

Full Year Results 2020/21

Investor & Analyst Presentation

3rd June 2021



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Graham Clemett
CEO

02
Financial review
Dave Benson
CFO

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Outlook
Graham Clemett
CEO

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**Supplementary
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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



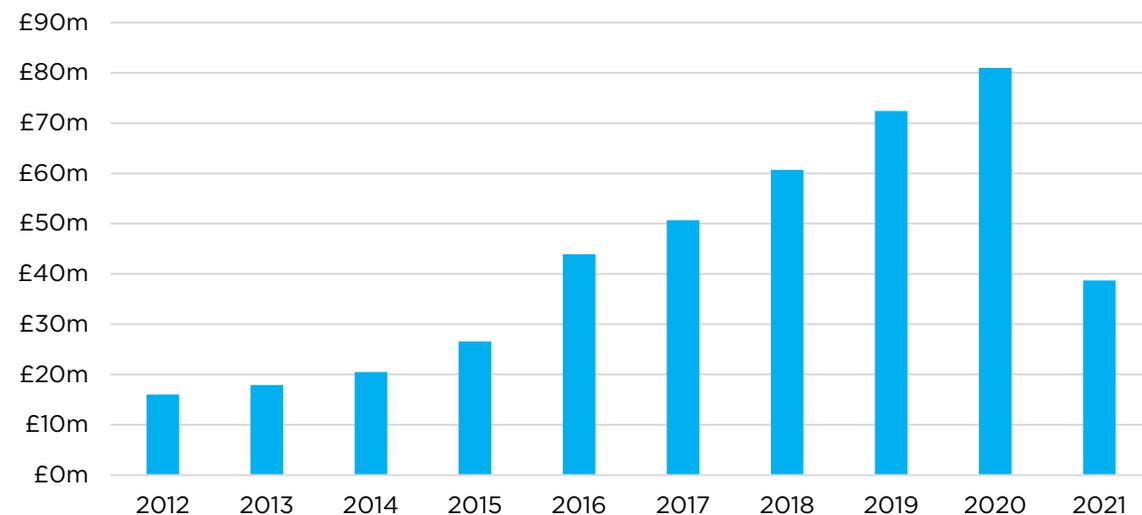
Introduction

Financial highlights

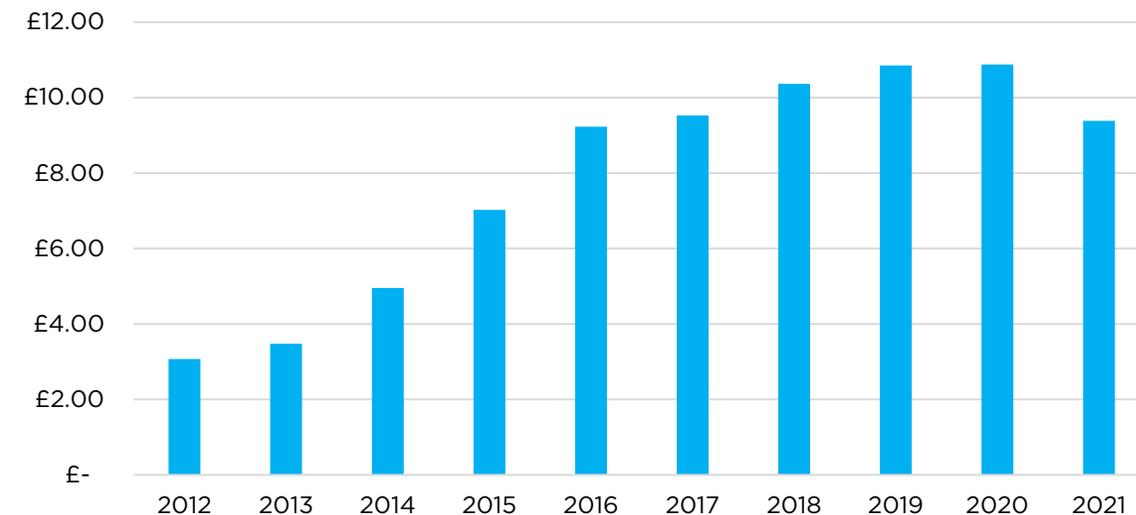
	Mar 21	Mar 20
Net rental income	£81.5m	£122.0m
Trading profit after interest	£38.7m	£81.0m
Total dividend per share	17.75p	36.16p

	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



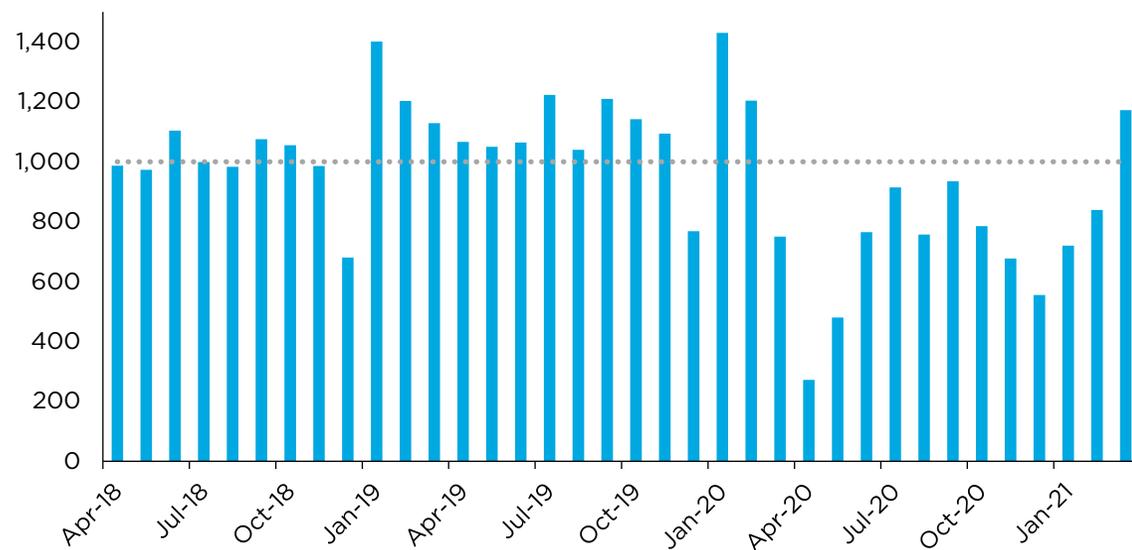
Introduction

Operating highlights

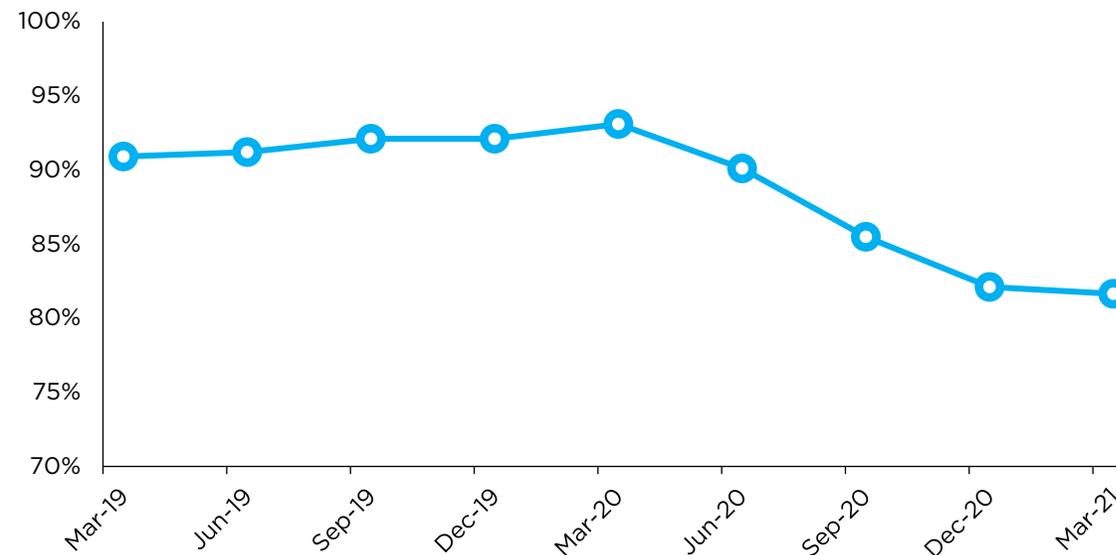
Year ending	Mar 21	Mar 20
Enquiries per month	739	1,087
Viewings per month	328	675
Lettings per month	96	121

	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

Customers joining	
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*

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

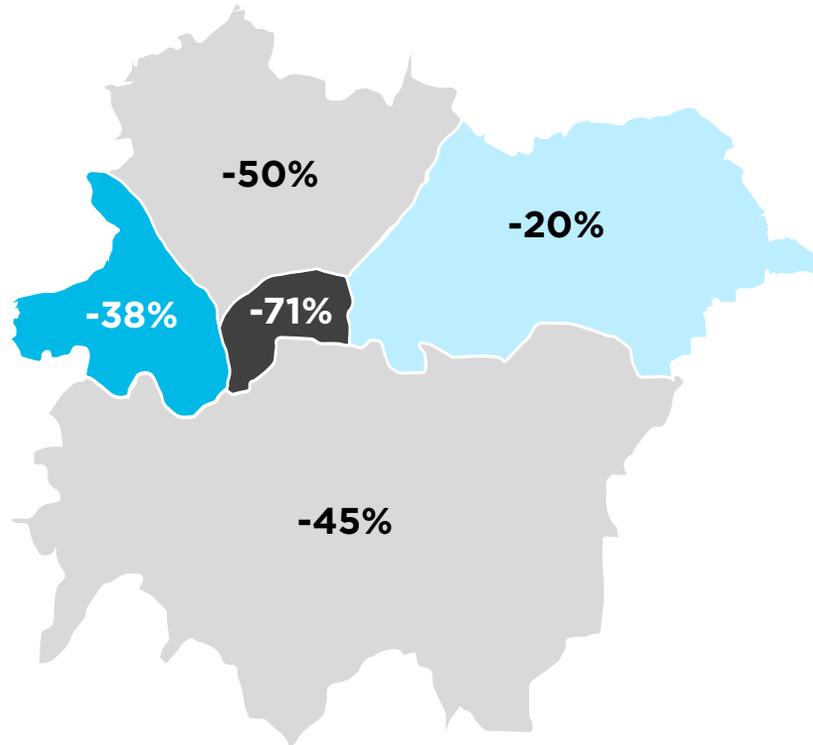


Total customers left in the year 954*

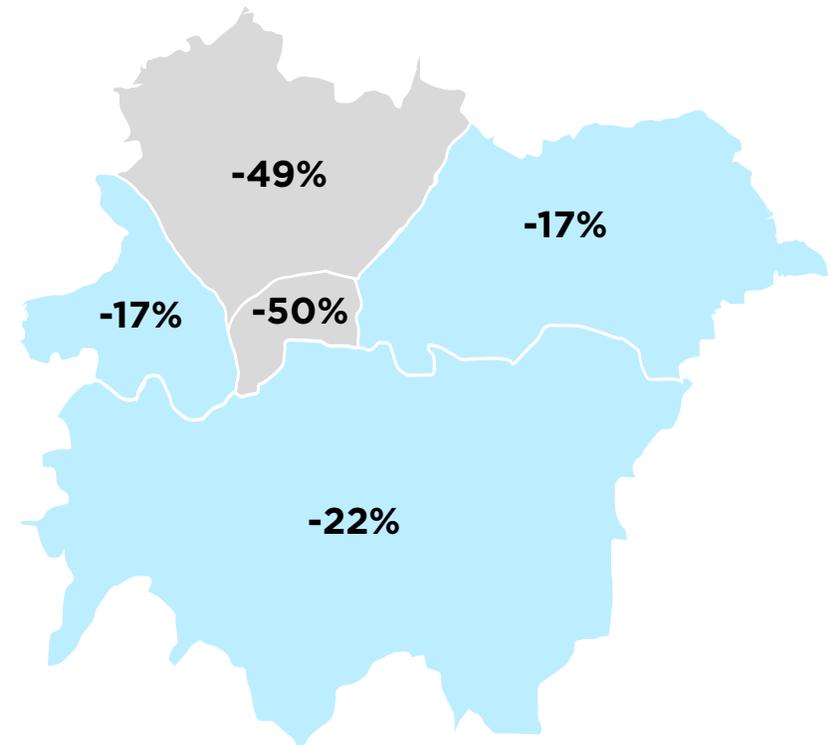
Introduction

Customer viewings by region

Q1 - Q3: -54% vs. prior year



Q4: -35% vs. prior year



Less  More

Introduction

Customer feedback and sentiment



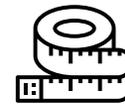
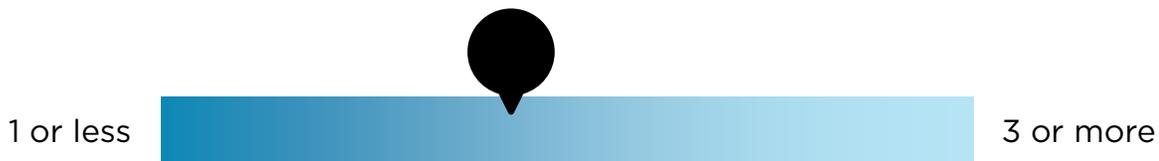
Confident about future business success



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	
Net rental income	81.5	122.0	-33%
Administrative expenses	(19.0)	(17.7)	+7%
Net finance costs	(23.8)	(23.3)	+2%
Trading profit after interest	38.7	81.0	-52%
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)	
Profit before tax	(235.7)	72.5	
Adjusted underlying earnings per share	21.3p	44.6p	-52%
Total dividend per share	17.75p	36.16p	-51%

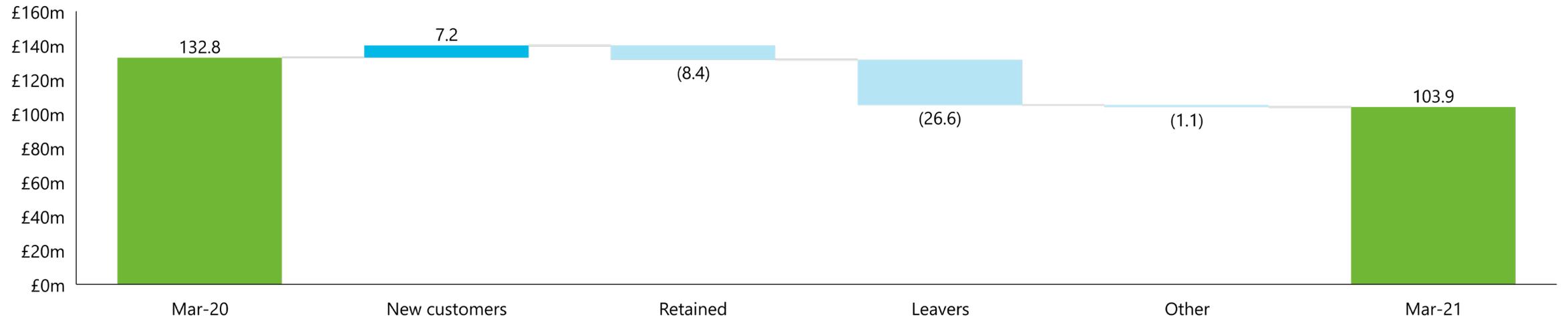
*Net Rental Income before discounts, expected credit losses and disposals

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)
Net assets	1,720	1,998
EPRA NTA per share	£9.38	£10.88
EPRA NRV per share	£10.26	£11.92

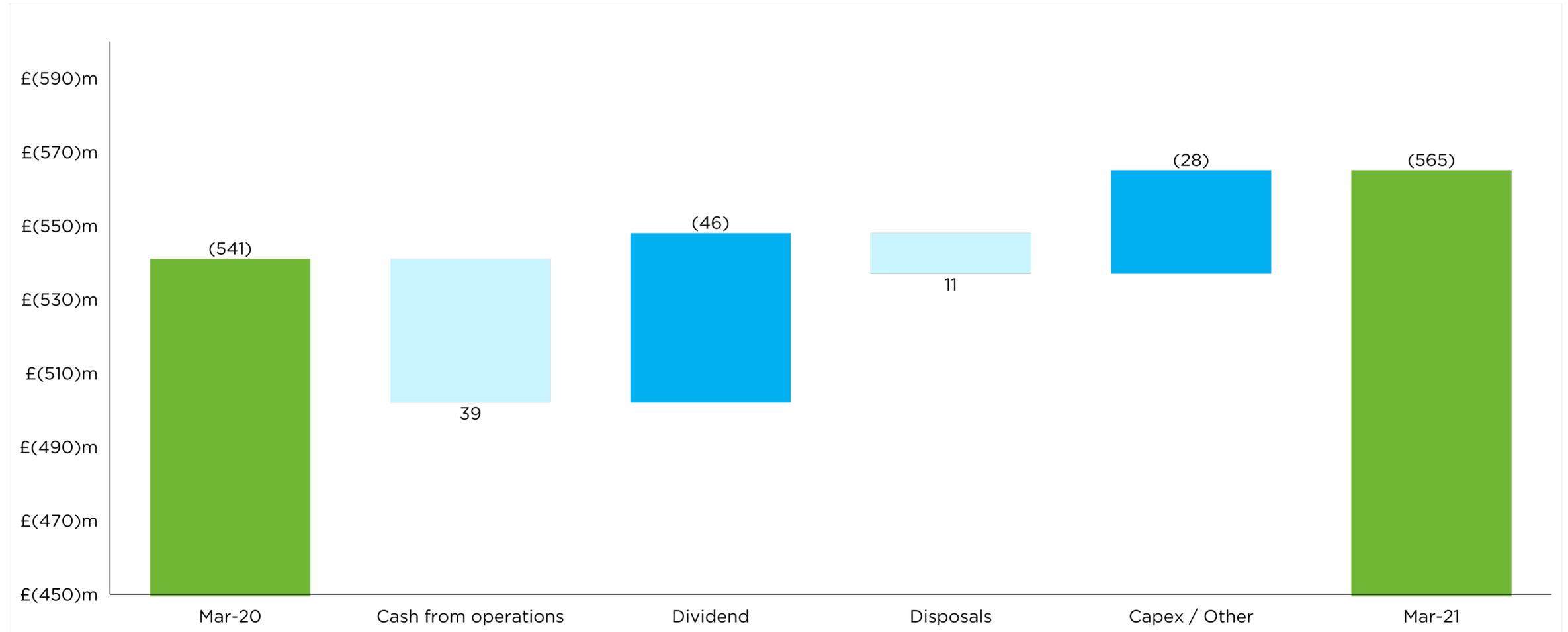
Financial review

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
Total	2,324	(258)	(132)	(126)		

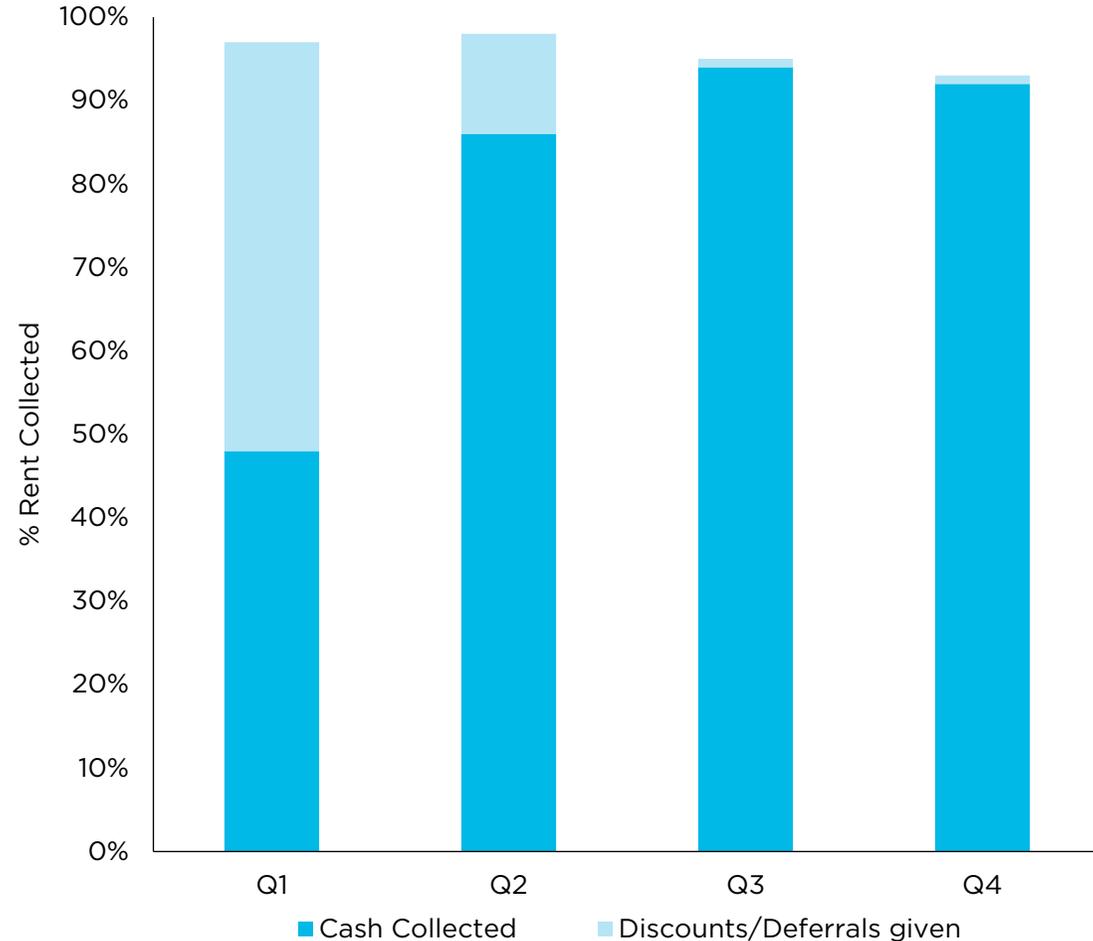
Financial review

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 travel, hospitality, leisure and retail sectors
- Majority of outstanding balance covered by rent deposits or provisions

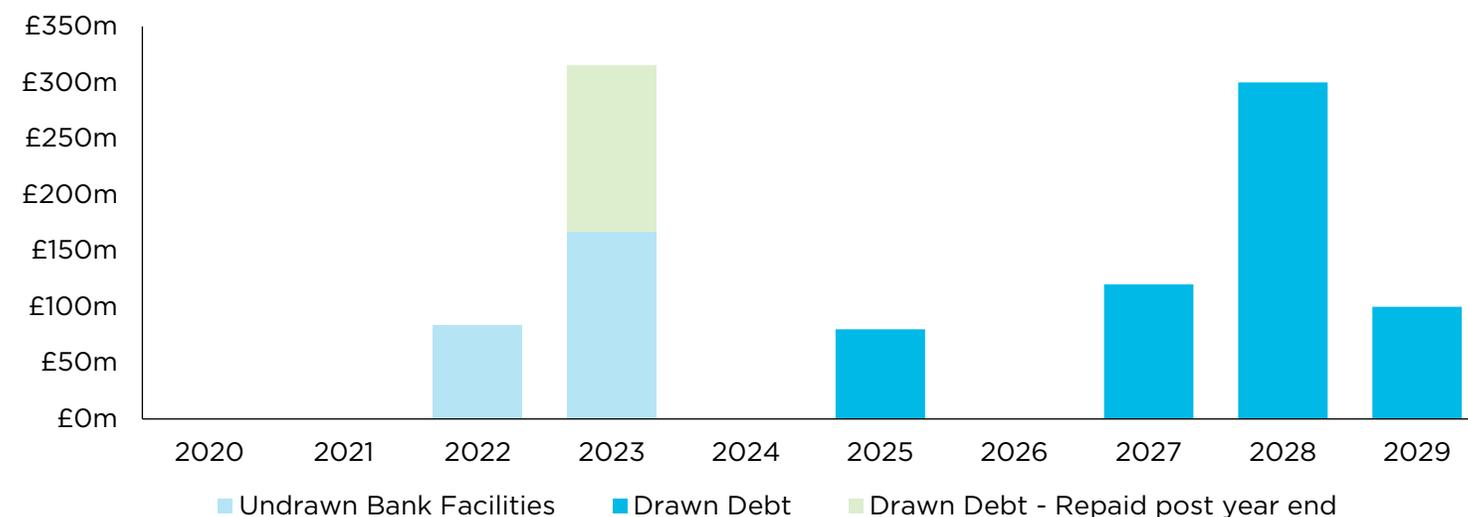
Q1 21/22 to date

- 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#	Mar 21
Interest cover > 2x NRI	3.8x
LTV < 60%	24%

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

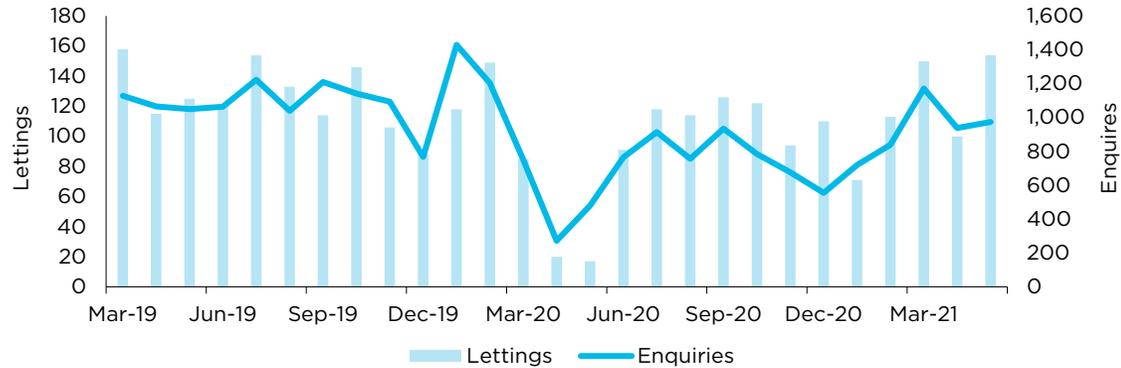
#LTV is net debt divided by the current property valuation

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

Financial review

FY22 Outlook: poised for recovery

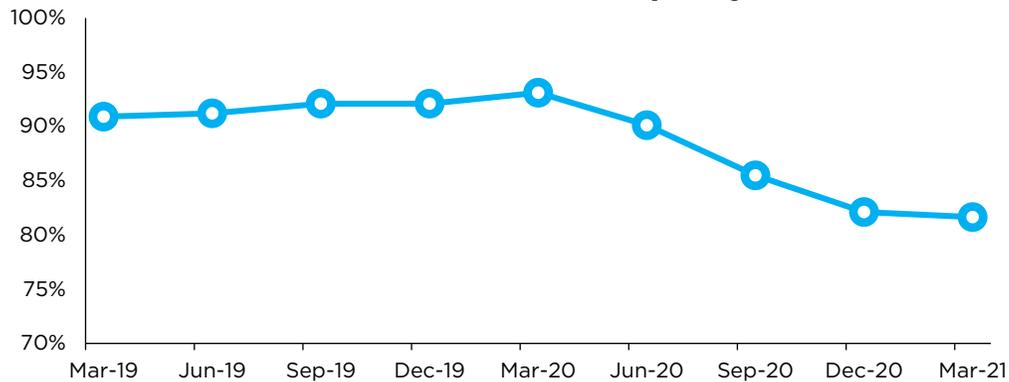
Monthly Enquiries and Lettings



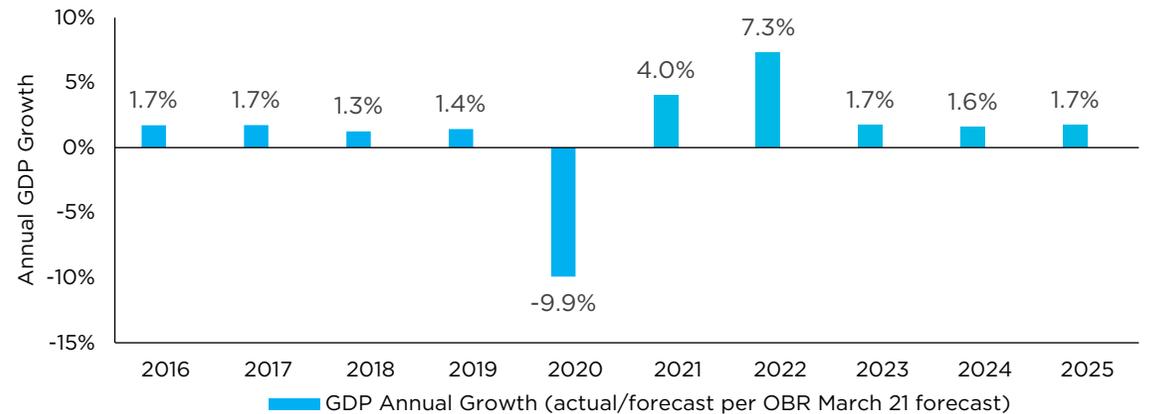
Leavers and Contractions



Like-for-like Occupancy*



UK GDP



*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

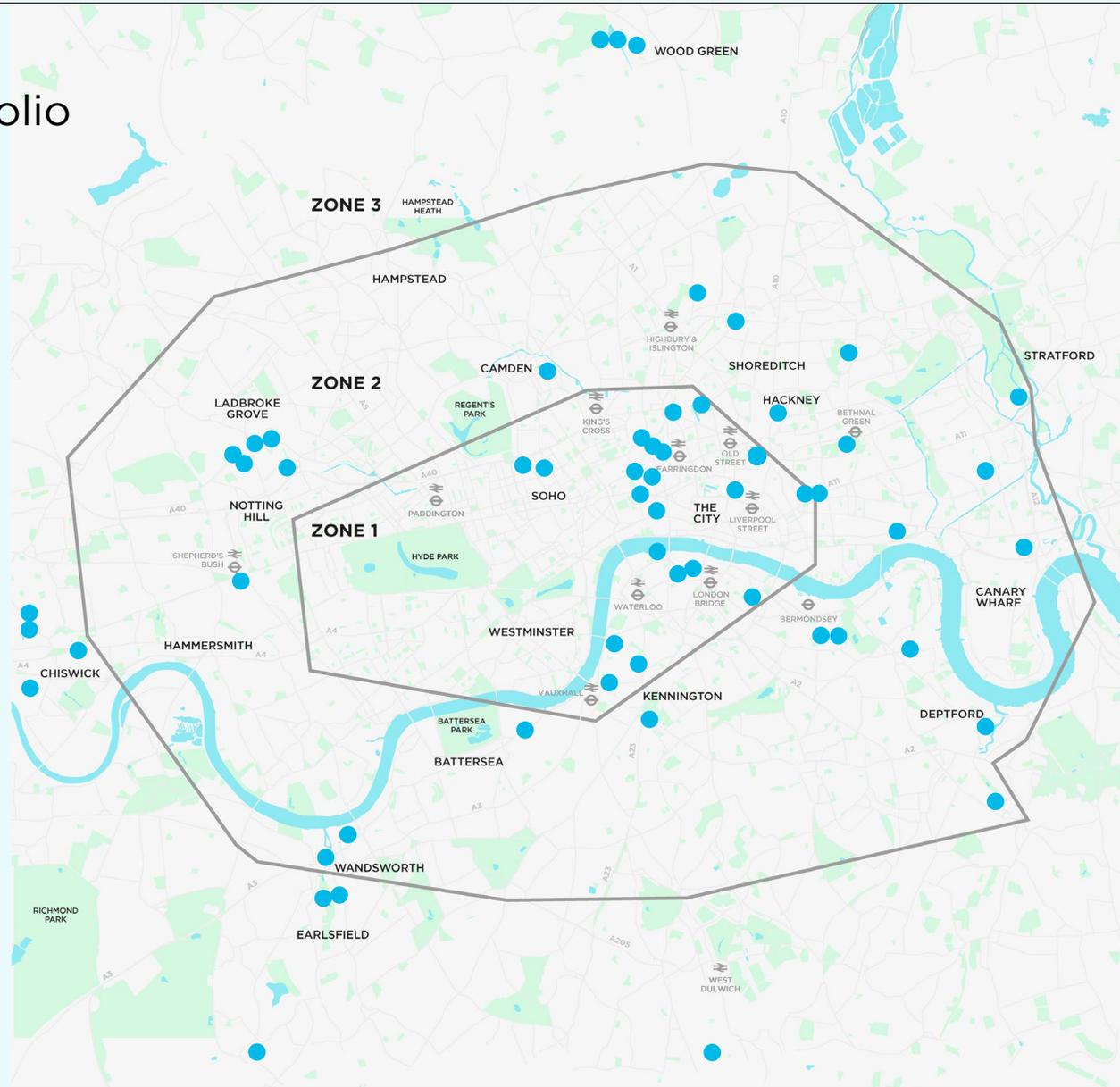
Leveraging the Workspace brand

- 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



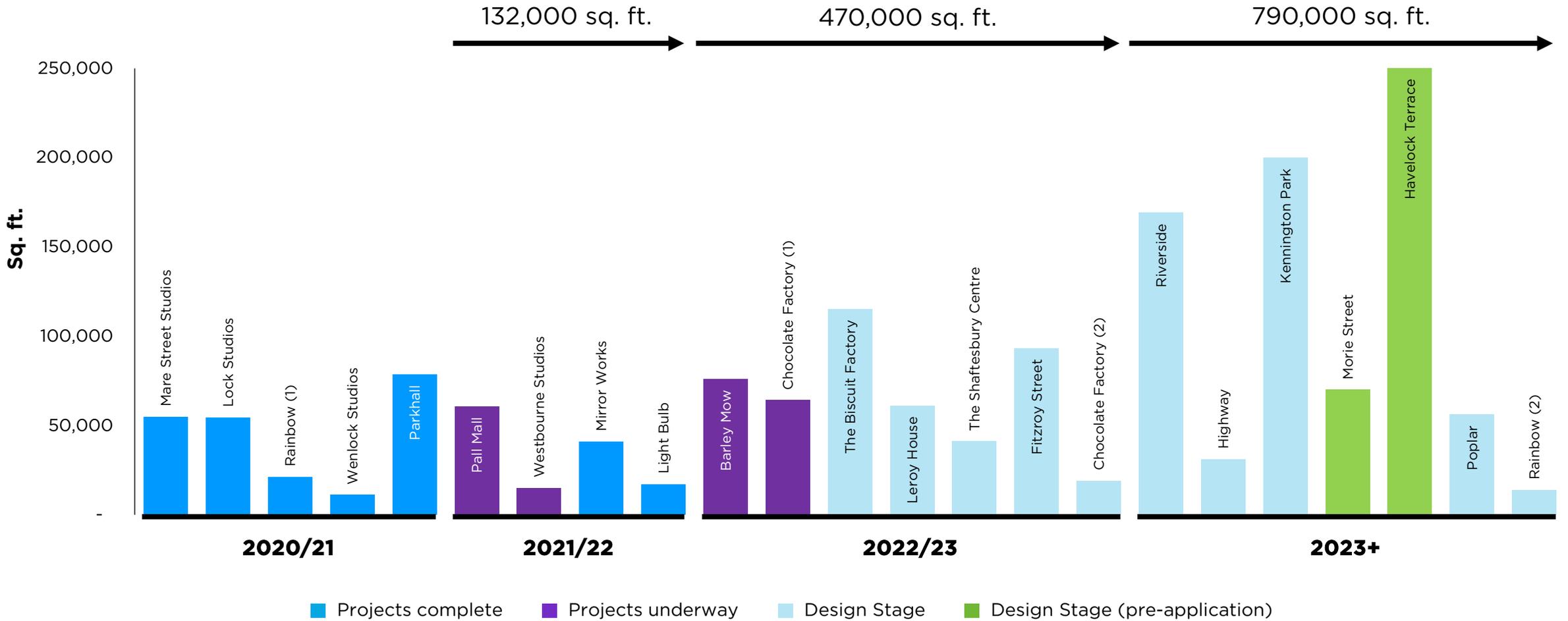
Outlook

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#		£15m	£15m	22/23	-	46,000	15,000			
Fitzroy Street		£36m	£36m	22/23	-	93,000	-			
The Shaftesbury Centre#		£15m	£15m	22/23	-	-	41,000			
Kennington Park#		£80m	£80m	23/24	-	-	200,000			
		£165m	£165m		-	222,811	287,206			
Design Stage (pre-application)										
Morie Street#		£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

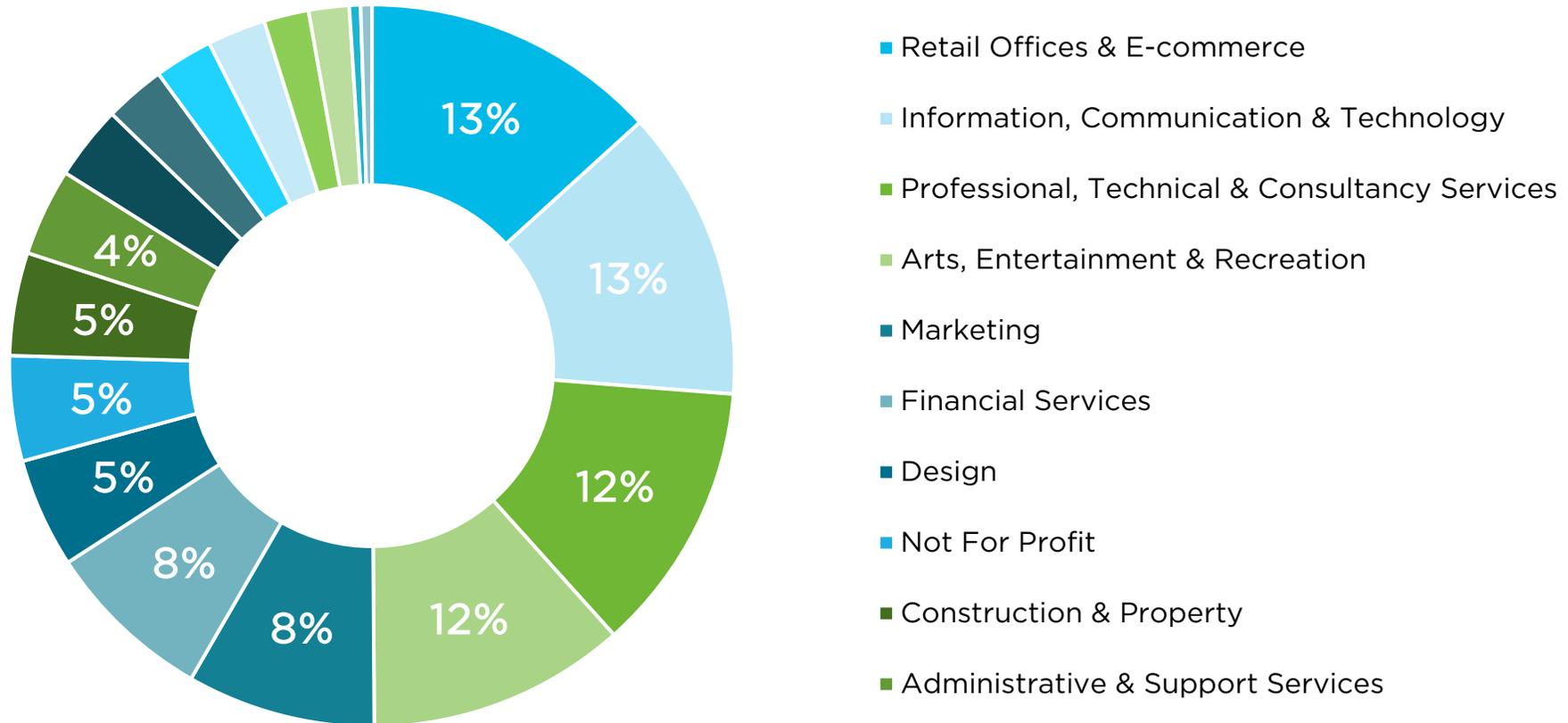
	Estimated completion timing	No. of properties A & B rated
Currently fully A & B rated	n/a	15
Rolling upgrade of customer units	2021 - 2024	33
Current refurbishment and redevelopment projects	2021 - 2026	48
Future projects, including listed properties	Target by 2026	58

- 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

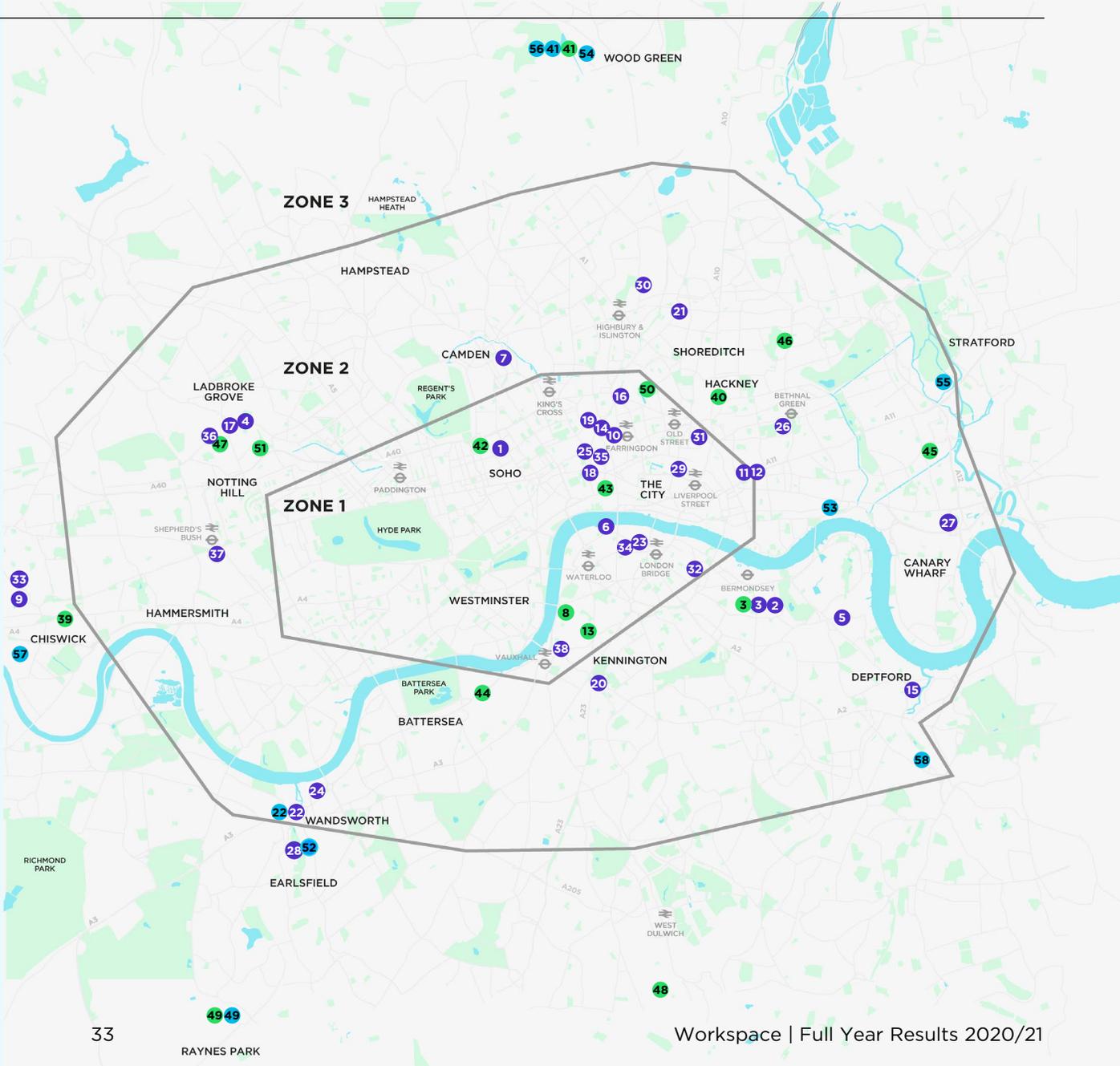
Diversified customer base



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

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

Appendix

Property portfolio

● Refurbishments

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

● Mixed-use redevelopments

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

Appendix

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