

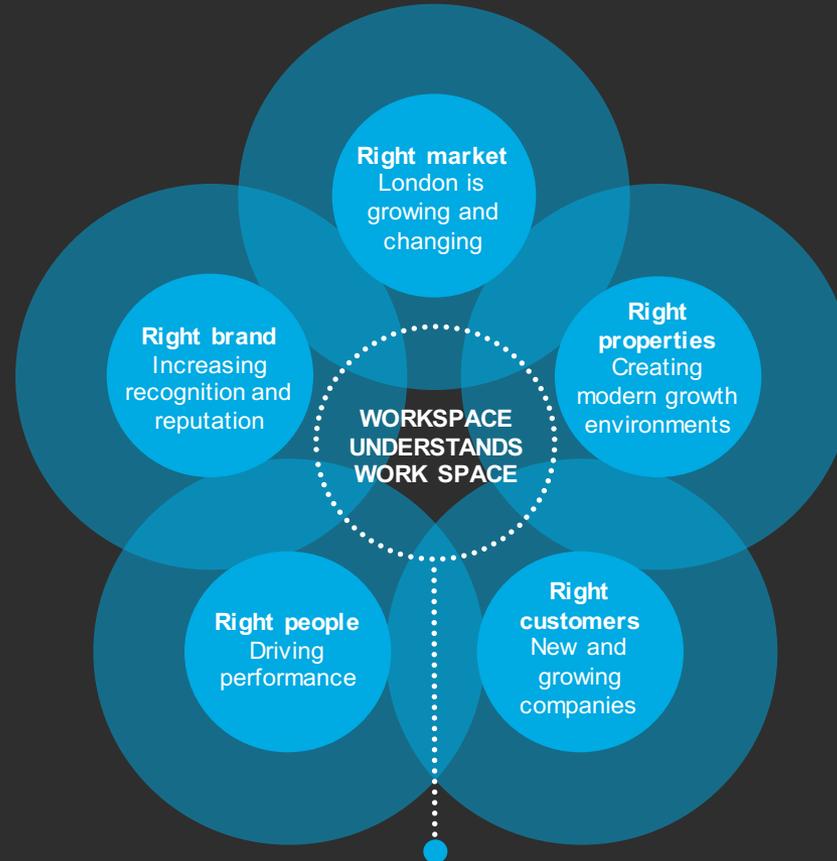
INVESTOR AND
ANALYST PRESENTATION
8 JUNE 2016

WORKSPACE RESULTS 2016

STRONG PERFORMANCE
FROM ACTIVE MANAGEMENT
AND CAPITAL RECYCLING



WORKSPACE



Home to new and growing companies across London



WORKSPACE

Jamie Hopkins
Chief Executive Officer

PERFORMANCE

Graham Clemett
Chief Financial Officer

DIRECTION

Jamie Hopkins
Chief Executive Officer

QUESTIONS

	March 2016	March 2015	Change
Active Management			
Rent Roll (lfl)	£48.8m	£42.3m	↑ 15.4%
Rent per sq. ft. (lfl)	£22.37	£19.22	↑ 16.4%
Enquiries (per month)	1,029	1,222	↓ (15.8)%
Occupancy (lfl)	90.7%	91.8%	↓ (1.1)%
Property Valuation	£1,779m	£1,423m	↑ 20.9%*
Capital Value per sq. ft. (lfl)	£359	£299	↑ 20.1%
EPRA NAV (per share)	£9.23	£7.03	↑ 31.3%
Strong Growth			
Trading Profit after interest	£43.9m	£26.6m	↑ 65.0%
Dividend (per share)	15.05p	12.04p	↑ 25.0%

* Underlying increase

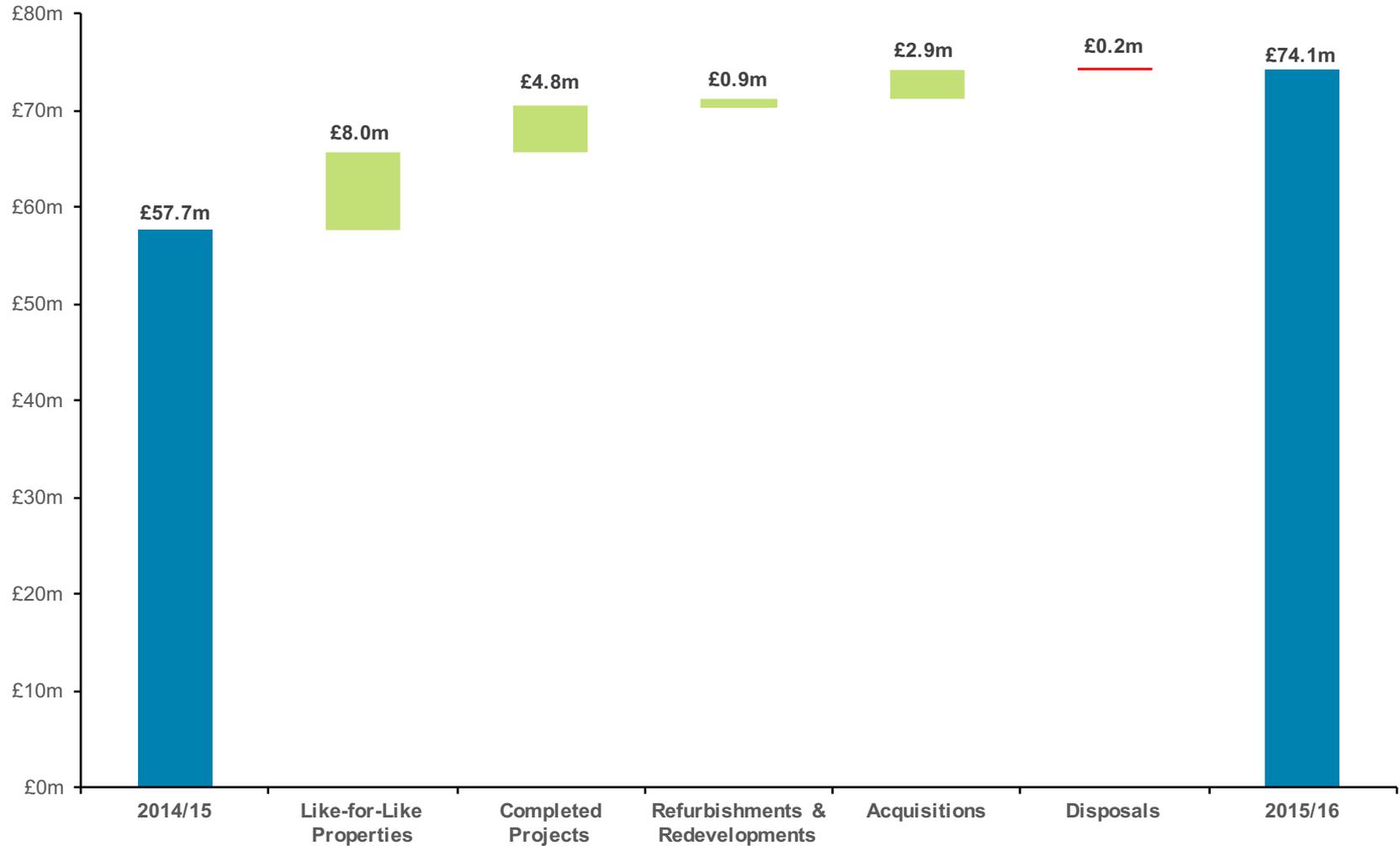
→ PERFORMANCE

INCOME STATEMENT

£m	March 2016	March 2015	Change
Net Rental Income	74.1	57.7	+28%
Joint Venture Income	1.3	1.2	+8%
Administrative Expenses	(14.6)	(13.8)	+6%
Net Finance Costs	(16.9)	(18.5)	(9)%
Trading Profit after Interest	43.9	26.6	+65%
Investment Property Surplus	296.6	328.1	
Joint Venture Performance Fee	24.1	0.0	
Other items	26.7	5.3	
Profit Before Tax	391.3	360.0	+9%
Underlying Earnings per Share	26.8p	17.2p	+56%
Dividend per Share	15.05p	12.04p	+25%

PERFORMANCE

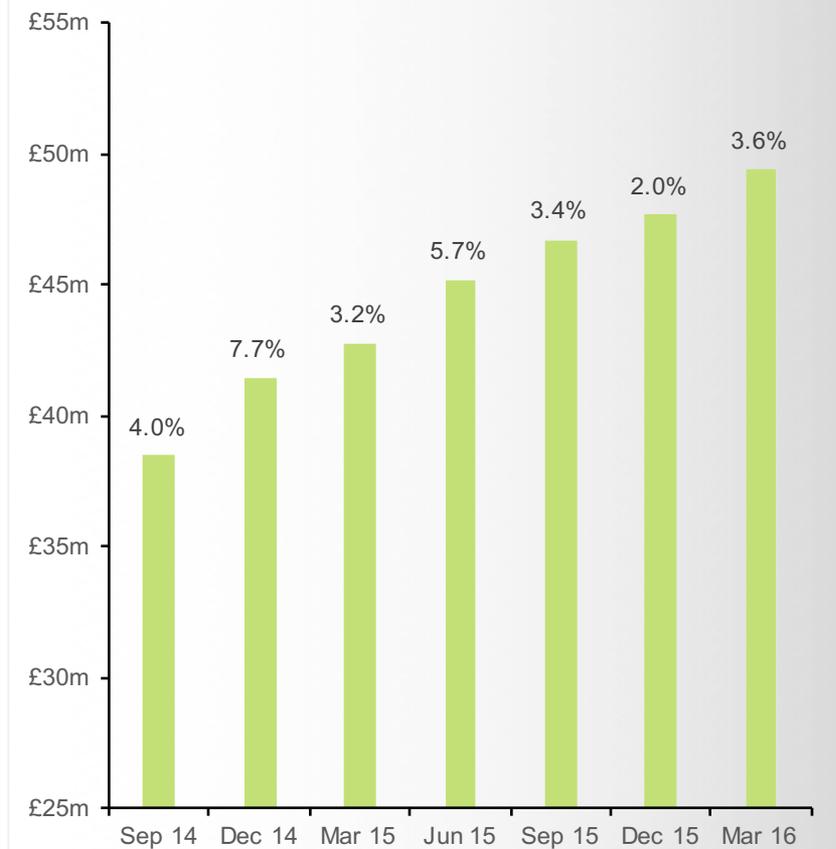
NET RENTAL INCOME



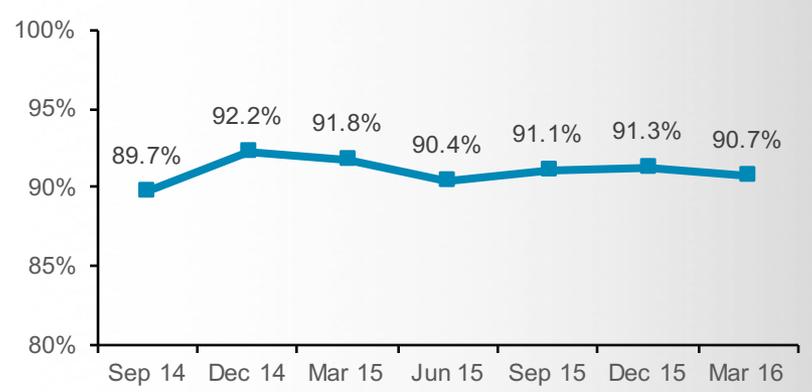
PERFORMANCE

LIKE-FOR-LIKE PROPERTIES

RENT ROLL



OCCUPANCY



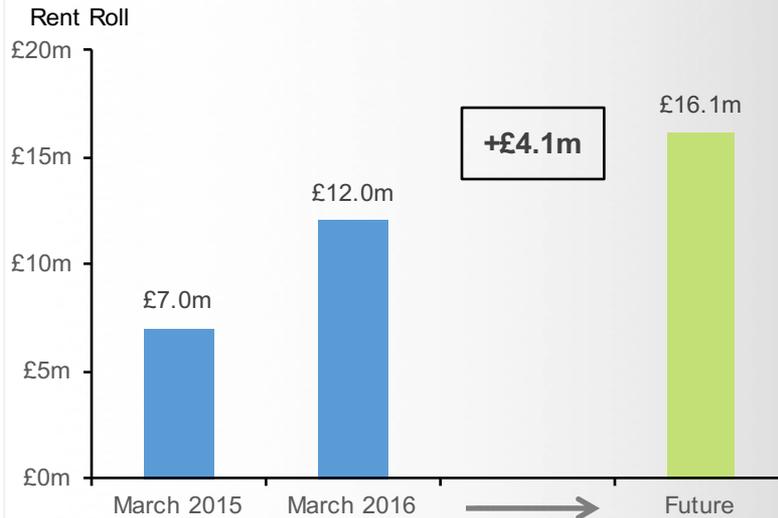
RENT PER SQ. FT.



PERFORMANCE

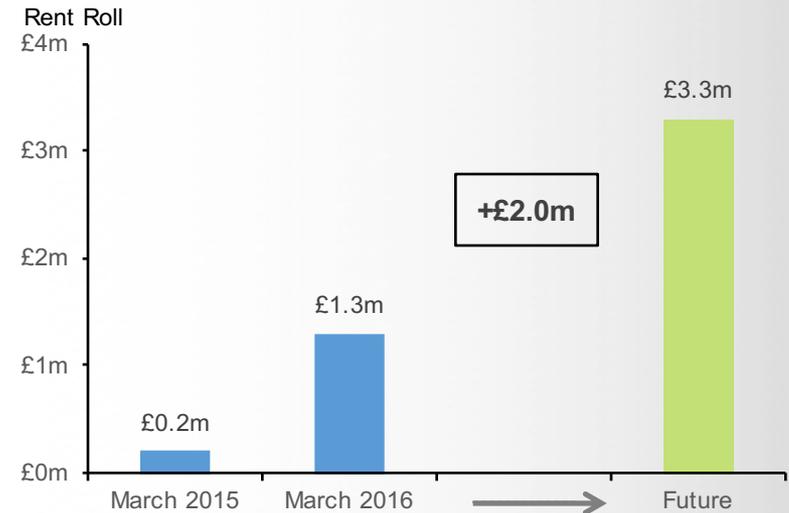
COMPLETED PROJECTS

REFURBISHMENTS



- 4 business centres, 272,000 sq. ft. of new and upgraded space
- 2 refurbishments completed in January 2016
- Capital expenditure of £45m
- Overall occupancy 82% at March 2016

REDEVELOPMENTS



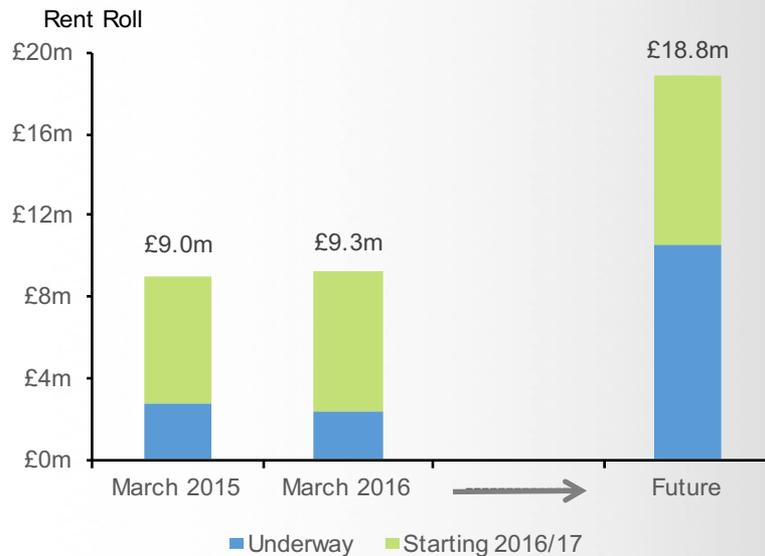
- 2 properties, 117,000 sq. ft. of new space
- Grand Union Studios opened March 2016
- No capital expenditure
- Overall occupancy 57% at March 2016

Note: Future rents are based on the assumptions set out in Appendix 1 and 2

PERFORMANCE

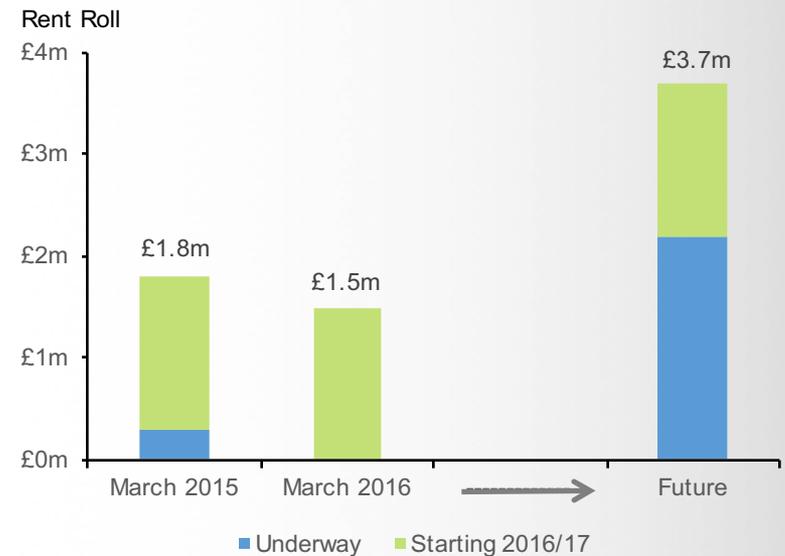
REFURBISHMENTS & REDEVELOPMENTS

REFURBISHMENTS



- 4 projects underway, further 2 starting in 2016/17
- Income attrition short-term
- 418,000 sq. ft. of new and upgraded space
- Capital expenditure estimated at £96m
- 4 projects expected to complete in 2017, 2 in 2018

REDEVELOPMENTS



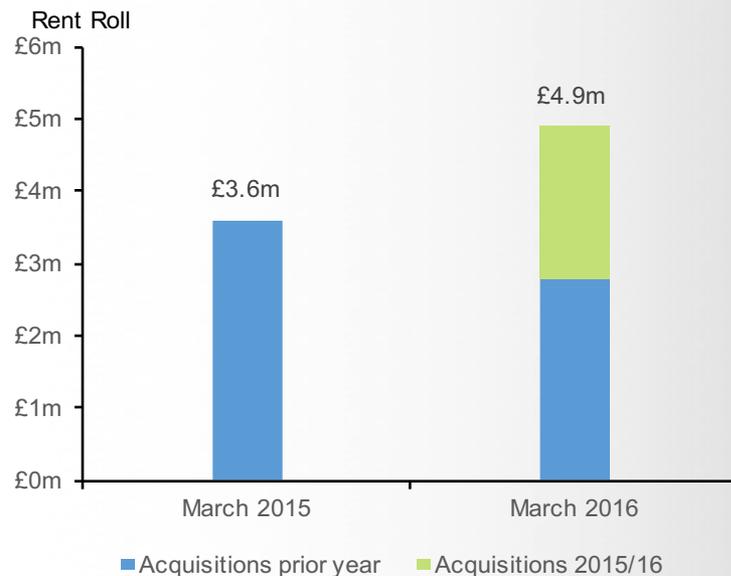
- 5 schemes underway, further 5 expected to be sold in 2016/17
- Income attrition short-term
- Sales generate cash plus 5 business centres
- 172,000 sq. ft. of new space
- No capital expenditure required
- New centres will be delivered over next 3 years

Note: Future rents are based on the assumptions set out in Appendix 1 and 2

PERFORMANCE

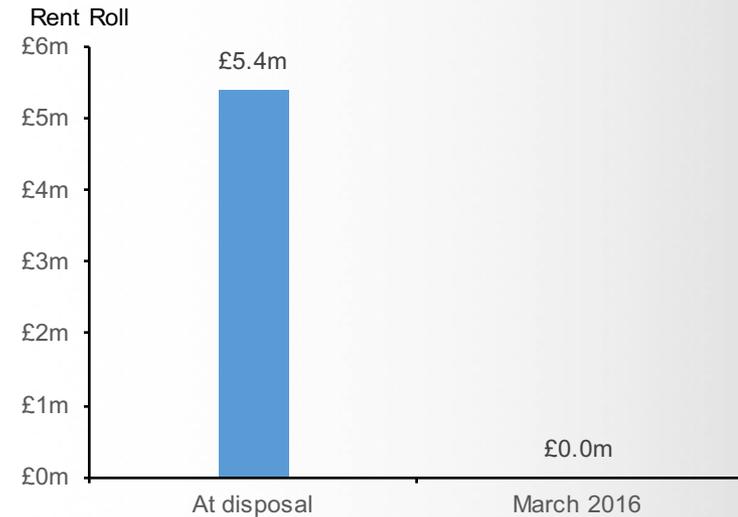
ACQUISITIONS & DISPOSALS

ACQUISITIONS



- 5 properties acquired in year, 4 in prior years
- Good progress on execution of acquisition plans
- Vacant possession obtained at Edinburgh House in March 2016

DISPOSALS



- 11 industrial properties sold in year
- Marginal net rental income impact in year due to timing of disposals
- Full year income impact in 2016/17

→ PERFORMANCE

CASH FLOW

£m		Total
Trading		
Net Cash from Operations after Interest	49	
Dividends Paid	(21)	28
Investment		
Capital Expenditure	(57)	
Property Acquisitions	(107)	
Property Disposals	93	
Capital Receipts	30	(34)
Distributions and Proceeds from Joint Ventures	9	
Other Items	(2)	
Net Movement in year		(6)
Net Debt at March 2015		(270)
Net Debt at March 2016		(276)

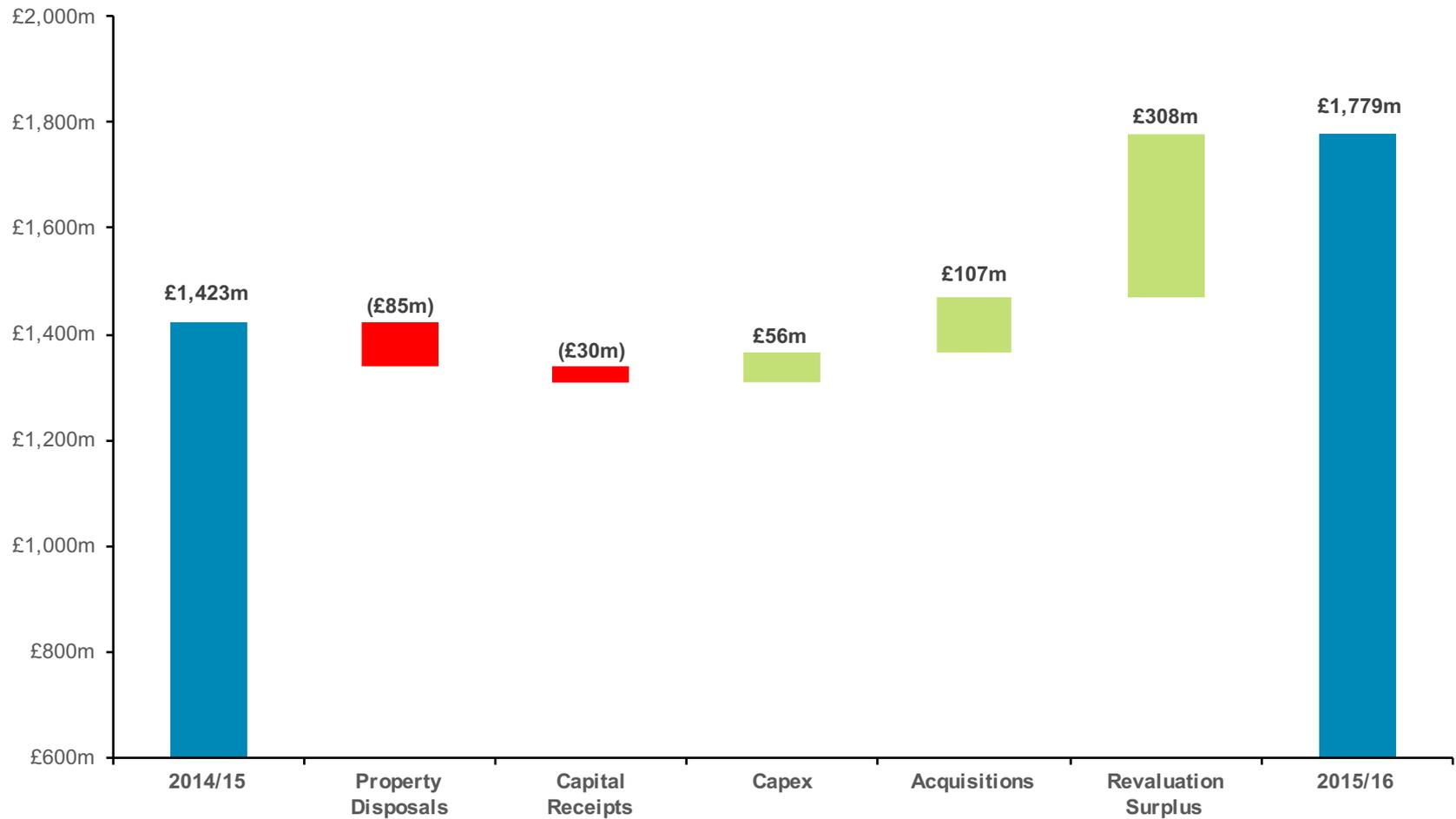
→ PERFORMANCE BALANCE SHEET

£m	March 2016	March 2015
Investment Property Valuation	1,779	1,423
Other Investment	27	29
Net Debt	(276)	(270)
Other	(12)	(36)
Net Assets	1,518	1,146
EPRANAV per Share	£9.23	£7.03
Loan to Value	16%	19%
Facility Headroom	£134m	£140m



PERFORMANCE

PROPERTY VALUATION



→ PERFORMANCE

REVALUATION UPLIFT

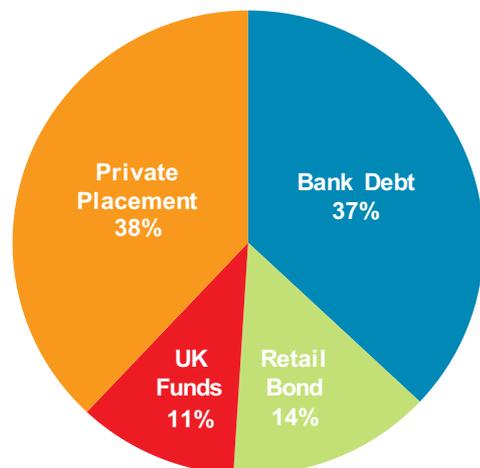
	Uplift 2016	Main movements
Like-for-Like	£130m	<ul style="list-style-type: none"> Pricing £82m (63%) Net Initial Yield £48m (37%)
Completed Projects	£93m	<ul style="list-style-type: none"> Vox Studios £26m Metal Box Factory £24m Grand Union Studios £14m
Redevelopments	£55m	<ul style="list-style-type: none"> Residential Consents £41m Overage £10m New Business Space £4m
Refurbishments	£25m	
Other	£5m	
Total	£308m	

PERFORMANCE

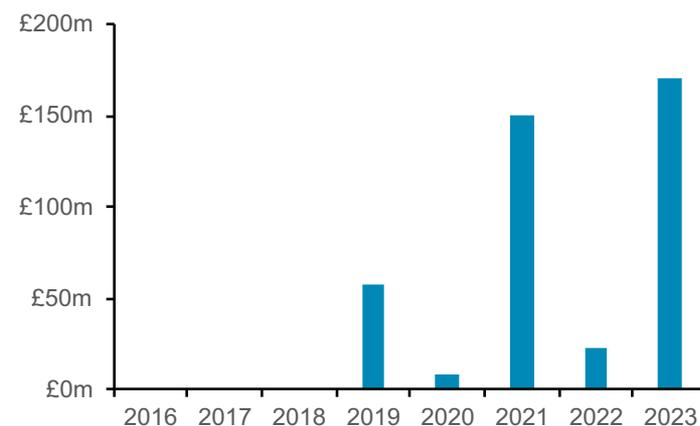
DEBT ANALYSIS

	March 2016	March 2015
Net Debt	£276m	£270m
Average Interest Cost	5.1%	5.4%
Total Facilities (all unsecured)	£410m	£410m
Hedged/Fixed Rate Facilities	50%	73%
Average Period to Maturity (*proforma)	5.9 years*	5.8 years

FACILITIES BY TYPE

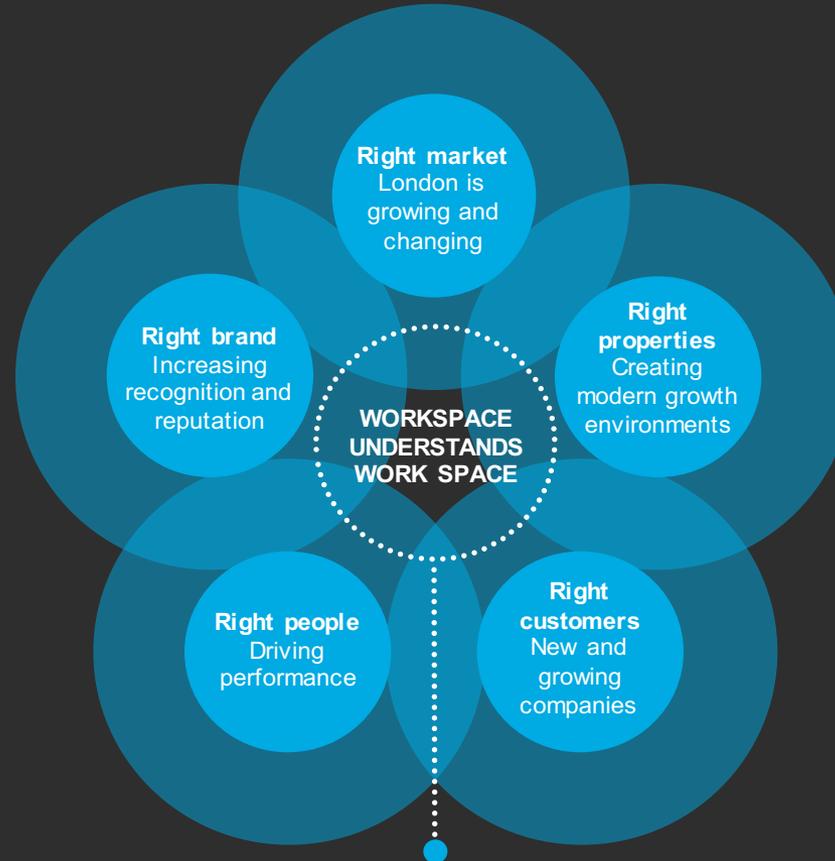


MATURITY PROFILE



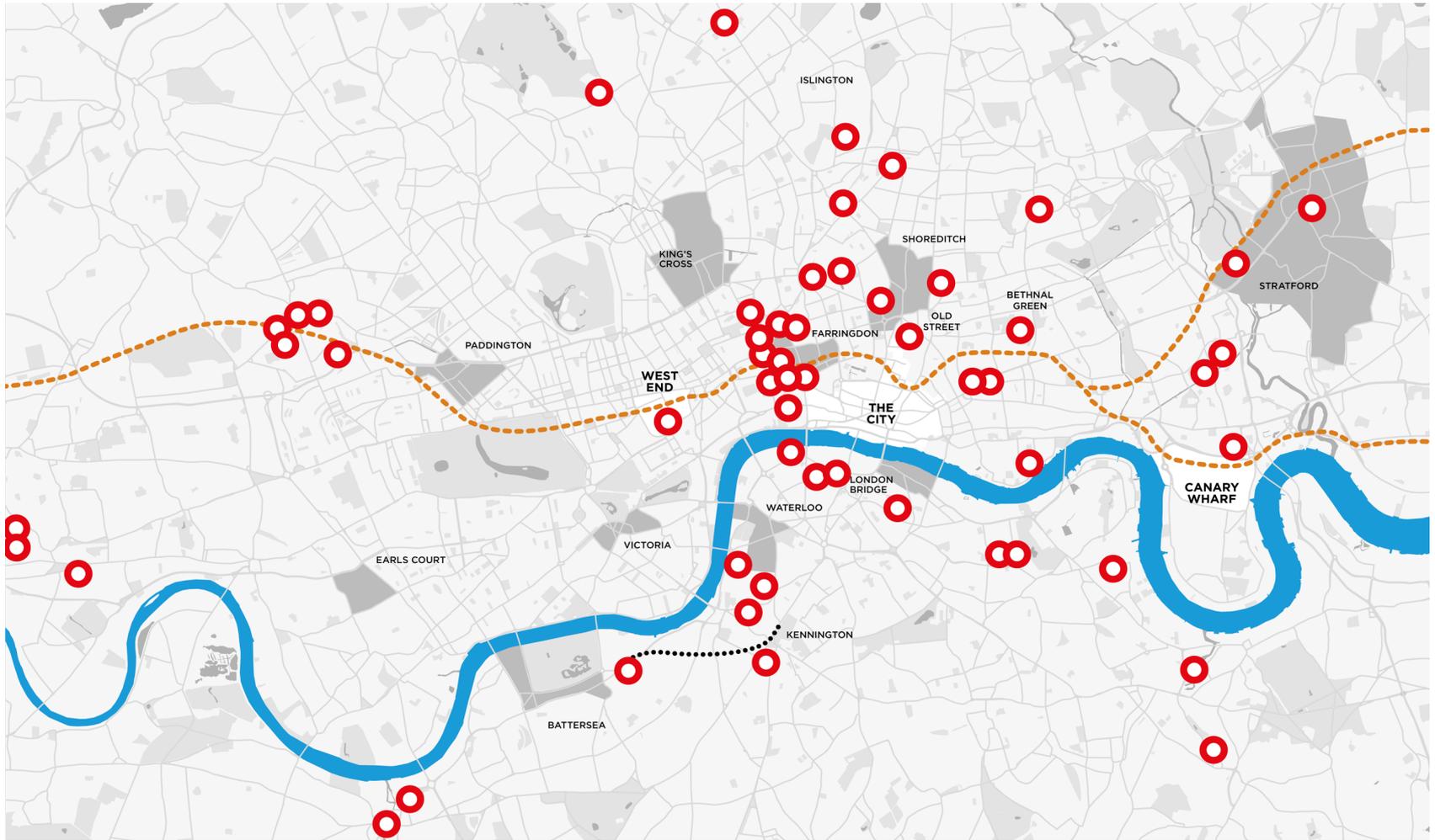


DIRECTION THE RIGHT STRATEGY



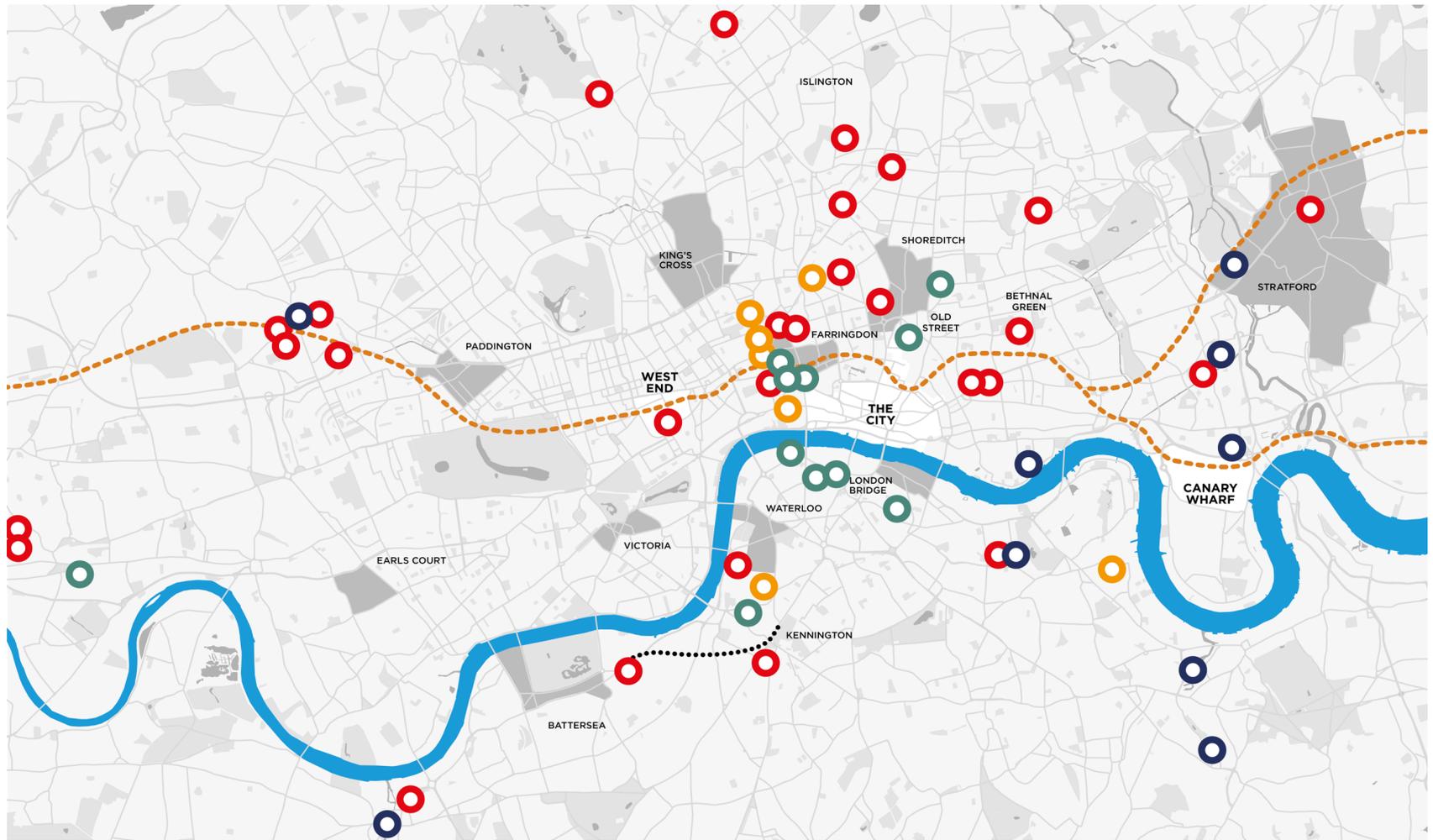
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→ DIRECTION PROPERTY PORTFOLIO



○ Workspace Property

DIRECTION ACTIVE MANAGEMENT



- Like-for-Like
- Redevelopments
- Crossrail
- Acquisitions
- Refurbishments
- ... Northern Line Extension



DIRECTION

REDEVELOPMENTS: LAST TWO



WANDSWORTH BUSINESS VILLAGE WANDSWORTH

2001 acquired

2010 planning consent

87,000 sq. ft. office and light industrial



GRAND UNION CENTRE LADBROKE GROVE

1987 acquired

2012 planning consent

51,000 sq. ft. industrial workshops



DIRECTION REDEVELOPMENTS: NEXT TWO



THE FAIRCHARM DEPTFORD

1999 **acquired**

100,000 sq. ft. **industrial**

2013 **planning consent**



THE BISCUIT FACTORY BERMONDSEY

1999 **acquired**

560,000 sq. ft. **330,000 sq. ft.**
industrial

2013 **planning consent**



DIRECTION REDEVELOPMENTS: NEXT TWO



THE FAIRCHARM DEPTFORD

H1 2017 due to open

£20 original ERV per sq. ft.

36,000 sq. ft. new business centre

£21 current ERV per sq. ft.



THE BISCUIT FACTORY BERMONDSEY

H1 2018 due to open

£20 original ERV per sq. ft.

48,000 sq. ft. additional new
business centre

£35 current ERV per sq. ft.



DIRECTION

REFURBISHMENTS: LAST TWO



VOX STUDIOS VAUXHALL

104,000 sq. ft. with further expansion potential

51,000 sq. ft. new business centre

January 2016 opened

68% occupancy at May 2016

£17m cost

£30 original ERV per sq. ft.

£48 current ERV per sq. ft.

Target return exceeded



THE PRINT ROOMS SOUTHWARK

17,000 sq. ft. extension

28,000 sq. ft. upgraded space

January 2016 opened

81% occupancy at May 2016

£9m cost

£31 original ERV per sq. ft.

£57 current ERV per sq. ft.

Target return exceeded



DIRECTION

REFURBISHMENTS: LAST TWO



VOX STUDIOS
VAUXHALL



THE PRINT ROOMS
SOUTHWARK



DIRECTION

REFURBISHMENTS: NEXT TWO



HATTON SQUARE BUSINESS CENTRE HATTON GARDEN

43,000 sq. ft. low grade
office space

£23 highest rent achieved
per sq. ft.



HOLYWELL CENTRE SHOREDITCH

22,000 sq. ft. low grade
office space

£23 highest rent achieved
per sq. ft.



DIRECTION

REFURBISHMENTS: NEXT TWO



THE RECORD HALL HATTON GARDEN

61,000 sq. ft. new business centre **£40** original ERV per sq. ft.
£24m cost **£58** current ERV per sq. ft.
H1 2017 completion



HOLYWELL CENTRE SHOREDITCH

50,000 sq. ft. new business centre **£45** original ERV per sq. ft.
£25m cost **£56** current ERV per sq. ft.
H1 2018 completion



DIRECTION DISPOSALS



LEYTON INDUSTRIAL VILLAGE OCTOBER 2015

136,000 sq. ft. industrial space



£23m

NIY of 4.8%

25% premium to March 2015 valuation



PARK ROYAL CLUSTER DECEMBER 2015

51,000 sq. ft. of light industrial space



£7m

NIY of 4.9%

16% premium to September 2015 valuation



INDUSTRIAL PORTFOLIO FEBRUARY 2016

5 industrial buildings

396,000 sq. ft.



£64m

NIY of 5.4%

12% premium to September 2015 valuation



DIRECTION ACQUISITIONS UPDATE

60 GRAYS INN ROAD



ACQUIRED: NOVEMBER 2013

40,000 sq. ft.
Potential extension

Average rent of £26 per sq. ft.
Highest rent of £73 per sq. ft.

Outdated design

Reception and common part
refurbishment completed
November 2014
Rolling upgrade as leases
expire
Purchase of neighbouring
Peer House in January 2015

VESTRY STREET STUDIOS



ACQUIRED: MAY 2014

23,000 sq. ft.

100% occupancy

Average rent of £23 per sq. ft.
Average rent of £31 per sq. ft.
Highest rent of £52 per sq. ft.

160 FLEET STREET



ACQUIRED: NOVEMBER 2014

40,000 sq. ft.

48% occupancy
87% occupancy at May 2016

Serviced office design

Reception refurbishment
completed May 2016
Rolling upgrade as leases
expire

EDINBURGH HOUSE



ACQUIRED: JANUARY 2015

68,000 sq. ft.
Potential extension

100% occupancy

Lease break 2020 surrendered
for £5.4m payment
Vacant possession March
2016

Average rent of £22 per sq. ft.

Dated design

Strip out commenced
Planning application
submitted



DIRECTION ACQUISITIONS UPDATE

25 & 28 EASTON STREET



ACQUIRED: JUNE 2015

21,000 sq. ft.
Potential extension
100% occupancy
Average rent of £8 per sq. ft.
Lease expiry due May 2017
Discussions with tenant ongoing

ANGEL HOUSE



ACQUIRED: JUNE 2015

46,000 sq. ft.
100% occupancy
Average rent of £29 per sq. ft.
Rent increases as leases expire
Mixed specification
First floor lease until 2018 surrendered
Refurbishment underway
Target ERV of £63 per sq. ft.

ALEXANDRA HOUSE



ACQUIRED: OCTOBER 2015

55,000 sq. ft.
100% occupancy (London Borough of Haringey)
Average rent of £10 per sq. ft.
Rent review negotiations underway
Part of Wood Green regeneration plan

CANNON WHARF BUSINESS CENTRE



ACQUIRED: OCTOBER 2015

33,500 sq. ft.
Vacant
Opened December 2015
38% occupancy at May 2016
Average rent of £25 per sq. ft.

→ DIRECTION ACQUISITIONS UPDATE

GARRATT LANE

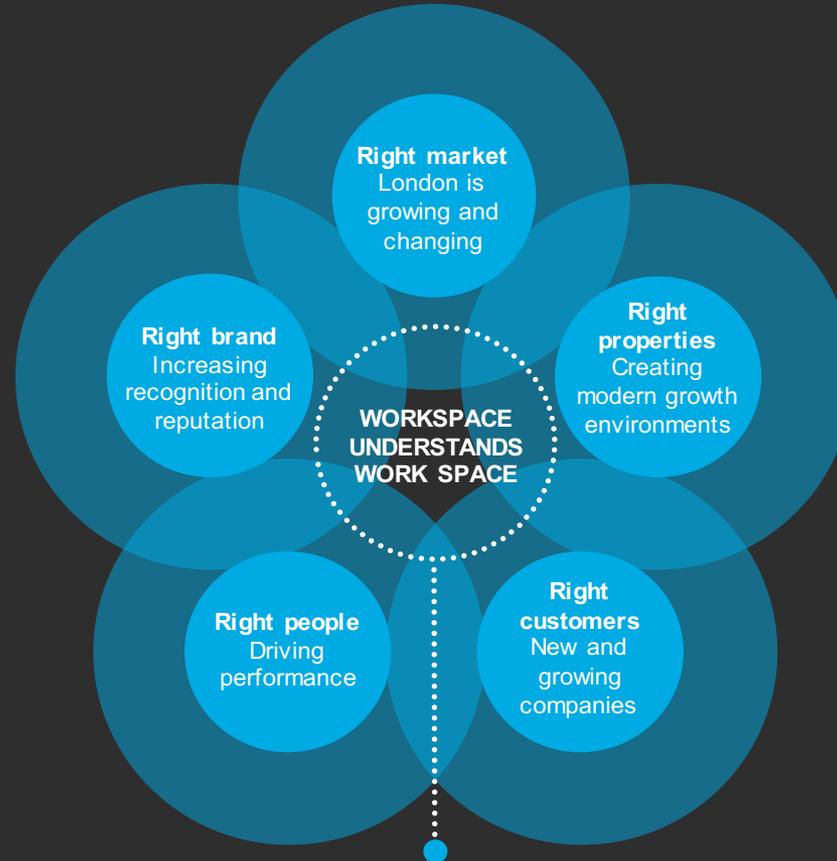


43,000 sq.ft. and 200 space car park
Master planning over 6 acres underway

Vacant
Let to match development plans

No income
Rent of £16 per sq. ft.

ACQUIRED: SEPTEMBER 2015



Home to new and growing companies across London

QUESTIONS



WORKSPACE



SUPPLEMENTARY INFORMATION



WORKSPACE

REFURBISHMENT PROJECTS

At March 2016	Valuation	Actual/ Estimated cost	Cost to Complete	Actual/ Estimated Completion	Unaffected area	Upgraded area	New space	Estimated ERV (Average)	Estimated Rent at 90% occupancy*	March 2016 Rent Roll†	March 2015 Rent Roll†
Completed											
Metal Box Factory	£97m	£16m	–	Jan 2015	–	82,270	25,148	£65	£6.3m	£4.9m	£2.9m
Cargo Works	£62m	£3m	–	Apr 2015	11,532	61,164	–	£66	£4.1m	£3.8m	£2.5m
Vox Studios	£61m	£17m	–	Jan 2016	46,533	6,137	51,251	£48	£3.4m	£1.7m	£1.0m
The Print Rooms	£38m	£9m	–	Jan 2016	–	28,340	17,490	£57	£2.3m	£1.6m	£0.6m
	£258m	£45m			58,065	177,911	93,889		£16.1m	£12.0m	£7.0m
Underway											
The Record Hall	£37m	£24m	£12m	Apr 2017	–	–	60,619	£58	£3.1m	£0.0m	£0.0m
Barley Mow Centre	£35m	£11m	£8m	Jul 2017	–	50,273	20,800	£41	£2.6m	£1.7m	£1.6m
Holywell Centre	£9m	£25m	£25m	May 2018	–	–	49,972	£56	£2.5m	£0.0m	£0.5m
Cremer Business Centre	£12m	£25m	£25m	Oct 2018	–	–	57,893	£45	£2.3m	£0.7m	£0.7m
	£93m	£85m	£70m		–	50,273	189,284		£10.5m	£2.4m	£2.8m
Starting 2016/17											
The Leathermarket	£90m	£5m	£5m	Jan 2017	5,943	117,329	–	£52	£5.5m	£5.1m	£4.4m
Southbank House#	£41m	£6m	£6m	June 2017	–	62,000	–	£50	£2.8m	£1.8m	£1.8m
	£131m	£11m	£11m		5,943	179,329	–		£8.3m	£6.9m	£6.2m
Design Stage											
Edinburgh House**	£22m	£20m	£20m		–	–	67,000			£0.0m	
Leroy House**	£16m	£15m	£15m		–	35,000	38,000			£1.2m	
Greville Street**	£10m	£9m	£9m		–	–	23,000			£0.5m	
Mare Street Studios#	£9m	£17m	£17m		–	38,000	25,000			£0.5m	
Pall Mall Deposit#	£19m	£10m	£10m		–	49,000	12,000			£1.1m	
Havelock Terrace#	£17m	£20m	£20m		–	59,000	40,000			£1.0m	
	£93m	£91m	£91m		–	181,000	205,000			£4.3m	

* Includes rent for unaffected areas at March rental levels

** Planning application submitted
Currently in like-for-like category

REDEVELOPMENT PROJECTS

At March 2016	Development partner	Valuation	March 2016 Rent Roll	Expected completion	Residential units no.	Commercial space returned			Other proceeds		
						Area	Estimated ERV	Estimated Rent*	Cash received	Cash to come	Overage to come
Completed											
The Light Bulb	Mount Anvil	£37m	£1.1m	Mar 2015	209	52,535	£28	£1.3m	–	–	£13m
Grand Union Studios	Taylor Wimpey	£36m	£0.2m	Mar 2016	145	64,874	£35	£2.0m	£6m	–	£3m
		£73m	£1.3m		354	117,409		£3.3m	£6m	–	£16m
Underway											
Bow Enterprise Park (phase 1)	Peabody	£10m	–	Jun 2016	267	–	–	–	£11m	£3m	£8m
The Faircharm	L&Q	£9m	–	H1 2017	148	36,303	£21	£0.7m	£10m	–	n/a
Poplar Business Park (phase 1)	Telford Homes	£3m	–	H2 2017	170	–	–	–	£16m	–	£3m
Bow Enterprise Park (phase 2)	Peabody	£1m	–	H1 2018	160	–	–	–	£11m	£1m	n/a
The Biscuit Factory	Grosvenor	£25m	–	H1 2018	800	48,000	£35	£1.5m	£48m	£3m	£0m
		£48m	–		1,545	84,303		£2.2m	£96m	£7m	£11m
Marketing 2016/17											
The Light Bulb (phase 2)			–	2019	77	17,000	£28	£0.4m			
Rainbow Industrial Estate			£0.5m	2019	224	37,000	£15	£0.5m			
Marshgate			£0.3m	2019	200	34,000	£20	£0.6m			
Lombard House			£0.4m	–	96	–	–	–			
Arches Business Centre			£0.3m	–	110	–	–	–			
		£70m	£1.5m		707	88,000		£1.5m			
Other with Planning											
Bow Enterprise Park (phase 3)			–		130	32,000			Will be marketed following the completion of phase 2		
Poplar Business Park (phase 2/3)			£0.8m		222	62,000			Awaiting vacant possession		
		£44m	£0.8m		352	94,000					
At Planning Stage											
Highway Business Park					130						
Stratford Office Village#					110						
		£27m	£1.1m		240						
At Design/Discussion Stage											
Chocolate Factory (part)#					300						
Riverside#/Garratt Lane					350						
					650						

* Expected Rent at 90% occupancy

Currently in like-for-like category

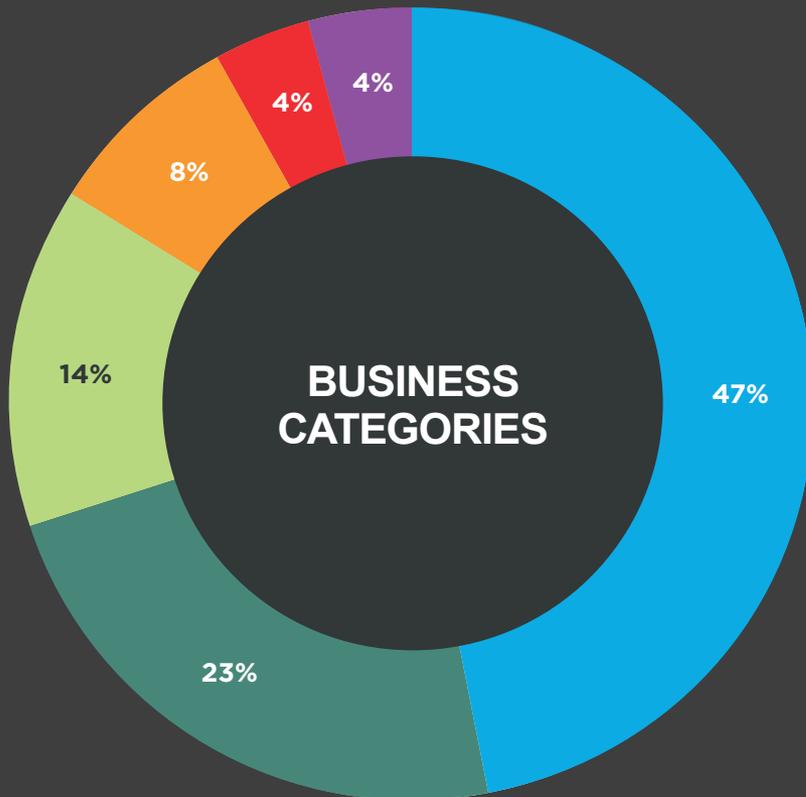


APPENDIX 3

CUSTOMER PORTFOLIO NOVEMBER 2015



DATA REPRESENTS 50% OF TOTAL RENT ROLL



	% Net Rent		% Net Rent
1 Marketing	8.62	31 Quantity Surveyors	1.07
2 Business Consultancy	6.62	32 Travel	1.01
3 Architect	5.50	33 Professional Development	1.00
4 Finance	4.83	34 Broadcasting	0.97
5 Brand Design	4.38	35 Associations/Societies	0.80
6 Fashion	4.22	36 Technology	0.77
7 IT	4.15	37 Theatre	0.68
8 Film	3.20	38 Cleaning	0.56
9 Not For Profit	3.13	39 Energy	0.56
10 Software Design	2.68	40 Web Design	0.52
11 Property	2.55	41 Dance	0.43
12 Publishing	2.54	42 Civil Service	0.40
13 Construction	2.97	43 Telecoms	0.40
14 Interior Design	2.43	44 Photography	0.39
15 Retail	2.31	45 Sports	0.38
16 Food/Drink	2.11	46 Art	0.34
17 Education	2.07	47 Legal Services	0.33
18 Graphic Design	2.00	48 Printing	0.32
19 Leisure	1.97	49 Digital Consultancy	0.31
20 Market Research	1.93	50 Lifestyle	0.26
21 Furniture Design	1.82	Other, including:	4.00
22 Engineering	1.65	Security	
23 Healthcare & Beauty	1.49	Training	
24 Product Design	1.49	Landscape Architect	
25 Events	1.34	Visual Licensing	
26 Recruitment	1.32	Translation	
27 Environmental	1.31	Mapping	
28 mCommerce	1.26	Paper Production	
29 Music	1.19	Technology Design	
30 Talent Management	1.08		

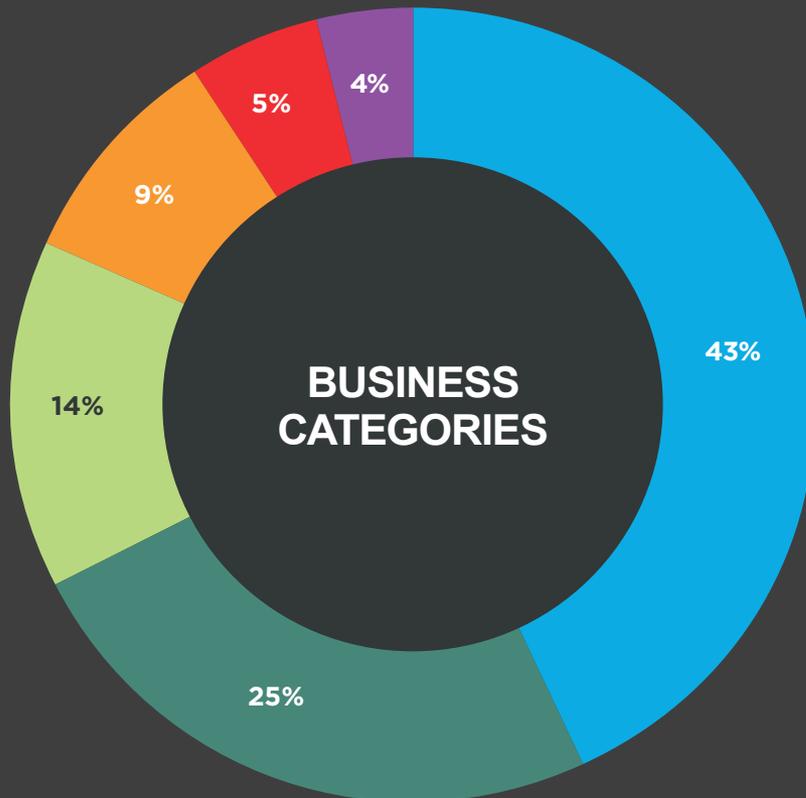


APPENDIX 4

CUSTOMER PORTFOLIO MARCH 2016

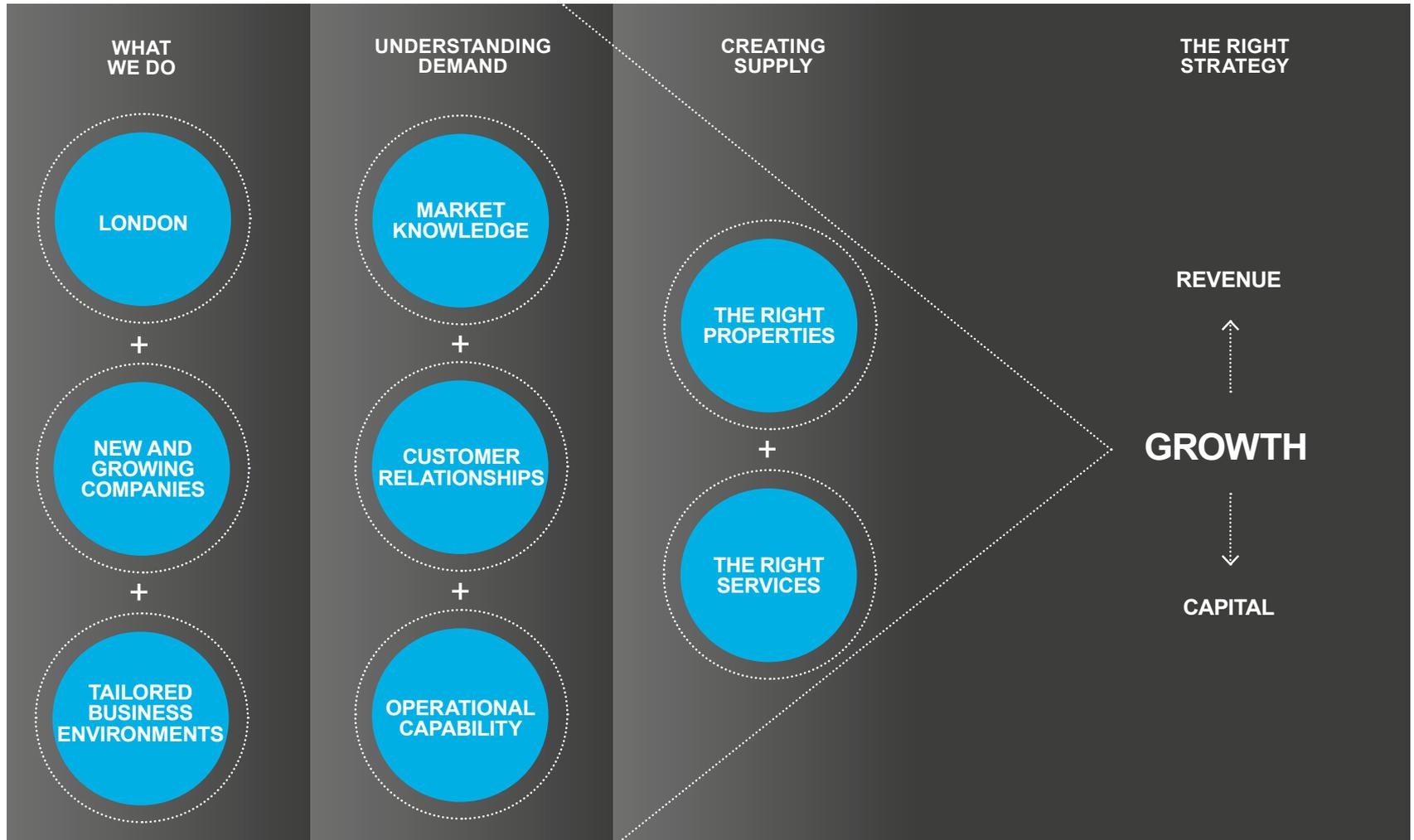


DATA REPRESENTS 92% OF TOTAL RENT ROLL



	% Net Rent		% Net Rent
1 Marketing	6.14	31 Leisure	1.16
2 Fashion	5.28	32 Talent Management	1.00
3 Finance	5.26	33 Web Design	0.95
4 Business Consultancy	4.54	34 Technology Design	0.93
5 Not For Profit	4.34	35 Events	0.92
6 Architect	3.95	36 Energy	0.83
7 Software Design	3.69	37 Photography	0.82
8 Brand Design	3.33	38 Theatre	0.81
9 IT	3.31	39 Professional Development	0.81
10 Film	3.21	40 Technology	0.72
11 Food/Drink	3.15	41 M-Commerce	0.65
12 Retail	2.92	42 Cleaning	0.64
13 Property	2.84	43 Broadcasting	0.62
14 Construction	2.56	44 Quantity Surveyors	0.59
15 Graphic Design	2.44	45 Art	0.57
16 Recruitment	2.31	46 Associations / Societies	0.57
17 Furniture Design	2.23	47 Legal Services	0.51
18 E-Commerce	2.18	48 Telecoms	0.49
19 Publishing	2.15	49 Environmental	0.42
20 Interior Design	1.89	50 Landscape Architect	0.38
21 Healthcare & Beauty	1.78	Other, including:	3.69
22 Product Design	1.56	Lifestyle	
23 Education	1.55	Translation	
24 Music	1.52	Training	
25 Travel	1.49	Social Network	
26 Event Organiser	1.39	Security	
27 Civil Service	1.32	Mapping	
28 Engineering	1.21	Dance	
29 Construction Consultancy	1.20	Visual Licensing	
30 Market Research	1.16		

→ APPENDIX 5 HOW WE MAKE MONEY



DISCLAIMER

The information in this document may include forward-looking statements, which are based on current expectations and projections about future events. These forward-looking statements reflect the directors' 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. No one undertakes to publicly update or revise any such forward-looking statements.

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