

# Full Year Results 2020/21

## Investor & Analyst Presentation

3<sup>rd</sup> June 2021



# Agenda

**01**  
**Introduction**  
**Graham Clemett**  
CEO

**02**  
**Financial review**  
**Dave Benson**  
CFO

**03**  
**Outlook**  
**Graham Clemett**  
CEO

**04**  
**Supplementary  
information**





# Introduction

Graham Clemett, CEO



# Introduction

A resilient performance and encouraging signs for the year ahead

- London shut down for much of the year
- £20m of rent discounts given
- Ensured all business centres are Covid-safe and secure
- Lost some 10% of our customers
- Occupancy levels now stabilising
- Good momentum into the new financial year
- Committed to net zero carbon by 2030
- First green public bond completed

Well positioned for growth



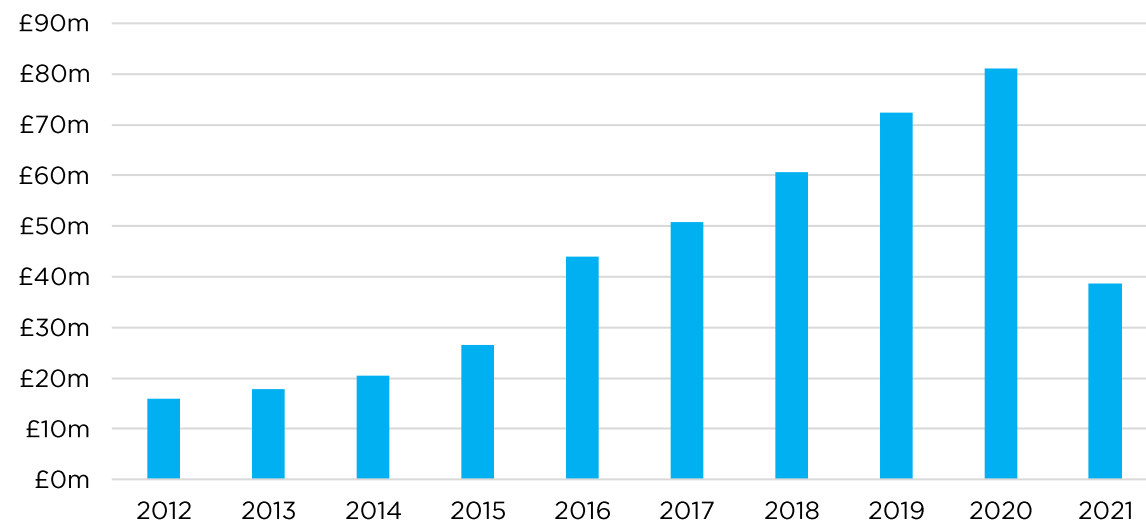
# Introduction

## Financial highlights

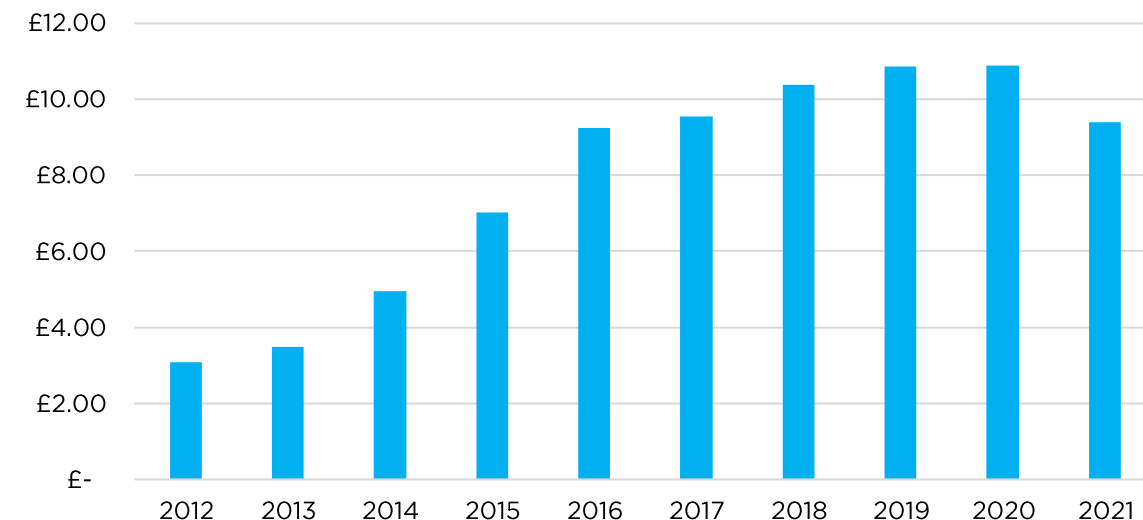
	Mar 21	Mar 20
Net rental income	£81.5m	£122.0m
Trading profit after interest	£38.7m	£81.0m
Total dividend per share	17.75p	36.16p

	Mar 21	Mar 20
Property valuation	£2,324m	£2,574m
EPRA NTA per share	£9.38	£10.88
Loan to value	24%	21%

### Trading Profit after interest



### NTA per share



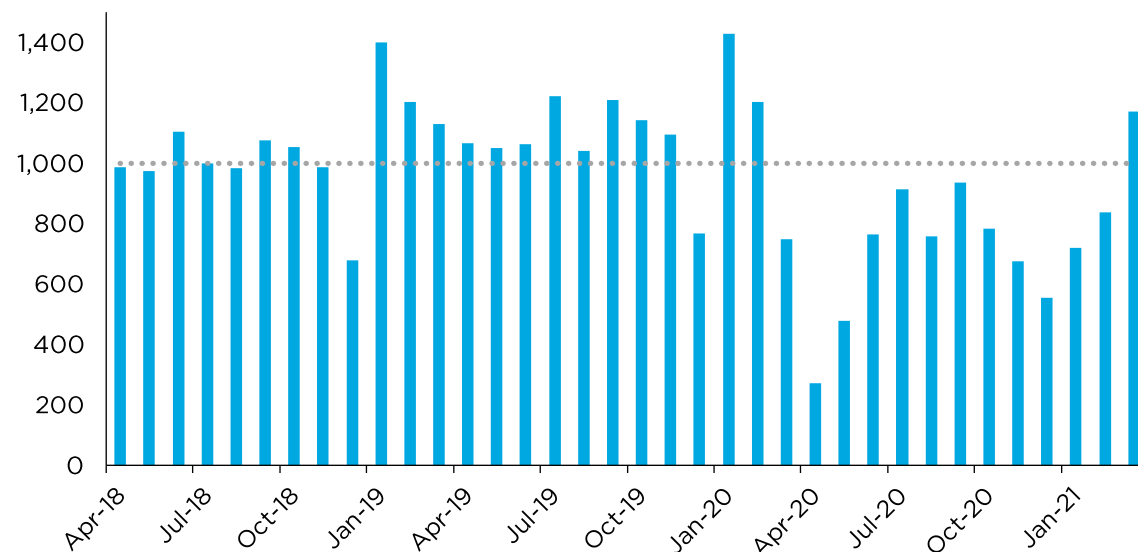
# Introduction

## Operating highlights

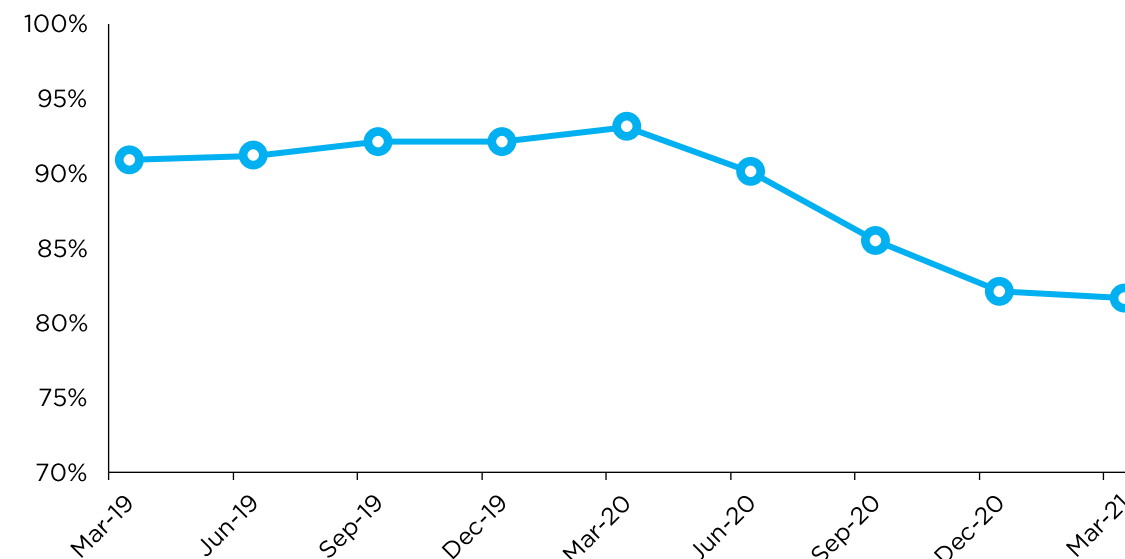
Year ending	Mar 21	Mar 20
Enquiries per month	739	1,087
Viewings per month	328	675
Lettings per month	96	121

	Mar 21	Mar 20
Like-for-like occupancy	81.6%	93.3%
Like-for-like rent per sq. ft.	£36.57	£41.98
Like-for-like rent roll	£85.1m	£111.7m

### Monthly enquiries



### Like-for-like occupancy



# Introduction

## Customers joining and leaving

E-Commerce	7%
Fashion Design	6%
Film / Video Production	6%
Art / Photography	6%
Technology	4%
Business Consultancy	4%
Software & Software Design	3%
Other	63%



**Total customers joining in the year 601\***

Business Consultancy	4%
Film / Video Production	4%
Architecture	3%
Events	3%
IT Services	3%
Graphic Design	3%
Charity	3%
Other	78%

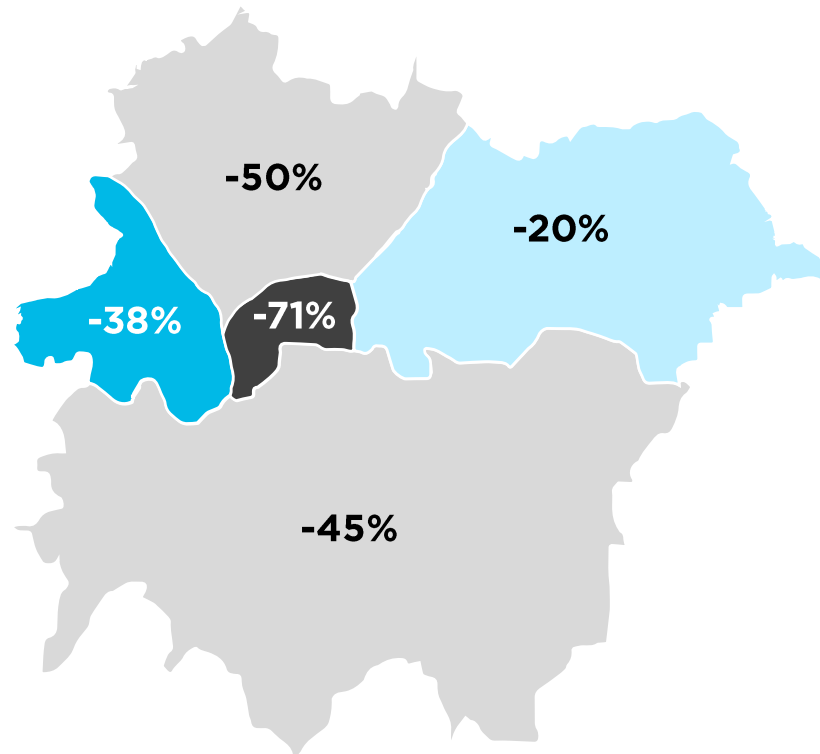


**Total customers left in the year 954\***

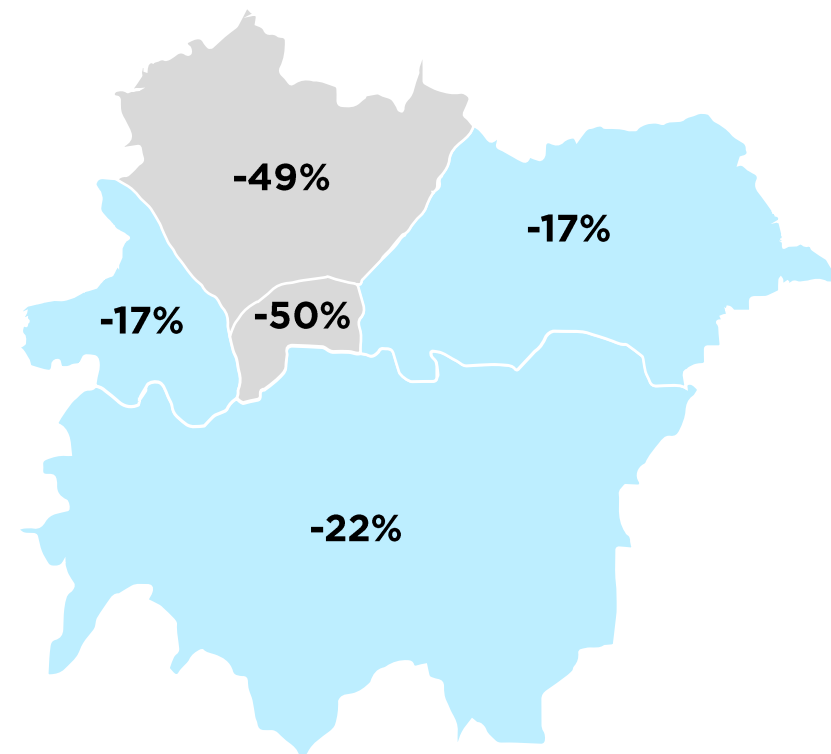
# Introduction

Customer viewings by region

**Q1 – Q3:** -54% vs. prior year



**Q4:** -35% vs. prior year



Less       More

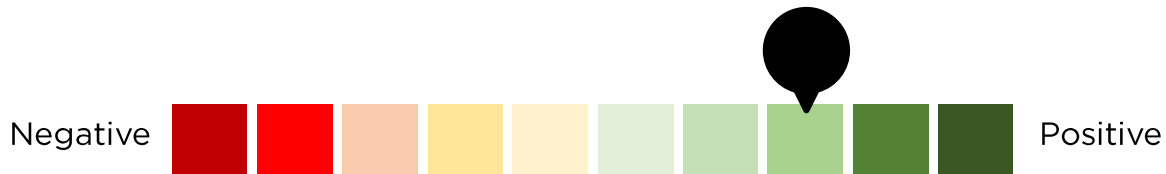


# Introduction

Customer feedback and sentiment



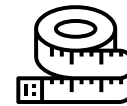
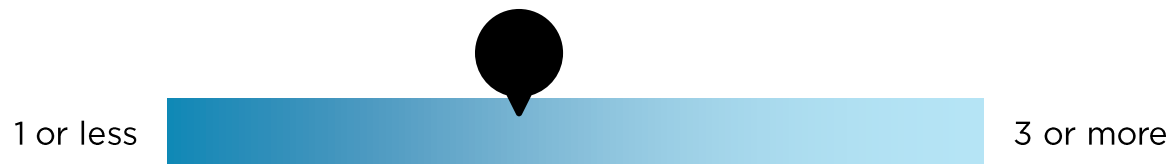
**Confident about future business success**



**Views on employees working from home**



**How many days expect employees to work from home**



**Change in space requirements over next year**





# Financial review

Dave Benson, CFO

# Financial review

## Income statement

£m	Mar 21	Mar 20	Change
Underlying net rental income*	105.5	120.3	-12%
Discounts	(19.9)	-	
Expected credit losses	(4.2)	(0.4)	
Disposals	0.1	2.1	
<b>Net rental income</b>	<b>81.5</b>	<b>122.0</b>	<b>-33%</b>
Administrative expenses	(19.0)	(17.7)	+7%
Net finance costs	(23.8)	(23.3)	+2%
<b>Trading profit after interest</b>	<b>38.7</b>	<b>81.0</b>	<b>-52%</b>
Change in fair value of investment properties	(257.7)	(7.5)	
Loss on sale of investment properties	(0.1)	(0.8)	
Exceptional finance costs	(16.4)	-	
Other items	(0.2)	(0.2)	
<b>Profit before tax</b>	<b>(235.7)</b>	<b>72.5</b>	
Adjusted underlying earnings per share	21.3p	44.6p	-52%
Total dividend per share	17.75p	36.16p	-51%

\*Net Rental Income before discounts, expected credit losses and disposals

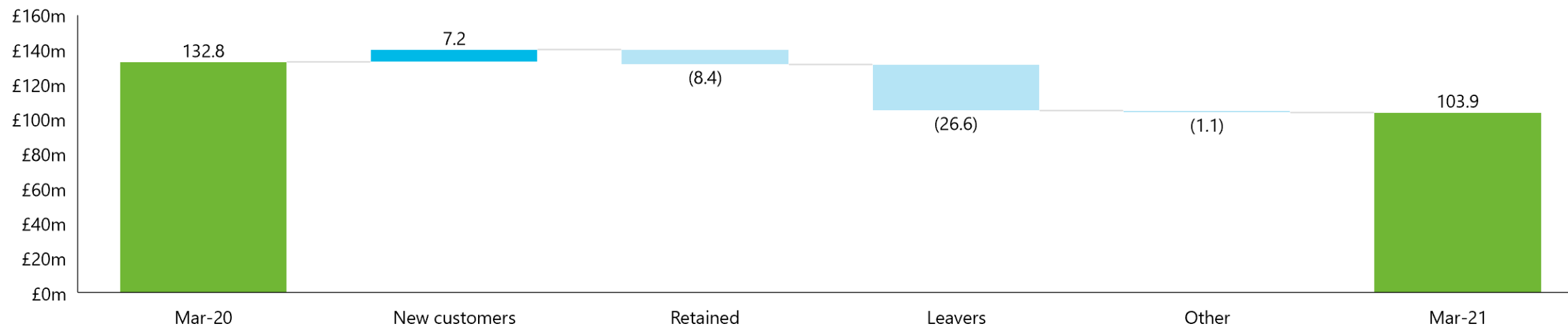


# Financial review

## Underlying net rental income

£m	Mar 21	Mar 20	Movement
Rental income	115.4	128.4	(13.0)
Unrecovered service charges	(2.1)	(3.3)	1.2
Empty rates and other non-recoverable costs	(7.1)	(6.3)	(0.8)
Services, fees, commissions and sundry income	(0.7)	1.5	(2.2)
Underlying net rental income	105.5	120.3	(14.8)

## Total rent roll



# Financial review

## Balance sheet

£m	Mar 21	Mar 20
Investment property valuation	2,324	2,574
Net debt	(565)	(541)
Other	(39)	(35)
<b>Net assets</b>	<b>1,720</b>	<b>1,998</b>
EPRA NTA per share	£9.38	£10.88
EPRA NRV per share	£10.26	£11.92

# Financial review

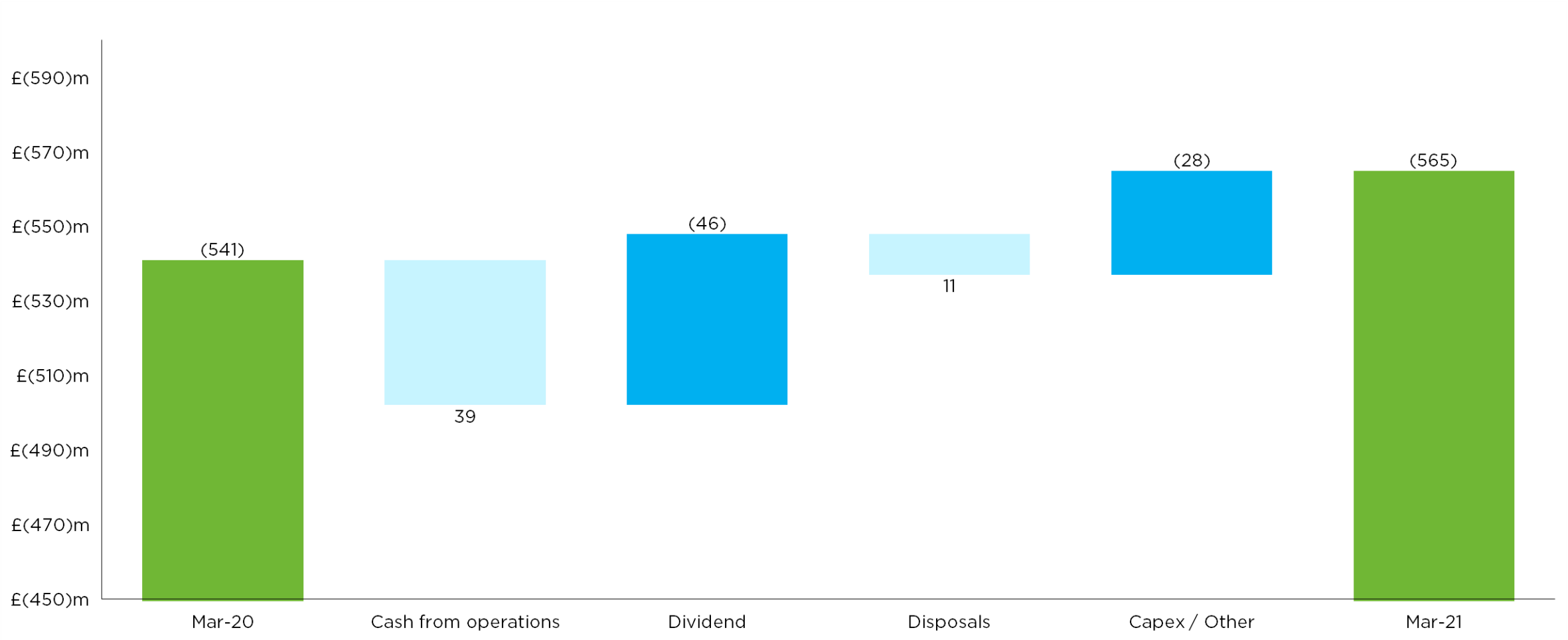
## Valuation

£m	31 Mar 2021 Valuation	Underlying Movement				
		Full Year	H2	H1		
Like-for-like	1,790	(205)	(112)	(93)	ERV per sq. ft. down 9.8% to £42.07 Equivalent yield unchanged at 5.8% Capital value per sq. ft. of £628	£(205)m -
Completed projects	181	(8)	-	(8)	Mare Street Studios Fleet Street	£(5)m £(4)m
Current refurbishments	256	(41)	(18)	(23)	Fitzroy Street Westbourne Studios Biscuit Factory	£(9)m £(8)m £(8)m
Current redevelopments	97	(4)	(2)	(2)	Highway Business Park	£(2)m
<b>Total</b>	<b>2,324</b>	<b>(258)</b>	<b>(132)</b>	<b>(126)</b>		



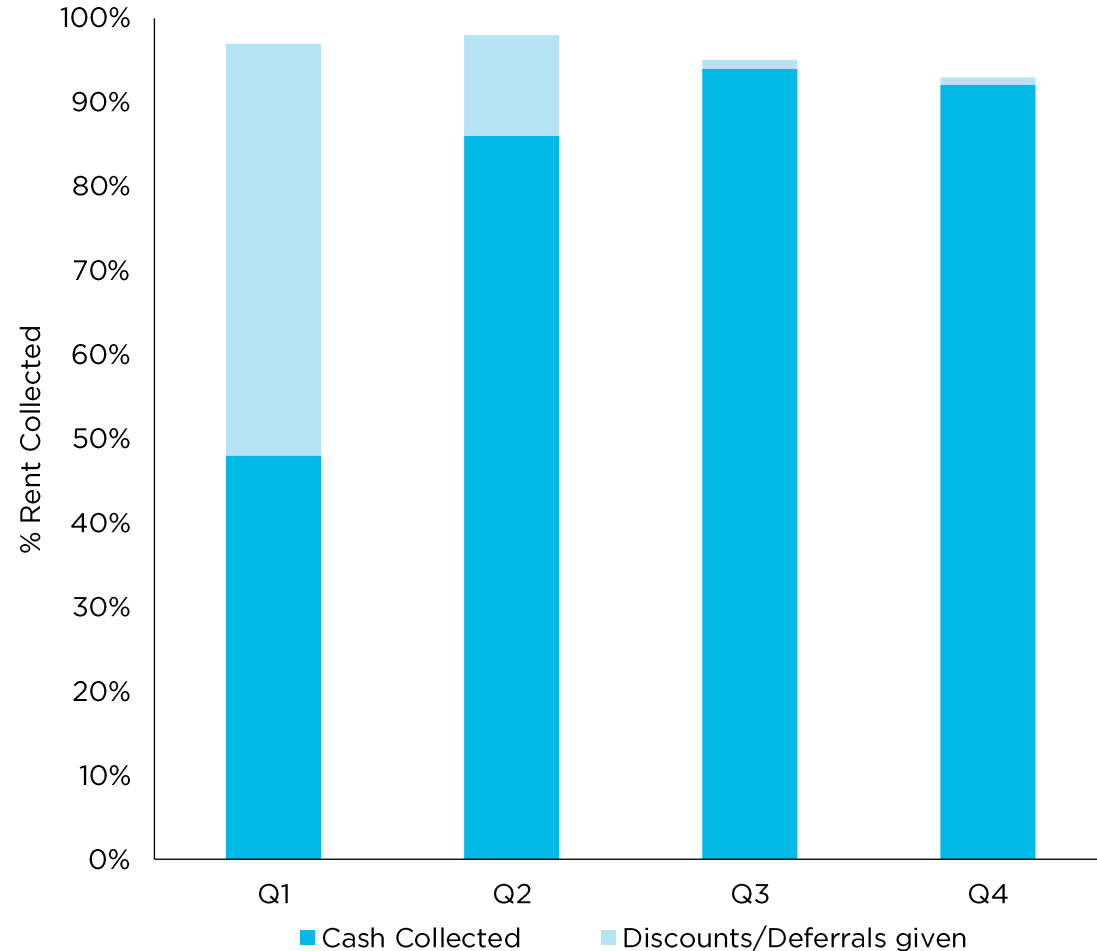
# Financial review

## Net debt



# Financial review

## Robust cash collection



All data as at 28 May 2021

### FY20/21

- 50% discount given to majority of customers in respect of Q1, with some deferrals on a case by case basis
- 95% of rent collected, net of discounts and deferrals
- Outstanding balances weighted towards and travel, hospitality, leisure and retail sectors
- Majority of outstanding balance covered by rent deposits or provisions

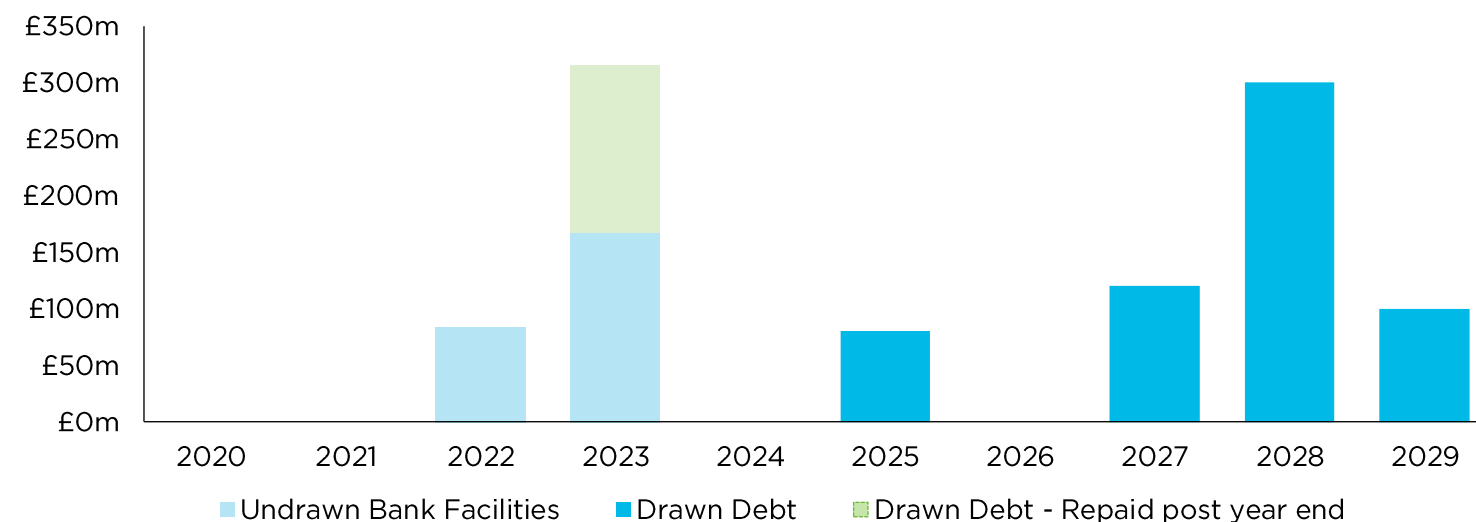
### Q1 21/22 to date

- 91% of Q1 21/22 rent collected to date, ahead of the same point in Q4 20/21

# Financial review

## Debt

	Proforma*	Mar 21	Mar 20
Net debt	£581m	£565m	£541m
Average interest cost	3.1%	3.8%	3.7%
Undrawn revolver facilities and cash	£269m	£434m	£166m
Marginal cost (undrawn facilities) over LIBOR	1.5%	1.5%	1.5%
Average period to maturity	5.3 years	4.8 years	4.5 years



Covenants <sup>#</sup>	Mar 21
Interest cover > 2x NRI	3.8x
LTV < 60%	24%

\*After pre-payment in April 2021 of private placement notes due in 2023

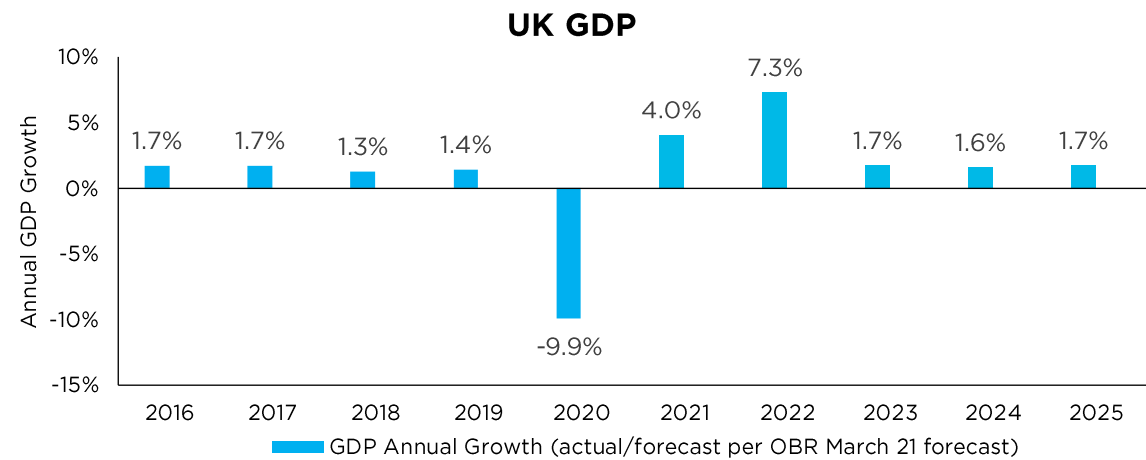
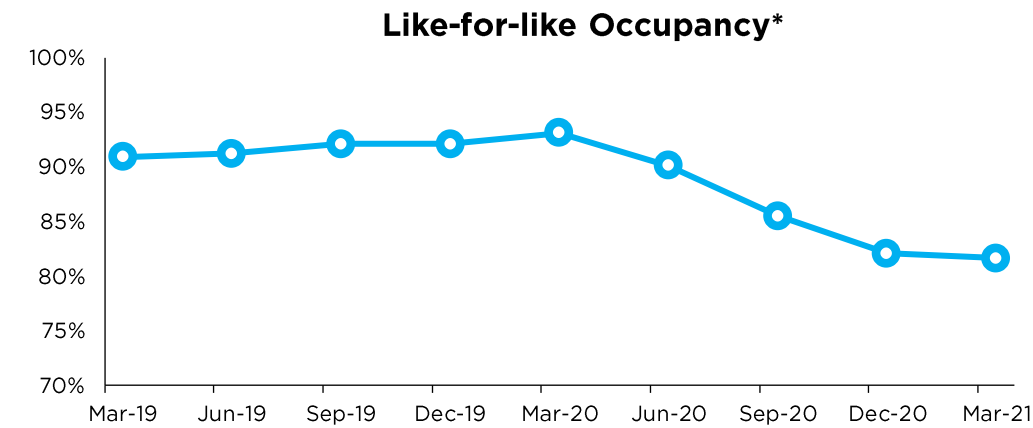
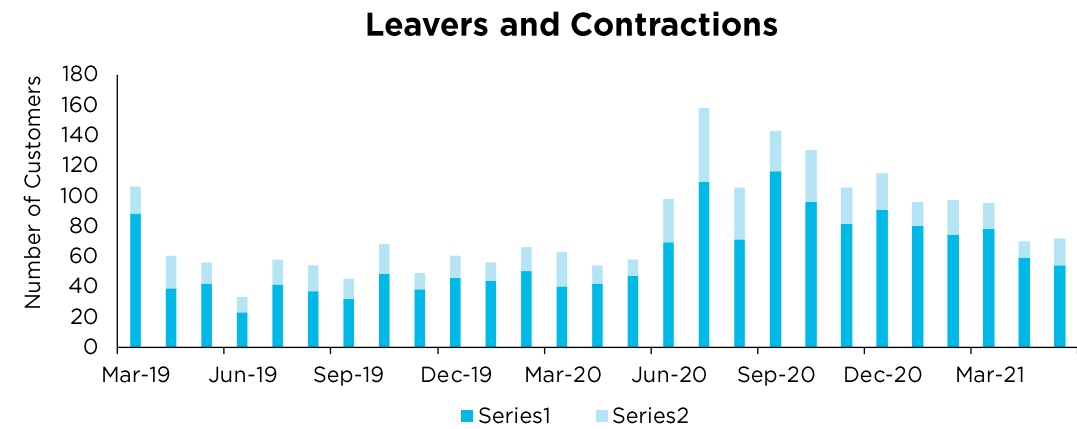
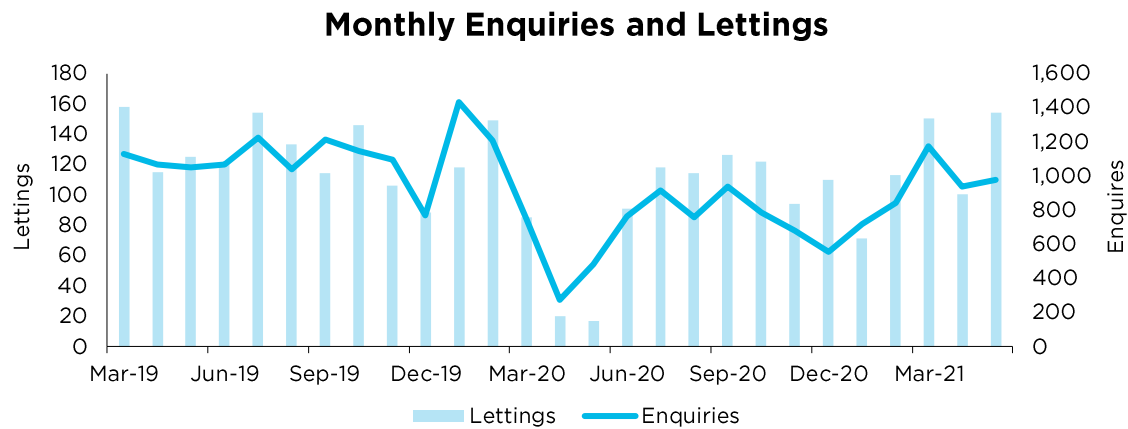
<sup>#</sup>LTV is net debt divided by the current property valuation

Interest cover is net rental income divided by interest paid (excluding exceptional refinancing costs)



# Financial review

FY22 Outlook: poised for recovery



\*As reported

# Financial review

## 2021/22 Outlook

- Positive momentum
- Focus on regaining occupancy
- Pricing recovery will lag occupancy
- Drag from unrecovered service charge and void costs
- Progress on delivery of refurbishment and redevelopment pipeline
- Strong balance sheet with significant liquidity and lower cost of debt

**Well positioned to capture increased demand and make significant progress in 2021/22**





# Outlook

Graham Clemett, CEO





# Outlook

## Leveraging the Workspace brand

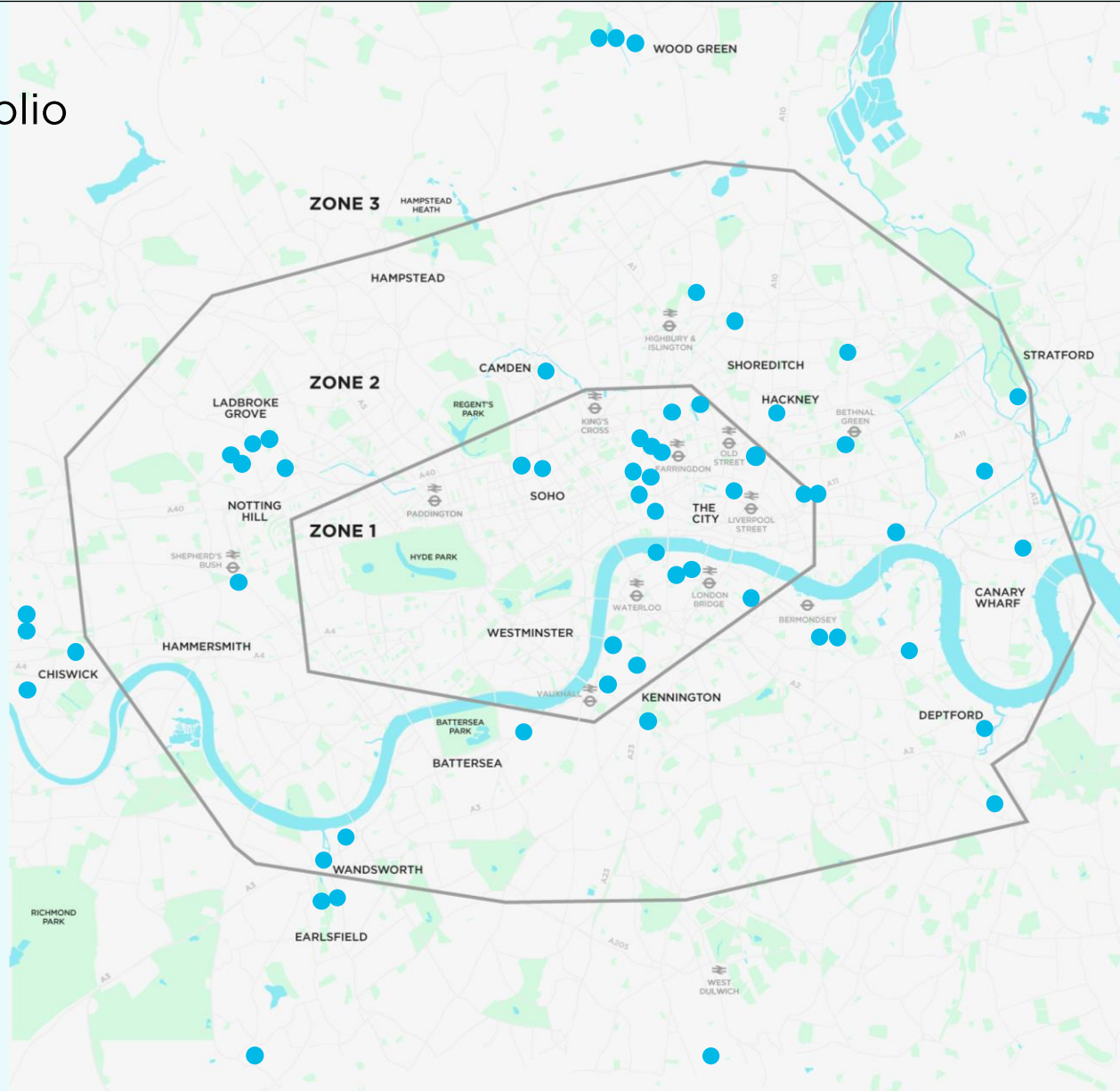
- We have in-house marketing capability, harvesting enquiries through 'always on' search marketing, social media and digital advertising
- We manage all our enquiries, viewings, lettings and renewals, capturing valuable data and insight
- Our refreshed brand positioning is distinctive, more clearly setting Workspace apart in the market
- Our advertising campaign aims to capture the mood of the moment as customer confidence returns and demand increases





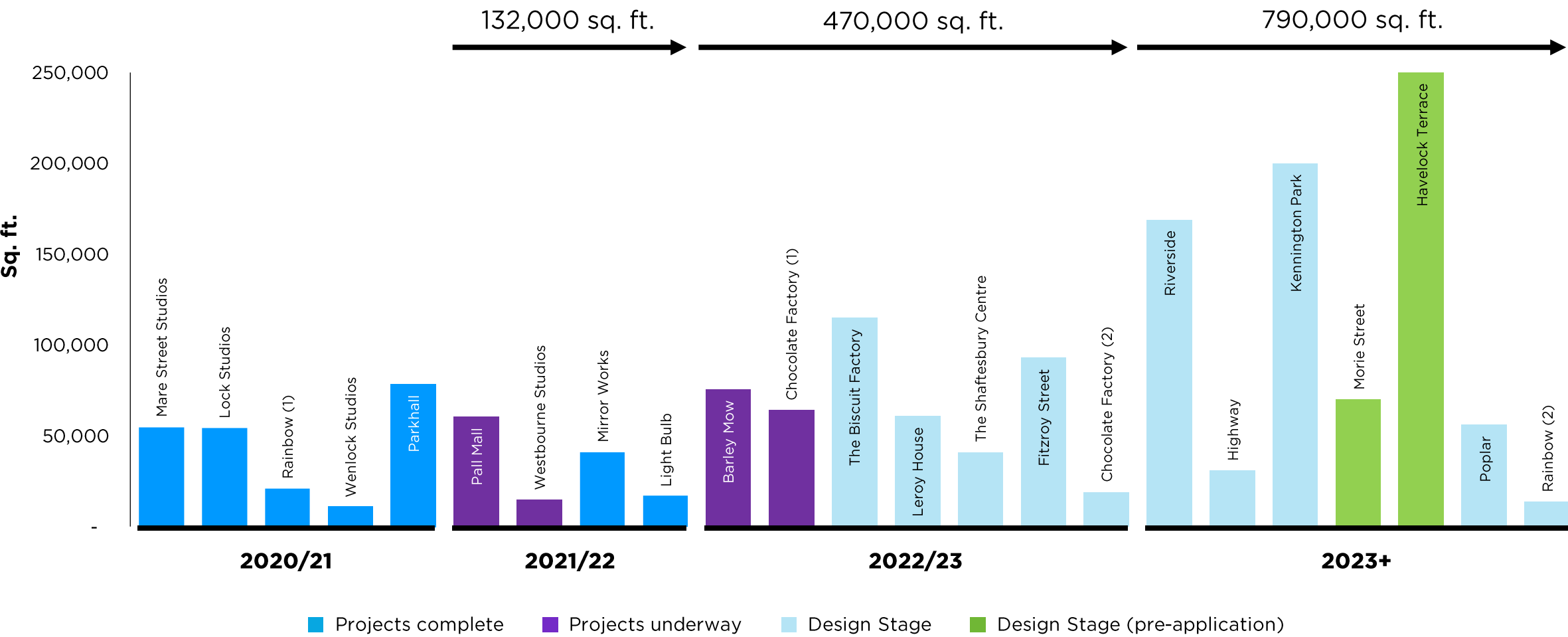
# Outlook

Unique property portfolio



# Outlook

Extensive project pipeline





# Outlook

## Regeneration in action: Lock Studios



# Outlook

## ESG: Our Doing the Right Thing framework

### 1. Climate change mitigation and resilience

- Committed to becoming a net zero carbon business by 2030
- Green corporate bond to finance and refinance green projects
- Continue to source 100% renewable electricity
- Provision of sustainable transport facilities
- Rollout of solar PV panels
- Working with customers to reduce heat and waste generation and improve recycling rates

### 2. Looking after our people: employees, customers and suppliers

- Employee and customer wellbeing initiatives
- 30% of space in our centres typically dedicated to communal facilities and activity
- Centre-based customer environmental groups
- Quarterly employee recognition scheme: Workspace Winners
- Equity, diversity and inclusion training for all staff
- London living wage accredited
- ESG compliance for all suppliers

### 3. Inspiring the next generation and supporting communities

- Opening business centres across London to support employment-led regeneration of local communities
- InspiresMe youth programme provides work experience and career workshops
- Fundraising and support for Single Homeless Project
- Volunteering opportunities for employees, customers and suppliers
- Regular food bank collections rolled out at our centres





# Outlook

## The growth opportunity

- London offers us an exciting future
- Occupier market moving in our direction
- Clear brand proposition
- Proven expertise and scalable operating platform
- Immediate priority on rebuilding occupancy
- Strong balance sheet
- Opportunity to scale up through extensive pipeline and acquisitions

Compelling, long-term  
sustainable investment story







## Supplementary information



# Appendix

## Refurbishment projects (1 of 2)

At March 2021	Valuation	Actual/ Estimated cost	Cost to Complete	Completion	Unaffected area (sq. ft.)	Upgraded area (sq. ft.)	New Space (sq. ft.)	Estimated ERV (Average)	Estimated Rent at 90% occupancy*	Mar 2021 Rent Roll
Completed										
160 Fleet Street	£24m	£2m	-	Aug 2017	-	42,103	-	£48	£1.8m	£0.8m
Wenlock Studios	£18m	£1m	-	Dec 2020	19,879	11,059	-	£40	£1.1m	£0.5m
Parkhall Business Centre	£37m	£2m	-	Feb 2021	46,290	78,449	-	£19	£2.1m	£1.7m
Brickfields	£42m	£27m	-	Jun 2019	-	-	56,755	£42	£2.2m	£1.6m
Rainbow Industrial Estate (Phase 1)	£10m	£6m	-	May 2020	-	-	21,180	£23	£0.4m	£0.3m
Mare Street Studios	£29m	£21m	-	Jun 2020	-	-	54,887	£37	£1.8m	£0.1m
	£160m	£59m	-		66,169	131,611	132,822		£9.4m	£5.0m

# Appendix

## Refurbishment projects (2 of 2)

At March 2021	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*	Mar 2021 Rent Roll
Underway										
Pall Mall Deposit	£24m	£13m	£1m	H1 21/22	-	45,761	13,016	£34	£1.8m	£0.5m
Westbourne Studios (phase 1)	£25m	£1m	£1m	H1 21/22	42,791	14,954	-	£41	£2.1m	£0.9m
Barley Mow Centre (phase 2)	£38m	£7m	£6m	22/23	-	75,880	-	£32	£2.2m	£1.1m
The Chocolate Factory (part)	£16m	£11m	£6m	22/23	-	58,833	5,368	£25	£1.5m	£0.7m
	£103m	£32m	£14m		42,791	195,428	18,384		£7.6m	£3.2m
Design Stage (with planning consent)										
The Biscuit Factory (J block)		£19m	£19m	22/23	-	83,811	31,206			
Leroy House <sup>#</sup>		£15m	£15m	22/23	-	46,000	15,000			
Fitzroy Street		£36m	£36m	22/23	-	93,000	-			
The Shaftesbury Centre <sup>#</sup>		£15m	£15m	22/23	-	-	41,000			
Kennington Park <sup>#</sup>		£80m	£80m	23/24	-	-	200,000			
		£165m	£165m		-	222,811	287,206			
Design Stage (pre-application)										
Morie Street <sup>#</sup>		£30m	£30m	23/24	-	-	70,000			
Havelock Terrace		£100m	£100m	24/25	-	-	250,000			
		£130m	£130m		-	-	320,000			

# Currently in like-for-like category

\* Includes rent for unaffected areas at March 2021 rental levels

# Appendix

## Mixed-use redevelopment projects

At March 2021	Development partner	Valuation	March 2021 Rent Roll	Commercial Space estimated completion	Commercial space returned			Other proceeds			
					Residential units no.	New Space (sq. ft.)	Estimated ERV	Estimated Rent*	Cash received	Cash to come	Overage to come
Completed											
Lock Studios	Peabody/Galliford Try	£21m	£0.6m	Jun 2020	557	54,477	£24	£1.2m	£36m	-	-
		£21m	£0.6m		557	54,477		£1.2m	£36m	-	-
Underway/Contracted											
The Light Bulb (Phase 2)	Strawberry Star	£8m	-	H1 21/22	77	17,071	£33	£0.5m	£8m	-	-
Mirror Works (formerly Marshgate)	Anthology	£10m	-	H1 21/22	200	41,000	£23	£0.8m	£16m	-	-
		£18m	-		277	58,071		£1.3m	£24m	-	£0m
Design Stage (with planning consent)											
The Chocolate Factory (part) / Parma House/ Mallard Place			£0.6m	22/23	245	19,000					
Riverside# / Garratt Lane			£2.0m	23/24	402	169,000					
Highway Business Park			£0.2m	23/24	117	31,000					
Poplar Business Park (Phase 2/3)#			£1.0m	26/27	222	56,000					
Rainbow (Phase 2)			£0.2m	TBD	224	13,808					
			£4.0m		1,210	288,808					

# Currently in like-for-like category

\* Estimated rent at 90% occupancy

# Appendix

## Our EPC roadmap

	Estimated completion timing	No. of properties A & B rated
Currently fully A & B rated	n/a	15
Rolling upgrade of customer units	2021 - 2024	33
Current refurbishment and redevelopment projects	2021 - 2026	48
Future projects, including listed properties	Target by 2026	58

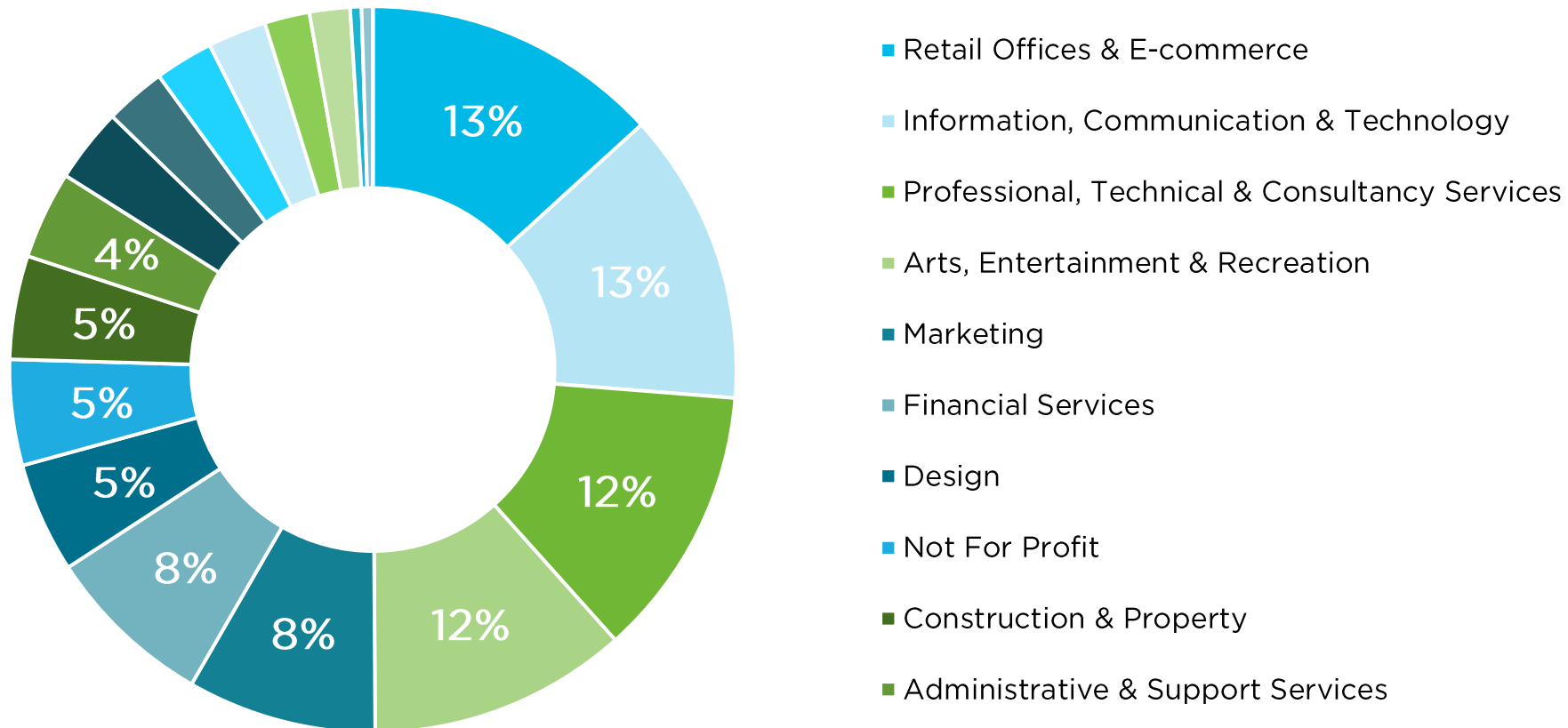
- Target all properties to be A/B rated by 2026
- Upgrade of customer units (subject to access) increases A/B rated properties to 33
- Further 15 properties upgraded to A/B specification from our current refurbishment and redevelopment plans

- Upgrade plans for remaining 10 properties still to be formalised, including clarification of requirements for two listed buildings



# Appendix

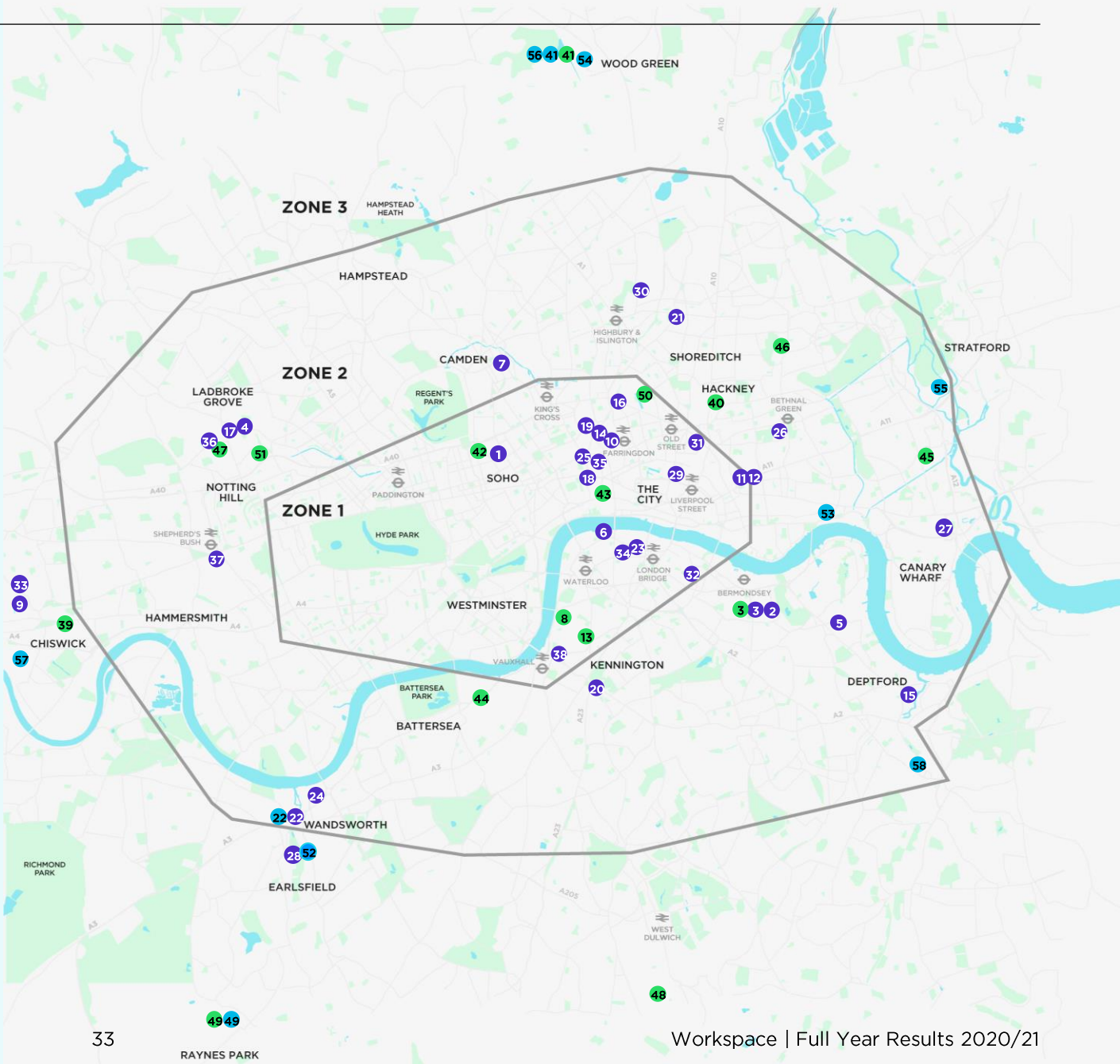
## Diversified customer base



# Appendix

## Property portfolio

- Like for like
- Refurbishments
- Mixed-use redevelopments



# Appendix

## Property portfolio

### ● Like-for-like

Map Ref	Property Name	Net lettable area (sq.ft.)	Net Rent Roll (£)
<b>1</b>	Archer Street Studios	14,984	513,355
<b>2</b>	Biscuit Factory (Cocoa Studios)	39,298	827,296
<b>3</b>	Biscuit Factory (Part)	126,245	2,291,525
<b>4</b>	Canalot Studios	49,513	997,312
<b>5</b>	Cannon Wharf	32,619	523,864
<b>6</b>	Cargo Works	71,212	2,710,131
<b>7</b>	Centro Buildings	213,050	9,291,188
<b>8</b>	China Works	68,808	1,767,495
<b>9</b>	Chiswick Studios	14,254	496,844
<b>10</b>	Clerkenwell Workshops	52,613	1,723,587
<b>11</b>	E1 Studios	40,797	891,208
<b>12</b>	East London Works	38,331	1,164,067
<b>13</b>	Edinburgh House	65,186	1,961,570
<b>14</b>	Exmouth House	57,560	3,223,159
<b>15</b>	Fuel Tank	35,189	533,891
<b>16</b>	338 Goswell Road	41,490	1,662,048
<b>17</b>	Grand Union Studios	63,640	1,831,772
<b>18</b>	60 Gray's Inn Road	36,138	1,484,580
<b>19</b>	Ink Rooms	22,235	960,644
<b>20</b>	Kennington Park	366,369	8,891,554

Map Ref	Property Name	Net lettable area (sq.ft.)	Net Rent Roll (£)
<b>21</b>	Leroy House	46,802	890,340
<b>22</b>	Light Bulb (part)	52,644	1,123,055
<b>23</b>	Metal Box Factory	106,316	3,480,885
<b>24</b>	Morie Street	21,711	413,718
<b>25</b>	Peer House	10,222	337,888
<b>26</b>	Pill Box	50,409	916,131
<b>27</b>	Poplar Business Park	65,178	953,734
<b>28</b>	Riverside	101,786	1,741,716
<b>29</b>	Salisbury House	232,272	10,347,859
<b>30</b>	ScreenWorks	63,974	1,573,614
<b>31</b>	The Frames	51,974	1,900,232
<b>32</b>	The Leather Market	147,006	3,651,706
<b>33</b>	The Light Box	78,489	1,483,413
<b>34</b>	The Print Rooms	46,064	1,216,912
<b>35</b>	The Record Hall	56,730	1,485,889
<b>36</b>	The Shaftesbury Centre	12,627	243,427
<b>37</b>	The Shepherds Building	148,617	6,507,208
<b>38</b>	Vox Studios	107,103	3,050,879

# Appendix

## Property portfolio

### ● Refurbishments

Map Ref	Property Name	Net lettable area (sq.ft.)	Net Rent Roll (£)
<b>39</b>	Barley Mow Centre	75,880	1,147,562
<b>40</b>	Brickfields	56,755	1,653,409
<b>41</b>	Chocolate Factory (part)	61,778	678,240
<b>42</b>	Fitzroy Street	92,669	6,011,460
<b>43</b>	160 Fleet Street	42,103	858,826
<b>44</b>	Havelock Terrace	58,164	1,017,721
<b>45</b>	Lock Studios	54,477	562,587
<b>46</b>	Mare Street Studios	54,887	48,598
<b>47</b>	Pall Mall Deposit	58,777	476,829
<b>48</b>	Parkhall Business Centre	124,739	1,714,806
<b>49</b>	Rainbow Industrial Estate (Part)	21,180	268,156
<b>3</b>	The Biscuit Factory (Part)	88,080	1,199,434
<b>50</b>	Wenlock Studios	30,938	473,907
<b>51</b>	Westbourne Studios	57,745	937,730

### ● Mixed-use redevelopments

Map Ref	Property Name	Net lettable area (sq.ft.)	Net Rent Roll (£)
<b>41</b>	Chocolate Factory (dev)	51,026	250,733
<b>52</b>	Garratt Lane	43,000	300,000
<b>53</b>	Highway Business Park	19,860	247,435
<b>22</b>	Light Bulb (Part)	0	0
<b>54</b>	Mallard Place	10,150	130,000
<b>55</b>	Mirror Works (formerly Marshgate)	0	0
<b>56</b>	Parma House	34,983	203,976
<b>57</b>	Q West	54,960	462,258
<b>49</b>	Rainbow Industrial Estate (Part)	89,934	237,318
<b>58</b>	Thurston Road	0	0

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# Appendix

## Disclaimer

The information in this document may include forward-looking statements, which are based on current expectations and projections about future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as ‘anticipate’, ‘estimate’, ‘expect’, ‘intend’, ‘will’, ‘project’, ‘plan’, ‘believe’, ‘target’ and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. These forward-looking statements reflect the directors’ current 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.

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This presentation should also be read in the light of the Company’s preliminary results announcement for the full year ended 31 March 2021. 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.