

Preliminary Results for the Year Ended 31st March 2009

Presentation Team

Harry Platt – *Chief Executive*

Graham Clemett – *Finance Director*

Chris Pieroni – *Operations Director*

Angus Boag – *Development Director*



→ Agenda



Workspace Group

Introduction

Harry Platt

Financial Review

Graham Clemett

Operating Performance

Chris Pieroni

Portfolio Initiatives

Angus Boag

Looking Forward

Harry Platt

Q&A

→ Performance Highlights



Revenue	£69.8m	up 4%
Trading Profit (after interest)	£10.0m	up 12%
Like-for-like occupancy	83.4%	
New lettings	86 per month	
Net Asset Value (diluted adjusted)	27p	
Property Valuation	£662m	down 33%
Underlying Income Yield	8.5%	
Capital Value per square foot	£132 per sq.ft	
Total Dividend	Held at 2008 level	

→ Business Priorities and Results



Customers	Resilience with increased churn
Cash	Reduction in overheads and capital expenditure
Balance Sheet	Rights Issue; Extended debt facilities; Disposals
Glebe JV	Fully written down; negotiations continue

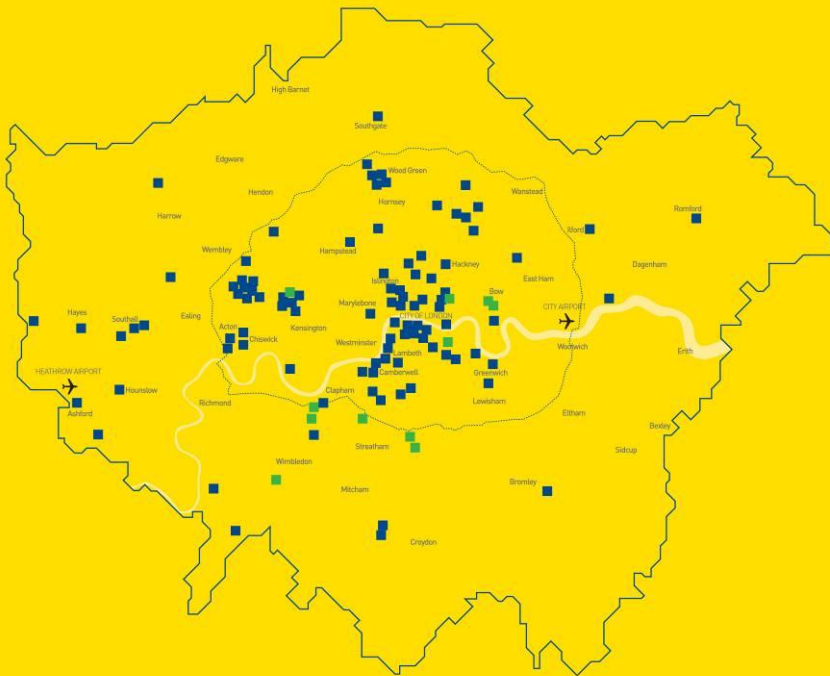
→ The Business Model - Reminder



Workspace Group

Workspace Group property portfolio at 31 May 2009

- Workspace properties within the M25
- Workspace (Siebe Joint Venture) properties
- Greater London
- North/South circular orbital



We are a property-based business:

- A hotelier of space to small and medium-sized enterprises (SMEs)
- With 6.2m square feet of space across London
- Providing flexible and affordable accommodation; and superior customer service from in-house management

→ Our Customers: The London SME Market



	<u>No Enterprises</u>	<u>Employment (thousands)</u>
All enterprises	757,685	
With no employees	592,795	
All employers	164,890	3,424
1-19	153,260	711
20-49	6,685	209
50-99	2,305	161
100-499	2,010	421
500 or more	630	1,922

Number of enterprises and employment in the private sector at the start of 2007 in London.

Source: BEE Enterprise Directive Analytical Unit

→ Our Property Market



- Each sub-sector has different characteristics
- Underlying value of Workspace portfolio
- Disposals: lot sizes, income and debt availability

Graham Clemett

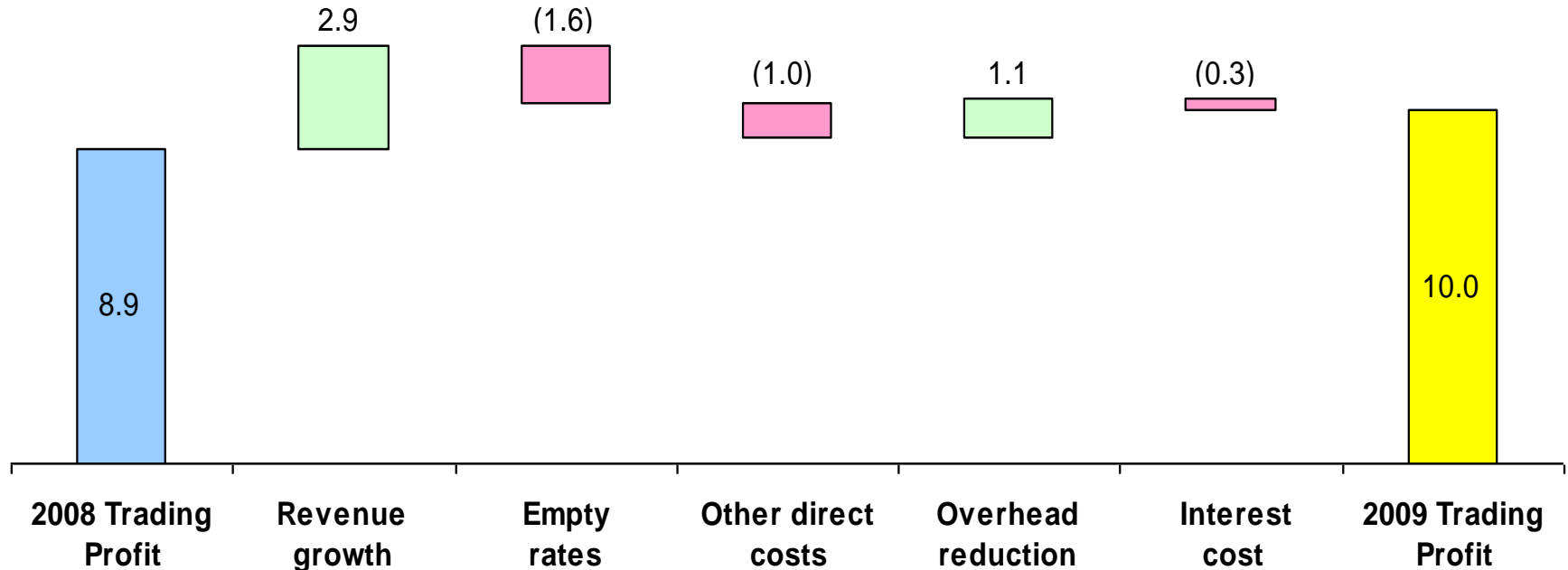
Finance Director

→ Income Statement



£m	<u>2009</u>	<u>2008</u>	
Revenue	<u>69.8</u>	<u>66.9</u>	+4%
Trading Profit after Interest	10.0	8.9	+12%
Property Valuation Deficit	(325.3)	(47.5)	
Interest-Rate Swap Valuation	(26.1)	-	
Rights Issue and Refinancing Costs	(5.9)	-	
Other Items	<u>(13.1)</u>	<u>1.6</u>	
Net Loss for the Year before Tax	<u>(360.4)</u>	<u>(37.0)</u>	

→ Trading Profit after Interest



→ Key Performance Indicators

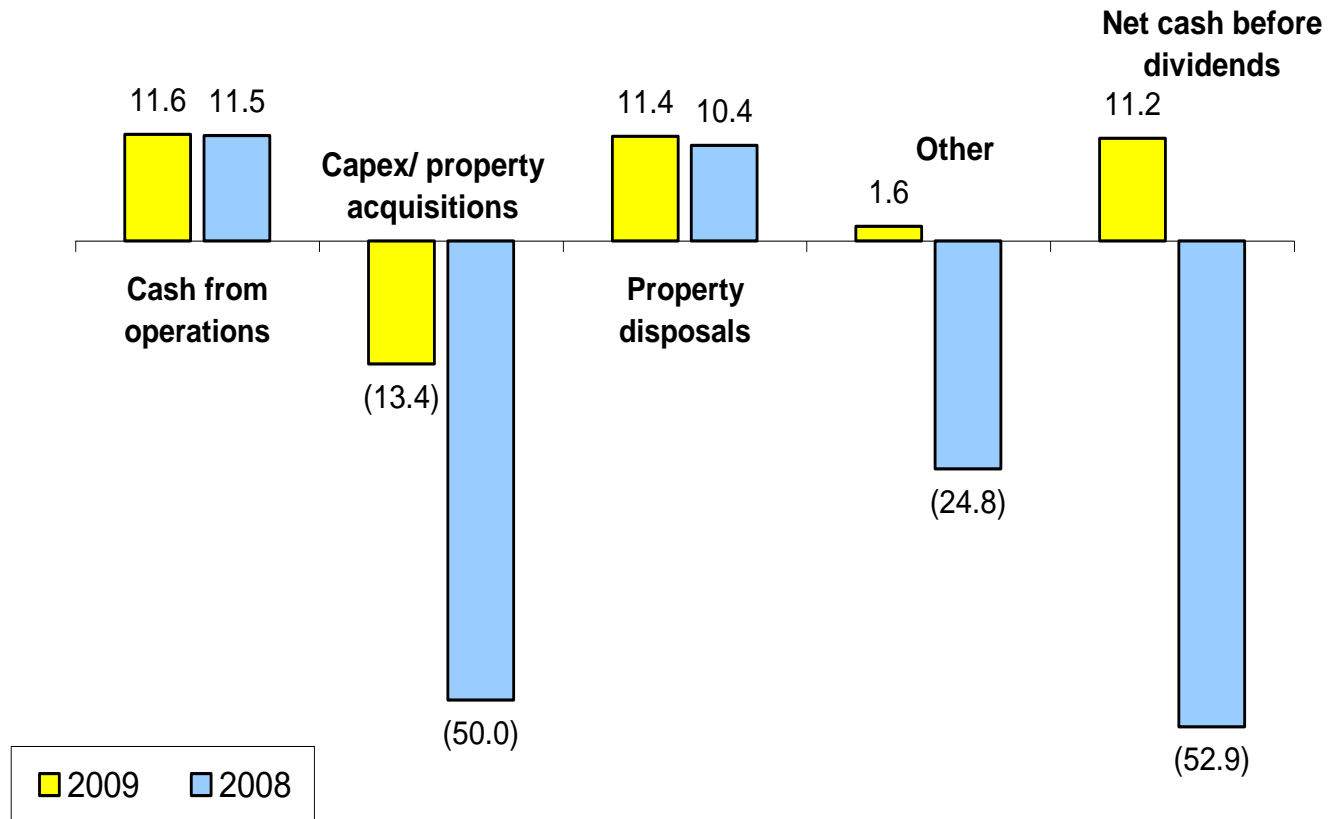


	<i><u>FY</u></i> <i><u>2009</u></i>	<i><u>FY</u></i> <i><u>2008</u></i>		
Enquires per month	876	785	↑	12%
Lettings per month	86	84	↑	2%
<u>Occupancy</u>				
Total	80.3%	85.8%	↓	(5.5)%
Like-for-like	83.4%	89.6%	↓	(6.2)%
<u>Rent Roll</u>				
Total	£50.8m	£52.6m	↓	(3.3)%
Like-for-like	£45.0m	£46.7m	↓	(3.5)%
Rent per sq. ft	£12.64	£11.88	↑	6.4%

→ Cashflow



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→ Cash Management



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New lettings require deposit and typically 3 months rent up front

70% of customers billed monthly

70% of customers pay by direct debit/standing order

80% of customers pay rent of less than £20,000 p.a

More than 95% of debt collected within 30 days of due date

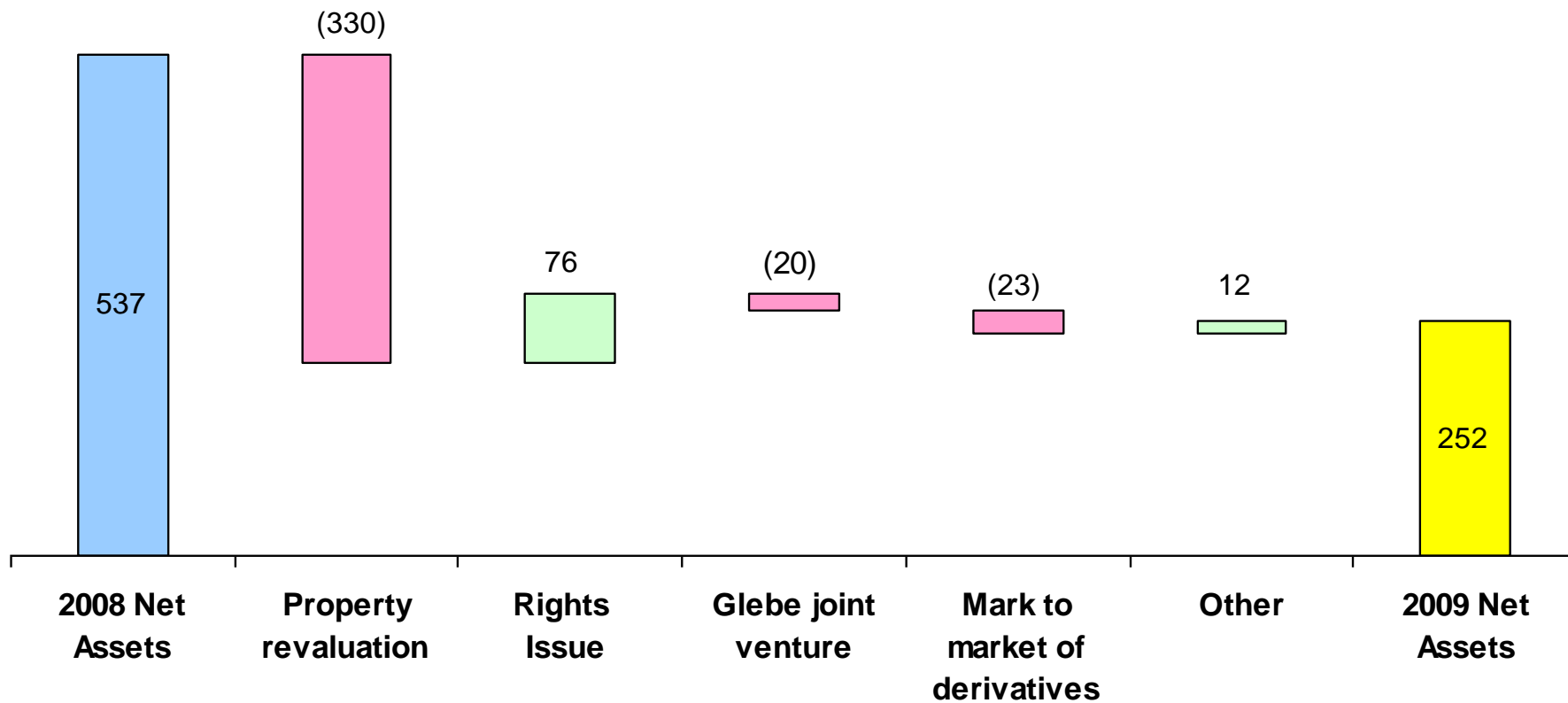
No increase in number of bailiff cases or repossessions

Total debt written off in year £0.2m (2008: £0.1m)

→ Net Assets



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Components of Valuation



	No of Properties	Value £m	Rent Roll £m	Income Yield	Equivalent Yield
<u>Like-for-Like Properties</u>					
Existing use value	95	531	45.0	8.5%	10.1%
Added value (13 properties)		28			
<u>Other Properties</u>					
Refurbished	6	78	5.2	6.7%	9.7%
Held for redevelopment/sale	5	25	0.6	2.5%	7.8%
Total	106	662	50.8	7.7%	9.6%



Facilities and Interest Cost



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	<u>Term</u>	<u>Facility Amount</u>	<u>Drawn Amount</u>	<u>Indicative Margin/Rate</u>	<u>Average Margin/Rate</u>
<u>Lender</u>					
GE	Nov 2012	£220m	£220m	2.0%	
RBS	Nov 2012	£150m	£136m	2.75%	} 2.3%
	June 2009	£20m	-	2.75%	
	On demand	£4m	£(1)m	1.75%	
<u>Hedging</u>					
Fixed	Nov 2012		£250m	5.3%	} 4.7%
Caps/Collars	2009/2010		£105m	3.5%	
Total					<u>7.0%*</u>

* Illustrative pro-forma interest rate based on debt at March 2009

→ Bank Covenants

Interest Cover



Loan to Value



→ Financial Summary



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Resilient Trading Performance

Good Cashflows

- Trading profit = cash
- Reduced capex and overheads
- Disposal programme

Balance Sheet Strength

- Reduced debt level
- Good covenant headroom
- No near-term refinancing risk
- No Glebe JV exposure

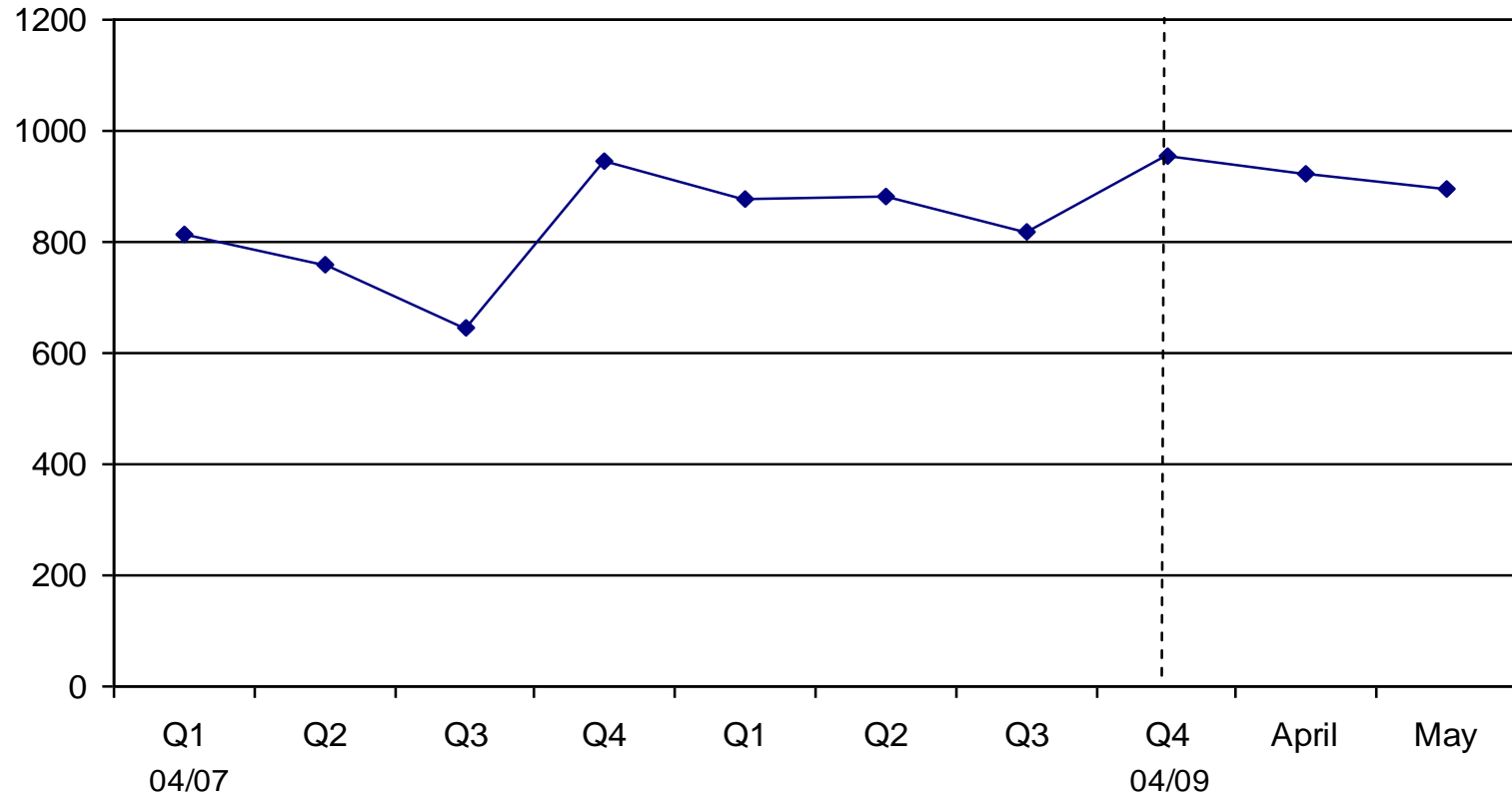
Chris Pieroni

Operations Director

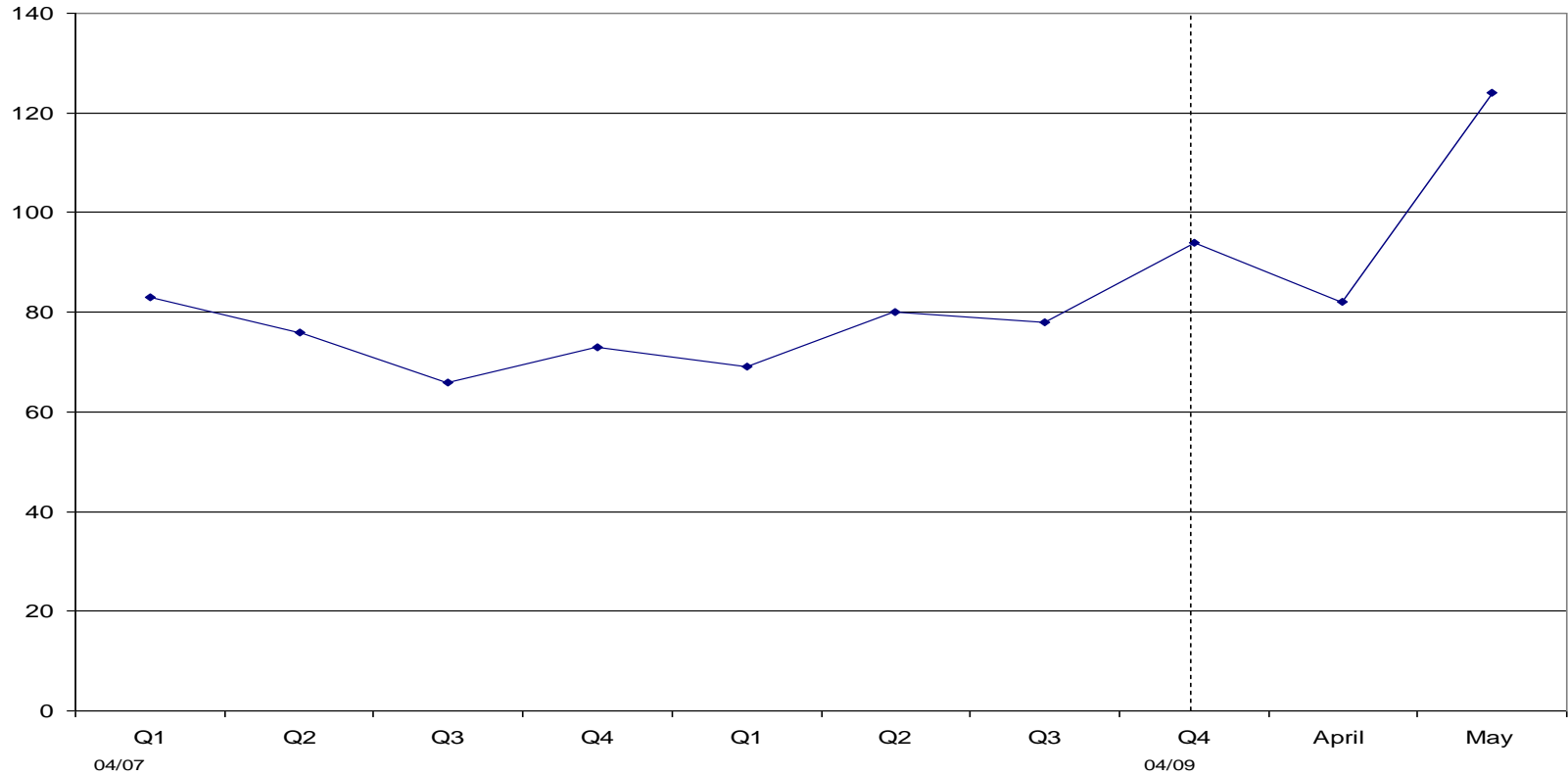
→ Enquiries per month



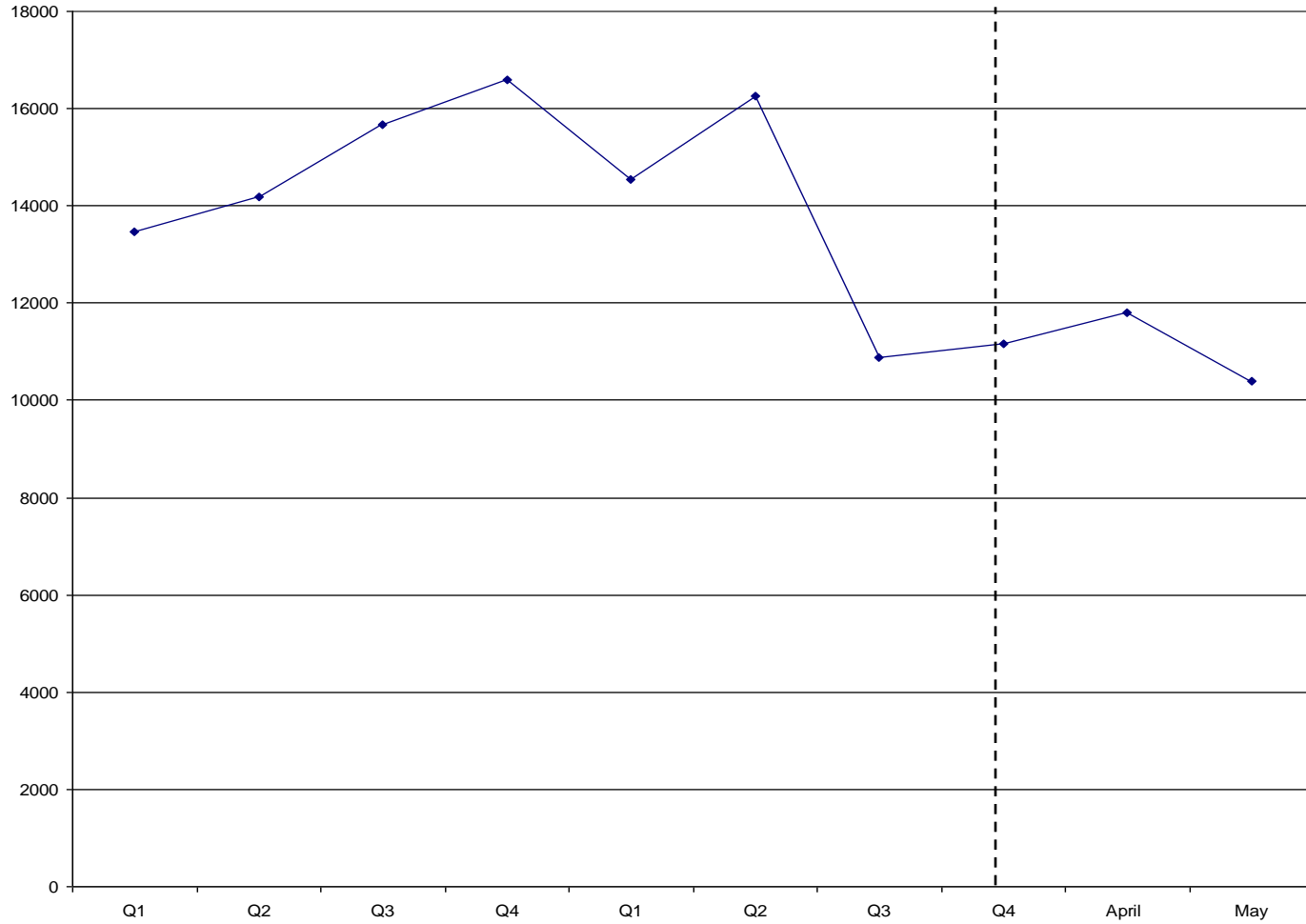
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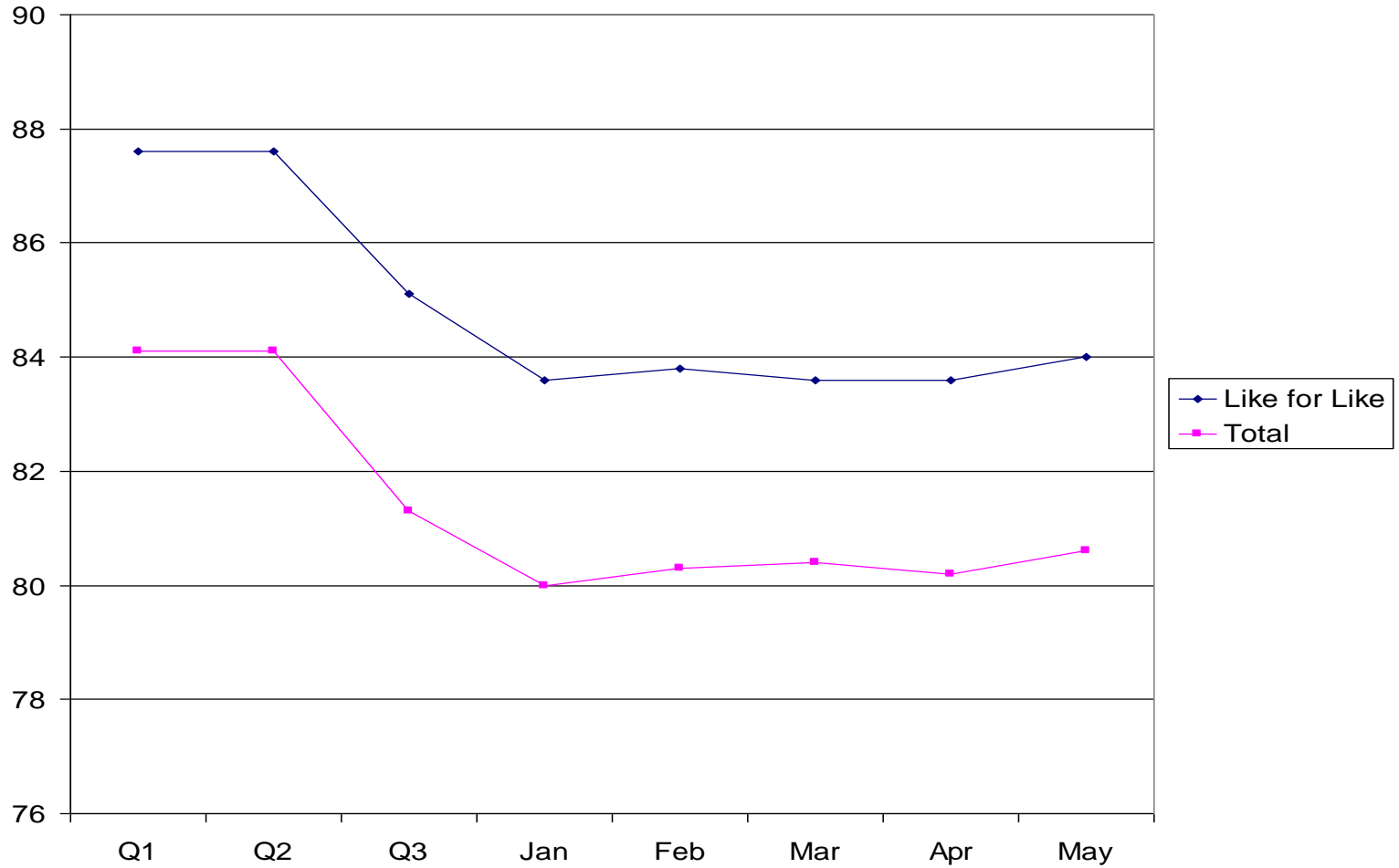
→ Deals per month



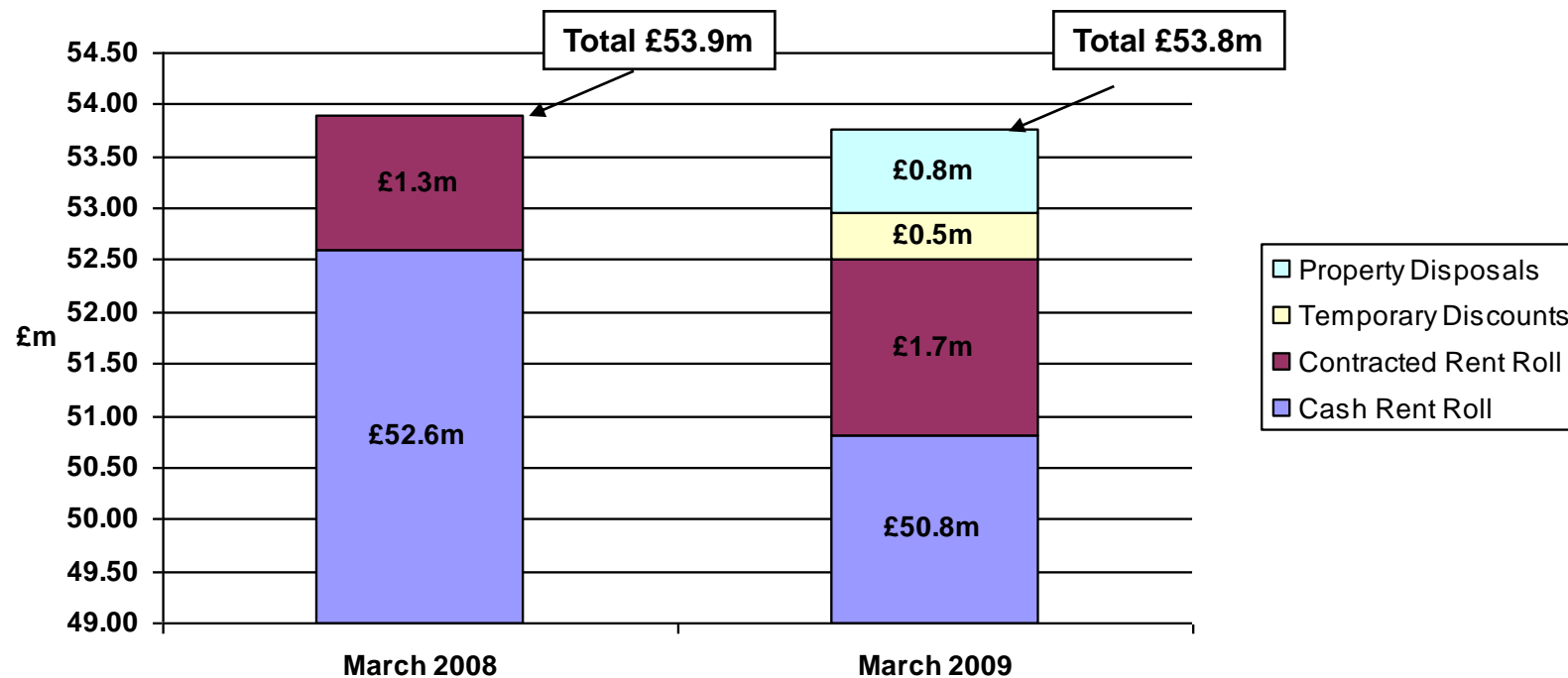
→ Average value of deals



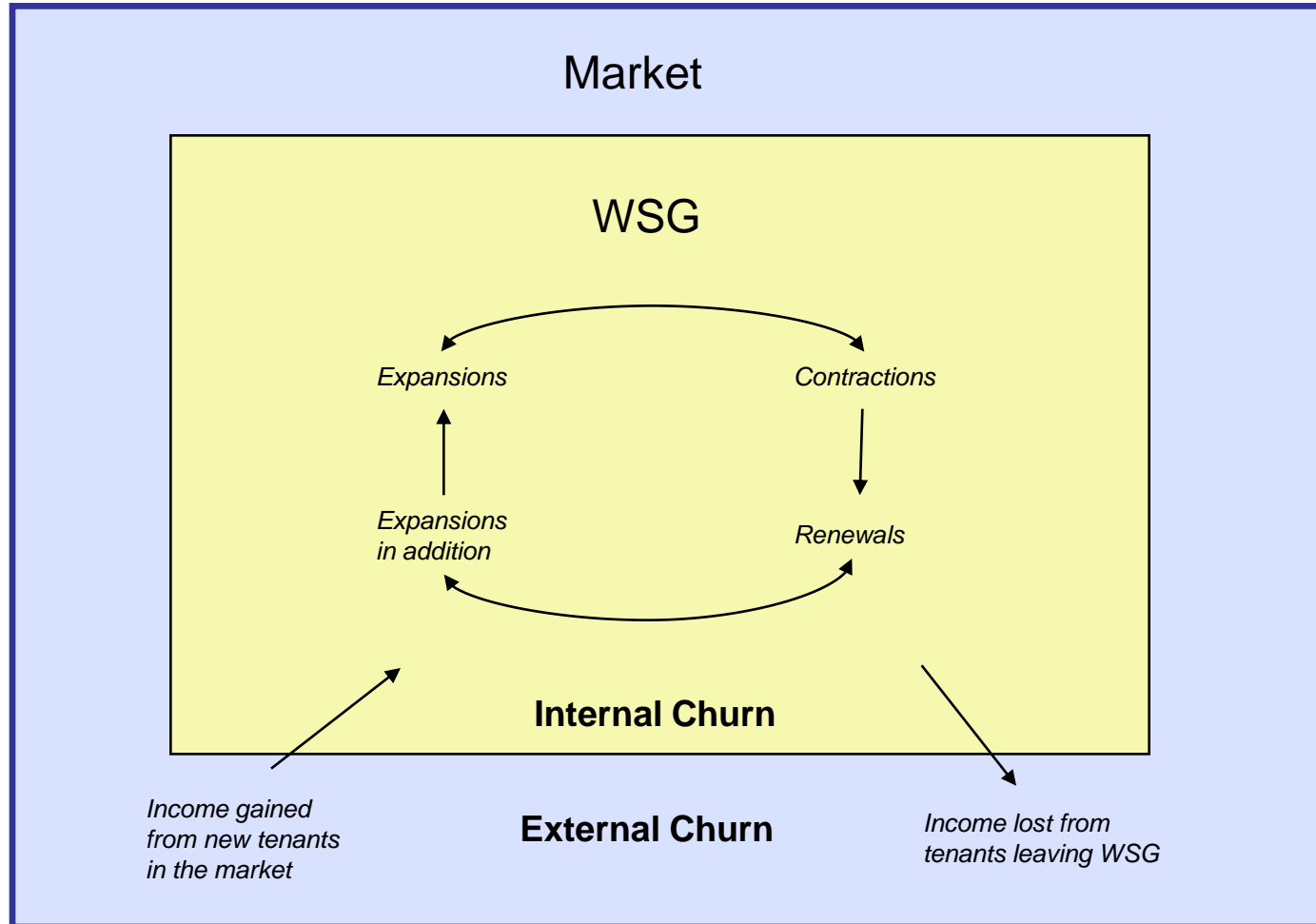
→ Occupancy



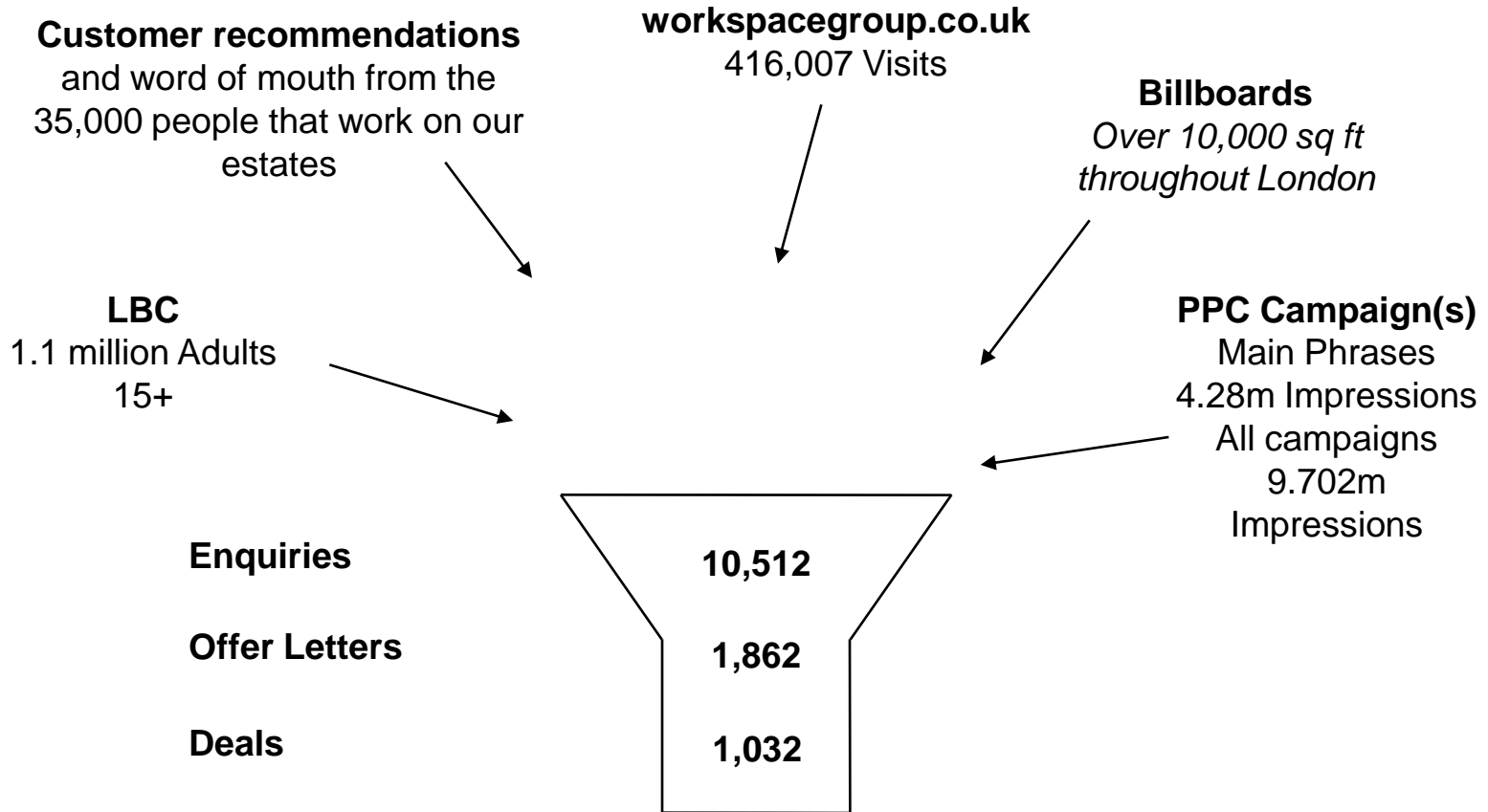
→ Contracted Rent Roll



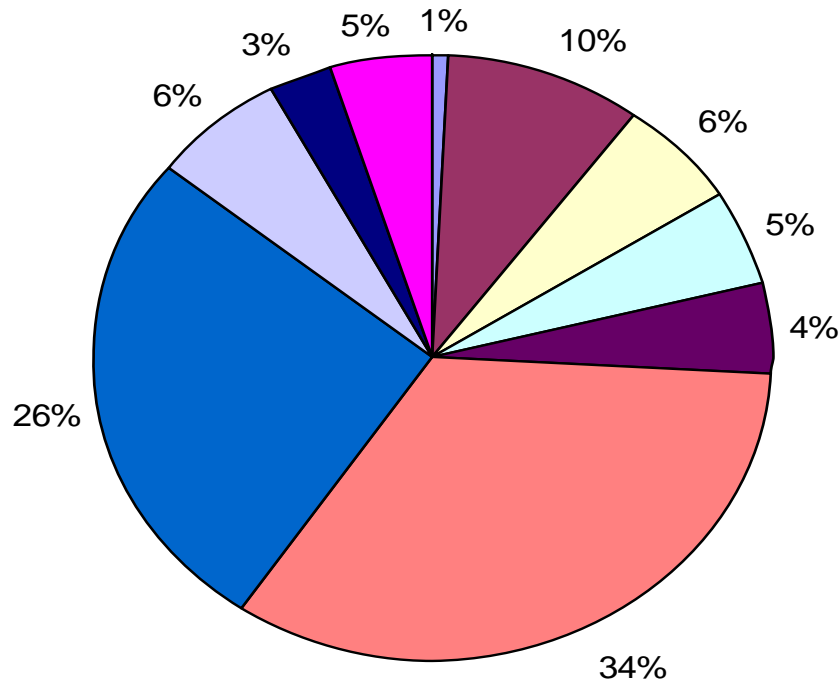
→ Customer Churn



→ The Power of our Brand





→ Tenant Base: Sectoral Spread





- Catering
- Manufacturing
- Transport, travel and storage
- Wholesale & retail
- Construction
- Creative Industries
- Business & professional services
- Other services
- Community, health and education
- Charity, voluntary & professional organisations

→ Customer Profiles



New Lettings

Company Name	Progressive Ltd	
Business Centre	Linton House, SE1	
Business Type	IT Training company	
Extra info	<ul style="list-style-type: none"> • Young, forward-thinking company that offers 10% discount to other Workspace customers. • They run public training courses from Linton House, as well as one-to-one training sessions and online courses. 	



Company Name	Curona Design Ltd	
Business Centre	The Leathermarket, SE1	
Business Type	Business / sustainability consultancy	
Extra info	<ul style="list-style-type: none"> • Curona Design offers Energy Performance Assessments and Certification for all types of buildings. • They also provide BREEAM consultancy services to assess the sustainability of a project for Office, Retail and Residential sectors as an independent consultant. 	

→ Customer Profiles

Expansions

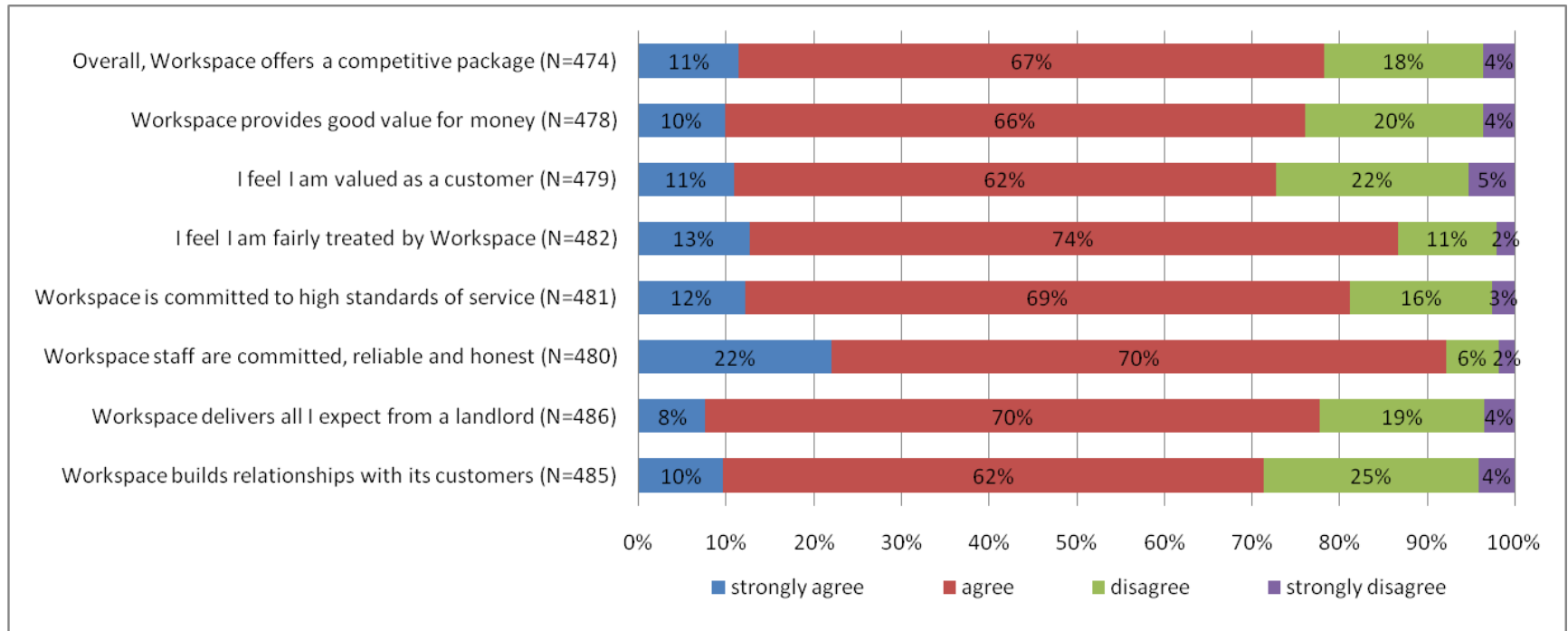
Company Name	Paymentsense Ltd	 
Business Centre	Westbourne Studios, W10	
Business Type	Provider of debit and credit card processing for SMEs in the UK	
Extra info	<ul style="list-style-type: none"> • Joined us in January on the Start-Up scheme and have recently expanded into a larger unit on a standard lease. • Their service focuses on the needs of SME business owners. • Their offering is tailored to hotels, restaurants, retail shops and service businesses with 1 to 5 terminals. 	

Contractions

Company Name	Creative Styling	 
Business Centre	Belgravia Workshops, N19	
Business Type	Interior Designers	
Extra info	<ul style="list-style-type: none"> • They design, creation and installation for ad's, product launches and photo-shoots. • Recently, they have designed shows for L'Oreal, Boots, No7, M&S & Coca-Cola. 	

→ Customer Satisfaction

Overall Customer Satisfaction score 79%



Angus Boag
Development Director

→ Portfolio Activity



- 2 redeveloped properties
- Achieved planning consent for 6 properties
- Disposed of 8 properties
- Contracted sales (subject to planning) for 2 properties

→ Property Disposals



	<u>Contracted</u>			<u>Pipeline</u>	
	<u>No</u>	<u>Value £m</u>	<u>Income Yield</u>	<u>No</u>	<u>Value £m</u>
Core Properties	8	28.4	8%	4	18.5
<u>Added Value</u>					
Subject to planning	2	8.8	2%	4	20.1
Total	10	37.2	6%	8	38.6

→ Portfolio Initiatives

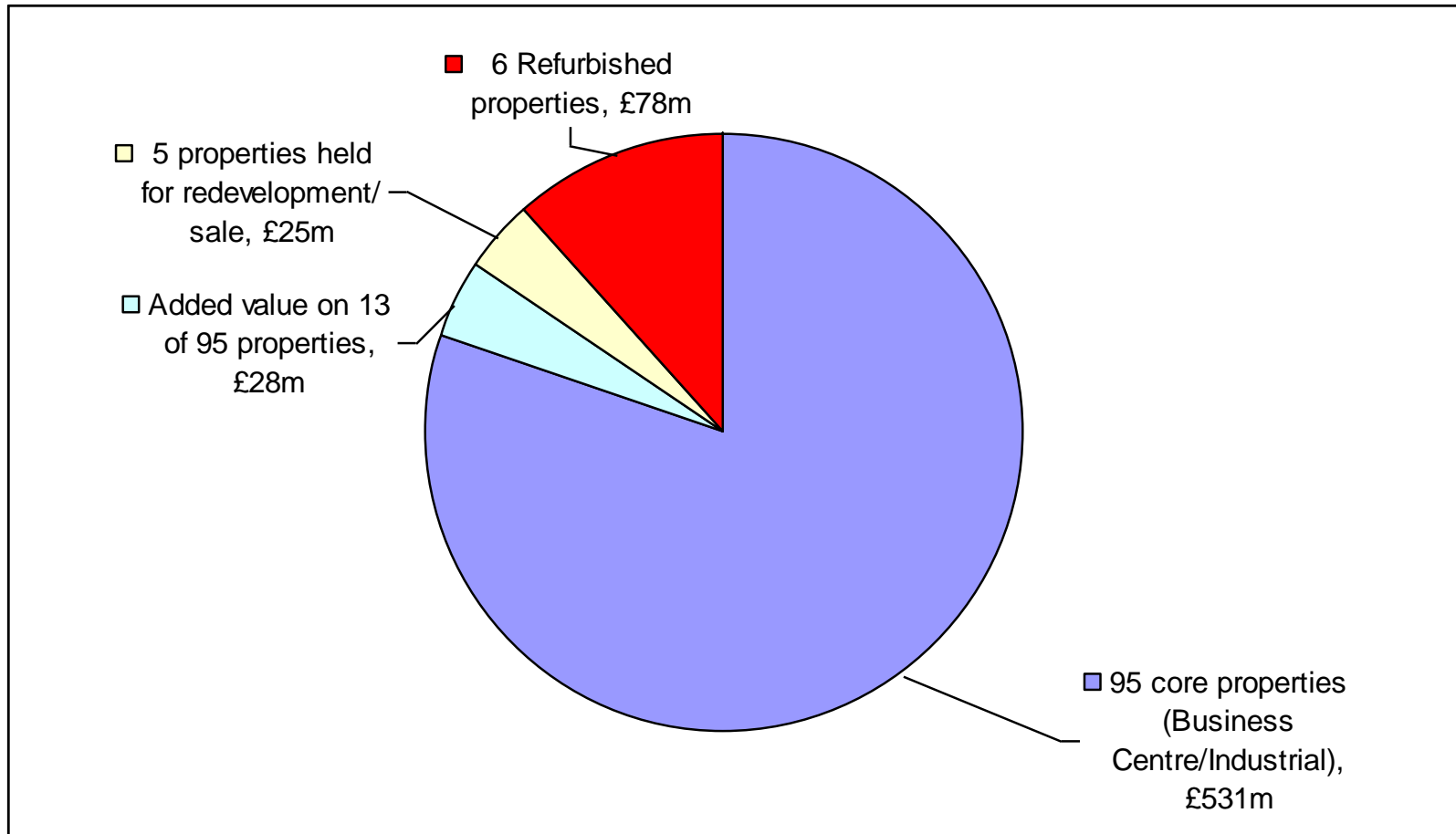


- Extending or intensifying existing uses
- Repositioning
- Achieving other uses
 - student housing
 - budget hotels
 - self-storage
 - affordable housing
 - housing for sale

→ Breakdown of Property Valuation



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→ Core Properties



- 95 properties valued in total at £559m
- 50% have opportunities for added value
- In excess of 450,000 sq. ft of additional space of various uses being progressed.
- No additional value over and above existing investment value

→ Core Properties



Whitechapel Technology Centre, E1
Car park



Baldwin Gardens, EC1

→ Added Value

- 13 of 95 properties have in total £28m added value over and above existing investment value.
- Planning consent
- Contracted disposals
- Advanced discussions with planners

→ Added Value on Core Properties

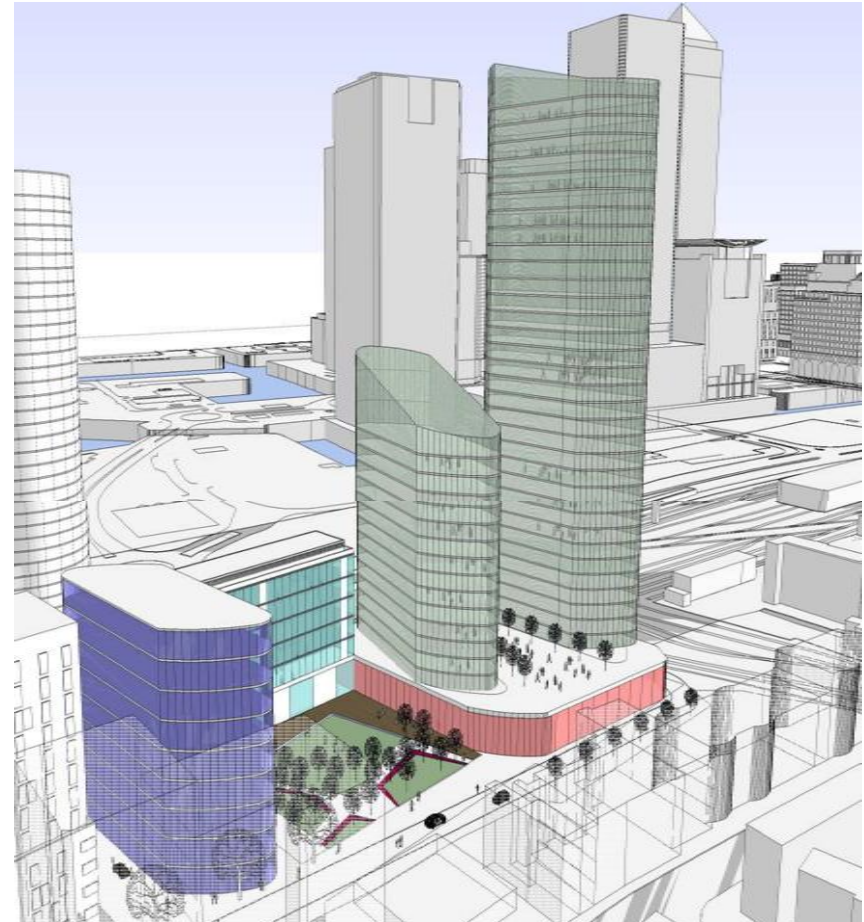


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Canalot Studios, W10



Aberdeen Centre, N5



Poplar Business Park, E14

→ Refurbished Properties

- 6 properties with a value of £78m
- 2 of these recently refurbished last six months



The Wenlock Business Centre, N1

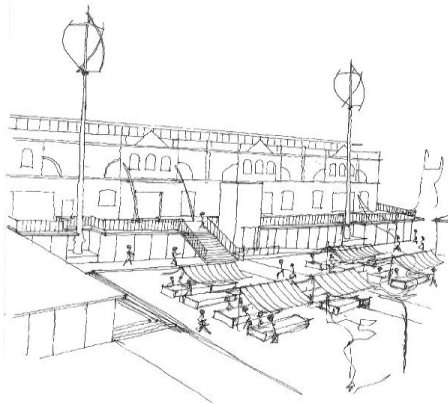


Q West, TW8

→ Kennington, SW9



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KENNINGTON PARK LONG TERM DEVELOPMENT STRATEGY
WORKSPACE PLC

→ Holding Properties

- 5 properties with a value of £25m



Greenheath Business Centre, E2



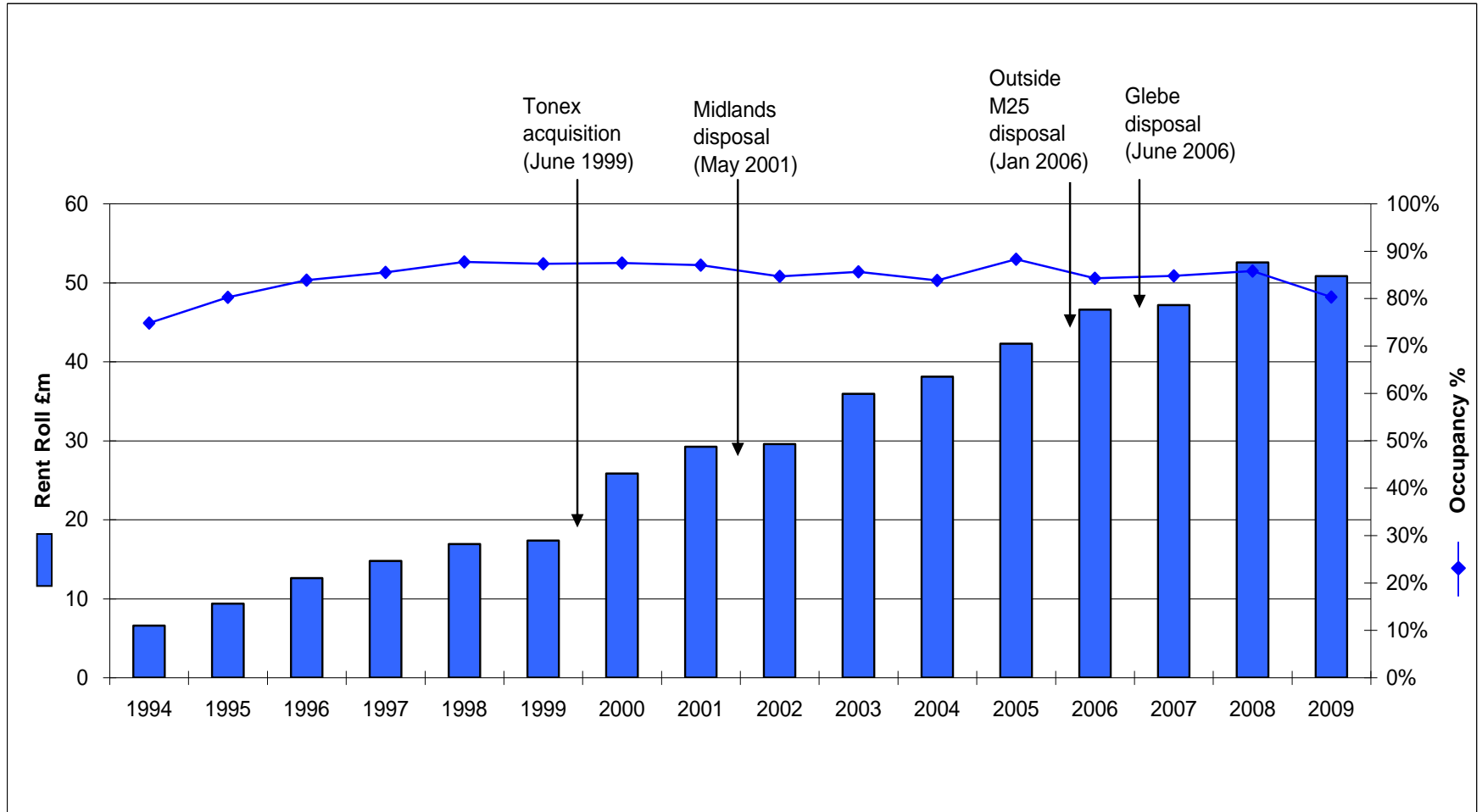
Thurston Road Industrial Estate, SE13

Harry Platt
Chief Executive

→ Summary and Outlook: Skills and Focus

- Hands on: Letting and intensive management
- Our market
 - customers
 - properties
 - London
- Our product

→ Summary and Outlook: Our Track Record



→ Summary and Outlook



- **Immediate Focus:**
 - Existing stock
 - Cash rental Income
 - Recycling capital
 - Glebe JV
- Recovery
- Brand and expanding the footprint