



Workspace Group

Preliminary Results Announcement 2011



→ Agenda



Welcome

Harry Platt

Financial Performance

Graham Clemett

Trading

Chris Pieroni

Regeneration

Angus Boag

The Future

Harry Platt

Q & A

→ The Workspace Model



To achieve profit and capital growth from:

- Providing workspace to SMEs
- Investing in properties with potential for
 - Income growth
 - Capital growth
 - Alternative use
- Increasing scale of portfolio, spreading overheads and developing the brand

→ Performance Highlights



	March 2011	March 2010	Change
Like-for-like occupancy	86.2%	83.6%	↑ 2.6%
Like-for-like cash rent roll	£40.1m	£38.6m	↑ 3.9%
Overall occupancy (including BlackRock)	84.1%	81.9%	↑ 2.2%
Overall rent roll (including BlackRock)	£52.0m	£50.7m	↑ 2.6%
Trading profit after interest	£14.1m	£10.8m	↑ 31%
Profit before Tax	£52.8m	£26.0m	↑ 103%
EPRA NAV per share	29.5p	26.7p	↑ 10%
Dividend per share	0.825p	0.75p	↑ 10%

→ Business Overview



Trading Activity

- Good demand for space
- Continued occupancy growth
- Pricing increases are sticking
- Debt refinanced

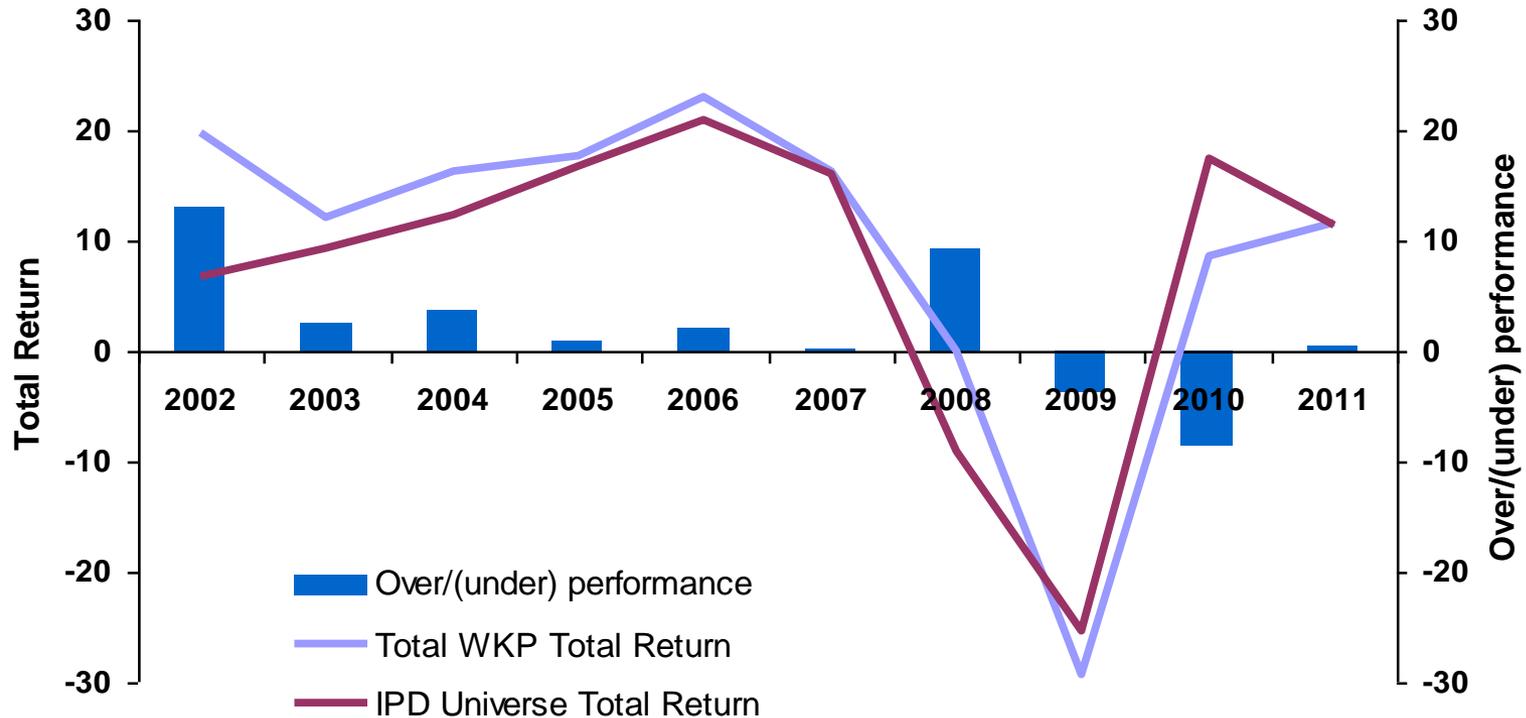
Portfolio Activity

- Valuation improving
- Achieving planning consents and releasing value
- BlackRock Workspace Property Trust established

→ Performance vs IPD



Workspace Group



→ Financial Performance



Graham Clemett

→ Financial Highlights



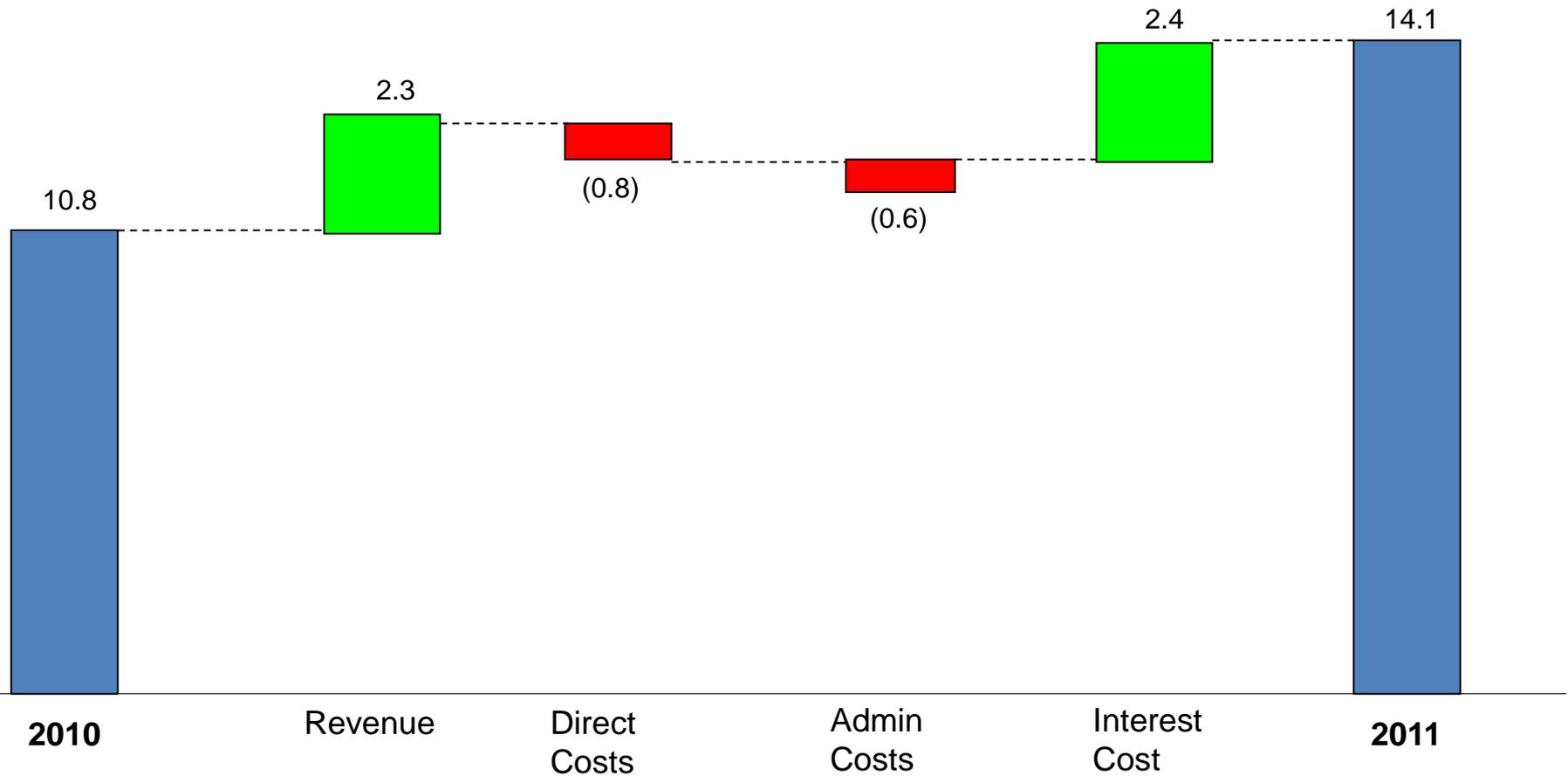
Income Statement (£m)	March 2011	March 2010	Change
Net Rental Income	45.9	44.4	+3%
Trading Profit after Interest	14.1	10.8	+31%
Profit before Tax	52.8	26.0	+103%
Dividend per Share	0.825p	0.75p	+10%
Balance Sheet (£m)	March 2011	March 2010	Change
Portfolio Value	719	717	+4.7%*
Debt	(367)	(383)	(16)
EPRA NAV per Share	29.5p	26.7p	+10%

* Underlying increase

→ Trading Profit after Interest



Workspace Group



→ Cashflow

£m

Trading

Cashflow from Operations	16.1
Dividends	(8.2)



7.9

Other Property Related

Disposals	8.8
Capital Expenditure	(9.4)



(0.6)

BlackRock Workspace Joint Venture

Disposals	35.1
Cash Investment	(7.4)



27.7

Other (including Financing)

Hedging Amendments	(6.5)
Restricted Cash	(5.0)
Refinancing Costs	(3.8)
REIT Entry Charge	(2.1)
Other	(1.0)



(18.4)

Reduction in borrowings

16.6

→ BlackRock Workspace Property Trust



- Joint venture with BlackRock UK Property Fund
- 5 year life, could be extended for further 2 years
- Initial equity commitment of up to £100m (Workspace 20.1%)
- Seeded with 8 properties with book value of £35m from Workspace
- All properties to be branded by Workspace
- Acquisition focus is London, opportunities under review and in active negotiation on a number of properties

→ Balance Sheet

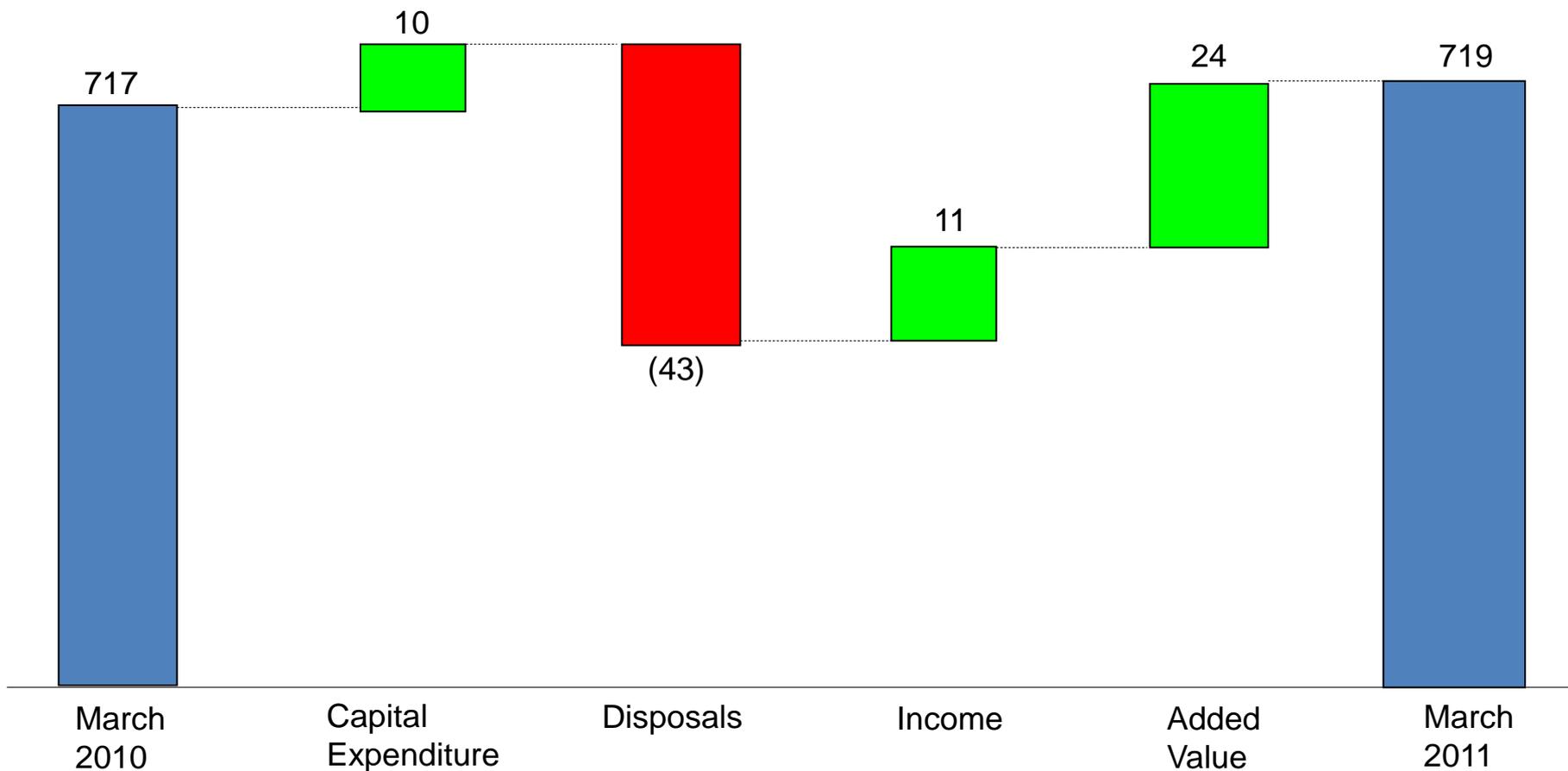


£m	March 2011	March 2010
Property Valuation	719	717
Investment in Joint Venture	7	-
Borrowings	(367)	(383)
Hedging	(11)	(22)
Other Assets/Liabilities	(14)	(25)
Net Assets	334	287
<i>EPRA NAV per share</i>	29.5p	26.7p
<i>Loan to Value</i>	50%	53%

→ Movement in Property Valuation



Workspace Group

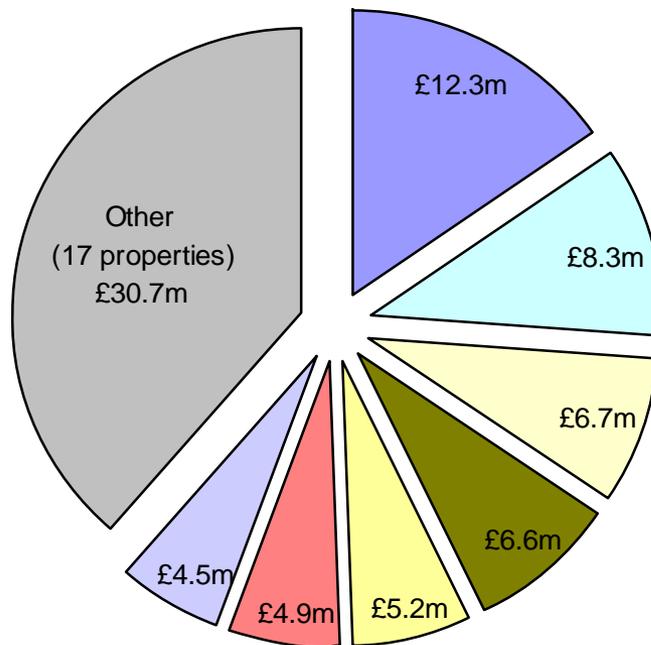


→ Breakdown of Property Valuation



£m	Existing Use			Added Value	Total Value
	Value	Occupancy	Yield		
Like-for-like Properties	514	86%	7.8%	29	543
Refurbishment Properties	93	75%	7.5%	12	106
Other Properties	32	75%	5.6%	38	70
Total	639	83.6%	7.7%	79	719

→ Added Value



- Wandsworth Business Village, SW18
- Aberdeen Centre, N5
- Bow Enterprise Park, E3
- Tower Bridge Business Complex, SE16
- Grand Union Centre, W10
- Thurston Road Industrial Estate, SE13
- Kennington Park, SW9
- Other

→ Debt Analysis



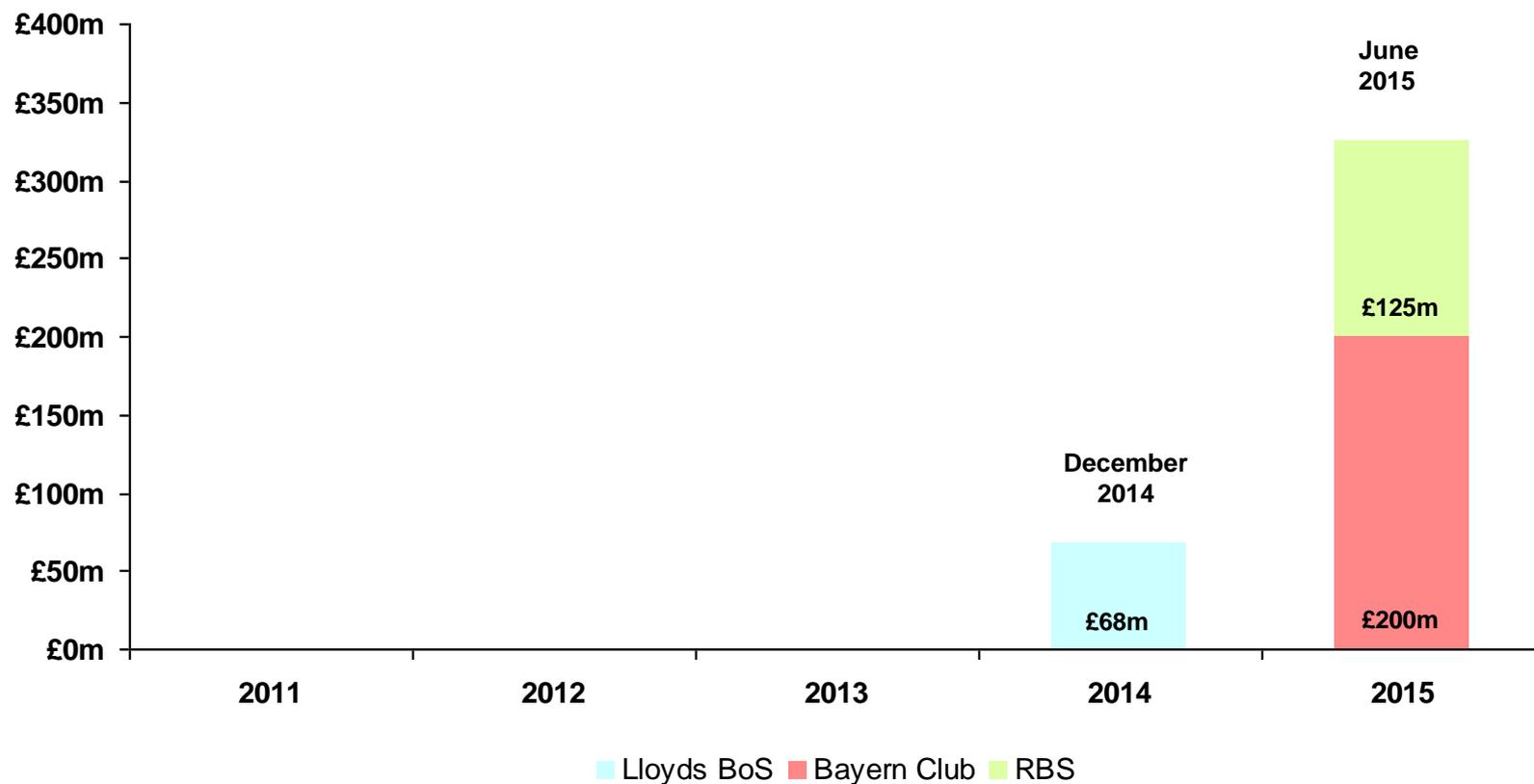
	March 2011	March 2010
Net Debt	£367m	£383m
LTV	50%	53%
% Hedged	74%	70%
Average Interest Cost	5.3%	6.7%
Headroom	£30m	£36m

	<u>Facility Type</u>	<u>Facility Amount</u>	<u>Margin</u>
Lloyds BoS	Term	£68m	1.25%
Bayern Club	Term	£200m	2.25%
RBS	Term/Revolver	£125m	2.50%/2.75%
	Overdraft	£4m	On demand

→ Debt Maturity Profile



Workspace Group



→ Financial Summary



- Strong trading performance
- Good cash generation
- Resumption of progressive dividend policy
- Strengthened balance sheet
- Growth in valuation driven by added value

Chris Pieroni

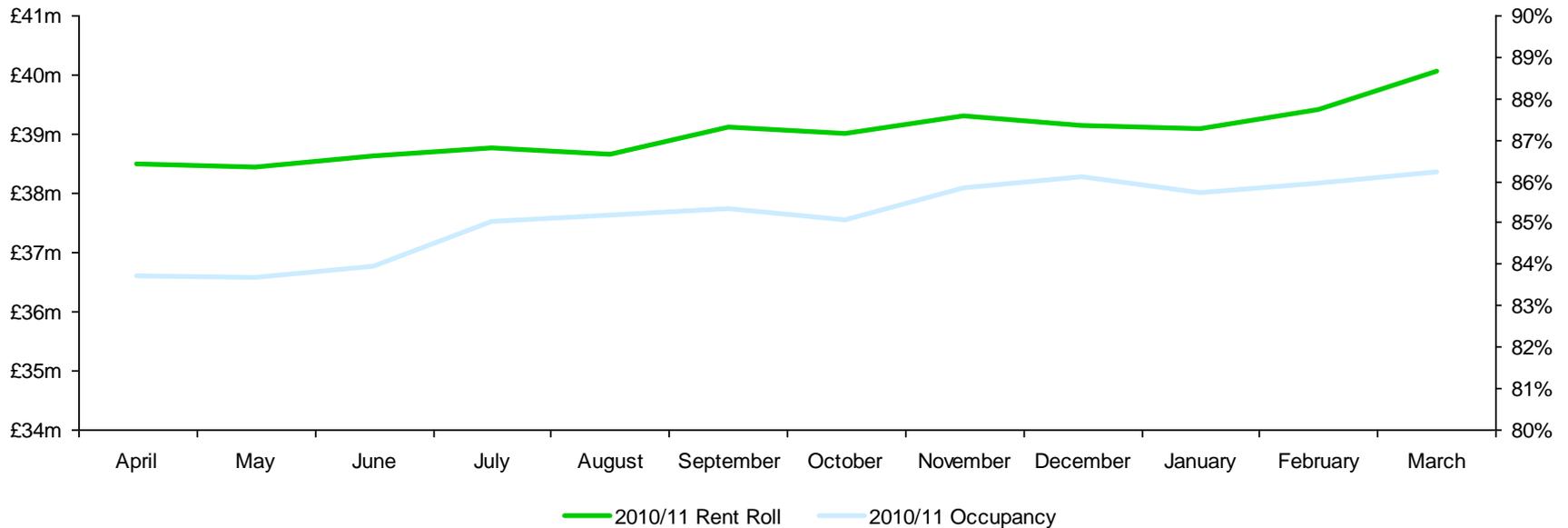
→ Scale of our Brand

1.2m sq.ft Let

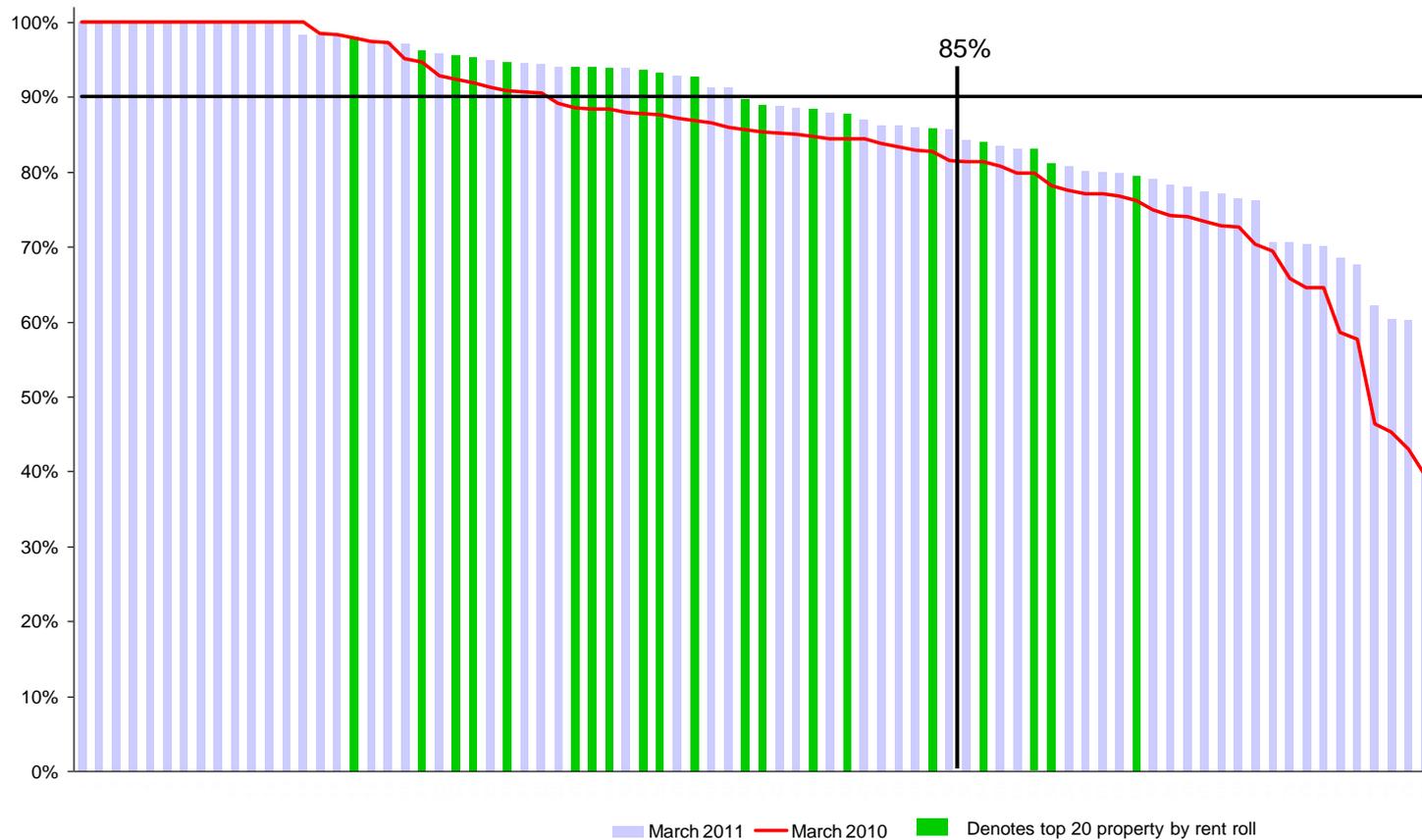
11,500 Enquiries



→ Like-for-Like Occupancy & Rent Roll



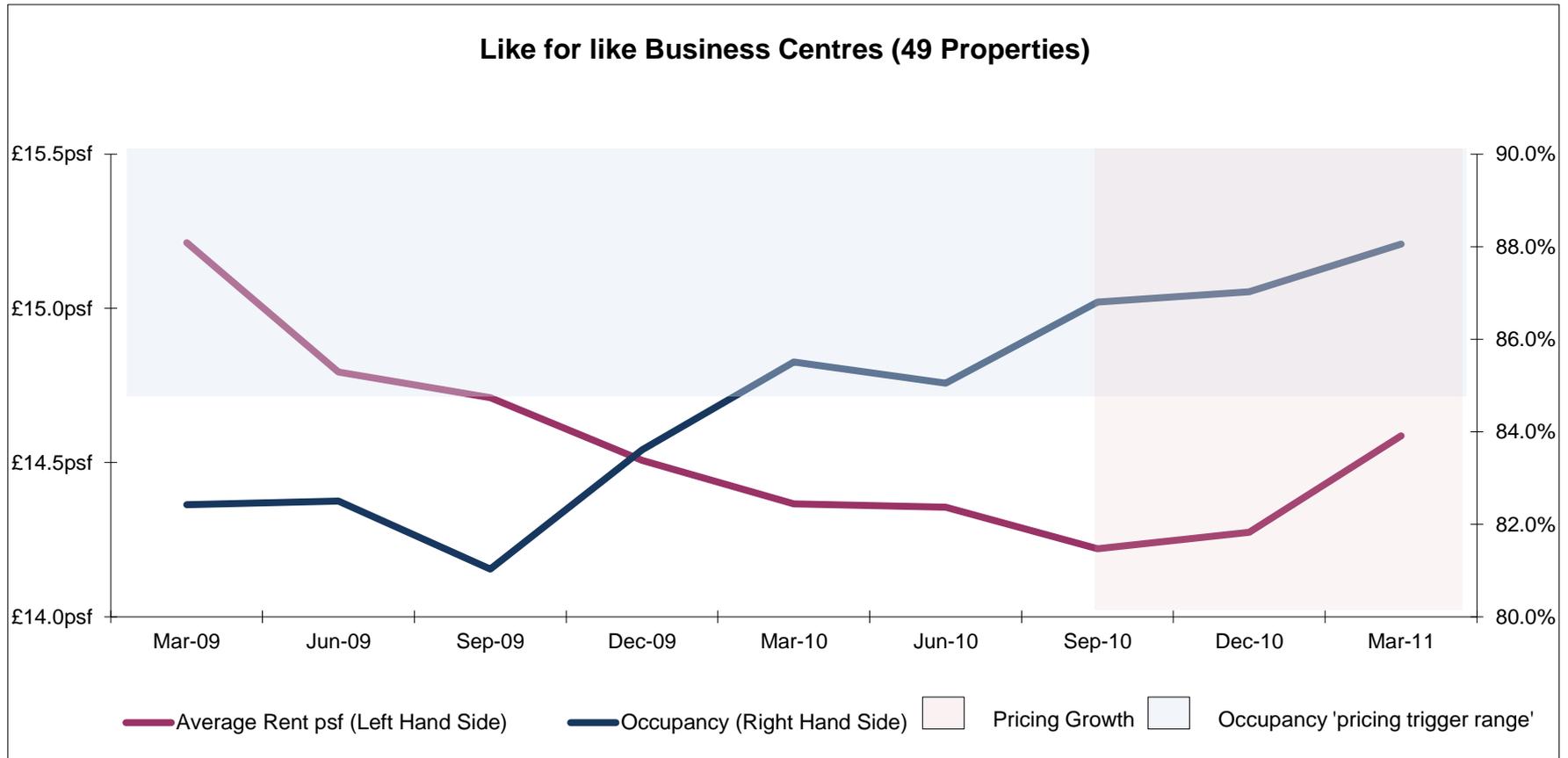
→ Like-for-Like Occupancy Spread



→ The Occupancy and Pricing Dynamic



Like for like Business Centres (49 Properties)



→ Operational Focus



To drive pricing

‘the growth pricing premium’

To drive new income

- Club Workspace
- Anyspacedirect

Angus Boag

TO CREATE VALUE

- Alternative uses
- New business space for old
- Redevelopment

RESULTING IN

- Increased rental income
- Increased asset value
- Release of cash for reinvestment

→ Achieved last Year

- Sales of £9m
- Further sales contracted £13m
- Redevelopment agreement at Wandsworth Business Village
- Planning consent at Bow Enterprise
- Planning application Poplar
- Consent for 100,000 sq. ft new business space
- Development Phase 2 Kennington Park

→ Targets for Current Year

- Complete £13m sales
- Redevelopment Agreements at Aberdeen Studios & Highway
- Planning Consent for a further 350 apartments
- Planning Application for a further 300 apartments
- Planning Consent for 30,000 sq .ft commercial space
- Significant progress at Tower Bridge
- Redevelopment of Canalot Studios

→ Strategy in Action



Wandsworth Business Village



Canalot Studios

→ What does this mean?

- Significant upgrading of portfolio
- Substantial uplift in asset values
- Opportunity to significantly grow the rent roll
- Generating cash for reinvestment

Harry Platt

→ The Future



- Continuing growth in occupancy – closing the gap to 90% ERV
- Redeveloping and regeneration – achieving value and enhancing rental income
- Using the brand

→ The Future – London and SMEs



- London is leading the recovery
- London is THE global city in an international world
- 180,000 SMEs are in our target space. They are energetic, creative and growing. We are creating the right space, environment and community for their businesses to thrive.

→ The Future



Finance

Committed and long-term

Occupancy

Raise rents

Bring more properties into 'squeeze' zone

Use 'brand' to raise price point

Develop other income streams

Development

Progress projects in hand

Release further value

Enhance rental income

Other Opportunities Being progressed

Strong and committed management team