

INVESTOR AND ANALYST  
PRESENTATION  
4 JUNE 2014

# WORKSPACE RESULTS 2014 DRIVING VALUE



WORKSPACE®



# WORKSPACE

## HOW WE MAKE MONEY

WHAT WE DO

TAILORED BUSINESS ENVIRONMENTS

+

NEW AND GROWING COMPANIES

+

LONDON

MARKET KNOWLEDGE

+

CUSTOMER RELATIONSHIPS

+

OPERATIONAL CAPABILITY

UNDERSTANDING DEMAND

THE RIGHT PROPERTIES

+

THE RIGHT SERVICES

CREATING SUPPLY

THE RIGHT STRATEGY

INCOME GROWTH

CAPITAL GROWTH

# WORKSPACE

**Jamie Hopkins**  
Chief Executive Officer

# PERFORMANCE

**Graham Clemett**  
Chief Financial Officer

# DIRECTION

**Jamie Hopkins**  
Chief Executive Officer

# QUESTIONS



# WORKSPACE RESULTS

	March 2014	March 2013	Change
<b>Strong Growth</b>			
Rent Roll (lfl)	<b>£47.4m</b>	£43.7m	↑ +9%
Property Valuation	<b>£1,078m</b>	£830m	↑ +27%*
Total Property return	<b>35%</b>	14%	<b>Up 21%</b>
EPRA NAV (per share)	<b>£4.96</b>	£3.48	↑ +43%
Dividend (per share)	<b>10.63p</b>	9.67p	↑ +10%
<b>Operational Momentum</b>			
Enquiries (per month)	<b>1,063</b>	1,037	↑ +3%
Occupancy (lfl)	<b>90.0%</b>	89.8%	<b>Up 0.2%</b>
Rent per sq. ft (lfl)	<b>£15.28</b>	£14.08	↑ +9%
Trading Profit after Interest**	<b>£20.5m</b>	£17.9m	↑ +15%

\* Underlying increase

\*\* Excluding exceptional interest and other income/(expenses)



# PERFORMANCE HIGHLIGHTS

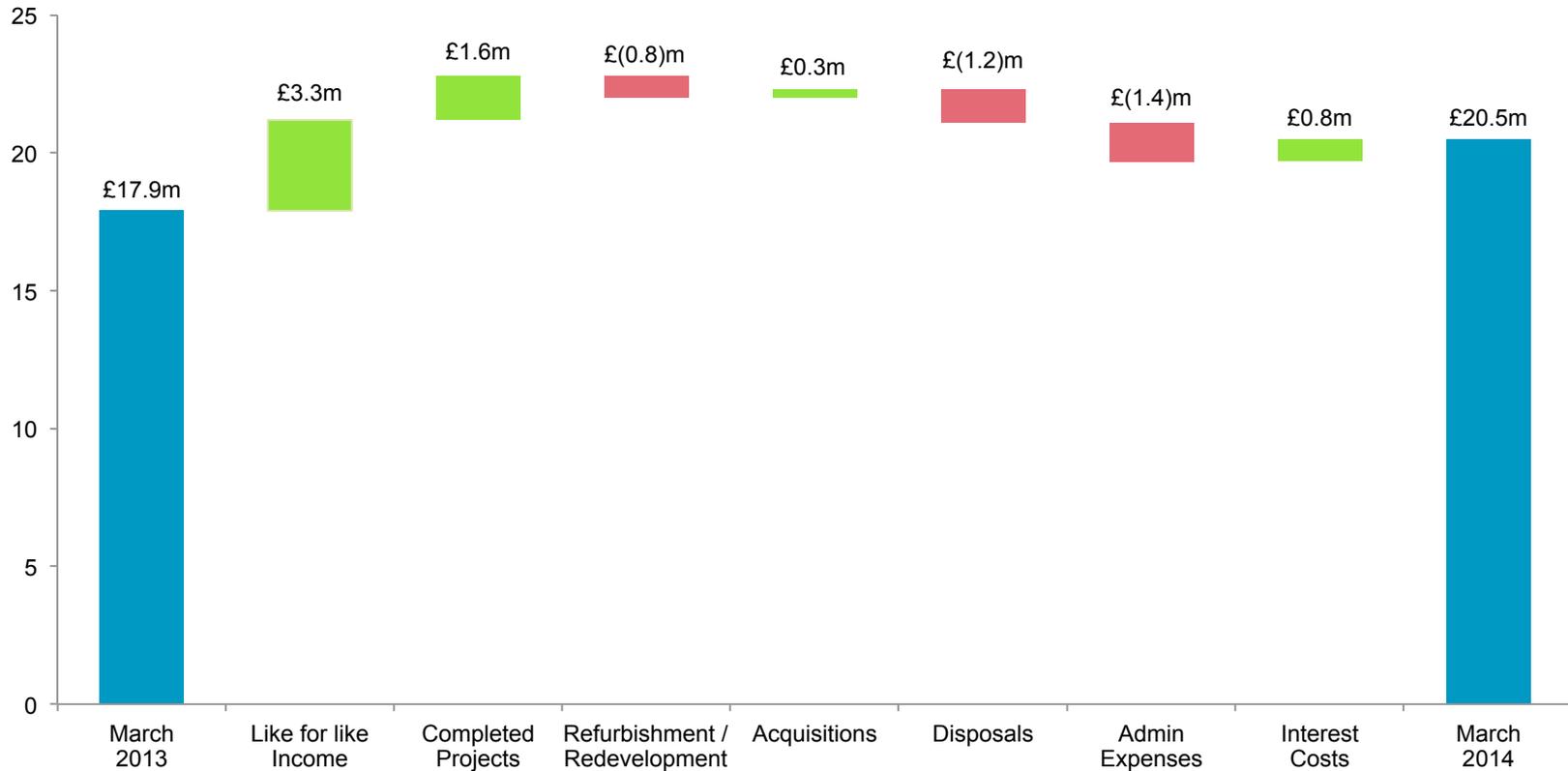
	March 2014	March 2013	Change
<b>Income Statement</b>			
Net Rental income	£50.3m	£47.1m	↑ +7%
Adjusted Trading Profit After Interest	£20.5m	£17.9m	↑ +15%
Profit Before Tax	£252.5m	£76.4m	↑ +230%
Underlying Earnings (per share)	13.87p	12.20p	↑ +14%
Dividend (per share)	10.63p	9.67p	↑ +10%
<b>Balance Sheet</b>			
Portfolio Valuation	£1,078m	£830m	↑ +27%*
EPRA NAV (per share)	£4.96	£3.48	↑ +43%
Net Debt	£338m	£327m	Up £11m
Loan to Value	31%	40%	Down 9%

\* Underlying increase



# PERFORMANCE

## TRADING PROFIT AFTER INTEREST





# PERFORMANCE LIKE-FOR-LIKE INCOME

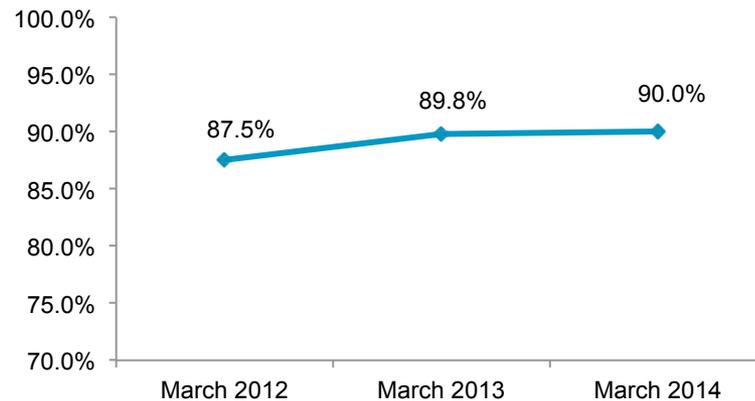
### RENT ROLL



### RENT PER SQ.FT



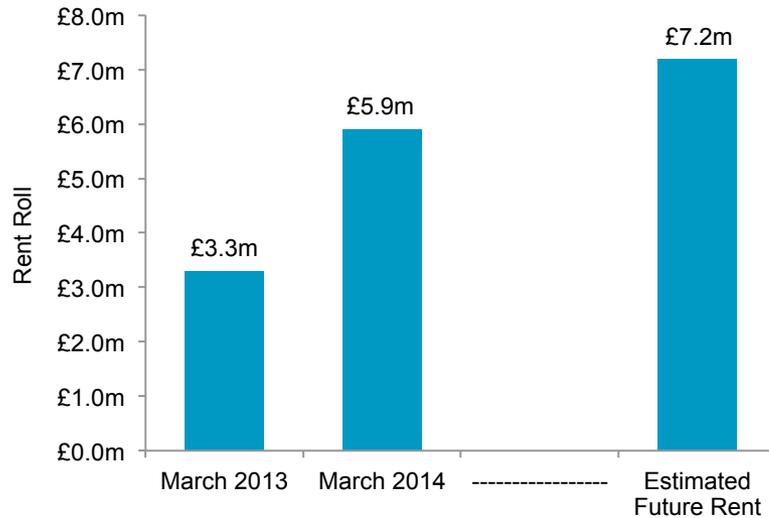
### OCCUPANCY





# PERFORMANCE COMPLETED PROJECTS

- 7 refurbishments completed at cost of £27m
- 210,000 sq. ft of new and upgraded space



Note: Further detail in Appendix I

## PILL BOX BETHNAL GREEN E2

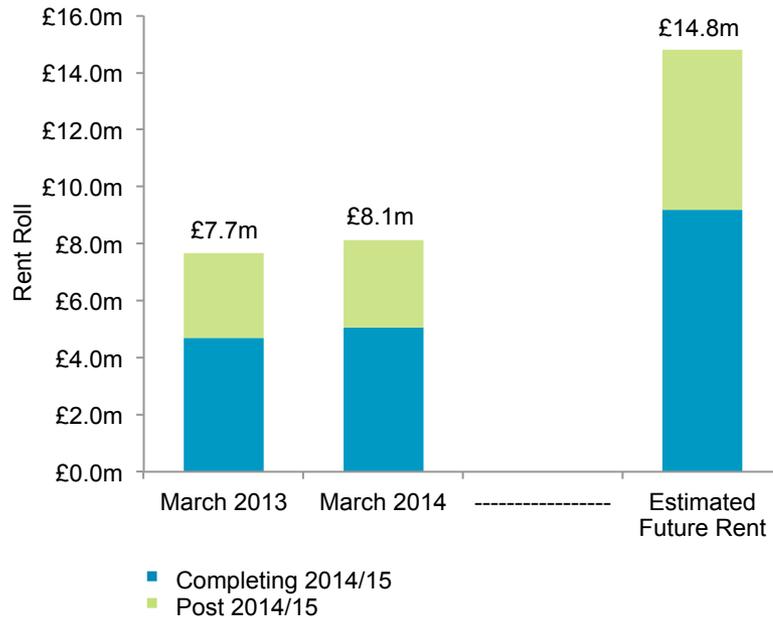


- £9m refurbishment completed February 2014



# PERFORMANCE CURRENT REFURBISHMENTS

- 8 projects at a total cost of £74m
- 373,000 sq. ft of new and upgraded space



Note: Further detail in Appendix I

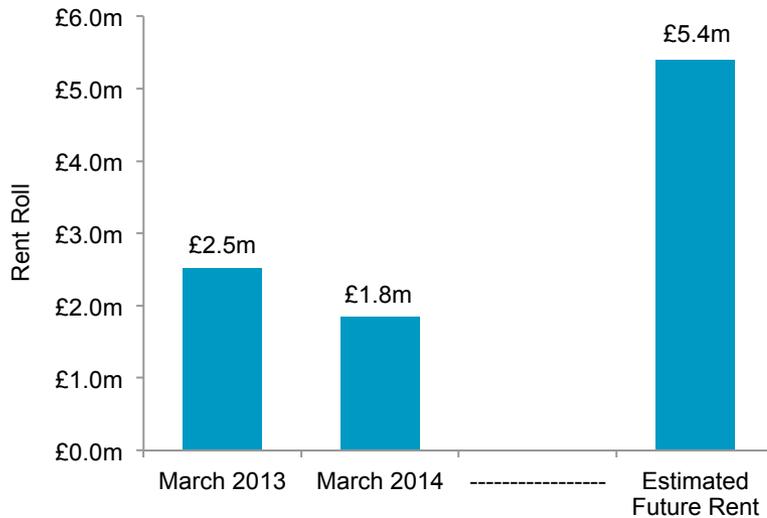
## METAL BOX FACTORY SOUTHBANK SE1



- Completing in Summer 2014

# PERFORMANCE REDEVELOPMENTS

- 8 redevelopment schemes contracted for sale
  - £95m cash plus overage
  - 5 new business centres
- Strong pipeline



Note: Further detail in Appendix II

## SCREENWORKS ISLINGTON N5

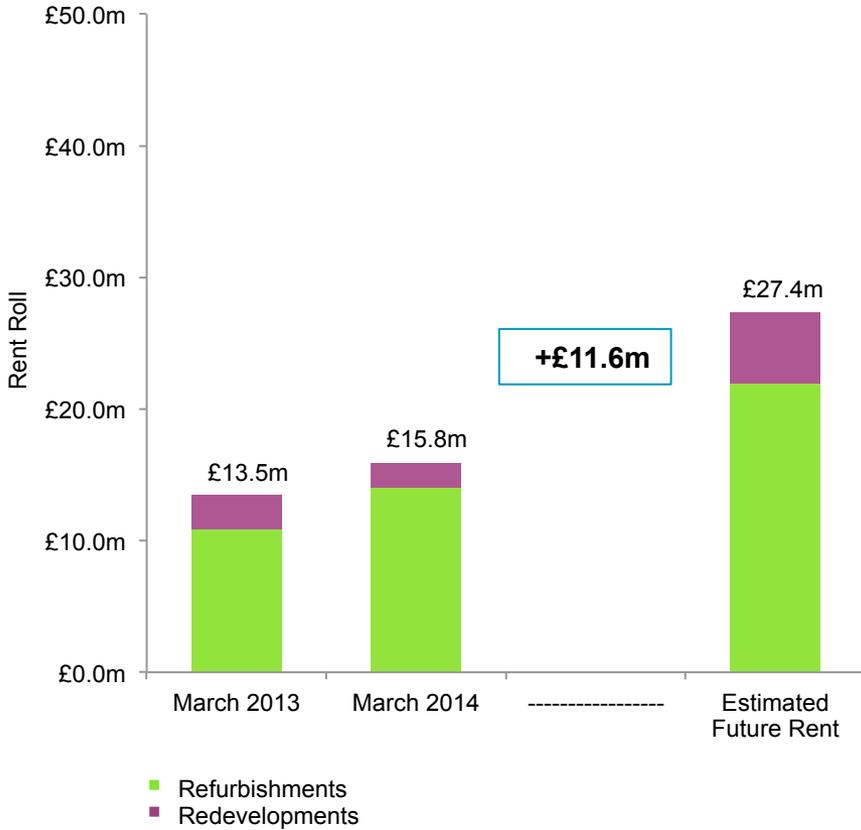


- New business centre opening June 2014

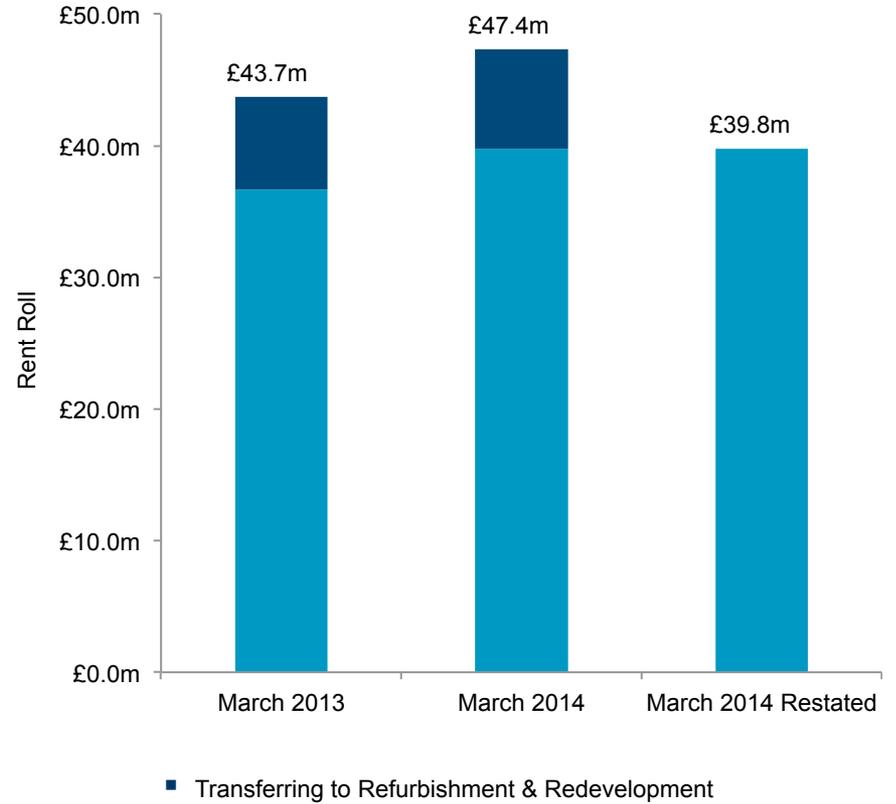


# PERFORMANCE FUTURE INCOME

## PROJECTS



## LIKE-FOR-LIKE





# PERFORMANCE CASH FLOW

		£m
<b>Trading</b>		
Net cash from operations	26	
Dividends paid	(14)	12
<b>Investment</b>		
Capital Expenditure	(30)	
Property Acquisitions	(19)	
Disposals/Capital Receipts	29	(18)
Investment in joint ventures	2	
<b>Financing</b>		
Cancellation of hedging contracts	(9)	
Release of secured bank facility funds	7	(5)
Refinancing costs	(3)	
Net movement in year		(11)
Net Debt at March 2013		(327)
Net Debt at March 2014		(338)



# PERFORMANCE BALANCE SHEET

	March 2014	March 2013
Investment Property Valuation	£1,078m	£830m
Investment in Joint Ventures	£23m	£21m
Net Debt	(£338m)	(£327m)
Non Controlling Interest	(£11m)	£0m
Other	(£26m)	(£24m)
<b>Net Assets</b>	<b>£726m</b>	<b>£500m</b>
EPRA NAV per Share	£4.96	£3.48
Loan to Value	31%	40%
Facility Headroom	£72m	£55m



# PERFORMANCE

## GLEBE PROCEEDS SHARE

	March 2014	March 2013
Glebe Portfolio Valuation	<b>£217m</b>	£164m
Comprising:		
Commercial properties – no plans to sell	<b>£110m</b>	£81m
Properties with residential sales potential	<b>£107m</b>	£83m
<u>Proceeds Share Calculation:</u>		
Proceeds from sales to date	<b>£14m</b>	£nil
Potential proceeds from property sales (see above)	<b>£107m</b>	£83m
Deductible costs	<b>(£7m)</b>	(£4m)
Net Proceeds	<b>£114m</b>	£79m
 Allocated to Workspace	<b>£103m</b>	£79m
 Allocated to former lenders	<b>£11m</b>	£0m



# PERFORMANCE PROPERTY VALUATION





# PERFORMANCE REVALUATION UPLIFT

	No. of properties	Uplift	
Like-for-Like	62	£130m	40% PRICING 60% YIELD
Redevelopments	9	£73m	70% FROM CONTRACTED SCHEMES
Refurbishments	8	£25m	£20M OF CAPEX IN YEAR
Other	4	£0m	
<b>Total</b>	<b>83</b>	<b>£228m</b>	



# PERFORMANCE

## EPRA NAV PER SHARE

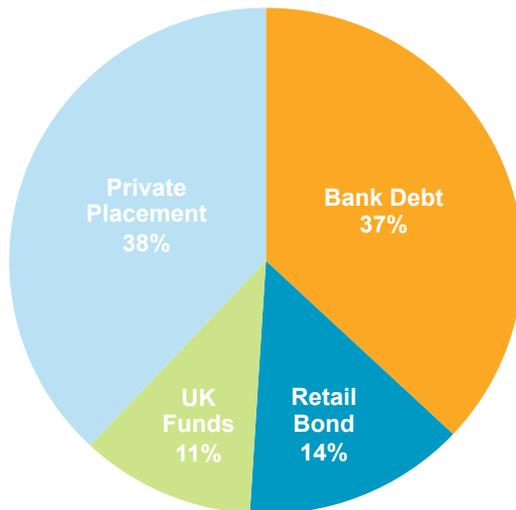




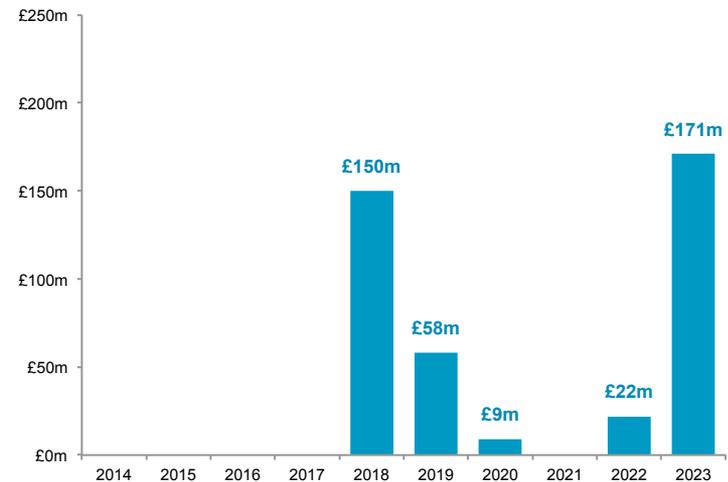
# PERFORMANCE DEBT ANALYSIS

	March 2014	March 2013
Net Debt	£338m	£327m
Total Facilities	£410m	£383m
Secured Facilities	0%	85%
Average Borrowing Cost	5.3% (5.1% exit)	5.0%

## FACILITIES BY TYPE



## MATURITY PROFILE





# DIRECTION LONDON IS CHANGING

**The 'London Is Changing' film was presented at the 2014 Knight Frank Central London Breakfast on 5th February.**

Now in its 21st year, the event, showcasing Knight Frank's Capital Markets, Leasing and Research capabilities and providing insight into the Central London market, was attended by 450 of the firm's clients including a broad range of REITs, property developers, financial institutions and overseas investors.

Knight Frank's global network comprises 335 offices in 52 countries and its worldwide annual turnover, excluding North America, totals \$740 million. The firm is currently advising on three of the four Central London assets on the market in excess of £200 million and its valuation team currently contributes 30.6% of the data for IPD's UK Monthly Index.



# DIRECTION LONDON IS CHANGING

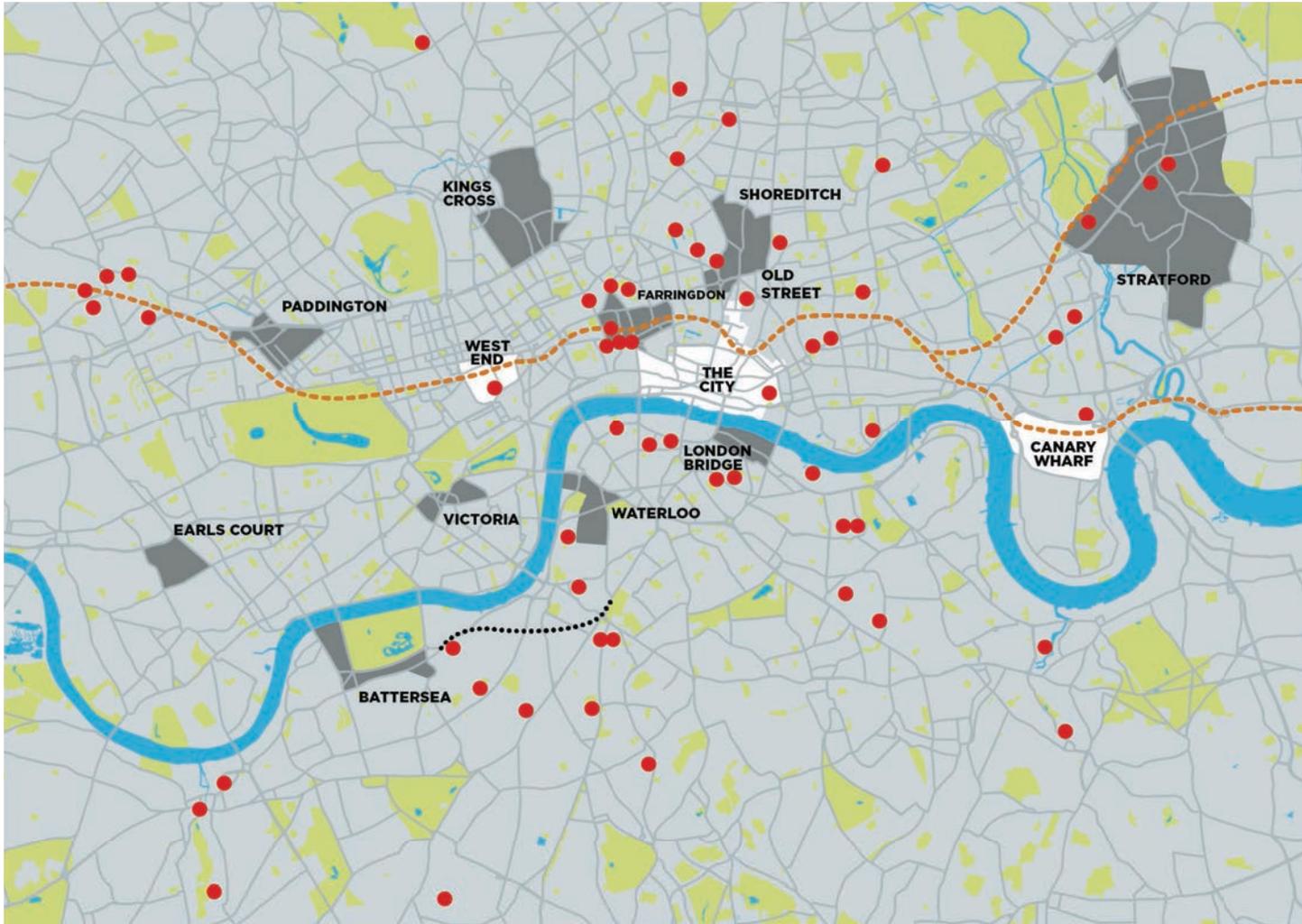


PLEASE SCAN THIS QR CODE TO SEE THE  
KNIGHT FRANK “LONDON IS CHANGING” VIDEO

ALTERNATIVELY CLICK HERE TO SEE  
THE VIDEO ON YOUTUBE



# DIRECTION LONDON IS CHANGING



● Workspace Property



# DIRECTION THE RIGHT STRATEGY

INTENSIVE  
MANAGEMENT  
AND DIRECT  
MARKETING

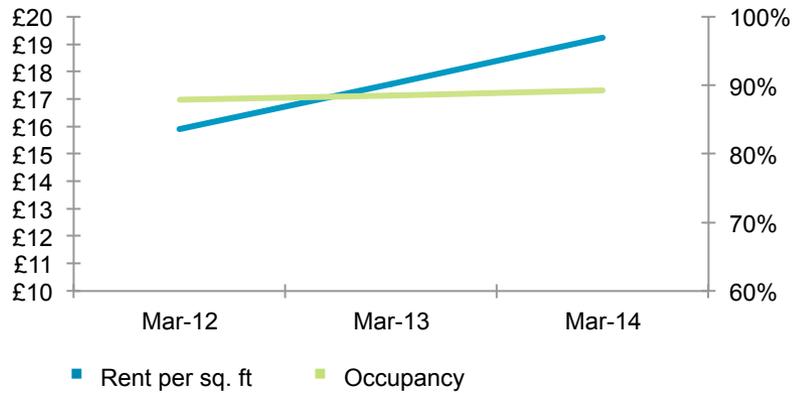


POSITIONED FOR GROWTH

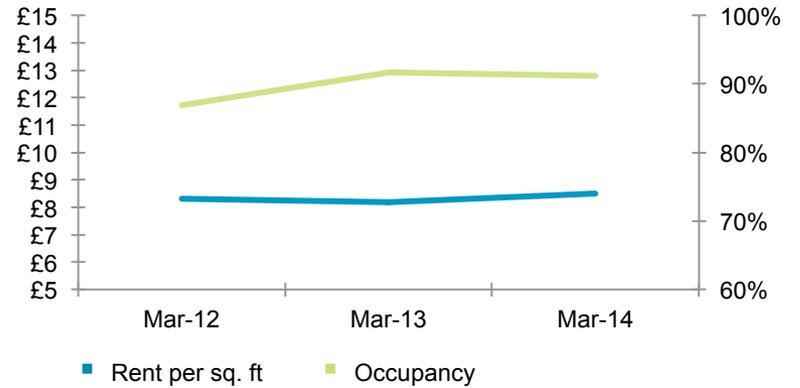


# DIRECTION RENTAL GROWTH

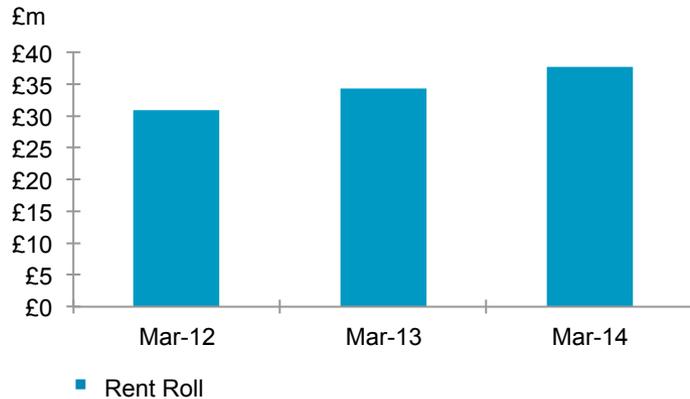
## OFFICES



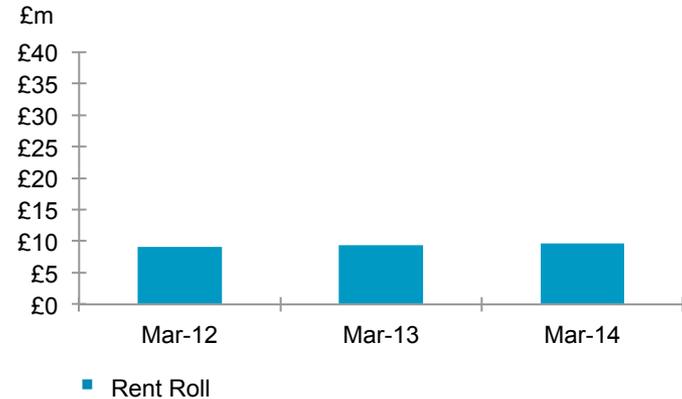
## INDUSTRIAL



## OFFICES

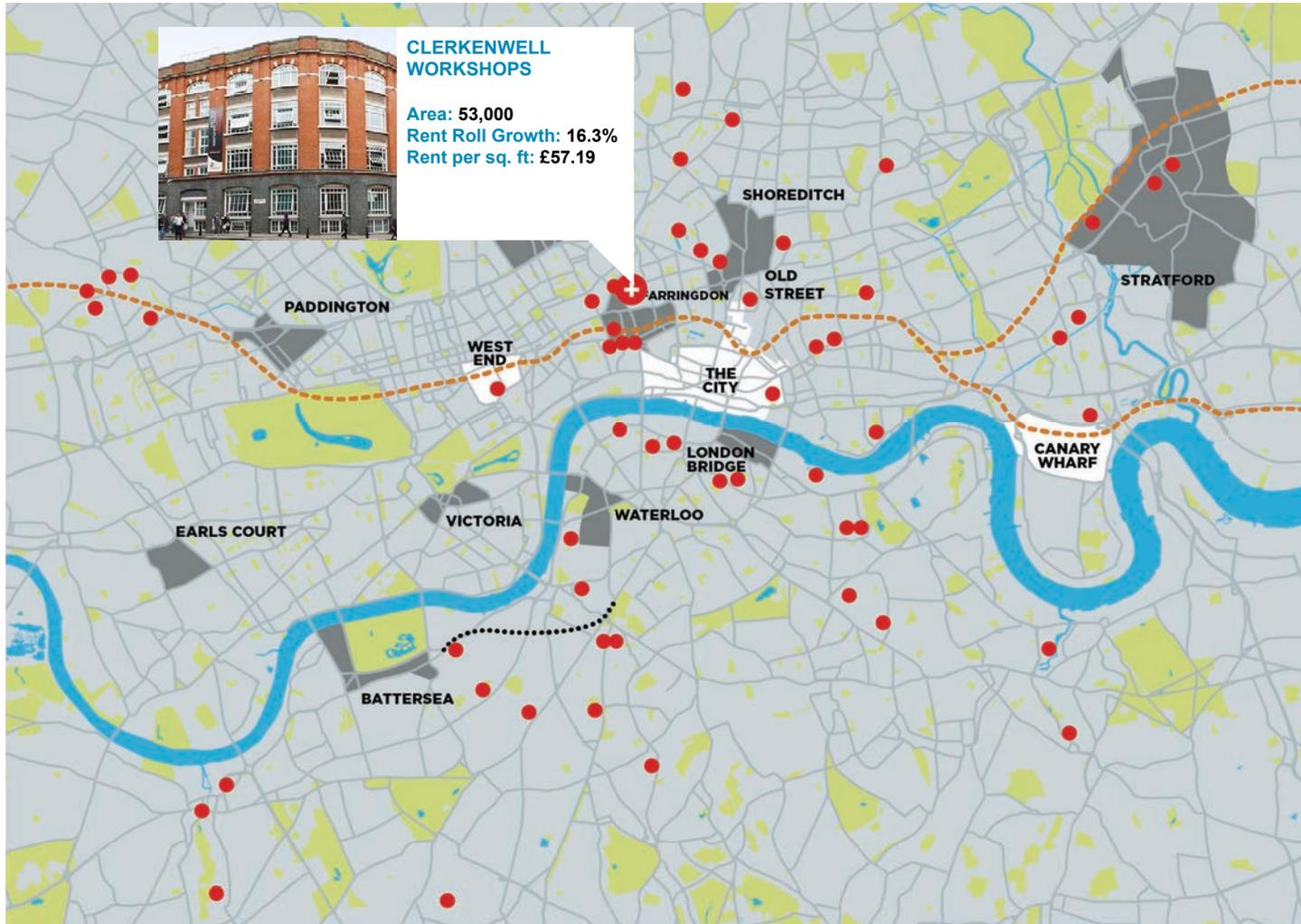


## INDUSTRIAL





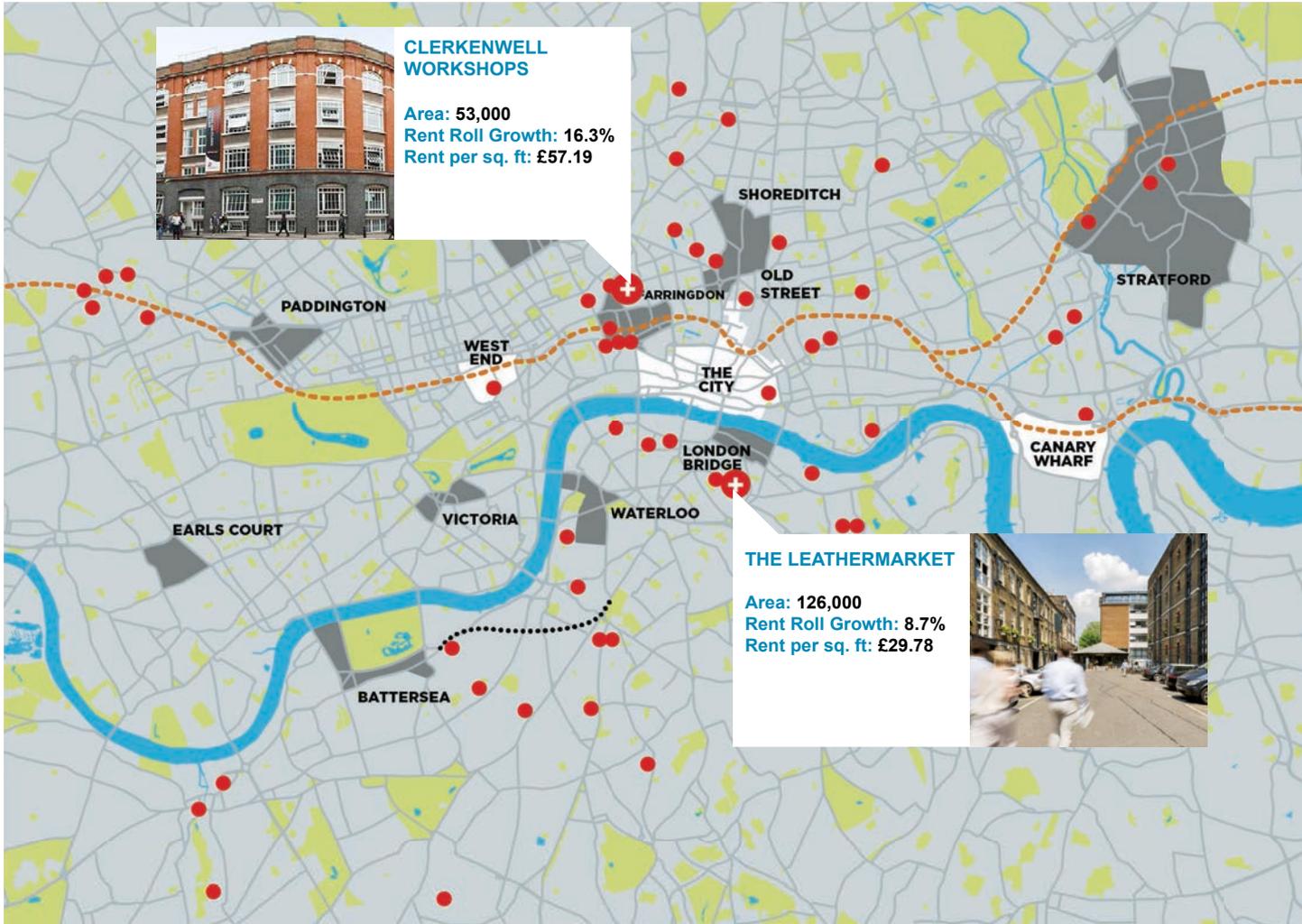
# DIRECTION RENTAL GROWTH



● Workspace Property



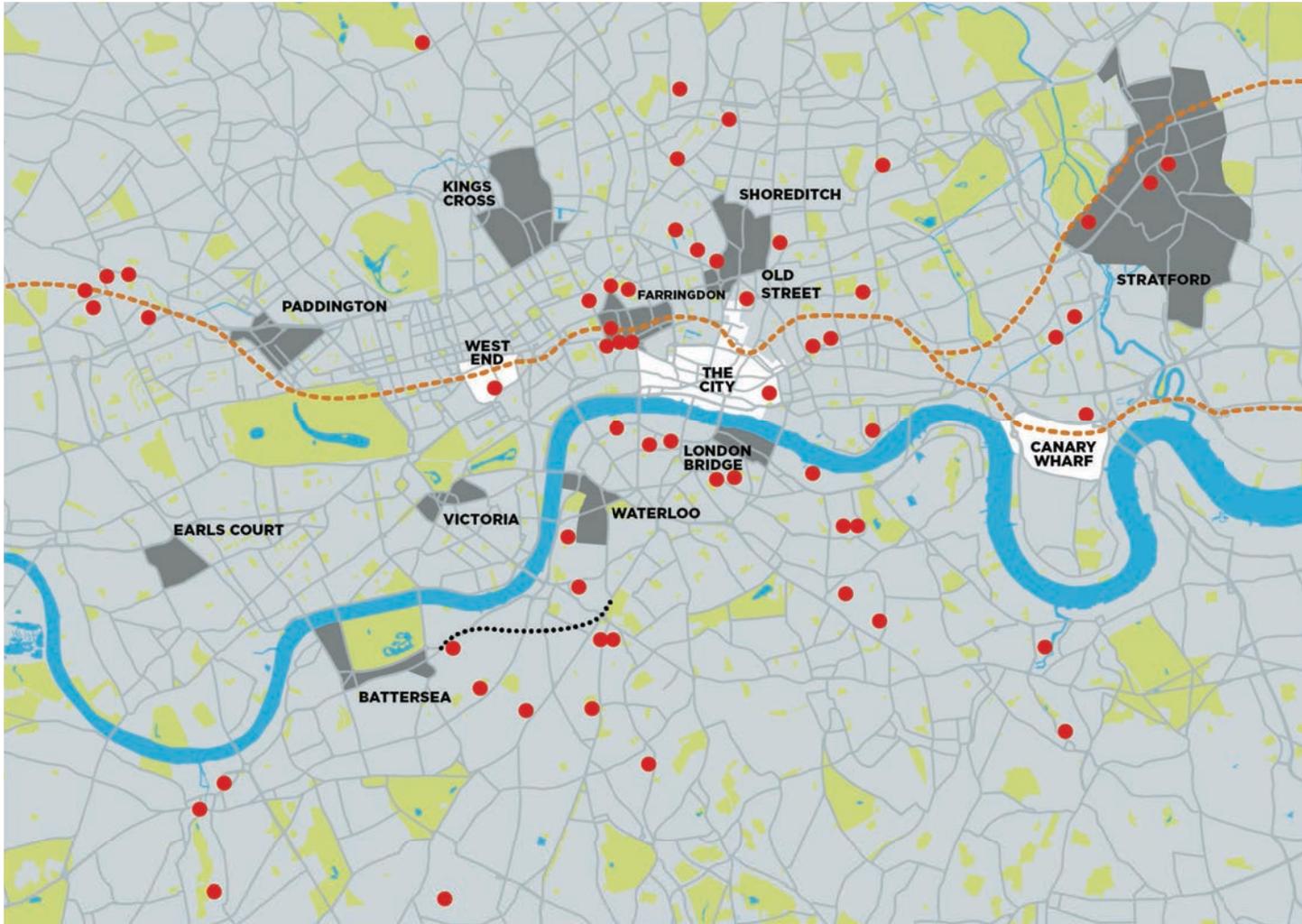
# DIRECTION RENTAL GROWTH



● Workspace Property



# DIRECTION CAPITAL GROWTH



● Workspace Property

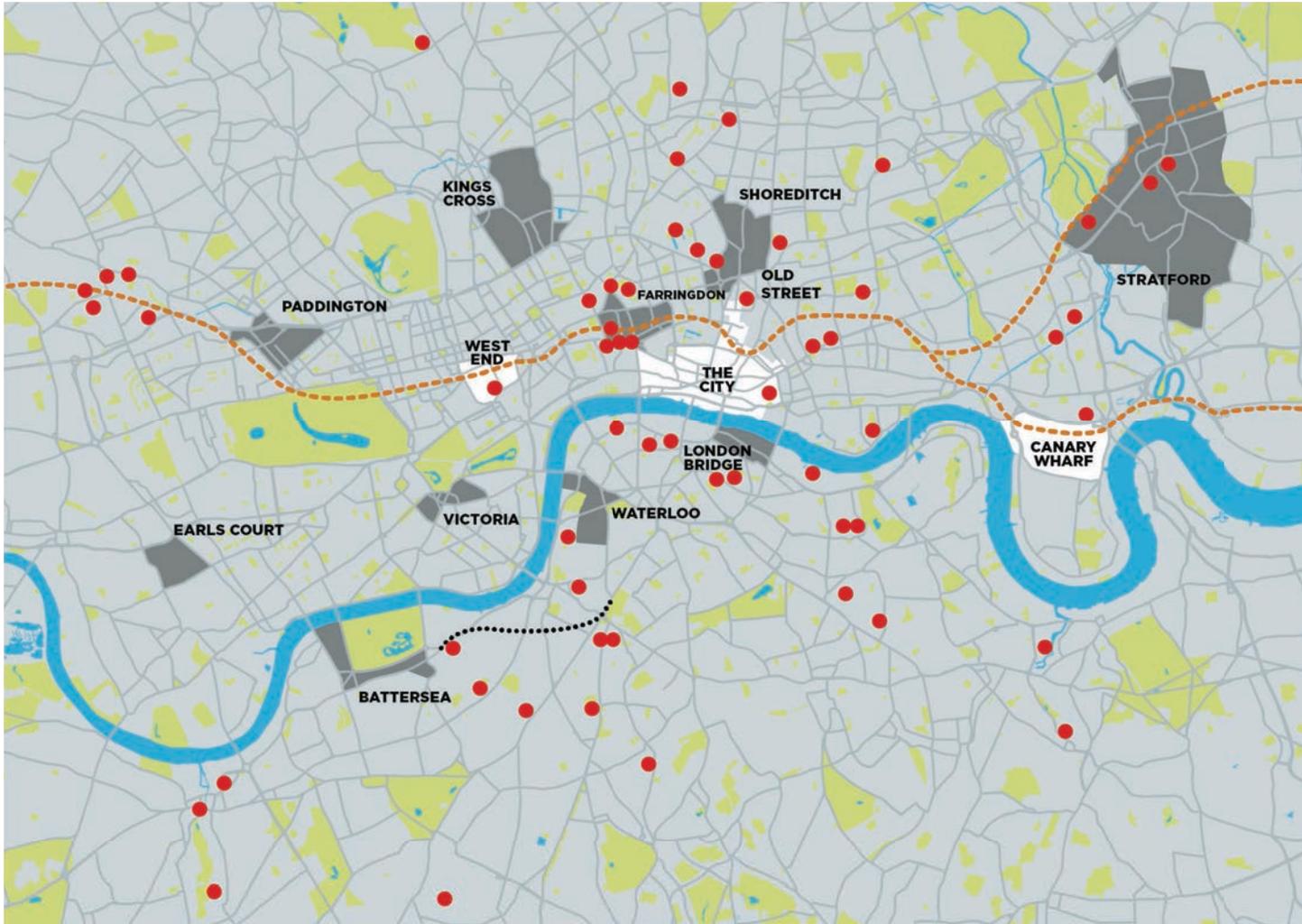


# DIRECTION CAPITAL GROWTH

	March 2014	March 2013	Change
<b>Like-for-like Property Valuation</b>			
Valuation	£692m	£556m	↑ +23%
Net Initial Yield	6.4%	7.3%	Down 0.9%
Rent per sq. ft	£15.28	£14.08	↑ +9%
ERV per sq. ft	£16.13	£14.37	↑ +12%
Capital Value per sq. ft	£205	£164	↑ +25%



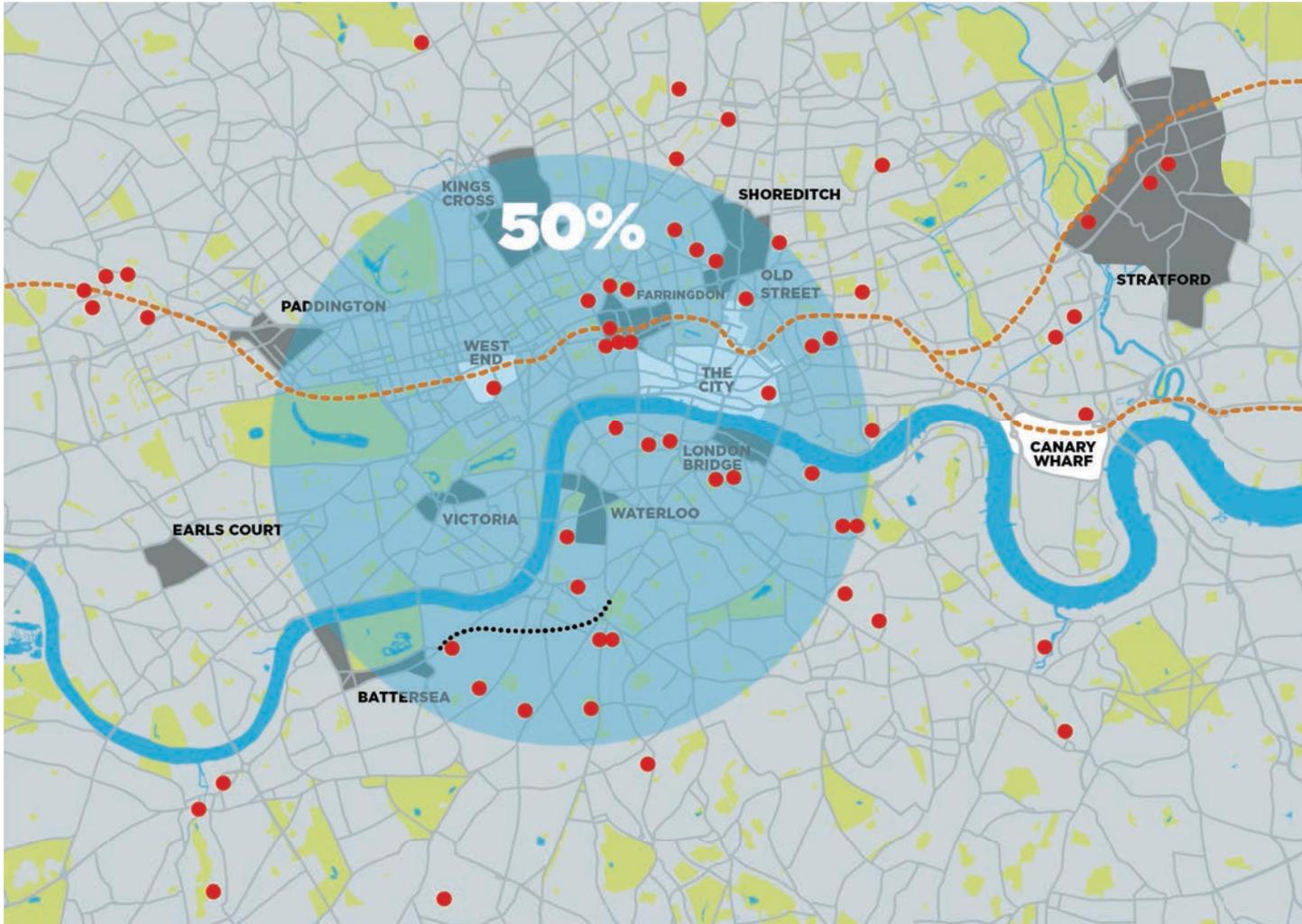
# DIRECTION CAPITAL GROWTH



● Workspace Property



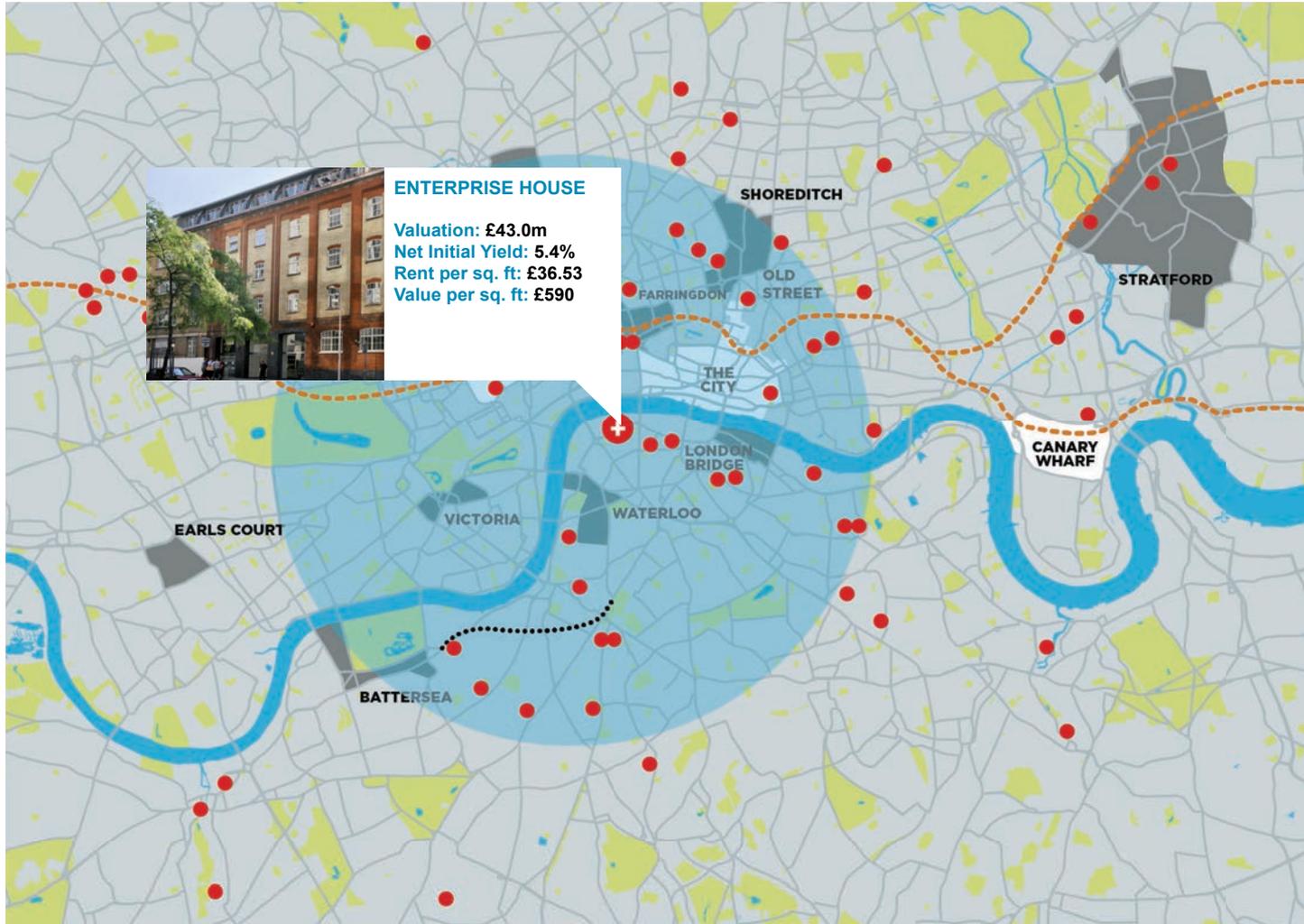
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● Workspace Property



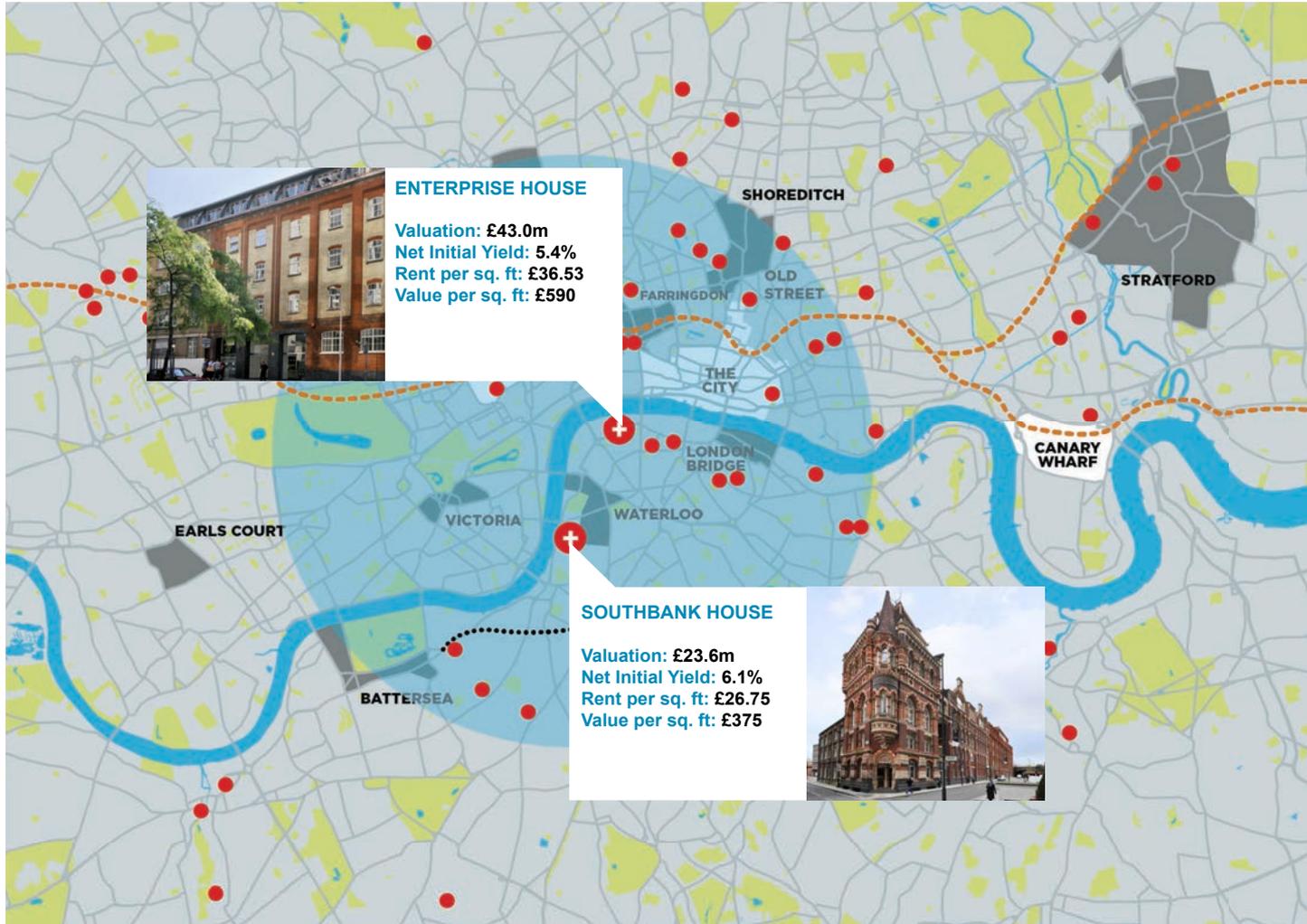
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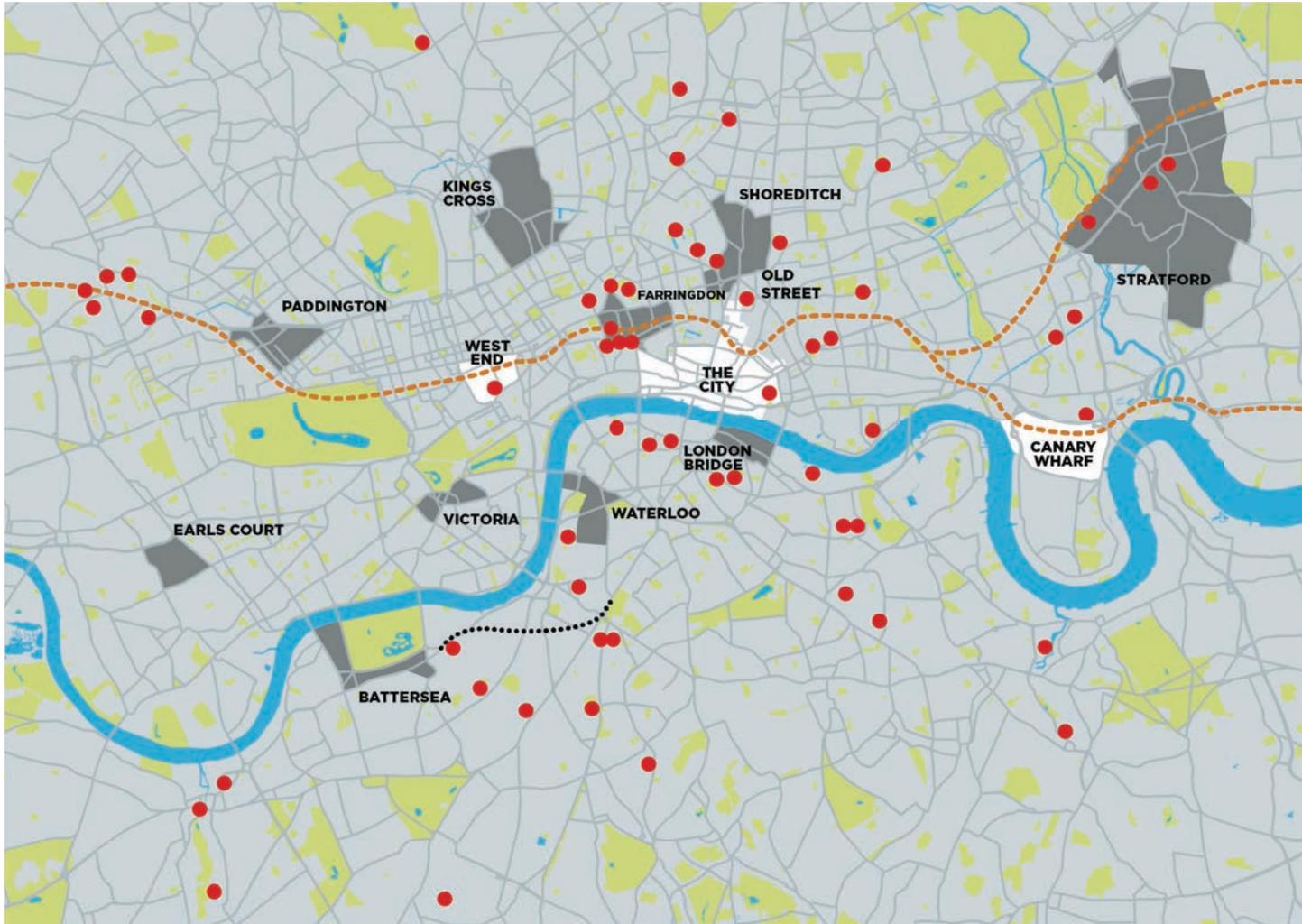
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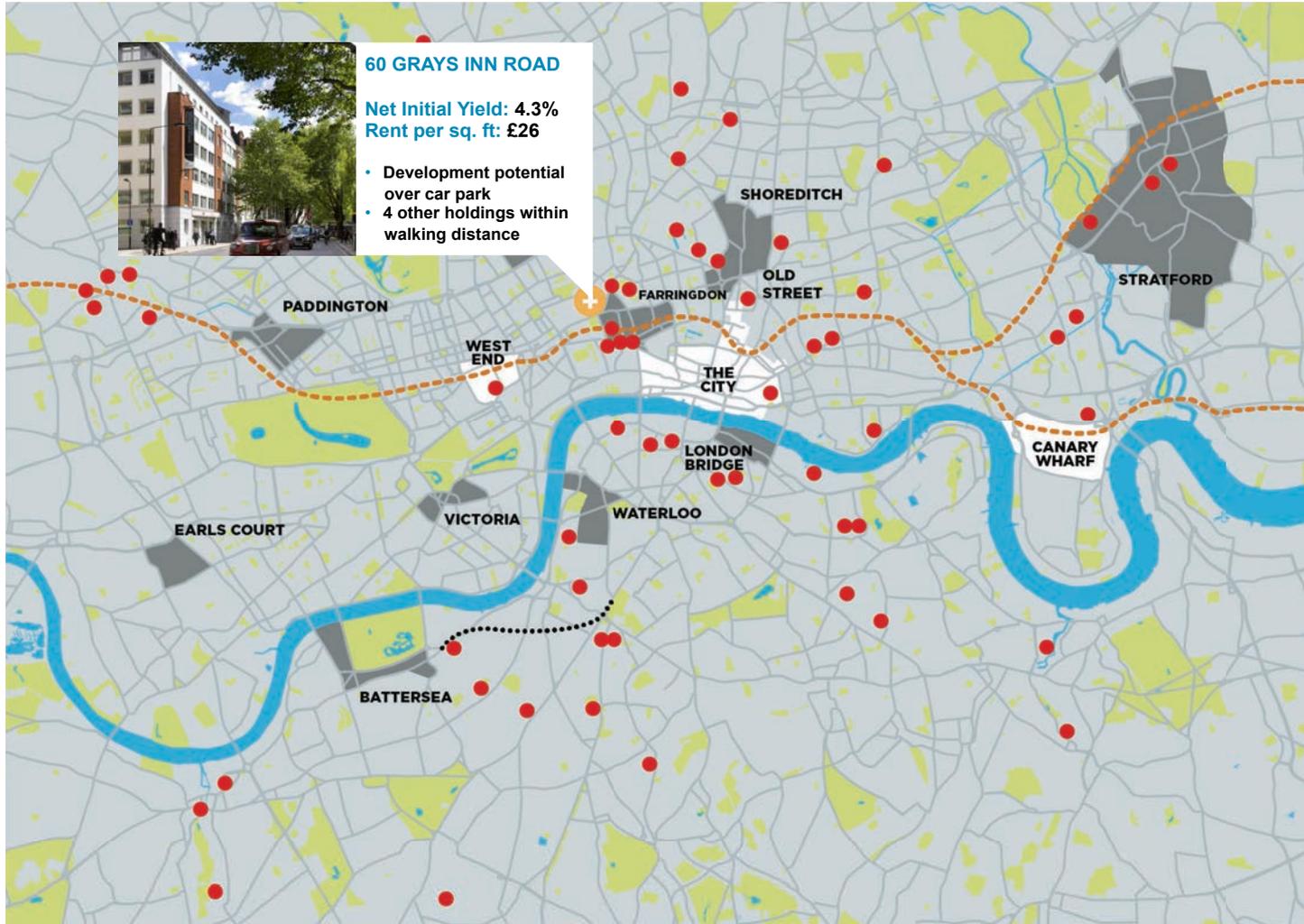
# DIRECTION ACQUISITIONS



● Workspace Property



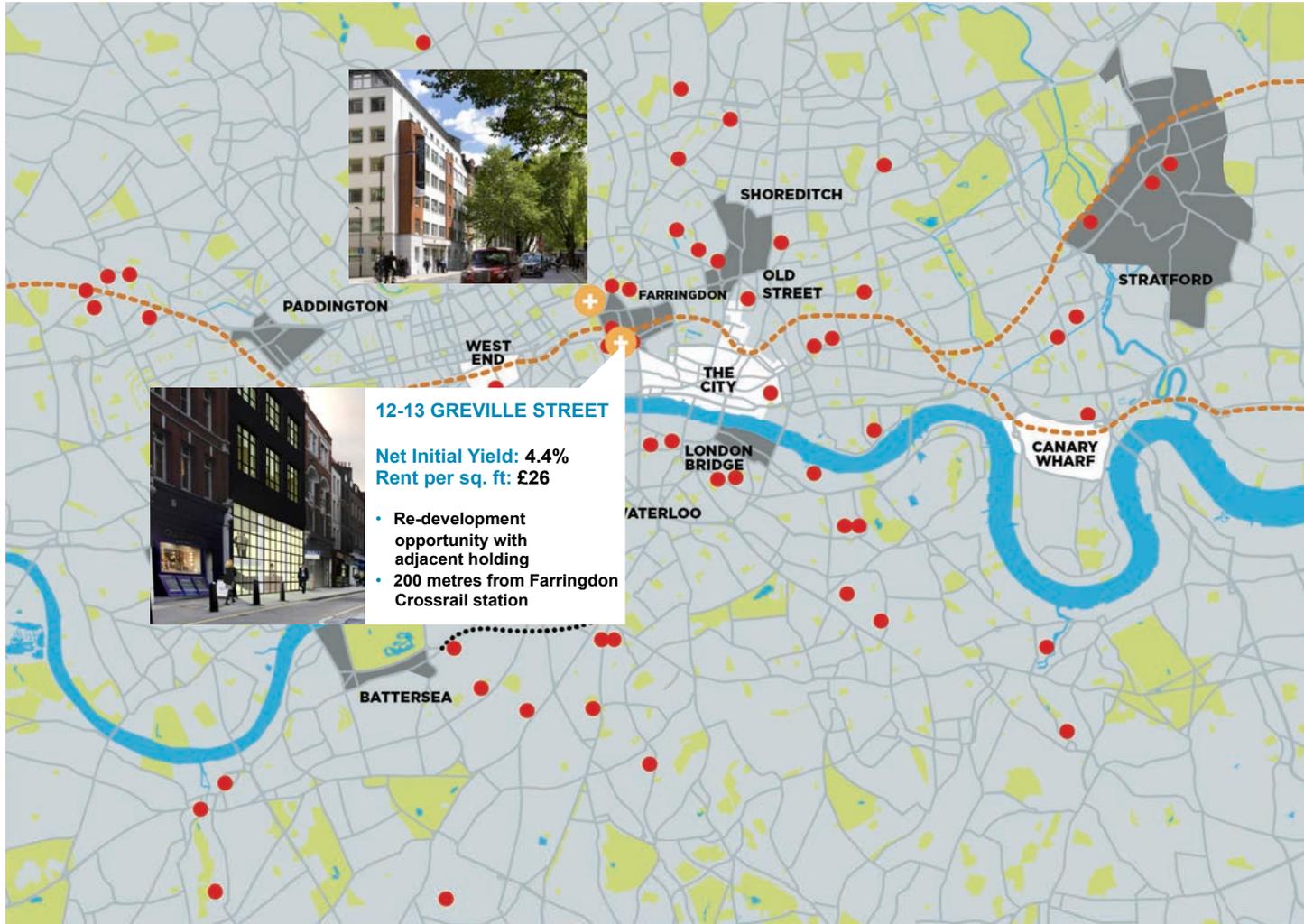
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● Workspace Property



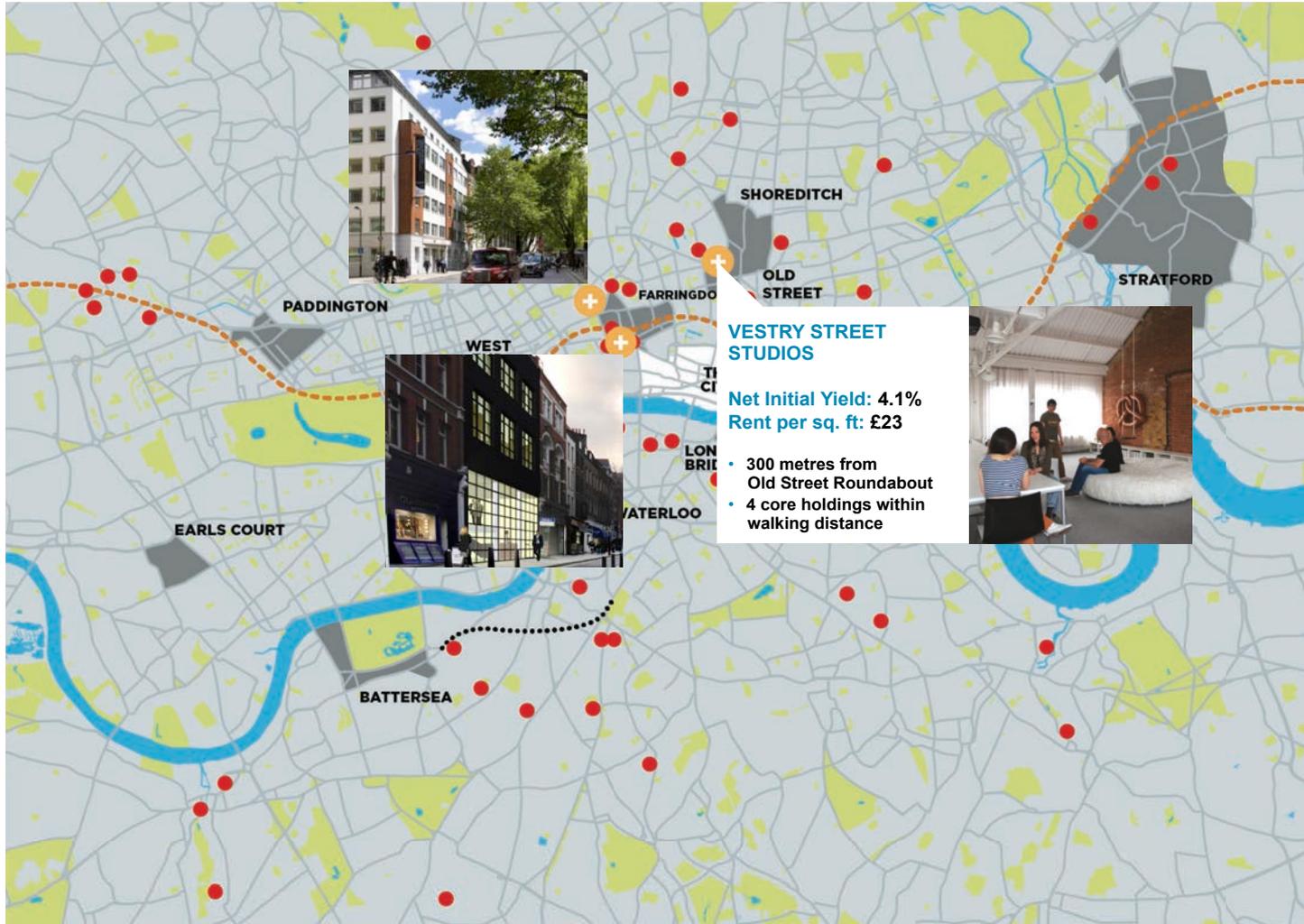
# DIRECTION ACQUISITIONS



● Workspace Property



# DIRECTION ACQUISITIONS



● Workspace Property



# DIRECTION THE RIGHT STRATEGY

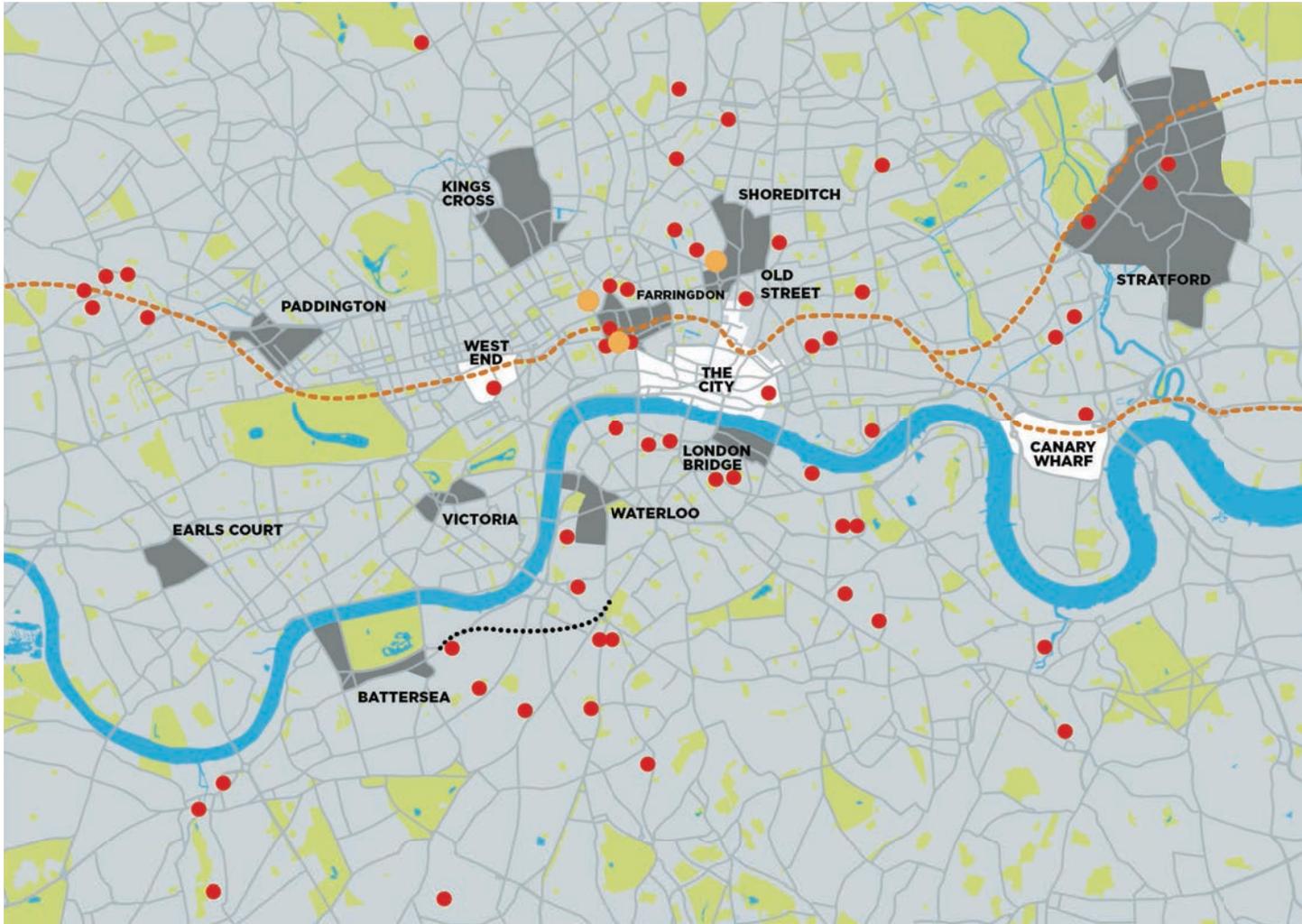
INTENSIVE  
MANAGEMENT  
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MARKETING



POSITIONED FOR GROWTH



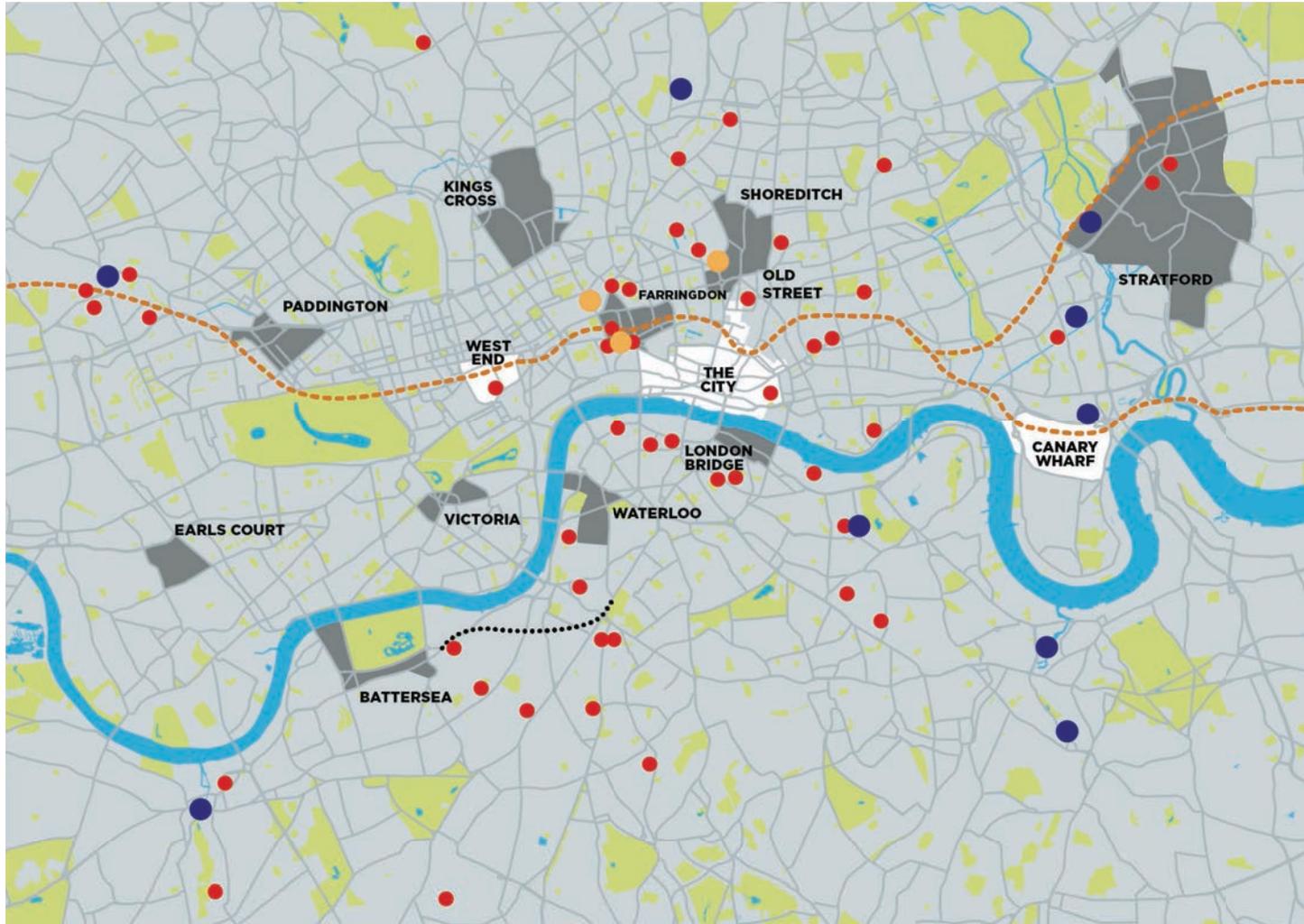
# DIRECTION THE RIGHT STRATEGY



● Workspace Property    ● Acquisitions



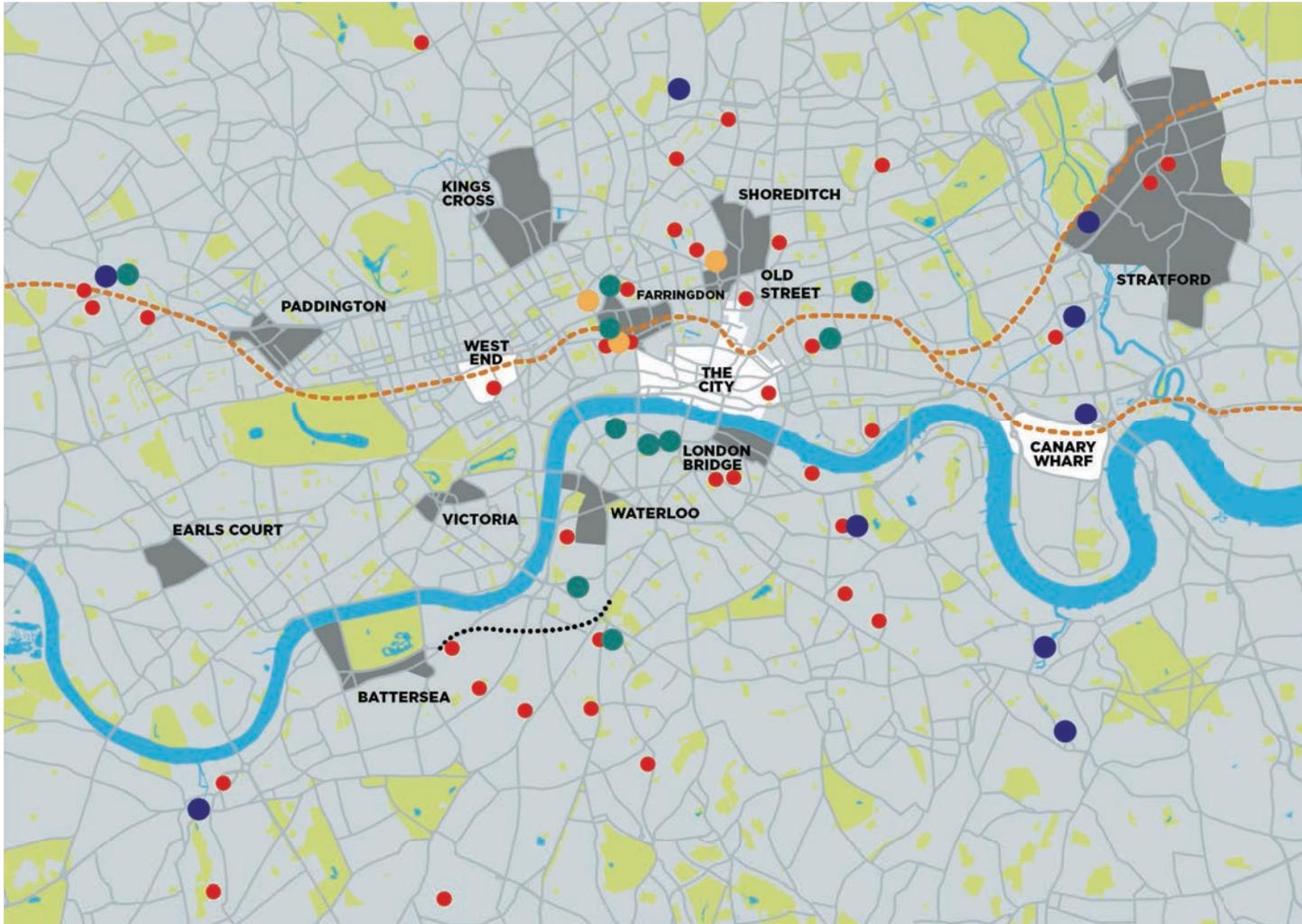
# DIRECTION THE RIGHT STRATEGY



● Workspace Property   ● Acquisitions   ● Redevelopments



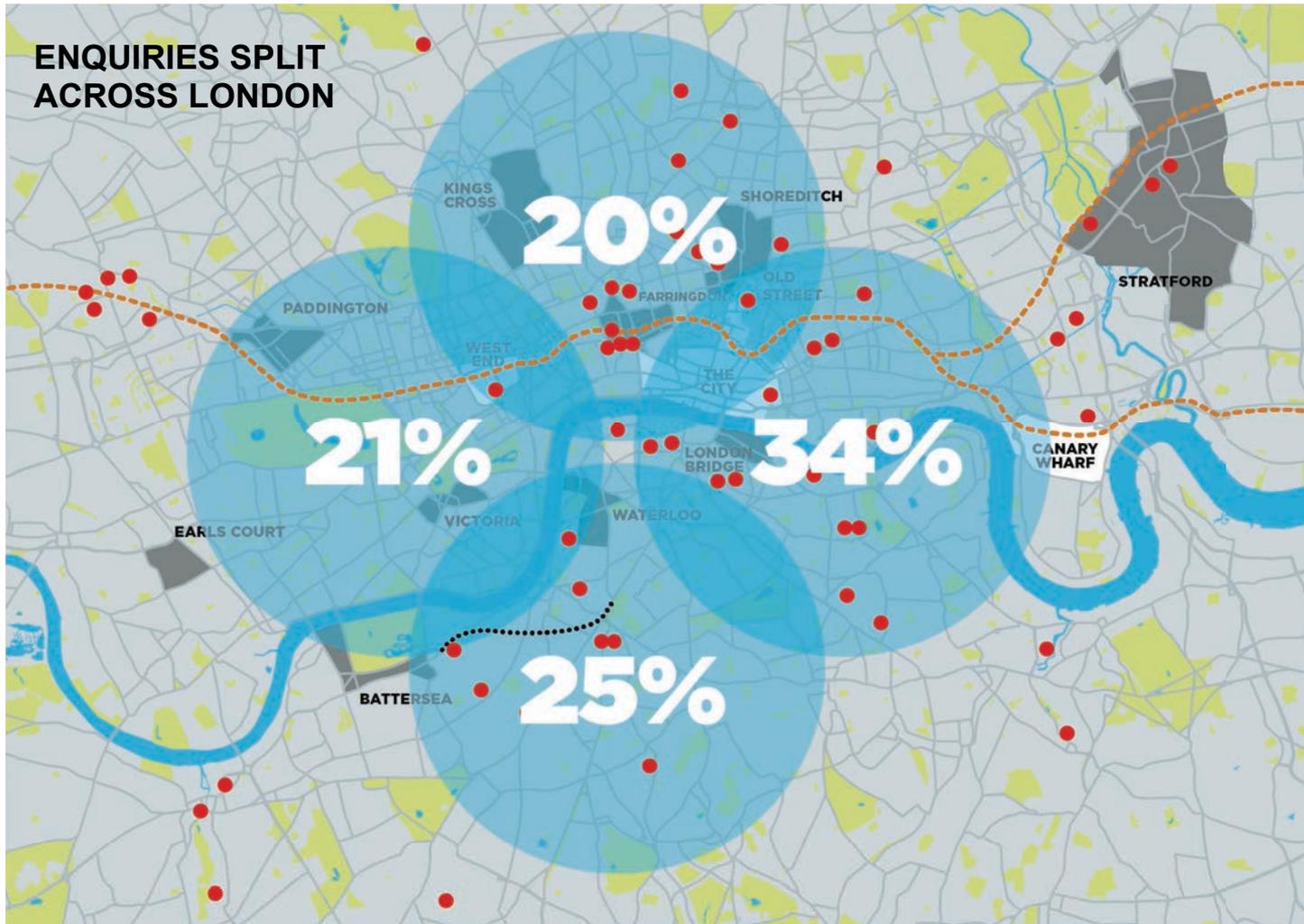
# DIRECTION THE RIGHT STRATEGY



● Workspace Property   ● Acquisitions   ● Redevelopments   ● Refurbishments



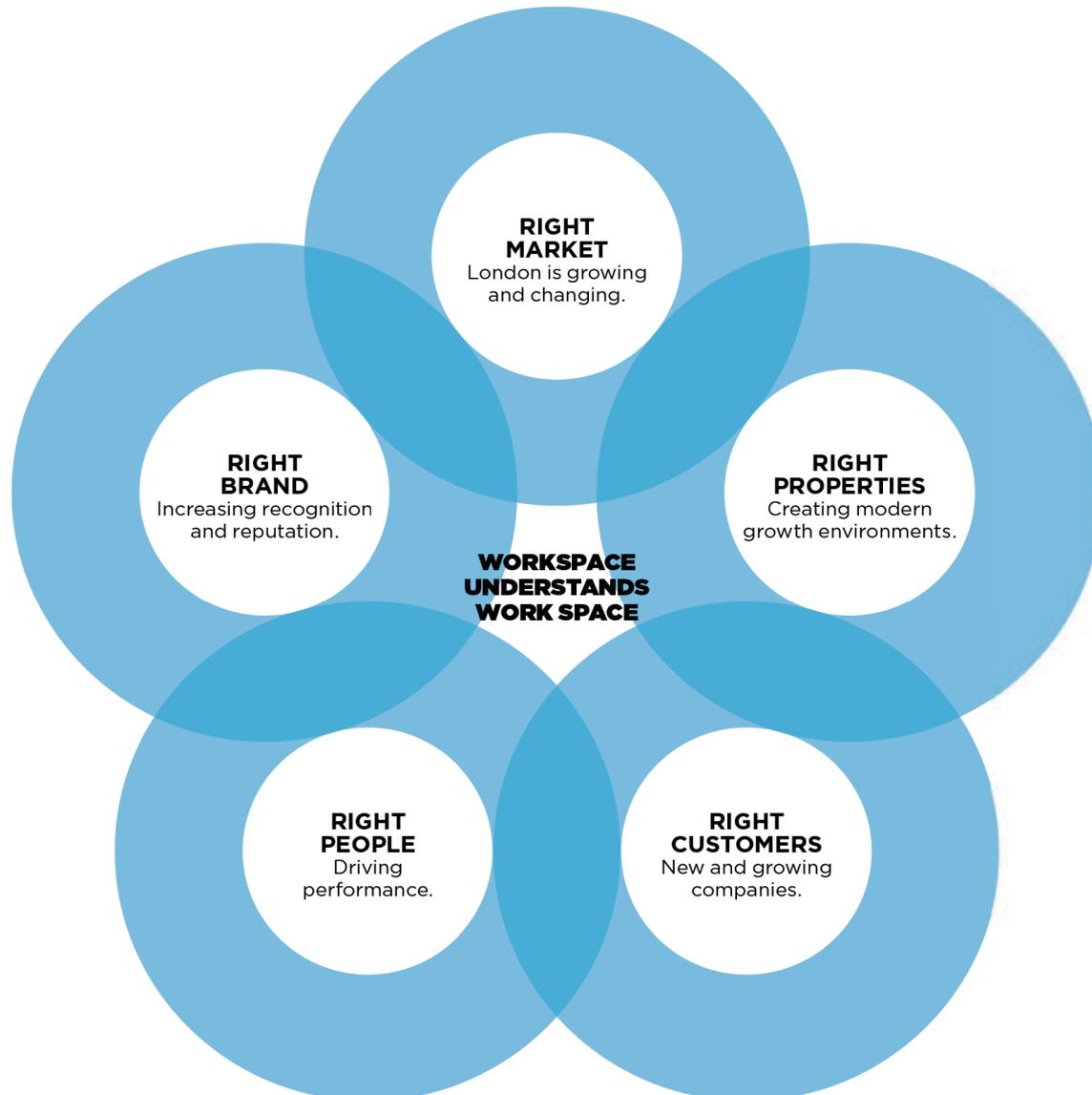
# DIRECTION THE RIGHT STRATEGY



● Workspace Property



# DIRECTION OUTLOOK



# QUESTIONS



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# SUPPLEMENTARY INFORMATION



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# APPENDIX I

## REFURBISHMENT PROJECTS

Project Stage	March 2014 Valuation	Total Cost	Cost to Complete	Estimated Completion	Unaffected area	Upgraded area	New space	Estimated ERV (Average)	Estimated Rent at 90% occupancy *	March 2014 Rent Roll *
<b>Completed</b>										
Canalot Studios	£17m	£5m	-	Sept 2012	-	32,702	16,268	£30	£1.3m	£1.1m
Whitechapel Technology Centre	£10m	£2m	-	Oct 2012	31,892	-	6,532	£27	£0.8m	£0.7m
Chester House (phase 2)	£16m	£2m	-	Mar 2013	27,481	-	8,903	£36	£1.1m	£1.1m
Leyton Industrial Village (phase 1)	£12m	£3m	-	Apr 2013	92,377	-	26,600	£12	£0.8m	£0.7m
Westminster Business Centre (phase 1)	£3m	£2m	-	Aug 2013	-	5,599	4,464	£28	£0.3m	£0.2m
Exmouth House	£27m	£4m	-	Aug 2013	-	52,896	5,870	£37	£2.0m	£1.8m
The Pill Box	£16m	£9m	-	Feb 2014	-	-	50,261	£24	£0.9m	£0.3m
	<b>£101m</b>	<b>£27m</b>			<b>151,750</b>	<b>91,280</b>	<b>118,898</b>		<b>£7.2m</b>	<b>£5.9m</b>
<b>Current</b>										
Metal Box Factory	£37m	£16m	£6m	Sept 2014	-	82,000	20,000	£30	£2.8m	£1.0m
Leyton Industrial Village (phase 2)	£2m	£2m	£1m	May 2014	-	-	21,000	£12	£0.2m	£0.0m
Westminster Business Centre (phase 2)	£14m	£15m	£14m	Dec 2015	46,910	-	45,000	£31	£1.9m	£0.7m
Bounds Green Industrial Estate**	£11m	£2m	£2m	Dec 2014	123,273	-	14,000	£13	£0.9m	£0.6m
Enterprise House**	£43m	£3m	£3m	Jan 2015	11,843	61,000	-	£49	£3.0m	£2.5m
Hatton Square Business Centre**	£14m	£21m	£21m	Oct 2016	-	-	64,000	£40	£2.3m	£0.9m
Barley Mow Centre**	£26m	£7m	£7m	Feb 2016	60,942	-	20,000	£32	£2.0m	£1.7m
Linton House**	£13m	£8m	£8m	Oct 2015	-	30,000	16,000	£40	£1.7m	£0.7m
	<b>£160m</b>	<b>£74m</b>	<b>£61m</b>		<b>242,968</b>	<b>173,000</b>	<b>200,000</b>		<b>£14.8m</b>	<b>£8.1m</b>

\* Includes rent for unaffected areas at March 2014 rental levels

\*\* Included in Like-for-Like properties at March 2014



# APPENDIX II

## REDEVELOPMENT PROJECTS

Project Stage	Development partner	March 2014 Valuation	March 2014 Rent Roll	Expected completion	Residential units No.	Commercial space			Other proceeds	
						Area	Estimated ERV	Rent*	Cash	Overage **
<b>Contracted for sale</b>										
The Filaments (phase 1)	Mount Anvil	£18m	-	Nov 2014	209	53,000	£22	£1.0m	-	✓
ScreenWorks	Taylor Wimpey	£21m	-	May 2014	72	61,000	£25	£1.4m	£5m	✓
Grand Union Centre	Taylor Wimpey	£21m	-	Feb 2016	145	60,000	£22	£1.2m	£6m	✓
Bow Enterprise Park (phase 1)	Peabody	£3m	-	Dec 2015	267	10,000	£12	£0.1m	£11m	✓
Bow Enterprise Park (phase 2)	Peabody	£12m	£0.1m	Dec 2016	160	3,000	£10	£0.0m	£11m	-
The Faircharm	L&Q	£16m	£0.3m	Jun 2016	148	52,000	£20	£0.9m	£10m	-
The Biscuit Factory (part)	Grosvenor	£58m	£1.4m	Oct 2016	800	47,000	£20	£0.8m	£51m	✓
Lombard House car park	Hexagon	-	-		22	-	-	-	£1m	
		<b>£149m</b>	<b>£1.8m</b>		<b>1,823</b>	<b>286,000</b>		<b>£5.4m</b>	<b>£95m</b>	<b>£6m</b>
<b>With Planning</b>										
Bow Enterprise Park (phase 3)		£9m	£0.1m		130	38,000				
Poplar Business Park		£32m	£1.1m		392	70,000				
The Filaments (phase 2)		£6m	-		77	18,000				
		<b>£47m</b>	<b>£1.2m</b>		<b>599</b>	<b>126,000</b>				
<b>At Planning Stage (Indicative scaling)</b>										
Marshgate					300	8,000				
Rainbow***					200	34,000				
Highway***					130	33,000				
		<b>£20m</b>	<b>£1.0m</b>		<b>630</b>	<b>75,000</b>				

\* Expected Rent at 90% occupancy

\*\* Overage valued by CBRE as at March 2014

\*\*\* Included in Like-for-Like category at March 2014



# DISCLAIMER

This presentation contains forward looking statements. Although the Group believes that the estimates and assumptions on which such statements are based are reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond the Group's control. The Group does not make any representation or warranty that the results anticipated by such forward looking statements will be achieved and this presentation should not be relied upon as a guide to future performance.