

'Travelodge' of serviced offices comes up trumps

■ Budget operator Citibase produces best-ever results after postponing AIM listing

BY JAMES WHITMORE

CITIBASE, THE BUDGET SERVICED OFFICE operator that plans to float on AIM, has achieved the best financial results in its 16-year history during the severe economic crisis.

Results for the year to the end of February, revealed to *Property Week*, show that profits before tax and one-off charges rose by 61% from £641,000 to £1.04m. Earnings before interest, tax, depreciation and amortisation (EBITDA), the indicator of operating performance, increased 42% to £1.3m.

Citibase was set up in 1993 by executive chairman Ian Read and non-executive director David Joseph. It describes itself as the 'Travelodge' of the serviced office sector and provides space for 'cost-conscious SMEs'. Its strong financial results were driven by a focus on operating efficiency. The gross margin increased by 9% to 23%.

Chief executive Steve Jude, a former sales and marketing chief



↑ World is its oyster: Citibase, whose tenants include Oystercard, is to expand

at Regus, the world's largest serviced office provider, said the revenue per available workstation per month (REVPAW) was £217.08, compared with a cost of £195.35.

Jude said Citibase had branded itself as 'Freedom at Work' and

It focuses on the city and town centre markets rather than out of town and has almost 4,000 workstations.

It is close to taking on five more centres, largely through the acquisition of other operators, and adding capacity to centres in London and Birmingham. It operates from four properties owned by Warner Estate Holdings, which has a 14.2% stake in the company.

At the end of last year Citibase considered listing on AIM to create shares that could be used as currency to buy trading centres.

However, in light of the low price at which the shares would have listed, the flotation was delayed. Read said it would return when market conditions were better.

Read and Joseph, who each own 40.3% of Citibase, were not selling any shares in the flotation. The £0.5m that was to be raised was simply to cover the costs of the flotation, which was being brokered by FinnCap.

introduced a 'menu' of services, from which occupiers could pick from 'a la carte' or 'set menu' packages. For example, one set menu costs £59.99 a month per person for a firm of up to five staff.

'Our biggest competitor is the garden shed,' said Jude.

Citibase operates - it leases rather than buys property - from 22 locations throughout the UK.