

INVESTOR AND ANALYST
PRESENTATION
4 JUNE 2014

WORKSPACE RESULTS 2014 **DRIVING VALUE**



WORKSPACE®



WORKSPACE

HOW WE MAKE MONEY

WHAT
WE DO

TAILORED
BUSINESS
ENVIRONMENTS

+

NEW AND
GROWING
COMPANIES

+

LONDON

MARKET
KNOWLEDGE

+

CUSTOMER
RELATIONSHIPS

+

OPERATIONAL
CAPABILITY

THE RIGHT
PROPERTIES

+

THE RIGHT
SERVICES

UNDERSTANDING
DEMAND

CREATING
SUPPLY

THE RIGHT
STRATEGY

INCOME
GROWTH

CAPITAL
GROWTH





AGENDA

WORKSPACE

Jamie Hopkins

Chief Executive Officer

PERFORMANCE

Graham Clemett

Chief Financial Officer

DIRECTION

Jamie Hopkins








Chief Executive Officer

QUESTIONS





WORKSPACE RESULTS

	March 2014	March 2013	Change
Strong Growth			
Rent Roll (lfl)	£47.4m	£43.7m	 +9%
Property Valuation	£1,078m	£830m	 +27%*
Total Property return	35%	14%	Up 21%
EPRA NAV (per share)	£4.96	£3.48	 +43%
Dividend (per share)	10.63p	9.67p	 +10%
Operational Momentum			
Enquiries (per month)	1,063	1,037	 +3%
Occupancy (lfl)	90.0%	89.8%	Up 0.2%
Rent per sq. ft (lfl)	£15.28	£14.08	 +9%
Trading Profit after Interest**	£20.5m	£17.9m	 +15%

* Underlying increase

** Excluding exceptional interest and other income/(expenses)





PERFORMANCE HIGHLIGHTS

Income Statement

Net Rental income

March 2014

£50.3m

March 2013

£47.1m

Change

↑ **+7%**

Adjusted Trading Profit After Interest

£20.5m

£17.9m

↑ **+15%**

Profit Before Tax

£252.5m

£76.4m

↑ **+230%**

Underlying Earnings (per share)

13.87p

12.20p

↑ **+14%**

Dividend (per share)

10.63p

9.67p

↑ **+10%**

Balance Sheet

Portfolio Valuation

£1,078m

£830m

↑ **+27%***

EPRA NAV (per share)

£4.96

£3.48

↑ **+43%**

Net Debt

£338m

£327m

Up £11m

Loan to Value

31%

40%

Down 9%

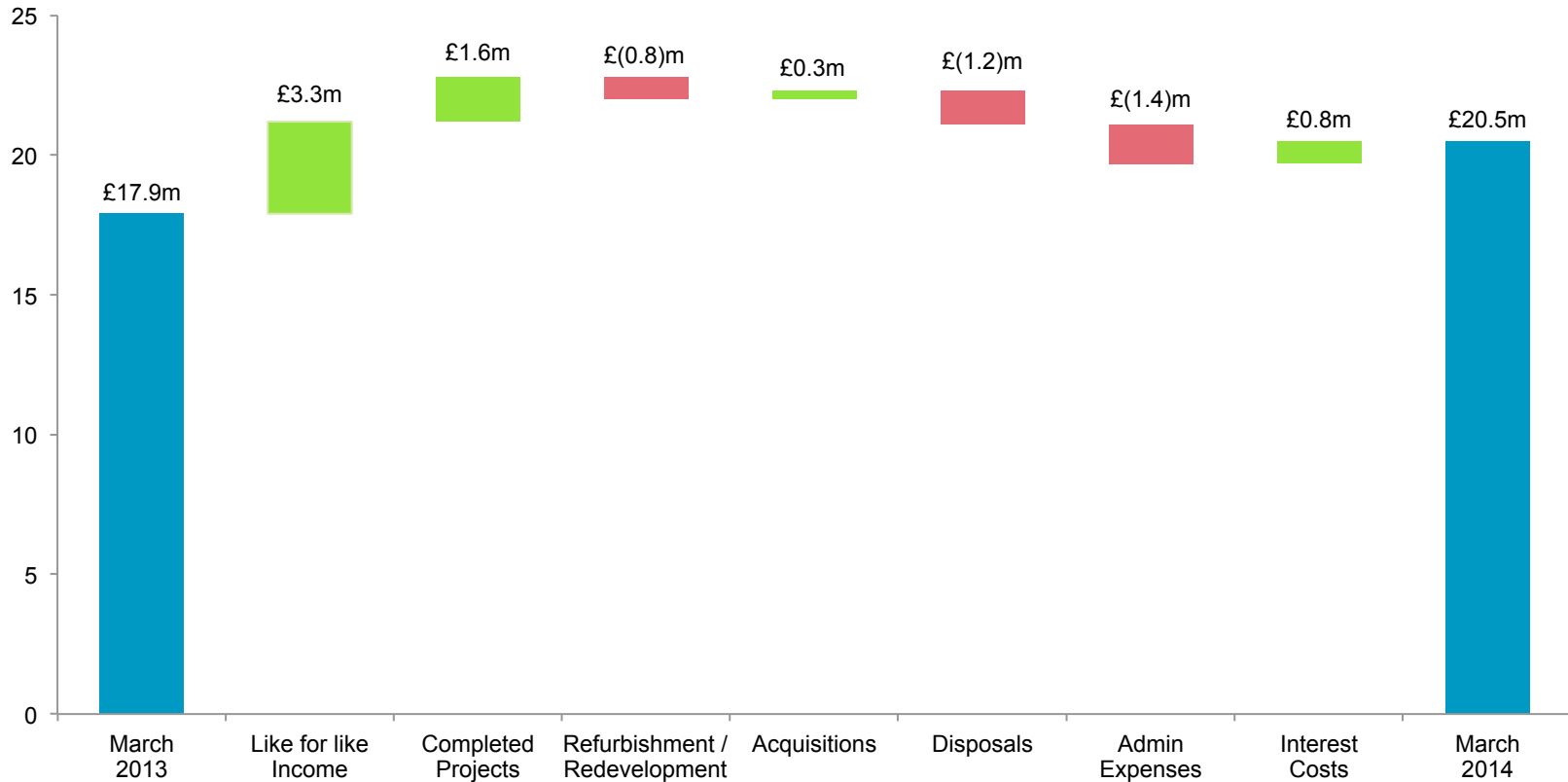
* Underlying increase





PERFORMANCE

TRADING PROFIT AFTER INTEREST



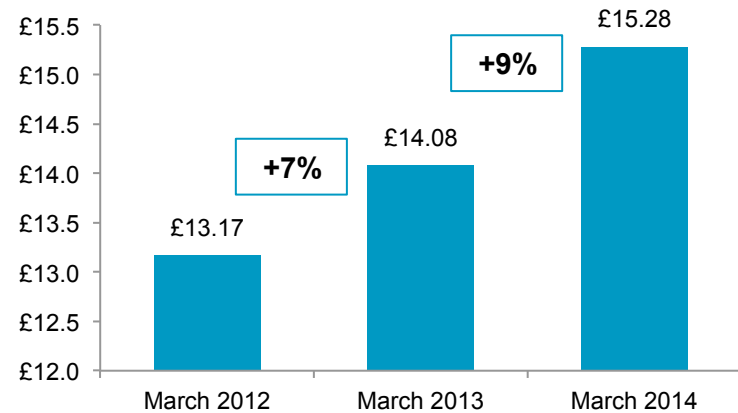


PERFORMANCE LIKE-FOR-LIKE INCOME

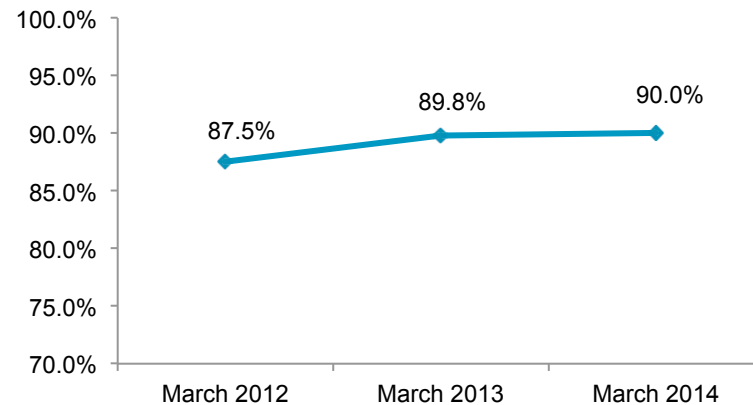
RENT ROLL



RENT PER SQ.FT



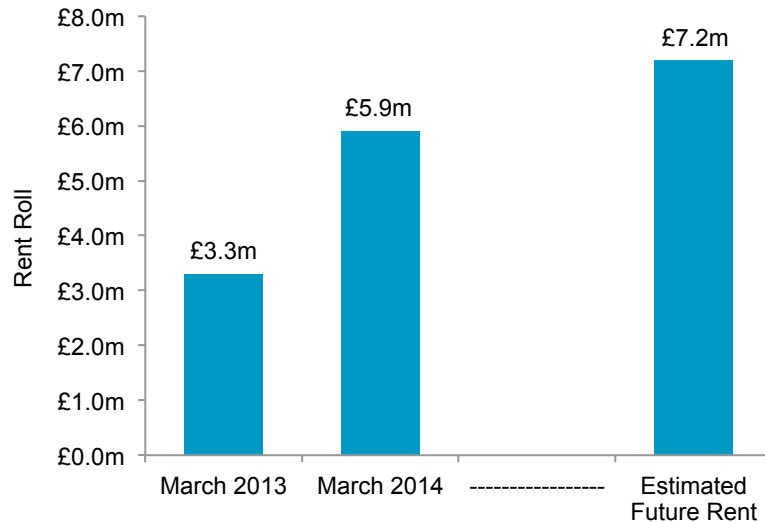
OCCUPANCY





PERFORMANCE COMPLETED PROJECTS

- 7 refurbishments completed at cost of £27m
- 210,000 sq. ft of new and upgraded space



Note: Further detail in Appendix I

PILL BOX BETHNAL GREEN E2



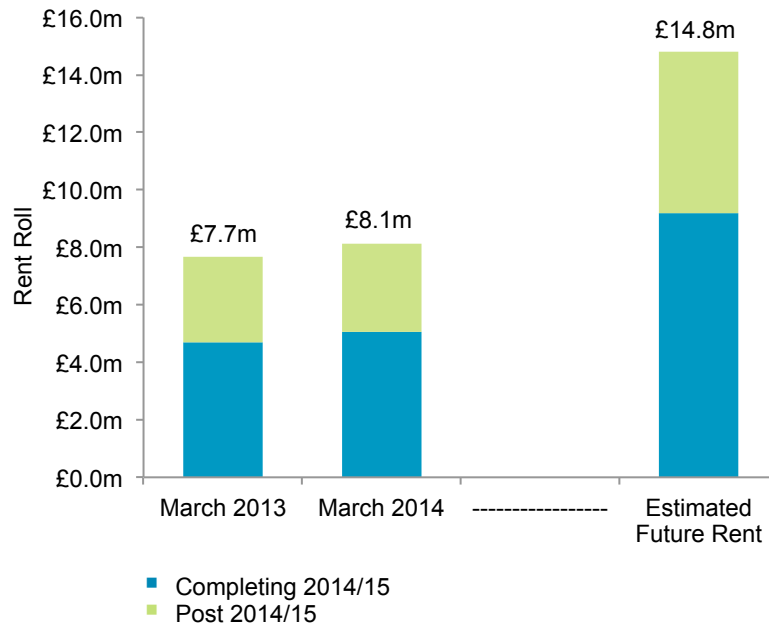
- £9m refurbishment completed February 2014



PERFORMANCE

CURRENT REFURBISHMENTS

- 8 projects at a total cost of £74m
- 373,000 sq. ft of new and upgraded space



Note: Further detail in Appendix I

METAL BOX FACTORY SOUTHBANK SE1

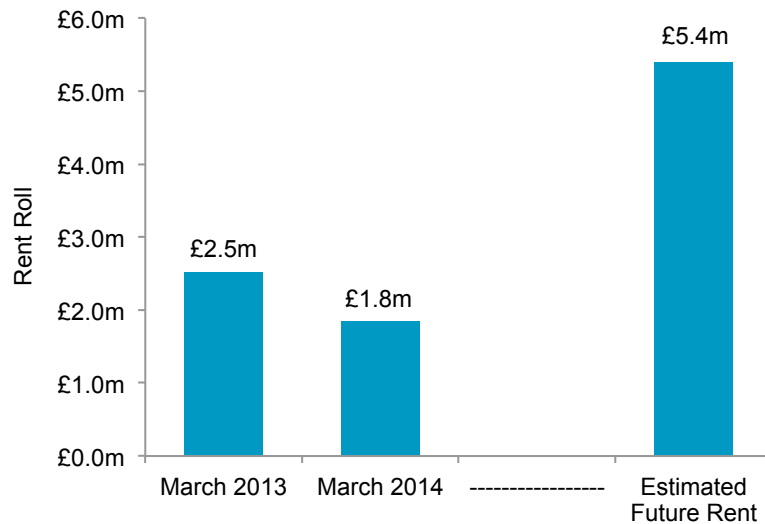


- Completing in Summer 2014



PERFORMANCE REDEVELOPMENTS

- 8 redevelopment schemes contracted for sale
 - £95m cash plus overage
 - 5 new business centres
- Strong pipeline



Note: Further detail in Appendix II

SCREENWORKS ISLINGTON N5

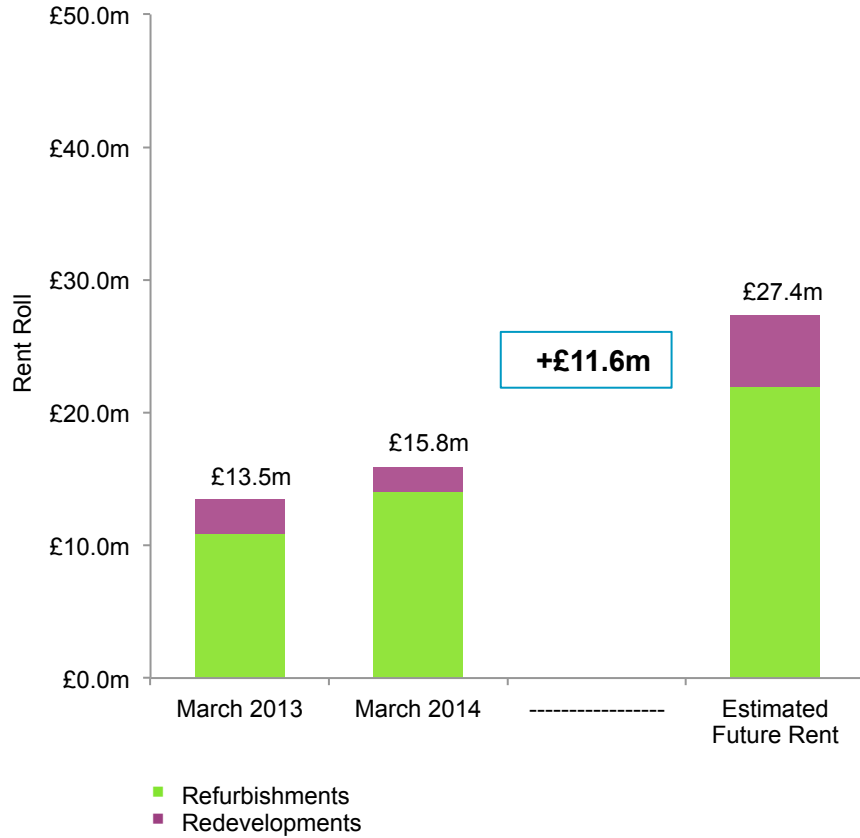


- New business centre opening June 2014

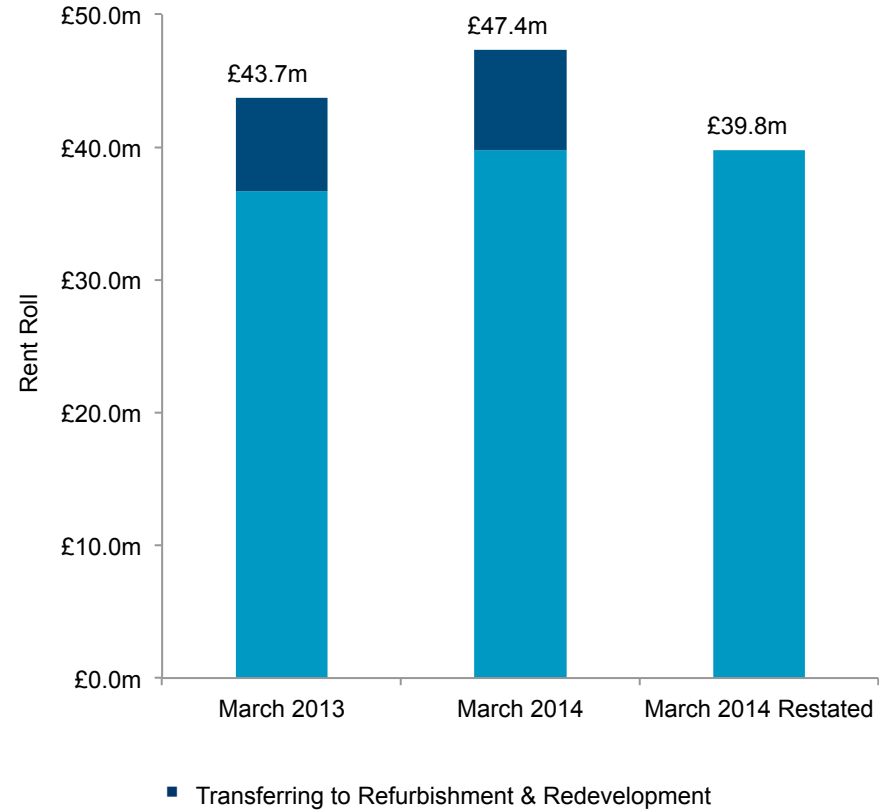


PERFORMANCE FUTURE INCOME

PROJECTS



LIKE-FOR-LIKE





PERFORMANCE

CASH FLOW

		£m
Trading		
Net cash from operations	26	12
Dividends paid	(14)	
Investment		
Capital Expenditure	(30)	(18)
Property Acquisitions	(19)	
Disposals/Capital Receipts	29	
Investment in joint ventures	2	
Financing		
Cancellation of hedging contracts	(9)	(5)
Release of secured bank facility funds	7	
Refinancing costs	(3)	
Net movement in year		(11)
Net Debt at March 2013		(327)
Net Debt at March 2014		(338)





PERFORMANCE BALANCE SHEET

	March 2014	March 2013
Investment Property Valuation	£1,078m	£830m
Investment in Joint Ventures	£23m	£21m
Net Debt	(£338m)	(£327m)
Non Controlling Interest	(£11m)	£0m
Other	(£26m)	(£24m)
Net Assets	£726m	£500m
EPRA NAV per Share	£4.96	£3.48
Loan to Value	31%	40%
Facility Headroom	£72m	£55m



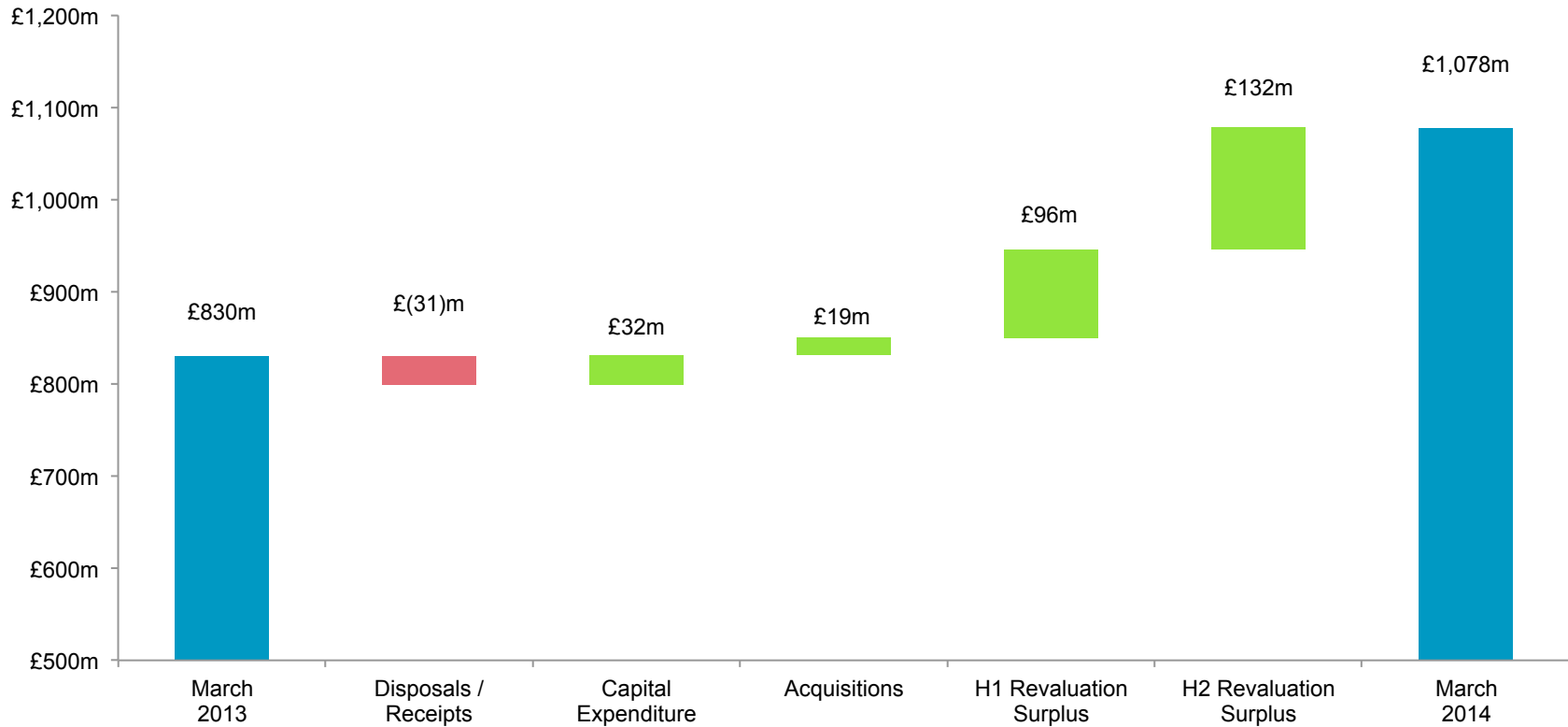
PERFORMANCE

GLEBE PROCEEDS SHARE

	March 2014	March 2013
Glebe Portfolio Valuation	£217m	£164m
Comprising:		
Commercial properties – no plans to sell	£110m	£81m
Properties with residential sales potential	£107m	£83m
<u>Proceeds Share Calculation:</u>		
Proceeds from sales to date	£14m	£nil
Potential proceeds from property sales (see above)	£107m	£83m
Deductible costs	(£7m)	(£4m)
Net Proceeds	£114m	£79m
→ Allocated to Workspace	£103m	£79m
→ Allocated to former lenders	£11m	£0m



PERFORMANCE PROPERTY VALUATION





PERFORMANCE REVALUATION UPLIFT

	No. of properties	Uplift	
Like-for-Like	62	£130m	40% PRICING 60% YIELD
Redevelopments	9	£73m	70% FROM CONTRACTED SCHEMES
Refurbishments	8	£25m	£20M OF CAPEX IN YEAR
Other	4	£0m	
Total	83	£228m	





PERFORMANCE

EPRA NAV PER SHARE

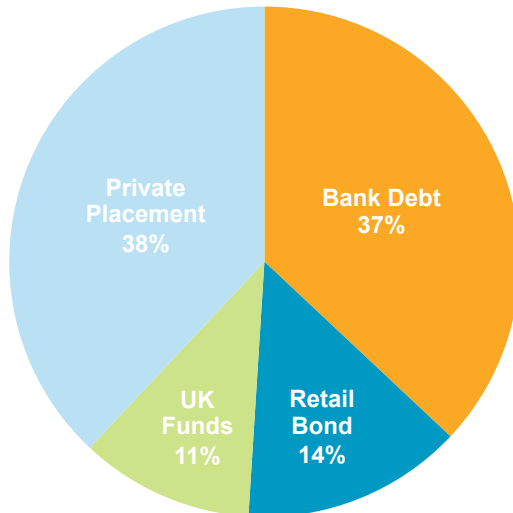




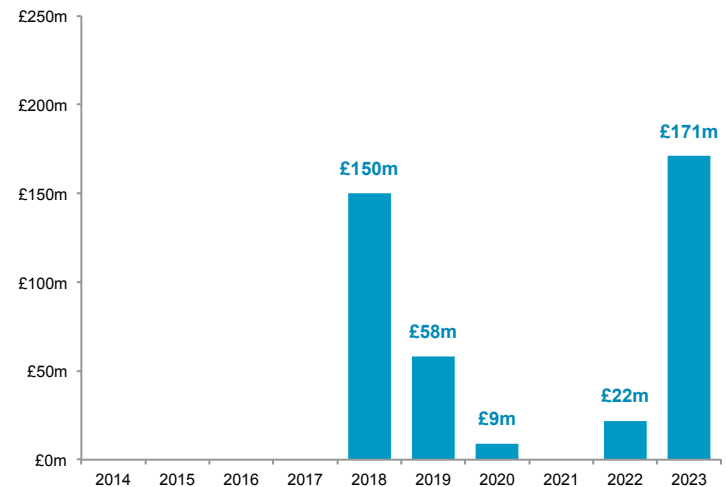
PERFORMANCE DEBT ANALYSIS

	March 2014	March 2013
Net Debt	£338m	£327m
Total Facilities	£410m	£383m
Secured Facilities	0%	85%
Average Borrowing Cost	5.3% (5.1% exit)	5.0%

FACILITIES BY TYPE



MATURITY PROFILE





DIRECTION **LONDON IS CHANGING**

The 'London Is Changing' film was presented at the 2014 Knight Frank Central London Breakfast on 5th February.

Now in its 21st year, the event, showcasing Knight Frank's Capital Markets, Leasing and Research capabilities and providing insight into the Central London market, was attended by 450 of the firm's clients including a broad range of REITs, property developers, financial institutions and overseas investors.

Knight Frank's global network comprises 335 offices in 52 countries and its worldwide annual turnover, excluding North America, totals \$740 million. The firm is currently advising on three of the four Central London assets on the market in excess of £200 million and its valuation team currently contributes 30.6% of the data for IPD's UK Monthly Index.





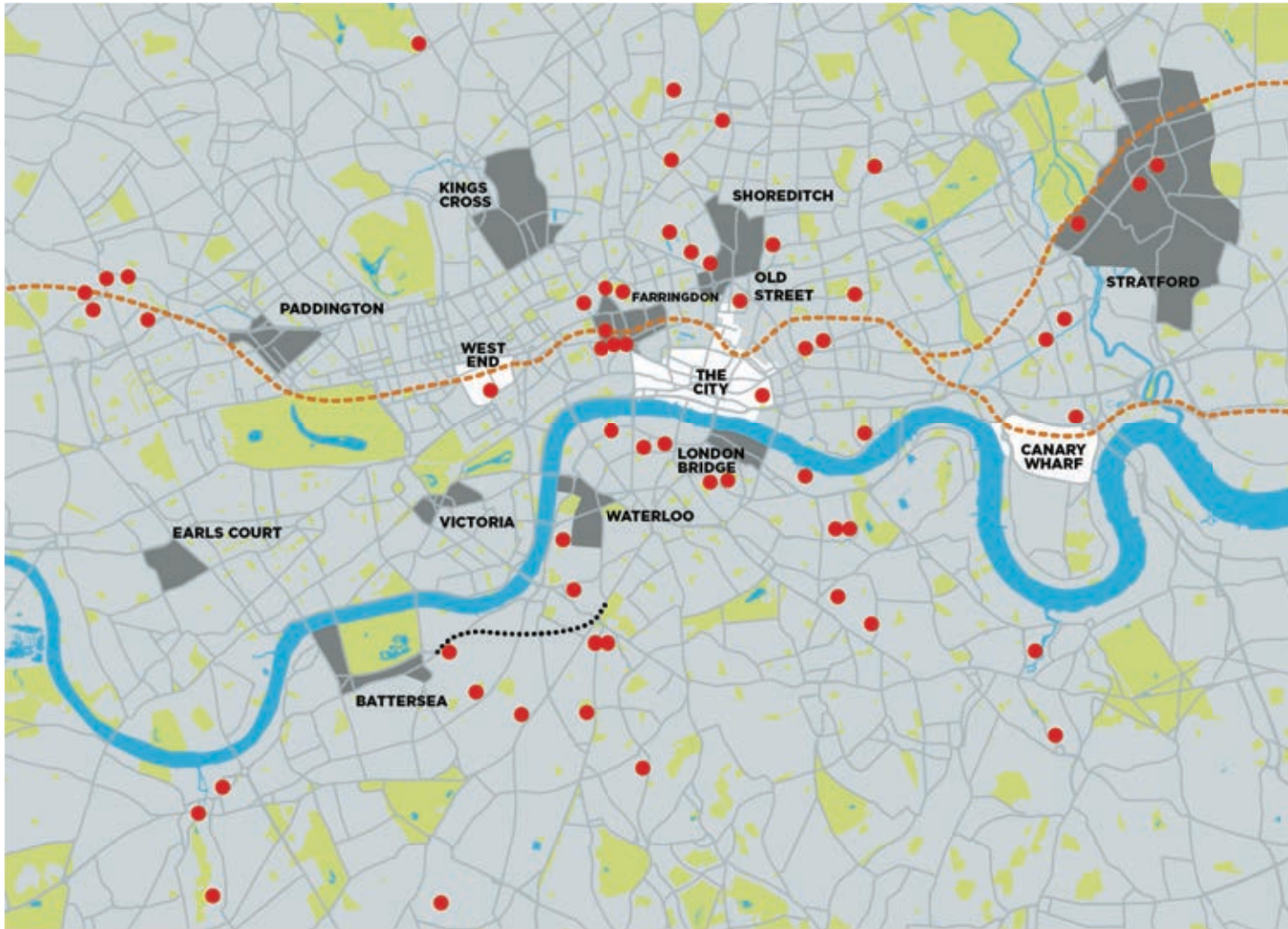
DIRECTION **LONDON IS CHANGING**

PLEASE SCAN THIS QR CODE TO SEE THE KNIGHT FRANK “LONDON IS CHANGING” VIDEO





DIRECTION LONDON IS CHANGING

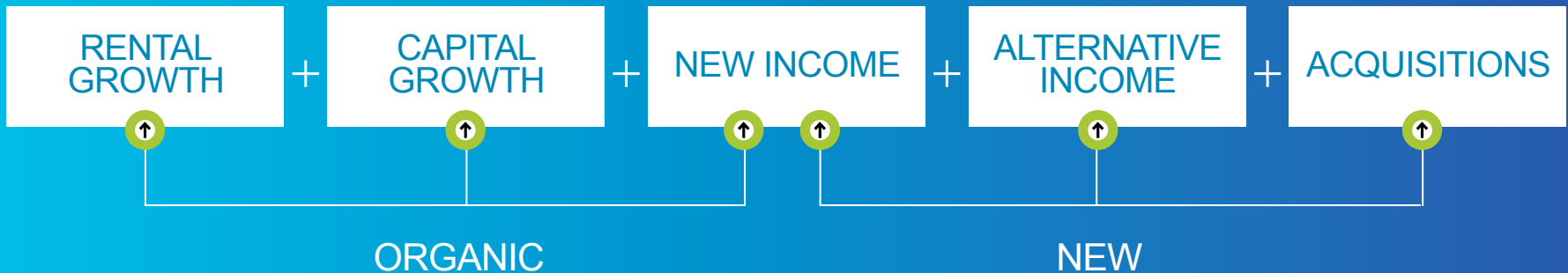


● Workspace Property



DIRECTION THE RIGHT STRATEGY

INTENSIVE
MANAGEMENT
AND DIRECT
MARKETING

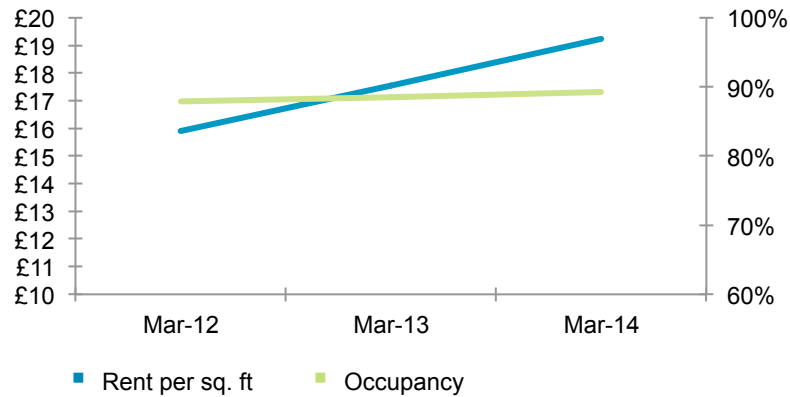


POSITIONED FOR GROWTH

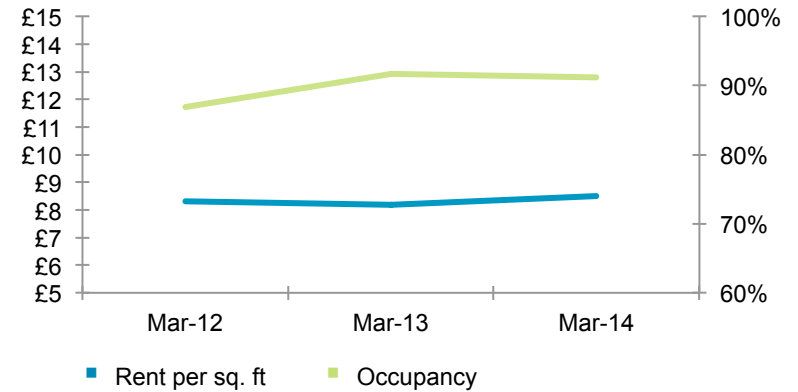


DIRECTION RENTAL GROWTH

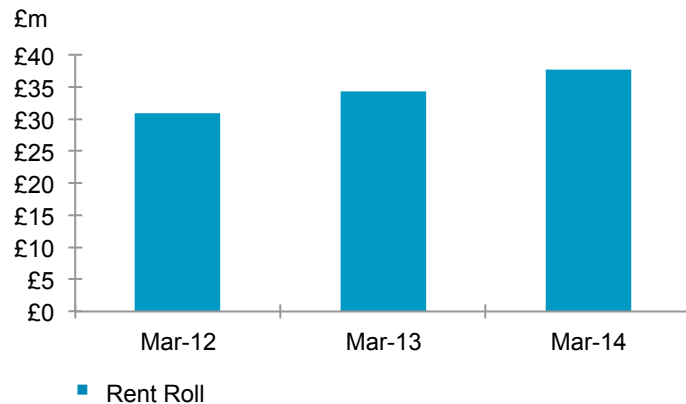
OFFICES



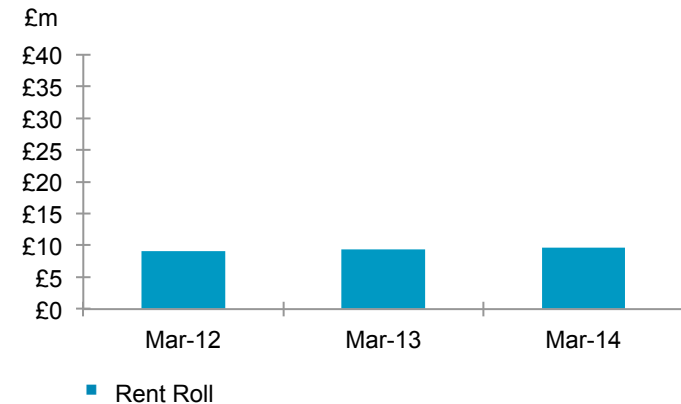
INDUSTRIAL



OFFICES

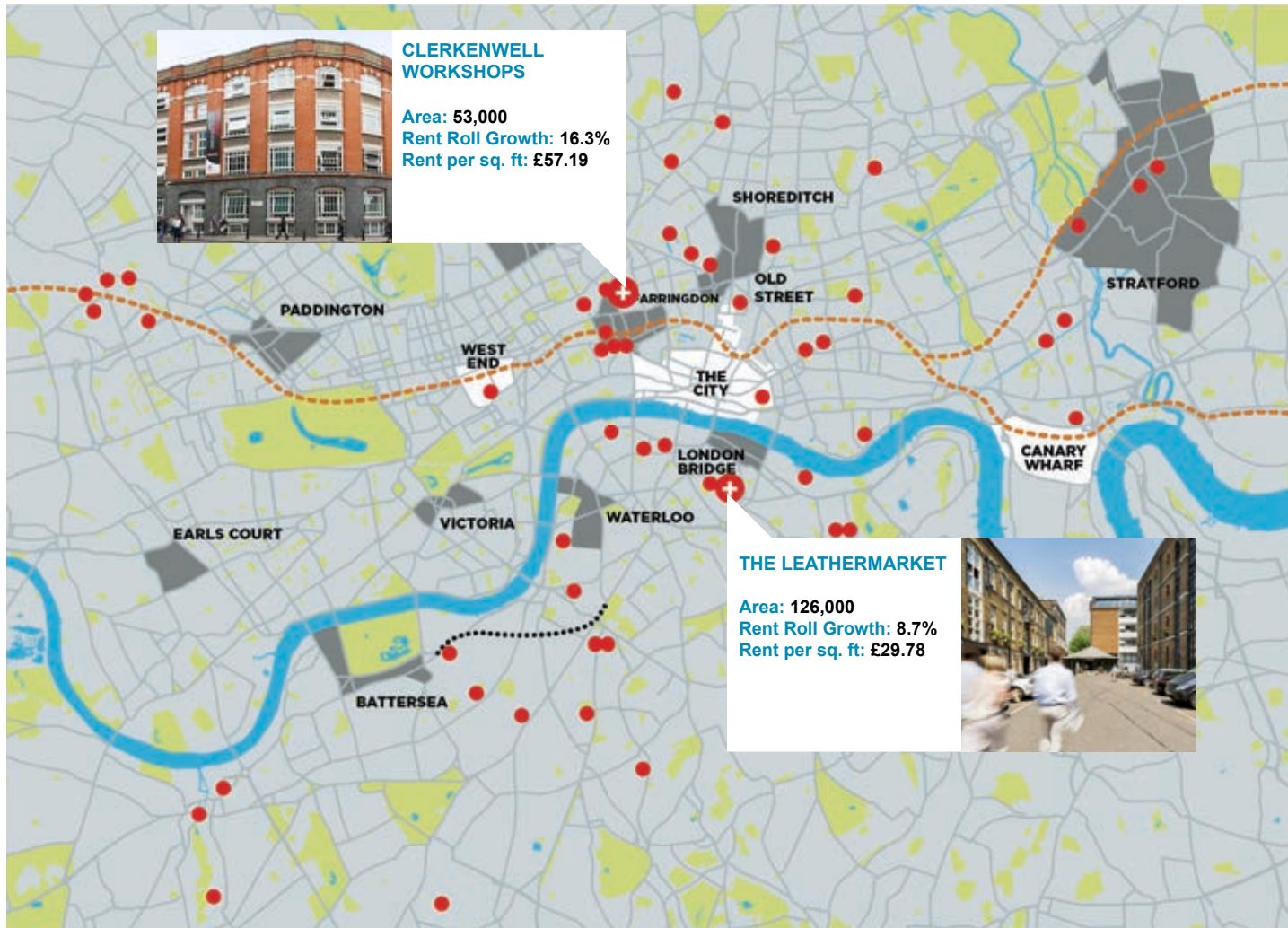


INDUSTRIAL





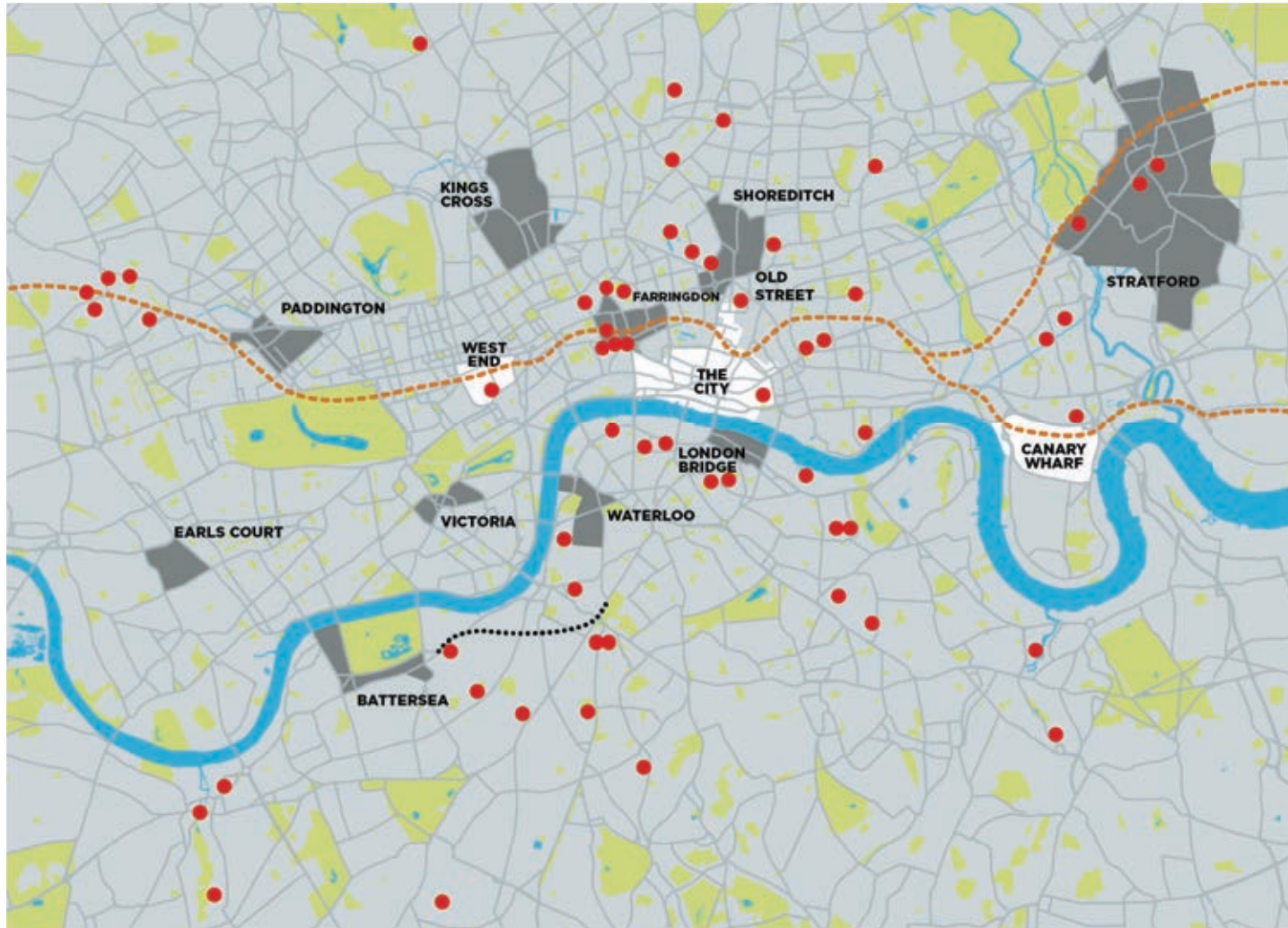
DIRECTION RENTAL GROWTH



● Workspace Property



DIRECTION CAPITAL GROWTH



● Workspace Property



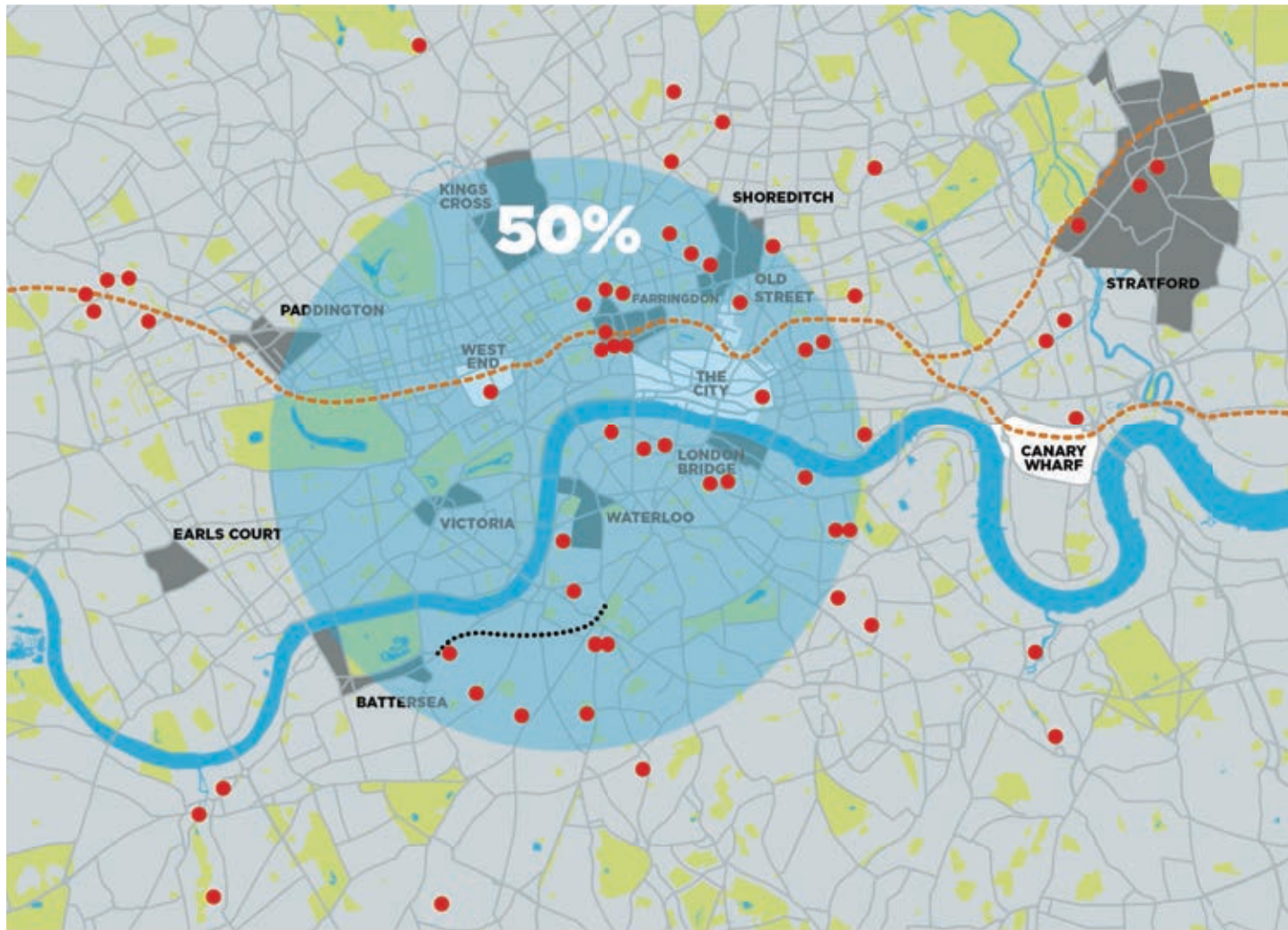
DIRECTION CAPITAL GROWTH

	March 2014	March 2013	Change
Like-for-like Property Valuation			
Valuation	£692m	£556m	↑ +23%
Net Initial Yield	6.4%	7.3%	Down 0.9%
Rent per sq. ft	£15.28	£14.08	↑ +9%
ERV per sq. ft	£16.13	£14.37	↑ +12%
Capital Value per sq. ft	£205	£164	↑ +25%





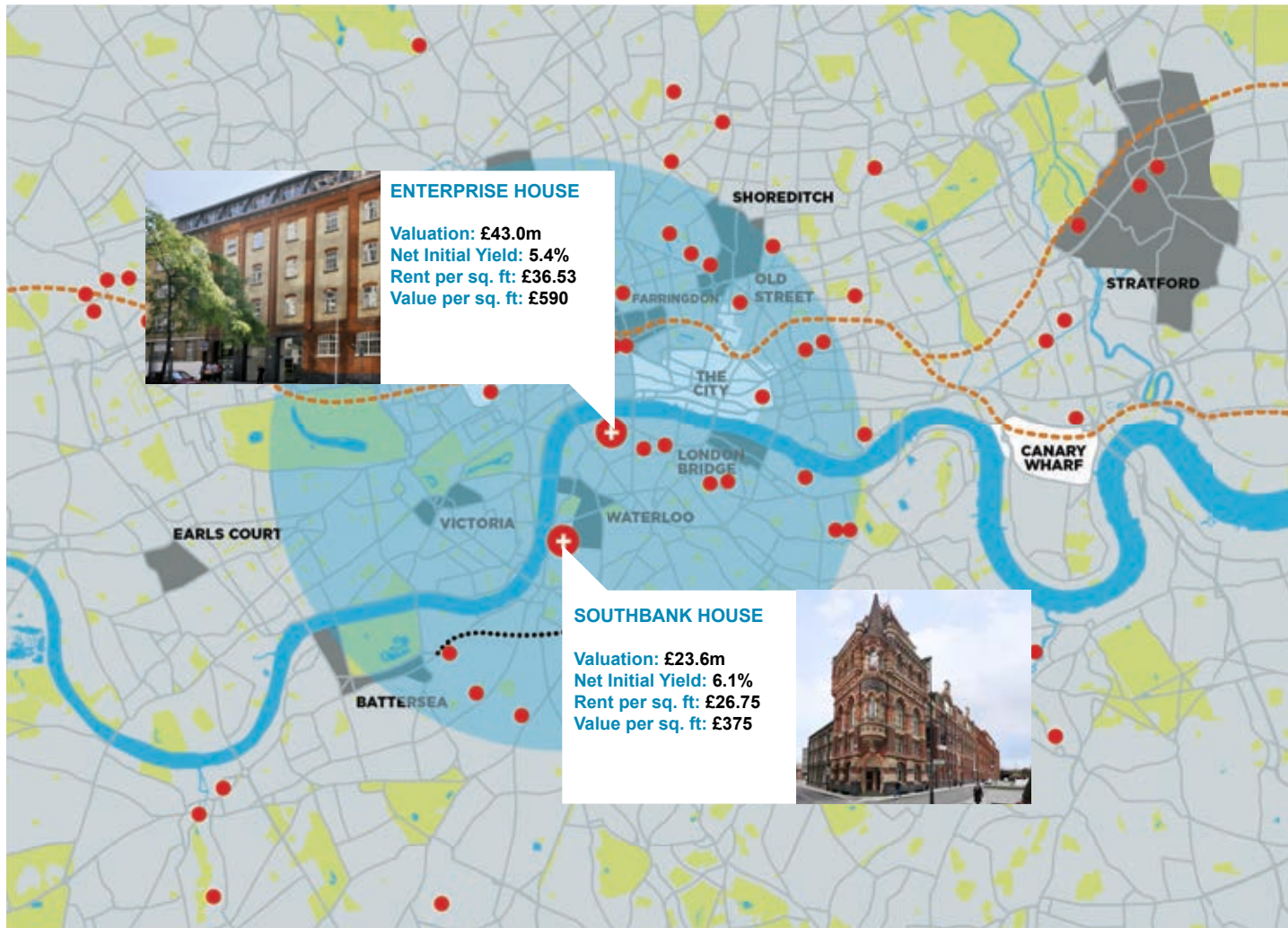
DIRECTION CAPITAL GROWTH



● Workspace Property



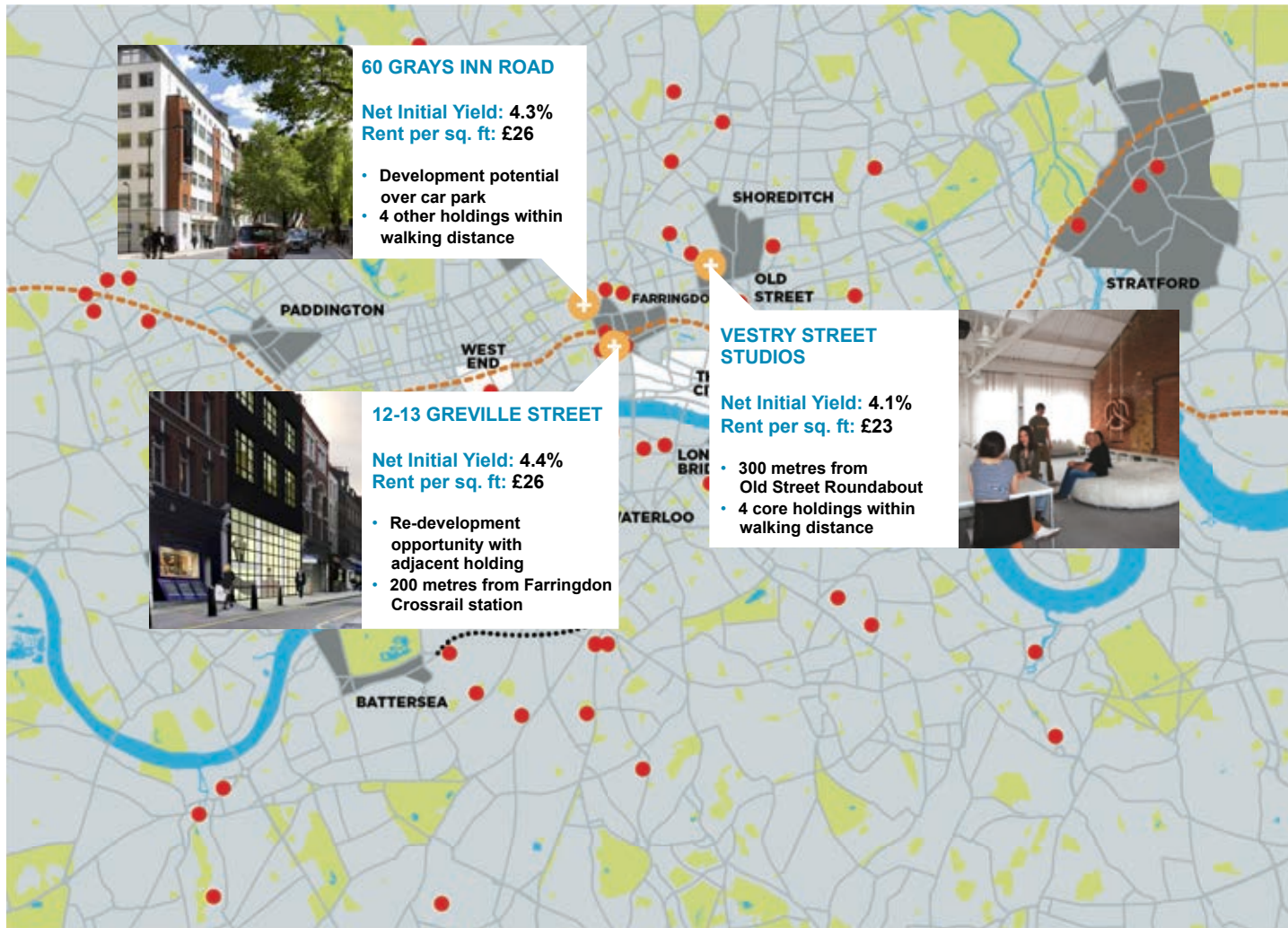
DIRECTION CAPITAL GROWTH



● Workspace Property



DIRECTION ACQUISITIONS

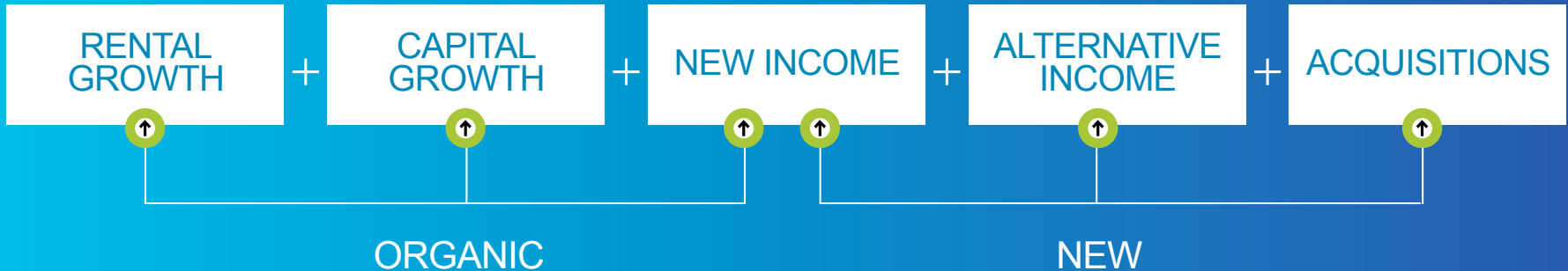


● Workspace Property



DIRECTION THE RIGHT STRATEGY

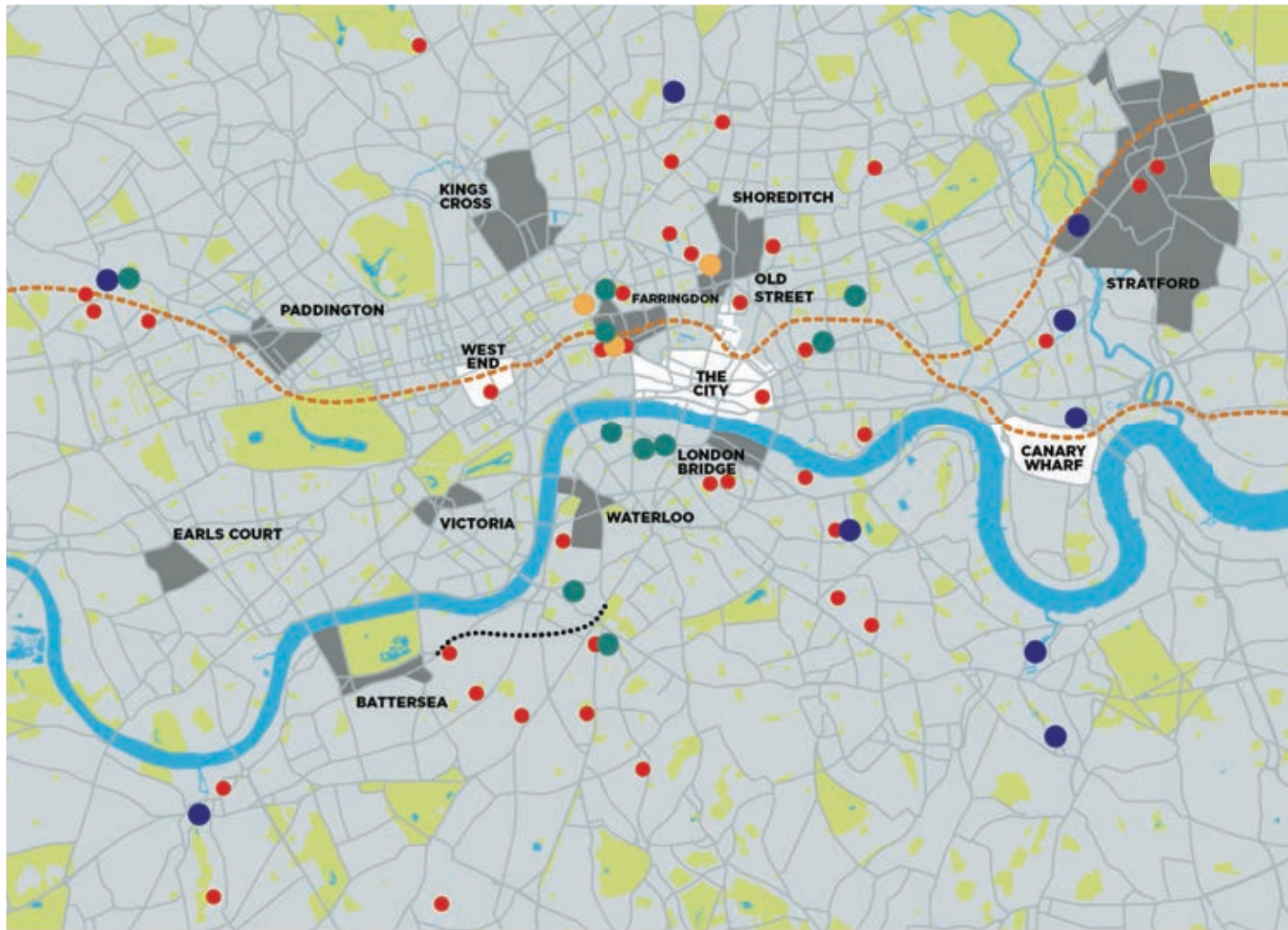
INTENSIVE
MANAGEMENT
AND DIRECT
MARKETING



POSITIONED FOR GROWTH



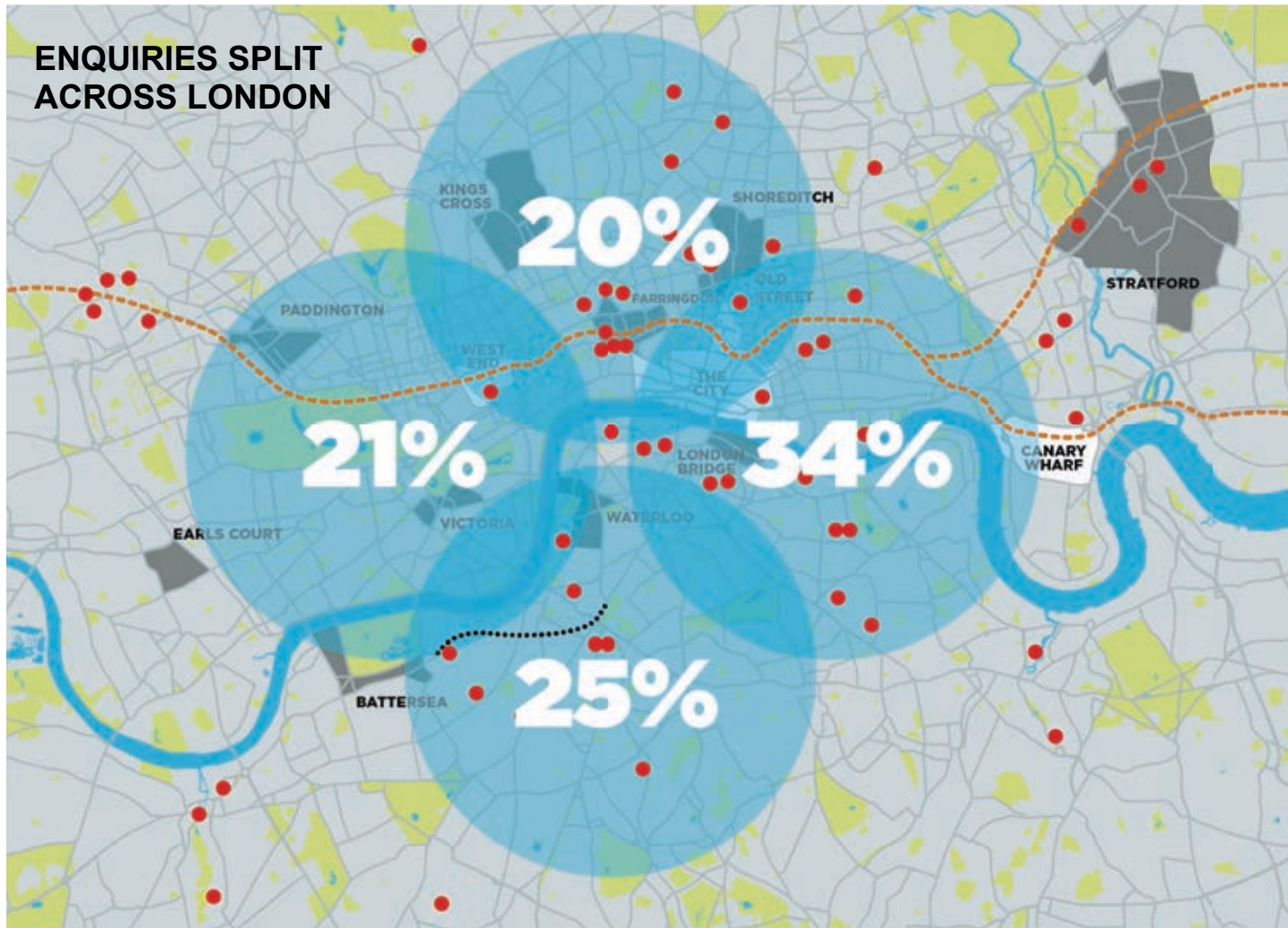
DIRECTION THE RIGHT STRATEGY



● Workspace Property ● Acquisitions ● Redevelopments ● Refurbishments



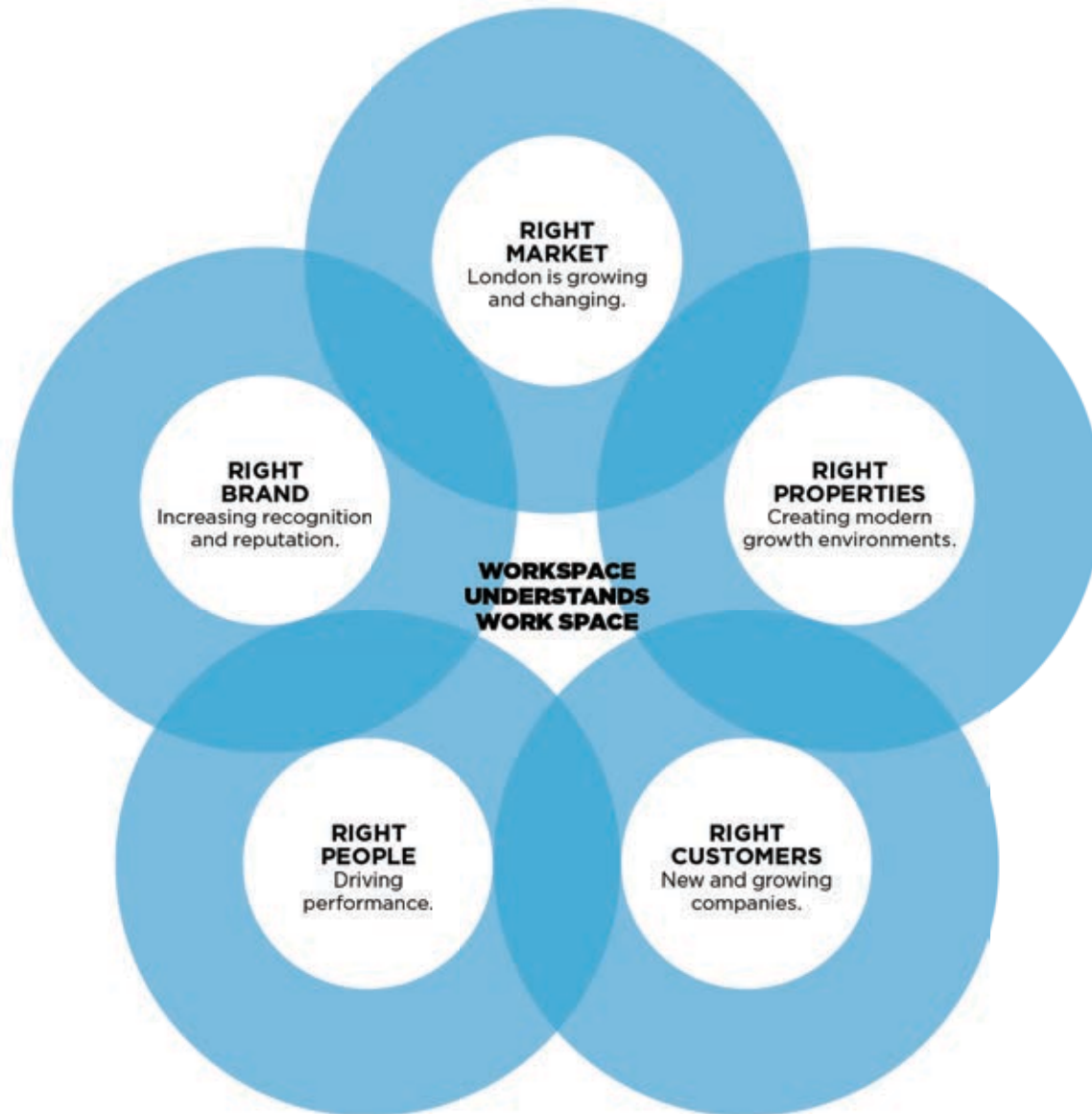
DIRECTION THE RIGHT STRATEGY



● Workspace Property



DIRECTION OUTLOOK



QUESTIONS

SUPPLEMENTARY INFORMATION



APPENDIX I

REFURBISHMENT PROJECTS

Project Stage	March 2014 Valuation	Total Cost	Cost to Complete	Estimated Completion	Unaffected area	Upgraded area	New space	Estimated ERV (Average)	Estimated Rent at 90% occupancy *	March 2014 Rent Roll *
Completed										
Canalot Studios	£17m	£5m	-	Sept 2012	-	32,702	16,268	£30	£1.3m	£1.1m
Whitechapel Technology Centre	£10m	£2m	-	Oct 2012	31,892	-	6,532	£27	£0.8m	£0.7m
Chester House (phase 2)	£16m	£2m	-	Mar 2013	27,481	-	8,903	£36	£1.1m	£1.1m
Leyton Industrial Village (phase 1)	£12m	£3m	-	Apr 2013	92,377	-	26,600	£12	£0.8m	£0.7m
Westminster Business Centre (phase 1)	£3m	£2m	-	Aug 2013	-	5,599	4,464	£28	£0.3m	£0.2m
Exmouth House	£27m	£4m	-	Aug 2013	-	52,896	5,870	£37	£2.0m	£1.8m
The Pill Box	£16m	£9m	-	Feb 2014	-	-	50,261	£24	£0.9m	£0.3m
	£101m	£27m			151,750	91,280	118,898		£7.2m	£5.9m
Current										
Metal Box Factory	£37m	£16m	£6m	Sept 2014	-	82,000	20,000	£30	£2.8m	£1.0m
Leyton Industrial Village (phase 2)	£2m	£2m	£1m	May 2014	-	-	21,000	£12	£0.2m	£0.0m
Westminster Business Centre (phase 2)	£14m	£15m	£14m	Dec 2015	46,910	-	45,000	£31	£1.9m	£0.7m
Bounds Green Industrial Estate**	£11m	£2m	£2m	Dec 2014	123,273	-	14,000	£13	£0.9m	£0.6m
Enterprise House**	£43m	£3m	£3m	Jan 2015	11,843	61,000	-	£49	£3.0m	£2.5m
Hatton Square Business Centre**	£14m	£21m	£21m	Oct 2016	-	-	64,000	£40	£2.3m	£0.9m
Barley Mow Centre**	£26m	£7m	£7m	Feb 2016	60,942	-	20,000	£32	£2.0m	£1.7m
Linton House**	£13m	£8m	£8m	Oct 2015	-	30,000	16,000	£40	£1.7m	£0.7m
	£160m	£74m	£61m		242,968	173,000	200,000		£14.8m	£8.1m

* Includes rent for unaffected areas at March 2014 rental levels

** Included in Like-for-Like properties at March 2014



APPENDIX II

REDEVELOPMENT PROJECTS

Project Stage	Development partner	March 2014 Valuation	March 2014 Rent Roll	Expected completion	Residential units	Commercial space			Other proceeds	
						No.	Area	Estimated ERV	Rent*	Cash
Contracted for sale										
The Filaments (phase 1)	Mount Anvil	£18m	-	Nov 2014	209	53,000	£22	£1.0m	-	✓
ScreenWorks	Taylor Wimpey	£21m	-	May 2014	72	61,000	£25	£1.4m	£5m	✓
Grand Union Centre	Taylor Wimpey	£21m	-	Feb 2016	145	60,000	£22	£1.2m	£6m	✓
Bow Enterprise Park (phase 1)	Peabody	£3m	-	Dec 2015	267	10,000	£12	£0.1m	£11m	✓
Bow Enterprise Park (phase 2)	Peabody	£12m	£0.1m	Dec 2016	160	3,000	£10	£0.0m	£11m	-
The Faircharm	L&Q	£16m	£0.3m	Jun 2016	148	52,000	£20	£0.9m	£10m	-
The Biscuit Factory (part)	Grosvenor	£58m	£1.4m	Oct 2016	800	47,000	£20	£0.8m	£51m	✓
Lombard House car park	Hexagon	-	-		22	-	-	-	£1m	
		£149m	£1.8m		1,823	286,000		£5.4m	£95m	£6m
With Planning										
Bow Enterprise Park (phase 3)		£9m	£0.1m		130	38,000				
Poplar Business Park		£32m	£1.1m		392	70,000				
The Filaments (phase 2)		£6m	-		77	18,000				
		£47m	£1.2m		599	126,000				
At Planning Stage (Indicative scaling)										
Marshgate					300	8,000				
Rainbow***					200	34,000				
Highway***					130	33,000				
		£20m	£1.0m		630	75,000				

* Expected Rent at 90% occupancy

** Overage valued by CBRE as at March 2014

*** Included in Like-for-Like category at March 2014



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.