

The Workspace Advantage

Investor and Analyst Presentation
6 June 2018

AGENDA



WORKSPACE

Jamie Hopkins
Chief Executive Officer

PERFORMANCE

Graham Clemett
Chief Financial Officer

DIRECTION

Jamie Hopkins
Chief Executive Officer

QUESTIONS

SUPPLEMENTARY INFORMATION



WORKSPACE

S
C
R
E
E
N
W
O
R
K
S

DOOR

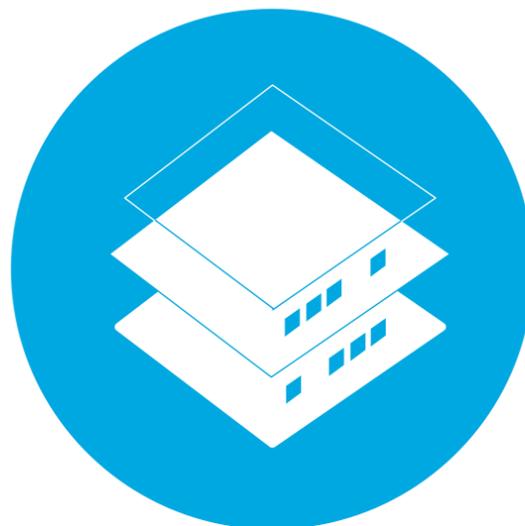
inspired
Batch Group

WORKSPACE

Performance and Growth



LIKE-FOR-LIKE



PROJECTS



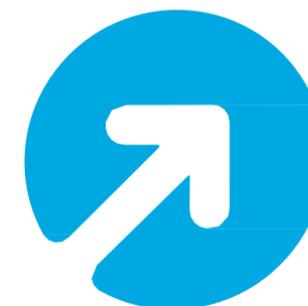
ACQUISITIONS



Strong demand



Extensive pipeline



Well positioned

Announcing a 9.96% equity placing to fund our ongoing project pipeline and targeted acquisition strategy

Active Management	March 2018	March 2017		Change
Rent Roll (lfl)	£65.9m	£60.7m	↑	8.6%
Rent per sq. ft. (lfl)	£35.50	£33.00	↑	7.6%
Enquiries (per month)	1,016	1,060	↓	4.2%
Occupancy (lfl)	91.6%	90.8%	↑	0.8%
Property Valuation	£2,280m	£1,844m	↑	5.0%*
Capital Value per sq. ft. (lfl)	£549	£506	↑	8.5%
EPRA NAV (per share)	£10.37	£9.53	↑	8.8%

Strong Operating Growth

Adjusted Trading Profit after interest	£60.7m	£50.7m	↑	20%
Total Dividend (per share)	27.39p	21.07p	↑	30%

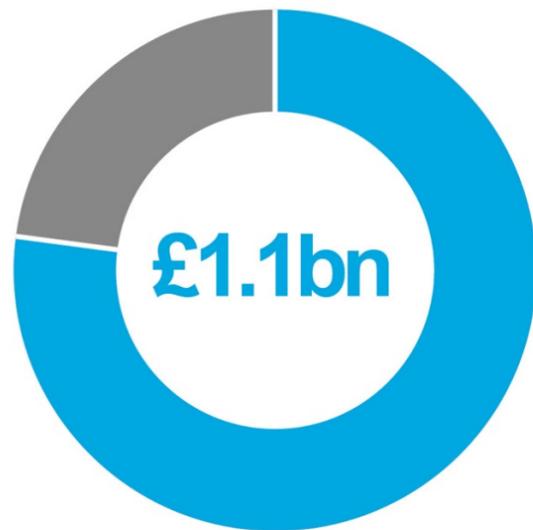
* Underlying

WORKSPACE

Portfolio Evolution



March 2014



- Core portfolio
- Industrial/non-core

Key statistics

Total Rent Roll	£58.3m
Trading Profit	£20.5m
Net Debt	£338m
Loan to Value	31%

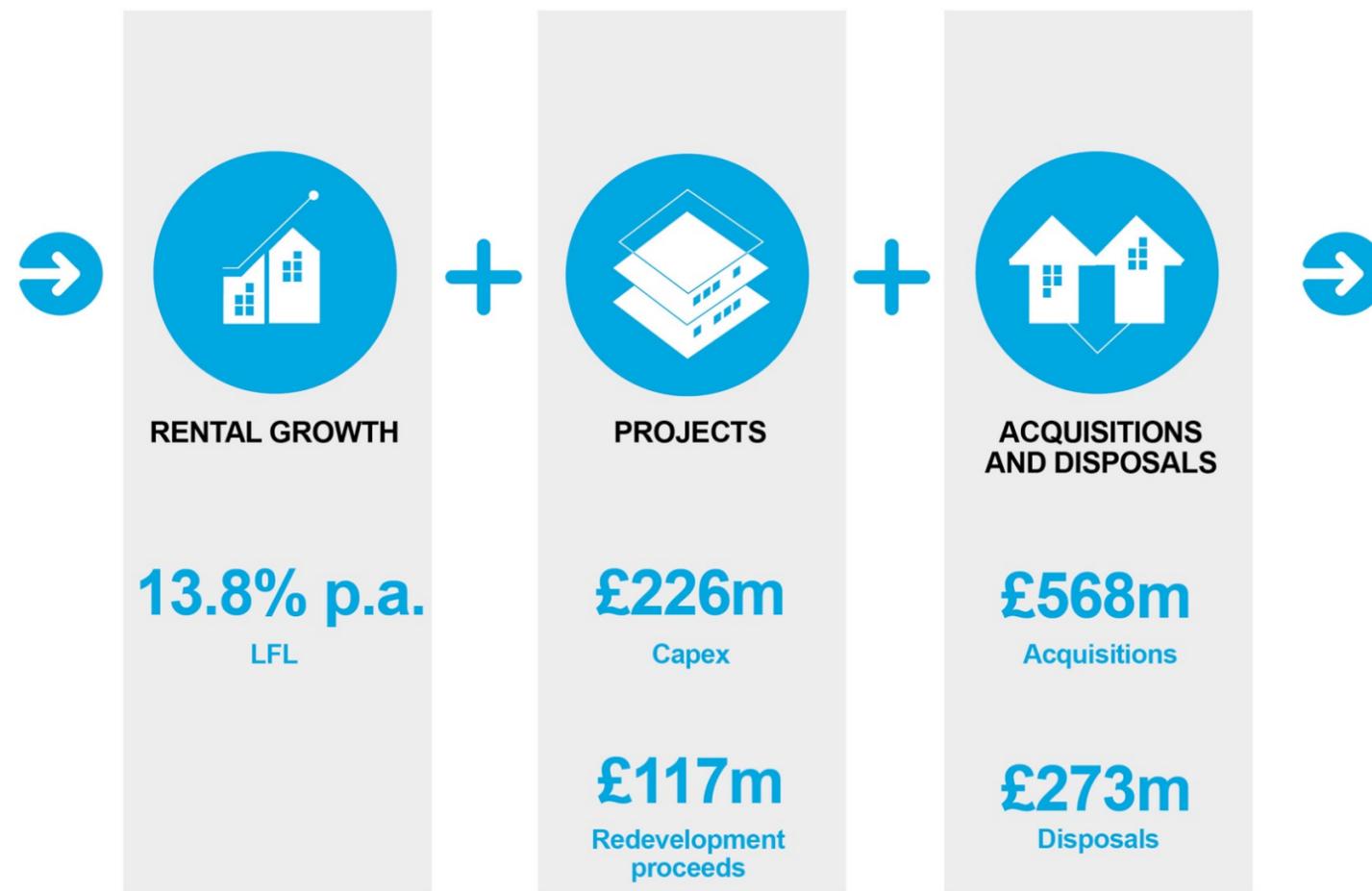
March 2018



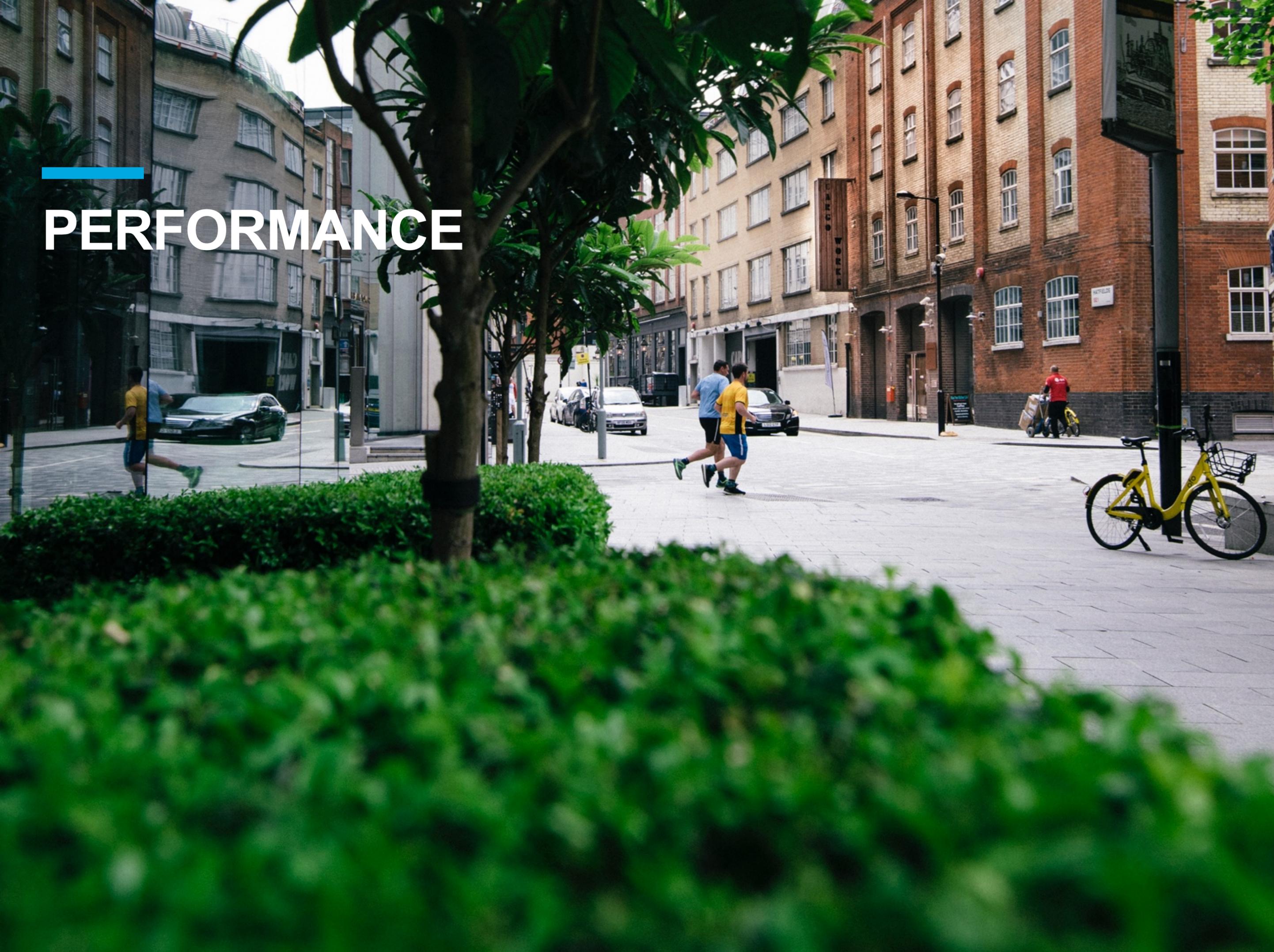
- Core portfolio

Key statistics

Total Rent Roll	£112.9m
Trading Profit	£60.7m
Net Debt	£517m
Loan to Value	23%



PERFORMANCE



PERFORMANCE

Income Statement



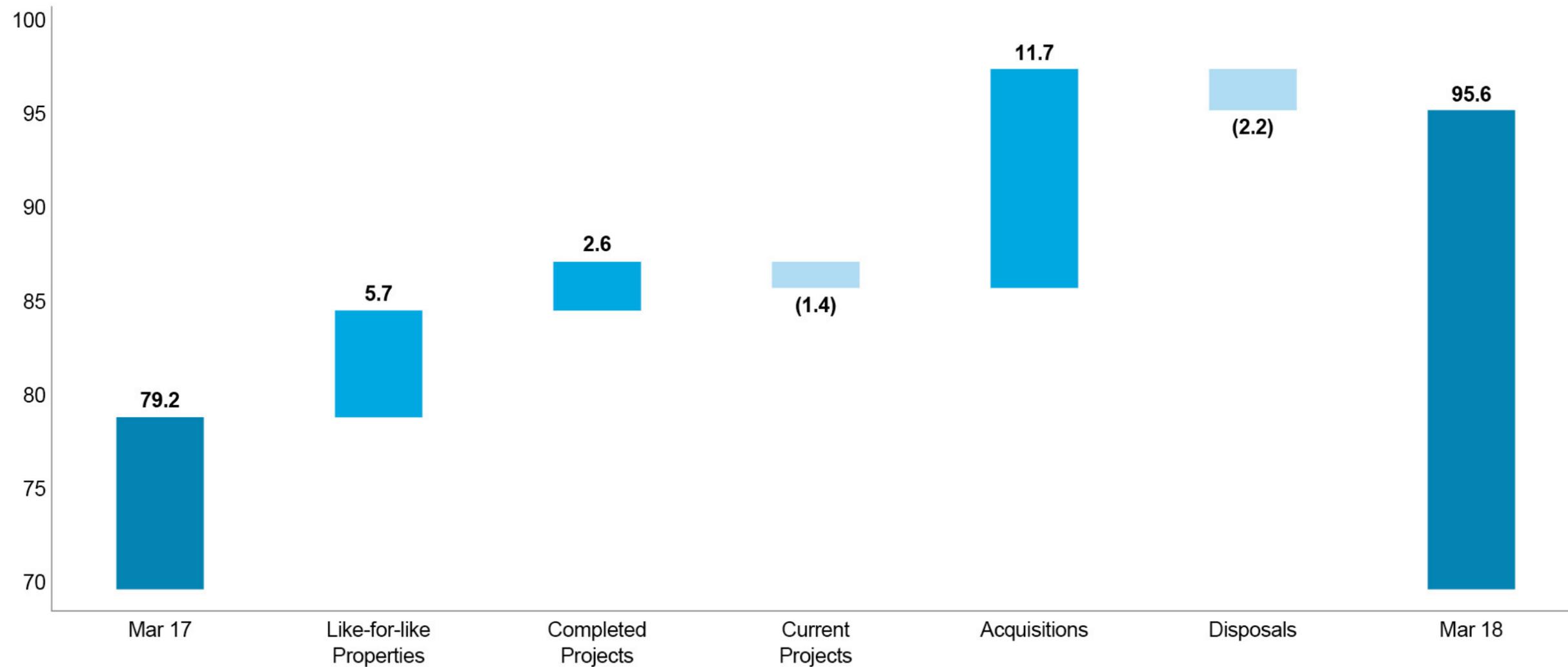
£m	March 2018	March 2017	Change
Net Rental Income	95.6	79.2	+21%
Joint Venture Income	–	0.3	
Administrative Expenses	(16.1)	(15.1)	+7%
Net Finance Costs	(18.8)	(13.7)	+37%
Adjusted Trading Profit after Interest	60.7	50.7	+20%
Investment Property Surplus	82.5	39.5	
Profit on Sale of Investment Properties	26.6	(0.6)	
Other items	0.6	(0.8)	
Profit Before Tax	170.4	88.8	
Underlying Earnings Per Share	36.8p	30.6p	+20%
Total Dividend Per Share	27.39p	21.07p	+30%
Dividend Cover	1.34x	1.45x	

PERFORMANCE

Net Rental Income



Net rental income (£m)

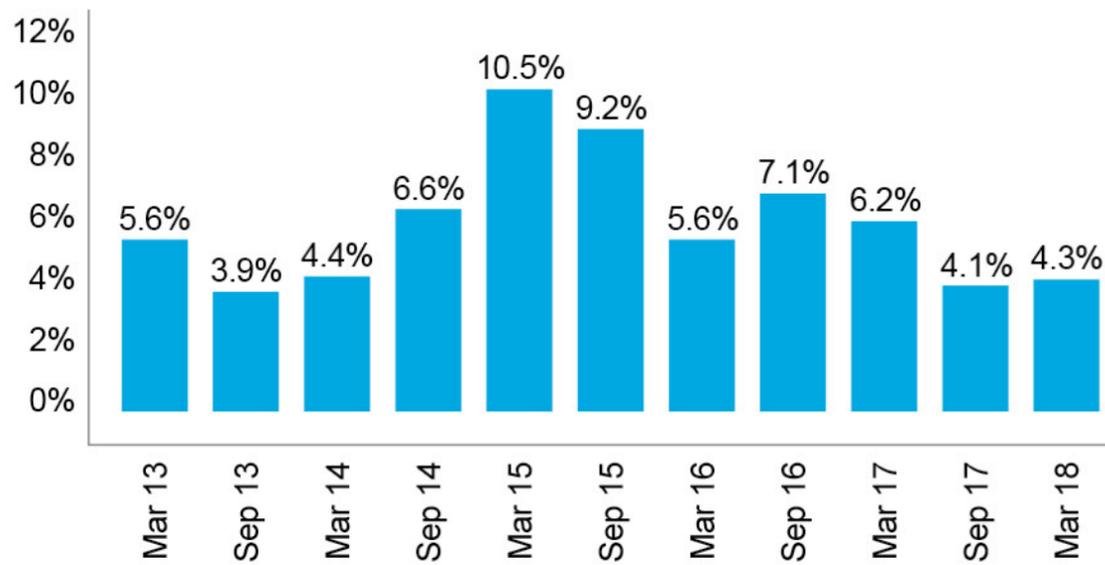


PERFORMANCE

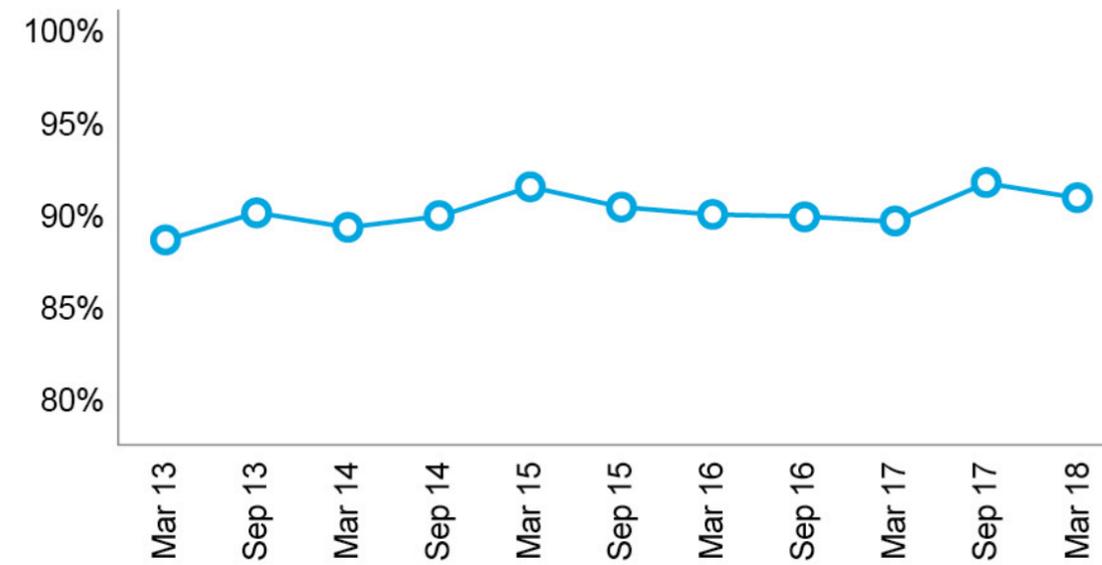
Like-for-like Properties



Rent Roll Growth

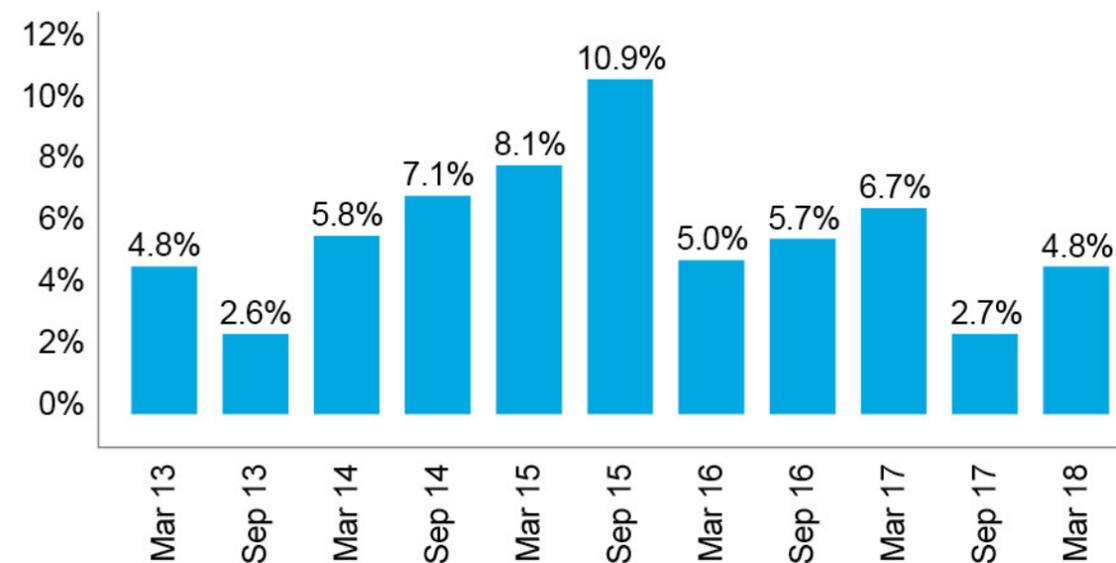


Occupancy



- Represents 58% of total rent roll
- Occupancy up 0.8% to 91.6%
- Rent per sq. ft. up 7.6% to £35.50
- CBRE ERV per sq. ft. up 5.9% to £39.80

Rent per sq. ft. Growth

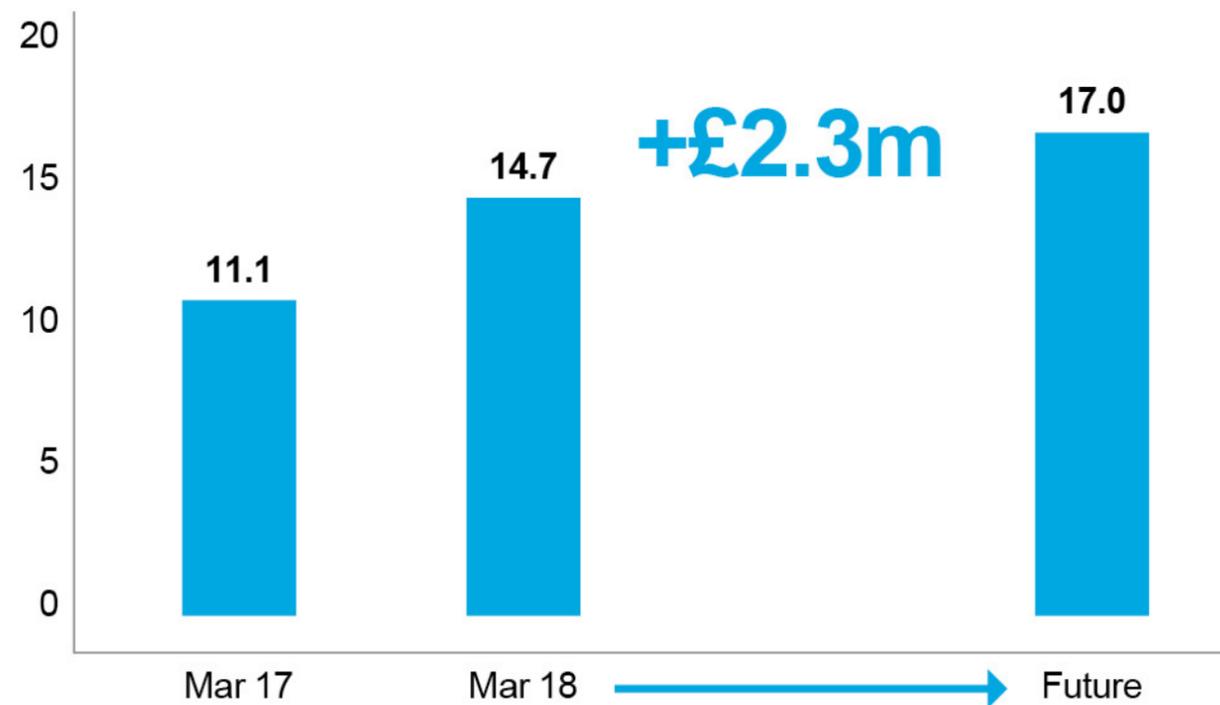


PERFORMANCE

Completed Projects



Rent Roll (£m)



- Represents 13% of total rent roll
- 389,000 sq. ft. of new and upgraded space
- 32% increase in rent roll over the last year

The Leather Market – refurbishment completed August 2017



Note:

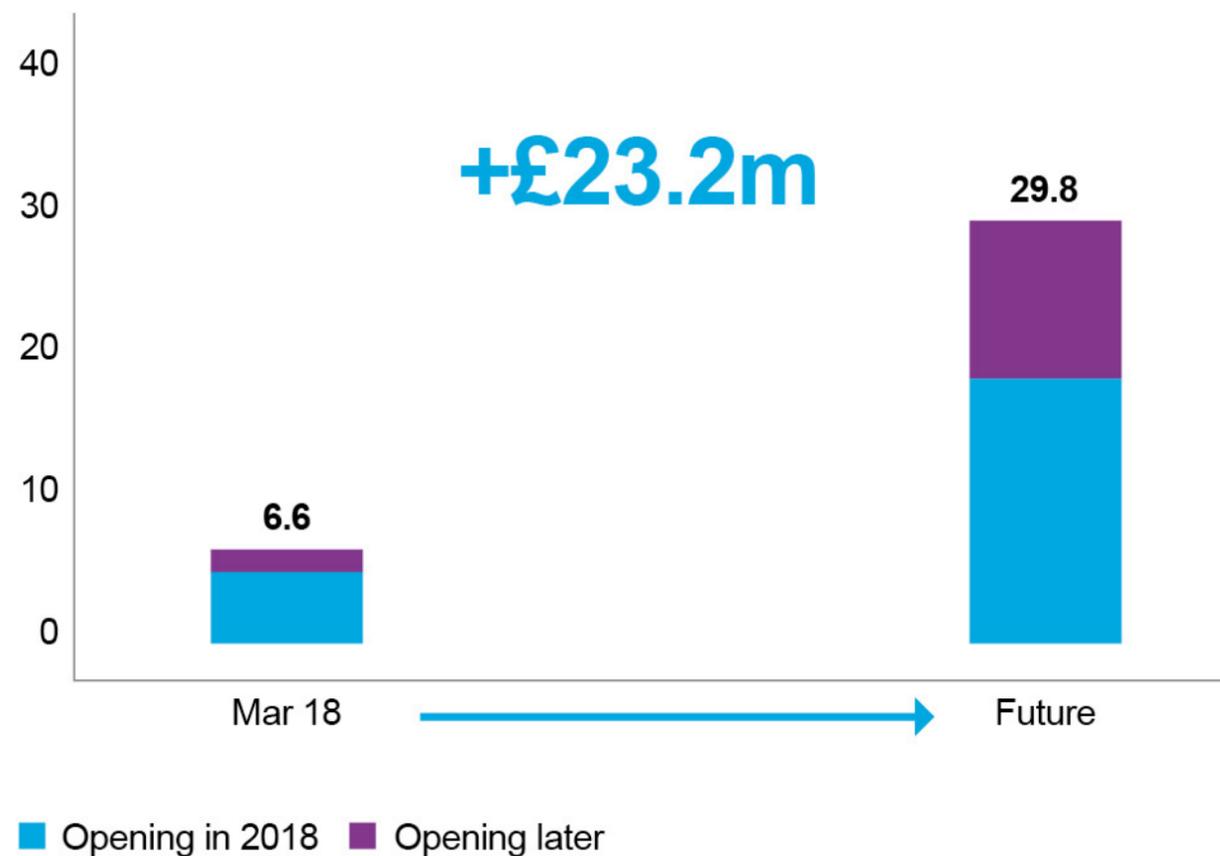
- Future rents based on the assumptions set out in Appendices 1 & 2

PERFORMANCE

Projects Underway



Rent Roll (£m)



Notes:

- Future rents based on the assumptions set out in Appendices 1 & 2
- Excludes projects at design stage

- Currently represents 6% of total rent roll
- 16 projects underway delivering 773,000 sq. ft. of new and upgraded space
- 9 projects completing during 2018, including 4 new buildings

Edinburgh House – opening Summer 2018

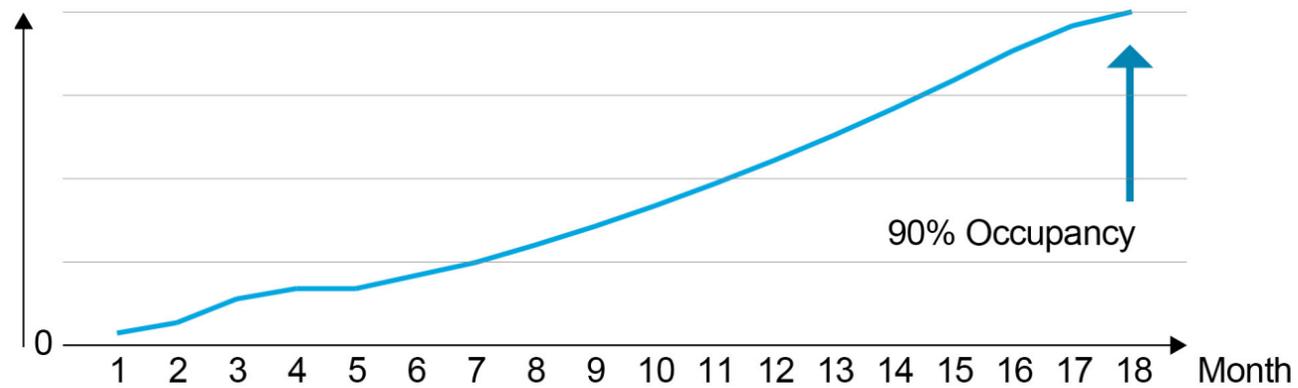


PERFORMANCE

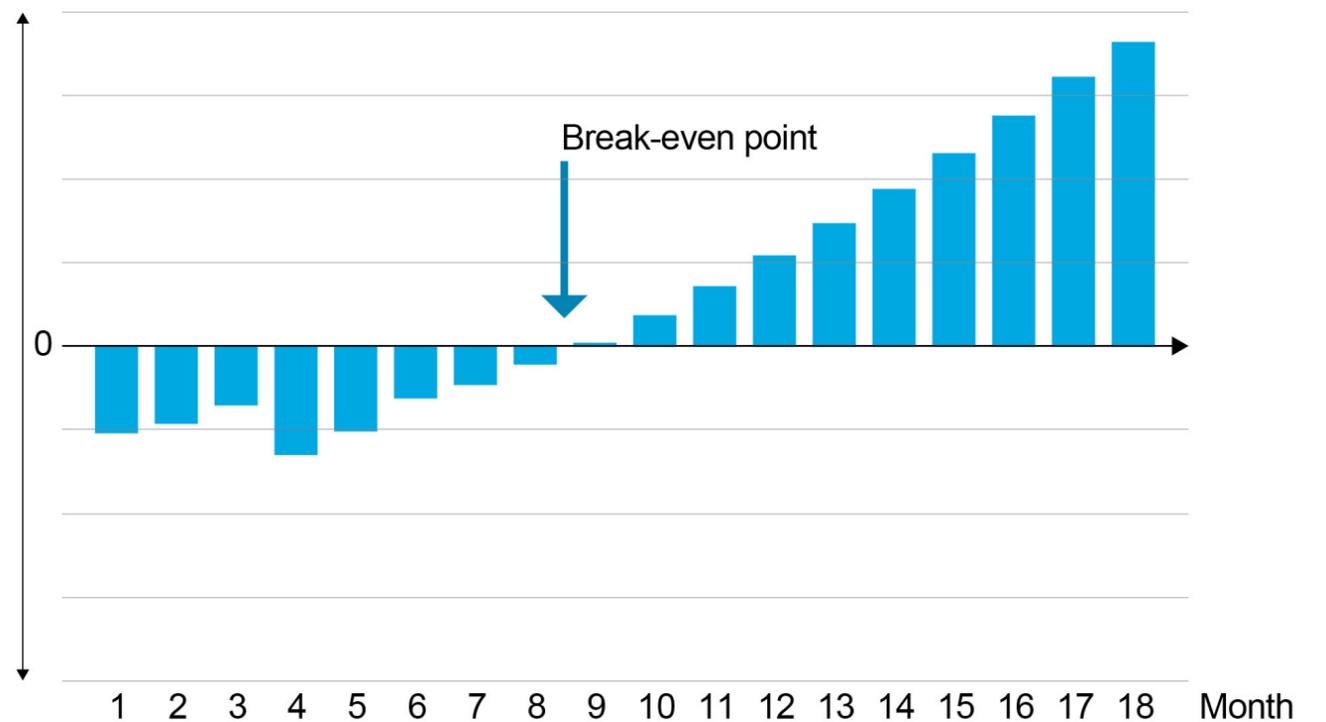
Projects Underway



Annualised Rent Roll



Monthly Net Rental Income



- Typical phasing of rent roll and net rental income at a new building
- Net rental income at low occupancy levels impacted by unrecovered service charge and empty rates

Note:

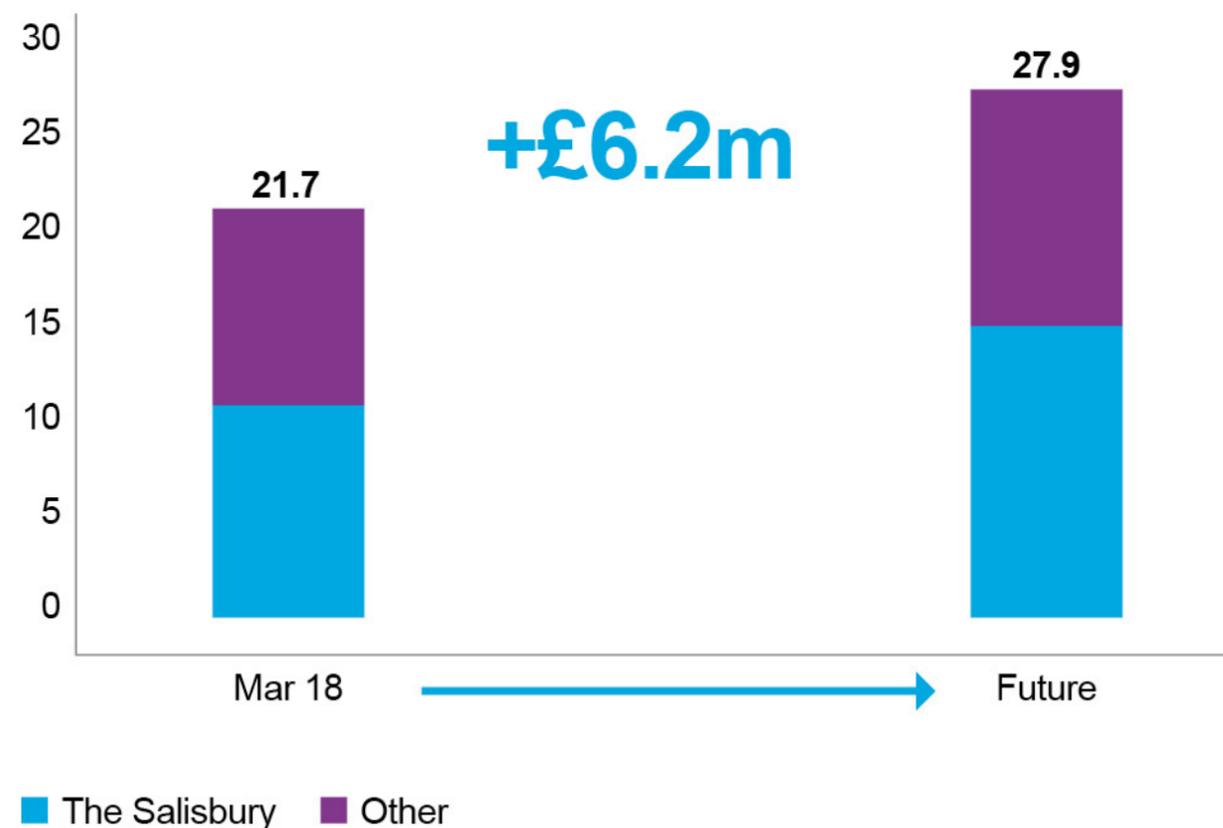
- Example Rent Roll and Net Rental Income profiles for illustrative purposes only

PERFORMANCE

Acquisitions



Rent Roll (£m)



- Represents 19% of total rent roll
- Fitzroy Street and Alexandra House let to single occupiers until 2020 and 2021 respectively
- The Salisbury and Centro Buildings to be progressively repositioned as business centres

The Salisbury – acquired June 2017



Notes:

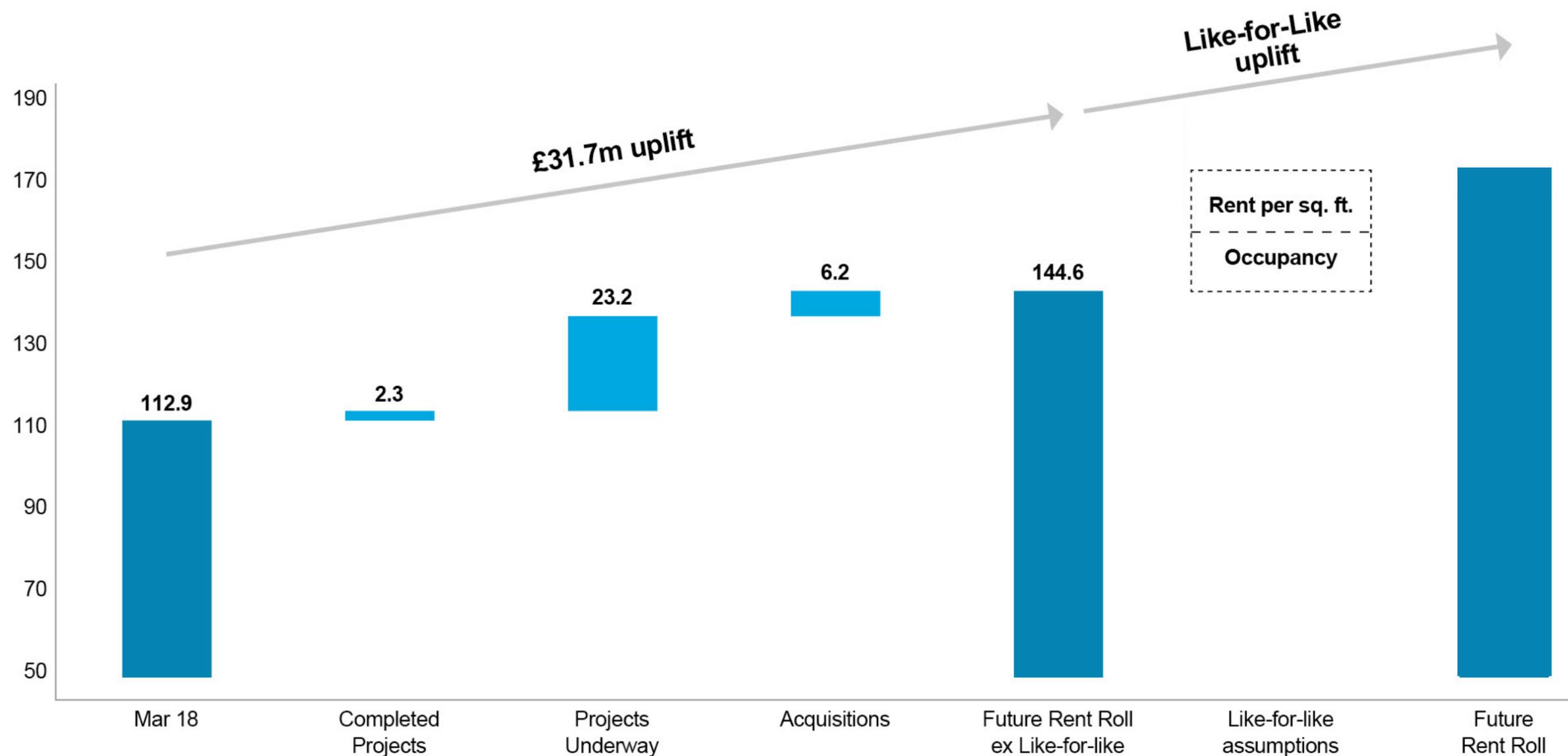
- Future rents are based on CBRE estimated rental values at 31 March 2018 at 90% occupancy
- Ground rent at The Salisbury is 22% of rents received
- Excludes Centro 1 & 2 acquired in April 2018

PERFORMANCE

Future Rent Roll Growth



Rent Roll (£m)



Notes:

- Not a profit forecast, for illustrative purposes only
- Future rents for projects based on the assumptions set out in Appendices 1 & 2
- Excludes projects at the design stage

PERFORMANCE

Cash Flow



£m	March 2018		March 2017	
Trading				
Net Cash from Operations after Interest	74		53	
Dividends Paid	(37)	37	(27)	26
Investment				
Capital Expenditure	(74)		(58)	
Purchase of Investment Properties	(370)		(11)	
Property Disposals	128	(312)	8	8
Capital Receipts	9		23	
Other	(5)		46	
Net Movement		(275)		34
Opening Net Debt		(242)		(276)
Closing Net Debt		(517)		(242)

PERFORMANCE

Balance Sheet



£m	March 2018	March 2017
Investment Property Valuation	2,280	1,844
Net Debt	(517)	(242)
Other	(50)	(23)
Net Assets	1,713	1,579
Equivalent Yield (LFL)	6.5%	6.6%
Net Initial Yield (LFL)	5.4%	5.5%
EPRA NAV per Share	£10.37	£9.53
Loan to Value*	23%	13%

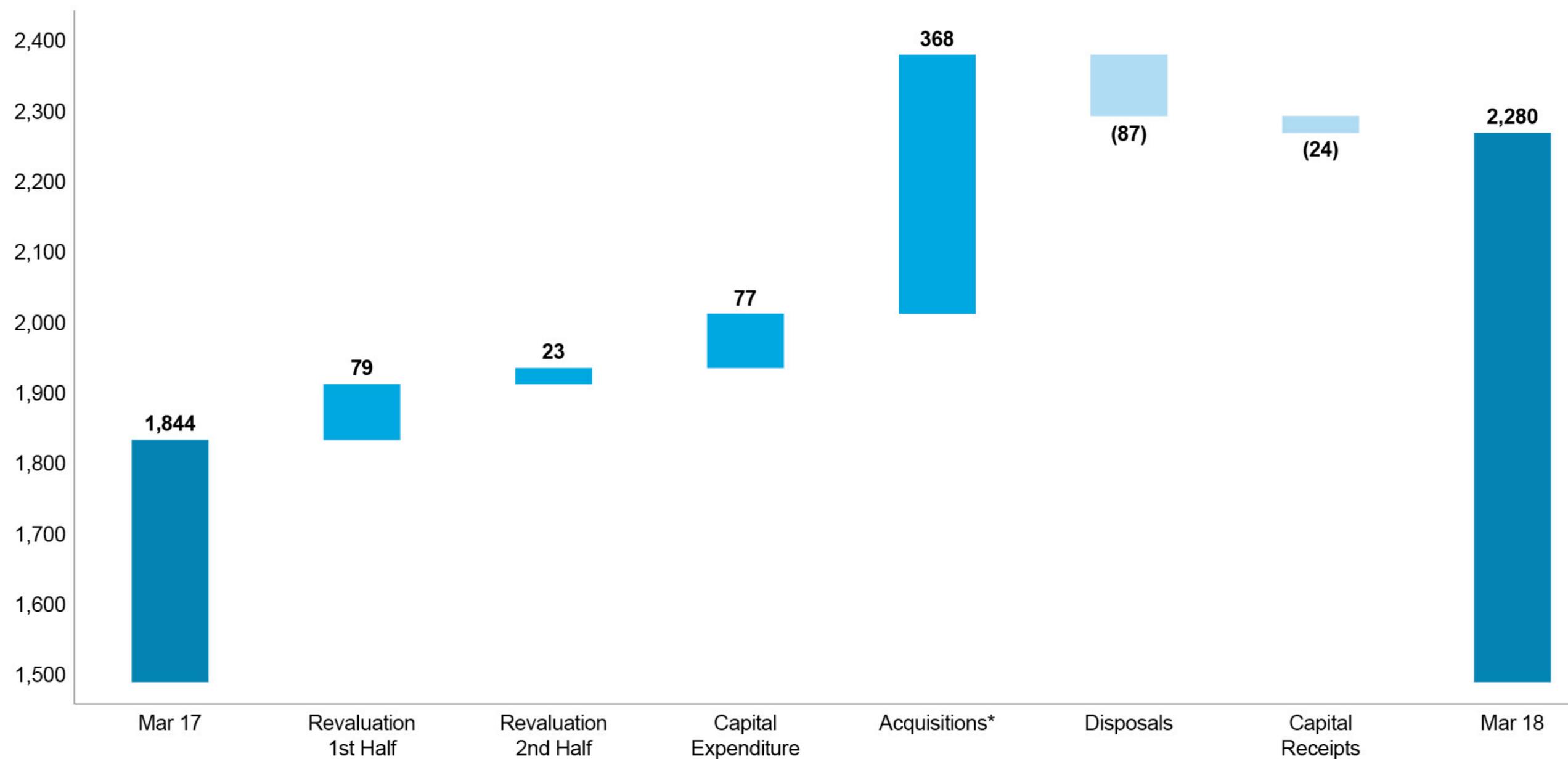
* Proforma Loan to Value increases to 25% following acquisition of Centro 1 & 2 in April 2018

PERFORMANCE

Property Valuation



Property Valuation (£m)



* Net of costs

PERFORMANCE

Revaluation



	Valuation	Uplift/(Deficit)	Main components	
Like-for-like	£1,112m	£73m	<ul style="list-style-type: none"> ERV per sq. ft. up 5.9% Equivalent Yield in 0.1% 	<ul style="list-style-type: none"> £61m £12m
Completed Projects	£290m	£25m	<ul style="list-style-type: none"> The Leather Market The Record Hall 	<ul style="list-style-type: none"> £10m £9m
Current Refurbishments	£308m	£9m	<ul style="list-style-type: none"> The Light Box Southbank House Edinburgh House 	<ul style="list-style-type: none"> £5m £3m £3m
Current Redevelopments	£187m	£(4)m	<ul style="list-style-type: none"> Rainbow Industrial Estate Affordable housing assumption Arches Marshgate 	<ul style="list-style-type: none"> £(8)m £(8)m £4m £4m
Acquisitions	£383m	£(1)m*		
Total	£2,280m	£102m		

* Excludes acquisition costs of £14m

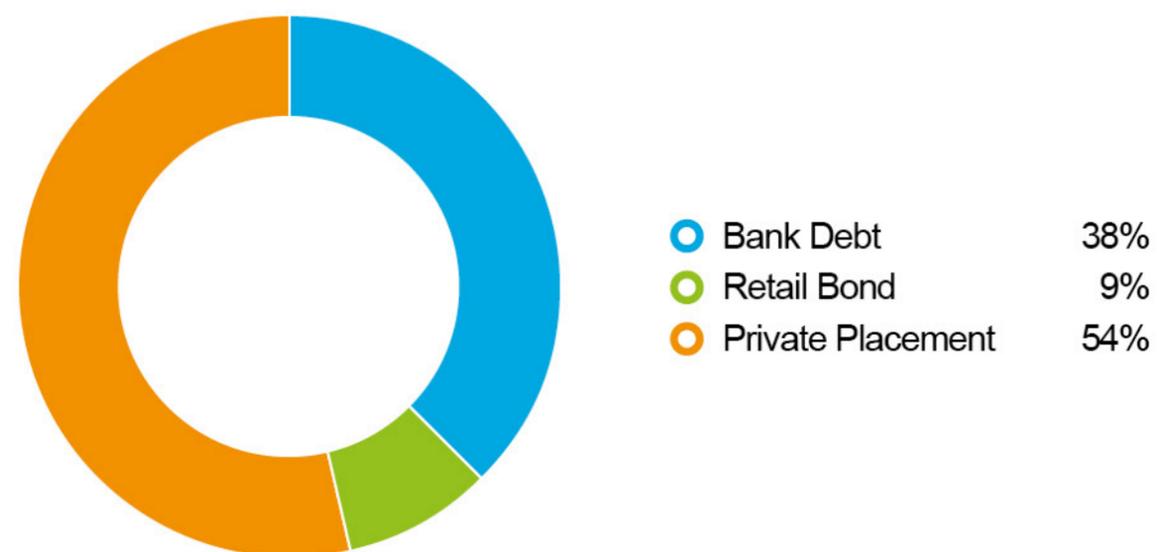
PERFORMANCE

Debt

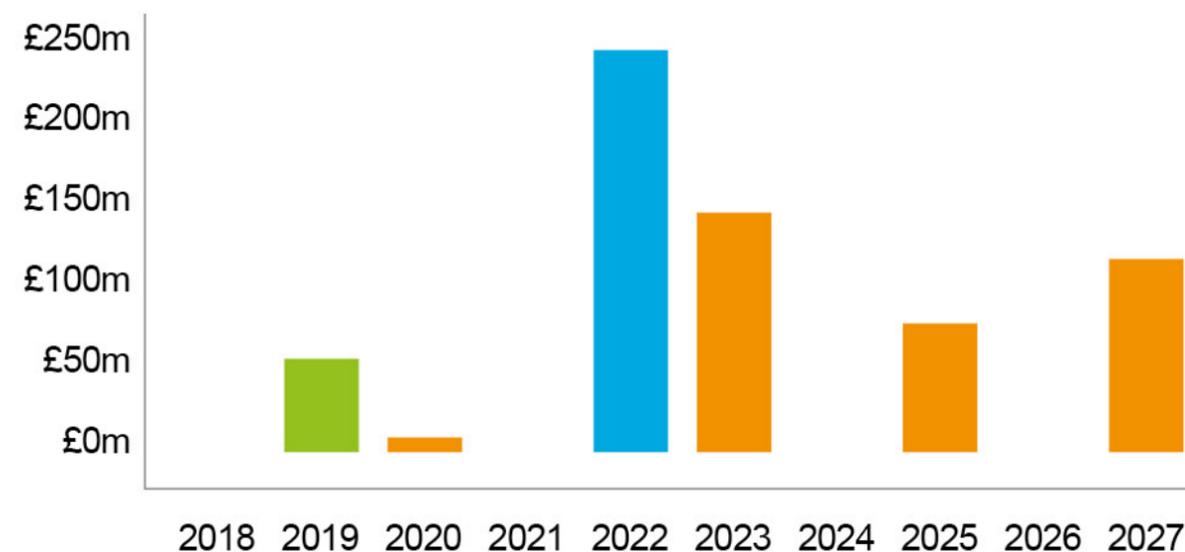


	March 2018	March 2017
Net Debt	£517m	£242m
Average Interest Cost	4.3%	5.2%
Undrawn Revolver Facilities	£148m	£123m
Marginal Cost (undrawn facilities) over LIBOR	1.5%	1.4%
Average Period to Maturity	5.5 years	5.2 years

Facilities By Type (%)



Maturity Profile (£m)



DIRECTION



Centro 4
WAREHOUSE OFFICES
6,000 sq ft
EDWARD CHARLES
& PARTNERS W1
CHARTERED SURVEYORS
020 7009 2300
www.edwardcharles.co.uk

Parking For
Permit Holders
Only

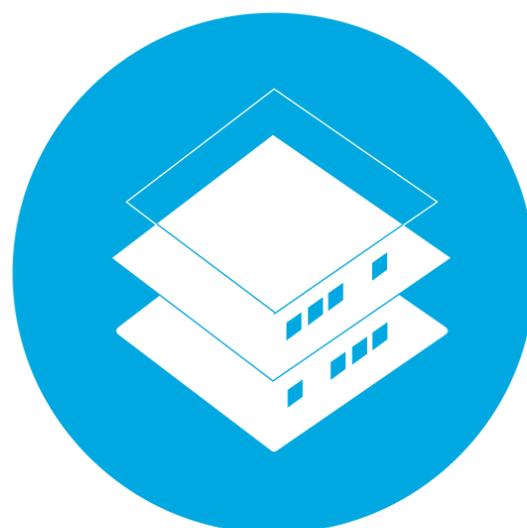
Parking For
Permit Holders
Only

DIRECTION

Performance and Growth



LIKE-FOR-LIKE



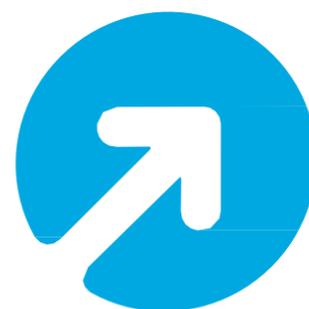
PROJECTS



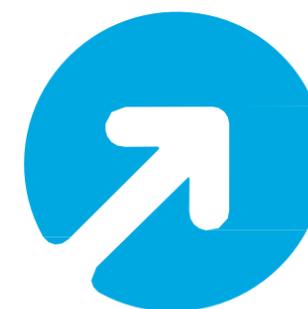
ACQUISITIONS



Strong demand



Extensive pipeline



Well positioned

DIRECTION Demand



238,868

Website page views per month

95,336

Website visits per month

1,016

Customer enquiries per month

565

Customer viewings per month

317

Offer letters per month

93

New lettings per month

90%

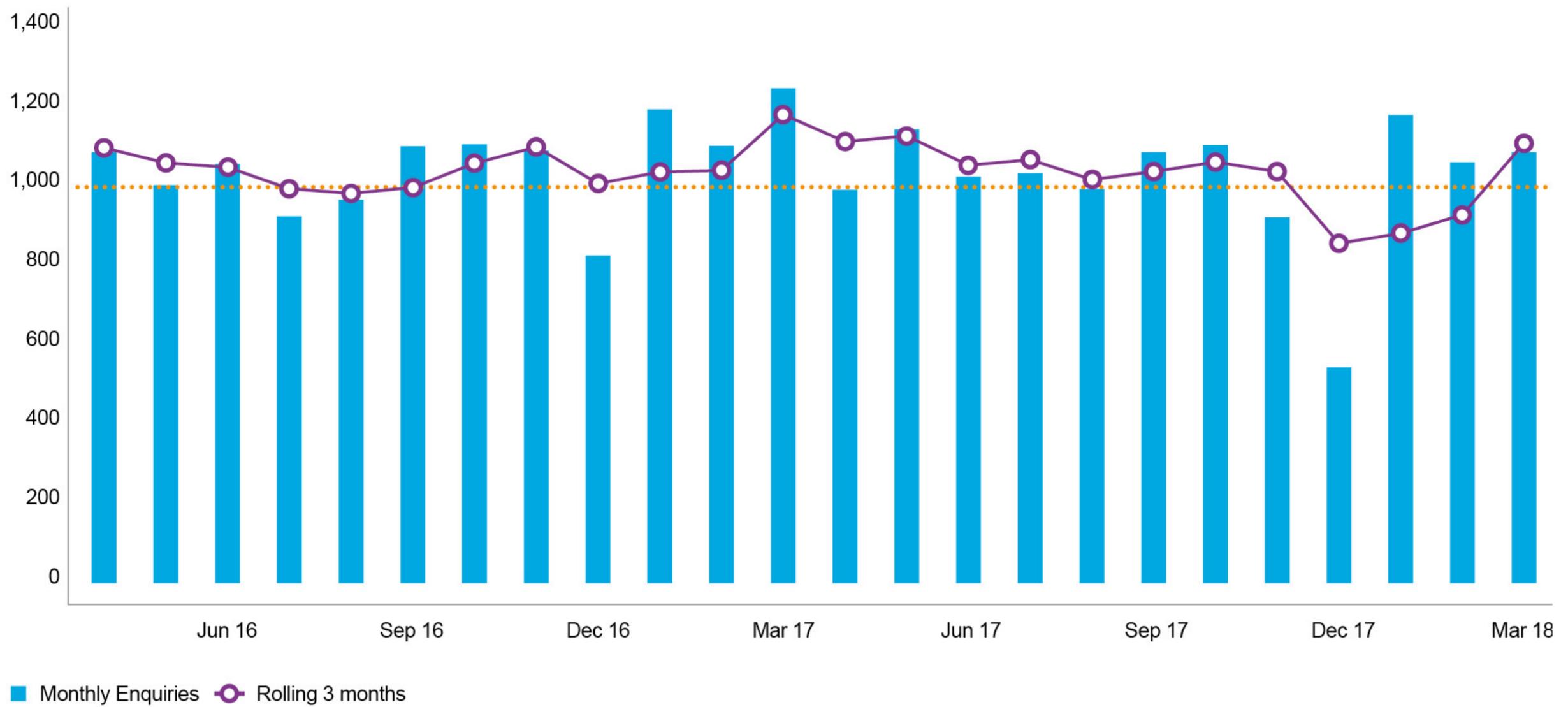
Customer advocacy score

43

Renewals per month

DIRECTION

Demand

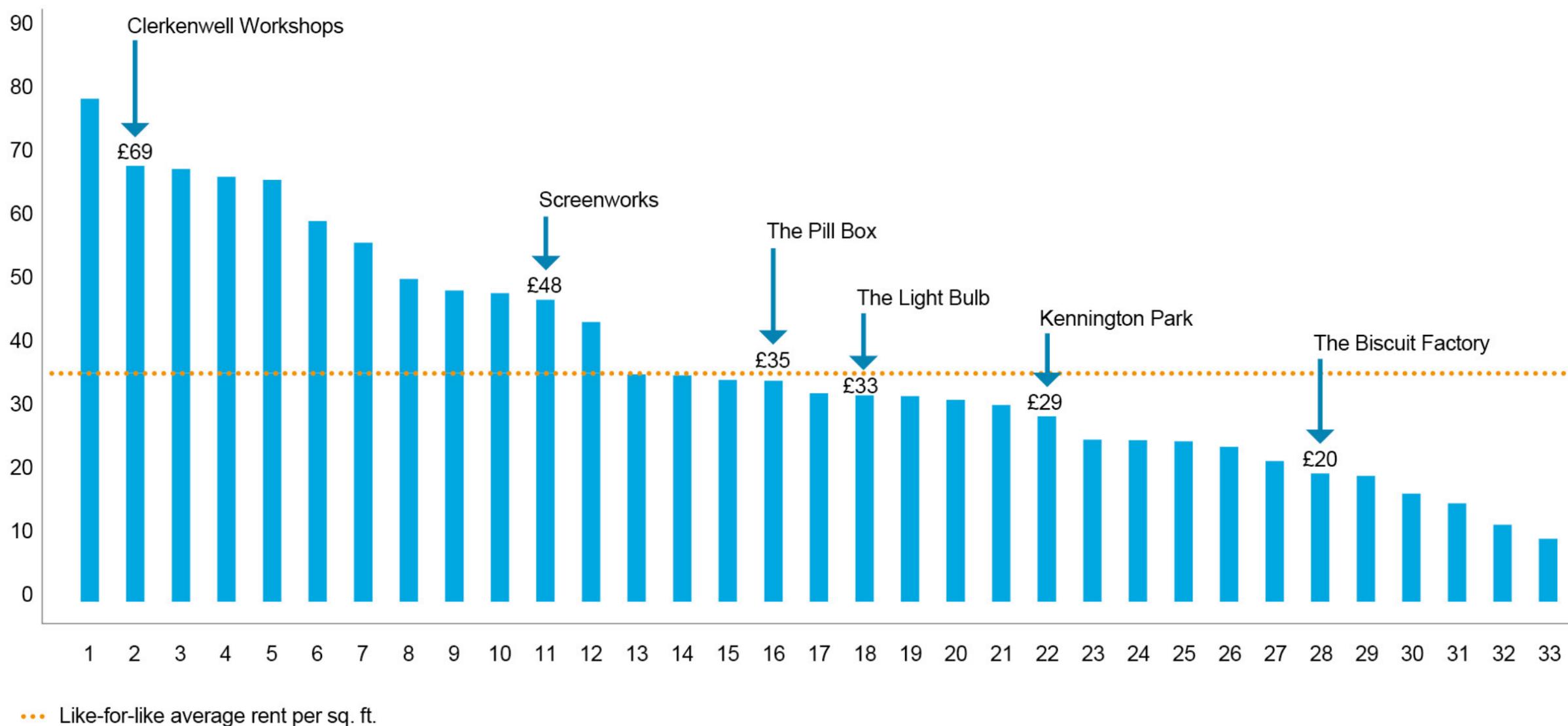


DIRECTION

Like-for-like



Rent per sq. ft. (£)

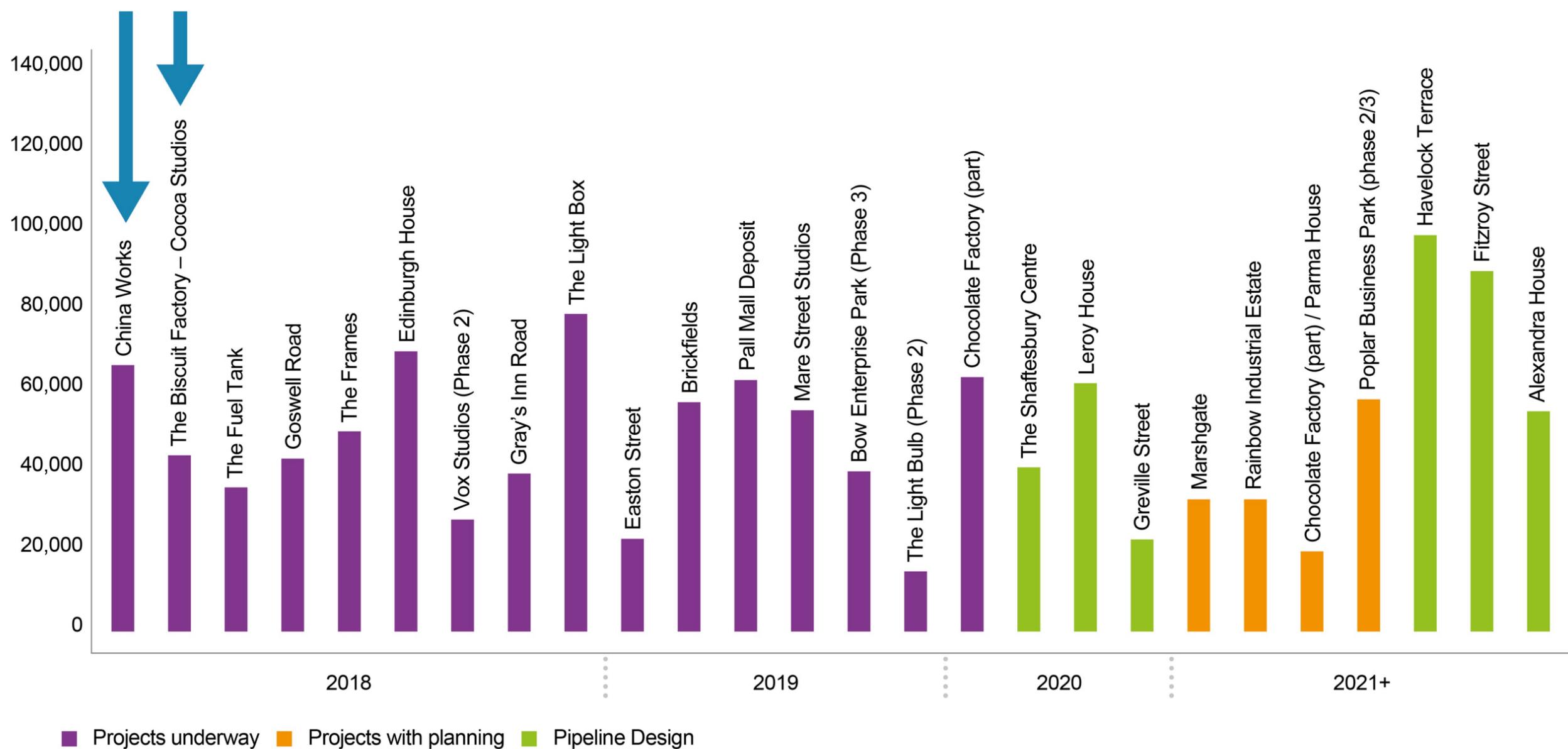


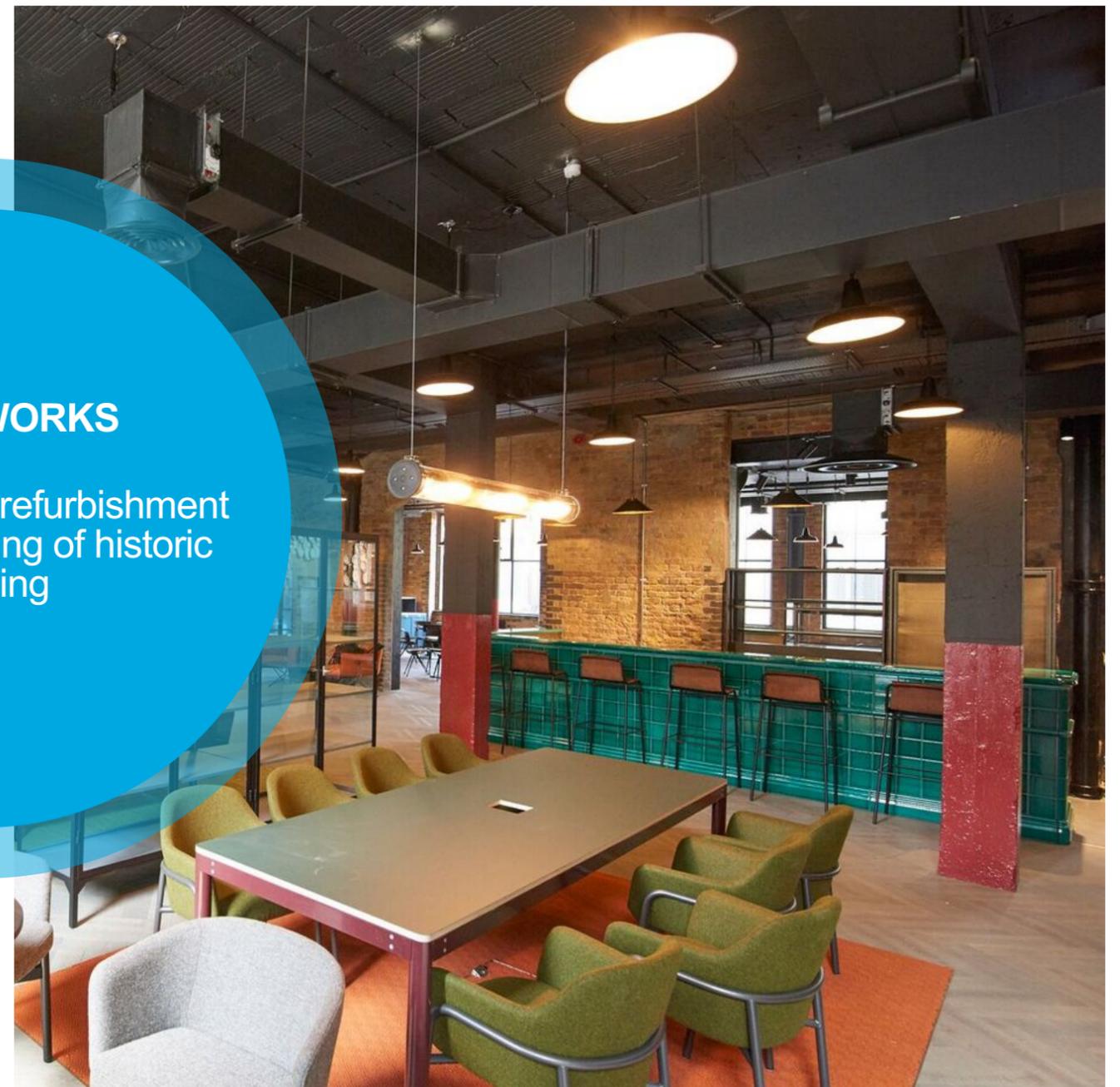
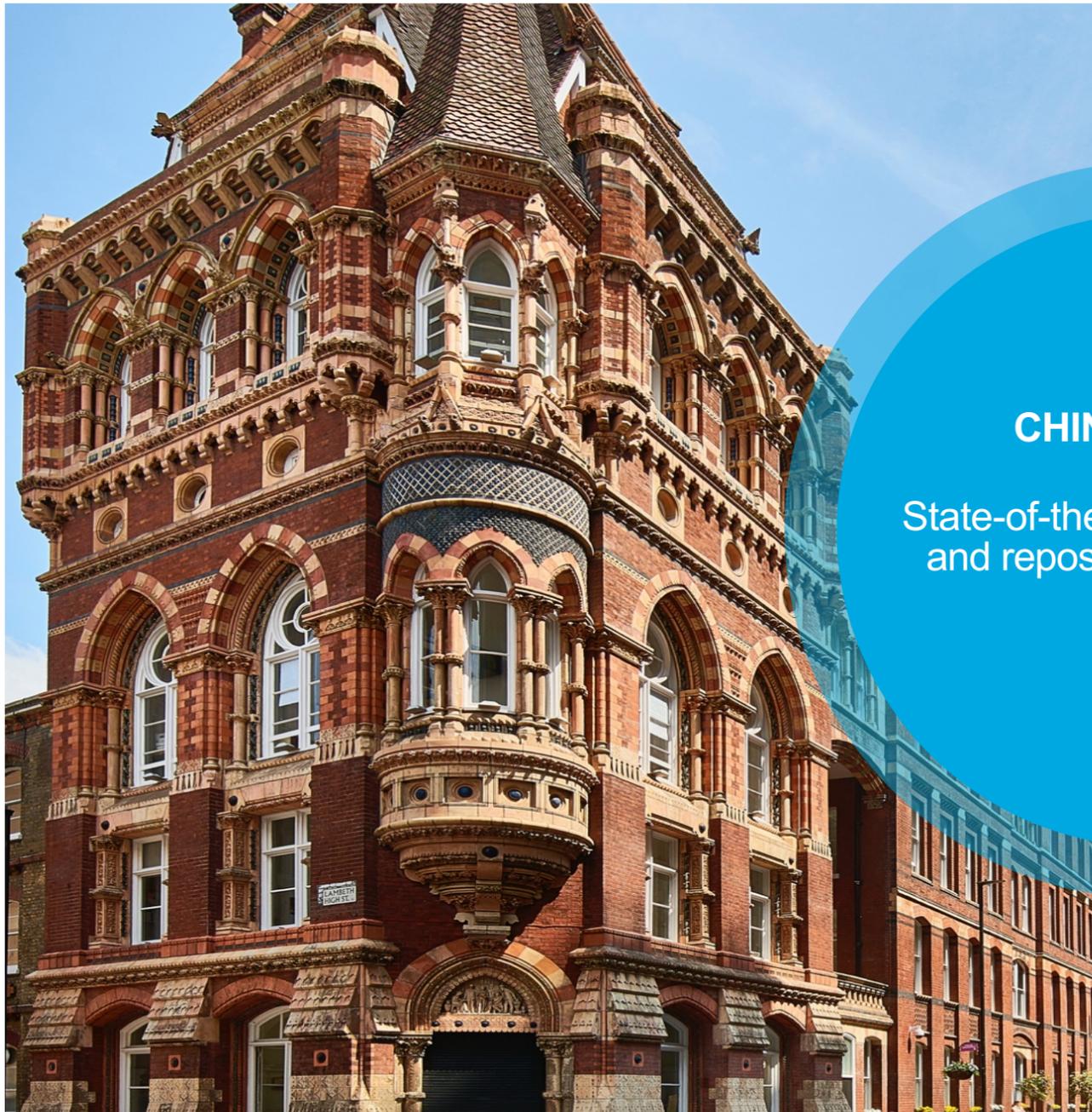
DIRECTION

Projects



Project Pipeline (sq. ft.)





CHINA WORKS
State-of-the-art refurbishment
and repositioning of historic
building



WORKSPACE

Acquisitions



**CENTRO
BUILDINGS
CAMDEN**

WORKSPACE

Acquisitions

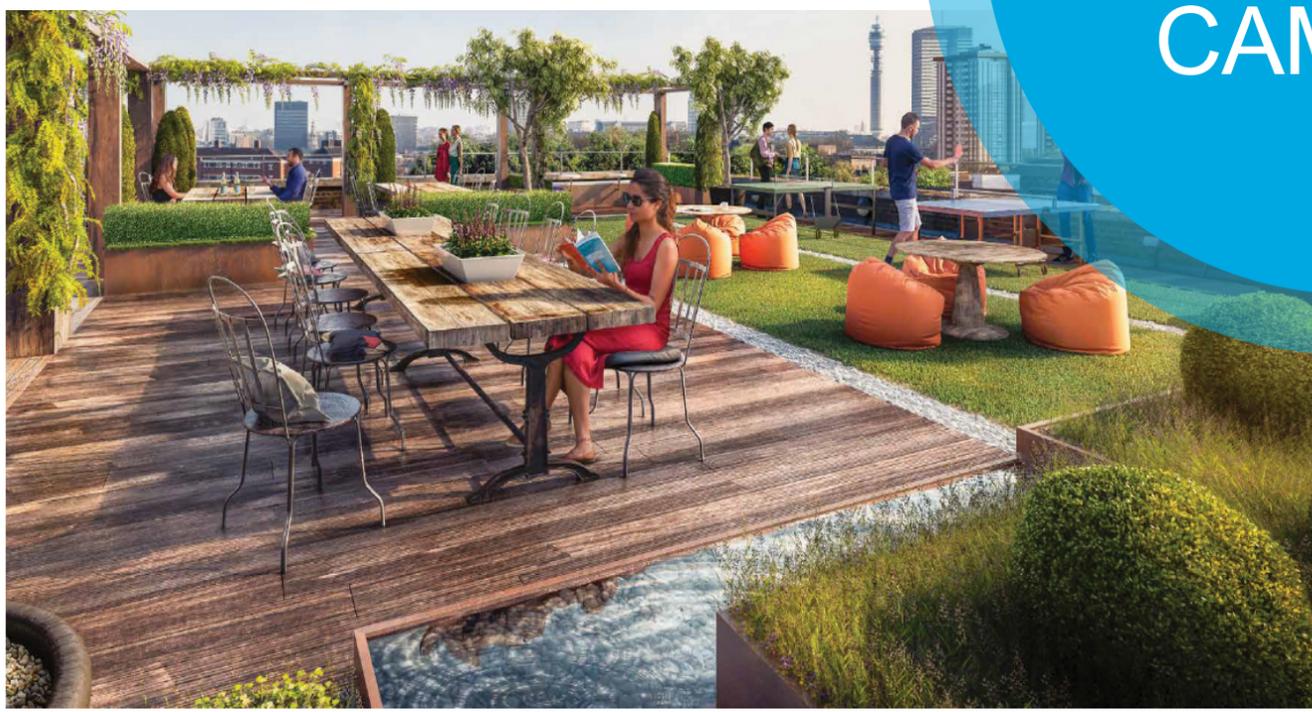


**CENTRO
BUILDINGS
CAMDEN**

WORKSPACE Acquisitions



**CENTRO
BUILDINGS
CAMDEN**





Piercy&Company

HUGO BOSS

FRENCH
CONNECTION

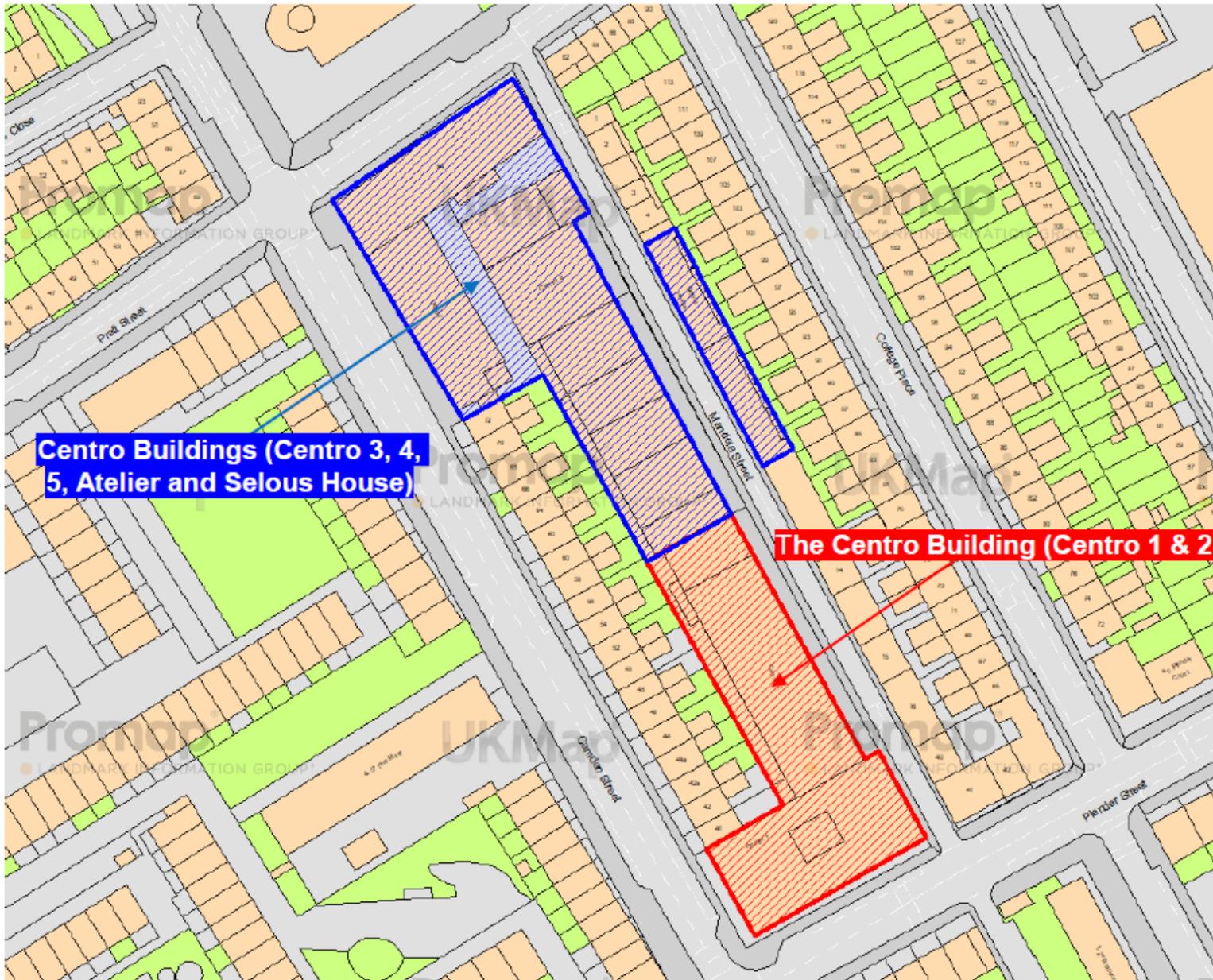
**CENTRO
BUILDINGS
CAMDEN**

Acquisition Financials
Acquired February and April 2018
Total £186 million
4.5% net initial yield
£859 capital value per sq. ft.
Average passing rent of £48.30 per sq. ft.

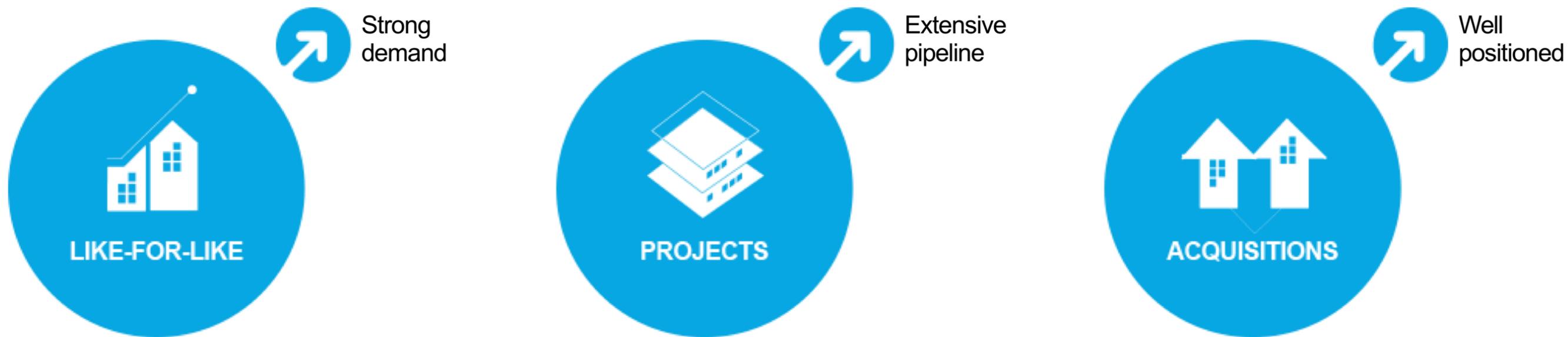


COVER UP

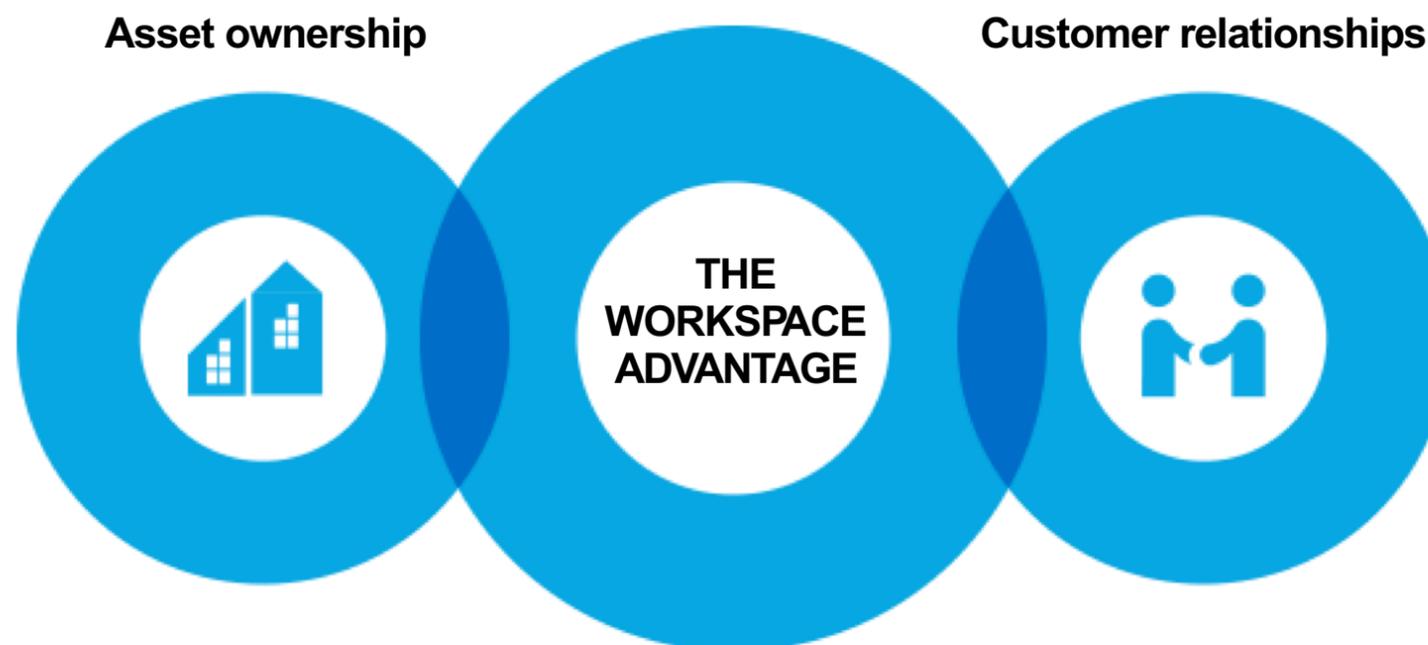




DIRECTION Outlook



Underpinned by



QUESTIONS



SUPPLEMENTARY INFORMATION



Appendix 1

Refurbishment Projects



At March 2018	Valuation	Actual/ Estimated cost	Cost to Complete	Estimated Completion	Unaffected area (sq. ft.)	Upgraded area (sq. ft.)	New Space (sq. ft.)	Estimated ERV (Average)	Estimated Rent at 90% occupancy*	March 2018 Rent Roll
Completed										
The Record Hall	£61m	£24m	–	May 2017	–	–	57,563	£60	£3.1m	£2.2m
Cannon Wharf	£11m	£1m	–	July 2017	–	32,619	–	£26	£0.8m	£0.6m
Barley Mow Centre	£47m	£11m	–	Aug 2017	–	50,850	24,151	£44	£2.9m	£1.9m
The Leather Market Fleet Street	£100m £31m	£5m £2m	– –	Aug 2017 Aug 2017	5,943 –	117,203 41,566	– –	£53 £58	£5.6m £2.2m	£5.9m £1.8m
	£250m	£43m			5,943	242,238	81,714		£14.6m	£124m
Underway										
China Works	£48m	£6m	£1m	H1 2018	–	66,519	–	£56	£3.3m	£1.8m
Goswell Road	£31m	£5m	£3m	H1 2018	–	43,176	–	£48	£1.9m	£0.9m
The Frames	£28m	£25m	£6m	H2 2018	–	–	49,972	£53	£2.4m	£0.0m
Edinburgh House	£28m	£20m	£6m	H2 2018	–	–	69,976	£48	£3.0m	£0.0m
Vox Studios (phase 2)	£13m	£8m	£4m	H2 2018	–	–	27,961	£51	£1.3m	£0.0m
Gray's Inn Road	£32m	£6m	£3m	H2 2018	–	39,440	–	£57	£2.0m	£1.0m
The Light Box	£35m	£6m	£5m	H2 2018	–	60,481	18,844	£38	£2.7m	£1.3m
Easton Street	£18m	£8m	£7m	H1 2019	–	–	23,144	£75	£1.6m	£0.0m
Brickfields	£19m	£27m	£17m	H1 2019	–	–	57,250	£49	£2.5m	£0.0m
Pall Mall Deposit	£21m	£10m	£9m	H2 2019	–	49,445	13,363	£37	£2.1m	£0.9m
Mare Street Studios	£11m	£20m	£19m	H2 2019	–	–	55,256	£42	£2.1m	£0.0m
Chocolate Factory (part)	£16m	£11m	£7m	H2 2020	–	57,525	6,000	£25	£1.5m	£0.7m
	£300m	£152m	£87m		–	316,586	321,766		£26.4m	£6.6m
Design Stage (without planning)										
The Shaftesbury Centre#		£15m	£15m	2020	–	–	41,000			
Leroy House#		£15m	£15m	2020	–	46,000	16,000			
Greville Street		£9m	£9m	2020	–	–	23,000			
Havelock Terrace#		£20m	£20m	2021	–	59,000	40,000			
		£59m	£59m		–	105,000	120,000			

Currently in like-for-like category

* Includes rent for unaffected areas at March 2018 rental levels

Appendix 2

Redevelopment Projects



At March 2018	Development partner	Valuation	March 2018 Rent Roll	Commercial Space estimated completion	Residential units no.	Commercial space returned			Other proceeds		
						New Space (sq. ft.)	Estimated ERV	Estimated Rent*	Cash received	Cash to come	Overage to come
Completed											
Grand Union Studios	Taylor Wimpey	£40m	£2.3m	Mar 2016	145	64,787	£41	£2.4m	£9m	–	–
		£40m	£2.3m		145	64,787		£2.4m	£9m	–	–
Underway/Contracted											
Arches Business Centre	Disposal	£4m	–	–	110	–	–	–	£13m	£4m	–
Poplar Business Park (phase 1)	Telford Homes	£5m	–	–	170	–	–	–	£16m	£2m	£3m
The Fuel Tank (formerly Faircharm)	L&Q	£9m	–	2018	148	36,000	£21	£0.8m	£10m	–	n/a
The Biscuit Factory	Grosvenor	£22m	–	2018	800	44,000	£33	£1.3m	£49m	£2m	–
Bow Enterprise Park (phase 3)	Galliford Try	£11m	–	2019	130	40,000	£24	£0.9m	£6m	–	–
The Light Bulb (phase 2)	Strawberry Star	£8m	–	2019	77	15,000		£0.4m	£8m	–	–
		£59m	–		1,435	135,000		£3.4m	£102m	£8m	£3m
Design Stage (with planning)											
Marshgate			£0.3m	2021	200	33,000					
Rainbow Industrial Estate			£0.5m	TBD	224	33,000					
Poplar Business Park (phase 2/3)			£0.8m	2023	222	58,000					
Chocolate Factory (part) / Parma House#			£1.0m	2021	220	20,000					
		£89m	£2.6m		866	144,000					
Design Stage (without planning)											
Highway Business Park				2022	113						
Riverside# / Garratt Lane				2022	350						
					463						

* Expected rent at 90% occupancy

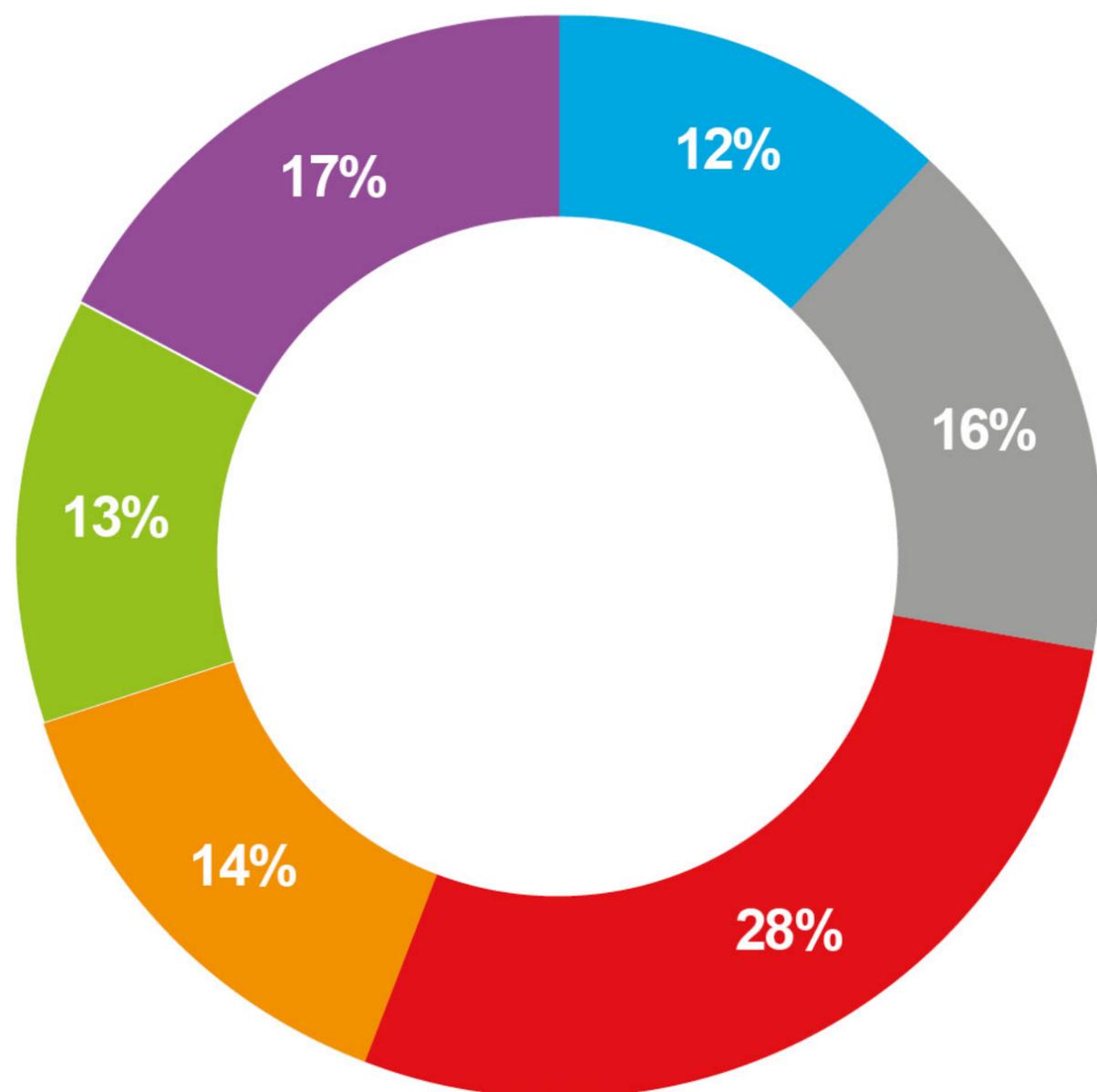
Currently in like-for-like category

Appendix 3

Diversified Customer Base



Rent Roll by no. of customers



- <£5,000
- £5,000 – £9,999
- £10,000 – £19,999
- £20,000 – £29,999
- £30,000 – £49,999
- >£50,000

- Top 10 customers: 11% of total rent roll

Data as at 31 March 2018

Appendix 4

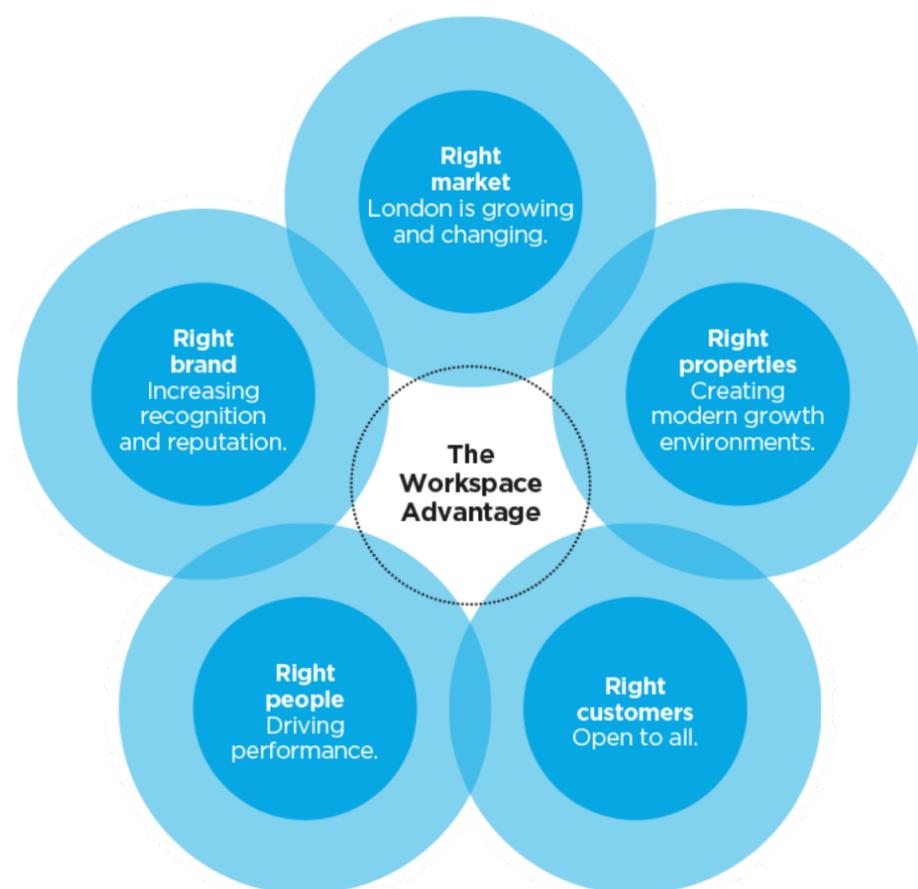
Business Overview



- FTSE 250 Real Estate Investment Trust (REIT)
- Established in 1987 and listed on the London Stock Exchange since 1993
- 66 London properties providing 3.7m sq. ft. of net lettable space
- All fully owned and managed directly
- £2.3bn property portfolio valuation
- Provide inspiring, flexible work spaces with super-fast technology in dynamic locations
- Home to thousands of businesses, from early stage start-ups to fast growing and established brands, across a wide range of sectors
- Standard customer offer is a two-year lease, with a six month rolling break
- Marketing and all operational activity, including lettings, managed in-house

Appendix 5

The Workspace Advantage



Our Strategy

Right Market: We continue to believe that London is the right market with growing demand from all types of businesses.

Right Properties: We remain focused on creating and opportunistically acquiring the right properties that will attract our customers.

Right Customers: Our customer market has evolved to include all businesses, from freelancers and start-ups to well-known brands and more established companies.

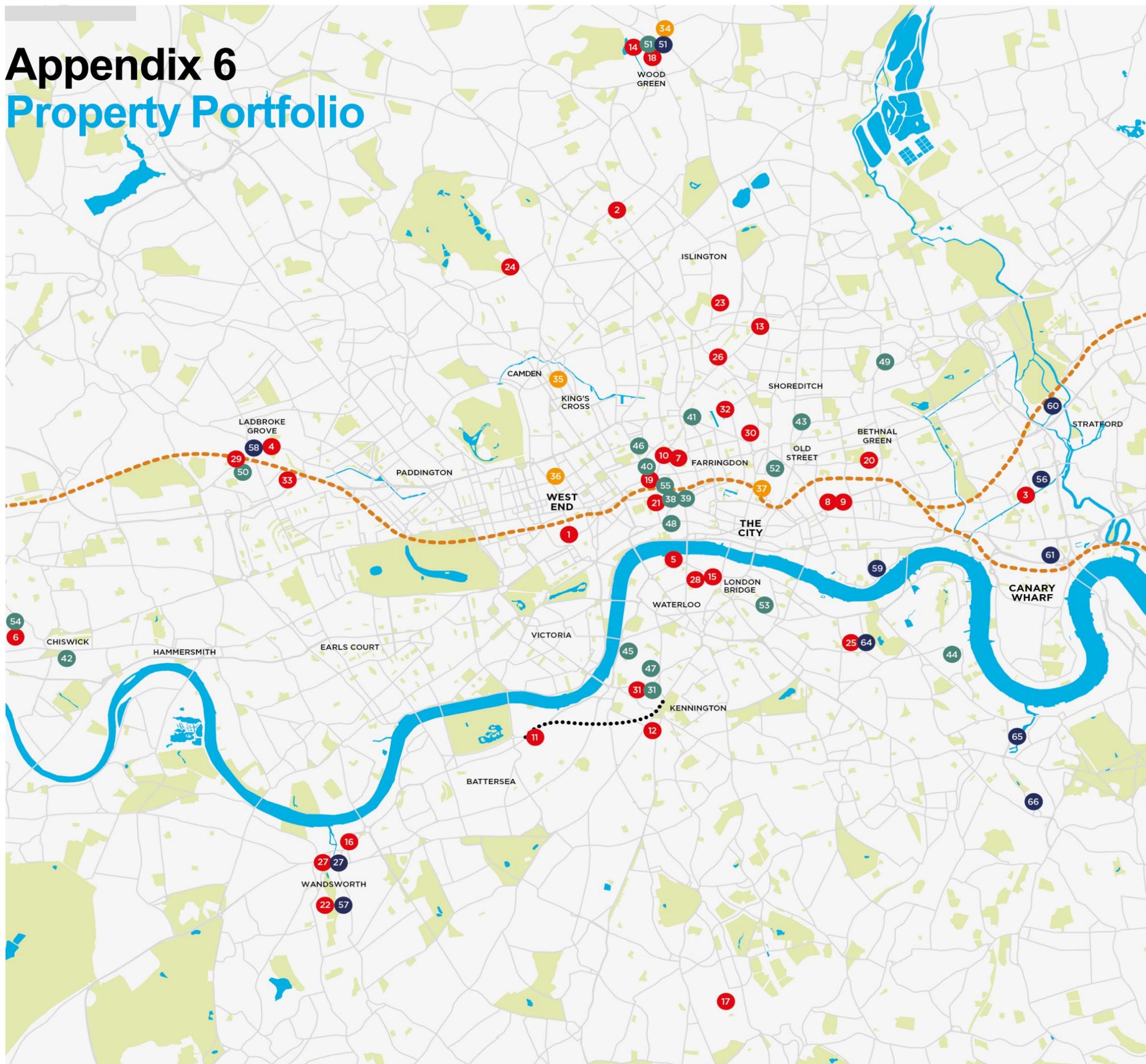
Right People: Employing the right people continues to be critical for the success of the business. Workspace's operational nature means our teams are tirelessly focused on servicing our customers.

Right Brand: Workspace has a strong brand and we work hard to ensure that our offer is highly visible to prospective customers as they embark on their search for office space.

Our Investment Case

- **Strong and consistent property and financial returns.**
- **Completed projects driving rental growth and strong pipeline of projects to come.**
- **Diversified customer base ensuring consistent demand.**
- **Strong brand and unique customer offer that blends inspiring spaces and the right facilities.**
- **Deep understanding of the London market – poised to take advantage of opportunities.**

Appendix 6 Property Portfolio



- Like-for-like
- Acquisitions
- Refurbishments
- Redevelopments
- Crossrail
- ... Northern Line extension

Appendix 7

Property Portfolio



Like-for-Like

Map Ref	Property Name	Net Lettable Area (sq. ft.)	Net Rent Roll (£)
1	Archer Street Studios	14,984	951,382
2	Belgravia Workshops	32,025	390,274
3	Bow Office Exchange	36,962	366,620
4	Canalot Studios	49,839	1,607,524
5	Cargo Works	71,844	4,440,561
6	Chiswick Studios	14,254	429,521
7	Clerkenwell Workshops	52,879	3,482,819
8	E1 Studios	40,109	1,239,243
9	East London Works	38,605	1,278,982
10	Exmouth House	58,512	2,961,349
11	Havelock Terrace	58,164	1,291,464
12	Kennington Park	365,060	10,178,943
13	Leroy House	46,564	1,188,532
14	Mallard Place	10,150	122,820
15	Metal Box Factory	108,632	6,616,025
16	Morie Street	21,702	616,047
17	Parkhall Business Centre	116,676	1,866,072
18	Parma House	34,984	474,859
19	Peer House	10,234	211,505
20	Pill Box	50,409	1,595,510

Map Ref	Property Name	Net Lettable Area (sq. ft.)	Net Rent Roll (£)
21	Quality Court	16,923	954,065
22	Riverside	100,798	1,754,549
23	ScreenWorks	64,494	2,654,386
24	Spectrum House	46,859	1,008,216
25	The Biscuit Factory	234,140	4,561,558
26	The Ivories	24,545	707,393
27	The Light Bulb (phase 1)	52,644	1,558,765
28	The Print Rooms	45,806	2,639,529
29	The Shaftesbury Centre	12,629	295,534
30	Vestry Street Studios	22,769	826,636
31	Vox Studios (part)	80,277	3,534,035
32	Wenlock Studios	31,155	1,266,178
33	Westbourne Studios	58,428	2,780,259

Acquisitions

Map Ref	Property Name	Net Lettable Area (sq. ft.)	Net Rent Roll (£)
34	Alexandra House	54,843	675,000
35	Centro Buildings	131,139	4,861,719
36	Fitzroy Street	92,669	4,855,410
37	The Salisbury	235,411	11,234,959

Appendix 7

Property Portfolio



Refurbishments

Map Ref	Property Name	Net Lettable Area (sq. ft.)	Net Rent Roll (£)
38	12-13 Greville Street	3,787	40,178
39	14 Greville Street	10,961	255,851
40	60 Gray's Inn Road	39,440	960,926
41	Angel House	45,808	856,726
42	Barley Mow Centre	75,001	1,866,892
43	Brickfields	-	-
44	Cannon Wharf	32,619	638,135
45	China Works	59,001	1,844,692
46	Easton Street	22,800	-
47	Edinburgh House	-	-
48	Fleet Street	41,566	1,798,393
49	Mare Street Studios	38,313	6,000
50	Pall Mall Deposit	48,532	931,684
51	The Chocolate Factory (part)	62,181	691,490
52	The Frames	-	-
53	The Leather Market	123,146	5,900,503
54	The Light Box	65,761	1,322,489
55	The Record Hall	57,563	2,143,494
31	Vox studios (part)	-	-

Redevelopments

Map Ref	Property Name	Net Lettable Area (sq. ft.)	Net Rent Roll (£)
56	Bow Enterprise Park	14,634	189,781
57	Garratt Lane	43,000	688,000
58	Grand Union Studios	64,787	2,334,967
59	Highway Business Park	19,786	254,743
60	Marshgate Business Centre	92,673	249,221
61	Poplar Business Park	56,928	824,804
62	Q West (not shown on map)	54,784	650,253
63	Rainbow Industrial Estate (not shown on map)	153,871	463,037
64	The Biscuit Factory, Cocoa Studios	-	-
51	The Chocolate Factory (part)	50,898	513,096
65	The Fuel Tank	-	-
27	The Light Bulb (phase 2)	-	-
66	Thurston Road	-	-

Disclaimer



The information in this document may include forward-looking statements, which are based on current expectations and projections about future events. These forward-looking statements reflect the directors' beliefs and expectations and are subject to risks, uncertainties and assumptions about the Company, including, amongst other things, the development of its business, trends in its operating industry, returns on investment and future capital expenditure and acquisitions, that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the document.

As a result, you are cautioned not to place reliance on such forward looking statements as a prediction of actual results or otherwise. The information and opinions contained in this document are provided as at the date of this document and are subject to change without notice. No one undertakes to publicly update or revise any such forward-looking statements.

This presentation should also be read in the light of the Company's preliminary results statement for the year ended 31 March 2018. No statement in this document is or is intended to be a profit forecast or profit estimate or to imply that the earnings of the Company for the current or future financial years will necessarily match or exceed the historical or published earnings of the Company.