

INVESTOR AND ANALYST
PRESENTATION
11 JUNE 2013

WORKSPACE RESULTS 2013 DRIVING VALUE





AGENDA

WORKSPACE

Jamie Hopkins

Chief Executive Officer

PERFORMANCE

Graham Clemett

Chief Financial Officer

DIRECTION

Jamie Hopkins

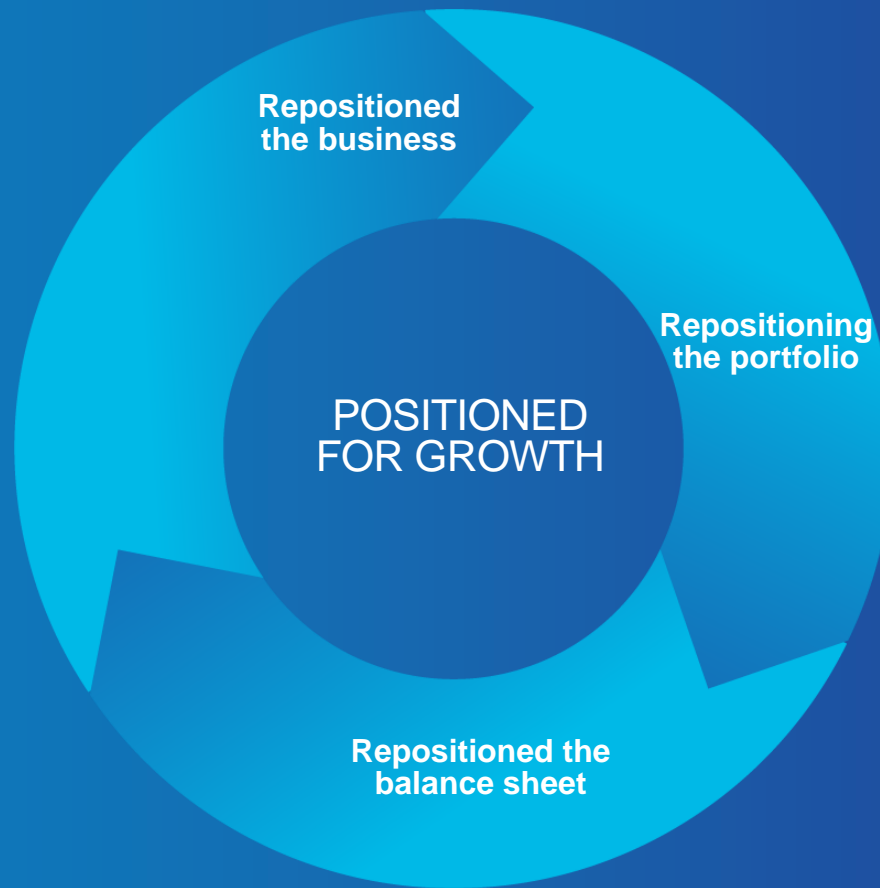
Chief Executive Officer

QUESTIONS





WORKSPACE





WORKSPACE RESULTS

	March 2013	March 2012	Change
Strong Growth			
Rent Roll (lfl)	£45.5m	£41.7m	↑ +9%
Valuation	£830m	£760m	↑ +8%*
EPRA NAV (per share)	£3.48	£3.08	↑ +13%
Trading Profit after Interest	£17.9m	£16.0m	↑ +12%
Operational Momentum			
Enquiries (per month)	1,037	1,009	↑ +3%
Occupancy (lfl)	89.8%	87.7%	Up 2.1%
Rent per sq. ft (lfl)	£13.75	£12.90	↑ +7%
Dividend (per share)	9.7p	8.8p	↑ +10%

* Underlying increase





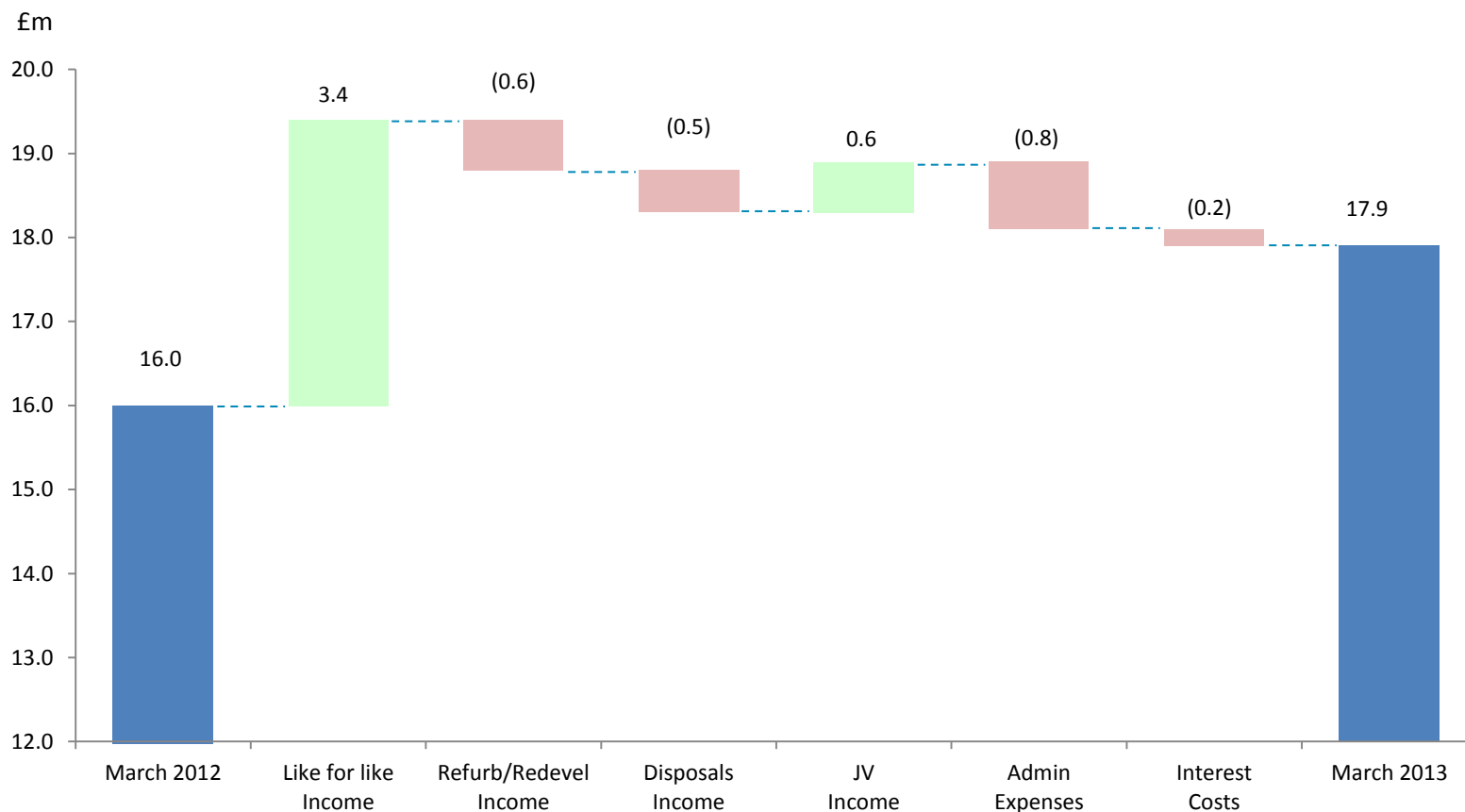
PERFORMANCE HIGHLIGHTS

	March 2013	March 2012	Change
Net Rental income	£47.1m	£44.8m	↑ +5%
Trading Profit After Interest	£17.9m	£16.0m	↑ +12%
Profit Before Tax	£76.4m	£48.5m	↑ +58%
Dividend Per Share	9.7p	8.8p	↑ +10%
EPRA Net Asset Value Per Share	£3.48	£3.08	↑ +13%
Like-for-like Net Initial Yield	7.3%	7.2%	-
Total Property Return (IPD)	13.8%	13.4%	-
Loan to Value	40%	41%	-
Average Interest Cost	5.0%	5.1%	-



PERFORMANCE

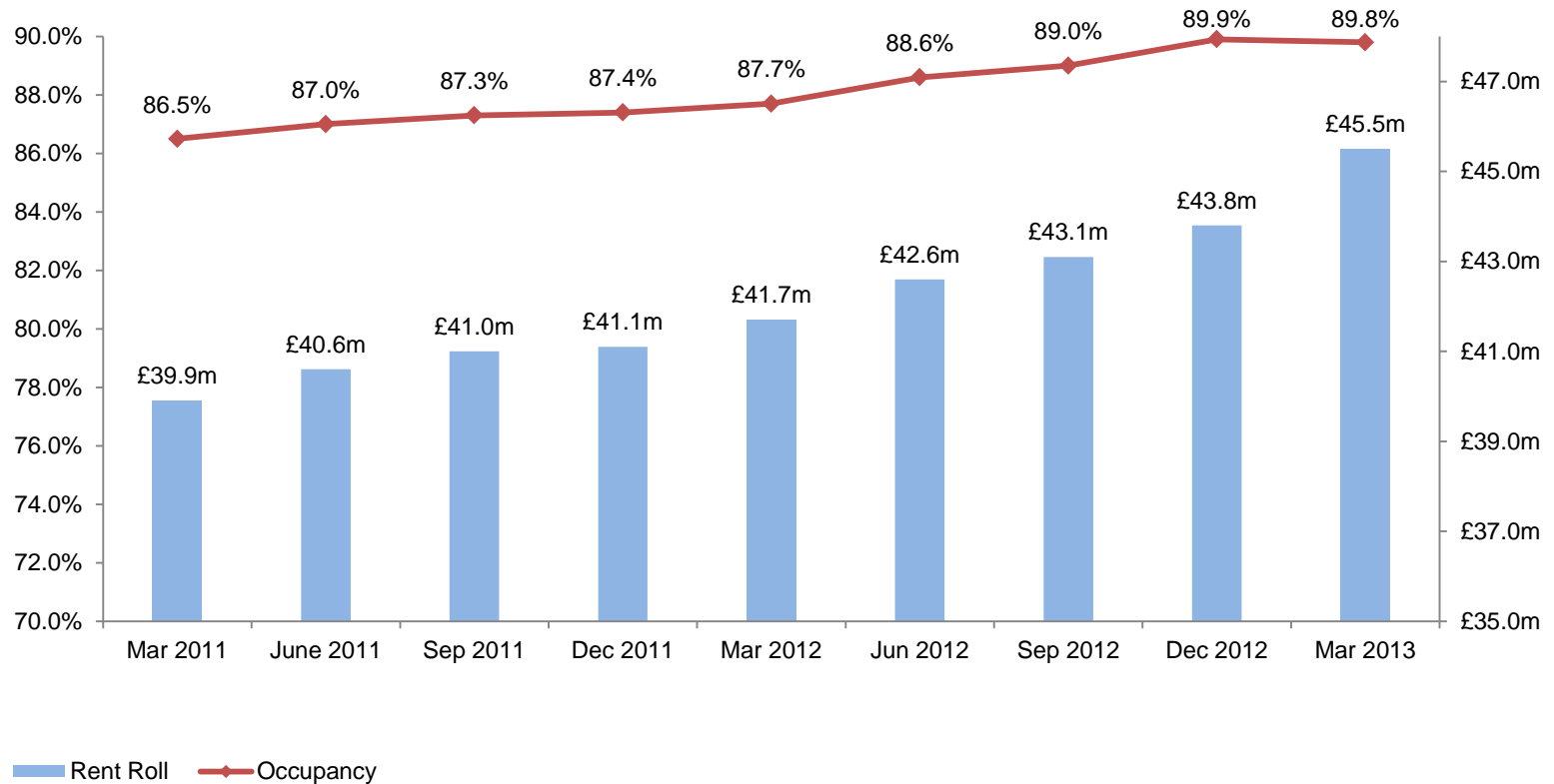
TRADING PROFIT AFTER INTEREST





PERFORMANCE

LFL OCCUPANCY & RENT ROLL TRENDS





PERFORMANCE REFURBISHMENT PROJECTS

	Projects	Current Value*	Current Rent Roll*	Total Cost	Cost to Complete	Upgraded Space	New Space	Potential Future Rent**	Uplift in Rent
Completed	4	£23m	£0.7m	£12m	-	33,000	58,000	£1.9m	+ £1.2m
Underway	4	£49m	£1.9m	£30m	£19m	140,000	72,000	£5.2m	+ £3.3m
Design Stage	6	£31m	£1.7m	£51m	£51m	34,000	225,000	£6.8m	+ £5.1m

* At 31 March 2013

** See Appendix I



PERFORMANCE REDEVELOPMENT PROJECTS

	Projects	Current Value*	Current Rent Roll*	Residential Units	New Business Space	Potential Future Rent**	Other
Underway	4	£73m	£0.3m	693	189,000	£3.8m	£22m cash + overage
With Planning	3	£43m	£1.8m	1,238	142,000	-	-
Planning Stage	5	£45m	£2.1m	1,075	205,000	-	-

* At 31 March 2013

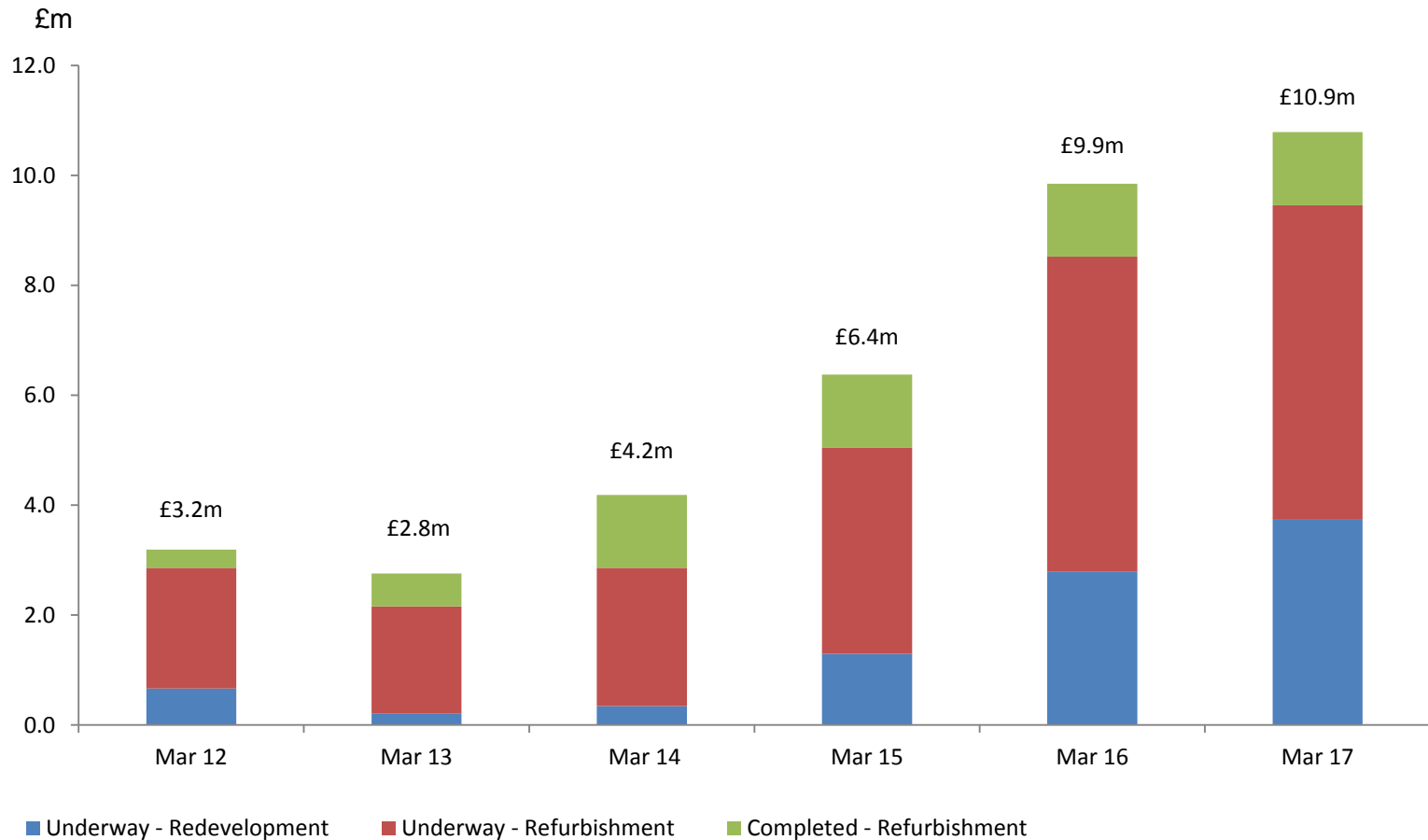
** See Appendix II



PERFORMANCE

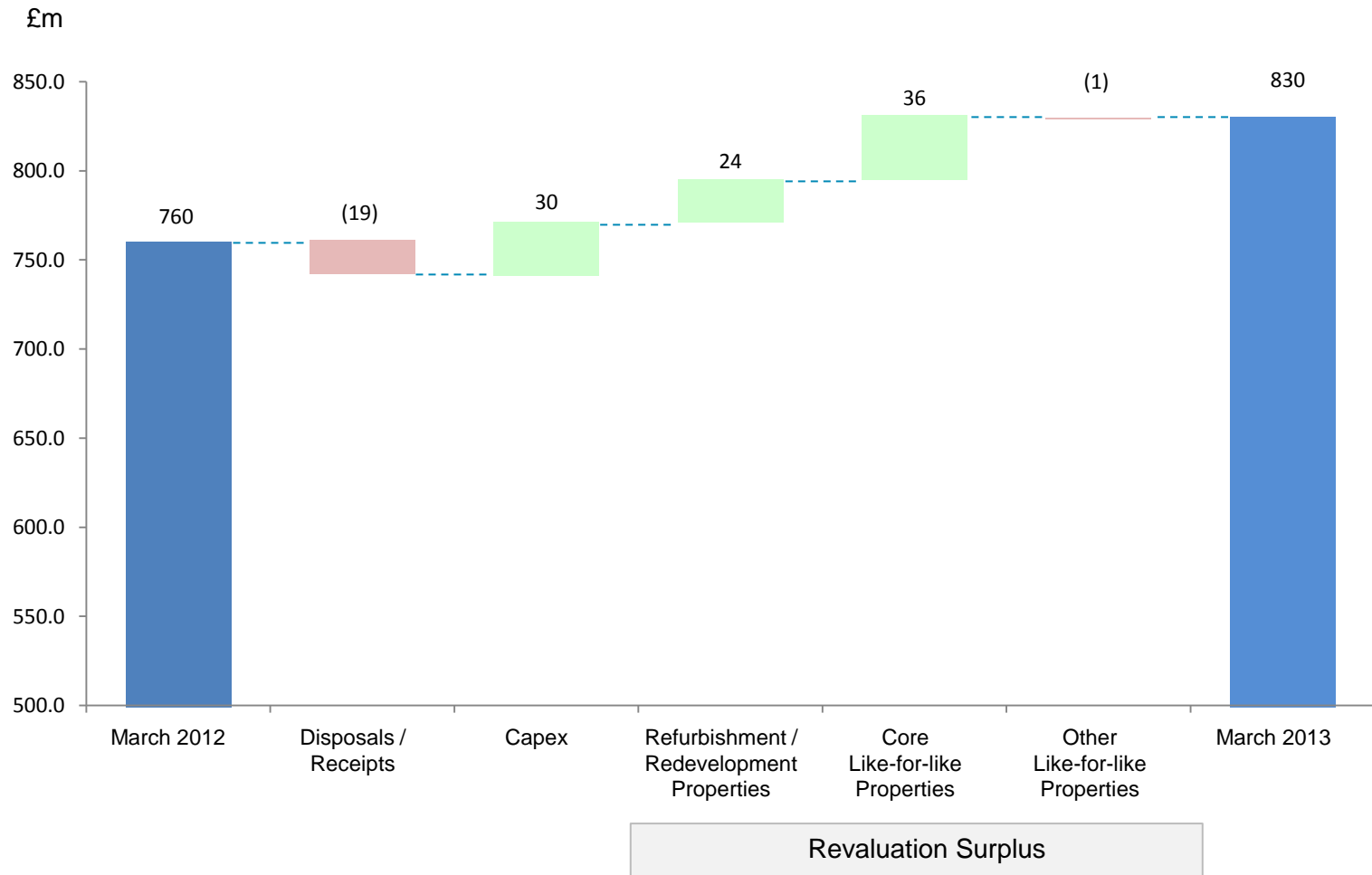
REFURBISHMENT & REDEVELOPMENT

RENT ROLL PROJECTION





PERFORMANCE PROPERTY VALUATION





PERFORMANCE

CASH FLOW

		£m
Trading		
Net cash from operations	22	9
Dividends paid	(13)	
Investment		
Capital Expenditure	(29)	
Joint Venture Investments	(8)	(20)
Disposals/Capital Receipts	17	
Financing		
Retail Bond Issue	58	
Repayment of bank borrowings	(58)	(1)
Bond Issue Costs	(1)	
Other		(2)
Net movement in year		(14)
Net Debt at March 2012		(314)
Net Debt at March 2013		(328)



PERFORMANCE DEBT ANALYSIS

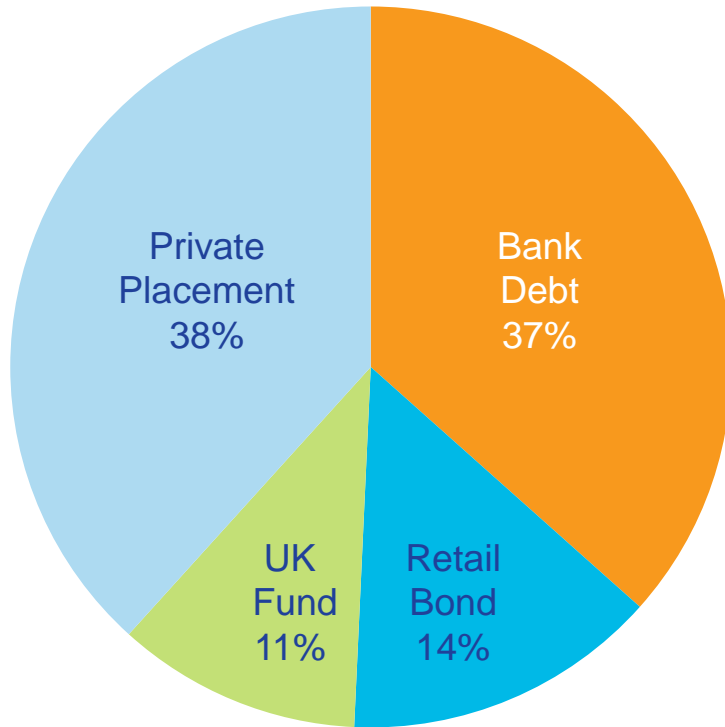
	March 2013	Impact of Refinancing	Pro-forma
Total Facilities	£383m	+£27m	£410m
Facility headroom (including cash)	£55m	+£27m	£82m
Term to Maturity (average)	2.9 Years	+4.9 Years	7.8 Years
Average Interest Cost	5.0%	+0.4%	5.4%
Loan to Value	40%	-	40%
Facilities by type:			
Secured	£325m	(£325m)	-
Unsecured	£58m	+£352m	£410m



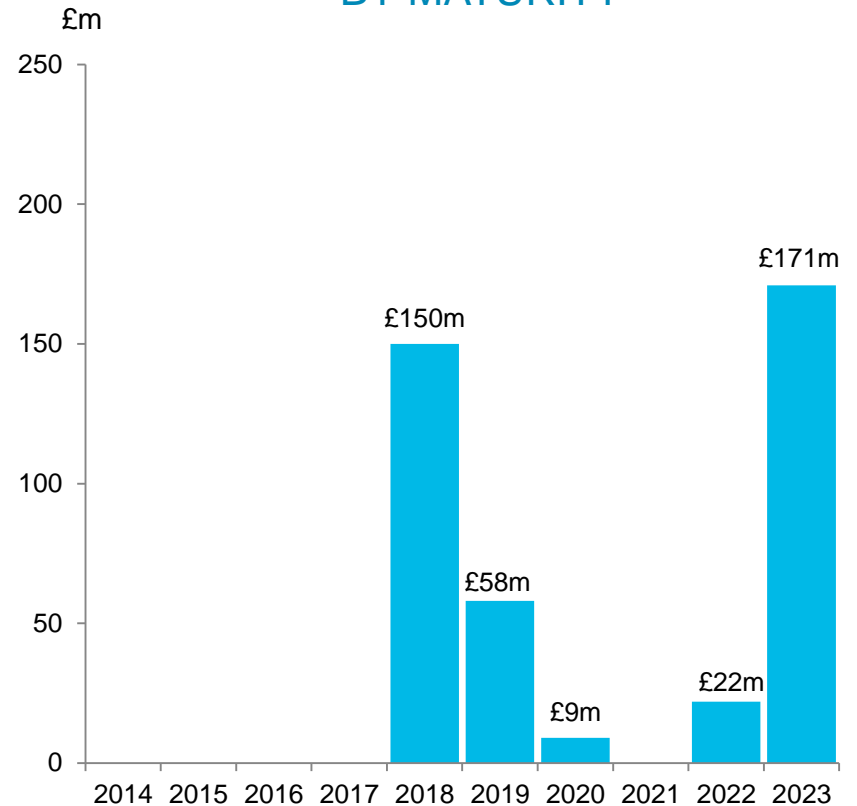
PERFORMANCE

PROFORMA DEBT PROFILE

BY TYPE



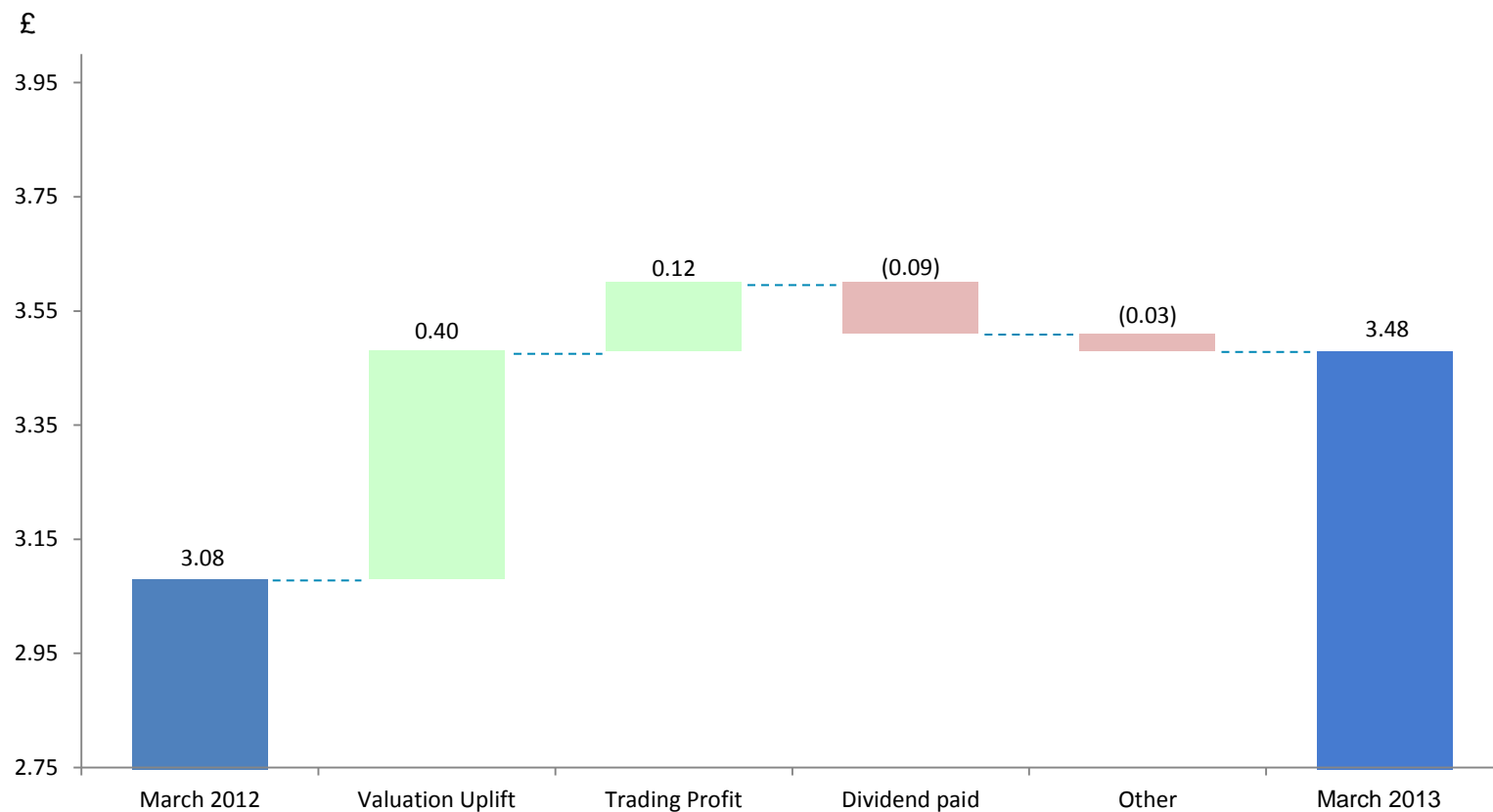
BY MATURITY





PERFORMANCE

EPRA NAV PER SHARE





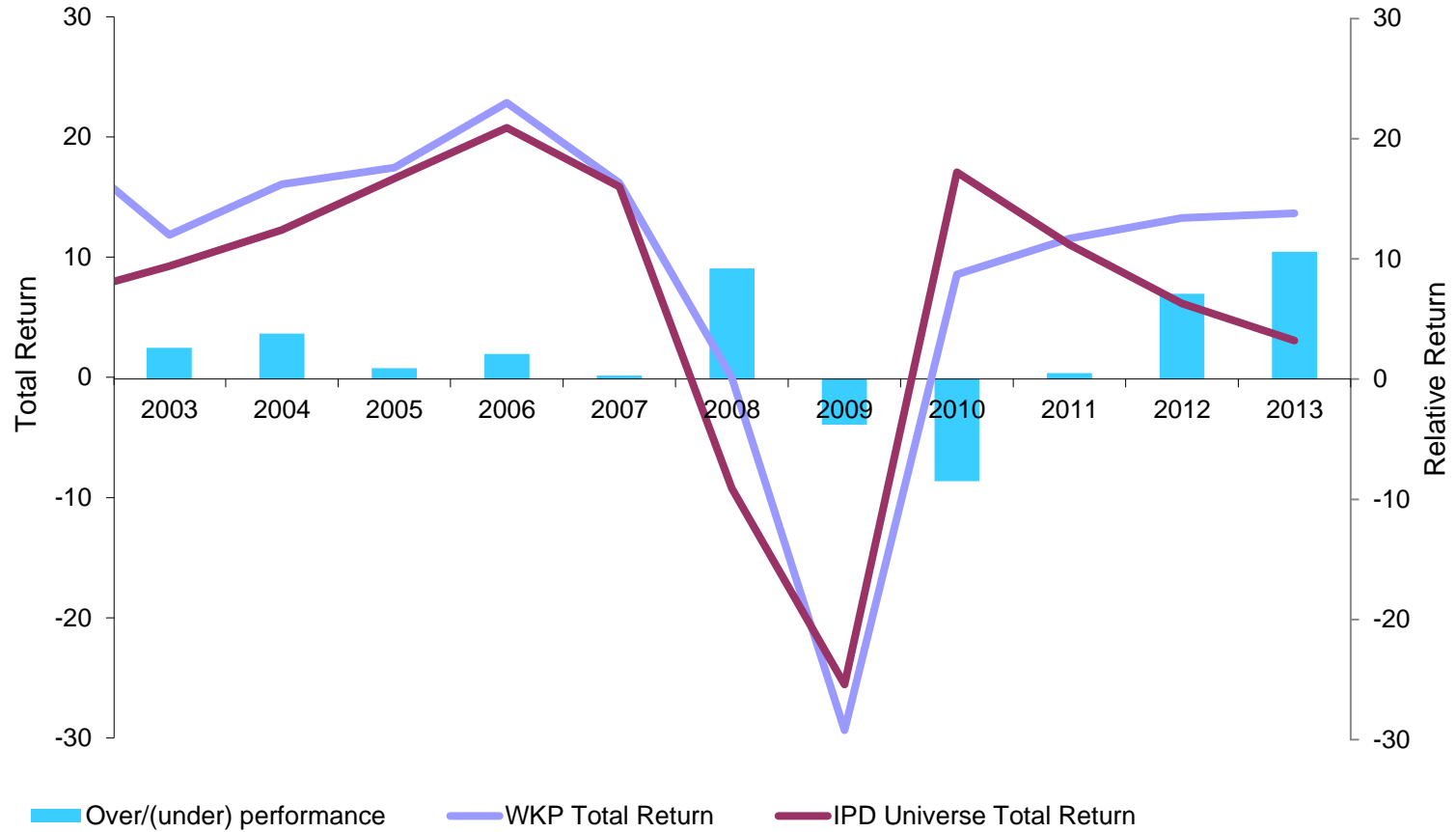
DIRECTION POSITIONED FOR GROWTH

INTENSIVE
MANAGEMENT
AND DIRECT
MARKETING





DIRECTION CAPITAL GROWTH





DIRECTION CAPITAL GROWTH

At 31 March 2013

	CORE			OTHER	TOTAL
	Like-for like	Refurbishment	Redevelopment	Like-for-like	
Number of properties	47	8	10	21	86
Valuation	£509m	£110m	£155m	£56m	£830m
Revaluation surplus in year	£36m	£4m	£20m	-£1m	£59m
Net initial yield	7.3%			7.8%	6.9%
Rent per square foot					£12.98
Capital value per square foot					£177

Disposals in Year

Number of properties	6
Proceeds	£13m
Under offer	£8m



DIRECTION **DIRECT MARKETING**

WORKSPACE

90% LETTINGS DONE IN-HOUSE

467,000 website visits
14,000 phone calls
10,000 sq ft of billboards

EVENTS

75 customer networking events
3,000 attendees

CUSTOMER SURVEYS

82% customers satisfaction
86% of customers would recommend

OPPORTUNITY

**350,000 PRIVATE SECTOR ENTERPRISES
IN LONDON**

**97% OF THIS SECTOR ARE SMALL
BUSINESSES**

**ENTREPRENEURIAL ACTIVITY IN LONDON
IS HIGHEST OF ANY REGION**





DIRECTION DIRECT MARKETING

STRATEGY

MAXIMISE PENETRATION

HEAT MAPPING

SEARCH ENGINE OPTIMISATION

PPC (PAY PER CLICK) EFFICIENCY

TRACKING AND FOLLOW UP

SOCIAL MEDIA STRATEGY

RESULT

INCREASE INCOME

DATA AND KNOWLEDGE

INTIMATE UNDERSTANDING





DIRECTION

CAPTURE GROWTH

London factor: Supply

Customer growth: Demand

Drive income: Trends positive

DRIVE GROWTH

Leverage operations and brand

Selective acquisitions and disposals

Benefit from London residential market

CONFIDENT OUTLOOK

Strong and flexible balance sheet

Progressive dividend policy

Positioned for growth: Focused, energetic and challenging approach







APPENDIX I

Refurbishment Projects

Project Stage	March 2013 Valuation	Expected Cost	Cost to Complete	Completion	Upgraded area		New area		Expected rent at 90% occupancy
					Expected Area	Expected ERV	Expected Area	Expected ERV	
<u>Completed / Letting</u>									
Canalot Studios		£5m	-	Sept 2012	32,702	£26	16,268	£30	£1.2m
Whitechapel		£2m	-	Oct 2012	-	-	6,532	£22	£0.1m
Chester House phase 2		£2m	-	March 2013	-	-	8,903	£34	£0.3m
Leyton I (phase 1)		£3m	-	April 2013	-	-	26,600	£11	£0.3m
	£23m	£12m	-		32,702		58,303		£1.9m
<u>Construction</u>									
Exmouth House		£4m	£1m	H1 2013	52,000	£27	5,000	£38	£1.4m
Westminster (phase 1)		£2m	£1m	H1 2013	6,000	£27	4,750	£30	£0.3m
The Pill Box		£9m	£6m	H1 2014	-	-	42,000	£24	£0.9m
Metal Box Factory		£15m	£11m	H2 2014	82,000	£26	20,000	£38	£2.6m
	£49m	£30m	£19m		140,000		71,750		£5.2m
<u>Design</u>									
Bounds Green		£2m		2014	-	-	13,000	£11	£0.1m
Baldwins Gardens		£17m		2015	-	-	65,000	£40	£2.3m
Barley Mow Centre		£11m		2015	-	-	42,000	£28	£1.1m
Leyton (phase 2)		£4m		2015	-	-	35,000	£12	£0.4m
Linton House		£4m		2015	34,000	£28	15,000	£38	£1.4m
Westminster (phase 2)		£14m		2015	-	-	55,000	£30	£1.5m
	£31m	£51m			34,000		225,000		£6.8m



APPENDIX II

Redevelopment Projects

Project Stage	Development partner	31 March 2013 Valuation	Expected completion	Residential units No.	Commercial space		Other proceeds	
					Area	Rent*.	Cash	Overage
<u>Construction</u>								
Screenworks	Taylor Wimpey		H1 2014	72	61,000	£1.4m	£4.8m	✓
Wandsworth (phase 1)	Mount Anvil		H2 2014	209	53,000	£1.0m	-	✓
Grand Union	Taylor Wimpey		H1 2015	145	60,000	£1.2m	£5.9m	✓
Bow (phase 1)	Peabody		H2 2015	267	15,000	£0.2m	£11.5m	✓
		<u>£73m</u>		<u>693</u>	<u>189,000</u>	<u>£3.8m</u>	<u>£22.2m</u>	
<u>With Planning</u>								
Faircharm			2015-2016	148	52,000			
Bow (phase2)			2016	290	30,000			
Tower Bridge Development			2015-2018	800	60,000			
		<u>£43m</u>		<u>1,238</u>	<u>142,000</u>			
<u>Planning Stage</u>								
Cremer Street (student housing)				203	45,000			
Highway				130	33,000			
Marshgate				300	35,000			
Poplar				392	77,000			
Wandsworth (phase 2)				50	15,000			
		<u>£45m</u>		<u>1,075</u>	<u>205,000</u>			

*Expected rent at 90% occupancy



APPENDIX III

HOW WE MAKE MONEY

WHAT
WE DO

TAILORED
BUSINESS
PREMISES

+

NEW AND
GROWING
COMPANIES

+

LONDON

MARKET
KNOWLEDGE

+

CUSTOMER
RELATIONSHIPS

+

OPERATIONAL
CAPABILITY

THE RIGHT
PROPERTIES

+

THE RIGHT
SERVICES

UNDERSTANDING
DEMAND

CREATING
SUPPLY

INCOME
GROWTH

CAPITAL
GROWTH





DISCLAIMER

This presentation contains forward looking statements. Although the Group believes that the estimates and assumptions on which such statements are based are reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond the Group's control. The Group does not make any representation or warranty that the results anticipated by such forward looking statements will be achieved and this presentation should not be relied upon as a guide to future performance.