

# WORKSPACE UNDERSTANDS WORK SPACE

ANNUAL REPORT  
AND ACCOUNTS 2015



WORKSPACE®

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### Also in this Report:

See how we use social media to engage with our customers.  
p.16-17

Discover the many different types of operational activity we conduct each year in engaging with our customers.  
p.54-55

## HIGHLIGHTS

### Investor

Dividend per share growth **+13%** Total Shareholder Return **47%**

2015 12.04p  
2014 10.63p  
2013 9.67p

2015 47%  
2014 76%  
2013 51%

### Property

Valuation **+30%** Total return **37%**

2015 £1,423m  
2014 £1,078m  
2013 £830m

2015 36.7%  
2014 34.7%  
2013 13.8%

### Customer

Enquiries per month **+15%** Customer satisfaction **77%**

2015 1,222  
2014 1,063  
2013 1,037

2015 77%  
2014 78%  
2013 82%

### Financial

Adjusted trading profit **+30%** Profit before tax **+43%**

2015 £26.6m  
2014 £20.5m  
2013 £17.9m

2015 £360.0m  
2014 £252.5m  
2013 £76.4m

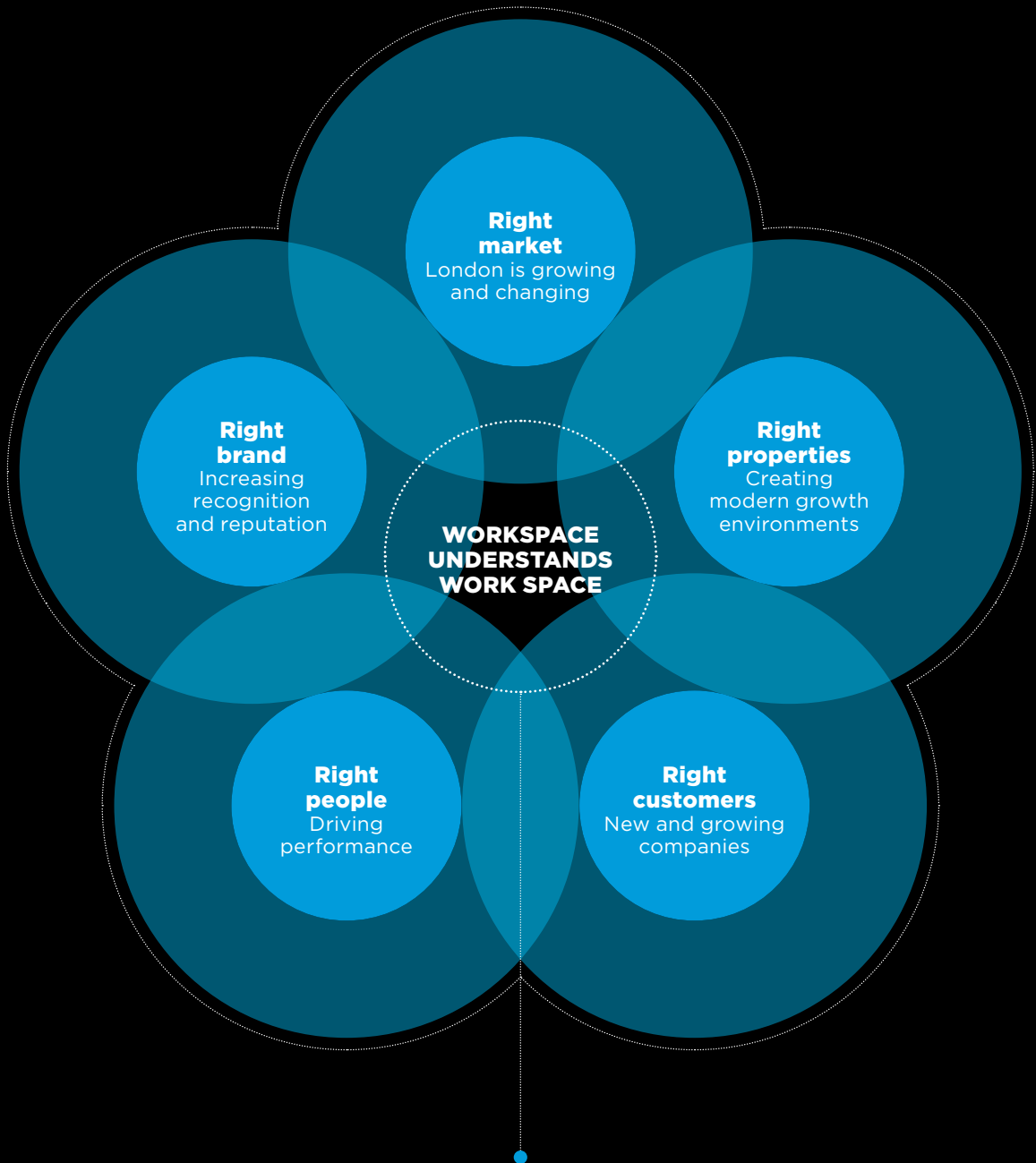
### EPRA

EPRA NAV per share **+42%** EPRA cost ratio **34%**

2015 £7.03  
2014 £4.96  
2013 £3.48

2015 34%  
2014 33%  
2013 32%

THE RIGHT STRATEGY  
HOW IT WORKS



Home to new and growing companies across London.



District line • Hammersmith & City line • Overground • Crossrail

# WHITECHAPEL

A key interchange for London's vibrant East End

0345 2 3813



**Right market**  
London is growing and changing



visit [www.crossrail.co.uk](http://www.crossrail.co.uk)

Massive investment in infrastructure is supporting the continued growth of the London economy. This is evident in areas such as Whitechapel, where we have a cluster of properties.








**Right properties**  
Creating modern growth environments

We constantly invest in our properties across London to meet our customers' needs. Extensive refurbishment work, such as at Westbourne Studios (pictured), gives our customers access to a wide range of services from on-site cafés, gyms and cycle racks to meeting rooms and break-out areas - all designed to help their businesses grow and encourage engagement with each other.

This year, Pill Box in Bethnal Green was named the 'Best New Place to Work' at the London Planning Awards.



Rate% Setter

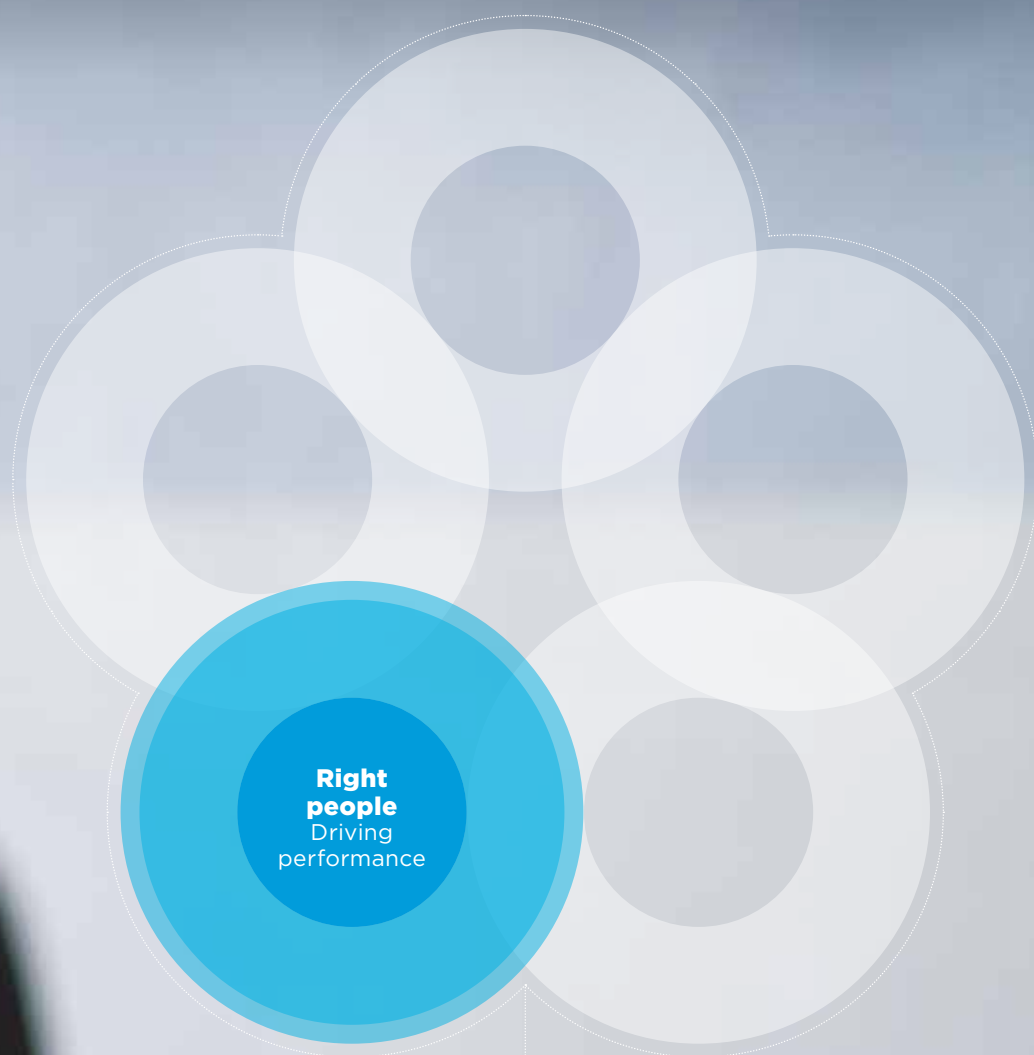




**Right  
customers**  
New and growing  
companies

New and growing companies are driving the London economy. Direct contact with our customers improves our understanding of how we can help them to grow their businesses. One such customer, Ratesetter (pictured), has been with us since May 2010 and we are pleased to have supported its growth from a start-up to the UK's leading peer-to-peer lending platform.





Everyone at Workspace is focused on our customers, whether on-site in our business centres, or in the lettings, marketing, management, development or finance teams.

Our staff play an active role in supporting their local communities as well, raising money for our nominated charities through events such as the Spinathon (pictured) and the Arctic Challenge.



WORKSPACE



WORKSPACE



**Right brand**  
Increasing recognition and reputation

Our customers recognise our brand as the go-to home for new and growing companies. They look to us to provide networking opportunities with other fast-growing businesses, business grade technology solutions and flexibility.

This year, we purchased a Tuk Tuk to sell coffee in some of our business centres while their cafés were being refurbished, maintaining a high level of service for our customers at all times.

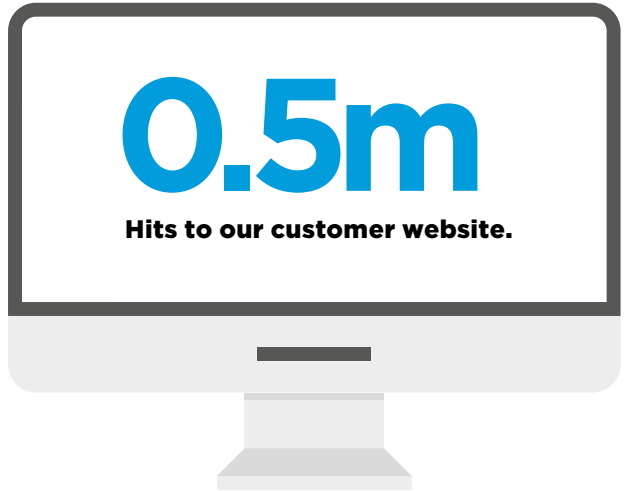
RIGHT STRATEGY

Bringing it all together – another active year



**‘Best New Place to Work’**

**Pill Box, Bethnal Green, named ‘Best New Place to Work’ at London Planning Awards.**




**0.5m**

**Hits to our customer website.**

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Completed extensive refurbishment of Metal Box Factory on Bankside.



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**Completed five acquisitions in attractive locations.**

**5**




**8,000**

**Customer viewings.**

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Supported the launch of Informed Funding in February 2015, a service offering advice and information on alternative sources of funding.



**300**

**Customer events.**



**‘Specialist Property Company of the Year’**


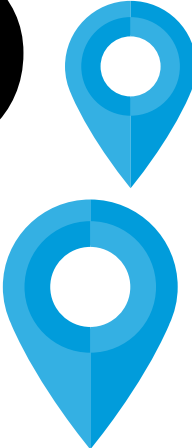
**Workspace named ‘Specialist Property Company of the Year’ at Estates Gazette Awards.**



**'Best Real Estate PLC'**

**Workspace named 'Best Real Estate PLC' at UK Stock Market Awards.**

**75**


**Students gained valuable work experience when they joined customers' businesses during InspiresMe week.**

Opened new business centres in Islington (ScreenWorks) and Wandsworth (The Light Bulb).

**15,000**

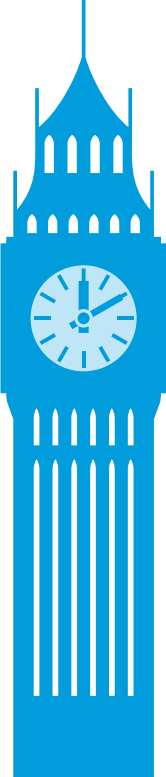
**Customer enquiries during the year.**

**+4**



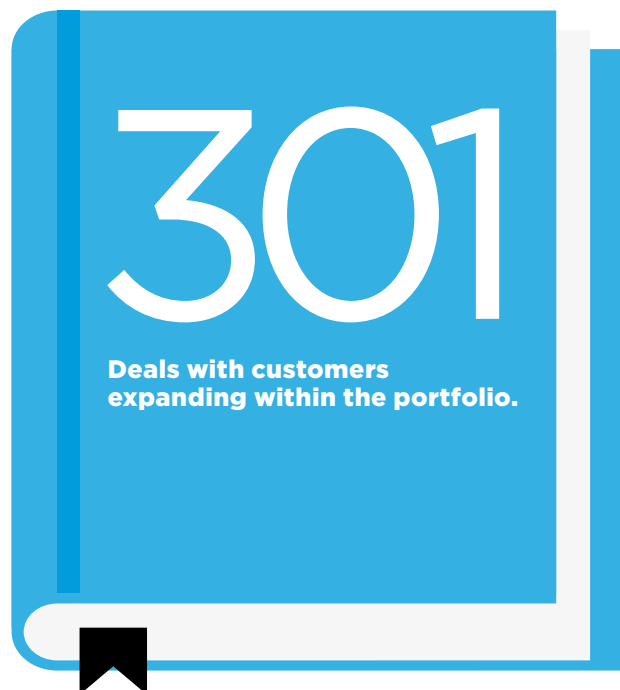
**New ClubWorkspace opened, bringing the total to 10.**

**35**



**Staff days spent volunteering for our nominated charities: XLP, FareShare and First Love Foundation.**

**301**



**Deals with customers expanding within the portfolio.**

Inaugural NGC Forum held in January 2015 at the House of Commons.

## CHAIRMAN'S STATEMENT

Our proven strategy has delivered another year of excellent performance across the business.

In a year of good performance across the property sector, Workspace has again outperformed. Workspace is benefiting from its focus on new and growing companies in London and a long-term strategy of redevelopment and refurbishment combined with active portfolio management and targeted acquisitions. This momentum is reflected in our revenues and profits which have again grown strongly. Group net rental income was £57.7 million, an increase of 15%, profit before tax was £360.0 million, an increase of 43%, and EPRA NAV per share was £7.03, an increase of 42%.

Considering these strong results and the Company's future prospects, the Board is recommending an increase in the final dividend by 15% to 8.15p to be paid on 7 August 2015. This represents an increase in the total dividend for the year of 13% to 12.04p.

During the year we acquired five properties, helping us to expand our portfolio in our target areas such as London's Midtown, and we will continue to search for and execute transactions that we believe will provide strong, long-term shareholder returns. We also agreed terms for the cancellation of the Glebe Proceeds Share Agreement with the former lenders to the Glebe portfolio which we acquired in 2009. This concludes the integration of the portfolio that has delivered substantial returns since its acquisition.

In November, we were grateful for the strong support of investors in successfully completing a £96.5m share placing. This will allow us to move more quickly to extend our refurbishment pipeline and take advantage of acquisition opportunities.

Throughout all of this, the Board continued to support Jamie and the team in executing our strategic plans with strong governance sitting at the heart of our approach. During the year, Bernard Cragg retired as Non-Executive Director and we welcomed the arrival of Stephen Hubbard to the Board. Stephen is currently Chairman of CBRE UK and we are already benefiting from his wealth of experience.

We aim to support not only our customers but also the wider communities around us and we remain alive to our responsibilities. Nowhere is that more evident than in our goal to reduce energy usage in all of our buildings and it is pleasing to note that we have reduced overall energy consumption by 9% over the last two years.

All of the achievements we report this year are of course a reflection of the hard work and dedication of our employees and I would like to thank them once again for their expertise and commitment which is growing our business and further strengthening our presence.

Looking forward, I believe we have the right strategy to cement our position as the home to new and growing companies across London, and deliver superior value to shareholders.

**Daniel Kitchen**  
Non-Executive Chairman



**Related information:**  
Corporate Social  
Responsibility p.34

Corporate governance  
report p.64





Daniel Kitchen,  
Non-Executive  
Chairman,  
pictured in  
the Atrium  
at Metal Box  
Factory.