

→ Workspace Group PLC



Results for the Half Year ended 30 September 2009

Presentation Team

Harry Platt

Chief Executive

Graham Clemett

Finance Director

Chris Pieroni

Operations Director

Angus Boag

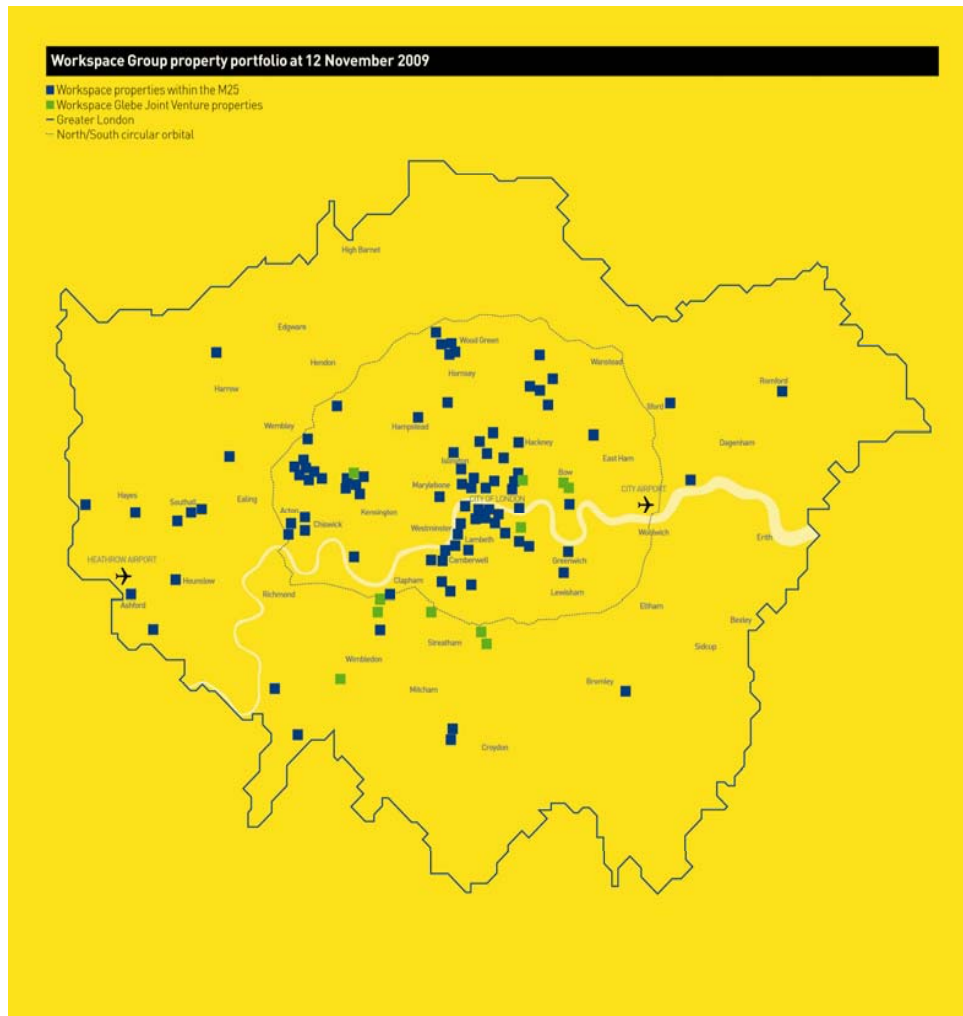
Development Director



→ The Business Model - Reminder



Workspace Group



We are a London property-based business:

- A hotelier of space to small and medium-sized enterprises (SMEs)
- With 4.8m square feet of directly owned space across London, and a further 1.1m sq. ft in JV structure
- Providing customer-focused flexible and affordable accommodation with in-house management

→ Business Priorities and Results



- Customers Like-for-like occupancy now 84%
Contracted rent roll stable in quarter
- Disposals Ahead of target with active portfolio management.
- Glebe JV Negotiations progressing well.

→ Performance Highlights



Trading

Enquiries:	936 per month
Lettings:	103 per month
Overall Occupancy:	81.9%
Cash Rent Roll:	£46.9m
Contracted Rent Roll:	£50.4m

Portfolio

Valuation:	£605m
Capital Value:	£125 per sq. ft
Underlying Initial Yield:	8.5%

Dividend

Held at 2008 level

→ Agenda



Financial Performance

Graham Clemett

Operating Performance

Chris Pieroni

Portfolio Review

Angus Boag

Looking Forward

Harry Platt



Workspace Group

Graham Clemett

Finance Director

Financial Performance

→ Income Statement

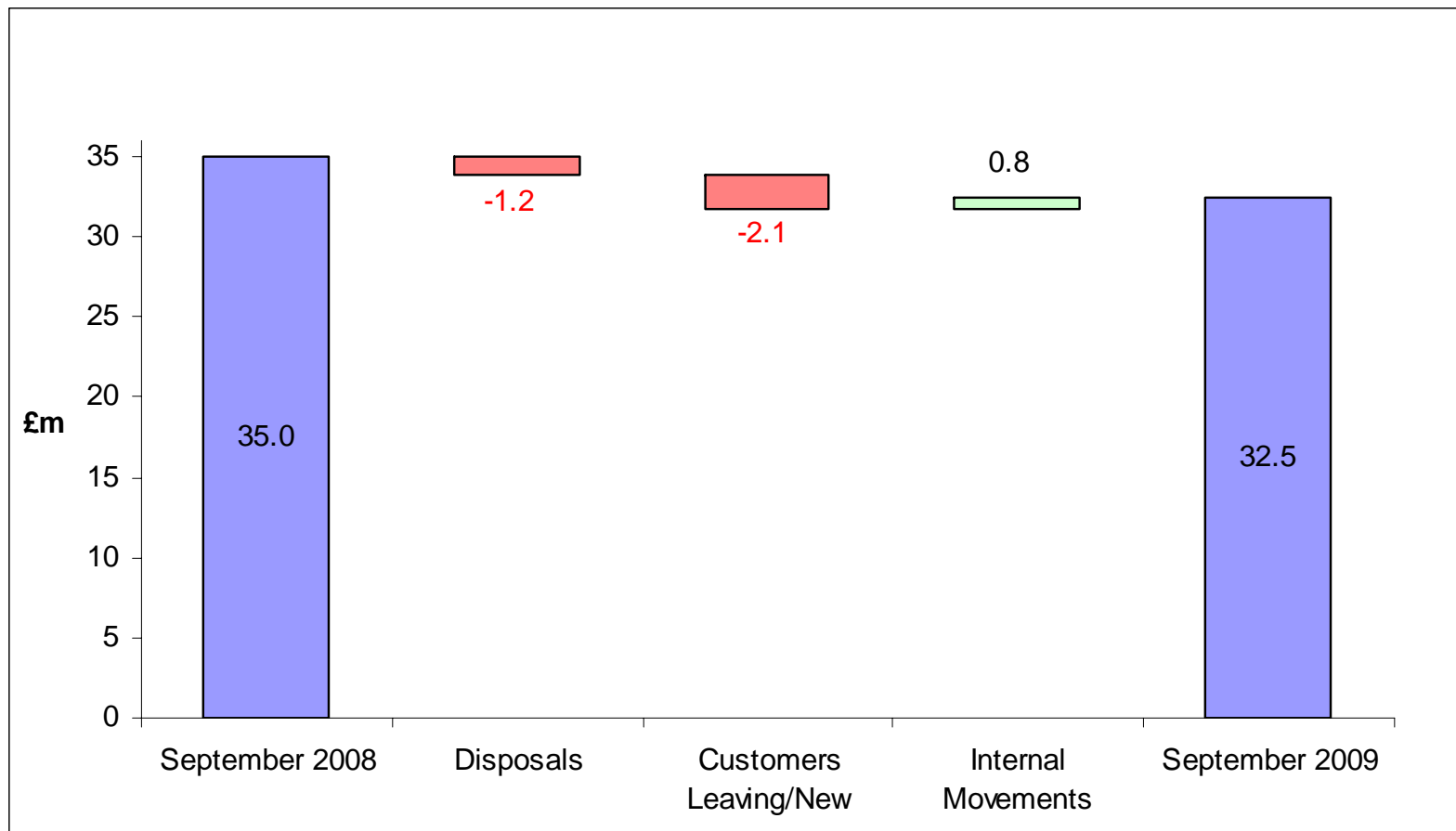


	September 2009 £m	September 2008 £m
Revenue (including disposals)	<u>32.5</u>	<u>35.0</u>
Trading profit after interest	5.0	5.4
Property valuation	(45.4)	(131.2)
Other items	1.1	(2.7)
Net loss before tax	<u>(39.3)</u>	<u>(128.5)</u>
<i>EPRA earnings per share</i>	<i>0.4p</i>	<i>3.7p</i>

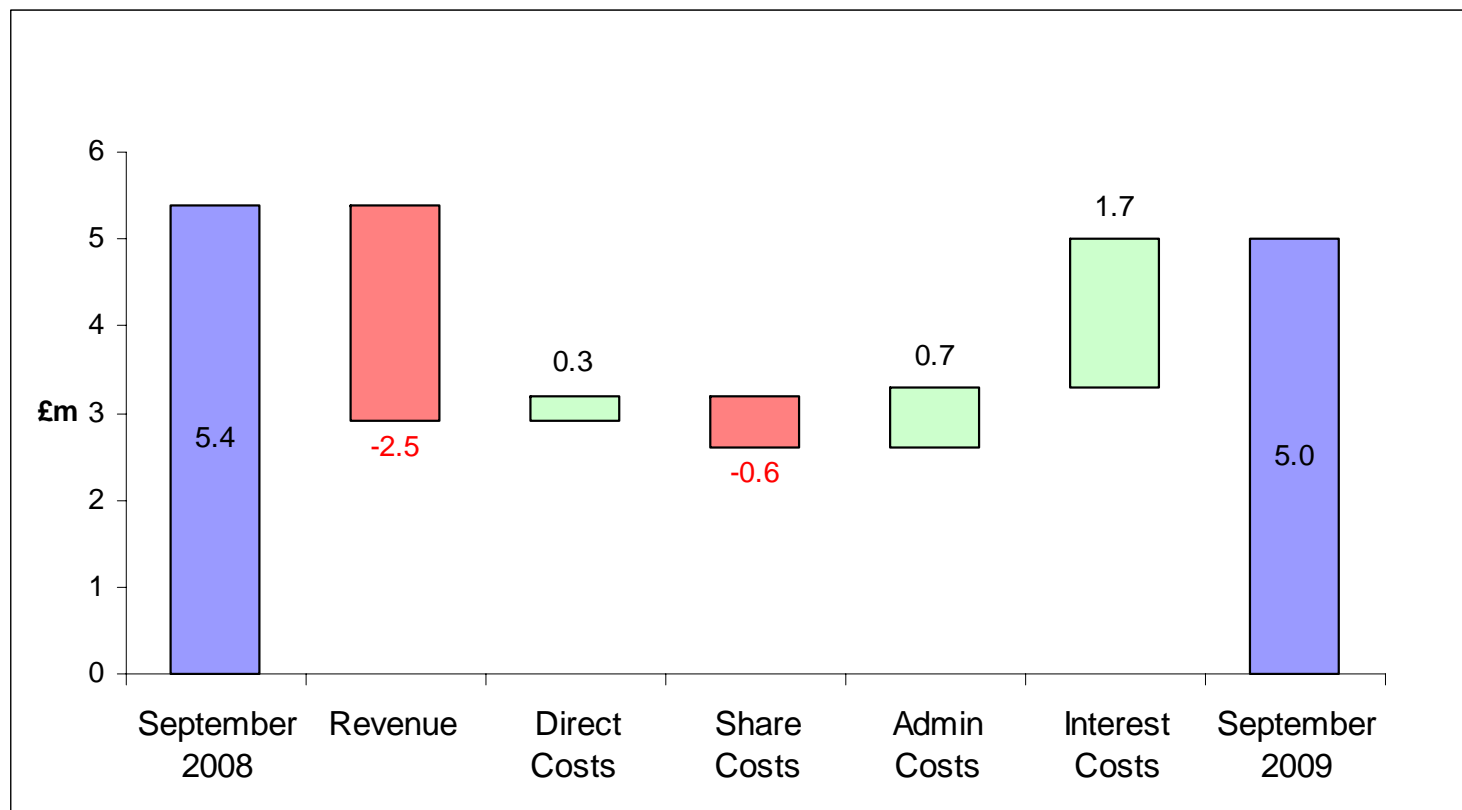
→ Revenue Movements



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→ Trading Profit after Interest



→ Cash Flow



£m	September 2009	September 2008
Cash from Trading	16.9	19.0
Net Interest Paid	(12.7)	(16.3)
Capital Expenditure	(2.4)	(5.2)
Disposals/(Acquisitions)	15.6	(3.7)
Tax Refund	-	4.7
Other Items	(4.7)	1.0
Net Cash before Dividends	12.7	(0.5)
<i>Bad Debt Charge</i>	<i>0.2</i>	<i>0.2</i>

→ Balance Sheet



£m	September 2009	March 2009	September 2008
Property Valuation	605	662	871
Borrowings	(346)	(355)	(445)
Hedging	(22)	(26)	(2)
Other Assets/Liabilities	(29)	(29)	(21)
Net Assets	<u>208</u>	<u>252</u>	<u>403</u>
<i>EPRA NAV per share</i>	<i>22p</i>	<i>27p</i>	<i>174p</i>

→ Property Valuation



	September 2009	March 2009	March 2008	March 2007
Property Valuation (£m)	605	662	993	1,001
Estimated Rental Value (£m)	61.4	70.5	76.1	65.3
Capital Value per sq.ft	£125	£132	£191	£204
Overall Income Yield	7.8%	7.7%	4.7%	4.7%
Overall Equivalent Yield (at 90% occupancy)	9.1%	9.6%	6.9%	5.9%
Reduction from peak	(42)%			

→ Components of Valuation



	Like-for-Like	Refurbished	Held for Redevelopment
No Properties	90	5	5
Occupancy	84.0%	76.6%	59.3%
Rent Roll	£41.0m	£5.3m	£0.6m
Valuation			
- Existing Use	£485m	£70m	£20m
- Added Value	£27m	-	£3m
Existing Use			
- Income Yield	8.5%		
- Equivalent Yield	9.7%		

→ Indicative Interest Rate



	Drawn Amount	Term	Margin/ Rate	Overall Rate
<u>Debt</u>				
RBS	£133m	Nov 2012	2.75%	2.3%
GE	£213m	Nov 2012	2.0%	
	<u>£346m</u>			
<u>Hedging</u>				
Fixed Rate swap	£250m	Nov 2012	5.3%	3.8%
Caps/Collars	£68m	Oct 2010	3.0%	0.6%
Floating	£28m	-	1.0%	0.1%
Indicative Interest Rate (September 2009)				<u>6.8%</u>

→ Covenant Headroom



Interest Cover

	<u>Actual</u>	<u>Covenant</u>
RBS	1.6	1.25
GE	2.1	1.30
Group	1.9	1.5

Loan to Value*

	<u>Actual</u>	<u>Covenant</u>
RBS asset pool	59%	75%
GE asset pool	66%	75%

* This excludes uncharged assets of £55m

→ Glebe JV



- Established in June 2006
- 18 estates, 1.1m sq.ft of space
- Loan to value covenants breached in March 2009
- Fully provided against investment and associated liabilities
- Joint venture partner went into liquidation in September 2009
- Discussions with lenders led by HBoS progressing well



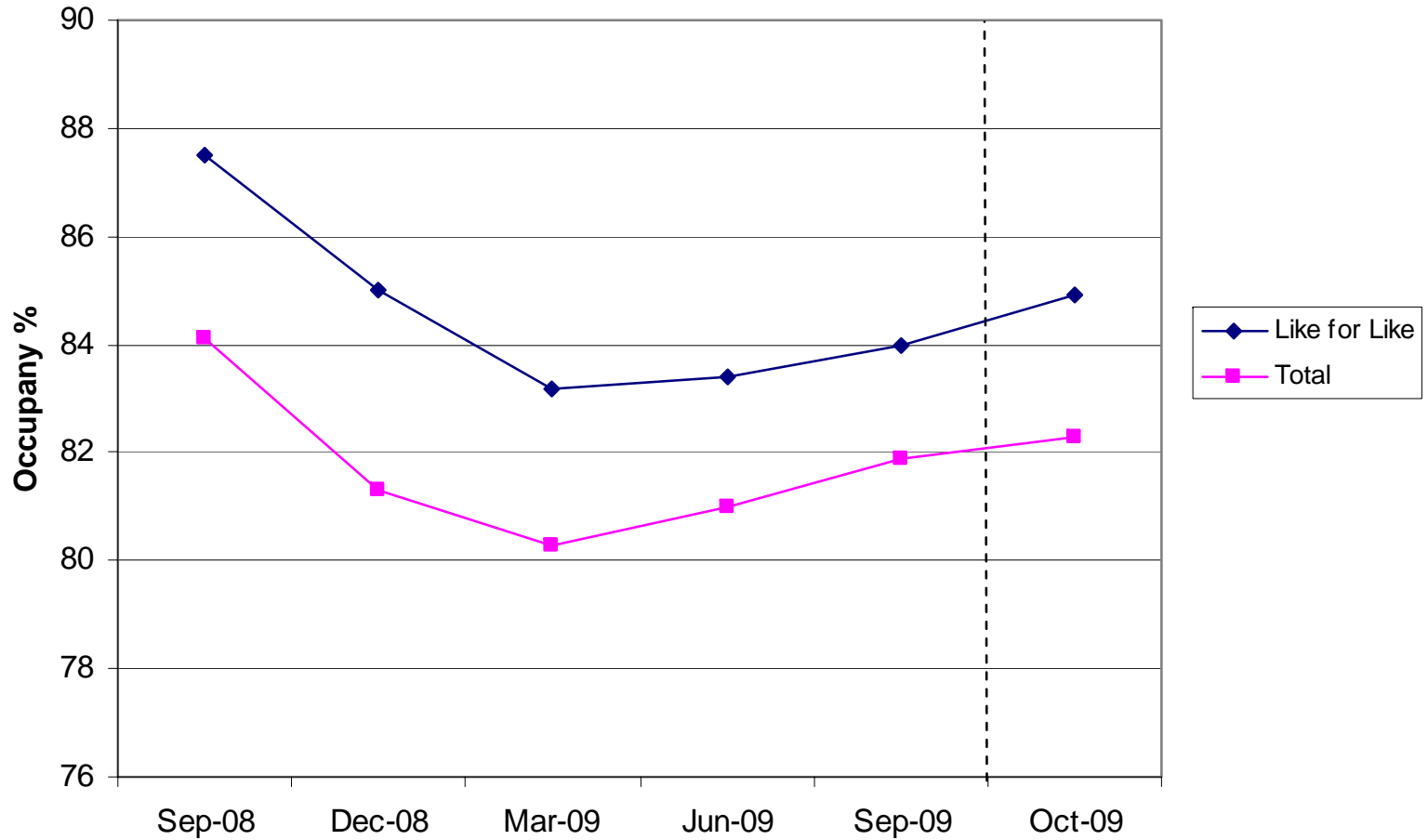
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Chris Pieroni

Operations Director

Operating Performance

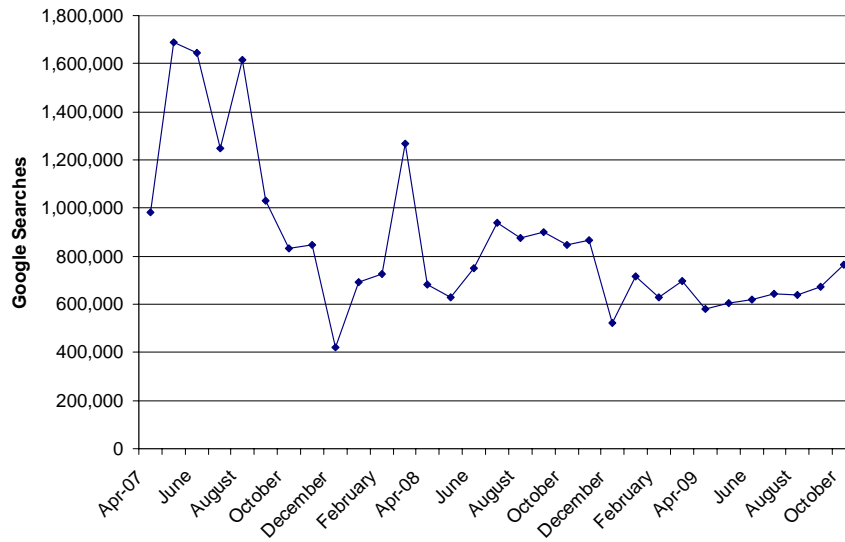
→ Occupancy



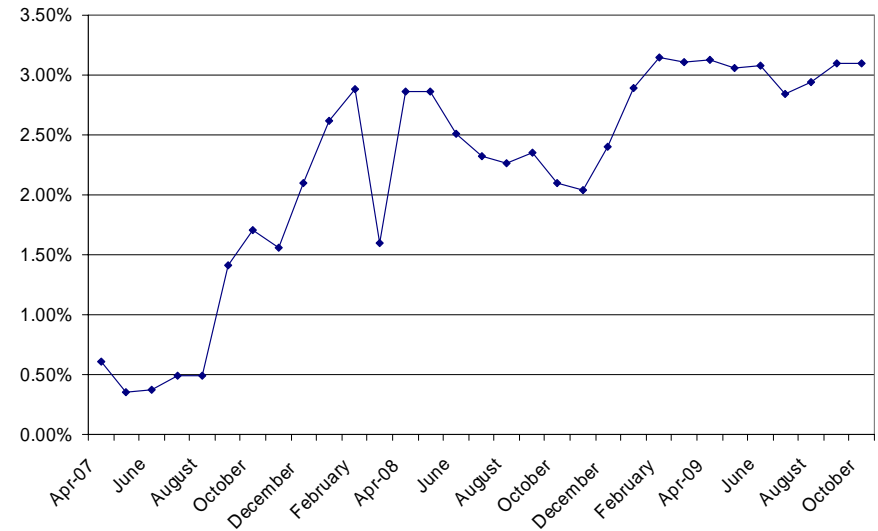
→ Market Demand



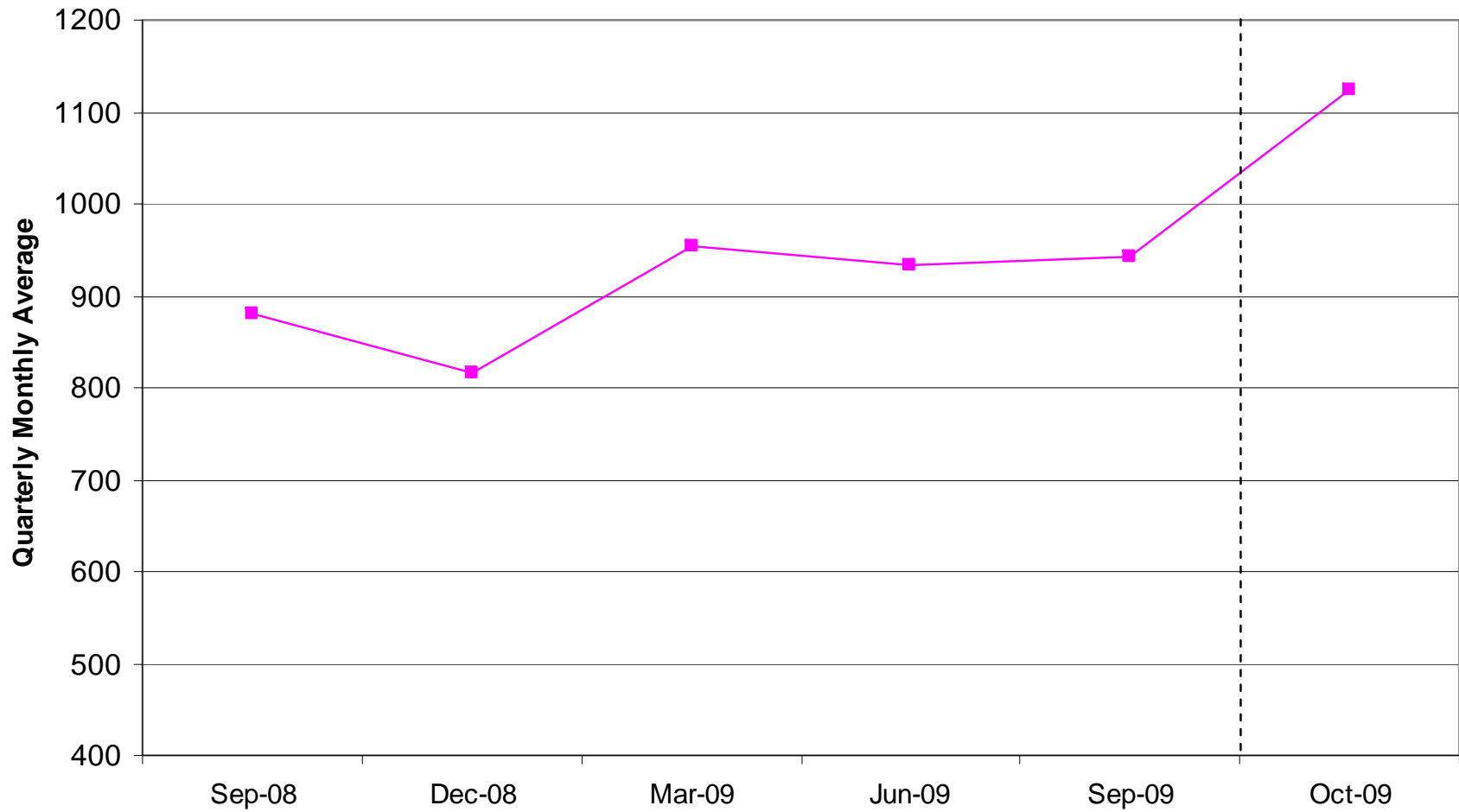
Total Demand



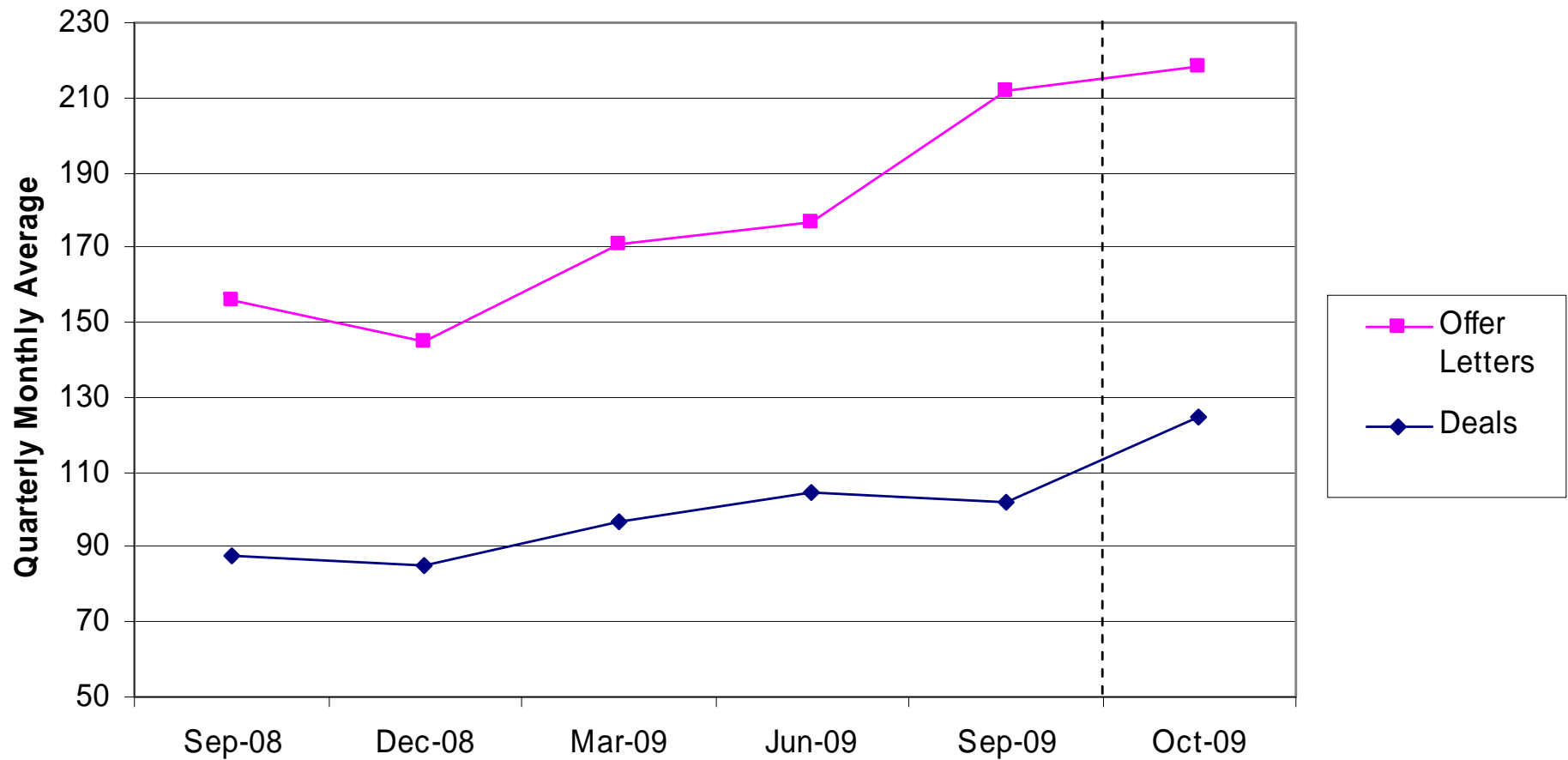
WSG Market Share



→ Enquiries



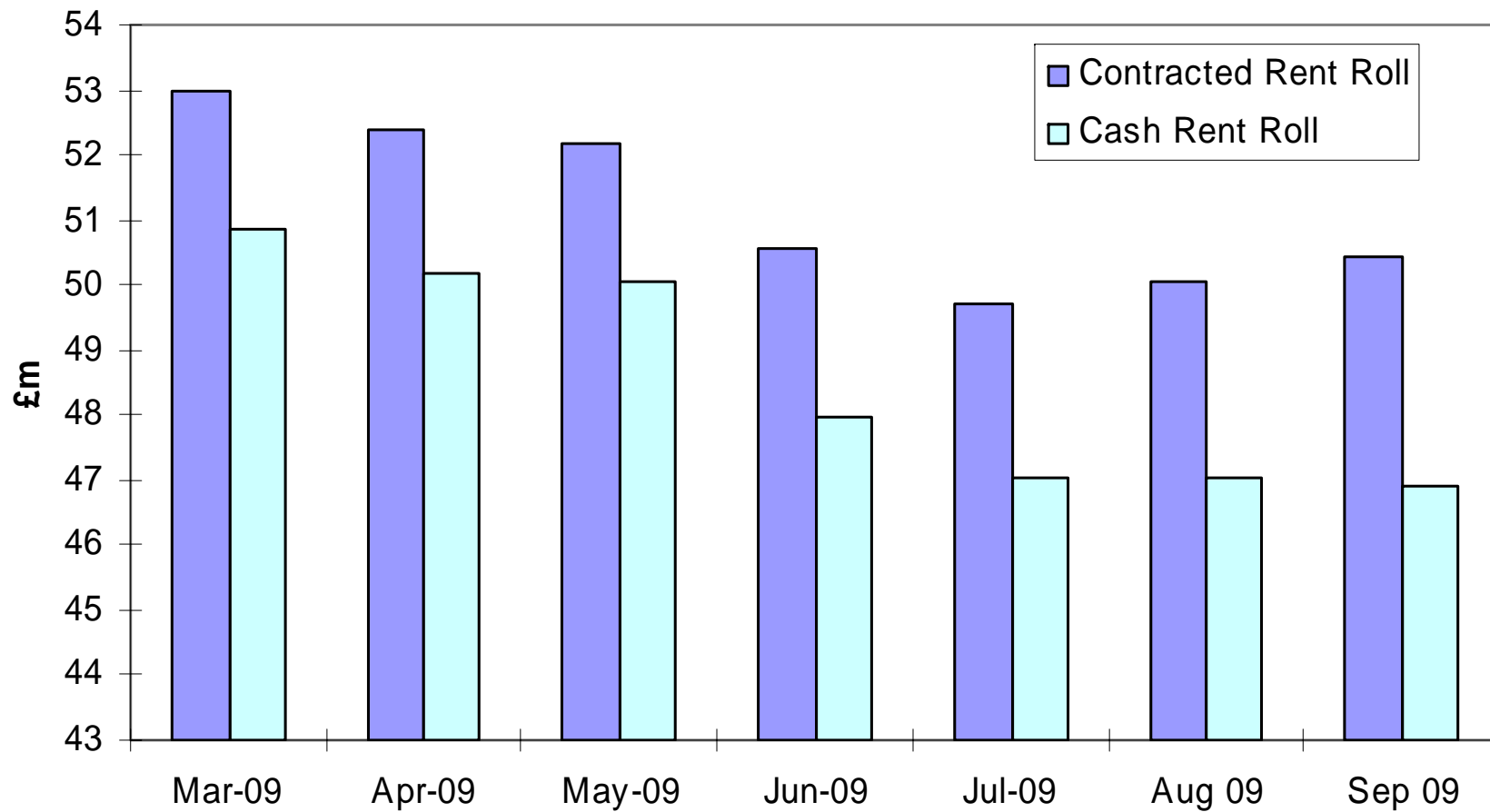
➔ Offer Letters and Deals



→ Rent Roll



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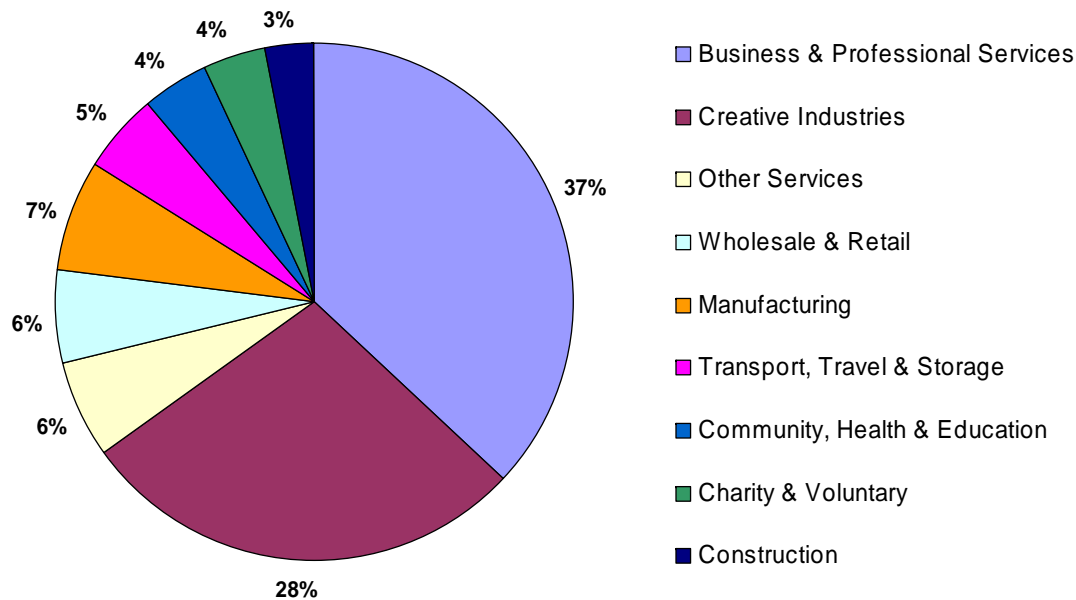


→ Diversity of Income

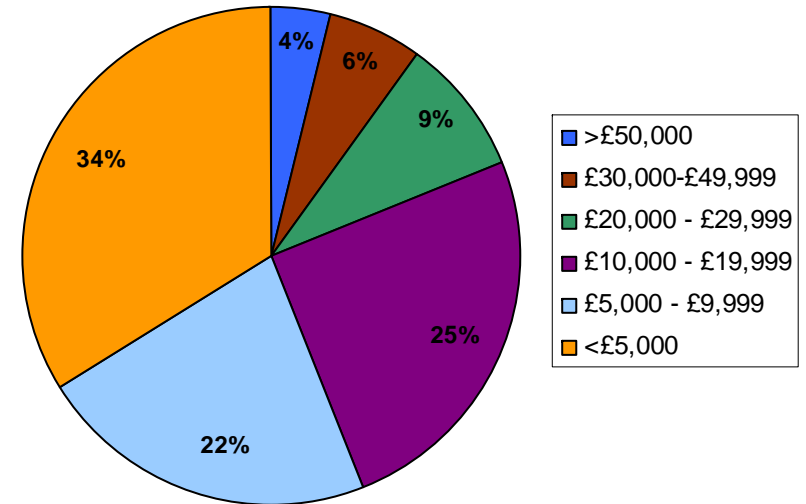


Diverse Customer Base

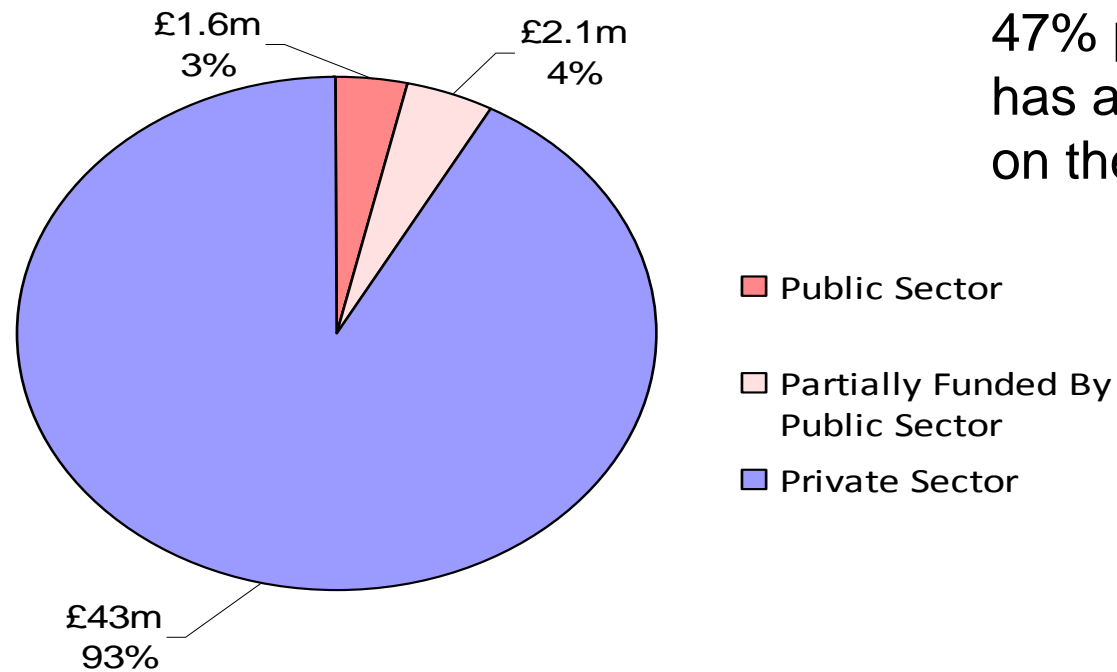
Customer by industry



Customers by Annual Rent Payable

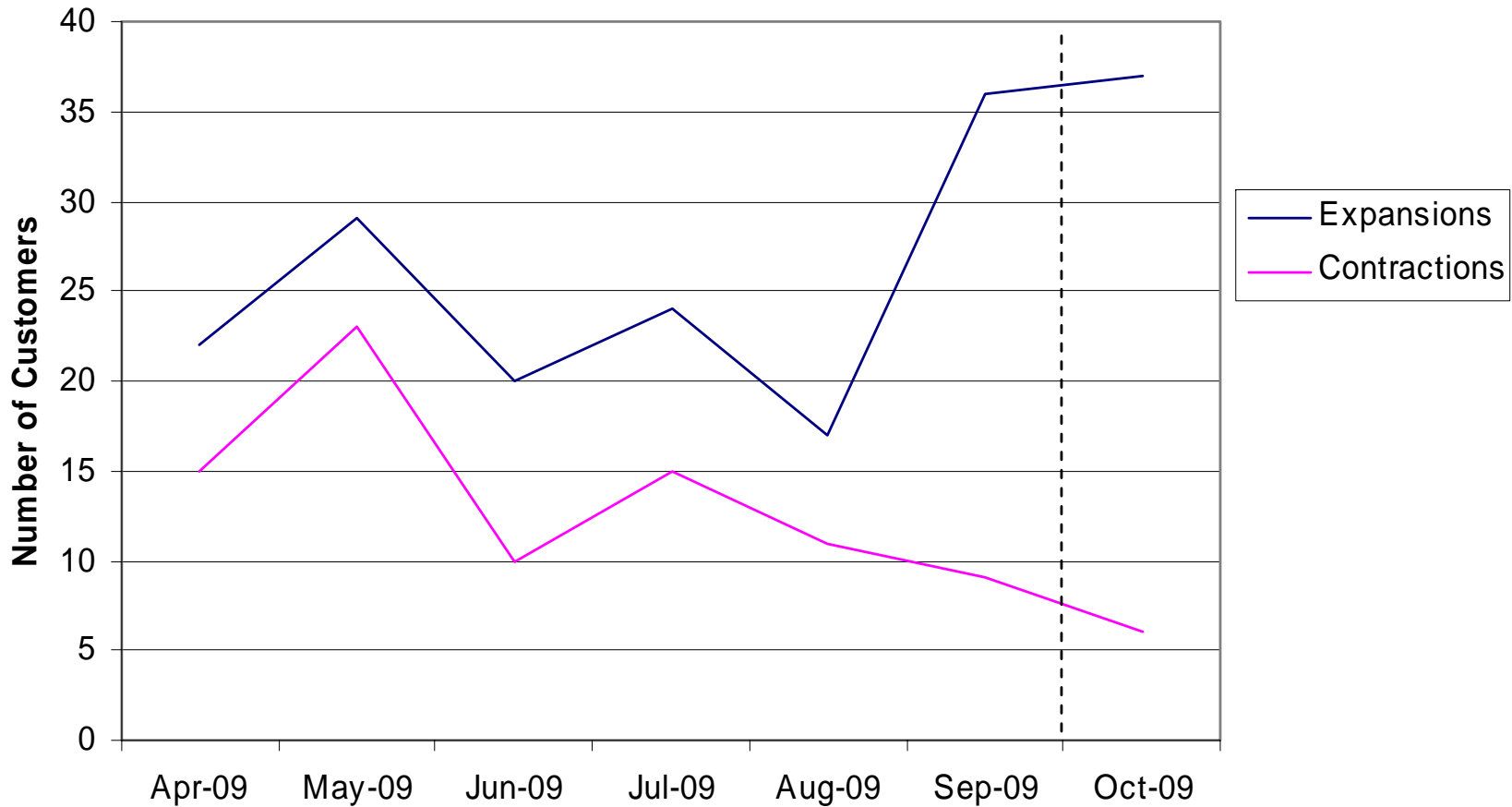


→ Public Sector



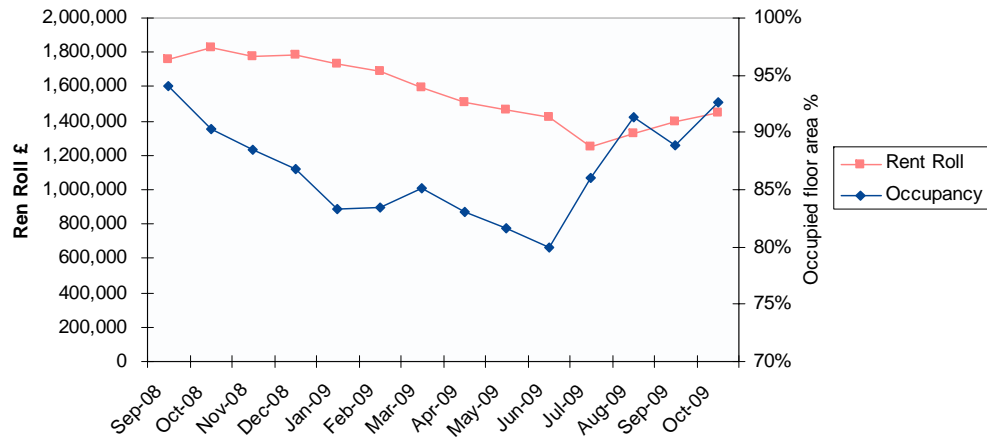
47% public sector income has at least 4 years left on their leases

→ Expansions and Contractions

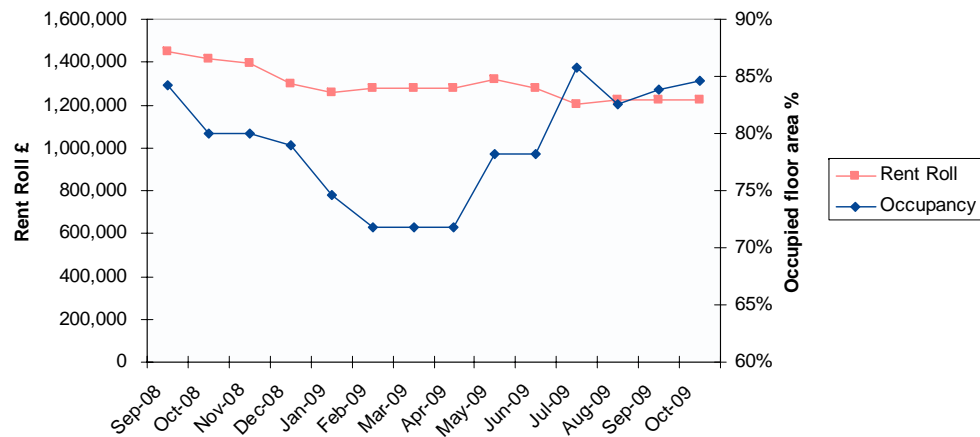


➔ Portfolio Performance

Clerkenwell Studios



Uplands Business Park



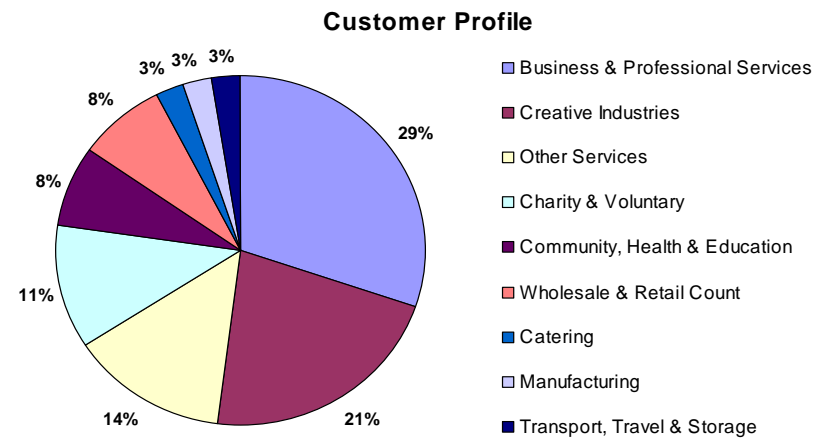
→ Portfolio Performance



Canterbury Court – The Last 18 Months



- c. 70,000 sq ft of new business space launched Q1 2008
- 78 new business units – from c 200 sq ft to 20,000 sq ft
- 93% let



→ London's SME: Resilience during the Recession



Workspace Group

Key Points from Kingston Research Report (343 Workspace customers)

- Almost 50% saw sales/margins remain stable or grow
- New customers/products/markets
- Worked longer/cancelled holidays/took out less
- Creative use of finance

Very resilient performance

'Are Small Businesses Resilient to Recession' – Professor D. Smallbone, Small Business Research Centre, Kingston University

Awarded 'Best Paper' at the Institute for Small Business and Entrepreneurship Conference, 2009



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Angus Boag

Development Director

Portfolio Review

→ Disposals



	No of Properties	Added Value £m	Non Core £m	Other £m	Total £m
<u>To March 2009</u>					
Completed	2	14.1			
<u>To September 2009</u>					
Completed	6			14.3	
<u>Since September 2009</u>					
Exchanged with completion expected:					
- November	5		5.2	12.7	
- December	2	8.6			
		<u>22.7</u>	<u>5.2</u>	<u>27.0</u>	<u>54.9</u>

→ Added Value Activity



- Student Housing** - 1 site exchanged (planning consent achieved). 2 sites under offer (subject to planning)
- Budget Hotels** - 1 site exchanged subject to planning
- Self Storage** - 1 site exchanged (planning consent achieved)
- Affordable Housing** - 2 sites under offer (subject to planning)
- Housing for Sale** - 1 site option exchanged

→ Added Value Examples



New Hotel at Surrey House, SE1



Apartments at Thurston Road, SE16

→ Planning



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Kennington Park, SW9

Poplar Business Park, E14





Workspace Group

Harry Platt

Chief Executive

Looking Forward

→ Summary and Priorities



Customers: Occupancy - Improving

Portfolio: Valuation bottoming out
Recycling capital
Added value

Glebe JV: Conclude negotiations

Finance: More flexibility

→ Wider Outlook: Some Thoughts



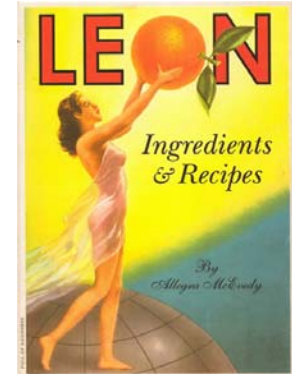
The market: London, the Global City – will lead UK recovery

The model: Has proven its resilience
Flexibility is key
Marketing/brand is delivering market share

The properties: Underlying portfolio value

Improvements in occupancy, rents and alternative use
will each deliver value

Customers Are SMEs – But Also Include Well-known Brands



→ Some of our Customers Who Have Expanded In The Last Year

