HOME TO LONDON'S BRIGHTEST BUSINESSES

Workspace Group PLC
Annual Report and Accounts 2023

WORKSPACE®

WHAT WE DO

Workspace owns and manages five million sq. ft. of business space across 76 core locations, home to thousands of London's brightest businesses.

ABOUT US

We believe that our distinctive offer, proven track record and ownership of an extensive, high-quality property footprint provide a compelling investment case that will deliver sustainable long-term growth.

ABOUT THIS REPORT

This report has been produced in landscape format to optimise the reading experience online.

Go to www.workspace.co.uk/onlineannualreport2023

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OUR GOVERNANCE

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"Our wellbeing programme has proved popular with both customers and employees"

Stacy Lyden-Saruppé
Events Manager

"Strong customer demand allowed us to quickly recover pre-Covid levels of occupancy this year"

Graham Clemett
CEO

FINANCIAL STATEMENTS

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ADDITIONAL INFORMATION

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WHAT DRIVES PERFORMANCE

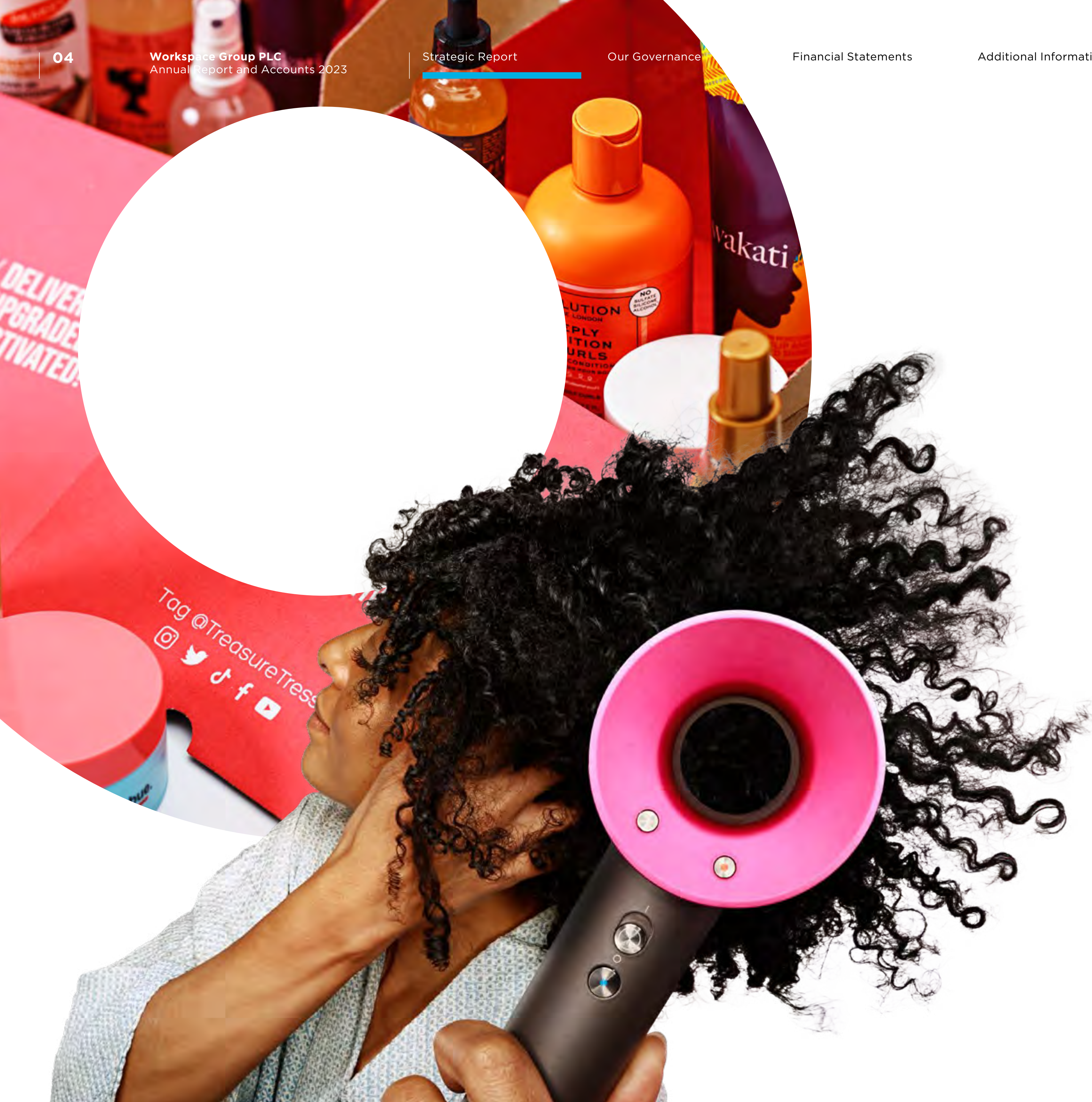
It all starts with the customer.

Our purpose is to give businesses the freedom to grow. We believe that in the right space, teams can achieve more. That in environments tailored to their business, free from constraint and compromise, teams are best able to collaborate, build their culture and realise their potential together.

We build long-term relationships with our customers to understand their evolving requirements and continually enhance the customer experience.

Our target customers >
Pages 4 to 7

Mirror Works, Stratford



"Our space is a hub of sisterhood, innovation, creativity. We want women to feel inspired when they enter.

Treasure Tress was born out of my desire to create a service I needed myself: I was tired of paying ridiculous prices for curly haircare products I couldn't find in the UK.

We have built up a huge community of subscribers and we know what they like. It's important that our space also represents the ethos, passion and energy of our brand. It was really important that our space felt like home.

The building has a great community of business owners and brands who are all looking out for each other – we love finding ways to collaborate with our neighbours."

Jamelia Donaldson
Founder and CEO of Treasure Tress, Parma House, Wood Green
Haircare product discovery box for women with naturally curly hair

“

You really are not limited by space or time at Workspace, which allows me to create some incredibly individual work.

Workspace allows me to be myself, which is essential for my photography because of its focus on diversity and inclusivity.

My priority is for the people who I am photographing to feel welcome and comfortable in the space, so that they too can be themselves. This allows me to capture the moment through the lens.

It's my space to do with what I want, so I tend to leave it bare so that I can dress it ad hoc for shoots. I love using the massive windows for natural light work. Another of my favourite things about the space is that it is 24/7 and I can come and go as I please.
”

Paul Nicholas Dyke
Founder of PND Photography,
Lock Studios, Bow
Headshot and portrait photographer
for the entertainment industry

It was really important to us that we approached our studio in the same way we build digital products: with inclusivity and sustainability in mind.

Our meeting pods are made from recycled fabrics, our paint is eco-friendly and most of our furniture is second-hand – lots of it even comes from other offices in the building.

We designed the space to accommodate all our team's needs, including private meeting rooms, standing desks and a table for eating lunch together.

And, of course, a comfy corner for our office dogs!

Sophie Aspden
People Lead at Planes, Brickfields, Hoxton
A digital product design and development studio

“We are kind of mavericks in the interior design world: we do things our own way. We don’t go for the open-plan style of working but prefer individual areas so we can work uninterrupted.

The free space is really important to us – we need to have lots of floor space and be able to make a mess. Every Tuesday our team comes together and we throw all of our materials on the ground and look at the latest prints.

We love bringing people in and feeling proud of the space – the building feels professional and impressive and we love all of the natural light from the skylights and large windows.

We first took a studio with Workspace in 2018, and have upsized twice since, and plan to expand again soon. Workspace made it so easy to expand that it just made sense.”

Kierra Campbell
Managing Director, Poodle & Blonde
The Chocolate Factory, Wood Green
Hand-designed luxury wallpaper and homewares

2023 HIGHLIGHTS

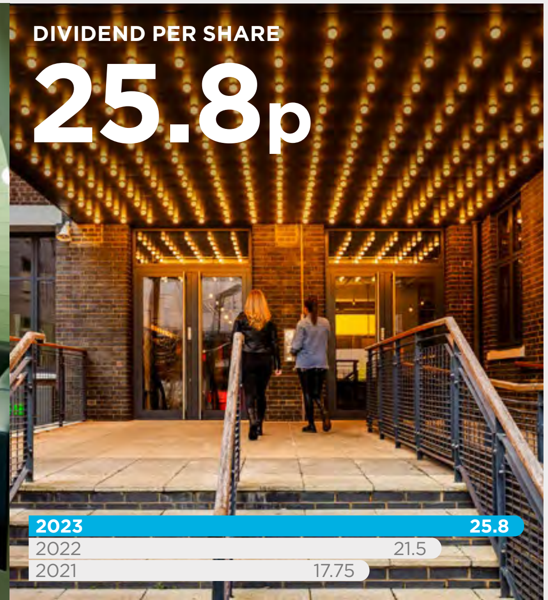
FINANCIAL

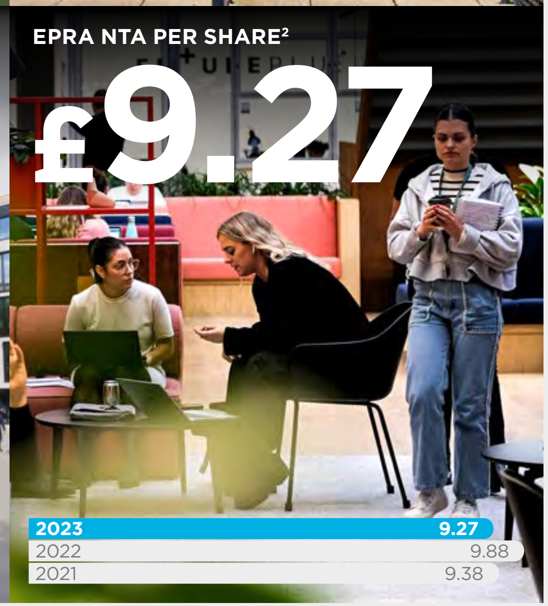
Despite the economic challenges, we have seen good momentum from rental growth, with high levels of occupancy from resilient customer demand from SMEs for our flexible offer.

Our distinctive offer, proven operating platform and track record, alongside ownership of an extensive, high quality property footprint across London position us to capture more of the significant market opportunity ahead of us.

> London's SME community has remained resilient over the past few years

Stephen Hubbard
Chair





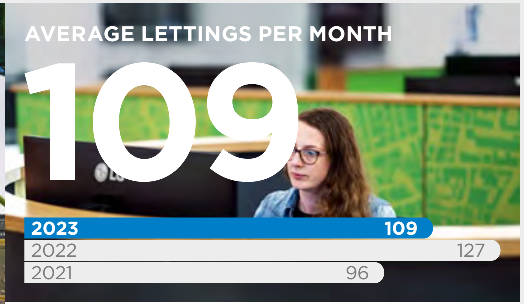
1. A reconciliation of basic and diluted earnings to trading profit after interest is in note 8 to the financial statements. Equivalent IFRS measure is profit before tax – 2023: £(37.5)m, 2022: £124.0m, 2021: £(235.7)m.
2. Equivalent IFRS measures are basic net assets per share – 2023: £9.34, 2022: £9.94, 2021: £9.50 and diluted net assets per share – 2023: £9.27, 2022: £9.89, 2021: £9.44.

OPERATIONAL

AVERAGE ENQUIRIES PER MONTH

798

2023	798
2022	917
2021	739



AVERAGE LETTINGS PER MONTH

109

2023	109
2022	127
2021	96

LIKE-FOR-LIKE OCCUPANCY

89.1%

2023	89.1
2022	89.6
2021	81.6

AVERAGE VIEWINGS PER MONTH

518

2023	518
2022	598
2021	328

LIKE-FOR-LIKE RENT ROLL GROWTH

+7.1%

2023	7.1
2022	8.7
2021	-23.9

SUSTAINABILITY

NET ZERO CARBON BY

2030

RENEWABLE ELECTRICITY SOURCED

100%

SCOPE 1 AND 2 EMISSIONS REDUCTION SINCE 2019/20

29%

GREEN FINANCING

£700m

DONATED TO SINGLE HOMELESS PROJECT

£110k

CHAIR'S STATEMENT

Workspace's business model has truly been put to the test over the past three years. I'm pleased to say that we have emerged in an even stronger position.

Stephen Hubbard
Chair

£60.7m
TRADING PROFIT AFTER INTEREST

25.8p
DIVIDEND PER SHARE

CHAIR'S STATEMENT CONTINUED

> It's been a pleasure being part of Workspace's dynamic culture

This year has seen market volatility persist: global growth has continued to slow amidst the ongoing conflict in Ukraine, and in the UK interest rates have risen to combat inflation. Workspace, however, remains in a strong position and has produced robust results.

While the UK has experienced little economic growth this year, London, our core market, has continued to grow by more than 4%[1], reflecting its enduring status as a global hub for successful, innovative businesses. Indeed, London's SME community has remained particularly resilient in the face of many challenges over the past few years.

Our distinctive flexible offer, the scalable operating platform, unique portfolio of properties and robust balance sheet mean we are well positioned to weather any further challenging market conditions. This strong position was illustrated by an excellent set of full-year results, with net rental income up 34.5% to £116.6m, and our centres again full of vibrant small businesses. Across real estate markets globally, increasing interest rates have resulted in yield expansion although in the case of Workspace this has been largely offset by our improved pricing, with EPRA NAV per share decreased by 6.2% to £9.27. I have confidence that, in time, this strong performance will be reflected in our share price.

We continued to make real strides in differentiating our brand from others in the market, significantly enhancing visibility of our brand across London and highlighting the key benefits of taking space with us. The Your Space, Your Way campaign emphasised the blank canvas space we offer to our customers, 50% of whom use their space for more than just a desk. The campaign shines a light on how our offer allows them to personalise and fit out their space as they want – a component of our offer that clearly differentiates us from the serviced office brands we have sometimes been conflated with. It's great to see our brand work start to correct these historic misconceptions – although there is still work to be done.

One of the many reasons Workspace has resonated with London's small businesses is the level of choice we offer to increasingly discerning customers, who want a broad range of options in their search for space, location and community that's right for them. Last year, we added 20 core properties, totalling almost one million sq. ft. of new space, to our portfolio, significantly expanding that range of choice to customers. Our teams have done a fantastic job in integrating those new buildings into Workspace, with a particular focus on making our new London properties, for example, Portsoken House, consistent with the quality Workspace look and feel.

A key component of our strategy in acquiring McKay was to dispose of the industrial properties within the portfolio. Following year end, I'm pleased that this has been substantially completed, along with material cost synergy savings well beyond our budget and the successful novation of the Aviva debt, avoiding a £13m budgeted break cost.

The Board has had another busy year, and ESG has remained top of our agenda. Our sector has a vital role to play in mitigating climate change and we know that Governance is key in driving real impact – accountability should run through every level of the Company. This is why our new ESG Committee, comprising all eight members of the Board, is tasked with closely monitoring Workspace's targets in its goals to become net zero carbon by 2030.

We are confident that we are well ahead of the curve thanks to Workspace's inherently sustainable model. I have also seen first-hand just how passionate our teams are throughout the Company in delivering sustainable results. This enthusiasm and sense of responsibility is also echoed by our eco-conscious customers and is something we actively instil throughout Workspace's carefully selected partners and supply chains.

The all-important social element of ESG has also been an area where Workspace has made real progress. We relaunched our 'InspiresMe' programme, offering career support to underprivileged young people, and we continued to develop our popular customer and employee wellbeing programmes throughout the year. Earlier in the year, our Capital Market's Day shone a light on our environmental and social sustainability strategy, demonstrating how sustainability is embedded throughout our business. The event highlighted how Workspace's strategy of breathing new life into old buildings creates local hubs of economic activity that help flatten London's working map and deliver employment-led regeneration.

Having served nine years on the Board, I will be stepping down as Chair at the upcoming AGM. I stepped into my role as Chair in July 2020, just a few months after the start of the pandemic, as Workspace's business model was truly put to the test. I'm pleased to say that three years later we have emerged in an even stronger position.

I am immensely grateful to everyone at Workspace for helping to make my time on the Board and as Chair so enjoyable. I am especially thankful to the Executive team, which has expanded over the last few years into the strong team it is today.

Duncan Owen will be appointed as Chair in July 2023. To read more about his appointment go to page 146.

It has been a pleasure being a part of Workspace's upbeat, dynamic culture and working with all the diverse people who help deliver the Company's success. I have been lucky enough to get to know many of Workspace's employees at my quarterly Chair engagement sessions and their honest feedback has helped drive a range of improvements across the business.

One of the achievements I am most proud of has been building a strong, supportive Board who are a key part of the Workspace family. One of the Board's focuses this year has of course been finding a Chair successor, and I am absolutely delighted that the Board has appointed Duncan Owen, whose more than 30 years' experience in the real estate sector will be an invaluable asset to Workspace.

I am confident that I am handing over to Duncan with the Company and Board both in great shape and I wish him every success in the role. I am certain Workspace will continue to thrive, driven by its strong sense of purpose, sustainable business model and customer-first ethos.

Stephen Hubbard
Chair

1. ONS, GDP first quarterly estimate, UK: October to December 2022.

CHIEF EXECUTIVE OFFICER'S STATEMENT

Our strong trading performance is testament to our truly flexible offer and a customer base of vibrant SMEs.

Graham Clemett
Chief Executive Officer

£116.6m
NET RENTAL INCOME

89.1%
LIKE-FOR-LIKE OCCUPANCY

CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

> Our property portfolio continues to provide rich opportunity to upgrade and reposition buildings

We entered the year with good momentum and strong levels of customer demand, and occupancy at our like-for-like properties back at pre-Covid levels of around 90%. The resulting pricing tension has enabled us to deliver a 9.4% increase in rent per sq. ft. over the year, with many of our business centres now back at, or ahead of, pricing levels last seen in 2019. Even with prices increasing our customers value our offer highly, and it was great to see 88% stay with us on renewal.

We have also seen a good pace of occupancy increase at recently completed projects. Most notably, we have seen occupancy at our refurbished Mare Street property in Hackney move up 25% to 95% in the year, whilst Mirror Works, our new building in Stratford, saw occupancy increase 58% to 81%. These successes highlight both the quality of our buildings and the power of our marketing and sales platform in attracting demand to a broad range of locations and then converting this demand into lettings.

Our extensive property portfolio across London continues to provide us with a rich opportunity to upgrade and reposition buildings to meet both the changing needs of our customers and higher environmental standards. This sustainable regeneration, at the heart of our business model, drives uplifts in income and values producing very attractive returns. We currently have a pipeline of refurbishment and redevelopment projects that will deliver around 1.3m sq. ft. of new and upgraded space. Our existing buildings are income earning, so we can selectively decide on the optimal timing for each project to ensure we can deliver as a minimum our benchmark returns.

Our sustainability ambitions extend beyond simply meeting environmental standards, and we are proud of the regenerative impact of our business model. As we breathe new life into old buildings, we create hubs of economic activity across the Capital, providing significant employment and social benefits in what are often historically deprived areas. We hold our properties for the long term and our engagement with local communities is crucial to our social sustainability agenda. During the year, we started major refurbishment schemes at The Chocolate Factory in Wood Green, and The Biscuit Factory in Bermondsey. The scheme at Leroy House in Islington, which started in summer 2021, is now well progressed and we expect to complete this project in spring 2024. We also completed the sale of the residential component of our mixed-use redevelopment at Riverside, Wandsworth for £54m in March 2023, where we obtained planning permission for 433 flats, highlighting our opportunity to add value and recycle capital.

In May 2022 we acquired the previously publicly listed McKay Securities, adding good quality assets across London and the South East to our existing portfolio at a discount to book value. We completed the operational integration of the McKay portfolio in November 2022, and continue to make progress in our plan to add significant value to the portfolio by adapting the buildings to our multi-let strategy and rolling out our flexible lease offer. The market environment has unfortunately slowed the planned sale of identified non-core assets (principally light industrial and logistics properties). We sold one asset for £7m in July 2022 and exchanged on the sale of a further five in May 2023 for £82m.

Overall we have delivered a strong trading performance in the year, with a 34% increase in net rental income, an increase of 17% on an underlying basis, and a 29% increase in trading profit after interest. We maintained tight control over discretionary costs and while we saw an increase in interest costs from the McKay acquisition, we benefitted from the majority of our debt being at fixed rates.

A resilient property valuation meant that we saw a relatively small decline of 6% in our net asset value per share to £9.27 over the year. Outward yield movement was largely offset by the increases in rental price levels, with an underlying fall of just 3.2% in the property valuation.

Our strong trading performance is a testament to our business model:

- We have been championing flexibility in the commercial real estate market for over 35 years and it is great to see that it has now become firmly mainstream. Of course, it covers many different offers, but what makes ours stand apart is the complete flexibility we give our customers – both in terms of the leases we offer and the ability to fit out their own space. We have always understood the merits of giving our customers lease flexibility, achieving strong retention by providing an unmatched quality of service rather than tying them into long leases. The other aspect of flexibility, the ability for customers to fit out their space to suit their individual needs, is sometimes overlooked. This freedom to personalise their space and to create their own identity is incredibly important. In fact, around half of our customers use their space in a very different way to a traditional office occupier, meeting the needs of a diverse range of businesses such as fashion design, video production, etc.
- Our focus is on creative and service-based SMEs, which we estimate represent some 21% of the working population in London. These SMEs are in a very broad range of business sectors and represent a dynamic and exciting opportunity for us. We estimate Workspace is home to around 3% of this fragmented market, so we still have plenty to go for.
- We have a well-recognised brand, a scalable and technically advanced operating platform and an experienced and committed in-house team that provides a high level of service and support to customers. On that note, I would like to thank everyone at Workspace for their tremendous efforts through the year and congratulate them on the delivery of a great set of results.
- With the strong improvement in trading performance and confidence in the longer term prospects of the Company, the Board is recommending a final dividend of 17.4p per share, taking the full-year dividend to 25.8p which is up 20% on last year.

Lastly, I would like to thank our Chair Stephen Hubbard, who steps down at this year's AGM having served as a Non-Executive Director for nine years, the last three as Chair. He has been a fantastic ambassador and champion of our business. On behalf of everyone at Workspace, I would like to thank him for his contribution to the business over the past nine years and wish him all the very best for the future.

Graham Clemett
Chief Executive Officer

WE ARE WELL POSITIONED IN A GROWING MARKET

OUR PURPOSE PUTS OUR STAKEHOLDERS AT THE HEART OF THE WAY WE DO BUSINESS

1 Our purpose is to give businesses the freedom to grow

We believe that in the right space, teams can achieve more. We provide customers with a blank canvas to create their own unique space – liberating them to express their identity and culture in a space, building and location that is right for them.

We work hard to continually enhance and refine the customer experience, so that customers have the freedom to focus on growing their businesses.

How this drives our culture >
Pages 21 and 22

2 We deliver our purpose by actively listening to our stakeholders to understand what matters most...

Our purpose has created a culture that puts our stakeholders first. The conversations we have with our customers, people, investors, partners and communities, both in person and by collecting real-time data, directly inform our day-to-day decisions, help us to improve our offer and drive the growth of the business.

Stakeholder engagement >
Pages 15 to 25

3 ...and put this at the heart of our strategy...

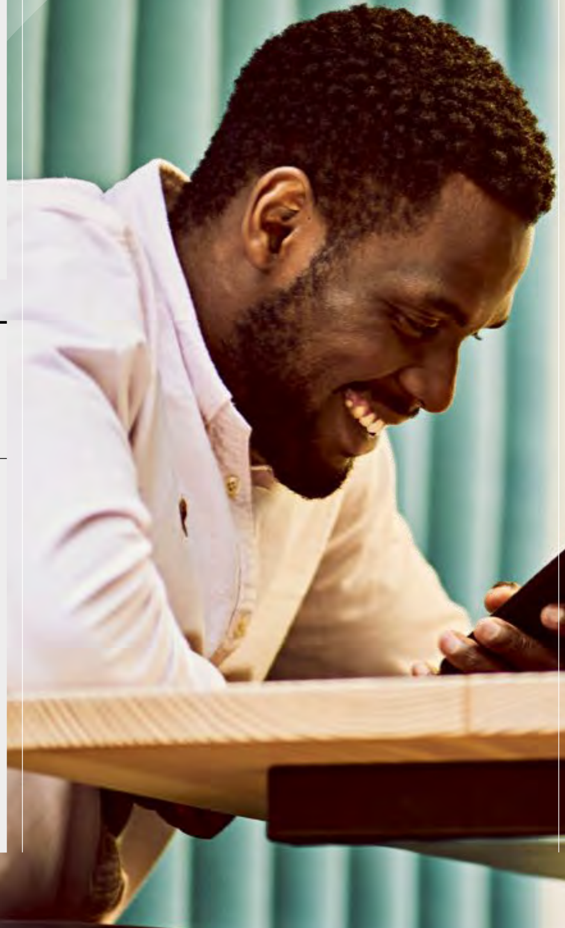
Our strong sense of purpose places an emphasis on delivering exceptional customer service. Ownership of our buildings, an extensive portfolio, a continual pipeline of upgrades ensures we provide an unparalleled customer offer, cementing our position as home to London's brightest businesses.

Our purpose driven strategy >
Pages 32 to 35

4 ...while giving customers the space to grow sustainably

We know that our customers share the same values as us and prioritise sustainability. For them, it is important that their office provider is responsible; it is only by working together that we can meet our 2030 net zero carbon target.

Sustainability >
Pages 36 to 58



OUR INVESTMENT PROPOSITION

We know London SMEs
No one knows London SMEs – and how and where they want to work – better than Workspace.

Pioneers of flex
We've been doing this for 35 years. We helped create the London flex market.

It's a great time to be the leader
Our market is expanding, and we plan to capture more of the significant market opportunity ahead of us.

We're a great neighbour
Our model is to repurpose distinctive buildings, revitalise local areas and have a positive environmental social impact in the areas we operate.

We're not done until our customers are
Our quality, in-person service offers daily face-to-face access and creates close relationships with strong retention.

OUR STAKEHOLDERS

Listening to our stakeholders so we make the right decisions.

Our purpose – to give businesses the freedom to grow – has helped us create a culture that puts our stakeholders at the heart of the business. We listen both in person and by collecting real-time data, directly informing the way we make decisions.

Section 172(1) Statement

Our Section 172(1) Statement sets out how the Board has had regard to its stakeholders and other section 172(1) matters during the year.
Page 125

The Biscuit Factory, Bermondsey

STAKEHOLDER ENGAGEMENT

We gather feedback and insight from all of our stakeholders so that we understand what matters most.

OUR STAKEHOLDERS CONTINUED

Stakeholder: Our customers

How we engage

We maintain a continual dialogue with businesses from the moment they make an enquiry. Once customers have moved in, our centre teams foster close relationships with them. We also collect scheduled feedback from our 4,000 customers twice in the year. Our Customer Insight Manager collates and evaluates this mix of informal and formal feedback, aiming to enhance our customer service and building management, and ultimately informing our growth strategy, such as our refurbishments and acquisition decisions.

How the Board engaged

- Reviewed our brand and marketing campaigns
- Reviewed customer experience initiatives
- Considered the results of the customer survey
- Evaluated key monthly customer metrics

84%

OUR CUSTOMER SATISFACTION SCORE

Significant topics raised

- Range of location choices – central and non-central
- Strong performance of individual members of centre teams (over 800 formal 'shout-outs')
- Social and environmental responsibility of Workspace
- Satisfaction regarding Wi-Fi and Connectivity Services
- Rent renewal process
- Breakout areas, meeting rooms and phone booths
- Frequency of events programmes
- Points of contact when taking a lease
- Quality of cafés

Activity in the year

- Created a feedback box
- Delivered over 400,000 sq. ft. of new and upgraded space
- Integrated McKay properties to our portfolio
- Rolled out Inclusive Billing to 37 buildings
- Launched formal feedback box
- Company-wide customer service training
- Invested in Wi-Fi upgrade programme
- Added 10 new meeting rooms
- Hosted 71 customer events with 2,500 attendees, including four popular London's Brightest Businesses panel discussions
- Further simplified the customer journey, reducing number of steps involved in taking a lease and streamlined renewals process
- Launched three new in-house Coffee Bars

ATTRACTING CUSTOMERS WITH OUR LATEST ADVERTISING CAMPAIGN

62%

BRAND AWARENESS

#1

FIRST CHOICE FOR SMEs LOOKING TO MOVE OR EXPAND

Listen to our latest customer advertising campaign

Giandonato Rosa, Hospitality Manager, oversees our Workspace Coffee Bars

OUR STAKEHOLDERS CONTINUED
OUR CUSTOMERS CONTINUED

RESPONDING TO THE NEEDS OF OUR CUSTOMERS

Our quarterly brand-tracker survey asks 300 London SME business leaders and decision makers what their priorities are when selecting a work space. We've analysed this data alongside our in-house customer survey results and identified 12 key priorities for SMEs.

These are all areas for which we receive positive feedback from our customers.

Of these 12, we have highlighted three key priority areas over the following pages:
- Customisation, page 18
- Location, page 19
- Flexible leases, page 20

FLEXIBLE OFFER

Flexible lease


Affordable

Blank canvas

TYPE OF PROPERTY


Location


Environmental credentials


Natural light/ventilation

QUALITY OF SERVICE


On-site support


Wi-Fi/connectivity


Comfort/amenities

SOCIAL ENGAGEMENT


Networking and community environment


Events


Local community

100%

OWNERSHIP OF OUR BUILDINGS PUTS US IN A UNIQUE POSITION WHEN RESPONDING TO CUSTOMER DEMAND

OUR STAKEHOLDERS CONTINUED
OUR CUSTOMERS CONTINUED

“Customers value blank canvas space they can make their own

Luisa Milazzo
Centre Manager at Mare Street Studios and Brickfields

RESPONDING TO THE NEEDS OF OUR CUSTOMERS CONTINUED

Ability to customise

Q&A

Luisa Milazzo, Centre Manager at Mare Street Studios and Brickfields

What do our customers have in common?
They tend to have creative minds and are deeply passionate, especially the ones I see in my East London buildings. They're often architects, designers and video producers.

Why is blank canvas space important?
They want to stamp their own brand on the space. They also want to set it up in a way that works for how their team works – one thing that's become popular is for customers to create their own phone booths. It's important they can welcome clients and showcase their space.

Do you have any favourite fit-outs?
At Mare Street Studios, The Fellas podcasters have created a variety of colourful sets that serve as backdrops for recording their social media videos, and wellbeing company Sweet Tees house massage and yoga studios as well as cinema rooms.

When new customers are first shown around the buildings, I can see that they're often inspired by these other fit-outs and start to picture what they can potentially do to their own space.

What customer feedback do you receive?
The business owners I speak with every day are very vocal about being able to brand their own space, and often say it is one of the reasons they chose Workspace. Those who put the time into making their space feel like home, tend to stay with us for longer and continue to expand over the years.

How does Workspace help customers personalise their space?
Firstly, we work with the customer to find the right space in the right location. Next, we review the customers' fit-out proposals, looking at all elements of the works, while also considering health and safety, building regulations and sustainability. The customer then has free reign to create the space they like, either using one of our suggested contractors or one of their own.

Planes Studio built wooden phone booths at their space in Brickfields, Hoxton

OUR STAKEHOLDERS CONTINUED
OUR CUSTOMERS CONTINUED

RESPONDING TO THE NEEDS OF OUR CUSTOMERS CONTINUED

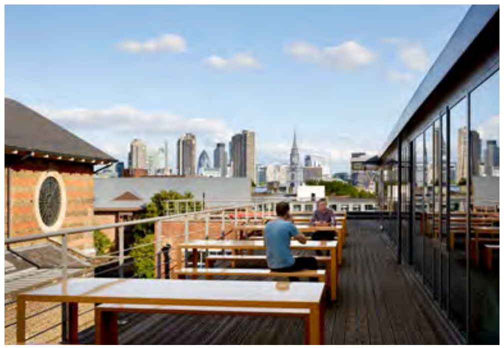
Location

Q&A

Charlie Fraser, Head of Sales

In your experience, what do customers prioritise in their search for space?
I spend 90% of my time out with prospective customers on viewings. What I've seen is that our offer appeals to such a diverse range of businesses that they are often looking for something slightly different – and usually very specific.

For some customers, it's important they have the right style of building and breakout space. For others, it's about the right community of neighbours, or being close to transport links or where they live. This means they need as much choice as possible. And, of course, different buildings and areas each have their own characteristics, and so we'll often show them two or three buildings in an area.

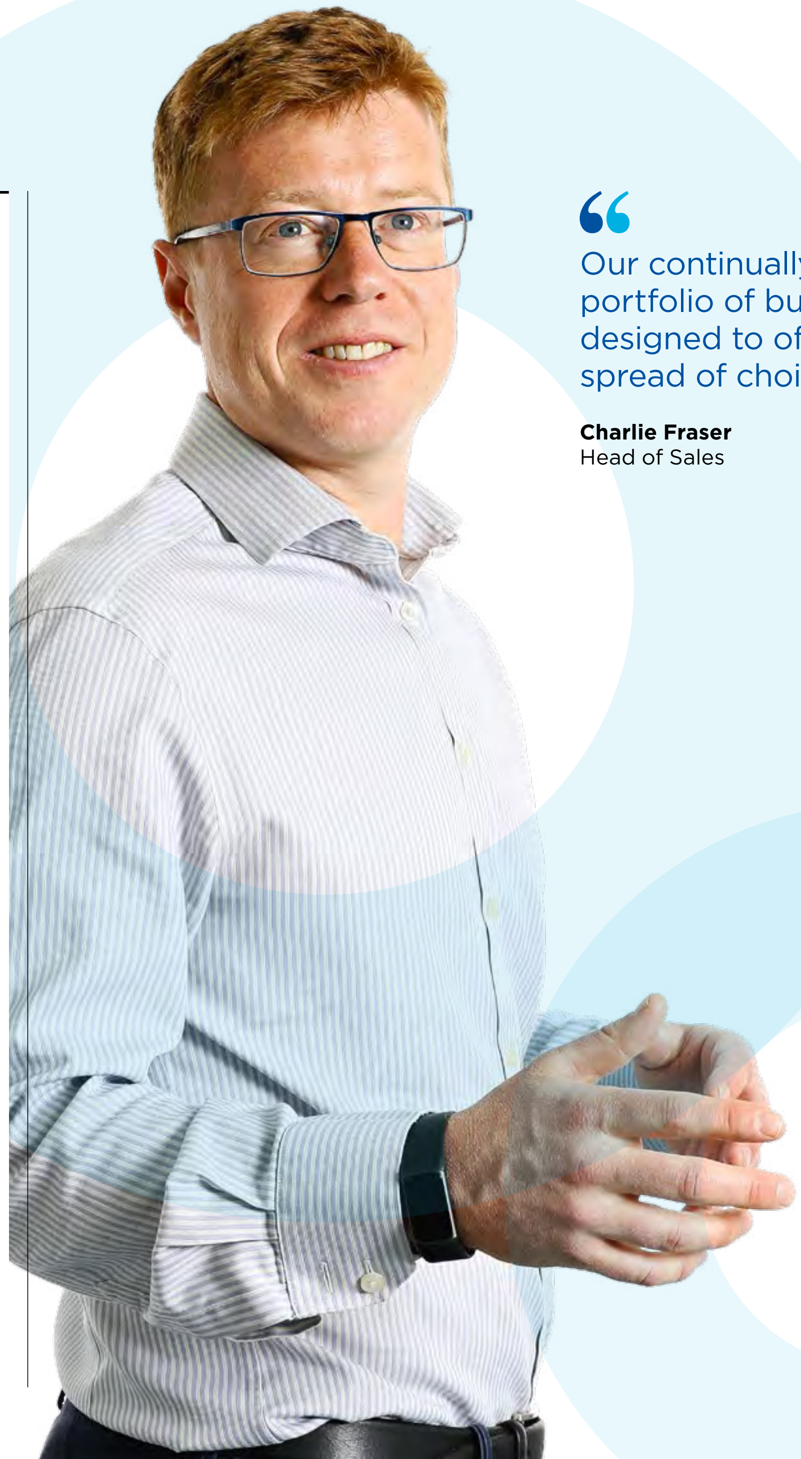


How do we cater to that desire for choice?
We are always expanding and improving what we offer. Just this year, we added seven new high-quality buildings to our London portfolio from the purchase of McKay. This means our customers now have 63 London buildings to choose from.

Our pipeline of refurbishments will also give customers even more options, creating, for example, more meeting rooms, better breakout areas, improved cafés and additional bike storage. We strategically select properties for refurbishment based on the areas where my sales team is seeing the most customer demand.

How do those new refurbishments affect pricing?
They are beautifully designed and extremely popular – so this means we can lift pricing. For instance, our recent, relatively light-touch refurbishment at Metal Box Factory in London Bridge has seen a 30% increase in rents at the business centre.

Exmouth House, Clerkenwell



> Our continually expanding portfolio of buildings is designed to offer the greatest spread of choice possible
>
> **Charlie Fraser**
> Head of Sales

OUR STAKEHOLDERS CONTINUED
OUR CUSTOMERS CONTINUED

> Customers need flexibility as they expand and contract

Simon Webb
Head of Leasing

RESPONDING TO THE NEEDS OF OUR CUSTOMERS CONTINUED

Flexibility

Q&A

Simon Webb, Head of Leasing

What sort of leases do our customers want?
Our SME customers are ambitious and often in a state of change, especially those with their sights set on rapid growth. Our typical two-year leases with a six-month rolling break clause give our customers both certainty and flexibility to scale up or down as they need to.

How do you and your Leasing team work with customers?
This year, we've worked closely with over 500 customers to offer them flexibility, as they chose to either expand into larger space, take additional space, or in some instances, contract into something smaller.

Overall, it's been a really strong year, with more than 380 expansions and 700 renewals.

How are we developing our leasing offer?
Our customers want to be free of unnecessary admin. The easier we make our leasing and expansion process, the freer our customers are to focus on the key task at hand: running their business.

We are continually striving to improve the customer journey. For example, the introduction of a new inclusive, transparent billing structure, wrapping energy, Wi-Fi costs and rent and service charge under a single monthly payment, has proved popular with customers.

Next year, we also plan to launch a new online customer checkout that will make the onboarding and moving process for our customers even smoother.

Chiswick Auctions in Barley Mow, a customer that has expanded this year

OUR STAKEHOLDERS CONTINUED

Stakeholder: Our people

How we engage

Employee feedback tells us that our strong culture and set of values are well received by our people, though we know there are always areas where we can improve. While we carry out an annual survey, which saw an 86% response rate, we also gather feedback from a series of face-to-face and virtual events throughout the year. Our quarterly Wrap Live town hall broadcasts provide a forum to hear from teams across the business. This year we introduced a bi-monthly Wrap on Tour, where our leadership team visits clusters of buildings to catch up with centre teams and gather informal feedback.

How the Board engaged

- Reviewed and discussed our new recruitment policies
- Reviewed our new company value 'Make It Fun'
- Our Chair hosted two employee engagement sessions with a mix of centre and head office staff providing feedback

Significant topics raised

- Communication from senior leaders
- Diversity and inclusion, especially around recruitment
- Intra-company collaboration and information sharing
- Career development
- Evolving our values
- Recognition
- Social activities
- Health and wellbeing

Activity in the year

- Enhanced recruitment processes, encouraging more internal hires and greater diversity
- Six Wrap Live town halls – mix of in-person and virtual events
- Launched Wrap On Tour events
- Increased frequency of Wrap newsletters and Sharepoint intranet articles to shine a spotlight on teams across the business
- Launched employee suggestions scheme
- Increased frequency of internal recognition 'shout-out', via informal and formal communications
- Launched Diversity & Inclusion Networking Group
- Delivered Unconscious Bias and Harassment training for all employees
- Career Pathway programme for Relief Managers, Centre Coordinators and Assistant Centre Managers
- New FM team restructure, creating clearer career structure and development opportunities
- Charity, Wellbeing & Social Committee hosted frequent events, including the Tour de Workspace, Christmas Family Day and Carnival in the Car Park.

How our Board monitors culture
Page 120

EVOLVING OUR VALUES

Our values are central to our business and guide how we should treat each other, our customers and our partners.

In our 2022 employee survey, people told us they felt the name of our Be A Little Bit Crazy value didn't feel like the right fit. We launched an internal competition and chose a simple, aspirational replacement – Make It Fun – a reminder for us to be creative, spontaneous and enjoy what we do.

Our quarterly Workspace Winners awards celebrate those who have lived these values.

Know your stuff
We like people who are serious about their subject; those who are open-minded, interested and ask questions.

Show we care
We value great social skills and those who instinctively build strong relationships. We think hard about how to give back to our communities.

Find a way
We look for those who are persistent and have the confidence to move things forward when it is difficult. Flexibility and adaptability are key, but so are focus and determination.

Make it fun
We depend on the imagination and creativity of all our people. We like people who thrive on injecting enjoyment and colour into the day-to-day.

OUR STAKEHOLDERS CONTINUED
OUR PEOPLE CONTINUED

"Our people value diversity and inclusion in the workplace

Claire Dracup
Director of People & Culture

RESPONDING TO THE NEEDS OF OUR PEOPLE
Diversity and inclusion

Q&A

Claire Dracup, Director of People & Culture

Why is diversity important at Workspace?
Our success depends on our people. Having that breadth of experience and perspective helps us attract and retain talent and improves our decision making, customer focus and employee satisfaction.

Why has it become a priority now?
It has always been a priority but we wanted to further strengthen our diversity and inclusivity. It was great to see this reinforced by our annual employee survey, with people telling us that they are invested in the diversity of our Company.

What steps have we taken to better understand our diversity?
In response to the survey, we launched a project to gather data from our staff to start benchmarking our diversity. I was delighted to see our staff so engaged on the topic, with more than 90% completing our request for data.

The data itself showed that we are more diverse than the national average, which we are extremely proud of. However, we know there are areas where we can improve.

How do we plan to improve diversity?
Our Recruitment Manager is ensuring all internal and external candidates have the same opportunities. Pulling from a mix of social media, job boards and agencies, we have widened our external recruitment pool to boost diversity and attract the best candidates.

We have also launched a new internal Diversity & Inclusion Networking Group. The feedback for the first two sessions has been really positive – people have welcomed a forum to discuss their personal challenges in a safe space. Read more on page 149.

The annual staff 'Workspace Walk'

OUR STAKEHOLDERS CONTINUED

Stakeholder: Our investors

How we engage
- We regularly engage with existing and prospective shareholders through an active investor relations programme around our financial results and corporate activity. The Board reviews a detailed bi-monthly investor relations report which includes notable views expressed by shareholders as well as wider market participants, alongside share register movements, broader sector and peer news and progress on various investor relations initiatives.

How the Board engaged
- Approved the sale of the residential component of Riverside Business Centre
- Approved the appointment of Duncan Owen as Chair
- Attended the AGM
- Reviewed and discussed the monthly IR reports
- Approved results statements
- Approved payment of the interim and full-year dividend

Significant topics raised
- Financial and trading performance
- Our future financing options
- Growth strategies
- Sale of McKay assets
- Our sustainability approach
- Brand and marketing capability

Activity in the year
- 150 investor meetings (in-person and virtual)
- 19 sell-side analyst and buy-side investor site tours
- Six real estate conferences attended globally
- Sustainability Capital Markets Day
- AGM

Leroy House, Islington

100%

CONSTRUCTION & FACILITIES PARTNERS PAID REAL LONDON LIVING WAGE

Stakeholder: Our partners and suppliers

How we engage
- We work with a broad range of long-term partners and have a strong track record of refurbishments and redevelopments where strong relationships with local government, communities and contractors are integral. These relationships are based on stringent ethical and sustainability standards. We always provide direct feedback to suppliers so that they can improve their products and services.

How the Board engaged
- Approved modern slavery statement
- Reviewed new supplier code of conduct

Significant topics raised
- Creating sustainable buildings
- Compliance with building regulations and neighbourhood plans
- Access for all user groups
- Urban regeneration
- Recycling and waste practices
- London Living Wage

Activity in the year
- Introduced a new supplier code of conduct
- Ensured suppliers and partners working on Workspace premises pay Real London Living Wage
- Encouraged supply chain to use environmentally friendly products
- Promoted recycling and sustainable waste practices

OUR STAKEHOLDERS CONTINUED
OUR INVESTORS CONTINUED

“Our investors value transparency and clear communication

Paul Hewlett
Director of Strategy & Corporate Development

RESPONDING TO THE NEEDS OF OUR INVESTORS

Transparency

Q&A

Paul Hewlett, Director of Strategy & Corporate Development

How have we helped the investor community better understand our business?
This year we've focused on more clearly articulating Workspace's equity story to the wider market. In particular, we've made great progress in highlighting the importance of our unique customer proposition, outlining how our scale portfolio and ownership provides our customers with the only flexible space and lease option for London's SMEs.

We also set out how our sustainable buildings help drive income growth whilst also positively influencing capital values over the longer term.

How have we brought this story to life?
Our communications have been enhanced by new materials designed specifically for investor engagement, which include photography showing our vast range of properties and how our customers use their space.

How have we been engaging with the investor community?
We have had a busy year engaging more regularly with analysts and investors, increasing our attendance at conferences, hosting more site tours and meeting and speaking to more decision makers across the market.

What did the Capital Markets Day focus on?
We hosted a very well-received sustainability market update early in our financial year, highlighting our inherently sustainable business model and how we are well ahead of the curve with our net zero pathway, EPC upgrade plans and social impact strategy. A panel discussion with leaders from across Workspace demonstrated how sustainability is embedded within our business.

Capital Markets Day, Exmouth House, Clerkenwell

OUR STAKEHOLDERS CONTINUED

Stakeholder:
Our communities

How we engage

- A key element of our strategy is creating a flatter, fairer London. By providing high-quality, affordable space, we bring employment into the local areas and help create community hubs. We strongly believe in giving something back to the communities where we have a presence, which is why we offer employment-focused support to disadvantaged young people.

How the Board engaged

- Reviewed updates from our Social, Charity & Wellbeing Committee
- Our Chair discussed social sustainability initiatives at his employee engagement sessions

Significant topics raised

- Identifying community partners, such as local churches, schools, village halls, for our InspiresMe work experience programme
- Fund raising opportunities for our charity partner, Single Homeless Project
- Employment inequality

Activity in the year

- Re-launched InspiresMe programme, including work experience for local students at The Chocolate Factory, Kennington Park, Mare Street Studios, Brickfields and Cargo Works centres
- Assessed social value contribution (see page 56)
- Hosted consultation events with local residents and businesses around development projects
- Raised £110,000 for Single Homeless Project

The Tour De Workspace fundraiser

Stakeholder:
The environment

How we engage

- We recognise that there is a climate emergency which requires drastic action from our industry. We have committed to becoming net zero carbon by 2030 and our focus on refurbishing buildings means we can significantly reduce embodied carbon. Our in-house operating platform ensures we have access to live data on operational energy usage. Engaging directly with customers to enhance the sustainability of our buildings ultimately drives higher satisfaction scores and retention.

How the Board engaged

- Reviewed and approved updates to our net zero strategy from our Head of Sustainability
- ESG Committee is chaired by six Non-Executive Directors

Significant topics raised

- Energy management for customers
- Natural light and ventilation
- Solar panels
- Sustainable transport
- Measuring and monitoring air pollution and energy consumption

Activity in the year

- Reduced scope 1 and 2 emissions by 11% across like-for-like portfolio
- Recycling rate of 79%
- Optergy energy management platform rolled out to a further seven buildings
- Electric Vehicle charging points used 3,000 times

OUR MARKET

A clearly differentiated customer offer in a growth market.

Our target market comprises 138,000 London SMEs with more than one employee. With some 4,000 customers, we currently let space to 3% of this market.

This target market continues to expand each year[1]. As the demand for flexibility grows, we see significant long-term opportunity to increase our market share.

1. BEIS Business Population Estimates 2022.

Brickfields,
Hoxton

OUR MARKET CONTINUED

OUR MARKET

OUR DISTINCTIVE FLEXIBLE OFFER

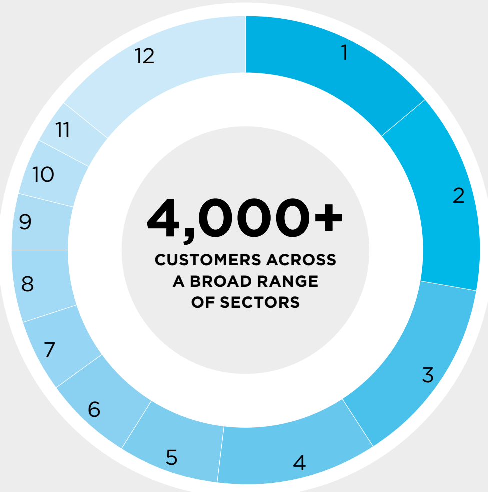
USE OF SPACE: Low flexibility – High flexibility

LEASE: Low flexibility – High flexibility

Traditional offer
- Large floor plates
- Unfurnished

Turn-key offer
- Large floor plates
- Fully fitted

Serviced offer
- Offices/co-working
- Fully furnished

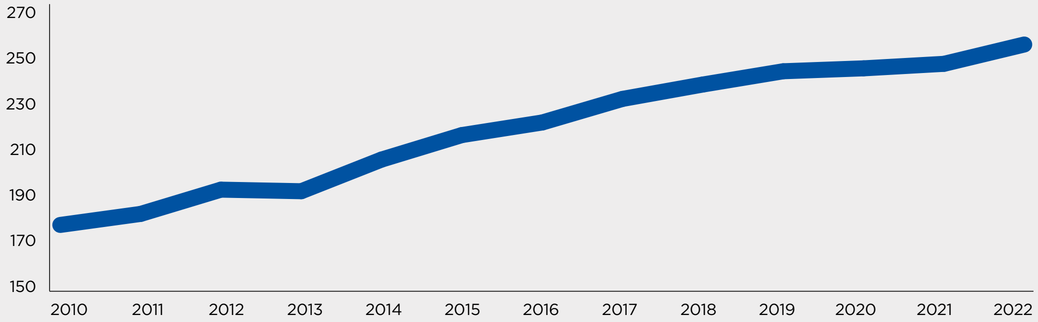


Attracting a diverse customer portfolio
Our customers are owners and managers of ambitious SMEs, often creators, makers or innovators from a diverse range of sectors. Expressing their business' individuality and personality is essential to them.

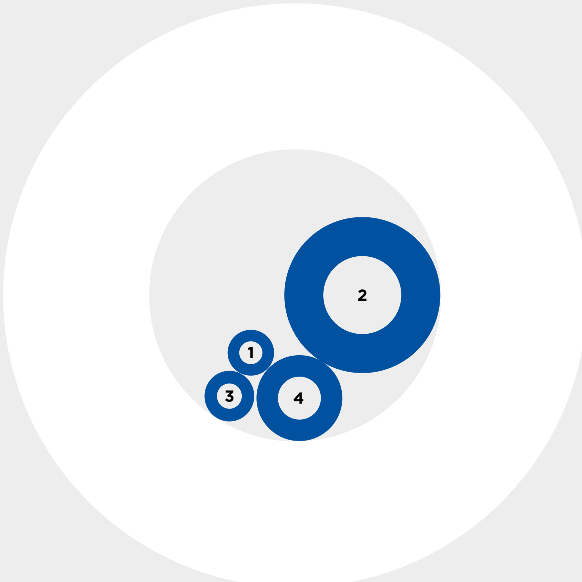
1. Information, Communication & Technology	14%
2. Wholesale & Retail	14%
3. Professional, Technical & Consultancy Services	13%
4. Arts, Entertainment & Recreation	11%
5. Marketing	7%
6. Financial Services	6%
7. Construction & Property	5%
8. Design	5%
9. Not For Profit	4%
10. Administrative & Support Services	4%
11. Travel, Hospitality & Leisure	3%
12. Other	14%

A GROWTH MARKET

NUMBER OF LONDON SMES (1-249 EMPLOYEES) (000's)



Trends affecting our market
We have helped pioneer the flexible work space market for more than 35 years, and we continually evolve our offer to respond to changing market trends and customer requirements. Our unique in-house operating platform means we directly interact with our customers on a daily basis, giving us rich, live data on how customers' expectations are changing.



Trends
1. SMEs have remained resilient in the face of mounting economic pressures
Page 28
2. SMEs and their employees are more selective than ever
Page 29
3. Net zero carbon targets are now a priority to both landlords and customers
Page 30
4. London remains a global hub for businesses and an increasingly creative SME community
Page 31

OUR MARKET CONTINUED

Market trend 1: SMEs have remained resilient in the face of mounting economic pressures

While the London economy has outperformed the UK as a whole[1], growth across the UK is expected to slow during the financial year 2022/23[2]. Rising energy costs and inflation have put pressure on consumers and businesses, exacerbated by strike action across rail and postal services. Despite these conditions, SMEs remain optimistic[3].

What this means for Workspace
Despite the challenging market conditions, we have seen strong demand throughout the year, having completed 1,312 deals. Our diverse customers have demonstrated time and again that they are agile, innovative and resilient.

We have a track record of successfully managing our business through economic cycles by dynamically adapting our space, offer and pricing. In challenging times, we can flex pricing to recover occupancy where needed. Outside of those challenging periods, we are able to drive pricing.

Equally, our strong balance sheet, distinctive flexible offer and freehold ownership model means we are well positioned to weather any further market uncertainty.

700+
RENEWALS

380
EXPANSIONS

Mirror Works, Stratford

1. ONS, GDP first quarterly estimate, UK: October to December 2022.
2. OBR Economic outlook March 2023.
3. FSB UK Small Business Index Q1 2023.

OUR MARKET CONTINUED

Market trend 2:
SMEs and their employees are more selective than ever

The UK has seen demand for flexible space rise 22% in just one year[1], with more choice and greater flexibility in how teams work. To attract and retain talent, business owners need to provide high-quality space that competes not just with other work space providers but with employees' homes.

What this means for Workspace
Our scale, ownership model, customer service and truly flexible offer, developed over more than 35 years, set us apart from other providers in the market. Our centre teams build relationships with our customers and take the time to understand their expectations, informing improvements to our offer, buildings and the continuous pipeline of refurbishments and redevelopments.

Crucially, we know that businesses value more than just flexible leases – they want control and the freedom to express their own identity, making a home for their business. Our distinctive offer allows them tailor their own space for their teams and how they work. The ability to personalise their space creates a significant draw for attracting and retaining talent. Our range of 76 buildings allows customers to choose a location, community and building that feels right to them, and they have the capability to easily scale up or down, or move elsewhere in our portfolio. Our ongoing investment in our brand and advertising campaigns continue to highlight these benefits and clearly position Workspace in the market.

5 mins

AVERAGE WALK FROM A STATION TO OUR BUILDINGS

Leather Market, London Bridge

1. UK Flex Market Review, Instant Office, July 2022.

OUR MARKET CONTINUED

Market trend 3: Addressing climate change is a priority to both landlords and customers

The built environment has improved its energy efficiency by 27% over the past 10 years[1]. While newly constructed buildings are more energy efficient, it is estimated that 80% of buildings in 2050 will already have been built by now[1]. The impact of these buildings is therefore far greater than new builds, and so the industry must prioritise decarbonising existing buildings.

Despite rising energy prices, public support for pursuing net zero carbon emission remains high. Our quarterly brand tracker survey of London SME decision makers saw 85% say sustainability is important to their business while more than 20% choose an office provider based on sustainability credentials.

What this means for Workspace
Workspace's model is inherently sustainable: we repurpose and preserve old buildings. For instance, at our Leroy House refurbishment, we will achieve this by retaining the building's structure, using recycled construction materials and natural ventilation, installing state-of-the-art solar panels, and replacing gas boilers with air-source heat pumps.

We keep our operational energy intensity across the portfolio, 129 kWhe/m² well below the industry benchmark, 160 kWhe/m², and have reduced our scope 1 and 2 by 29% since 2019. For example, at new schemes we optimise glazing ratios to balance solar gains, reduce heat losses and maximise daylight levels.

Leroy House, Islington

1. UKGBC Whole Life Carbon Roadmap, 2022.

20%
OF SMEs CHOOSE THEIR OFFICE BASED ON SUSTAINABILITY CREDENTIALS

OUR MARKET CONTINUED

Market trend 4: London remains a global hub for businesses, with an increasingly broad range of SME sectors

London ranks first among top global cities for entrepreneurial success thanks to its supportive ecosystem for early-stage businesses[1]. The capital generates an eclectic, thriving assortment of SMEs, with a keen focus on creation and innovation. This year, Workspace has seen strong demand from a diverse range of sectors, with the likes of fashion and digital video production prevalent alongside tech and digital sectors.

What this means for Workspace
We have a deep, long-term knowledge of London and we are well positioned as the ideal home to the capital's diverse SME population.

The blank canvas space we offer means we can cater to the eclectic uses of space they require. This is reflected in the fact that 50% of our customers use their space for more than just desk-based working – for example, video production, photography, fashion showrooms, AI and VR production, architecture, food production, clothing storage, and more.

The scope and scale of our properties offers a wide range of choice to London's diverse, selective SMEs, enabling them to find the right space and community for their business.

50%

OF OUR CUSTOMERS USE OUR SPACE FOR MORE THAN JUST DESK-BASED WORKING

Westbourne Studios, Ladbroke Grove

1. Oberlo's Top Cities For Entrepreneurial Success, 2021.

OUR STRATEGY

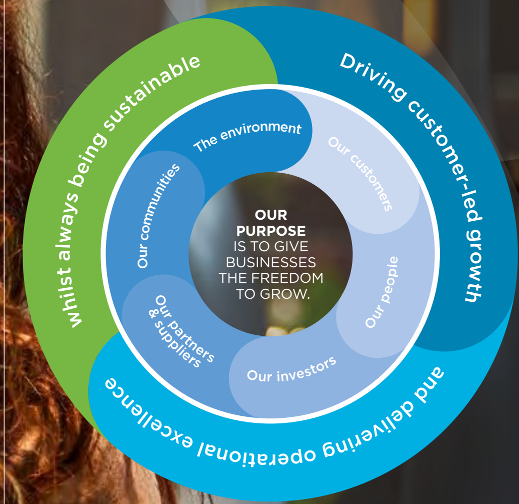
Driven by our purpose and understanding what our stakeholders want.

Our strategy creates value for our customers, people and communities.

Key performance indicators
There are clear links between our KPIs and our strategy. Regular measurement of our KPIs ensures we maintain discipline in strategic decisions.
Page 59

Principal risks and uncertainties
Risk management is an integral part of all our activities. We focus on key risks that could impact the achievement of our strategic goals.
Page 69

OUR STRATEGY



Driving customer-led growth
Our vision is to be the home to London's brightest businesses and our growth plans are dependent on the strong SME demand for our flexible offer and the customer experience we deliver.
Page 33

Delivering operational excellence
Our in-house platform means we have a uniquely scalable business. We actively manage our portfolio to deliver returns through like-for-like growth, projects, acquisitions and disposals, while maintaining a prudent approach to financing.
Page 34

Being sustainable
We view every aspect of our business through a sustainability lens. Our aim is to create a climate-resilient portfolio, to continue to prioritise and look after our people and to have a positive impact on our local communities.
Page 35

OUR STRATEGY CONTINUED

Strategic pillar:
Driving customer-led growth

CEMENT OUR POSITION AS HOME TO LONDON'S BRIGHTEST BUSINESSES

Key priorities
- Reinforce our differentiated customer proposition to capture demand and grow market share
- Raise our profile amongst target customers and stakeholders

2022/23 key achievements
- Continued to evolve brand marketing to raise awareness of our differentiated offer, including digital and out-of-home advertising
- 1,312 deals, almost at pre-Covid levels
- 1,070 customer renewals and expansions
- Significantly expanded our customer events programme

2023/24 aims
- Continue to invest in our brand to enhance our visibility and profile
- Grow our community across social media

CONTINUALLY ENHANCE CUSTOMER EXPERIENCE

Key priorities
- Continue to improve our flexible offer and service to retain customers and support occupancy
- Focus on customer service, with centre teams creating vibrant communities

2022/23 key achievements
- Continued to improve the customer journey, including enhancements to the renewal processes and communications
- Created 10 new meeting rooms, fitted with state-of-the-art video conferencing
- Improved cafés across the portfolio, including three new Workspace coffee bars
- Delivered 71 customer events, with 2,500 attendees

2023/24 aims
- Continue to enhance the customer journey, including a new online customer portal
- Ongoing improvement to cafés

LEADING IN LONDON'S FLEXIBLE OFFICE MARKET

Key priorities
- Grow our portfolio of historic and character properties in the right locations

2022/23 key achievements
- Completed latest refurbishments phases of Pall Mall Deposit and Barley Mow Centre in West London, and Metal Box Factory in London Bridge
- Integration of 20 London and South East assets following the McKay acquisition

2023/24 aims
- Drive occupancy across our new refurbishments and acquisitions
- Ongoing roll out of Workspace's visual branding to our core new buildings

Relevant KPIs

Financial performance:
1, 5, 6

Non-financial performance:
1, 2

Relevant principal risks and uncertainties
1, 2

Market trends
1, 2, 4

4
PANEL EVENTS

London's Brightest Businesses events for customers
We hosted four of our London's Brightest Businesses panel events throughout the year, boasting an average turnout of 100 customers.

The first event of the year saw TV personality Ben Fogle moderate a discussion on how innovative SMEs are helping make everyday lives more sustainable. Our Head of Sustainability, Sonal was joined on the panel by Workspace customers, Decent Packaging, a compostable packing supplier, and Buzzbike, a bicycle share scheme, as well as sustainability consultant Anthesis.

Events later in the year covered topics including wellbeing and building a brand in a social world, moderated respectively by Love Island's Dr Alex George and customer and influencer Grace Beverley.

Glowing feedback has highlighted how customers value the insight and tips they can take away from the sessions and apply to their own businesses.

OUR STRATEGY CONTINUED

Wi-Fi upgrades
We have invested to significantly improve Wi-Fi connectivity across 23 sites this year, which means our customers are now able to connect to superfast internet via the latest Wi-Fi 6 technology.

The new service provides four times the capacity of the usual network, allowing customers seamless connectivity even in the more densely populated parts of our buildings, such as the café and breakout areas.

We are starting to explore 5G in-building solutions, which will give customers more choice in how they like to work, opting for either Wi-Fi or mobile network throughout our buildings.

Relevant KPIs

Financial performance:
1, 5, 6

Non-financial performance:
1, 2

Relevant principal risks and uncertainties
1, 2

Market trends
1, 2, 4

23
LOCATIONS WHERE WE DOUBLED WI-FI SPEEDS

Strategic pillar:
Delivering operational excellence

ACTIVE PORTFOLIO MANAGEMENT

Key priorities
- Continue to execute our rolling pipeline of refurbishment and redevelopment projects
- Proactively identify opportunities to acquire
- Selectively recycle capital through disposals

2022/23 key achievements
- Upgraded over 400,000 sq. ft. of space across the portfolio, including Metal Box Factory in London Bridge, Barley Mow in Chiswick and Park Hall in Dulwich
- Sold Riverside Business Centre in Wandsworth
- Sold Strawberry Hill Medical Centre in Newbury and Great Brighams Mead in Reading

2023/24 aims
- Obtain planning consent for Havelock Terrace in Battersea and Shaftesbury Centre in Ladbroke Grove
- Complete Leroy House in Islington
- Progress refurbishments pipeline, including Buswork in Islington, Salisbury House in Moorgate, Kennington Park in Oval

EFFICIENT, SCALABLE OPERATING PLATFORM

Key priorities
- In-house capability and expertise drives income growth
- Focus on innovation, technology and customer experience
- Ability to scale without significant cost growth

2022/23 key achievements
- Expanded our new Customer Experience team, dedicated to reviewing and improving the customer service
- Integrated Asset Management, Development, FM and Sustainability teams to drive strategic, operational, design and sustainability improvements
- Rolled out inclusive billing across majority of portfolio

2023/24 aims
- Continue to upgrade Wi-Fi across the portfolio to enhance customer connectivity
- Optimise digital marketing capability

PRUDENT FINANCING AND STRICT INVESTMENT CRITERIA

Key priorities
- Maintain strong balance sheet
- Strict focus on returns
- Disciplined approach to gearing

2022/23 key achievements
- Refinanced the ESG-linked Revolving Credit Facility
- Put in place acquisition facility for McKay
- Reported on our allocation of assets under our Green Finance Framework

2023/24 aims
- Improve credit metrics
- Recycle capital to reduce gearing

OUR STRATEGY CONTINUED

Strategic pillar:
Being sustainable

DELIVERING A CLIMATE-RESILIENT PORTFOLIO

Key priorities
- Reduce energy consumption across the portfolio and reduce greenhouse gas emissions in line with our net zero carbon pathway
- Reduce waste generation across the portfolio
- Achieve high environmental standards across all development and refurbishment activities

2022/23 key achievements
- 5% reduction in average energy intensity across the portfolio
- 27% reduction in greenhouse gas emissions from gas consumption
- 12% increase in spaces with A/B EPC ratings
- 100% renewable electricity procured

2023/24 aims
- Drive further improvement in energy efficiency
- Further decarbonise heat
- Enhance greenery and biodiversity credentials
- Gain better visibility of water consumption

LOOKING AFTER OUR PEOPLE

Key priorities
- Support and enhance the wellbeing of our employees and customers
- Improve diversity across all levels of business and embed inclusive behaviours into our culture
- Support professional development and career progression of our people

2022/23 key achievements
- 57 wellbeing events hosted, benefitting 1,600 customers
- Voluntarily paid Living Wage across the portfolio, including suppliers

2023/24 aims
- Improve diversity and inclusion across the business
- Champion responsible and inclusive recruitment
- Evolve our wellbeing offering in response to employee needs

SUPPORTING OUR COMMUNITIES

Key priorities
- Enhance the impact of our work with Single Homeless Project (SHP)
- Roll out our local skills and employment programme, InspiresMe, in partnership with our customers
- Create a social impact framework to monitor and enhance social value generated

2022/23 key achievements
- 620 employee hours dedicated to volunteering for SHP
- 180 students benefitted from our InspiresMe programme
- 17 food bank collections
- Created our social value framework and targets
- £110k raised for SHP
- Delivered a £600k equivalent of social value

2023/24 aims
- Scale up InspiresMe in partnership with our customers
- Roll out a place-based community impact programme across each of our centres
- Evolve our SHP partnership

Relevant KPIs

Financial performance:
1, 5, 6

Non-financial performance:
1, 2

Relevant principal risks and uncertainties
1, 2

Market trends
1, 2, 4

71%
ESG CUSTOMER ADVOCACY SCORE

How our approach to sustainability enhances customer engagement
Sustainability is important to our customers. They are performance-driven and care about a range of issues, such as how much energy we use in our buildings and how we manage our waste. They also share our passion for supporting local communities and driving local economic and social impact through our business operations.

Our approach to engaging with customers on sustainability helps build long-term customer relationships, resulting in higher customer satisfaction scores, engagement and retention.

This year's ESG Advocacy Score is at 71%, an increase of 5% year on year, reflecting our increased focus on ESG across the business and alignment with customer interests. We have seen that there is a strong correlation between ESG score and overall Customer Advocacy scores.

SUSTAINABILITY

Sustainability is inherent to Workspace and informs everything we do. Our environmental and social achievements this year demonstrate our performance-driven mindset and undeterred commitment to maximising stakeholder value.

Sonal Jain
Head of Sustainability

SUSTAINABILITY CONTINUED

Highlights

27%

YEAR ON YEAR REDUCTION IN FOSSIL FUEL CONSUMPTION (LIKE-FOR-LIKE PORTFOLIO)

2022/23 (lfl)	9,227,509*
2021/22	12,586,574*
2019/20 (baseline)	13,888,908*

* kWh of gas used.

1,600

CUSTOMERS BENEFITTED FROM OUR WELLBEING OFFERING

120

SUSTAINABILITY EVENTS DELIVERED

70

ELECTRONIC DEVICES DONATED TO LOCAL CHARITY PARTNER

180

STUDENTS AND 12 CUSTOMERS PARTICIPATED IN THE INSPIREME PROGRAMME ACROSS FIVE CENTRES

£110K

RAISED FOR SHP

620

EMPLOYEE HOURS DEDICATED TO VOLUNTEERING FOR SHP

12%

OF THE TOTAL PORTFOLIO'S FLOOR AREA WAS UPGRADED TO EPC A/B

71%

CUSTOMER ESG ADVOCACY SCORE

79%

RECYCLING RATE

2022/23	79%
2021/22	75%
2020/21	73%

£600K

SOCIAL VALUE GENERATED

RATINGS AND MEMBERSHIPS

Ratings

GRESB 2022

81
Real Estate Assessment Score

96
Development Assessment Score

A
Public Disclosure Score

CDP Disclosure 2022

A-

EPRA sBPR Gold

GOLD
EPRA Sustainability Best Practice Recommendations Award

MSCI ESG Ratings

AA
MSCI ESG rating

Sustainalytics

Low Risk
Sustainalytics ESG Risk Rating

Membership

UK GBC
BPF
BBP
Islington Sustainability Network

SUSTAINABILITY CONTINUED

Our approach

We have embedded sustainability throughout our business, driving how we design and operate our buildings and informing every strategic decision we take.

Our three-pillar sustainability strategy – (1) Delivering a Climate-Resilient Portfolio, (2) Looking After Our People, (3) Supporting Our Communities – allows us to continually improve our environmental and social impact, whilst adding value to all our stakeholders. We have also mapped our strategy against the UN Sustainable Development Goals (SDGs) to ensure our objectives and targets are aligned with global ambitions.

With a view to enhance the transparency of our reporting and adding to our existing annual publication of the EPRA report, we are now reporting on our environmental and social performance in accordance with the Global Reporting Initiative (GRI) 2021 and in line with the Sustainability Accounting Standards Board (SASB) guidelines (learn more in the Environmental Performance section of our investor website).

Governance
The highest level of responsibility for our sustainability strategy lies with our Chief Executive Officer, and together with the rest of the Workspace Board, the group acts as a guardian of the strategy. In addition, an ESG Board Committee (refer to page 172) has been established to bolster our sustainability governance and drive further integration across business decisions. The Board is supported by the Executive Committee in setting and delivering our sustainability strategy.

At an operational level, we have committees dedicated to both environmental sustainability and social sustainability, comprising senior representatives from across the business.

The two committees are responsible for operationalising the delivery of our strategy. Progress is reported to the Board and Executive Committee monthly. We also have a number of sustainability champions across the business who help mobilise ground-up support.

This year our staff took on the Three Peaks Challenge

OUR THREE-PILLAR SUSTAINABILITY STRATEGY

DELIVERING A CLIMATE-RESILIENT PORTFOLIO 1

Future proofing our business by minimising our environmental impact and transitioning to net zero carbon by 2030.

Relevant SDGs

Read more
Pages 41 to 49

LOOKING AFTER OUR PEOPLE 2

Looking after our people through our focus on wellbeing, responsible business practices, skills and employment.

Relevant SDGs

Read more
Pages 50 to 53

SUPPORTING OUR COMMUNITIES 3

Creating lasting value for our communities through employment-led regeneration and meaningful partnerships with local community groups and charities.

Relevant SDGs

Read more
Pages 54 to 57

SUSTAINABILITY CONTINUED

Defining what matters most

Materiality assessment
Our materiality assessment helps us understand the issues that matter most to our internal and external stakeholders. We identified and assessed a number of environmental, social and governance issues to refine our approach.

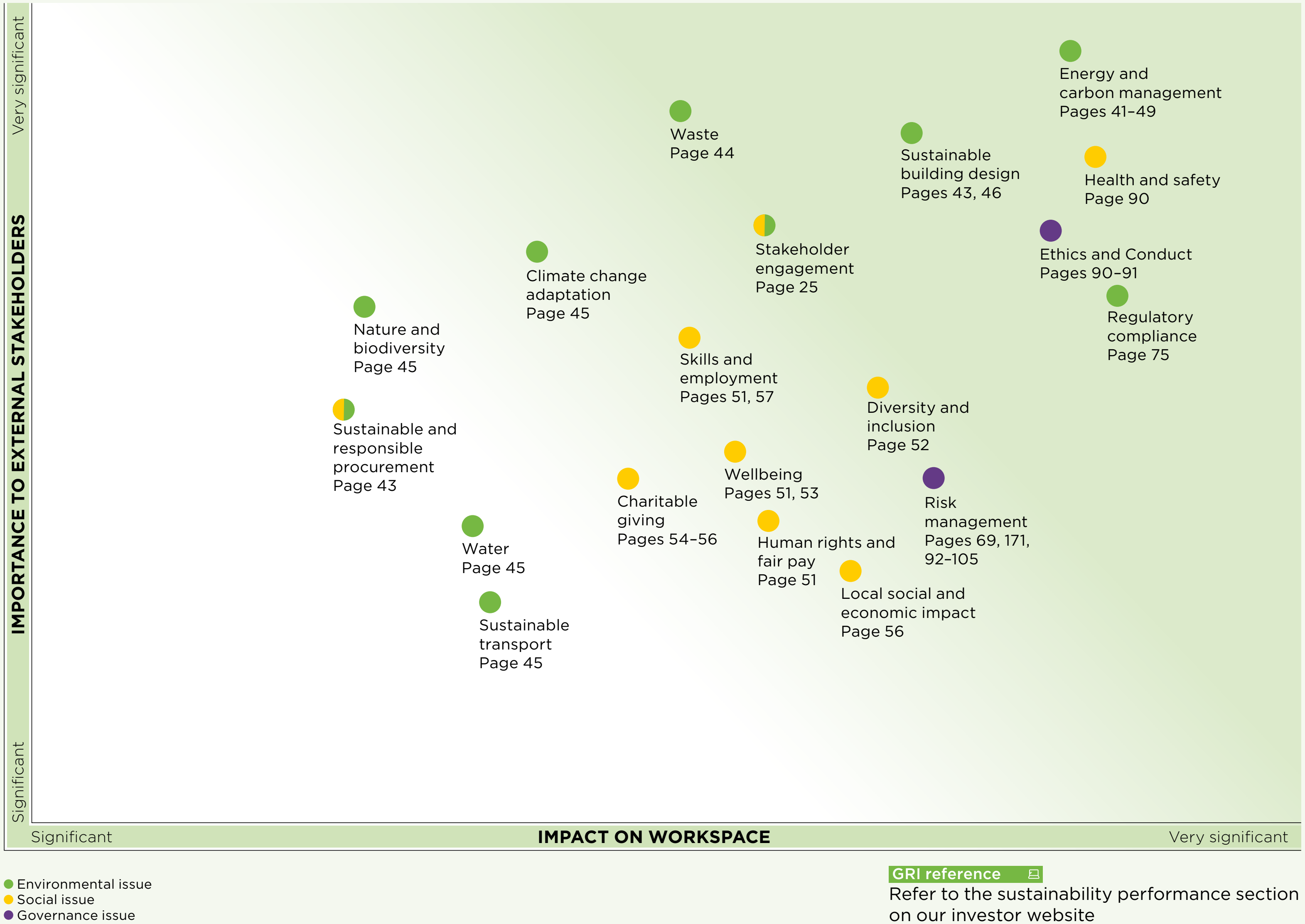
Stakeholder engagement
We consulted with our internal and external stakeholders, including customers and employees through our bi-annual surveys and ongoing interactions with our suppliers to confirm our material issues, as shown on the matrix.

Our response
Our sustainability strategy covers all issues identified as material to our business. Subsequent sections in the report highlight how we are positively impacting these issues.

The process we followed:

Step 1	**Identify key stakeholders** **List material issues**
Step 2	**Consult stakeholders** – Social Sustainability Committee – Environmental Sustainability Committee – Employees – Customers – Suppliers
Step 3	**Analyse consultation outputs** – Importance to stakeholders – Significance of impacts – Ability of the business to influence
Step 4	**Prioritise issues and refine our strategy**

OUR MATERIALITY MATRIX – KEY SUSTAINABILITY ISSUES



GRI reference
Refer to the sustainability performance section on our investor website

SUSTAINABILITY CONTINUED

Alignment to UN SDGs

The aim of our sustainability strategy is to maximise value for all our stakeholders – our people, our customers, our suppliers, our investors and the environment. Our strategy is also aligned with several of the UN Sustainable Development Goals (SDGs)

AFFORDABLE AND CLEAN ENERGY

Relevant stakeholders:
- CUSTOMERS
- PARTNERS AND SUPPLIERS
- THE ENVIRONMENT

We invest in on-site renewable energy by installing roof-mounted solar panels across our portfolio, ensuring we generate clean power. We also source 100% of our electricity from renewable sources, through our REGO certified green contract.

SUSTAINABLE CITIES AND COMMUNITIES

Relevant stakeholders:
- CUSTOMERS
- COMMUNITIES

As custodian of some of London's most iconic buildings, we work to reduce the environmental impact of London's built environment and build resilience for the long term. This is delivered through sustainable design, construction and the way we operate all of our buildings.

CLIMATE ACTION

Relevant stakeholders:
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- THE ENVIRONMENT

The delivery of our 2030 net zero carbon commitment ensures we are decarbonising our business swiftly and thus playing our part in limiting global warming to 1.5°C.

GENDER EQUALITY

Relevant stakeholders:
- PEOPLE
- COMMUNITIES

Our people practices actively support gender equality, including the use of gender-neutral language in all our policies and recruitment material. All our people have been trained on unconscious bias and we strive to create a truly inclusive work environment. We work hard to identify and address gaps within existing workplace policies, as well as offering professional development opportunities to all our employees.

QUALITY EDUCATION

Relevant stakeholders:
- CUSTOMERS
- PEOPLE
- COMMUNITIES

Through our InspiresMe programme, we work alongside our customers to provide inspiration, knowledge, support and experience to individuals within our communities who are most at risk of NEET (Not in Education, Employment or Training) and help them to reach their full potential.

INDUSTRY, INNOVATION AND INFRASTRUCTURE

Relevant stakeholders:
- PARTNERS AND SUPPLIERS
- THE ENVIRONMENT

By investing in clean technology and materials we are reducing our environmental impact while driving innovation in the industry.

RESPONSIBLE CONSUMPTION AND PRODUCTION

Relevant stakeholders:
- PARTNERS AND SUPPLIERS
- THE ENVIRONMENT

Investment in energy efficient equipment and effective management ensures our energy consumption is optimised. We also work hard to reduce waste in operations and construction, aiming to divert 100% from landfill.

GOOD HEALTH AND WELL-BEING

Relevant stakeholders:
- CUSTOMERS
- PEOPLE

Provision of safe and healthy workplaces for our employees and customers is paramount. We do this by ensuring health and wellbeing considerations are fully incorporated into our building design. We also run an extensive wellbeing support programme for all our employees and customers.

DECENT WORK AND ECONOMIC GROWTH

Relevant stakeholders:
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES

We provide quality flexible space for SMEs across London. Our model also creates hubs of economic activity that benefit entire communities through employment-led regeneration of the area. We are also an accredited Living Wage Employer, ensuring that all our employees and contractors are paid at Real London Living Wage.

REDUCED INEQUALITY

Relevant stakeholders:
- CUSTOMERS
- PEOPLE
- COMMUNITIES

Our InspiresMe programme aims to tackle youth unemployment and the ethnicity gap by building relationships with schools and youth organisations across London to offer work experience placements, career talks, CV workshops and interview practices.

SUSTAINABILITY CONTINUED

Strategic pillar:
Delivering a climate resilient portfolio

1

In 2019, we made a commitment to delivering a net zero carbon portfolio by 2030, covering all scopes of carbon. We also signed the Better Buildings Partnership's (BBP) Climate Commitment and published our net zero pathway, quantifying our emissions and outlining our decarbonisation trajectory for both our operational and embodied carbon. To make sure this goal is robust and in line with a 1.5°C future, we have aligned our emissions reduction trajectory with approved Science-based Targets (SBT), requiring:

- 42% reduction in scope 1 emissions by 2030, from a 2019/20 base year
- 20% reduction per square foot of Net Lettable Area (NLA) in scope 3 emissions from capital goods by 2030, from a 2019/20 base year
- Sourcing of 100% renewable electricity through to 2030

Like-for-like performance (Workspace portfolio excluding major projects)
Investment in energy efficiency and decarbonisation of our portfolio has driven significant progress on our net zero carbon pathway. For our like-for-like Workspace portfolio, we reduced our scope 1 emissions by 32% and our scope 2 emissions by 28% in 2022/23 against our 2019/20 baseline. Going forward, we aim to go beyond our SBTs and eliminate our operational emissions as much as we can across the entire portfolio, with minimal reliance on carbon offsetting.

A significant proportion of our scope 3 emissions is attributed to our refurbishment and development activities. This means reducing the embodied carbon of our development projects is a priority for us. Our refurbishments are on average designed to achieve a 60%–70% reduction in embodied carbon when compared to current industry benchmarks of 1,000 $kgCO_2/m^2$.

Whole portfolio performance (Workspace portfolio + McKay)
Following the acquisition of McKay Securities, we have integrated emissions from the acquired properties into our greenhouse gas reporting this year. The absolute emissions reported for the 2022/23 period are therefore not comparable to the emissions covering the 2019/20 baseline period or previous years, as those only covered emissions from the historic Workspace portfolio. A detailed breakdown of our absolute greenhouse gas emissions can be found on page 101.

29%

SCOPE 1 AND 2 REDUCTION IN LIKE-FOR-LIKE PORTFOLIO SINCE 2019/20

Relevant UN SDGs

Enhancing accountability
This year, we have made great progress in increasing the accuracy of our energy data, notably through an accelerated roll-out of smart Building Energy Management Systems (BEMS) across the portfolio.

This has enabled our facilities managers to better understand energy usage across the properties and target reduction initiatives that are most effective.

To further drive action, we have embedded energy and carbon targets into various team's objectives. This drove collective effort and streamlined collaboration between various teams, all working towards a common goal of energy and carbon reduction.

28

PROPERTIES EQUIPPED WITH BUILDING ENERGY MANAGEMENT SYSTEMS

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

OUR GREENHOUSE GAS EMISSIONS

As a signatory to BBP's Climate Commitment and Science Based Targets initiative, we disclose progress against our net zero pathway annually. We have reported our absolute greenhouse gas emissions in line with the GHG Protocol Guidelines. Our scope 1 and 2 categories encompass emissions where we have operational control and therefore include tenant consumption where we procure gas, electricity or heat on their behalf. Although our electricity is REGO-backed, we report scope 2 emissions using a location-based methodology.

> We strive to reduce the carbon intensity of our portfolio by phasing out gas heating and implementing energy efficiency measures

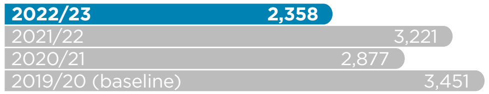
Ariane Ephraim
Sustainability Manager

WORKSPACE PORTFOLIO

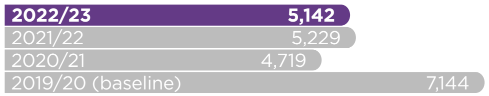
LOCATION BASED SCOPE 1, 2, 3 GHG EMISSIONS (tCO_2e)

Scope 1	2,358
Scope 2	5,142
Scope 3	6,614

SCOPE 1 GHG EMISSIONS (tCO_2e)



SCOPE 2 GHG EMISSIONS (tCO_2e)



McKAY PORTFOLIO

LOCATION BASED SCOPE 1, 2, 3 GHG EMISSIONS (tCO_2e)

Scope 1	830
Scope 2	1,295
Scope 3	9,998

WHOLE PORTFOLIO

LOCATION BASED SCOPE 1, 2, 3 GHG EMISSIONS (tCO_2e)

Scope 1	3,188
Scope 2	6,437
Scope 3	16,612

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

ESG TARGETS

Target	Relevant material issue	Relevant UN SDG	Status	Performance commentary
Reduce energy intensity by 5%	Energy & carbon management	12, 13	Achieved	**Like-for-like Workspace portfolio** We achieved a 5% reduction in average energy intensity across the portfolio, compared to last year. This was mainly driven by significant reduction in gas use across the portfolio, which offset a 3.6% increase in electricity consumption due to higher operational activity across our sites. We invested over £8m this year on various energy efficiency initiatives across the portfolio, including LED lighting, presence detection sensors, smart building management systems, secondary glazing and heat pumps. We also ran extensive customer engagement campaigns to reduce whole building energy consumption including our successful participation to the CUBE UK energy savings competition. **Whole portfolio** Our portfolio is inherently energy efficient when compared to industry benchmarks. The average energy intensity across our combined portfolio is 129 kWhe/m²/year, which is 19% better than current UK Green Building Council energy performance target for net zero carbon buildings.
Reduce scope 1 emissions by 5% across the portfolio	Energy & carbon management	12, 13	Achieved	**Like-for-like Workspace portfolio** We achieved a significant reduction of 27% in gas related emissions across the portfolio. This was primarily driven by roll out of smart Building Energy Management Systems across a number of buildings, optimisation of temperature set points and timing controls and implementation of over 70 HVAC upgrade projects. Currently over 30% of our portfolio is fossil fuel free (all electric or served by district heating).
All new developments and refurbishments designed to be net zero carbon, aiming to achieve embodied carbon of less than 500 kgCO$_2$/m²	Energy & carbon management Responsible procurement	12, 13	Achieved	**Like-for-like Workspace portfolio** We continue to implement our sustainable development framework across all major constructions and refurbishments. This framework ensures all our projects meet the net zero carbon brief. We also undertake whole-life carbon analysis at key design stages to help us further reduce embodied carbon by optimising design and material choices. Estimated embodied carbon of our current projects at Leroy House, Havelock Terrace, Riverside and Chocolate Factory is 230 kgCO$_2$/m², 504 kgCO$_2$/m², 469 kgCO$_2$/m² and 291 kgCO$_2$/m² respectively. Overall, we achieved a 51% reduction in greenhouse gas emissions from capital goods per sq. ft. from a 2019/20 base year.
Increase renewable energy supply and source 100% renewable electricity	Sustainable procurement	7	Achieved	**Like-for-like Workspace portfolio** 12 sites are equipped with solar panels and generated 191,629 kWh of green electricity in the past year, equivalent to the annual electricity usage of 64 typical UK households. Three additional solar projects are currently being implemented, amounting to an annual generation capacity of 78,543 kWh once installed. We also continue to source 100% renewable electricity from our utility provider (REGO-backed). **Whole portfolio** 14 sites have solar panel installations.

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

ESG TARGETS CONTINUED

Target	Relevant material issue	Relevant UN SDG	Status	Performance commentary
Increase the % of EPC A and B rated areas in the portfolio by 10%	Energy & carbon management	12, 13	Achieved	**Like-for-like Workspace portfolio** This year we upgraded 620k sq. ft. of our portfolio to A/B rated energy performance certificates (EPC) by installing high efficiency lighting and HVAC systems. Overall we increased A/B rated areas by 15%, bringing 43% of our portfolio holding to an A or B EPC rating. **Whole portfolio** Following the energy efficiency upgrades, over 43% of our core portfolio is rated EPC A/B.
All development projects to be BREEAM Excellent and EPC A (B for refurbishments)	Energy & carbon management	3, 9, 12, 13	Not applicable	**Like-for-like Workspace portfolio** A total of 20 buildings are BREEAM certified in our portfolio. No new projects were completed this year. All projects in the pipeline are being designed to achieve an 'Excellent' BREEAM certification and A rated EPC (B for refurbishments).
Achieve recycling rate of >76%, divert 100% waste from landfill and remove single use plastics from cafés	Waste and recycling	11, 12	Achieved	**Like-for-like Workspace portfolio** We achieved an average recycling rate of 79% across the portfolio. A total of 2,825 tons of waste was generated across the portfolio, comprising of 68% post consumer waste, 21% general waste, 6% food and 5% bottom ash.

Our approach to sustainable waste management
Sustainable management of waste is both a priority for us and our customers. To ensure our people follow the right behaviours on waste management we ran 16 awareness events in 2022/23 and continued to advocate correct recycling via signage, posters and email communications, resulting in a significant increase in our recycling rate across our centres to 79%.

We have also teamed up with FareShare, a charity redistributing surplus food from the UK's top food companies to charities and community groups. For every food waste collection, a meal is donated via FareShare to those most in need. So far 1,300 meals have been donated.

SUSTAINABILITY CONTINUED

DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

ESG TARGETS CONTINUED

Target	Relevant material issue	Relevant UN SDG	Status	Performance commentary
Benchmark water consumption and drive reduction in use	Water	12, 13	Roll forward	**Like-for-like Workspace portfolio** Our average water consumption intensity (where we have visibility) across the historic portfolio is within GRESB standard practice. We will continue to roll out water meters across the sites where we don't have visibility with a view to accurately benchmarking our portfolio water consumption.
Increase greenery and biodiversity across the portfolio, targeting at least 15% improvement in biodiversity net gain on development projects	Nature and biodiversity	3, 11	Achieved	**Like-for-like Workspace portfolio** We have reviewed industry guidance and developed a biodiversity policy setting out our approach to nature and biodiversity. We will be updating the document in line with TNFD guidance this coming year. Driven by our sustainable development framework, we will significantly enhance Biodiversity Net Gain (BNG) across our two development projects – Havelock Terrace (100% BNG) and Shaftesbury (74% BNG).
Refine climate risk assessment and create adaptation plans for assets exposed to hazards	Climate change adaptation and resilience	11	Achieved	**Whole portfolio** We have reassessed our core portfolio's exposure to physical climate risk using latest climate models and used probabilistic models to assess value at risk to business. We have also reviewed transition risk to business taking into account the acquisition of the McKay portfolio. Find more detail in our TCFD section along with an explanation of our mitigation strategy on page 92.
Enhance green travel infrastructure across the portfolio	Sustainable transport	3, 11, 13	Achieved	**Whole portfolio** We have a total of 32 EV charging points across the portfolio, which were utilised over 3,000 times in the past year, saving 23 tCO_2e. We have also upgraded site facilities to encourage green transport and have installed an additional 25 showers and 50 cycling racks across the portfolio.

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

CASE STUDY

Redeveloping Chocolate Factory in Wood Green

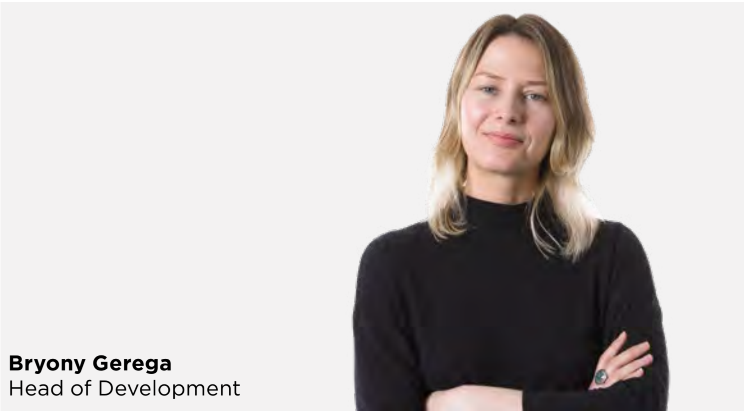
Like many of Workspace's buildings, Chocolate Factory has a long and rich history. Whilst it is now home to 40 customers, with activities ranging from luxury wallpaper designers to streetwear brands and artists, the site was a sweets manufacturing facility towards the end of the 19th century.

Chocolate Factory is now one of Workspace's main redevelopment projects, and will upgrade 38,000 sq. ft. of business space. Careful design considerations led us to preserve most of the old structure and give a second life to unique features such as the historic façade, exposed bricks and ironwork.

These design choices both preserve the site's heritage but also drastically reduce the project's carbon emissions.

The current design is estimated to emit 291 kCO_2/m^2 in embodied carbon, a significant reduction from the defacto option which entailed the demolition of an old water tower, an industrial-era enclosed bridge and low-rise storage buildings. All of these building elements will now be repurposed into meeting spaces and site amenities. Operational energy and carbon reduction is also central to the project's design, which will include high performing windows and internal insulation, as well as decarbonised heating through the installation of heat pumps.

The project is part of the wider mixed-use regeneration scheme at this location, including 230 residential units and 72 affordable housing units with a new public square and significant landscaping improvements.



Bryony Gerega
Head of Development

THE CHOCOLATE FACTORY IN NUMBERS

38,000 sq. ft.
OF REFURBISHED SPACE

Excellent
TARGETING BREEAM EXCELLENT RATING

291 $kgCO_2e/m^2$ NLA
EMBODIED CARBON (71% LESS THAN INDUSTRY BENCHMARKS)

39%
EXPECTED IMPROVEMENT ON PART L ENERGY STANDARDS FOR REFURBISHED SPACE

> "The redevelopment of Chocolate Factory is a perfect example of how preserving the heritage of a building goes hand in hand with enhancing its environmental performance
>
> **Bryony Gerega**
> Head of Development

The Chocolate Factory, Wood Green

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

DRIVING ENERGY REDUCTION ACROSS THE PORTFOLIO

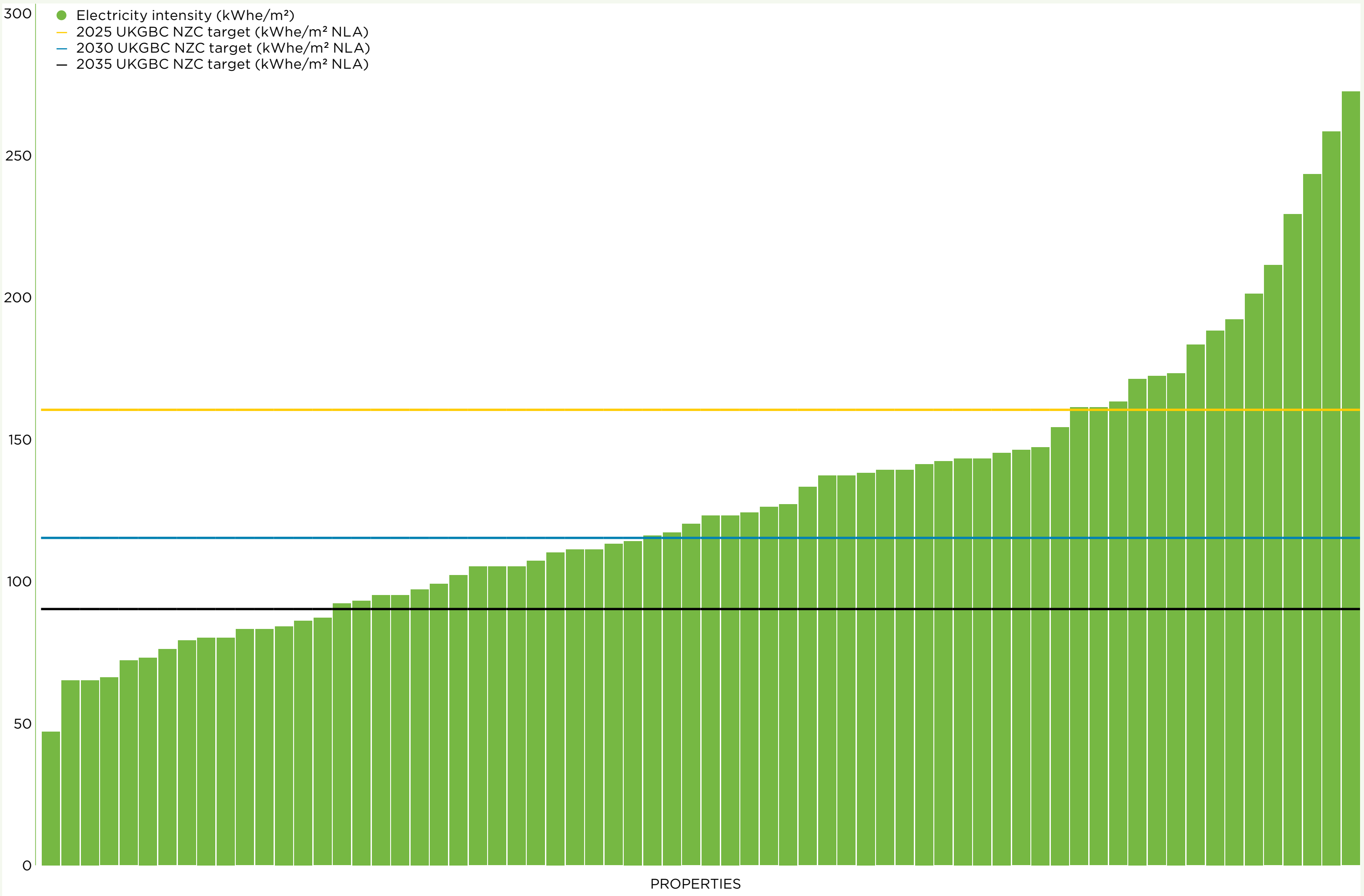
Driving energy reduction is a key priority for the business and we have invested over £8m this year in efficient lighting, presence-detection sensors, smart Building Energy Management Systems and heat pumps to remove reliance on gas boilers. We have closely monitored each property's energy performance and optimised temperature controls and timers. As a result, we have decreased our portfolio energy intensity by 5% across the like-for-like Workspace portfolio.

Taking into account the acquisition, the average energy intensity of our core portfolio is 129 kWhe/m². This represents a 7.5% increase from last year's average energy intensity due to high energy consumption associated with some of the properties we have recently acquired. We have also witnessed increased occupational activity across our centres compared to the last two years of the pandemic, which has also contributed to an increase in electricity use in customer occupied areas.

Following integration of the McKay portfolio, we are creating a targeted energy reduction programme for the high consuming buildings which will be rolled out this coming year. We expect to see a significant drop in the energy intensity profile of these properties as a result.

The graph shows the energy intensity of all properties in the office portfolio. All buildings but 15 meet the 2020 UKGBC energy performance target for net zero carbon buildings (depicted by yellow line) and 30 buildings already meet 2030 target (depicted by blue line).

APRIL 2022 TO MARCH 2023 ENERGY USE INTENSITY (kWhe/m² NLA)



SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

CASE STUDY

Significantly reduced energy intensity at Edinburgh House

One of our flagship buildings in South London, Edinburgh House, formerly a 1960s housing block, was redeveloped in 2019 into a bright and open business centre, home to 78 businesses.

Whilst it achieved a BREEAM Very Good certification and a B rated Energy Performance Certificate, it showed an unusually high energy intensity at the start of 2022.

As a result, our Facilities Management team amended the heating and cooling controls strategy and operational schedules so as to precisely meet occupants' needs and avoid superfluous out-of-hours energy consumption. For instance, the building's chiller and boilers are respectively isolated in winter and summer months and are only operating when necessary, responding to seasonality and building occupancy patterns.

These measures drove an 11% reduction in energy intensity across the building.

This is a great example of how effective operational energy reduction initiatives can be. Whilst significant retrofit investments are sometimes essential, cost-free operational optimisations on pre-existing equipment can also prove to be very powerful energy savers.

Domenico Pallucci
Facilities Manager

EDINBURGH HOUSE IN NUMBERS

11%
REDUCTION IN ENERGY INTENSITY SINCE THE START OF THE YEAR.

34%
REDUCTION IN GAS CONSUMPTION IN 2022/23 VERSUS 2021/22.

"At every building I manage, I always look for the small operational improvements that will make a difference in reducing energy consumption. Every kWh saved helps us to stay on track with our sustainability targets

Domenico Pallucci
Facilities Manager

Edinburgh House, Vauxhall

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

EPC RATINGS

Whilst our portfolio is already compliant with the current Minimum Energy Efficiency Standards (MEES) regulation, requiring all units to hold a valid EPC with a minimum rating of E, the UK Government is planning to increase requirements to a minimum rating of B by 2030.

We are working towards an annual increase of A/B rated space of 10% to 2030.

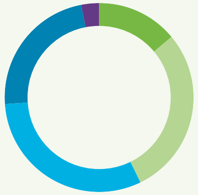
This year, following an investment of over £8m in HVAC equipment, lighting upgrades and insulation works across 41 properties, we have increased the proportion of A/B rated spaces from 28% to 43%.

Based on the projects we have already delivered, we estimate the total investment needed to upgrade our portfolio to EPC A/B by 2030 will be c.£45-60m (c.£7-8m each year). However, the actual additional investment needed each year will be lower as part of this expenditure is covered by our ongoing maintenance capex.

43%
A/B RATED PROPERTIES

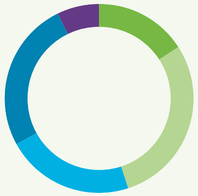
£8m
INVESTED IN 2022/23 IN EPC UPGRADES

EPC SCHEDULE WORKSPACE PORTFOLIO



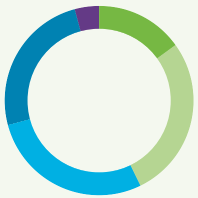
A	14%
B	29%
C	31%
D	23%
E	3%

EPC SCHEDULE McKAY PORTFOLIO



A	16%
B	29%
C	22%
D	26%
E	7%

EPC SCHEDULE WHOLE PORTFOLIO



A	15%
B	28%
C	28%
D	25%
E	4%

CASE STUDY
EPC upgrades

Print Rooms
EPC C to B
21,000 sq. ft. project

Phasing out our buildings' reliance on gas boilers is core to our decarbonisation strategy.

At Print Rooms, our teams removed the gas fired heating system and installed a Variable Refrigerant Flow (VRF) system using heat pumps to provide decarbonised heating and cooling to the building.

LED lights were also installed across the building in order to further reduce electricity demand.

Leather Market
EPC C to B
2,800 sq. ft. project

A small but ambitious project, the refurbishment of the third floor in the Lafone House building at Leather Market is a great example of energy efficiency improvements. Our team entirely removed the gas heating system to install heat pumps. LED lighting was also installed along with presence detection sensors.

Operational optimisation is as important as efficient equipment. Our teams have therefore enhanced the metering infrastructure and added new automatic meters as part of Building Energy Management System installation.

SUSTAINABILITY CONTINUED

Strategic pillar:
Looking after our people

2

As an employer of 280 people, client of over 800 suppliers and office space provider for over 4,000 customers, we have a responsibility to create a culture that fosters fairness, wellbeing, inclusion and diversity, and to support people to perform at their best.

Our culture
Change starts at home. Whilst our employees believe in our commitment to sustainability and our core values, our business is committed to delivering continuous improvement and fostering a cohesive culture, where everyone feels valued and knows how they can contribute to the Company's goals. Initiatives such as town hall meetings and regular business unit updates, Executive Committee site visits, internal shadowing days, employee suggestion scheme and employee support networks are all contributing to a positive company culture.

80%
WORKSPACE INCLUSIVITY SCORE

1,600
CUSTOMERS BENEFITTED FROM WELLBEING INITIATIVES

Diversity
Our diversity is our strength and the first step to improving on diversity is to measure it. 90% of our employee base provided personal diversity data, and we have now published our first gender pay gap report. As part of our ongoing efforts, we continued to roll out our unconscious bias and anti-harassment training and have launched an employee support network. Building on our equal opportunities hiring policy, we are implementing inclusive recruitment practices (such as anonymised CVs) and utilising alternative hiring channels to widen access to profession. A breakdown of the number of directors, senior managers and all employees by gender is set out on pages 151 and 152.

Wellbeing
Workspace strive to provide spaces where people can thrive and enjoy coming to work. This applies both to our customers and our employees. From offering outstanding physical and mental health benefits to our staff, to delivering a bespoke programme of wellbeing themed events to our customers (ranging from puppy therapy to financial wellbeing and mindfulness awareness), we go above and beyond to support the wellbeing of our people.

Relevant UN SDGs

Listening to our people
Whilst we gather employee feedback via an annual survey, our People Team have also launched an employee suggestion scheme to encourage feedback and idea sharing all year long.

To keep delivering the best to our customers, we keep our ear to the ground and collect formal feedback twice a year. This helps us evolve our offer to best meet our customer needs. We have also introduced a customer feedback policy to ensure our customers have a direct line to communicate with us. Through this policy, we aim to cater to customer needs in a timely and consistent manner.

69%
FAVOURABLE ENGAGEMENT SCORE

SUSTAINABILITY CONTINUED
LOOKING AFTER OUR PEOPLE CONTINUED

ESG TARGETS

Target	Relevant material issue	Relevant UN SDG	Status	Performance commentary
Support and enhance the wellbeing of our employees and customers	Wellbeing	3	Achieved	A total of 23 employee wellbeing events and initiatives were delivered, reaching a total of 600 attendees. Over 160 employees utilised our wellbeing cash back programme, with total claims value of c.£28k. We received an average employee wellbeing score of 79%, based on our annual employee survey. A number of wellbeing questions were included in the survey to gain a holistic understanding of employee expectations. These included questions on satisfaction with our wellbeing offering, work load management, stress management and managerial support. A total of 57 customer wellbeing events were hosted centrally (including 50 wellbeing events and seven sessions on financial wellbeing), benefitting over 1,600 customers. All events received very positive feedback with average score 4.9/5 star score. In addition, the centre teams partnered with local gyms and businesses to host a further 37 wellbeing focused initiatives. Based on insights from our mid-year customer survey, customers who attended wellbeing events were 15% more likely to be brand promoters.
Improve diversity across all levels of business and embed inclusive behaviours into our culture	Diversity and inclusion	5, 10	Achieved	A key initiative for us this year was to better understand the diversity of our existing employees. Over 90% of our employees provided personal data which enabled us to benchmark our performance. We also published our first gender pay gap report and created an action plan to address the gap. We continued to roll out unconscious bias and harassment training to a total of 105 employees. Throughout the year we celebrated different cultures and launched our first employee network to support people with caring responsibilities. We were pleased to receive an inclusivity score of 80% in our recent employee survey.
Champion compliance with living wage and modern slavery across the supply chain	Human rights and fair pay	8, 10	Achieved	Workspace are an accredited Living Wage employer and both our employees and contractors are paid at London Living Wage levels. This year we ensured new contractors that were onboarded as part of the McKay acquisition were also paid the living wage. To drive compliance, Workspace's new supplier code of conduct is mandated across all contracts and formally included in our supplier on-boarding procedure. We also worked with a third party to conduct a modern slavery audit of our cleaning supplier.
Support professional development and career progression of our people	Skills and employment	8	Achieved	We supported over 17 employees to complete accredited training, including 10 employees who were sponsored for our newly launched Leadership and Management programme. In total we delivered 363 hours of professional training to our employees (women – 232 hours and men – 131 hours), including over 100 hours of Chartered Institute of Personal and Development coaching and people skills training.
Widen access to profession and drive local employment within our operations and across our supply chain	Skills and employment, Diversity and Inclusion	4, 8	Achieved	As part of our new recruitment policy, we are implementing a number of inclusive recruitment practices (such as hiring managers training, anonymised CVs and utilising alternate recruitment channels). We also engaged with our charity partner Single Homeless Project (SHP) and supported the successful hiring of one of their clients with our cleaning contractor. This previously unemployed person is now permanently employed on our portfolio as a member of the cleaning team. We continued our engagement with SHP and delivered a successful employability workshop to support their clients with employability skills. Throughout the year we continued our engagement with our suppliers on employment related opportunities. We are pleased to see that a total of 23 apprentices are employed as part of our supply chain contracts.

SUSTAINABILITY CONTINUED
LOOKING AFTER OUR PEOPLE CONTINUED

“We celebrate different experiences and perspectives

CASE STUDY
Creating a diverse and inclusive business

We are very proud of our business values and welcoming culture. We strongly believe that the success of our business depends on our people and are committed to providing a working environment which is inclusive of all cultures, where everyone feels welcome, and in which we celebrate different experiences and perspectives.

We have launched a series of initiatives to support diversity and inclusion:
- All our employees have completed unconscious bias training and we are rolling out anti-harassment training.
- Our first diversity network called ‘Supporting Others’ was launched, providing a safe space for colleagues to support each other and share their experience on balancing work and caring responsibilities.
- We published our first gender pay gap report (see investor website).
- We implemented inclusive recruitment practices including anonymised CVs and hiring manager training.

We are always striving to do better and build on current initiatives. To start monitoring our diversity performance and set a diversity and inclusivity improvement plan, it was important to get a deeper understanding of the diversity of our workforce. This year, for the first time, we collected additional data from our employees to better understand our diversity. Although this was entirely voluntary, we achieved a 90% response rate which is a testament to our employees’ desire to support a strategy towards more diversity and inclusion within the business.

Satpreet Dhariwal
Senior HR Manager

31%
FIRST GENERATION OF THEIR FAMILY TO GO TO UNIVERSITY

11%
50+ YEARS OF AGE

30%
UNDER 30 YEARS OF AGE

28%
WITH CARING RESPONSIBILITIES

24%
ENGLISH NOT AS A FIRST LANGUAGE

23%
NATIONALITY OTHER THAN BRITISH

30%
IDENTIFY AS BAME

6.5%
IDENTIFY AS LGBTQ

57%
IDENTIFY AS FEMALE

SUSTAINABILITY CONTINUED
LOOKING AFTER OUR PEOPLE CONTINUED

CASE STUDY
Our approach to employee wellbeing

We prioritise the health and wellbeing of our employees. We are proud to offer a wide range of benefits, including Health Shield, which subsidises wellbeing treatments. Over 160 employees utilised Health Shield, with a total claims value of c.£28k.

We continue to offer seminars on mental and physical health, financial wellbeing, and stress management. A total of 23 employee wellbeing events and initiatives were delivered, reaching a total of 600 attendees.

EMPLOYEE WELLBEING IN NUMBERS

79%
EMPLOYEES AGREE THAT WORKSPACE CARES ABOUT THEIR WELLBEING

23
WELLBEING EVENTS ATTENDED BY 600 EMPLOYEES

CASE STUDY
Our approach to customer wellbeing

Building on last year's success, we have continued to deliver a series of wellbeing events for our customers. Our puppy therapy events were once again extremely popular. We have also diversified our offer to include more hands-on wellbeing sessions, which we call 'wellbeing', including pottery workshops and terrarium building, that have been shown to significantly reduce stress.

On average, our 'wellbeing' events received 5/5 star ratings from participants.

CUSTOMER WELLBEING IN NUMBERS

5/5
POST EVENT STAR RATING AWARDED BY PARTICIPANTS

57
CUSTOMER WELLBEING EVENTS REACHING 1,600 PEOPLE

"Creating an environment that fosters wellbeing is in our DNA. We are proud of the stellar reviews our customers give following each wellbeing event

Stacy Lyden-Sauppé
Events Manager

SUSTAINABILITY CONTINUED

Strategic pillar: Supporting our communities

3

Social impact is inherent to Workspace's business model. We support employment-led regeneration of London by investing in some of the most deprived areas of the capital, enabling employment opportunities for local people and boosting local spend.

We have a strong culture of charitable giving and volunteering. Working closely with our charity partner Single Homeless Project, we have made significant impact in alleviating homelessness across London.

In London, we manage over 60 sites across 15 boroughs. Through our centre teams, we aim to build meaningful relationships with local communities and charities. We work closely with our customers to implement engagement initiatives that support the local communities.

£600K

SOCIAL VALUE GENERATED

620

VOLUNTEERING HOURS

Joe raised £985 for SHP as part of a skydiving challenge

Relevant UN SDGs

4 QUALITY EDUCATION

10 REDUCED INEQUALITIES

Driving positive social impact

As a major provider of office space to over 4,000 of London's brightest businesses, Workspace is in a unique position to address some of the most pressing social issues in the capital.

Thanks to our provision of high quality work space in all parts of London, we support local employment opportunities for many SMEs. We also support independent businesses and enhance local economic activity through our operations and customer footfall.

In London, homelessness has increased by 47% in the past 10 years, and the proportion of NEET[1] young people aged 16-17 has reached 3.4%. This is why we are committed to using our centres as hubs for driving positive social impact amongst local communities, through a focus on skills and education and homelessness prevention.

1. Not in education, employment or training.

180

BENEFICIARIES OF SKILLS AND EMPLOYMENT PROGRAMME

SUSTAINABILITY CONTINUED
SUPPORTING OUR COMMUNITIES CONTINUED

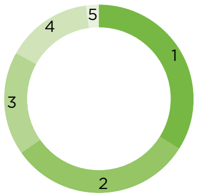
ESG TARGETS

Target	Relevant material issue	Relevant UN SDG	Status	Performance commentary
Roll out our community skills and employment programme InspiresMe across five centres	Skills and employment Local social and economic impact	4 Quality Education 10 Reduced Inequalities	Achieved	We successfully launched InspiresMe across five centres. These included Kennington Park, Brickfields, Mare Street, Cargo Works and Chocolate Factory. Over 160 students benefitted through our CV workshops and career sessions and 20 students were hosted for work placements. A total of 12 customers participated in the InspiresMe programme. The responses from school partners and customers were extremely positive with 100% of the schools who took part agreeing they were keen to continue with this initiative next year.
Works in partnership with SHP to prevent homelessness in London	Skills and employment Charitable giving	4 Quality Education 10 Reduced Inequalities	Achieved	We raised over £110,000 for SHP, including providing funding for a full-time employability coordinator. A number of our employees supported SHP throughout the year and delivered over 620 volunteering hours. This year we also hosted an employability workshop for SHP clients where we ran a daylong session on business and IT skills.
Support local food banks and charities across our centres to drive greater community impact	Local social and economic impact Charitable giving	8 Decent Work and Economic Growth 10 Reduced Inequalities	Achieved	We ran 38 community engagement initiatives across our centres in partnership with local charities, including 17 food bank collections which were hugely popular with our customers. We also partnered with local charity, Community TechAid, and supported them with the donation of over 70 pieces of electronic equipment. Overall, we contributed £162k through our lettings in kind programme, providing free space and meeting rooms to local charities.
Assess and enhance social value generated across our portfolio	Local social and economic impact Charitable giving Wellbeing Skills and employment Diversity and Inclusion Human rights and fair pay	4 Quality Education 8 Decent Work and Economic Growth 10 Reduced Inequalities	Achieved	We have created a social value framework that helps us align our activities to issues that are most material to the business. The framework also enables us to adopt a stakeholder value approach, ensuring we positively impact our employees, our customers, our suppliers and our local communities. To help us baseline our current performance, we worked with Social Value Portal to assess our social value contribution. In total we generated over £600k of direct social value across our material issues – wellbeing, responsible business practices, local community and charity partnerships, employment and skills and customer stewardship. We also worked with our suppliers and customers to drive additional social value (i.e. our indirect impact) worth £280k, mainly through our outreach on employment and skills. We plan to further enhance our social value in the coming year by setting actionable goals under each of the material issues. “We really enjoyed participating in InspiresMe and spending time to pass on knowledge. It was great to see how it had benefitted the students by the end of the week Customer at Kennington Park

SUSTAINABILITY CONTINUED
SUPPORTING OUR COMMUNITIES CONTINUED

SOCIAL VALUE WE HAVE CREATED

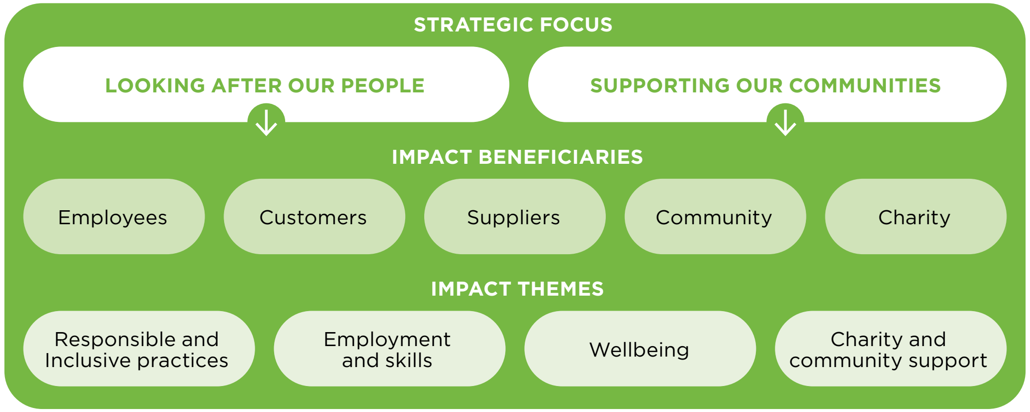
SOCIAL VALUE CREATED – £604,747



1.	Responsible and Inclusive Practices	£206,608
2.	Charity and Community Support	£188,447
3.	Wellbeing	£107,828
4.	Innovation – Customer Stewardship	£88,476
5.	Skills and Employment – Direct	£13,388

This is the first year we have worked with Social Value Portal to quantify the social value we create. The National TOMs Framework has been used to calculate the financial value associated with each of our initiatives, which is deemed 'additional' to business as usual. The table provides a breakdown of various initiatives and social value created by our direct business activities. Separately, we have also calculated the indirect value generated through our collaboration with our suppliers and customers.

WORKSPACE – SOCIAL VALUE FY 22/23



WORKSPACE – SOCIAL VALUE FY 22/23

Area	Social Value Created
Wellbeing	– £65.8k invested to deliver wellbeing events for customers (including event manager's time) – £16.5k invested to deliver wellbeing campaigns for staff (including Charity, Wellbeing and Social Committee members' time) – £25.5k delivered through all employees having access to a comprehensive wellbeing programme (Thrive, Health Shield, etc.)
Responsible and Inclusive Practices	– 33 employees received the unconscious bias training and 175 employees received the harassment training (£64.9k social value delivered) – 24 employees benefitted from funding for further studies (£0.5k social value delivered) – £1.2m spent with non-profit organisations as suppliers (£141k social value delivered)
Charity and Community Support	– 45 hours of skilled volunteering (SHP employability workshop, procurement training) – £4.5k social value delivered – 624 hours of unskilled volunteering – £10.6k social value delivered – 693 hours of CMs' time spent to support the local community (foodbanks, fundraisers) – £11.7k social value delivered – £161.6k in-kind contributions (lettings, business rates, room bookings, electronic equipment, SHP donation)
Innovation – Customer Stewardship	– £88.5k invested to deliver four London's Brightest Businesses breakfasts and seven master classes (including event manager's time)
Skills and Employment – Direct	– 10 weeks of InspiresMe work placement supported by Workspace (£1.9k social value delivered) – 676 staff hours invested in delivering InspiresMe (£11.4K social value delivered)
Skills and Employment – Indirect	– £211k social value delivered through key suppliers hiring of homeless, NEET, ex-offenders and people with disabilities – 261 weeks of apprenticeships delivered by our key suppliers (£65.7k social value delivered) – 10 weeks of InspiresMe work placements with customers (£1.9k social value generated)

SUSTAINABILITY CONTINUED
SUPPORTING OUR COMMUNITIES CONTINUED

CASE STUDY
SHP employability workshop

In October 2022, we were delighted to support the hiring of one of Single Homeless Project's (SHP) clients by our cleaning contractor, Olivers Mill. We hope this success story is the first of many, and we are continuing to focus several of our SHP volunteering opportunities around employability skills.

In November 2022, 11 Workspace employees took part in an employability workshop with SHP clients. The aim of the session was to help SHP clients with creation of CVs and interview skills.

Building from a positive initial feedback from SHP clients, our charity committee are looking to organise more employability workshops in the coming year.

CASE STUDY
InspiresMe

INSPIRESME IN NUMBERS

4.3/5
SATISFACTION SCORE FROM STUDENTS

4.3/5
SATISFACTION SCORE FROM SCHOOLS

100%
CUSTOMER ENGAGEMENT SCORE

InspiresMe is Workspace's community outreach programme, focused on skills and employment. The aim of the programme is to work alongside our customers to provide inspiration, knowledge, support and experience to individuals within our communities who are most at risk of NEET (Not in Education, Employment or Training) and to help them to reach their full potential.

As a provider of office space to a diverse range of SMEs, we are in a unique position to broker a partnership between local schools and our customers in order to improve the employability skills of underprivileged young Londoners. The programme gives our customers the opportunity to deliver CV workshops, interview training sessions, participate in career fairs and host work experience placements throughout the year.

In the last year we launched InspiresMe across five centres in various London Boroughs – 180 secondary school students benefitted from the programme and 12 customers participated.

SUSTAINABILITY CONTINUED
SUPPORTING OUR COMMUNITIES CONTINUED

Looking ahead

Q&A

Sonal Jain
Head of Sustainability

Q: What has been your biggest achievement?
I am incredibly proud of the progress we have made this year. We have reduced our total greenhouse gas emissions by 16% across our like-for-like portfolio, upgraded over 12% of our portfolio to EPC A/B, boosted our customer ESG advocacy score and delivered significant social value through our wellbeing and skills and employment programme. However, for me personally the biggest highlight was collective ownership of our sustainability agenda. Right at the start of the year we set a number of business-wide sustainability targets, which were then translated into individual objectives. Each of our teams have worked with undeterred determination to achieve these targets. I am so pleased by the way each Workspace employee has embraced a sustainability mindset.

Q: What are your plans for the coming year?
Our inherently sustainable business model gives us an advantageous position in the industry, whether it's our lower energy use intensity, lean embodied carbon refurbishments and the positive socio-economic impact we generate through our focus on employment led regeneration. However, we realise we need to continue to deliver high performance in order to maintain our market leadership position.

To this end, we will continue to roll out an accelerated programme of refurbishment and ensure our portfolio is decarbonised and future proofed ahead of the 2030 deadline. Energy and carbon management continues to be our top priority and we will be focusing our effort to further reduce our energy intensity.

With the launch of our social impact framework focused on social issues that are material to the business, we have set ourselves a number of actionable targets that will help us deliver enhanced social value in the coming year. This includes a key focus for us to champion skills and employment across our value chain.

We are fortunate to be Home to London's Brightest Businesses, many of them are in the green economy sector themselves. We realise our duty of care towards our customers, ensuring they have a productive and sustainable workspace. We ran a successful customer engagement programme this year and plan to further enhance it. In addition, we will actively explore collaboration opportunity with our customers to jointly deliver on sustainability programmes across the portfolio.

"As a team, we always think twice when it comes to energy, all our electricals have automatic standby mode, our office lights are always turned off when the unit is not in use, and we open our windows before the aircon gets considered

Owen O'Neill, founder at Uni Compare, winner of the energy savings competition at Frames

OUR KEY PERFORMANCE INDICATORS

Financial performance

1. NET RENTAL INCOME

Link to strategy

Driving customer-led growth | Delivering operational excellence | Being sustainable

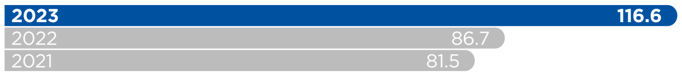
Why this is important to Workspace

Net rental income is the rental income receivable after payment of direct property expenses, including service charge costs and other direct unrecoverable property expenses. It is important to Workspace because it measures our operating performance. It is a key driver of trading profit, which in turn determines dividend growth.

Movement in 2022/23

Net Rental Income increased by 34.5% (£29.9m) to £116.6m. Underlying net rental income was up 17.4% (£14.6m), reflecting the strong increase in rent per sq. ft. achieved in the year, higher average occupancy resulting in a reduction in empty rates, other non-recoverable costs and unrecovered service charge. The net impact of acquisitions and disposals in the current and prior years was a £15.2m increase in net rental income.

£116.6m



2. TRADING PROFIT AFTER INTEREST

Link to strategy

Driving customer-led growth | Delivering operational excellence | Being sustainable

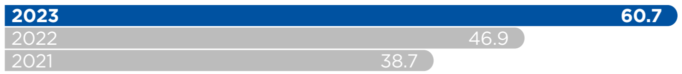
Why this is important to Workspace

Trading profit after interest is net rental income, less administrative expenses and finance costs but excluding exceptional finance costs. It is a key measure for Workspace and determines dividend growth, and so the returns we provide to our shareholders. It measures the underlying performance of the business. The Executive Directors are incentivised on trading profit after interest.

Movement in 2022/23

Trading profit after interest increased by 29% (£13.8m) to £60.7m. The main driver was the £29.9m growth in net rental income. Total administrative expenses increased by £2.2m to £21.5m which includes £2.1m in respect of the McKay business acquired in the year and a £0.2m reduction in share based costs, leaving a £0.3m underlying increase in administration costs. Net finance costs increased to £34.4m in the year, reflecting the increased level of debt following the McKay acquisition and the increase in SONIA during the period.

£60.7m



3. EPRA NTA PER SHARE

Link to strategy

Driving customer-led growth | Delivering operational excellence | Being sustainable

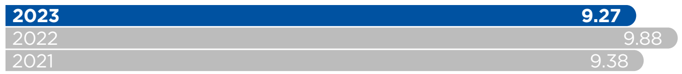
Why this is important to Workspace

EPRA NTA per share is a definition of net tangible assets as set out by the European Public Real Estate Association. It represents net assets minus any intangible assets and financial derivatives and excluding deferred taxation relating to valuation movements and derivatives, divided by the number of shares in issue. It is important to Workspace as it provides stakeholders with information on our net asset value. It is a key external measure for property companies and is used to benchmark against share price.

Movement in 2022/23

Our EPRA NTA per share decreased by 6.2% (£0.61) to £9.27. This was driven by the underlying decrease in the valuation of our portfolio, dividends paid and share issue, offset by trading profit in the year.

£9.27



OUR KEY PERFORMANCE INDICATORS CONTINUED

Financial performance continued

4. DIVIDEND PER SHARE

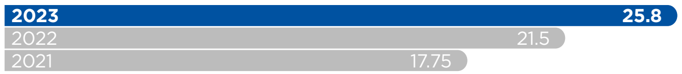
Link to strategy

Driving customer-led growth · Delivering operational excellence · Being sustainable

Why this is important to Workspace
This is the dividend payment per share in issue. Dividend per share is a key measure of the returns we are providing to our investors. It is important to Workspace because we aim to provide good returns for our shareholders, and also to work within our REIT requirements for income distribution.

Movement in 2022/23
The increase of 20% (4.3p) in dividend per share was due to the increased trading profit in the year.

25.8p



5. LIKE-FOR-LIKE RENT ROLL GROWTH

Link to strategy

Driving customer-led growth · Delivering operational excellence · Being sustainable

Why this is important to Workspace
Like-for-like properties are those with stabilised occupancy, excluding recent acquisitions and buildings impacted by significant refurbishment or redevelopment activity. Rent roll is the current annualised net rent receivable for occupied units at the date of reporting. Monitoring rent roll growth on the like-for-like portfolio is an important measure of the underlying performance of the business and a key driver of future net rental income. We monitor the like-for-like rent roll on a weekly basis in management meetings and it is also a key performance indicator in our monthly Board reporting.

Movement in 2022/23
The like-for-like rent roll has increased by 7.1% (£6.5m) in the year, driven by a 9.4% uplift in rent per sq. ft. from £37.12 to £40.61.

+7.1%

6. LIKE-FOR-LIKE OCCUPANCY

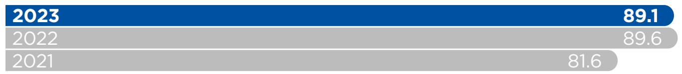
Link to strategy

Driving customer-led growth · Delivering operational excellence · Being sustainable

Why this is important to Workspace
Like-for-like occupancy is the area of let space within the like-for-like portfolio divided by the net lettable area of the like-for-like portfolio. It is important as it gives us vital information on the performance of our core properties. It drives pricing and operational decisions and can be a measure of customer demand for the space. Again, this is monitored on a weekly basis in management meetings and it is also a key performance indicator in our monthly Board reporting.

Movement in 2022/23
Like-for-like occupancy stable at 89.1%.

89.1%



OUR KEY PERFORMANCE INDICATORS CONTINUED

Financial performance continued

7. PROPERTY VALUATION

Link to strategy

Driving customer-led growth

Being sustainable

Why this is important to Workspace

Our properties are critical to our business and the valuation demonstrates the value we are delivering to our shareholders and a measure of how well we are managing our buildings and driving rental income. The property portfolio is independently valued, currently by CBRE. We aim to enhance the value of our properties through active asset management, including refurbishment and redevelopment schemes. The movement in property valuation is a key driver in our EPRA NTA per share measure.

Movement in 2022/23

There was an underlying reduction of 3.2% (£91m) in our property valuation, taking the valuation to £2,741m. This was mainly driven by an outward shift in valuation yields offset by increases in estimated rental values. See Property Valuation section of the Business Review on page 81 for more detail.

£2,741m

8. TOTAL PROPERTY RETURN

Link to strategy

Driving customer-led growth

Delivering operational excellence

Being sustainable

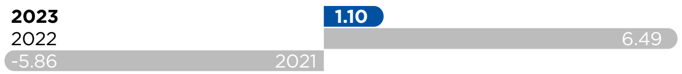
Why this is important to Workspace

Total Property Return is the return for the year combining the valuation movement on our portfolio and the income achieved in the year. This figure is produced by MSCI, an independent Investment Property Databank ('IPD'), and is compared to a benchmark group so that we can see how we are performing relative to similar companies. Total Property Return, and performance against the benchmark, form part of the bonus objectives for the Executive Directors and LTIPs for all people in schemes.

Movement in 2022/23

The decrease in total returns in the year was driven by the decrease in the property valuation, although income returns increased, we have significantly out performed the IPD benchmark demonstrating the resilience of our property portfolio.

1.10%



9. TOTAL SHAREHOLDER RETURN

Link to strategy

Driving customer-led growth

Delivering operational excellence

Being sustainable

Why this is important to Workspace

Total Shareholder Return is the return obtained by a shareholder, calculated by combining both share price movements and dividend receipts. This is important to Workspace because it shows the value that our shareholders receive from investing in Workspace shares. We aim to create maximum value for our shareholders, and as such this measure forms part of the performance criteria within our LTIP schemes.

Movement in 2022/23

Total Shareholder Return has decreased due to a reduction in the share price over the year, offset by dividends paid in the year.

-34.0%

OUR KEY PERFORMANCE INDICATORS CONTINUED

Non-financial performance

1. CUSTOMER ENQUIRIES

Link to strategy

Driving customer-led growth

Delivering operational excellence

Being sustainable

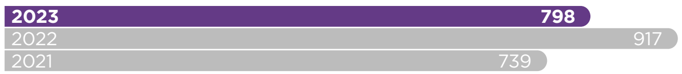
Why this is important to Workspace

Customer enquiries represent the number of enquiries we receive for our space. Enquiries come through our website, via brokers, via phone, from walk-ins or existing customers looking to expand, contract or move locations. Measuring enquiries helps us to assess the customer demand for our product. Our internal marketing platform generates enquiries, and by increasing marketing activity we can drive enquiries, for example around the launch of a new building.

Movement in 2022/23

There was an average of 798 monthly enquiries over the year, with an average of 932 monthly enquiries in the final quarter.

798



2. VIEWINGS

Link to strategy

Driving customer-led growth

Delivering operational excellence

Being sustainable

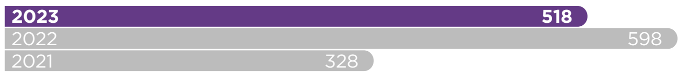
Why this is important to Workspace

This is the number of viewings of individual units by new or existing customers looking for new or additional space. Viewings are important because they provide an opportunity to get customers into our centres to see first-hand the quality of our space, and to drive lettings. It is important to monitor the conversion of enquiries to viewings and then of viewings to offer letters.

Movement in 2022/23

There was an average of 518 monthly viewings over the year, with a good conversion rate from enquiry to viewing and, as with enquiries, a strong final quarter.

518



3. OFFER LETTERS

Link to strategy

Driving customer-led growth

Delivering operational excellence

Being sustainable

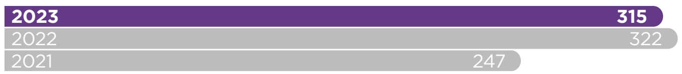
Why this is important to Workspace

Once they have completed a viewing, if they are interested in the space, prospective customers can request an offer letter containing pricing information and lease terms. Tracking the number of offer letters is important as it allows us to assess the success of our viewings and the demand for our product.

Movement in 2022/23

On average 315 offer letters were issued each month in the year, which represents 61% of viewings.

315



OUR KEY PERFORMANCE INDICATORS CONTINUED

Non-financial performance continued

4. LETTINGS

Link to strategy

Driving customer-led growth

Delivering operational excellence

Being sustainable

Why this is important to Workspace
This is the number of lettings that we complete. It is a key measure for Workspace because lettings drive our net rental income and therefore trading profit. Lettings set the tone for estimated rental values, and so impact our property valuation too.

Movement in 2022/23
We saw a good level of lettings, reflecting customer demand in the year. This, alongside strong renewal activity, drove rental pricing growth in the year.

109

2023	109
2022	127
2021	96

5. RENEWALS

Link to strategy

Driving customer-led growth

Delivering operational excellence

Being sustainable

Why this is important to Workspace
This is the number of lease renewals we sign with existing customers per month. These are important as they demonstrate how sticky our customers are, track customer retention and allow us to capture reversion within our portfolio.

Movement in 2022/23
The average number of renewals per month increased from 15 in the prior year to 61. This helped drive the uplift in rent roll in the year.

61

2023	61
2022	15
2021	13

6. EMPLOYEE VOLUNTEERING DAYS

Link to strategy

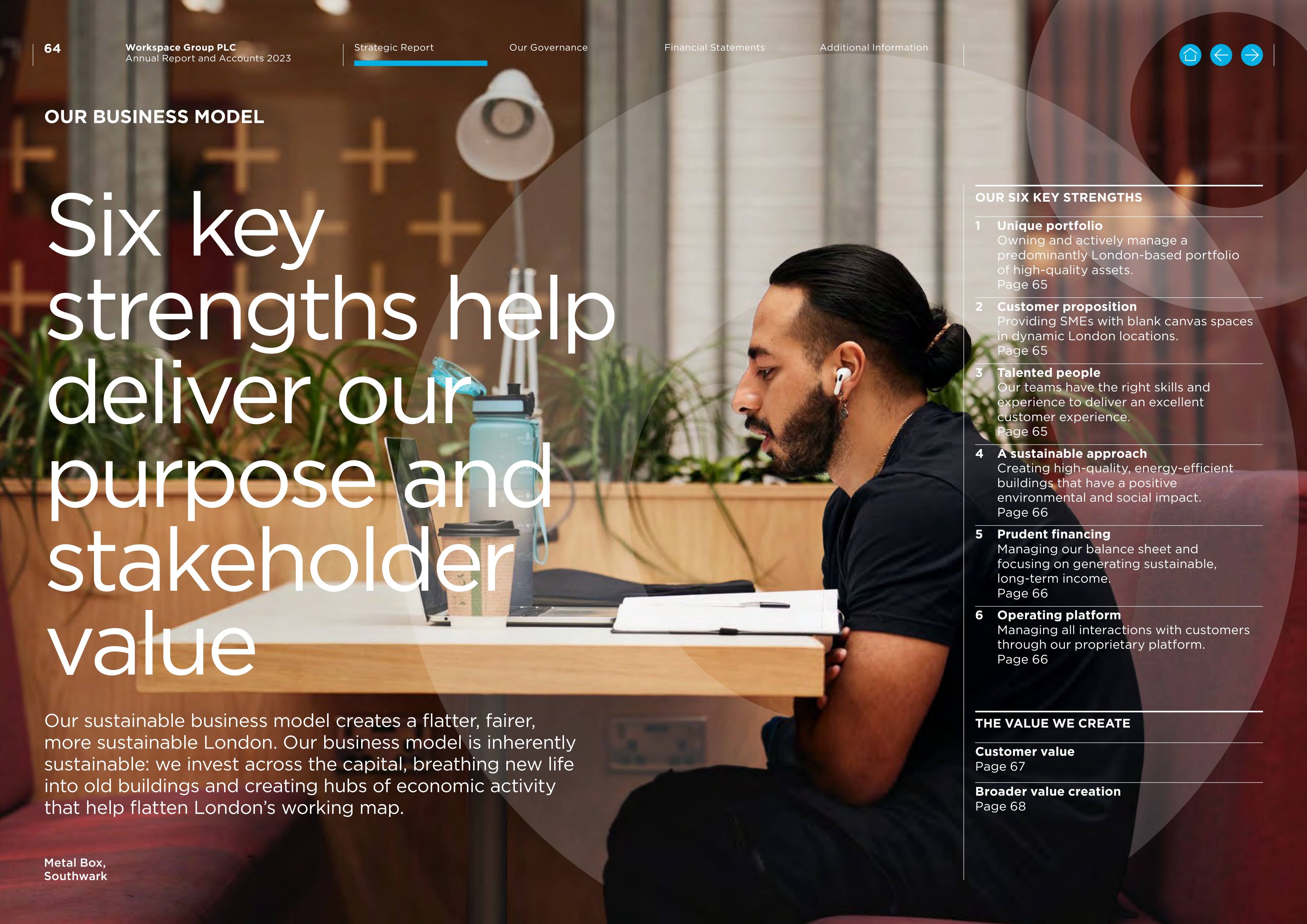
Being sustainable

Why this is important to Workspace
This is the number of days that our employees spent volunteering or fundraising for our selected charities. Supporting our communities is a key part of our sustainability strategy and it is important for our employees to get involved.

Movement in 2022/23
The number of volunteering days increased significantly from 68 to 78. We worked closely with our charity partner Single Homeless Project. For example, we delivered a range of employability sessions, support for local foodbanks and upgrades to hostel accommodation.

78

2023	78
2022	68
2021	10



OUR BUSINESS MODEL

Six key strengths help deliver our purpose and stakeholder value

Our sustainable business model creates a flatter, fairer, more sustainable London. Our business model is inherently sustainable: we invest across the capital, breathing new life into old buildings and creating hubs of economic activity that help flatten London's working map.

Metal Box, Southwark

OUR SIX KEY STRENGTHS

1 **Unique portfolio**
Owning and actively manage a predominantly London-based portfolio of high-quality assets.
Page 65

2 **Customer proposition**
Providing SMEs with blank canvas spaces in dynamic London locations.
Page 65

3 **Talented people**
Our teams have the right skills and experience to deliver an excellent customer experience.
Page 65

4 **A sustainable approach**
Creating high-quality, energy-efficient buildings that have a positive environmental and social impact.
Page 66

5 **Prudent financing**
Managing our balance sheet and focusing on generating sustainable, long-term income.
Page 66

6 **Operating platform**
Managing all interactions with customers through our proprietary platform.
Page 66

THE VALUE WE CREATE

Customer value
Page 67

Broader value creation
Page 68

OUR BUSINESS MODEL CONTINUED

How we deliver long-term stakeholder value

Customer value
Our purpose is to give businesses the freedom to grow. Owning our buildings means we are able to offer customers real freedom – to personalise and flex their space as required. Because we believe that in the right space, teams can achieve more.

Broader value creation
We repurpose iconic buildings, invest in revitalising communities and prioritise the wellbeing of our customers and people.

Shareholder value
We drive capital appreciation and rental growth from our expertise in urban regeneration in London and active asset management.

Record Hall, Hatton Garden

400k+
SQ. FT. OF NEW AND UPGRADED SPACE

UNIQUE PORTFOLIO

Built up over more than 35 years, we own a predominantly London-based portfolio of high-quality assets. Generally distinctive, low-rise buildings of 30,000 sq. ft. or more, they are well located around major transport hubs and vibrant neighbourhoods, and are often landmarks in their areas.

We actively manage the portfolio to generate value over the long term. We target 90% occupancy on our like-for-like properties and, as occupancy rises, we can enhance pricing.

Our ownership model gives us the flexibility to enhance the quality of space and implement the latest sustainability features. We achieve this through our refurbishment and redevelopment pipeline, expanding our footprint and driving rental uplift. We also continue to grow our pipeline through strategic acquisitions, drawing on our deep knowledge of the London property market to help accelerate our growth plans.

TALENTED PEOPLE

Our employees are the drivers of our success. We have a vibrant, diverse and inclusive culture, underpinned by a clear purpose and set of values, which continue to score well amongst our staff in annual surveys.

Our dynamic culture helps attract and retain people who align with these values and have a broad range of skills, experience and backgrounds. In 2022/23, we introduced a range of initiatives to directly address employee feedback to improve communications, collaboration, diversity and wellbeing. For example, we launched informal face-to-face engagement sessions between our Leadership team and small groups of centre staff, where they can provide direct feedback.

We are always looking for ways to upskill our teams, having rolled out customer-first training across the business this year. We are starting to trial a Government-sponsored Career Pathway programme to help junior centre staff develop their careers.

CUSTOMER PROPOSITION

We provide companies with blank canvas space on flexible terms within inspiring buildings in dynamic London locations. We cater to customers who are creative, passionate owners of SMEs, and being able to express their individuality and personality is part and parcel of their business.

We continually enhance and refine the customer experience: this year we rolled out inclusive pricing, created a smoother customer journey and upgraded the quality of space across over 400,000 sq. ft. of our portfolio. We dedicate around 30% of our buildings to attractive well-designed communal space, including meeting rooms, showers, cycle storage and cafés.

Our ongoing brand campaign, refreshed on a quarterly basis, clearly articulates our offer and highlights our position as home to London's brightest businesses, with brand awareness at 62%.

OUR BUSINESS MODEL CONTINUED

Metal Box, Southwark

A SUSTAINABLE APPROACH

Through our inherently sustainable business model we create a flatter, fairer, more sustainable London.

We repurpose historic buildings, breathing new life into them and future proofing them for generations to come. This results in significantly lower embodied carbon, while also installing the most efficient systems to reduce operational carbon.

We play a key role in the employment-led regeneration of areas across London: our buildings become hubs of economic activity, flattening London's working map and bringing prosperity into emerging areas. We also offer employment-focused support to disadvantaged young people. We prioritise the wellbeing of our customers and people, and work closely with them to drive more sustainable behaviours in our centres.

PRUDENT FINANCING

We are focused on generating sustainable, long-term income, which we reinvest in enhancing the portfolio and return to shareholders as dividends.

We prudently manage our balance sheet and maintain low levels of gearing. The balance sheet includes a mixture of bank debt, private placements and loans and a corporate bond. Most of our debt is long-term, unsecured and bears interest at fixed rates. We are committed to maintaining conservative leverage, which we expect to reduce further through our disposals programme, and we have significant headroom to our financial covenants.

Our continuous programme of refurbishments and redevelopments drives rental growth and enhances valuations. It is this combination of income and capital value growth that makes Workspace a compelling investment. Our efficient and scalable platform enables us to grow the business over time without significantly increasing operating costs.

OPERATING PLATFORM

Our proprietary, in-house marketing operating platform enables us to manage a huge volume of customer activity in-house, from enquiries and viewings through to lettings, facilities management, billing and renewals. Direct relationships with our customers means we can work with them to enhance the sustainability of our buildings.

These ongoing interactions, as well as our regular surveys provide real-time market intelligence. This year we have introduced new customer touchpoint surveys to generate more regular feedback.

Our platform is scalable which means we can grow our portfolio without incurring significant operating cost growth, as shown by our recent purchase of McKay. This platform gives us a major competitive strength and insight on the SME market. Dealing with such high levels of customer activity requires a dynamic culture and first-class in-house expertise.

OUR BUSINESS MODEL CONTINUED

CREATING CUSTOMER VALUE

> We love the fact we can easily mould the space

Kai Price
Co-founder & Director, Att Pynta

Location
Fuel Tank, Deptford

How have you made your space your own?
As a Scandinavian homeware business, it was important for us to the make the space feel homely and cosy. We designed the space ourselves, wanting clients to see our space and envisage how their home could look. We painted the walls, laid down herringbone floors, added soft furniture and used rugs to create small living room set ups.

Why did you choose this space?
We needed a space large enough to show off our many products – everything from vases and lamps to curtains and rugs. We liked the fact we could easily mould the space and move things around when, for example, new ranges arrive.

We also loved the way you can enter our showroom via three glass doors from the ground floor, which gives off an air of professionalism.

Was the location important?
Both my co-founder and I live locally in south east London and love being a stone's throw from Greenwich Village and Deptford. It's home to so many artists and creative types and felt like a perfect fit for us.

FUEL TANK IN NUMBERS

83%
CUSTOMER ADVOCACY SCORE

15 MWh
ELECTRICITY SAVED

B
EPC RATING

95%
OCCUPANCY LEVEL

Att Pynta at Fuel Tank, Deptford

OUR BUSINESS MODEL CONTINUED

Founder of Bokit'la French food kiosk, opposite Kennington Park

CREATING BROADER VALUE

KENNINGTON PARK IN NUMBERS

85%
CUSTOMER ADVOCACY SCORE

91.1%
OCCUPANCY LEVEL

13 MWh
ELECTRICITY GENERATED BY SOLAR PANELS

945
ELECTRIC VEHICLE CHARGERS

> We know local businesses value Workspace's contribution to the local area

Nicolas Baptise
Founder of Bokit'la, French-Caribbean street-food vendor

Location
St Mary's Churchyard, opposite Kennington Park business centre

How have you seen Bokit'la grow in Oval?
We've had a food stall in this area selling our French Caribbean food for 11 years. We've built a great niche of customers who know and love our food. We considered other London locations but we've decided to focus on Oval as it's such a growing, vibrant area.

Do you receive custom from Workspace's centre?
Our new position, located between Oval Station and Workspace's Kennington Park business centre, means lots of people walk past our stall on the way to work – a fair amount of our week-day footfall comes from Workspace's centre. We know other local businesses value the contribution the centre makes to the livelihood of the area.

What is next for Oval?
The Kennington Park centre has contributed to growing a small economy in Oval and I think it will now continue to become an even more vibrant area. We love sharing our cuisine and I am confident about Bokit'la's growth within the area.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management is an integral part of all Workspace activities. Our culture drives us to consider the risks and opportunities of any new business decision. We focus on key risks which could impact the achievement of our strategic goals and therefore on the performance of our business. Risks are considered at every level of the business including when approving corporate transactions, property acquisitions and disposals and whenever undertaking refurbishment and redevelopment projects.

We have created a positive culture within Workspace which encourages open communication and engagement. This enables staff from all areas of the business to feel free to raise risks or opportunities, no matter how small, to their managers and teams. This culture means that information is communicated across the business well. We make every effort to engage staff with risk-related issues, particularly those which are new and emerging so that we are managing our lower-level risks as well as the more strategic ones.

Our risk management framework >
Pages 170 to 171

The Board assesses and monitors the principal risks of the business and considers how these risks could best be mitigated, where possible, through a combination of internal controls and risk management. The financial year has seen a period of political uncertainty and challenging macroeconomic conditions with high inflation and increasing interest rates.

Whilst the combination of these factors presents an increased risk of recession and potential adverse impact on property values and construction costs, the key risks that could affect the Group's medium-term performance and the factors which mitigate these risks, have not materially changed from those set out in the Group's Annual Report and Accounts 2022.

Workspace recognises that climate change will have an impact on our business. Our properties are at risk from physical climate related issues and as a business, we are also at risk from the transition to a net zero economy in the form of increasing regulation and changes in customer demand. While we have a portfolio that is well-positioned to withstand the impact of climate change, we are actively managing our climate change risk and have put in place mitigation measures for the most material impacts.

EMERGING RISKS

Emerging risks are discussed monthly and promptly escalated to the Board as required.

Emerging risks considered during this year included: employee recruitment and retention; the war in Ukraine; the macroeconomic environment including inflation, rising interest rates and potential impact on property valuations and operating performance; the acquisition and integration of the McKay estate; political disruption caused by instability within the UK government and ongoing industrial strikes across the UK.

FINANCIAL POSITION

During the year the Group continued to control costs and manage capital expenditure to protect its strong financial position. Management regularly reviewed performance reports and forecasts to understand the impact on cash flows and debt covenants.

Following the acquisition of McKay Securities in May 2022, the Group amended two existing McKay facilities, a £65m loan from Aviva and a £135m bank revolving credit facility('RCF'). This £135m McKay RCF and the Group's existing £200m RCF were both extended by one year in December 2022 further strengthening our financial position and leaving no material debt maturities until June 2025.

As of 31 March 2023, the Group had cash and undrawn credit facilities of £148m along with substantial headroom on its financial covenants and met all loan covenants throughout the year.

CLIMATE CHANGE

Workspace recognises that climate change is having, and will continue to have an increasing impact on our business. Similar to other owners of real assets, our properties are at risk from physical climate-related issues including changes in temperature extremes leading to increased cooling and heating loads, changes in precipitation leading to flash flooding, and physical damage to buildings from extreme weather events, which in turn can lead to greater stresses on our properties.

It is now widely recognised that climate change issues present a financial risk to the global economy. To improve transparency, the Task Force on Climate-related Financial Disclosures (TCFD) framework provides guidance to companies on how to improve reporting on climate-related financial risks and opportunities. Workspace supports the TCFD recommendations and is committed to implementing them.

The TCFD framework includes risk management. A separate risk register for climate change-related risks is managed by the Head of Sustainability. Details of the risks considered are provided on pages 96 to 99.

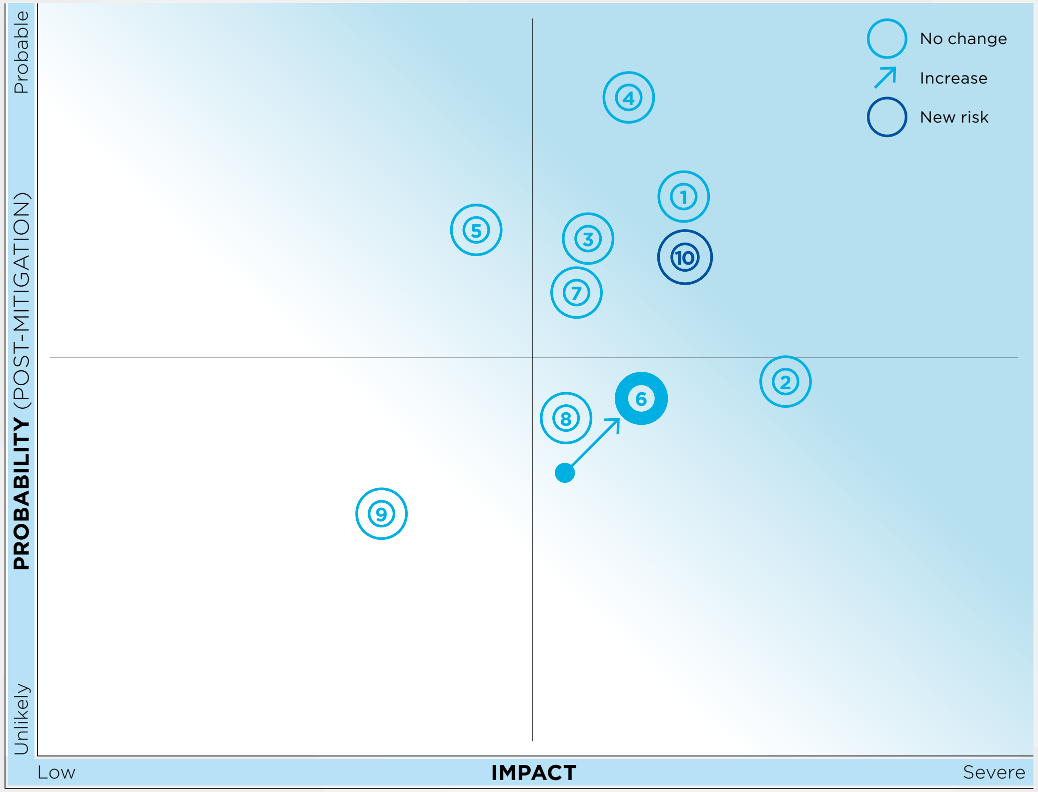
EMPLOYEES

The health, safety and well-being of our employees remain a top priority. For the majority of our employees, we are able to offer a flexible working environment to enable a healthy work-life balance alongside a competitive benefits package for all.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

CHANGES TO PRINCIPAL RISKS

There have been two significant changes to the principal risks over the course of the last year, the disclosure of climate change as a separate principal risk (previously included in 'Regulatory') and the removal of specific references to Covid following full removal of Government restrictions.



KEY: PRINCIPAL RISKS

1.	Customer demand	Page 70
2.	Financing	Page 71
3.	Valuation	Page 71
4.	Acquisition pricing	Page 72
5.	Customer payment default	Page 73
6.	Cyber security	Page 73
7.	Resourcing	Page 74
8.	Third-party relationships	Page 75
9.	Regulatory	Page 75
10.	Climate change	Page 76

CUSTOMER DEMAND

1

Principal risk
Opportunities for growth could be missed without a clear branding strategy to meet the changing demands of flexible working models. Whilst the uncertainty from the Covid pandemic has significantly reduced there are other macroeconomic factors including the war in Ukraine, weak economic growth, current levels of inflation and interest rate rises that could also impact potential customers.

Risk impact
- Fall in occupancy levels at our properties
- Reduction in rent roll
- Reduction in property valuation

Mitigation
- Broad mix of buildings across London with different office experiences at various price points to match customer requirements
- Pipeline of refurbishment and redevelopments to further enhance the portfolio
- Weekly meeting to track enquiries, viewings and lettings to closely track customer trends and amend pricing as demand changes
- Centre staff maintain ongoing relationships with our customers to understand their requirements and implement change to meet their needs
- Business plans are stress tested to assess the sensitivity of forecasts to reduced levels of demand and implement contingency measures
- Marketing campaigns maintain awareness of Workspace's offer and content and messaging are regularly reviewed to remain relevant and appealing

Impact
Severe

Probability (post-mitigation)
Possible

Change from last year
No change, however, this may be impacted by other ongoing economic factors including the war in Ukraine, inflation and interest rate rises

Risk appetite
Medium

Link to strategy

Driving customer-led growth
Delivering operational excellence
Being sustainable

Relevant KPIs

Financial
1, 2, 5, 6, 8

Non-financial
1, 2, 3, 4, 5

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

FINANCING

2

Principal risk
There may be a reduction in the availability of long-term financing due to an economic recession, which may result in an inability to grow the business and impact Workspace's ability to deliver services to customers.

Risk impact
- Inability to fund business plans and invest in new opportunities
- Increased interest costs
- Negative reputational impact amongst lenders and in the investment community

Mitigation
- We regularly review funding requirements for business plans, and we have a wide range of options to fund our forthcoming plans. We also prepare a five-year business plan which is reviewed and updated annually. Further detail is provided in the Viability Statement on page 87
- We have a broad range of funding relationships in place and regularly review our refinancing strategy. We also maintain a specific interest rate profile via the use of fixed rates on our loan facilities so that our interest payment profile is stable
- Loan covenants are monitored and reported to the Board on a monthly basis and we undertake detailed cash flow monitoring and forecasting
- During the first six months of 2022/23 we refinanced the McKay RCF and Aviva loan providing further certainty over our funding position going forwards
- During the second half of the year we extended the maturity of the McKay RCF and the Group's existing RCF by a further year, providing the Group with adequate funds for future plans

Impact
Severe

Probability (post-mitigation)
Unlikely

Change from last year
No change

Risk appetite
Low

Link to strategy
Driving customer-led growth
Delivering operational excellence
Being sustainable

Relevant KPIs
Financial
2, 4, 9

VALUATION

3

Principal risk
Macroeconomic uncertainty, increasing costs or rising interest rates could have an impact on asset valuations, whereby property yields increase and valuations fall. This may result in a reduction in return on investment, project viability and negative impact on covenant testing.

Risk impact
- Financing covenants linked to loan to value ('LTV') ratio
- Impact on share price

Mitigation
- Market-related valuation risk is largely dependent on independent, external factors. We maintain a conservative LTV ratio which can withstand a severe decline in property values without covenant breaches
- We monitor changes in sentiment in the London real estate market, yields and pricing to track possible changes in valuation. CBRE, a leading full-service real estate services and investment organisation, provides twice yearly valuations of all our properties
- Typically our building or unit refurbishment projects are completed within short time frames, giving us good visibility on costs, expected rents and property values at completion. We continually assess the viability of our refurbishment and development projects for optimal timing and cost management opportunities, and have flexibility on when to commence development. Alternative use opportunities, including mixed-use developments, are actively pursued across the portfolio

Impact
High

Probability (post-mitigation)
Possible

Change from last year
No change, with the risk impact from inflation and interest rate rises remaining elevated

Risk appetite
Medium

Link to strategy
Driving customer-led growth
Delivering operational excellence
Being sustainable

Relevant KPIs
Financial
3, 5, 7, 8, 9

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Mirror Works, Stratford

ACQUISITION PRICING

4

Principal risk
Inadequate appraisal and due diligence of a new acquisition could lead to paying above market price leading to a negative impact on valuation and rental income targets.

Risk impact
- Negative impact on valuation
- Impact on overall shareholder return

Mitigation
- We have an acquisition strategy determining key criteria such as location, size and potential for growth. These criteria are based on the many years of knowledge and understanding of our market and customer demand
- A detailed appraisal is prepared for each acquisition and is presented to the Investment Committee for challenge and discussion prior to authorisation by the Board. The acquisition is then subject to thorough due diligence prior to completion, including capital expenditure and risks associated with ESG concerns
- Workspace will only make acquisitions that are expected to yield a minimum return and will not knowingly overpay for an asset
- For all corporate acquisitions, we undertake appropriate property, financial and tax due diligence including a review of ESG

Impact
High

Probability (post-mitigation)
Possible

Change from last year
No change

Risk appetite
Medium

Link to strategy
Driving customer-led growth
Delivering operational excellence
Being sustainable

Relevant KPIs
Financial
3, 7, 8, 9

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

CUSTOMER PAYMENT DEFAULT

5

Principal risk
There remains a risk of an economic downturn given the broader geopolitical climate, inflation and interest rate rises. This could result in pressure on rent collection figures with a prolonged period of companies failing, leading to a decline in occupancy and an increase in office vacancies.

Risk impact
- Negative cash flow and increasing interest costs
- Breach of financial covenants

Mitigation
- Rent collections have improved following removal of Government restrictions on rent collection introduced in response to Covid, however the economic environment remains challenging
- The risk continues to be mitigated by strong credit control processes and an experienced team of credit controllers, able to make quick decisions and negotiate with customers for payment. In addition, we hold a three-month deposit for the majority of customers
- Centre staff maintain relationships with customers and can identify early signs of potential issues

Impact
High

Probability (post-mitigation)
Possible

Change from last year
No change

Risk appetite
Low

Link to strategy
Driving customer-led growth
Delivering operational excellence
Being sustainable

Relevant KPIs
Financial
1, 2, 4, 8, 9

CYBER SECURITY

6

Principal risk
A cyber attack could lead to a loss of access to Workspace systems or a network disruption for a prolonged period of time. This could damage Workspace's reputation and inhibit our ability to run the business.

Risk impact
- Inability to process new leases and invoice customers
- Reputational damage
- Increased operational costs

Mitigation
- Cyber security risk is managed using a mitigation framework comprising network security, IT security policies and third-party risk assessments. Controls are regularly reviewed and updated and include technology such as next-generation firewalls, multi layered access control through to people solutions such as user awareness training and mock-phishing emails
- Assurance over the framework's performance is gained through an independent maturity assessment, penetration testing and network vulnerability testing, all performed annually

Impact
High

Probability (post-mitigation)
Possible

Change from last year
Probability increased due to the level and sophistication of cyber-attacks increasing

Risk appetite
Low

Link to strategy
Driving customer-led growth
Delivering operational excellence
Being sustainable

Relevant KPIs
Financial
2, 4, 8, 9

Non-financial
4, 5

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

RESOURCING

7

Principal risk
Ineffective succession planning, recruitment and people management could lead to limited resourcing levels and a shortage of suitably skilled individuals to be able to achieve Workspace objectives and grow the business. Inadequate resourcing may also result in management being spread too thinly and a decline in effectiveness.

Risk impact
- Increased costs from high staff turnover
- Delay in growth plans
- Reputational damage

Mitigation
- We have a robust recruitment process to attract new joiners and established interview and evaluation processes with a view to ensuring a good fit with the required skill set and our corporate culture
- Various incentive schemes align employee objectives with the strategic objectives of the Group to motivate employees to work in the best interests of the Group and its stakeholders. This is supported by a formal appraisal and review process for all employees
- Our HR and Support Services teams run a broad training and development programme designed to ensure employees are supported and encouraged to progress with learning and study opportunities

Impact
High

Probability (post-mitigation)
Low

Change from last year
No Change

Risk appetite
Medium

Link to strategy
Driving customer-led growth
Delivering operational excellence
Being sustainable

Relevant KPIs
Financial
1, 2, 4, 5, 6, 8, 9

Non-financial
1, 2, 3, 4, 5, 6

COMPANY VALUES

We have a strong internal culture which encourages independent thought and initiative which is articulated in our four key values:

Mirror Works, Stratford

Know your stuff

Show we care

Find a way

Make it fun

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

THIRD-PARTY RELATIONSHIPS

8

Principal risk
Poor performance from one of Workspace's key contractors or third-party partners could result in an interruption to or reduction in the quality of our service offering to customers or could lead to significant disruptions and delays in any refurbishment or redevelopment projects.

Risk impact
- Decline in customer confidence
- Increase project or operational costs
- Fall in customer demand
- Weaker cash flow
- Reputational damage

Mitigation
- Workspace has in place a robust tender and selection process for key contractors and partners. Contracts contain service level agreements which are monitored regularly and actions are taken in the case of underperformance
- For key services, Workspace maintains relationships with alternative providers so that other solutions would be available if the main contractor or third party was unable to continue providing their services. Processes are in place for identifying key suppliers and understanding any specific risks that require further mitigation
- Workspace is London Living Wage compliant for all service providers since April 2022

Impact
High

Probability (post-mitigation)
Low

Change from last year
No change

Risk appetite
Low

Link to strategy
Driving customer-led growth
Delivering operational excellence
Being sustainable

Relevant KPIs
Financial
1, 2, 4, 5, 6, 8, 9

Non-financial
2, 4, 5

REGULATORY

9

Principal risk
A failure to keep up to date and plan for changing regulations in key areas such as health and safety could lead to fines or reputational damage.

Risk impact
- Increased costs
- Reputational damage

Mitigation
- Health and safety are one of our primary concerns, with strong leadership promoting a culture of awareness throughout the business. We have well-developed policies and procedures in place to help ensure that any workers, employees or visitors on site comply with strict safety guidelines and we work with well-respected suppliers who share our high-quality standards in health and safety
- Health and safety management systems are reviewed and updated in line with changing regulations and regular audits are undertaken to identify any potential improvements
- Sustainability requirements have an increasing importance for the Group and it is a responsibility we take seriously. We have committed to a net zero Carbon target of 2030 and we are implementing the TCFD recommendations. We manage our properties to ensure they are compliant with or exceed the Minimum Energy Efficiency Standards (MEES) for EPCs

Impact
Medium

Probability (post-mitigation)
Low

Change from last year
No change

Risk appetite
Low

Link to strategy
Driving customer-led growth
Delivering operational excellence
Being sustainable

Relevant KPIs
Financial
2, 4, 9

Non-financial
4, 5

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

CLIMATE CHANGE

10

Principal risk
A failure to recognise that climate change presents a financial risk to our business alongside changes to our customers' expectations could lead to a significant impact on the business.

Risk impact
- Loss of rent roll
- Negative impact on value
- Reduced occupancy levels
- Reputational damage

Mitigation
The inherent risk from climate change is universal, with a high likelihood of risk materialising in the near future resulting in potentially significant impact on businesses in general. For Workspace, our risk is lower when compared to many other real estate businesses, in particular our exposure to physical risk. However, transition risk is an industry-wide risk and is impacting all real estate businesses due to the significant environmental impact associated with the sector. In response to this, Workspace has been proactively managing its risk exposure. Our mitigation strategy includes:
- Annual assessment of our climate risk exposure, using climate modelling to inform our risk management plan
- Ongoing review of control measures and their effectiveness by our Risk Management Group and Environmental Sustainability Committee
- Active management of acute physical risks such as floods and storms across the portfolio through emergency preparedness, site maintenance surveys and business continuity planning
- Delivery of an accelerated net zero and EPC upgrade plan across the portfolio to manage transition risk
- Introduction of climate objectives linked with remuneration, to incentivise focused action
- Long-term energy contracts in place to hedge price and availability risk
- Stretching carbon targets for our development projects to minimise reliance on raw materials and exposure to increasing offset costs

Impact
High

Probability (post-mitigation)
Possible

Change from last year
New Principal Risk

Risk appetite
Low

Link to strategy

Driving customer-led growth


Delivering operational excellence


Being sustainable

Relevant KPIs
Financial
2, 4, 5, 6, 8, 9
Non-financial
1, 2, 4, 5

BUSINESS REVIEW

£140.1m
TOTAL RENT ROLL

£60.7m
TRADING PROFIT AFTER INTEREST

£2.7bn
PROPERTY VALUATION

Brickfields, Hoxton

BUSINESS REVIEW CONTINUED

Customer activity
We have seen resilient demand over the year with an average of 109 lettings per month, despite the extreme hot weather over the summer and disruption caused by tube and rail strikes. Good activity levels have continued into the first quarter of 2023/24.

Alongside our new lettings, we have seen strong renewal activity in the year, with over 700 customers renewing at a retention rate of 88%.

	Monthly average			
	Q4 22/23	Q3 22/23	Q2 22/23	Q1 22/23
Enquiries	932	724	780	757
Viewings	589	479	495	508
Lettings	114	110	106	108


The Light Bulb, Wandsworth

Rent roll
Total rent roll, representing the total annualised net rental income at a given date, was up 6.5% to £140.1m at 31 March 2023.

Rent Roll	£m
At 31 March 2022[1]	131.6
Like-for-like portfolio	6.5
Completed projects	3.4
Projects underway and design stage	(1.2)
McKay – London	0.8
McKay – South East	0.1
McKay – Non-core	0.7
Disposals	(1.8)
At 31 March 2023	140.1

1. Adjusted for McKay portfolio acquired in May 2022.

The total Estimated Rental Value (ERV) of the portfolio, comprising the ERV of the like-for-like portfolio and those properties currently undergoing refurbishment or redevelopment (but only including properties at the design stage at their current rent roll and occupancy) was £194.6m at 31 March 2023.

Like-for-like portfolio
The like-for-like portfolio represents 70% of the total rent roll as at 31 March 2023. It comprises 38 properties with stabilised occupancy excluding recent acquisitions, buildings impacted by significant refurbishment or redevelopment activity or contracted for sale.

As occupancy levels have stabilised, we have been able to move pricing forward across our like-for-like portfolio with rent per sq. ft. increasing by 9.4% in the year to £40.61. Like-for-like occupancy was marginally down by 0.4% to 89.1% in the year, with an overall increase in like-for-like rent roll of 7.1% (£6.5m) to £97.7m.

We have seen ERV per sq. ft. increase by 13.6% in the year and if all the like-for-like properties were at 90% occupancy at the CBRE estimated rental values at 31 March 2023, the rent roll would be £116.7m, £19.0m higher than the actual rent roll at 31 March 2023.

Completed projects
There are ten projects in the completed projects category, with overall rent roll increasing by 36.5% (£3.4m) in the year to £12.8m, with rent per sq. ft. up 19.7% and occupancy up 10.3% to 80.2%.

If the buildings in this category were all at 90% occupancy at the ERVs at 31 March 2023, the rent roll would be £17.2m, an uplift of £4.4m.

	Six months ended		
Like-for-like	31 Mar 23	30 Sep 22	31 Mar 22
Occupancy	89.1%	89.6%	89.5%
Occupancy change	(0.5%)	0.1%	3.8%
Rent per sq. ft.	£40.61	£38.59	£37.12
Rent per sq. ft. change	5.2%	4.0%	2.8%
Rent roll	£97.7m	£94.5m	£91.2m
Rent roll change	3.4%	3.6%	6.4%

BUSINESS REVIEW CONTINUED


Biscuit Factory, Bermondsey (CGI)


9 Greyfriars Road, Reading

Projects underway – refurbishments
We are currently underway on three refurbishment projects that will deliver 210,000 sq. ft. of new and upgraded space. As at 31 March 2023, rent roll was £1.7m, down £0.4m in the year.

Assuming 90% occupancy at the ERVs at 31 March 2023, the rent roll at these three buildings once they are completed would be £7.8m, an uplift of £6.0m.

Projects at design stage
These are properties where we are planning a refurbishment or redevelopment that has not yet commenced. As at 31 March 2023 the rent roll at these properties was £5.8m.

McKay Securities
In May 2022, we completed the acquisition of the McKay portfolio. As at 31 March 2023 the rent roll at these properties was £22.0m, an underlying increase of £1.6m since acquisition. The integration is now complete with all operational activity utilising the Workspace platform.

As at 31 March 2023 the rent roll at the seven London assets was £8.2m, an increase of £0.8m since acquisition with occupancy at 72.6%. A number of these properties are being refurbished, including sub-division to adapt to the Workspace multi-let model. We have seen ERV per sq. ft. increase by 8% since acquisition and assuming 90% occupancy at the ERVs at 31 March 2023, the rent roll at these seven buildings, would be £11.6m, an uplift of £3.4m.

As at 31 March 2023 the rent roll of the South-East office and business park portfolio, comprising thirteen buildings, was £8.5m, an increase of £0.1m since acquisition with occupancy steady at 88.3%. Assuming 90% occupancy (or current occupancy if higher) at the ERVs at 31 March 2023 the rent roll would be £11.2m, an uplift of £2.7m.

We are progressing with the disposal of the nine non-core light industrial and logistics assets with the timing dependent on market conditions. Contracts have been exchanged for the sale of five of these properties in May 2023. Overall occupancy across these sites at 31 March 2023 was 87.7% with a rent roll of £5.2m, an increase of £0.7m since acquisition. Assuming 90% occupancy (or current occupancy if higher) at the ERVs at 31 March 2023, the rent roll at these buildings, would be £6.5m, an uplift of £1.7m.

Disposals
In July 2022 we completed the sale of a medical centre in Newbury, which had rent roll of £0.2m, from the McKay portfolio for £7.2m (£1.1m ahead of the March 2022 valuation).

In March 2023 we completed on the sale of the Riverside residential component in Wandsworth for £54m (in line with the September 2022 valuation) and expect to commence the construction of the new commercial buildings (comprising 153,000 sq. ft. of workshop and office space), at our cost, on a phased basis in the second half of 2023.

Profit performance
Trading profit after interest for the year was up 29.4% (£13.8m) on the prior year to £60.7m.

£m	31 Mar 2023	31 Mar 2022
Net rental income	116.6	86.7
Administrative expenses – underlying	(18.0)	(17.7)
Administrative expenses – acquisitions	(2.1)	–
Administrative expenses – share based costs[1]	(1.4)	(1.6)
Net finance costs	(34.4)	(20.5)
Trading profit after interest	60.7	46.9

1. These relate to both cash and equity settled costs.

Net rental income was up 34.5% (£29.9m) to £116.6m.

£m	31 Mar 2023	31 Mar 2022
Underlying rental income	110.7	97.9
Unrecovered service charge costs	(4.0)	(4.4)
Empty rates and other non-recoverable costs	(8.3)	(10.4)
Services, fees, commissions and sundry income	–	0.7
Underlying net rental income	98.4	83.8
Rent discounts and waivers	–	0.3
Expected credit losses	(1.1)	(1.5)
Acquisitions	18.5	1.2
Disposals	0.8	2.9
Net rental income	116.6	86.7

The £12.8m increase in underlying rental income to £110.7m reflects the strong increase in average rent per sq. ft. achieved over the last year.

With energy costs hedged until October 2024 and higher average occupancy levels compared to the prior period there was a decrease of £0.4m in unrecovered service charge costs.

Higher average occupancy has also contributed to a reduction in empty rates with non-recoverable costs decreasing by £2.1m to £8.3m. Net revenue from services, fees, commissions and sundry income decreased by £0.7m driven by the cost of our enhanced customer events programme.

Rent collection for the year has remained strong with 98% of rent collected to date with the charge for expected credit losses reducing to £1.1m in the year.

BUSINESS REVIEW CONTINUED

Growth in net rental income included a £18.5m contribution from recent acquisitions, primarily the McKay portfolio acquired in May 2022.

Underlying administrative expenses remained under tight control, increasing by £0.3m to £18.0m, which included inflationary pay rises of 3% but with higher increases in more junior roles Administrative expenses also included £2.1m in respect of the McKay business, with synergies realised ahead of original expectations. Share based costs decreased by £0.2m to £1.4m driven by lower vesting levels and assumptions.

Net finance costs increased by £13.9m to £34.4m in the year reflecting the increased level of debt following the McKay acquisition and the increase in SONIA during the period. The average net debt balance over the year was £281m higher than the prior year, whilst the average interest cost increased from 3.1% to 3.7%.

Loss before tax was £37.5m compared to a profit of £124.0m in the prior year.

£m	31 Mar 2023	31 Mar 2022
Trading profit after interest	60.7	46.9
Change in fair value of investment properties	(93.1)	68.7
(Loss)/gain on sale of investment properties	(0.7)	7.8
Exceptional costs	(4.3)	–
Other items	(0.1)	0.6
(Loss)/profit before tax	(37.5)	124.0
Adjusted underlying earnings per share	31.7p	25.8p

The change in fair value of investment properties, including assets held for sale, was £93.1m compared to an increase of £68.7m in the prior year.

The loss on sale of investment property of £0.7m resulted from costs associated with the disposal of the residential scheme at Riverside, Wandsworth and the profit on disposal of the medical centre at Newbury from the McKay portfolio.

Exceptional costs include one-off items relating to the acquisition and integration of McKay, including the cost of buying-out the McKay pension scheme, and implementation of a new finance and property management system.

Adjusted underlying earnings per share, based on EPRA earnings adjusted for non-trading items and calculated on a diluted share basis, was up 22.9% to 31.7p.

Dividend

Our dividend policy is based on trading profit after interest, taking into account our investment and acquisition plans and the distribution requirements that we have as a REIT, with our aim being to ensure the total dividend per share in each financial year is covered at least 1.2 times by adjusted underlying earnings per share.

With the strong improvement in trading performance and confidence in the longer term prospects of the Company, the Board is recommending a final dividend of 17.4p per share, taking the full year dividend to 25.8p (2022: 21.5p), to be paid on 4 August 2023 to shareholders on the register at 7 July 2023. The dividend will be paid as a REIT Property Income Distribution (PID) net of withholding tax where appropriate.

Clerkenwell Workshops, Clerkenwell

BUSINESS REVIEW CONTINUED

Property valuation

At 31 March 2023, our property portfolio was independently valued by CBRE at £2,741m, an underlying decrease of 3.2% (£91m) in the year. The main movements in the valuation are set out below:

	£m
Valuation at 31 March 2022	2,402
Capital expenditure	56
Acquisitions	434
Disposals	(60)
Revaluation – H1	8
Revaluation – H2	(99)
Valuation at 31 March 2023	2,741

There was an underlying revaluation decrease of 3.5% (£99m) in the second half of the year compared to an increase of 0.3% (£8m) in the first half. A summary of the full year valuation and revaluation movement by property type is set out below:

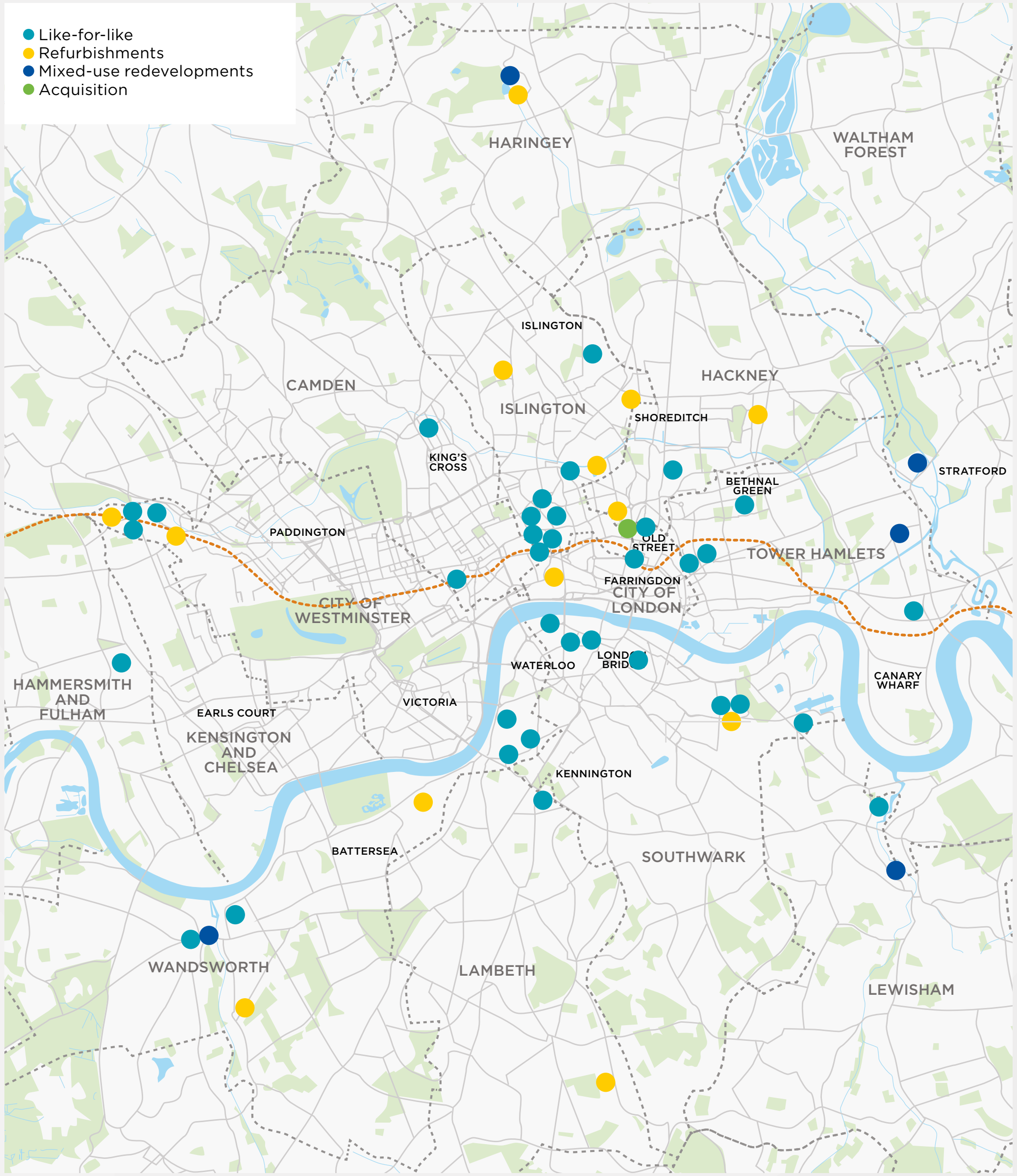
£m	Valuation 31 Mar 2023	Revaluation increase/(decrease) Full year	H2	H1
Like-for-like properties	1,887	(6)	(21)	15
Completed projects	265	12	12	–
Refurbishments	172	(25)	(14)	(11)
Redevelopments	33	(17)	(10)	(7)
McKay – London	154	1	(11)	12
McKay – South East	114	(13)	(21)	8
McKay – Non-core	116	(41)	(34)	(7)
Sold	–	(2)	–	(2)
Total	2,741	(91)	(99)	8

Like-for-like properties

There was a 0.3% (£6m) underlying decrease in the valuation of like-for-like properties to £1,887m. This was driven by a 13.6% increase in the ERV per sq. ft. (£216m) reflecting the pricing of recent lettings and renewals, offset by a 55bps outward shift in equivalent yield (£222m). This outward shift typically ranged from 25bps to 90bps depending upon location.

	31 Mar 2023	31 Mar 2022	Change
ERV per sq. ft.	£48.00	£42.23	13.6%
Rent per sq. ft.	£40.61	£37.12	9.4%
Equivalent Yield	6.2%	5.6%	0.6%[1]
Net Initial Yield	4.7%	4.2%	0.5%[1]
Capital Value per sq. ft.	£698	£679	2.8%

1. Absolute change.



BUSINESS REVIEW CONTINUED

A 5% increase in ERV would increase the valuation of like-for-like properties by approximately £94m whilst a 50bps increase in equivalent yield would decrease the valuation by approximately £140m.

Completed projects
There was an underlying increase of 4.7% (£12m) in the value of the ten completed projects to £265m. The overall valuation metrics for completed projects are set out below:

	31 Mar 2023
ERV per sq. ft.	£34.36
Rent per sq. ft.	£28.70
Equivalent Yield	6.5%
Net Initial Yield	4.3%
Capital Value per sq. ft.	£475

Current refurbishments and redevelopments
There was an underlying decrease of 12.7% (£25m) in the value of our current refurbishments to £172m and a reduction of 34.0% (£17m) in the value of our current redevelopments to £33m.

The most significant movements in this category are a decrease of £8.4m at our light industrial property Havelock Terrace, Battersea, reflecting the outward movement in industrial yields and a £8.1m decrease at Rainbow Industrial Park, Raynes Park, reflecting the outward movement in industrial yields and reduction in expected residential values.

McKay
We completed the acquisition of McKay Securities PLC on 6 May 2022 for a total consideration of £267.6m, comprising £191.1m in cash and 10.5m Workspace shares, and £9.4m transaction costs, representing a 14% discount to NTA acquired (after seller's transaction costs) of £310.5m.

There was an underlying decrease of 12.1% (£53m) in the valuation of the McKay portfolio, compared to the acquisition cost. A summary of the full year valuation and underlying movements for the McKay portfolio from acquisition is set out below:

£m	Valuation (£m)	Change (£m)	Equivalent Yield Movement	ERV Movement
London	154	1	+25bps	+8%
South East	114	(13)	+80bps	+5%
Non-core	116	(41)	+235bps	+6%
Total	384	(53)		

The valuation metrics for the McKay portfolio are set out below:

As at 31 March 2023	London	South East	Non-core
No. properties	7	13	10
ERV per sq. ft.	£44.36	£26.67	£10.13
Rent per sq. ft.	£38.80	£21.68	£10.59
Equivalent Yield	6.9%	9.1%	6.4%
Net Initial Yield	4.3%	6.8%	4.3%
Capital Value per sq. ft.	£528	£257	£176

Refurbishment activity
A summary of the status of the refurbishment pipeline at 31 March 2023 is set out below:

Our adaptive re-use of existing buildings for refurbishments delivers up to 70% reduction in embodied carbon compared to new build schemes.

We are on-site at Leroy House, Islington where we are delivering a refurbished and extended 58,000 sq. ft. business centre which we expect to complete in spring 2024. We have recently commenced major upgrades and extensions at The Chocolate Factory, Wood Green and at The Biscuit Factory, Bermondsey.

Projects	Number	Capex spent	Capex to spend	Upgraded and new space (sq. ft.)
Underway	3	£14m	£56m	210,000
Design stage	7	–	£251m	438,000
Design stage (without planning)	7	–	£382m	577,000


Chocolate Factory, Wood Green (CGI)


Leroy House, Islington

BUSINESS REVIEW CONTINUED

Redevelopment activity
Many of our properties are in areas where there is strong demand for mixed-use redevelopment. Our model is to use our expertise, knowledge and local relationships to obtain a mixed-use planning consent and then typically to agree terms with a residential developer to undertake the redevelopment and construction at no cost and limited risk to Workspace. We receive back a combination of cash, new commercial space and overage in return for the sale of the residential scheme to the developer.

A summary of the status of the redevelopment pipeline at 31 March 2023 is set out below:

	No. of properties	Residential units	New commercial space (sq. ft.)
Design stage	3	539	77,000

The three schemes at design stage at The Chocolate Factory, Wood Green, Poplar and Rainbow, Raynes Park all have planning consent.

Sustainability
We have an inherently green property portfolio with energy intensity already 19% lower than the industry best practice standard. Further improving the energy efficiency of our buildings is key in helping us to achieve our target of being a net zero carbon business by 2030. The Workspace portfolio is currently 43% EPC A and B rated, an increase of 12% in the year, and we are on track to upgrade the remainder of our portfolio to these categories by 2030. We are also targeting a reduction in Scope 1 gas emissions by a minimum of 5% each year, whilst continuing to procure 100% renewable electricity (REGO backed). In the year we also achieved a 5% reduction in operational energy intensity and a 27% reduction in gas use.


Poplar Business Centre, Poplar (CGI)

Cash Flow
The Group generates strong operating cash in line with trading profit. A summary of cash flows are set out below:

There is a reconciliation of net debt in note 16(b) to the financial statements.

The overall increase of £344m in net debt reflects the acquisition of McKay in May 2022 for cash consideration of £201m (including fees) and net debt acquired of £162m.

Rent collection remains robust with 98% of rent due for the year collected to date. The majority of the amounts still outstanding are covered by rent deposits or by the provision for doubtful debts.

£m	31 Mar 2023	31 Mar 2022
Net cash from operations after interest[1]	70	58
Dividends paid	(44)	(43)
Capital expenditure	(60)	(31)
Purchase of investment properties	(201)	(88)
Net debt acquired	(162)	–
Property disposals and cash receipts	49	122
Other	4	(11)
Net movement	(344)	7
Opening debt (net of cash)	(558)	(565)
Closing debt (net of cash)	**(902)**	**(558)**

1. Excludes £8.8m of VAT receipts relating to sale of Riverside included in 'Other'.


The Frames, Shoreditch

BUSINESS REVIEW CONTINUED

Net assets

Net assets decreased in the year by £13m to £1,787m. EPRA net tangible assets (NTA) per share at 31 March 2023 was down 6.2% (£0.61) to £9.27:

	EPRA NTA per share £
At 31 March 2022	9.88
Adjusted trading profit after interest	0.31
Exceptional costs	(0.02)
Property valuation deficit	(0.48)
Share issue	(0.19)
Dividends paid	(0.23)
At 31 March 2023	9.27

The calculation of EPRA NTA per share is set out in note 9 of the financial statements.

Total Accounting Return

The total accounting return for the full year was (3.8)% compared to 8.0% in the year ended March 2022. The total accounting return comprises the growth in absolute EPRA net tangible assets per share plus dividends paid in the year as a percentage of the opening EPRA net tangible assets per share. The calculation of total accounting return is set out in note 9 of the financial statements.

The Chocolate Factory, Wood Green

Financing

As at 31 March 2023, the Group had £12m of available cash and £136m of undrawn facilities:

	Drawn amount £m	Facility £m	Maturity
Private Placement Notes	300.0	300.0	2025-2029
Green Bond	300.0	300.0	2028
Secured loan	65.0	65.0	2030
Bank facilities	249.0	385.0	2023-2025
Total	914.0	1,050.0	

The majority of the Group's debt comprises long-term fixed-rate committed facilities comprising a £300m green bond, £300m of private placement notes, and a £65m secured loan facility.

Shorter term liquidity and flexibility is provided by floating-rate bank facilities totalling £385m which were £249m drawn as at 31 March 2023. The bank facilities comprise £335m of sustainability-linked Revolving Credit Facilities (RCFs) and a £50m acquisition facility put in place for the acquisition of McKay. During the year, our RCF bank facility maturities were extended, with £135m now maturing in April 2025 and £200m in December 2025, with both facilities having the potential to extend by a further year. The £200m RCF also has the option to increase the facility amount by up to £100m, subject to lender consent.

All facilities, other than the Secured loan, are provided on an unsecured basis with an average drawn debt maturity of 4.1 years (31 March 2022: 4.2 years).

At 31 March 2023, the effective interest rate was 4.0% based on SONIA at 4.2%, with 73% of the net debt (£665m) at fixed rates. The average interest cost of our fixed rate borrowings was 2.9% and our floating-rate bank facilities had an average margin of 1.78% over SONIA. A 1% increase in SONIA would increase the effective interest rate by 0.3% (at current debt levels).

At 31 March 2023, loan to value (LTV) was 33% (31 March 2022: 23%) and interest cover, based on net rental income and interest paid over the last 12 month period, was 3.8 times (31 March 2022: 4.8 times), providing good headroom on all facility covenants.

BUSINESS REVIEW CONTINUED


Barley Mow, Chiswick

Financial outlook for 2023/24

Over the last year we have seen stable like-for-like occupancy and continued rental growth driven by good levels of customer demand. Rental income in 2023/24 will be underpinned by the 7.1% growth in like-for-like rent roll we have seen over the last year. We continue to see good demand and expect to see further pricing growth. Rental income growth will also be supported by the letting up of recently completed projects and the letting up of refurbished and vacant space in the McKay portfolio.

The current high levels of inflation will impact on both our service charge and administrative costs. In relation to service charge costs, where the majority of the cost is passed on to our customers, we have been able to limit the impact on customers by the hedging of our energy costs in October 2021. Staff costs are the most significant driver of our administrative expenses and, whilst we have limited inflationary salary increases to 6% for staff earning more than £50,000, we have given higher increases for those on lower salary levels.

The proceeds from the recently announced exchange for sale of five McKay non-core assets for £82m will be used to repay our short-term floating rate debt which currently has an effective interest rate of 6%. The disposal will result in a reduction in rent roll of £3.6m, a reduction in net debt of £82m and a net reduction of around £5m per annum in interest costs. On a proforma basis this sale reduces LTV by 2% to 31%, increases the percentage of fixed-rate debt to 80% and reduces our average cost of debt to 3.8% and extends the average maturity of drawn debt to 4.4 years. We are progressing with the sale of the remaining non-core assets valued at £34m as at 31 March 2023.

We expect capital expenditure of around £60m over the next year as we progress with a range of planned asset management projects, including the refurbishments of Leroy House, The Chocolate Factory and The Biscuit Factory. This investment incorporates the spend of some £10m per annum to meet our 2030 environmental commitments.

BUSINESS REVIEW CONTINUED

Property statistics

	Half Year ended 31 Mar 2023	30 Sep 2022	31 Mar 2022	30 Sep 2021
Workspace portfolio				
Property valuation	£2,741m	£2,863m	£2,402m	£2,271m
Number of locations	86	87	57	58
Lettable floorspace (million sq. ft.)	5.2	5.4	4.0	3.9
Number of lettable units	4,910	4,901	4,482	4,234
Rent roll of occupied units	£140.1m	£134.7m	£111.0m	£102.1m
Average rent per sq. ft.	£32.86	£30.03	£33.26	£32.28
Overall occupancy	81.5%	84.0%	84.3%	81.2%
Like-for-like number of properties	38	38	39	39
Like-for-like lettable floor space (million sq. ft.)	2.7	2.7	2.8	2.9
Like-for-like rent roll growth	3.4%	3.6%	6.4%	2.1%
Like-for-like rent per sq. ft. growth	5.2%	4.0%	2.5%	(2.1%)
Like-for-like occupancy movement	(0.5%)	0.1%	4.0%	3.7%

1. The like-for-like category has been restated in the current financial year for the following:
   – The transfer out of Riverside to the sold category.
2. Like-for-like statistics for prior years are not restated for the changes made to the like-for-like property portfolio in the current financial year.
3. Overall rent per sq. ft. and occupancy statistics includes the lettable area at like-for-like properties and all refurbishment and redevelopment projects, including those projects recently completed and also properties where we are in the process of obtaining vacant possession.

The Strategic Report on pages 1 to 105 was approved by the Board of Directors on 6 June 2023 and signed on its behalf by:

Graham Clemett
Chief Executive Officer

Dave Benson
Chief Financial Officer


Brickfields, Hoxton

COMPLIANCE STATEMENTS

GOING CONCERN

The Group's activities, strategy and performance are explained in the Strategic Report on pages 1 to 105.

Further detail on the financial performance and financial position of the Group is provided in the financial statements on pages 224 to 250.

The Directors have conducted an extensive review of the appropriateness of adopting the going concern basis. More details can be found on page 227. Following this review and having made appropriate enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources and sufficient headroom on the Group's bank loan facilities to continue in operational existence. For this reason, the Directors believe that it is appropriate to continue to adopt the Going Concern basis in preparing the Group's accounts.

VIABILITY STATEMENT

Assessment of prospects
The Group assesses its prospects primarily through the annual Strategic Review process which involves a debate of the Group's strategy and business model, consideration of the Group's principal risks and a review of the Group's five-year plan. Particular attention is given to existing refurbishment and redevelopment commitments, long-term financing arrangements, compliance with financing and REIT covenants and existing macroeconomic factors.

The most recent strategy day was held in October 2022 and the Board reviewed the business plan for the five years to 31 March 2027.

Macroeconomic and political issues, including the war in Ukraine, high levels of inflation and increased interest rates continue to give rise to concerns around the UK economy meaning there is continuing risk of an economic downturn. Consideration has been given to a number of downside scenarios covering the period to 31 March 2028.

The scenarios modelled include a severe but realistically possible downside scenario based on the following key assumptions:

- A stalling of the UK economy, with low levels of GDP growth and inflationary pressure, resulting in a reduction in customer demand over the next two years, compared to current levels
- Like-for-like occupancy reduces by c.5% to 85% over the next two years, with associated increase in void costs and downward pressure on pricing of new lettings, and thereafter a gradual recovery to c.90% by 31 March 2028
- New lettings at below the average price per sq. ft. of vacating customers resulting in an overall reduction in average rent per sq. ft. until like-for-like occupancy levels return to c.90%
- Elevated levels of counterparty risk, with bad debt significantly higher than pre-pandemic levels
- Continued elevated levels of cost inflation
- Further increases in SONIA rates impacting the cost of variable rate borrowings
- Estimated rental value reduction in-line with the decline in average rent per sq. ft. and outward movement in investment yields resulting in a lower property valuation

The Group's activities, strategy and performance are explained in the Strategic Report on pages 1 to 105, including a description of the Group's strategy and business model on pages 32 to 35 and 64 to 68.

Assessment of time period
The Board has selected a review period of five years for the following reasons:

a) The Group's strategic review covers a five-year period.
b) Our current project pipeline spans five years, covering the time for the currently planned major refurbishments and redevelopments to progress from initiation to completion.
c) The average period to maturity of the Group's committed facilities is 4.1 years.

Although financial performance is assessed over a period of five years, the strategy and business model are considered with the longer-term success of the Group in mind. The Directors believe they have no reason to expect a significant adverse change in the Group's viability immediately following the end of the five-year assessment period.

Assessment of viability
The Board has considered the key risks and mitigating factors that could impact the Group, details of which can be found on pages 69 to 76. Those risks that could have an impact on the ongoing success of the Group's strategy, particularly in light of the current geopolitical situation, were identified and the resilience of the Group to the impact of these risks in severe, yet plausible downside scenarios has been evaluated.

Sensitivity analyses have been prepared to understand the impact of the identified risks on solvency and liquidity. The specific risks which were evaluated are shown in the following table.

COMPLIANCE STATEMENTS CONTINUED

RISK SENSITIVITY ANALYSES

Specific risk	Risk category	Sensitivity analysis
Demand for space falls dramatically impacting occupancy and pricing levels, or customer defaults increase leading to a breach of loan covenants.	– Customer demand – Valuation	At the point in the severe scenario modelled where ICR is at its lowest, net rental income would need to reduce by 36% compared to the year to 31 March 2023. This represents a 30% reduction from the net rental income included in the severe scenario modelled.
Property values are adversely impacted by the uncertainty in the economy leading to a breach of covenants.	– Valuation	At the point in the severe scenario modelled that LTV is at its highest, the property valuation would need to fall by 42% compared to the valuation as at 31 March 2023.
Changes in the economic UK environment result in further increases in SONIA rates.	– Financing	At the point in the severe scenario modelled where ICR is at its lowest, SONIA rates would need to increase by 760bps compared to 31 March 2023.
Changes in the economic and regulatory UK environment impact the availability and pricing of debt.	– Financing	£885m of the Group's debt facilities expire within the viability period – see note 16 of the Financial Statements. Under the scenario modelled, the Group would need to either refinance these facilities when they expire or implement other mitigating strategies to ensure full repayment.

Risk sensitivity analyses
The Group benefits from a largely freehold property portfolio and a flexible business model that allows the business to adapt to changing requirements of its customer base. This, coupled with a strong balance sheet, means the Group can withstand a significant downturn in the economy and demand.

In the scenarios tested, the most significant impact on the viability of the Group would be to liquidity headroom resulting from an inability to refinance both existing debt facilities. To mitigate this risk, the Group regularly reviews funding requirements and maintains a close relationship with existing and potential funding partners to facilitate the continuing availability of debt finance.

The maturity of debt facilities is spread over a number of years to avoid a concentration of risk in one period and gearing is relatively low with LTV of 33% as at 31 March 2023.

There are a number of mitigating factors that were not considered in the scenarios tested but which could be actioned:
- Additional asset disposals
- Cancellation or significant reduction in dividend
- Reduction in refurbishment programme

Conclusion
The sensitivity and stress analyses outlined above indicate that the Group would have adequate means to maintain headroom in its facilities and covenants to continue operations for the period under review. Taking into account the Group's position and principal risks, the Board has assessed the prospects of the Group and has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period stated above.

COMPLIANCE STATEMENTS CONTINUED

Non-financial information statement

The table below, and the information it refers to, sets out our position on non-financial reporting requirements in accordance with Sections 414CA and 414CB of the Companies Act 2006 as well as other key compliance areas. The time periods for reporting on the matters set out below have been informed by applicable law and prevailing market practice, taking into account the Group's particular circumstances and the nature of its business. The description of our business model can be found on pages 64 to 68 and the description of our non-financial key performance indicators can be found on pages 62 to 63.

	Policies and due diligence	Outcomes of policies and impacts of activities	Related principal risks (Pages 69 to 76)
Climate and environmental matters	– Our Sustainability strategy sets out our commitment to operating responsibly in all our dealings with our stakeholders. This is supported by an Environmental Policy and a Climate Change Policy which sets out our objectives and our commitment to a co-ordinated approach to improving the overall environmental performance of our portfolio – Our net zero carbon pathway sets out our roadmap to becoming a net zero carbon business by 2030 and our sustainable development brief sets minimum requirements for our development and refurbishment projects on energy, carbon, waste, water, materials, nature and wellbeing – We disclose our climate-related risks and opportunities, targets and KPIs and management processes in line with the TCFD recommendations	– Our climate and environmental policies inform all our sustainability activities. See our Sustainability report on pages 36 to 58 for details of our commitment to environmental matters, including our net zero carbon pathway – See our ESG Committee Report on pages 172 to 177 for further details on our policies and how they support the implementation of our ESG strategies – Our TCFD disclosure can be found on pages 92 to 105 – Our green finance framework, along with the allocation report, is on our website	Risk 10 – Climate change
Social matters	– Our Sustainability strategy sets out our approach to supporting our employees, customers and suppliers – Our social impact programme demonstrates our commitment to supporting communities in need across London – We pay our direct employees the London Living Wage and in April 2022 we also brought all third-party contractors onto the Living Wage	– See pages 50 to 58 for details on how we are focusing on social matters, including our real Living Wage commitment, our social impact programme and the community and charity projects we have supported during the year	Social matters are not deemed to be a principal risk for the Group; however, we are continuing to focus on social matters through our Sustainability strategy (see pages 50 to 58 for more details)
Employees	– Our Code of Conduct, approved by the Board, sets out the standards of behaviour expected of Group employees and stakeholders on behalf of the Board and demonstrates the Group's commitment to maintaining the highest standard of ethical conduct and behaviour in our business practice – We are committed to diversity and inclusion at all levels of our business. See pages 22, 52 and 149 for more details on our Equal Opportunities and Dignity at Work Policy – The Group's Health & Safety Committee meets twice per year. The Board receives regular reports and reviews our health and safety processes at least annually, and the Executive Committee receives monthly reports. See page 90 for more details on our health and safety policies and procedures – In July 2021, we introduced a Hybrid Working Policy in recognition of the importance of work-life balance	– See pages 21 and 50 to 53 for details of how we looked after our employees during the year, including how we listened to them during the year, our health and wellbeing initiatives, our diversity and inclusion initiatives and our training and development initiatives – Employees receive induction training and regular reminders on the Code of Conduct	Risk 7 – Resourcing

COMPLIANCE STATEMENTS CONTINUED
NON-FINANCIAL INFORMATION STATEMENT CONTINUED

	Policies and due diligence	Outcomes of policies and impacts of activities	Related principal risks (Pages 69 to 76)
Health & safety	– Our Health & Safety Policy lays out our commitment to the health and safety of our employees, customers, visitors and others who may be affected by our activities and to fully comply with all health and safety legislation applicable to our business, by implementing HSG65 – All our site staff and facilities managers, as well as some key head office personnel, use a compliance monitoring tool which is a proven software system that enables us to monitor statutory compliance and routine maintenance across the entire portfolio – We train our employees so that they are competent and confident to carry out their jobs in a safe and professional manner. Each new starter is given in-house induction training targeted to the health and safety responsibilities they will hold, with ongoing training provided via toolbox talks and regular formal meetings with managers – We undertake a series of formal internal health and safety audits every year to review our controls and to ensure they are suitable and sufficient to manage risk in the business. Evaluations of the results from these audits are used to facilitate individual site safety improvements and to identify areas where we can enhance our safety procedures across the portfolio – We closely manage our contractors' activities and the associated risks to the health and safety of customers and visitors, particularly where building works are being carried out in close proximity to common parts and customer-occupied areas	– Our Health & Safety Policy was formally reviewed by our Health & Safety Committee twice in the year to ensure it remains appropriate and up-to-date – We have carried out a substantial amount of health and safety training, including, IOSH Managing Safely, NEBOSH Certificate and specific training around asbestos, water hygiene, fire safety and the Construction Design and Management Regulations – For the seventh consecutive year, there have been no contractor-related accidents or incidents that have affected our customers – We monitored and reviewed our health and safety systems to promote continued compliance with HSE standards and best practice	Risk 9 – Regulatory
Human rights and modern slavery	– Our Anti-Slavery Policy reflects our commitment to upholding human rights and eliminating all forms of forced, slave, bonded or involuntary labour both within our business and our supply chain. All new employees are given training on our Anti-Slavery Policy during inductions and our Employee Code of Conduct reinforces the message that we expect all of our staff to work with us to uphold our commitment to preventing modern slavery in our business and supply chains – We publish a Supplier Code of Conduct on our website, which sets out our expectations of our suppliers, including in respect of modern slavery and human rights. As part of our due diligence process, all new suppliers are expected to read and to abide by the Supplier Code of Conduct – We care about, respect and support internationally proclaimed human rights. We consider the risk of modern slavery and human trafficking to be very low in our business, however, we regularly monitor and review our risk profile and emerging regulatory guidance and we will take any necessary actions to improve and to strengthen our practices – Our modern slavery statement is approved by the Board and published on our website annually and it is available at https://www.workspace.co.uk/investors/sustainability/our-policies. Our modern slavery statement sets out the steps the Group has taken and is taking to help prevent slavery and human trafficking in our business and supply chains	– We take a zero-tolerance approach to modern slavery and other breaches of fundamental human rights – All staff onboarding suppliers are aware of the requirement for suppliers to abide by the Supplier Code of Conduct – During the year we completed a modern slavery audit of our cleaning contractor. For more details, see page 51 – No incidences of human rights abuse or modern slavery have been identified (2022: Nil)	Risk 7 – Resourcing Risk 9 – Regulatory

COMPLIANCE STATEMENTS CONTINUED
NON-FINANCIAL INFORMATION STATEMENT CONTINUED

	Policies and due diligence	Outcomes of policies and impacts of activities	Related principal risks (Pages 69 to 76)
Anti-bribery and corruption	– Our Anti-Bribery and Corruption Policy, which is reviewed by the Audit Committee annually, sets out the responsibilities and expectations of our employees for the prevention, detection and reporting of bribery and other forms of corruption. The Policy also contains our Gifts and Hospitality Policy, which requires employees to seek approval whenever offered or offering a gift or hospitality valued over £20 (whether they are accepted or refused) – We make suppliers aware of our zero-tolerance approach to bribery and we undertake due diligence on suppliers to confirm that they are committed to the prevention of bribery and corruption – Our Code of Conduct further reinforces these messages	– It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and we are committed to implementing and to enforcing effective systems to counter bribery – All staff receive training on the Anti-Bribery and Corruption Policy, including the Gifts and Hospitality Policy, as part of their induction and thereafter with annual refresher training – No incidences of bribery or corruption have been identified (2022: Nil)	Risk 9 – Regulatory
Political and charitable donations	– Our policy is not to make any political donations. We only make charitable donations that are legal and ethical. Any charitable donations are made with the prior approval of the Company Secretary	– The Group did not make any political donations or incur any political expenditure during the year (2022: Nil)	Risk 9 – Regulatory
Data privacy	– We take our obligations under the retained EU law version of the General Data Protection Regulation (UK GDPR), the Data Protection Act 2018 and other applicable data privacy legislation very seriously. We monitor guidance and practice in this area and continue to embed data privacy into the heart of the business – We have a Data Protection Policy, as well as ancillary policies in specific areas (including security, data breaches, subject rights, appointment of data processors and data privacy impact assessments). We continue to monitor compliance with our policies and procedures and to review and update them where appropriate to reflect developing guidance and practice	– The Board continues to place high value on data privacy, and privacy is embedded throughout the organisation. Regular reports are provided to the Executive Committee and the Board – Staff are aware of their duties in relation to data privacy. Mandatory data protection training is provided to all staff at induction and on an annual basis. We also provide more tailored, role-specific training to staff where appropriate – Data privacy is a key consideration whenever new projects are contemplated or changes to existing arrangements are proposed	Risk 9 – Regulatory
Conflicts of interest	– In accordance with HR policies and the Code of Conduct, employees are required to notify the Company of any conflicts of interest. The Board is also subject to these policies and is regularly reminded of their duty to notify us of any interest in an existing or proposed transaction with the Group – All conflicts are recorded on a central register and we have procedures in place for managing conflicts of interest	– Should a Director become aware that they, or their connected parties, have an interest in an existing or proposed transaction with the Group, they are required to notify the Board in writing or verbally at the next Board meeting – During the year, no Director had any beneficial interest in any contract significant to the Group's business, other than a contract of employment (2022: Nil)	Risk 9 – Regulatory
Whistleblowing	– We have a Whistleblowing Policy which provides employees with information on how they can report, anonymously if they wish, any concerns about impropriety or wrongdoing within the business – Employees have access to an independent telephone line for anonymous reporting of concerns – The Whistleblowing Policy is reviewed annually, and the Board receives updates from the Company Secretary on the operation of the whistleblowing system	– During the year under review, we did not receive any whistleblowing messages (2022: Nil)	Risk 7 – Resourcing Risk 9 – Regulatory

COMPLIANCE STATEMENTS CONTINUED

TCFD

Workspace considers climate change as a principal risk and a material issue. In line with the 'Task Force on Climate-related Financial Disclosures' (TCFD) recommendations, since 2019 Workspace has provided information to stakeholders on its climate-related risks and opportunities, in turn helping them to make informed decisions.

This year we have re-assessed our material climate risks and opportunities, and their potential impact using a number of climate change scenarios. This assessment has provided us with an in-depth view of the levels of risks across the portfolio and helped us test the resilience of our strategy. We also have a more robust understanding of the opportunities to Workspace, arising from the transition to a low carbon economy. We have used the findings of this assessment to update our approach to risk management, implement a strategy to mitigate material risks and maximise the opportunity. Aligned to this is our 2030 net zero carbon commitment, which ensures we are closely managing our transition risks and building resilience within the business.

The following section includes our comprehensive TCFD disclosures, including details on climate change scenarios and how they may affect our business in the short and long term. As required by the Listing Rules (LR 9.8.6R), we confirm that this report is consistent with all of the TCFD recommendations and recommended disclosures (four TCFD recommendations and 11 recommended disclosures).

TCFD pillar and recommendation	Recommended disclosures	Compliance status	Progress to date	2023/24 objectives
1. Governance Disclose the organisation's governance around climate-related risks and opportunities	– Describe the Board oversight of climate-related risks and opportunities	✓ Achieved	– Board ESG Committee established to oversee climate-related risks, opportunities and goals – Executive ownership of climate-related objectives, with performance linked to their remuneration	– Board ESG Committee to continue monitoring climate-related risks and opportunities – Stretching carbon related goals to be included in everyone's objectives, including senior management and linked to remuneration
	– Describe management's role in assessing and managing climate-related risks and opportunities	✓ Achieved		
2. Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material	– Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	✓ Achieved	– In-depth assessment of climate-related risks and opportunities undertaken against 4°C and 1.5°C global temperature rise scenarios (page 95) Disclosure on potential impact and resilience of strategy on page 96	– Analysis on exposure to climate risk and resilience of business strategy to be re-assessed annually taking into account any new changes in drivers
	– Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	✓ Achieved		
	– Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	✓ Achieved		
3. Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks	– Describe the organisation's processes for identifying and assessing climate-related risks	✓ Achieved	– Risks identified using climate models, academic research and expert advise – Based on probability and impact scale, risk level assessed as low, moderate or high. – Utilising enterprise risk management framework to capture, document and manage risks	– Climate risk is identified as a principal risk and will continue to be assessed as part of the overall risk management framework, including periodic review of effectiveness of controls
	– Describe the organisation's processes for managing climate-related risks	✓ Achieved		
	– Describe processes for identifying, assessing, and managing climate-related risks and integrating them into the organisation's overall risk management	✓ Achieved		
4. Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	– Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	✓ Achieved	– Annual publication of energy consumption, renewable energy generation and procurement, carbon emissions (from fuels, waste, water), recycling rates, EPC split, voluntary green certifications, energy efficiency projects, portfolio flood exposure	– Key metrics will be tracked on a monthly basis and presented to Board – Science-based carbon emissions reduction targets to be updated to reflect newly on-boarded properties
	– Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	✓ Achieved		
	– Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	✓ Achieved		

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

GOVERNANCE

1

The role of the Board
Our Chief Executive Officer has the highest level of responsibility for climate-related risks and opportunities and together with the rest of the Workspace Board, ensures we maintain close oversight of climate-related issues.

An ESG Committee comprising of six independent Non-Executive Directors, the Chief Executive Officer and the Chief Financial Officer is set up to assist the Board in incorporating climate-related considerations in business strategy and decision making. Ultimately, ensuring the long-term sustainable success of the business. The ESG Committee receives a detailed update on our sustainability and climate-related goals three times a year, from members of the Executive Committee and the Head of Sustainability. The update from the Committee and any associated recommendations are then put forward to the Board for consideration.

During the year, the Board received updates from the ESG Committee three times and considered the following climate-related issues: alignment of McKay properties with the 2030 net zero target, assessment of revised budget to deliver on the commitment, compliance with changes to Minimum Energy Efficiency Standard (MEES) and effectiveness of our climate-related policies. See page 172 for further details of climate-related topics considered by the Board and its Committees (including Audit and Remuneration Committees). The Board also received a technical briefing on three topics as part of the ongoing upskilling drive, including climate risk assessment, renewable procurement and evolving sustainability reporting requirements.

Following detailed deliberation, the Board made a decision to elevate climate risk as a principal business risk and reviewed the mitigation strategy and effectiveness of controls as part of the principal risk register review. This information is provided to the Board and the Executive Committee via the Risk Management Group, comprising of senior members from different parts of the business. The Risk Management Group meets monthly and is responsible for monitoring and implementing risk management activities, including climate risk.

We have also linked sustainability and climate-related performance measures to the Executive Directors' remuneration, accounting for 24% of their bonus weighting. These targets are also incorporated into wider team objectives. The Board received a monthly report tracking progress against these goals. See page 204 for further details.

Management responsibility
The Head of Portfolio Management is the Executive owner of our climate strategy. He is supported by the Head of Sustainability and members of the Sustainability Committee in the day-to-day management and delivery of climate-related initiatives. The Sustainability Committee is made up of cross-functional members who head up various business departments, such as development, asset management, facilities management, investment and support functions. The Committee includes a number of other Executive Committee members, which ensures senior level ownership and oversight of implementation plans and also streamlines communication to the wider Executive team and the Board. The Sustainability Committee meets monthly and is responsible for setting and operationalising our climate-related objectives, and hence is well positioned to manage, report, communicate and inform our approach on climate-related issues.

STRATEGY

2

Climate change risk and opportunity
As a responsible business, we consider climate-related risks and opportunities across our portfolio and business wide activities. We have identified the physical and transition risks arising from climate change and are committed to actively managing these risks. Due to the nature of our business model, Workspace is also in a position to capture several opportunities arising from the transition to a low carbon economy.

We have worked with Willis Tower Watson (WTW) to identify and assess the impact of climate-related risks through quantitative and qualitative scenario analysis, considering short-term (to 2025), medium-term (2025–2030) and long-term (to 2050 and beyond) time horizons. This short-term and medium-term time horizons align with our portfolio strategy and financial planning. Our portfolio strategy categorises projects that are live and will be completed in the short term (1-2 years) and a medium-term development pipeline that extends out to 2030. We accordingly do our budgeting for short and medium term. We are also working on a rapid decarbonisation of the business over the medium term, as reflected in our 2030 net zero target. Anything longer than 2030 is considered long term given the regulatory and market uncertainty involved. The assessment we have conducted is based on two pre-defined climate scenarios – a 4°C global temperature rise scenario in line with the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP 8.5) and a 1.5°C global temperature rise scenario in line with RCP 2.6.

The 4°C warming scenario assumes that the markets, governments and society will continue business as usual with increasing adoption of energy and resource intensive lifestyles and abundant exploitation of fossil fuels. There will be limited action taken to mitigate climate change in this scenario and hence as a result in the period after 2030, the physical effects of climate change will begin to intensify rapidly.

The 1.5°C warming scenario assumes proactive and sustained action to reduce carbon emissions over the next 30 years to build a low-carbon economy, in the form of stringent Government policies on stricter energy efficiency building codes and carbon taxes. There will also likely be significant public and private sector investment in low emissions technologies to help the global economy achieve net zero goals by 2050. Overall, this scenario would result in higher transition risk in the short and medium term. Given the warming over pre-industrial levels is going to be limited, the extent of physical risk will only be slightly higher than it is today.

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

Our assessment considered all plausible climate-related risks and opportunities that are applicable for real estate businesses. These are identified in the table below. The impact of physical risks is mainly in the form of direct damage to property, business interruption or supply chain disruption. Impact of transition risks is mainly in the form of increased cost of business, property obsolescence or failure to meet customer expectations.

RISKS RELATED TO THE PHYSICAL IMPACTS OF CLIMATE

Acute Climate Risks	Chronic Climate Risks
Winter storm	Heat stress
Tornado	Precipitation
River flood	Drought
Flash flood	Fire weather
Coastal flood	Sea level rise
Hailstorm	
Lightning	

RISKS AND OPPORTUNITIES RELATED TO THE TRANSITION TO A LOWER-CARBON ECONOMY

Policy and Legal Risks/Opportunities	– Pricing of GHG emissions – MEES requirements (EPC B by 2030) – Climate Change litigation – Enhanced emissions reporting obligations – Increasingly stringent planning requirements
Technology Risks/Opportunities	– Substitution of existing technology to lower emissions options
Market Risks/Opportunities	– Change in customer demands – Increased cost of raw materials – Increased cost and availability of electricity – Cost of capital – Emissions offset
Reputation Risks/Opportunities	– Investment risk – Employee risk

WTW conducted an asset by asset exposure analysis for a range of climate risks (as shown in the table) at the present day, as well as for future years under the selected scenarios. Data used for the analysis includes state of the art models and databases within the insurance industry (including WTW Global Peril Diagnostic, MunichRe hazard database, SwissRe CatNet amongst others), climate models, published research and information from IPCC. The assessment was further supplemented with local information and data that we hold on the assets.

To assess the transition risks, we conducted scenario analysis using the guidance issued by TCFD. The scenario used for the analysis aligns with projections to keep global warming below 1.5°C above pre-industrial temperatures and it was constructed based on a variety of sources including RCP 2.6 scenario from IPCC, International Energy Agency (IEA) and the Network for Greening the Financial System (NGFS). NGFS has also been used as a primary source for carbon price estimates. Potential transition risks to Workspace were identified and articulated using academic research and discussions with Workspace teams (as shown in the table).

All the identified risks were assessed in terms of impact and probability via a series of subject matter expert interviews with Workspace teams (such as finance, investment, technology, legal, development, HR and leasing). Where the risk criteria allowed for quantification, financial impacts were estimated using assumptions and likelihood assessed and aligned to our Enterprise Risk Management (ERM) risk rating criteria (details of our ERM framework can be found on page 97). This helped us narrow down the material risks and opportunities applicable to Workspace as shown on page 95, along with risk levels.

Our analysis showed that all of London and the South East could be exposed to a mix of acute and chronic climate risks such as flooding, windstorm, drought and heat stress, thereby affecting our properties as well. The analysis showed that the chronic risk would become more evident in the long term, but the impact level will still be low and manageable under 1.5°C scenario. The impact level is deemed moderate under 4°C scenario, arising from failure to transition. Acute risk, on the other hand, could be felt today. Using catastrophe models such as Property Quantified and KatRisk, we simulated thousands of acute climate events to estimate the level of impact in terms of property damages and business interruption. Taking this probabilistics view and accounting for actual vulnerability of our locations have further provided rigour to our risk level projections. Overall, we estimate the level of impact from acute risks (such as flooding, flash floods and wind storms) is low.

On transition risk, the impact is evident even now, and could be significant under the 1.5°C warming scenario due to stringent policy requirements, increasing customer expectations and expected raw materials price increases. We have estimated the risk level to be moderate, considering impact in terms of increased cost, property obsolescence and customer demand. However, through our sustainable business model we hold an advantage over our peers and have committed to a 2030 net zero target (two decades earlier than UK's commitment in Climate Change Act 2008 (2050 Target Amendment) Order 2019), thereby minimising our risk. We are also we1ositioned to capture the transition opportunities, such as operational cost efficiencies, lower cost of capital and changing customer demands.

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

The table below shows the summary of material risks and opportunities, applicable to Workspace, across the various time horizons and considering the two warming scenarios.

	Short term (to 2025)	Medium term (2025-2030)	Long term (to 2050+)
1.5°C scenario	**Moderate transition risk resulting from:** – MEES requirements for all commercial buildings to be EPC B by 2030, requiring investment in energy efficiency upgrades across the portfolio – Changing customer demands on sustainability, requiring swift adaptation of our older buildings to meet high sustainability standards	**Moderate transition risk resulting from:** – Continued MEES requirements – Increase in planning requirements, resulting in higher upfront investment in energy efficiency or offsetting – Increased costs of raw materials – Increased costs associated with offsetting of scope 3 emissions	**Low transition risk in the long term, assuming the UK economy has already transitioned to a low carbon world**
	Transition opportunity arising from: – Operational cost savings and efficiencies from upgraded EPCs and implementation of low carbon technologies – Enhanced customer attractiveness due to our ability to meet their expectations on sustainability across many of our new and refurbished buildings – Access to green finance	**Transition opportunity continues to exist** due to operational cost savings, customer expectations and access to green finance	**Low transition opportunity in the long term, assuming the UK economy has already transitioned to a low carbon world**
	Low physical risk – Existing exposure to windstorm across the portfolio (unrelated to changing temperature). The impact in terms of physical damage and business disruption is low considering asset vulnerability – Flood risk exposure at six buildings and risk of localised flash flooding due to heavy precipitation across 11 buildings. The impact in terms of physical damage and business disruption is low considering asset vulnerability	**Low physical risk with no significant changes to current risks profile**, other than the already existing exposure to windstorm and flood risk	**Low physical risk,** mainly due to smaller manageable changes in chronic risks such as drought and heat stress. The main impact from droughts is water scarcity and impact on green areas. Heat stress can impact running costs and customer wellbeing. On acute risk, windstorm continues to pose risk and eight properties become exposed to flood risk. However, the impact in terms of physical damage and business disruption is low considering asset vulnerability
4°C scenario	**Transition risk non-existent in this scenario, in the short term**	**Transition risk non-existent in this scenario, in the medium term**	**Moderate physical risk arising from failure to transition:** – Continued exposure to windstorm, flood risk at nine buildings and localised flash flooding across 11 buildings – Increased drought risk across all buildings – Increased heat stress across all buildings
	Low physical risk, due to already existing exposure to windstorm (unrelated to changing temperature), flood risk at six buildings and localised flash flooding across 11 buildings. The impact in terms of physical damage and business disruption is low considering asset vulnerability	**Low physical risk with no significant changes to current risks profile**, other than the already existing exposure to windstorm and flood risk	

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

Strategy and financial planning
Our sustainability strategy has a key focus on climate change mitigation and adaptation, ensuring we are minimising the environmental impact of our portfolio and building resilience for the long term. We are delivering on this ambition by embedding climate considerations across the property life cycle: Development, Investment and Asset Management and the services we deliver to our customers.

Development: As a business, our primary focus is on repurposing old buildings to higher standards and hence inherently our activity is less carbon intensive than some of our peers. However, we continue to focus on further minimising our environmental and carbon impact, ensuring what we build is fit for the future. Our sustainable development brief requires all our development and refurbishment projects to meet high energy and carbon specifications, thereby minimising our exposure to risks such as MEES, stringent planning requirements, raw material costs and increased customer demands. We also ensure that we test our design brief against physical risks such as heat stress and flooding.

Investment: Climate considerations inform all our investment decisions, whether it's spending capex on building upgrade or acquiring new properties. We conduct sustainability due diligence, taking into account a number of warming scenarios, prior to acquisition to assess climate-related risks associated with the building and forward plan the investment and interventions required to mitigate any material risks.

Asset management: Our flexible business model allows us to implement a rolling programme of refurbishments across the existing portfolio, to ensure we continue to improve the energy and carbon performance of all our buildings and remain compliant with legislation. Our flood risk assessment has also helped us prioritise adequate defences and mitigation plans for exposed assets.

Services to customer: Climate considerations are fully embedded in our operational platform, ensuring our site teams are delivering customer services sustainably. This includes initiatives to manage whole building energy consumption, raising awareness with our customers to reduce carbon and manage our waste sustainably. We are also actively upgrading our portfolio to be more sustainable, in line with changing customer expectations.

Financial planning: Climate considerations inform our business financial reporting and planning. The Board deem no material impact, considering valuation of properties, going concern and viability of Group and the capital expenditure required. The Board have approved a comprehensive investment plan to transition our portfolio to net zero carbon and upgrade EPC to A and B (see page 49) and this has enabled us to forward plan investments on interventions such as energy efficiency technology, decarbonising heat, onsite renewables and sustainable materials and construction practices. To ensure we have access to capital at competitive rates, we have also linked our financing to climate-related criteria (£300m Green Bond, £335m ESG-linked revolving credit facility and a £65m loan from Aviva).

Resilience of strategy
The climate scenario assessment undertaken has revealed that our overall exposure to climate-related risks is moderate, mainly arising from transition risk under 1.5°C scenario (see table on page 95). The geographic concentration of our portfolio in London and low vulnerability of assets to acute risks, such as windstorm and flooding, means that the overall exposure to physical climate risks is low.
Our transition risks whilst ranked moderate, are manageable because of our sustainable business model, whereby our carbon and energy intensity is lower compared to the industry average. Our focus on repurposing older buildings to meet high sustainability and performance standards ensures we are building in resilience to climate factors across the portfolio. Our robust operational platform and onsite management control, allows us to proactively manage environmental performance of our assets and mitigate both physical and transition risks.

Given our long-term approach, coupled with our flexible lease model which allows us to invest across our portfolio in a timely manner and actively address climate risks, we are confident that our strategy is resilient against plausible climate scenarios. Further, our pathway to become net zero carbon by 2030 (see pages 41 and 42), ensures we are aligning our business to a 1.5°C warming scenario and mitigating any potential risks.

> Our 2030 net zero carbon pathway ensures we are aligning our business to a 1.5°C warming scenario and mitigating any potential risks

RISK MANAGEMENT
3

Enterprise risk management framework
Risk management continues to be an integral part of all our activities. Risks and opportunities are considered in every business decision we make. We specifically focus on key risks which could impact on the achievement of our strategic goals and therefore on the performance of our business.

We have an established Risk Management Framework in place to help us capture, document and manage risks facing our business. The Audit Committee along with the full Board have overall responsibility for risk management. See our Risk Management Framework on page 171.

Our aim is to manage each of our risks and mitigate them so that they fall within the risk appetite level we are prepared to tolerate for each risk area. Risk appetite reflects the overall level of risk acceptable with regards to our principal business risks. The Board is responsible for deciding the amount of risk it is willing to take. High risk, after considering the controls we have in place to mitigate risks, is not generally tolerated. We work towards a moderate to low risk profile, ensuring that we have mitigating actions in place to bring each risk down to within the agreed risk appetite.

Our Risk Management Framework is underpinned by close working relationships between the Executive Directors, senior management and other employees, which enhances our ability to efficiently capture, communicate and action any risk issues identified.

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

Identifying and assessing risk

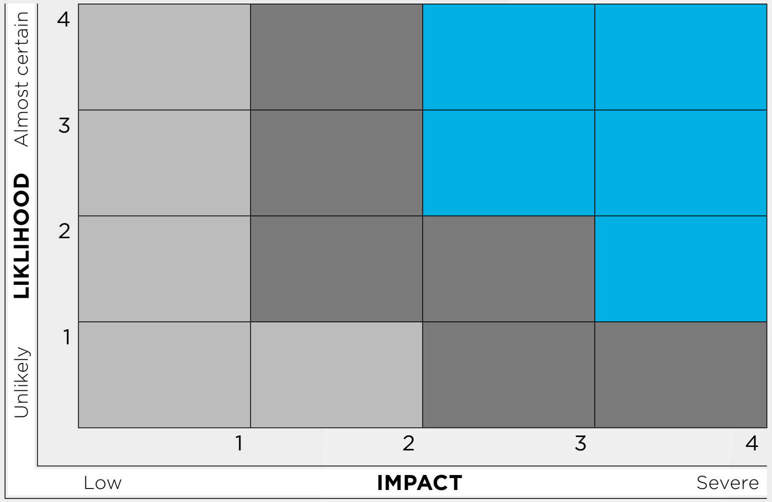
Overall, we identify risks across two key areas: Principal Business (Strategic) risks and Operational risks. Climate-related risks have been factored in both these categories.

The low, moderate, high risk severity score is determined using the following calculation: Impact x Impact x Probability, which provides a weighted impact scoring. The impact is determined on a scale from 1 (low) to 4 (severe) based on revenue, property valuation, health and safety and reputational consequences. Probability is determined on a scale from 1 (unlikely) to 4 (almost certain), considering the likelihood of the risk materialising within a five-year period.

The scenario analysis conducted with WTW helped us assess the level of exposure to climate risk, its likelihood (taking into account both existing and emerging regulatory and market risks), and determine its financial materiality using a structured template (see impact criteria on the right) to capture any impact on revenue, costs or property valuation. This allowed us to map our risk levels as low, moderate or high, using our risk scoring matrix. In our case, we observed no significant change in risk profile between various time horizons and hence the mitigation strategy is focused on short to medium term actions, covering our response out to 2030, including delivery of our net zero carbon commitment.

Depending on the extent of planned mitigation measures in place, as already captured in our net zero pathway and existing business processes, we were able to narrow down the material risks which had a level of residual impact (as listed on page 95) that we will continue to manage effectively. These are captured in the table opposite along with current mitigation strategy for the two climate scenarios we have assessed.

Risk scoring matrix



Likelihood scale

The following criteria should be used, considering the likelihood of the risk materialising within a five-year period.

Likelihood	
4 – Almost certain	>80%
3 – Likely	50-79%
2 – Possible	21-49%
1 – Unlikely	<20%

Risk level:
- Low
- Moderate
- High

Impact criteria

Impact	1 – Low	2 – Medium	3 – High	4 – Severe
Revenue/Cash	Revenue <£2m Cash <£1m	Revenue £2m-£15m Cash £1m-£5m	Revenue 15m-£25m Cash £5m-£15m	Revenue >£25m Cash >£15m
Property valuation	<2% unexpected reduction	2-5% unexpected reduction	5-10% unexpected reduction	>10% unexpected reduction
Hazard/Health & Safety	Minor injury/first aid required	Minor reportable injury/ RIDDOR report required	Major reportable injury	Large scale injuries
Reputational	Third-party communications with no lasting impact on reputation	Adverse local media attention which could lead to a small number of complaints and damage the brand locally	Adverse national publicity resulting in short-term damage to public and/or political confidence	Adverse sustained national publicity resulting in loss of public and/or political confidence

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

Risk	Evaluation of residual risk	Mitigation strategy
Transition risks and opportunities in the short and medium term – 1.5°C warming scenario		
Policy and Legal – EPC rating requirements	– 28% of the Workspace portfolio is rated C and 29% is rated D and E. Additional investment of £45–60m will be required to meet EPC A/B across the portfolio by 2030 (c.£7-8m annually) – However, taking into account the annual maintenance capex for ongoing refurbishments throughout the year, the actual additional investment required will be much lower than £5m – **Opportunity:** There will be an opportunity arising from higher operational savings due to upgraded environmental performance	– Target set to upgrade a significant proportion portfolio to EPC A/B each year. We successfully upgraded 12% of portfolio to EPC A/B this year. – A rolling programme of EPC and net zero audits are being undertaken to identify asset level upgrade plans and a process is in place to upgrade a unit once vacant – A detailed investment plan is created for annual budgeting purposes – Central register created to track EPC compliance status monthly
Policy and Legal – Increasingly stringent planning requirements	– Workspace is able to meet London Plan requirement of 35% emissions reduction over Part L – If the requirements were to get more stringent in future (say 50% reduction or inclusion of offsetting for upfront carbon at planning stage), we would need to design buildings differently, which could raise project costs	– By implementing our net zero design brief, we are able to achieve over 35% reduction at minimal incremental cost – Continual tracking of planning requirements to inform our design brief – Strategy in place to minimise whole life carbon through responsible design and material choices
Market – change in customer demands	– Based on a recent survey, nearly 20% of our customers factor in sustainability as one of the top criteria in their choice of office space – By 2030, our portfolio will be net zero carbon, ensuring we are well placed to meet changing customer expectations and capture more market share by being ahead of our peers – In the interim, there is some risk to our older properties which are not in the top tier of energy/carbon performance and are awaiting upgrades – **Opportunity:** There will also be an opportunity from increased customer demands (i.e. successful lettings, high occupancy) for our newly refurbished or developed buildings that meet high sustainability standards	– Our net zero pathway ensures we continue to enhance our portfolio to meet changing customer demands – Through continual collection of customer preferences and data, we intend to proactively manage customer expectations – Improved communications with customers on our sustainability efforts further strengthen customer satisfaction
Market – increased cost of raw materials	– We expect the costs of carbon intensive raw materials (such as cement, steel) will increase in the future – The resulting impact will depend on our build activity in a year and the percentage of cost passed on by suppliers	– Our focus on repurposing limits our exposure to raw materials and associated cost increased – Continued efforts to explore new materials and technologies will help further reduce embodied carbon of our developments
Market – emissions offset	– Our current emissions footprint is around 26,000 tonnes of CO_2. We expect our net zero pathway to reduce our scope 1 and 2 emissions by at least 90% with offsetting for the residual emissions only – Applying UCL projected cost of carbon at $50 per tonne*, this could cost us up to £700k annually (assuming worst case scenario for scope 3 reduction)	– Continue to drive progress on our net zero pathway to eliminate scope 1 and 2 emissions – Continued efforts to explore new materials and technologies to reduce embodied carbon of our developments and hence limit offsetting needed for scope 3 emissions

* Source: https://www.ucl.ac.uk/news/2021/jun/ten-fold-increase-carbon-offset-cost-predicted

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

Risk	Evaluation of residual risk	Mitigation strategy
Physical risks in the short and medium term – 1.5°C warming scenario		
Windstorm	– Most of our buildings could be exposed to risk of windstorm and missile impact from flying debris. However, given the solid facade and relatively lower height of our buildings, we estimate level of impact in property damages and business interruption to be low (less than £1m, assuming worst case scenario). The risk profile will likely remain within the current levels of variability, with changing temperatures	– Business continuity and emergency response planning measures in place to minimise potential impact in case of storm warnings – Protection against portable and not secured items in building vicinity is being incorporated
River flood	– Flood defences provide an adequate level of protection however, there are some local areas at risk which exposes six of our buildings (eight buildings become exposed by 2050). The impacts could be water ingress, damage in lower floor and some level of interruption to the business. Taking into account our flood mitigation strategy and emergency preparedness plans, we estimate level of impact in property damages and business interruption to be low (less than £2m, assuming worst case scenario). The risk profile only moderately changes with time or changing temperatures	– Comprehensive flood risk management plans created for exposed assets – Business continuity and emergency response planning measures put in place in case of flooding – Flood mitigation measures being incorporated in design of new projects – Insurance protection in place in case of physical damage or interruption
Localised flash flooding	– Whilst the precipitation stress due to heavy rainfall is likely to stay the same, a handful of our buildings could be exposed to localised flash flooding due to local terrain features which could cause water ingress and damage in lower floors. A deeper dive of these buildings has revealed lower vulnerability to localised flash flooding and hence we estimate level of impact in property damages and business interruption to be low (less than £1m, assuming worst case scenario). The risk profile is not likely to change with time or changing temperatures	– Comprehensive flash flood risk assessment being undertaken across the portfolio – Business continuity and emergency response planning measures put in place to minimise impact in case of high precipitation warning – Regular drainage survey being undertaken across select buildings to ensure sufficient water attenuation on site – Flood mitigation measures being incorporated in design of new projects, including blue roofs and rain water harvesting systems
Physical risks in the long term – 4°C warming scenario*		
Drought	– Under this climate scenario, London and the South East of the UK could be exposed to drought stress, affecting all our properties in the long term. Whilst our water consumption is not material, this would result in slightly increased utility costs and impact on green areas.	– We are installing water efficient fittings across our buildings – Our landscaping has been designed to bear warmer climates in mind
Heat stress	– In this scenario, by the end of the century, London and the South East of the UK could be exposed to medium level of exposure to heat stress resulting in the number of heatwave days increasing to 20 days per year, thereby affecting all our properties. On average, there will be an increase in our cooling demand. The scenario will also result in milder winters, which would in turn reduce our heating demand on average. In the short term, heat stress will not be a significant issue despite slight increase in heatwave days	– A rolling programme of air conditioning is being implemented across the portfolio to ensure customers are comfortable in high temperatures – Additional measures such as outdoor greenery and shade being incorporated to provide ‘refuges’ in hotter weather conditions – Review of current heating and cooling usage being undertaken to ensure we continue to optimise consumption, in response to outdoor temperatures

* Note: Under the 4°C warming scenario – windstorm, flood risk and flash flood risk will exist as well, and potentially could edge further. However, the risk profile will not change significantly. The mitigation strategy listed above will continue to be effective.

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

METRICS AND TARGETS

4

Metrics used to assess climate-related risks and opportunities
To understand our climate-related impact and performance we report on a wide range of consumption and intensity metrics relating to energy, carbon, waste and water, such as:
- Total energy consumption (page 101)
- Total electricity consumption, including proportion generated from renewables (page 101)
- Proportion of electricity sourced from renewable sources (page 43)
- Total fuel consumed on site (page 101)
- Building emissions intensity by floor area (page 101)
- Total emissions from water consumption (page 101)
- Total emissions from waste, waste recycled and diverted from landfill (page 101)
- EPC split of the portfolio by floor area page 49)
- Number of buildings with sustainability certification (page 44)
- Number of energy efficiency projects implemented and associated capital expenditure (page 49)
- Number of buildings exposed to flooding (page 95)
- ESG metrics linked to remuneration and performance against these (page 204)

Pages 43 to 45 provide further detail on targets we have set against all climate-related metrics and progress made to date.

Scope 1, 2, 3 GHG emissions and related risks
Carbon emissions represent one of our largest environmental impacts and we are actively working to reduce our sources of carbon where possible (see our net zero carbon pathway on page 41). Significant contributors to our operational carbon emissions are the electricity and gas consumed within our buildings and by improving the energy efficiency of our buildings and electrifying the heating systems we aim to reduce our overall carbon footprint. Following an in-depth analysis of our scope 3 emissions, we now have a much better understanding of the emissions associated with our development and refurbishment activities which make up a significant portion of our scope 3 emissions. Refer to page 101 for our scope 1, 2 and 3 greenhouse gas emissions data and year on year changes (calculated using GHG protocol).

Targets used to manage climate-related risks and opportunities
To reduce our carbon emissions, we continue to focus on designing low-carbon buildings and implementing energy efficiency initiatives throughout the portfolio, whilst actively engaging with both our site staff and customers.

Our main target is to deliver a net zero carbon business by 2030 (see page 41 for the scope of our commitment). This is underpinned by the following emissions reduction targets:
- Reduce scope 1 and 2 emissions by at least 90% by 2030 (Note: it's our intention to go beyond our science-based targets, requiring only 42% reduction in scope 1 emissions)
- Decarbonise heating from our portfolio by 2030
- Source 100% energy from renewable sources
- Undertake whole life carbon assessment of all development and refurbishment projects
- Reduce scope 3 emissions from capital goods by 20% per square foot of net lettable area by 2030, from a 2020 base year

Kennington Park, Oval

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

GREENHOUSE GAS ('GHG') EMISSIONS AND ENERGY USE DATA FOR STREAMLINED ENERGY & CARBON REPORTING (SECR)*

Source of emissions	2019/20 (baseline Year)	2021/22	2022/23 LfL portfolio	2022/23 Whole portfolio	2022/23 vs 2021/22 % change	2022/23 vs 2021/22 LfL portfolio
Scope 1 (Direct)	**3,451**	**3,221**	**2,358**	**3,188**	**-1%**	**-27%**
Gas (tCO_2e)	2,620	2,305	1,684	2,336	+1%	-27%
Fugitive Emissions (tCO_2e)	828	916	674	852	-7%	-26%
Vehicle Emissions (tCO_2e)	3	–	–	–	–	–
Scope 2 (Energy Indirect)	**7,144**	**5,229**	**5,142**	**6,437**	**+23%**	**-2%**
Electricity (location based) (tCO_2e)	7,021	5,069	5,005	6,300	+24%	-1%
Electricity (market based) (tCO_2e)	–	–	–	–	–	–
Purchased Heat (location based) (tCO_2e)	123	160	137	137	-14%	-14%
Total Scope 1 & 2 (location based)	**10,595**	**8,450**	**7,500**	**9,625**	**+14%**	**-11%**
Energy consumption used to calculate above emissions (kWh)	42,430,031	37,400,667	35,913,161	46,183,607	+23%	-4%
Intensity Ratio: Net Lettable Area tCO_2e/sq. ft.	0.00181	0.00209	0.00194	0.00183	-13%	-7%
Intensity Ratio: Gross Internal Area tCO_2e/sq. ft.	0.00177	0.00144	0.00140	0.00137	-5%	-3%
Scope 3 (Other Indirect)	**21,264**	**8,398**	**6,614**	**16,612**	**+98%**	**-21%**
Purchased Electricity Transmission & Distribution (tCO_2e)	596	449	458	576	+28%	+2%
Customer Direct Energy (tCO_2e)	3,515	2,015	1,581	3,296	+64%	-22%
Water Supply (tCO_2e)	91	29	29	34	+16%	0%
Water Treatment (tCO_2e)	187	53	53	61	+16%	0%
Waste Management (tCO_2e)	82	59	55	64	+9%	-6%
Heat – Transmission & Distribution (tCO_2e)	6.5	8	7	7	-10%	-10%
Embodied carbon in development projects (tCO_2e)	8,982	1,642	4,430	5,744	+250%	+170%
Purchased goods and services (tCO_2e)	7,647	4,013	not available	6,511	+62%	N/A
Employee Commuting (tCO_2e)	84	130	not available	288	+121%	N/A
Business Travel (tCO_2e)	74	0.5	not available	31	+5,567%	N/A
Total Scope 1, 2 & 3 (tCO_2e)	**31,860**	**16,848**	**14,114**	**26,238**	**+56%**	**-16%**
Total gas use – whole building (kWh)	15,617,931	13,956,418	10,597,353	16,137,792	+16%	-24%
Total electricity use – whole building (kWh)	38,801,849	31,480,001	32,764,485	46,475,822	+48%	+4%
Total purchased heat – whole building (kWh)	700,922	939,261	805,247	805,247	-14%	-14%
Total energy consumption – whole building (kWh)	55,120,702	46,375,680	44,167,085	63,418,861	+37%	-5%
Self generated renewable electricity (kWh)	129,533	160,976	191,629	191,629	+19%	+19%

* Note: All figures reported relate to emissions and energy consumed in the United Kingdom.

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

REPORTING FRAMEWORK

Reporting period: 1 April 2022 – 31 March 2023 Reporting Frequency – Annual, aligned with financial reporting	**Regulatory:** Part 7 of The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.
Boundary: Our GHG emissions have been prepared using the 'operational control' approach, in compliance with the Greenhouse Gas Protocol guidance. Scope 1 and 2 emissions include tenant consumption where we procure gas, electricity or heat on their behalf. Where electricity is directly purchased by our tenants (c.64% of NLA), we have estimated usage and corresponding emissions have been included under our scope 3 reporting. Following the acquisition of McKay Securities in May 2022, our portfolio now comprises 86 properties (whole portfolio), covering 5,300,000 sq. ft., representing a 1,400,000 sq. ft. increase from our previous reporting period. We have reported environmental performance for Workspace like-for-like portfolio and Workspace whole portfolio (including McKay). In cases where a property has been acquired or sold during the reporting period, we report its greenhouse gas emissions up to the sale date or from the acquisition date. We exclude properties from greenhouse gas reporting for the duration of any major refurbishment or construction project.	**Reporting standards:** World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (the GHG Protocol). World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: Corporate Value Chain (scope 3). We have also aligned our reporting with: – EPRA 'Sustainability Best Practice Recommendations' (sBPR). Published in the sustainability performance section of our investor website – Sustainability Accounting Standards Board (SASB) real estate metrics. Pages 104 and 105 – Global Reporting Initiative (GRI) 2021 Standard. Published in the sustainability performance section of our investor website
Verification: Accenture were appointed for independent third-party verification of our carbon data. The verification has been performed to the international standard ISO 14064-3:2019 Specification. Limited level of assurance, based upon a 5% materiality threshold. The full assurance statement can be found in the sustainability performance section of our investor website. Further, our social value data has been verified by Social Value Portal.	**Other:** When reporting totals, the location-based emissions are used. All market-based emissions are backed by Renewable Energy Guarantees of Origin (REGOs). **Any questions about the reported information, please contact:** info@workspace.co.uk

Performance
In addition to our operational emissions, of which the boundaries are explained above, we have voluntarily reported our like-for-like portfolio GHG performance, which excludes the 30 properties acquired from McKay Securities in May 2022. We achieved a 27% reduction in scope 1 emissions on this like-for-like portfolio, which is a result of investment in high efficiency heat pump installation across a number of properties and optimisation of system controls and setpoints. We also rolled out a number of energy efficiency upgrades across the portfolio such as LED lighting, presence detection sensors, smart BEMS and ran several energy awareness campaigns with customers. Due to these measures our electricity consumption remained stable (scope 2 decreased slightly by 2%), despite significantly higher levels of occupancy in our buildings compared to the 2021/22 period where office working patterns were still impacted by the pandemic.

Overall, Workspace procured energy consumption reduced by 4% across the like-for-like portfolio, thanks to granular energy data analysis, continued roll out of smart BEMS and investment HVAC and lighting upgrades.

Following the acquisition of McKay Securities in May 2022, our portfolio has increased by 1,400,000 sq. ft. which has resulted in a sizeable increase in our GHG emissions. Hence the numbers reported for the whole portfolio are not comparable with the previous years.

Our market-based electricity figure is zero because all of the electricity we purchase is now on a renewable energy contract backed by Renewable Energy Guarantees of Origin (REGOs).

Energy efficiency actions taken during 2022/23
We have proactively identified and delivered a range of energy efficiency projects across our portfolio (invested £8m across 41 properties), such as LED and PIR lighting upgrades, installation of secondary glazing and a rolling programme of high efficiency heat pumps. We have also benefitted from improved data management and customer engagement initiatives across a number of our buildings.

We have continued to roll out our Building Energy Management System (BEMS), Optergy, which is a smart metering technology that has enabled real-time energy monitoring at the building level right down to individual plant equipment. The data provided by the BEMS is used by our in-house Facility Management teams to improve energy management practices and reduce GHG emissions. The Optergy portal is now live at 28 sites and enables us to view and monitor our energy consumption profiles, down to the unit level.

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

Method for data collection
We collect utility data across our operational portfolio from manual meters, automated meters and invoices, which are all collated on our energy reporting and billing platform. Our site teams are responsible for reading manual meters and log consumption data onto our energy and billing management platform on a monthly basis. To remove reliance on manual meter reading, we continuously look at upgrading to automatic meters, which are currently in place across the majority of our main incomers. An in-house energy analyst role was created to review the accuracy of energy reporting and to analyse monthly performance trends and prioritise properties for energy efficiency improvements.

Due to increased data availability and reliable information on heating source types, a small proportion of energy consumption previously reported under gas (scope 1) has now been reported under heat (scope 2).

We estimate electricity consumption data where tenants have their own utility supplier. Where this relates to units in a building where we otherwise have access to energy consumption, we estimate ‘tenant direct’ electricity usage based on the energy usage of the rest of the building, using a floor area pro rating method. Where this relates to a single-let building, energy consumption is estimated based on the average energy usage of the portfolio. Whilst our ‘tenant direct’ gas consumption is very low, this year we have included estimations for gas consumption where we have been made aware of tenants managed gas supplies, and added corresponding GHG emissions to the 2019/20 and 2021/22 reported GHG figures. GHG emissions calculated from ‘tenant direct’ electricity and gas consumption are included in our scope 3 reporting.

Fugitive emissions stem from the use of refrigerants and have been calculated based on refrigerant leak event schedules provided by our air conditioning contractors.

Vehicle emissions are calculated from the expense schedule listing car mileage claims by employees using their personal vehicles for business purposes.

Waste data is captured by our waste contractor, who weighs recycled and general waste across the portfolio at each waste collection and provides us with a monthly tonnage report.

Embodied carbon in development projects relates to GHG emissions stemming from our construction and refurbishment activities. Since 2021, we systematically carry out whole-life carbon analysis for all developments and major refurbishment projects, and therefore have project specific embodied carbon data on our most recent projects. Whilst there is no standardised carbon emission factor for calculating embodied carbon emissions from buildings, embodied carbon factors advised by our consultant’s research team have allowed us to estimate embodied carbon emissions for projects carried out prior to 2021, representative of standard market practice (770 $kgCO_2e/m^2$ for office construction, 480 $kgCO_2e/m^2$ for logistics construction, 196 $kgCO_2e/m^2$ for office retrofits involving heat decarbonisation, 77$kgCO_2e/m^2$ for light office retrofits). The 2019/20 and 2021/22 embodied carbon calculations have been updated in line with these carbon factors. We have also restated the 2019/20 and 2021/22 embodied carbon figures to include light refurbishment projects.

Purchased goods and services relate to the upstream emissions from the business’ use of products and services. Emissions were calculated using a spend-based method, applying carbon factors from the EPA database. Where in previous years, we had only included our capital spend in emissions calculations, we are now also including operational spend, explaining the change in 2019/20 and 2021/22 reported emissions figures. We intend to move towards an activity-based method for our upstream emissions as more supply chain data becomes available. This will provide greater accuracy of the purchased goods and services emissions.

Business travel data includes journeys in our company cab and plane journeys used for business travel for all direct employees.

Emissions from commuting include carbon emissions from homeworking in addition to office commuting. Following our flexible working policy implementation, we assumed the Head Office employees to be working in the office three days a week and at home two days a week. All site employees are assumed to be working on-site five days a week. Assumption on modes of transportation used by commuters came from the Department of Transport statistics.

With the exception of embodied carbon and purchased goods and services, GHG emissions were calculated using DEFRA (Department for Environment, Food & Rural Affairs) 2022 factors.

COMPLIANCE STATEMENTS CONTINUED
SASB SUSTAINABILITY ACCOUNTING STANDARD – REAL ESTATE METRICS

Topic	Accounting Metric	Code	Comment
Energy Management	Energy consumption data coverage as a percentage of total floor area, by property subsector	IF-RE-130a.1	The energy consumption reported on page 101, falling within our scope 1 and 2 emissions, cover 36% for our portfolio's total nettable floor area and corresponds to the areas where Workspace have operational control. Energy data falling outside of our procurement control is estimated and corresponding carbon emissions are reported under scope 3 on page 101. Majority of this consumption is associated with the industrial assets in the portfolio which are on FRI lease.
	(1) Total energy consumed by portfolio area with data coverage (2) percentage grid electricity (3) percentage renewable, by property subsector	IF-RE-130a.2	(1) See 'Energy Consumption used to calculate above emissions (kWh)' on page 101. (2) 99% of electricity consumed was purchased from the grid, the rest was self-generated by on-site solar panels. (3) 100% of electricity procured was from certified renewable sources (REGO-backed). Additionally we have 12 sites that are equipped with solar panels. Refer to page 43 for more information on our renewable electricity procurement.
	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	IF-RE-130a.3	Refer to Ele-LfL, Fuel-LfL and DH&C-LfL metrics in our EPRA report.
	Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property subsector	IF-RE-130a.4	Refer to Cert-Tot metric in our EPRA report. Energy Performance certificates (EPCs) and BREEAM certification have been used as the relevant UK alternative to ENERGY STAR.
	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	IF-RE-130a.5	Energy management is identified as one of the key material issues for the business and underpins the delivery of our net zero carbon pathway. As a result, stretching energy reduction targets directly influence Executive remuneration. Refer to pages 43, 47, 49, 96 in this report for more information on our strategy and approach to energy management, along with impact delivered.
Water Management	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	IF-RE-140a.	(1) Our water consumption data coverage amounts to 75% of our portfolio's floor area. (2) 100% of our office properties and 85% of our logistics properties are located in areas classified as under high water stress according to the World Resource Institute's (WRI) Water Risk Atlas tool. 15% of our logistics properties are located in a medium-high water stress zone.
	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	IF-RE-140a.2	(1) Refer to Water-Abs metric in our EPRA report. (2) 100% of our office properties and 82% of our logistics properties are located in areas classified as under high water stress according to the World Resource Institute's (WRI) Water Risk Atlas tool. 18% of our logistics properties are located in a medium-high water stress zone.
	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	IF-RE-140a.3	Refer to Water-LfL metric in our EPRA report.
	Description of water management risks and discussion of strategies and practices to mitigate those risks	IF-RE-140a.4	We include emissions associated with water supply and water treatment in our scope 3 footprint and intend to address it as part of our net zero carbon pathway. Our climate risk assessment also indicated water stress as a key risk in the long term and we have put in place a mitigation strategy in the form of water efficient design brief and adaptive landscaping around our sites (page 99). We are also rolling out metering to gain better coverage of our water data.

COMPLIANCE STATEMENTS CONTINUED
SASB SUSTAINABILITY ACCOUNTING STANDARD – REAL ESTATE METRICS

Topic	Accounting Metric	Code	Comment
Management of Tenant Sustainability Impacts	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency related capital improvements (2) Associated leased floor area, by property subsector	IF-RE-410a.1	Our new leases are inclusive of rent and all bills, including utilities. A responsible energy consumption clause has been included in those leases, which allows us to charge an excessive usage fee in instances of consistent high energy consuming behaviour. Those inclusive leases represented 46% of our total sales volume in 2022/23.
	(1) Percentage of tenants that are separately metered or submetered for grid electricity consumption (2) Percentage of tenants that are separately metered or submetered for water withdrawals, by property subsector	IF-RE-410a.2	(1) 63% of tenant spaces on the like-for-like Workspace portfolio (which represent 74% of the whole portfolio) are submetered for grid electricity consumption. Submetering coverage for the newly acquired McKay portfolio is yet to be confirmed. (2) Customers are billed for water usage on a floor area pro rating basis. A small number of tenants manage their own water meter (gyms and restaurant units) in addition to single-let properties' tenants.
	Discussion of approach to measuring, incentivising, and improving sustainability impacts of tenants	IF-RE-410a.2	Our operational platform allows us to maintain a close working relationship with our customers and collaborate on whole building initiatives. We have a multi-faceted customer engagement strategy on sustainability, whereby we send quarterly sustainability newsletters to tenants of each of our properties, share building-level sustainability performance data, and guidance on how to operate buildings sustainably. This year we delivered 120 sustainability-themed customer events ranging from energy savings awareness to and recycling and zero-waste workshops.
Climate Change Adaptation	Area of properties located in 100-year flood zones, by property subsector	IF-RE-450a.1	1,356,640 sq. ft. lettable area of offices and 356,687 sq. ft. of industrial spaces are located in a 100-year flood zone according to the Environment Agency flood map.
	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	IF-RE-450a.2	Refer to the TCFD section of this report on pages 92 to 100.

Activity Metric	Code	Comment
Number of assets, by property subsector	IF-RE-000.A	74 offices 11 industrial assets 1 other (leisure)
Leasable floor area, by property subsector	IF-RE-000.B	4,524,063 sq. ft. of offices 648,800 sq. ft. of industrial assets 98,255 of leisure assets
Percentage of indirectly managed assets, by property subsector	IF-RE-000.C	0% of office space floor area is indirectly managed 71% of industrial floor area is indirectly managed
Average occupancy rate, by property subsector	IF-RE-000.D	85% average occupancy rate across offices 87% average occupancy rate across industrial properties

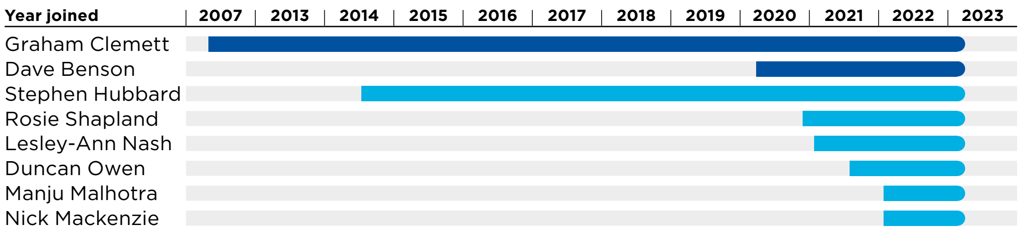
GOVERNANCE DRIVING LONG-TERM SUCCESS

BOARD SKILLS AND EXPERIENCE

The Board and its Committees continue to have a strong mix of experienced individuals who are not only able to offer an external perspective on the business, but also provide constructive challenge to review the Group's strategy.

	Executive and Leadership	Property and Real Estate	Financial	Corporate Governance	Customer and Marketing	People	ESG
Executive Directors							
Graham Clemett	●	●	●	●	●	●	●
Dave Benson	●	●	●	●	●	●	●
Non-Executive Directors							
Stephen Hubbard	●	●	●	●	●	●	●
Rosie Shapland			●	●		●	●
Lesley-Ann Nash	●		●	●		●	●
Duncan Owen	●	●	●	●		●	●
Manju Malhotra	●		●		●	●	
Nick Mackenzie	●	●	●	●	●	●	●

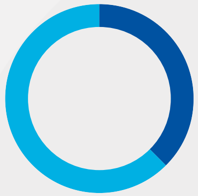
LENGTH OF TENURE FOR THE BOARD
AS AT 31 MARCH 2023



BOARD DIVERSITY

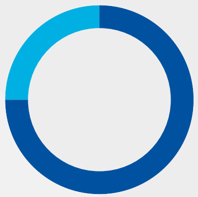
We recognise that a group that is diverse in nature, irrespective of gender, ethnicity, skills, experience and background, is able to provide differing perspectives and challenge to debates and decisions.

GENDER DIVERSITY OF THE BOARD
AS AT 31 MARCH 2023



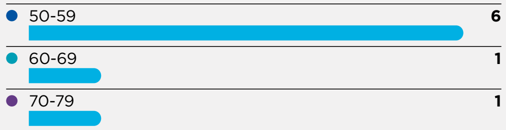
3 Female	37.5%
5 Male	62.5%

ETHNIC DIVERSITY OF THE BOARD
AS AT 31 MARCH 2023



6 White	75%
2 Minority ethnic	25%

AGE DIVERSITY OF THE BOARD
AS AT 31 MARCH 2023



BOARD INDEPENDENCE

1
NON-EXECUTIVE CHAIR

2
EXECUTIVE DIRECTORS

5
INDEPENDENT NON-EXECUTIVE DIRECTORS

> "A Board made up of people with a wide range of backgrounds and experiences, combined with our culture of openness and respect will contribute to our long-term success"

Stephen Hubbard
Chair

GOVERNANCE DRIVING LONG-TERM SUCCESS CONTINUED

2022/23 HIGHLIGHTS

DIVIDEND PER SHARE
2022–2023

25.8p

2023	25.8
2022	21.5
2021	17.75

BOARD MEETINGS
2022–2023

7

REMUNERATION POLICY REVIEW
2022–2023

12 shareholders engaged

SHAREHOLDER ENGAGEMENT
2022–2023

304 institutional investors engaged

2023	304
2022	264
2021	292

RIVERSIDE DISPOSAL
2022–2023

£54m

BOARD ACTIVITIES

		Our customers	Our people	Our investors	Our partners & suppliers	Our communities	The environment	More information
1. Strategy	Annual strategic review	●	●	●	●	●	●	Page 118
	Sustainability agenda	●	●	●	●	●	●	Page 118
2. Operations	Asset management	●		●	●			Page 118
	Portfolio valuation			●				Page 118
	Portfolio growth	●	●	●	●	●	●	Page 119
3. Purpose, values and culture	Purpose	●	●	●	●	●	●	Page 119
	Values	●	●	●	●	●	●	Page 119
	Culture	●	●	●	●	●	●	Page 119
4. Stakeholders	Investor engagement			●				Page 121
	Employee engagement		●					Page 122
	Business relationship engagement	●			●			Page 123
	Community and environment engagement					●	●	Page 123
5. Finance	Structure, forecasts, budgets			●				Page 123
	Refinancing			●				Page 123
	Dividend payments			●				Page 123
6. Reporting	Full, half-year and trading statements			●				Page 123
	Viability and Going Concern statements			●				Page 123
7. Risks	Principal risks	●	●	●	●	●	●	Page 123
	Emerging risks	●	●	●	●	●	●	Page 123
8. Succession	Appointment of new Chair	●	●	●	●	●	●	Page 124
9. Governance	Board effectiveness review	●	●	●	●	●	●	Page 124
	Gender pay gap		●	●				Page 124
	Regulatory and legal updates			●				Page 124
	Committee membership and terms of reference			●				Page 124
	Workforce policies and practices		●					Page 124

CHAIR'S INTRODUCTION TO GOVERNANCE

Our approach to corporate governance aims to preserve and strengthen stakeholder confidence in our business integrity and provide a working foundation of accountability.

Stephen Hubbard
Chair

QUICK LINKS

CHAIR'S INTRODUCTION TO GOVERNANCE CONTINUED

“We have fully embedded our approach to sustainability, covering both our portfolio and business-wide strategic decisions

Dear shareholder,
This will be my last message as Chair as I will be stepping down from the Board in July 2023. I have very much enjoyed being on the Workspace Board for the last nine years. When I took over as Chair three years ago, one of my objectives was to strengthen the Board and plan for my succession. In this regard, I am delighted that this has been successful with Duncan Owen taking over the Chair role. To read more about his appointment process see page 146.

Our Purpose
Our purpose – to give businesses the freedom to grow – runs through every part of our business, starting with our people and how they live our values, right up to how our Board delivers good governance. Throughout the year, our people supported our purpose, ultimately driving greater long-term sustainable success. During the year we approved a new company value, which had been introduced following employee feedback. For more details see page 21.

Environmental, Social and Governance (ESG)
We recognise the importance that our stakeholders place on ESG, and our commitment to delivering a climate-resilient portfolio, looking after our people and supporting our communities. This commitment is led by our Board and lived by our people every day.

We have a fully embedded approach to sustainability, covering both our portfolio and all business-wide strategic decisions. An ESG Board Committee has been established to provide added focus and drive further integration across business decisions. We receive regular monthly updates from around the business against our ambitions. For more details, see page 172.

Stakeholder Engagement
We recognise that stakeholder engagement is critical to the long-term success of our business. We have continued with our practice of considering stakeholder voices in discussions and decision making, not only at Board level, but across the Company. For examples of how we have done this, please see pages 15 to 25 and 121 to 123. We support and encourage our senior managers in their relationships with respective stakeholder groups.

This strong sense of purpose has created a culture that puts our stakeholders front and centre. A large proportion of our decision making is informed by listening to our stakeholders, both at the Board level and across the Company.

Our Section 172(1) Statement, which can be found on page 125 demonstrates how the Board's engagement with stakeholders has affected decision making.

Our People and Culture
Our people are essential to the delivery of our strategic objectives and our continued success. It is vital that we provide a work environment where everyone feels valued, motivated and able to thrive. We continue with our Board supported initiatives to support the wellbeing of our people and embrace diversity as a core value. For the past two years, employee survey feedback has shown that our teams strongly believe in our culture and clear set of values. We monitor employee engagement and satisfaction through annual surveys. I have also carried out in person engagement sessions with staff, a forum in which candid feedback is provided.

This year, the Board has been particularly mindful of the impact of the cost-of-living crisis on our staff. Staff salaries were increased by at least 6% from 1 April 2023. Further details can be found on page 181.

Future Outlook
The Board strongly believes that good governance is a key part of the strength of our business and that by continually reviewing and monitoring our existing practices we can ensure that our governance continues to evolve and is aligned to our business.

I would like to take this opportunity to wish the Board and all Workspace staff success for the future.

Stephen Hubbard
Non-Executive Chair
6 June 2023

GOVERNANCE HIGHLIGHTS

CHAIR APPOINTED
Duncan Owen, who joined the Board in July 2021, to become the newly appointed Chair with effect from 6 July 2023

Chair succession >
Page 146

BOARD EFFECTIVENESS
Board and Committee effectiveness review carried out by the Chair and Company Secretary with the assistance of Fidelio

Board evaluation >
Page 155

ESG COMMITTEE CREATED
Creation of the ESG Committee to help progress the Group's ESG plans and further integrate ESG across the business

REMUNERATION POLICY REVIEW
Review of the Company's Remuneration Policy, including engagement with shareholders

Remuneration Policy >
Page 190

RISK REVIEW
Assessment of the Group's principal and emerging risks with particular reference to climate change.

Principal risks and uncertainties >
Page 69

CHAIR'S INTRODUCTION TO GOVERNANCE CONTINUED

Stephen Hubbard pictured with Chair elect, Duncan Owen

"I am excited about taking up the position of Chair from July 2023. Workspace is in a great position and it's an exciting time for everyone in the business

Duncan Owen
Chair elect

Chair succession
Page 146

UK CORPORATE GOVERNANCE CODE 2018

Compliance statement
The Board confirms that, for the year ended 31 March 2023, we have complied with all of the provisions of the UK Corporate Governance Code 2018 other than Provision 32 of the Code. Lesley-Ann Nash was appointed as Chair of the Remuneration Committee with effect from 10 September 2021 and on appointment had served nine months as a member of the Remuneration Committee. While we note the requirement of Provision 32 that remuneration committee chairs should have served on a remuneration committee for at least 12 months prior to their appointment, Lesley-Ann has now served on the Remuneration Committee for over two years and the Board continues to have every confidence that Lesley-Ann has the skills and experience to carry out the role.

The application of the Code's Principles is evidenced throughout the Annual Report and the table overleaf shows how the Governance section has been structured around the Code Principles (A to R).

Further information on the Code can be found on the Financial Reporting Council's website at www.frc.org.uk.

Principles of the UK Corporate Governance Code 2018	More information
Board leadership and company purpose	111
Division of responsibilities	111
Composition, succession and evaluation	112
Audit, risk and internal control	112
Remuneration	112

About this report
The Governance section has been structured around the Code Principles (A to R).

HOW WE COMPLY WITH THE UK CORPORATE GOVERNANCE CODE 2018 CONTINUED

BOARD LEADERSHIP AND COMPANY PURPOSE

Pages 113 to 128

Principle A A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	Our Board Page 114 Chair succession Page 146 Board evaluation Page 155
Principle B The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	Our purpose Page 14 Our strategy Page 32 Sustainability Page 36
Principle C The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	Our business model Page 64 Our governance framework Page 132 Principal risks and uncertainties Page 69
Principle D In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	Our stakeholders Pages 15 and 121 Section 172(1) statement Page 125
Principle E The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.	Our purpose Page 14 Sustainability Page 36 Whistleblowing Policy Page 91

DIVISION OF RESPONSIBILITIES

Pages 129 to 140

Principle F The chair leads the board and is responsible for its overall effectiveness in directing the company. The chair should demonstrate objective judgement throughout their tenure and they should promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and the chair ensures that directors receive accurate, timely and clear information.	Board roles and responsibilities Page 130 Chair's governance letter Page 109 Board evaluation Page 155
Principle G The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.	Board roles and responsibilities Page 130 Non-Executive Directors Page 133 The relationship between the Board and the Executive Committee Page 135
Principle H Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.	Board roles and responsibilities Page 130 Non-Executive Directors Page 133
Principle I The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	Our governance framework Page 132 Information flow to the Board Page 139

HOW WE COMPLY WITH THE UK CORPORATE GOVERNANCE CODE 2018 CONTINUED

COMPOSITION, SUCCESSION AND EVALUATION

Pages 141 to 158

Principle J
Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained by the board and by senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

Chair succession Page 146
Inclusion and diversity Page 148

Principle K
The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.

Board composition Page 148

Principle L
Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

Board evaluation Page 155

AUDIT, RISK AND INTERNAL CONTROL

Pages 159 to 171

Principle M
The board should establish formal and transparent policies and procedures to ensure the independence and the effectiveness of internal and external audit functions. The board should satisfy itself on the integrity of financial and narrative statements.

Audit Committee Report Page 159

Principle N
The board should present a fair, balanced and understandable assessment of the company's position and its prospects.

Fair, balanced and understandable assessment Page 167

Principle O
The board should establish procedures to manage risk, to oversee the internal control framework, and to determine the nature and the extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

Our governance framework Page 132
Audit Committee Report Page 159
Principal risks and uncertainties Page 69

REMUNERATION

Pages 178 to 211

Principle P
Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.

Remuneration Committee Chair's letter Page 181
Remuneration at a glance Page 185
Our remuneration policy Page 190

Principle Q
A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.

Remuneration Committee Chair's letter Page 181
Our remuneration policy Page 190

Principle R
Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

Remuneration Committee Chair's letter Page 181
Our approach to fairness and wider workforce considerations Page 198

BOARD LEADERSHIP AND COMPANY PURPOSE

The Board provides strong leadership and support to the Executive Committee as it delivers the Group's strategic aims.

Graham Clemett
Chief Executive Officer

The Board comprises the CEO, the CFO and Non-Executive Directors and it is chaired by Stephen Hubbard. Details of individual attendance at Board meetings held during the year are set out below. More information on the skills and the experience of the Board members can be found on pages 115 to 116.

	Board	Audit	Remuneration	Nominations	ESG
Stephen Hubbard	7/7	–	6/6	3/3	2/2[4]
Graham Clemett	7/7	–	–	–	2/2[4]
Dave Benson	7/7	–	–	–	2/2[4]
Rosie Shapland	7/7	4/4[3]	6/6	3/3	2/2[4]
Lesley-Ann Nash	7/7	4/4[3]	6/6	3/3	2/2[4]
Duncan Owen[1]	7/7	–	–	2/3[5]	2/2[4]
Manju Malhotra	7/7	4/4[3]	–	3/3	2/2[4]
Nick Mackenzie	6/7[6]	–	–	3/3	2/2[4]
Damon Russell[2]	3/3	–	–	1/1	–

1. Duncan Owen was appointed as Chair of the ESG Committee on 21 April 2022.
2. Damon Russell stepped down from the Board with effect from the close of the Company's AGM on 21 July 2022.
3. The Audit Committee meeting in January 2023 was a joint meeting with the ESG Committee.
4. The ESG Committee meeting in January 2023 was a joint meeting with the Audit Committee.
5. Duncan Owen did not attend the Nominations Committee meeting where his appointment as Chair was discussed.
6. Nick Mackenzie did not attend the September 2022 Board meeting due to pre-existing commitments.

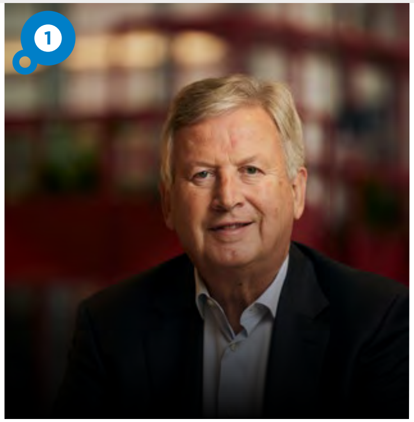
QUICK LINKS

Our Board	Page 114
Board and Committee membership	Page 117

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

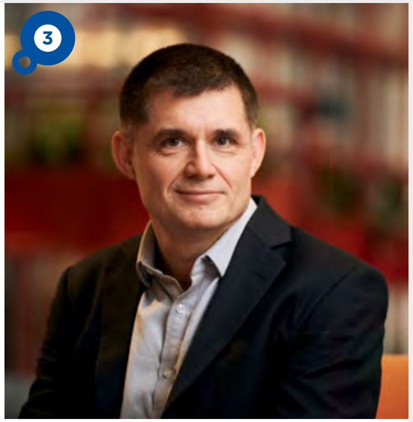
Our Board

Led by our Chair, Stephen Hubbard, the Board provides the leadership of the Company. The Board is collectively responsible and it is accountable to shareholders for the Company's long-term success, strategy, values, culture, control and management.



Stephen Hubbard
Non-Executive Chair

Graham Clemett
Chief Executive Officer

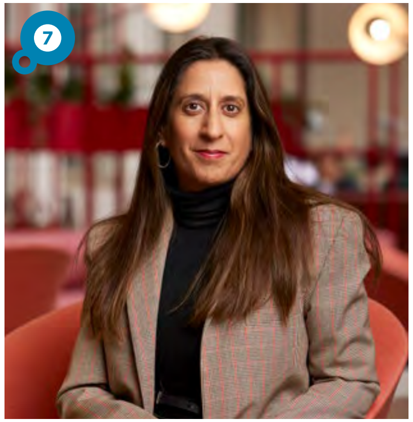


Dave Benson
Chief Financial Officer

Rosie Shapland
Non-Executive Director

Lesley-Ann Nash
Non-Executive Director

Duncan Owen
Non-Executive Director



Manju Malhotra
Non-Executive Director

Nick Mackenzie
Non-Executive Director

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
OUR BOARD CONTINUED

CHAIR

STEPHEN HUBBARD
1
INDEPENDENT
NON-EXECUTIVE DIRECTOR

Committee membership
- REMUNERATION
- NOMINATIONS (CHAIR)
- ESG

Appointed
Board: July 2014
Chair: July 2020

Current external appointments
Stephen is a member of the advisory board of Redevco, a pan-European property holding company, and a Non-Executive Director of AustralianSuper where he is their representative on the board of the BL/Aus Super JV for Canada Water.

Relevant skills, business experience and contribution
Stephen has many years' experience of operating within the property sector. He was previously Chair of CBRE UK until he retired in December 2019, having joined Richard Ellis in 1976 and held the position of Head of EMEA and UK Capital Markets from 1998 to 2012. He was also previously Non-Executive Chair of LXI REIT PLC. He has an outstanding track record in the investment market and has advised on several landmark transactions involving international capital. Stephen has a broad range of knowledge and experience at board level, including leadership and executive management, operation of public companies, regeneration and development projects, as well as strong financial skills.

EXECUTIVE DIRECTOR

GRAHAM CLEMETT
2
CHIEF EXECUTIVE OFFICER

Committee membership
- ESG
- EXECUTIVE (CHAIR)
- INVESTMENT (CHAIR)
- DISCLOSURE (CHAIR)

Appointed
Board: July 2007
CEO: September 2019

Current external appointments
Graham is the Senior Independent Non-Executive Director at The Restaurant Group PLC.

Relevant skills, business experience and contribution
Graham has detailed knowledge of the Company's operations and extensive experience of the property sector gained through his fifteen years' experience with the Group, having joined as CFO in 2007. Prior to joining the Group, he was Finance Director for UK Corporate Banking at RBS Group plc and before that spent eight years at Reuters Group plc, latterly as Group Financial Controller. Graham has extensive experience in leadership and management, strong commercial, strategic and communication skills, extensive investor relations experience and strong financial skills with significant experience of financing and capital raising. He is a Chartered Accountant.

EXECUTIVE DIRECTOR

DAVE BENSON
3
CHIEF FINANCIAL OFFICER

Committee membership
- ESG
- EXECUTIVE
- INVESTMENT
- DISCLOSURE

Appointed
April 2020

Current external appointments
Dave does not have any current external appointments.

Relevant skills, business experience and contribution
Prior to joining Workspace, Dave was the Corporate Finance Director of Whitbread PLC. He previously held senior finance roles at Kier Group plc and Keller Group plc, having qualified as a Chartered Accountant with Deloitte. He has strong financial skills, having gained experience in a series of dynamic businesses as well as a good understanding of technology and its commercial applications plus strong communication and leadership skills. He has experience in strategy development, infrastructure and development projects, corporate transactions, acquisitions and integrations, investor relations and detailed knowledge of risk management and internal control systems.

NON-EXECUTIVE DIRECTOR

ROSIE SHAPLAND
4
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Committee membership
- REMUNERATION
- NOMINATIONS
- AUDIT (CHAIR)
- ESG

Appointed
November 2020[1]

Current external appointments
Rosie is a Non-Executive Director at Foxtons Group plc, where she is Senior Non-Executive Director, Chair of their Audit Committee, and a member of their Remuneration, Nomination and ESG Committees and PayPoint plc, where she is Chair of their Audit Committee and a member of their Nomination and Remuneration Committees.

Relevant skills, business experience and contribution
Rosie is a Chartered Accountant and was previously an audit partner at PwC. She has many years' experience of operating within the finance sector as well as a broad range of public company board experience, in addition to experience of governance, risk management, investment and corporate transactions and strong financial skills.

1. Rosie was appointed Senior Independent Director in February 2022 and Chair of the Audit Committee in July 2021.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
OUR BOARD CONTINUED

NON-EXECUTIVE DIRECTOR

LESLEY-ANN NASH 5
INDEPENDENT NON-EXECUTIVE DIRECTOR

Committee membership
- REMUNERATION (CHAIR)
- NOMINATIONS
- AUDIT
- ESG

Appointed
January 2021[1]

Current external appointments
Lesley-Ann is a Non-Executive Director of St. James's Place plc, where she is a member of their Risk and Remuneration Committees. She is also a member of the boards of Homes England and London First.

Relevant skills, business experience and contribution
Lesley-Ann was previously a Director in the Cabinet Office of HM Government and a Managing Director at Morgan Stanley, as well as having previously worked at UBS and Midland Bank. She has deep global capital markets experience on both buy and sell sides, extensive knowledge of central and local government and experience of policy development, procurement and major programme delivery and a track record of promoting inclusion and diversity and delivering meaningful cultural change, as well as public company board experience. She also has deep financial fluency gained as a fellow of the Chartered Institute of Management Accountants (CIMA). She was also previously on the board of North London Hospice.

1. Lesley-Ann was appointed Chair of the Remuneration Committee in September 2021.

NON-EXECUTIVE DIRECTOR

DUNCAN OWEN 6
INDEPENDENT NON-EXECUTIVE DIRECTOR

Committee membership
- NOMINATIONS
- ESG (CHAIR)

Appointed
July 2021[1]

Current external appointments
Duncan is the Chair of Sellar, the large scale London office developer of schemes such as the Shard and Paddington Square.

Relevant skills, business experience and contribution
Duncan has over 30 years' experience in the real estate investment and development sector. He has a deep understanding of the central London Office sector and listed capital markets, including leadership of IPOs and corporate acquisitions. He was previously a director of LaSalle Investment Management, on the board of Insight Investment, CEO of Invista Real Estate Investment Management plc, Global Head of Real Estate at Schroders PLC, and then the CEO of Immobel Capital Partners until 31 March 2023. He was also previously a Governor of the board of the Church Commissioners. He is a member of the Royal Institution of Chartered Surveyors, sat on the policy committee of the BPF (British Property Federation) for 14 years and studied at INSEAD.

1. Duncan was appointed Chair of the ESG Committee in April 2022.

NON-EXECUTIVE DIRECTOR

MANJU MALHOTRA 7
INDEPENDENT NON-EXECUTIVE DIRECTOR

Committee membership
- NOMINATIONS
- AUDIT
- ESG

Appointed
January 2022

Current external appointments
Manju is CEO at Harvey Nichols, the luxury department store, a Non-Executive Director at abrdn UK Smaller Companies Growth Trust plc and a Non-Executive Director at London & Partners, an international trade and investment agency for London.

Relevant skills, business experience and contribution
Manju joined Harvey Nichols in 1998 and progressed through various roles, including CFO and co-COO, before her appointment as CEO. She has extensive experience in customer-focus, developing a values-led culture, strategy, operations, finance and technology. She is a Chartered Accountant.

NON-EXECUTIVE DIRECTOR

NICK MACKENZIE 8
INDEPENDENT NON-EXECUTIVE DIRECTOR

Committee membership
- NOMINATIONS
- ESG

Appointed
January 2022

Current external appointments
Nick is CEO at Greene King, the pub retailer and brewer.

Relevant skills, business experience and contribution
Prior to joining Greene King, Nick spent 17 years at Merlin Entertainments plc, most recently as Managing Director of Midway Attractions, the largest division within the group, having started his career in pubs at Bass and Allied. He was also previously a Non-Executive Director at Daniel Thwaites PLC. He has significant expertise in strategy, real estate and business development and experience of public company boards. Nick currently sits on the board of the BBPA and is also an advisory board member of WiHTL.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
OUR BOARD CONTINUED

COMPANY SECRETARY
CARMELINA CARFORA

Appointed
March 2010

Carmelina is Secretary to the Board and its Nominations, Remuneration, Audit and ESG Committees, she monitors compliance with procedures and provides advice on governance matters. At the direction of the Chair, she is responsible for making sure the Board receives accurate, timely and relevant information. She also co-ordinates the induction of new Board members and the provision of ongoing training and development of the Board. Carmelina's other responsibilities include corporate governance, compliance with legislation and the administration of share schemes.

BOARD AND COMMITTEE MEMBERSHIP
AS AT 31 MARCH 2023

	Board	Nominations Committee	Audit Committee	Remuneration Committee	ESG Committee	Executive Committee	Investment Committee	Disclosure Committee
Chair								
Stephen Hubbard Non-Executive Chair	●	●		●	●			
Executive Directors								
Graham Clemett Chief Executive Officer	●				●	●	●	●
Dave Benson Chief Executive Officer	●				●	●	●	●
Non-Executive Directors								
Rosie Shapland Senior Independent Non-Executive Director	●	●	●	●	●			
Lesley-Ann Nash Non-Executive Director	●	●	●	●	●			
Duncan Owen Non-Executive Director	●	●			●			
Manju Malhotra Non-Executive Director	●	●	●		●			
Nick Mackenzie Non-Executive Director	●	●			●			
Members of the Executive Committee								
Will Abbott Chief Customer Officer						●		
Carmelina Carfora Company Secretary						●		●
Claire Dracup Director of People and Culture						●		
Paul Hewlett Director of Strategy & Corporate Development						●	●	●
Leo Shapland Head of Portfolio Management						●	●	
Richard Swayne Investment Director						●	●	

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

Board activities 2022/23

STRATEGY

1

ANNUAL STRATEGIC REVIEW

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

The Board held its annual strategic review in September 2022 to approve the five-year plan. External speakers and members of the Executive Committee joined the Board to stimulate discussion in a number of areas, including the Group's sustainability ambitions, people and culture and operational priorities. Following the strategy day, several ideas and initiatives were developed for incorporation into the business plan.

Our strategy >
Pages 32 to 35

SUSTAINABILITY AGENDA

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

The Board established a Board ESG Committee in April 2022 to provide a dedicated forum for discussion of ESG-related matters. During the year, discussions included ESG strategy and governance, progress against our science-based targets to transition to net zero carbon and the addition of climate change as a principal risk to the Group.

Throughout the year the Board also requested updates from the sustainability team on the Group's sustainability activities.

Sustainability >
Pages 36 to 58

OPERATIONS

2

ASSET MANAGEMENT

Relevant stakeholders
- CUSTOMERS
- INVESTORS
- PARTNERS AND SUPPLIERS

The Board receives regular updates on asset management and leasing activities. This year, the focus has been on the integration of the McKay portfolio, improving the overall portfolio offering and improving the customer experience, through targeted customer surveys, the results of which are used to drive improvements in our customer processes. Read more about our engagement with customers on pages 16 to 20 and 123.

PORTFOLIO VALUATION

Relevant stakeholders
- INVESTORS

The Board reviewed and approved the full and half-year valuations of the Group's property portfolio in May and November 2023 respectively.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
BOARD ACTIVITIES 2022/23 CONTINUED

2. OPERATIONS CONTINUED

PORTFOLIO GROWTH

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

During the year the Board also approved the disposal of the residential component of its Riverside mixed-use redevelopment in Wandsworth for £54 million. Read more on page 128.

The Board is also provided with regular updates on planned refurbishment and development projects. This year, key development projects have included The Chocolate Factory and Leroy House. Read more about these projects on pages 30 and 46.

PURPOSE, VALUES AND CULTURE

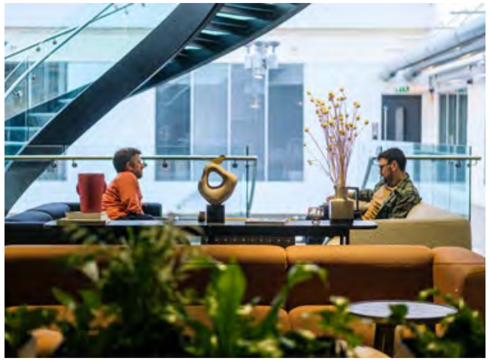
3

PURPOSE

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

Our purpose is to give businesses the freedom to grow. Our purpose provides the framework for making decisions and for engaging with our stakeholders. The Board sets the Group's strategy and makes decisions through the lens of our purpose.

The Board has continued to monitor how our purpose is articulated and understood by our customers, employees, investors and other stakeholders, and how our values are embedded throughout our business. This is achieved through regular engagement with our stakeholders, more information on which can be found on pages 121 to 123. The Board also approves the Group's key policies and practices so that they underpin our purpose. The Executive Committee is responsible for communicating these policies throughout our business.



VALUES

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

Our purpose informs our values: 'know your stuff', 'show we care', 'find a way' and 'make it fun'.

The Board encourages all employees to live our values in their work for the Group and especially in their dealings with each other and our other stakeholders. Graham Clemett, CEO, sits on the judgement panel for our employee recognition programme, Workspace Winners, where employees are given awards and prizes for demonstrating one or more of our values.

Our values >
Page 21

CULTURE

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

Our culture is one of integrity, transparency and openness, where independent thought and taking initiative are encouraged. The Board recognises the importance of our culture to the business of the Group and sets the 'tone from the top' by demonstrating and encouraging values-driven behaviour. This is underpinned by our compliance policies and Code of Conduct, which are reviewed by the Board annually.

The Board is keen to recognise employees who exemplify our culture. Our Workspace Winners scheme rewards staff who live our values throughout their role at Workspace.

Spotlight on culture >
Page 120

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
BOARD ACTIVITIES 2022/23 CONTINUED

HOW OUR BOARD MONITORS CULTURE

Chair breakfast sessions
Stephen Hubbard meets with staff in his role as Non-Executive Director for employee engagement and reports back to the Board

'Town hall' events
Our CEO, CFO and members of the Executive Committee lead 'town hall' events to provide business updates to employees, with the opportunity for staff to ask questions

Site visits
Members of the Board regularly visit our business centres and engage with our centre staff during site visits

Annual employee survey
Seeks detailed feedback from staff in a wider range of areas. Results from the survey are reviewed and discussed by the Board and progress on actions arising from the feedback is tracked

The Board sets the 'tone from the top' and uses a variety of tools to assess and monitor the Group's culture.

HOW OUR BOARD MONITORS CULTURE

Staff suggestion board
This year we introduced an online staff suggestion board, allowing our employees to share ideas and feedback for improvements to our business

Diversity & inclusion
The Board and the Nominations Committee regularly monitor diversity at Workspace, including reviewing our first gender pay gap report, published in March 2023

Remuneration
The Remuneration Committee reviews the Group's employee pay structures and their alignment with our purpose, values and strategy

Whistleblowing reports
Our Whistleblowing Policy, applicable to all staff, encourages openness in reporting misconduct. Any reports made would be investigated and reported to the Board. No reports were made during the year

Informal feedback
Any significant informal staff feedback is reported to the Board by the Executive Committee

86%
RESPONSE RATE TO 2023 EMPLOYEE SURVEY

74%
FAVOURABLE ENGAGEMENT SCORE FROM 2023 SURVEY

2
CHAIR BREAKFAST SESSIONS

12
WORKSPACE WINNERS

6
TOWN HALL EVENTS

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
BOARD ACTIVITIES 2022/23 CONTINUED

STAKEHOLDERS

4

INVESTOR ENGAGEMENT

Relevant stakeholders
- INVESTORS

Market engagement
We regularly engage with existing and prospective shareholders through an active investor relations programme. The Board reviews a detailed bi-monthly investor relations report which includes notable views expressed by shareholders as well as wider market participants, alongside share register movements, broader sector and peer news and progress on various investor relations initiatives.

Our Investor Relations team manages a comprehensive calendar of engagements, including formal announcements, AGM, results presentations, results roadshows, ad hoc equity and debt investor meetings (including institutional, private client and retail investors), equity sales team meetings, conferences, financial analyst and investor site tours, capital market days, business media, industry events, as well as ad hoc outreach contact with stakeholders to ensure our strategy and value creation are well understood by the market and wider stakeholder community. See page 23 for details of the topics raised by investors.

During 2022/2023 we engaged with 304 institutional investors via one-to-one and group meetings; most in person, supplemented by virtual meetings. Investor meetings are attended by various senior executives, including the CEO, CFO, Chair and Executive Committee members, as well as the Investor Relations Analyst and Group Financial Controller. Key investor engagement during the year included the following:
- 150 investor meetings (in-person and virtual)
- 19 site tours
- 6 real estate conferences attended globally
- Sustainability Capital Markets Day
- Annual General Meeting

In May 2022, we held a Capital Markets Day for investors and analysts focusing on our ESG strategy. The event was hosted by our Head of Sustainability, CEO and CFO and included a live Q&A. It was attended by 22 investors and analysts.

Our investor website is www.workspace.co.uk/investors. It contains our Annual Reports, half and full-year results presentations and our financial and dividend calendar for the upcoming year. Our website also outlines our company strategy, business model, property portfolio and has a detailed section covering our ESG activities.

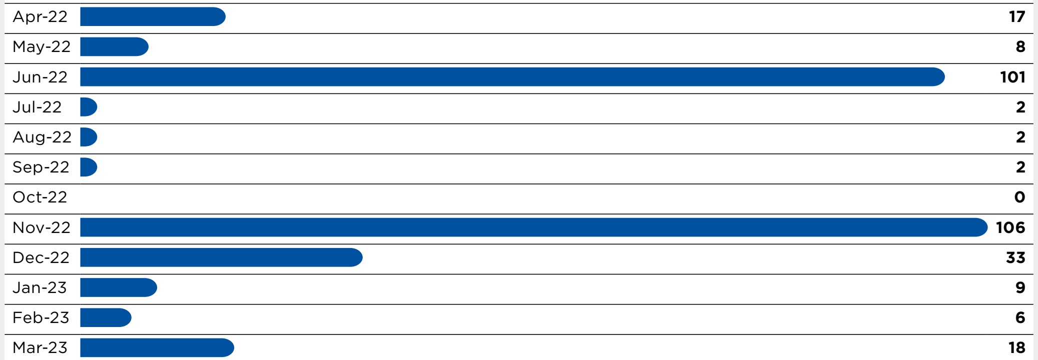
Lesley-Ann Nash, as Chair of the Remuneration Committee, engaged with shareholders in respect of our proposed changes to our Remuneration Policy this year. For further details see page 190. All Committee Chairs are available to engage with shareholders as appropriate.

If shareholders have any concerns, which the normal channels of communication to the CEO, the CFO or the Chair have failed to resolve, or for which contact is inappropriate, then our Senior Independent Director, Rosie Shapland, is available to address them. Contact details for our Investor Relations team, Company Secretary and Company Registrars can be found at the back of this Report as well as on our website.

INVESTOR RELATIONS CALENDAR OF EVENTS

2022/23	Events	Investor Meetings	Investor Tours
April	– Q4 Business update	○	○
May	– Capital Markets Day	○	
June	– Full-year results – Investor roadshow	○	
July	– AGM & Q1 Business Update	○	○
August		○	○
September	– Global real estate conference	○	○
October	– Q2 Business Update		○
November	– Half-year results – Investor roadshow	○	
December	– UK investor conference	○	
January	– Q3 Business Update – UK investor conference	○	
February		○	○
March	– Year end – Global real estate conference	○	○

INVESTOR MEETINGS



BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
BOARD ACTIVITIES 2022/23 CONTINUED

4. STAKEHOLDERS CONTINUED

INVESTOR ENGAGEMENT CONTINUED

Relevant stakeholders
- INVESTORS

Annual Report and Website
Our Annual Report is available to all shareholders. Shareholders can opt to receive a hard copy in the post or PDF copies via email or from our website. Additionally, if a shareholder holds their shares via a nominee account and that shareholder encounters difficulty receiving our Annual Report via their nominee provider, they are welcome to contact the Company Secretary to request a copy.

Our investor website is www.workspace.co.uk/investors. It contains our Annual Reports, half- and full-year results presentations and our financial and dividend calendar for the upcoming year. Our website also outlines our company strategy, business model, property portfolio and it has a detailed section covering our ESG activities.

AGM
Our 2022 AGM was held on 21 July 2022 and all resolutions passed with over 90% of votes in favour. Our 2023 AGM will be held at the Company's registered office at Canterbury Court, Kennington Park, 1-3 Brixton Road, London SW9 6DE on Thursday 6 July 2023 at 11.00am and we look forward to welcoming our shareholders there. The Notice of Meeting, together with an explanation of the business to be dealt with at the Meeting, is included as a separate document sent to shareholders who have elected to receive hard copies of shareholder information and it is also available on the Company's website.

Following shareholder engagement, since 2019 we have sought approval for a resolution authorising political donations up to £20,000 in aggregate, which was a lower amount than we had sought in previous years. This year we are again proposing a resolution with an upper limit of £20,000 in aggregate. This resolution is proposed as a precaution to prevent the Company's normal business activities being inadvertently caught by the broad definitions used in the relevant provisions of the Companies Act 2006. It remains the policy of the Company not to make political donations or to incur political expenditure within the ordinary meaning of those words and the Board has no intention of using the authority for that purpose.

In addition, and in line with the resolution approved at last year's AGM, the Directors are again proposing a single resolution disapplying pre-emption rights for the 2023 Annual General Meeting that would apply only in very limited circumstances. The proposed disapplication resolution is limited to allotments and/or sales: (i) in connection with pre-emptive offers and offers to holders of equity securities other than ordinary shares (if required by the rights of those securities or as the Directors otherwise consider necessary); and (ii) in connection with the terms of any employees' share scheme for the time being operated by the Company.

EMPLOYEE ENGAGEMENT

Relevant stakeholders
- PEOPLE

The Board recognises the crucial importance of our employees to the success of the Group. Throughout the year the Board meets and receives feedback from a wide range of employees across the business, including reviewing results from our annual employee survey. The Board and the Executive Committee review and approve key policies, practices and strategic decisions, making sure that they reflect our culture and align to the Group's key values and purpose.

Stephen Hubbard is our designated Non-Executive Director responsible for employee engagement, as the Board considers this the most effective method to ensure the employee voice is heard at the very top of the organisation. Stephen held two breakfast sessions with staff during the year. See pages 21 and 139 for further details of the Chair breakfast sessions and topics raised. Stephen reports back to the Board after every session to ensure the feedback gained from our staff is effectively communicated to the Board as a whole.

Employees are also invited to town hall sessions led by the CEO or other members of the Executive Committee. During the year there were site tours arranged for our Non-Executive Directors to visit our business centres and to meet employees.

Employee engagement
Pages 21 to 22

Chair's breakfast,
Brickfields, Hoxton

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
BOARD ACTIVITIES 2022/23 CONTINUED

4. STAKEHOLDERS CONTINUED

BUSINESS RELATIONSHIP ENGAGEMENT

Relevant stakeholders
- CUSTOMERS
- PARTNERS AND SUPPLIERS

Positive relationships with our customers, suppliers and other business partners are essential to the Group's ongoing success. Customer-facing teams provide daily feedback from customers while views from suppliers and partners are captured by dialogue with the relevant business team. These views from our customers, suppliers and partners are collated and fed back to the Board, and incorporated into decision making.

Business relationship engagement >
Pages 16 to 20 and 23

COMMUNITY AND ENVIRONMENT ENGAGEMENT

Relevant stakeholders
- COMMUNITIES
- ENVIRONMENT

The Board remains committed to reaching our target of becoming a net zero carbon business by 2030. All new Board members receive an induction on the Group's approach to sustainability. This year, a Board-level ESG Committee was introduced, providing a forum for the Board to dedicate discussion to our progress with our sustainability objectives and to review updates from our sustainability team.
The Board is also regularly updated on our community and social impact work and our fundraising activities for our charity partner, Single Homeless Project.

FINANCE 5

STRUCTURE, FORECASTS, BUDGETS

Relevant stakeholders
- INVESTORS

The Board regularly reviews the Group's financial structure and rolling forecasts. The Board approved the Group's 2022/23 budget.

REFINANCING

Relevant stakeholders
- INVESTORS

The Board reviewed refinancing arrangements related to two McKay loan facilities, and the extension of the McKay £135m RCF and the Group's existing £200m RCF. See page 34 for further details.

DIVIDEND PAYMENTS

Relevant stakeholders
- INVESTORS

The Board recommended the payment of the final dividend paid to shareholders in August 2022 and it approved the payment of the interim dividend paid to shareholders in February 2023.

REPORTING 6

FULL, HALF-YEAR AND TRADING STATEMENTS

Relevant stakeholders
- INVESTORS

The Board reviewed and approved the full and half-year results and trading statements.

VIABILITY AND GOING CONCERN STATEMENTS

Relevant stakeholders
- INVESTORS

The Board conducted a review of the Company's viability over the next five-year period and it approved the viability statement and going concern statement.

Viability statement >
Page 87

Going concern statement >
Page 87

RISKS 7

PRINCIPAL RISKS

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

The Board reviewed the Group's principal risks which could impact the implementation of the Group's strategy. See pages 69 to 76 for details of our principal risks and uncertainties.

The Board requested updates from the Chair of the Audit Committee on the key areas of risk discussed during the year.

EMERGING RISKS

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

The Board heard updates from the Chair of the Audit Committee on emerging risks which have been highlighted and debated during meetings of the Committee.

Principal risks and uncertainties >
Page 69

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
BOARD ACTIVITIES 2022/23 CONTINUED

SUCCESSION
8

APPOINTMENT OF NEW CHAIR

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

During the year the Board approved the appointment of Duncan Owen to succeed Stephen Hubbard as Chair of the Board.

Recruitment process >
Page 146

GOVERNANCE
9

BOARD EFFECTIVENESS REVIEW

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

The Board has progressed the recommendations made following the internal Board effectiveness review facilitated by Fidelio last year. Read more about how the recommendations from last year's external evaluation have been progressed during the year on pages 157 to 158.

Internal Board effectiveness review >
Pages 155 to 156

GENDER PAY GAP

Relevant stakeholders
- PEOPLE
- INVESTORS

The Board reviewed and approved the Company's first gender pay gap report, which was published on 30 March 2023 and can be found on our website at www.workspace.co.uk/investors/about-us/governance/our-policies/gender-pay-gap-report-2023.

REGULATORY AND LEGAL UPDATES

Relevant stakeholders
- INVESTORS

The Board discussed legal updates and advice from the Company's legal advisers.

The Board also reviewed regular legal and governance updates from the Company Secretary.

COMMITTEE MEMBERSHIP AND TERMS OF REFERENCE

Relevant stakeholders
- INVESTORS

During the year, the Board reviewed the structure of its Committees. For more information on changes to the Committee structure and membership see page 157.

The Board also reviewed the schedule of matters reserved to the Board (see page 135) and the terms of reference applicable to each Committee.

WORKFORCE POLICIES AND PRACTICES

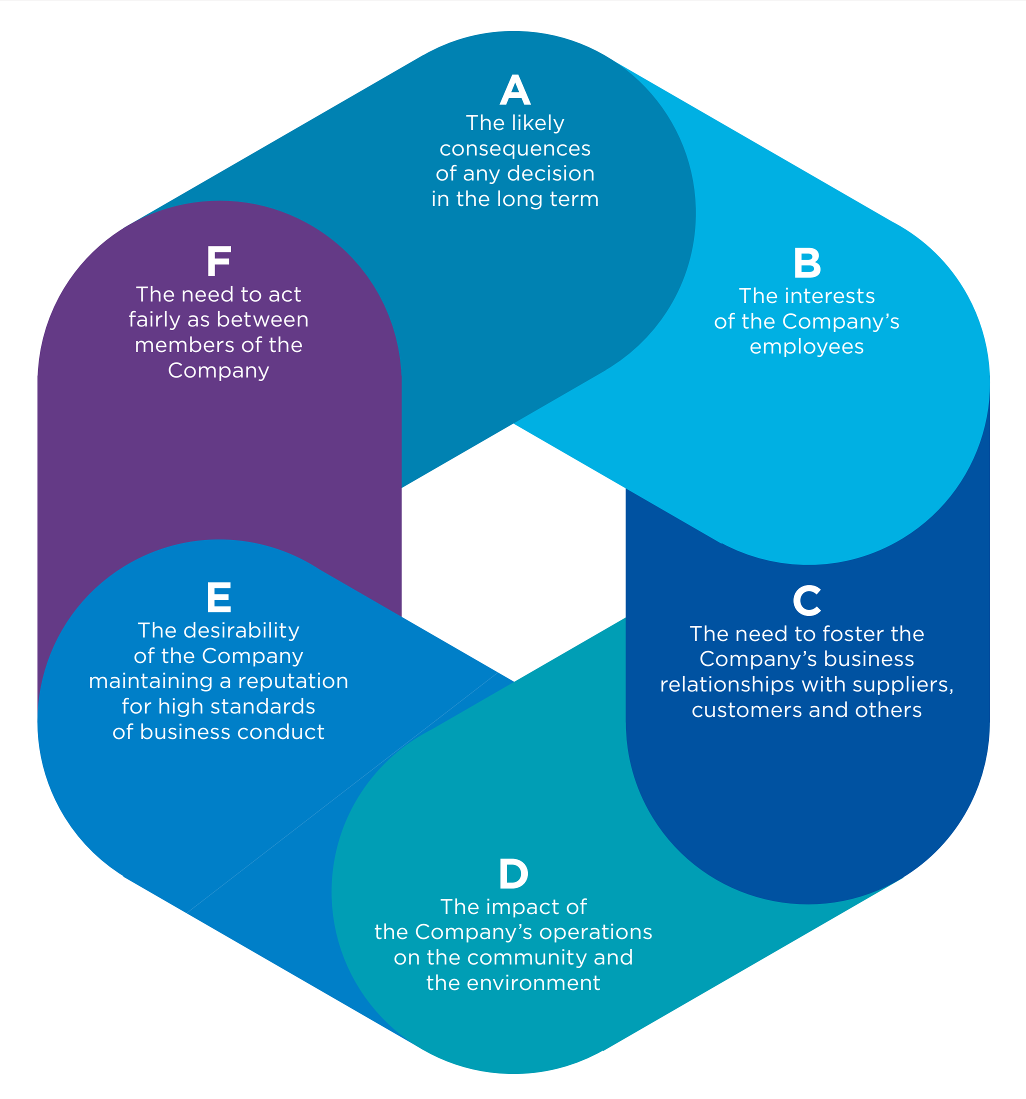
Relevant stakeholders
- PEOPLE

The Board reviews and approves all key policies and practices which could impact our employees and influence their behaviours. Policies are reviewed to check that they are aligned with the Group's purpose, culture and values. The Board recognises that effective and honest communication is essential to maintain our business values, and we encourage our employees to speak out if they witness any wrongdoing. This stance is reinforced in our whistleblowing procedures and in our Code of Conduct. Further information on the Group's key compliance policies can be found on pages 89 to 91.

All policies are available to employees and are published on the Group's intranet. All new employees are provided with training on our policies at induction sessions and we provide annual refresher training to all staff in key areas.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

Section 172(1) statement



The Board of Workspace Group PLC (**'the Board'**) is required to act in good faith to promote the long-term success of the Company (and its Group) for the benefit of its shareholders, while having due regard to the matters set out in Section 172(1) of the Companies Act 2006.

The Board has identified the Company's key stakeholders to be its shareholders, employees, customers, suppliers, debt financiers and local communities. The Board also considers the impact of operations on the environment to be of key importance.

RELEVANT DISCLOSURES

A The likely consequences of any decision in the long term

Our purpose	Page 14
Our business model	Pages 64 to 68
Our strategy	Pages 32 to 35
Dividend	Page 80

B The interests of the Company's employees

Employee engagement	Pages 21 to 22 and 122
Looking after our people	Pages 50 to 53
Diversity and inclusion	Pages 148 to 154

C The need to foster the Company's business relationships with suppliers, customers and others

Customer proposition	Page 65
Customer and supplier engagement	Pages 16 to 20, 23 and 123
Anti-bribery & corruption and modern slavery	Page 91

D The impact of the Company's operations on the community and the environment

Supporting our communities	Pages 54 to 58
Sustainability	Pages 36 to 58
TCFD	Pages 92 to 103

E The desirability of the Company maintaining a reputation for high standards of business conduct

Compliance policies	Pages 89 to 91
Culture and values	Page 21
Whistleblowing	Page 91
Internal controls	Page 170

F The need to act fairly as between members of the Company

Shareholder engagement	Pages 23 and 121
AGM	Page 122

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
SECTION 172(1) STATEMENT CONTINUED

HOW THE BOARD CONSIDERS SECTION 172(1) MATTERS

BOARD INFORMATION

- All members of the Board are aware of the Board's responsibilities and their individual duties as Directors and the need to consider Section 172(1) factors is embedded in the Matters Reserved to the Board and Committee terms of reference
- The Board receives regular updates from the sustainability team on ESG matters (see pages 118 and 172 to 177)
- The Board directly engages with employees and investors, and it receives feedback from the CEO and CFO on meetings with investors and analysts (see pages 121 to 122)
- The Board receives regular reports from the Executive Committee and external advisers on engagement with other stakeholders such as customers, suppliers and the wider community (see page 123)
- Stephen Hubbard, Chair of the Board, holds focus groups with employees in his role as the designated Non-Executive Director for employee engagement (see page 122)
- A stakeholder impact analysis, setting out the expected impacts of the proposed decision on different stakeholder groups and how any negative impacts might be mitigated, is conducted and that analysis feeds into the Board's discussions when key strategic decisions are proposed

BOARD DISCUSSION AND DECISION MAKING

- Decision making is informed by the information received by the Board, with consideration given to Section 172(1) factors relevant to the decision at hand
- Sustainability matters are considered in each decision the Board makes
- A Board strategy day is held each year where the Board discusses long-term strategy (see page 118)
- The Board regularly considers the Group's purpose, values and policies related to business conduct (see pages 119 to 120)
- The Board and the Audit Committee oversee the Company's risk management framework and the actions that are in place to mitigate risk in the short, medium and long term (see page 171)
- The Board considers stakeholder interests when determining the level of dividend

MONITORING

- The Board monitors the short, medium and long-term impact of key decisions through regular updates from the Executive Committee
- Feedback and engagement from stakeholder groups is collated and used to inform future decision making

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

Key Board decisions in 2022/23

Some of the key decisions considered by the Board in 2022/23, and how the Board had regard to Section 172(1) matters when discussing them, are outlined to the right and on the following page.

A: The likely consequences of any decision in the long term.
B: The interests of the Company's employees.
C: The need to foster the Company's business relationships with suppliers, customers and others.
D: The impact of the Company's operations on the community and the environment.
E: The desirability of the Company maintaining a reputation for high standards of business conduct.
F: The need to act fairly as between members of the Company.

INTEGRATION OF McKAY

Description	Following completion of the acquisition of McKay in May 2022, during the year the Board monitored the successful integration of the McKay business into the Group's operations
Relevant Section 172(1) decision criteria	A, B, C, D, E, F
Relevant stakeholders	- Employees - Customers - Suppliers - Investors - Communities - Debt finance providers
Decision-making process	- The Board was aware that the integration of the McKay business into the Group would impact upon multiple stakeholder groups and be essential to delivering long-term value from the acquisition for all stakeholders - The Board requested regular reports from management on progress with the integration plan, focusing on aligning the McKay operations - Areas of focus included a review of security and health & safety policies and processes to ensure the safety of employees, customers, suppliers and visitors to McKay buildings, and integrating building, finance and customer data and processes into the Group's systems to promote synergies - In particular, the Board considered progress with collation of information related to sustainability matters and the creation of a net zero transition plan for the McKay portfolio - The Board reviewed updates on staff communications relating to the acquisition and the integration plan - The Board reviewed proposals for amendments to financing arrangements with lenders
Values	**Know your stuff** **Show we care** **Find a way**

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

KEY BOARD DECISIONS IN 2022/23 CONTINUED

CUSTOMER EXPERIENCE

Description	During 2022, the Board reviewed and considered updates on the progress of the Group's customer experience project. The project is focused on collating customer feedback and using that feedback to improve the experience of our customers
Relevant Section 172(1) decision criteria	A, C, E
Relevant stakeholders	– Customers – Investors
Decision-making process	– The Board recognises that, as well as improving the experience of customers as a stakeholder group, continually improving the customer experience is vital to the long-term success of the Group – During the year, the Board reviewed and discussed feedback collated from customers and the proposed areas of focus for improvements – The Board monitored progress on the areas of focus, which included the introduction of a new complaints policy, changes to streamline the processes for renewals, moving within Workspace and licences to alter, and adjustments to the responsibilities of centre managers to free up more time for them to focus on customers – The Board was updated on provision of 'Customer First' training to all staff, designed to support the above initiatives, underline the importance of a positive customer experience and understand how staff can contribute within their individual roles
Values	**Know your stuff** **Show we care** **Find a way** **Make it fun**

DISPOSAL OF RIVERSIDE RESIDENTIAL SCHEME

Description	The Board approved the disposal of the residential component of the Group's Riverside property
Relevant Section 172(1) decision criteria	A, B, C, D, E, F
Relevant stakeholders	– Employees – Customers – Suppliers – Investors – Communities
Decision-making process	– In March 2023, the Group completed the sale of the residential component of the Group's Riverside mixed-use redevelopment in Wandsworth for £54 million – The scheme is an example of the Group's mixed-use regeneration approach, and the Group will construct a new major business centre providing 153,000 sq. ft. of net lettable space – creating employment opportunities and delivering on the Group's strategy of employment-led regeneration in the areas in which it operates – The new residential and commercial space will be built to the highest sustainability standards and with significant landscaping and public realm enhancements, benefitting residents and the local community – Further information can be found on page 13
Values	**Know your stuff** **Show we care** **Find a way**

CHAIR SUCCESSION

Description	The Board approved the appointment of Duncan Owen to succeed Stephen Hubbard as Chair of the Board with effect from the close of the Company's AGM in 2023
Relevant Section 172(1) decision criteria	A, B, C, D, E, F
Relevant stakeholders	– Employees – Customers – Suppliers – Investors – Communities
Decision-making process	– As Stephen Hubbard was approaching nine years' tenure on the Board, the Nominations Committee had for some time been considering succession planning – The Committee was conscious of the significance of the Chair's role in leading the Group and the potential for the decision to impact on all the Group's stakeholders – Duncan Owen's appointment as Non-Executive Director in July 2021 formed part of that succession planning, with the role specification being created with a view to identifying candidates who could be suitable for the Chair role when it became vacant – The Board formally approved Duncan's appointment as Chair in February 2023, on the recommendation of the Nominations Committee – Further information can be found on page 146
Values	**Know your stuff** **Show we care** **Find a way**

DIVISION OF RESPONSIBILITIES

Our strong governance framework and clear delineation of Board roles enables the Chair and Non-Executive Directors to provide oversight and constructive challenge as the Executive Committee continues to deliver our strategy.

Carmelina Carfora
Company Secretary

QUICK LINKS

DIVISION OF RESPONSIBILITIES CONTINUED

Board roles and responsibilities

The roles and responsibilities of the Chair and the Chief Executive Officer are separate, with a clear division of responsibilities between them. The Chair is responsible for the leadership of the Board, and the Chief Executive Officer manages and leads the business.

Our governance framework can be found on page 132. In addition, the role specifications described on the right set out the clear division of responsibility between Executive and Non-Executive members of the Board.

NON-EXECUTIVE

CHAIR:
STEPHEN HUBBARD
Leading the effective operation and governance of the Board
- Setting agendas which support efficient and balanced decision making
- Ensuring that the Board plays a full and constructive part in the development of the Group's strategy and making sure that there is sufficient time for boardroom discussion
- Ensuring effective Board relationships and fostering a culture that supports constructive debate
- Facilitating the effective contribution of the Non-Executive Directors and monitoring that all Directors receive accurate, timely and clear information
- Overseeing the annual Board evaluation and identifying key actions required
- With the Nominations Committee, monitoring that the Board remains appropriately balanced to deliver the Group's strategic objectives and ensuring that the Nominations Committee meets the requirements of good corporate governance
- Promoting effective engagement with the Group's shareholders and other key stakeholders
- Leading initiatives to assess the culture across Workspace and ensuring that the Board sets the correct tone
- Reviewing, with the Board, diversity and inclusion initiatives

The Chair is not involved in an executive capacity with any of the Group's activities.

DESIGNATED NON-EXECUTIVE DIRECTOR FOR EMPLOYEE ENGAGEMENT:
STEPHEN HUBBARD
- Representing the Board in discussions with employees and communicating Board decisions on specific matters
- Developing, implementing and feeding back on employee engagement initiatives in conjunction with management
- Communicating to employees the outcomes and the developments made by the Board on specific matters

SENIOR INDEPENDENT DIRECTOR:
ROSIE SHAPLAND
- Being available and providing an alternative communication channel for shareholders and other stakeholders, if required, and being available to meet with investors on request
- Providing a sounding board for the Chair
- If necessary, deputises for the Chair in his absence and counsels all Board colleagues
- Acts as an intermediary for Non-Executive Directors when necessary
- At least annually, leads a meeting of the Non-Executive Directors without the Chair present, to appraise the Chair's performance and to address any other matters which the Directors might wish to raise. The outcomes of these discussions are then conveyed to the Chair

INDEPENDENT NON-EXECUTIVE DIRECTORS:
ROSIE SHAPLAND, LESLEY-ANN NASH, DUNCAN OWEN, MANJU MALHOTRA AND NICK MACKENZIE
- Constructively challenging and assisting in the development of strategy
- Scrutinising, measuring and reviewing the performance of the Executive Directors and senior management against agreed performance objectives
- Promoting the highest standards of integrity and corporate governance
- Reviewing the succession plans for the Board and key members of senior management
- Determining appropriate levels of remuneration for the senior executives
- Reviewing the integrity of financial reporting and the systems of risk management and financial controls
- Serving on or chairing various Committees of the Board

DIVISION OF RESPONSIBILITIES CONTINUED
BOARD ROLES AND RESPONSIBILITIES CONTINUED

EXECUTIVE

CHIEF EXECUTIVE OFFICER:
GRAHAM CLEMETT
- Proposing and directing the delivery of strategy as agreed by the Board through leadership of the Group's Executive Committee
- Responsible for leading and managing the business and accountable to the Board for the financial and operational performance of the Group
- Leading the Group Executive Committee in the day-to-day running of the Group's business in order to execute objectives successfully
- Regularly reviewing the Group's organisational structure and recommending changes as appropriate
- Setting overall policies for recruitment, management, staff development and succession planning and providing updates to the Remuneration Committee
- Overseeing employee initiatives, diversity and inclusion, and employee wellbeing
- Together with the Chair and the CFO, representing the Company to its customers, suppliers, shareholders and other stakeholders
- Leading on the Group's sustainability strategy and the Group's net zero carbon pathway
- Corporate communications and the IR strategy

CHIEF FINANCIAL OFFICER:
DAVE BENSON
- Supports the CEO in developing the strategic direction of the Group and works closely with the CEO and the Board to develop and implement the Group's strategy
- Provides financial leadership to the Group and aligns the Group's business and financial strategy and management of the Company's capital structure
- Responsible for financial planning and analysis, treasury and tax
- Leads and monitors the effectiveness of the key finance functions and facilitates the appropriate development of the finance team
- Responsible for the IT function and co-ordinates and delivers IT projects to support the growth and strategic priorities of the Group

COMPANY SECRETARY:
CARMELINA CARFORA
- Secretary to the Board and to the Board's Committees
- Responsible for ensuring compliance with Board procedures and for supporting the Chair
- Advising and keeping the Board updated on corporate governance developments
- Ensuring that the Board has high-quality information, adequate time and the appropriate resources
- Considering the Board's effectiveness in conjunction with the Chair
- Facilitating the Directors' induction programmes and assisting with their professional development
- Providing advice, services and support to all Directors as and when required
- Responsible for organising the Annual General Meeting

DIVISION OF RESPONSIBILITIES CONTINUED

Our governance framework

Our governance framework supports the development of good governance practices across the Group. The Board has overall responsibility for governance within the Group.

The Board delegates certain of its responsibilities to its Nominations, Remuneration, Audit and ESG Committees. Further details of the work, composition, role and responsibilities of these Committees are provided in separate reports on pages 141, 159, 172 and 178. Each of the Committees has terms of reference which were reviewed by the Committees and the Board during the year. The performance of each of the Committees is assessed annually as part of the evaluation process described later in this report.

The Board delegates all operational matters to the Executive Committee, except for matters specifically reserved to the Board. The schedule of matters reserved for the Board is reviewed at least once a year and can be accessed on the Company website at www.workspace.co.uk/investors/about-us/governance/committee-terms-of-reference.

Further information on the matters reserved and the relationship between the Board and the Executive Committee can be found on page 135.

The terms of reference of each Board Committee are available on the Company's website at www.workspace.co.uk/investors/about-us/governance/committee-terms-of-reference.

BOARD OF DIRECTORS
The role of the Board is to promote the long-term success of Workspace by setting a clear purpose and the Group's strategy for delivering the long-term value to our shareholders and other stakeholders.

The Board delegates certain matters to its four principal committees.

NOMINATIONS COMMITTEE
Chaired by Stephen Hubbard

Membership
6 Independent Non-Executive Directors

Key responsibilities:
- Reviews succession plans for the Board and its Committees and considers its structure, size, composition and diversity
- Supports the development of an inclusive and diverse talent pipeline, and reviews supporting initiatives to increase diversity
- Monitors that the Board has the appropriate knowledge, skills and experience to operate effectively and deliver our strategy
- Recommends to the Board the appointment of a Non-Executive Director for employee engagement

Nominations Committee >
Pages 141 to 158

AUDIT COMMITTEE
Chaired by Rosie Shapland

Membership
3 Independent Non-Executive Directors

Key responsibilities:
- Oversees the Group's financial reporting
- Maintains and manages the relationship with the External Auditor, including monitoring their performance and reappointment
- Reviews and monitors management of risks other than those related to real estate, development and valuation

Audit Committee >
Pages 159 to 171

REMUNERATION COMMITTEE
Chaired by Lesley-Ann Nash

Membership
3 Independent Non-Executive Directors

Key responsibilities:
- Determines the Remuneration Policy for Executive Board Directors and considers whether there is a clear link between performance and remuneration
- Considers senior management remuneration presented by the CEO
- Reviews workforce remuneration and related policies
- Reviews remuneration policies and practices to ensure they support clarity, simplicity, transparency and alignment with culture

Remuneration Committee >
Pages 178 to 211

ESG COMMITTEE
Chaired by Duncan Owen

Membership
8 Directors

Key responsibilities:
- Oversees the Group's ESG strategy
- Monitors ESG risk and opportunities
- Sets ESG objectives and monitors progress against the objectives
- Ensures reporting of ESG issues is in line with market best practice

ESG Committee >
Pages 172 to 177

EXECUTIVE COMMITTEE
The Executive Committee is responsible for the execution of the Company's strategy and the day-to-day management of the business.

DISCLOSURE COMMITTEE
Identifies and controls inside information or information which could become inside information and determines how and when that information is disclosed in accordance with applicable legal and regulatory requirements.

SUPPORTING COMMITTEES
The Executive Committee operates a number of supporting committees that provide oversight on key business activities and risk.

DIVISION OF RESPONSIBILITIES CONTINUED

How we govern

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors have a broad mix of business skills, knowledge and experience acquired across different business sectors. This combination enables them to provide independent and external perspectives to Board discussions.

The Non-Executive Directors provide constructive challenge to the Executives. The Non-Executive Directors also help to develop proposals on strategy and they monitor performance.

Independence of Non-Executive Directors
During the year, the Board considered the independence of all of the Non-Executive Directors, save for the Chair who was deemed independent by the Board at the date of his appointment. The Board has reconfirmed that the Non-Executive Directors remain independent from executive management and that the Non-Executive Directors are free from any business or other relationship which could materially interfere with the exercise of their independent judgement. This independence is protected by a number of mechanisms including:

- Meetings between the Chair and the Non-Executive Directors, individually and collectively, without the Executive Directors being present. These meetings are typically held before each Board meeting and they are used to discuss areas relevant to the operation of the Board and the Group in a more private setting. This year, seven of these meetings were held
- Separate and clearly defined roles for the Chair, as head of the Board, and the Chief Executive Officer, as head of executive management, as set out on pages 130 to 131

100%

NON-EXECUTIVE DIRECTOR INDEPENDENCE

Board succession >
Pages 146 to 147

Board skills and experience >
The biographies of all of the members of the Board, outlining their experience, can be found on pages 115 to 116

The Nominations Committee oversees the independence of the individual Non-Executive Directors all of whom are deemed to be independent in line with the recommendations of the Code. Further details of this supporting evaluation can be found on page 148.

Time commitment and external appointments
The expected time commitment of the Chair and the Non-Executive Directors is agreed and set out in writing in the letter of appointment to the position, at which time the existing external demands on an individual's time are assessed to confirm that individual's capacity to take on the role. Further appointments which could impair the ability to meet these arrangements can only be accepted following approval of the Board.

When assessing additional directorships, the Board considers the number of public directorships held by the individual already and their expected time commitment for those roles (see biographies on pages 115 to 116). The Board considers guidance published by institutional investors and proxy advisers as to the maximum number of public appointments which can be managed both effectively and efficiently.

Executive Directors may accept a non-executive role at another company with the approval of the Board. Graham Clemett is the Senior Independent Non-Executive Director at The Restaurant Group PLC.

The Board is satisfied that each of the Non-Executive Directors can devote sufficient time to the Company's business to discharge their responsibilities effectively. The Non-Executive Directors offer strategic guidance to Board discussions and they provide independent decisions to their respective

DIVISION OF RESPONSIBILITIES CONTINUED
HOW WE GOVERN CONTINUED

NON-EXECUTIVE DIRECTORS CONTINUED

Board and Committee duties (see the table on page 113 for Board meeting attendance).

The biographies of all of the members of the Board, outlining their experience and external appointments, can be found on pages 115 to 116.

Stephen Hubbard
As in previous years, the independence of Stephen Hubbard was specifically considered during the year. Stephen was previously Chair of CBRE UK, who are the Group's external independent valuers. Stephen retired from CBRE UK in December 2019.

Furthermore, while he remained as Chair of CBRE UK, he had no involvement in any discussions or decisions regarding the appointment of CBRE or the fees paid to them.

The appointment of CBRE is by the Directors of the Company, acting through the Executives, and any communication with CBRE is entirely with them.

The Board is satisfied and it continues to conclude that Stephen remains independent both in character and in judgement, including in relation to his responsibilities as Chair of the Company.

In July 2020, Stephen stepped down from the Audit Committee on his appointment as Chair of the Company.

RE-ELECTION OF DIRECTORS

In accordance with the Code, all of the Directors will submit themselves for re-election at the AGM on 6 July 2023, except for Stephen Hubbard who will be stepping down from the Board and as Chair and who will not seek re-election. Following the Board evaluation review, detailed on page 155, and taking into account the Directors' skills and experience (set out on pages 115 to 116), the Board believes that the re-election of the Directors is in the best interests of the Company. The Nominations Committee of the Group has considered their commitments and it has concluded that the Non-Executive Directors have sufficient time to meet their Board responsibilities.

The explanatory notes in the Notice of Meeting for the AGM state the reasons why the Board believes that the Directors proposed for re-election at the AGM should be reappointed.

Duncan Owen was appointed as Chair of the newly formed ESG Board Committee in April 2022.

Mr Clemett and Mr Benson each have service contracts, details of which can be found on page 209.

None of the Non-Executive Directors have service contracts. Rather, the Non-Executive Directors are given letters of appointment. The appointments of Rosie Shapland, Lesley-Ann Nash, Duncan Owen, Manju Malhotra and Nick Mackenzie may be terminated by either the Company, or any one of them, giving three months' notice in writing. The appointment of Stephen Hubbard may be terminated by either him or the Group giving six months' notice in writing. With effect from his appointment as Chair, which will take effect at the close of the Company's AGM on 6 July 2023, the appointment of Duncan Owen may be terminated by either him or the Group giving six months' notice in writing.

The terms and conditions of appointment of Non-Executive Directors, including the expected time commitment, are available for inspection at the Company's registered office.

DIVISION OF RESPONSIBILITIES CONTINUED
HOW WE GOVERN CONTINUED

The relationship between the Board and the Executive Committee

The Board considers there to be an appropriate balance between Executive and Non-Executive Directors required to lead the business and safeguard the interests of shareholders.

As at 31 March 2023, the Board comprised the Chair, five Non-Executive Directors (all of whom are independent) and two Executive Directors. This composition meets the requirement of the Code for at least half the Board, excluding the Chair, to be independent Non-Executive Directors.

The Board delegates all operational matters to the Executive Committee except for the matters reserved to the Board.

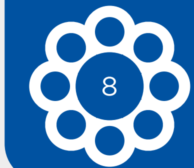
Executive Committee – managing the business
The Executive Committee, which is chaired by Graham Clemett, supports the Board by providing executive management of Workspace within the strategy approved by the Board.

The Executive Committee is accountable to the Board for implementation of the agreed strategy. The Executive Committee monitors customer and market trends, assesses the implications and benefits of asset management initiatives and oversees the effectiveness of the governance framework.

Our strategy
Pages 32 to 35

BOARD OF DIRECTORS

The Board is responsible for contemplating market trends and their impact on our strategy, assessing appropriate levels of risk and setting the objectives for the business, including the approach to ESG matters. The Board delegates the delivery of the strategy to the Executive Committee.



The Board comprises eight people: the Chair, five Non-Executive Directors and two Executive Directors

Key responsibilities:
- review and approval of the Group's strategy, business objectives and annual budgets
- approval of the Group's dividend policy and the payment and recommendation of interim and final dividends
- approval of full-year and half-year results, including the review and approval of the going concern basis of accounting and the viability assessment
- health and safety performance across the Group
- on the advice of the Nominations Committee, reviewing succession plans for the Board and the senior management team
- review and approval of corporate transactions
- setting the Group's purpose, values and standards
- approval of decisions likely to have a material impact on the Company or Group from any perspective, including, but not limited to, financial, operational, strategic or reputational
- setting the risk appetite and tolerance of the Group

THE EXECUTIVE COMMITTEE

The Executive Committee is responsible for managing the business, making day-to-day operational decisions and delivering the strategy set by the Board.

- Driving customer-led growth
- Delivering operational excellence
- Being sustainable

Key responsibilities:
- Develop the Group strategy and budget for approval by the Board
- Receive regular feedback from centre staff and take responsibility for implementing suggestions for improvements
- Collectively responsible for the day-to-day running of the business
- Analyse and review initiatives of particular interest to the Group and present these to the Board as appropriate
- Monitor operational and financial results against plans and budgets
- Review and approve capital expenditure within the authorities delegated by the Board
- Develop leadership skills and the future talent of the business so that strong succession plans are in place as the Group develops
- Receive updates on the Company's sustainability strategy
- Consider regulatory developments
- Focus on the effectiveness of risk management and control procedures

DIVISION OF RESPONSIBILITIES CONTINUED
HOW WE GOVERN CONTINUED

Composition of the Executive Committee

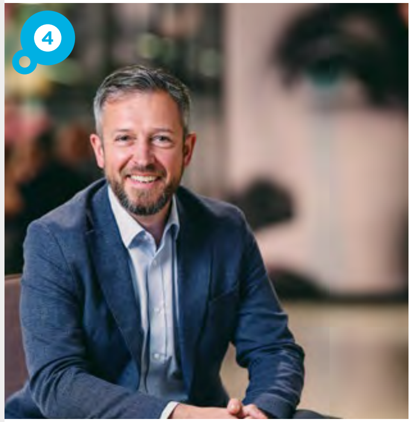
The Executive Committee is collectively responsible for day-to-day operations and performance and successful implementation of the Company's strategy.

Graham Clemett
Chief Executive Officer

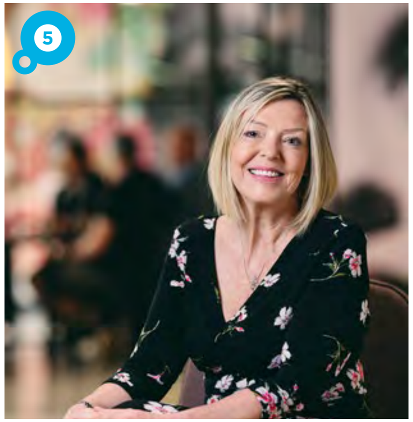
Graham Clemett
Chief Executive Officer

Dave Benson
Chief Financial Officer

Carmelina Carfora
Company Secretary



Will Abbott
Chief Customer Officer



Claire Dracup
Director of People & Culture

Paul Hewlett
Director of Strategy & Corporate Development

Leo Shapland
Head of Portfolio Management

Richard Swayne
Investment Director

DIVISION OF RESPONSIBILITIES CONTINUED
HOW WE GOVERN CONTINUED

EXECUTIVE DIRECTOR

GRAHAM CLEMETT 1
CHIEF EXECUTIVE OFFICER

EXECUTIVE DIRECTOR

DAVE BENSON 2
CHIEF FINANCIAL OFFICER

CARMELINA CARFORA 3
COMPANY SECRETARY

For full details of Graham's, Dave's and Carmelina's responsibilities and experience, go to pages 115 to 117.

WILL ABBOTT 4
CHIEF CUSTOMER OFFICER

Specific responsibilities:
Marketing, brand development and customer engagement.

Background and relevant experience:
Will joined Workspace in 2020, having spent over 20 years in marketing roles across a diverse range of businesses. After beginning his career in advertising, Will worked in digital media, FMCG, financial services and travel sectors. Prior to Workspace, Will was Marketing Director at Hiscox during a significant period of growth for the insurer, and more recently was Chief Marketing Officer of Neilson Active Holidays.

CLAIRE DRACUP 5
DIRECTOR OF PEOPLE & CULTURE

Specific responsibilities:
HR; training and staff development; management of the head office, personal assistants and admin teams; internal culture; business centre support including management of the relief team; health and safety; monitoring of customer service; Chair of the Social Sustainability Committee and responsible for delivery of all social sustainability initiatives.

Background and relevant experience:
Claire joined Workspace in 1995, initially as a Centre Manager before progressing to Portfolio Manager. In 2008, Claire became Head of Support Services and she was responsible for facilities management, security, health and safety and business centre support, which included recruitment, training and improvements to service and quality control.

PAUL HEWLETT 6
DIRECTOR OF STRATEGY & CORPORATE DEVELOPMENT

Specific responsibilities:
Corporate strategic initiative development and execution; investor relations strategy.

Background and relevant experience:
Paul joined Workspace as Director of Strategy & Corporate Development in 2021. He was previously Executive Director of the UK investment Banking Real Estate team at J.P. Morgan Cazenove. Paul has over 20 years of Corporate Finance advisory and Corporate Broking experience, advising companies across the real estate sector on corporate strategy and a wide variety of transactions, most notably focused on Mergers & Acquisitions and Equity Capital Markets.

LEO SHAPLAND 7
HEAD OF PORTFOLIO MANAGEMENT

Specific responsibilities:
Asset management, development and operational performance of the portfolio including lettings, lease renewals, property management, management of the centre and facilities team and ESG matters.

Background and relevant experience:
Leo joined Workspace in March 2022 from Aviva Investors, where he was Head of UK Real Estate Asset Management, responsible for the strategy and financial performance of a large, diversified national property portfolio. Prior to that, Leo spent ten years at Tishman Speyer, holding a number of roles in investment, development and asset management in the firm's London, San Francisco and Seattle offices.

RICHARD SWAYNE 8
INVESTMENT DIRECTOR

Specific responsibilities:
Investment strategy, acquisitions and disposals, and valuations.

Background and relevant experience:
Richard joined Workspace in November 2014 as an Investment Manager. He was promoted to Head of Investment in October 2017 and to Investment Director in April 2020. Prior to joining Workspace, Richard qualified as a chartered surveyor and he worked for Cushman & Wakefield Investors and LFF Real Estate Partners.

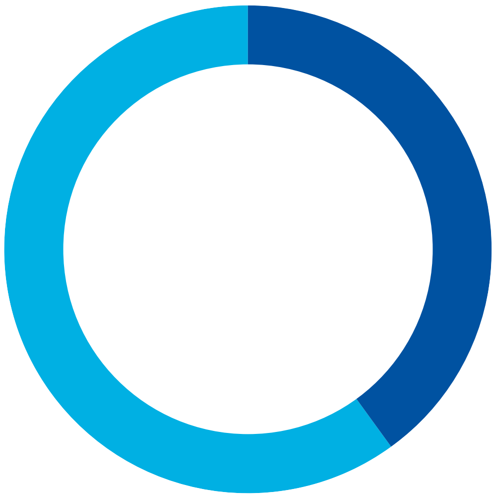
DIVISION OF RESPONSIBILITIES CONTINUED
HOW WE GOVERN CONTINUED

THE RIGHT SKILLS AND EXPERIENCE TO DRIVE LONG-TERM SUCCESS

	Executive and Leadership	Property and Real Estate	Financial	Corporate Governance	Customer and Marketing	People	ESG
Executive Directors							
Graham Clemett	●	●	●	●	●	●	●
Dave Benson	●	●	●	●	●	●	●
Executive Committee members							
Carmelina Carfora	●	●		●			●
Will Abbott	●				●	●	●
Claire Dracup	●			●	●	●	●
Paul Hewlett	●	●	●			●	
Leo Shapland	●	●	●			●	●
Richard Swayne	●	●	●			●	●

THE RIGHT BALANCE TO DRIVE LONG-TERM SUCCESS

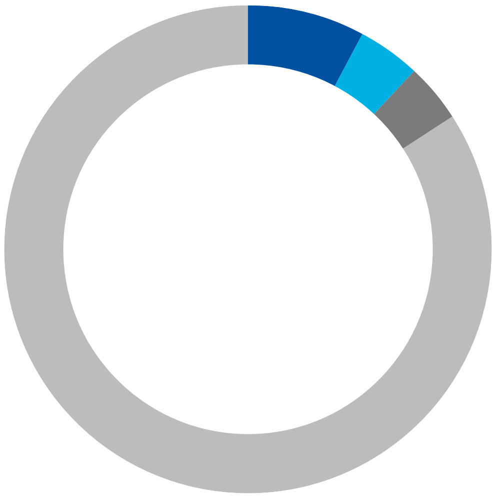
GENDER DIVERSITY OF EXECUTIVE COMMITTEE[1] AND DIRECT REPORTS
AS AT 31 MARCH 2023



Female	10
Male	15

1. We consider the Executive Committee to be 'senior management' as defined by the UK Corporate Governance Code 2018.

ETHNIC DIVERSITY OF EXECUTIVE COMMITTEE[2] AND DIRECT REPORTS
AS AT 31 MARCH 2023



Asian/Asian British – Indian	2
Black/African/Caribbean/Black British – Other	1
White – Other	1
White – English/Welsh/Scottish/Northern Irish/British	21

2. We consider the Executive Committee to be 'senior management' as defined by the UK Corporate Governance Code 2018.

DIVISION OF RESPONSIBILITIES CONTINUED
HOW WE GOVERN CONTINUED

Information flow to the Board

7
Board meetings in 2022/23

SCHEDULED BOARD INPUTS 2022/2023

One-to-one meetings
One-to-one meetings are held between new Directors and senior management as part of the induction process. The CEO and the CFO meet with senior management individually to discuss operations and performance, after which, the CEO and/or the CFO will report back to the Board on matters that require discussion.

Board presentations
Employees below Board level are invited to present to the Board on operational topics. During the year, our Director of Strategy & Corporate Development gave several Board updates on our integration of McKay and our Head of Portfolio Management updated the Board on the key development projects being undertaken by the Group. There were also updates from our Head of Sustainability and Chief Customer Officer.

Employee engagement
The Chair held several meetings with staff as part of his role as Non-Executive Director responsible for employee engagement and our annual employee survey also collected feedback from staff during the year.

Further details on these and the Group's other employee engagement initiatives during the year can be found on pages 21, 122 and 139.

Feedback from these initiatives was then presented to the Board.

AD HOC BOARD INPUTS IN 2022/23

Presentations from brokers

External speaker on broader market trends

Updates from legal advisers

Q&A

Stephen Hubbard
Non-Executive Director for employee engagement

2
BREAKFAST SESSIONS HELD

Q: How do you ensure the employee voice is heard in the boardroom?
This is my third year as the designated Non-Executive Director for employee engagement and our breakfast sessions this year, were each attended by an eclectic mix of centre and head office staff. These sessions provide a vital link between our employees and the Board and have proved a great opportunity to hear feedback directly from employees and get an insight into our culture. I've really enjoyed seeing Workspace's dynamic culture and values in action. Following the breakfast sessions, I report to the Board on the discussions held and the key themes raised. As a Board we also receive regular updates on our staff and their feedback from the Executive Committee, including the results of our annual staff survey.

Q: What were the key themes raised this year?
It was great to gain insight on our day-to-day operations and the many ideas and areas for improvement shared by our staff. The issues raised ranged from how to continue to improve customer experience, communications and the impact of energy prices on our customers. I was pleased to hear overwhelming positive feedback on our initiatives to promote our culture and collaboration across the business, including our inaugural employee shadowing days, town hall events and training facilities. See page 21 for further details.

Q: What does the Board want to focus on in the next year?
We plan to continue building on the Group's open and transparent culture, and focus on how we can support our staff in their roles at the Group. We are also continuing our focus on diversity and inclusion, with a number of new initiatives planned to further our commitment in this area. I look forward to hearing feedback from staff on those new initiatives.

DIVISION OF RESPONSIBILITIES CONTINUED
HOW WE GOVERN CONTINUED

Information and support to the Board
The Board and its Committees are provided with comprehensive papers in a timely manner to enable members to be fully briefed on matters to be discussed at their meetings.

In consultation with the Chair, the CEO and CFO, the Company Secretary manages the provision of information to the Board for their formal Board meetings and at other appropriate times.

The CEO and CFO keep the Board appraised of business matters relating to the Group on a timely basis. They provide various updates to the Board on many aspects of the business, ranging from trading performance, progress being made on our refurbishment and redevelopment projects, the rationale for acquisitions and disposals and how these are aligned to strategy. The CEO and CFO also inform the Board on the discussions held with analysts, investors and other stakeholders.

The Chair of each Committee separately engages with Executive Committee members and other staff relevant to their roles, as well as meeting with relevant external advisers.

The Company Secretary and external advisers periodically update the Board on regulatory changes. This year, these have included the introduction of the Register of Overseas Entities, recent FCA enforcement decisions and updates in corporate governance guidance.

The Board utilises an electronic Board paper system which provides immediate and secure access to Board papers and materials. Prior to each Board meeting, the Directors receive the agenda and supporting papers through this system meaning that they have the latest and the most relevant information in advance of the meeting.

After each Board meeting, the Company Secretary operates a comprehensive follow-up procedure to enable actions to be completed as agreed by the Board.

The Directors have access to the advice of the Company Secretary, Carmelina Carfora. Her biography can be found on page 117. At the direction of the Chair, Carmelina is responsible for advising the Board on matters of corporate governance and compliance with Board procedures.

How the Board discharges its responsibilities
The Board discharges its responsibilities through an annual programme of Board and Committee meetings which are scheduled throughout the year, with main meetings timed around the Group's financial calendar. Additional meetings are convened to consider an annual cycle of topics, including the annual strategy day, key management and financial updates, review of risk as well as the approval of acquisitions and refurbishment programmes. In the year ended 31 March 2023, the Board met formally on seven occasions, including a strategy day in September 2022. Supplementary meetings or conference calls are held between formal Board meetings as required.

The Board engaged with the Group's advisers during the year and there was a presentation from the Group's brokers and PR advisers in September 2022. The Group's valuer, CBRE, presented to the Board in May 2022 and November 2022. The CBRE presentation covered the valuation of the property portfolio and the wider market in which the Group operates. Knight Frank, the Group's former valuer for the McKay portfolio of properties, presented to the Board in November 2022.

The Directors are expected to attend all meetings of the Board, the Committees on which they serve and the AGM, and to devote sufficient time to the Group's affairs, to enable them to fulfil their duties as Directors.

Should the Directors be unable to attend meetings, they would be provided with papers to allow them to make their views known to the Chair ahead of that meeting.

Prior to each Board meeting, and periodically, the Chair meets the Non-Executive Directors without the Executive Directors present, and maintains regular contact with the CEO, CFO and with other members of the management team.

If any Director has concerns about the running of the Group or proposed action which cannot be resolved, these concerns are recorded in the Board minutes. No such concerns arose during the year under review.

Training and development
With the ever-changing environment in which Workspace operates, it is important that the Board maintains a good working knowledge of the property industry and how the Group operates within its sector, as well as remaining aware of recent and upcoming developments in the wider legal and regulatory environment.

Directors attend external seminars and briefings in areas considered appropriate for their own professional development. This training is designed to build upon the diverse range of experience that each Director brings to the Board. The Company Secretary provides regular updates on legal, regulatory and corporate governance matters. As required, Workspace invites external professional advisers to provide training and updates on their specialist areas. Updates and training are not solely reserved for legislative developments but they aim to cover a range of issues including, but not limited to, market trends, the economic and political environment, ESG, technology and social considerations.

The Directors are invited to identify areas in which they would like additional information or training, following which the Company Secretary will arrange for the necessary resources to be put in place. The resulting sessions may be internally or externally facilitated.

This year, the Directors have received updates and presentations on the following areas:
- Governance and regulatory developments
- ESG commitments and net zero carbon pathway
- Data protection compliance
- Executive remuneration trends and best practice, including ESG in remuneration
- Inclusion and diversity
- Conflicts of interest
- Market updates

COMPOSITION, SUCCESSION AND EVALUATION

The Nominations Committee is responsible for monitoring that the Board, its Committees and Workspace's senior management have a good balance of skills and experience, to lead Workspace effectively both now and in the longer term.

Stephen Hubbard
Chair of the Nominations Committee

QUICK LINKS

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

MEMBERSHIP AND ATTENDANCE AT NOMINATIONS COMMITTEE MEETINGS

The Committee comprises the Non-Executive Directors and is chaired by Stephen Hubbard. Details of individual attendance at the meetings held during the year are set out below. More information on the skills and experience of all Committee members can be found on pages 115 to 116.

	Member since	Meetings attended
Stephen Hubbard (Chair)	**2014**	**3**/3
Rosie Shapland	**2020**	**3**/3
Lesley-Ann Nash	**2021**	**3**/3
Duncan Owen[2]	**2021**	**2**/3
Manju Malhotra	**2022**	**3**/3
Nick Mackenzie	**2022**	**3**/3
Damon Russell[1]	**2013**	**1**/1

1. Damon Russell retired from the Board on 21 July 2022.
2. Duncan Owen did not attend the January Nominations Committee.

KEY TOPICS CONSIDERED BY THE COMMITTEE DURING THE YEAR

Board Composition
Considered the composition of the Board to ensure that the Board has the right balance of skills, knowledge, experience, diversity and attributes required of existing and any future Non-Executive Directors.

Chair Succession
Rosie Shapland, Senior Independent Director, led the appointment process for a successor to Stephen Hubbard, who will be stepping down from the Board in July 2023.

Membership of the Board Committees
Implemented new Board Committee structure. An ESG Board Committee was established to provide a higher level of focus and visibility on sustainability at Board level and involved all members.

Board Effectiveness Review
Oversaw the annual Board effectiveness review, which tracked the development of key aspects of governance and provided the opportunity for the Board to consider in depth its contribution to strategy and horizon scanning.

Diversity and Inclusion Policy
Reviewed the Diversity and Inclusion Policy and considered the progress against Board diversity and inclusion principles.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

Nominations Committee Chair's letter

Stephen Hubbard
Chair of the Nominations Committee

> The Nominations Committee has continued to play a key role in supporting Workspace's long-term sustainable success and monitoring the tenure of Non-Executive Directors to effectively manage succession planning

Dear shareholder,

On behalf of the Board, I am pleased to present the report of the Nominations Committee.

This year, a key focus for the Committee was to identify my successor as Chair. On 28 February 2023 we were pleased to announce the appointment of Duncan Owen as my successor. More information on the appointment process is highlighted in Rosie Shapland's letter, which can be found on page 144. Rosie, as Senior Independent Non-Executive Director led the Chair recruitment process. Duncan will assume the role following the conclusion of the AGM on 6 July 2023.

I am delighted the Board has identified an excellent successor. Duncan, who joined the Board in 2021, has over 30 years' experience in the real estate sector. He has served as the CEO of both public and private companies and his roles have included the Global Head of Real Estate at Schroders plc, and the CEO of Immobel Capital Partners, a pan-European specialist 'Green' real estate investor in the office and residential sectors. Until recently, Duncan was on the Board of Governors for the Church Commissioners and chaired its Property Investment Committee.

The Committee plays a key role in supporting the Board within the Governance Framework in reviewing the composition of the Board and its Committees. During the year, the Committee oversaw the evaluation of the Board as well as progress on the implementation of recommendations from previous evaluations. This includes assessing whether the balance of skills, diversity, experience, knowledge and independence on the Board is appropriate to enable it to operate effectively. Read more on page 155.

The Board remains focused on promoting broader diversity and creating an inclusive culture. See pages 148 to 154 for details on the Board's activities on diversity this year.

Looking forward, the Nominations Committee will continue to develop and monitor succession plans both at Board and senior management level.

Please read on for more information about the work of the Committee.

Stephen Hubbard
Chair of the Nominations Committee
6 June 2023

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

LETTER FROM THE SENIOR INDEPENDENT DIRECTOR

Rosie Shapland
Senior Independent Non-Executive Director

> "While the Board will miss Stephen's guidance, I am delighted that Duncan is taking over the role of Chair of the Company

Stephen Hubbard was appointed to the Board in July 2014 and has held the role of Chair since 9 July 2020. Consequently, Stephen will have served on the Board for nine years in July 2023, the maximum time that the UK Corporate Governance Code 2018 recommends that the Chair should remain in post from the date of their initial appointment.

Given Stephen's tenure and the likelihood that he would step down from the Board at the end of nine years, the Nominations Committee had for some time been considering succession planning for the Chair. Duncan Owen was appointed as a Non-Executive Director of the Company in July 2021, with his appointment forming part of the Company's long-term succession planning. A thorough search was conducted by the Company's Board-level external search agency, Fidelio, identifying a number of diverse and suitable candidates and through a robust process, coming to the successful selection and appointment of Duncan Owen. As part of that process, a candidate brief had been prepared which specified the experience that the Company was looking for, including deep property knowledge, long-term expertise in asset management and utilisation, understanding of capital markets and investor communications. Although this recruitment process was primarily for a Non-Executive Director role, the specifics of the brief were designed in part because the Nominations Committee was conscious that Stephen's nine-year maximum tenure on the Board would be reached in 2023, and consequently the Committee was keen to identify candidates who could potentially be suitable for the Chair role when it became vacant.

The Nominations Committee considered carefully who would be an appropriate successor to Mr Hubbard and concluded that Mr Owen has the appropriate knowledge, experience and time available to undertake the role of Chair. Mr Owen will be appointed Non-Executive Chair of the Company at the conclusion of the Company's 2023 Annual General Meeting.

On behalf of the Board, I would like to take the opportunity to thank Stephen for his support and guidance since joining the Board and for his excellent chairship over the past three years. He has played a key role in the growth of the Company and was especially instrumental in helping us successfully navigate the challenges during the pandemic and in refreshing the composition of the Board.

Stephen leaves the business with our very best wishes.

R Shapland

Rosie Shapland
Senior Independent Non-Executive Director
6 June 2023

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Duncan Owen's biography >
Page 116

BOARD DEVELOPMENT SINCE 2020

GENDER DIVERSITY OF THE BOARD
1 APRIL 2020 – 31 MARCH 2023

	2020	2023
Men (including those self identifying as men)	67.0%	**62.5%**
Women (including those self identifying as women)	33.0%	**37.5%**

Representation of women (including self identifying as women) on the Board has increased 4.5% since April 2020.

ETHNIC DIVERSITY OF THE BOARD
1 APRIL 2020 – 31 MARCH 2023

	2020	2023
White British or other White (including minority-white groups)	100%	**75%**
Asian/Asian British	0	**12.5%**
Black/African/Caribbean/ Black British	0	**12.5%**

+25%

BOARD ETHNIC DIVERSITY SINCE APRIL 2020

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

The role of the Nominations Committee

The Nominations Committee is responsible for monitoring that the Board, its Committees and Workspace's senior management have a good balance of skills, knowledge, alignment to the needs of the business and experience, to lead Workspace effectively both now and in the long term.

This is achieved through succession planning and talent development, and an understanding of the changing competencies required to support the Group's strategy, purpose, vision, culture and values. The way in which this is supported through the current Board composition is set out on page 148.

The Committee also plays a key role in supporting inclusion and diversity at Workspace, which at Board level involves reviewing and monitoring processes and initiatives in the Group, with employee engagement playing an important role.

The Committee is responsible for recommending candidates for the role of Non-Executive Director responsible for employee engagement. The Committee also oversees the development of Board members who are keen to expand their competency and knowledge.

How the Committee operates

The Committee held three meetings, primarily to progress the appointment of our new Chair.

- The meetings are usually held immediately prior to or following a Board meeting, although the Committee also meets on other occasions on an ad hoc basis, as required
- Only members of the Committee have the right to attend meetings. However, an invitation to attend meetings is, on occasion, extended to the Chief Executive Officer, in order that the Committee can understand his views, particularly on key talent within the business
- All Directors can, for the purpose of discharging their duties, obtain independent professional advice at the Company's expense. No Director had reason to use this facility during the year

Nominations Committee responsibilities

The Nominations Committee considers the structure, size and composition of the Board, its Committees and members of the Executive Committee. The Nominations Committee also receives oversight from the Chief Executive Officer on the Company's leadership roles, which include the Executive Committee members and their direct reports. The Committee's responsibilities include:

- Leading the process for new Board appointments and reviewing succession for Directors and senior management
- Regularly reviewing the structure, size and composition of the Board and its Committees
- Facilitating an effectiveness review of the Board, its Committees and Directors
- Reviewing the time commitment expected from the Chair and Non-Executive Directors
- Recommending the election and re-election by shareholders of the Directors, having due regard to their performance and ability to continue to contribute to the Board, taking into consideration the skill, experience and knowledge required along with the need for progressive refreshing of the Board

Key activities >
Pages 146 to 158

Board succession >
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COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

Nominations Committee activities in 2022/23

CHAIR SUCCESSION

1

During the year, the Committee continued to fulfil its core responsibilities of reviewing the structure of the Board and its Committees. A key focus of the Committee has been to identify a successor to Stephen Hubbard, who will have completed nine years on the Board in July 2023. The Committee determined that Duncan Owen should succeed Stephen. Duncan was appointed as a Non-Executive Director of the Company in July 2021, with his appointment forming part of the Company's long-term succession planning. On his appointment in 2021, Duncan underwent a formal appointment and induction process. At that time, a thorough recruitment and selection process had been undertaken, assisted by the Company's Board-level external search agency Fidelio Partners Board Development & Executive Search Ltd ('Fidelio'). Fidelio is an external and independent board consultancy which specialises in building board capability and is recognised for its commitment to ESG, diversity and inclusion. Fidelio has been accredited for the sixth year in succession by the FTSE Women Leaders Review (formerly the Hampton-Alexander Review) for their contribution towards achieving greater gender balance including for FTSE 350 boards and leadership teams. Fidelio also supports the work of the Parker Review. Fidelio's commitment to identifying the most qualified and inclusive candidates for roles has resulted in strong and diverse shortlists for each of the Board appointments Workspace made over the last three years.

Fidelio has also supported with regard to Board effectiveness but has no other connection with the Company or the individual Directors.

Key considerations for the search process conducted in 2021 which resulted in the appointment of Duncan Owen.
The Nominations Committee discussed the skills and experience required for new members joining the Board. It was concluded that the successful candidate would bring the following attributes:

- Deep property expertise and familiarity with tenant and occupier trends.
- An understanding of the investment markets.
- Strong operational focus and ability to contribute to Workspace's ambition to develop its customer-centric business model.
- The ability to draw on long-term, relevant experience of driving value for the customer.
- An ability to constructively challenge and support the management team and the Board while maintaining a highly collaborative approach and collegiate style.
- Familiarity with the requirements of being a Board member of a listed company.
- A keen awareness of stakeholder interests and a strong interest in ESG and how it is shaping the work of the Board and the impacts on the business.
- A good understanding of the parameters of being a Non-Executive Director and possess a strong capability to add value to the role.
- Understand the importance of diversity and inclusion agendas and the value this brings to an organisation.
- Excellent judgement, able to lead logical and evidence-based discussions.

In addition, there was a clear expectation that candidates would be able to devote sufficient time to the role.

Our extensive search and selection process
Fidelio were engaged to conduct the selection process. They were asked to draw up a detailed role specification. This was reviewed with the Chair who then engaged with the Nominations Committee. Final role specification was then approved.

In follow-up discussions held between the Chair and the Committee, they reflected upon the experience of the candidates and their specific skill sets. The Nominations Committee considered that given Duncan's experience and the roles he was performing at that time, he would bring a fresh and complementary perspective to an existing Board of Directors, who already bring valuable knowledge, expertise and diversity from roles in property, finance and government.

Further details of the recruitment process for Duncan Owen can be found on pages 131 to 132 of the 2022 Annual Report.

Recommendation
In February 2023, after taking all of the above into consideration, the Nominations Committee concluded that it should recommend to the Board that Duncan be appointed to the role of Chair. The Board formally approved the appointment in February 2023.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
NOMINATIONS COMMITTEE ACTIVITIES IN 2022/23 CONTINUED

BOARD SUCCESSION PLANNING

2

Board succession
The Committee regularly reviews the composition of the Board to ensure it continues to have the appropriate balance of skills to support the Company in achieving its strategy. When considering any future appointments the Committee will continue to make decisions in consideration of our Board diversity principles, detailed on page 154.

Following refreshment of the Board in the last three years, with five new Non-Executive Directors joining the Board during that time, this year the focus of the Committee was on Chair succession as detailed on page 146. No new Directors were appointed during this year. The Group has initiatives to develop staff with leadership potential which are detailed on page 149.

Time commitments
The Directors have demonstrated a strong commitment to their roles on our Board and Committees. The Directors attended meetings of the Board and Committees scheduled in 2022/23 as well as additional ad hoc meetings. For further details of attendance at meetings see page 113.

The Directors have also given careful consideration to their external time commitments to confirm that they are able to devote an appropriate amount of time to their roles on our Board and Committees. For each of the Directors, the Board considers that the time commitment that he or she is required to devote to those external roles does not compromise their role at Workspace. The Nominations Committee reviews, on an ongoing basis, Directors' time commitments and confirmed that they were fully satisfied with the amount of time each Director devoted to the business.

> "A diverse workforce that brings an appropriate balance of skills, experience and knowledge, as well as fresh perspectives, enriches our business and contributes to our long-term success
>
> **Stephen Hubbard**
> **Chair**

Key activities >
Pages 146 to 158

Chair succession >
Page 146

The Committee also recognises that there is value in the Non-Executive Directors being active on other Boards in an Executive or Non-Executive Director capacity.

Directors' induction programmes
All new Non-Executive and Executive Directors joining the Board undertake a formal and personalised induction programme, designed to provide an understanding of the Company's business, strategy, culture, ESG, governance, management and stakeholders. This covers the operation and activities of the Company, such as site visits, meeting members of the senior management team across our key business areas and operations, the Company's principal strategic risks, the role of the Board, the decision-making matters reserved to the Board, and the responsibilities of Board Committees. This is tailored to take into account a Director's previous experience and responsibilities.

The Company Secretary assists the Chair in designing and facilitating an induction programme for new Directors and ongoing training.

Directors are also briefed on their roles and responsibilities as a director of a listed company. For Non-Executive Directors, specific committee responsibilities relevant to their committee membership are covered, to enable them to function effectively as quickly as possible.

In addition, Directors are offered follow-up sessions in any areas in which they want to increase their knowledge. We also offer ongoing bespoke development for Directors and Committee Chairs.

Directors are encouraged to continue to meet with management after their induction on an ongoing basis to support them and pass on their experience.

PERFORMANCE OF THE NOMINATIONS COMMITTEE

3

The performance of the Nominations Committee was assessed during the year.

From the responses provided, it was concluded that the Nominations Committee was operating effectively.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
NOMINATIONS COMMITTEE ACTIVITIES IN 2022/23 CONTINUED

BOARD COMPOSITION

4

Reviewing the Board and Committee composition
As part of the Board's annual effectiveness review, described on page 155, the Committee considers the composition of the Board and its Committees in terms of balance of skills, experience, length of service and wider diversity considerations.

The Board and its Committees continue to have a strong mix of experienced individuals on the Board who are not only able to offer an external perspective on the business, but also provide constructive challenge to review the Group's strategy. The Nominations Committee is satisfied that each Director continues to make an effective contribution to the Board and to fulfil their duty to promote the success of the Company. Furthermore, the respective skills of the Directors were found to complement one another, enhancing the overall operation of the Board.

The Board has carefully considered the guidance criteria regarding the composition of the Board under the UK Corporate Governance Code. In the opinion of the Board, the Chair and all the Non-Executive Directors bring independence of judgement and character, a wealth and diversity of experience and knowledge and the appropriate balance of skills. The Directors give sufficient time to enable them to carry out effectively their responsibilities and duties to the Board and the Committees on which they sit. They are sufficiently independent of management and are free from any other circumstances or relationships that could interfere with the exercise of their judgement.

With effect from the close of the 2023 AGM, no Non-Executive Directors will have been on the Board for more than six years.

As at 31 March 2023, the Board comprised the Chair, two Executive Directors and five Non-Executive Directors. Further details on the independence of the Directors and their re-election can be found on pages 133 to 134 and on pages 3 to 4 of the 2023 Notice of Annual General Meeting.

In accordance with the Code, with the exception of Stephen Hubbard, all the Directors will retire and offer themselves for re-election by shareholders at the 2023 Annual General Meeting. Having served on the Board for nine years in July 2023, Stephen Hubbard will retire following the conclusion of the AGM.

The biographies of all members of the Board, outlining the skills and experience they bring to their roles, are set out on pages 115 to 116.

Stephen Hubbard was appointed as the Non-Executive Director for employee engagement in July 2020. Further details can be found on page 130.

Chair's evaluation for 2022/23
The Senior Independent Director chaired a meeting of Non-Executive Directors, without the Chair present, to appraise the Chair's performance and to address any other matters which the Directors might wish to raise. The outcome of these discussions was conveyed by the Senior Independent Director to the Chair. It was concluded that the Chair is highly respected and is valued for his industry knowledge and experience. The Board is satisfied that the Chair continued to be effective and shows a high level of commitment in discharging his responsibilities.

DIVERSITY & INCLUSION

5

Our Diversity & Inclusion Policy applies both to the Board and the wider business. Workspace's purpose is to give businesses the freedom to grow. We know that a workforce made up of people with a wide range of backgrounds and experiences will contribute to our long-term success and help to achieve our strategy (see page 32 for further details on our strategy). We are committed to supporting diversity and to creating an inclusive culture that attracts the best individuals to our workforce.

We value diversity in all its richness and work hard to create an environment where talented people can thrive, without regard to gender, gender reassignment, race, ethnicity, age, religious or spiritual beliefs, sexual orientation, marital and civil partnership status, disability, education or social background. A diverse organisation benefits from the different perspectives inclusivity in these areas can bring, as well as from variety in skills, industry experience and personality.

We want to build a diverse pipeline of talented employees and senior managers to support us as we continue to grow and achieve our purpose. It is our policy to appoint the best person for the role and we are committed to ensuring that our processes and initiatives encourage diversity and allow a diverse group of potential candidates to be identified at both Board and Executive-level.

Our plans for next year
We are committed to continually progressing our initiatives to improve diversity. In the next year we plan to:
- Introduce further employee support networks
- Review our benefits and policies and implement any changes recommended
- Introduce 'back to work' inductions and coaching for those returning from parental leave
- Further increase the awareness of our staff in all areas of diversity & inclusion, for example by making greater use of external speakers and developing social impact projects that connect our business centres with their local communities
- Trial job sharing in certain roles
- Offer apprenticeships in certain roles
- Review job descriptions to ensure the language used is fully inclusive and attracts a diverse pool of talent
- Expand our career pathways to other roles within the organisation where applicable

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
NOMINATIONS COMMITTEE ACTIVITIES IN 2022/23 CONTINUED

DIVERSITY & INCLUSION CONTINUED

HOW WE PROMOTE DIVERSITY & INCLUSION

CULTURE

- Every employee has the right to be treated with respect and dignity throughout their employment with us and not to be discriminated against. We have a zero tolerance attitude to bullying, harassment or victimisation of any kind
- Our recruitment and selection, training and development, performance reviews and promotion processes are all based solely on individual merit and free from bias
- We monitor and analyse the diversity of our employees so that we can track and progress our diversity initiatives. This year, we made changes to how we collect diversity information from our staff in order to improve the quantity and quality of data available to us
- Our Board and Executive Committee are regularly updated on our progress with diversity initiatives and external guidance and recommendations for improving diversity. We provide unconscious bias and harassment training for all employees
- We offer flexible working options (including hybrid working) to support employees with family and/or caring commitments
- This year we introduced an employee support network aiming to provide a forum for parents and carers, including how Workspace can better support them. In the coming year, we will factor any feedback from this network into our processes for supporting returners to work

RECRUITMENT AND SELECTION

- In 2022 we hired a Recruitment Manager to oversee our entire recruitment activity and process and we introduced a new recruitment policy which sets out fair and consistent recruitment procedures
- We review and change job titles where appropriate. This year we changed the role of Receptionist to Centre Co-ordinator to better reflect the role and to appeal to a wider pool of candidates
- We review job specifications to ensure we consistently use inclusive language that encourages both male and female candidates
- We provide unconscious bias and interview skills training for all hiring managers. In the coming year we intend to introduce further training for line managers, including managing difficult conversations
- Guidance and support notes are provided to hiring managers to promote fair and thorough processes
- We advertise all vacancies internally before undertaking any external advertisement, to encourage internal applications
- When we do advertise externally, we have increased our use of social media and other direct recruitment methods in order to reach a wider pool of talent, including encouraging applications from people who may be returning to work and from local communities via local job centres, universities and schools
- Where we use recruitment agencies, we ensure they have a commitment and track record in diverse appointments
- When a senior role becomes available, we seek to encourage diverse applications and to shortlist an equal number of men and women where possible

TRAINING AND DEVELOPMENT

- We promote progressive career development through encouraging lateral job moves where opportunities arise
- This year, we introduced bi-monthly meetings between the HR team and senior managers with a view to identifying opportunities for staff development
- During our annual appraisal process, we identify employees who have strong potential for development, and put training and development plans in place for them
- We provide a Group-wide internal training programme to offer employees opportunities to learn and develop skills such as organisation, people management and managing difficult situations
- During this year, we have started to offer Institute of Leadership & Management training for line managers
- We support staff with further studies by sponsoring external learning and development where appropriate
- We trialled ‘career pathways’, for our centre team roles, to make it clearer to staff how they can progress their careers at Workspace

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

NOMINATIONS COMMITTEE ACTIVITIES IN 2022/23 CONTINUED

"It was very important to me that we provide a forum for those with caring responsibilities to share experiences and support each other

Satpreet Dhariwal
Senior HR Manager and Chair of our Supporting Others group

SPOTLIGHT ON SUPPORT FOR PARENTS AND CARERS

Q&A

Satpreet Dhariwal
Senior HR Manager and Chair of our Supporting Others group

Q: What made you want to set up a group for those with caring responsibilities and how will it support our staff?
As someone who has caring responsibilities myself, I could really relate to this topic and putting this network together was important to me. It can be very difficult to balance caring responsibilities while working as you are juggling two worlds. People can sometimes feel like they are alone and that others don't understand the challenges they face. The Supporting Others group provides a forum for people to share their experiences – both the positives and the challenges – and learn from and support each other in a safe space. It's an invaluable forum for discussing ideas on how Workspace can support those with caring responsibilities.

Q: What have been the key matters raised by the network so far?
Support on return from parental leave has been a key topic. Parents highlighted the challenges of coming back to work after an extended period, including switching your mindset back to work and understanding the changes that will inevitably have arisen in their absence.

As a result we are planning to introduce some new initiatives for those returning to work, including mini back-to-work inductions and training on any new systems and processes that have been implemented while they have been on parental leave. There has also been a focus on the importance of 'me time' amongst your work and caring responsibilities.

Q: What are your plans for the network in the next year?
We plan to build on what we have achieved this year, continuing to provide a space for employees to talk openly and support each other. We would also love to invite some guest speakers, perhaps someone who has reached the very top of their career while juggling caring responsibilities, so that they can share their experience and insights into the challenges they faced and the key to their success.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
NOMINATIONS COMMITTEE ACTIVITIES IN 2022/23 CONTINUED

GENDER AND ETHNIC DIVERSITY AT BOARD AND EXECUTIVE COMMITTEE LEVEL

The Board is fully supportive of the recommendations of both the FTSE Women Leaders Review (the successor to the Hampton-Alexander Review) and the Parker Review, and of the new requirements of LR 9.8.6R(9).

The tables to the right set out the numerical data required to be disclosed in accordance with LR 9.8.6R(9), as at 31 March 2023. There have been no changes between 31 March 2023 and the date of this Report.

As at 31 March 2023, the Group has met two of the three targets set by LR 9.8.6R(9). Rosie Shapland is Senior Independent Director and the Group therefore meets the LR 9.8.6R(9) target to have at least one of the senior Board positions held by a woman. Two members of the Board are from a minority ethnic background, meeting the LR 9.8.6R(9) target that at least one member of the Board should be from a minority ethnic background.

As of 31 March 2023, the Board consists of three women and five men, meaning the Board comprises 37.5% women, narrowly missing the LR 9.8.6R(9) target that women should represent at least 40% of the Board. This represents an improvement from 33% as at 1 April 2022. In addition, Stephen Hubbard will be stepping down from the Board from the end of the Company's AGM in July 2023, at which point women will represent 42.9% of the Board.

Board composition >
Page 148

Board positions are, by their nature, limited in number meaning that vacancies are less common, but when vacancies do become available the Board will continue to recruit in a manner which attracts a diverse mix of candidates and to shortlist an equal number of men and women wherever possible. For more information on our Board diversity principles and processes see page 148.

The data contained in the disclosures to the right was self-reported by members of the Board and Executive Committee. The Executive Committee were asked to specify their gender identity and ethnic origin via our HR system, with each question using a dropdown menu with options to select. The Board were separately each asked the same questions with the same options.

Graham Clemett and Dave Benson are members of both the Board and the Executive Committee and therefore are included in both the calculations relating to the Board and those relating to executive management.

37.5%

FEMALE REPRESENTATION AT BOARD LEVEL AS AT 31 MARCH 2023

GENDER

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men (including those self identifying as men)	5	62.5%	3	6	75%
Women (including those self identifying as women)	3	37.5%	1	2	25%
Non-binary	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

ETHNICITY

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	6	75%	4	8	100%
Mixed/Multiple Ethnic Groups	0	0%	0	0	0%
Asian/Asian British	1	12.5%	0	0	0%
Black/African/Caribbean/ Black British	1	12.5%	0	0	0%
Other ethnic group, including Arab	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

Further information on the composition of the Board can be found on page 114 and on the composition of the Executive Committee on page 136.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
NOMINATIONS COMMITTEE ACTIVITIES IN 2022/23 CONTINUED

DIVERSITY IN THE WIDER WORKFORCE

GENDER DIVERSITY OF ALL EMPLOYEES
AS AT 31 MARCH 2023

Male: **123**	**42.0%**
Female: **170**	**58.0%**

The above disclosure is made in accordance with section 414C(8)(c)(iii) of the Companies Act 2006. The Board breakdown required by section 414C(8)(c)(i) of the Companies Act 2006 is set out on page 151. In addition, for the purposes of disclosure under section 414C(8)(c)(ii) of the Companies Act 2006, the Group had four male and two female senior managers as at 31 March 2023, calculated in accordance with sections 414C(9) and (10)(b) of the Companies Act 2006.

AGE DIVERSITY OF ALL EMPLOYEES
AS AT 31 MARCH 2023

18–29: **76**	**25.9%**
30–39: **123**	**42.0%**
40–49: **62**	**21.2%**
50–59: **20**	**6.8%**
60–69: **11**	**3.8%**
70–79: **1**	**0.3%**

ETHNIC DIVERSITY OF ALL EMPLOYEES
AS AT 31 MARCH 2023

White: **206**	**70.3%**
– English/Welsh/Scottish/Northern Irish/British	151
– White – Irish	5
– White – Other	50
Black: **26**	**8.9%**
– Black/African/Caribbean/Black British – Caribbean	14
– Black/African/Caribbean/Black British – African	10
– Black/African/Caribbean/Black British – Other	2
Asian: **37**	**12.6%**
– Asian/Asian British – Indian	14
– Asian/Asian British – Bangladeshi	5
– Asian/Asian British – Pakistani	2
– Asian/Asian British – Chinese	2
– Asian/Asian British – Other	14
Mixed: **23**	**7.9%**
– Mixed – White and Black Caribbean	4
– Mixed – White and Black African	4
– Mixed – White and Asian	1
– Mixed – Other	13
– Mixed	1
Other ethnic group: **1**	**0.3%**

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
NOMINATIONS COMMITTEE ACTIVITIES IN 2022/23 CONTINUED

SPOTLIGHT ON PROGRESSION & DEVELOPMENT

I have been at Workspace for seven years. I joined in March 2016 as Centre Manager of The Light Bulb and Morie Street Studios and demonstrated great work ethic and commitment to prove myself in that role. Just under two years later, I was entrusted with the management of the Group's largest site, Kennington Park business centre. The site requires a meticulous approach due to the range of spaces available, from traditional office and studio space to commercial kitchens and industrial workshops. It usually has several appraisals and projects ongoing at any one time. Managing it requires a greater level of knowledge and skill and I was glad for the opportunity to step up to the challenge.

In 2021, I decided to undertake the qualification to become an Associate of RICS in the commercial property path, in order to learn additional skills and open up future opportunities for my career. Workspace were extremely supportive of me doing the qualification. Not only did they provide financial funding for my studies, but my line managers and other senior colleagues dedicated their time to help me with any questions I had, and gave me the opportunity to work on real business projects that I could then submit as case studies for my final assessment.

In late 2022 I saw the role of Associate Asset Manager advertised internally. With the knowledge I have developed from my RICS studies and my Centre Manager roles, I decided to apply for the promotion and was delighted when I was successful. I started my new role as Associate Asset Manager in April 2023 and I am looking forward to the fresh challenges and opportunities it will bring.

KEY FACTS

£61k
EMPLOYEE TRAINING SPONSORED

25
UNCONSCIOUS BIAS AND HARASSMENT TRAINING SESSIONS

9
INTERNAL LATERAL JOB MOVES

29
INTERNAL PROMOTIONS

12
WORKSPACE WINNERS

Kennington Park Business Centre, Oval

"I was given the opportunity to work on real life business projects that also helped with my studies as well as my development at Workspace

Ewelina Vale
Associate Asset Manager

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
NOMINATIONS COMMITTEE ACTIVITIES IN 2022/23 CONTINUED

BOARD DIVERSITY PRINCIPLES AND PROGRESS

At Board level, we recognise that a group that is diverse in nature, irrespective of characteristics such as gender, ethnicity, skills, experience and background, is able to provide differing perspectives and challenge to debates and decisions. When recruiting new Board members, the Nominations Committee makes all decisions in consideration of this policy and the principles below. The principles have been agreed with the aim of increasing diversity within our Board and its Committees, and developing a pipeline of high potential diverse leaders and senior managers.

PRINCIPLES	IMPLEMENTATION	PROGRESS AGAINST OBJECTIVES
Ensure the Board comprises an appropriate balance of skills and brings a balance of diverse characteristics including in terms of gender, ethnicity, skills, experience and background in order to bring fresh perspectives and to enrich our business and contribute to our long-term success.	The diversity of the Board, in a number of respects, is continually reviewed by the Nominations Committee and is considered annually by the wider Board as part of the Board evaluation process to ensure the Board is continuing to enrich the business and contribute to its long-term success.	In March 2023, the Board discussed this year's Board evaluation process. An important part of the discussion related to the value of diversity, including cognitive diversity. No concerns were raised in connection with the diversity of the Board. 37.5% female representation on our Board as at 31 March 2023 (2022: 33%). 25% ethnic minority representation on our Board as at 31 March 2023 (2022: 22%).
Ensure the recruitment process, including advertisements and use of recruitment agencies, allows for a diverse group of potential candidates to be identified.	The Board places importance on ensuring the recruitment process is fair and is based solely on individual merit. The Board instructs executive search firms to assist with sourcing the best candidates for the role. When instructing an executive search firm, the Board will explicitly request that a diverse mix of individuals are identified for the role.	The Board actively seeks diverse candidates. Over the last three years, five new Non-Executive Directors have been recruited. A thorough recruitment and selection process was undertaken, assisted by the Company's Board-level external search agency, Fidelio. As part of that process, candidate briefs were prepared and a diverse long and short-list was presented for each Non-Executive Director position. In making these appointments, the Board considered its Diversity & Inclusion Policy.
The Board and Nominations Committee will only engage with executive search firms that have signed up to the Standard Voluntary Code of Conduct for Executive Search Firms.	The Board will continue to engage executive search firms that have signed up to the Standard Voluntary Code of Conduct.	During 2022/23, Fidelio were the only executive search firm engaged by the Board. Fidelio is accredited under the Hampton-Alexander Enhanced Code of Conduct and has signed up to the Standard Voluntary Code of Conduct in order to provide sufficient support to the Board in enhancing diversity.
Board attention and focus is given to initiatives designed to develop a pipeline of talented, high potential employees and senior managers from a diverse range of backgrounds including in terms of gender, ethnicity, skills, experience and background.	The HR team has been tasked with continuing to progress our existing initiatives to support development of a diverse pipeline of talent (see page 149 for further details) as well as delivering the new initiatives detailed on page 148.	During the year, the HR team continued to introduce and progress a number of initiatives aimed at increasing diversity across the workforce. See page 149 for more details for our diversity initiatives.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
NOMINATIONS COMMITTEE ACTIVITIES IN 2022/23 CONTINUED

BOARD EVALUATION

6

We conducted an internal Board evaluation for 2023 in line with best practice corporate governance requirements. This followed an internal evaluation facilitated by Fidelio in 2022 and an external evaluation conducted by Fidelio in 2021, the outcomes of which are detailed on page 156.

The evaluation focused on the overall effectiveness of the Workspace Board, building on the prior year's evaluation which enabled the Board to monitor progress on key aspects of governance, including the composition of the Board. In addition, the 2023 evaluation provided a deep dive into how effectively the Board is contributing to strategy and horizon scanning.

Fidelio prepared a tailored Board questionnaire, including both a quantitative and qualitative element, comprising open questions around the Board's oversight of strategy and emerging risk.

Fidelio has supported with regard to Board composition. They have no other connection with the Company or individual Directors.

In conducting this evaluation, the Board was conscious of ensuring that the process met the requirements of the Code and had a clear focus on enhancing the effectiveness of the Board. Following Fidelio's evaluation in 2021 and 2022 and the ongoing Board refreshment, the Board decided to leverage this momentum and conduct a review that would lead to meaningful insights and enable the Board to make further progress in enhancing performance and its effectiveness.

Fidelio worked with the Company to develop an innovative approach to the internal evaluation which met the needs of the Code through the combination of a tailored questionnaire and facilitated Board discussion to explore the findings from the questionnaire.

An established timeline with incremental improvements made each year

Stephen Hubbard
Chair of the Nominations Committee

2020/21

EXTERNAL BOARD EVALUATION
The Board effectiveness review was conducted against a backdrop of change, with new appointments to the Board combined with the impact of the pandemic on both the business and the work of the Board.

2021/22

INTERNAL BOARD EVALUATION
This process was developed with a clear focus on the 'high-performing Board' and how the Board adds value. This approach built on the prior Board evaluation and the progress made and also contributed to the momentum and potential of a relatively new Board.

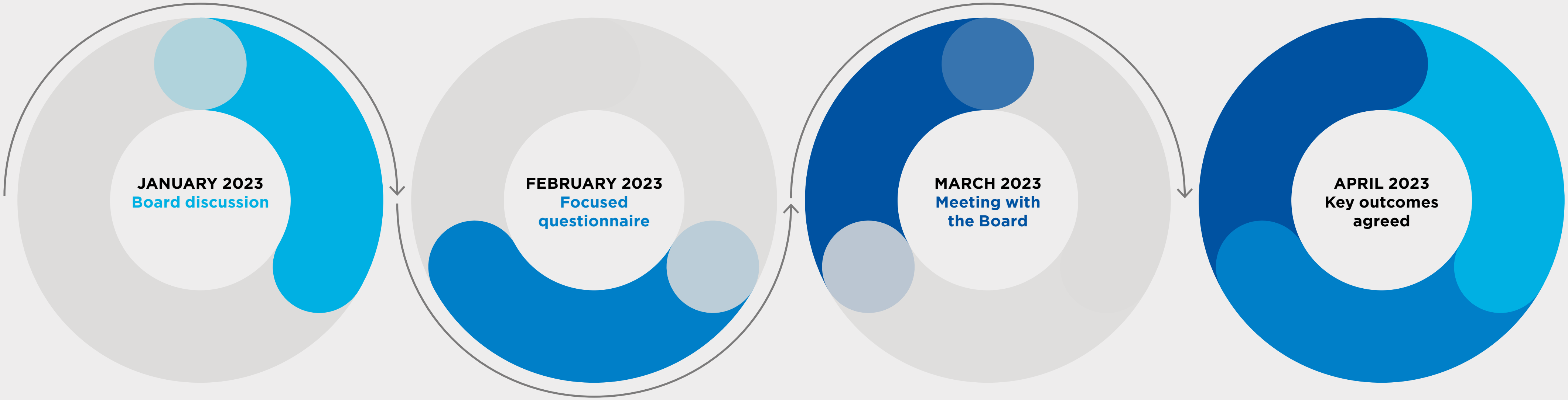
2022/23

INTERNAL BOARD EVALUATION
The evaluation covered the effectiveness of the Workspace Board, and how this has developed over the past year. Looking ahead it has a clear focus on the Board's contribution to strategy and horizon- scanning.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

NOMINATIONS COMMITTEE ACTIVITIES IN 2022/23 CONTINUED

BOARD EVALUATION – SPOTLIGHT ON DEVELOPING A HIGH-PERFORMANCE BOARD CONTINUED



BOARD DISCUSSION

A discussion was held by the Board to consider key subject areas for this external review.

Key questions

- Is there scope to develop the Board's contribution to strategy and horizon scanning?
- How can Board Members and the Executive Committee engage further beyond the formal Board Meetings?
- How effective are the various Board Committees and does the Committee structure remain appropriate?
- What is the quality of Board learning?
- What are the next steps for the Workspace Board to enhance performance and effectiveness?

FOCUSED QUESTIONNAIRE ISSUED TO THE BOARD

Fidelio developed a tailored questionnaire, focused on Board effectiveness and contribution to strategy and horizon scanning.

Key focus areas

The quantitative questionnaire enabled the Board to provide feedback on eight key aspects on governance. This was broadly comparable with the prior year and provided the opportunity to monitor progress.
The qualitative questionnaire enabled a deep dive on four key aspects of strategy and horizon scanning including examples of best practice.

MEETING WITH THE BOARD

The Board then had the opportunity to explore the findings during its meeting in March.

Discussion points

The discussion was designed to review progress on key aspects of governance and to consider whether specific steps needed to be taken. In addition the discussion enabled a good debate around strategy formation, horizon scanning and where there were opportunities to increase effectiveness.

KEY OUTCOMES AGREED

The feedback from this year's Board evaluation was positive and concluded that the Board worked well and the Committee structure continued to evolve.

Specific development themes

- The Board will continue to develop its oversight of strategy and horizon scanning
- Holding more regular strategy updates
- Inviting external and internal speakers to focus on a particular area of interest.

Following the recommendations from this external review, an implementation plan and progress tracker will be developed by Gillian Karran-Cumberlege from Fidelio and the Company Secretary which will be reviewed by the Board.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
NOMINATIONS COMMITTEE ACTIVITIES IN 2022/23 CONTINUED

PROGRESS AGAINST THE EXTERNAL BOARD EFFECTIVENESS REVIEW CONDUCTED IN 2022

Item discussed by the Board	Focus area	Progress
Strategy	Continue to develop its oversight of strategy and horizon scanning.	The Board continues to consider the Group strategy at each Board meeting. An annual strategy day was held in September 2022 and this was attended by some members of the Executive Committee. Actions from the strategy day were then circulated to the Board. This will remain a focus for the Board going forward.
Board Committee structure	Review of the Board Committee structure and membership for the next phase of Workspace's development. Consider the formation of an ESG Board Committee and the disbandment of the Risk Committee, with responsibilities to be integrated into the Board and Audit Committee's remits.	A review of the Board Committee structure was undertaken during the year. It was concluded that membership of the Audit Committee would include Rosie Shapland (Chair), Lesley-Ann Nash and Manju Malhotra. Previously, the Audit Committee consisted of all Non-Executive Directors. Other NEDs are invited to attend those meetings of the Audit Committee convened to review the full and half-year results, typically held in May and November. No changes were proposed to either the Remuneration or Nominations Committees. The ESG Committee was formed during the year, with its first meeting held in September 2022. The Committee is chaired by Duncan Owen. More details can be found on pages 172 to 177. The Risk Committee was disbanded during the year, with the final Risk Committee Report included in the 2022 Annual Report. The responsibilities of the Risk Committee have been integrated into the Board and Audit Committee remits.
Employee engagement	Continue to focus on effective workforce engagement.	During the year we continued with a programme of events outside of Board meetings at which members of the Board and the Executive Committee can build relationships on a more informal basis. The Chair also held breakfast meetings with staff during the year. Further details can be found on page 139. The Director of People and Culture attended the Board meeting in November 2022, where the Board were provided with feedback received from staff on the employee survey conducted during the year. The CEO provides the Board with oversight of the broader people agenda, succession planning, development and changes in staff across the business. This includes updates from town hall meetings.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
NOMINATIONS COMMITTEE ACTIVITIES IN 2022/23 CONTINUED

PROGRESS AGAINST THE EXTERNAL BOARD EFFECTIVENESS REVIEW CONDUCTED IN 2022 CONTINUED

Item discussed by the Board	Focus area	Progress
Board learning	Continuous learning for Board members to enhance understanding of the Company and the business it operates in.	The Board strategy day offers an opportunity for members of the Board to hear from internal and external speakers on a variety of topics, including market trends and developments as well as strategic planning across areas of the business. Whilst the approach to Board learning will be kept under review, we shall continue to develop a dynamic programme of relevant subject areas that reflect strategic priorities or challenges. Bespoke Board learning programmes will also continue, as appropriate.
Diversity, inclusion and ESG	Review progress on diversity and inclusion and ESG both at Board level and throughout the business.	For details of our progress with diversity and inclusion, see pages 148 to 154. A commitment to acting sustainably is one of the three pillars to our strategy which demonstrates how deeply it is embedded and ensures we consider sustainability in all business decisions. The ESG Committee was established during the year and will review our sustainability strategy, governance, and science-based targets to transition to net zero. We have continued to progress our social impact through initiatives such as the InspiresMe programme and employee wellbeing activities. Read more on pages 50 to 57.

AUDIT, RISK AND INTERNAL CONTROL

AUDIT COMMITTEE REPORT

The Audit Committee plays a key role in promoting the maintenance of a strong and transparent control environment at Workspace.

Rosie Shapland
Chair of the Audit Committee

QUICK LINKS

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

MEMBERSHIP AND ATTENDANCE AT AUDIT COMMITTEE MEETINGS

The Committee is made up entirely of Non-Executive Directors and each Committee member has considerable commercial knowledge and broad industry expertise. The Committee is chaired by Rosie Shapland. Details of individual attendance at the meetings held during the year are set out below. More information on the skills and the experience of all Committee members can be found on pages 115 to 116.

	Member since	Meetings attended
Rosie Shapland (Chair)[1,2]	**2020**	**4**/4[3]
Lesley-Ann Nash[2]	**2021**	**4**/4[3]
Manju Malhotra[2]	**2022**	**4**/4[3]

1. In accordance with the UK Corporate Governance Code 2018, the Board considers that Rosie Shapland has significant recent and relevant financial experience.
2. Following Board discussions on the structure of its Committees, it was agreed that from 21 April 2022, the Committee will be made up of three members, Rosie Shapland, Lesley-Ann Nash and Manju Malhotra. Other Non-Executive Directors are welcome to attend meetings should they wish to do so. All Non-Executive Directors attended meetings held in May and November 2022 to review the full and half-year results and the first joint meeting of the Audit and ESG Committee meeting held in January 2023.
3. The Audit Committee meeting in January 2023 was a joint meeting with the ESG Committee.

KEY TOPICS CONSIDERED BY THE COMMITTEE DURING THE YEAR

Portfolio valuation
- Considered the objectivity and independence of the external valuers
- Discussed the presentation of the portfolio valuation by the external valuers

Financial and Narrative Reporting
- Reviewed the year-end financial statements including key judgements, estimates and assumptions

External Audit
- Reviewed and discussed reports from KPMG, summarising their findings arising from the 2021/22 audit and the half-year review of the results of the Group for the six months ended 30 September 2022
- Assessed the independence and objectivity of the external auditors

Changes to principal risks
- Reviewed management's proposal to include climate risk as a principal risk

Internal controls and risk management
- Reviewed and discussed an update from the Group's Head of Technology on the Group's business continuity plan and cyber security
- Reviewed the effectiveness of the Company's control environment and the Company's process for self-certification of the operating effectiveness of controls

Governance
- Reviewed terms of reference
- Discussed assessment of the effectiveness of the Audit Committee

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

Audit Committee Chair's letter

MONITORING FUTURE DEVELOPMENTS

Continue to focus on climate change and its potential impact on the financial statements, review mitigation strategies whilst monitoring risk across business decisions including assurance from Accenture on our carbon emissions disclosures. See page 101 for more details.

Jointly, with the ESG Committee, review the programme of activity being undertaken to ensure the effectiveness of ESG policies and procedures.

Continue to focus on the Company's protection against cyber threats.

Monitor proposed changes to the UK Corporate Governance Code, particularly with respect to internal controls.

Rosie Shapland
Chair of the Audit Committee

"The Audit Committee has a key role in checking that the Group's narrative reporting gives a fair, balanced and understandable assessment of the Group's position and prospects and establishing that the financial statements provide a true and fair view of the Group's financial affairs

Dear shareholder,

On behalf of the Board, I am pleased to present the Audit Committee Report. This report is intended to provide shareholders with an understanding of the work we have done to provide assurance on the integrity of the Annual Report and Financial Statements for the year ended 31 March 2023. Much of the work of the Committee is necessarily targeted around the key areas of financial reporting, external audit, internal control and risk management, all of which is underpinned by a robust governance framework.

This has been a busy period for the finance team, with the McKay acquisition and preparation for the implementation of a new finance system.

Review of material issues
The Audit Committee has a key role in checking that the Group's narrative reporting gives a fair, balanced and understandable assessment of the Group's position and prospects and establishing that the financial statements provide a true and fair view of the Group's financial affairs. As part of this process, we considered the significant financial judgements made during the year, along with other key financial reporting issues. In this context and in conjunction with the Board, we considered the twice annual valuation of the investment portfolio, the valuation process and the key assumptions made by the valuers and their independence. Following our review, we are satisfied that the valuation process is robust, the assumptions and estimates used in the valuation are appropriate and that the valuers remain independent. Further details can be found on page 164.

We also considered, as we do on a regular basis, the potential for fraud in revenue recognition, scope for management override of controls and compliance with regulations. We found no concerns arising from this review.

A description of the main activities that the Committee considered during the year can be found on page 160.

Climate change
As the Group is committed to being net zero carbon by 2030, it is important that our financial reporting reflects and supports this goal. The Board discussed the impact of climate change on the Group's financial reporting and financial statements and it considered the requirement for companies to disclose, on a comply or explain basis, against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The Board received updates on the Company's progress against this requirement from our Head of Sustainability. More information can be found on page 118.

As part of its review of Principal Risks, and following the joint meeting with the ESG Committee in January 2023, the Audit Committee agreed that climate change be included as a principal risk.

Cyber security
Cyber security remains a focus area for the Committee. The Head of Technology attended the March Audit Committee to give an assessment of cyber risk and update on progress made in protecting the Group against evolving threats.

The role of the Audit Committee >
Pages 163 to 164

Risk management and internal controls >
Pages 170 to 171

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

Viability and going concern statements
The Committee considered the going concern statements in the interim statement and the Annual Report, and the viability statement in the Annual Report. This included reviewing the work undertaken by management, which considered plausible downside forecasts factoring in the Group's principal risks and certain uncertainties, and the appropriateness of the five-year viability assessment period. Following this review, we were satisfied that management had conducted robust viability and going concern assessments and recommended approval of these to the Board.

See our viability and going concern statements on pages 87 to 88.

2023 Annual Report
The External Auditor confirmed that they had found no unadjusted material misstatements in the course of their work.

After reviewing the reports from management, and following discussions with the External Auditor and valuers, the Committee is satisfied that:
- the process used to determine the property valuation was satisfactory
- the financial statements appropriately address the key judgements and the key estimates
- the Group has adopted appropriate accounting policies
- both the External Auditor and the valuers remain independent and objective in their work

The Board as a whole is responsible for assessing the Group's position, performance, business model and strategy. The Committee's role in this assessment is covered on page 167. For the year ended 31 March 2023, the Committee confirmed to the Board it was satisfied that the Annual Report and Accounts was fair, balanced and understandable.

Committee effectiveness
The Company undertook an internally facilitated Board effectiveness evaluation this year, which assessed our performance as a Committee. I am pleased that this concluded that we operate effectively and that the Board takes assurance from the quality of our work.

Risk, control and assurance
The Group has several processes in place to provide effective internal control, including self-certification of controls by risk owners, reviews of fraud, anti-bribery and whistleblowing policies and a risk management framework under which controls, and their effectiveness, are managed and evaluated. Between the Audit Committee and the full Board, we have reviewed the effectiveness of the Group's risk management and internal control systems where we have not identified any significant failings or weaknesses.

In January 2023, the Audit Committee held a joint meeting with the newly established ESG Committee. At this meeting, the Audit and ESG Committees reviewed the Company's policies and procedures that support the implementation of our ESG strategy, as well as the programme of assurance being undertaken to ensure the effectiveness of these policies and procedures. Both Committees were satisfied that the Company's policies and procedures in this area operate effectively, and that adequate assurance is undertaken.

The Committees also considered whether climate risk should be identified as a Principal Risk. Whilst the Company has an active programme of managing its climate risk exposures through ongoing assessment of risk, the establishment of control measures and active management of physical risk, it was concluded that given the nature of climate risk, which will require greater oversight of mitigation strategies and monitoring of risk across business decisions, it should be considered as a Principal Risk.

We do not have a formal internal audit function, a matter which is kept under review by the Audit Committee. The Group has, however, appointed a Head of Security and Risk Management whose remit includes maintaining our risk management and control framework and conducting regular independent assurance.

During the year the Head of Security and Risk Management chaired monthly Risk Management meetings attended by senior management, conducted bi-annual self-certification of controls across the Group, completed a principal risk review and mapped out our internal and external assurance activities. The focus for the following 12 months is to evolve our internal assurance programme with additional independent reviews across the business.

I hope that you find this report informative and can take assurance from the work undertaken by the Committee during the year to deliver its key responsibilities.

R Shapland

Rosie Shapland
Chair of the Audit Committee
6 June 2023

> The Committee was satisfied that management had conducted robust viability and going concern assessments

Developing a robust Viability Statement >
Page 166

Fair, balanced and understandable reporting >
Page 167

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

The role of the Audit Committee

The Audit Committee reviews and monitors the integrity of the Group's financial reporting in advance of its consideration by the Board. The Committee oversees the relationship with the External Auditor in order to assess their effectiveness and to annually assess their independence and objectivity. Following the changes in Committee structure, the Audit Committee now also reviews and monitors the Group's risk management and internal controls framework.

> Through our ongoing programme we identified that, while the Company has an active programme of managing its climate risk exposures, climate change should be considered a Principal Risk

HOW THE COMMITTEE OPERATES

FORWARD PLANNING
Subjects include climate change, ESG effectiveness, monitoring recommendations from BEIS, changes to the UK Corporate Governance Code

AUDIT COMMITTEE
Assess and discuss topics with senior management and External Auditor

Regular inputs received from: Workspace management and the External Auditor

The Audit Committee is composed solely of independent Non-Executive Directors, with a wide diversity of experience. Rosie Shapland, as a Chartered Accountant with many years of senior financial experience, satisfies the requirement of having appropriate recent and relevant financial experience. The Committee as a whole has competence in the sector in which the Group operates.

Meetings of the Audit Committee coincide with key dates in the financial reporting and audit cycle. During the year, the Committee met on four occasions, in May and November 2022 and in January and March 2023. The meeting in January was a joint meeting with the ESG Committee to review the Group's ESG related policies and procedures that support the implementation of our ESG strategy.

A forward plan of agenda items guides the business to be considered at each meeting and is regularly reviewed and developed. This pre-planning facilitates the work of the Committee, enabling it to give thorough consideration to matters of particular importance to the Group.

The Committee receives information in advance of its meetings including information from management and detailed reports from the External Auditor including the audit report. The Committee meets privately with the External Auditor, at least annually, and it liaises with Company management in considering areas for review.

The Committee regularly invites the external audit lead partner, the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer, the Group Financial Controller and the Head of Security and Risk Management to attend Committee meetings. Representatives from our external valuers, CBRE, attend Board meetings twice per year to present the half- and full-year valuation reports.

Meetings of the Committee are held in advance of the Board meetings to allow the Committee Chair to provide a report on the key matters discussed to the Board, and for the Board to consider any recommendations made.

All of this, along with ongoing challenge, debate and engagement, allows the Committee to discharge its responsibilities effectively.

AUDIT COMMITTEE RESPONSIBILITIES

Financial reporting

- Review the year-end and interim financial statements and monitor the reporting process, including key judgements, estimates and assumptions and the presentation of significant transactions. Information on significant matters in relation to the financial statements that were considered by the Committee can be found on page 164
- Review the appropriateness of accounting policies and practices
- Advise the Board on the Group's viability and going concern statements including the assumptions in plans, key risks considered, and the sensitivities tested. More information on the Committee's assessment of the Group's viability and going concern status can be found on pages 166 to 167
- Review the content of the Annual Report and Accounts and advise the Board on whether, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess performance, the business model and strategy. The Group's strategy and business model are explained on pages 32 to 35 and 64 to 68 respectively

External audit

- Assess the work of the External Auditor in relation to significant financial judgements made by management. More information is available on pages 168 to 169
- Assess the effectiveness of the external audit process and the ongoing relationship with the External Auditor. This is done by considering their approach to the audit and understanding of our business, discussing their reporting and any issues identified and obtaining the views of management

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

AUDIT COMMITTEE RESPONSIBILITIES CONTINUED

- Review and monitor the objectivity and the independence of the External Auditor, including its policy governing the provision of non-audit services. Refer to page 169 for more information on our process for maintaining their independence
- Agree the remuneration of the External Auditors

Portfolio valuation
- Consider the objectivity and independence of the external valuers
- Review and challenge the methodology, assumptions and judgements used by the external valuers to ensure they are appropriate
- Review the External Auditor's assessment of the valuation, including an explanation as to how the valuation is audited

Internal controls and risk management
- Review the adequacy and effectiveness of the Group's overall risk assessment processes that inform the Board's decision making, including the design, implementation and effectiveness of those processes
- Advise the Board on the Group's overall risk appetite, tolerance and strategy, and the principal and emerging risks the Company is willing to take to achieve its long-term strategic objectives. See page 170 for details of how the Committee has considered risk appetite and strategy during the year
- Advise the Board on the likelihood and impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact. See pages 69 to 76 for information on the Committee's consideration of principal risks
- Review the effectiveness of the Group's control environment, including the adequacy of key financial controls
- Review whistleblowing arrangements whereby employees may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, to receive assurance that there are proportionate and independent procedures in place. See page 91 for more information on our Whistleblowing Policy
- Review the Group's procedures for preventing and/or detecting fraud
- Review the Group's procedures for the prevention and detection of bribery and monitor the reports generated by such procedures. See page 91 for more information on our Anti-Bribery Policy
- Consider whether the Group should have an internal audit function

Governance, best practice and development
- Keeping up to date with expected changes to the Code, specifically regarding the control environment following the recommendations of the BEIS consultation
- Keeping up to date on investor, shareholder and market sentiment (with advice from the Company's brokers)
- Ensuring compliance with applicable accounting standards, monitoring developments in accounting regulations as they affect the Group and reviewing the appropriateness of accounting policies and practices in place
- Keeping up to date with regulatory and legislative matters relevant to the Group
- Considering ESG matters in all decision making
- Approve the Committee timetable and planner which detail the areas of focus for the Committee each year
- Discuss the assessment of the effectiveness of the Committee
- Review and approve changes to the Committee's terms of reference

Internal controls >
More information on the Group's internal controls and risk management process is available:
Pages 170 to 171

Significant matters considered by the Committee

Valuation of the investment property portfolio
The valuation of the investment property portfolio is inherently subjective, requiring significant judgement. The outcome is significant for the Group in terms of its investment decisions, results and remuneration, and is a major component of Total Property Return and Total Accounting Return, two of our KPIs.

Therefore, this matter is considered by both the Board and the Audit Committee.

The valuation is conducted externally by independent valuers, CBRE, one of the world's largest commercial real estate services firms. CBRE presented the year-end and interim valuations to the Board and Committee, who reviewed the methodology and the outcomes of the valuation, challenging the key assumptions and judgements. The Audit Committee also considered the objectivity and independence of the valuers.

Following the acquisition of McKay in May 2022, the Board and Committee also reviewed the half-year McKay valuation prepared by their previous valuers Knight Frank.

KPMG met with the valuers and they presented their views on the valuation to the Committee, as well as an explanation of how the valuation is audited. The Board and Committee considered that they were satisfied that the methodology, assumptions and judgements used by the valuers were appropriate, that the valuations were suitable for inclusion in the financial statements and the work of the External Auditor was appropriate.

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

The Committee considers all financial information published in the full and interim financial statements and considers accounting policies adopted by the Group, presentation and disclosure of the financial information and it challenges the key judgements and estimates made by management in preparing the financial statements.

The Committee pays close attention to matters it considers to be important by virtue of their impact on the Group's results, or the level of complexity, judgement or estimation involved in their application on the consolidated financial statements.

The Committee reviewed a number of other key matters which have been considered by management and discussed with KPMG, including the uncertainty relating to collection of trade receivables and the accounting for the McKay acquisition and for the costs of the new ERP system implementation.

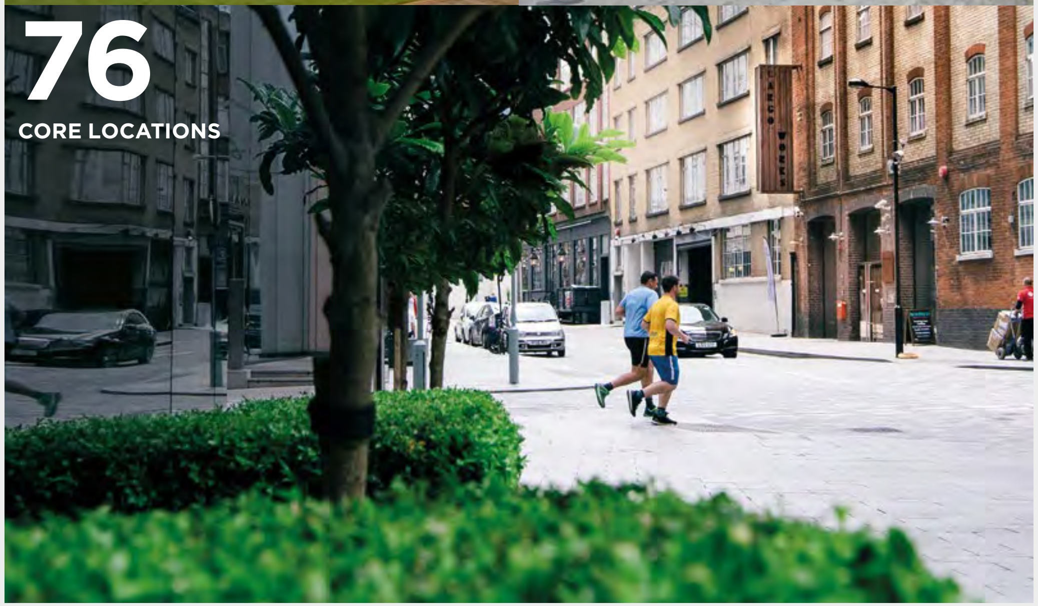
Portfolio valuation
Our property portfolio, is independently valued twice annually by our external valuers, CBRE Limited.

Our properties are critical to our business and the valuation demonstrates the value that we are delivering to our shareholders. It is a measure of how well we are managing our buildings and driving rental income. Furthermore, the valuation is a significant part of both our net asset value and Total Property Return, which are both key performance indicators.

Given its significance, management, the Board and the Committee monitor the objectivity and independence of the valuers, and review the methodology and outcomes of the valuation, challenging the key assumptions and judgements.

A number of meetings are held between key management and CBRE ahead of the valuation at which the inputs and methodology of the valuation are discussed. Key discussions include:

- London commercial property market: current trends and circumstances expected to affect the market are discussed
- comparable market evidence: recent transactions are considered and compared to assumptions made in valuing our portfolio
- development projects: we provide CBRE with any updates to ongoing or future schemes and we discuss the assumptions CBRE has made, particularly for more complex schemes where more significant levels of judgement are required
- estimated rental values: the estimated rental values proposed by CBRE are discussed and reviewed, with management ensuring that these are in line with our recent rental activity
- property information: we provide CBRE with information on any changes to properties that may affect the valuation
- other inputs used by the valuers are reviewed and discussed



AUDIT, RISK AND INTERNAL CONTROL CONTINUED

Developing a robust Viability Statement

Our Viability Statement
Pages 87 to 88

Our Going Concern Statement
Page 87

As part of the Group's Viability Statement, the following factors were considered:
- the Group's current financial and operational position and the current economic outlook
- the Group's cash flows, financing headroom and financial ratios
- reassessment of key risks and their potential impact on the business model

THE PROCESS WE UNDERTOOK WAS AS FOLLOWS:

STAGE 1: Risk identification	STAGE 2: Risk assessment	STAGE 3: Scenario sensitivity analysis	STAGE 4: Conclusions
Responsibility	**Responsibility**	**Responsibility**	**Responsibility**
			The Board
			Audit Committee
Executive Committee	Executive Committee	Executive Committee	Executive Committee
Risk Management Group	Risk Management Group		
Heads of Department	Heads of Department	Heads of Department	Heads of Department
			External Auditor
The strategic and operational risks were reviewed to identify the principal risks to viability over the period under consideration. The risks that would impact solvency and liquidity, either individually or in combination with other risks, were considered	For each risk, the following factors were considered: – our risk appetite (the level of risk the Board is willing to take) – the controls in place to mitigate the risk – the quantum of risk	For those risks identified as being severe enough to impact the viability of the Group, sensitivity analysis was performed to understand the potential impact on liquidity and financial ratios	The Audit Committee considered the findings from this analysis and made their recommendations to the Board, which was given the opportunity to question the process and the findings

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

Fair, balanced and understandable reporting

On behalf of the Board, the Committee has considered whether, in its opinion, this Annual Report and Accounts, taken as a whole, is fair balanced and understandable and whether it provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Andrew Dodson
Group Financial Controller

Our strategy
Pages 32 to 35

THE PROCESS WE FOLLOWED

1 AUDIT COMMITTEE REVIEW

The Committee reviewed the Annual Report at an early stage, and throughout the process, to enable sufficient time for comment and review and to check overall balance and consistency.

2 REPORT FROM THE CFO AND GROUP FINANCIAL CONTROLLER

The Committee discussed a report from the CFO and the Group Financial Controller covering the financial statements within the Annual Report and Accounts: this highlighted the significant changes and the areas of focus in the financial statements and commented on any new accounting standards in the period.

3 FAIR, BALANCED AND UNDERSTANDABLE ASSESSMENT

A fair, balanced and understandable assessment was prepared by the management team and circulated to the Committee. This assessment highlights factors which support the responsibility of the Committee.

4 EXTERNAL AUDIT REVIEW

The External Auditor presented the results of its audit work to the Committee.

5 RECOMMENDATION TO BOARD AND BOARD'S CONCLUSION

The Board consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

External audit

Following a competitive tender process, KPMG were appointed by shareholders as the Workspace External Auditor for the financial year ended 31 March 2018 and KPMG continue to be Workspace's External Auditor.

Following the completion of the former lead audit partner's five-year tenure, a new lead audit engagement partner, Bano Sheikh, was appointed for this reporting period.

Audit and non-audit fees
Fees payable to the External Auditor for audit and non-audit services are set out in note 2 on page 232. This year, the non-audit services performed by KPMG included the review of the Group's half-year results and Green Bond use of proceeds assurance.

Audit quality
An important part of the Committee's work consists of overseeing the relationship with, and performance of, the External Auditor, in particular with regards to the independence, quality, rigour and challenge of the external audit process. The Committee reviews the effectiveness of the audit throughout the year taking into account:

- the detailed audit strategy for the year and coverage of any risks, scope, and level of fees for the audit
- the quality, knowledge and expertise of the engagement team
- insight around the key accounting and the audit judgements
- the quality of reporting and discussions at the Audit Committee meetings
- the outcome of the review of effectiveness of the External Auditor and the audit process discussed below

Annually, the Committee assesses the qualifications, expertise, resources and independence of the Group's External Auditor, as well as the effectiveness of the audit process. The Chair of the Committee also meets with the KPMG partner.

AUDIT AND NON-AUDIT FEES
2022-2023

£440k

Audit 370
70 Non-audit

AUDIT AND NON-AUDIT FEES
2021-2022

£335k

Audit 280
55 Non-audit

AUDIT AND NON-AUDIT FEES
2020-2021

£336k

Audit 240
Non-audit 96

THE EFFECTIVENESS OF EXTERNAL AUDIT

As part of the effectiveness review following the March 2022 year end, a questionnaire was issued to Committee members, regular attendees of the Committee and those involved in the external audit process.

QUESTIONS WERE POSED AROUND THE FOLLOWING SUBJECTS:

Effectiveness
Effectiveness of the external audit process, the quality and scope of the audit plan, advising, on a timely basis, about any new developments regarding risk management, corporate governance, financial accounting and related risks

Delivery
Delivery and execution of the agreed external audit process for the 2021/22 financial year

Efficiency
Efficiency and performance of the audit team as well as relevant and qualified specialists involved in the audit process and continuity of staff during the audit process

Communication
Communication and engagement between the senior management team, the finance team, KPMG and the Committee

Contact
Contact with the audit team outside of the audit

OUTCOMES
From its discussions during the year, the challenges presented to the External Auditor and a review of the reporting received, the Committee considers that the External Auditor provides appropriate professional challenge and reports its findings in an open and direct manner.

The Committee remains satisfied:
with the effectiveness of the external audit and the interaction between the External Auditor and the Committee and with the External Auditor's qualifications, expertise and resources.

The Committee discussed a summary of the key findings and results at its meeting in November 2022 and no significant concerns were identified.

The results of the review were discussed with the External Auditor to monitor the continuing quality of audit services. The External Auditor, the Committee and management agreed to focus on improving communications going forward. The Committee's relationship with the External Auditor is one of openness and professionalism.

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

AUDITOR INDEPENDENCE AND OBJECTIVITY

In addition to the annual review of effectiveness, the Committee considered the independence and objectivity of the External Auditor through a combination of assurances provided by the External Auditor on the safeguards in place to maintain independence; oversight of the Non-Audit Services Policy and fees paid.

KPMG LLP have confirmed to the Committee that:

- the audit of the consolidated financial statements is undertaken in accordance with the UK firm's internal policies and procedures
- they have internal procedures in place to identify any aspects of non-audit work which could compromise its role as auditor and to ensure the objectivity of their audit report
- they believe that, in their professional judgement, the safeguards they have in place sufficiently guard against the threats to independence
- the total fees paid by the Group during the year do not represent a material part of the firm's fee income
- they consider that they have maintained audit independence throughout the year

The Committee is satisfied that the External Auditor is independent.

The Audit Committee will continue to review the effectiveness and the independence of the External Auditor each year.

The Group complies with the Competition and Markets Authority Order 2014 relating to audit tendering and the provision of non-audit services, and it is the Group's intention to put the audit out to tender at least every ten years as required by applicable law and regulation. The external audit was last tendered in 2017 following which the External Auditor changed from PricewaterhouseCoopers LLP (PwC) to KPMG.

It is currently anticipated that an audit tender will be conducted before the end of the financial year ending 31 March 2024 in respect of the audit for the year ending 31 March 2025 to allow sufficient time for a handover period if required.

There are no contractual obligations which restrict the Committee's choice of external auditor or which put in place a minimum period for their tenure.

SAFEGUARDING AUDITOR INDEPENDENCE

- As required by the Code, the Audit Committee has a formal policy governing the engagement of our External Auditor, KPMG, to supply non-audit services and to assess the threats of self-review, self-interest, advocacy, familiarity and management. KPMG has discontinued the provision of all non-audit services (other than those closely related to the audit) to all FTSE 350 companies, meaning non-audit services will be confined to a more limited scope of work than that defined by the Audit Committee's terms of reference
- During the year, KPMG was asked to provide additional services in the form of assurance over the allocation of proceeds from the green bond
- If the External Auditor is to be considered for the provision of non-audit services, the scope of work and the fees must be approved in advance by the Chief Financial Officer, the Company Secretary and the Chair of the Audit Committee. For larger assignments, in excess of £100,000, this would involve a competitive tender process, unless there are compelling commercial or timescale reasons to use the External Auditor or another specific accountancy firm

Risk management and internal controls

The Committee, on behalf of the Board, keeps under review the effectiveness of the Group's risk management and internal control systems through management updates and output from the Group's Risk Management Group to ensure that the controls in place are effective. This framework is designed to manage rather than eliminate business risks and to provide reasonable assurance against material misstatement in the financial statements.

On the basis of the processes outlined on this page and having regard to the 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued by the FRC in September 2014, the Board, supported by the Audit Committee, has reviewed the effectiveness of the risk management and internal control systems. No significant control failings or weaknesses were identified during the period under review.

The Directors confirm that the processes described below have been in place during the 2022/23 financial year and up to the date of approval of the Annual Report and Accounts.

AUDIT COMMITTEE

The Audit Committee has a key role in developing appropriate governance and challenge around risk management and considering processes and assurance. It also sets the tone and culture within the organisation regarding risk management and internal control.

THE BOARD

The Board has defined its risk appetite for strategic and operational risks. A standard methodology for risk assessment is applied across the Group to assist with monitoring inherent and residual risk and to assist with comparing residual risk against target risk.

The Group had the following key procedures and monitoring processes in place during the year to provide effective internal control:

- an ongoing process to identify, evaluate and manage risks, including the self-certification of controls by risk owners, which is monitored and regularly reviewed by the Risk Management Group and executive team. Significant issues are presented to the Board and Audit Committee
- the Group's key controls include appropriate segregation of duties that are embedded across the organisation
- on behalf of the Board, the Audit Committee reviews fraud and anti-bribery policies and procedures; annual anti-bribery training is in place for all employees and there have been no reported instances of whistleblowing, bribery or corruption during the period under review
- the Group has in place a system for planning, reporting and reviewing financial performance, including performance against strategy and its business plan
- in April 2022, the Board formed an ESG Committee which reviews the Group's environmental and social related risks
- the Audit Committee reviews technology risks including IT systems and cyber risk, to ensure that the Group's IT function effectively implements preventative and detective controls to monitor and to mitigate risk

As required by the Code, the Board, through the Audit Committee has carried out a robust assessment of the principal and emerging risks facing the Group, including those that could threaten its business model, future performance, solvency or liquidity.

This assessment is further described in the Strategic Report on pages 69 to 76.

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

OUR RISK MANAGEMENT FRAMEWORK

With effect from 21 April 2022, the activities of the Risk Committee were integrated into the Audit Committee, with the Board retaining overall responsibility for risk management, and in particular for risks relating to valuation, development and real estate. This updated risk management framework reflects the new structure from 21 April 2022.

Board of Directors
- Sets the Group's overall risk appetite, tolerance and strategy
- Oversees the Group's principal risks, including property valuation, development and real estate risks
- Receives advice and recommendations from the Audit Committee and Executive Committee

Audit Committee
- Oversees the Group's risk management framework
- Advises the Board on risk appetite, tolerance and strategy
- Oversees all risks except risks related to property, valuation, development and real estate which are overseen by the Board

Executive Committee
- Oversees and manages the Group's day-to-day risk management procedures
- Reports to the Board and Audit Committee on the operation and effectiveness of controls

Risk Management Group
- Responsible for the implementation and embedding of risk management activities
- Reviews and challenges the risk information provided by Risk Owners
- Reports to the Executive Committee, although the Audit Committee has the power to request attendance or reports from the Risk Management Group directly if it is felt this is necessary

Risk owners
- Each risk identified by the Group is assigned a Risk Owner
- Risk Owners are responsible for monitoring, managing and reporting on their risks, as well as identifying any emerging risks

OUR RISK MANAGEMENT PROCESS

Risk identification 1
- Risks are identified when projects are being considered or through being raised organically by members of staff
- Identified risks are captured in Risk Registers
- A Risk Owner is assigned to each risk and has responsibility for assessing and monitoring that risk

Risk assessment 2
- Each risk is assessed and scored according to the potential impact and likelihood of it materialising
- Each risk is given an Inherent Risk Score (pre-controls) and a Residual Risk Score (post-existing controls)
- Each risk is also assigned a Target Risk Score representing the Group's risk tolerance for that risk

Risk response 3
- Each Residual Risk Score is compared to its Target Risk Score
- If the Residual Risk Score is higher than the Target Risk Score, action is taken to reduce it towards the target
- Controls are assigned an owner who is responsible for monitoring whether the controls operate effectively

Risk monitoring and reporting 4
- Risks are regularly monitored by the Risk Owners
- Control owners regularly certify that their controls continue to operate effectively
- The Risk Management Group oversees this activity and escalates significant changes and new risks to the Executive Committee, Audit Committee and/or Board as appropriate

INTERNAL AUDIT

Due to its size, the Group does not have an internal audit function, a matter reviewed by the Audit Committee during the year. The Committee has advised the Board that, currently, it considers there to be no need for an internal audit function. The External Auditor has confirmed this currently has no impact on their audit approach.

The Group has a Head of Security and Risk Management whose responsibilities include maintenance of our risk management and control processes.

To supplement reviews of risk management and internal control, a programme of operational, facilities management and health and safety reviews are undertaken across our properties by qualified senior head office personnel. Any significant findings will then be reported to the Audit Committee. In addition, all key controls are recorded on a central register and control owners are required to certify the effectiveness of controls for which they are responsible and to provide details of further actions to address any identified ineffectiveness. No significant issues were identified during the year.

Whistleblowing policy
Page 91

ESG COMMITTEE REPORT

The ESG Committee's role is to promote long-term sustainable success of the Company by ensuring environmental and social factors are fully integrated in business strategy and decision making.

Duncan Owen
Chair of the ESG Committee

ESG COMMITTEE REPORT CONTINUED

MEMBERSHIP AND ATTENDANCE AT ESG COMMITTEE MEETINGS

The Committee consists of six independent Non-Executive Directors, the Chief Executive Officer and the Chief Financial Officer (biographies are available on pages 115 to 116). At the request of the Committee, members of the Executive Committee, the senior management team and/or external advisers may be invited to attend all or part of any meeting, as and when appropriate.

Meetings of the ESG Committee
During the year under review, the Committee held two meetings (in September 2022 and in January 2023). The September meeting established the Committee and approved its terms of reference. Moving forwards, the Committee has agreed to hold three meetings a year. These meetings are expected to be held in January, April and September.

	Member since	Meetings attended
Duncan Owen (Chair)	**2022**	**2**/2[1]
Rosie Shapland	**2022**	**2**/2[1]
Lesley-Ann Nash	**2022**	**2**/2[1]
Manju Malhotra	**2022**	**2**/2[1]
Nick Mackenzie	**2022**	**2**/2[1]
Stephen Hubbard	**2022**	**2**/2[1]
Graham Clemett	**2022**	**2**/2[1]
Dave Benson	**2022**	**2**/2[1]

1. The ESG Committee meeting in January 2023 was a joint meeting with the Audit Committee.

KEY TOPICS CONSIDERED BY THE COMMITTEE DURING THE YEAR

Progress on net zero carbon
- Reviewed net zero carbon pathway and progress made across all scopes of carbon
- Discussed appropriateness of interim milestones and key metrics that should be prioritised
- Reviewed the overall investment plan to 2030
- Considered key dependencies for successful delivery of net zero carbon commitment

Evidence of social impact
- Reviewed the approach to social impact, key focus areas and progress made to date
- Agreed key social programmes, as a key focus for the year along with performance indicators to measure progress
- Reviewed industry best practice on social impact and identified improvement opportunities
- Discussed the ambition to have a long-term flagship social impact target

ESG risk mitigation
- Reviewed climate risk exposure of the business against a number of warming scenarios
- Assessed the level of residual risk and mitigation strategy
- Considered elevating climate risk as a principal risk for business

Governance and reporting
- Established the ESG Committee and agreed the terms of reference
- Agreed how sustainability will be governed at all levels of business, and set five ESG targets at Board level which are linked to remuneration
- Reviewed and approved information reported on sustainability
- Reviewed all ESG policies and effectiveness of programmes and audit procedures

ESG COMMITTEE REPORT CONTINUED

ESG Committee Chair's letter

Duncan Owen
Chair of the ESG Committee

> I am proud to chair the ESG Committee at Workspace, a business where sustainability, social impact and strong governance is at the heart of everything. There is a real potential within the business to be a market leader on sustainability and making a positive impact for our customers. I am committed to supporting the long-term sustainable success of the Company

Dear shareholder,

I am pleased to present to you the first report of the ESG Committee for the year ended 31 March 2023.

The Committee was established in April 2022 to strengthen the Board's oversight of environmental and social issues. The Board, recognising the increasing stakeholder focus on ESG matters, considered it prudent to have a dedicated forum in which to discuss ESG-related matters. The proposal for establishing a Board-level ESG Committee was put forward in March 2022 when the Board was exploring the characteristics that would make it a high performing Board. The ESG Committee was established the following month.

From the beginning, the Committee agreed that there would be four key themes for it to focus on:

(i) having a clear and a credible path to net zero;
(ii) evidencing long-term commitment to social welfare;
(iii) active management of ESG risks and opportunities; and
(iv) maintaining high standards of corporate governance and reporting.

Undeniably, the business has an inherent sustainable business model, and as a Committee our role is to ensure Workspace continues to stay at the forefront of sustainability performance.

In its first-year establishment, the Committee has effectively delivered on several tasks we had set out, including establishing a robust governance structure with clear terms of reference, deeper dive into the Company's net zero pathway and climate risk profile, prioritising social impact alongside environmental commitment and conducting a critical review of ESG policies and procedures. The Committee also received technical briefings from subject matter experts on a number of topics, including evolving sustainability reporting requirements. I detail on page 173 an overview of the activities which we have carried out.

Net zero carbon transition
In 2019, Workspace made a commitment to becoming a net zero carbon business by 2030. Workspace has signed up to the Better Buildings Partnership ('BBP') Climate Commitment to deliver net zero carbon real estate portfolios by 2030. Following a detailed analysis of the emissions across the business and the value chain, Workspace have also developed a set of science-based targets which are aligned to the goals of the Paris Agreement and the IPCC's 1.5°C report. These targets have been approved by the Science Based Targets initiative (SBTi) and cover both our operational emissions and our embodied carbon emissions.

Embedding ESG into the workings of other Committees
To ensure the ESG agenda is not siloed, we also identified ways in which ESG considerations are embedded within the workings of other Committees. This year we held a joint meeting with the Audit Committee to review the ESG policies and effectiveness of the audit programme in place. ESG input is also informing discussions at the Nominations Committee regarding requisite expertise at Board level and with the Remuneration Committee regarding aligning compensation with ESG targets.

ESG COMMITTEE REPORT CONTINUED
ESG COMMITTEE CHAIR'S LETTER CONTINUED

Looking forward

Given the fast-evolving pace of the ESG agenda, the Committee recognises that it needs to be future-focused and evolve its priorities to maintain oversight of both existing flagship initiatives and capturing new opportunities. As such, we will be revisiting the materiality assessment for the business each year to identify new frontiers to focus on. Undeniably, the urgency will remain on driving net zero carbon transition at pace and the Committee will continue to closely monitor the Company's progress on its net zero pathway. However, our responsibility towards our people, our customers and our communities take equal priority. We believe there is both a moral and a commercial imperative to maximise broader stakeholder value, ensuring the business is leading the way on responsible and inclusive practices for its employees, customers, suppliers, and local communities. To this end, the Committee will focus on setting a framework for social impact alongside long-term ambitious goals.

Duncan Owen
Chair of the ESG Committee
6 June 2023

GOVERNANCE OF ESG MATTERS AT WORKSPACE

THE BOARD

NOMINATIONS COMMITTEE
Chaired by Stephen Hubbard

Key responsibilities:
- Ensuring requisite strength of Board ESG expertise

AUDIT COMMITTEE
Chaired by Rosie Shapland

Key responsibilities:
- Integrity of ESG reporting & targets
- Strategic risk management, including reputational risk

REMUNERATION COMMITTEE
Chaired by Lesley-Ann Nash

Key responsibilities:
- Aligning compensation with ESG goals
- Ensuring clarity of ESG metrics and KPIs

ESG COMMITTEE
Chaired by Duncan Owen

Key responsibilities:
- Detailed scrutiny and oversight of ESG
- Ensuring adequate resource
- Driving Board focus on ESG

The role of the Board

The Chief Executive Officer along with the Workspace Board have the highest level of responsibility on all ESG matters. The role of the Board is to maintain close oversight of the ESG programme, ensuring long-term sustainable success of the business.

An ESG Committee comprising of six independent Non-Executive Directors, the Chief Executive Officer and the Chief Financial Officer is set up to assist the Board in incorporating ESG considerations in business strategy and decision making.

The ESG Committee receives a detailed update on our sustainability and climate-related goals three times a year, from members of the Executive Committee and the Head of Sustainability. The update from the Committee and any associated recommendations are then put forward to the Board for consideration.

The ESG Committee also informs the working of other Board Committees with ESG considerations as it pertains to remuneration, nominations and audit functions.

Management responsibility

The Executive Committee at Workspace are responsible for creating the ESG strategy for the business and individual Executive Committee members are responsible for leading on the delivery of environmental and social programmes. The Executive Committee receives monthly updates on ESG matters, including progress against the annual ESG targets.

At operational level, the day-to-day management of ESG initiatives is managed by the members of the Environmental and Social Sustainability Committee, a cross function group comprising of heads of departments who are responsible for individual workstreams. Both these Committees include several Executive Committee members, which ensures senior level ownership and oversight of implementation plans and streamlines communication to the wider Executive Committee and the Board.

Ownership and accountability

ESG considerations are embedded across the business, ensuring there is clear oversight and accountability at each level – at Board level, at Executive level and at operational delivery level. Further, the core ESG targets for the business have been translated into performance objectives for all employees and are linked to their remuneration.

Terms of reference

The Committee's role and responsibilities are set out in the terms of reference, which were last updated in September 2022 and which are available on the Company's website at workspace.co.uk/investors/about-us/governance/board-committees.

ESG COMMITTEE REPORT CONTINUED
ESG COMMITTEE CHAIR'S LETTER CONTINUED

SPOTLIGHT ON NET ZERO PATHWAY

During the year, the Committee conducted a deeper dive of the net zero pathway for the business to ensure it is on track to achieving full decarbonisation by 2030.

Whilst this will not be an easy undertaking, I am pleased with the progress the business has already made by reducing its like-for-like scope 1 and 2 emissions by 11% compared to last year, particularly the significant reduction achieved in fossil fuel use and achieving market-leading performance on embodied carbon associated with its development and construction activity.

"I am pleased with the progress made on the net zero pathway, particularly the significant reduction in embodied carbon associated with development activities

Duncan Owen
Chair of the ESG Committee

Leroy House, Islington

TRACKING PROGRESS ON NET ZERO CARBON PATHWAY

Despite owning several historic buildings, Workspace has successfully refurbished a significant proportion of the portfolio to all electric, highly sustainable buildings, resulting in a significant 27% reduction of scope 1 emissions this year. It is also very encouraging to see the level of knowledge within various teams on the topic and a real dedication towards driving positive impact. It is important that Workspace continues to maintain a lead on its decarbonisation journey and hence the Committee made a decision to govern progress on net zero pathway, as described below.

1
REVIEW OF EXISTING NET ZERO PATHWAY

The Committee reviewed the scope of Workspace's net zero commitment and the proposed net zero pathway. Four key workstreams were identified as key levers for achieving net zero carbon by 2030. Within each workstream, annual milestones were set and progress against these tracked at each Committee meeting

2
ESTABLISHING TARGETS AT BOARD LEVEL

Given the strategic importance of net zero carbon to the business, the Remuneration Committee decided to link energy and carbon reduction targets to Director's remuneration

3
NET ZERO DUE DILIGENCE

It was agreed to implement detailed climate risk and net zero due diligence to inform all new acquisitions and establish alignment with the existing net zero pathway. The existing pathway was subsequently updated to reflect the acquisition of the McKay portfolio

4
INVESTMENT DECISIONS

The Board considered attainment of high energy and carbon performance as a key factor when evaluating and approving all capex decisions

ESG COMMITTEE REPORT CONTINUED

ESG policies, procedures and related assurance

Once a year, Workspace holds a joint Audit Committee and ESG Committee meeting. The objective of this meeting is to review and to approve a programme of assurance aimed at assessing the effectiveness of policies and processes relating to ESG matters. The detailed review conducted by the Committee gave confidence that Workspace has a robust assurance programme, supported by internal and external checks to ensure compliance with policies. This year the Company also launched its Supplier Code of Conduct which ensures all the suppliers are aligned with Workspace's expectations and ambitions, especially when it comes to issues such as living wage, modern slavery, anti-bribery, health and safety, equal opportunities, and sustainability.

The table to the right shows the list of policies and procedures that support the implementation of our ESG strategy:

Environmental	Climate change policy	Ensures that Workspace conduct their business in a climate responsible way
	Environmental policy	Ensures that Workspace conduct their business in an environmentally responsible way
	Sustainable development brief	Sets minimum requirements for our development and refurbishment projects on energy, carbon, waste, water, materials, nature and wellbeing
	Net zero pathway	Ensures that Workspace have quantifiable emission reduction targets and a clear plan to achieve net zero carbon in alignment with a 1.5°C future
	Green finance framework	A framework used by Workspace to issue a green debt instrument including green bonds, private placement, and green loans
Social	Health and safety policy	Ensures that Workspace delivers its obligations under health and safety legislation. The policy aims to reduce accidents and it endeavours to control health and safety risks to employees and others who may be affected by Workspace's activities
	Supplier Code of Conduct	Sets Workspace's principles for ethical conduct and behaviour in business practices. The Supplier Code of Conduct also ensures that Workspace's suppliers, contractors, service providers and representatives live up to our values and standards
	Modern slavery statement	Sets out a zero-tolerance stance towards slavery and human trafficking for Workspace's operations and amongst its suppliers
	Equal opportunities and dignity at work policy	Sets Workspace's expectations and standards regarding equal opportunities and dignity at work. The policy also outlines managerial and staff responsibilities to ensure the business' principles are observed
Governance	Risk management framework	A five-step approach to ensure Workspace has a robust process to assess and to manage risks
	Anti-Bribery and Corruption, and Gifts and Hospitality policy	Sets out standards and expectations for employees to ensure relationships with suppliers are conducted in an ethical way which is compliant with relevant legislation and provides guidance on how to recognise and deal with corruption issues
	Whistleblowing policy	Ensures that staff are aware of how to raise serious concerns. The policy provides guidance, and it ensures a robust process exists to enable an adequate response to the concerns raised. Ensures that staff will be protected from retribution
	Inclusion and diversity policy	Ensures that Workspace is committed to supporting diversity and to creating an inclusive culture

"Workspace has a robust assurance programme, supported by internal and external checks to ensure compliance with policies

REMUNERATION

Our approach to Remuneration is designed to be simple and transparent and to support the Company’s strategy, values, and our purpose to give businesses the freedom to grow.

Remuneration for 2023 has been framed by the Company’s excellent operational performance and the broader stakeholder experience.

Lesley-Ann Nash
Chair of the Remuneration Committee

QUICK LINKS

REMUNERATION CONTINUED

MEMBERSHIP AND ATTENDANCE AT REMUNERATION COMMITTEE MEETINGS

The Committee consists of Non-Executive Directors and is chaired by Lesley-Ann Nash. Details of individual attendance at the meetings held during the year are set out below. More information on the skills and experience of all Committee members can be found on pages 115 to 116.

	Member since	Meetings attended
Lesley-Ann Nash (Chair)	**2021**	**6**/6
Stephen Hubbard	**2014**	**6**/6
Rosie Shapland	**2020**	**6**/6

Support for the Remuneration Committee
During the year, we sought external support from PwC and internal support from the CEO, whose attendance at Committee meetings was by invitation from the Chair, to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of the senior management team. The Company Secretary attended each meeting as Secretary to the Committee. No Director was present for any discussions that related directly to their own remuneration.

KEY TOPICS CONSIDERED BY THE COMMITTEE DURING THE YEAR

Remuneration Policy (the 'Policy') 2023
As part of the triennial review of the Directors' Remuneration Policy, the Committee undertook a review of the remuneration arrangements for the Executive Board Directors. This included a review of our key remuneration principles and a review of the current policy in order to agree initial proposals for the new Policy. Shareholders and proxy agencies were approached and consulted, with feedback reviewed and responded to by the Committee (further details can be found on page 190). The proposals were put forward and the changes were approved by the Committee.

Wider workforce remuneration
The Committee reviewed wider workforce remuneration arrangements and took these into account when reviewing remuneration for the Executive Directors. One particular area of focus during the year was the Committee's approval of management proposals for staff in response to the increased cost of living.

Executive and senior management remuneration framework
The Committee reviewed annual bonus outcomes for 2021/22 and reviewed performance outcomes under the 2019 LTIP. The Committee also set performance metrics and targets for the 2022/23 annual bonus, including appropriate sustainability and ESG metrics, and approved the 2022 LTIP awards. This year included a review of performance metrics for 2023/24 incentives against our strategy, including ESG, and a review of annual monitoring of shareholding guidelines.

Reflecting ESG targets under the annual bonus and the LTIP
The Committee approved appropriate sustainability metrics in both the annual bonus for 2022/23 and for the 2023 LTIP grant.

Gender Pay Gap
2022 was the first year in which we met the requirement regarding employee numbers to publish our gender pay gap. The Committee received a presentation from Human Resources which outlined our gender pay gap and this was published in March 2023.

Committee Governance
The Committee considered key executive remuneration trends and market practice including updates on the current executive pay environment, shareholder guidelines and corporate governance. A review of the results of the internal performance evaluation of the Remuneration Committee was conducted as well as a review of the Committee terms of reference. During the year, the Committee approved the Directors' Remuneration Report; Directors' Remuneration Policy; and Gender Pay Gap Report.

REMUNERATION CONTINUED

Aligning our purpose and strategy with our remuneration principles and the experience of all our stakeholders

OUR PURPOSE, STRATEGY AND STAKEHOLDERS

Stakeholder experiences in 2023
Pages 181 to 182 and 184

OUR KEY REMUNERATION PRINCIPLES

Alignment with our strategy and purpose	Workspace has worked hard to articulate and define our purpose, alongside our established values and corporate strategy. Our remuneration is aligned with the Group's objectives and long-term strategy through a mix of short and long-term performance metrics. This aligns with the 'alignment to culture' principle under Provision 40 of the UK Corporate Governance Code.
A focus on risk	A significant part of an Executive's reward is linked to performance with a clear line of sight between business performance and the delivery of Shareholder value. Performance measures applicable to the 2023 LTIP grant have been reviewed and are based on a combination of financial, share price, ESG and strategic measures aligned with the Company's strategic plan. This aligns with the 'risk' and 'proportionality' principles under the UK Corporate Governance Code.
Acting in a sustainable way	Incorporating ESG into our incentive arrangements strongly aligns to the sustainability pillar of our strategy. Staying ahead of the sustainability curve and delivering on our net zero carbon commitments is a fundamental part of Workspace's long-term strategy. This aligns with the 'alignment to culture' principle under Provision 40 of the UK Corporate Governance Code.
Transparency and simplicity for the benefit of all our stakeholders	The Committee seeks to embed simplicity and transparency in the design and delivery of Executive reward. The remuneration structure is simple to understand for both participants and Shareholders and is aligned to the strategic priorities of the business. This aligns with the 'clarity', 'simplicity' and 'predictability' principles under Provision 40 of the UK Corporate Governance Code.
Consistency of application	Short and long term incentive plans, operated across the organisation, reward the delivery of the business strategy. A high percentage of rewards are delivered in the form of equity, meaning that Executives are strongly aligned with Shareholders. Executives are also required to build significant shareholdings in Workspace. This aligns with the 'risk' principle under Provision 40 of the UK Corporate Governance Code.

REMUNERATION CONTINUED

Remuneration Committee Chair's letter

29%
INCREASE IN TRADING PROFIT AFTER INTEREST

20%
INCREASE IN DIVIDEND PER SHARE

84%
CUSTOMER SATISFACTION

Lesley-Ann Nash
Chair of the Remuneration Committee

> Our key priorities as a Remuneration Committee are to ensure that remuneration arrangements attract and retain a high-calibre team of Executive Directors and senior management and to offer them every encouragement to successfully deliver our strategy and to create shareholder value in a sustainable and responsible manner

Gender pay gap report
Page 124

Dear shareholder,

As Chair of the Remuneration Committee and on behalf of the Board, I am pleased to present our 2023 Remuneration Report.

The report is split into:
- Remuneration at a glance: highlighting how executive pay, simply and transparently, incentivises delivery of our strategy and promotion of our values – pages 185 to 188
- Our new Directors' Remuneration Policy that will be put to shareholders at our 2023 AGM – pages 189 to 196
- Annual Report on Directors' remuneration explaining how our policy aligns with our objectives and strategy including the implementation of pay for 2023/24 – pages 197 to 211

We as a Committee are highly conscious of our role in underpinning the Company's ability to develop long-term value for all stakeholders and none more so than at a time of significant economic uncertainty. The Committee continues to be guided by its key principles which are detailed on page 180.

Business performance
This year has seen market volatility persist with increases in interest rates against a backdrop of slow global growth and the ongoing conflict in Ukraine. The increases of interest rates has affected most real estate markets globally resulting in higher yields and correspondingly lower values. This economic environment is a challenge for the real estate sector and only agile businesses which continue to evolve and provide excellent operational performance will succeed.

Despite these challenges facing the market, Workspace has made good progress against its strategic priorities and key performance indicators. A strong trading performance during the year resulted in a 29% increase in trading profit alongside a 34% increase in net rental income. This has been fuelled by resilient levels of customer demand, as our flexible offer is an increasingly attractive option for successful innovative businesses in London's SME community. The increased interest rates, in the case of Workspace, have therefore been largely offset by our improved ability to drive higher levels of occupation through operational excellence.

The integration of McKay has also been a focus for Workspace over the year. We have successfully completed the operational integration of the McKay portfolio. We continue to make progress in our plan to add value to the portfolio by adapting the former McKay buildings to fit our strategy, rolling out our flexible lease offer. We have also now disposed of the majority of the non-core McKay assets. Initial delays did however mean the sales were a significant challenge for the management team, against the negative backdrop of rising interest rates and reduced investor confidence.

Notwithstanding the above, we remain mindful that the negative valuation change has resulted in a falling EPRA NAV per share of 6.2% for shareholders. We are aware of the challenges our customers and business partners are facing in the current economic environment. Therefore, we must remain focused on continuously offering good value and great service.

The experience of our stakeholders
We as a Committee actively considered various aspects of the wider context in reviewing outcomes for the 2022/23 remuneration of our Executive Directors, including the experience of all the Company's stakeholders during the year, such as our employees, customers and suppliers.

REMUNERATION CONTINUED
REMUNERATION COMMITTEE CHAIR'S LETTER CONTINUED

We remained mindful of the pressures and challenges faced by many of our employees in the current economic climate. As part of this, the Company determined that our 2023/24 staff salaries would increase by 6%, with a minimum uplift of £3,000 for staff earning below £50,000, as well as that payment being accelerated to April. More information about other benefits that are offered to employees can be found on page 198.

This year we also published our inaugural gender pay gap report which can be found on our website. The Board and the Committee are fully committed to effectively promoting diversity throughout the business as an integral part of our corporate culture and purpose. We are fully aware that a diverse workforce that brings an appropriate balance of skills, experience and knowledge, as well as fresh perspectives, enriches our business and contributes to our long-term success.

A summary of how the remuneration outcomes align with the experience of our other stakeholders is set on page 184.

Remuneration outcomes in 2022/23
After very careful consideration, and taking into account all relevant factors as described and detailed throughout this Annual Report, the Committee took the following decisions in respect of remuneration for the Executive Directors:

Base salary
Executive Directors will receive a base salary increase of 3% which is below the level awarded to the wider workforce (as set out above), and this will take effect from 1 April 2023.

Annual bonus 2022/23
Despite the challenges facing the market, it has been a productive year across the Company. We delivered a strong trading performance in the year leading to above target outcomes under this measure of the bonus. With ESG at the top of the Company's agenda, we have made real progress against a number of objectives set in this area.
We are also pleased to report various achievements under our strategic financial and operational efficiency metrics, including the delivery of integration cost savings from the McKay acquisition and successful integration of McKay's staff and processes. This detail is set out on page 204.

As a result, the formulaic outcome under the bonus was 89% of maximum (106.4% of salary).

The Committee assessed the outcome in the context of ensuring it is reflective of corporate performance as well as the experience and expectation of shareholders. The Committee has decided to use its discretion to apply a reduction to the overall bonus outturn for the CEO of 20% of salary. This results in a bonus outcome of 72% of maximum (86.4% of salary) for the CEO.

This equates to £448,589 for Graham Clemett and £380,167 for Dave Benson. Of the bonus award, 33% will be deferred in shares for three years under the Deferred Bonus Plan.

Vesting of 2020 Long Term Incentive Plan
The LTIP awards granted to Graham Clemett and Dave Benson in 2020 were subject to performance conditions measured over the three financial years from 1 April 2020 to 31 March 2023. The vesting of 50% of the awards was subject to Total Shareholder Return (TSR) performance relative to FTSE 350 real estate companies (excluding agencies), with the remaining 50% subject to Total Property Return (TPR) versus the IPD Benchmark.

Having tested the performance conditions, TPR performance was above upper quartile, meaning this element vested in full. Therefore, the overall formulaic outcome is 50%.

SUMMARY OF EXECUTIVE DIRECTORS' TOTAL REMUNERATION
The tables below set out a single figure for the total remuneration received by each Executive Board Director for the year ended 31 March 2023. The full table can be found on page 200.

GRAHAM CLEMETT Chief Executive Officer		2022/23 £000
FIXED PAY	BASE SALARY	519.2
	PENSION[1]	51.9
	BENEFITS[2]	22.5
	TOTAL FIXED	593.6
VARIABLE PAY	ANNUAL BONUS[3]	448.6
	LTIP[4,5]	391.1
	OTHER – SAYE, SIP	0
	TOTAL VARIABLE	839.7
TOTAL		1,433.3
OF WHICH SHARE PRICE GROWTH		£0

DAVE BENSON Chief Financial Officer		2022/23 £000
FIXED PAY	BASE SALARY	357.3
	PENSION[1]	35.2
	BENEFITS[2]	0
	TOTAL FIXED	392.5
VARIABLE PAY	ANNUAL BONUS[3]	380.2
	LTIP[4,5]	269.1
	OTHER – SAYE, SIP	0
	TOTAL VARIABLE	649.3
TOTAL		1,041.8
OF WHICH SHARE PRICE GROWTH		£0

1. Pension: During 2022/23 each of Messrs Clemett and Benson received a cash allowance in lieu of pension contribution.
2. Benefits: Taxable value of benefits received in the year by Executive Directors includes a car allowance, private health insurance and death in service cover.
3. Annual bonus: This is the total bonus earned in respect of performance during the relevant year. For 2022/23, the Committee set a minimum deferral requirement of 33% of the bonus earned. For 2022/23, this deferral was equivalent to £148,034 for Mr Clemett and £125,455 for Mr Benson.
4. None of the LTIP single figure is attributable to share price growth.
5. The 2022/23 figure includes the estimated value of 50% of the 2020 LTIP shares that vested based on performance to 31 March 2023. The share price used is the three-month average to 31 March 2023 of £4.88. This will be updated in next year's report to reflect the share price on the date of vesting. As allowable under the relevant plan rules and approved Policy, the Committee determined that dividend equivalents are payable under the 2020 LTIP award – this figure therefore includes the value of dividend equivalents accrued on the shares that are vesting over the relevant performance period.

REMUNERATION CONTINUED

REMUNERATION COMMITTEE CHAIR'S LETTER CONTINUED

This equates to a total of £391,084 for Graham Clemett and £269,114 for Dave Benson (these figures include dividend equivalents). The net vested shares will be subject to a two-year holding period.

The Committee considered that the LTIP performance outturns were fair and reasonable relative to the financial performance of the business and also stakeholder experience.

As disclosed in our 2020 Directors' Remuneration Report, the Committee was mindful of the context prevailing on grant of the 2020 LTIP awards. We concluded that the awards would be granted on the normal timetable but committed to remaining mindful of guarding against windfall gains as a result of share price movements over the period. Taking into consideration a number of factors, including the current share price compared to that at the time of the grant and share price movements over the period, the Committee has concluded that participants will not benefit from a windfall gain on the 2020 LTIP awards and therefore has determined that no adjustment is required.

Proposed changes to the Directors' Remuneration Policy
Our current Directors' Remuneration Policy was approved by shareholders at our 2020 AGM with a vote in favour of 99.54%. In line with the regulatory timeline for Policy reviews, we will be seeking shareholder approval for a new Policy at our AGM in July this year.

Having carried out a detailed review, the Remuneration Committee believes that whilst our current Policy has worked well for us and our stakeholders and remains strategically aligned, the review provides us an opportunity to further enhance this alignment with limited change in a couple of areas.

As part of the Policy review, the Committee completed a comprehensive programme of shareholder engagement to ensure their views were reflected in the new Policy and I would like to thank them for their highly valued time. I outline a summary of the key changes here, and the full Policy is on pages 189 to 196.

Maximum annual bonus opportunity for the CEO
The outcome of our Policy review this year determined that, whilst the measures and structure of our annual bonus Policy remain fit for purpose, the current opportunity for the CEO is materially behind that of companies within the FTSE 250 and the FTSE 350 real estate sector.

Whilst the Committee does not solely base the remuneration of Workspace on the comparison with its peers, it is essential that the CEO package remains competitive in the context of a complex and growing business such as Workspace. As such, we are proposing to increase the maximum bonus opportunity for the CEO from 120% to 150% of salary.

This change enhances the portion of the CEO's total remuneration that is subject to stretching performance targets, ensuring Workspace rewards for strong business performance.

The CFO's maximum bonus opportunity will remain at 120% of salary.

The current annual bonus deferral of 33% of the award into shares for three years will be retained, which alongside the CEO's shareholding requirement of 200% of salary, ensures full alignment with the experience of shareholders.

LTIP performance measures
For the past five years, awards granted under the LTIP have been subject to TSR and TPR performance measures with equal weighting. Following careful consideration, we are proposing to remove TPR from the LTIP and introduce three new measures to better align our LTIP with our strategic priorities. No changes are proposed to the existing TSR measure.

The proposed LTIP measures and weightings for the 2023 LTIP grant are:
- TSR relative to FTSE 350 Real Estate companies (excluding agencies) (25%)
- Earnings per Share ('EPS') growth (25%)
- Total Accounting Return ('TAR') (25%)
- Environmental, Social and Governance ('ESG') metrics (25%)

The combination of these measures better reflects the alignment with strategy and purpose.

EPS growth is an important headline measure of Workspace's financial performance, with outcomes better aligned to our success in active portfolio management and investment. Including TAR as a measure in our LTIP ensures we reward the creation of value for shareholders in the form of dividends paid and growth in Net Asset Value. Incorporating ESG strongly aligns to the sustainability pillar of our strategy, which includes focus on creating sustainable environments and achieving net zero by 2030. Full details on the targets for the 2023 LTIP grant can be found on page 207.

The Committee determined that 2023 LTIP awards would be granted at the normal level of 200% of salary for the CEO and CFO. When making this decision, the Committee was mindful of our share price performance over the year, particularly since awards were last granted, and determined that at the end of the performance period, careful consideration will be given as to whether any windfall gains have arisen from these awards. Further to this, as with previous awards, a performance underpin will apply to the awards which allows the Committee to reduce vesting should the Committee believe that the outturn is inconsistent with the overall performance of the business.

No other changes are proposed to our Policy which is set out on pages 189 to 196. A full summary of the implementation of Policy, including annual bonus measures for the 2023/24 financial year, is set out on page 206.

Changes to below Board remuneration
Although the remuneration of below Board employees does not fall in the remit of the Policy, the Committee believes it is important to communicate the proposed changes as part of our open dialogue with shareholders. It is a priority of the Committee to ensure that employees below Board are rewarded appropriately for their continued contributions to the business, incentivised to remain with Workspace, and are fully aligned to the experience of our shareholders. We are therefore proposing to grant restricted share awards ('RSAs') below Board in place of the performance based LTIP structure. Executive Directors will not receive RSAs.

Engagement with our shareholders
We are grateful for the feedback and support we receive from shareholders, and believe that regular engagement with our stakeholders is key to our commitment to achieving the highest standards of corporate governance and integrity. As I mentioned above, in line with this, the Committee consulted with our largest investors ahead of the renewal of our Policy at our 2023 AGM. I am pleased to say that the shareholders that engaged with us appreciated our approach.

I look forward to your continued engagement and I hope you will join the Board in supporting our Directors' Remuneration Report and Directors' Remuneration Policy at the upcoming 2023 AGM.

Lesley-Ann Nash
Chair of the Remuneration Committee
6 June 2023

REMUNERATION CONTINUED

Consideration of the experience of our stakeholders

OUR PURPOSE, STRATEGY AND STAKEHOLDERS

Our people
Mindful of the challenging economic environment faced by our employees, the Committee oversaw the decision to award salary increases of 6% with a minimum uplift of £3,000 to those earning below £50,000. The introduction of the restricted share award for senior employees below board level ensures these individuals can share directly in the success of Workspace and are fully aligned with shareholders' experience.

Employee engagement and wellbeing are reflected in our sustainability objectives as part of our Executive Directors' bonuses. The Committee set objectives on employee wellbeing initiatives, achieved through the roll-out of a series of successful events.

Stakeholder experiences in 2023
Pages 181 and 182

Our investors
We believe in an open dialogue with investors. As part of our Directors' Remuneration Policy review, the Committee consulted with major shareholders and investor bodies, receiving helpful and positive feedback.

We ensure that shareholders' experience is reflected in remuneration outcomes as demonstrated by our exercise of discretion to the overall bonus outturn for the CEO this year.

During the year, the Committee reviewed the LTIP performance measures to ensure these continue to align to our strategic priorities. Subsequently, the Committee approved the introduction of an EPS growth measure for the 2023 LTIP grant. EPS is an important headline measure of Workspace's financial performance and profitability. The existing relative TSR condition remains a performance measure for the 2023 LTIP grant and a key measure in ensuring outcomes from the LTIP align with the experience of our shareholders.

Our partners and suppliers
We work with a broad range of long-term partners and these relationships are governed by stringent ethical and sustainability standards. As an accredited Living Wage employer ourselves, we are committed to paying the Real London Living Wage to 100% of our suppliers and partners working on Workspace premises.

Our communities
We create a flatter, fairer London: by providing high-quality, affordable space, we bring employment into the local areas and help create community hubs. We strongly believe in giving something back to the communities where we have a presence, which is why we offer employment support to disadvantaged young people.

As part of our annual bonus sustainability metrics, our InspiresMe programme was launched to local schools, colleges and youth organisations where students benefitted from career sessions and work experience.

The environment
Sustainability is at the heart of our strategy and this is reflected in incentives for our Executive Directors. Whilst sustainability objectives are part of our annual bonus, during the year the Committee discussed and approved the inclusion of ESG metrics within the LTIP for the 2023 grant. The measures include key objectives which directly support our strategy in focusing on creating sustainable environments and achieving net zero by 2030.

Our customers
Our customers are at the heart of our business and this is reflected in our strategy, with one of our three strategic pillars relating to customer-led growth. Customer satisfaction is a measure within our annual bonus for our Executive Directors and the Committee was satisfied that the bonus outcomes for the year accurately reflected the experience of our customers at Workspace.

REMUNERATION CONTINUED

Remuneration at a glance

All staff in the Company are eligible to participate in the Company's annual bonus plan, all-employee share schemes, pension scheme, life assurance arrangements and medical insurance benefits.

While the Executive Directors participate in the Company's LTIP, the rest of the Executive Committee and some senior employees receive the Company's new Restricted Share Awards ('RSA'). Executive Directors and Executive Committee members are also required to adhere to the Company's shareholding guidelines.

When making remuneration decisions for the Executive Directors, the Committee considers pay and employment conditions elsewhere in the Group. The Committee receives regular updates from the Executive Directors on employee feedback. The Committee also monitors bonus payout and share award data.

In respect of share ownership we operate the following:

LTIP:
Reinforces a strong performance culture at more senior levels and delivery of long-term sector outperformance.

Restricted Share Awards:
Supports retention and motivation by providing greater line of sight over outcomes and fully aligns participants to shareholders' experience.

SAYE and SIP:
Provides all employees with the opportunity to become shareholders of the Company.

WORKSPACE'S APPROACH TO REMUNERATION AND HOW WE INCENTIVISE AT ALL LEVELS WITHIN THE COMPANY

ELEMENTS OF PAY AT WORKSPACE

	BASE SALARY	PENSION	BENEFITS	ANNUAL BONUS	SHARE OWNERSHIP
	Salaries are set to reflect market value of the role and aid recruitment and retention.	Employees are eligible for a 2:1 match on employee pension contributions of 3% or 5% of salary.	Employees receive a combination of benefits relevant for their role including life assurance arrangements and medical insurance benefits.	Opportunities and performance conditions are tailored to reflect an individual's role and responsibilities.	Share ownership enables all employees to share in the long-term success of the Group and aligns them with shareholder interests.
ELIGIBILITY WITHIN WORKSPACE					
Executive Directors 2	✓	✓	✓	✓	LTIP SAYE and SIP
Executive Committee 6	✓	✓	✓	✓	Restricted share awards SAYE and SIP
Other senior employees 65	✓	✓	✓	✓	Restricted share awards SAYE and SIP
Rest of employees 220	✓	✓	✓	✓	SAYE and SIP

REMUNERATION CONTINUED
REMUNERATION AT A GLANCE CONTINUED

How our variable pay aligns to our strategic pillars

- In executing our strategy we aim to create value and positive outcomes for our shareholders and all other stakeholders.
- We frequently consider the performance measures we use for our incentives to check that they support the delivery of our strategy.

OUR THREE STRATEGIC PILLARS:

- Driving customer-led growth
- Delivering operational excellence
- Being sustainable

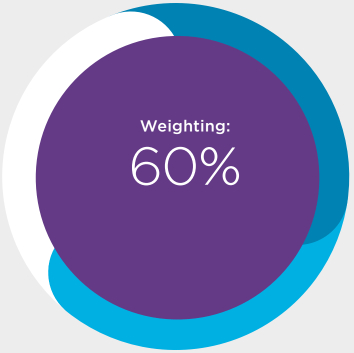
ANNUAL BONUS

The component measures provide a good balance of reward against the three pillars of our strategy which are the foundations of Workspace's future growth.

Measures shown as % of award
Total: 100%

2023/24 ANNUAL BONUS AND LINK TO STRATEGY

Measure:
Financial objectives (Trading profit after interest (50%), Strategic financial (10%))



Measure:
Sustainability

Measure:
Operational efficiency

Measure:
Customer satisfaction

LTIP

The balance of the measures is well aligned to our strategy of driving income growth and enhancing shareholder value over the longer term whilst always acting in a sustainable way.

Measures shown as % of award
Total: 100%

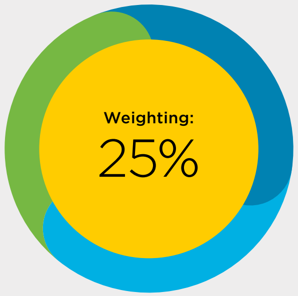
THE 2022 LTIP MEASURES WERE AS FOLLOWS

Measure and % weighting	Link to strategy
50%: Total Shareholder Return (TSR) relative to FTSE 350 Real Estate companies (excluding agencies)	●●●
50%: Total Property Return (TPR) versus IPD benchmark	●

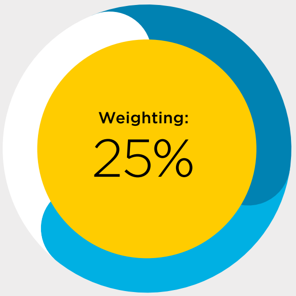
2023 LTIP AND LINK TO STRATEGY

We have amended the measures for 2023/24, as we believe there is an opportunity to better align our LTIP with our strategy.

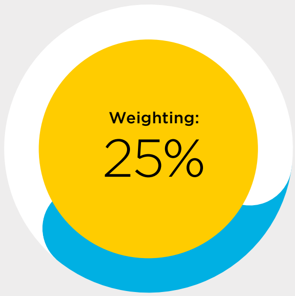
Measure:
Total Shareholder Return (TSR) relative to FTSE 350 Real Estate companies (excluding agencies)



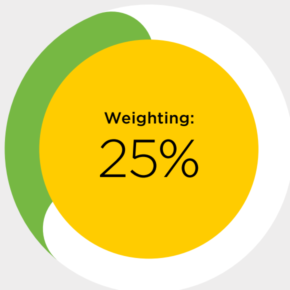
Measure:
Total Accounting Return (TAR)



Measure:
Earnings Per Share (EPS) Growth



Measure:
Environmental, Social and Governance (ESG) metrics



REMUNERATION CONTINUED
REMUNERATION AT A GLANCE CONTINUED

Summary of Executive Directors' Total Remuneration

Graham Clemett
Chief Executive Officer

FIXED COMPONENTS OF EXECUTIVE PAY	£000
BASE SALARY	519.2
PENSION	51.9
BENEFITS	22.5
TOTAL FIXED	**593.6**

VARIABLE COMPONENTS OF EXECUTIVE PAY	£000
ANNUAL BONUS	448.6
LTIP	391.1
OTHER – SAYE, SIP	0
TOTAL VARIABLE	**839.7**
SINGLE FIGURE FOR 2022/23	**1,433.3**

ANNUAL BONUS
OUTCOMES UNDER THE 2022/23 ANNUAL BONUS

Measure:	Threshold (0% payable)	Maximum (100% payable)	Actual	Outcome (% of salary)	Maximum (% of salary)	CEO actual £000
TRADING PROFIT AFTER INTEREST	£57.3m	£62.3m	Actual: £61.4m[1]	51.0%	60%	264.8
STRATEGIC FINANCIAL OBJECTIVES	0%	100%	Actual: 75%	9.0%	12%	46.7
SUSTAINABILITY OBJECTIVES	0%	100%	Actual: 100%	24%	24%	124.6
OPERATIONAL EFFICIENCY	0%	100%	Actual: 92.5%	11.1%	12%	57.6
CUSTOMER SATISFACTION	72%	80%	Actual: 84%[2]	11.3%	12%	58.6
FORMULAIC OUTTURN				106.4%	120%	552.4
DISCRETIONARY REDUCTION APPLIED TO OUTTURN OF 20% OF SALARY				86.4%		448.6

1. This excludes the impact of the McKay acquisition.
2. With adjustment, see page 201.

LTIP
OUTCOMES UNDER THE 2020 LTIP PERFORMANCE MEASURES OVER THE PERIOD 1 APRIL 2020 TO 31 MARCH 2023

Measure:	Threshold (20% payable)	Maximum (100% payable)	Actual	Formulaic outcome (% of award)	Maximum (% of award)	CEO actual £000
TOTAL SHAREHOLDER RETURN (TSR) RELATIVE TO FTSE 350 REAL ESTATE COMPANIES (EXCLUDING AGENCIES)	MEDIAN	UPPER QUARTILE	Actual: 5th percentile	0%	50%	£340.7 OF WHICH SHARE PRICE: £NIL
TOTAL PROPERTY RETURN (TPR) VERSUS IPD	MEDIAN	UPPER QUARTILE	Actual: 77th percentile	50%	50%	£50.4 DIVIDEND EQUIVALENT:
TOTAL				50%	100%	£391.1

REMUNERATION CONTINUED
REMUNERATION AT A GLANCE CONTINUED

Summary of Executive Directors' Total Remuneration

Dave Benson
Chief Financial Officer

FIXED COMPONENTS OF EXECUTIVE PAY	£000
BASE SALARY	357.3
PENSION	35.2
BENEFITS	0
TOTAL FIXED	**392.5**

VARIABLE COMPONENTS OF EXECUTIVE PAY	£000
ANNUAL BONUS	380.2
LTIP	269.1
OTHER – SAYE, SIP	0
TOTAL VARIABLE	**649.3**
SINGLE FIGURE FOR 2022/23	**1,041.8**

ANNUAL BONUS
OUTCOMES UNDER THE 2022/23 ANNUAL BONUS

Measure:	Threshold (0% payable)	Maximum (100% payable)	Actual	Formulaic outcome (% of salary)	Maximum (% of salary)	CFO actual £000
TRADING PROFIT AFTER INTEREST	£57.3m	£62.3m	**Actual:** £61.4m[1]	51.0%	60%	182.2
STRATEGIC FINANCIAL OBJECTIVES	0%	100%	**Actual:** 75%	9.0%	12%	32.2
SUSTAINABILITY OBJECTIVES	0%	100%	**Actual:** 100%	24%	24%	85.8
OPERATIONAL EFFICIENCY	0%	100%	**Actual:** 92.5%	11.1%	12%	39.7
CUSTOMER SATISFACTION	72%	80%	**Actual:** 84%[2]	11.3%	12%	40.3
BONUS OUTTURN				**106.4%**	120%	380.2

1. This excludes the impact of the McKay acquisition.
2. With adjustment, see page 201.

LTIP
OUTCOMES UNDER THE 2020 LTIP PERFORMANCE MEASURES OVER THE PERIOD 1 APRIL 2020 TO 31 MARCH 2023

Measure:	Threshold (20% payable)	Maximum (100% payable)	Actual	Formulaic outcome (% of award)	Maximum (% of award)	CFO actual £000
TOTAL SHAREHOLDER RETURN (TSR) RELATIVE TO FTSE 350 REAL ESTATE COMPANIES (EXCLUDING AGENCIES)	MEDIAN	UPPER QUARTILE	**Actual:** 5th percentile	0%	50%	234.5 OF WHICH SHARE PRICE: £NIL
TOTAL PROPERTY RETURN (TPR) VERSUS IPD	MEDIAN	UPPER QUARTILE	**Actual:** 77th percentile	50%	50%	34.7 DIVIDEND EQUIVALENT:
TOTAL				**50%**	100%	269.1

REMUNERATION CONTINUED

This section sets out the Directors' Remuneration Policy and Annual Report on Remuneration. A binding shareholder resolution to approve the Directors' Remuneration Policy (pages 190 to 196) will be put forward at the 2023 Annual General Meeting ('AGM') of the Company on 6 July 2023.

REMUNERATION CONTINUED

Our new Remuneration Policy

This section sets out the Directors' Remuneration Policy. A binding shareholder resolution to approve this section will be proposed at the 2023 Annual General Meeting ('AGM') of the Company on 6 July 2023. The Policy will be effective from the 2023 AGM subject to shareholder approval and will be available to view at workspace.co.uk/investors in the corporate governance section.

CONSIDERATION OF SHAREHOLDER VIEWS

The Committee values ongoing dialogue with shareholders and welcomes feedback on Directors' remuneration. As part of the Policy review, the Committee directly consulted with major shareholders. A letter setting out our proposals was shared with investors reflecting over two-thirds of our issued share capital, as well as with investor bodies, including ISS, Glass Lewis and the Investment Association.

Through this process, the Committee responded to questions raised and held meetings where requested to further clarify the proposals.

We were grateful for the feedback received and pleased that this was positive overall.

REMUNERATION POLICY TABLE

The table below describes the Policy in relation to the components of remuneration for Executive Directors.

FIXED COMPONENTS OF EXECUTIVE PAY

PURPOSE AND LINK TO STRATEGY		OPERATION	MAXIMUM OPPORTUNITY	PERFORMANCE METRICS	CHANGES FROM PREVIOUS POLICY
BASE SALARY To reflect market value of the role and an individual's experience, performance and contribution.	2023/24 2024/25 2025/26 2026/27 2027/28	Salaries are normally reviewed annually. Salary levels take account of: – Role, performance and experience. – Business performance and the external economic environment. – Salary levels for similar roles at relevant comparators. – Salary increases across the Group.	Increases are applied in line with the outcome of the review. There is no prescribed maximum. Increases for Executive Board Directors will typically be in line with those of the wider workforce.	Both Company and individual performance are considered when setting Executive Director base salaries.	None.
PENSION To provide market competitive pensions.	2023/24 2024/25 2025/26 2026/27 2027/28	Directors participate in a defined contribution pension scheme or may receive a cash allowance in lieu of pension contribution.	Up to 10% of salary. For individuals with less than a year's service with Workspace, this will be 6% of salary.	None.	None.
BENEFITS To provide market competitive benefits.	2023/24 2024/25 2025/26 2026/27 2027/28	Benefits typically include car allowance, private health insurance, and death in service cover. Where appropriate, other benefits may be offered including, but not limited to, allowances for relocation. In addition, Directors are eligible to participate in all-employee share plans, currently the SAYE and Share Incentive Plan.	Benefits may vary by role and individual circumstance, and are reviewed periodically. There is no overall maximum. Include car allowance, private health insurance and other benefits.	None.	None.

REMUNERATION CONTINUED

OUR NEW REMUNERATION POLICY CONTINUED

VARIABLE COMPONENTS OF EXECUTIVE PAY

PURPOSE AND LINK TO STRATEGY		OPERATION	MAXIMUM OPPORTUNITY	PERFORMANCE METRICS	CHANGES FROM PREVIOUS POLICY
ANNUAL BONUS To reinforce and reward delivery of annual strategic business priorities, based on performance measures relating to both Group and individual performance. Bonus deferral provides alignment with shareholder interests.	2023/24 2024/25 2025/26 2026/27 2027/28	A portion of the annual bonus is deferred into shares for a period of three years. The deferral is 33% of bonus earned. Dividend equivalents may be accrued on deferred shares. The Committee may apply malus and clawback in circumstances of gross misconduct, material misstatement of the Group's results, an error in calculation, serious reputational damage, and corporate failure up to the end of the deferral period.	The maximum bonus potential for Executive Board Directors is as follows: CEO: 150% of salary p.a. CFO: 120% of salary p.a.	Performance is measured relative to financial, operational, ESG, strategic and individual objectives in the year aligned with the Company's strategic plan. Performance measures and weightings are reviewed each year to ensure they remain appropriate and reinforce the business strategy. At least 60% of the total bonus will be based on financial measures. Bonus awards are at the Committee's discretion and the Committee will consider the Company's performance in the round. The Committee may override the formulaic bonus outcome within the limits of the plan where it believes the outcome is not reflective of performance, to ensure fairness to both shareholders and participants. The bonus pays out on a straight-line basis from threshold to 100% at maximum performance.	The maximum bonus potential for the CEO is now 150% of salary, the maximum bonus potential for the CFO remains at 120% of salary.
LONG TERM INCENTIVE PLAN (LTIP) To reward and align to the delivery of sustained long-term performance and to align the interests of participants with those of shareholders	2023/24 2024/25 2025/26 2026/27 2027/28	The Committee may grant annual awards of Performance Shares which vest after three years, subject to performance conditions. Vested shares are subject to a further two-year holding period. The Committee has discretion to apply malus and clawback to awards (circumstances as listed in the Annual Bonus row above) up to the end of the holding period. Dividend equivalents may be accrued on shares in respect of the performance and holding period.	Normal maximum award of up to 200% of salary p.a. An award of 300% of salary p.a. may be made in exceptional circumstances.	Performance share plan awards will be based on a combination of financial, share price, ESG and strategic measures aligned with the Company's strategic plan. For 2023 awards the performance measures will be: - Total Shareholder Return (TSR) relative to FTSE 350 Real Estate companies (excluding agencies) (25%) - Earnings Per Share (EPS) Growth (25%) - Total Accounting Return (TAR) (25%) - Environmental, Social and Governance (ESG) (25%) A performance underpin will apply which allows the Committee to reduce vesting if performance is inconsistent with the overall performance of the business. For threshold performance, vesting is typically 20% of maximum. The Committee may, in the context of the underlying business strategy, use different measures and/or vary the weightings of the measures. The Committee would consult with major shareholders prior to making any significant changes.	None.

REMUNERATION CONTINUED

OUR NEW REMUNERATION POLICY CONTINUED

Notes to the Remuneration Policy table

Share awards will be operated in accordance with the rules of the relevant plan. In accordance with those rules, the Committee has discretion in the following areas:

- In the event of a variation of share capital or a demerger, delisting, special dividend, rights issue or other similar event which may, in the Committee's opinion, affect the current or future value of shares, the number of shares subject to an award and/or any performance condition attached to awards, may be adjusted
- The Committee may determine that awards may be settled in cash
- The Committee may determine the basis on which dividends will be calculated which may include notional reinvestment. The Committee may increase the time horizons for deferral or holding periods

REMUNERATION POLICY TABLE CONTINUED

PURPOSE AND LINK TO STRATEGY		OPERATION	CHANGES FROM PREVIOUS POLICY
SHAREHOLDING REQUIREMENT	2023/24 2024/25 2025/26 2026/27 2027/28	Shareholding guideline for Executive Board Directors of 200% of salary. Post-cessation shareholding requirement of 200% of salary for two years post-departure. In the event a leaver has not met the relevant shareholding requirement at the point of cessation of employment, they would be required to retain their full pre-cessation shareholding for the two-year period.	None.

NON-EXECUTIVE DIRECTORS' REMUNERATION

PURPOSE AND LINK TO STRATEGY		OPERATION		CHANGES FROM PREVIOUS POLICY
FEES To reflect the time commitment in performing the duties and responsibilities of the role.	2023/24 2024/25 2025/26 2026/27 2027/28	The Chair receives an annual fee. Non-Executive Directors receive an annual base fee. Additional fees are paid to Non-Executive Directors for additional responsibilities such as chairing a Board Committee. Fees are reviewed from time to time, taking into account time commitment, responsibilities and fees paid by companies of a similar size and complexity.	Expenses incurred in the performance of non-executive duties for the Company may be reimbursed or paid for directly by the Company, including any tax due on the expenses. Non-Executive Directors do not normally receive any benefits, however these may be provided in the future if in the view of the Board this was considered appropriate. Total fees paid to Non-Executive Directors will remain within the limit stated in the Articles of Association.	None.

REMUNERATION CONTINUED
OUR NEW REMUNERATION POLICY CONTINUED

PERFORMANCE MEASURES AND TARGETS

As part of the review of the Policy, the Committee gave careful consideration to performance measures and targets for incentives to ensure that they are aligned to the Company's strategy and to performance for our shareholders. To that end, no changes to the annual bonus measures are proposed at this stage.

The annual bonus measures are intended to provide a good balance of rewarding operational excellence, customer relationships and building deep market knowledge which are the foundations of the Company's future growth, whilst ensuring a greater focus on sustainability.

To better align with Workspace's strategy, the performance measures for the 2023 LTIP award will be:
- Total Shareholder Return (TSR) relative to FTSE 350 Real Estate companies excluding agencies (25%)
- Earnings Per Share (EPS) Growth (25%)
- Total Accounting Return (TAR) (25%)
- Environmental, Social and Governance (ESG) (25%)

The Committee may, in the context of the underlying business strategy, use different performance measures and/or vary the weightings of the measures. Major shareholders would be consulted prior to any significant changes.

The Committee will set Group financial targets for the annual bonus with reference to the prior year and forward-looking business forecasts, ensuring the levels of performance required are appropriately challenging.

The measurement of performance against performance targets is at the Committee's discretion, which may include appropriate adjustments to financial or non-financial elements and/or consideration of overall performance in the round.

Performance conditions and targets may be varied if an event occurs or circumstances arise which cause the Committee to determine that they have ceased to be appropriate. If they are varied, they must, in the opinion of the Committee, be fair, reasonable and materially no less difficult than the original condition when set.

RECRUITMENT AND PROMOTION POLICY

The Committee will appoint new Executive Board Directors with a package that is in line with the Remuneration Policy in place and agreed by shareholders at the time.

Component	Approach
BASE SALARY	The base salaries of new appointees will be determined by reference to the individual's role and responsibilities, experience and skills, relevant market data, internal relativities and their current basic salary. Base salary may be higher or lower than the previous incumbent. Salaries may be set at an initially lower level with the intention of increasing salary at a higher than usual rate as the executive gains experience in the role.
PENSION	New appointees will be eligible to participate in the Group's defined contribution pension plan or receive a cash alternative, in line with the Policy.
BENEFITS	New appointees will be eligible to receive benefits in line with the Policy, including relocation benefits if appropriate (relocation benefits are subject to a maximum time limit of two years).
ANNUAL BONUS	The structure described in the Policy table will normally apply to new appointees with the relevant maximum being pro-rated to reflect the proportion of the year served. The Committee retains the flexibility to determine that for the first year of appointment any annual incentive award will be subject to such terms as it may determine.
LTIP	New appointees will be eligible for awards under the LTIP which will normally be on the same terms as other executives, as described in the Policy table.

The maximum aggregate value of incentives (excluding buyouts) on appointment will be in line with the aggregate maximums in the Policy table.

REMUNERATION CONTINUED
OUR NEW REMUNERATION POLICY CONTINUED

RECRUITMENT AND PROMOTION POLICY CONTINUED

To facilitate recruitment the Committee may need to 'buy out' remuneration forfeited on joining the Company. This will be considered on a case-by-case basis and may comprise cash or shares. In general:

- If such remuneration was in the form of shares, compensation would be in the Company's shares
- If remuneration was subject to achievement of performance conditions, compensation would normally be subject to performance
- The timing of any compensation will, where practicable, match the vesting schedule of the remuneration forfeited

The over-riding principle would be that the value of any replacement buy out awards should be no more than the commercial value of awards which have been forfeited. For any buyout award, the leaver provisions may be determined at the time of the award.

The approach in cases of appointing a new Executive Board Director by way of internal promotion will be consistent with the policy for external appointees detailed above. Where such an individual has contractual commitments made prior to their promotion to Executive Board Director level, the Company will continue to honour these arrangements. Similarly, if an Executive Board Director is appointed following a merger or an acquisition of a company by Workspace, legacy terms and conditions may be honoured.

For interim positions a cash supplement may be paid rather than salary (for example a Non-Executive Director taking on an executive function on a short-term basis).

TERMINATION POLICY

Payments of basic salary, benefits and pension made up to the termination date are in line with contractual notice periods. Payments in lieu of notice are limited to the Executive Board Director's basic salary for the unexpired portion of the notice period. A payment may be made in lieu of unused holiday entitlement. The Company may make phased payments which are paid in monthly instalments and subject to mitigation.

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a compromise or settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payment may include but is not limited to paying reasonable relocation costs, any reasonable level of fees for outplacement assistance and/or the Director's legal or professional advice fees in connection with his cessation of office or employment.

In the event that a participant ceases to be an employee of Workspace, treatment of outstanding awards under the Group's incentive plans will be determined based on the relevant plan rules.

Component	Approach
ANNUAL BONUS	There is no automatic entitlement to an annual bonus. The Committee retains discretion to award bonuses for leavers taking account of the circumstances of departure. Leavers during the plan year normally lose any entitlement to bonus unless the individual is considered a 'good leaver'[1]. Good leavers are eligible for an award to the extent that performance conditions have been satisfied and pro-rated for the proportion of the financial year served, with Committee discretion to treat otherwise.
DEFERRED BONUS SHARES	Deferred bonus shares normally lapse unless the individual is considered a 'good leaver'[1], in which case awards normally continue and are released at the usual time, although the Committee has the discretion to allow earlier release. On death, awards typically vest immediately.
LTIP	Under the LTIP, unvested shares normally lapse unless the individual is considered a 'good leaver'[1], in which case awards are normally tested for performance over the full performance period and pro-rated for time based on the proportion of the vesting period served, with Committee discretion to treat otherwise. On death, awards will typically vest immediately subject to the satisfaction of performance conditions as determined by the Committee. LTIP awards which are subject to an additional holding period will typically be retained and released at either (a) the end of the holding period; or (b) two years from cessation – whichever is soonest, although the Committee has the discretion to allow earlier release.
ALL-EMPLOYEE PLANS	For all-employee HMRC registered plans such as SAYE and SIP, leavers will be treated in accordance with the approved rules of these plans.

1. A good leaver is defined as an employee who ceases to hold employment during the plan year by reason of: injury, ill-health or disability proved to the satisfaction of the Committee; retirement with the agreement of the Group Company by which he is employed; the participant's employing Company ceasing to be a Group Company; the business or part of the business to which the participant's employment relates being transferred to a person who is not a Group Company; or any other reason which the Committee in its absolute discretion so permits.

REMUNERATION CONTINUED

OUR NEW REMUNERATION POLICY CONTINUED

TREATMENT OF CORPORATE EVENTS

In the event of a change of control or winding up of the Company, the LTIP awards will vest based on the extent to which the Committee determines that the performance conditions have been or would have been met. Pro-rating for service in the vesting period will apply unless the Committee decides otherwise. Outstanding deferred bonus awards will vest in full as soon as practicable in such circumstances. In the event of a variation of share capital, demerger, special dividend or any other transaction which will materially impact the value of shares the Committee may, at its discretion, allow deferred bonus and LTIP awards to vest on the same basis as for a change of control described above. Alternatively, an adjustment may be made to the number of shares if considered appropriate.

CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE COMPANY

When setting remuneration for Executive Directors the Committee takes into account contextual information about pay and conditions within the Group, including salary increases and bonus awards for all employees.

The Committee members receive regular updates from the Executive Directors in relation to employee feedback, and on pay and employment conditions elsewhere in the Company. Our Chair, Stephen Hubbard, is our designated Non-Executive Director responsible for overseeing employee engagement. During the last financial year, employees were not formally consulted on the design of the Executive Directors' Policy but were informed of the Company's performance and key remuneration decisions.

We are committed to sharing business success across the organisation with all employees participating in a short-term incentive plan. At more senior levels, remuneration is more long term and larger proportions are dependent on both Group and individual performance and paid in the form of shares. We operate both an SAYE and a SIP open to all employees. The illustration on page 185 provides an overview of remuneration throughout Workspace and the way in which our share incentive plans cascade through the organisation.

LEGACY COMMITMENTS

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed: (i) before 16 July 2014 (the date the Company's first shareholder-approved Directors' Remuneration Policy came into effect); (ii) before the Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes 'payments' include the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

MINOR AMENDMENTS

The Committee may make minor amendments to the Policy (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval.

REMUNERATION CONTINUED
OUR NEW REMUNERATION POLICY CONTINUED

Possible payouts under policy

Based on our proposed Remuneration Policy, we set out below scenarios for the potential remuneration to be earned by our Executive Directors under the Policy for various performance assumptions. In line with the Companies (Miscellaneous Reporting) Regulations 2018, we have included the impact of a potential scenario of a 50% share price appreciation on the LTIP.

A high proportion of the Executive Board Directors' packages are made up of shares, supporting the alignment of executive pay with the interests of our shareholders. The increased value in remuneration from share price appreciation is beneficial for both Executive Directors and shareholders.

SINGLE FIGURE SCENARIOS
Graham Clemett, CEO

Base salary
Salary as at 1 April 2023.

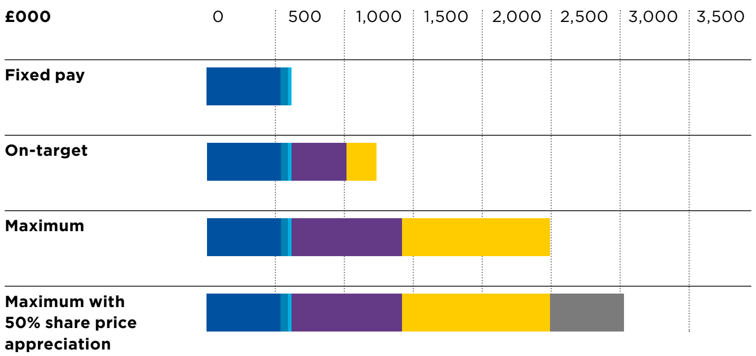
+ **Pension**
Current contribution rate of 10% of salary.

+ **Benefits**
As provided in the single figure table on page 200.

+ **Annual bonus**
Minimum – no bonus payable;
On-target – 50% of maximum potential bonus;
Maximum – maximum potential bonus.

+ **LTIP**
Minimum – no LTIP vesting;
On-target – 20% of maximum (threshold vesting);
Maximum – maximum LTIP vesting.

+ **Share price growth**
Impact of 50% share price appreciation over three years (on the LTIP).



SINGLE FIGURE SCENARIOS
Dave Benson, CFO

Base salary
Salary as at 1 April 2023.

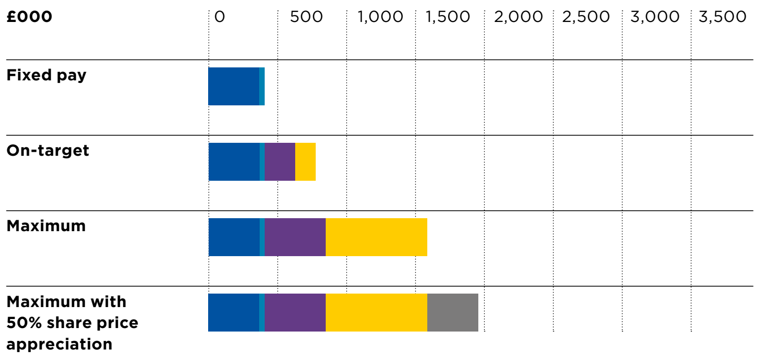
+ **Pension**
Current contribution rate of 10% of salary.

+ **Benefits**
As provided in the single figure table on page 200.

+ **Annual bonus**
Minimum – no bonus payable;
On-target – 50% of maximum potential bonus;
Maximum – maximum potential bonus.

+ **LTIP**
Minimum – no LTIP vesting;
On-target – 20% of maximum (threshold vesting);
Maximum – maximum LTIP vesting.

+ **Share price growth**
Impact of 50% share price appreciation over three years (on the LTIP).



REMUNERATION CONTINUED

Annual report on remuneration

This section sets out the Annual Report on Remuneration. An advisory shareholder resolution to approve this section, together with the Chair's statement on pages 180 to 183 will be put forward at the 2023 AGM of the Company on 6 July 2023.

WHAT WE PAID OUR DIRECTORS IN 2022/23

TOTAL TARGET COMPENSATION COMPARED TO OUR PEERS

Chart A below shows the relative position of target total compensation for our Executive Directors compared to our peers. When we set the target total compensation for the Executive Directors, one of the factors the Committee considers is the competitive market for our Executive Directors, which we believe is the FTSE 250 and FTSE 350 Real Estate companies, and the size of the Company compared to these peers. The Committee has been pleased to report above target-performance against market benchmark has been achieved over recent years.

CHART A (I) — GRAHAM CLEMETT
CHIEF EXECUTIVE OFFICER

○ Positioning of total remuneration of the Company relative to market benchmarks.

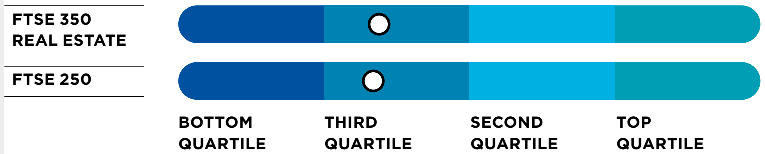
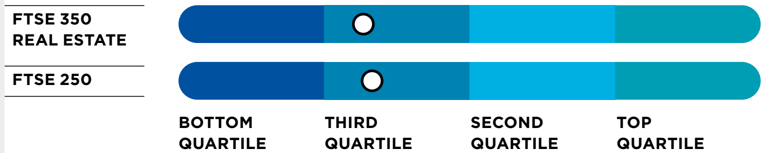


CHART A (II) — DAVE BENSON
CHIEF FINANCIAL OFFICER

○ Positioning of total remuneration of the Company relative to market benchmarks.



OUR SHAREHOLDING REQUIREMENTS (AUDITED)

Our Executive Directors are encouraged to hold a high number of shares in order to align their interests to those of the shareholders, and to encourage a long-term view of the sustainable performance of the Company. As such, our Directors are impacted by the share price over the year in the same way as our shareholders.

Chart B below shows that, in the year, the CEO met his minimum shareholding requirements. The CFO joined in April 2020 and is building his shareholding.

CHART B
OUR SHAREHOLDING REQUIREMENT HAS BEEN MET

● Owned outright or vested.
● Unvested and not subject to performance.
● Subject to performance.

1. All shares that are either unvested and not subject to performance or subject to performance have been included on a net of tax basis (i.e. at a 50% discount).
2. This is based on a share price of £5.2854 being the average share price over the year to 31 March 2023 and salaries of £519,200 and £357,300 for Graham Clemett and Dave Benson respectively.

OVERALL LINK TO REMUNERATION AND EQUITY OF THE EXECUTIVE DIRECTORS

Table A below sets out the single figure for 2022/23, the number of shares held by the Director at the beginning and end of the financial year, and the impact on the value of these shares taking the opening price and closing price for the year.

TABLE A

	Graham Clemett	Dave Benson
2022/23 single figure (£000)	1,433.3	1,041.8
Shares held at start of year	135,311	20,085
Shares held at end of year	141,930	39,765
Value of shares at start of year (£000)[1]	926.9	137.6
Value of shares at end of year (£000)[2]	620.2	173.8
Difference (£000)	(306.7)	36.2

1. Based on a closing share price on 31 March 2022 of £6.85.
2. Based on a closing share price on 31 March 2023 of £4.37.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

OUR APPROACH TO FAIRNESS AND WIDER WORKFORCE CONSIDERATIONS

When making remuneration decisions for the Executive Board Directors, the Committee considers pay, policies and practices elsewhere in the Group.

We receive regular updates from the Executive Board Directors, and we monitor bonus payout and share award data.

In this section, we provide context to our Executive Board Director remuneration by explaining our employee policies and our approach to fairness, as well as the ratio of CEO pay to that of the wider workforce.

Communication and engagement with employees
The Board is committed to an open dialogue with our employees over various decisions. Our Chair, Stephen Hubbard, is our designated Non-Executive Director responsible for overseeing employee engagement. During the last financial year, employees have been informed about activities, performance and the Company's response to the increased cost of living through staff briefings held by the CEO and other members of the Executive team. Mr Hubbard also held three informal staff events during the year. Employees are kept informed about activities and performance not only through these briefings but also by the circulation of corporate announcements and other relevant information to all staff, supplemented by updates on the intranet.

Share schemes
Share schemes are a long-established and successful part of our total reward package, encouraging and supporting employee share ownership. In particular, all employees are invited to participate in the Company's Savings Related Share Option Scheme and the Share Incentive Plan.

Equal opportunities
Workspace is committed to an active Equal Opportunities Policy from recruitment and selection, through training and development and in performance reviews and promotion. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit. We consider the needs of all employees, customers and the community.

We use everyone's talents and abilities, and we value diversity. The Company aims to make our promotion and recruitment practices fair and objective. We encourage continuous development and training, as well as the provision of equal opportunities and career development for employees. Further details of this are shown on pages 148 to 154.

Retirement benefits
The Company provides pension benefits for the majority of its employees. The Company's commitment to pension contributions, consistent with last year, ranges from 6% to 10% of an employee's salary. The pension scheme is open to every employee in accordance with the new Government auto-enrolment rules.

THE YEAR ON YEAR CHANGE IN OUR DIRECTORS' REMUNERATION

The table below sets out the changes year on year between our Director pay and average employee pay. As per our Policy, salary increases applied to Executive Directors will typically be in line with those of the wider workforce.

Table B below shows the percentage change in Director remuneration, comprising salary, taxable benefits and annual bonus, and comparable data for the average of employees within the Company. The comparator group is based on all employees (excluding the CEO, CFO and Non-Executive Directors), normalised for joiners and leavers during the year. The average number of people employed by the Company during the year was 291 (2022: 249). All employees are eligible for consideration for an annual bonus.

TABLE B

	2023			2022			2021		
Director	Salary/ fees	Taxable benefits	Annual variable	Salary/ fees	Taxable benefits	Annual variable	Salary/ fees	Taxable benefits	Annual variable
Executive Directors									
Graham Clemett	3%	4%	-11%	2%	1%	157%	9%	-15%	-54%
Dave Benson	3%	n/a	10%	2%	n/a	157%	n/a	n/a	n/a
Non-Executive Directors									
Stephen Hubbard	6%	n/a	–	24%	n/a	–	198%	n/a	–
Damon Russell[1]	-65%	n/a	–	10%	n/a	–	10%	n/a	–
Rosie Shapland	31%	n/a	–	194%	n/a	–	n/a	n/a	–
Lesley-Ann Nash	15%	n/a	–	345%	n/a	–	n/a	n/a	–
Duncan Owen[2]	73%	n/a	–	n/a	n/a	–	n/a	n/a	–
Nick Mackenzie[2]	491%	n/a	–	n/a	n/a	–	n/a	n/a	–
Manju Malhotra[2]	491%	n/a	–	n/a	n/a	–	n/a	n/a	–
All other employees	19%	-4%	-11%	5%	-24%	58%	5%	-5%	-5%

1. Damon Russell stepped down from the Board on 22 July 2022, therefore the above information reflects his time in role.
2. Duncan Owen joined the Board in July 2021 with both Nick Mackenzie and Manju Malhotra joining the Board in January 2022, and therefore were paid a partial fee in the prior year.
3. This increase is a result of the acquisition of McKay Securities and the inclusion of these employees in the figures for 2023.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

PAY COMPARISONS

Chart C shows the single figure of remuneration for our CEO over time, and the pay of our average employee, each rebased to 2013. We have also included our TSR performance over this period.

- FTSE 350 Real Estate Supersector Index
- FTSE 250 Index
- Workspace Group PLC TSR
- CEO single figure

CHART C

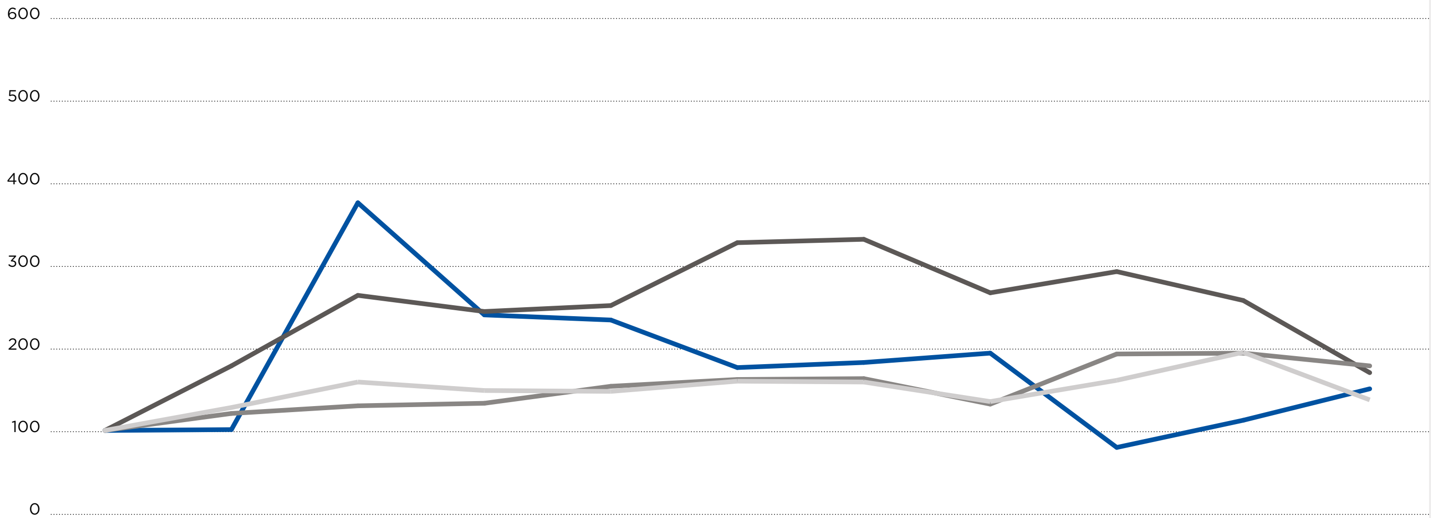


TABLE C

CEO single figure of total remuneration £000		31 Mar 2014	31 Mar 2015	31 Mar 2016	31 Mar 2017	31 Mar 2018	31 Mar 2019	31 Mar 2020	31 Mar 2021	31 Mar 2022	31 Mar 2023
Graham Clemett[1]		–	–	–	–	–	–	1,349.9	764.4	1,080.0	1,433.3
Jamie Hopkins[2]		966.9	3,533.1	2,262.7	2,205.6	1,674.2	1,728.2	490.9	–	–	–
Annual bonus payout											
Graham Clemett (% of maximum opportunity)		–	–	–	–	–	–	78%	33%	83%	72%
Jamie Hopkins (% of maximum opportunity)		97.8%	97.2%	95.3%	100%	100%	95.8%	–	–	–	-
LTIP vesting											
Graham Clemett (% of maximum opportunity)		–	–	–	–	–	–	87.24%	0%	0%	50%
Jamie Hopkins (% of maximum opportunity)		–	100%	100%	88.7%	62.7%	50.7%	87.24%	–	–	–
Ratio of single total remuneration figure shown to employees as a whole	to employee lower quartile[3]	–	–	–	–	–	53x	47x	23x	32x	43x
	to employee median	34x	128x	79x	72x	48x	33x	43x	15x	23x	29x
	to employee upper quartile[3]	–	–	–	–	–	23x	23x	11x	15x	20x

1. Mr Clemett assumed the role of Interim CEO on 1 June 2019 and was appointed CEO on 24 September 2019.
2. Mr Hopkins was appointed as an Executive Director on 12 March 2012 and stepped down from the Board on 31 May 2019.
3. See next page for details on calculation.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

PAY COMPARISONS CONTINUED

Chief Executive's Pay Ratio
The table below compares the single total figure of remuneration for the CEO with that of the Group employees who are paid at the 25th percentile (lower quartile), 50th percentile (median) and 75th percentile (upper quartile) of its employee population.

Despite voluntarily disclosing the ratio of CEO pay to workforce pay in previous years (see page 199, this is the first year in which Workspace meets the requirement regarding employee numbers as per the Companies (Miscellaneous Reporting) Regulations 2018.

Year	Methodology	25th percentile ratio	50th percentile ratio	75th percentile ratio
2023	Option A	43:1	29:1	20:1

Option A, as set out under the reporting regulations, was used to calculate remuneration for 2023, as well as 2022 and 2021.

The UK employees included are those employed on 31 March 2023 and remuneration figures are determined with reference to the financial year ending on 31 March 2023.

We have chosen Option A as we believe that it is the most robust methodology for calculating these figures. The value of each employee's total pay and benefits was calculated using the single figure methodology consistent with the CEO, with the exception of the annual bonus, which was calculated using 2021/22 financial year bonuses (which were paid during 2022/23) as the individual 2022/23 financial year bonus information was not available at the last practical date before the finalisation of this report. For employees who joined during the 2022/23 financial year (82 employees), we've included their bonus as nil as they were not entitled to receive a 2021/22 financial year bonus. This means that the ratios are higher than if we were able to include a bonus amount for these employees. No elements of pay have been omitted. Where required, remuneration was approximately adjusted to be full-time and full-year equivalent basis based on the employee's average full-time equivalent hours for the year and the proportion of the year they were employed. No other adjustments were made.

The table below sets out the salary and total pay and benefits of the employee at the lower quartile, median and upper quartile for the 2022/23 financial year.

	25th percentile	50th percentile	75th percentile
Salary	£28,300	£41,200	£58,500
Total pay and benefits	£33,286	£48,886	£73,350

There is significant volatility in this ratio, caused by the following:
- Our CEO pay was made up of a higher proportion of incentive pay than that of our employees, in line with shareholder expectations. This introduces a higher degree of variability in his pay each year versus that of our employees
- Long-term incentives, which make up a significant proportion of our CEO's pay, are provided in shares, and their value on vesting, included in his single figure, reflects the movement in share price over the three years prior to vesting. This outcome can add significant volatility to the CEO's pay and this is reflected in the ratio

For these reasons, we believe the median pay ratio this year is consistent with pay, reward and progression policies for UK colleagues.

SINGLE FIGURE OF EXECUTIVE DIRECTORS (AUDITED)

The illustrations below set out a single figure for the total remuneration received by each Executive Board Director for the year ended 31 March 2023 and the prior year.

	Graham Clemett, CEO 2022/23 £000	Graham Clemett, CEO 2021/22 £000	Dave Benson, CFO 2022/23 £000	Dave Benson, CFO 2021/22 £000
Fixed pay				
Base salary	519.2	504.0	357.3	346.8
Pension[1]	51.9	50.4	35.2	30.8
Benefits[2]	22.5	21.6	0	0
Total fixed	593.6	576.0	392.5	377.6
Variable pay				
Annual bonus[3]	448.6	502.0	380.2	345.4
LTIP[5]	391.1	0	269.1	–
Other – SAYE, SIP[4]	0	2.0	0	2.0
Total variable	839.7	504.0	649.3	347.4
Total	1,433.3	1,080.0	1,041.8	725.0
Of which share price growth	0	0	0	0

1. Pension: During 2022/23 each of Messrs Clemett and Benson received a cash allowance in lieu of pension contribution.
2. Benefits: Taxable value of benefits received in the year by Executive Directors includes a car allowance, private health insurance and death in service cover.
3. Annual bonus: This is the total bonus earned in respect of performance during the relevant year. For 2021/22 and 2022/23, the Committee set a minimum deferral requirement of 33% of the bonus earned. For 2022/23, this deferral was equivalent to £148,034 for Mr Clemett and £125,455 for Mr Benson.
4. SIP awards granted in September 2021. See page 211 for details.
5. The 2022/23 figure includes the estimated value of 50% of the 2020 LTIP shares that vested based on performance to 31 March 2023. The share price used is the three-month average to 31 March 2023 of £4.88. This will be updated in next year's report to reflect the share price on the date of vesting. As allowable under the relevant plan rules and approved Policy, the Committee determine that dividend equivalents are payable under the 2020 LTIP award – this figure includes accrued dividends on vested shares.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

Annual bonus payout in respect of 2022/23 (Audited)

For 2022/23 the maximum bonus opportunity for the Executive Directors was 120% of salary. Payouts are subject to the assessment of performance against stretching financial, strategic and business performance targets, and are calculated on a straight-line basis from 0% at threshold to 100% at maximum performance. Both Graham Clemett and Dave Benson are required to defer 33% of their bonus into Company shares for three years. The targets are set based on our budgeting process, which takes account of market expectations, planned acquisitions and disposals of assets, and aspirations around Company growth.

The performance measures, targets and outcomes for each measure are shown to the right.

ANNUAL BONUS PAYOUT IN RESPECT OF 2022/23

ANNUAL BONUS
OUTCOMES UNDER THE 2022/23 ANNUAL BONUS

Measure:	Threshold (0% payable)	Maximum (100% payable)	Actual	Formulaic outcome (% of salary)	Opportunity (% of salary)
TRADING PROFIT AFTER INTEREST	£57.3m	£62.3m	£61.4m[1]	51.0%	60%
STRATEGIC FINANCIAL OBJECTIVES	0%	100%	75%	9.0%	12%
SUSTAINABILITY OBJECTIVES	0%	100%	100%	24%	24%
OPERATIONAL EFFICIENCY	0%	100%	92.5%	11.1%	12%
CUSTOMER SATISFACTION	72%	80%	84% of this element[2]	11.3%	12%
TOTAL				**106.4%**	120%

OUTCOME (£000) GRAHAM CLEMETT, CEO	FORMULAIC OUTTURN	£552.4	**86.4%** TOTAL BONUS	£148.0 OF WHICH IS DEFERRED BONUS
	DISCRETIONARY REDUCTION APPLIED TO OUTTURN OF 20% OF SALARY			
	BONUS OUTTURN	£448.6		
OUTCOME (£000) DAVE BENSON, CFO	BONUS OUTTURN	£380.2	**106.4%** TOTAL BONUS	£125.5 OF WHICH IS DEFERRED BONUS

1. This excludes the impact of the McKay acquisition.
2. The overall outcome was reduced as there was a 0.6% increase in the number of disagree/strongly disagree categories.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

Strategic financial, operational efficiency and sustainability objectives 2022/23

A summary of the strategic financial, operational efficiency and sustainability objectives is shown to the right. Full details for each performance measure are set out on pages 203 and 204.

STRATEGIC FINANCIAL, OPERATIONAL EFFICIENCY, SUSTAINABILITY OBJECTIVES (AUDITED)

Strategic financial objectives 1

Activity
- Disposal of non-core assets
- Delivery of integration cost savings from McKay acquisition
- Complete debt refinancing post McKay acquisition
- Continue to build Workspace brand profile

Opportunity
12%

Outcome
9%

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Operational efficiency objectives 2

Activity
- Integration of McKay staff and processes
- Roll-out of new finance system
- New customer complaints policy and process
- Continued roll-out of Workspace Inclusive offer

Opportunity
12%

Outcome
11.1%

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Sustainability objectives 3

Activity
- Progress our pathway to net zero carbon by 2030
- All lettable units to be A and B rated by 2030
- Improve customer advocacy of our sustainable credentials
- Launch our new InspiresMe programme to local schools, colleges and youth organisations
- Employee and customer well-being initiatives

Opportunity
24%

Outcome
24%

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REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

STRATEGIC FINANCIAL OBJECTIVES – OUTCOME 9%/12%

1

	Target	Achievement
Disposal of non-core assets	– Sale of McKay industrial portfolio	– Exchanged for sale of 5 of the 9 non-core industrial assets on 16 May 2023 for £82m
	– Sale of other McKay non-core assets	– Disposal of Newbury medical centre for £7m in July 2022
	– Sale of Riverside residential scheme	– Sale of Riverside residential scheme completed for £54m in March 2023
Delivery of integration cost savings from McKay acquisition	– 50% reduction in McKay corporate costs by exit 22/23	– Costs reduced from £6.4m p.a. prior to acquisition to £0.9m p.a. based on average cost in Q4 (80% reduction)
Complete debt refinancing post McKay acquisition	– Rollover of Aviva debt facility	– Completed transfer of Aviva facility in September 2022 avoiding £13m break cost
	– Replacement of short-term acquisition facilities with long-term debt	– Acquisition facility replaced by £135m of McKay revolver facilities transferred to Workspace on same terms as existing facilities with maturity subsequently extended to April 2025
Continue to build Workspace brand profile	– Raise brand awareness by 2% (average awareness in 21/22 of 11%)	– Now reached 14% average spontaneous brand awareness (based on Opinium brand research)

OPERATIONAL EFFICIENCY OBJECTIVES – OUTCOME 11.1%/12%

2

	Target	Achievement
Integration of McKay staff and processes	– Completed successfully by December 22	– Integration completed in November 2022
Roll-out of new finance system	– Completed successfully by April 23	– System design, build, data load and testing substantially complete with end-user training under way by the end of April 2023.
		– System went live on 16 May 2023.
New customer complaints policy and process	– Roll-out new policy and process across Company by December 22	– Processes established and customer feedback portal launched 13 December 2022 – 56 cases raised to date
		– Monthly reporting in place with resolution of cases being monitored to ensure SLA's being met
Continued roll-out of Workspace inclusive offer	– Roll-out to further 10 centres by March 23	– This has been rolled out to 9 out of 10 of the remaining centres in scope of the Workspace Inclusive Offer
		– The only exception is Canalot Studios which is undergoing refurbishment where the required Wi-Fi roll-out will be installed as part of the building upgrade

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

SUSTAINABILITY OBJECTIVES – OUTCOME: 24%/24%

3

	Target	Achievement
Progress of our pathway to net zero carbon by 2030	– Reduce energy intensity across the portfolio by 5%	– 5% reduction in energy intensity
	– Reduce scope 1 emissions (gas) per sq. ft. by 5%	– 27% reduction in gas consumption (subject to minor adjustment for emissions from refrigerant leaks)
All lettable units to be A and B rated by 2030	– Eliminate all F and G rated units	– No F, G or unrated units remaining
	– Increase the percentage of A and B rated area in the portfolio by 10%	– 12% of floor area upgraded to EPC A/B
Improve customer advocacy of our sustainable credentials	– Improve our ‘agree and strongly agree’ customers satisfaction score to 70% (currently 66%)	– The percentage of customers who agree or strongly agree that Workspace is a socially and environmentally responsible business has increased from 66% to 70.5% Source: Workspace 2023 customer survey
Launch our new InspiresMe programme to local schools, colleges and youth organisations	– Successful roll-out at four centres	– Achieved roll-out of InspiresMe at five pilot centres: Kennington Park, Brickfields, Cargo Works, The Chocolate Factory and Mare Street
		– 182 students benefitted from CV workshops, career sessions and 20 students were hosted for work experience
		– The responses from school partners and customers were extremely positive with 100% of the schools who took part agreeing they were keen to continue with this initiative next year
Employee and customer well-being initiatives	– Continued roll-out of a variety of wellbeing events, both virtual and physical	**Employees** – 23 employee wellbeing and mental health events delivered with 600 attendees at these sessions
		– Over 160 employees utilised our wellbeing cashback programme (Healthshield) with claim back of circa £28,000
		– We received an average score from the recent annual employee survey of 75% on employee wellbeing across six wellbeing questions
		Customers – Our central events team hosted 71 events of which 50 were wellbeing focused. This includes Paws in Work, cocktail master-classes, Leafage terrarium building, yoga classes, art for wellbeing initiatives, and were attended by 1,600 customers
		– In addition centre teams hosted 37 wellbeing themed events

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

LTIP AWARD VESTING IN RESPECT OF 2022/23 (AUDITED)

The 2020 LTIP awards measured performance over the period 1 April 2020 to 31 March 2023. Details of the performance targets and achievement against them are set out below.

On this basis, 50% of the 2020 LTIP will vest.

The 2021 LTIP awards are based on the same targets and weightings as the 2020 LTIP award shown below, measured over the period 1 April 2021 to 31 March 2024.

TABLE D

Measure	Threshold (20% payable)	Maximum (100% payable)	Actual	Formulaic outcome (% of award)
TOTAL SHAREHOLDER RETURN (TSR) RELATIVE TO FTSE 350 REAL ESTATE COMPANIES (EXCLUDING AGENCIES)	MEDIAN	UPPER QUARTILE	5th PERCENTILE	0%/50%
TOTAL PROPERTY RETURN (TPR) VERSUS IPD	MEDIAN	UPPER QUARTILE	77th PERCENTILE	50%/50%
LTIP (% MAXIMUM) VESTING				50%/100%
NUMBER OF SHARES VESTING (AUDITED)			CEO 69,819	CFO 48,044

LTIP AWARDS MADE DURING THE 2022/23 FINANCIAL YEAR (AUDITED)

Under the current Policy conditional share awards under the LTIP are granted to a maximum of 200% of salary. Awards under the 2022 LTIP are subject to the performance conditions detailed in Table E below measured over the period 1 April 2022 to 31 March 2025.

TABLE E

	Relative TSR vs. sector group[1] (50% of the award)	Total Property Return versus London IPD index (50% of the award)
Threshold[3] (20% vesting)	Median	Median
Maximum[3] (100% vesting)	Upper Quartile	Upper Quartile

1. The comparator group for the 2022 LTIP cycle is FTSE 350 Real Estate companies excluding agencies.
2. For any shares to vest on relative TSR, the Company's TSR outcome must exceed the median TSR of the comparator group over the performance period.
3. There is straight-line vesting between the 'Threshold' and 'Maximum' performance levels.

The following awards were granted during the year under the 2022 LTIP:

			Performance share award		
				Face value	
Director	Date of grant	Market price at date of award[1]	Number of shares	£	% of salary
Graham Clemett	24 June 2022	£6.2800	165,350	1,038,398	200%
Dave Benson	24 June 2022	£6.2800	113,789	714,594	200%

1. The share price for calculating the levels of awards was £6.2800, the average mid-market closing price over the three dealing days 21, 22 and 23 June 2022, in accordance with the LTIP rules.

Deferred shares were granted (as conditional share awards) under the 2021/22 bonus of 25,380 shares to Mr Clemett and 17,463 shares to Mr Benson (33% of bonus awarded) on 27 June 2022. The share price on the date of grant was £6.475 which represented the average mid-market closing price.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

How we will apply the policy in 2023/24

As explained in the Remuneration Committee Chair's letter, we are seeking shareholder approval for a new Directors' Remuneration Policy at the AGM on 6 July 2023. On the basis that it is approved by shareholders, it will be implemented as set out below.

BASE SALARY

The Executive Directors will be awarded a 3% salary increase which is below the average applied to the wider workforce.
Salaries will be as follows:

CEO	CFO
£534,800	£368,100

PENSION

In line with the proposed Policy set out in this report, the Executive Directors will receive a contribution to a defined contribution plan or a cash allowance in lieu of contribution of 10% of salary respectively.

ANNUAL BONUS

As per the proposed Policy, there is a change to the CEO's annual bonus maximum potential in 2023/24 and this will be 150% of salary. There is no change to the CFO's annual bonus maximum potential in 2023/24, and this will continue to be 120% of salary.

33% of the total bonus paid will be deferred into shares for three years. Dividend equivalents may be accrued on deferred shares.

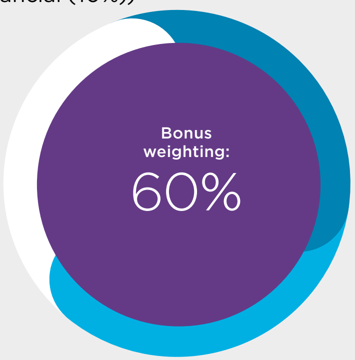
Whilst we believe that disclosing the exact performance conditions and targets for all measures would not be in the best interests of shareholders, we remain committed to best practice disclosure. We therefore set out to the right some examples of the objectives that the Committee will consider in respect of evaluating the strategic financial and operational efficiency and sustainability objectives. Full disclosure on the targets, performance achieved and resulting bonus payouts for 2023/24 will be provided in next year's report.

Operational efficiency objectives will include elements which optimise value and service such as centre and asset management. Strategic financial targets will cover key drivers of our commercial success including capital management and brand awareness. ESG metrics will align to our core sustainability focus including the reduction in energy intensity and an increase in social value impact.

Full disclosure on the targets, performance achieved and resulting bonus payouts for 2023/24 will be provided in next year's report.

2023/24 ANNUAL BONUS AND LINK TO STRATEGY

Measure:
Financial objectives (Trading profit after interest (50%), Strategic financial (10%))



Measure:
Sustainability

Measure:
Operational efficiency

Measure:
Customer satisfaction

LINK TO STRATEGY

- Driving customer-led growth
- Delivering operational excellence
- Being sustainable

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

HOW WE WILL APPLY THE POLICY IN 2023/24

LONG-TERM INCENTIVE PLAN (LTIP)

Following careful consideration, we have decided to amend the performance measures of the 2023 LTIP, to better align with Workspace's strategy.

Maximum award 200% of salary. The performance measures and targets for the four elements are as follows:

	Total Shareholder Return relative to FTSE 350 Real Estate companies (excluding agencies)	Earnings Per Share (EPS) Growth	Total Accounting Return (TAR)	Environmental, Social and Governance (ESG)
Weighting (% of award)	**25%**	**25%**	**25%**	**25%**
Threshold (20% vesting)	Median	5% p.a.	4.5% p.a.	See below
Maximum (100% vesting)	Upper Quartile	10% p.a.	10% p.a.	See below

A holding period of two years will apply to any net vested shares under the LTIP.

To allow any payouts to be fully reflective of underlying performance, the LTIP underpin allows the Committee to reduce vesting should the Committee believe that the performance is inconsistent with the overall performance of the business.

ESG LTIP THREE YEAR TARGETS

Environmental, social and governance (ESG)	Threshold (20% vesting)	Maximum (100% vesting)	Weighting
Reduction in scope 1 gas emissions	15%	20%	50%
Increase in percentage of EPC A or B rated space	20%	27%	50%

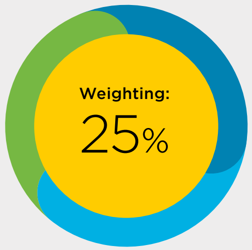
NON-EXECUTIVE DIRECTOR FEES

The fees for Non-Executive Directors are reviewed and agreed annually. The fees, which are effective from 1 April 2023, are set out in the table below.

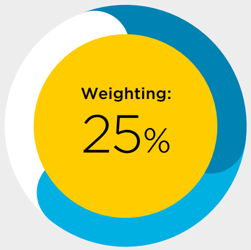
	2023/24 fee	2022/23 fee	% change
Chair	£200,000	£200,000	0%
NED base fee	£55,000	£55,000	0%
Chair of Audit Committee fee	£10,800	£10,800	0%
Chair of Remuneration Committee fee	£10,800	£10,800	0%
Chair of ESG Committee fee	£10,800	£10,800	0%
Senior Independent Director fee	£10,800	£10,800	0%

2023 PERFORMANCE MEASURES AND LINK TO STRATEGY

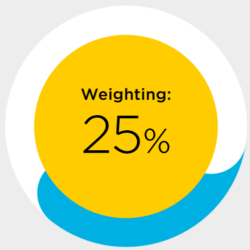
Measure:
Total Shareholder Return (TSR) relative to FTSE 350 Real Estate companies (excluding agencies)



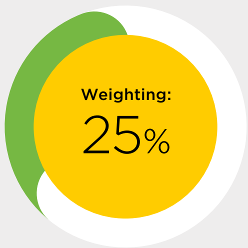
Measure:
Total Accounting Return (TAR)



Measure:
Earnings Per Share (EPS) Growth



Measure:
Environmental, Social and Governance (ESG) metrics



LINK TO STRATEGY

- Driving customer-led growth
- Delivering operational excellence
- Being sustainable

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

SINGLE FIGURE FOR NON-EXECUTIVE DIRECTORS (AUDITED)

Table F below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 March 2023 and the prior year:

TABLE F

	Stephen Hubbard		Damon Russell		Duncan Owen		Rosie Shapland		Lesley-Ann Nash		Manju Malhotra		Nick Mackenzie	
Non-Executive Director	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Base fee	200.0	188.0	19.2	51.0	55.0	35.4	55.0	51.0	55.0	51.0	55.0	9.3	55.0	9.3
Additional fees	–	–	2.7	10.8	6.3	–	21.6	7.6	10.8	6.3	–	–	–	–
Total	200.0	188.0	21.9	61.8	61.3	35.4	76.6	58.6	65.8	57.3	55.0	9.3	55.0	9.3

1. Expenses incurred by Non-Executive Directors represent the cost to the Group, being gross of taxation. In 2022/23 Nick Mackenzie was reimbursed for out of pocket expenses incurred in attending meetings, in connection with the discharge of his duties of £1,111.70.
2. Additional fees were paid during the year to Non-Executive Directors serving as Chairs of the Remuneration, Audit and ESG Committees. An additional fee is also paid to the Senior Independent Non-Executive Director.

SHARE OWNERSHIP AND SHARE INTERESTS (AUDITED)

The table below shows the interests of the Directors and connected persons in shares (owned outright or vested). There have been no changes in the interests in the period between 31 March 2023 and 6 June 2023.

TABLE G

	31 March 2023	31 March 2022
Chair		
Stephen Hubbard	41,500	23,640
Executive Directors		
Graham Clemett	141,930	135,311
Dave Benson	39,765	20,085
Non-Executive Directors		
Rosie Shapland	Nil	Nil
Lesley-Ann Nash	Nil	Nil
Nick Mackenzie	12,400	Nil
Manju Malhotra	Nil	Nil
Duncan Owen	9,410	5,560
Past Directors		
Damon Russell[1]	See note	Nil

1. Damon Russell stepped down from the Board on 22 July 2022. As at the date of leaving, Damon Russell did not hold any shares.

Dave Benson, who joined the Company on 1 April 2020, acquired 19,850 shares in September 2020. Mr Benson was subsequently awarded 235 ordinary shares under the Workspace Group PLC Share Incentive Plan and acquired a further 19,680 shares on 1 September 2022.

Table H below shows the Executive Directors' interest in shares.

TABLE H

Executive Director	Type	Owned outright or vested[2]	Unvested and not subject to performance[3]	Subject to performance[4]	Total
Graham Clemett	Shares	141,930	123,143	282,393	547,466
	Market value options[1]	Nil	3,389	Nil	3,389
Dave Benson	Shares	39,765	70,757	194,330	304,852
	Market value options[1]	Nil	5,649	Nil	5,649

1. Market value options include SAYE options outstanding and not yet matured as at 31 March 2023. The exercise price of these was set at 80% (in accordance with HMRC and the plan rules) of the market value of a share at the invitation date. See page 211 for further details.
2. The total shares owned outright or vested.
3. This figure includes the deferred bonus shares awarded in 2020, 2021 and 2022 for Mr Clemett and the deferred bonus shares awarded in 2021 and 2022 for Mr Benson and the number of shares vesting, (gross), pursuant to the 2020 LTIP award.
4. The interest in shares of 282,393 for Mr Clemett consists of LTIP awards made in 2021 and 2022. The interest in shares of 194,330 for Mr Benson consists of LTIP awards made in 2021 and 2022, details of which can be found on page 210 in this report.

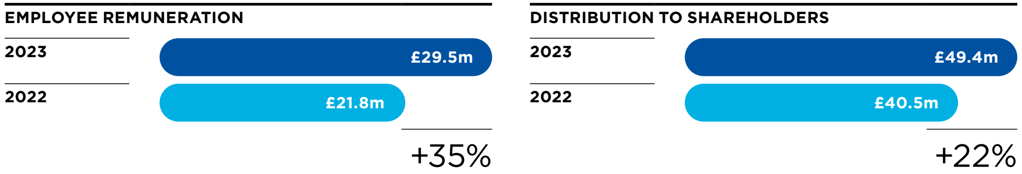
REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

ADDITIONAL INFORMATION

External appointments
It is the Board's policy to allow Executive Directors to take up one Non-Executive position on the board of another company, subject to the prior approval of the Board. Any fee earned in relation to outside appointments is retained by the Executive Director. Mr Clemett was appointed a Non-Executive Director of The Restaurant Group PLC, effective 1 June 2016 and as Senior Independent Director on 6 November 2020. Mr Clemett is paid an annual fee of £69.3k. Mr Benson does not hold any external appointments.

Relative importance of spend on pay
Chart D below shows the Company's actual expenditure on shareholder distributions (including dividends and share buybacks) and total employee pay expenditure for the financial years ended 31 March 2022 and 31 March 2023.

CHART D



The estimated total dividend as reported in the financial statements for the year to 31 March 2023 was £49.4m.

Payments for loss of office (audited)
None.

Payments to past Directors (audited)
None.

Service contracts of Directors serving in the year
Executive Directors are employed under contracts of employment with Workspace Group PLC. The principal terms of the Executive Directors' service contracts are as follows.

Executive Director	Position	Effective date of contract	Notice period From Company	Notice period From Director
Graham Clemett	Chief Executive Officer	31 July 2007	12 months	12 months
Dave Benson	Chief Financial Officer	1 April 2020	12 months	12 months

Graham Clemett joined the Company as CFO in July 2007 and was appointed as CEO on 24 September 2019. Mr Clemett served as Interim CEO and CFO from 31 May 2019 until September 2019.

The Chair and Non-Executive Directors have letters of appointment. Dates of the Directors' letters of appointment are set out below:

Name	Date of original appointment (date of reappointment)	Date of appointment/ last reappointment at AGM	Notice period
Stephen Hubbard	16 July 2014 (23 January 2020)	2022	6 months
Rosie Shapland	6 November 2020 (n/a)	2022	3 months
Lesley-Ann Nash	1 January 2021 (n/a)	2022	3 months
Duncan Owen	22 July 2021 (n/a)	2022	3 months
Manju Malhotra	26 January 2022 (n/a)	2022	3 months
Nick Mackenzie	26 January 2022 (n/a)	2022	3 months

The Directors are subject to annual re-election at the AGM. Non-Executive Directors' letters of appointment and Executive Directors' contracts are available to view at the Company's registered office.

Mr Hubbard's reappointment letter dated 23 January 2020 stated that his appointment would be for a period of three years commencing on the conclusion of the 2020 AGM. The AGM was held on 9 July 2020.

Mr Owen, as Chair designate, signed a new letter of appointment dated 27 February 2023 which will take effect from the conclusion of the AGM on 6 July 2023.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

ADDITIONAL INFORMATION CONTINUED

Committee advisers
During the year, PwC LLP acted as independent adviser to the Committee. PwC LLP was appointed by the Committee in 2018 following a selection process. PwC LLP is a founding member of the Remuneration Consultants Group and voluntarily operates under the Code of Conduct in relation to Executive remuneration consulting in the UK. The Committee is satisfied that the PwC LLP engagement partner and team, which provide remuneration advice to the Committee, do not have connections with the Group that may impair their objectivity and independence. The fees charged by PwC LLP for the provision of independent advice to the Committee during the year were £113,605 (based on hourly rates). PwC LLP provided no other services during the financial year.

Voting at the Company's AGMs
The table below sets out the results of the most recent shareholder votes on the Policy Report and the advisory vote on the 2021/22 Annual Report on Remuneration at the 2022 AGM on 21 July 2022. The Committee views this level of shareholder support as a strong endorsement of the Company's Policy and its implementation.

	Percentage of votes cast		Number of votes cast		
	For and Discretion	Against	For and Discretion	Against	Withheld[1]
Policy Report (2020 AGM)	99.54	0.46	116,307,019	539,870	1,666
Annual Report on Remuneration (2022 AGM)	98.55	1.45	144,279,654	2,123,283	4,663

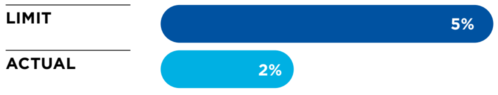
1. A withheld vote is not a vote in law and is not counted in the calculation of the proportion of votes cast for and against a resolution.

Share based awards and dilution
The Company's share schemes are funded through a combination of shares purchased in the market and new-issue shares, as appropriate. The Company monitors the number of shares issued under these schemes and their impact on dilution limits. The Company's usage of shares compared to the relevant dilution limits set by the Investment Association in respect of all-share plans (10% in any rolling ten-year period) and Executive share plans (5% in any rolling ten-year period) as at 31 March 2023 is detailed below.

As of 31 March 2023, around 2.3% and 2.0% shares have been, or may be, issued to settle awards made in the previous ten years in connection with all-share schemes and executive share schemes respectively. Awards that are made but then lapse or are forfeited are excluded from the calculations.

ALL-SHARE PLANS

EXECUTIVE SHARE PLANS



Outstanding LTIP awards
Details of current awards outstanding to Graham Clemett and Dave Benson are detailed below.

Executive Director	At 1 April 2022 Performance[2]	Lapsed during the year Performance	Vested during the year Performance	At 31 March 2023 Performance
Graham Clemett				
18/06/2019	71,814	71,814	–	–
18/06/2020	139,638	–	–	139,638
24/06/2021	117,043	–	–	117,043
24/06/2022	–	–	–	165,350
Dave Benson				
18/06/2020	96,089	–	–	96,089
24/06/2021	80,541	–	–	80,541
24/06/2022	–	–	–	113,789

1. Awards will vest subject to the satisfaction of performance conditions detailed on page 207 over the three-year performance period.
2. LTIP awards made to the Executive Directors. In June 2020, 2021 and 2022 awards were in respect of 200% of salary based on a share price at date of award of £7.0767, £8.6117 and £6.2800 respectively. The 2020 LTIP awards vested at 50%.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

ADDITIONAL INFORMATION CONTINUED

Share options

The following table shows, for the Directors who served during the year, the interests in outstanding awards under the HMRC-approved Savings Related Share Option Plan and SIP Awards.

Executive Director	At 01/04/2022	Granted during the year	Lapsed during the year	Vested in year	At 31/03/2023	Exercise price	Normal exercise date From	Normal exercise date To
Graham Clemett	107	–	–	–	107		18.09.18	
	228	–	–	–	228		30.08.20	
	233	–	–	–	233		05.09.22	
	235	–	–		235		29.09.24	
	3,389	–	–	–	3,389	£5.31	01.09.23	01.03.24
Dave Benson	5,649	–	–	–	5,649	£5.31	01.09.25	01.03.26
	235	–	–	–	235		29.09.24	

1. Mr Clemett was granted awards under the Share Incentive Plan on 18 September 2015 (107); 30 August 2017 (228); 5 September 2019 (233) and 29 September 2021 (235).
2. Mr Benson was granted an awards under the Share Incentive Plan on 29 September 2021 (235).

There have been no changes in Directors' interests over options in the period between the balance sheet date and 6 June 2023.

The Directors' Remuneration Report has been approved by the Board of Workspace Group PLC.

By order of the Board

Lesley-Ann Nash
Chair of the Remuneration Committee
6 June 2023

REPORT OF THE DIRECTORS

The Directors present their report on the affairs of the Group together with the audited financial statements for the year ended 31 March 2023.

Workspace Group PLC is incorporated in the UK and registered as a public limited company in England and Wales with company number 02041612 and registered office at Canterbury Court, Kennington Park, 1-3 Brixton Road, London SW9 6DE. It is listed on the main market of the London Stock Exchange.

It is the ultimate holding company of the Group, a full list of its subsidiaries is set out in note 27 to the financial statements set out on pages 249 and 250.

Where reference is made in this Directors' Report to other sections of the Annual Report, those sections are incorporated by reference into this Directors' Report. Certain disclosures required to be contained in the Directors' Report have been incorporated into the Strategic Report as set out in 'Other information' below.

Dividends
An interim dividend of 8.4 pence was paid in February 2023 (2022: 7.0 pence) and the Board is recommending the payment of a final dividend of 17.4 pence (2022: 14.5 pence) per share to be paid on 4 August 2023 to shareholders whose names are on the Register of Members at the close of business on 7 July 2023. This makes a total dividend of 25.8 pence (2022: 21.5 pence) for the year.

Disclosure of information to auditors
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' indemnities
Under the Company's Articles of Association the Company may, to the extent permitted by law, indemnify any Director, Secretary or other Officer of the Company against any liability and the Company may also purchase and maintain insurance against such liability. The Board considers that the provision of such indemnification is in keeping with current market practice and the Board believes that it is in the best interest of the Company to provide such indemnities in order to attract and to retain high-calibre Directors and Officers.

The Company purchased and maintained Directors' and Officers' liability insurance during the year under review and at the date of approval of the Directors' Report. Qualifying third-party indemnity provisions (as defined by Section 234 of the Companies Act 2006) were in force during the period and these provisions remain in force in relation to certain losses and liabilities which the Directors may incur to third parties in the course of acting as Directors or employees of the Company or of any associated company.

Employment policies
Workspace recognises that a diversity of skills and experiences in our workforce will provide a competitive advantage. The Company has various employment policies, including in relation to recruitment, diversity & inclusion, health & safety and wellbeing. We monitor these practices to ensure that they are fair and objective.

This includes giving full and fair consideration to applications from prospective employees who are disabled, having regard to their aptitudes and abilities, and not discriminating against employees under any circumstances (including in relation to applications, training, career development and promotion) on the grounds of any disability. In the event that an employee, worker or contractor becomes disabled in the course of their employment or engagement, Workspace aims to ensure that reasonable steps are taken to accommodate their disability by making reasonable adjustments to their existing employment or engagement.

Further detail on our employment policies and how we invest in our workforce can be found on pages 50 to 53 and 149.

Details of how we reward our employees can be found on pages 181 and 198 and in notes 23 and 24 to the financial statements.

Share capital
As at 31 March 2023, the Company's issued share capital comprised a single class of 191,638,357 ordinary shares of £1.00 each. Details of the Company's issued share capital are set out on page 246.

Restrictions on transfer of shares
There are no restrictions on the transfer of ordinary shares in the Company other than restrictions that are imposed by law or regulation (for example, insider trading laws). In addition, pursuant to the Company's Dealing Code, Directors and certain employees of the Group require the approval of the Company to deal in ordinary shares of the Company.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities.

REPORT OF THE DIRECTORS CONTINUED

Substantial shareholdings in the Company

As at 31 March 2023 and 15 May 2023, the following interests in voting rights over the issued share capital of the Company had been notified:

	31 March 2023		15 May 2023	
Shareholder	Number of shares	Percentage held	Number of shares	Percentage held
The London & Amsterdam Trust Company Limited	53,749,281	28.05%	53,749,281	28.05%
BlackRock, Inc.	23,204,769	12.11%	22,449,889	11.72%
Janus Henderson Investors	10,933,585	5.71%	11,004,298	5.74%
Columbia Threadneedle Investments	9,246,497	4.82%	9,410,346	4.91%
The Vanguard Group Inc	7,258,575	3.78%	7,291,439	3.80%
Legal & General Investment Management Ltd	5,846,861	3.05%	5,496,379	2.87%

Articles of Association

The following description summarises certain provisions of the Company's Articles of Association and applicable English law concerning companies. Any amendment to the Articles of Association of the company may be made in accordance with the provisions of the Companies Act 2006, by way of special resolution.

Directors

Unless otherwise determined by ordinary resolution of the Company, the Board shall be comprised of not less than two or more than ten Directors. The Board may exercise all powers of the Company, subject to the Company's Articles of Association, the Companies Act 2006 and other applicable legislation.

Directors may be elected by the members in a general meeting or appointed by the Board. The Company's Articles of Association require any new Directors to stand for election at the next AGM following their appointment. The Articles of Association also require each Director to stand for re-election every three years following their election. However, in accordance with the Code and the Company's current practice, all continuing Directors will offer themselves for election or re-election (as applicable) at the AGM on 6 July 2023.

In addition to any power of removal conferred by the Companies Act 2006, the Company may by ordinary resolution remove any Director before the expiry of their period of office.

Voting and other rights

Subject to the provisions of the Companies Act 2006, to any special terms on which shares may have been issued or to any suspension or abrogation of voting rights pursuant to the Articles of Association, every member who is present in person shall have one vote on a show of hands or, on a poll, one vote for each share of which they are a holder.

The Company is not aware of any agreements between shareholders that may result in restrictions on voting rights.

The Company may, by ordinary resolution, declare dividends but no dividend shall exceed the amount recommended by the Board. Subject to the provisions of the Companies Act 2006, the Board may also declare and pay such interim dividends as appears to the Board to be justified by the profits of the Company available for distribution. Except as otherwise provided by the rights attached to shares, all dividends shall be paid to shareholders according to the amounts paid up on the shares on which the dividend is paid.

Subject to the terms of allotment of shares, the Board may only make calls on shareholders in respect of any amounts unpaid on the shares held by them. All shares are fully paid.

Purchase of own shares and issuing shares

Under the Company's Articles of Association, the Company may purchase any of its own shares. The Company was granted authority at the 2022 Annual General Meeting to make market purchases of its own ordinary shares. This authority will expire at the conclusion of the 2023 Annual General Meeting and a resolution will be proposed to renew this authority. No ordinary shares were purchased under this authority during the year.

The Company was granted authority at the 2022 Annual General Meeting to allot and/or grant rights to subscribe for, or convert securities into, shares in the Company up to an aggregate nominal amount as set out in the Notice of Annual General Meeting 2022. This authority will expire at the conclusion of the 2023 Annual General Meeting and a resolution will be proposed to renew this authority.

Significant agreements on change of control

The Group's borrowing facilities and other financial instruments (details of which can be found in note 16 to the financial statements) are agreements that could allow counterparties to terminate or to alter those arrangements in the event of a change of control of the Company.

Compensation for loss of office in the event of a takeover

There are no agreements in place between the Company and its employees or Directors for compensation for loss of office or employment that occur because of a takeover bid.

REPORT OF THE DIRECTORS CONTINUED

Employee Share Trusts

The Company operates an Employee Share Ownership Trust ('ESOT') and a trust for the Share Incentive Plan ('SIP'). The trusts are used to purchase Company shares in the market from time to time and hold them for the benefit of employees, including for satisfying awards that vest under the Company's various share incentive plans. The ESOT also holds some Company shares in particular ringfenced accounts for specific employees who have options over such shares vest under the Company's share incentive plans but have not yet exercised those options. The trustee of the ESOT may vote the shares it holds in the Company at its discretion, but where it holds any shares in a ringfenced account for particular employees it will seek their instructions on how it exercises the votes attached to those shares. The trustee of the SIP trust does not vote the rights attached to shares held in the trust.

Information required under LR9.8.4R

Interest capitalised	Note 10 to the financial statements
Details of long-term incentive schemes	Remuneration Report, pages 187 and 188, 191 and 205

There is no further information required to be disclosed under LR9.8.4R.

Other information

Other information relevant to the Directors' Report may be found in the following sections of the Annual Report:

Information	Location in Annual Report
Corporate governance statement, prepared in accordance with rule 7.2 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules	Corporate Governance Report, pages 106 to 215
	Principal risks and uncertainties, pages 69 to 76
Culture, purpose, values and strategy	Strategic Report, pages 14 and 32 to 35
	Corporate Governance Report, pages 118 to 120
Directors	Directors' biographies, pages 115 and 116
	Our Board, page 113
Directors' training and development	Corporate Governance Report, page 140
Diversity & inclusion	Corporate Governance Report, pages 148 to 154
Employee share schemes	Note 23 to the financial statements
Engagement with employees	Strategic Report, page 21
	Stakeholder engagement, page 122
	Section 172(1) Statement, page 125
Engagement with suppliers, customers and others	Strategic Report, pages 16 to 25
	Stakeholder engagement, pages 121 to 123
	Section 172(1) Statement, page 125
Financial risk management	Note 18 to the financial statements
	Principal risks and uncertainties, pages 69 to 76
Future developments	Chair's Letter, page 11
	CEO Letter, page 13
	Our business model, pages 64 to 68
	Our strategy, pages 32 to 35
Greenhouse gas emissions and energy consumption	GHG/SECR Emissions, page 101
Political donations	Compliance Statements, page 91
Post balance sheet events	Note 29 to the financial statements
Principal risks and uncertainties	Principal risks and uncertainties, pages 69 to 76
Research and development	The Company does not undertake research and development activities

By Order of the Board

Carmelina Carfora
Company Secretary
6 June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

Responsibility statement of the directors in respect of the annual financial report
We confirm that to the best of our knowledge:
- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- we consider the Annual Report and Accounts, taken as a whole, is fair, balanced and unstandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Signed on behalf of the Board on 6 June 2023 by:

Graham Clemett
Chief Executive Officer

Dave Benson
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKSPACE GROUP PLC

1. OUR OPINION IS UNMODIFIED

We have audited the financial statements of Workspace Group PLC ("the Company") for the year ended 31 March 2023 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheet, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and the related notes, including the accounting policies on pages 229 to 231 for the Group and Note A for the Parent Company financial statements.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 14 July 2017. The period of total uninterrupted engagement is for the 6 financial years ended 31 March 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: Group financial statements as a whole	£28.0m (2022: £24.5m) 0.99% (2022: 0.98%) of Total Assets	
Coverage	100% (2022: 100%) of Total Group's Assets	
Key audit matters		**vs 2022**
Recurring risks	**Group:** Valuation of Investment Property	–
	Parent Company: Recoverability of Investments in subsidiaries	–

2. KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2022), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKSPACE GROUP PLC
CONTINUED

2. KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT CONTINUED

	The risk	Our response
Valuation of investment property (Group) Investment properties: (£2,643.3 million; 2022: £2,366.7 million) Assets Held for Sale: (£123.0m; 2022: £65.9m) *Refer to page 159 (Audit Committee Report), page 229 (accounting policy) and page 236 (financial disclosures).*	**Subjective valuation** Investment properties (incorporating Assets held for sale) is the largest balance in the financial statements and is held at fair value in the Group's financial statements. The portfolio is externally valued by a qualified independent valuer. Each property is unique and determining fair value requires significant judgement and estimation, in particular over the key assumptions of the estimated rental value and the yield. The key assumptions will be impacted by a number of factors including location, quality and condition of the building and occupancy. Valuing investment properties either under development or with development potential can be further complicated by the need to assess the likelihood of planning consent, an allowance for developer's profit and forecast of construction costs. Whilst comparable market transactions can provide valuation evidence, the flexible office sector is still maturing and the unique nature of each property means that a key factor in the property valuations are the assumptions made by the external valuer. Furthermore, each property valuation includes source data provided by management and relied on as accurate by the external valuer, primarily the database of tenancy contracts. For some properties, the relatively short average lease length in the Workspace portfolio and reduced market comparable information for such flexible office space means the external valuer is more reliant on tenancy data to support their market rent assumptions than may be the case in other property sectors. Therefore the valuation is more sensitive to the source data than may be the case for more mature sectors with longer leases. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of investment properties has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance meant that detailed testing is inherently the most effective means of obtaining audit evidence. Our procedures, assisted by our own property valuation specialist, included: **Assessing valuer's credentials:** We assessed the external valuers objectivity, independence, professional qualifications and experience through research, discussions with them and reading their valuation report. **Methodology choice:** We critically assessed the methodology used by the external valuer by using our own property valuation specialist to assist us in checking whether the valuation report is in accordance with the RICS Valuation Professional Standards 'the Red Book', IFRS and that the valuation methodology adopted is appropriate by reference to acceptable valuation practice. **Benchmarking assumptions:** We held discussions with the external valuer and challenged their assumptions used in valuing the investment properties including the market evidence used by them to support their assumptions. For a sample of properties selected using various criteria including analysis of the value of a property as well as correlation with movements in market rent, we evaluated and challenged the appropriateness of the key assumptions upon which these valuations were based, including those relating to forecast market rents and yields, by making a comparison to our own understanding of the market and to industry benchmarks. **Retrospective review:** We performed a retrospective review by comparing disposals during the year to the latest valuation performed and challenged management on material differences. **Test of detail:** We compared a sample of key inputs used in the valuations, such as rental income and lease length, to lease contracts. For redevelopment properties, we assessed the future construction costs and agreed a sample of contractual costs to contracts. We assessed the completeness of the year end tenancy schedule and compared this to the post year end schedule. We challenged management on any material differences in leases. We assessed the appropriateness of adjustments made by the external valuer to the tenancy data provided by management. For a sample of adjustments, we challenged the external valuer and assessed whether the adjustments were reasonable. **Our results** We found the resulting estimate of valuation of investment properties to be acceptable (2022: acceptable).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKSPACE GROUP PLC
CONTINUED

	The risk	Our response
Recoverability of Parent Company's investments in subsidiaries (£1,313.2 million; 2022: £929.8 million) *Refer to page 159 (Audit Committee Report), page 252 (accounting policy) and page 253 (financial disclosures).*	**Low risk, high value:** The carrying amount of the Parent Company's investments in subsidiaries represents 70.8% (2022: 66.6%) of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.	We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: **Test of detail:** We compared the carrying amount of 100% of investments with the relevant subsidiaries' prior year financial statements and current year draft balance sheets to identify whether their net assets, being an approximation of their recoverable amount, were in excess of their carrying amount. **Our results** We found the Company's conclusion that there is no impairment of its investments in subsidiaries to be acceptable (2022: acceptable).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKSPACE GROUP PLC
CONTINUED

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the Group financial statements as a whole was set at £28.0 million (2022: £24.5 million), determined with reference to a benchmark of total Group Assets, of which it represents 0.99% (2022: 0.98%).

Materiality for the Parent Company financial statements as a whole was set at £18.50 million (2022: £14.03 million), determined with reference to a benchmark of Company total assets, of which it represents 1% (2022: 1%).

In addition, we applied materiality of £2.9 million (2022: £2.45 million) to certain components of adjusted trading profit after interest which comprises net rental income, administrative expenses and net finance costs for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could be reasonably expected to influence the Company's members' assessment of the financial performance of the Group.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

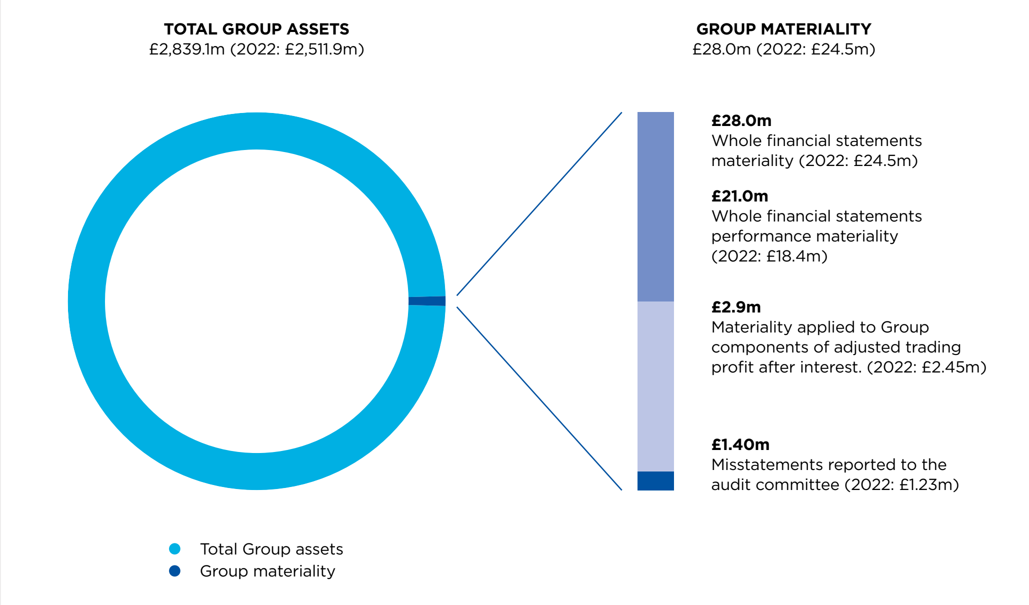
Performance materiality was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to £21.0 million (2022: £18.4 million) for the Group and £13.8 million (2022: £10.52 million) for the Parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the audit committee any corrected or uncorrected identified misstatements exceeding £1.40 million (2022: £1.23 million) for the Group and exceeding £0.93 million (2022: £0.70 million) for the Parent Company; or £0.15 million (2022: £0.12 million) for misstatements relating to accounts to which the lower materiality was applied, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group team performed the audit of the Group as if it was a single aggregated set of financial information. The Group team performed the Parent Company audit. The audit was performed using the materiality levels set out above.

The scope of the audit work performed was fully substantive as we did not rely upon the Group's internal control over financial reporting.

Total Group assets and Materiality



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKSPACE GROUP PLC
CONTINUED

4. THE IMPACT OF CLIMATE CHANGE ON OUR AUDIT
In planning our audit we have considered the potential impacts of climate change on the Group's business and its financial statements. Climate change impacts the Group in a number of ways:
- through its own operations (including potential reputational risk associated with the Group's delivery of its climate related initiatives),
- through its portfolio of investment properties and the greater emphasis on climate related narrative and disclosure in the Annual Report.

The Group's main potential exposure to climate change in the financial statements is primarily through its investment properties as the key valuation assumptions and estimates may be impacted by climate risks. As part of our audit we have made enquiries of Directors and the Group's Corporate Sustainability team to understand the extent of the potential impact of climate change risk on the Group's financial statements and the Group's preparedness for this. We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit, in particular with respect to the valuation of investment properties.

Given that these valuations are largely based on comparable market evidence we assessed that the impact of climate change was not a significant risk for our audit nor does it constitute a key audit matter. We held discussions with our own climate change professionals to challenge our risk assessment. We have also read the Group's disclosure of climate related information in the front half of the Annual Report as set out on pages 92 to 103, and considered consistency with the financial statements and our audit knowledge. We have not been engaged to provide assurance over the accuracy of these disclosures.

5. GOING CONCERN
The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources, liquidity and covenant compliance over this period were:
- A fall in customer demand as a result of economic downturn over the next two years and reduction in the like for like occupancy over the period of March 2024, with a gradual recovery by March 2028;
- New lettings at below the average price per sq. ft. of vacating customers; – Higher levels of counterparty risk, with increased levels of bad debt; – Higher level of cost inflation.

We considered whether these risks could plausibly affect the liquidity, covenant compliance or availability of borrowings and debt refinancing in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group's current and projected cash and facilities (a reverse stress test).

We assessed the completeness of the going concern disclosure.

Our conclusions based on this work:
- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in the basis of preparation note in the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in the basis of preparation note to be acceptable; and
- the same statement is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKSPACE GROUP PLC
CONTINUED

6. FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes, Executive Committee minutes and attending Group audit committee meetings.
- Considering remuneration incentive schemes and performance targets for management, including total shareholder return, total property return compared to IPD and growth in trading profit after interest targets for management remuneration.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as significant assumptions used in the valuation of investment properties, including estimated rental values and market based yields. On this audit we do not believe there is a fraud risk related to revenue recognition because of the relative simplicity of revenue streams. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those with unusual account combinations.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of noncompliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation (including conditions to maintain UK Real Estate Investment Trust ("REIT")) status in accordance with the REIT regime) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: landlord and tenant legislation, property laws and building legislation, environmental and sustainability legislation and certain aspects of company legislation recognising the financial nature of the Group's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect noncompliance with all laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKSPACE GROUP PLC
CONTINUED

7. WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT AND ACCOUNTS

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:
- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:
- the directors' confirmation within the viability statement on page 87 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 87 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:
- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in this respect.

8. WE HAVE NOTHING TO REPORT ON THE OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required to report to you if, in our opinion:
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKSPACE GROUP PLC
CONTINUED

9. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 215, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities.**

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

10. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Bano Sheikh (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL
6 June 2023

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £m	2022 £m
Revenue	1	174.2	132.9
Direct costs[1]	1	(57.6)	(46.2)
Net rental income	1	116.6	86.7
Administrative expenses	2	(21.5)	(19.3)
Trading profit		95.1	67.4
(Loss)/profit on disposal of investment properties	3(a)	(0.7)	7.8
Other income	3(b)	–	0.6
Other expenses	3(c)	(3.8)	–
Change in fair value of investment properties	10	(88.0)	68.7
Impairment of assets held for sale	10	(5.1)	–
Operating (loss)/profit		(2.5)	144.5
Finance costs	4	(34.4)	(20.5)
Exceptional finance costs	4	(0.6)	–
(Loss)/profit before tax		(37.5)	124.0
Taxation	6	(0.3)	(0.1)
(Loss)/profit for the financial year after tax		(37.8)	123.9
Basic (loss)/earnings per share	8	(19.9p)	68.5p
Diluted (loss)/earnings per share	8	(19.9p)	68.1p

1. Direct costs in 2023 includes impairment of receivables of £1.1m (2022: £1.5m). See note 1 for additional information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £m	2022 £m
(Loss)/profit for the financial year		(37.8)	123.9
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of other investments		0.4	–
Fair value of investments recycled to retained earnings		–	2.1
Cash flow hedge – transfer to income statement		–	(0.3)
Items that will not be reclassified subsequently to profit or loss:			
Pension fund movement	24	0.9	–
Other comprehensive income in the year		1.3	1.8
Total comprehensive (loss)/income for the year		(36.5)	125.7

The notes on pages 227 to 250 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2023

	Notes	2023 £m	2022 £m
Non-current assets			
Investment properties	10	2,643.3	2,366.7
Intangible assets		2.0	1.9
Property, plant and equipment	11	4.4	2.9
Other investments	12	2.1	1.7
Deferred tax	6	–	0.3
		2,651.8	2,373.5
Current assets			
Trade and other receivables	13	45.8	23.5
Assets held for sale		123.0	65.9
Cash and cash equivalents	14	18.5	49.0
		187.3	138.4
Total assets		2,839.1	2,511.9
Current liabilities			
Trade and other payables	15	(107.8)	(85.8)
Borrowings	16(a)	(49.8)	–
		(157.6)	(85.8)
Non-current liabilities			
Borrowings	16(a)	(859.1)	(595.5)
Lease obligations	17	(34.7)	(31.0)
		(893.8)	(626.5)
Total liabilities		(1,051.4)	(712.3)
Net assets		1,787.7	1,799.6

	Notes	2023 £m	2022 £m
Shareholders' equity			
Share capital	20	191.6	181.1
Share premium	20	295.5	295.5
Investment in own shares	22	(9.9)	(9.9)
Other reserves	21	91.0	32.6
Retained earnings		1,219.5	1,300.3
Total shareholders' equity		1,787.7	1,799.6

The notes on pages 227 to 250 form part of these financial statements.

The financial statements on pages 224 to 250 were approved and authorised for issue by the Board of Directors on 6 June 2023 and signed on its behalf by:

Graham Clemett
Director

Dave Benson
Director

Company registration number – 02041612

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

		Attributable to owners of the Parent					
	Notes	Share capital £m	Share premium £m	Investment in own shares £m	Other reserves £m	Retained earnings £m	Total share-holders' equity £m
Balance at 31 March 2021		181.1	295.5	(9.6)	33.1	1,219.4	1,719.5
Profit for the financial year		–	–	–	–	123.9	123.9
Other comprehensive income for the year		–	–	–	–	1.8	1.8
Total comprehensive income		–	–	–	–	125.7	125.7
Transactions with owners:							
Purchase of own shares	22	–	–	(0.3)	–	–	(0.3)
Dividends paid	7	–	–	–	–	(44.8)	(44.8)
Share based payments	23	–	–	–	1.6	–	1.6
Recycled OCI to retained earnings	21	–	–	–	(2.1)	–	(2.1)
Balance at 31 March 2022		181.1	295.5	(9.9)	32.6	1,300.3	1,799.6
Loss for the financial year		–	–	–	–	(37.8)	(37.8)
Other comprehensive income for the year		–	–	–	0.4	0.9	1.3
Total comprehensive income		–	–	–	0.4	(36.9)	(36.5)
Transactions with owners:							
Shares issued	20	10.5	–	–	56.6	–	67.1
Dividends paid	7	–	–	–	–	(43.9)	(43.9)
Share based payments	23	–	–	–	1.4	–	1.4
Balance at 31 March 2023		191.6	295.5	(9.9)	91.0	1,219.5	1,787.7

The notes on pages 227 to 250 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £m	2022 £m
Cash flows from operating activities			
Cash generated from operations	19	110.5	80.5
Interest paid		(31.7)	(22.6)
Net cash inflow from operating activities		78.8	57.9
Cash flows from investing activities			
Purchase of investment properties		(184.4)	(88.4)
Capital expenditure on investment properties		(56.2)	(29.8)
Proceeds from disposal of investment properties (net of sale costs)		7.1	117.3
Proceeds from disposal of assets held for sale (net of sale costs)		41.4	–
Purchase of intangible assets		(0.8)	(0.5)
Purchase of property, plant and equipment		(3.1)	(0.7)
Other (expenses)/income		(2.9)	4.5
Settlement of defined benefit pension scheme		(1.3)	–
Proceeds from sale of investments	3(b)/12	–	6.8
Net cash (outflow)/inflow from investing activities		(200.2)	9.2
Cash flows from financing activities			
Finance costs for new/amended borrowing facilities		(1.6)	(1.3)
Exceptional finance costs		–	(16.4)
Settlement of derivative financial instruments		–	0.7
Repayment of bank borrowings and Private Placement Notes	16(g)	(150.0)	(173.5)
Draw down of bank borrowings	16(g)	286.0	25.0
Own shares purchase (net)		–	(0.3)
Dividends paid	7	(43.5)	(43.3)
Net cash inflow/(outflow) from financing activities		90.9	(209.1)
Net decrease in cash and cash equivalents		(30.5)	(142.0)
Cash and cash equivalents at start of year	14	49.0	191.0
Cash and cash equivalents at end of year	14	18.5	49.0

The notes on pages 227 to 250 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Workspace Group PLC (the 'Company') and its subsidiaries (together 'the Group') are engaged in property investment in the form of letting of high-quality business accommodation to businesses across London.

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in the UK.

The registered number of the Company is 02041612.

BASIS OF PREPARATION
These financial statements are presented in Sterling, which is the Company's functional currency and the Group's presentational currency, and have been prepared and approved by the Directors on a going concern basis, in accordance with United Kingdom adopted international accounting standards. The Company has elected to prepare its Parent Company financial statements in accordance with FRS101; these are presented on pages 251 to 254.

The Board is required to assess the appropriateness of applying the going concern basis in the preparation of the financial statements. Macroeconomic and political issues, including the war in Ukraine, have heightened wider concerns around the UK economy meaning there is a continuing risk of an economic downturn. In this context, the Directors have fully considered the business activities and principal risks of the Company and Group. Further details of the principal risks can be found on pages 69 to 76.

In preparing the assessment of going concern, the Board has reviewed a number of different scenarios over the 12-month period from the date of signing of these financial statements. These scenarios include a severe, but realistically possible, scenario which includes the following key assumptions:
- A reduction in occupancy, reflecting weaker customer demand for office space.
- A reduction in the pricing of new lettings, resulting in a reduction in average rent per sq. ft.
- Elevated levels of counterparty risk, with bad debt significantly higher than pre-pandemic levels.
- Continued elevated levels of cost inflation.
- Further increases in SONIA rates impacting the cost of variable rate borrowings.
- Estimated rental value reduction in-line with the decline in average rent per sq. ft. and outward movement in investment yields resulting in a lower property valuation.

The appropriateness of the going concern basis is reliant on the continued availability of borrowings, sufficient liquidity and compliance with loan covenants. All borrowings require compliance with LTV and Interest Cover covenants. As at the tightest test date in the scenarios modelled, the Group could withstand a reduction in net rental income of 36% compared to the March 2023 Net Rental Income and a fall in the asset valuation of 42% compared to 31 March 2023 before these covenants are breached, assuming no mitigating actions are taken.

As at 31 March 2023, the Company had significant headroom with £150.0m of cash and undrawn facilities. The majority of the Group's debt is long-term fixed-rate committed facilities comprising a £300.0m green bond, £300.0m of private placement notes, and a £65.0m secured loan facility. Shorter-term liquidity and flexibility is provided by floating-rate bank facilities which comprise £335.0m of sustainability-linked revolving credit facilities (RCFs), £2.0m overdraft facility and £50.0m of facilities put in place for the acquisition of McKay Securities (formerly McKay Securities PLC) which matures in September 2023. The RCF facilities comprise £135.0m due in April 2025 and £200.0m due in December 2025, with both facilities having the potential to extend by a further year. The £200.0m RCF also has the option to increase the facility amount by up to £100.0m, subject to lender consent.

For the full period of assessment under the scenarios tested, the Group maintains sufficient headroom in its cash and loan facilities.

Consequently, the Directors have a reasonable expectation that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore the financial statements have been prepared on a going concern basis.

Consideration of climate change
In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the risks identified in the TCFD disclosure on pages 92 to 103 this year. There has been no material impact identified on the financial reporting judgements and estimates. In particular, the Directors considered the impact of climate change in respect of the following areas:
- The potential impact on the valuation of our investment properties due to transition risks;
- Going concern and viability of the Group over the next three years;
- The capital expenditure required to upgrade our assets EPC ratings and deliver our net zero targets.

Whilst there is currently minimal medium-term impact expected from climate change, the Directors are aware of the ever-changing risks attached to climate change and will regularly assess these risks against judgements and estimates made in preparation or the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

NEW ACCOUNTING STANDARDS, AMENDMENTS AND GUIDANCE

a) During the year to 31 March 2023 the Group adopted the following accounting standards and guidance:

IFRS Standards 2018-2020	Annual Improvements to IFRS Standards 2018-2020
IAS 37 (amended): Onerous Contracts	Cost of Fulfilling a Contract
IAS 16 (amended)	Property, Plant and Equipment – Proceeds before Intended Use
IFRS 3 (amended)	Reference to the Conceptual Framework

There was no material impact from the adoption of these accounting standard amendments on the financial statements.

b) The following accounting standards and guidance are not yet effective but are not expected to have a significant impact on the Group's financial statements or result in changes to presentation and disclosure only. They have not been adopted early by the Group:

IAS 12 (amended)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IAS 8 (amended)	Accounting Policies, Changes in Accounting Estimates and Errors: Definition
IAS 1 (amended) and IFRS Practice Statement 2	Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements
IFRS 17	Insurance Contracts
IFRS 9	Comparative Information
IAS 1 (amended)	Classification of Liabilities as Current or Non-Current; Non-Current Liabilities with Covenants; Deferral of Effective Date Amendment
IFRS 16 (amended)	Lease Liability in a Sale and Leaseback

SIGNIFICANT JUDGEMENTS AND CRITICAL ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Group's significant accounting policies are stated below. Not all of these accounting policies require management to make subjective or complex judgements or significant estimates. The following is intended to provide an understanding of the significant estimates within the accounting policies that management consider critical because of the assumptions or estimation involved in their application and their impact on the consolidated financial statements.

Critical Estimate: Investment property valuation

The Group uses the valuation performed by its independent valuer as the fair value of its investment properties. The valuation is based upon the key assumptions of estimated rental values and market-based yields. With regard to redevelopments and refurbishments, future development costs and an appropriate discount rate are also used. In determining fair value, the valuers make reference to market evidence and recent transaction prices for similar properties.

Management consider the significant assumptions to the valuation of investment properties to be estimated rental values and market-based yields. Sensitivities on these assumptions are provided in note 10.

Significant Judgement: McKay Securities acquisition

IFRS 3: Business Combinations outlines a series of steps to establish whether a company purchase is an asset acquisition or a business combination.

The Group considered whether substantially all of the fair value of the gross assets acquired were concentrated in a single asset or group of similar assets and reviewed the relevant criteria to determine whether there were substantive processes present at the point of acquisition.

Following this review, the Group concluded that the transaction should be treated as an asset acquisition, refer to note 10. Accordingly, no goodwill or additional deferred tax relating to pre-acquisition valuation gains arises.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented unless stated otherwise.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary undertakings up to 31 March 2023. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that control ceases. A list of subsidiaries has been disclosed in note 27.

Inter-company transactions, balances and unrealised gains from intra-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Investment properties

Investment properties are those properties owned or leased by the Group that are held either to earn rental income or for capital appreciation, or both, and are not occupied by the Company or subsidiaries of the Group.

Investment property is measured initially at cost, including related transaction costs. After initial recognition, investment property is held at fair value based on a valuation by an independent professional external valuer at each reporting date. The valuation methods and key assumptions applied are explained in note 10. Changes in fair value of investment property at each reporting date are recorded in the consolidated income statement.

Investment properties acquired under leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the net present value of the minimum lease payments. The investment properties acquired under leases are subsequently carried at fair value plus an adjustment for the carrying amount of the lease obligation. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. Each lease payment is allocated between liability and finance charges so as to achieve a constant rate on the outstanding finance balance. The interest element of the finance cost is charged to the consolidated income statement.

Properties are treated as acquired at the point which the Group assumes the significant risks an1wards of ownership and are treated as disposed when they are transferred outside of the Group's control.

Existing investment properties which undergo redevelopment and refurbishment for continued future use remain in investment property where the purpose of holding the property continues to meet the definition of investment property as defined above. Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group, and the cost of each item can be reliably measured. Certain internal staff costs directly attributable to capital/redevelopment projects are capitalised. All other repairs and maintenance costs are charged to the consolidated income statement during the period in which they are incurred.

Capitalised interest on refurbishment/redevelopment expenditure is added to the asset's carrying amount. Capitalised borrowing costs are calculated by reference to the actual interest rate payable on borrowings or, if financed out of general borrowings, by reference to the average rate payable on funding the assets employed by the Group and applied to the direct redevelopment expenditure. Interest is capitalised from the date of commencement of the redevelopment activity until the date when all the activities necessary to prepare the asset for its intended use are substantially complete.

Investment properties are recognised as 'assets held for sale' when it is considered highly probable that sale completion will take place. This is assumed when the property has been actively marketed for a buyer, supported by either the exchange of a contract or agreement of terms with a buyer by the balance sheet date and it is highly probable that its carrying amount will be recovered within one year.

Income from the sale of assets is recognised when the significant risks and returns have been transferred to the buyer. In the case of sales of properties this is generally taken on completion of the contract. In the case of a part disposal agreement, the part of the asset being disposed will be derecognised from investment property when completion is reached or when a lease agreement is signed (i.e. when the risks and rewards of this part of the site transfer to the developer). Profit or loss on disposal is calculated as the consideration receivable (net of costs) less the latest valuation (net book value) and is shown in other income/expense.

Consideration can take the form of cash, new commercial buildings and a right to future overage (generally being a share in the proceeds of any future sale of the residential development to be constructed by the developer). Revenue is recognised in the period when all relevant criteria in IFRS 15 are met under the five-step model.

Consideration (including overage) is measured at the fair value of the consideration received/receivable.

Commercial property to be received is fair valued using the residual method described in note 10 and is included in investment property. Changes in fair value are recognised through the consolidated income statement in accordance with IAS 40.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

Overage is only recognised once an agreement has been signed with a residential developer. Overage represents a financial asset and is designated as a financial asset at fair value through profit or loss upon initial recognition. The carrying value of overage is assessed at each period end and changes in fair value are taken to other income/expense.

Acquisitions
An acquisition is recognised when the risks and rewards of ownership have transferred, usually on completion of the transaction. The acquisition method measures assets based on their cost, which is allocated to the property assets on a fair value basis, and includes directly related acquisition costs. Business combinations are accounted for using the acquisition method. Any discount received or acquisition-related costs are recognised in the consolidated income statement.

Intangible assets
Intangible assets are stated at historical cost, less accumulated amortisation. Acquired computer software licences and external costs of implementing or developing computer software programmes and websites are capitalised. These costs are amortised over the asset's estimated useful life of five years on a straight-line basis.

Costs associated with maintaining computer software programmes including Software as a Service (SaaS) are recognised as an expense as they fall due.

Property, plant and equipment
Equipment and fixtures are stated at historical purchase cost less accumulated depreciation and impairment. Historical cost includes the original purchase price of the asset and the costs attributable to bringing the asset to working condition for its intended use.

Subsequent expenditure is charged to the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of each item can be reliably measured. All other repairs and maintenance costs are charged to the consolidated income statement during the period in which they are incurred.

Depreciation is provided using the straight-line method to allocate the cost less estimated residual value over the assets' estimated useful lives which range from four to ten years.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at least at each financial year end. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Other investments
Investments in unlisted shares are accounted for under IFRS 9 at fair value, using a valuation multiple and financial information. Changes in fair value are shown in the consolidated statement of comprehensive income.

Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment based on the expected credit loss, which uses a lifetime expected loss allowance for all trade receivables based on the individual occupier's circumstance. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The provision is recorded in the consolidated income statement.

Deferred consideration on the disposal of investment properties is included within trade and other receivables. It is fair valued on recognition and at each year end with any movement taken to other expense.

Trade and other payables
Trade and other payables are initially recognised at fair value and subsequently held at amortised cost.

Cash and cash equivalents
Cash is represented by cash in hand, restricted cash in the form of tenants' deposit deeds and deposits held on call with banks and money market funds. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Bank overdrafts are included in current liabilities but within cash and cash equivalents for the purpose of the consolidated cash flow statement.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, with any difference between the initial amount (net of transaction costs) and the redemption value being recognised in the income statement over the period of the borrowings, using the effective interest method, except for interest capitalised on redevelopments.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Investment in own shares
The Group operates an Employee Share Ownership Trust ('ESOT') and a trust for the Share Incentive Plan ('SIP'). When the Group funds these trusts in order to purchase Company shares, the loan is deducted from shareholders' equity as investment in own shares.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

Operating segments
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision maker is the Executive Committee of the Company. As at 31 March 2023, the Group considers that it has only one operating segment, being a single portfolio of commercial property providing business accommodation for rent in and around London.

Revenue recognition
Revenue comprises rental income, service charges and other sums receivable from the Group's investment properties. Other sums comprise insurance charges as an agent (in line with IFRS 15), supplies of utilities, premia associated with surrender of tenancies, commissions, fees and other sundry income.

All the Group's properties are leased out under operating leases and are included in investment property in the consolidated balance sheet. In accordance with IFRS 16, rental income from leases is recognised in the consolidated income statement on a straight-line basis over the lease term. Rent received in advance is deferred in the consolidated balance sheet and recognised in the period to which it relates. If the Group provides significant incentives to its customers the incentives are recognised over the lease term on a straight-line basis.

Service charges and other sums receivable from tenants are recognised on an accruals basis by reference to the stage of completion of the relevant service or transactions at the reporting date. These services generally relate to a 12-month period.

Direct costs
Direct costs comprise service charges and other costs directly recoverable from tenants and non-recoverable costs directly attributable to investment properties and other revenue streams.

Exceptional items
Exceptional items are those items that, in the Directors' view, are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

Share based payments
The Group operates a number of share schemes under which the Group receives services from employees as consideration for equity instruments of the Company.

The fair value of the employee services received in exchange for the grant of share awards and options is recognised as an expense over the vesting period.

Fair value is measured by the use of Black-Scholes and Binomial Option Pricing modelling techniques. In valuing equity-settled transactions, assessment is made of any vesting conditions to categorise these into market performance conditions, non-market performance conditions and service conditions.

Pensions
The Group operates a defined contribution pension scheme. Contributions are charged to the consolidated income statement on an accruals basis.

As part of the McKay Securities PLC acquisition in May 2022 the Group took over all responsibilities in relation to the existing McKay defined benefit pension scheme. Subsequent to this, the Group entered into a pension buy-out transaction whereby an insurance company took on all current and future liabilities of this defined benefit pension scheme, along with related assets.

Taxation
Current income tax is tax payable on the taxable income for the year and any prior year adjustment, and is calculated using tax rates that are relevant to the financial year.

Deferred tax is provided in full on temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised when it is probable that taxable profits will be available against which the deferred tax asset can be utilised.

Compliance with the Real Estate Investment Trust ('REIT') taxation regime
The Group is a REIT and is thereby exempt from tax on both rental profits and chargeable gains from its UK property rental business.

In order to retain REIT status, certain ongoing criteria must be maintained. The main criteria are as follows:
- At the start of each accounting period, the assets of the tax-exempt business must be at least 75% of the total value of the Group's assets.
- At least 75% of the Group's total profits must arise from the tax-exempt business.
- At least 90% of the tax-exempt business earnings must be distributed.

Dividend distributions
Final dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved, while interim dividends are recognised when paid.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

1. ANALYSIS OF NET RENTAL INCOME AND SEGMENTAL INFORMATION

	2023			2022		
	Revenue £m	Direct costs[1] £m	Net rental income £m	Revenue £m	Direct costs[1] £m	Net rental income £m
Rental income	136.7	(4.2)	132.5	104.3	(2.9)	101.4
Service charges	30.0	(35.7)	(5.7)	21.1	(25.9)	(4.8)
Empty rates and other non-recoverable costs	–	(10.6)	(10.6)	–	(10.6)	(10.6)
Services, fees, commissions and sundry income	7.5	(7.1)	0.4	7.5	(6.8)	0.7
	174.2	(57.6)	116.6	132.9	(46.2)	86.7

1. There are no properties within the current or prior period that are non-rent producing.

Included within direct costs for rental income is a charge of £1.0m (2022: £1.5m) and within direct costs for service charges is a charge of £0.1m (2022: £nil) for expected credit losses in respect of receivables from customers in the period.

All of the properties within the portfolio are geographically close to each other and have similar economic features and risks. Management information utilised by the Executive Committee to monitor and review performance is presented as one portfolio. As a result, for the year ended 31 March 2023, management have determined that the Group operates a single operating segment providing business accommodation for rent in and around London.

2. OPERATING (LOSS)/PROFIT

The following items have been charged in arriving at operating (loss)/profit:

	2023 £m	2022 £m
Depreciation[1] (note 11)	1.6	1.8
Staff costs (including share based costs)[1] (note 5)	25.3	19.6
Repairs and maintenance expenditure on investment properties	5.4	2.0
Trade receivables impairment (note 13)	1.1	1.5
Amortisation of intangibles	0.7	0.9
Audit fees payable to the Company's Auditor	0.4	0.3

1. Charged to direct costs and administrative expenses based on the underlying nature of the expenses.

Auditor's remuneration: services provided by the Company's Auditor and its associates	2023 £000	2022 £000
Audit fees:		
Audit of Parent Company and consolidated financial statements	330	245
Audit of subsidiary financial statements	40	35
	370	280
Fees for other services:		
Audit-related assurance services[1]	70	55
Total fees payable to Auditor	440	335

1. Audit-related assurance services consist of £56k for half year review (2022: £40k); and £14k for Green Bond use of Proceeds Assurance (2022: £15k).

	2023 £m	2022 £m
Total administrative expenses are analysed below:		
Staff costs	13.4	10.7
Equity settled share based payments	1.4	1.6
Other	6.7	7.0
Total administrative expenses	21.5	19.3

3(a). (LOSS)/PROFIT ON DISPOSAL OF INVESTMENT PROPERTIES AND ASSETS HELD FOR SALE

	2023 £m	2022 £m
Proceeds from sale of investment properties (net of sale costs)	7.0	117.3
Proceeds from sale of assets held for sale (net of sale costs)	52.1	–
Book value at time of sale	(59.8)	(109.5)
(Loss)/profit on disposal	(0.7)	7.8

3(b). OTHER INCOME

	2023 £m	2022 £m
Sale of investment	–	0.6
	–	0.6

In the prior year, the Group disposed of the investment in Lovespace Ltd, resulting in a gain of £0.6m in the year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

3(c). OTHER EXPENSES

	2023 £m	2022 £m
Change in fair value of deferred consideration	(0.1)	–
Other expenses	(3.7)	–
	(3.8)	–

The value of deferred consideration (cash and overage) from the sale of investment properties has been revalued by CBRE Limited at 31 March 2023 and 31 March 2022. This resulted in a reduction in the fair value of deferred consideration of £0.1m at 31 March 2023 (31 March 2022: £nil). The amounts receivable are included in the consolidated balance sheet under current trade and other receivables (note 13).

Other expenses include exceptional one-off costs relating to the acquisition and integration of McKay Securities Limited (formerly McKay Securities PLC) (£1.9m), including the cost of buying out the McKay Securities Limited defined benefit pension scheme (see note 24) and the implementation costs to date of replacing our finance and property system (£1.8m). These costs are outside the Group's normal trading activities.

4. FINANCE COSTS

	2023 £m	2022 £m
Interest payable on bank loans and overdrafts	(11.9)	(1.4)
Interest payable on other borrowings	(19.0)	(16.7)
Amortisation of issue costs of borrowings	(2.0)	(1.1)
Interest payable on leases	(1.9)	(1.7)
Interest capitalised on property refurbishments (note 10)	0.2	0.4
Interest receivable	0.2	–
Finance costs	(34.4)	(20.5)
Exceptional finance costs	(0.6)	–
Total finance costs	(35.0)	(20.5)

The exceptional finance costs in the year related to unamortised finance costs for McKay Securities Limited's previous bank loan which were written off when this was refinanced in September 2022.

All finance costs have been calculated in accordance with IFRS 9, re-estimating the cash flows based on the original effective interest rate with the adjustment being taken through profit and loss.

5. EMPLOYEES AND DIRECTORS

Staff costs for the Group during the year were:	2023 £m	2022 £m
Wages and salaries	23.3	17.4
Social security costs	3.8	2.0
Other pension costs (note 24)	1.0	0.8
Equity-settled share based costs (note 23)	1.4	1.6
	29.5	21.8
Less costs capitalised	(4.2)	(2.2)
	25.3	19.6

The monthly average number of people employed during the year was:	2023 Number	2022 Number
Head office staff (including Directors)	154	124
Estates and property management staff	137	125
	291	249

The emoluments and pension benefits of the Directors are determined by the Remuneration Committee of the Board and are set out in detail in the Directors' Remuneration Report on pages 178 to 211. These form part of the financial statements.

Total Directors' emoluments for the financial year were £3.0m (2022: £2.3m), comprising of £2.2m (2022: £2.2m) of Directors' remuneration, £0.7m (2022: £nil) gain on exercise of share options and £0.1m (2022: £0.1m) of cash contributions in lieu of pension in respect of two Directors (2022: two).

6. TAXATION

	2023 £m	2022 £m
Current tax:		
UK corporation tax	–	–
Adjustments to tax in respect of previous periods	–	–
	–	–
Deferred tax:		
On origination and reversal of temporary differences	0.3	0.1
	0.3	0.1
Total taxation charge	0.3	0.1

Taxation chargeable in the year relates to income from non-REIT activities such as overage, meeting room income and utilities recharges.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

6. TAXATION CONTINUED

The tax on the Group's profit for the year differs from the standard applicable corporation tax rate in the UK of 19% (2022: 19%). The differences are explained below:

	2023 £m	2022 £m
(Loss)/profit before taxation	(37.5)	124.0
Tax at standard rate of corporation tax in the UK of 19% (2022: 19%)	(7.1)	23.6
Effects of:		
REIT exempt income	(12.1)	(11.3)
Changes in fair value not subject to tax as a REIT	17.7	(13.1)
Share based payment adjustments	(0.3)	0.4
Unrecognised losses carried forward	1.8	0.4
Other non-taxable expenses	0.3	0.1
Total taxation charge	0.3	0.1

The Group is a Real Estate Investment Trust ('REIT'). The Group's UK property rental business (both income and capital gains) is exempt from tax. The Group estimates that as the majority of its future profits will be exempt from tax, future tax charges are likely to be low.

An increase in the rate of corporation tax was enacted on 24 May 2021 and, from 1 April 2023, the corporation tax rate will increase to 25%. This will increase the Company's future current tax charge accordingly.

The Group currently has an unrecognised asset in relation to tax losses from the non-REIT business carried forward of £7.4m (2022: £7.3m) calculated at a corporation tax rate of 25% (2022: 25%).

	2023 £m	2022 £m
Deferred tax assets:		
– Deferred tax to be recovered within 12 months	–	0.4
Deferred tax liabilities:		
– Deferred tax liabilities to be realised within 12 months	–	(0.1)
Deferred tax assets (net)	–	0.3

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities	Other income (overage receipts) £m
At 1 April 2021	0.1
Credited to income statement	–
At 31 March 2022	0.1
Credited to income statement	(0.1)
At 31 March 2023	–

Deferred tax assets	Expenses (share based payment) £m
At 31 March 2021	(0.5)
Charged to income statement	0.1
At 31 March 2022	(0.4)
Charged to income statement	0.4
At 31 March 2023	–

7. DIVIDENDS

	Payment date	Per share	2023 £m	2022 £m
For the year ended 31 March 2021:				
Final dividend	August 2021	17.75p	–	32.1
For the year ended 31 March 2022:				
Interim dividend	February 2022	7.0p	–	12.7
Final dividend	August 2022	14.5p	27.8	–
For the year ended 31 March 2023:				
Interim dividend	February 2023	8.4p	16.1	–
Dividends for the year			43.9	44.8
Timing difference on payment of withholding tax			(0.4)	(1.5)
Dividends cash paid			43.5	43.3

The Directors are proposing a final dividend in respect of the financial year ended 31 March 2023 of 17.4 pence per ordinary share, which will absorb an estimated £33.3m of retained earnings and cash. If approved by the shareholders at the AGM, it will be paid on 4 August 2023 to shareholders who are on the register of members on 7 July 2023. The dividend will be paid as a REIT Property Income Distribution ('PID') net of withholding tax where appropriate.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

8. EARNINGS PER SHARE

Earnings used for calculating earnings per share:	2023 £m	2022 £m
Basic and diluted earnings	(37.8)	123.9
Decrease/(increase) in fair value of investment properties	88.0	(68.7)
Impairment of assets held for sale	5.1	–
Loss/(profit) on disposal of investment properties	0.7	(7.8)
EPRA earnings	56.0	47.4
Adjustment for non-trading items:		
Other expenses/(income)	3.8	(0.6)
Exceptional finance costs	0.6	–
Taxation	0.3	0.1
Trading profit after interest	60.7	46.9

Earnings have been adjusted to derive an earnings per share measure as defined by the European Public Real Estate Association ('EPRA') and an adjusted underlying earnings per share measure.

Number of shares used for calculating earnings per share:	2023 Number	2022 Number
Weighted average number of shares (excluding own shares held in trust)	190,470,363	180,983,916
Dilution due to share option schemes	1,129,310	998,280
Weighted average number of shares for diluted earnings per share	191,599,673	181,982,196

In pence:	2023	2022
Basic (loss)/earnings per share	(19.9p)	68.5p
Diluted (loss)/earnings per share	(19.9p)	68.1p
EPRA earnings per share	29.4p	26.2p
Adjusted underlying earnings per share[1]	31.7p	25.8p

1. Adjusted underlying earnings per share is calculated by dividing trading profit after interest by the diluted weighted average number of shares of 191,599,673 (2022: 181,982,196).

The diluted loss per share for the period to 31 March 2023 has been restricted to a loss of 19.9p per share, as the loss per share cannot be reduced by dilution in accordance with IAS 33 Earnings per Share.

9. NET ASSETS PER SHARE AND TOTAL ACCOUNTING RETURN

Number of shares used for calculating net assets per share:	2023 Number	2022 Number
Shares in issue at year end	191,638,357	181,125,259
Less own shares held in trust at year end	(152,550)	(162,113)
Dilution due to share option schemes	1,201,277	1,078,852
Number of shares for calculating diluted adjusted net assets per share	192,687,084	182,041,998

EPRA Net Asset Value Metrics

The Group measures financial position with reference to EPRA Net Tangible Assets (NTA), Net Reinvestment Value (NRV) and Net Disposal Value (NDV).

	March 2023			March 2022		
	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
IFRS Equity attributable to shareholders	1,787.7	1,787.7	1,787.7	1,799.6	1,799.6	1,799.6
Intangibles per IFRS balance sheet	–	(2.0)	–	–	(1.9)	–
Excess of book value of debt over fair value	–	–	86.6	–	–	13.0
Purchasers' costs	186.4	–	–	163.3	–	–
EPRA measure	1,974.1	1,785.7	1,874.3	1,962.9	1,797.7	1,812.6
EPRA measure per share	£10.24	£9.27	£9.73	£10.78	£9.88	£9.96

Total accounting return

Total Accounting Return	2023 £	2022 £
Opening EPRA net tangible assets per share (A)	9.88	9.38
Closing EPRA net tangible assets per share	9.27	9.88
(Decrease)/Increase in EPRA net tangible assets per share	(0.61)	0.50
Ordinary dividends paid in the year	0.23	0.25
Total return (B)	(0.38)	0.75
Total accounting return (B/A)	(3.8%)	8.0%

The total accounting return for the year comprises the movement in absolute EPRA net tangible assets per share plus dividends paid in the year as a percentage of the opening EPRA net tangible assets per share. The total return for the year ended 31 March 2023 was -3.8% (31 March 2022: 8.0%).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

10. INVESTMENT PROPERTIES

	2023 £m	2022 £m
Balance at 1 April	2,366.7	2,349.9
Purchase of investment properties	426.6	88.4
Capital expenditure	55.8	30.0
Change in value of lease obligations	3.7	4.7
Capitalised interest on refurbishments (note 4)	0.2	0.4
Disposals during the year	(5.5)	(109.5)
Change in fair value of investment properties	(88.0)	68.7
Less: Classified as assets held for sale	(116.2)	(65.9)
Balance at 31 March	2,643.3	2,366.7

Investment properties represent a single class of property, being business accommodation for rent in and around London. Capitalised interest is included at a rate of capitalisation of 3.9% (2022: 3.0%). The total amount of capitalised interest included in investment properties is £15.1m (2022: £14.9m). The change in fair value of investment properties is recognised in the consolidated income statement.

Investment properties include buildings with a carrying amount of £321.9m (2022: £315.4m) for which there are lease obligations of £34.7m (2022: £31.0m). Investment property lease commitment details are shown in note 17.

During the period, the Group acquired McKay Securities Limited (formerly McKay Securities PLC) adding 32 properties in and around London to the portfolio.

One of the properties classified as held for sale at the end of the prior year was not sold during the year. It is retained within current assets as it is still expected to sell within the next 12 months of 31 March 2023 and has been subject to an impairment charge of £5.1m following the valuation carried out at 31 March 2023. Ten (2022: two) additional properties were reclassified as held for sale at year-end. Five of these properties have exchanged for sale and are likely to complete within the next 12 months. The transfer value is their year-end valuation per CBRE.

Valuation
The Group's investment properties are held at fair value and were revalued at 31 March 2023 by the external valuer, CBRE Limited, a firm of independent qualified valuers, in accordance with the Royal Institution of Chartered Surveyors Valuation – Global Standards. All the properties are revalued at period end regardless of the date of acquisition. In line with IFRS 13, all investment properties are valued on the basis of their highest and best use. For like-for-like properties, their current use equates to the highest and best use. For properties undergoing refurbishment or redevelopment, most of these are still being used for business accommodation in their current state. However, the valuation at the balance sheet date includes the impact of the potential refurbishment and redevelopment as this represents the highest and best use.

The Executive Committee and the Board both conduct a detailed review of each property valuation to review appropriate assumptions have been applied and that valuations are appropriate. Meetings are held with the valuers to review and challenge the valuations, to confirm that they have considered all relevant information.

The valuation of like-for-like properties (which are not subject to refurbishment or redevelopment) is based on the income capitalisation method which applies market-based yields to the Estimated Rental Values ('ERVs') of each of the properties. Yields are based on current market expectations depending on the location and use of the property. ERVs are based on estimated rental potential considering current rental streams and market comparatives whilst also considering the occupancy and timing of rent reviews at each property. Although occupancy and rent review timings are known, and there is market evidence for transaction prices for similar properties, there is still a significant element of estimation and judgement in estimating ERVs. As a result of adjustments made to market observable data, the significant inputs are deemed unobservable under IFRS 13.

When valuing properties being refurbished by Workspace, the residual value method is used. The completed value of the refurbishment is determined as for like-for-like properties above. Capital expenditure required to complete the building is then deducted and a discount factor is applied to reflect the time period to complete construction and make allowance for construction and market risk to arrive at the residual value of the property.

The discount factor used is the property yield that is also applied to the estimated rental value to determine the value of the completed building. Other risks such as unexpected time delays relating to planned capital expenditure are assessed on a project-by-project basis, looking at market comparable data where possible and the complexity of the proposed scheme.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

10. INVESTMENT PROPERTIES CONTINUED

Valuation continued

Redevelopment properties are also valued using the residual value method. The proposed redevelopment which would be undertaken by a residential developer is valued based on the market value for similar sites and then adjusted for costs to complete, developer's profit margin and a time discount factor. Allowance is also made for planning and construction risk depending on the stage of the redevelopment. If a contract is agreed for the sale/redevelopment of the site, the property is valued based on agreed consideration.

For all methods, the valuers are provided with information on tenure, letting, town planning and the repair of the buildings and sites.

The reconciliation of the valuation report total to the amount shown in the consolidated balance sheet as non-current assets, investment properties, is as follows:

	2023 £m	2022 £m
Total per CBRE valuation report	2,741.1	2,402.2
Deferred consideration on sale of property	(0.5)	(0.6)
Head leases treated as leases under IFRS 16	34.7	31.0
Less: tenant incentives recognised under IFRS 16	(8.8)	–
Less: Reclassified as assets held for sale	(123.2)	(65.9)
Total investment properties per balance sheet	2,643.3	2,366.7

The Group's investment properties are carried at fair value and under IFRS 13 are required to be analysed by level depending on the valuation method adopted. The different valuation methods are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 – Use of a model with inputs (other than quoted prices included in Level 1) that are directly or indirectly observable market data.
Level 3 – Use of a model with inputs that are not based on observable market data.

As noted in the significant judgements and critical estimates section, property valuations are complex and involve data which is not publicly available and involves a degree of judgement. All the investment properties are classified as Level 3, due to the fact that one or more significant inputs to the valuation are not based on observable market data. If the degree of subjectivity or nature of the measurement inputs changes then there could be a transfer between Levels 2 and 3 of classification. No changes requiring a transfer have occurred during the current or previous years.

CBRE have made enquiries to ascertain any sustainability factors which are likely to impact on value, consistent with the scope of their terms of engagement. Sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect the value of an asset, even if not explicitly recognised. This includes key environmental risks; such as flooding, energy efficiency, climate, design, legislation and management considerations – as well as current and historic land use. Where CBRE recognise the value impacts of sustainability, they reflect their understanding of how market participants include sustainability factors in their decisions and the consequential impact on market valuations.

The following table summarises the valuation techniques and inputs used in the determination of the property valuation at 31 March 2023.

Key unobservable inputs:

			ERVs – per sq. ft.		Equivalent yields	
Property category	Valuation £m	Valuation technique	Range	Weighted average	Range	Weighted average
Like-for-like	1,886.9	A	£21-£79	£48	5.0%-7.7%	6.2%
Completed projects	264.8	A	£24-£51	£34	5.8%-6.8%	6.5%
Refurbishments	171.9	A/B	£21-£53	£35	4.5%-6.7%	5.8%
Redevelopments	25.4	A/B	£16-£35	£28	4.8%-6.9%	5.5%
Acquisitions	268.4	A	£13-£70	£34	5.2%-10.8%	7.4%
Less : tenant incentives	(8.8)	N/A	–	–	–	–
Head leases	34.7	N/A	–	–	–	–
Total	2,643.3					

A = Income capitalisation method.
B = Residual value method.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

10. INVESTMENT PROPERTIES CONTINUED
Valuation continued
A key unobservable input for redevelopments at planning stage and refurbishments is developer's profit. The range is 10%–16% with a weighted average of 13%.

Costs to complete is a key unobservable input for redevelopments at planning stage with a range of £262–£448 per sq. ft. and a weighted average of £356 per sq. ft.

Costs to complete are not considered to be a significant unobservable input for refurbishments due to the high percentage of costs that are fixed.

Sensitivity analysis:
A +/- 10% movement in ERVs or a +/- 25 basis points movement in yields would result in the following increase/decrease in the valuation.

£m	+/- 10% in ERVs	+/- 25 bps in yields
Like-for-like	+189/-189	-76/+83
Completed projects	+27/-27	-10/+11
Refurbishments	+23/-23	-10/+11
Redevelopments	+6/-6	-3/+3
Acquisitions	+27/-27	-9/+9

The following table summarises the valuation techniques and inputs used in the determination of the property valuation at 31 March 2022.

Key unobservable inputs:

			ERVs – per sq. ft.		Equivalent yields	
Property category	Valuation £m	Valuation technique	Range	Weighted average	Range	Weighted average
Like-for-like	1,865.1	A	£20-£66	£42	4.1%-7.3%	5.5%
Completed projects	185.6	A	£21-£44	£28	4.9%-6.4%	5.6%
Refurbishments	161.3	A/B	£18-34	£25	3.6%-6.4%	5.3%
Redevelopments	35.3	A/B	£13-25	£16	4.5%-6.5%	6.0%
Acquisitions	88.4	A	£33-£53	£40	4.9%-5.8%	5.4%
Head leases	31.0	N/A	–	–	–	–
Total	2,366.7					

A = Income capitalisation method.
B = Residual value method.

A key unobservable input for redevelopments at planning stage and refurbishments is developer's profit. The range is 13%–19% with a weighted average of 14%.

Costs to complete is a key unobservable input for redevelopments at planning stage with a range of £213–£280 per sq. ft. and a weighted average of £250 per sq. ft.

Costs to complete are not considered to be a significant unobservable input for refurbishments due to the high percentage of costs that are fixed.

Sensitivity analysis:
A +/- 10% movement in ERVs or a +/- 25 basis points movement in yields would result in the following increase/decrease in the valuation.

£m	+/- 10% in ERVs	+/- 25 bps in yields
Like-for-like	+186/-186	-82/+90
Completed projects	+19/-19	-8/+9
Refurbishments	+17/-17	-8/+9
Redevelopments	+4/-4	-1/+1
Acquisitions	+9/-9	-4/+4

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

11. PROPERTY, PLANT AND EQUIPMENT

Cost or valuation	Equipment and fixtures £m
1 April 2021	10.6
Additions during the year	0.7
Disposals during the year	(1.8)
Balance at 31 March 2022	9.5
Additions during the year	3.3
Disposals during the year	(0.3)
Balance at 31 March 2023	12.5

Accumulated depreciation	
1 April 2021	6.6
Charge for the year	1.8
Disposals during the year	(1.8)
Balance at 31 March 2022	6.6
Charge for the year	1.6
Disposals during the year	(0.1)
Balance at 31 March 2023	8.1

Net book amount at 31 March 2023	4.4
Net book amount at 31 March 2022	2.9

12. OTHER INVESTMENTS

The Group holds the following investments:

	2023 £m	2022 £m
2.8% of share capital of Wavenet Limited	2.1	1.7
	2.1	1.7

In the prior year, Wavenet Limited purchased the entire share capital in Excell Holdings Limited. As a result, the Group received cash of £6.2m and acquired 2.8% of share capital in Wavenet Limited.

In accordance with IFRS 9 the shares in Wavenet Limited have been valued at fair value, resulting in £0.4m movement in the financial year (2022: no movement), recognised in the consolidated statement of comprehensive income.

In addition, included within other income (note 3(b)) in the prior year is £0.6m for the sale of investment in Lovespace Ltd which was previously written off.

13. TRADE AND OTHER RECEIVABLES

Current trade and other receivables	2023 £m	2022 £m
Trade receivables	16.9	11.9
Less provision for impairment of receivables	(4.6)	(5.2)
Trade receivables – net	12.3	6.7
Prepayments, other receivables and accrued income	22.3	16.2
Deferred consideration on sale of investment properties	11.2	0.6
	45.8	23.5

Receivables at fair value

Included within deferred consideration on sale of investment properties is £0.5m (2022: £0.6m) of overage which is held at fair value through profit and loss. As the amounts receivable are expected within the following 12 months they have been classified as current receivables.

The deferred consideration arising on the sale of investment properties relates to cash and overage. The overage has been fair valued by CBRE Limited using appropriate discount rates, and will be revalued on a regular basis. This is a Level 3 valuation of a financial asset, as defined by IFRS 13. The change in fair value recorded in the consolidated income statement was a £0.1m decrease (31 March 2022: £nil) (note 3(c)).

	2023 £m	2022 £m
Deferred consideration on sale of investment properties:		
Balance at 1 April	0.6	5.1
Cash received	–	(4.5)
Additions	10.7	–
Change in fair value	(0.1)	–
Balance at 31 March	11.2	0.6

Receivables at amortised cost

The remaining receivables are held at amortised cost. There is no material difference between the above amounts and their fair values due to the short-term nature of the receivables. Trade receivables are impaired when there is evidence that the amounts may not be collectable under the original terms of the receivable. All the Group's trade and other receivables are denominated in Sterling.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

13. TRADE AND OTHER RECEIVABLES CONTINUED

Movements on the provision for impairment of trade receivables are shown below:

	2023 £m	2022 £m
Balance at 1 April	5.2	4.6
Increase in provision for impairment of trade receivables	1.1	1.5
Receivables written off during the year	(1.7)	(0.9)
Balance at 31 March	4.6	5.2

14. CASH AND CASH EQUIVALENTS

	2023 £m	2022 £m
Cash at bank and in hand	12.0	42.3
Restricted cash – tenants' deposit deeds	6.5	6.7
	18.5	49.0

Tenants' deposit deeds represent returnable cash security deposits received from tenants and are held in ring-fenced bank accounts in accordance with the terms of the individual lease contracts.

15. TRADE AND OTHER PAYABLES

	2023 £m	2022 £m
Trade payables	15.4	13.2
Other tax and social security payable	15.9	3.8
Tenants' deposit deeds (note 14)	6.5	6.7
Tenants' deposits	30.5	26.5
Accrued expenses	26.1	27.4
Deferred income – rent and service charges	13.4	8.2
	107.8	85.8

There is no material difference between the above amounts and their fair values due to the short-term nature of the payables.

16. BORROWINGS

(a) Balances

	2023 £m	2022 £m
Current		
Bank loans (unsecured)	49.8	–
Non-current		
Bank loans (unsecured)	197.2	(2.1)
Other loans (secured)	63.9	–
3.07% Senior Notes (unsecured)	79.9	79.9
3.19% Senior Notes (unsecured)	119.8	119.8
3.6% Senior Notes (unsecured)	99.9	99.8
Green Bond (unsecured)	298.4	298.1
	859.1	595.5
Total borrowings	908.9	595.5

(b) Net debt

	2023 £m	2022 £m
Borrowings per (a) above	908.9	595.5
Adjust for:		
Cost of raising finance	5.1	4.5
	914.0	600.0
Cash at bank and in hand (note 14)	(12.0)	(42.3)
Net debt	902.0	557.7

At 31 March 2023, the Group had £136.0m (2022: £400.0m) of undrawn bank facilities, a £2.0m overdraft facility (2022: £2.0m) and £12.0m of unrestricted cash (2022: £42.3m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

16. BORROWINGS CONTINUED
(c) Maturity

	2023 £m	2022 £m
Repayable within one year	50.0	–
Repayable between one and two years	–	–
Repayable between two and three years	279.0	–
Repayable between three years and four years	–	80.0
Repayable between four years and five years	420.0	80.0
Repayable in five years or more	165.0	440.0
	914.0	600.0
Cost of raising finance	(5.1)	(4.5)
Total	908.9	595.5

(d) Interest rate and repayment profile

	Principal at period end £m	Interest rate	Interest payable	Repayable
Current				
Bank overdraft due within one year or on demand	–	Base + 2.25%	Variable	On demand
Bank Loan	50.0	SONIA + 1.75%[1]	Monthly	September 2023
Non-current				
Private Placement Notes:				
3.07% Senior Notes	80.0	3.07%	Half yearly	August 2025
3.19% Senior Notes	120.0	3.19%	Half yearly	August 2027
3.6% Senior Notes	100.0	3.60%	Half yearly	January 2029
Bank Loan	123.0	SONIA + 1.77%[2]	Monthly	December 2025
Bank Loan	76.0	SONIA + 1.80%[2]	Monthly	April 2025
Other Loan (Secured)	65.0	4.02%	Monthly	May 2030
Green Bond	300.0	2.25%	Yearly	March 2028
	914.0			

1. This is an average over the life of the facility. The margin increases from 1.5% to 2.0% over the facility availability period.
2. The base margin is dependent upon the LTV as reported in the client certificate, which is submitted twice a year. The base margin can be adjusted further by up to 4.5bps dependent upon achievement of three ESG-linked metrics.

(e) Financial instruments and fair values

	2023 Book value £m	2023 Fair value £m	2022 Book value £m	2022 Fair value £m
Financial liabilities held at amortised cost				
Bank loans	247.0	247.0	(2.1)	(2.1)
Other loans	63.9	63.5	–	–
Private Placement Notes	299.6	287.8	299.5	301.8
Lease obligations	34.7	34.7	31.0	31.0
Green Bond	298.4	224.0	298.1	282.8
	943.6	857.0	626.5	613.5
Financial assets at fair value through other comprehensive income				
Other investments	2.1	2.1	1.7	1.7
	2.1	2.1	1.7	1.7
Financial assets at fair value through profit or loss				
Deferred consideration (overage)	11.2	11.2	0.6	0.6
	11.2	11.2	0.6	0.6

In accordance with IFRS 13, disclosure is required for financial instruments that are carried or disclosed in the financial statements at fair value. The fair values of all the Group's bank loans and Private Placement Notes have been determined by reference to market prices and discounted expected cash flows at prevailing interest rates and are Level 2 valuations. There have been no transfers between levels in the year.

The different levels of valuation hierarchy as defined by IFRS 13 are set out in note 10.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

16. BORROWINGS CONTINUED

(f) Financial instruments by category

Assets	2023 £m	2022 £m
a) Assets at fair value through profit or loss		
Deferred consideration (overage)	0.5	0.6
	0.5	0.6
b) Loans and receivables		
Cash and cash equivalents	18.5	49.0
Trade and other receivables excluding prepayments[1]	31.7	8.4
	50.2	57.4
c) Assets at value through other comprehensive income		
Other investments	2.1	1.7
	2.1	1.7
Total	52.8	59.7

Liabilities	2023 £m	2022 £m
Other financial liabilities at amortised cost		
Borrowings	908.9	595.5
Lease liabilities	34.7	31.0
Trade and other payables excluding non-financial liabilities[2]	78.5	73.8
	1,022.1	700.3

1. Trade and other receivables exclude prepayments of £13.6m (2022: £14.5m) and non-cash deferred consideration of £0.5m (2022: £0.6m).
2. Trade and other payables exclude other tax and social security of £15.9m (2022: £3.8m), corporation tax of £nil (2022: £nil) and deferred income of £13.4m (2022: £8.2m).

(g) Changes in liabilities from financing activities

	Bank loans and borrowings £m	Lease liabilities £m
Balance at 1 April 2022	595.5	31.0
Changes from financing cash flows:		
Proceeds from bank borrowings	286.0	–
Repayment of bank borrowings	(150.0)	–
Finance costs for new/amended borrowing facilities	(1.6)	–
Finance costs assumed on asset acquisition	(1.6)	–
Total changes from cash flows	132.8	–
Exceptional finance costs	0.6	–
Amortisation of issue costs of borrowing	2.0	–
Debt assumed on asset acquisition	178.0	–
Changes in leases	–	3.7
Total other changes	180.6	3.7
Balance at 31 March 2023	908.9	34.7

	Bank loans and borrowings £m	Lease liabilities £m	Derivatives used for hedging-assets £m
Balance at 1 April 2021	752.8	26.3	8.7
Changes from financing cash flows:			
Proceeds from bank borrowings	25.0	–	–
Repayment of bank borrowings and Private Placement Notes	(173.5)	–	–
Finance costs for new/amended borrowing facilities	(1.3)		
Repayment of derivatives	–	–	(0.7)
Total changes from cash flows	(149.8)	–	(0.7)
Foreign exchange differences	(8.6)	–	(8.0)
Amortisation of issue costs of borrowing	1.1	–	–
Changes in leases	–	4.7	–
Total other changes	(7.5)	4.7	(8.0)
Balance at 31 March 2022	595.5	31.0	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

17. LEASE OBLIGATIONS

Lease liabilities are in respect of leased investment property.

Minimum lease payments under leases fall due as follows:

	2023 £m	2022 £m
Within one year	2.1	1.9
Between two and five years	8.4	7.4
Between five and fifteen years	19.0	18.6
Beyond fifteen years	180.8	162.4
	210.3	190.3
Future finance charges on leases	(175.6)	(159.3)
Present value of lease liabilities	34.7	31.0

Following the adoption of IFRS 16, lease obligations are shown separately on the face of the balance sheet. The balance represents a non-current liability as the payment shown within one year of £2.1m (2022: £1.9m) is offset by future finance charges on leases of £2.1m (2022: £1.9m). All lease obligations are long leaseholds, therefore, the majority of the obligations fall beyond fifteen years.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

The Group has identified exposure to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk
- Capital risk management

The policies for managing each of these risks and the principal effects of these policies on the results for the year are summarised below:

(a) Market risk

Market risk is the risk that changes in market conditions will affect the Group's interest rates. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group finances its operations through a mixture of retained profits and borrowings. The Group borrows at both fixed and floating rates of interest. At 31 March 2023, 73% (2022: 100%) of Group borrowings were fixed.

All transactions entered into are approved by the Board and are in accordance with the Group's treasury policy. The Board also monitors variances on interest rates to budget and forecast rates to ensure that the risk relating to interest rates is being sufficiently safeguarded. As at year end, a reasonably possible interest rate movement of +/-1.0% would have increased or decreased net interest payable by £2.5m (2022: £nil).

The interest cover covenant in relation to Group borrowings is a ratio of 2.0x and the Group targets a minimum cover of 2.5x. As at 31 March 2023 interest cover was 3.8x. Interest cover is calculated as net rental income divided by finance costs (excluding exceptional finance costs).

(b) Credit risk

The Group's main financial assets are cash and cash equivalents, deposits with banks and financial institutions and trade and other receivables.

Credit risk is the risk of financial loss if a tenant or a counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to this risk principally relates to the receivables from tenants, deferred consideration on the sale of investment property and cash and cash equivalent balances held with counterparties.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY CONTINUED

(b) Credit risk continued
The Group's exposure to credit risk in relation to receivables from tenants is influenced mainly by the characteristics of individual tenants occupying its rental properties. The Group has around 4,910 lettable units at 86 properties with overall occupancy of 81.5%. The largest 10 single tenants generate around 10.3% of net rent roll. As such, the credit risk attributable to individual tenants is low.

The Group's credit risk in relation to tenants is further mitigated by requiring that tenants provide a deposit equivalent to three months' rent on inception of lease as security against default. Total tenant deposits held are £37.0m (2022: £33.2m). The Group monitors aged debt balances and any potential bad debts every week, the information being reported to the Executive Committee every month as part of the performance monitoring process. The Group's debt recovery is consistently high and as such is deemed a low risk area.

Deferred consideration (cash and overage) on the sale of investment properties is contractual and valued regularly by the external valuer based on current and future market factors. Cash and cash equivalents and financial derivatives are held with major UK high street banks and strict counterparty limits are operated on deposits.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023 £m	2022 £m
Cash and cash equivalents (note 14)	18.5	49.0
Trade receivables – current (note 13)	12.3	6.7
Deferred consideration – current (note 13)	11.2	0.6
	42.0	56.3

The Group's assessment of expected credit losses involves estimation given its forward-looking nature. Assumptions used in the forward-looking assessment are continually reviewed to take into account likely rent deferrals.

(c) Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to target a minimum headroom on loan facilities of £50.0m, so as to have sufficient funds to meet financial obligations as they fall due. This is performed via a variety of methods including daily cash flow review and forecasting, monthly monitoring of the maturity profile of debt and the regular revision of borrowing facilities in relation to the Group's requirements and strategy. The Board reviews compliance with loan covenants which include agreed interest cover and loan to value ratios, alongside review of available headroom on loan facilities.

To manage its liquidity effectively, the Group has an overdraft facility of £2.0m (2022: £2.0m), two revolving loan facilities totalling £335.0m (2022: one facility of £200.0m) and an acquisition loan facility of £50.0m (2022: £200.0m). At 31 March 2023 headroom excluding overdraft and cash was £136.0m (31 March 2022: £400.0m).

The following is an analysis of the contractual undiscounted cash flows payable under financial liabilities, derivative financial instruments and trade and other payables existing at the balance sheet date. Contracted cash flows are based upon the loan balances and applicable interest rates payable on these at each year end.

31 March 2023	Carrying[2] amount £m	Due within 1 year £m	Due between 1 and 2 years £m	Due between 2 and 3 years £m	Due 3 years and beyond £m	Total contracted cash flows £m
Financial liabilities						
Private Placement Notes	300.0	9.9	9.9	88.3	234.5	342.6
Green Bond	300.0	6.8	6.8	6.8	312.9	333.3
Other loans	65.0	2.6	2.6	2.6	75.4	83.2
Lease liabilities	34.7	2.1	2.1	2.1	204.0	210.3
Trade and other payables[1]	78.5	78.5	–	–	–	78.5
	778.2	99.9	21.4	99.8	826.8	1,047.9

31 March 2022	Carrying[2] amount £m	Due within 1 year £m	Due between 1 and 2 years £m	Due between 2 and 3 years £m	Due 3 years and beyond £m	Total contracted cash flows £m
Financial liabilities						
Private Placement Notes	300.0	9.9	9.9	9.9	322.6	352.3
Green Bond	300.0	6.8	6.8	6.8	319.5	339.9
Lease liabilities	31.0	1.9	1.9	1.9	187.8	193.5
Trade and other payables[1]	73.8	73.8	–	–	–	73.8
	704.8	92.4	18.6	18.6	829.9	959.5

1. Trade and other payables exclude other tax and social security of £15.9m (2022: £3.8m), corporation tax of £nil (2022: £nil) and deferred income of £13.4m (2022: £8.2m).
2. Excludes unamortised borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY CONTINUED

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, and monitor an appropriate mix of debt and equity financing.

Equity comprises issued share capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity. Debt comprises the Green Bond, Revolving Credit Facilities from banks, Private Placement Notes less cash at bank and in hand.

At 31 March 2023, Group equity was £1,787.7m (2022: £1,799.6m) and Group net debt (debt less cash at bank and in hand) was £902.0m (2022: £557.7m). Group gearing at 31 March 2023 was 50% (2022: 31%).

The Group's borrowings are all unsecured apart from £65.0m. The loan to value covenant applicable to these borrowings is 60% and compliance is being met comfortably. Loan to value at 31 March 2023 was 33%. This is calculated using the total CBRE investment property valuation (as per note 10) and the current net debt (as per note 16(b)). Our target is to maintain loan to value below 30%. This may from time-to-time be exceeded up to a maximum of 40% as steps are taken to reduce loan to value to below 30%.

19. NOTES TO CASH FLOW STATEMENT

Reconciliation of profit for the year to cash generated from operations:

	2023 £m	2022 £m
(Loss)/profit before tax	(37.5)	124.0
Depreciation	1.6	1.8
Amortisation of intangibles	0.7	0.9
Letting fees amortisation	0.5	–
Loss/(profit) on disposal of investment properties	0.7	(7.8)
Other expenses/(income) (note 3c)	3.8	(0.6)
Net loss/(profit) from change in fair value of investment property	88.0	(68.7)
Impairment of assets held for sale	5.1	–
Equity-settled share based payments	1.4	1.6
Finance costs	34.4	20.5
Exceptional finance costs	0.6	–
Changes in working capital:		
(Increase)/decrease in trade and other receivables	(6.4)	1.4
Increase in trade and other payables	17.6	7.4
Cash generated from operations	110.5	80.5

For the purposes of the cash flow statement, cash and cash equivalents include restricted cash – tenants' deposit deeds (note 14).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

20. SHARE CAPITAL AND SHARE PREMIUM

	2023 £m	2022 £m
Issued: Fully paid ordinary shares of £1 each	191.6	181.1

Movements in share capital were as follows:	2023 Number	2022 Number
Number of shares at 1 April	181,125,259	181,113,594
Issue of shares	10,513,098	11,665
Number of shares at 31 March	191,638,357	181,125,259

The Group issued 10,513,098 shares as part of the consideration for the acquisition of McKay Securities Limited (formerly McKay Securities PLC) during the year. The average share price on issue was £6.38 leading to an increase in the merger reserve of £56.6m in the period. In the year there were no share scheme options issued (31 March 2022: 11,665 with net proceeds £nil).

	Share capital		Share premium	
	2023 £m	2022 £m	2023 £m	2022 £m
Balance at 1 April	181.1	181.1	295.5	295.4
Issue of shares	10.5	–	–	0.1
Balance at 31 March	191.6	181.1	295.5	295.5

21. OTHER RESERVES

	Other investment reserve £m	Equity-settled share based payments £m	Merger reserve £m	Total £m
Balance at 1 April 2021	2.1	22.3	8.7	33.1
Share based payments	–	1.6	–	1.6
Issue of shares	–	–	–	–
Recycled to retained earnings	(2.1)	–	–	(2.1)
Balance at 31 March 2022	–	23.9	8.7	32.6
Share based payments	–	1.4	–	1.4
Issue of shares (note 20)	–	–	56.6	56.6
Change in fair value	0.4	–	–	0.4
Balance at 31 March 2023	0.4	25.3	65.3	91.0

In the prior year, the Group sold its investment in Excell Holdings Limited realising a gain recognised in previous periods which has been recycled to retained earnings.

22. INVESTMENT IN OWN SHARES

The Company has an Employee Share Ownership Trust ('ESOT') and a trust for the Share Incentive Plan ('SIP'). Shares are purchased in the market for distribution at a later date in accordance with the terms of the various share schemes. The shares are held by independent trustees. At 31 March 2023, the number of shares held by the ESOT totalled 75,226 (2022: 75,226).

The SIP is governed by HMRC rules (note 23). At 31 March 2023, the number of shares held for the SIP totalled 77,324 (2022: 86,887).

	2023 £m	2022 £m
Balance at 1 April	9.9	9.6
Shares purchased for the trusts	–	0.3
Balance at 31 March	9.9	9.9

23. SHARE BASED PAYMENTS

The Group operates a number of share schemes:

(a) Long Term Incentive Plan ('LTIP')

The LTIP scheme is a performance award scheme whereby shares are issued against Group performance measures which are assessed over the three-year vesting period.

The performance measures are:
- Relative TSR
- Total Property Return compared to the IPD benchmark

The shares are issued at nil cost to the individuals provided the performance conditions are met.

Under the 2022 LTIP scheme, 848,199 performance shares were awarded in June 2022 to Directors and Senior Management (2021 LTIP scheme: 495,474 were awarded in June 2021 and 25,781 in November 2021).

Details of the movements for the LTIP scheme during the year were as follows:

	LTIP Number
At 1 April 2021	1,366,292
Granted	521,255
Exercised	–
Lapsed	(500,681)
At 31 March 2022	1,386,866
Granted	848,199
Exercised	–
Lapsed	(470,877)
At 31 March 2023	1,764,188

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

23. SHARE BASED PAYMENTS CONTINUED

(a) Long Term Incentive Plan ('LTIP') continued

The 2019 LTIP scheme was due to vest in June 2022 but did not, therefore, no shares were exercised during the year. The average closing share price at the date of exercise of shares exercised during the year was therefore £nil (2018 LTIP scheme: £nil).

A binomial model was used to determine the fair value of the LTIP grant for the Relative TSR element of the schemes.

Assumptions used in the model were as follows:

	2022 LTIP	November 2021 LTIP	June 2021 LTIP	2020 LTIP	2019 LTIP
Share price at grant	642p	841p	842p	706p	862p
Exercise price	Nil	Nil	Nil	Nil	Nil
Average expected life (years)	3	3	3	3	3
Risk-free rate	1.96%	0.49%	0.16%	0.61%	0.52%
Average share price volatility	41.5%	42.6%	39.5%	35%	21%
Correlation	46%	47%	45%	46%	49%
TSR starting factor	0.85	1.14	1.11	0.65	0.92
Fair value per option – Relative TSR element	333p	446p	475p	207p	322p

The Total Property Return compared to the IPD benchmark is a non-market based condition and the intrinsic value is therefore the share price at date of grant of 642p for the 2022 LTIP Scheme in June. At each balance sheet date, the Directors will assess the likelihood of meeting the conditions under this element of the scheme. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity. The assessment at year end for the 2022 LTIP Scheme was that 75% of the Total Property Return element will vest (LTIP 2021: 50%, LTIP 2020: 100%).

The expected Workspace share price volatility was determined by taking account of the daily share price movement over a three-year period. The respective FTSE 250 Real Estate share price volatility and correlations were also determined over the same period. Assessment is made of any vesting conditions to categorise these into market performance conditions, non-market performance conditions and service conditions to value equity-settled transactions.

The risk-free rate has been determined from market yield curves for government zero-coupon bonds with outstanding terms equal to the average expected term to exercise for each relevant grant.

(b) Employee share option schemes

The Group operates a Save As You Earn ('SAYE') share option scheme. Grants under the SAYE scheme are normally exercisable after three or five years' saving. In accordance with UK practice, the majority of options under the SAYE schemes are granted at a price 20% below the market price ruling at the date of grant.

Details of the movements for the SAYE schemes during the year were as follows:

	SAYE	
Options outstanding	Number	Weighted exercise price
At 1 April 2021	363,849	£5.60
Options granted	46,554	£6.70
Options exercised	(11,665)	£7.44
Options lapsed	(71,357)	£5.78
At 31 March 2022	327,381	£5.65
Options granted	132,890	£5.59
Options exercised	–	–
Options lapsed	(173,364)	£5.75
At 31 March 2023	286,907	£5.56

The average closing share price at the date of exercise for the SAYE options exercised (for the three-year 2019 and the five-year 2017 schemes) during the year was not applicable because no shares were exercised (2022: £8.69).

The fair value has been calculated using the Black-Scholes model. Inputs to the model are summarised as follows:

	2023 SAYE 3 year	2023 SAYE 5 year	2022 SAYE 3 year	2022 SAYE 5 year
Weighted average share price at grant	559p	559p	846p	846p
Exercise price	508p	508p	670p	670p
Expected volatility	41%	34%	38%	35%
Average expected life (years)	3	5	3	5
Risk free rate	2%	2%	0%	0%
Expected dividend yield	4%	4%	2%	2%
Possibility of ceasing employment before vesting	25%	25%	25%	25%

The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon UK Government bonds of a term consistent with the assumed option life. The expected dividend yield is based on the present value of expected future dividend payments to expiry.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

23. SHARE BASED PAYMENTS CONTINUED
(b) Employee share option schemes continued
Fair values per share of these options were:

	2023		2022	
	Grant date	Fair value of award	Grant date	Fair value of award
SAYE – three year	27 July 2022	144p	23 July 2021	261p
SAYE – five year	27 July 2022	136p	23 July 2021	261p

(c) Share Incentive Plan ('SIP')
All staff were granted £1,000 worth of shares in September 2015, £2,000 in August 2017, £2,000 in September 2019 and £2,000 in September 2021. These shares are held in trust under an HMRC-approved SIP. The shares can be exercised following three years of employment but must be held for a further two years in order to qualify for tax advantages. No shares were granted in the year (2022: 52,170), 15,259 (2022: 6,124) shares were exercised in the year and 9,619 (2022: 9,587) shares lapsed.

(d) Year-end summary
At 31 March 2023, in total there were 2,111,777 (2022: 1,850,331) share awards/options exercisable on the Company's ordinary share capital. These are analysed below:

Date of grant	Exercise price	Ordinary shares Number	Vested and exercisable	Exercisable between	
LTIP					
18 June 2020	–	519,141	–	18.06.2023	–
18 June 2021	–	469,238	–	18.06.2024	–
24 June 2022	–	775,810	–	24.06.2025	–
SAYE					
26 July 2018 – five year	£8.60	–	–	01.09.2023	01.03.2024
25 July 2019 – five year	£7.02	–	–	01.09.2024	01.03.2025
27 July 2020 – three year	£5.31	135,193	–	01.09.2023	01.03.2024
27 July 2020 – five year	£5.31	7,116	–	01.09.2025	01.03.2026
23 July 2021 – three year	£6.70	27,813	–	01.09.2024	01.03.2025
23 July 2021 – five year	£6.70	894	–	01.09.2026	01.03.2027
27 July 2022 – three year	£5.59	96,230	–	01.09.2025	01.03.2026
27 July 2022 – five year	£5.59	19,661	–	01.09.2027	01.03.2028
SIP					
5 September 2019[1]	–	21,436	21,436	05.09.2022	–
29 September 2021[1]	–	39,245	–	29.09.2024	–
Total		2,111,777	21,436		

1. The number of ordinary shares in the SIP scheme does not include 16,643 unallocated shares.

The share awards/options outstanding at 31 March 2023 had a weighted average remaining contractual life of: LTIP – 1.4 years (2022: 1.3 years), SAYE – 1.5 years (2022: 1.4 years), SIP – 1.0 year (2022: 1.1 years).

(e) Cash-settled share based payments
National Insurance payments due on the exercise of non-approved ESOS options and shares from the LTIP are considered cash-settled share based payments.

The estimated fair value of the National Insurance cash-settled share based payments have been calculated using the share price at the balance sheet date. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement.

(f) Share based payment charges
The Group recognised a total charge in relation to share based payments as follows:

	2023 £m	2022 £m
Equity-settled share based payments	1.4	1.6
Cash-settled share based payments	–	–
	1.4	1.6

The total liability at the end of the year in respect of cash-settled share based schemes was £0.3m (2022: £0.4m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

24. PENSIONS
The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge for this scheme in the year was £1.0m (2022: £0.8m) representing contributions payable by the Group to the fund and is charged through trading profit.

The Group's commitment with regard to pension contributions, consistent with the prior year, ranges from 6.0% to 16.5% of an employee's salary. The pension scheme is open to every employee in accordance with the Government auto-enrolment rules. The number of employees, including Directors, in the scheme at the year end was 261 (2022: 238).

As part of the McKay Securities Limited (formerly McKay Securities PLC) acquisition in May 2022 the Group became liable for the existing McKay defined benefit pension scheme. Subsequent to this, on 12 October 2022, the Group entered into a pension buy-out transaction whereby an insurance company took on all current and future liabilities of the scheme in exchange for the assets of the scheme, valued at £5.4m at that date, and a cash contribution from the Company of £1.3m. The scheme had a deficit of £0.3m at the half year with the excess settlement charge of £0.9m included within other expenses in the consolidated statement of comprehensive income. The scheme is currently being wound up with completion expected within the next few months.

25. RELATED PARTY TRANSACTIONS
Key management for the purposes of related party disclosure under IAS 24 are taken to be the Executive Board Directors, the non-Board Executive Directors and the Non-Executive Directors. Key management compensation is set out below:

Key management compensation:	2023 £m	2022 £m
Short-term employee benefits	5.7	4.7
Total	5.7	4.7

26. CAPITAL COMMITMENTS
At the year end the estimated amounts of contractual commitments for future capital expenditure not provided for were:

	2023 £m	2022 £m
Investment property construction	34.4	4.6

For both current and prior period, there were no material obligations for the repair or maintenance of investment properties. All material contracts for enhancement are included in the capital commitments.

27. SUBSIDIARY AND OTHER RELATED UNDERTAKINGS
The Company's subsidiary and other related undertakings at 31 March 2023, and up to the date of signing the financial statements, are listed below.

Except where indicated otherwise, the Company owns 100% of the ordinary share capital of the following subsidiary undertakings incorporated and operating in the UK, all of which are consolidated in the Group's financial statements.

UK subsidiaries
The registered address of all UK subsidiaries is Canterbury Court, Kennington Park, 1-3 Brixton Road, London SW9 6DE.

Name	Company Number	Nature of business
Workspace 12 Limited	05764838	Property Investment
Workspace 13 Limited	05834824	Property Investment
Workspace 14 Limited	05834831	Property Investment
Omnibus Workspace Limited[1,3]	01444827	Non-trading
United Workspace Limited[1,3]	01749661	Non-trading
Busworks Limited[1,3]	04108036	Holding Company
Workspace Glebe Limited[3]	05834811	Non-trading
Glebe Three Limited[3]	05830231	Non-trading
LI Property Services Limited[3]	02134039	Insurance Agents
Workspace Management Limited	02841232	Property Management
Workspace 1 Limited	03726272	Dormant
Workspace 10 Limited	02985018	Dormant
Workspace 11 Limited	05764848	Dormant
Workspace 15 Limited	05834840	Dormant
Workspace Holdings Limited[3]	03729646	Non-trading
Anyspacedirect.co.uk Limited[3]	07117982	Non-trading
Workspace Newco 1 Limited	10195676	Dormant
Workspace Newco 2 Limited	10195681	Dormant
McKay Securities Limited[2]	00421479	Property Investment
Baldwin House Limited[2,3]	00692181	Non-trading
Workspace Projects (KP) Limited	14186009	Property Investment

1. 100% of the ordinary share capital of this subsidiary is held by other Group companies.
2. McKay Securities Limited (formerly McKay Securities PLC) and Baldwin House Limited were acquired on 6 May 2022.
3. The following subsidiary undertakings are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as Workspace Group PLC has guaranteed the subsidiary companies under Section 479C of the Act.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

27. SUBSIDIARY AND OTHER RELATED UNDERTAKINGS CONTINUED
Non-UK subsidiaries

Name	Country of incorporation	Registered address	Nature of business
Workspace 16 (Jersey) Limited	Jersey	Gaspé House, 66-72 The Esplanade, St Helier, Jersey JE2 3QT	Non-trading
Workspace 17 (Jersey) Limited	Jersey	44 Esplanade, St Helier, Jersey JE4 9WQ	Holding Company
Workspace Salisbury Limited[1]	Jersey	44 Esplanade, St Helier, Jersey JE4 9WQ	Property Investment
Centro Property Limited[1]	Guernsey	Martello Court, Admiral Park, St Peter Port, Guernsey GY1 3HB	Non-trading
Stamfordham Road (IOM) Limited[1]	Isle of Man	33-37 Athol Street, Douglas, Isle of Man, IM1 1LB	Non-trading

1. 100% of the ordinary share capital of these subsidiaries is held by other Group companies.

28. LEASES
The majority of the Group's tenant leases are granted with a rolling three to six-month tenant break clause, although property acquisitions have included customer leases which are much longer, with fewer break clauses. The future minimum rental income under leases granted to tenants are shown below.

Land and buildings:	2023 £m	2022 £m
Within one year	85.0	61.1
Between one and two years	28.4	15.9
Between two and three years	16.3	9.6
Between three and four years	9.5	6.5
Between four and five years	8.0	4.4
Beyond five years	18.4	13.3
	165.6	110.8

29. POST BALANCE SHEET EVENTS
On 16 May 2023 the Group announced the exchange for sale of five light industrial and logistics properties in the South East of England for a total consideration of £82.0m. The sale price is in line with the 31 March 2023 valuation and is at a net initial yield of 4.5%.

PARENT COMPANY BALANCE SHEET
AS AT 31 MARCH 2023

	Notes	2023 £m	2022 £m
Fixed assets			
Investments	C	1,313.2	929.8
		1,313.2	929.8
Current assets			
Debtors: amounts falling due within one year	D	534.1	439.1
Cash and cash equivalents		7.0	34.3
		541.1	473.4
Total assets		1,854.3	1,403.2
Current liabilities			
Creditors: amounts falling due within one year	E	(255.2)	(168.9)
Borrowings	F	(50.0)	–
		(305.2)	(168.9)
Creditors: amounts falling due after more than one year			
Borrowings	F	(719.4)	(595.5)
Total liabilities		(1,024.6)	(764.4)
Net assets		829.7	638.8
Capital and reserves			
Share capital		191.6	181.1
Share premium		295.6	295.6
Investment in own shares		(9.9)	(9.9)
Other reserves	G	90.6	32.6
Retained earnings[1]		261.8	139.4
Total shareholders' equity		829.7	638.8

1. Retained earnings for the Company include profit for the year of £166.3m (2022: £7.5m loss).

The notes on pages 252 to 254 form part of these financial statements.

The financial statements on pages 251 to 254 were approved by the Board of Directors on 6 June 2023 and signed on its behalf by:

Graham Clemett
Director

Dave Benson
Director

Workspace Group PLC
Registered number 02041612

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Share capital £m	Share premium £m	Investment in own shares £m	Other reserves £m	Retained earnings £m	Total share-holders' equity £m
Balance at 31 March 2021	181.1	295.6	(9.6)	31.0	191.7	689.8
Loss for the year	–	–	–	–	(7.5)	(7.5)
Total comprehensive loss	–	–	–	–	(7.5)	(7.5)
Transactions with owners:						
Dividends paid	–	–	–	–	(44.8)	(44.8)
Own shares	–	–	(0.3)	–	–	(0.3)
Share based payments	–	–	–	1.6	–	1.6
Balance at 31 March 2022	181.1	295.6	(9.9)	32.6	139.4	638.8
Profit for the year	–	–	–	–	166.3	166.3
Total comprehensive income	–	–	–	–	166.3	166.3
Transactions with owners:						
Shares issued	10.5	–	–	56.6	–	67.1
Dividends paid	–	–	–	–	(43.9)	(43.9)
Share based payments	–	–	–	1.4	–	1.4
Balance at 31 March 2023	191.6	295.6	(9.9)	90.6	261.8	829.7

The notes on pages 252 to 254 form part of these financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

A. ACCOUNTING POLICIES
These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101').

Basis of accounting
The financial statements are prepared and approved by the Directors on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101').

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The financial statements are presented in Sterling.

a) The requirements of IAS 7 to provide a statement of cash flows and related notes for the year.

b) The requirements of IAS 1 to provide a statement of compliance with IFRS.

c) The requirements of IAS 1 to disclose information on the management of capital.

d) The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' to disclose new IFRSs that have been issued but are not yet effective.

e) The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

f) The requirements of IFRS 7 on financial instruments disclosures.

g) The requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement' to disclose information of fair value valuation techniques and inputs.

The above disclosure exemptions are allowed because equivalent disclosures are included in the Group's consolidated financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

A. ACCOUNTING POLICIES CONTINUED
Significant accounting policies
i. Investments
Investments are carried in the Company's balance sheet at cost less impairment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment. Impairment and reversal of impairment is taken to the profit and loss account.

ii. Share based payment and investment in own shares
Incentives are provided to employees under share option schemes. The Company has established an Employee Share Ownership Trust ('ESOT') to satisfy part of its obligation to provide shares when Group employees exercise their options. The Company provides funding to the ESOT to purchase these shares.

The Company has also established an employee Share Incentive Plan ('SIP') which is governed by HMRC rules.

The Company itself has no employees. When the Company grants share options to Group employees as part of their remuneration, the expense of the share options is reflected in a subsidiary undertaking, Workspace Management Limited. The Company recognises this as an investment in subsidiary undertakings with a corresponding increase to equity.

The disclosure requirements for share based payments are met in note 23 of the Group's consolidated financial statements.

iii. Borrowings
Details of borrowings are described in note F to the Parent Company financial statements. Costs associated with the raising of finance are capitalised, amortised over the life of the instrument and charged as part of interest costs.

Taxation
Current income tax is tax payable on the taxable income for the year and any prior year adjustment, and is calculated using tax rates that are relevant to the financial year.

Deferred tax is provided in full on temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised when it is probable that taxable profits will be available against which the deferred tax asset can be utilised.

Dividend distributions
Final dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved, while interim dividends are recognised when paid.

B. PROFIT FOR THE YEAR
As permitted by the exemption in Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The profit attributable to shareholders, before dividend payments, is £166.3m (2022: £7.5m loss). £179.5m were received in the year from subsidiary undertakings (2022: nil).

Dividend payments are disclosed in note 7 to the consolidated financial statements.

C. INVESTMENTS

	Investment in subsidiary undertakings £m
Cost	
Balance at 31 March 2022	1,064.1
Additions in the year	383.4
Balance at 31 March 2023	1,447.5
Impairment	
Balance at 31 March 2022 and 31 March 2023	134.3
Net book value at 31 March 2023	1,313.2
Net book value at 31 March 2022	929.8

An impairment test has performed at the year end by comparing the carrying amount of 100% of investments with the relevant subsidiary financial information to identify whether their net assets, being an approximation of their recoverable amount, are in excess of their carrying amount.

D. DEBTORS

Amounts falling due within one year	2023 £m	2022 £m
Amounts owed by Group undertakings	533.5	438.0
Corporation tax asset	0.6	1.1
	534.1	439.1

Amounts owed by Group undertakings are unsecured and repayable on demand. Interest is charged to Group undertakings.

At the balance sheet date, there is no expectation of any material credit losses on accounts owed by Group undertakings.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023 CONTINUED

E. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £m	2022 £m
Amounts owed to Group undertakings	250.8	165.0
Withholding tax	1.9	1.5
Accruals and deferred income	2.5	2.4
	255.2	168.9

Amounts owed to Group undertakings are unsecured and repayable on demand. Interest is paid to Group undertakings.

F. BORROWINGS

Borrowings and financial instruments	Interest rate	Repayable	2023 £m	2022 £m
Creditors: amounts falling due within one year				
Bank overdraft due within one year or on demand	Base + 2.25%	On demand	–	–
Bank Loan	SONIA + 1.75%[1]	September 2023	50.0	–
Creditors: amounts falling due after more than one year				
3.07% Senior Notes	3.07%	August 2025	80.0	80.0
3.19% Senior Notes	3.19%	August 2027	120.0	120.0
3.6% Senior Notes	3.60%	January 2029	100.0	100.0
Bank Loan	SONIA + 1.77%[2]	December 2025	123.0	–
Green Bond	2.25%	March 2028	300.0	300.0
Total borrowings			773.0	600.0
Less cost of raising finance			(3.6)	(4.5)
Foreign exchange differences			–	–
Net borrowings			769.4	595.5

1. This is an average over the life of the debt. The margin increases from 1.5% to 2.0% over the facility availability period.
2. The base margin is dependent upon the LTV as reported in the client certificate, which is submitted twice a year. The maximum margin is 2.15%. The base margin can be adjusted further by up to 4.5bps dependent upon achievement of three ESG-linked metrics.

All the above borrowings are unsecured.

Maturity analysis of borrowings:	2023 £m	2022 £m
Repayable within one year	50.0	–
Repayable between one and two years	–	–
Repayable between two and three years	203.0	–
Repayable between three and four years	–	80.0
Repayable between four and five years	420.0	80.0
Repayable in five years or more	100.0	440.0
	773.0	600.0

G. CAPITAL AND RESERVES

Movements and notes applicable to share capital, share premium account, investment in own shares, other reserves and share based payment reserve are shown in notes 20 to 23 on pages 246 to 248 and in the statement of changes in equity.

Other reserves:	Equity-settled share based payments £m	Merger reserve £m	Total £m
Balance at 31 March 2021	22.3	8.7	31.0
Share based payments	1.6	–	1.6
Balance at 31 March 2022	23.9	8.7	32.6
Share based payments	1.4	–	1.4
Issue of shares	–	56.6	56.6
Balance at 31 March 2023	25.3	65.3	90.6

FIVE-YEAR PERFORMANCE (UNAUDITED)

2019–2023

	31 March 2023 £m	31 March 2022 £m	31 March 2021 £m	31 March 2020 £m	31 March 2019 £m
Rents receivable	136.7	104.3	118.0	132.7	123.7
Service charges and other income	37.5	28.6	24.3	28.7	25.7
Revenue	174.2	132.9	142.3	161.4	149.4
Trading profit before interest	95.1	67.4	62.5	104.3	93.9
Net interest payable[1]	(34.4)	(20.5)	(23.8)	(23.3)	(21.5)
Trading profit after interest	60.7	46.9	38.7	81.0	72.4
Profit/(loss) before taxation	(37.5)	124.0	(235.7)	72.5	137.3
Profit/(loss) after taxation	(37.8)	123.9	(235.7)	72.1	137.3
Basic earnings/(loss) per share	(19.9)p	68.2p	(130.3)p	40.0p	78.9p
Dividends per share	25.8p	21.5p	17.75p	36.16p	32.87p
Dividends (total)	49.4	40.6	32.1	65.4	59.3
Investment properties	2,643.3	2,366.7	2,349.9	2,586.3	2,591.4
Other assets less liabilities	46.4	(9.4)	(65.5)	(47.1)	(29.2)
Net debt	(902.0)	(557.7)	(564.9)	(541.2)	(580.2)
Net assets	1,787.7	1,799.6	1,719.5	1,998.0	1,982.0
Gearing	50%	31%	33%	27%	29%
Loan to value	33%	23%	24%	21%	22%
EPRA Net Tangible Assets (NTA)	£9.27	£9.88	£9.38	£10.88	£10.85

1. Excludes exceptional items.

PERFORMANCE METRICS (UNAUDITED)

	31 March 2023 £m	31 March 2022 £m	31 March 2021 £m	31 March 2020 £m	31 March 2019 £m
Workspace Group:					
Number of estates	86	57	58	59	64
Lettable floorspace (million sq. ft.)	5.2	4.0	3.9	3.9	3.9
Number of lettable units	4,910	4,482	4,196	4,009	4,796
Average unit size (sq. ft.)	1,065	844	942	922	975
Rent roll of occupied units	£140.1m	£111.0m	£103.9m	£132.8m	£127.5m
Overall rent per sq. ft.	£32.86	£33.26	£33.90	£39.18	£38.45
Overall occupancy	81.50%	84.3%	77.8%	87.0%	84.8%
Enquiries (number)	10,563	11,007	8,870	13,041	12,575
Lettings (number)	1,312	1,520	1,146	1,454	1,238
EPRA Measures					
EPRA Earnings per share	29.4p	26.2p	21.3p	44.5p	40.3p
EPRA Net Tangible Asset per share	£9.27	£9.88	£9.38	£10.88	£10.85

PROPERTY PORTFOLIO 2023 (UNAUDITED)

Property name	Postcode	Category	Lettable floor area sq. ft.	Net rent roll of occupied units £
Ancells Road	GU51 2UN	Acquisitions	34,577	422,979
Archer Street Studios	W1D 7AZ	Like-for-like	14,984	854,489
Ashcombe House	KT22 8LQ	Acquisitions	17,452	148,468
Barley Mow Centre	W4 4PH	Refurbishment	77,995	1,856,864
Blackthorne Road	SL3 0AH	Acquisitions	73,507	814,741
Brickfields	E2 8HD	Like-for-like	56,755	2,236,916
Brunel Road	RG7 4XE	Acquisitions	135,094	1,361,312
Building 329	RG12 8PE	Acquisitions	32,516	547,097
Busworks	N7 9DP	Refurbishment	104,571	1,280,589
Canalot Studios	W10 5BN	Like-for-like	48,030	1,173,776
Cannon Wharf	SE8 5EN	Like-for-like	32,619	608,021
Cargo Works	SE1 9PG	Like-for-like	65,942	3,277,690
Castle Lane	SW1E 6DR	Acquisitions	14,254	796,923
Centro Buildings	NW1 0DU	Like-for-like	203,183	8,329,087
China Works	SE1 7SJ	Like-for-like	68,809	2,225,162
Chiswick Studios	W4 5PY	Like-for-like	11,378	375,441
Chocolate Factory (part)	N22 6XJ	Refurbishment	28,752	493,928
Clerkenwell Workshops	EC1R 0AT	Like-for-like	52,879	2,393,340
Columbia House	GU14 0GT	Acquisitions	40,756	660,000
Corinthian House	CR0 2BX	Acquisitions	43,749	647,426
Crown Square	GU21 6HR	Acquisitions	47,971	668,778
Cygnet House	TW18 4RH	Acquisitions	3,437	76,727
E1 Studios	E1 1DU	Like-for-like	40,430	913,514
East London Works	E1 1DU	Like-for-like	38,333	936,022
Edinburgh House	SE11 5DP	Like-for-like	64,513	2,578,617
Evergreen Studios	TW9 1QE	Acquisitions	17,323	920,000
Exmouth House	EC1R 0JH	Like-for-like	51,106	2,531,786
Five Acre Site	CT19 5DR	Acquisitions	60,536	327,489
160 Fleet Street	EC4A 2DQ	Refurbishment	42,566	1,458,694
Fuel Tank	SE8 3DX	Like-for-like	35,189	702,685
Gainsborough House	SL4 1TX	Acquisitions	18,661	548,417
338 Goswell Road	EC1V 7LQ	Like-for-like	41,490	1,952,558
Grand Union Studios	W10 5AD	Like-for-like	62,958	1,742,997
60 Gray's Inn Road	WC1X 8AQ	Like-for-like	36,139	1,918,031
9 Greyfriars Road	RG1 1NU	Acquisitions	38,493	918,503
20-30 Greyfriars Road	RG1 1NL	Acquisitions	33,344	586,000
Havelock Terrace	SW8 4AS	Refurbishment	58,164	1,252,217
Ink Rooms	WC1X 0DS	Like-for-like	22,235	887,176
Kennington Park	SW9 6DE	Like-for-like	348,879	10,088,945
Leroy House	N1 3QP	Refurbishment	0	0
Lock Studios	E3 3YD	Redevelopment	54,237	1,060,164
Lower Cherwell Street	OX16 5AY	Acquisitions	40,060	277,498
Mallard Court	TW18 4RH	Acquisitions	22,176	335,058
Mare Street Studios	E8 3QE	Refurbishment	54,863	1,419,496
Metal Box Factory	SE1 0HS	Like-for-like	106,316	6,433,969
Mirror Works	E15 2NH	Redevelopment	39,669	668,478
Morie Street	SW18 1SL	Like-for-like	21,707	445,183
Oakwood Trade Park	RH10 9AZ	Acquisitions	51,834	838,924
Pall Mall Deposit	W10 6BL	Refurbishment	60,092	1,373,871
Parkhall Business Centre	SE21 8EN	Refurbishment	122,665	1,967,982
Parma House / Chocolate Factory	N22 6XF	Redevelopment	34,983	179,660
Peer House	WC1X 8LZ	Like-for-like	9,739	272,663
Pegasus Place	RH10 9AY	Acquisitions	50,544	1,128,060
Pill Box	E2 6GG	Like-for-like	50,409	1,133,569
Poplar Business Park	E14 9RL	Like-for-like	65,178	1,030,806
Portsoken House	EC3N 1LJ	Acquisitions	49,640	1,604,519
Prospero House	RH1 1LP	Acquisitions	48,934	1,208,782
Q West	TW8 0GP	Redevelopment	54,960	610,119
Rainbow Industrial Park (Part)	SW20 0JK	Like-for-like	21,180	428,461
Rainbow Industrial Park (Phase 2)	SW20 0JK	Redevelopment	89,934	250,707

PROPERTY PORTFOLIO 2023 (UNAUDITED)
CONTINUED

Property name	Postcode	Category	Lettable floor area sq. ft.	Net rent roll of occupied units £
Rivergate House	RG14 2PZ	Acquisitions	61,396	1,244,886
Riverside (Commercial)	SW18 4UQ	Refurbishment	43,000	0
Salisbury House	EC2M 5QQ	Like-for-like	215,594	10,555,322
ScreenWorks	N5 2EF	Like-for-like	63,974	2,116,254
Sopwith Drive	KT13 0UZ	Acquisitions	62,198	0
Swan Court	SW19 4JS	Acquisitions	57,543	1,679,741
The Switchback	SL6 7RJ	Acquisitions	36,817	715,629
The Biscuit Factory (Cocoa Studios)	SE16 4DG	Like-for-like	39,298	1,045,538
The Biscuit Factory (Part)	SE16 4DG	Like-for-like	122,724	2,184,430
The Biscuit Factory (J Block)	SE16 4DG	Refurbishment	83,811	1,240,566
The Frames	EC2A 4PS	Like-for-like	51,864	3,099,879
The Leather Market	SE1 3ER	Like-for-like	146,925	5,069,539
The Light Box	W4 5PY	Like-for-like	74,135	1,780,953
The Light Bulb (part)	SW18 4GQ	Like-for-like	52,699	1,218,489
The Light Bulb (Phase 2)	SW18 4WW	Redevelopment	17,226	317,091
The Mille	TW8 9DW	Acquisitions	96,698	2,085,628
The Planets	GU21 6HR	Acquisitions	98,255	0
Three Acre Site	CT19 5FG	Acquisitions	44,300	349,525
Old Dairy	EC2A 4HT	Refurbishment	56,983	2,180,261
The Print Rooms	SE1 0LH	Like-for-like	45,622	2,457,785
The Record Hall	EC1N 7RJ	Like-for-like	57,015	3,011,278
The Shaftesbury Centre	W10 6BN	Like-for-like	12,627	261,912
The Shepherds Building	W14 0DA	Like-for-like	141,805	5,222,800
Thurston Road	SE13 7SH	Redevelopment	7,133	123,033
Vox Studios	SE11 5JH	Like-for-like	106,944	4,214,705
Wenlock Studios	N1 7EU	Refurbishment	30,939	921,189
Westbourne Studios	W10 5JJ	Refurbishment	56,756	1,775,290
Willoughby Road	RG12 8FB	Acquisitions	54,157	594,947
66 Wilson Street	EC2A 2BT	Acquisitions	11,893	461,472

GLOSSARY OF TERMS

Earnings per share ('EPS') is the profit after taxation divided by the weighted average number of shares in issue during the period.

Employee Share Ownership Trust ('ESOT') is the trust created by the Group to hold shares pending exercise of employee share options.

EPRA EPS is a definition of earnings per share as set out by the European Public Real Estate Association ('EPRA'). It is based on operating earnings where profit before tax is adjusted to exclude the impact of any changes in property valuation, gains or losses on property disposals and fair value movements.

EPRA Net Asset Value ('EPRA NAV') is a definition of net asset value as set out by EPRA. It is adjusted to include investment properties at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.

EPRA Net Reinstatement Value ('EPRA NRV') represents the value required to rebuild an entity, assuming that no asset sales takes place. Assets and liabilities that are not expected to crystallise in normal circumstances, such as fair value movements on derivatives and deferred tax on property valuation movements, are excluded.

EPRA Net Tangible Assets ('EPRA NTA') focuses on a company's tangible assets and assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

EPRA Net Disposal Value ('EPRA NDV') represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

Equivalent yield is a weighted average of the initial yield and reversionary yield and represents the return a property will produce based upon the timing of the occupancy of the property and timing of the income receivable. This is approximated by the reversionary yield multiplied by the Group trend occupancy of 90%.

Estimated Rental Value ('ERV') or market rental value is the Group's external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review.

Exceptional items are significant items of income or expense that by virtue of their size, incidence or nature are shown separately on the consolidated income statement to enable a full understanding of the Group's financial performance.

Gearing is the Group's net debt as a percentage of net assets.

Green Finance Framework is aligned with ICMA's Green Bond Principles (2018 edition) and LMA's Green Loan Principles (2021 edition) and addresses UN SDGs 7, 11, 12 and 13. The framework allows Workspace to issue a variety of GDIs and sets out the principles for the use and management of proceeds from GDIs.

ICMA is the International Capital Market Association.

Initial yield is the net rents generated by a property or by the portfolio as a whole expressed as a percentage of its valuation.

Interest cover is the number of times net interest payable is covered by net rental income.

Like-for-like are those properties with stabilised occupancy, excluding recent acquisitions and buildings impacted by significant refurbishment or redevelopment activity.

Loan to Value ('LTV') is net debt divided by the current value of properties owned by the Group as valued by CBRE.

LMA is the Loan Market Association.

MSCI IPD MSC Inc is a company that produces independent benchmarks of property returns under the brand IPD.

Net Asset Value per share ('NAV') is net assets divided by the number of shares at the period end.

Net debt is the amount drawn on bank and other loan facilities, including overdrafts, less cash deposits. This excludes any foreign exchange movements.

Net rents are rents excluding any contracted increases and after deduction of inclusive service charge revenue.

Occupancy is the area of space let divided by the total net lettable area (excluding land used for open storage) expressed as a percentage.

Property Income Distribution ('PID') a dividend generally subject to withholding tax that a UK REIT is required to pay from its tax-exempted property rental business and which is taxable for UK resident shareholders at their marginal tax rate.

REIT is a Real Estate Investment Trust as set out in the UK Finance Act 2006 Sections 106 and 107. REITs pay no corporation tax on profits derived from their property rental business.

Rent roll is the annualised net rent of occupied units for a property or portfolio of properties at a reporting date.

Reversionary yield is the anticipated yield, which the initial yield will rise to once the rent reaches the estimated rental value. It is calculated by dividing the ERV by the valuation.

SONIA is the Sterling Overnight Interbank Average Rate, an important interest benchmark administrated by the Bank of England.

Total Accounting Return is the growth in absolute EPRA net asset per share plus dividends paid in the year as a percentage of the opening EPRA net asset value per share.

Total Property Return ('TPR') is a percentage measure calculated by MSCI IPD and defined in the MSCI Global Methodology for Real Estate Investment as the percentage of value change plus net income accrued relative to the capital employed.

Total Shareholder Return ('TSR') is the growth in ordinary share price as quoted on the London Stock Exchange plus dividends per share received for the year, expressed as a percentage of the share price at the beginning of the year.

Trading profit after interest is net rental income, less administrative expenses and finance costs (excluding exceptional finance costs).

UN SDGs is UN Sustainable Development Goals which are addressed in the Green Finance Framework.

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Alternatively, shareholders can contact Computershare online via their free Investor Centre facility. Shareholders have the ability to set up or amend bank details for direct credit of dividend payments, amend address details, view payment history and access information on the Company's share price. For more information or to register, please visit www.investorcentre.co.uk

Website
The Company has an investor website which holds, amongst other information, a copy of the latest Annual Report and Accounts, a list of properties held by the Group and copies of all press announcements. The site can be found at www.workspace.co.uk/investors

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