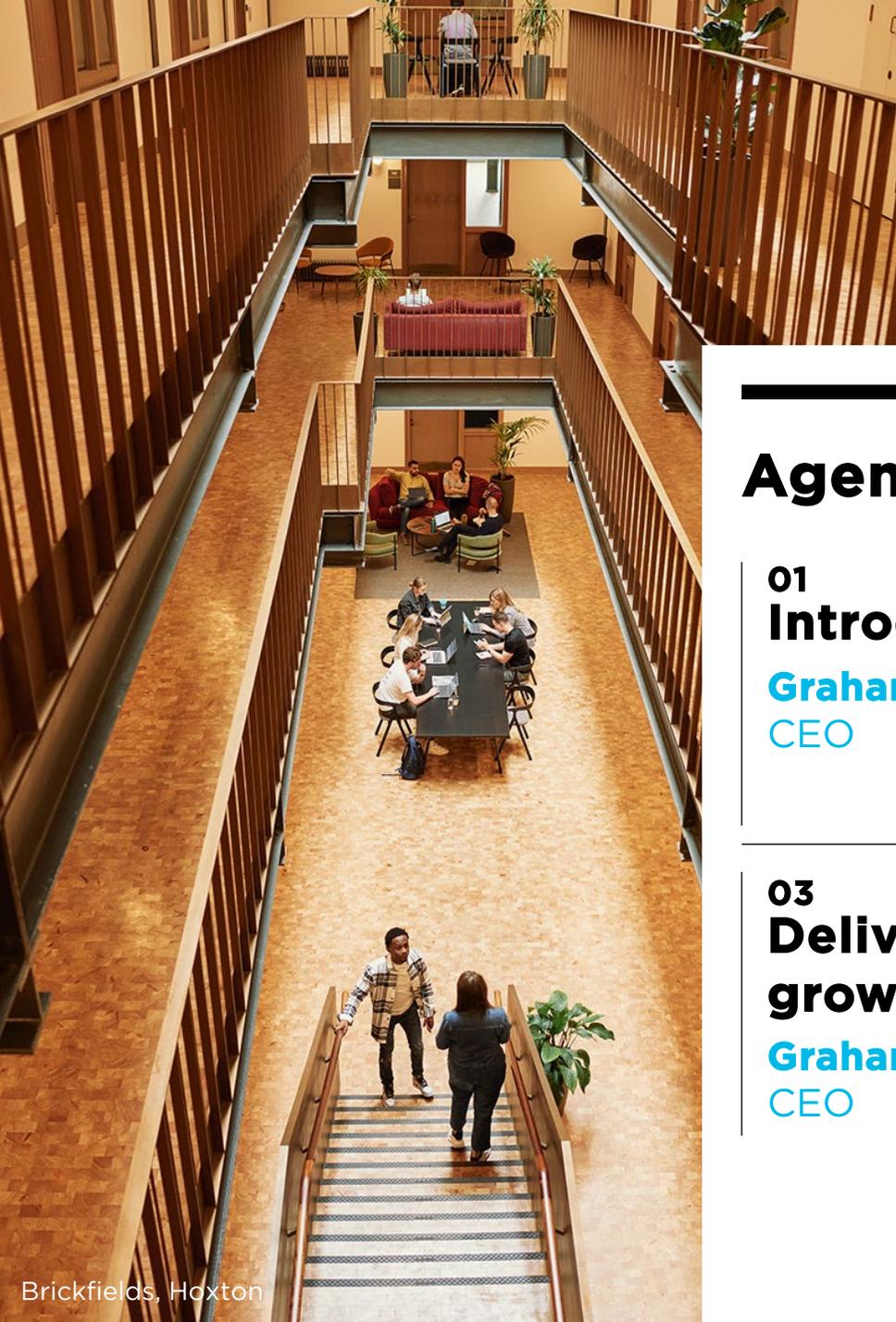


# Half Year Results 2021/22

## Investor & Analyst Presentation

17th November 2021

The Frames, Shoreditch



# Agenda

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

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

**03**  
**Delivering sustainable growth**  
**Graham Clemett**  
CEO

**04**  
**Supplementary information**



# Introduction

Graham Clemett, CEO

# Introduction

Positive momentum with growth opportunities ahead



- Significant pick-up in demand through first half
- Strong letting activity driving improvement in occupancy with pricing stabilised
- Return of customers to their offices continuing
- Sustainable approach to extensive refurbishment and redevelopment pipeline
- Focus on growth opportunities, supported by scalable operating platform

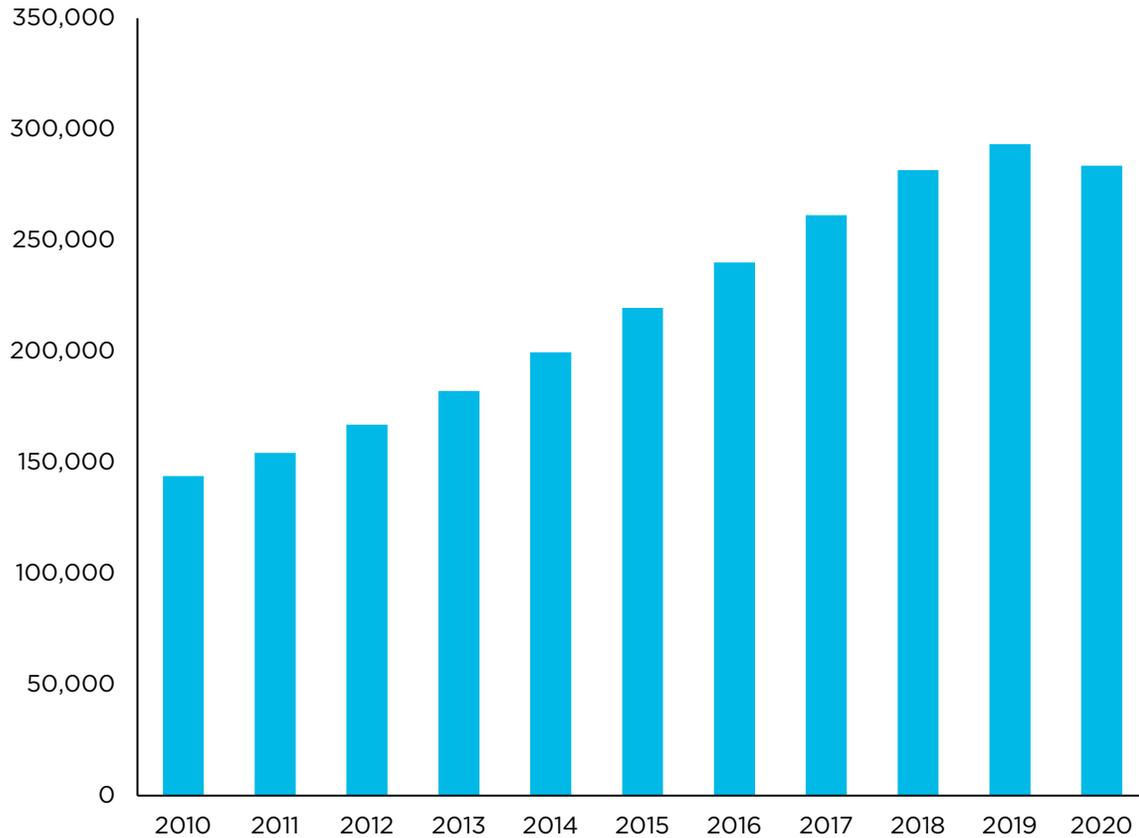
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**Delivering long-term, sustainable growth**

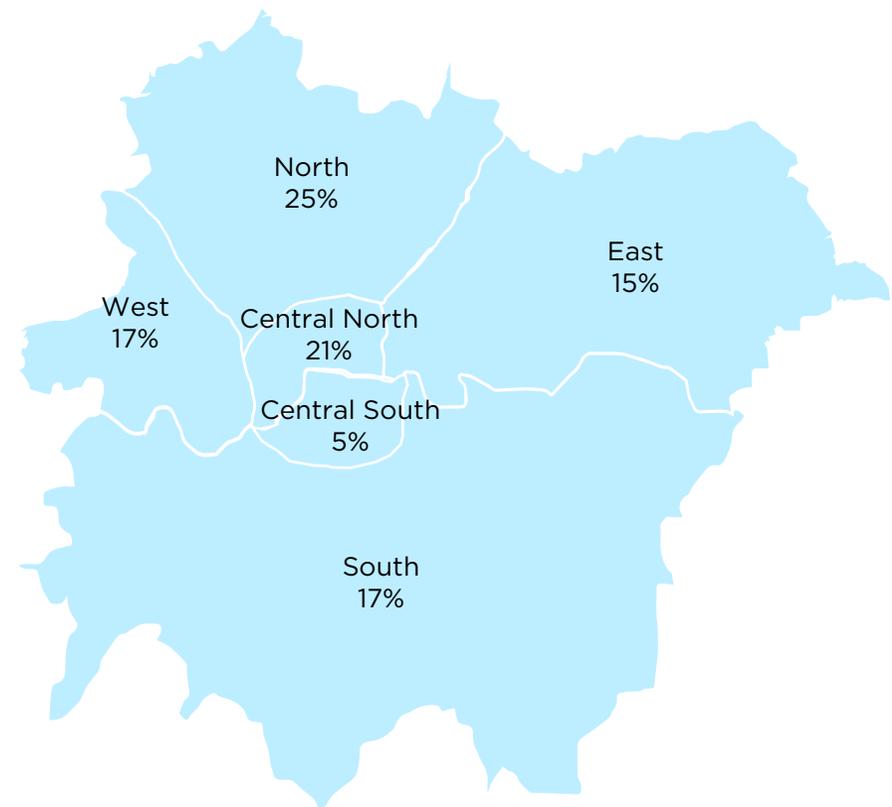
# Introduction

## The SME market in London

**No. of SMEs<sup>1</sup>**



**Spread of SMEs across London<sup>2</sup>**



<sup>1</sup> Based on Companies House filings 2010 to 2020 for companies with 2 to 250 employees

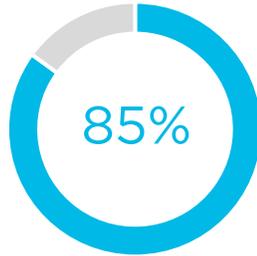
<sup>2</sup> Based on companies' registered office in 2020, areas defined by London borough

# Introduction

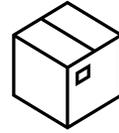
SME sentiment update\*



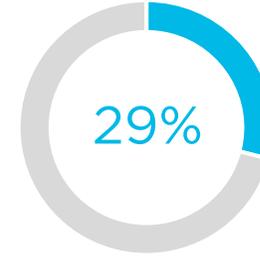
**Confident about future business success**



▲ 14%



**Looking to move in next six months**



▲ 2%



**Top priorities when selecting office space**

- |    |                      |     |
|----|----------------------|-----|
| 01 | Location             | ▲   |
| 02 | Value for money      | ▼   |
| 03 | Flexibility          | ▲▲▲ |
| 04 | Connectivity         | ▼   |
| 05 | Trust in landlord    | ▼   |
| 06 | Quality of amenities | ▼   |



**Number of days in office per week**

**2.9 days**

▲ 0.2 days

\* Based on feedback from an independent survey of 300 SMEs in October 2021, compared to feedback from previous survey in April 2021

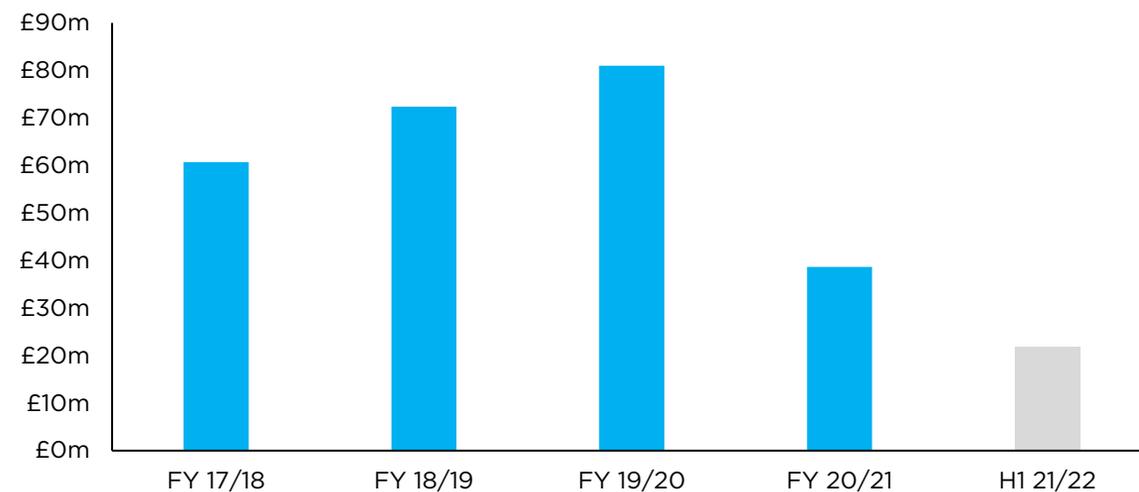
# Introduction

## Financial highlights

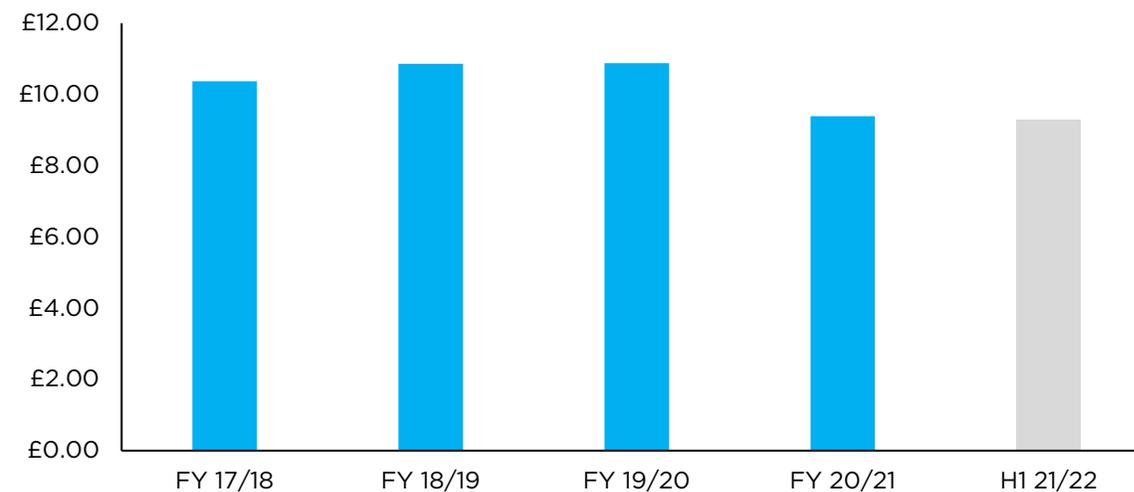
	Sep 21	Sep 20
Net rental income	<b>£41.0m</b>	£36.5m
Trading profit after interest	<b>£21.8m</b>	£15.3m
Interim dividend per share	<b>7.0p</b>	-

	Sep 21	Mar 21
Property valuation	<b>£2,271m</b>	£2,324m
EPRA NTA per share	<b>£9.28</b>	£9.38
Loan to value	<b>23%</b>	24%

### Trading profit



### NTA per share



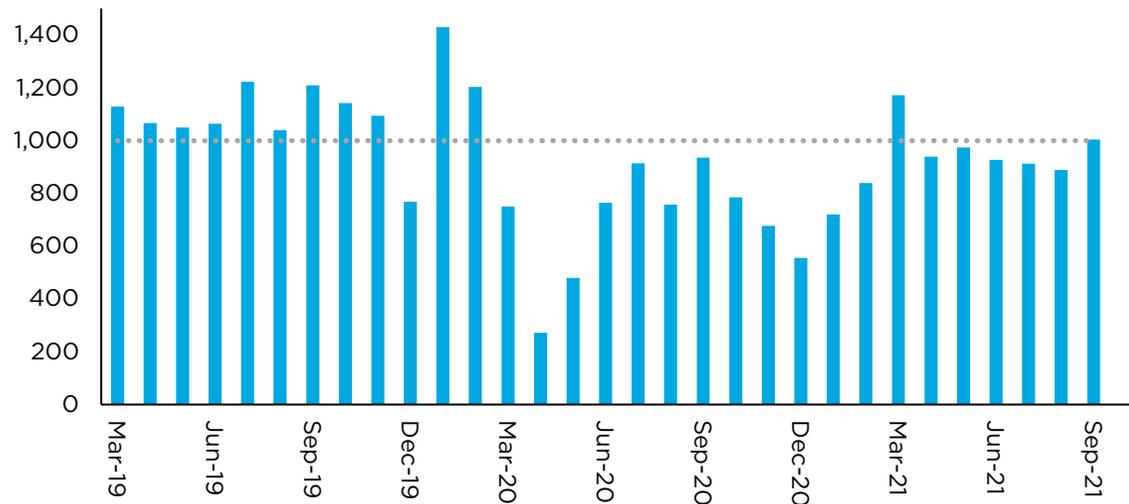
# Introduction

## Operating highlights

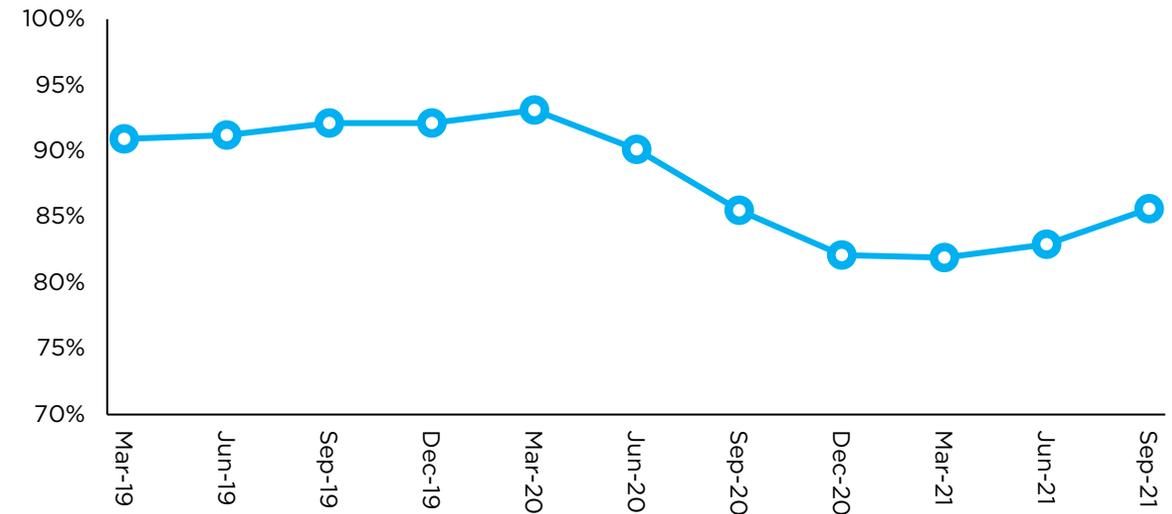
Average per month	H1 21/22	FY 20/21
Enquiries	<b>941</b>	739
Viewings	<b>622</b>	328
Lettings	<b>131</b>	96

	Sep 21	Mar 21
Like-for-like occupancy	<b>85.6%</b>	81.9%
Like-for-like rent per sq. ft.	<b>£35.50</b>	£36.25
Like-for-like rent roll	<b>£87.3m</b>	£85.5m

### Monthly enquiries



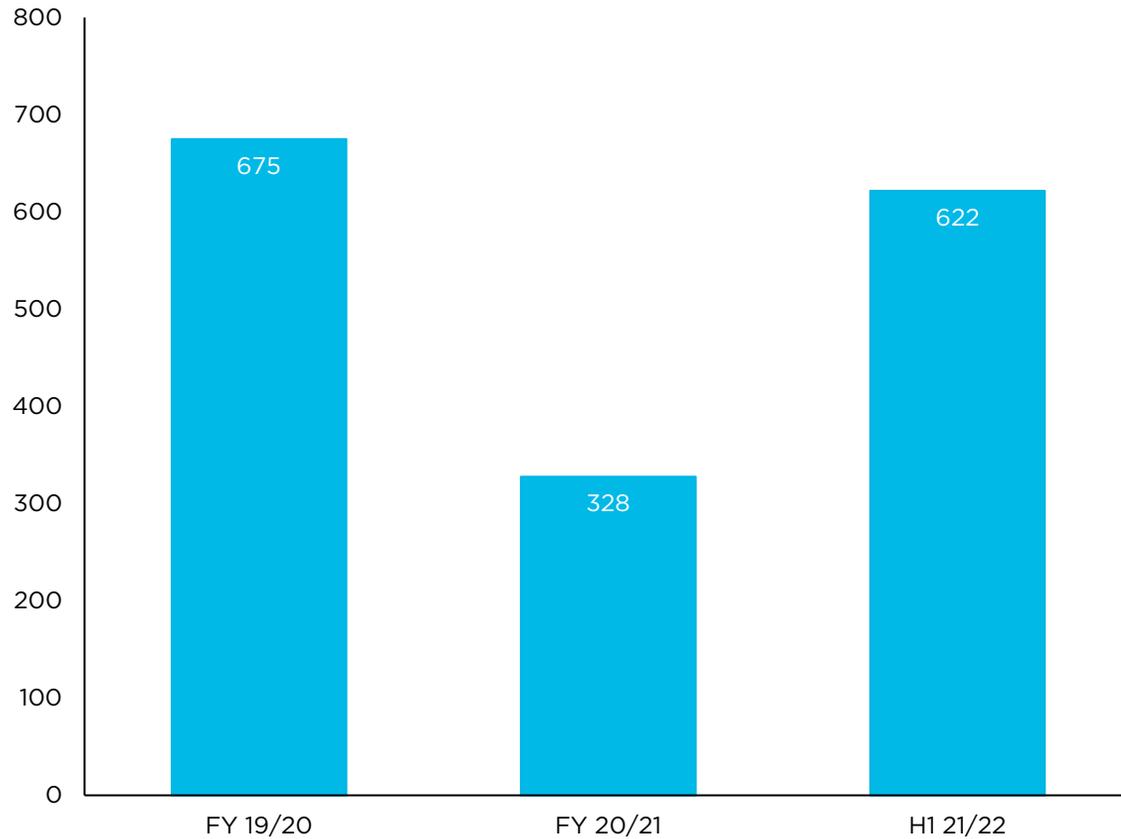
### Like-for-like occupancy



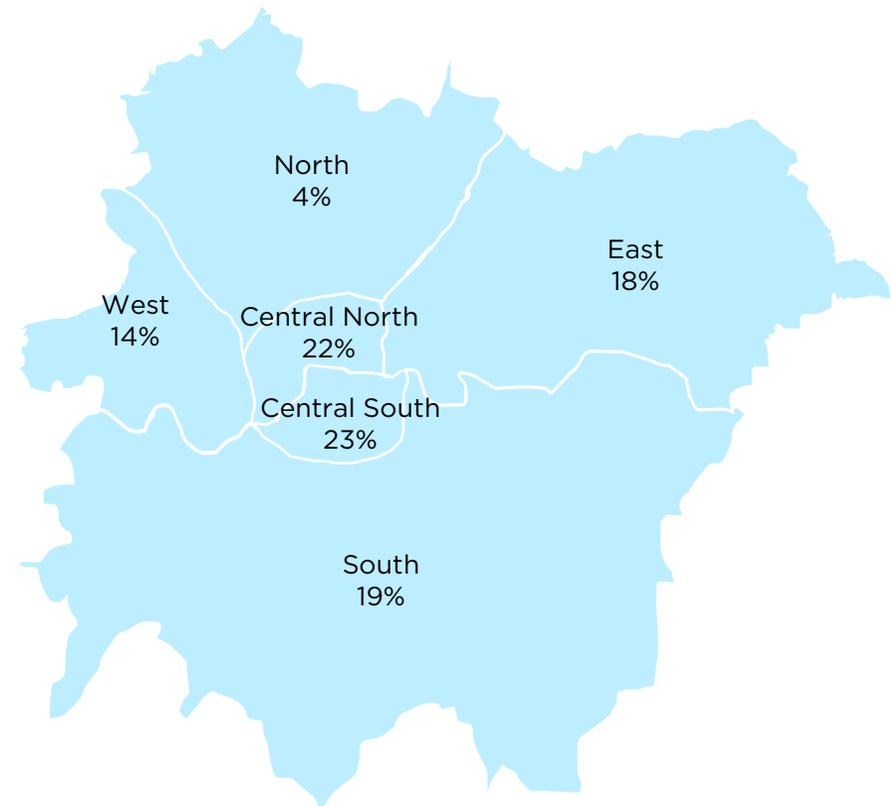
# Introduction

Customer activity across London

### Viewings per month



### Share of viewings by region in H1 21/22



# Introduction

## Customer lettings by sector\*

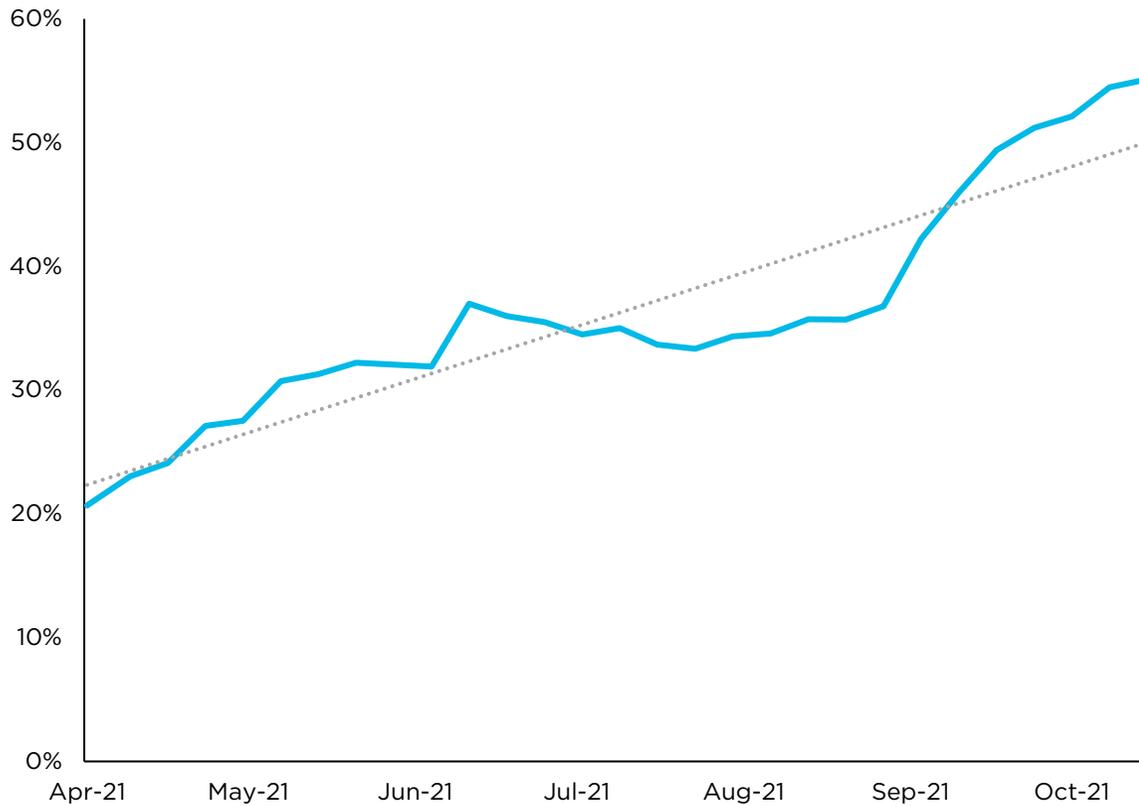
	H1 21/22	Change vs. FY 20/21
E-commerce	6%	-1% ▼
Technology	6%	2% ▲
Fashion Design	6%	-1% ▼
Film/Video Production	5%	-1% ▼
Architecture	4%	2% ▲
FinTech	4%	2% ▲
Art	3%	—
Business Consultancy	3%	-1% ▼
Food & Drink	3%	1% ▲
Other	60%	

\* Based on number of lettings in H1 21/22

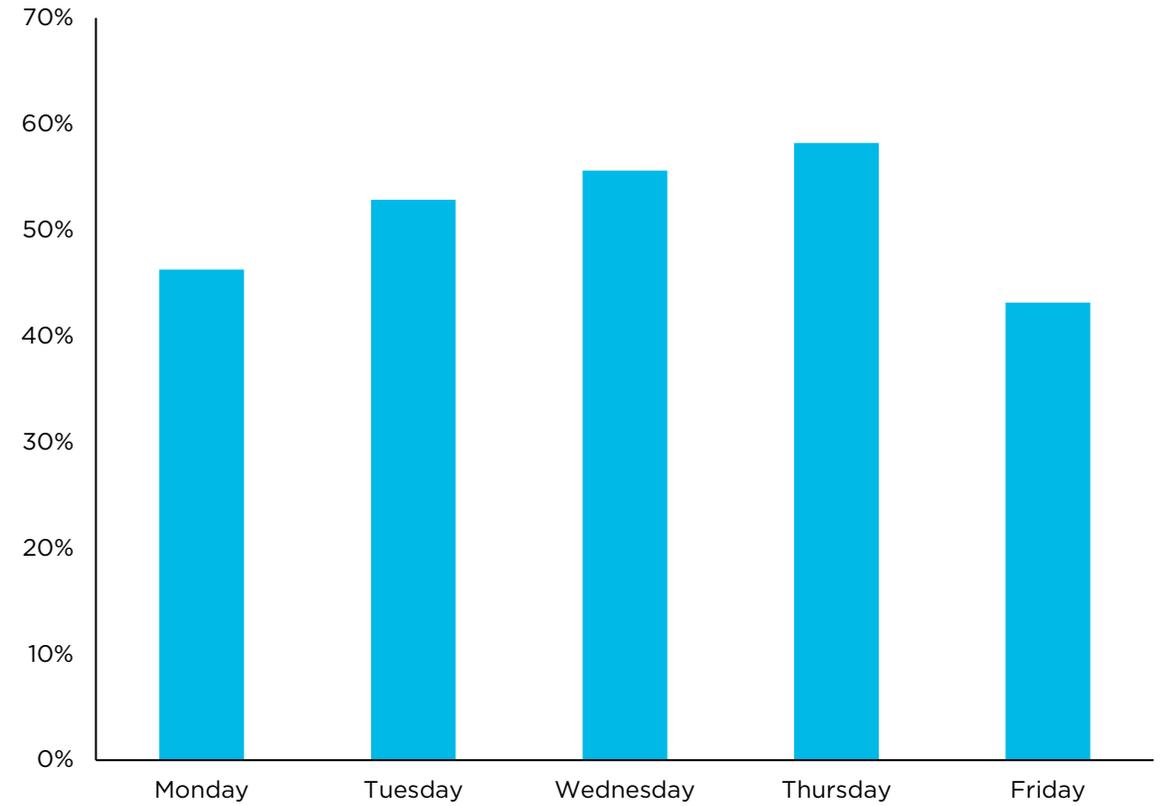
# Introduction

## Customer office use

### Office utilisation<sup>1</sup>



### Utilisation by day<sup>2</sup>



<sup>1</sup> Based on unique wi-fi logins vs. pre-Covid levels

<sup>2</sup> Based on utilisation in six weeks to 15/10/21



# Financial Review

Dave Benson, CFO



# Financial review

## Income statement

£m	Sep 21	Sep 20	Change
Net rental income	41.0	36.5	+12%
Administrative expenses	(8.7)	(9.4)	-7%
Net finance costs	(10.5)	(11.8)	-11%
<b>Trading profit after interest</b>	<b>21.8</b>	<b>15.3</b>	<b>+42%</b>
Change in fair value of investment properties	(14.9)	(125.3)	
Loss on sale of investment properties	(3.5)	(0.2)	
Other items	-	(0.2)	
Profit before tax	3.4	(110.4)	
Adjusted underlying earnings per share	12.0p	8.4p	+43%
Interim dividend per share	7.0p	-	

# Financial review

## Net rental income

£m	H1 21/22	H2 20/21	H1 20/21
Underlying rental income	47.5	50.8	59.9
Unrecovered service charges	(2.2)	(1.4)	(0.8)
Empty rates and other non-recoverable costs	(4.9)	(3.9)	(3.2)
Services, fees, commissions and sundry income	-	(0.2)	(0.5)
<b>Underlying net rental income</b>	<b>40.4</b>	<b>45.3</b>	<b>55.4</b>
Rent discounts and waivers	-	-	(19.9)
Expected credit losses	(0.3)	(2.7)	(1.5)
Disposals	0.9	2.4	2.5
<b>Net rental income</b>	<b>41.0</b>	<b>45.0</b>	<b>36.5</b>

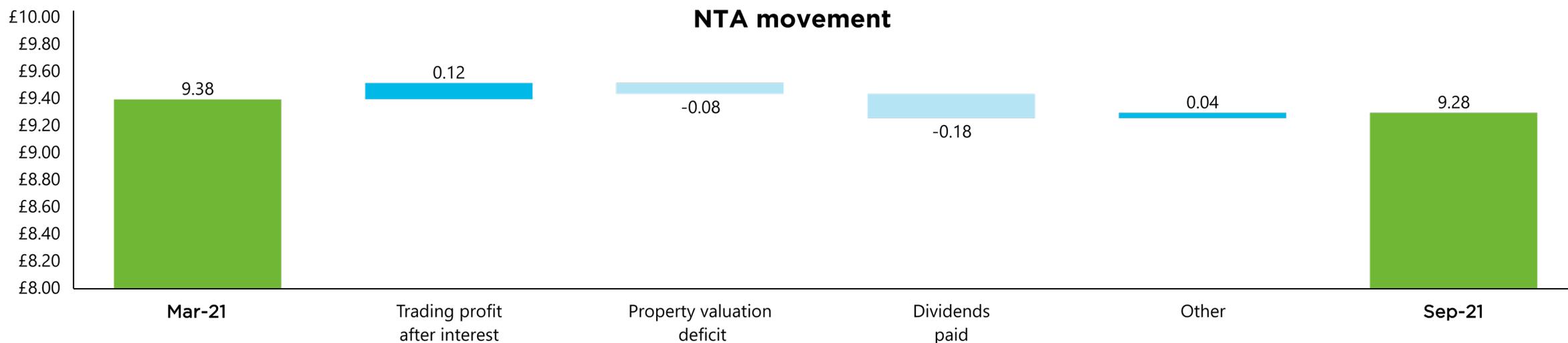
# Financial review

## Balance sheet

£m	Sep 21	Mar 21
Investment property valuation	2,271	2,324
Net debt	(532)	(565)
Other	(48)	(39)
<b>Net assets</b>	<b>1,691</b>	<b>1,720</b>

EPRA NTA per share	£9.28	£9.38
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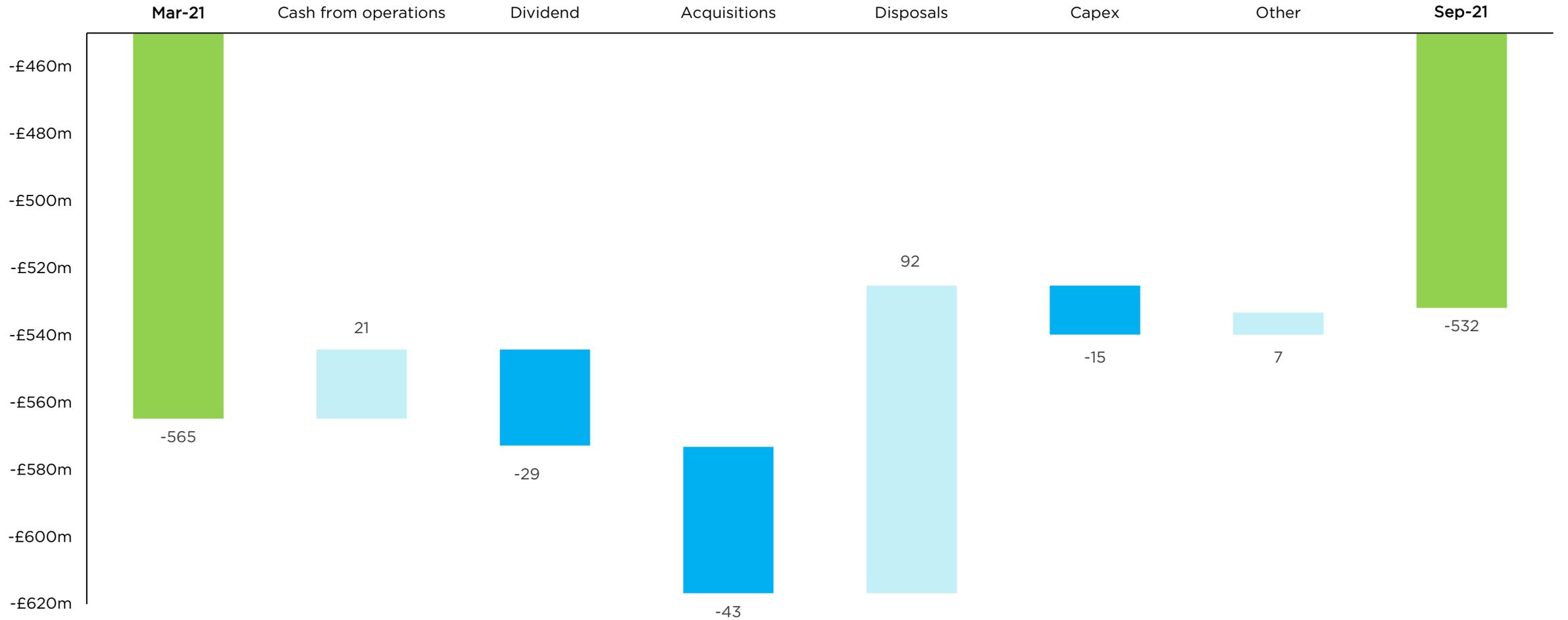
# Financial review

## Valuation

£m	Sep 2021 Valuation	Movement in H1 21/22		
Like-for-like	1,817	(11)	ERV per sq. ft. down 3.1% to £40.91 Equivalent yield reduced from 5.9% to 5.8% Capital value per sq. ft. unchanged at £633	£(63)m £52m
Completed projects	155	(1)	Mare Street Studios Parkhall	£(2)m £1m
Refurbishments	158	(2)	Havelock Terrace Westbourne Studios	£3m £(2)m
Redevelopments	98	(1)		
Acquisition	43	-		
<b>Total</b>	<b>2,271</b>	<b>(15)</b>		

# Financial review

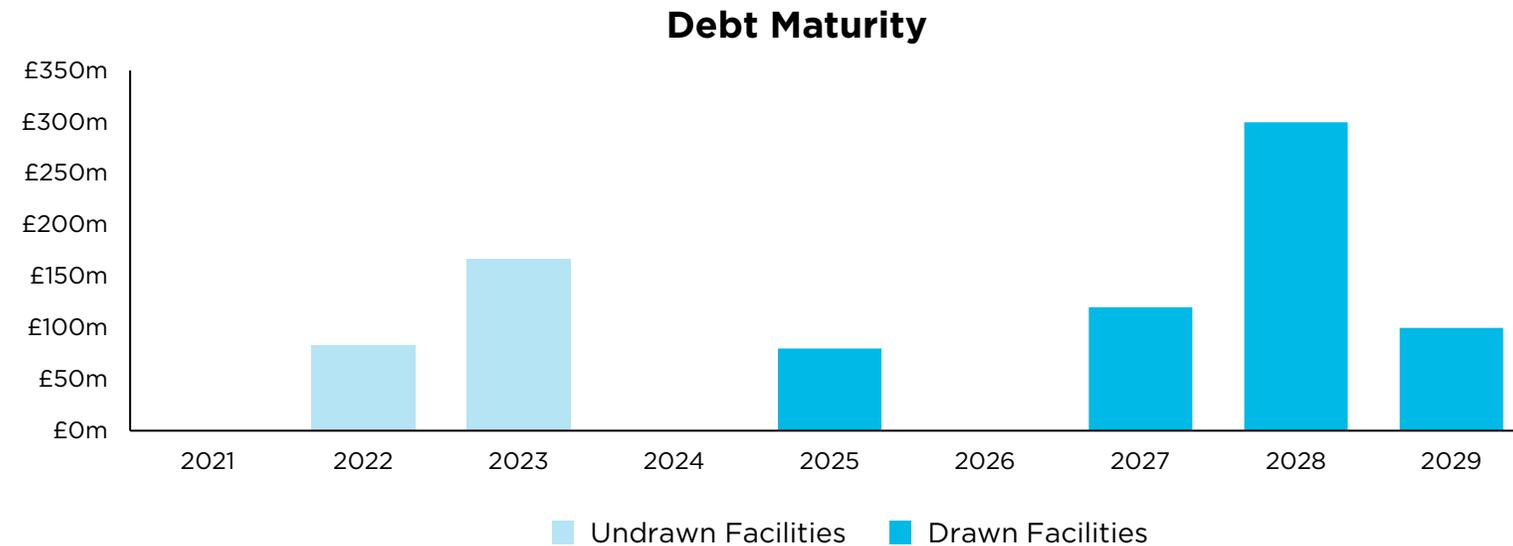
## Net debt and cash flow



# Financial review

## Debt

	Sep 21	Mar 21
Net debt	£532m	£565m
Average interest cost (drawn facilities)	3.1%	3.8%
Undrawn revolver facilities and cash	£318m	£434m
Marginal cost (undrawn facilities) over LIBOR	1.5%	1.5%
Average period to maturity (total facilities)	4.8 years	4.8 years



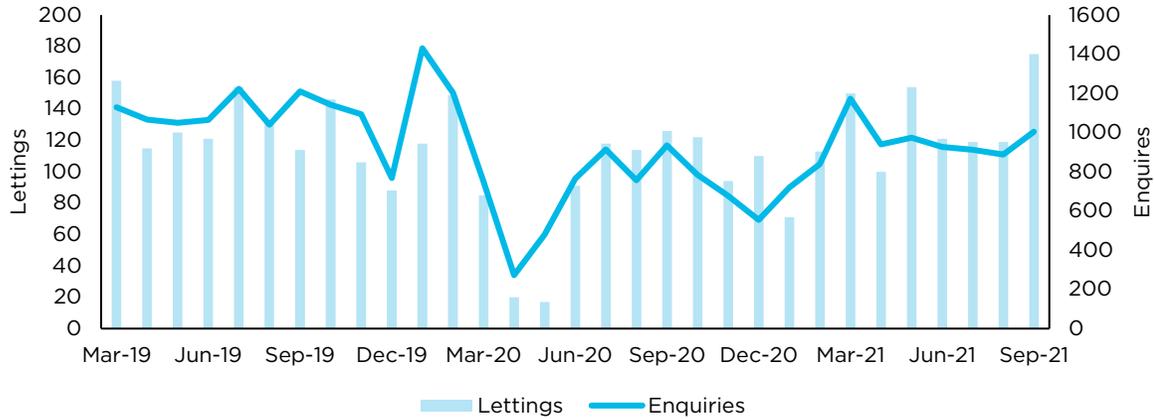
Covenants*	Sep 21
Interest cover > 2x NRI	4.3x
LTV < 60%	23%

\* LTV is net debt divided by the current property valuation  
Interest cover is net rental income divided by interest paid (excluding exceptional refinancing costs)

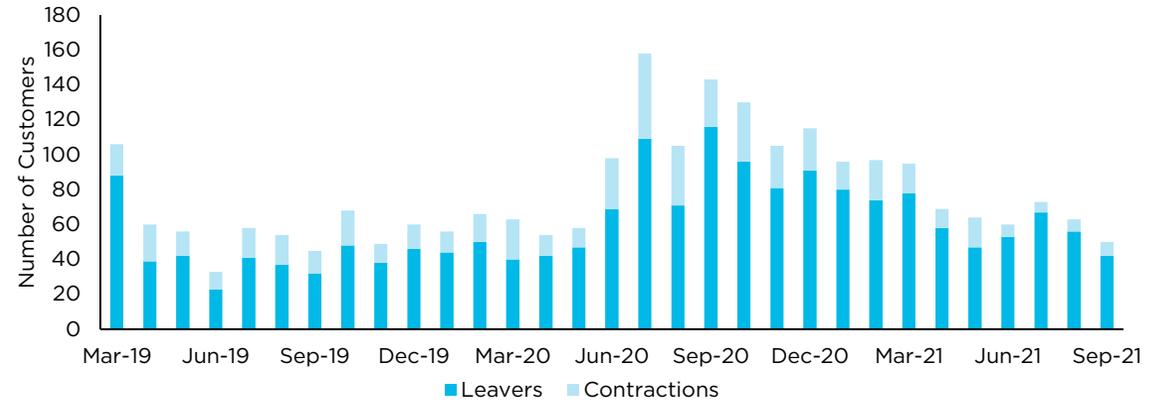
# Financial review

FY 21/22 Outlook: recovery well underway

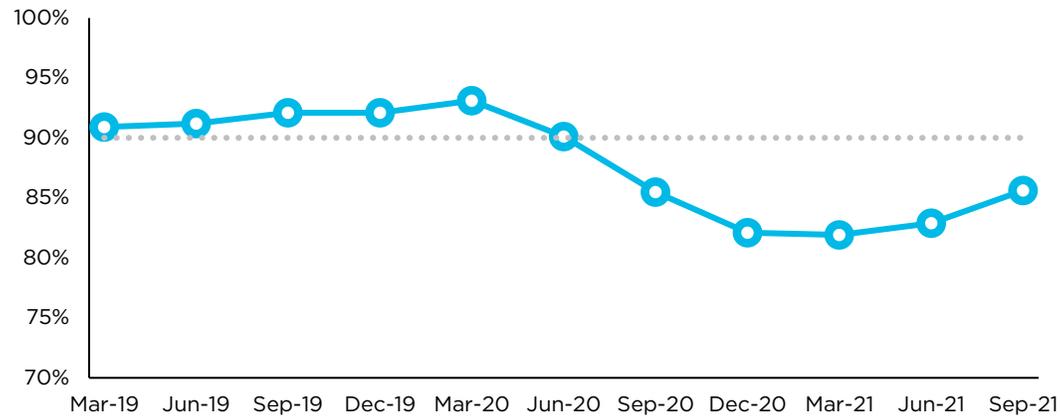
### Monthly enquiries and lettings



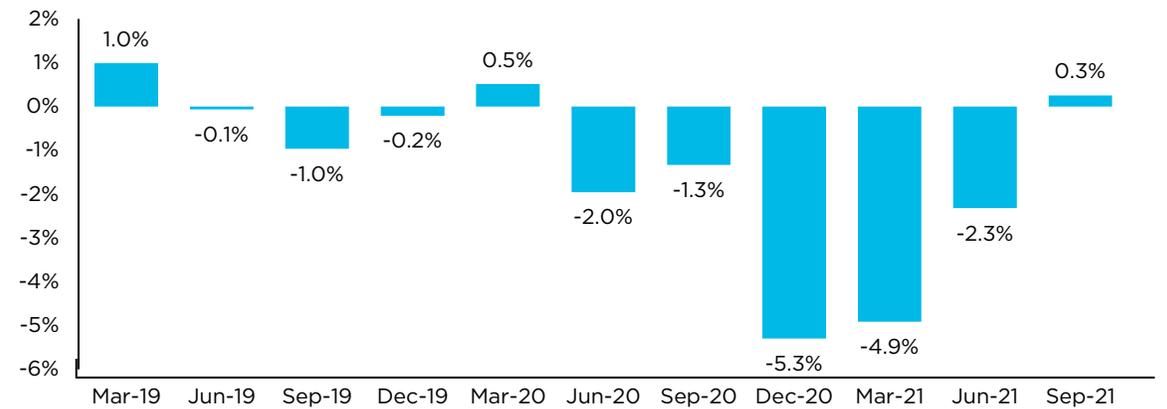
### Leavers and contractions



### Like-for-like occupancy

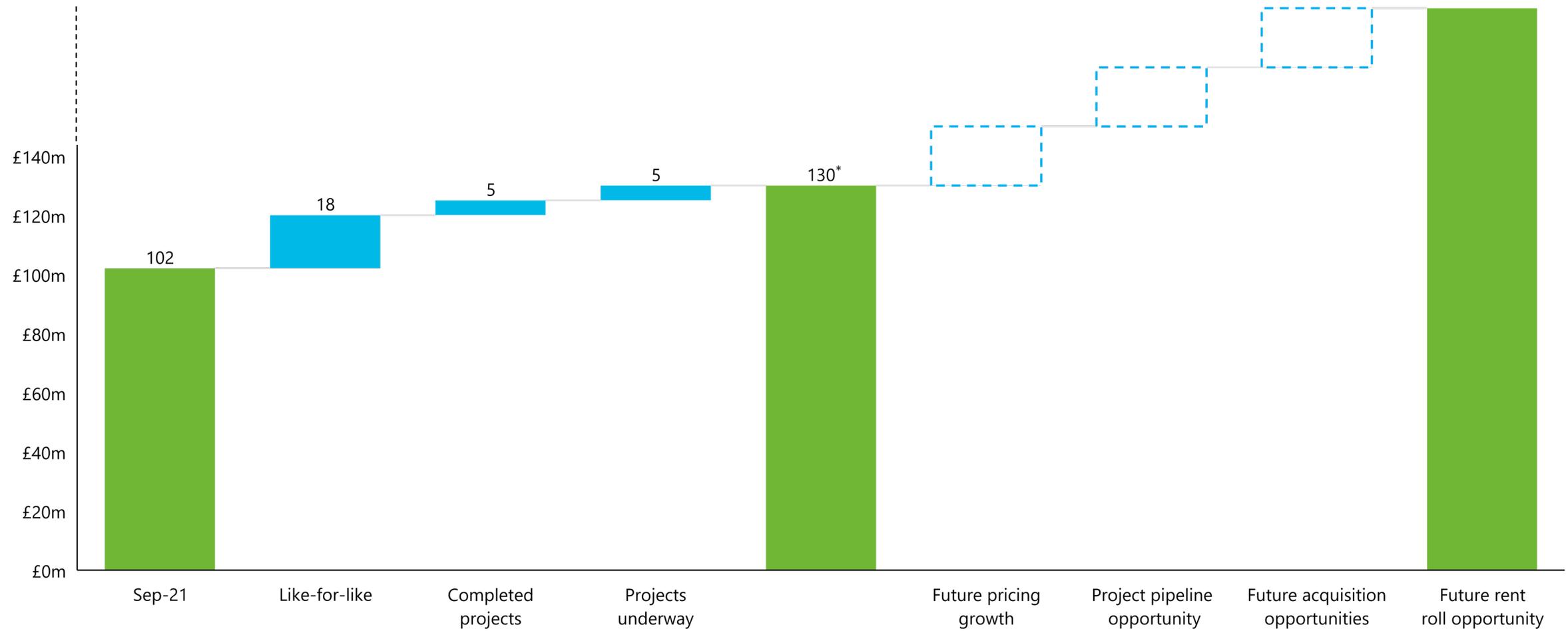


### Like-for-like rent per sq. ft. movement



# Financial review

## Future rent roll opportunity



Not a profit forecast, for illustrative purposes only.

\* Based on properties at 90% occupancy at the CBRE estimated rental values at 30 September 2021.



# Delivering sustainable growth

Graham Clemett, CEO



# Delivering sustainable growth

Active recycling of capital



**13-17 Fitzroy Street**  
Fitzrovia

- Sold in September 2021 for £92m
- Useful source of income for the last four years
- Optimal time to recycle the capital into more attractive project and acquisition opportunities



**The Old Dairy**  
Shoreditch

- Acquired in September 2021 for £43m
- Adjacent to The Frames and strengthens our presence in Shoreditch
- Opportunity to reposition over time to Workspace's distinctive flexible model

# Delivering sustainable growth

## The Busworks acquisition

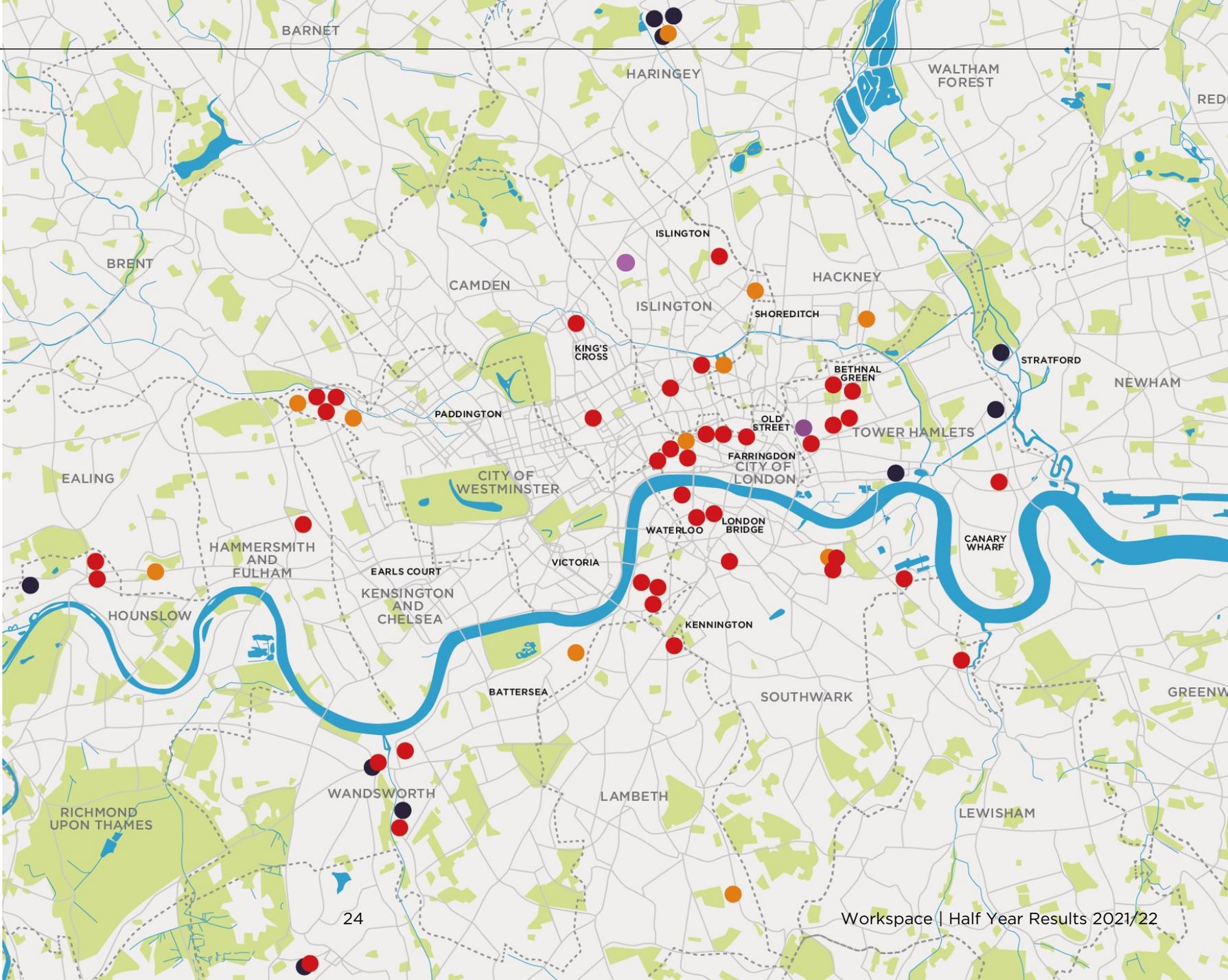
- Acquired for £45m
- Former Victorian bus factory in Islington
- 104,000 sq. ft. of net lettable space across two warehouse buildings
- Currently operated as a multi-let business centre
- Significant potential to be upgraded and repositioned



# Delivering sustainable growth

Unique property portfolio

- Like-for-like
- Refurbishments
- Redevelopments
- Acquisitions



# Delivering sustainable growth

Distinctive, character buildings



**Clerkenwell Workshops**

Farringdon, 53,000 sq. ft.



**Edinburgh House**

Kennington, 65,000 sq. ft.



**The Frames**

Shoreditch, 52,000 sq. ft.



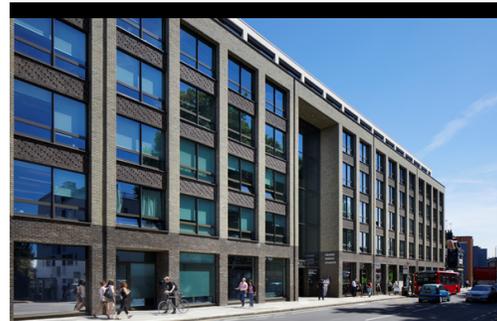
**Metal Box Factory**

Southwark, 107,000 sq. ft.



**The Leather Market**

London Bridge, 147,000 sq. ft.



**Grand Union Studios**

Ladbroke Grove, 64,000 sq. ft.



**Pill Box**

Bethnal Green, 50,000 sq. ft.

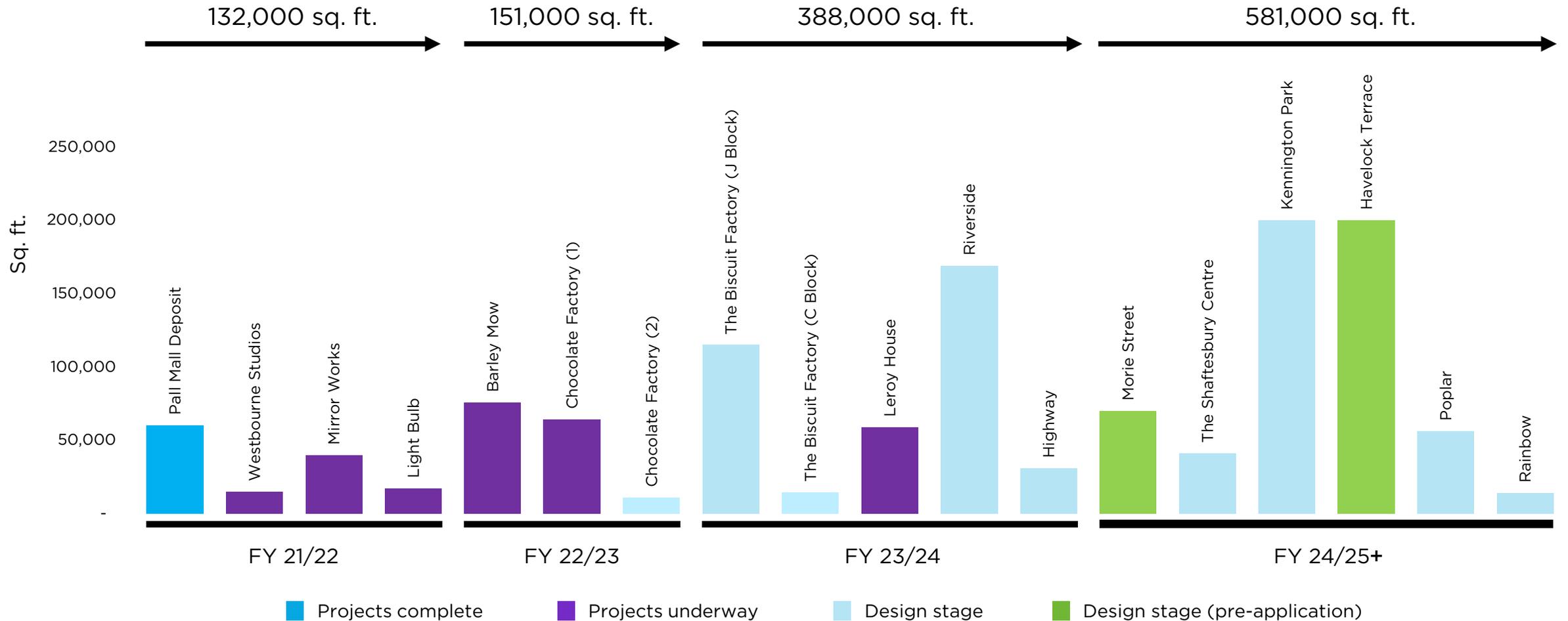


**China Works**

Vauxhall, 69,000 sq. ft.

# Delivering sustainable growth

Extensive project pipeline



# Delivering sustainable growth

Repurposing iconic buildings: Mare Street Studios, Hackney

- Formerly workshop and studio space refurbished and expanded to provide new business centre in Hackney
- Whole life carbon impact of the refurbishment is significantly less than a traditional new build
- BREEAM “Excellent” New Construction rating and EPC B
- Achieved a 20% reduction in carbon emissions compared to pre-refurbishment
- 144 indoor secure cycling bays and 8 showers and changing facilities
- A 50 sq. m. Haybase green roof has over 20 floral species, as well as bat, swift and sparrow boxes
- Solar panel system on the roof and air source heat pumps provide renewable and low carbon energy
- Optergy smart metering system



# Delivering sustainable growth

Reviving communities: Fuel Tank, Deptford

- A former light industrial complex transformed into a thriving residential and business hub next to Deptford Creek
- BREEAM “Very Good” Refurbishment and Fit Out certification and EPC B
- Smart metering system allows customers to monitor and reduce energy consumption
- Captured the imagination of the local business community
- Attracts broad range of creative sectors, including media, fashion, art and design companies



# Delivering sustainable growth

Compelling, long-term sustainable investment story

## Near-term momentum



- Positive SME indicators
- Demand back at pre-covid levels
- Occupancy improving
- Pricing stabilised

## Clear strategy



- Distinctive, flexible offer
- London at its heart
- Sustainable model
  - Repurposing properties
  - Reviving communities
  - Acting responsibly

## Portfolio opportunities



- Significant footprint across London
- Extensive project pipeline
- Disciplined acquisition strategy
- Strong balance sheet

## Operationally strong



- Clear purpose & values
- Scalable platform
- Experienced & motivated team
- Data rich



## Q&A



# Supplementary information

# Appendix

## Refurbishment projects (1 of 3)

At September 2021	Valuation	Actual cost	Completion	Unaffected area (sq. ft.)	Upgraded area (sq. ft.)	New space (sq. ft.)	Estimated ERV (average)	Estimated rent at 90% occupancy	Sep 2021 rent roll
<b>Completed</b>									
160 Fleet Street	£24m	£2m	Aug 2017	-	41,786	-	£48	£1.8m	£0.9m
Mare Street Studios	£27m	£21m	Jun 2020	-	-	54,463	£33	£1.6m	£0.4m
Wenlock Studios	£18m	£1m	Dec 2020	19,879	11,059	-	£39	£1.1m	£0.5m
Parkhall Business Centre	£39m	£2m	Feb 2021	46,290	78,449	-	£19	£2.1m	£1.6m
Pall Mall Deposit	£26m	£13m	Sept 2021	-	47,291	13,016	£28	£1.5m	£0.7m
	<b>£134m</b>	<b>£39m</b>		<b>66,169</b>	<b>178,585</b>	<b>67,479</b>		<b>£8.1m</b>	<b>£4.1m</b>



**160 Fleet Street**



**Mare Street Studios**



**Wenlock Studios**



**Parkhall Business Centre**



**Pall Mall Deposit**

# Appendix

## Refurbishment projects (2 of 3)

At September 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	Sep 2021 rent roll
<b>Underway</b>										
Westbourne Studios	£24m	£1m	£0m	H2 21/22	41,897	14,954	-	£35	£1.8m	£1.0m
Barley Mow Centre (phase 2)	£39m	£7m	£5m	22/23	-	75,655	-	£32	£2.2m	£1.3m
The Chocolate Factory (1)	£14m	£15m	£15m	22/23	-	58,833	5,368	£25	£1.5m	£0.8m
Leroy House	£19m	£24m	£23m	23/24	-	-	58,902	£42	£2.2m	£0.8m
	<b>£96m</b>	<b>£47m</b>	<b>£43m</b>		<b>41,897</b>	<b>149,442</b>	<b>64,270</b>		<b>£7.7m</b>	<b>£3.9m</b>



**Westbourne Studios**



**Barley Mow Centre**  
(Phase 2)



**The Chocolate Factory**  
(1)



**Leroy House**

# Appendix

## Refurbishment projects (3 of 3)

At September 2021	Actual/ estimated cost	Cost to complete	Estimated completion	Unaffected area (sq. ft.)	Upgraded area (sq. ft.)	New space (sq. ft.)
<b>Design Stage (with planning consent)</b>						
The Biscuit Factory (J block)	£19m	£19m	23/24	-	83,811	31,206
The Biscuit Factory (C block) #	£5m	£5m	23/24	-	14,517	-
The Shaftesbury Centre#	£20m	£20m	24/25	-	-	41,000
Kennington Park#	£80m	£80m	24/25	-	-	200,000
	<b>£124m</b>	<b>£124m</b>		<b>-</b>	<b>98,328</b>	<b>272,206</b>
<b>Design Stage (pre-application)</b>						
Morie Street#	£30m	£30m	24/25	-	-	70,000
Havelock Terrace	£100m	£100m	24/25	-	-	200,000
	<b>£130m</b>	<b>£130m</b>		<b>-</b>	<b>-</b>	<b>270,000</b>



**The Biscuit Factory**



**The Shaftesbury Centre**



**Kennington Park**



**Morie Street**



**Havelock Terrace**

# Currently in like-for-like category

# Appendix

## Mixed-use redevelopment projects (1 of 2)

At September 2021	Development partner	Valuation	Sep 2021 rent roll	Commercial space estimated completion	Residential units no.	New commercial space (sq. ft.)	Estimated ERV	Estimated rent at 90% occupancy	Cash received
<b>Completed</b>									
Lock Studios	Peabody/Galliford Try	£21m	£0.7m	Jun 2020	557	54,237	£24	£1.2m	£36m
		<b>£21m</b>	<b>£0.7m</b>		<b>557</b>	<b>54,237</b>		<b>£1.2m</b>	<b>£36m</b>
<b>Underway/Contracted</b>									
The Light Bulb (Phase 2)	Strawberry Star	£8m	-	H2 21/22	77	17,226	£29	£0.5m	£8m
Mirror Works (formerly Marshgate)	Anthology	£12m	-	H2 21/22	200	39,925	£24	£0.9m	£16m
		<b>£20m</b>	<b>-</b>		<b>277</b>	<b>57,151</b>		<b>£1.4m</b>	<b>£24m</b>



**Lock Studios**



**The Light Bulb**  
(Phase 2)



**Mirror Works**  
(formerly Marshgate)

# Appendix

## Mixed-use redevelopment projects (2 of 2)

At September 2021	Sep 2021 rent roll	Commercial space estimated completion	Residential units no.	New commercial space (sq. ft.)
<b>Design Stage (with planning consent)</b>				
The Chocolate Factory (2) / Parma House/ Mallard Place	£0.3m	22/23	245	10,933
Riverside# / Garratt Lane	£1.9m	23/24	433	169,000
Highway Business Park	£0.3m	23/24	117	31,000
Poplar Business Park (Phase 2/3)#	£1.0m	24/25	222	56,000
Rainbow (Phase 2)	£0.2m	TBD	224	13,808
	<b>£3.7m</b>		<b>1,241</b>	<b>280,741</b>



**The Chocolate Factory**



**Riverside / Garratt Lane**



**Highway Business Park**



**Poplar Business Park**  
(Phase 2/3)



**Rainbow**  
(Phase 2)

# Currently in like-for-like category

# Appendix

## Sustainability credentials



GRESB  
★★★★★ 2021

GRESB 5 Star rating  
87/100 Real Estate Assessment Score  
93/100 Development Assessment Score



CDP A List  
Supplier and engagement leader



Gold EPRA Sustainability Best Practice  
Recommendations Award



FTSE4Good

FTSE4Good  
Absolute rating: 3 out of 5



Signed up to the Social Mobility Pledge



MAYOR OF LONDON

Healthy Workplace  
Foundation Level Accreditation



Renewable  
for business

We procure 100% green electricity



We are a London Living Wage employer

### Memberships:

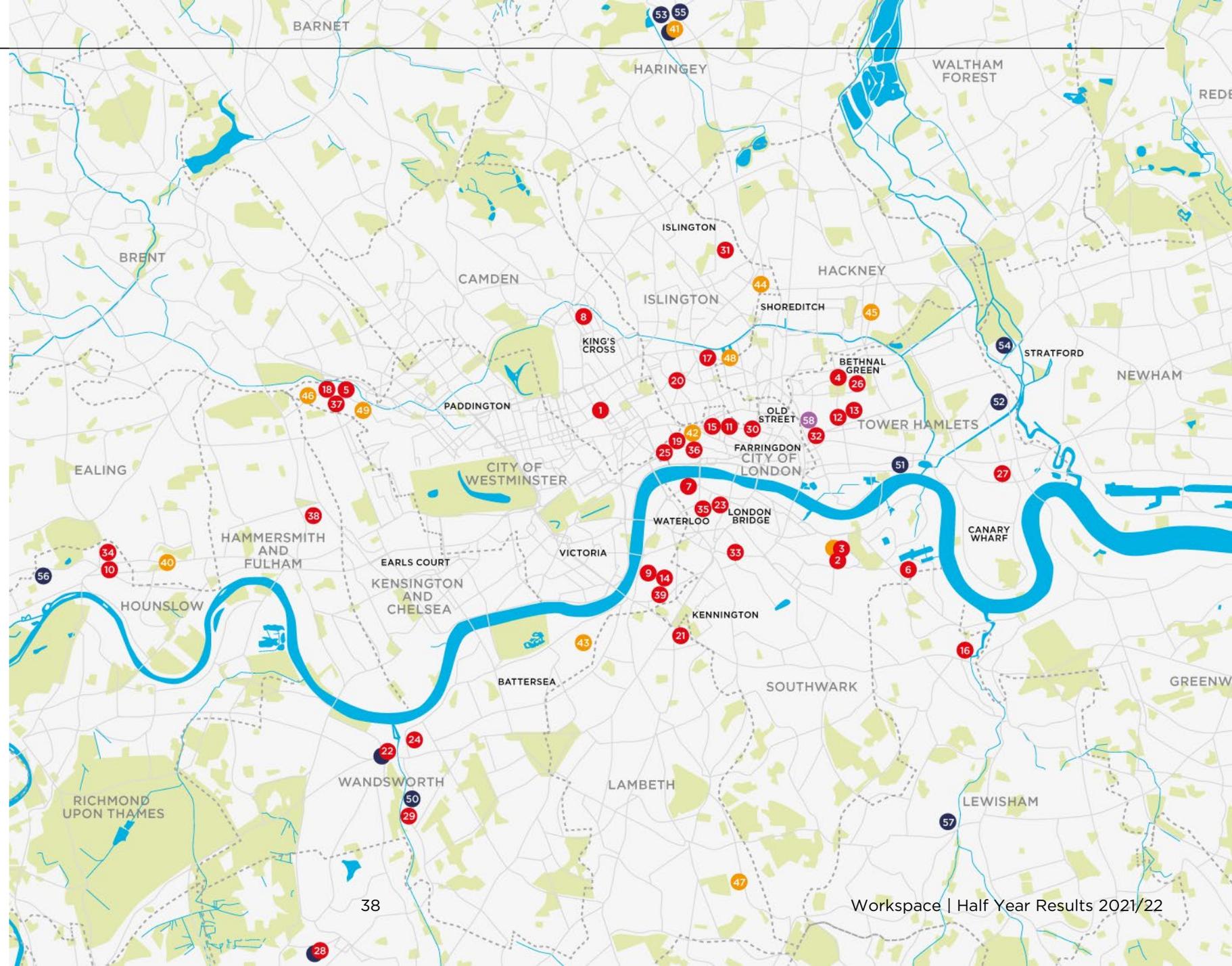


**BBP** | BETTER BUILDINGS PARTNERSHIP  
BRITISH PROPERTY FEDERATION

# Appendix

## Property portfolio

- Like-for-like
- Refurbishments
- Redevelopments
- Acquisitions



# Appendix

## Property portfolio

### ● Like-for-like

Map ref	Property name	Net lettable area (sq. ft.)	Net rent roll (£)
1	Archer Street Studios	14,984	601,489
2	Biscuit Factory (Cocoa Studios)	39,298	869,878
3	Biscuit Factory (Part)	124,580	2,088,852
4	Brickfields	56,755	1,840,073
5	Canalot Studios	49,513	1,112,728
6	Cannon Wharf	32,619	530,974
7	Cargo Works	71,212	2,964,015
8	Centro Buildings	212,634	8,959,618
9	China Works	68,808	1,872,518
10	Chiswick Studios	14,254	402,468
11	Clerkenwell Workshops	52,879	1,657,405
12	E1 Studios	40,797	769,031
13	East London Works	38,407	759,505
14	Edinburgh House	65,492	2,167,625
15	Exmouth House	57,560	2,972,499
16	Fuel Tank	35,189	524,262
17	338 Goswell Road	41,490	1,550,623
18	Grand Union Studios	63,640	1,954,410
19	60 Gray's Inn Road	36,138	1,266,455
20	Ink Rooms	22,235	1,111,050

Map Ref	property name	Net lettable area (sq. ft.)	Net rent roll (£)
21	Kennington Park	366,958	9,814,708
22	Light Bulb (Part)	52,644	1,103,365
23	Metal Box Factory	106,667	4,171,231
24	Morie Street	21,711	390,081
25	Peer House	10,222	231,304
26	Pill Box	50,409	957,082
27	Poplar Business Park	65,178	1,028,030
28	Rainbow Industrial Estate (Part)	21,180	383,809
29	Riverside	101,786	1,606,082
30	Salisbury House	226,579	9,614,087
31	ScreenWorks	64,146	1,641,150
32	The Frames	52,271	1,906,448
33	The Leather Market	146,855	3,951,122
34	The Light Box	78,489	1,558,860
35	The Print Rooms	46,064	1,516,454
36	The Record Hall	55,270	2,132,607
37	The Shaftesbury Centre	12,627	243,756
38	The Shepherds Building	147,186	5,983,516
39	Vox Studios	107,103	3,102,479

# Appendix

## Property portfolio

### ● Refurbishments

Map ref	Property name	Net lettable area (sq. ft.)	Net rent roll (£)
40	Barley Mow Centre	75,655	1,310,138
41	Chocolate Factory (1)	64,116	752,342
42	160 Fleet Street	41,786	902,458
43	Havelock Terrace	58,164	971,281
44	Leroy House	46,803	789,527
45	Mare Street Studios	54,463	383,081
46	Pall Mall Deposit	60,307	687,222
47	Parkhall Business Centre	124,739	1,623,823
3	The Biscuit Factory (Part)	88,080	1,288,170
48	Wenlock Studios	30,938	515,854
49	Westbourne Studios	56,851	1,042,199

### ● Mixed-use redevelopments

Map ref	Property name	Net lettable area (sq. ft.)	Net rent roll (£)
41	Chocolate Factory (2)	48,691	5,000
50	Garratt Lane	43,000	300,000
51	Highway Business Park	19,860	318,839
22	Light Bulb (part)*	17,226	0
52	Lock Studios	54,237	711,203
53	Mallard Place	10,150	130,000
54	Mirror Works (formerly Marshgate)*	39,925	0
55	Parma House	34,983	158,987
56	Q West	54,960	496,762
28	Rainbow Industrial Estate (Part)	89,934	236,991
57	Thurston Road	7,133	123,033

### ● Acquisition

Map ref	Property name	Net lettable area (sq. ft.)	Net rent roll (£)
58	The Old Dairy	56,982	2,173,646

\* Opening H2 21/22

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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 half year ended 30 September 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.