Sustainability Capital Markets Event
Generating long-term value for all our stakeholders
10 May 2022
Corporate calendar

Trading update – 7 April

McKay acquisition – 6 May

Sustainability update & presentation today

Full year results - 8 June
# Agenda

<table>
<thead>
<tr>
<th></th>
<th>01 Introduction</th>
<th>02 Our sustainability approach</th>
<th>03 Driving environmental impact</th>
<th>04 Investment plan – Net zero and EPC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>Dave Benson</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>05 Driving social impact</th>
<th>06 Generating value</th>
<th>07 Panel discussion</th>
<th>08 A sustainable business</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>Sonal Jain, Claire Dracup, Leo Shapland, Bryony Gerega</td>
<td>CEO</td>
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</tbody>
</table>
Introduction

Graham Clemett
CEO
Introduction
An inherently sustainable business

Our purpose is to give businesses the freedom to grow.

Our strategy
- Driving customer-led growth...
- ...and delivering operational excellence...
- ...whilst always being sustainable.

We aim to create a flatter, fairer more sustainable London.
Introduction
Governance & Accountability

Management
- Workspace Board
- Board ESG Committee
- Executive Committee

Operational
- Sustainability committees
  - Environmental Sustainability committee
  - Social Sustainability committee

Champions
- Customer environmental groups
- Charity, Wellbeing and Social committee

ESG ratings & memberships
- 5 star
- A- and supplier engagement leader
- GOLD EPRA Sustainability Best Practice Recommendations Award
- 3.0 FTSE4Good
- Low risk

Memberships
- UK GBC
- BPF
- British Property Federation
- BBP
- Better Buildings Partnership
- Intelligent Sustainable Energy Partnership
Our sustainability approach

Sonal Jain
Head of Sustainability
Our sustainability approach

As home to London’s brightest businesses, as custodians of some of the most iconic buildings in London and as a responsible employer, we believe that sustainability is crucial to our long-term success.

3,000+ customers

30,000+ people in our buildings

14 boroughs

4m+ sq. ft.
Our sustainability approach

1. Delivering a climate resilient portfolio

   - Energy
   - Carbon
   - Waste
   - Water
   - Nature & Biodiversity
   - Transport

2. Supporting our communities

   - Skills and employment
   - Homelessness
   - Prosperous neighbourhoods
   - Local environmental stewardship

3. Looking after our people

   - Wellbeing
   - Fair wages and work
   - Diversity and inclusion
   - Connected and engaged customers
Driving environmental impact

Sonal Jain
Head of Sustainability
Driving environmental impact
Ensuring a timely transition to net zero carbon

We will become a net zero carbon business by 2030
How we are driving impact
Ensuring a timely transition to net zero carbon

Net Zero Carbon by 2030

01 Operational carbon
- Energy reduction
  • 100 kWhe/m²: 25% better than benchmark
- Heat decarbonisation
  • Over 30% all electric

02 Embodied carbon
- 40-70% better than benchmark

03 Renewable procurement
- 100% renewable electricity, 13 PV arrays

NOW
- 70 kWhe/m²
- 100% all electric

2030
- Zero operational carbon, no offsetting
- 350 kgCO2/m², offset residual
- 100% renewable energy
Driving environmental impact
Our net zero trajectory

Scope 1 - Gas emissions (tCO2e)

Scope 2 - Electricity emissions (tCO2e)

1 2021/22 data subject to verification
2 Impacted by Covid restrictions with significantly fewer customers utilising our business centres
Driving environmental impact
Energy intensity of our portfolio

Current portfolio snapshot
Whole building energy intensity (kWhe/m² GIA)

1 2020 Interim energy performance target set by UKGBC for net zero carbon buildings
2 2030 Interim energy performance target set by UKGBC for net zero carbon buildings
3 2050 Paris proof energy performance target set by UKGBC for net zero carbon buildings
Driving environmental impact
Energy intensity of our portfolio

Current portfolio snapshot
Whole building energy intensity (kWhe/m² GIA)

- 2020 target
- 2030 target
- 2050 target

Workspace locations

Leroy House
Exmouth House

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1 2020 Interim energy performance target set by UKGBC for net zero carbon buildings
2 2030 Interim energy performance target set by UKGBC for net zero carbon buildings
3 2050 Paris proof energy performance target set by UKGBC for net zero carbon buildings

Workspace | Sustainability 2022
Driving environmental impact
Minimising embodied carbon

Case study: Leroy House refurbishment

- Embodied carbon: 230 kgCO2/m2
- Reduction: 77% less than a typical new build
- Result: 34% better than 2030 aspirational target

We are achieving this through:

- Retaining the building’s structure
- Using natural ventilation
- Reduced finishes
- Steel with 20% recycled content
- 50% GGBS concrete

1 Ground Granulated Blast-furnace Slag
Driving environmental impact
Energy Performance Certificate (EPC) snapshot of the portfolio

Note: Compared to Workspace, the scale of challenge in upgrading EPC is nearly twice as much for office buildings in London, with only c. 35% rated EPC A/B/C (Source, Savills research)
Investment plan – Net Zero and EPC

Dave Benson
CFO
Investment plan
Upgrading EPCs through our pipeline of refurbishment and redevelopment projects

Portfolio snapshot
EPC breakdown by area (sq. ft.) - with project activity

Vox Studios, Vauxhall
- £8m total cost to deliver 27,000 sq. ft. of new/refurbished space
- Included LED lighting, double glazing, insulation and heat pumps
- EPC C to B
- Average rent per sq. ft. increased from £21 to £43
- Valuation increased from £8m to £20m with 12% ungeared IRR
Investment plan
Upgrading units from EPC C

Portfolio snapshot
EPC breakdown (with project activity) by area (sq. ft.)

The Old Dairy, Shoreditch
• 4,000 sq. ft. unit
• LED lighting
• Cost - £12,000
• EPC C to B
Investment plan
Upgrading units from EPC D/E

Portfolio snapshot
EPC breakdown (with dev activity) by area (sq. ft.)

Metal Box Factory, Southwark
• 3,000 sq. ft. unit
• LED lighting, secondary glazing and AC
• Cost - £76,000
• EPC D to B
Investment plan
Achieving net zero - decarbonising heat

We will become a net zero carbon business by 2030

Screenworks, Islington
- 54,000 sq. ft. (5 floors)
- Heat pump and smart energy monitoring
- Cost - £1.6m
- EPC B (likely move to A post works)
## Investment plan
Cost of upgrading EPCs and transitioning to net zero

### EPC + Net zero transition cost

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
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<tr>
<td>Cost to upgrade EPC C to A/B</td>
<td>£5-7m</td>
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<tr>
<td>Cost to upgrade EPC D/E to A/B</td>
<td>£30-40m</td>
</tr>
<tr>
<td>Additional investment needed to decarbonise heat and meet net zero</td>
<td>£15-20m</td>
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**Total cost of EPC and net zero**

£50-67m (c.£6-8m p.a.)
Driving social impact

Sonal Jain
Head of Sustainability
Driving social impact
Supporting our people and our communities

Our aim is to have a lasting positive impact on people’s quality of life

- Skills and employment
- Wellbeing
- Prosperous neighbourhoods
- Local environmental stewardship
Driving social impact
2021/22 Highlights

£100K
Raised for SHP – impacting 550 people

540
Volunteering hours

£11.05
Living wage

750+
Customers benefitted from wellbeing support

200+ claims
Health shield benefits package

£180K
Lettings in kind

100%
Staff training on sustainability

84
Community & charity events held
Driving social impact
Our partnership with SHP
Driving social impact
Maximising social value through employment led regeneration

Case study: Lock Studios

- **High quality working space**
  - 500+ employment

- **Increase footfall, local spend**
  - c. £4000 per week

- **Need-based amenities**
  - 6 retail units, 1 public cafe

- **Safe, inclusive, green space**
  - 0.75 ha open space, 92 trees

- **Healthcare and education**
  - £3m contribution

Prosperous neighbourhoods
Local environmental stewardship
Wellbeing
Generating value

Sonal Jain
Head of Sustainability
Generating value

Value add

- Brand & reputation
- Customer satisfaction
- Employee engagement
- Financing
- +ROI
- Cost savings
Generating value
Enhancing our customer brand proposition

85% of SME decision makers describe sustainability as very / quite important

Over 70% have set net zero target

For ~20% sustainability requirements are essential to decision making

<table>
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<th>Reasons why sustainability is important to their business</th>
<th>Percentage</th>
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<td>Important to the owners of the business</td>
<td>44%</td>
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<td>Helps reduce costs</td>
<td>34%</td>
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<tr>
<td>Helps stand out from competitors</td>
<td>33%</td>
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<tr>
<td>Customers / clients expect it</td>
<td>30%</td>
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<tr>
<td>Environmental &amp; legal compliance</td>
<td>30%</td>
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<tr>
<td>Investors expect it</td>
<td>27%</td>
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<tr>
<td>Employees expect it</td>
<td>24%</td>
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Source: Survey of 300+ SMEs conducted in 2022
Generating value
Creating value for customers
Panel discussion
Our embedded approach

Future proofing our business

Capitalising on customer demand

Creating a fairer, flatter London

Bryony Gerega
Head of Development Management

Leo Shapland
Head of Portfolio Management

Claire Dracup
Director of People & Culture

Sonal Jain
Head of Sustainability
A sustainable business

Graham Clemett
CEO
A sustainable business

We reduce carbon through repurposing iconic buildings

We invest in communities and flatten London’s working map

Our robust governance ensures everyone is committed