

## OUR BUSINESS MODEL

### WHAT WE DO


We are the leading provider of flexible office space in London, providing inspiring spaces to over 3,000 businesses and around 30,000 individuals.

### HOW WE DELIVER VALUE

We drive capital appreciation and rental growth from our expertise in urban regeneration in London, active asset management and a focus on customer experience.

### STAKEHOLDERS

Successful, sustainable companies understand the needs of their stakeholders and the most effective way to engage with them.

 See page 20



### Customer proposition

We provide SMEs with blank canvas spaces within unique and inspiring buildings in dynamic London locations. Our customers build their own identity and culture, but crucially our flexible lease terms allow their space requirements to evolve.



See page 12



### Unique portfolio

Our high-quality portfolio is wholly London-based. We hold our properties for long-term income generation and our ownership model gives us the flexibility to enhance the quality of space and expand our footprint through refurbishments and redevelopments.



See page 13



### Operating platform

We have a proprietary and sophisticated in-house platform to manage our interactions with customers. It provides valuable data and insight to support decision-making across the business.



See page 15



### Talented people

Our employees are central to our success. We are driven by a diverse, vibrant and inclusive culture, which focuses on customer experience. This dynamic culture helps attract and retain people who align with our values and have a broad range of skills, experience and backgrounds.



See page 16



### Prudent financing

We prudently manage our balance sheet and maintain low levels of gearing. We are focused on generating sustainable, long-term income, which we then reinvest in enhancing the portfolio and return to shareholders via the dividend.



See page 18



### Sustainability

Creating attractive, sustainable environments is integral to our business. Successful regeneration of London requires high-quality, energy-efficient buildings and vibrant communities that appeal to our customers, their employees and to local residents and businesses.



See page 19

OUR BUSINESS MODEL IN ACTION

# Customer proposition

**A flexible offer tailored to customer needs**

Our customers want a home for their business and to create their own brand identity and culture within their office space. Workspace offers that flexibility, as well as flexible lease terms which allow customers to expand and contract in line with their business needs.

As businesses return to offices following the pandemic, quality collaboration space has become increasingly important. We dedicate around 30% of our buildings to attractive, well-designed communal and breakout space, which also includes meeting rooms, showers, cycle storage and high-quality cafés.

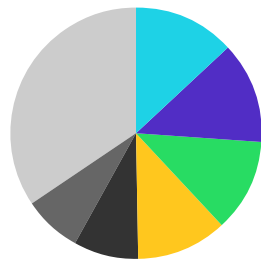
**Clearly articulating our brand proposition**

With the success of the Covid-19 vaccine rollout and Government restrictions lifting, demand for our space has increased. Our flexible offer is proving attractive to a wider range of businesses following the pandemic. Our recently launched brand campaign highlights our position as home to London's brightest businesses and aims to further raise awareness of our offer and capture the growing demand.

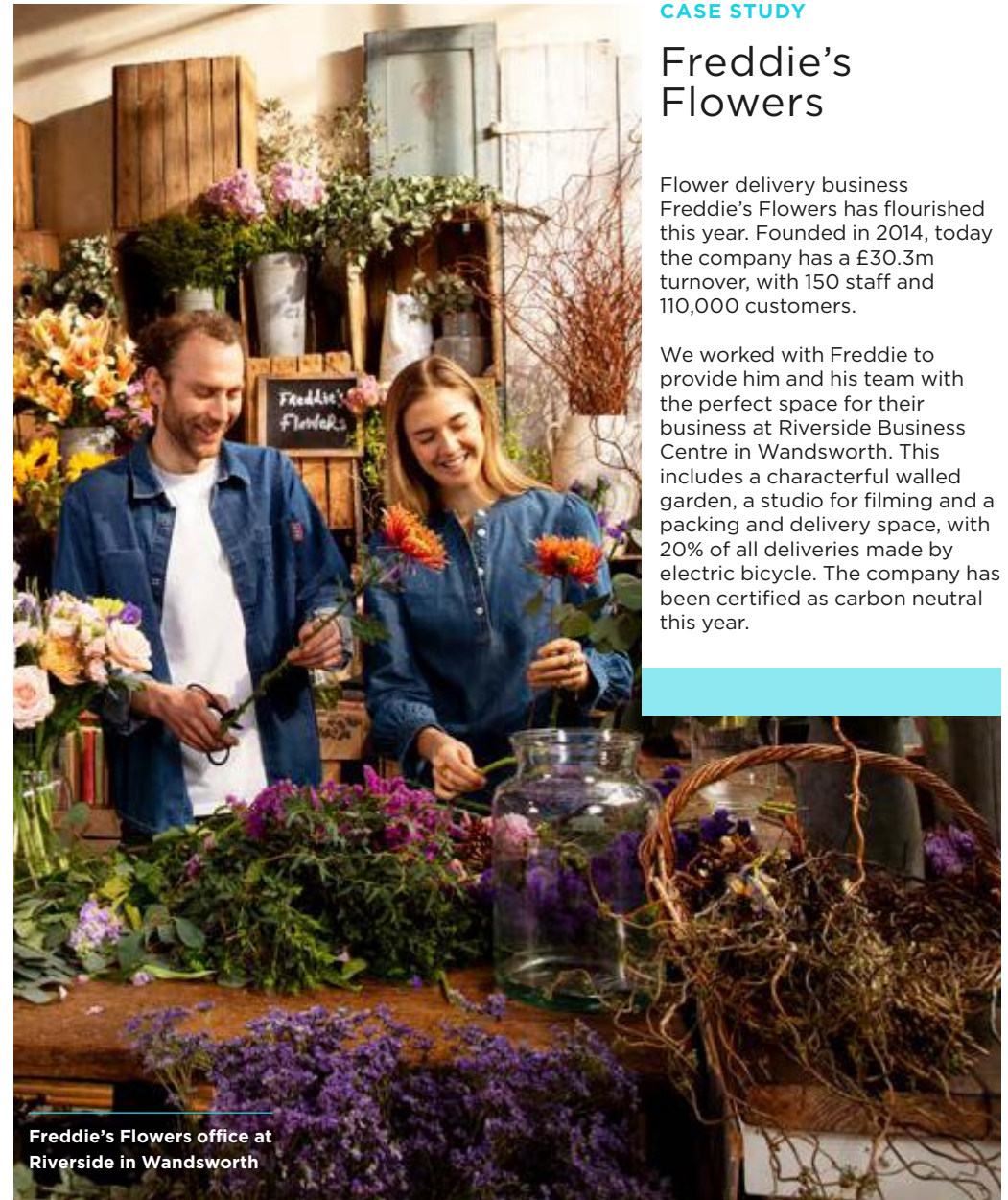
**Building a customer-first culture**

We are working hard to make ongoing improvements to customer service and encourage all our teams to focus on customer retention.

**A DIVERSE CUSTOMER BASE RANGING FROM SMALL, EARLY STAGE BUSINESSES TO LARGER, WELL-KNOWN BRANDS**



● E-commerce and retail head offices	<b>13.2%</b>
● Information, communication and technology	<b>13.0%</b>
● Professional, technical and consultancy services	<b>12.1%</b>
● Arts, entertainment and recreation	<b>11.5%</b>
● Marketing	<b>8.4%</b>
● Financial services	<b>7.5%</b>
● Less than 5%	<b>34.3%</b>



CASE STUDY

## Freddie's Flowers

Flower delivery business  
Freddie's Flowers has flourished this year. Founded in 2014, today the company has a £30.3m turnover, with 150 staff and 110,000 customers.

We worked with Freddie to provide him and his team with the perfect space for their business at Riverside Business Centre in Wandsworth. This includes a characterful walled garden, a studio for filming and a packing and delivery space, with 20% of all deliveries made by electric bicycle. The company has been certified as carbon neutral this year.

Freddie's Flowers office at Riverside in Wandsworth

## OUR BUSINESS MODEL IN ACTION CONTINUED

# Unique portfolio

Our freehold portfolio has been built up over more than 30 years, with representation across most areas of London. Owning the right properties with the right configuration for our multi-let strategy is critical. Our business centres are typically characterful, relatively low rise, large buildings of 50,000 sq. ft. or more.

Location is all-important and our properties are well located around major transport hubs and in vibrant neighbourhoods. Many of them are distinctive landmarks in their areas. Inside, the buildings are modern and well designed to cater for the needs of our customers with light-filled atriums, lots of communal and breakout space, high-spec meeting rooms and buzzing cafés.

### Active asset management

We actively manage the portfolio to generate value, driving rents on our like-for-like properties, delivering on our project pipeline or selectively acquiring and disposing of assets.


We have a long-term, sustainable approach to asset management, complementing the historic nature of many of our properties. Freehold ownership allows us to quickly respond to changing market demand and to easily reconfigure our space. Our rolling programme of refurbishments and redevelopments allow us to keep the offer

### EXTENSIVE PROJECT PIPELINE

#### Projects underway

Pall Mall Deposit	H1 2021/22
Mirror Works	H1 2021/22
Barley Mow	2022/23
Chocolate Factory	2022/23

up to date and to meet our increasingly strict sustainability criteria. In turn, we benefit from uplifts to the valuation as a result.

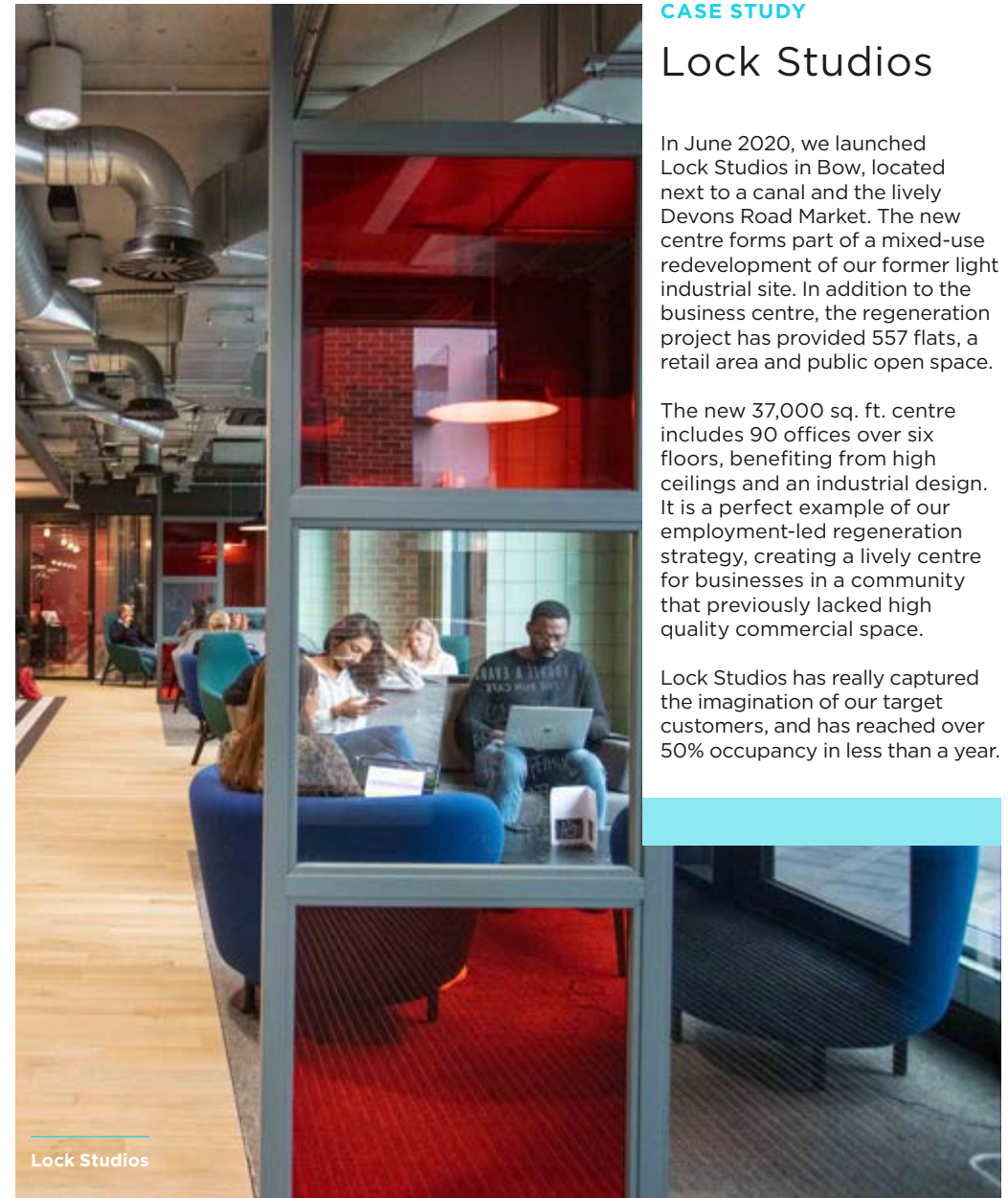
 Climate change mitigation and resilience, see page 37

### Growing the portfolio

Our ambition is to continue to grow the portfolio through our project pipeline and strategic acquisitions. We have deep knowledge of the London property market and sometimes track properties that would suit our multi-let strategy for many years. We take a disciplined approach driven by the scale of our project pipeline and a rigorous focus on returns.

# 1.4m sq. ft.

of new and upgraded space to be delivered over the next five years



### CASE STUDY

## Lock Studios

In June 2020, we launched Lock Studios in Bow, located next to a canal and the lively Devons Road Market. The new centre forms part of a mixed-use redevelopment of our former light industrial site. In addition to the business centre, the regeneration project has provided 557 flats, a retail area and public open space.

The new 37,000 sq. ft. centre includes 90 offices over six floors, benefiting from high ceilings and an industrial design. It is a perfect example of our employment-led regeneration strategy, creating a lively centre for businesses in a community that previously lacked high quality commercial space.

Lock Studios has really captured the imagination of our target customers, and has reached over 50% occupancy in less than a year.

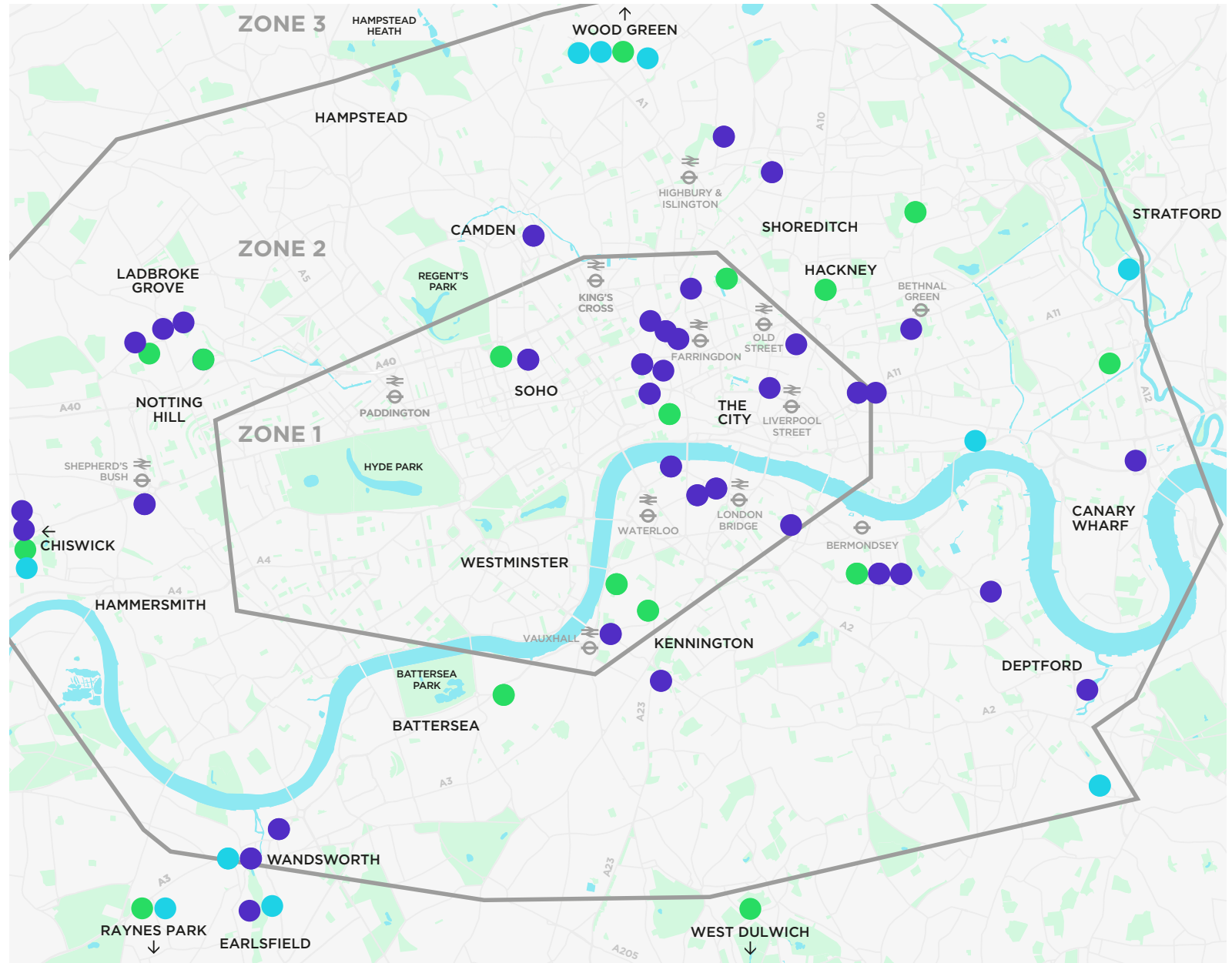
**OUR BUSINESS MODEL  
IN ACTION** CONTINUED  
UNIQUE PORTFOLIO CONTINUED

**OUR PORTFOLIO**

A scale portfolio in dynamic locations spread across London.

Workspace Group portfolio	2021	2020
CBRE property valuation	<b>£2,324m</b>	£2,574m
Number of locations	<b>58</b>	59
Lettable floorspace (million sq. ft.)	<b>3.9</b>	3.9
Number of lettable units	<b>4,196</b>	4,009
Rent roll of occupied units	<b>£103.9m</b>	£132.8m
Average rent per sq. ft.	<b>£33.90</b>	£39.18
Overall occupancy	<b>77.8%</b>	87.0%

- Like-for-like
- Refurbishments
- Redevelopments



## OUR BUSINESS MODEL IN ACTION CONTINUED

# Operating platform

## £103.9m

Total rent roll at 31 March 2021

## 739

Average enquiries per month in the year to 31 March 2021

## 96

Average lettings per month in the year to 31 March 2021

Our proprietary, in-house marketing and operating platform enables us to manage a huge volume of customer activity in-house, from enquiries and viewings through to lettings, facilities management, billing and renewals.

We have strong relationships with our customers and ongoing interaction, as well as our regular surveys, provides real-time market intelligence. This data and insight drives decision-making across the business and ensures our product is constantly adapted in line with customer needs.

The platform is scalable and means we can significantly grow our portfolio without incurring significant operating cost growth.

This platform is a major competitive strength, built over many years with significant historic data and insight on London's SME market. Dealing with considerable levels of customer activity requires a particular culture and in-house expertise and is part of what makes Workspace unique.

## CASE STUDY

## Sales team

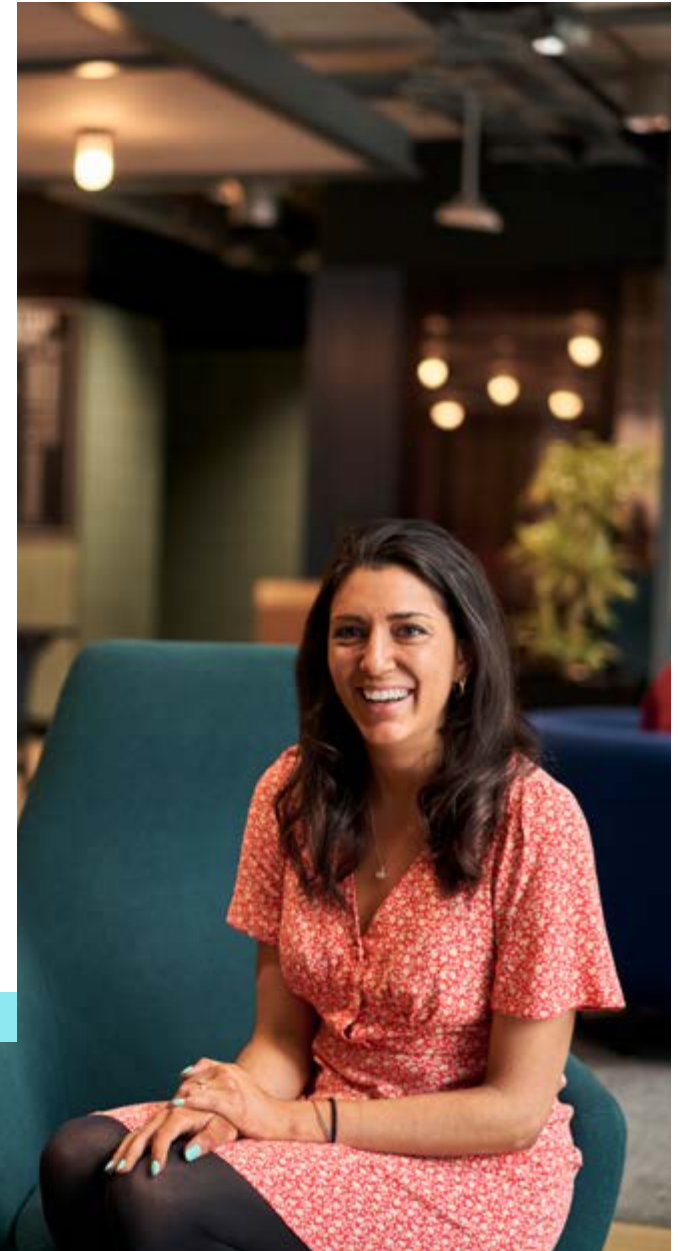
In early 2020, we created a dedicated sales team to enhance the sales and viewing process.

While the lockdowns significantly impacted customer enquiries at first, our sales team were able to keep operating with social distancing measures in place. Since the start of 2021, the team has delivered a steady weekly increase in viewings, returning to pre-pandemic levels by April.

Having a dedicated sales team managing all viewings enables our centre managers to focus on delivering excellent service and support to our existing customers.

## 328

Average viewings per month in the year to 31 March 2021



## OUR BUSINESS MODEL IN ACTION CONTINUED

# Talented people

We are proud of our diverse and skilled team. We have a valuable blend of people with long-term experience at Workspace and those who have joined us more recently from other industries bringing fresh ideas and expertise.

## Operating during the pandemic

Our teams have worked tirelessly over the past year to ensure customers have the right space for their business, in terms of size, location and affordability. Our centre managers and facilities teams have kept our business centres open and safe for those customers who needed access throughout the pandemic and have implemented measures to safely welcome back customers.


## Importance of culture

The past year has highlighted more than ever how important company culture is for businesses to operate successfully. Workspace has a vibrant and inclusive culture that has proved strong in a challenging year. With teams working remotely for much of the year, a common sense of purpose brought us together and our values guided our actions and decisions.

We also hear from our customers how important company culture is to them and it is clear that following the pandemic, successful businesses will be those whose culture prioritises employee wellbeing and satisfaction. With customer service and our engagement with customers front of mind, we recently refreshed our brand proposition and market positioning. As part of that, we rolled out workshops for the entire business to educate our employees on our brand personality and tone of voice.

## Employee wellbeing

Our first annual employee survey, conducted last year, highlighted the importance of wellbeing and over the year we have made significant progress in this area. We have run a series of wellbeing webinars for employees and are launching a full programme of events for the coming year.

 Looking after our people, see page 45



## CASE STUDY

# Workspace Winners

Following employee feedback around recognising and rewarding achievements internally, we introduced quarterly employee awards.

The Workspace Winners, reinforce our positive culture and recognise excellence at both site and head office level.

Employees nominate colleagues who have demonstrably lived our values, and a judging panel chooses four winners per quarter.

Each winner is celebrated with intranet case studies outlining their positive impact on the business, as well as receiving a trophy, a £150 prize, and an all-expenses-paid group dinner with the CEO at the end of the year.

## OUR BUSINESS MODEL IN ACTION CONTINUED

### TALENTED PEOPLE CONTINUED

#### OUR VALUES

### 1. Know your stuff

We like people who are serious about their subject; those who are open-minded, interested and ask questions.

### 2. Show we care

We value great social skills and those who instinctively build strong relationships. We think hard about how to give back to our communities.

### 3. Find a way

We look for those who are persistent and have the confidence to move things forward even when it is difficult. Flexibility and adaptability are key, but so are focus and determination.

### 4. Be a little crazy

We depend on the creativity and imagination of all our people. We like people who thrive on fresh thinking, who are motivated by possibility.



## 2020/21 SUMMARY

**£81.5m**

Net rental income

**£38.7m**

Trading profit after interest

**£2,324m**

Property valuation

**£9.38**

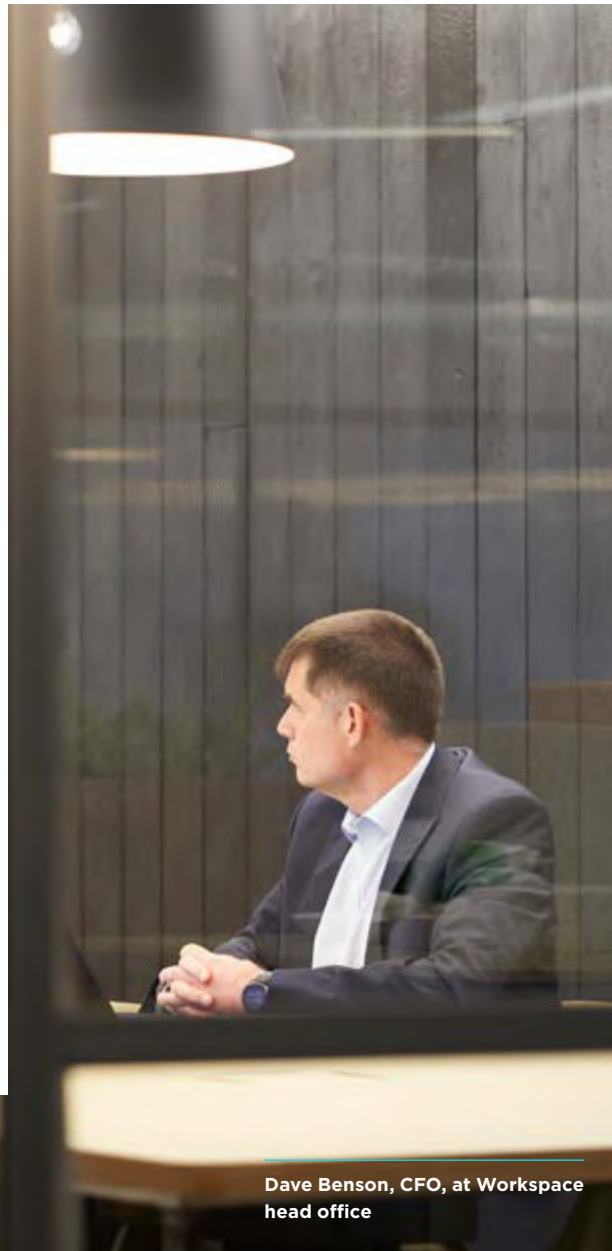
EPRA net tangible assets per share

**24%**

Loan to value

**£434m**

Cash and undrawn facilities



Dave Benson, CFO, at Workspace  
head office

## OUR BUSINESS MODEL IN ACTION CONTINUED

## Prudent financing

**Our financial strategy is primarily focused on generating sustainable income.**

Since the global financial crisis, we have prudently managed our balance sheet with a mixture of bank debt and private placements. More recently, we successfully raised £300m via a green bond. We have a broad spread of maturities and all our debt is unsecured. We have significant headroom on our covenants, low loan to value of 24% and, as at 31 March 2021, £434m of cash and available facilities to pursue growth opportunities.

We own our properties for the long term and invest in our programme of refurbishment and redevelopments to drive rental growth and enhance valuations. It is this combination of income and capital value growth that makes Workspace a compelling investment.

Owning our assets outright gives us control. We are not constrained and can adapt the properties and our offer to meet fast-changing customer demands. Our efficient and scalable platform enables us to grow the business over time without significantly increasing operating costs.

 Business review, see page 71



**We were delighted by the strong level of demand for our first green bond issuance.**

**This demonstrates that investors recognise the resilience of our business model and the enduring appeal of our unique offering.**



**Dave Benson**  
Chief Financial Officer



OUR BUSINESS MODEL IN ACTION CONTINUED

# Sustainability

Workspace has played a key role in the employment-led regeneration of areas across London for over 30 years and we take this responsibility seriously.

Many of our properties have historic significance in their local area. From formerly thriving factories to furniture depositories, our business centres are often iconic landmarks in their local communities. As the owner of these important buildings, we strive to uphold their legacy for the long term.

Creating attractive, sustainable environments that positively contribute to local communities closely aligns with the expectations of our customers and investors, who are increasingly concerned with the sustainability of office space and reducing their impact on the environment.

In addition to mitigating the risk of climate change, as home to London's brightest businesses, Workspace aims to have a positive impact on our local communities. Through our InspiresMe programme, we work with our customers to support disadvantaged young people in London, offering CV workshops, interview practice and work experience placements.

## SUSTAINABLE DEVELOPMENT GOALS

Our ESG strategy and targets are mapped against the UN Sustainable Development Goals.



### Commitment to net zero carbon by 2030

This year, we committed to becoming a net zero carbon business by 2030 and published our pathway to achieving this goal, in line with our approved Science-Based Targets. These are aligned with limiting global temperature rise to 1.5°C above pre-industrial levels and cover both operational and embodied carbon.

This will be a significant challenge due to our older and often listed buildings. We take a sustainable approach to refurbishment projects, aiming to retain existing structures and repurpose our buildings, saving on embodied carbon. Thanks to our direct relationships with customers, we are uniquely placed to collaboratively drive down emissions and our in-house facilities management team allows for greater control over our operational energy consumption.

Doing the Right Thing, see page 34



Mare Street Studios

## CASE STUDY

# Mare Street Studios

We transformed a tired industrial and commercial building to provide new offices in Hackney.

The project was designed to achieve an Excellent BREEAM New Construction rating and holds an EPC B rating. 95% of the waste generated during the refurbishment was diverted from landfill and the building achieved a 20% reduction in carbon emissions compared to pre-refurbishment levels.

The site offers 144 indoor secure cycling bays and eight showers. It has a 50m<sup>2</sup> haybase green roof, with over 20 floral species in line with Hackney's wildlife recommendations, and renewable energy is provided via solar panels and air source heat pumps.

# 95%

of the waste generated during the refurbishment was diverted from landfill