

WORKSPACE INTERIM RESULTS

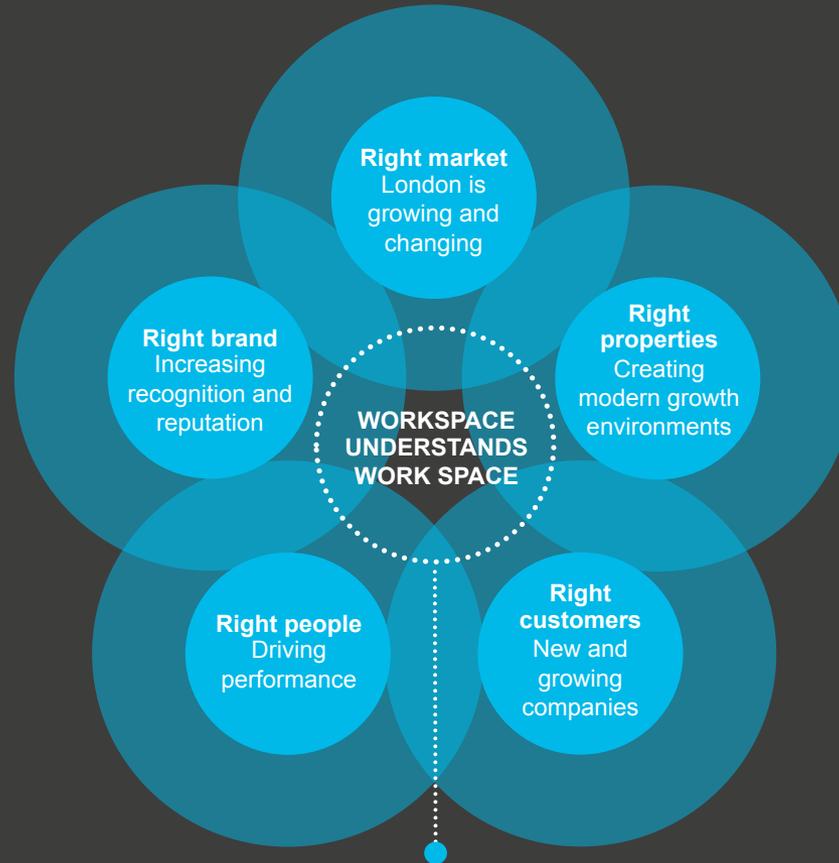
INVESTOR AND
ANALYST PRESENTATION
11 NOVEMBER 2015

DELIVERING GROWTH
THROUGH ACTIVE
MANAGEMENT



WORKSPACE®

→ WORKSPACE THE RIGHT STRATEGY



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

	September 2015	March 2015	Change
Active Management			
Rent Roll (lfl)	£49.7m	£45.7m	↑ 8.8%
Rent per sq. ft. (lfl)	£20.68	£18.61	↑ 11.1%
Enquiries (per month)	1,027	1,222	↓ (16.0)%
Occupancy (lfl)	90.9%	92.2%	↓ (1.3)%
Property Valuation	£1,631m	£1,423m	↑ 9.6%*
Capital Value per sq. ft. (lfl)	£313	£284	↑ 10.2%
EPRA NAV (per share)	£7.92	£7.03	↑ 12.7%
Strong Growth			
Trading Profit after interest	£20.4m	£12.4m	↑ 65%
Interim Dividend (per share)	4.86p	3.89p	↑ 25%

* Underlying increase

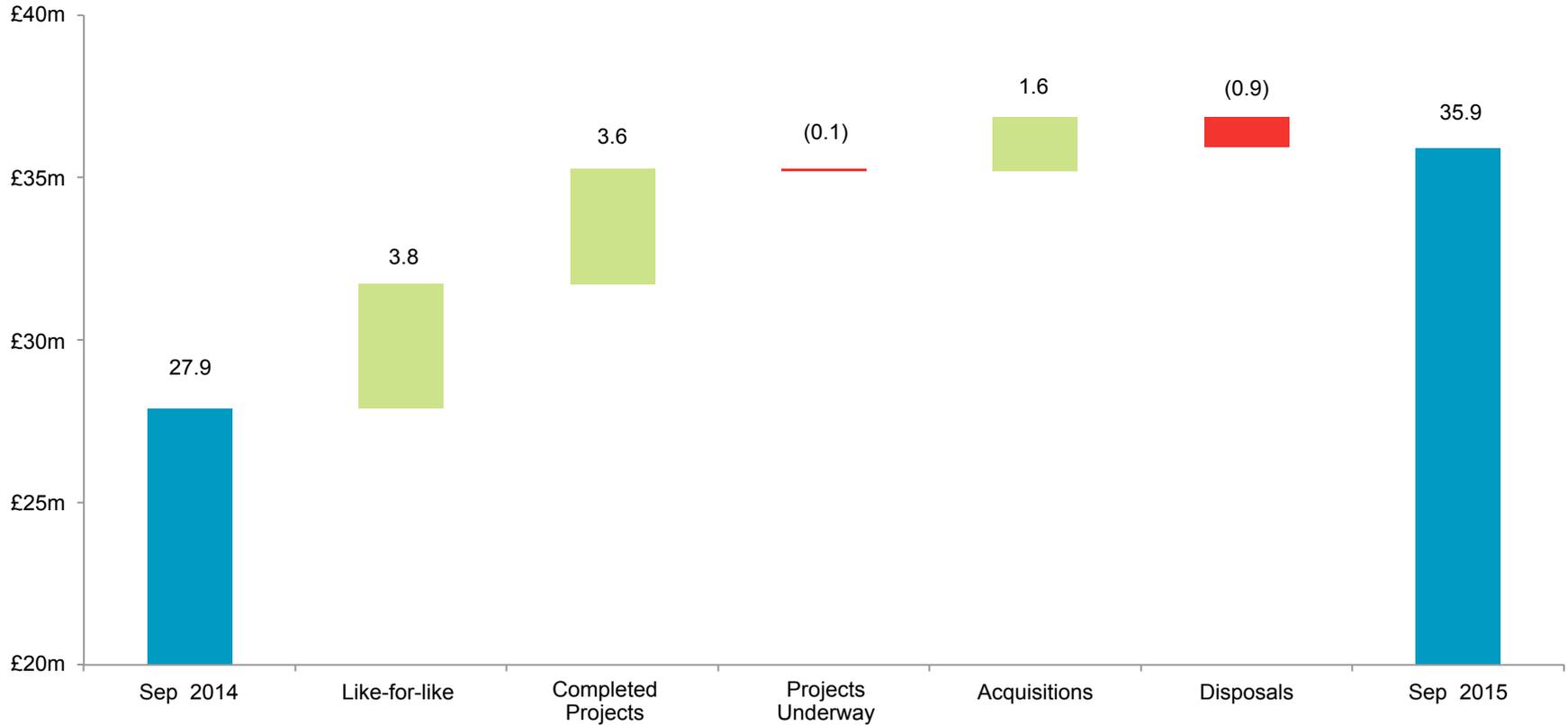
→ PERFORMANCE

INCOME STATEMENT

£m	September 2015	September 2014	Change
Net Rental Income	35.9	27.9	+29%
Joint Venture Income	0.5	0.5	–
Administrative Expenses	(7.6)	(6.7)	+13%
Net Finance Costs	(8.4)	(9.3)	(10)%
Trading Profit after Interest	20.4	12.4	+65%
Revaluation Surplus	137.9	143.5	(4)%
Other items	5.1	17.8	–
Profit Before Tax	163.4	173.7	(6)%
Underlying Earnings (per share)	12.5p	8.4p	+49%
Interim Dividend (per share)	4.86p	3.89p	+25%

PERFORMANCE

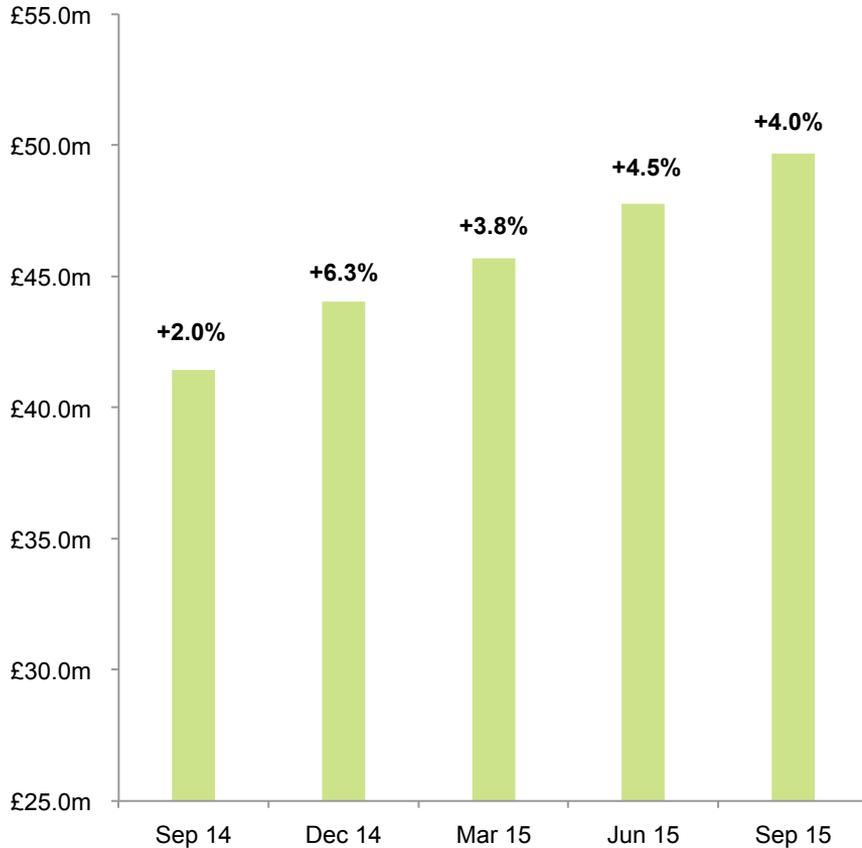
NET RENTAL INCOME



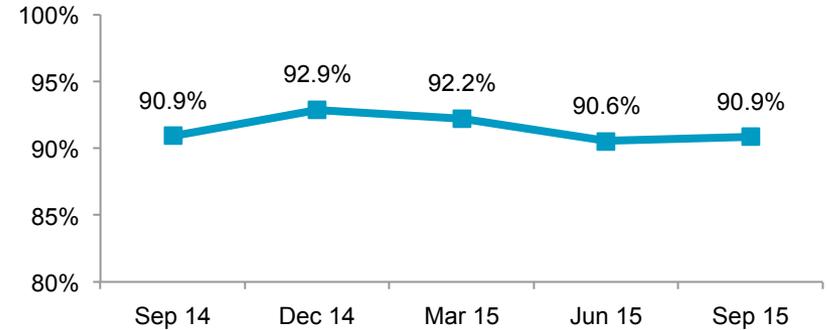
→ PERFORMANCE

LIKE-FOR-LIKE PROPERTIES

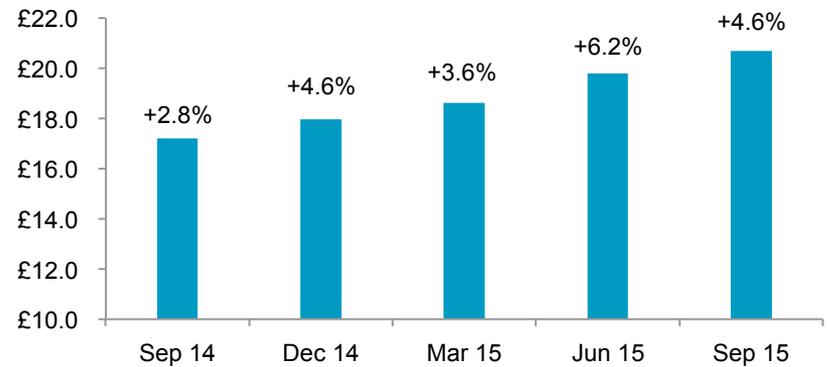
RENT ROLL



OCCUPANCY



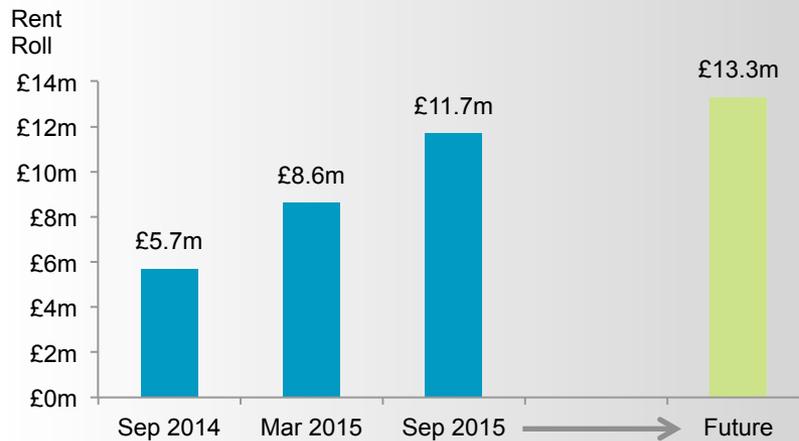
RENT PER SQ. FT.



PERFORMANCE

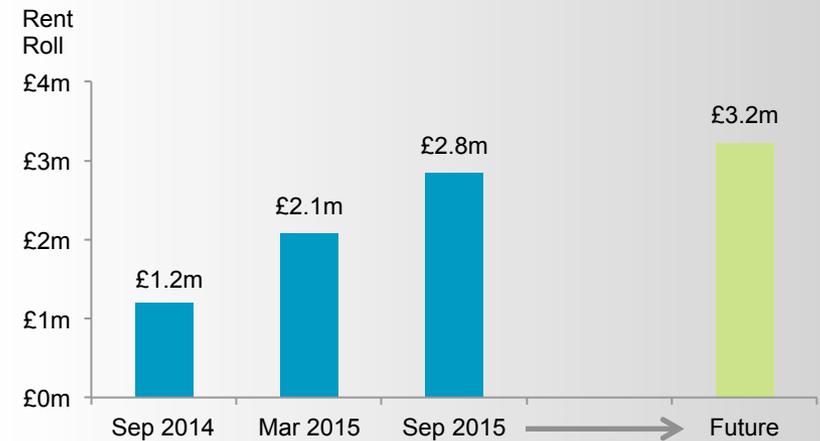
COMPLETED PROJECTS

REFURBISHMENTS



- 5 refurbishments completed in previous years
- Cargo Works completed April 2015
- 279,000 sq. ft. of new/upgraded space

REDEVELOPMENTS



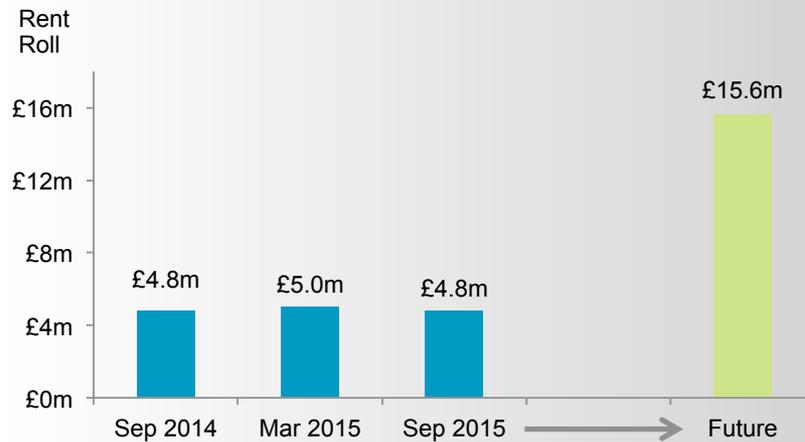
- ScreenWorks opened June 2014
- The Light Bulb opened March 2015
- 113,000 sq. ft. of new space

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

PERFORMANCE

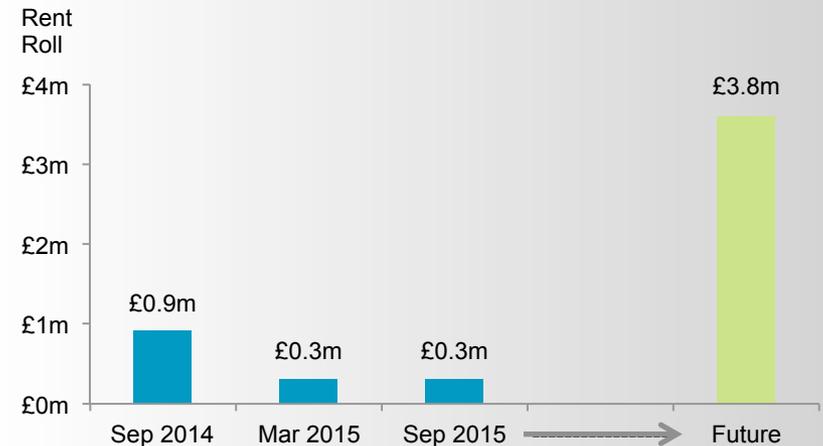
PROJECTS UNDERWAY

REFURBISHMENTS



- 7 projects underway (£111m capex)
- 2 completing December 2015
- 362,000 sq. ft. of new/upgraded space

REDEVELOPMENTS



- 6 projects underway (no capex)
- Grand Union Studios completing December 2015
- 167,000 sq. ft. of new space

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

→ PERFORMANCE

CASH FLOW

£m

Trading

Net Cash from Operations	18	
Dividends Paid	(12)	6

Investment

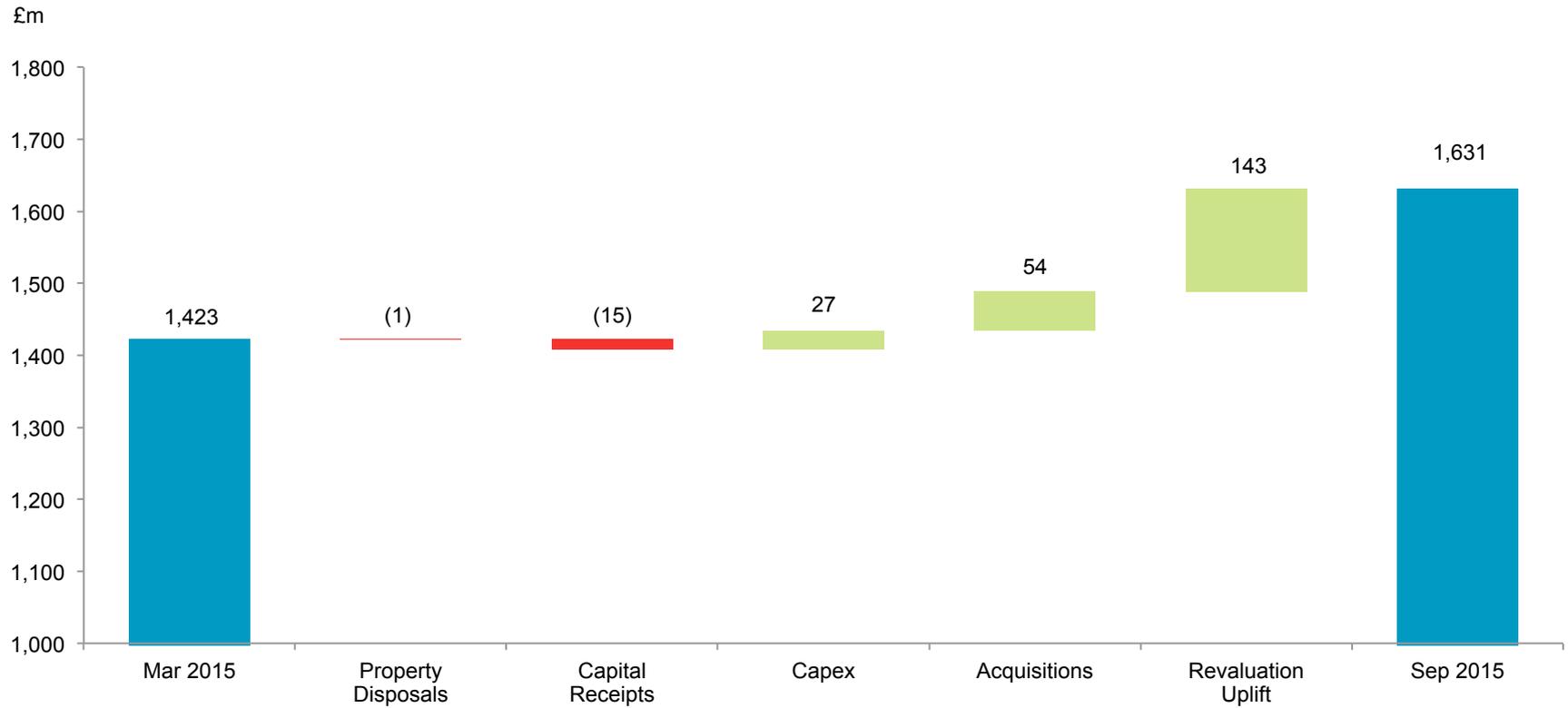
Capital Expenditure	(27)	
Property Acquisitions	(58)	
Property Disposals	1	(63)
Capital Receipts	14	
Distributions from Joint Ventures	7	
Net Movement in year		(57)
Net Debt at March 2015		(270)
Net Debt at September 2015		(327)

→ PERFORMANCE BALANCE SHEET

£m	September 2015	March 2015
Investment Property Valuation	1,631	1,423
Investment in Joint Ventures	21	29
Net Debt	(327)	(270)
Other	(26)	(36)
Net Assets	1,299	1,146
EPRA NAV (per share)	£7.92	£7.03
Loan to Value	20%	19%
Facility Headroom	£83m	£140m

PERFORMANCE

PROPERTY VALUATION



PERFORMANCE

REVALUATION UPLIFT

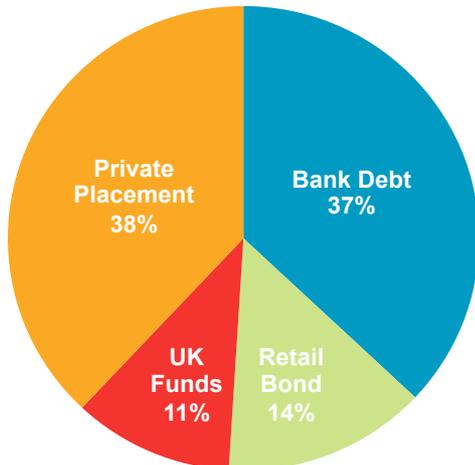
£m	Uplift	Main movements
Like-for-like	64	<ul style="list-style-type: none"> Pricing Yield: £60m (94%) Yield: £4m (6%)
Completed Projects	33	<ul style="list-style-type: none"> Metal Box Factory: £12m The Light Bulb: £8m Cargo Works: £4m
Redevelopments	31	<ul style="list-style-type: none"> Residential Consents: £20m New Business Space: £6m Overage: £5m
Refurbishments	12	<ul style="list-style-type: none"> The Print Rooms: £3m Vox Studios: £2m
Other	3	<ul style="list-style-type: none"> Acquisitions: £3m
Total	143	

PERFORMANCE

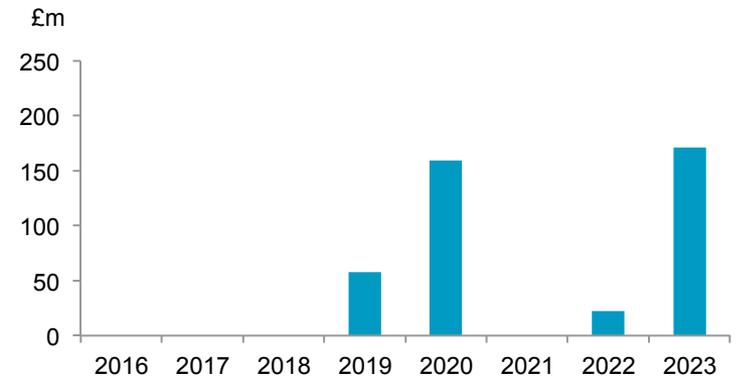
DEBT ANALYSIS

	September 2015	March 2015
Net Debt	£327m	£270m
Total Facilities (all unsecured)	£410m	£410m
Hedged/Fixed Rate Facilities	50%	73%
Interest Cost (*exit rate)	4.8%*	5.4%
Average Period to Maturity	6.0 years	5.8 years

FACILITIES BY TYPE



MATURITY PROFILE



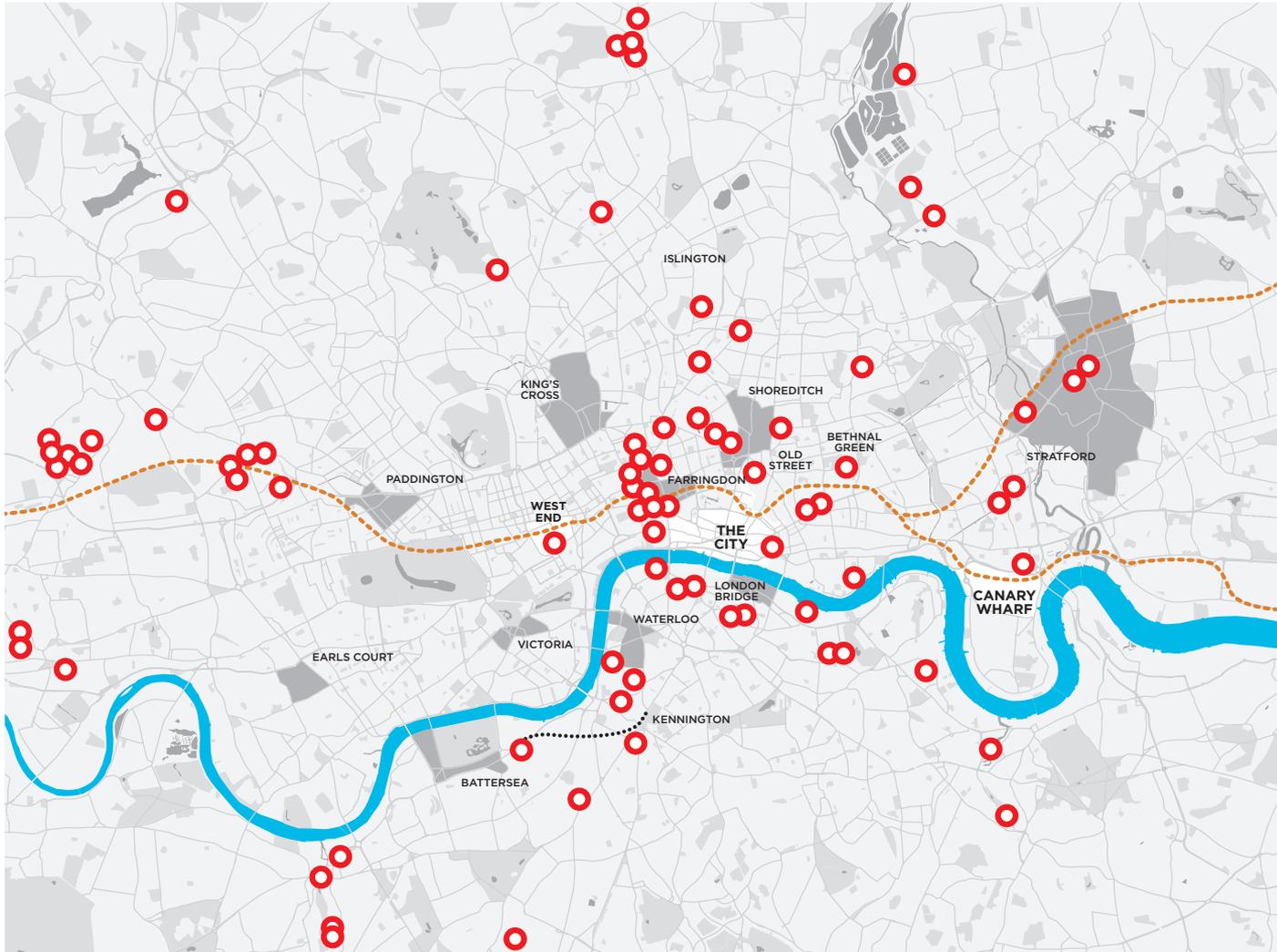
→ DIRECTION THE RIGHT STRATEGY



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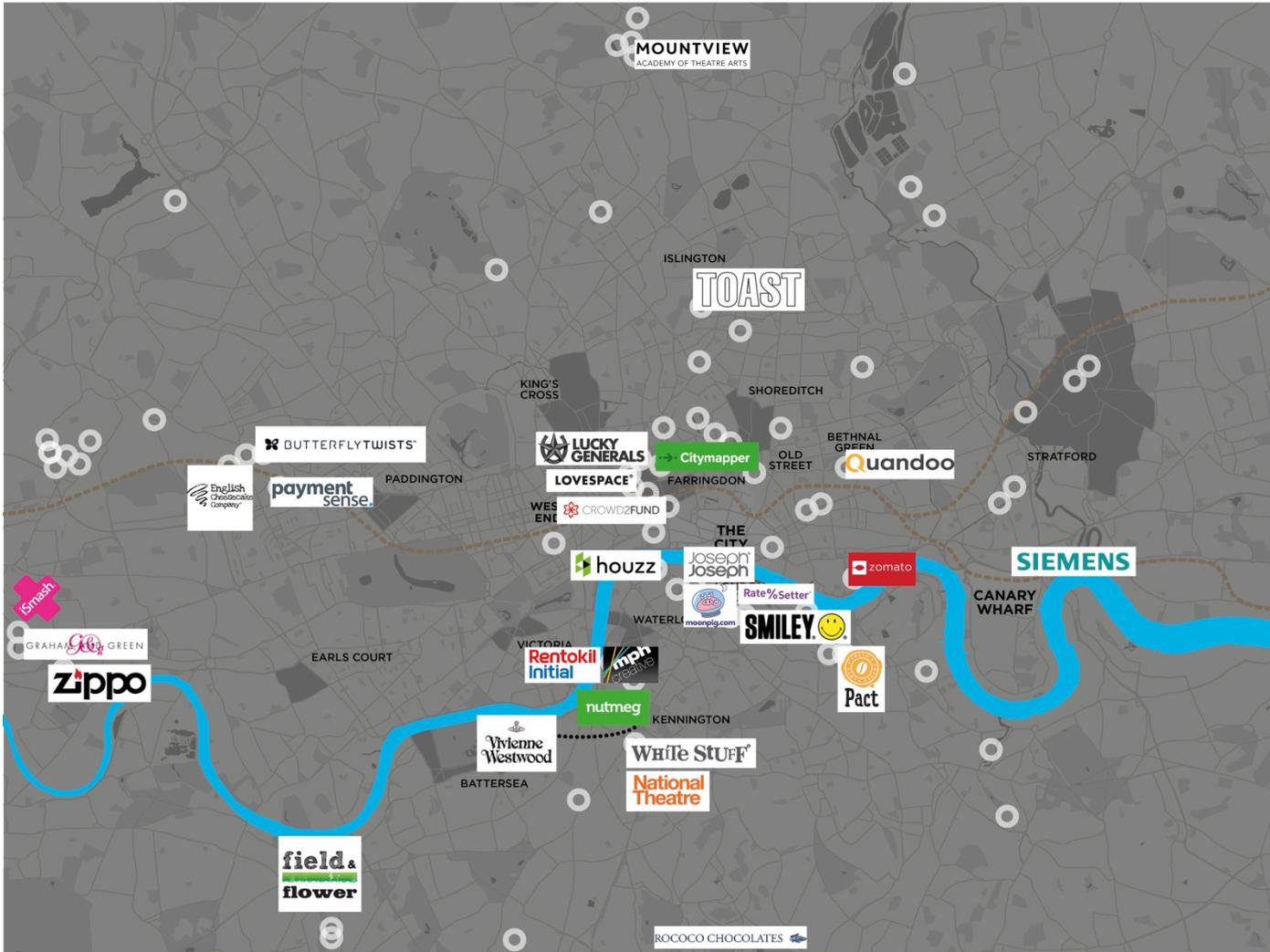


DIRECTION PROPERTY PORTFOLIO

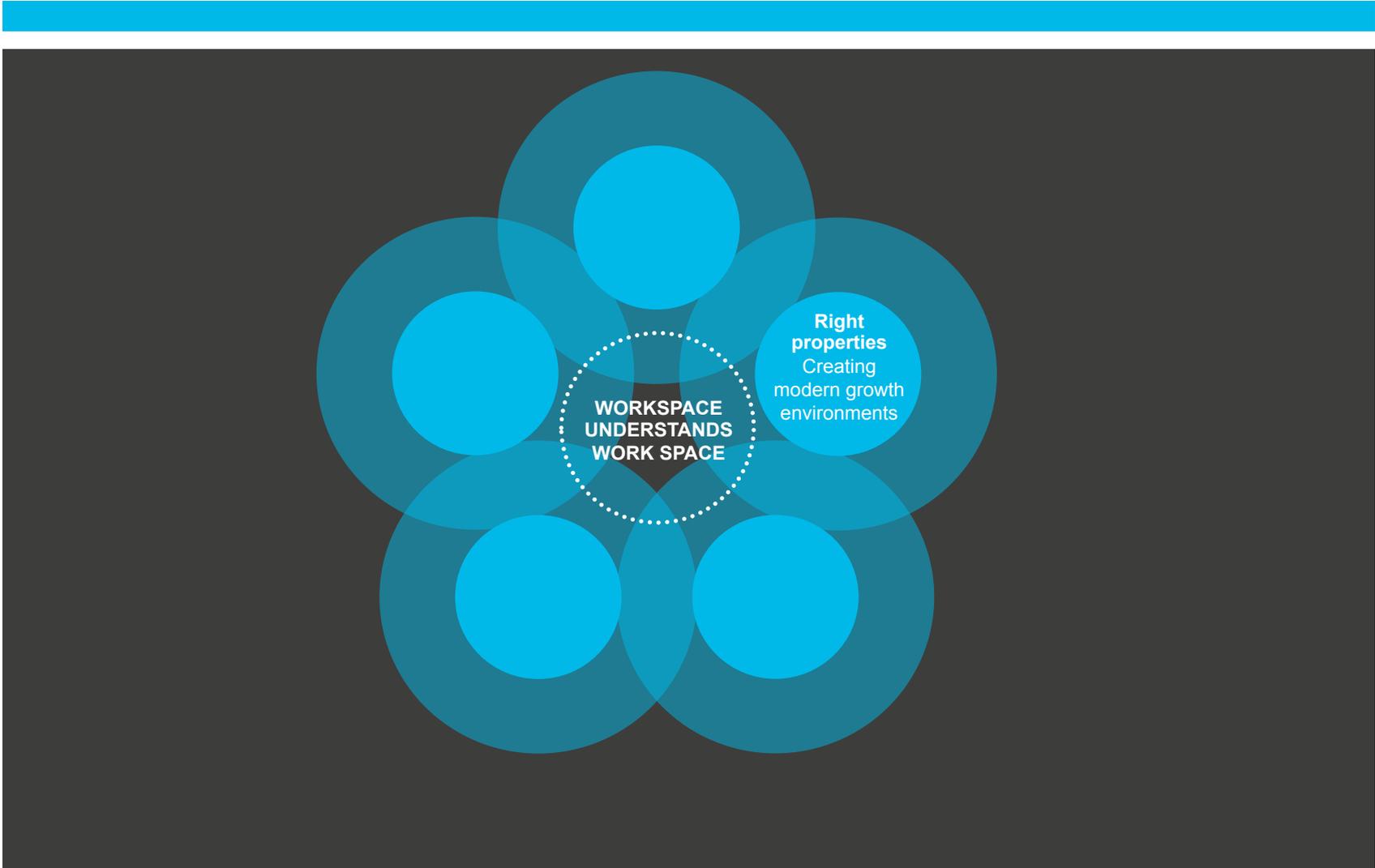


- Workspace property
- Crossrail
- Northern Line Extension

DIRECTION CUSTOMER PORTFOLIO



➔ **DIRECTION**
PROPERTY PORTFOLIO

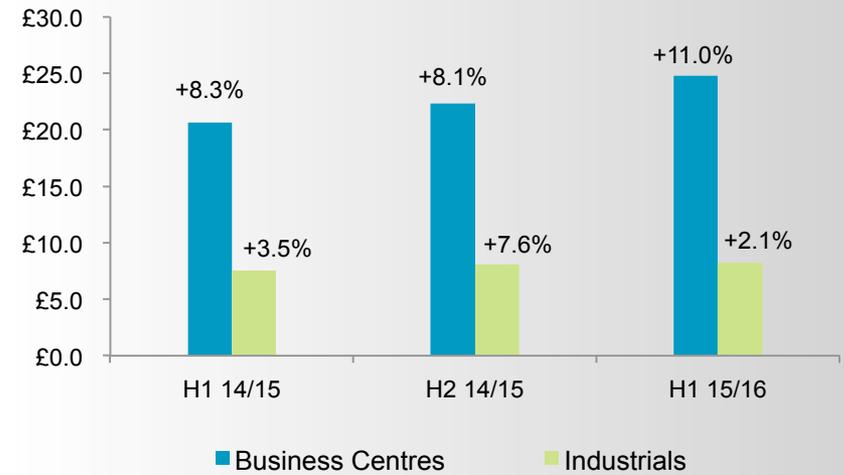


→ DIRECTION PROPERTY PORTFOLIO

PORTFOLIO MIX BY RENT ROLL

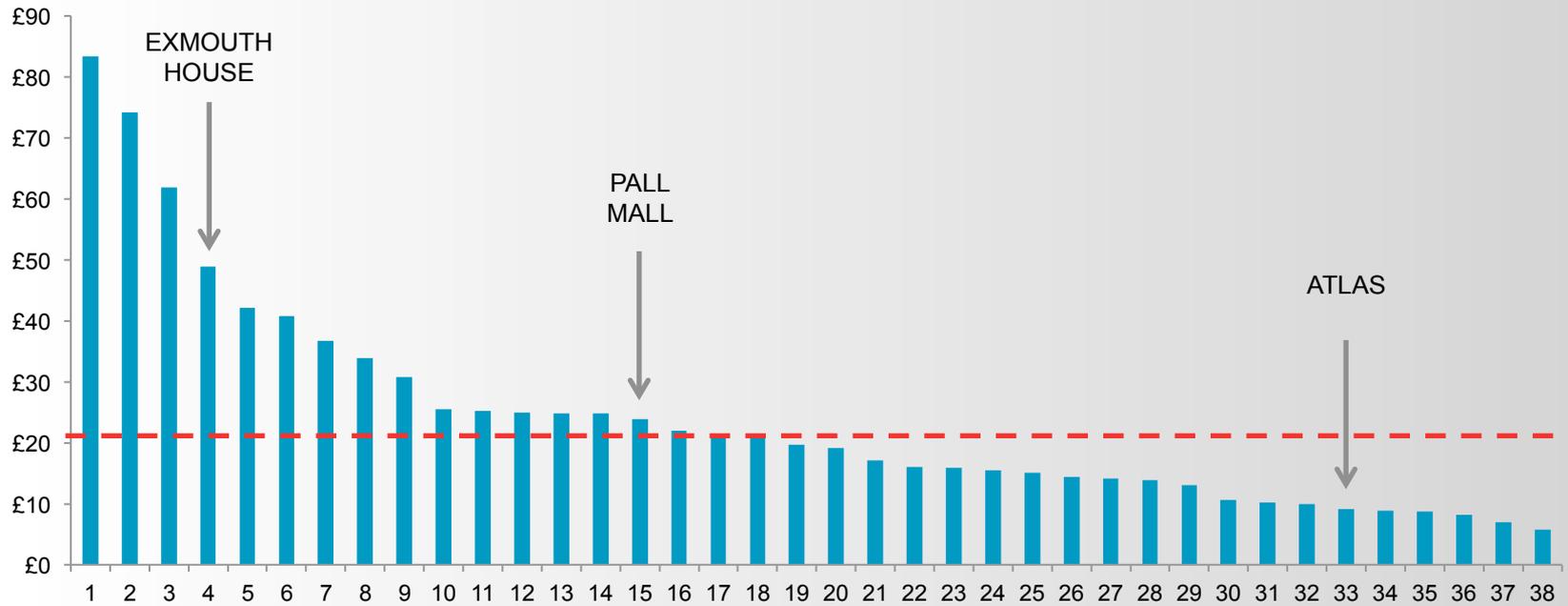


RENT PER SQ. FT. (IfI)



→ DIRECTION PROPERTY PORTFOLIO

RENT PER SQ. FT. BY PROPERTY (IfI)



→ DIRECTION DISPOSAL



LEYTON INDUSTRIAL VILLAGE
LEYTON

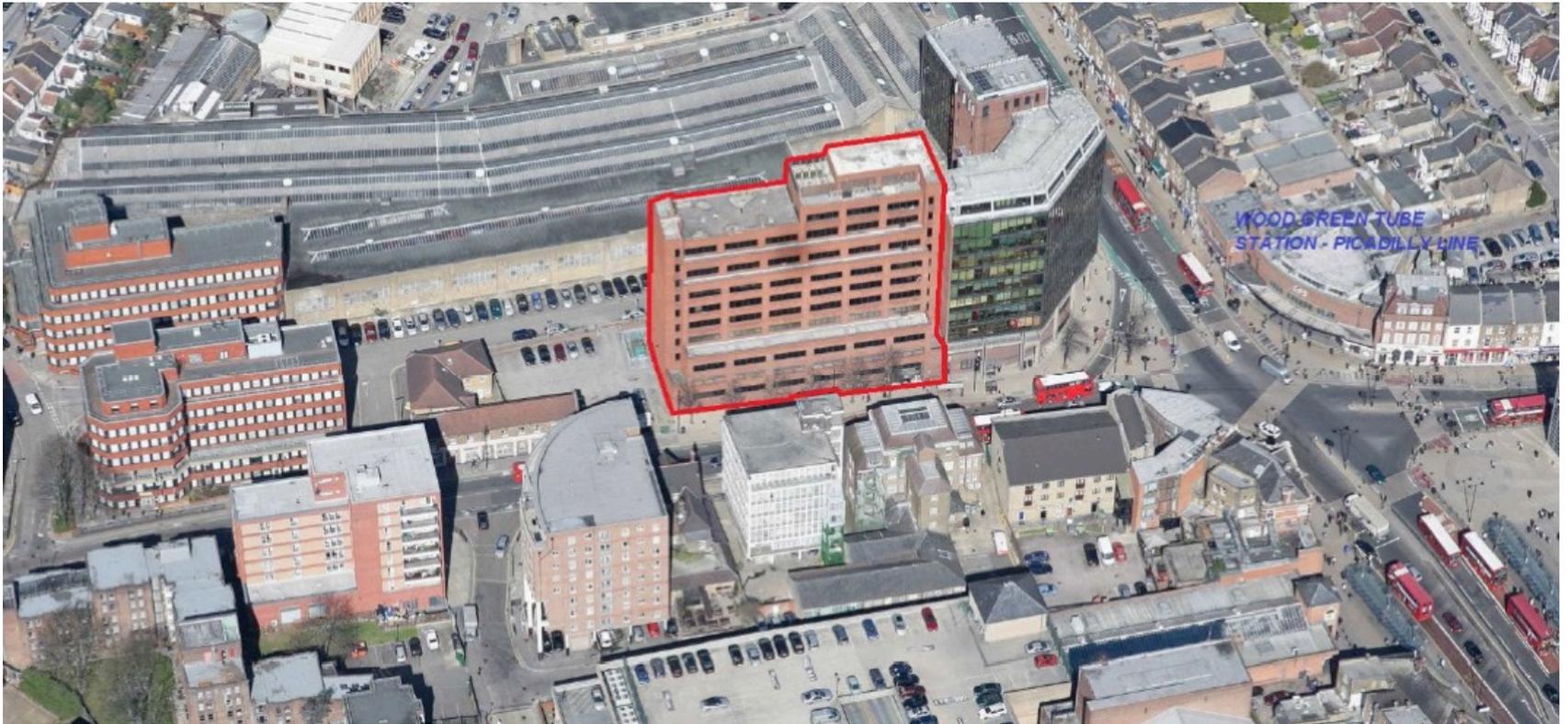
RATIONALE

- 135,500 sq. ft. industrial estate
- Successful repositioning
- Strong interest from potential buyers
- Opportune market timing

FINANCIALS

- £23m
- 4.8% net initial yield
- 25% premium to March 2015 valuation

➔ **DIRECTION**
ACQUISITION



ALEXANDRA HOUSE
WOOD GREEN

**ALEXANDRA
HOUSE
WOOD GREEN**



RATIONALE

- Off market deal → Opportunistic
- Wood Green location → Infrastructure investment
- Good strategic fit → Chocolate Factory cluster
- Let to Haringey Council until 2021 → Rent review in February 2016
- Additional value → Refurbishment opportunity

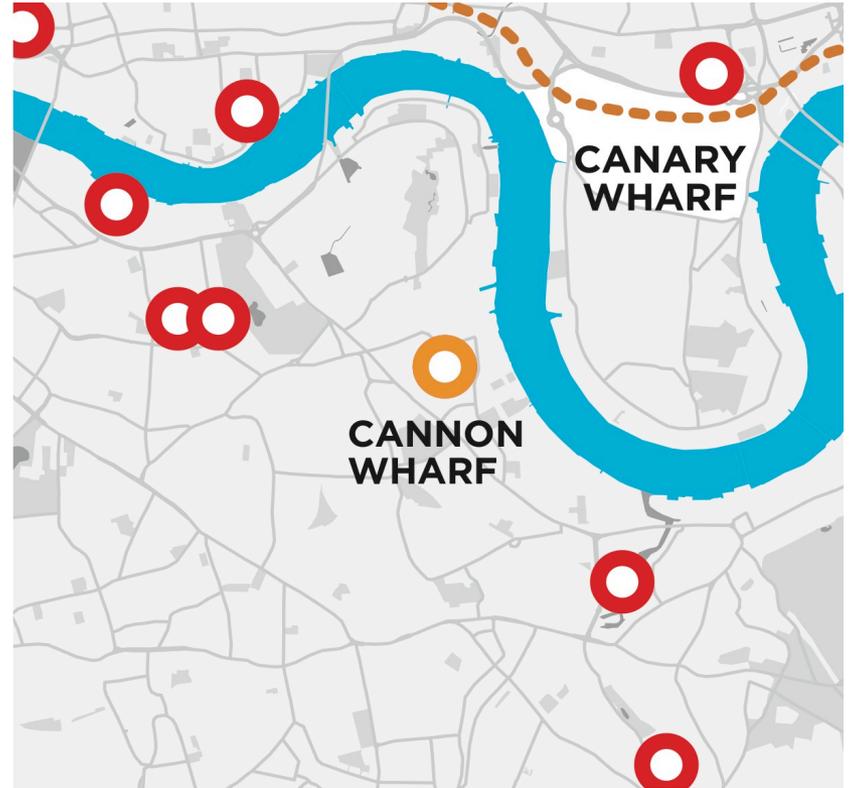
FINANCIALS

- £14m
- £255 per sq. ft. capital value
- £10 per sq. ft.
- 3.7% net initial yield

→ **DIRECTION**
ACQUISITION



CANNON WHARF
SURREY QUAYS



→ DIRECTION ACQUISITION

CANNON WHARF SURREY QUAYS



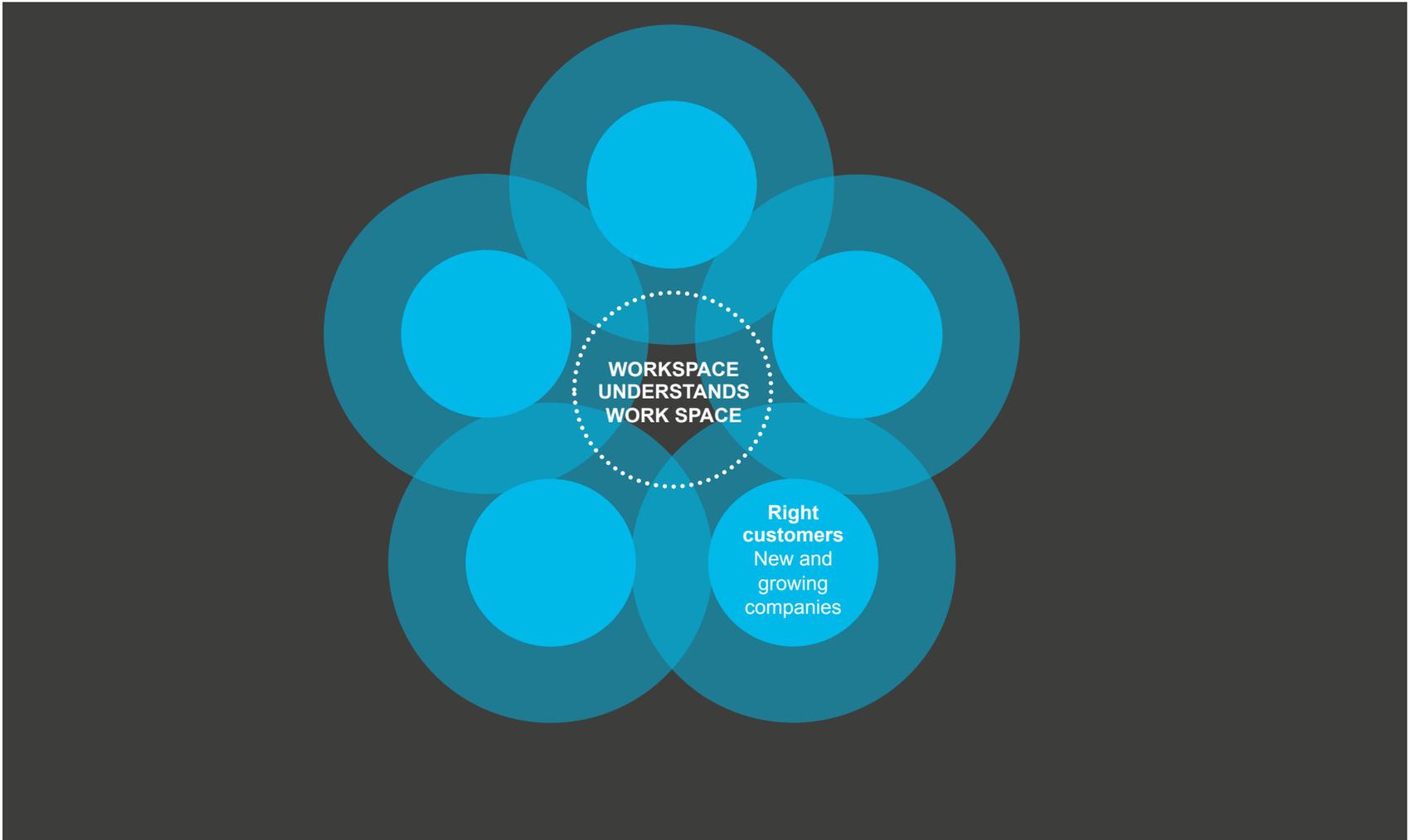
RATIONALE

- Limited marketing → Opportunistic
- Acquired from Barratt Homes → Part of wider redevelopment
- New build → Design fit
- Strategic location → Area of regeneration
- Cluster efficiencies → Close to Biscuit Factory

FINANCIALS

- £10.4m
- £310 per sq. ft. capital value
- Target £25 per sq. ft.

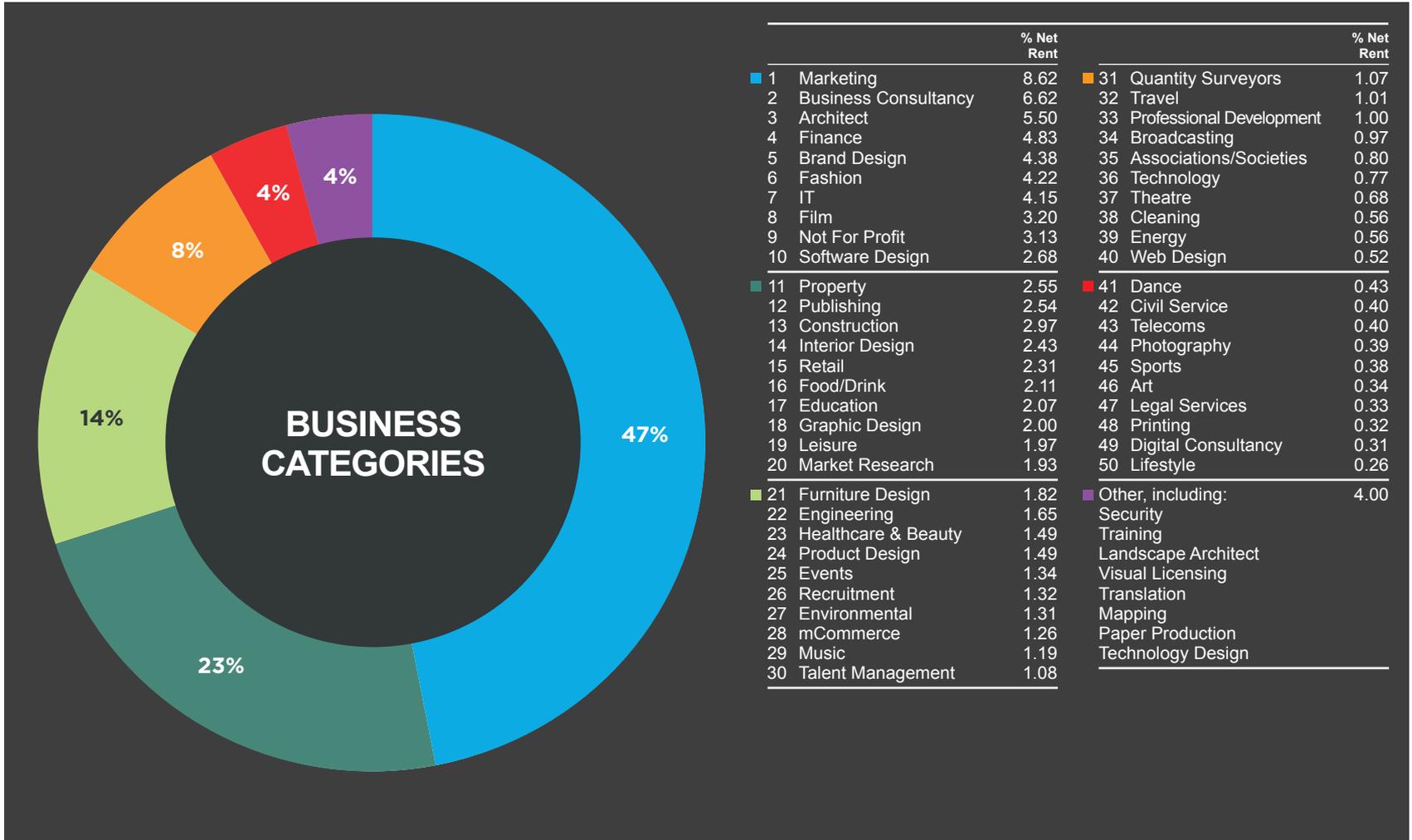
➔ **DIRECTION**
CUSTOMER PORTFOLIO



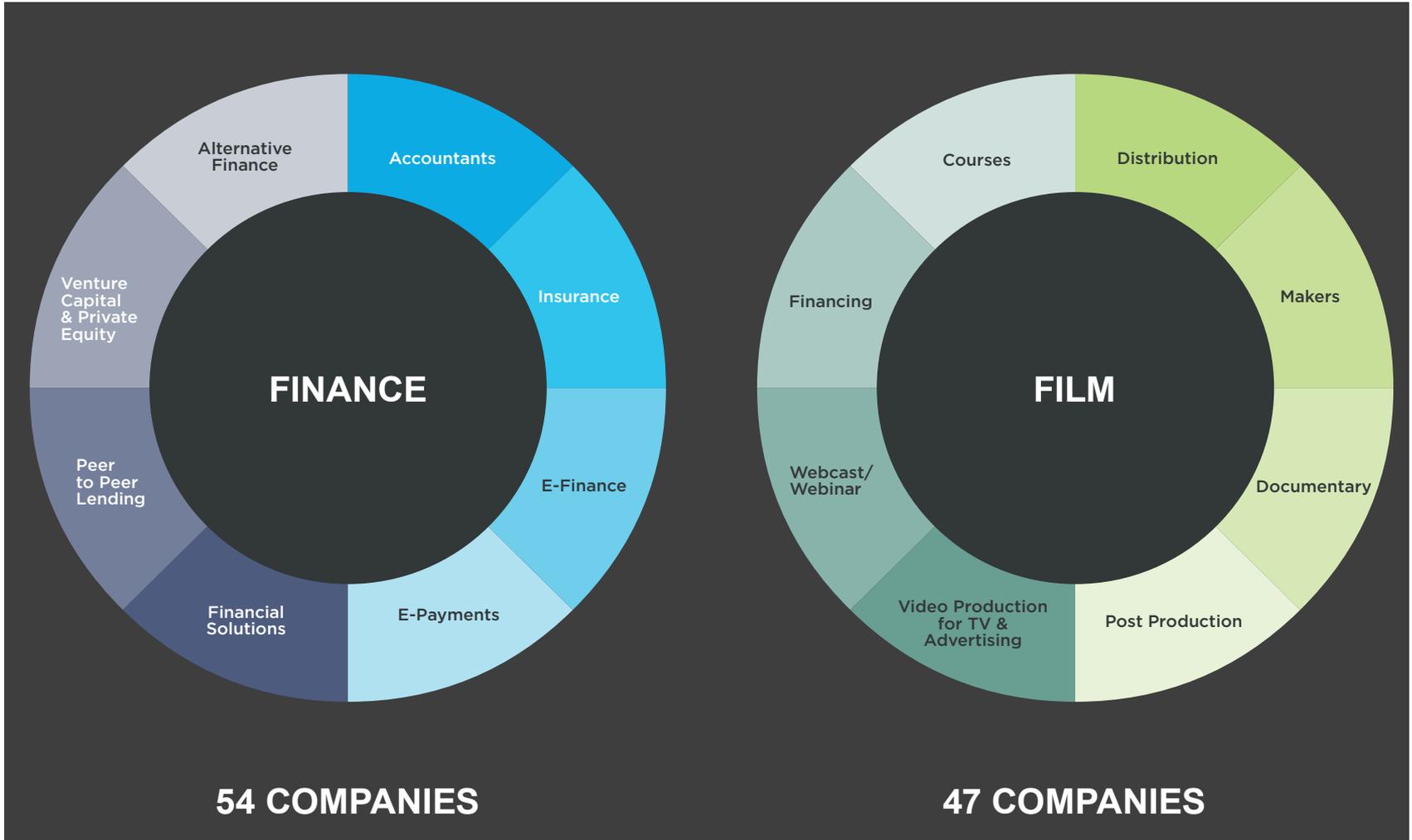
DIRECTION CUSTOMER PORTFOLIO



→ DIRECTION CUSTOMER PORTFOLIO



→ DIRECTION CUSTOMER PORTFOLIO





Home to new and growing companies across London.

QUESTIONS



WORKSPACE®

SUPPLEMENTARY INFORMATION



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REDEVELOPMENT PROJECTS

At September 2015	Development partner	Valuation	September 2015 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											
ScreenWorks	Taylor Wimpey	£37m	£2.0m	May 2014	72	60,601	£37	£2.0m	£6m	-	-
The Light Bulb	Mount Anvil	£36m	£0.8m	Mar 2015	209	52,894	£26	£1.2m	-	-	£12m
		£73m	£2.8m		281	113,495		£3.2m	£6m	-	£12m
Underway											
Grand Union Studios	Taylor Wimpey	£22m	-	Dec 2015	145	59,652	£25	£1.3m	£6m	-	£3m
Bow Enterprise Park (phase 1)	Peabody	£8m	-	Dec 2015	267	14,000	£18	£0.2m	£11m	-	£4m
The Faircharm	L&Q	£7m	-	H1 2017	148	36,303	£20	£0.7m	£10m	-	n/a
Poplar Business Park (phase 1)	Telford Homes	£3m	-	H1 2017	170	7,000	£13	£0.1m	£16m	-	£3m
Bow Enterprise Park (phase 2)	Peabody	£12m	-	H1 2018	160	3,000	£10	£0.0m	£11m	-	n/a
The Biscuit Factory (part)	Grosvenor	£42m	£0.3m	2018	800	47,000	£35	£1.5m	£32m	£19m	£0m
		£94m	£0.3m		1,690	166,955		£3.8m	£86m	£19m	£10m
With Planning											
Bow Enterprise Park (phase 3)					130	32,000					
Poplar Business Park (phase 2/3)					222	61,600					
The Light Bulb (phase 2)					77	18,000					
Arches Business Centre					110	-					
Lombard House					96	23,000					
Rainbow Industrial Estate					224	37,000					
		£84m	£2.1m		859	171,600					
At Planning Stage											
Marshgate					207						
Highway Business Park					130						
		£26m	£0.6m		337						
At Design Stage #											
Chocolate Factory (part)					300						
Stratford Office Village					110						
					410						

* Expected Rent at 90% occupancy

** Overage as valued by CBRE as at September 2015

In like-for-like category

REFURBISHMENT PROJECTS

At September 2015	Valuation	Actual/ Estimated cost	Cost to Complete	Estimated Completion	Unaffected area	Upgraded area	New space	Estimated ERV (Average)	Estimated Rent at 90% occupancy *	September 2015 Rent Roll *
Completed										
Leyton Industrial Village (phase 1)	£16m	£3m	-	Apr 2013	86,559	-	26,600	£16	£0.9m	£0.9m
Pill Box	£24m	£9m	-	Feb 2014	-	-	50,409	£35	£1.6m	£1.3m
Leyton Industrial Village (phase 2)	£5m	£2m	-	May 2014	-	-	21,293	£14	£0.3m	£0.3m
Bounds Green Industrial Estate	£17m	£2m	-	Dec 2014	108,012	-	13,891	£12	£1.1m	£1.1m
Metal Box Factory	£85m	£16m	-	Jan 2015	-	80,926	25,148	£57	£5.4m	£4.9m
Cargo Works	£52m	£3m	-	Apr 2015	11,532	61,164	-	£64	£4.0m	£3.2m
	£199m	£35m			206,103	142,090	137,341		£13.3m	£11.7m
Underway										
Vox Studios	£34m	£17m	£3m	Dec 2015	46,533	6,137	48,960	£31	£2.3m	£1.0m
The Print Rooms	£25m	£9m	£2m	Dec 2015	-	28,386	17,980	£40	£1.7m	£0.6m
Barley Mow Centre	£36m	£10m	£8m	Feb 2017	-	50,273	20,800	£41	£2.6m	£1.7m
Hatton Square Business Centre	£25m	£24m	£18m	Mar 2017	-	-	60,600	£58	£3.1m	£0.0m
Holywell Centre	£9m	£21m	£21m	2017	-	-	49,000	£55	£2.4m	£0.3m
Cremer Business Centre	£11m	£21m	£21m	2018	-	-	57,000	£45	£2.3m	£0.8m
Greville Street **	£9m	£9m	£9m	2017	-	-	23,000	£50	£1.2m	£0.4m
	£149m	£111m	£82m		46,533	84,796	277,340		£15.6m	£4.8m
At Design Stage #										
Southbank House	£35m	£4m	£4m		-	72,138	-			£1.9m
Leroy House**	£16m	£15m	£15m		-	35,000	38,000			£1.1m
Mare Street Studios	£9m	£17m	£17m		-	38,000	25,000			£0.5m
Pall Mall Deposit	£18m	£10m	£10m		-	49,000	12,000			£1.0m
Havelock Terrace	£17m	£20m	£20m		-	59,000	40,000			£1.0m
	£95m	£66m	£66m		-	253,138	115,000			£5.5m

* Includes rent for unaffected areas at September 2015 rental levels

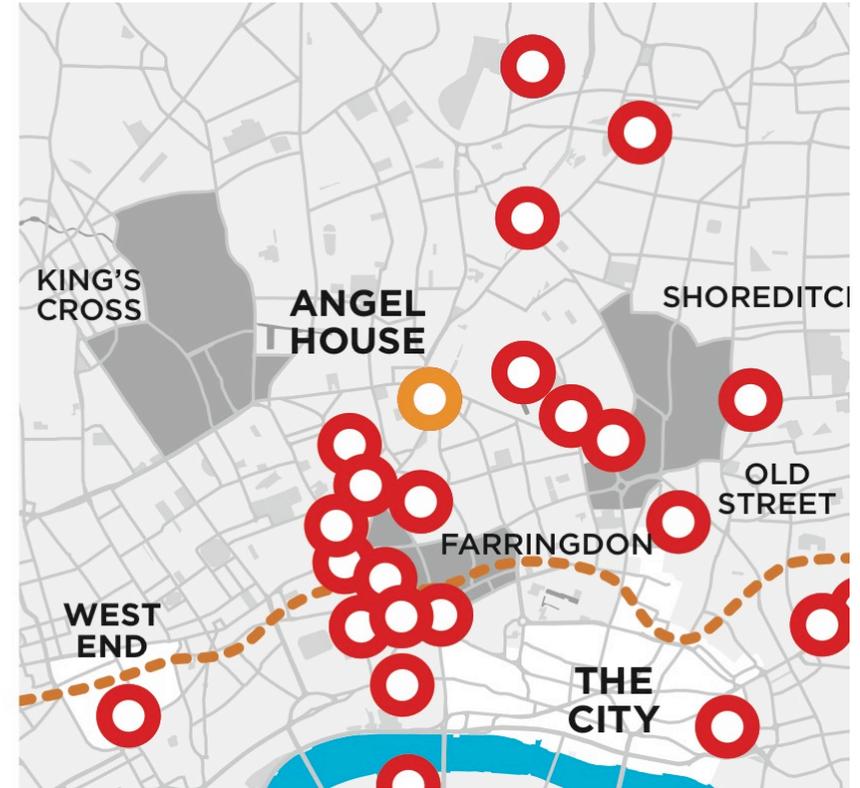
** Planning application submitted

In like-for-like category

→ APPENDIX 3



ANGEL HOUSE
ISLINGTON



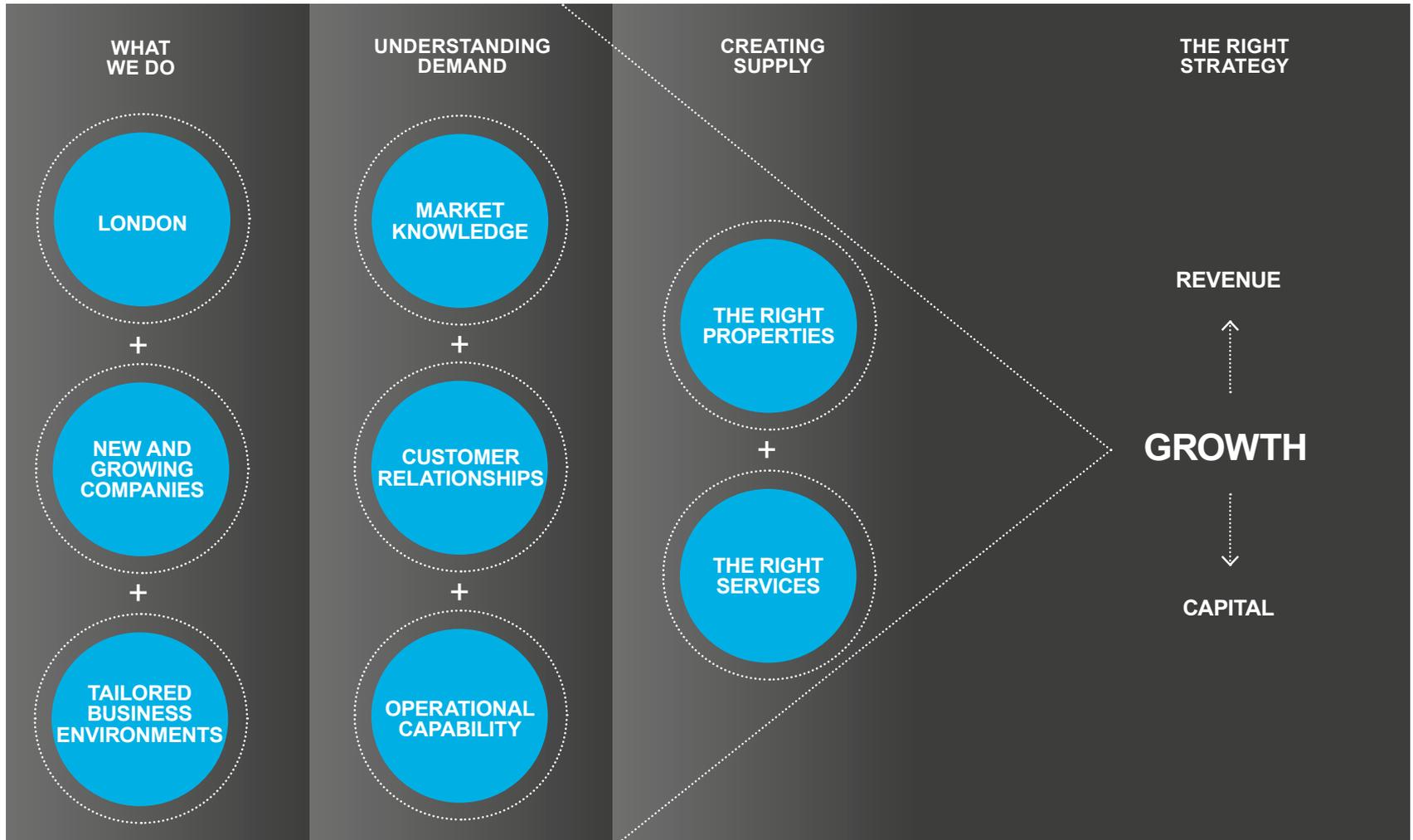
→ APPENDIX 4



MECCA BINGO
WANDSWORTH

■ Riverside ■ Mecca Bingo

→ 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.

This presentation should also be read in the light of the Company's full preliminary results announcement for the year ended 31 March 2015 including the principal risks and uncertainties identified therein. No statement in this document is or is intended to be a profit forecast or profit estimate or to imply that the earnings of the Company for the current or future financial years will necessarily match or exceed the historical or published earnings of the Company.