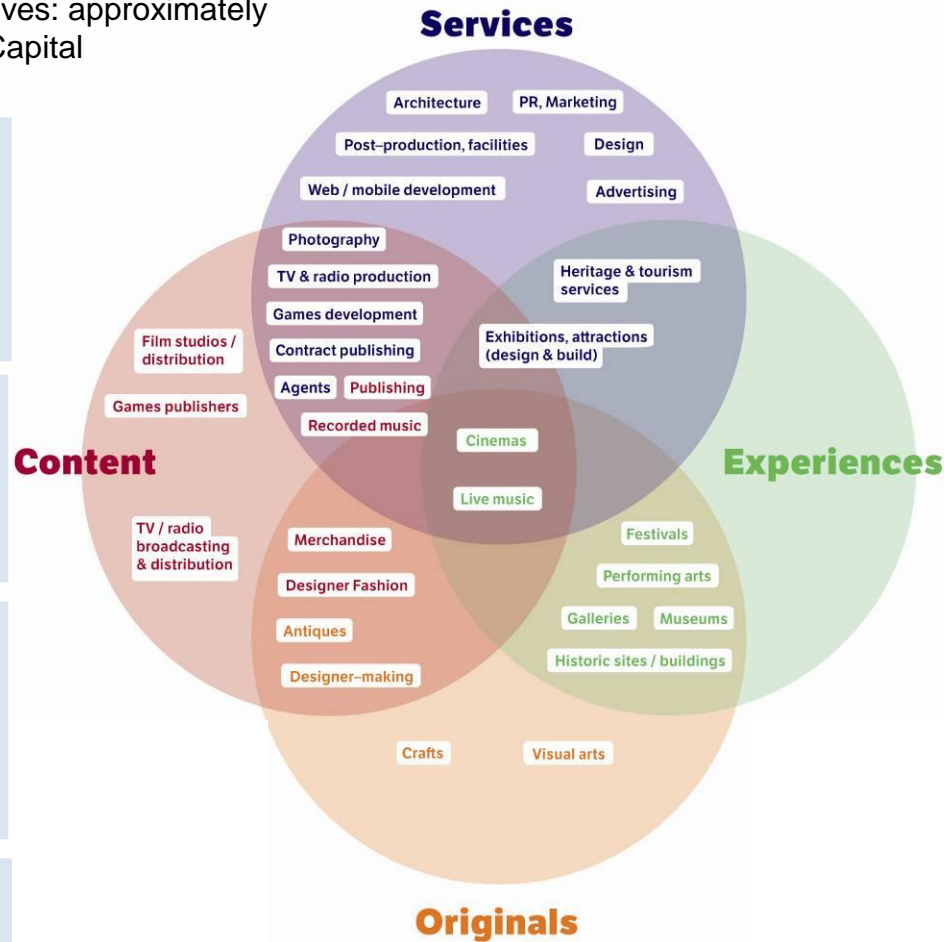
- We have over 1,000 creatives: approximately 2% of all creatives in the Capital

Workspace houses one in fifty of London's creative businesses – we believe it is **the capital's largest provider of workspace to the creative industries**

The creative industries in London have a **turnover of over £18 billion**, and employ around 400,000 people

Nearly 94% of creative businesses in London have fewer than 10 staff; these are also **the businesses that expand most quickly**

55% of sales in the creative industries are **business to business**



Services

- Mostly B2B

Experiences

- Live theatre
music, opera,
dance, cinema

Content

- Digital content
such as TV,
radio, music

Originals

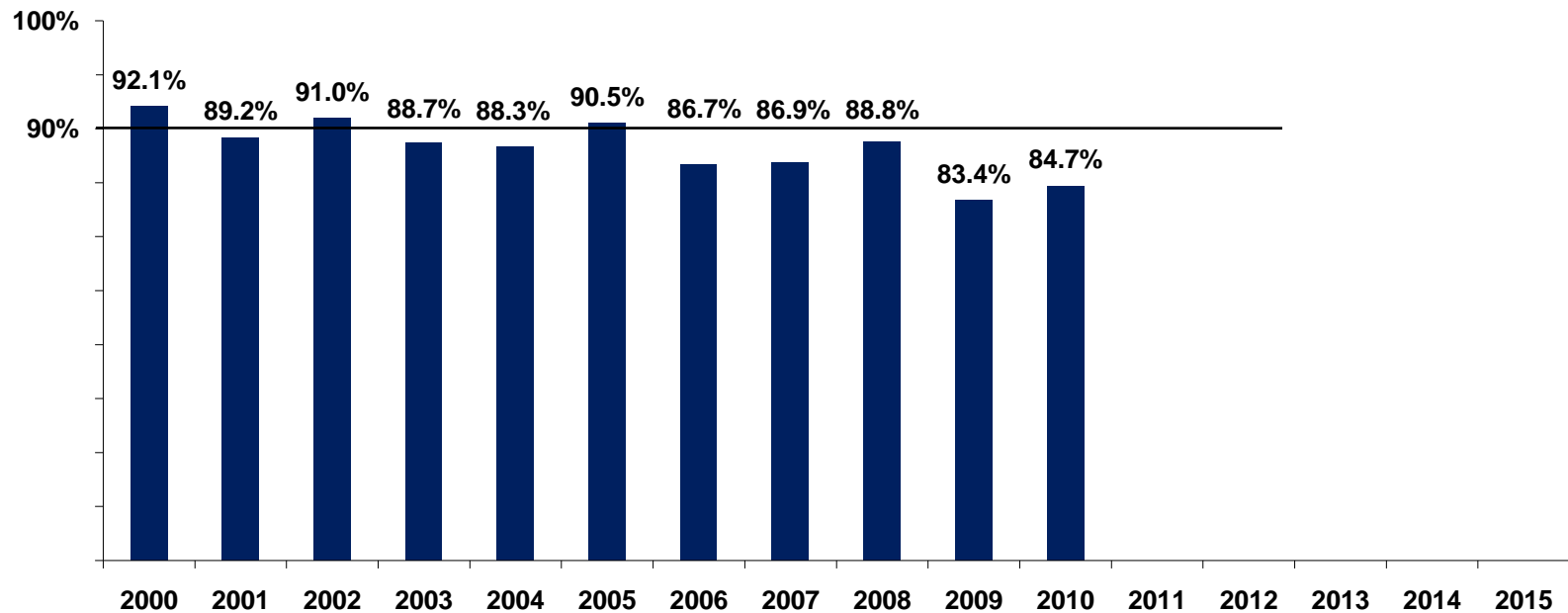
- One offs – small run
designs/objects –
crafts jewellery

→ Creating More Value In The Future



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Like-for-Like Occupancy (as reported)

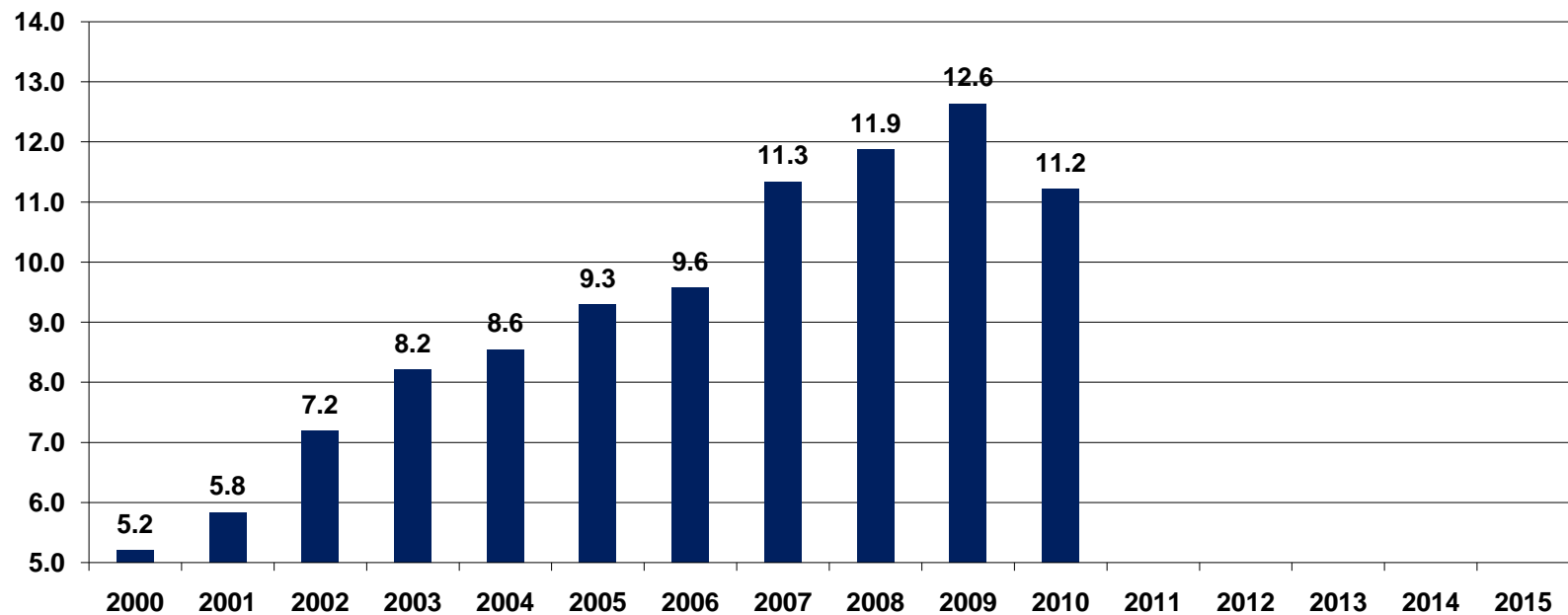


→ Creating More Value In The Future



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Average Rent psf (as reported)

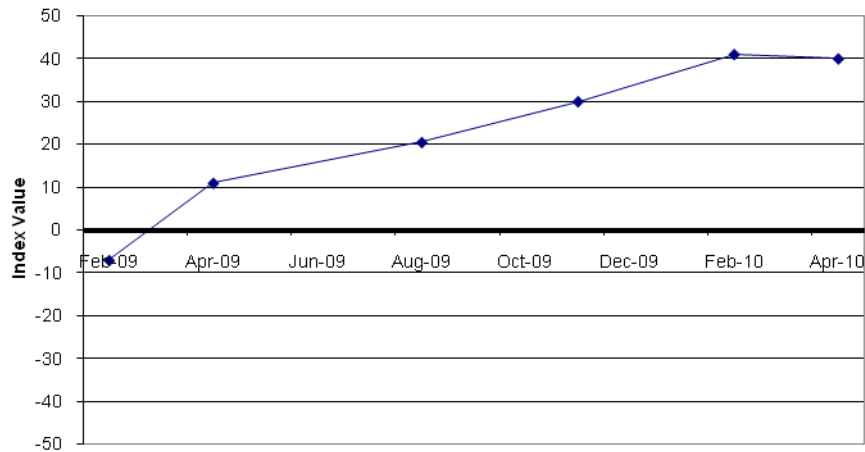


→ A London SME Barometer

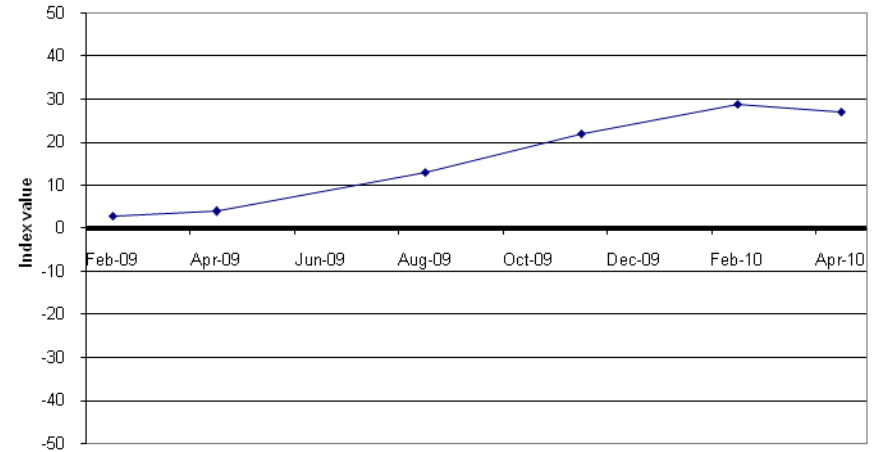


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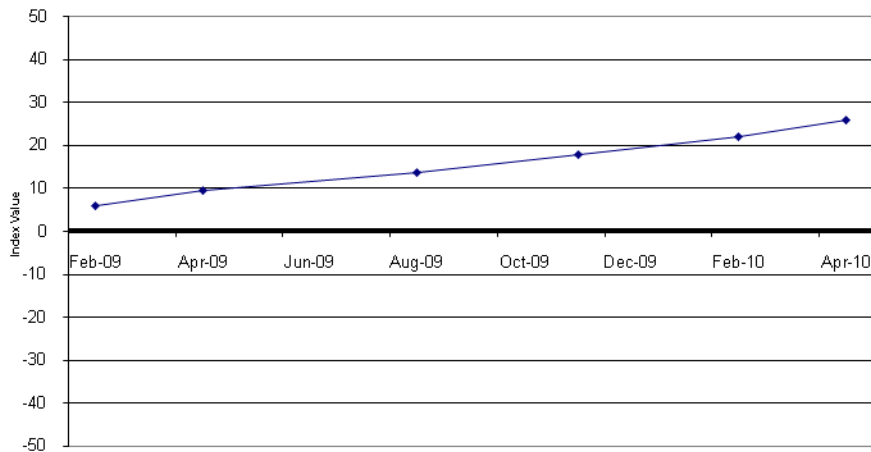
Quarterly Sales Turnover Outlook Index



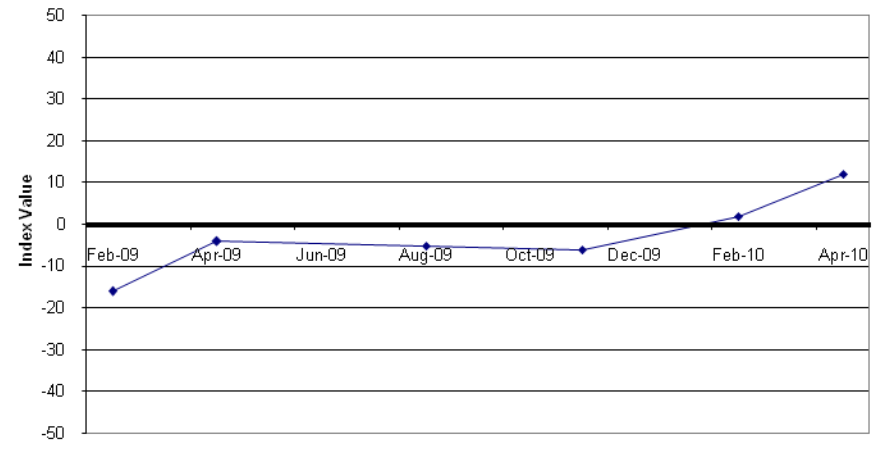
Quarterly Employment Outlook Index



Quarterly Investment Outlook Index



Quarterly Selling Price Outlook Index



Quarter

Quarter



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Added Value Overview

Angus Boag

→ Added Value



- **How is the Development Market?**
 - Prime locations 'dusting off' schemes
 - Almost no funding for speculative commercial
 - Limited funding for residential

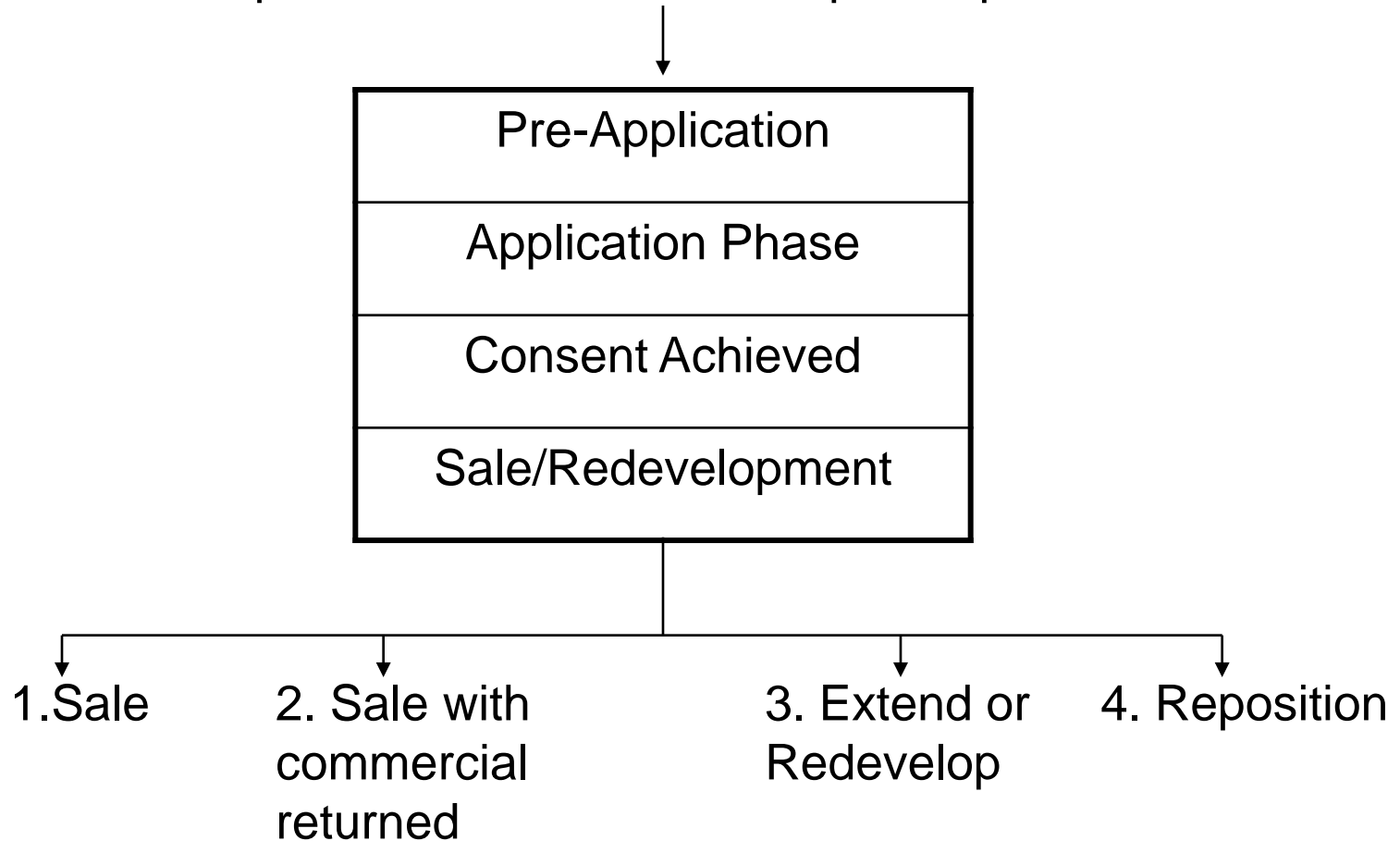
→ Added Value Sales



- **How have we fared over the last year?**
 - Thurston Road sale £6m cash and 80,000 sq.ft commercial returned
 - Canalot Studios (Part) £6.1m cash and 1,500 sq.ft commercial returned
 - Bounds Green (Part) £2.3m cash

→ Planning Process

Properties selected for development potential



→ Strand 1 – Disposal For Cash



Exchanged Deals

- Surrey House, SE1: £4.5m – 180 Bed Hotel
- Magenta House and Car Park, E1: £4.0m – 200 Student Housing Units

Pipeline Deals

- Industrial site: £1.65m – 23 Apartments
- Car Park site: £4.6m – 75 Apartments
- Car Park site: £4.25m – 180 Student Housing Units
- Commercial site: £4.25m – Roof Extension

→ Strand 1 – Disposal For Cash



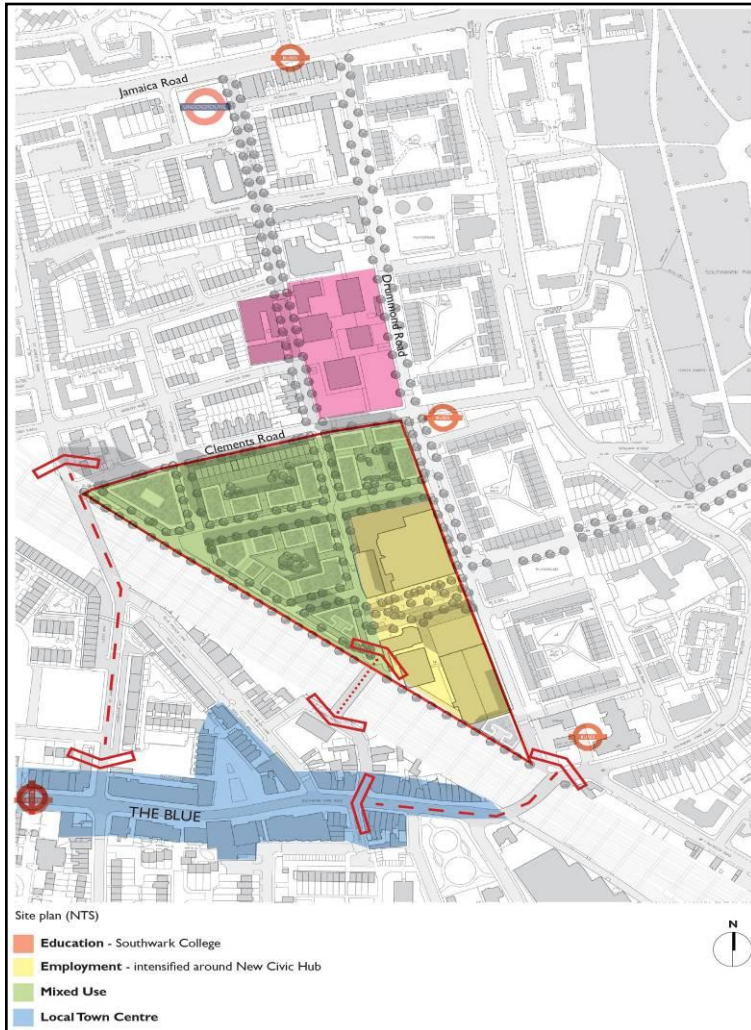
Tower Bridge Business Complex

- 12 acres of Preferred Industrial Location
- Part thriving Business Centre
- Part large low-value sheds
- LB Southwark has agreed to redesignate 6 acres for residential
- No added value in March 2010 valuation

→ Tower Bridge Business Complex



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→ Strand 2 – Sale with Commercial Returned

Wandsworth Business Centre

- Existing centre at the end of its life
- Detailed consent for 209 Apartments and 80,000 sq.ft Business Centre
- Actively marketed by Savills



→ Strand 2 – Sale with Commercial Returned



Other Current Schemes

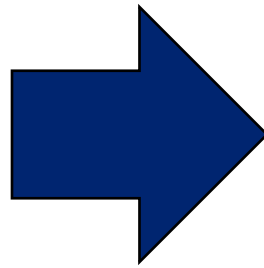
Poplar Business Park, E15	315 Apartments	60,000 sq.ft	Business Centre	90 Bed Hotel
Bow Enterprise Park, E3	558 Apartments	60,000 sq.ft	Business Centre	
Grand Union Centre, W10	145 Apartments	100,000 sq.ft	Business Centre	
Aberdeen Centre, N1	72 Apartments	60,000 sq.ft	Business Centre	

Future Schemes

Industrial site	200+ Apartments	50,000 sq.ft	Business Centre	
Industrial site	400+ Apartments	50,000 sq.ft	Business Centre	

→ Bow Enterprise Park, E3

Before



After



→ Strand 3 – Extension & Redevelopment

Canalot Studios, W10

- Part sale for student housing for £6.1m
- 15,000sq.ft roof extension
- New entrance hall



Great Guildford, SE1

- 25,000 sq.ft new roof extension
- New courtyard entrance



→ Strand 4 – Repositioning



Kennington

- 6.2 acre Key Industrial Business Area (KIBA)
- Walled industrial site mainly large scale, low value occupiers
- 1st phase Canterbury Court – 90,000sq.ft new business units
- Retail and leisure replacing low value storage/industrial
- Chichester and Chester House – 30,000 sq.ft small business units replacing large industrial
- Longer term residential
- No added value in CBRE March 2010 value

→ Kennington Park, SE1



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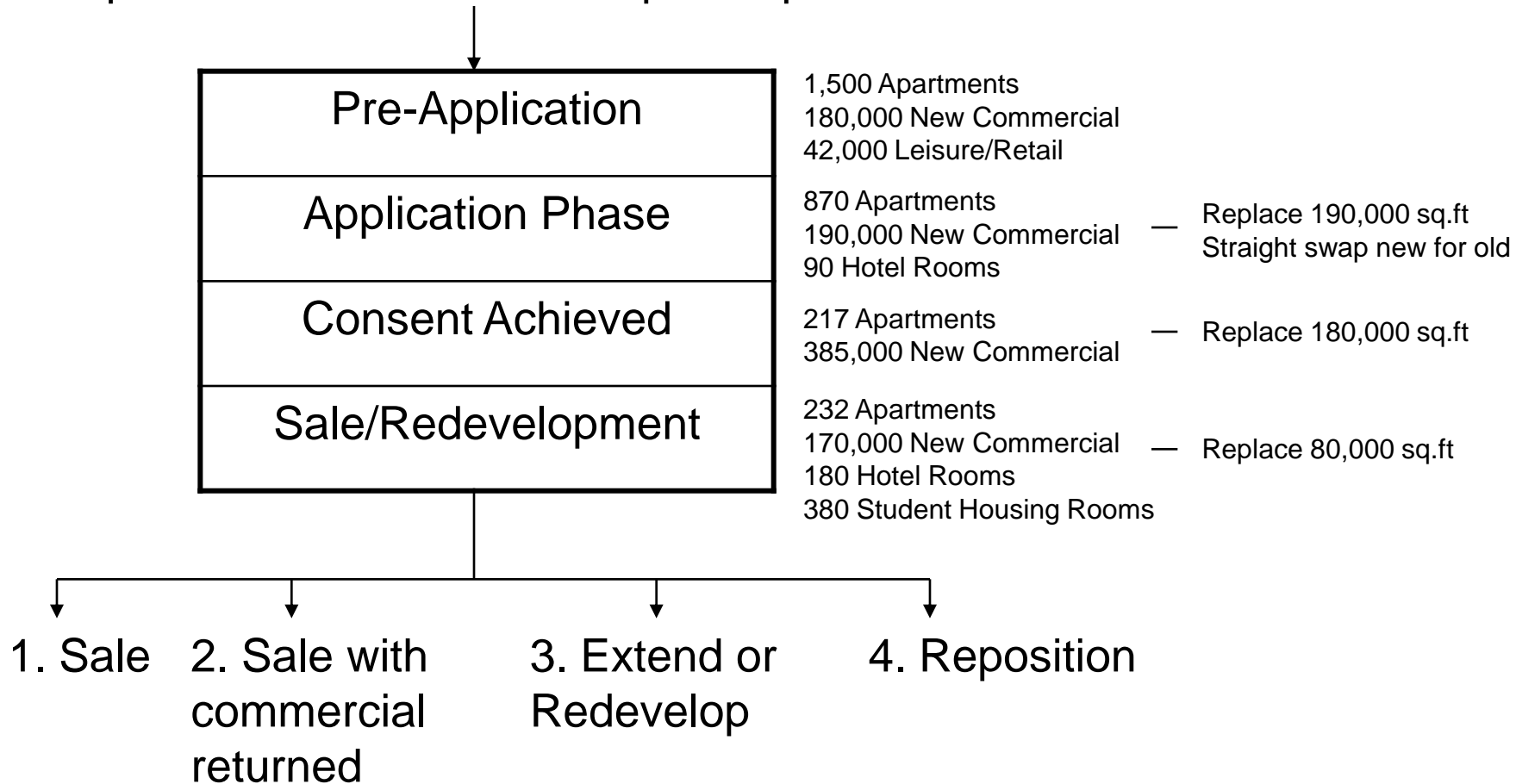


KENNINGTON PARK LONG TERM DEVELOPMENT STRATEGY
WORKSPACE PLC

→ Scale of Opportunity



Properties selected for development potential





Concluding Remarks

Harry Platt and Graham Clemett

