

## A business model designed to create long-term value

### Super connected: Delivering The Workspace Advantage requires all parts of our business to work together.

Our aim is to create value for the long term.

To deliver this, our value creating activities are guided by:

- Our values, which help drive our behaviours and deliver The Workspace Advantage.
- Governance which helps us make the right decisions.
- The ongoing mitigation of our principal risks and uncertainties which helps show us where and when we think we can create value.
- Market insight which guides how we use the key inputs to our Business Model.
- Our strategy which is regularly assessed by the Board.

- Understanding and responding to market trends - page 8
- A focus on Doing the Right Thing helps us to manage our resources and relationships - page 22
- Chief Executive's strategic review - page 28
- Using risk to help make the right strategic decisions - page 46
- Business review - page 62
- Our governance - page 72

### Key inputs

The key inputs are what we need to run Workspace. Our value-creating activities are designed to develop and strengthen each of them.

**1 Financial strength**  
Strong cash flow and prudent balance sheet management allow us to execute our strategy.

**2 The right people**  
Workspace people display deep knowledge in their subjects, have an inquisitive nature and thirst for innovation, and show genuine care for our customers, our communities and each other.

**3 Our properties**  
We have a portfolio of high quality, well-located assets in London.

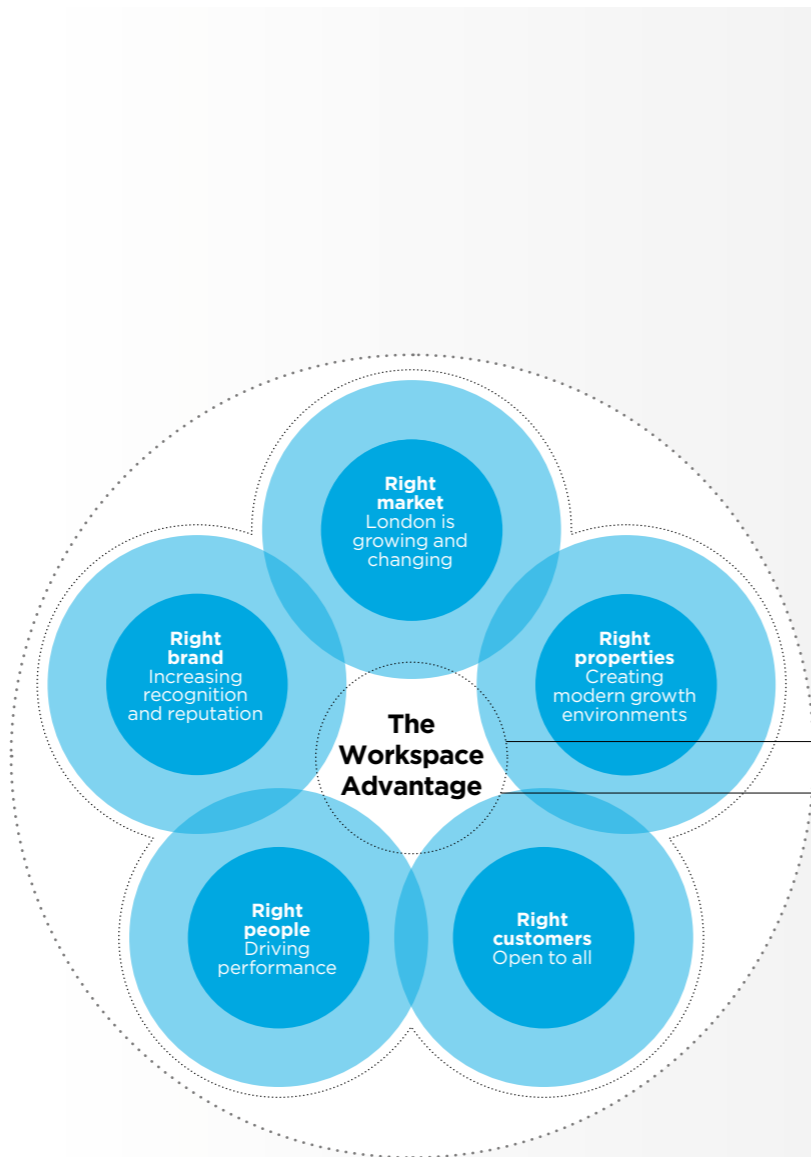
**4 Doing the right thing**  
We work hard to improve our practices internally and actively encourage suppliers and customers to do the same, to ensure we have a positive impact on our communities and society as a whole.

**5 Customer relationships**  
We enjoy strong relationships with the thousands of businesses in our space. Our success is dependent on staying ahead of the trends and delivering the best service to our customers.

### How we create and capture value

Our value-creating activities are split into Portfolio (Asset ownership which ensures control and provides us with the ability to adapt properties) and

Platform (Marketing and direct relationships which allow us to attract and retain the right customers).



**Portfolio Adding value to our properties**  
We own all our properties and operate them to generate income over the long term. We have a strong pipeline of refurbishment and redevelopment projects, and also take advantage of acquisition opportunities to further grow the business.

There are three core value-creating activities:

**Like-for-like rental growth**  
We carry out light internal refurbishments to enhance both pricing and property values.

**Existing projects**  
We have a rolling programme of refurbishments to upgrade or expand our existing properties and grow our footprint in London.

Guided by our values, governance, risk mitigation, market insight and strategy

**Platform Adding value for our customers**  
Workspace's marketing platform provides us with valuable customer relationships and insight. We market to all businesses across London and our unique customer offer is a key differentiator.

There are three core value-creating activities:

**Connectivity**  
Workspace invests in state-of-the-art technology infrastructure to ensure customers can work how and where they want.

We generate value through intensifying use at existing sites, often creating brand-new business centres in partnership with residential developers.

**Acquisition and ongoing ownership of assets**  
Workspace acquires properties across London. Owning our assets enables us to constantly upgrade and transform them to increase their value and drive rental growth. We will dispose of properties where we believe we can no longer add value or if the property falls below our robust return targets.

**Personalisation**  
There are no constraints placed on our customers, with flexible lease terms, a range of spaces and secure, unlimited data downloads and uploads.

**Communities**  
Workspace customers are connected to each other via a range of networking and business insight events run by our centre managers. Being part of a community of Workspace customers across London provides a range of benefits, from social connections to insights that support business growth.

### Key outcomes

Creating value means we can grow the business, continue to attract and retain the right people as well as provide the best service to our customers.

**1 Financial strength**  
Consistent returns to shareholders, a 30% increase in the dividend and a strong balance sheet that gives us confidence to continue to grow the business.

Our Business Review is on pages 62 to 71 and our Balance Sheet on page 147.

**2 The right people**  
Working for a leading business. Access to development opportunities and a values-driven culture that rewards success.

Our People are discussed in detail in our Resources and Relationships section on pages 22 to 27.

**3 Our properties**  
Properties that customers and London love. Our portfolio value has increased to £2.3bn in the year.

Details of our properties are outlined in the Business Review on pages 62 to 71.

**4 Doing the Right Thing**  
We focused on improving recycling rates in 2017/18, holding educational roadshows at our properties, with those centres showing a 10% improvement in recycling rates afterwards.

Our sustainability performance is detailed in our Resources and Relationships section on pages 22 to 27 and at [www.workspace.co.uk/investors/doing-the-right-thing](http://www.workspace.co.uk/investors/doing-the-right-thing)

**5 Customer relationships**  
Our customers benefit from our proactive approach, which helps them focus on their business. In 2017/18 we carried out minor refurbishment works at several centres, upgrading the space and service for our customers.

The relationships we have with our suppliers and partners and the communities in which we operate are detailed in our Resources and Relationships section on pages 22 to 27.