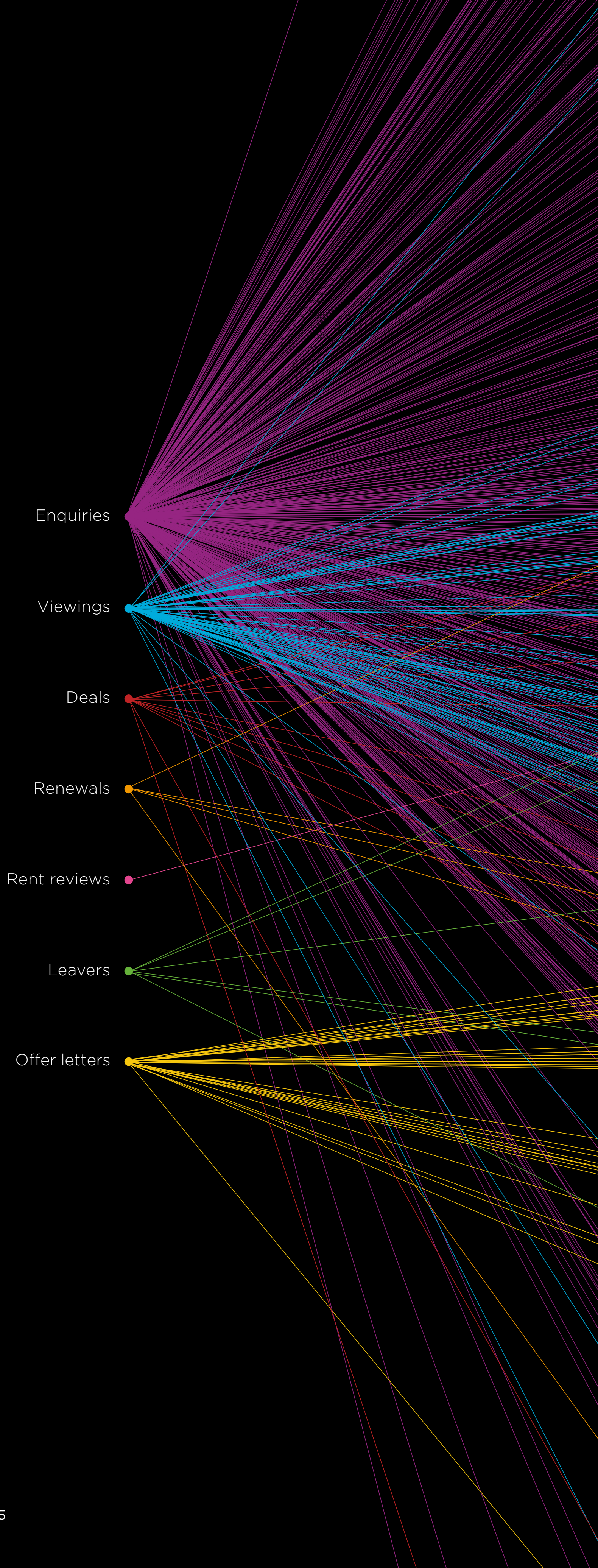
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Our governance

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Operational activity conducted by our business in the year.

Daniel Kitchen
Non-Executive Chairman

We believe that good governance, based on robust practices and processes, is a fundamental part of being a responsible business and delivering for shareholders.

Related information:
Nominations Committee Report p.73 to 74

Induction, training and development p.70

Dear Shareholder

On behalf of the Board I am pleased to present the Company's Corporate Governance Report for the financial year ended 31 March 2015.

The Board of Workspace is committed to conducting business responsibly and maintaining a high standard of corporate governance in terms of leadership, remuneration matters, accountability, Board effectiveness and in our relationship with our shareholders.

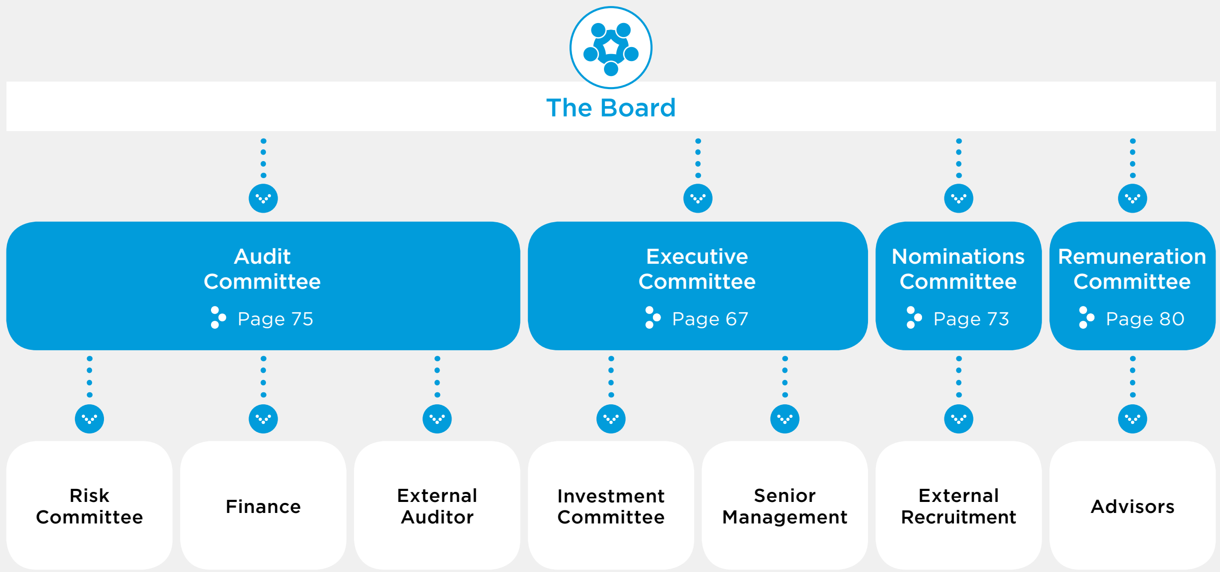
This Corporate Governance Report is intended to give an insight into how the Board operated during the year under review. Throughout the year, the Company complied with the UK Corporate Governance Code. Full details of the Company's governance arrangements in compliance with the Principles of the UK Corporate Governance Code are included on page 62 to 103.

As you will have read in the Chief Executive's Report on page 18, it has been a strong year for the business, which has achieved strong returns and is well placed to deliver its strategic goals.

An effective Board

In order to ensure we uphold best practices and operate effectively, the Board benefited during the year from the insights gained from an external evaluation of its performance. We appointed Sean O'Hare of Boardroom Dialogue Ltd who facilitated an external Board effectiveness review in March 2015 to consider the way in which we carry out our role as Directors of Workspace and conduct ourselves in the boardroom, as well as the Board's structure and processes. The review covered the Board, its Committees, individual Directors and the Company Secretary and included interviews with each of the

Corporate Governance structure



Directors, members of the Executive Committee and the Company Secretary. The findings were reported back to me and the output was reviewed at the March 2015 Board Meeting.

I am pleased to report that the thorough exercise conducted by Boardroom Dialogue Ltd, an independent organisation which provides no other services to the Group, concluded that the Board operated in an efficient and effective manner.

As you would expect, the evaluation resulted in certain specific recommendations for increased focus on a small number of key areas and these will form the basis of our action plan for 2015. Details of these recommendations can be found on page 71 of the Corporate Governance Report.

Board changes and succession planning

Since my last report to you, there have been a number of changes to the Board and its Committees. After the Annual General Meeting (AGM) in 2014, Bernard Cragg retired from the Board and Chris Girling assumed the role of Senior Independent Non-Executive Director and Chairman of the Audit Committee. Also in July 2014, we were delighted to welcome Stephen Hubbard to the Board. His strong and in-depth knowledge of the property industry complements the skills of the Board.

Stephen is Chairman of CBRE UK and is a member of their Management Board. The Valuation Advisory Division of CBRE acts as the Group's external valuer and, recognising the effect that this may have on the perception of his independence, the Board reviewed Stephen's position prior to his appointment in July 2014. Following this, the Board was and is completely satisfied that he remains independent in judgement and character. This will be assessed by the Board each year prior to his reappointment at the AGM.

Stephen has no involvement, at any stage, in the Group's valuation exercise and takes no part in any discussion concerning CBRE's role and fees.

A report on the recruitment process is described in the Nominations Committee Report on page 74.

Communication with shareholders and other investors

Communication with all our shareholders is a high priority for the Board. On publication of the Company's annual and half year results, the Chief Executive Officer and Chief Financial Officer present to institutional investors and analysts, as well as holding one-to-one briefings.

In October 2014, Workspace hosted two events for investors and analysts. The events showcased the Group's recent acquisitions, current refurbishments and development activity and demonstrated how Workspace plans to continue to drive value and growth. Workspace also participated in EPRA's Annual Conference in September 2014 and took registered guests on a tour of a selection of the Group's assets.

Finally, Dr Maria Moloney, Chairman of the Remuneration Committee, and I met with investors during the year to discuss proposals on Executive Director Remuneration for 2015.

I am pleased with the progress we have made this year across the governance agenda. We have built a committed Board that is working well in the interests of all shareholders and each Director continues to contribute effectively, demonstrating commitment to their role and to the continued strong performance of the Company.

Daniel Kitchen
Non-Executive Chairman
2 June 2015

THE BOARD AND EXECUTIVE COMMITTEE

This year we have photographed our Executive team at the newly opened Metal Box Factory at Bankside.

1. Daniel Kitchen
Non-Executive Chairman

2. Jamie Hopkins
Chief Executive Officer

3. Graham Clemett
Chief Financial Officer

4. Maria Moloney
Non-Executive Director

5. Chris Girling
Senior Independent
Non-Executive Director

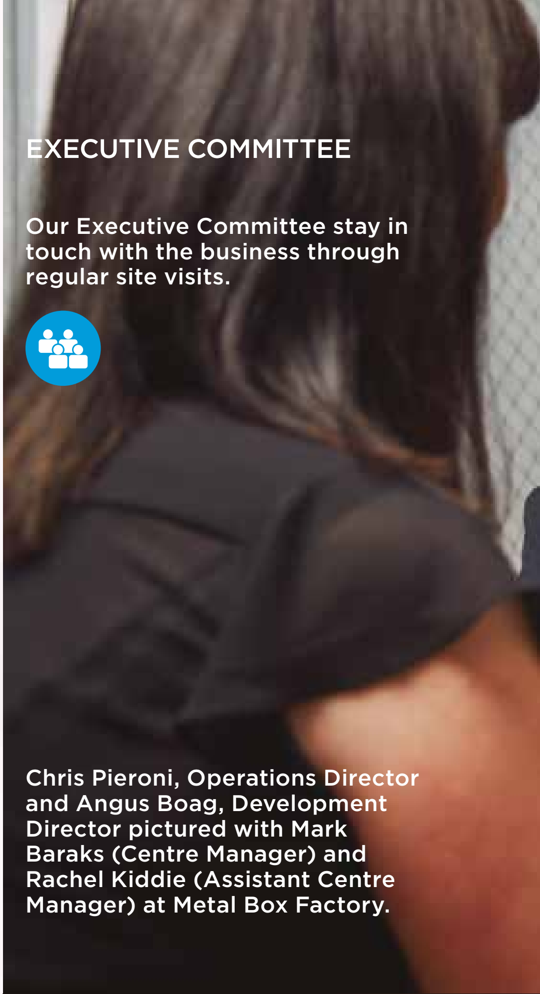
6. Damon Russell
Non-Executive Director

7. Stephen Hubbard
Non-Executive Director

8. Carmelina Carfora
Company Secretary

EXECUTIVE COMMITTEE

Our Executive Committee stay in touch with the business through regular site visits.



Chris Pieroni, Operations Director and Angus Boag, Development Director pictured with Mark Baraks (Centre Manager) and Rachel Kiddie (Assistant Centre Manager) at Metal Box Factory.

Jamie Hopkins, Chief Executive Officer and Graham Clemett, Chief Financial Officer pictured with customers Jason and David from J3 Partners in the Games Room at Metal Box Factory.

The Board

1. Daniel Kitchen
Non-Executive Chairman

Committee memberships:
Chairman of the Nominations Committee and a member of the Remuneration Committee.

Background and relevant experience:
Daniel Kitchen was appointed to the Board on 6 June 2011 and subsequently took on the role as Chairman in July 2011. He was previously Deputy Chief Executive at Heron International plc and prior to that was Finance Director at Green Property for eight years. He retired as Non-Executive Chairman of Irish Nationwide Building Society in July 2011 and as Non-Executive Director of Kingspan Group PLC in May 2012.

Current external appointments:
He is currently Chairman of Hibernia REIT plc, a Non-Executive Director of LXB Retail Properties PLC, Irish Takeover Panel Limited and Governor of St Patrick Hospital in Dublin.

2. Jamie Hopkins
Chief Executive Officer

Background and relevant experience:
Jamie Hopkins was appointed to the Board as a Non-Executive Director in June 2010 then subsequently took on the role as Chief Executive Officer on 1 April 2012. He was previously Chief Executive and then a Non-Executive Director of Mapeley PLC and a Director of Chester Properties. Prior to that, Jamie was a Director of Delancey Estates and Savills.

Current external appointments:
Jamie is a member of the Corporate Board of Great Ormond Street Hospital Children's Charity and a member of the London Enterprise Panel's Small and Medium Enterprise Working Group.

3. Graham Clemett
Chief Financial Officer

Background and relevant experience:
Graham Clemett joined the Board as Finance Director in July 2007. Previously he was Finance Director for UK Corporate Banking at RBS Group PLC where he worked for a period of five years. Prior to that, Graham spent eight years at Reuters Group PLC, latterly as Group Financial Controller.

4. Maria Moloney
Non-Executive Director and Chairman of the Remuneration Committee

Committee memberships:
Member of the Audit and Nominations Committees.

Background and relevant experience:
Maria Moloney was appointed to the Board in May 2012. She was previously on the Board of the Belfast Harbour Commissioners, the Industrial Development Board for Northern Ireland, the Northern Ireland Transport Holdings, Independent Television Commission, London and Broadcasting Authority of Ireland.

Current external appointments:
Maria, a lawyer, is currently on the Board and a Trustee of the N. Ireland Cancer Centre in Belfast.

5. Chris Girling
Senior Independent Non-Executive Director and Chairman of the Audit Committee

Committee memberships:
Member of the Remuneration and Nominations Committees.

Background and relevant experience:
Chris Girling, a Chartered Accountant, was appointed to the Board in February 2013. He was previously Group Finance Director of Carillion PLC.

Current external appointments:
Chris is currently a Non-Executive Director and Chairman of the Audit Committees of Keller PLC and South East Water Limited and Chair of Trustees for the Slaughter and May Pension Fund.

6. Damon Russell
Non-Executive Director

Committee memberships:
Member of the Remuneration, Audit and Nominations Committees.

Background and relevant experience:
Damon was appointed to the Board in May 2013. Damon is currently Chairman of New Telecom Express Group, an interactive media service provider, and has more than 20 years' experience in the industry. He co-founded the company in 1989. Telecom Express was sold to AMV BBDO, part of the Omnicom Group, in 1998. In 2004, Damon led a successful management buyout.

Current external appointments:
Damon holds advisory roles for a number of smaller companies in the digital media sector.

7. Stephen Hubbard
Non-Executive Director

Committee memberships:
Member of the Remuneration, Audit and Nominations Committees.

Background and relevant experience:
Stephen Hubbard was appointed to the Board in July 2014. Stephen is currently Chairman of CBRE UK. He joined Richard Ellis in 1976 and held the position of head of EMEA and UK Capital Markets from 1998 to 2012.

Current external appointments:
Stephen is Chairman of London Business Network and a member of the advisory board for Redevco which is a pan European property holding company.

8. Carmelina Carfora
Company Secretary

Background and relevant experience:
Carmelina Carfora was appointed Company Secretary in March 2010. She was previously Group Company Secretary of Electrocomponents Plc. She has also worked in the construction industry and for a consultancy firm offering company secretarial services.

Executive Committee

9. Angus Boag
Development Director

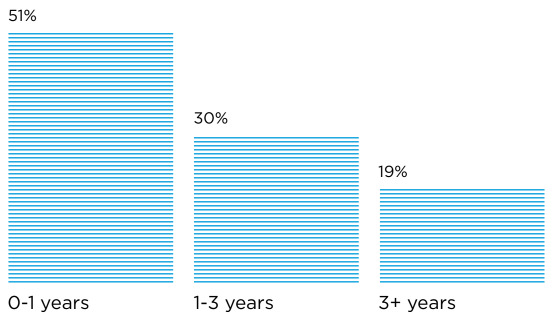
Background and relevant experience:
Angus Boag joined the Group in June 2007 as Development Director. He has extensive experience in property and construction management and was a principal consultant at PA Consulting Group. Prior to joining the Group he was at Manhattan Loft Corporation for 12 years joining as Development Director and then being appointed as Managing Director in 2001.

10. Chris Pieroni
Operations Director

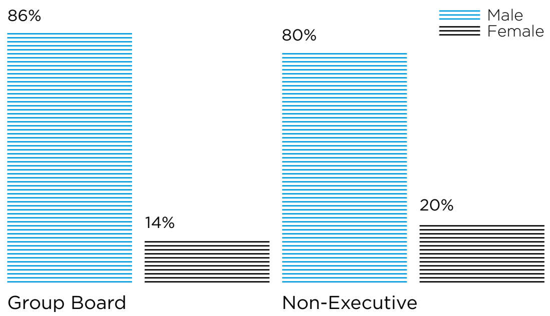
Background and relevant experience:
Chris Pieroni joined the Group as Operations Director in October 2007. Chris is responsible for asset management, marketing, professional services, brand and business development. Prior to joining Workspace, he worked at KPMG specialising in real estate and infrastructure finance. He began his professional career teaching economics at Cambridge University. Chris was a Non-Executive Director of the Group from 2000 until his retirement from the Board in August 2006.

Current external appointments:
Chris was appointed as Chairman of the Business Centre Association in May 2014.

Board tenure



Board gender diversity



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Corporate governance principles and compliance statement

The Board is committed to maintaining high standards of corporate governance and we support and apply the principles of good governance advocated by the UK Corporate Governance Code (the Code). The Board works with honesty and integrity which it considers is vital to building a sustainable business for all of our stakeholders.

The Board believes that implementing a robust governance and corporate social responsibility framework in which appropriate management structures, processes and safeguards are adopted and are transparently communicated to shareholders is essential in aiding sustainable long-term economic performance.

Compliance with the UK Corporate Governance Code

The Board considers that it and the Company have, throughout the year ended 31 March 2015, complied with the provisions of the UK Corporate Governance Code (September 2012), which is the version of the Code which applies to the Company for its financial year. The application of the principles contained in the Code is described below. Detailed reports on Directors' remuneration and the Audit Committee can be found on pages 80 to 99 and pages 75 to 79.

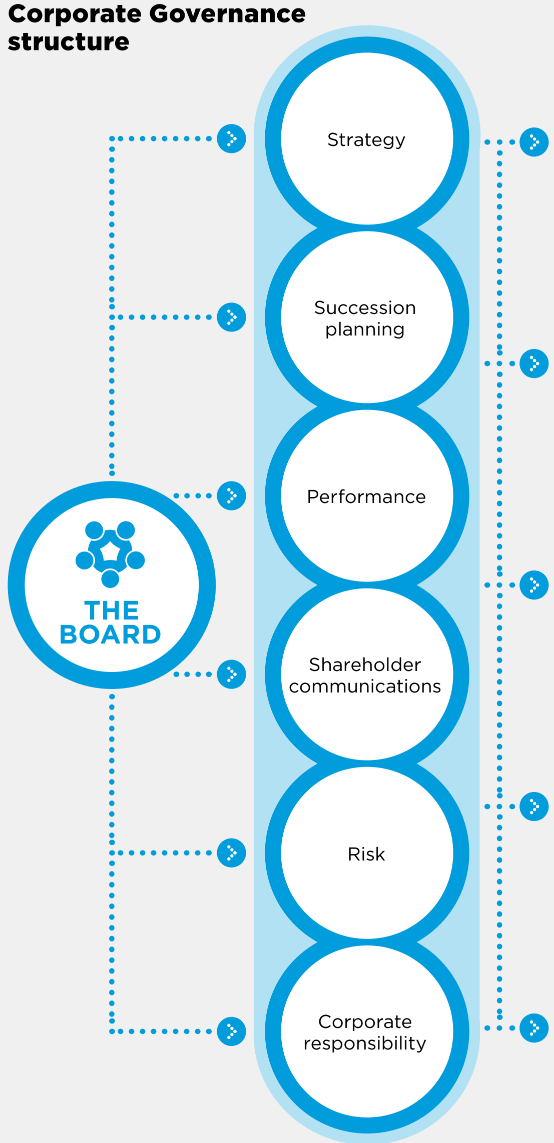
Corporate Governance structure

The Board is responsible to shareholders for the strategic direction of the Group and the stewardship of its activities.

The Board has a number of standing committees to which specific responsibilities have been delegated and for which written terms of reference have been agreed.

Leadership

Corporate Governance structure



Executive Committee
- Address Group-wide issues and initiatives.
- Monitor the operating and financial results against plans and budgets.
- Make recommendations to the Board for its approval of any business initiative with a value of more than £2m.
- Review the effectiveness of risk management and control procedures.
- Review and monitor progress of delivery against sustainability agenda.
- Ongoing review of Health and Safety.

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Investment Committee
- Approve any acquisition or disposal of investment properties.
- Review and approve capital expenditure, disposals and certain property acquisitions within established levels of authority.
- Review and monitor integration plans for acquisitions.
- Approve and monitor development contracts.
- Approve and monitor asset management and property improvements

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Audit Committee
- Ensure the integrity of financial reporting and audit processes.
- Ensure maintenance of a sound internal control and risk management system.
- Review and monitor the external auditors' independence, objectivity and effectiveness of the audit process.
- Establish and implement the policy on non-audit services

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Nominations Committee
- Assess what new skills, knowledge and experience are required on the Board.
- Recommend to the Board candidates for appointment as Executive and Non-Executive Directors ('NEDs') of the Group.
- Consider succession policies, talent management and diversity services.

Page 73

Remuneration Committee
- Oversee all aspects of remuneration for Executive Directors.
- Recommend the Chairman's remuneration.
- Consider remuneration policy and practices of the workforce.

Page 80

An effective leadership structure

The Board

The Board is collectively responsible for the performance and long-term success of the Company, for its leadership, strategy, values, standards, control and management. The Board will review and monitor strategic plans and objectives, approve the acquisition of investment properties, disposals, financing arrangements and capital expenditure and of the Group's systems of internal control, governance and risk management. Details of the Group strategy are set out in the Strategic Report on pages 18 to 53.

Other day-to-day operational decisions are delegated by the Board to the Executive Committee, subject to formal delegated authority limits; however certain matters have been reserved for consideration by the Board.

The Chairman promotes open discussion among the Board members and encourages the Non-Executive Directors to constructively challenge strategic and other business-related debate in order to ensure that the decisions adopted by the Board have been vigorously tested.

To assist the Board in effectively discharging its duties, Directors receive relevant supporting information, which includes but is not limited to the monthly Group's financial results, performance reports and risk assessment reports. Equally, the Board routinely considers safety, environmental, ethical and reputational issues in order to ensure that they are fully reflected in the risk management process.

Senior Management
- Assist the Executive and Investment Committee in the running of day-to-day operations in line with Group strategy.
- Review and track major initiatives.
- Attend regular meetings with the Executive and Investment Committee to review performance and operational activity.

External Auditor
- Audit and express an opinion on the financial statements for both the Group and subsidiaries in accordance with applicable law and International Standards on Auditing (UK and Ireland).

Finance
- Produce the interim and annual financial reports and associated announcements.
- Establish and monitor financial processes of control and cash management.
- Review Dividend Policy.
- Review the compliance with the REIT regime and overall tax compliance.

Risk Committee
- Review and identify risks facing the Group.
- Ensure that appropriate controls are in place to review each issue raised.
- Provide reports to the Audit Committee.

External Recruitment
- Advise and assist the Committee in the search for appropriate candidates.
- Advise and assist the Nominations Committee in increasing the effectiveness of the Board and ensure that diversity continues to be a major factor in profiling candidates.

Advisors
- Advise on all aspects of executive remuneration and aspects associated with the LTIP and other share schemes.
- Advise on administration and the tax treatment of share option schemes and deferred share awards.

The governance framework implemented by the Group ensures that open communication channels exist between the Board, its principal Committees and within the organisation. Copies of Committee minutes are distributed to all Directors and Committee Chairmen report back to the Board.

Board activities

The full schedule of matters reserved for the Board can be found on the Company website at www.workspace.co.uk. At least once a year the Board reviews the nature and scale of matters reserved for its decision and these include: Dividend Policy, Company Strategy, Board and Committee composition, significant funding decisions and corporate transactions.

Board activities in 2014/15

During the year under review, the Board considered the following:

Reviewed progress of the strategy and business objectives:

- In September 2014, the Board held its annual Strategy Day which included, amongst other matters, a review of the business plan objectives, a discussion on the economic outlook and consideration given to other growth opportunities; and
- Review of risk and the Group's health and safety arrangements.

Monitored trading performance of the business and considered other finance matters:

- Finance matters including budgets, business plans and significant refinancing opportunities;
- In November 2014, the Company announced the successful completion of a Cash-Box Placing, raising gross proceeds of approximately £96.5m;
- In December 2014, the Company agreed terms with the former lenders of the Glebe Joint Venture for the termination of the Glebe Proceeds Share Agreement in return for a cash payment of £30m; and
- Annual and interim results, interim management statements and dividends.

Considered the Group's property valuation and investment decisions:

- Approval of redevelopment activity and major developments;
- Significant investment decisions including five property acquisitions during the year of £80m; and
- We realised £44m from the disposal of 10 non-core Industrial Estates.

Reviewed succession planning and Board performance:

- The Board engaged an external party to undertake a review of its own performance and that of the Committees and the Directors; and
- Approval of Board appointments, retirements and ensuring adequate succession planning is in place.

Board and committee meetings attendance

The Board has regular scheduled meetings and met nine times during the past financial year. Supplementary meetings are also held as and when necessary.

The Directors are expected to attend all meetings of the Board, and of those Committees on which they serve and the Annual General Meeting (AGM), and to devote sufficient time to the Company's affairs to enable them to fulfil their duties as Directors. Details of Directors' attendance at each of the Board and Committee meetings during the year ended 31 March 2015 are set out in the table below.

Scheduled meetings and attendance

Board	9 meetings
Daniel Kitchen	●●●●●●●●●
Jamie Hopkins	●●●●●●●●●
Graham Clemett	●●●●●●●●●
Damon Russell	●●●●●●●●●
Bernard Cragg[1]	●●●●○○○○○
Maria Moloney	●●●●●●●●●
Chris Girling	●●●●●●●●●
Stephen Hubbard[2]	○○○●●●●●●

Audit Committee	4 meetings
Chris Girling	●●●●
Damon Russell	●●●●
Bernard Cragg[1]	●●○○
Maria Moloney	●●●●
Stephen Hubbard[2]	○○●●

Remuneration Committee	8 meetings
Maria Moloney	●●●●●●●●
Daniel Kitchen	●●●●●●●●
Damon Russell	●●●●●●●●
Bernard Cragg[1]	●●●●○○○○
Chris Girling	●●●●●●●●
Stephen Hubbard[2]	○○○○●●●●

Nominations Committee	5 meetings
Daniel Kitchen	●●●●●
Damon Russell	●●●●●
Bernard Cragg[1]	●●●○○
Maria Moloney[3]	●●●●○
Chris Girling	●●●●●
Stephen Hubbard[2]	○○○●●

Notes:
1. Bernard Cragg retired from the Board on 16 July 2014.
2. Stephen Hubbard was appointed to the Board with effect from 16 July 2014; consequently, Mr Hubbard attended his first Board Meeting on 16 July 2014.
3. Maria Moloney did not attend one meeting of the Nominations Committee given that the meeting was to review and approve her reappointment.

Where Directors are unable to attend meetings, they are still provided with papers in advance of the meeting and their comments, as appropriate, are provided to the Board or Committee Chairman prior to the meeting.

Board Committees

The Board has a number of standing Committees, namely the Remuneration, Audit, and Nominations Committees to enable the Board to operate effectively and ensure a strong governance framework.

Each Committee has written terms of reference which were reviewed by each of the Committees and the Board during the year. The terms of reference for the Nominations, Audit and Remuneration Committees are available for inspection on the Company's website at www.workspace.co.uk.

Each of these Committees is comprised of independent Non-Executive Directors of the Company who are appointed by the Board. Board members receive minutes of meetings of all the Board's Committees and can request presentations or reports on areas of interest.

The Company Secretary is secretary to each Committee.

The activity of each Committee is described on pages 73 to 99.

The Executive Committee

The Executive Committee consists of the Executive Directors together with the Operations Director and Development Director. It is chaired by the Chief Executive Officer. The purpose of the Committee is to facilitate and assist the Chief Executive Officer in managing the day-to-day activities of the Group and addressing Group-wide issues and initiatives. The Executive Committee is responsible for reviewing and approving capital expenditure at certain levels as determined by the Board; the monitoring of the operating and financial results against plans and budgets; and to ensure the effectiveness of risk management and control procedures. The Executive Committee has its own terms of reference.

The Committee has met 18 times during the year ended 31 March 2015.

The responsibilities of the Executive Committee members include:

Jamie Hopkins, Chief Executive Officer
Strategic management; investor relations; day-to-day operations; acquisitions and disposals; health and safety; staff; equal opportunities; remuneration; and training and development.

Graham Clemett, Chief Financial Officer
Finance; treasury; tax; company secretarial; investor relations; and the Group's IT strategy.

Chris Pieroni, Operations Director
Portfolio performance; asset management; lettings and marketing; rent reviews; and renewals.

Angus Boag, Development Director
Planning consents; development of assets; valuations; disposals; sustainability; and environmental strategy.

The Investment Committee

The Investment Committee consists of the Executive Directors, the Operations Director and the Development Director. It is also attended by the Head of Asset Management, Head of Investment and Head of Business Development. The Investment Committee is chaired by the Chief Executive Officer and meets every two weeks. The purpose of the Committee is to review and approve disposals and acquisitions of investment property assets; approve and monitor asset management property improvements and make recommendations to the Board for its approval of any property initiative with a value of more than £2m.

The Company Secretary is secretary to each of the Executive and Investment Committees.

Risk Committee

The Committee is chaired by the Chief Executive Officer and comprises the Operations Director, Company Secretary and Head of Finance. Meetings of the Committee are attended by employees from across the business. The role of the Risk Committee is to:

- Promote the application of the risk management framework;
- Agree an annual internal control review programme;
- Consider the results of reviews and implementation of recommendations.

Effectiveness

Board composition

The effectiveness of the Board and its Committees is vital to the success of the Company. The Board considers there to be an appropriate balance between Executive and Non-Executive Directors required to lead the business and safeguard the interest of shareholders. The Board's current composition of a Non-Executive Chairman, two Executive Directors and four Non-Executive Directors meets the requirement of the Code for at least half the Board, excluding the Chairman, to be independent Non-Executive Directors.

In the Board's view, all of the current Non-Executive Directors are independent and this is explained in more detail on page 69 and in the Chairman's Governance Statement on pages 56 and 57.

The Non-Executive Chairman was considered by the Board to be independent upon his appointment and continues to be independent for the reasons stated on page 69.

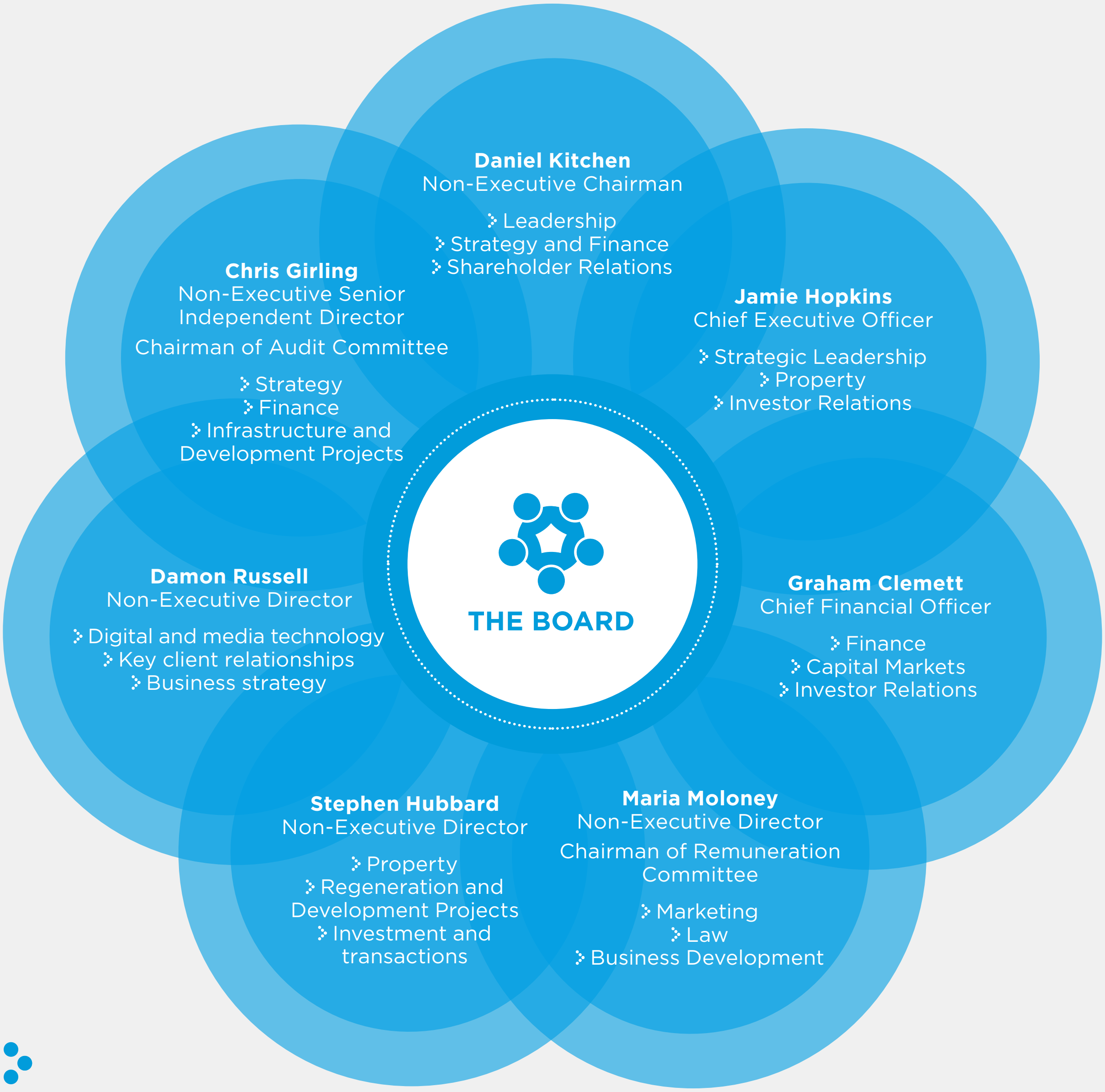
During the year, Mr Stephen Hubbard was appointed as a Non-Executive Director at the conclusion of the Annual General Meeting on 16 July 2014. The biographies of all members of the Board are set out on pages 62 and 63. The Nominations Committee regularly reviews the composition of the Board to ensure that it has an appropriate and diverse mix of skills, experience, independence and knowledge of the Group. Each Director brings a particular range of skills and expertise to the deliberations of the Board.

Business experience and skills of the Board

The Board currently has seven Directors that bring considerable and diverse experience which enables them to make a valuable contribution to the Group. Their experience, gained from varied commercial backgrounds, includes technology, property development, marketing and finance, which enables them to support the executive team in delivering the Company's strategy.

The Board is actively considering diversity and believes this to be an important factor when considering appointments to the Board. As part of the recruitment process, the composition of the Board will be kept under review to ensure the best balance of skills and experience is maintained. Further details on our diversity policy can be found on page 72.

The following table illustrates the business experience and skills held by each Director. The mix and diverse range of skills create a highly effective Board, with the Directors' individual and complementary qualities encouraging a high level of debate on strategic matters.



Related information:
Board and Executive biographies p.62 to 63

Commitment

The Board is satisfied that each of the Non-Executive Directors is able to devote sufficient time to the Company's business. Non-Executive Directors are advised on appointment of the time required to fulfil the role and asked to confirm that they can make the required commitment. Letters of appointment for the Non-Executive Directors are available for inspection at the AGM.

Executive Directors are encouraged to take a non-executive position in other companies and organisations. The appointment to such positions is subject to the approval of the Board which considers, in particular, the time commitment required.

Roles of the Chairman, Chief Executive Officer and Senior Independent Director

The roles and responsibilities of the Non-Executive Chairman, Chief Executive Officer and Senior Independent Director are separate and the division of responsibilities has been clearly established.

The Chairman is primarily responsible for leadership of the Board, ensuring its effectiveness and setting its agenda. The Chairman facilitates the effective contribution of the Non-Executive Directors and ensures all Directors receive accurate, timely and clear information. He is also responsible for effective communication between the Board and shareholders. The Chairman is not involved in an executive capacity in any of the Group's activities.

During the year the Chairman held a number of meetings with the Non-Executive Directors, without the Executive Directors being present. The discussions largely revolved around succession planning.

The Chief Executive Officer has direct charge of the Group on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Group and the determination of the strategy and achievement of its objectives.

The Senior Independent Director is responsible for chairing the meeting of the Non-Executive Directors for the purpose of evaluating the Chairman's performance and to provide an alternative communication channel for shareholders if required.

Independence of Non-Executive Directors

The Board has considered the independence of all of the Non-Executive Directors and concluded that each of the Non-Executive Directors is considered to be independent of the executive management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. All Non-Executive Directors act in a robustly independent manner and bring constructive challenge to Board discussions and independent decision-making to their Board and Committee duties. During the year, the independence of Stephen Hubbard, being a new Non-Executive Director, was specifically considered.

The Board considers the Chairman, Daniel Kitchen, to be independent as he is independent in character and judgement. He is also considered to be a valuable member of the Board taking into account his extensive experience.

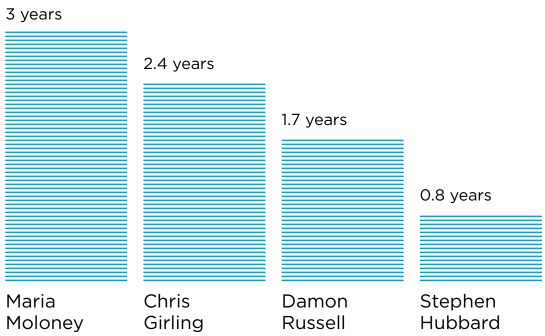
The Board believes that no long-standing relationship which may be deemed to compromise independence has been formed with any of the Executive Directors or senior executives at Workspace.

The Board is committed to actively refresh its membership and that of its Committees in line with its succession planning process which has been evident during the last 12 months with the appointment of Stephen Hubbard as a Non-Executive Director on 16 July 2014.

We continue to review and monitor Board and Board Committee composition against our skills and experience requirements.

The tenure of independent Non-Executive Directors as at 31 March 2015 is set out in the chart below.

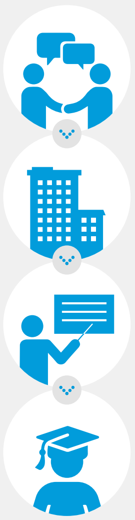
Length of tenure of independent Non-Executive Directors as at 31 March 2015



Induction, training and development

A tailored induction programme is provided for each new Director. Overall, the aim of the induction programme is to introduce new Directors to the Group's business and its governance arrangements. Such inductions typically include meetings with senior management, site visits and presentations of key business areas and other relevant documentation. In addition, Directors are encouraged to update their skills, knowledge and familiarity with the Group by attending external seminars and briefings, through participation at meetings and through visits to estates, meetings with Senior Management and advisers. We recognise that our Directors have a diverse range of experience, and so we encourage them to attend external seminars and briefings that will assist them individually. On appointment, Stephen Hubbard participated in the Board induction programme.

Introducing new Directors to the Group's business and governance arrangements



1. Meet Senior Management.

2. Go on site visits.

3. Attend presentations of key business areas and other relevant documentation.

4. Learn about the business.

Through the Board development programme, the Directors are kept informed of changes in relevant legislation, regulations and corporate governance matters, with the assistance of the Company's legal advisers and external auditor, where appropriate. Directors have access to independent professional advice at the Company's expense where they judge this to be necessary to discharge their responsibilities as Directors. This is in addition to the access that every Director has to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with.

Company Secretary

Carmelina Carfora is the Company Secretary to the Board of Workspace Group PLC. Her biography can be found on page 63. Through the Chairman, Carmelina is responsible for advising the Board on matters of corporate governance and ensuring that Board procedures are complied with. She also ensures good information flows within the Board and its Committees and between senior management and Non-Executive Directors.

Board performance evaluation

The Board recognises the benefit of annual evaluation, enabling it to improve its effectiveness and focus and that of its Committees and Directors. The Board's progress against the matters identified from the 2014 Board effectiveness review is shown below.

2013/14 Board evaluation

Continue to develop succession planning.

Progress during 2014/15:

- One new Non-Executive Director, Stephen Hubbard, was appointed to the Board during the year. Stephen has extensive property experience which complements the existing skills of the Board.

Conscious of changing legislation, dedicated updates and presentations to continue during the course of the year.

Progress during 2014/15:

- During the year, Directors received updates at the Board and Committee meetings on external corporate governance and other regulatory changes likely to impact the Company.
- The Company's legal advisers and external auditor also attended a Board Meeting during the year to provide an update on legal and regulatory developments.
- Updates were also provided by the Company Secretary during the course of the year.

With the assistance of the Company Secretary, specific needs and interests of Directors to be considered as part of the Board Development Programme.

Progress during 2014/15:

- The Company Secretary considered details of updates and development programmes received from advisers and other parties during the year and forwarded events of specific interest to Directors.

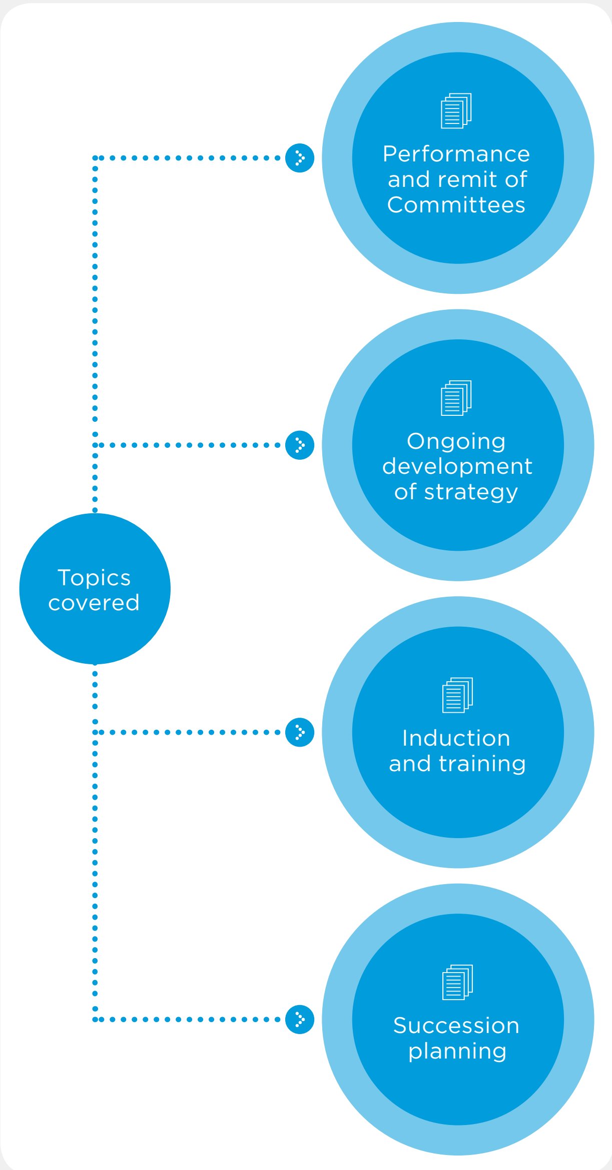
Further site visits will be arranged for Directors during the course of the year.

Progress during 2014/15:

- Directors have independently visited sites during the year. When appropriate, Board Meetings will also be held at sites within the portfolio.

In accordance with our policy to undertake the Board evaluation process externally every three years, for the year under review our Board evaluation was undertaken by Sean O'Hare of Boardroom Dialogue Ltd, who was selected after conducting a competitive tendering process. Boardroom Dialogue Ltd provides no other services to the Company. The process covered the Board and its Committees. The scope and focus of the review was agreed in advance with the Chairman. One-to-one interviews were conducted with each member of the Board, members of the Executive Committee and the Company Secretary to ascertain their views on the subjects detailed in the diagram below:

Board and Committee evaluation



The results of the evaluation were presented at the March 2015 Board Meeting. The Board effectiveness review concluded that the Board is working well and that each Director continues to contribute effectively and demonstrate commitment to their roles. Specific recommendations from the externally facilitated Board effectiveness review are set out below:

Refine the structure of the strategy day held by the Board and how strategic discussions may be facilitated.

Continue the focus on succession planning, with greater visibility of the succession plans for senior management.

Review the current induction process with the introduction of customer engagement and Non-Executive Directors to be advised of customer events during the year to which they may attend.

Increased interaction between the Board and senior management.

The recommendations are included in the action plan for 2015/16 and will be reviewed regularly by the Board.

Chairman's evaluation

The Senior Independent Director normally chairs an annual meeting of Executive and Non-Executive Directors without the Chairman present to appraise the Chairman's performance and to address any other matters which the Directors might wish to raise. The outcome of these discussions is conveyed by the Senior Independent Director to the Chairman. However, during the year under review, the Chairman's performance was appraised as part of the external Board evaluation. The review concluded that the Chairman is highly respected and is valued for his industry knowledge. Furthermore, he was complimented by all for his leadership and for his inclusive style during Board meetings.

Related information:
Nominations Committee Report p.73 to 74

Induction, training and development p.70

Election and re-election of Directors
All Directors will stand for election or re-election at the AGM on 15 July 2015. Following the external Board evaluation review, the Chairman considers that each Director continues to operate as an effective member of the Board and has the skills, knowledge and experience that enable them to discharge their duties effectively in fulfilling their duties on the Board and as members of the Board Committees. Consequently, the Board has accepted the recommendations provided by the Nominations Committee and is of the opinion that the Directors seeking election and re-election at the Annual General Meeting have continued to give effective counsel and commitment to the Company and accordingly should be appointed or reappointed by the Group's shareholders at the upcoming Annual General Meeting.

Mr Hopkins and Mr Clemett have service contracts and details can be found on page 96. None of the Non-Executive Directors have service contracts.

Maria Moloney's first term of appointment as Non-Executive Director expired on 22 May 2015. Following a review of her performance, the Nominations Committee recommended that her appointment should be extended for a further three-year term. This recommendation was agreed by the Board.

Mr Hubbard was appointed as a Non-Executive Director from the conclusion of the Annual General Meeting on 16 July 2014. Mr Hubbard therefore stands for election at the forthcoming Annual General Meeting.

The appointment of Chris Girling, Maria Moloney, Damon Russell and Stephen Hubbard may be terminated by either the Company or any one of them giving three months' notice in writing.

Biographies for the Directors can be found on pages 62 and 63.

Diversity

Policy on diversity
Workspace employs enthusiastic, committed and well-trained people. The Board is fully committed to an active Equal Opportunities Policy from recruitment and selection, through training and development, performance reviews and promotion. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit. Workspace has a good record of promoting and appointing women to senior positions. The employee gender profile is fairly evenly split with a total of 50% female and 50% male employees.

The Board recognises the benefits of diversity of skills, knowledge and independence, as well as gender, ethnicity and sexual orientation diversity. During the year, the Board formally discussed and reviewed its policy regarding diversity, including gender, on the Board and within the Group as a whole. As a result the Board requested that going forward, diversity becomes a formal area for consideration in Board effectiveness reviews and in its succession planning. Consequently, diversity will form part of considerations afforded to the search and selection process for Directors and staff.

The Board does not consider it appropriate at this time to set targets on gender diversity as all appointments will be made on merit. Gender and wider diversity, however, will continue to be taken into account when evaluating the skills and experience desired to fill each Board vacancy.

Takeover directive
Share capital structures are included in the Directors' Report on page 102.

Going concern
Going Concern disclosures are included in the Directors' Report on page 101.

Relations with shareholders
A high priority is given to communication with shareholders and the Company maintains regular dialogue with major shareholders and fund managers.

In October 2014, Workspace hosted two events for investors and analysts. The events showcased the Group's recent acquisitions, current refurbishments and development activity and how Workspace plans to continue to drive value and growth. Workspace also participated in EPRA's Annual Conference in September 2014 and took registered guests on a tour of a selection of the Group's assets.

Executive Directors are the Company's principal representatives with investors, analysts, fund managers, press and other interested parties. Discussions with institutional shareholders are held on a range of issues throughout the year affecting the Group's performance, which include meetings following the announcements of the annual and interim results. Other ad hoc meetings, presentations and site visits are arranged for shareholders, analysts and media throughout the year in the UK, Europe and the United States.

The Board receives reports of meetings with institutional shareholders together with regular market reports and brokers' reports which enable the Directors to understand the views of shareholders.

The Annual Report and Accounts is sent to all shareholders who wish to receive a copy. It is also available in the investor section of the Company's website www.workspace.co.uk, which additionally contains up-to-date information on the Group's activities and published financial results and presentations.

Annual General Meeting
The Annual General Meeting provides the Board with an opportunity to communicate with, and answer questions from, private and institutional shareholders and the whole Board is available after the meeting, in particular, for shareholders to meet the new Director. Details of the resolutions to be proposed at the Annual General Meeting on 15 July 2015 can be found in the Notice of Annual General Meeting which is available at www.workspace.co.uk and will be despatched to shareholders who have requested a hard copy of the documentation from the Company.

The Chairmen of the Audit, Remuneration and Nominations Committees normally attend the Annual General Meeting and are available to answer any questions. All Directors normally attend the meeting.

Nominations Committee Report

Daniel Kitchen
Chairman of the Nominations Committee

Members of the Committee
- Stephen Hubbard
- Maria Moloney
- Chris Girling
- Damon Russell

For full biographies see pages 62 and 63.

We continue to monitor the composition of the Board so that future succession planning is managed effectively.

Nominations Committee scheduled meetings and attendance

	5 meetings
Daniel Kitchen	●●●●●
Damon Russell	●●●●●
Bernard Cragg[1]	●●●○○
Maria Moloney[2]	●●●●○
Chris Girling	●●●●●
Stephen Hubbard[3]	○○○●●

Notes:
1. Bernard Cragg retired from the Board on 16 July 2014.
2. Maria Moloney did not attend one meeting of the Nominations Committee given that the meeting was to review and approve her reappointment.
3. Stephen Hubbard was appointed to the Board with effect from 16 July 2014; consequently, Mr Hubbard attended his first Board Meeting on 16 July 2014.

Dear Shareholder

I would like to welcome you to the report of the Nominations Committee.

Each year the Nominations Committee undertakes a review of succession planning to ensure that the membership and composition of the Board, including the mix and balance of skills, continue to be appropriate. This year, the Committee's main focus has been the recruitment, appointment and induction of our new Non-Executive Director, Stephen Hubbard who joined the Board on 16 July 2014. The appointment process is described in more detail on page 74. We are already benefiting from the wealth of experience that he brings in property as well as his sound judgement on all Board matters.

Again, in line with our action plan from last year, we have and will continue to focus on ensuring that succession is a key agenda item. We have spent time looking at succession planning for the Executive Director team as well as the Board over the medium to long term.

Daniel Kitchen
Chairman of the Nominations Committee
2 June 2015

The Nominations Committee and advisers

The Nominations Committee has responsibility for making recommendations on Board and Committee composition, appointments and for developing succession plans for the Board.

The members of the Nominations Committee as at 31 March 2015 and at the date of this report are listed above. The Nominations Committee met five times during the year, and attendance at these meetings is shown on page 66.

During the year, Spencer Stuart was appointed as external recruitment consultants to conduct the search for a new Non-Executive Director, which culminated in the appointment of Mr Stephen Hubbard on 16 July 2014. Spencer Stuart has no other connection with the Company.

Matters considered by the Committee during the year

- Reviewed the performance of the Company Chairman and recommended to the Board that Mr Daniel Kitchen's appointment as Company Chairman is extended for a further three-year term from 6 June 2014. This meeting was chaired by Mr Bernard Cragg who was Senior Independent Director at that time. Mr Cragg retired from the Board in July 2014.
- Discussed Board composition and determined the ongoing skills and experience required on the Board;
- External search agents, Spencer Stuart, were engaged to assist in finding a new Non-Executive Director;
- Prepared candidate specifications for potential Non-Executive Director candidates with Spencer Stuart;
- The Committee met with a number of candidates to assess their appropriateness;
- Recommendation to the Board that Stephen Hubbard be appointed as Non-Executive Director;
- Review of succession plans for the Executive Directors and key senior managers with the Chief Executive Officer; and
- Recommended to the Board that Dr Maria Moloney's appointment as Non-Executive Director and Chair of the Remuneration Committee be extended for a further three-year term from 22 May 2015.

Non-Executive Director appointment

In making recommendations to the Board on Non-Executive Director appointments, the Nominations Committee will consider the expected time commitment of the proposed Non-Executive Director and other commitments they already have to ensure that they have sufficient time available to devote to the Company.

Following the ongoing review of succession planning by the Nominations Committee and the skills, knowledge and experience required of Board members, the Committee agreed that a new Non-Executive Director should be recruited with specific property expertise.

Spencer Stuart was appointed to assist with the recruitment process and a broad brief was provided to ensure that the long list of candidates reflected the experience and skills required to complement the Board. The Chairman met with a number of candidates and reviewed the respective skills, experience and fit of each with the Board's candidate profile. Members of the Committee then met with the shortlisted candidates. The preferred candidate, Mr Stephen Hubbard, also met with the Executive Directors. Following these meetings, a recommendation was made to the Board that, based on his significant property experience, Stephen Hubbard be appointed to the Board with effect from 16 July 2014. The basis of Stephen Hubbard's induction was also agreed and included property tours, meetings with the senior management team as well as appropriate background reading.

The full terms of reference of the Nominations Committee are available for inspection on the Company's website at www.workspace.co.uk.

Audit Committee Report

Chris Girling
Chairman of the Audit Committee and
Senior Independent Non-Executive Director

Members of the Committee
- Maria Moloney
- Damon Russell
- Stephen Hubbard

For full biographies see pages 62 and 63.

Audit Committee scheduled meetings and attendance

	4 meetings
Chris Girling	●●●●
Damon Russell	●●●●
Bernard Cragg[1]	●●○○
Maria Moloney	●●●●
Stephen Hubbard[2]	○○●●

Notes:
1. Bernard Cragg retired from the Board on 16 July 2014.
2. Stephen Hubbard was appointed to the Board with effect from 16 July 2014; consequently, Mr Hubbard attended his first Board Meeting on 16 July 2014.

Dear Shareholder

On behalf of the Audit Committee, I am pleased to present its report for the year ended 31 March 2015. Although this is my first report as Chairman of the Committee, I have been a member of the Committee since my appointment on 7 February 2013. I succeeded Bernard Cragg who stepped down after last year's Annual General Meeting after more than 10 years' service. I would like to thank Bernard for his considerable contribution to the work of the Committee.

This Report of the Audit Committee details the key activities of the Committee during the year under review, alongside its principal responsibilities. The Audit Committee, reporting to the Board, oversees the financial reporting process, monitors the effectiveness of internal control, risk management and the statutory audit and monitors the independence of the statutory auditors and the provision of non-audit services.

A new audit partner has been appointed this year following the completion of the five-year rotation period by the previous partner.

The Audit Committee met four times during the year. Attendance at these meetings is shown in the table opposite. By invitation, there were a number of attendees at each of the Committee's meetings. Regular attendees included the Chairman of the Company, the Chief Executive Officer, the Chief Financial Officer, Head of Finance and external auditors. The Committee also met privately during the year with the external auditors.

During the year under review the Audit Committee considered a number of topics, the most significant of which are described below. A description of the main activities and information on the other significant issues that the Committee considered during the year can be found on pages 76 and 77.

Chris Girling
Chairman of the Audit Committee
2 June 2015

The Audit Committee ensures the integrity of financial reporting and audit processes and the maintenance of a sound internal control and risk management system, details of which are described on pages 78 and 79. The Committee's main role and responsibilities are set out in its terms of reference and are available on the Company's website at www.workspace.co.uk.

The Audit Committee comprises all the Non-Executive Directors, except the Chairman, and is chaired by Chris Girling. During the year, Stephen Hubbard joined the Committee. The Group audit partner from the external auditors attends the Audit Committee Meeting at least twice a year.

The Board is satisfied that Chris Girling has the required level of relevant financial and accounting experience required by the provisions of the Code, having previously held chief financial officer positions in public companies. Chris, who is a Chartered Accountant is currently a Non-Executive Director and Chairman of the Audit Committees of Keller PLC and South East Water Limited.

The Audit Committee collectively has the skills and experience required to fully discharge its duties, and it has access to independent advice at the Company's expense.

During the year, the Committee met twice in private sessions with its external auditors, PricewaterhouseCoopers LLP ('PwC'), in the absence of management.

Committee meetings

Meetings of the Audit Committee coincide with key dates in the financial reporting and audit cycle. The Committee Chairman reports the outcome of meetings to the Board. During the year under review the Committee met four times.

The Committee has a rolling agenda that ensures it gives thorough consideration to matters of particular importance to the Company, and additional matters are considered when appropriate. The Committee receives appropriate information far enough in advance to enable it to fulfil its responsibilities. This includes not only information from management but also detailed reports from the external auditor.

The Chairman of the Company, the Chief Executive Officer, the Chief Financial Officer and other members of the Senior Management team together with senior representatives of the external auditor are invited to attend all or part of meetings as appropriate.

Main activities during the year

The agendas for the four scheduled meetings of the Committee during the year under review were organised around the Company's reporting schedule. The Committee considered amongst other matters:

- the interim and annual financial statements and matters raised by management and the external auditors;
- the appropriateness of the Group's accounting policies and practices;
- the full and half year valuations and the external valuation process;
- the review of the Group's system of internal controls and risk management;
- health and safety update;
- representation letters to the external auditors;
- the strategic risks for the Group and emerging risks;
- determining and recommending to the Board that the Annual Report taken as a whole was fair, balanced and understandable;
- review of a Cyber Risk Assessment developed by members of the Risk Committee following a workshop held in December 2014;
- reviewed accounting for the Glebe Proceeds Share Agreement and terms of buyout completed in December 2014;
- corporate reporting updates and approach to the 2015 Annual Report;
- the Group's compliance with REIT legislation;
- the Company's approach to compliance with legislation and regulations, including arrangements for staff to raise concerns in confidence and ensures independent investigation of any such matter;
- the performance of the external auditor, the external audit process, the audit and non-audit fee and independence and taking into consideration relevant professional and regulatory developments including mandatory auditor tendering;
- the need and use for an internal audit function and specific reviews carried out by head office staff;
- the review of fraud risk; and
- the terms of reference of the Audit Committee.

Significant issues considered by the Committee

The Audit Committee pays particular 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 main areas of focus during the year are set out below:

Matter considered	Action taken 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. The valuation is conducted externally by independent valuers. The valuers presented the year-end valuation to the Audit Committee. The Audit Committee reviewed the methodology and outcomes of the valuation, challenging the key assumptions and judgements. The valuers proposed significant increases in the values, particularly in relation to properties where developments have progressed and active management has increased current rents. These values were discussed in detail by the Audit Committee in consideration of the current market outlook and the stage of progress on significant developments. The objectivity and independence of the valuers is monitored by the Audit Committee. PwC also met with the valuers and presented their views on the valuation to the Committee. Based on the above, the Committee was satisfied that the methodology, assumptions and judgements used by the valuers were appropriate and that the valuations were suitable for inclusion in the financial statements.
Settlement of the Glebe Proceeds Share Agreement	During the year, the Group has accounted for the Glebe Proceeds Share Agreement ('Proceeds Share') as an equity instrument under IAS 32 representing a non-controlling interest (NCI) in the assets of Workspace Glebe Limited. The agreement was terminated in December 2014 and the NCI was extinguished. The Group was previously in discussions with the Financial Reporting Council (FRC) regarding the accounting for the Glebe Proceeds Share Agreement. As a result of these discussions, the Directors revised the application of the accounting policy so that a liability was only recorded when the Group had an unconditional legal obligation to make a distribution to the non-controlling interests. As such the amount of £11m calculated as attributable to the former lenders at 31 March 2014 was reclassified during the year and reported as a non-controlling interest rather than as a liability. The discussions with the FRC were concluded following the adjustments and disclosures made in the Interim Statement. In December 2014 an agreement was reached with the former lenders to terminate the Proceeds Share Agreement for a cash settlement of £30m. As at the date of settlement, the non-controlling interest recognised in relation to the Proceeds Share had a carrying value of £20m. As a result of this settlement, the Group extinguished non-controlling interests of £20m and recorded a decrease in equity attributable to owners of the parent of £10m. The Audit Committee considered the accounting treatment of the Proceeds Share Agreement at both the 30 September 2014 and 31 March 2015 and believes that the Group's accounting for, and disclosures of, the Proceeds Share are appropriate.
Compliance with the REIT regime	As a Real Estate Investment Trust (REIT) Workspace must comply with specific rules so as to benefit from a tax exempt status. These rules are complex and the tax exempt status has a significant impact on the Group's business and financial statements. Management monitor REIT compliance on an ongoing basis. The Group is in ongoing discussions with HMRC regarding the application of certain criteria. The Audit Committee has kept the position under review and does not consider that these discussions have any immediate financial impact and no further action is required until the discussions are concluded.

In addition, the Audit Committee has considered a number of other judgements which have been made by management, none of which had a material impact on the Group results.

Internal audit

Due to its size and structure, the Group does not have an internal audit function, a matter which is kept under review by the Audit Committee. However, management instructs the undertaking of a programme of financial, operational and health and safety internal audits at its estates. These are carried out by qualified senior Head Office personnel on a rotational basis. All findings are reported to the Risk Committee with any significant findings reported to the Audit Committee.

Audit tendering

PwC has been Workspace's auditor since 1988 following the last competitive tender that the Group held. A new PwC audit partner has been appointed to the role this year. However, it is currently expected that we will look to rotate PwC inside the timeframe required under both the EU and UK Competition and Markets Authority transitional rules on mandatory firm rotation and tendering. Thereafter a policy of putting the external audit contract out to tender at least every 10 years will be adopted.

A resolution to reappoint PwC for the 2016 audit will be proposed at the AGM.

Non-audit services

The Audit Committee terms of reference establish a process for monitoring and approving the nature and the level of related fees for non-audit services (e.g. accounting, tax or due diligence work) paid to the Group external auditors. The process requires prior approval by the Audit Committee Chairman for non-audit work exceeding £50,000.

The Group uses the external auditor for relevant financial work for a variety of reasons, including their knowledge of the Group, the audit-related nature of the work and the need to maintain confidentiality.

At each meeting, the Audit Committee will be advised of any significant non-audit work awarded to the external auditor since the previous meeting and the related fees. At the annual May meeting, the Audit Committee receive a report of fees, both audit and non-audit from PwC for the past financial year. The Committee has considered in detail the nature and level of non-audit services provided by PwC and the related fees. The Committee may challenge and in some instances refuse proposals in respect of non-audit work to be performed by the external auditor.

In addition, the Audit Committee will assess the threats of self-review by the external auditors, self-interest, advocacy, familiarity and management. These are set out below and considered in relation to PwC's services:

1. A self-review threat – this is where, in providing a service, the PwC audit team could potentially evaluate the results of a previous PwC service.

The Audit Committee specifically will not allow the auditors to:

- Provide accounting or book-keeping services.
- Prepare financial statement disclosure items.

2. A self-interest threat – where a financial or other interest (of an individual or PwC) will inappropriately influence an individual's judgement or behaviour.

The Audit Committee will specifically perform the following:

- If the external auditor is to be considered for the provision of non-audit services, their scope of work and fees must be approved in advance by the Chief Financial Officer and the Committee Secretary and, in the case of fees in excess of £50,000 for a single project, by the Audit Committee (or if approval is required before the next meeting, by the Audit Committee Chairman). 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.
- It does not accept significant contingent fee arrangements with the external auditors.

3. An advocacy threat – this is where PwC or PwC personnel promote an audit client's position to the extent where PwC's objectivity as auditor is compromised.

- The Group will not use PwC in an advocacy role.

4. A familiarity threat – this is where, because of a too long or too close a relationship, the external auditor's independence is affected.

- The Audit Committee will prohibit the hiring of former employees of the external auditor associated with the Group's audit into management roles with significant influence within the Group within two years following their association with the audit, unless the Chairman of the Audit Committee gives prior consent. Annually, the Audit Committee will be advised of any new hires caught by this policy. However, there have been no instances of this occurring. In addition, PwC will rotate their lead audit partner every five years. Sonia Copeland has taken over as lead partner for the year ended 31 March 2015, replacing Bowker Andrews who completed his five years in the role as lead partner.
- The Audit Committee will monitor on an ongoing basis the relationship with the external auditors to ensure their continuing independence, objectivity and effectiveness by reviewing their tenure, quality and fees.

5. Management threat – this occurs when the audit firm performs non-audit services and management make judgements based on that work.

- The Group will not use PwC for any services which would be considered management responsibility.

Audit fees
Fees paid to PwC can be found in note 2 on page 118.

Financial reporting
The Audit Committee considers all financial information published in the annual and half year financial statements and considers accounting policies adopted by the Group, presentation and disclosure of the financial information.

The Directors are responsible for preparing the Annual Report. At the request of the Board, the Committee considered whether the 2015 Annual Report was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess Workspace's performance, business model and strategy. It was satisfied that, taken as a whole, the 2015 Annual Report is fair, balanced and understandable and included the necessary information. It confirmed this to the Board, whose statement in this regard is set out in the Directors' Responsibility Statement on page 104.

Internal control and risk management
The Board has ultimate responsibility for the Group's risk management framework and system of internal control and the ongoing review of their effectiveness. The Board has reviewed the Group's system of controls including financial, operational, compliance and risk management on a regular basis throughout the year. However, any such system can only provide reasonable and not absolute assurance against any material misstatement or loss.

The Company has established processes and procedures necessary to enable the Directors to report on internal controls in compliance with the Code. These processes and procedures involve the analysis, evaluation and management of the key risks to the Group.

The other key elements of the Group's system of internal control include:
- a comprehensive system of financial reporting;
- an organisational and management Board structure with clearly defined levels of authority and division of responsibilities;
- a Risk Committee, which is chaired by the Chief Executive Officer and is attended by representatives from senior management and operational staff. The Risk Committee formally reports to the Audit Committee twice a year; and
- a programme of site audit visits, covering a significant proportion of the sites each year. Although the Group does not have a dedicated internal audit function, an operational, finance and health and safety audit are carried out at the estates by qualified Head Office personnel. The results of the audits are reported to and reviewed by the Risk and Audit Committees and appropriate action taken as required.

The Risk Committee reviews and identifies risks facing the Group and ensures that appropriate controls are in place to review each issue raised. Each identified risk is assigned a 'Risk Owner'. The Risk Committee have also devised an annual plan of work where a review is undertaken of particular areas of the business. Depending on the nature of the project, a third-party consultant may be appointed to assist in the review.

The Group has continued to develop its risk management framework and has reappraised its risks, including the impact of cyber security, in light of the changes in the external environment during the last year.

The Group has also considered the requirements of the Bribery Act 2010 and taken steps to ensure that it has adequate procedures as set out by the Act.

The Group continues to strengthen its risk management processes to ensure these are embedded as part of the Group's culture. The Turnbull Guidance sets out best practice on internal control to assist companies in applying the Code's principles with regards to internal control. The Board, with advice from the Audit Committee continues to review the effectiveness of internal control with no significant failings or weaknesses identified.

Further information on the Group's risks is detailed on pages 27 to 33.

Whistleblowing
The Group has a 'whistleblowing procedure' by which employees may report suspicion of fraud, financial irregularity or other malpractice. There is also a process in place for staff to report operational risks and issues to the Risk Committee.

Code of Conduct
The Group has a Code of Conduct which explains how employees are expected to fulfil their responsibilities by acting in the best interests of the Group. This includes compliance with laws and regulations; acting fairly in dealing with customers, suppliers and other stakeholders; treating people with respect and operating within a control framework.

Directors' Remuneration Report

Maria Moloney
Chairman of the Remuneration Committee

Members of the Committee
- Stephen Hubbard
- Chris Girling
- Daniel Kitchen
- Damon Russell

For full biographies see pages 62 to 63.

The key objectives for the Remuneration Committee are to ensure that the remuneration arrangements strongly underpin the overall Group strategy and to allow us to attract and retain critical talent to continue to drive a performance culture which brings long-term outstanding corporate results and market-leading returns to our shareholders.

Remuneration Committee scheduled meetings and attendance

	8 meetings
Maria Moloney	●●●●●●●●
Daniel Kitchen	●●●●●●●●
Damon Russell	●●●●●●●●
Bernard Cragg[1]	●●●●○○○○
Chris Girling	●●●●●●●●
Stephen Hubbard[2]	○○○○●●●●

Notes:
1. Bernard Cragg retired from the Board on 16 July 2014.
2. Stephen Hubbard was appointed to the Board with effect from 16 July 2014; consequently, Mr Hubbard attended his first Board Meeting on 16 July 2014.

Dear Shareholder

Annual statement

Our first remuneration report presented in line with the new reporting regulations received over 99% support at the 2014 AGM. This year we are not proposing any changes to that policy.

Our aim is to ensure that our shareholders are presented, through this communication, with a clear and comprehensive report on the implementation of that policy, to provide the best balance between better disclosure and less complicated presentation of information and very importantly, to provide reassurance that the work of the Committee is taken very seriously in the interests of the Company and its shareholders alike.

A very successful year

As you will have read earlier in the Annual Report, this has been another successful year for the Company. In assessing performance against strategic and personal objectives this year, Workspace has again outperformed. This is reflected in our revenues and profits which have again grown strongly.

Such statements do not imply complacency but it is gratifying that over several years, the Company has delivered attractive returns for shareholders with continued strong operational and financial performance.

Actual performance of strategic and financial measures

The following table shows a number of the Company's KPIs and how their satisfaction is targeted by the incentive arrangements:

- ● LTIP
- ● Annual Bonus

2015	2014
47% ● Total Shareholder Return	76% ● Total Shareholder Return
+30% ● Trading profit after interest (adjusted) Up 30% to £26.6m	+15% ● Trading profit after interest (adjusted) Up 14.5% to £20.5m
+42% ● Net Asset Value per share Up 42% to £7.03	+43% ● Net Asset Value per share Up 43% to £4.96
+37% ● Capital Return of 37% vs 17% for IPD quarterly Universe	+35% ● Capital Return of 35% vs 14% for IPD quarterly Universe
+13% ● Dividend per share for full year Up 13% to 12.04p	+10% ● Dividend per share for full year Up 10% to 10.63p
77% ● Customer satisfaction	78% ● Customer satisfaction

In addition, the underlying property valuation is up 30% (£328m) in the year to £1,423m.

Three year TSR of c.278% places Workspace top of its comparator group by a considerable margin.

The final dividend per share increased by 15% to 8.15 pence (2014: 7.09 pence).

Outperformance and reward

The results speak for themselves and are testament to a highly motivated corporate culture and a highly achieving corporate team.

As a Remuneration Committee, we constantly seek to challenge ourselves to ensure that our remuneration policy continues to be fit for purpose to underpin our wider corporate strategy.

We are very aware that the retention, motivation and attraction of a high performing leadership team, focused on the delivery of business priorities and continued strong shareholder returns is critical to our continued success.

Furthermore, in the context of the London property market, our reward packages must be competitive relative to our peers as we enter the next phase of the Company's development.

One challenge we have faced over the last few years, particularly in light of the success of the Company and the increase in the scale and complexity of the business, is that our Executive salaries and fair value of total remuneration are no longer competitive.

Addressing this challenge has not been approached lightly. We have expended considerable time and effort to ensure that we fully understand our remuneration structure and how it is aligned with the business strategy as well as how it compares to the market.

As part of our constant drive to be rigorously up to date with and close to any changes in the remuneration landscape as well as to encourage a two-way discussion with our investors on remuneration matters, which we particularly value, the Chairman of the Company and I had the benefit of consulting with major shareholders who collectively hold over 65% of the Company's issued share capital.

Salary adjustments

In light of the above, and following our consultation with major shareholders, the Remuneration Committee considered it appropriate to make use of the flexibility approved within our policy to move the salaries of our Executive Directors closer to median, from 1 April 2015 by:

- increasing the CEO's salary from £419,020 to £450,000 (c.7% increase); and
- increasing the CFO's salary from £261,890 to £275,000 (5% increase)

The Committee also increased the pension contribution for the CEO from 15% to 16.5% which is consistent with that of the CFO.

It was very gratifying for the Committee to not only have the support of the majority of the shareholders consulted but also to see their recognition of both the strength of the returns to shareholders over recent years and the contribution of the management team in achieving this success.

The wider Company

It is important to note that, as a Committee, we are very conscious of the need to take a strong interest in the remuneration of all employees below Board level to ensure that the remuneration arrangements across the business are consistent and foster the strong performance culture that drives our business.

Highlights of other elements of remuneration

Bonus

Reflecting the outstanding results outlined above and also strong individual performance, each Executive Director was awarded an annual bonus equivalent to 116.6% of salary. See page 89.

LTIP

The LTIP awards granted in 2012 are due to vest in June 2015 (November 2015 for the CEO). The three-year performance period of the 2012 LTIP awards ended on 31 March 2015.

Over the three years from 1 April 2012 to 31 March 2015, the Company's TSR and NAV performance conditions were met in full. After considering the underlying performance of the Company, the Committee confirmed that overall Workspace's performance warranted 100% vesting of the 2012 LTIP awards. Further details can be found on page 92.

Looking to the future

This has been a busy year but, equally, we are very aware of the tasks ahead. For example, in light of recent changes to the UK Corporate Governance Code, the Committee intends to review the new provisions during the next financial year. In relation to holding periods, for LTIP awards granted from 2013 onwards, net vested LTIP shares are required to be held for a one year holding period before the shares can be sold. Clawback provisions also apply during the holding period, details of which can be found on page 85.

Finally, I would like to thank my fellow Committee members for their hard work and support, including Bernard Cragg who retired from the Committee in July 2014. We welcome Stephen Hubbard who has joined us. The Committee has been completely renewed over the last few years. It is entirely committed to ensuring that we are totally on top of changes within the remuneration landscape in all we do, whether it be developments in corporate governance, legislation, shareholder consultation or shareholder views.

We seek to provide a strong and independent direction on remuneration policy and implementation with clear disclosure and transparency.

We remain committed to hearing and taking an active interest in your views as shareholders and we hope to receive your support at the AGM.

Dr Maria V Moloney
Chairman of the Remuneration Committee
2 June 2015

Compliance statement

This Remuneration Report has been prepared on behalf of the Board by the Remuneration Committee ('the Committee') in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The Committee adopts the principles of good governance as set out in the UK Corporate Governance Code and complies with the UKLA Listing Code. The first part of this report, which is not subject to audit, sets out a summary of the Company's remuneration policy. The second part, the Annual Report on Remuneration, provides information on how the policy was implemented during the year and how Workspace intends to implement the policy in 2015/16. The sections subject to audit are highlighted accordingly.

1. Summary of the policy

Introduction

This section provides a summary of the relevant elements of the remuneration policy for Executive and Non-Executive Directors which shareholders approved at our 2014 AGM on 16 July 2014, and took effect from that date. This policy will continue to apply until our 2017 AGM unless a revised policy receives shareholder approval and becomes applicable prior to this date.

We have summarised below how the policy was operated in 2014/15 and how it is intended to be operated in 2015/16.

Objectives of the policy

Workspace's remuneration policy is designed to reinforce the Company's goals, and to provide effective incentives for exceptional Company and individual performance. The Committee regularly reviews the remuneration structure in place at Workspace to ensure it remains aligned with our business strategy, reinforces our success, and aligns reward with the creation of shareholder value.

Remuneration packages are designed to attract, retain and motivate Directors of the highest calibre who have the experience, skills and talent to manage and develop the business successfully. A significant part of executive remuneration is variable and is determined by the Group's success and directly links reward with Group and individual performance. The Committee strives to ensure that shareholders' interests are served by creating an appropriate balance between fixed and performance-related pay. A considerable part of the reward package is linked to share price performance, is delivered in shares that have to be retained until minimum shareholding requirements have been met, and requires Executives to invest their own funds in Company shares.

Consideration of shareholder views

The Committee is committed to ongoing dialogue with shareholders and welcomes feedback on Directors' remuneration. It is the Remuneration Committee's policy to consult with major shareholders prior to making any significant changes to its remuneration policy and the Committee also considers AGM feedback when reviewing remuneration policy and considering its implementation. The Committee also considers guidance from investors more generally.

During the year, the Committee consulted with major shareholders holding over 65% of the Company's issued share capital regarding executive remuneration proposals for 2015 and the Committee is pleased to report there was good support for the proposals and a very gratifying understanding of both the strength of the returns to shareholders over recent years and the contribution of the management team to achieve such levels.

Summary table

Purpose and link to strategy	Operation	Opportunity	Operation in the Year ended 31 March 2015 2014/15	Operation in the Year ended 31 March 2016 2015/16
Base salary To reflect market value of the role and an individual's experience, performance and contribution.	Reviewed on an annual basis, with any increases normally taking effect from 1 April. It is payable in cash. The Committee reviews base salaries with reference to: – the individual's role, performance and experience; – business performance and the external economic environment; – salary levels for similar roles at relevant comparators; and – salary increases across the Group.	Base salary increases are applied in line with the outcome of the review. There is no prescribed maximum. Salary increases for Executive Directors will not normally exceed those of the wider workforce on an annualised basis over the term of this policy. Increases may be above this level if there is an increase in the scale, scope, market comparability or responsibilities of the role. Where increases are awarded in excess of the wider employee population, the Committee will provide an explanation in the relevant year's Remuneration Report.	Jamie Hopkins (CEO) £419,020. Graham Clemett (CFO) £261,890.	Jamie Hopkins (CEO) £450,000 (7% increase). Graham Clemett (CFO) £275,000 (5% increase). For further information please see the Directors' Annual Report on Remuneration on page 89.
Pension To provide cost-effective retirement benefits.	Executives participate in a defined contribution pension scheme or may receive a cash allowance in lieu of pension contribution.	Up to 16.5% of salary. This may be exceeded in exceptional circumstances (e.g. recruitment).	Jamie Hopkins (CEO) 15% of salary. Graham Clemett (CFO) 16.5% of salary.	Both Executive Directors 16.5% of salary. For further information please see the Directors' Annual Report on Remuneration on page 89.
Benefits To provide market competitive benefits.	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.	Benefits may vary by role and individual circumstance and are reviewed periodically.	Company mobile phone, a car allowance, private health insurance and death in service cover.	No change.

Purpose and link to strategy	Operation	Opportunity	Operation in the Year ended 31 March 2015 2014/15	Operation in the Year ended 31 March 2016 2015/16
Annual bonus To reinforce and reward delivery of annual strategic business priorities, based on a scorecard of KPIs relating to both Group and individual performance. Bonus deferral and LTIP investment provide further alignment with shareholder interests.	KPIs and weightings are reviewed prior to the start of the year to ensure they remain appropriate and reinforce the business strategy. Stretching targets are set. At the end of the year the Committee determines the extent to which these targets were achieved. The Committee may vary the mix of cash and deferred bonus shares from year to year. The minimum deferral requirement is normally 25% of bonus earned. The Committee retains the discretion to mandate deferral of a percentage of bonus earned (which will normally vest after two years) or allow Executives to make an equivalent investment in the LTIP. Dividends may accrue on deferred bonus shares and be paid on those shares which vest. Awards under the bonus are non-pensionable.	The maximum bonus potential for Executive Directors is 120% of salary p.a. For Threshold performance, the bonus opportunity is typically up to 20% of maximum. In the event there is no bonus for Group performance, the Committee has discretion to award a bonus of up to 20% of salary for exceptional individual performance.	Performance conditions and weightings ('WT'): **Corporate** Wt. – Measure 50% – Trading profit before tax (% growth on prior year) 30% – Capital Return from portfolio versus a defined comparator Benchmark compiled by IPD 10% – Customer satisfaction **Personal** Wt. – Measure Corporate performance bonus may be adjusted by a factor in the range of 0.67 to 1.33 (with factors greater than 1.0 reflecting superior performance) Annual bonus (% of salary) 120% Maximum opportunity for: Jamie Hopkins (CEO) Up to 120% of salary Graham Clemett (CFO) Up to 120% of salary For further information on the performance targets, their level of satisfaction and the corresponding bonus earned please see the Directors' Annual Report on Remuneration on pages 89 and 90.	No change to type of performance condition or maximum bonus potential for the Executive Directors. The Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the annual bonus, disclosing precise targets for the Annual Bonus plan in advance would not be in shareholder interests. Actual targets, performance achieved and awards made will be published at the end of the performance periods so shareholders can fully assess the basis for any pay-outs under the annual bonus.

Purpose and link to strategy	Operation	Opportunity	Operation in the Year ended 31 March 2015 2014/15	Operation in the Year ended 31 March 2016 2015/16
LTIP To reinforce delivery of sustained long-term sector out-performance; and to align the interests of participants with those of shareholders.	The Committee may grant annual awards of performance shares and matching shares (subject to participant investment). Awards may be in the form of nominal priced options or conditional shares, which normally vest after three years, subject to performance conditions. The performance period is normally three years and runs from the start of the financial year in which the awards are granted. From 2013 LTIP awards, inclusive, 100% of net vested shares are subject to a further holding period during which clawback provisions apply. The holding period is normally at least one year. LTIP awards subject to the holding period may be reduced in circumstances where the Company becomes aware of a material misstatement of the Company's financial accounts for any financial year during the performance period or a participant's gross misconduct. The award levels and performance conditions are reviewed in advance of grant by the Remuneration Committee to ensure they remain appropriate. Dividends may accrue on LTIP awards and be paid on those shares which vest. Non-pensionable.	Plan provides for annual awards of: – performance shares of up to 100% of salary (200% in exceptional circumstances); and – matching share awards of up to 2 for 1 on investments in Workspace shares of up to 50% of net salary. The maximum matching share award that may be granted to the Executive Directors is 100% of their annual basic salary. The Company awards matching shares in respect of an amount equivalent to two times the grossed up (for income tax and National Insurance) amount invested by the participant. Threshold performance typically warrants 20% vesting.	Grant sizes for: Jamie Hopkins (CEO) – Performance Awards (100% of salary) – Matching Awards (82% of salary) Graham Clemett (CFO) – Performance Awards (100% of salary) – Matching Awards (100% of salary) Performance conditions for performance shares and matching shares are: – 1/3rd Growth in Net Asset Value relative to comparators; – 1/3rd TSR (share price growth plus reinvested dividends) relative to comparators; – 1/3rd Absolute TSR. For any shares to vest on Absolute TSR, the Company's TSR must exceed the median TSR for the comparator group over the performance period. For full details of the 2014 LTIP awards please see page 91 of the Directors' Annual Report on Remuneration.	No change to maximum LTIP opportunities or the performance conditions. The Committee reviewed the LTIP comparator group and decided to exclude Agencies from the FTSE 350 Real Estate comparator group as these operate a different business model. Please see pages 91 and 92 of the Directors' Annual Report on Remuneration for further details of the proposed 2015 LTIP operation.
Shareholding guidelines To encourage long-term share ownership and support alignment with shareholders.	Executive Directors are encouraged to build and hold Workspace shares equivalent to 150% of salary in normal circumstances within five years of appointment.	150% of salary.	Current shareholding as a percentage of salary (based on a share price of 854.5 pence at 31 March 2015). CEO 303% of salary. CFO 239% of salary. Therefore both Executive Directors have met their shareholding guidelines.	No change.
Save As You Earn (SAYE) **Share Incentive Plan (SIP)** To encourage wide employee share ownership.	In line with HMRC rules from time to time.	Executive Directors are eligible to participate in these Plans on the same basis as other employees of the Company.	For full details please see pages 93 and 96 of the Directors' Annual Report on Remuneration.	No change.

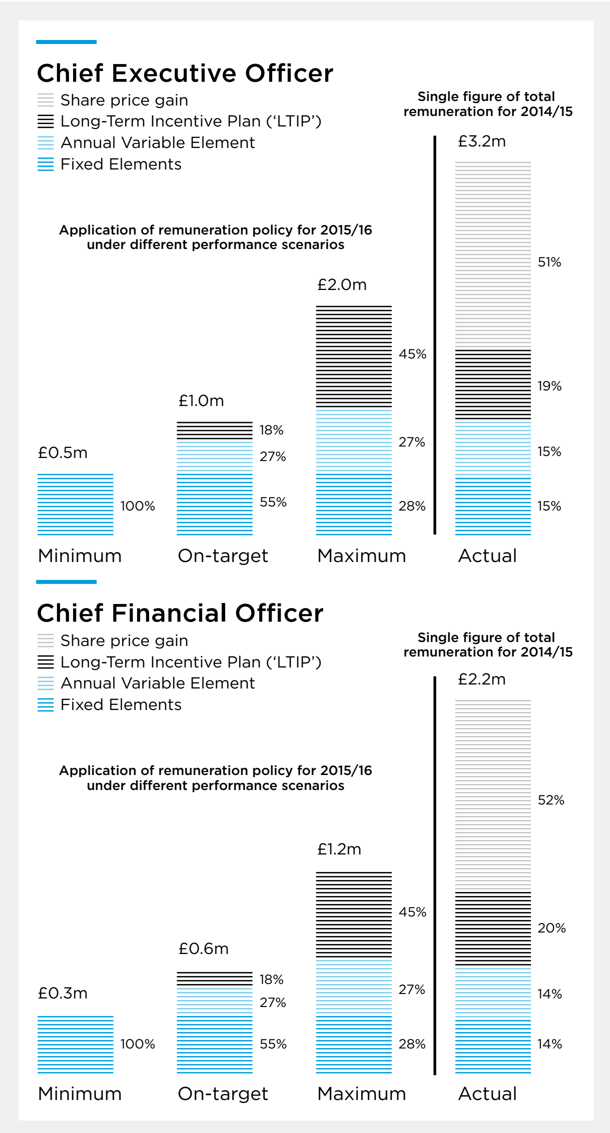
In designing the remuneration policy, the Committee has considered the requirements of schedule A of the UK Corporate Governance Code (the 'Code') and will review the revisions to the Code in the next financial year.

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. Currently the Executive Directors do not hold any appointments.

Remuneration policy scenarios for 2015/16 compared to single figure of total remuneration for 2014/15

The following charts illustrate the application of the remuneration policy for 2015/16 under different performance scenarios for the Executive Directors of the Company compared to the single figure of total remuneration for 2014/15 which includes the vesting of the 2012 LTIP.



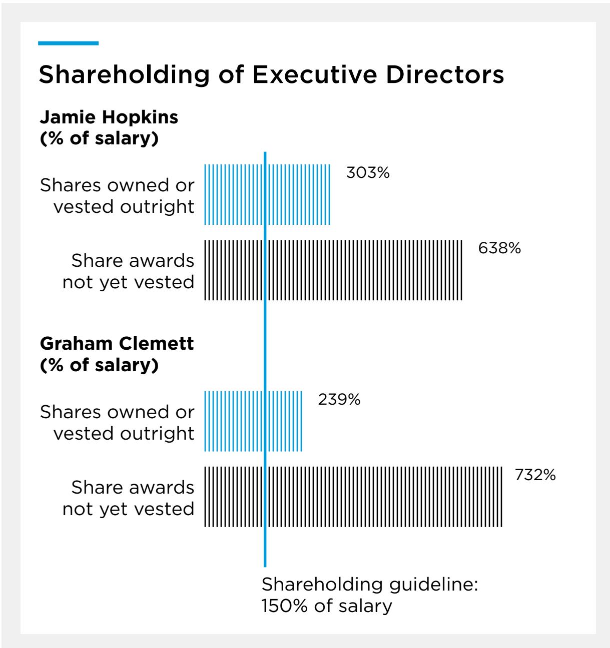
The policy scenarios are based on 2015/16 salary, bonus, pension and LTIP opportunities, and benefits are as per the single figure table. It should be noted that LTIP awards granted do not normally vest until the third anniversary of the date of grant and a holding period applies to net vested shares of one year for those awards granted from 2013. The projected value of the LTIP excludes the impact of share price movement.

For the policy scenarios the following assumptions have been made:

	Component	'Minimum'	'On-target'	'Maximum'
Fixed	Base salary	2015/16 salary		
	Pension	2015/16 contribution rate		
	Other benefits	Benefits as provided in the single figure table on page 88		
Annual Bonus (Annual Variable Element)		No bonus payable	Target bonus (50% of max)	Maximum bonus
LTIP		No LTIP vesting	Assumes full take-up of investment opportunity, and Threshold vesting (20% of max)	Maximum vesting

Shareholding of Executive Directors

The following chart shows the interests in shares held by the Executive Directors as at 31 March 2015. Full details are provided on page 93 of the Directors' Annual Report on Remuneration:



Notes:
Value of shares was calculated with reference to share price on 31 March 2015 of £8.545. For further details of outstanding shares see page 94.

The value of share awards not yet vested represents the maximum award available assuming 100% vesting and is calculated on a net of tax basis assuming a tax rate of 47%.

Remuneration policy for the Chairman and Non-Executive Directors

The Board determines the remuneration policy and level of fees for the Non-Executive Directors within the limits set out in the Articles of Association. The Remuneration Committee recommends the remuneration policy and level of fees for the Chairman of the Board. The current policy is:

Purpose and link to strategy	Operation	Opportunity	Operation in the Year ended 31 March 2015 2014/15	Operation in the Year ended 31 March 2016 2015/16
Fees To reflect the time commitment in performing the duties and responsibilities of the role.	Annual fee for the Chairman. Annual base fee for the Non-Executive Directors. 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. Payable in cash.	Fee increases are applied in line with the outcome of the review	Chairman's Fee £135,000 NED Base Fee £45,000 Chair of Audit Committee Fee £10,000 Chair of Remuneration Committee Fee £10,000	No change.

Wider approach to remuneration throughout the Company

The Group's wider people policies are reported separately on pages 101 and 102. Following probationary periods, all staff in the Company are eligible to participate in the Company's bonus scheme, SAYE, SIP, pension scheme, life assurance arrangements and medical insurance benefits. All members of the Executive Committee and some senior staff are eligible to participate in the Company's LTIP. During the year, we extended LTIP participation to a wider group of employees. Some senior executives are also required to adhere to the Company's shareholding guidelines.

In making remuneration decisions for the Executive Directors, the Committee considers the pay and employment conditions elsewhere in the Group. To assist in this the Committee members receive updates from the Executives on their discussions and consultations with employees. The Committee also monitors information with regard to bonus payments and share awards made to the management of the Group.

In addition, the following table demonstrates how key objectives are reflected consistently in plans operating at all levels within the Company.

Plan	Purpose	Eligibility	Objectives			
			Financial performance	Strategic and operational goals	Long-term value creation (encouraged through equity retention)	Share ownership
SAYE and SIP	To broaden share ownership and share in corporate success over the medium term.	All employees			✓	✓
Annual bonus	Incentivise and reward short-term performance	All employees	✓	✓		
LTIP	Incentivise and reward long-term performance	Executive Directors and management	✓		✓	✓

2. The Directors' Annual Report on Remuneration

The following section provides details of how the remuneration policy was implemented during the year and how the Committee intends to implement the policy in 2015/16. Disclosure also details outstanding awards to Directors.

Single figure of Executive Director total remuneration (audited)

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 March 2015 and the prior year:

	Jamie Hopkins		Graham Clemett	
	2014/15 £000	2013/14 £000	**2014/15 £000**	2013/14 £000
Salary	**419.0**	408.8	**261.9**	255.5
Benefits[1]	**17.5**	17.3	**19.1**	18.7
Annual bonus[2]	**488.6**	479.5	**305.4**	299.7
LTIP[3]	**2,259.0**	n/a	**1,618.0**	897.7
Other – SAYE, SIP[4]	**n/a**	n/a	**2.2**	n/a
Pension[5]	**62.9**	61.3	**43.2**	42.2
Total	**3,247.0**	966.9	**2,249.8**	1,513.8

Notes:

1. **Benefits:** Taxable value of benefits received in the year by Executive Directors includes Company mobile phone, a car allowance, private health insurance and death in service cover.
2. **Annual bonus:** This is the total bonus earned in respect of performance during the relevant year. For 2014/15 (and 2013/14), the Committee set a minimum deferral requirement of 25% of the bonus earned. For 2014/15, this deferral was equivalent to £122,144 for Mr Hopkins and £76,343 for Mr Clement. For 2013/14, this was equivalent to £119,880 for Mr Hopkins and £74,925 for Mr Clement. Further details of annual bonus awards for 2014/15 can be found in the Annual Report on Remuneration on pages 89 and 90.
3. **LTIP:** The 2014/15 figure includes the estimated value of 2012 LTIP shares that vested on performance to 31 March 2015; 100% of the 2012 LTIP awards vested on performance. The share price is the trailing three-month average share price to 31 March 2015 of 816.4 pence. This will be reported in the 2015/16 Remuneration Report based on the share price on date of vesting. Further details of the 2012 LTIP awards vesting can be found in the Annual Report on Remuneration on page 92. The 2013/14 figure for Mr Clemett includes the value of 2011 LTIP shares at vesting. As described in last year's Remuneration Report, the value has been updated based on the share price on the date of vesting (3 August 2014) of 607.5 pence. The value of LTIP awards vesting is higher than the value shown in the pay scenario charts on page 86 due to the impact of share price appreciation between grant and vesting.
4. Mr Clemett was awarded 1,960 SAYE options on 25 July 2014, and the value is the embedded value at grant, based on an exercise price of £4.59 set at 80% of the market value of a share at the invitation date.
5. Company's contribution to defined contribution plan or cash allowance in lieu of pension contribution. No further breakdown is required.

Single figure of Non-Executive Director remuneration and Non-Executive Director fees (audited)

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 March 2015 and the prior year:

	Daniel Kitchen		Bernard Cragg[1]		Maria Moloney		Chris Girling		Damon Russell		Stephen Hubbard[2]	
Non-Executive Director	**2014/15 £000**	2013/14 £000	**2014/15 £000**	2013/14 £000	**2014/15 £000**	2013/14 £000	**2014/15 £000**	2013/14 £000	**2014/15 £000**	2013/14 £000	**2014/15 £000**	2013/14 £000
Base fee	**135.0**	125.0	**13.3**	40.0	**45.0**	40.0	**44.9**	40.0	**45.0**	33.8	**32.1**	–
Additional fees	**–**	–	**3.0**	5.0	**10.0**	3.3	**7.5**	–	**–**	–	**–**	–
Total	**135.0**	**125.0**	**16.3**	**45.0**	**55.0**	**43.3**	**52.4**	**40.0**	**45.0**	**33.8**	**32.1**	**–**

Notes:

1. Bernard Cragg retired as a Director on 16 July 2014.
2. Stephen Hubbard was appointed as a Director on 16 July 2014.

Base salary and pension

In line with the remuneration policy, the Committee reviews base salaries annually with any changes normally taking effect from 1 April. As foreshadowed in the Chairman's statement, during the year the Committee conducted a detailed review of the base salaries of the CEO and the CFO taking into account a wide range of factors including the external economic environment, Company and individual performance, experience, rates of salary for similar jobs in companies of a similar sector and size and overall impact on total remuneration. Following its review and consultation with major shareholders and shareholder bodies, the Committee increased the CEO's salary from £419,020 to £450,000 (a c.7% increase) and the CFO's salary from £261,890 to £275,000 (a 5% increase) from 1 April 2015. The next salary review date for Executive Directors will be 1 April 2016.

For the year under review, the CEO and CFO received an employer's pension contribution equal to 15% and 16.5% of basic salary respectively. Following its review and consultation with shareholders the Committee increased the CEO's pension contribution from 15% to 16.5% of salary from 1 April 2015, consistent with that for the CFO.

Since April 2014, no further pension contributions have been made to Mr Clemett, but he receives instead an equivalent cash allowance of 16.5% per annum in lieu of pension. For Mr Hopkins, the Company will make pension contributions up to the Annual Allowance and provide a cash allowance above this, up to 16.5% of salary.

The average salary increase across the Group for the year commencing 1 April 2015 is 5%. Additionally all employees participate in annual bonuses and during the year LTIP awards were granted to a wider group of employees to further reinforce the strong performance culture.

Annual bonus scheme (audited)

The Group operates an annual bonus scheme which provides for a capped variable performance-related bonus.

For 2014/15, the maximum bonus potential for the Executive Directors was set at 120% of basic annual salary. The Committee sets a minimum deferral or investment each year into Workspace shares; for 2014/15 the Committee set a minimum deferral requirement of 25% of the bonus earned.

The preferred mechanism for meeting this deferral requirement is participant investment in the LTIP. However, the Committee retains the discretion to mandate deferral of 25% of bonus earned (which will vest after two years, subject to continued employment) or allow executives to make an equivalent investment in the LTIP. For 2014/15 the Committee allowed Executive Directors to make an equivalent investment in the LTIP.

The performance measures, targets and outcomes for 2014/15 Executive Director annual bonuses are shown below. Against each measure the bonus starts to be paid on the achievement of a threshold performance, increasing on a straight-line basis until stretch performance is achieved, at which point the full bonus potential for that measure is earned.

The performance measures, targets and outcomes for 2014/15

						Performance achieved (% of bonus earned)	
Measure	Weighting	Measure	Threshold[1]	Stretch[1]	Actual performance	Jamie Hopkins	Graham Clemett
Corporate	50%	Trading profit before tax (% growth on prior year)	5%	10%	30%	50%	50%
	30%	Capital Return from portfolio versus a defined comparator Benchmark compiled by IPD	Benchmark	Benchmark +2%	Benchmark +16.3%	30%	30%
	10%	Customer satisfaction	70%	80%	77%	7.7%	7.7%
Personal	Corporate performance bonus may be adjusted by a factor in the range of 0.67 to 1.33 (with factors greater than 1.0 reflecting superior performance)		Subject to Committee assessment		See commentary below	1.33	1.33
Annual bonus (% of salary)	120%					116.6%	116.6%

The Committee also assessed performance against strategic and personal objectives and was pleased to note that during the year the Company outperformed on every measure. The Committee noted the following achievements in particular:

Objective	Result
Financial and Corporate	
– Deliver Budget	– Budget exceeded by 21%;
– Broaden Portfolio Profile	– Trading profit after interest up 30% to £26.6m; – Outperformed IPD quarterly Universe by 19.6% and outperformed the comparator Benchmark by 16.3%; – Property Valuation up 30% to £1,423m; – Total Dividend up 13% to 12.04p per share; – Net Asset Value up 42% to £7.03 per share; – Total Shareholder Return for the year of 47%;
– Diversify funding	– Successful completion of Cash Box Placing raising gross proceeds of approximately £96.5m.
Operational	
– Deliver marketing plan	– Strong customer demand and pricing increases;
– Deliver new and refurbished buildings	– All delivered on time with strong lettings momentum;
– Increase brand awareness and customer service	– Roll out of new centre staff operating model;
– Accelerate change of use planning applications	– Four mixed-use consents achieved and five schemes sold.
Investment	
– Complementary acquisitions	– Five acquisitions completed in strategic London locations for £80m;
– Non-core disposals	– Disposal of a portfolio of 10 non-core industrial estates for gross proceeds of £44m;
– Grow alternative income streams	– Initiatives including ClubWorkspace, technology offering and design services continue to develop.

Following consideration of the above, the Committee awarded Jamie Hopkins and Graham Clemett a gross bonus of £488,577 and £305,375 respectively. 25% of earned bonuses will be invested in the LTIP.

2015/16 annual bonus framework

The framework for 2015/16 is unchanged from 2014/15. The Committee intends to disclose incentive targets retrospectively at the time that bonuses are paid provided that they are not considered to be commercially sensitive at that time.

LTIP awards (audited)

LTIP awards are granted as performance shares of up to 100% of salary and matching share awards of up to 2 for 1 on investments in Workspace of up to 50% of net salary. The maximum matching share award that may be granted to the Executive Directors is 100% of their annual basic salary. The Company awards matching shares in respect of an amount equivalent to two times the grossed up (for income tax and National Insurance) amount invested by the participant in Invested Shares.

Vesting of performance shares and matching shares is based 1/3, 1/3, 1/3 on three-year relative NAV growth, relative TSR and absolute TSR. For the 2012, 2013 and 2014 LTIP cycles, relative performance is measured against the constituents of the FTSE 350 Real Estate Index. In addition, for any shares to vest on TSR, the Committee must satisfy itself that the recorded TSR is a genuine reflection of the underlying business performance of Workspace. For LTIP awards granted in 2013 onwards, net vested LTIP shares are required to be held for a one-year holding period before the shares can be sold.

Clawback provisions apply during the holding period in the event of a material misstatement of the Company's financial statements for any financial year during the performance period of a participant's gross misconduct.

A summary of performance measures, weightings and targets for 2014 LTIP awards granted during the year is provided below:

	One-third		One-third		One-third	
Performance condition	Growth in Net Asset Value relative to comparators[1]		TSR (share price growth plus reinvested dividends) relative to comparators[1]		Absolute TSR[2]	
Level of performance	Company's percentile rank	% of award vesting[3]	Company's percentile rank	% of award vesting[3]	Company's performance	% of award vesting[3]
Threshold	51st percentile	20%	51st percentile	20%	8% p.a.	20%
Maximum	75th percentile	100%	75th percentile	100%	17% p.a.	100%

Notes:
1. The comparator group for the 2014 LTIP cycle is the constituents of the FTSE 350 Real Estate Index.
2. For any shares to vest on absolute TSR, the Company's TSR 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 2014 LTIP.

			Performance share award			Matching share award[1]		
				Face value			Face value	
	Date of grant	Market price at date of award[2]	Number of shares	£	% of salary	Number of shares	£	% of salary
CEO	26 June 2014	£5.7033	73,469	419,020	100%	60,378	344,350	82%
CFO	26 June 2014	£5.7033	45,918	261,890	100%	45,918	261,890	100%

Notes:
1. Matching share awards of up to 100% of salary. Actual awards to the Executive Directors reflected their investments.
2. The share price for calculating the levels of awards was £5.7033, the average mid-market closing price over the three dealing days 17, 18 and 19 June 2014.

2015 LTIP awards

The Committee intends to grant 2015 LTIP awards following the release of the Company's preliminary results announcement. During the year, the Committee reviewed the LTIP comparator group and decided to exclude Agencies from the FTSE 350 Real Estate comparator group as these operate a different business model. The performance conditions are otherwise unchanged from those for the 2014 LTIP awards. The anticipated maximum opportunity for awards is detailed below.

Director	Performance Award	Maximum potential Matching Award[1]
CEO	100% of salary	100% of salary
CFO	100% of salary	100% of salary

Notes:
1. Subject to committing invested shares equivalent to 50% of salary.

Recap of performance conditions for existing LTIP awards

	One-third		One-third		One-third	
Performance condition	Growth in Net Asset Value relative to comparators[1]		TSR (share price growth plus reinvested dividends) relative to comparators[1]		Absolute TSR[2]	
Level of performance	Company's percentile rank	% of award vesting	Company's percentile rank	% of award vesting	Company's performance	% of award vesting
Awards made in 2013 and 2014[3]						
Threshold	51st percentile	20%	51st percentile	20%	8% p.a.	20%
Maximum	75th percentile	100%	75th percentile	100%	17% p.a.	100%
Awards made in 2012[3,4]						
Threshold	51st percentile	20%	Median	20%	11% p.a.	20%
Maximum	75th percentile	100%	Median + 7.5% p.a.	100%	20% p.a.	100%

Notes:
1. The comparator group for the 2012, 2013 and 2014 LTIP cycles is the constituents of the FTSE 350 Real Estate Index.
2. For any shares to vest on absolute TSR for the 2013 and 2014 LTIP awards, the Company's TSR must exceed the median TSR of the comparator group over the performance period. For the 2012 LTIP awards, for any shares to vest on absolute TSR, the Company's TSR must exceed the median TSR of the comparator group by + 1.5% p.a over the performance period.
3. There is straight-line vesting between the 'Threshold' and 'Maximum' performance levels.
4. As described in prior years' Remuneration Reports, the 2012 matching share award for the CEO may vest subject to the achievement of an absolute TSR underpin of 4% p.a.

LTIP vesting outcome in 2014/15 (audited)
The three-year performance period of 2012 LTIP awards ended on 31 March 2015.

Over the three years from 1 April 2012 to 31 March 2015, Workspace's three-year NAV growth of 32.1% p.a. placed it 1st (100th percentile) against its comparator group (the FTSE 350 Real Estate) which warranted 100% of this element vesting (equivalent to 33.3% of LTIP shares awarded). Workspace's three-year TSR outperformed the median TSR of the FTSE 350 Real Estate by 23.8% p.a. which warranted 100% of this element vesting (equivalent to 33.3% of LTIP shares awarded). Workspace's three-year absolute TSR of 55.8% p.a. warranted 100% of the absolute TSR element vesting (equivalent to 33.3% of LTIP shares awarded).

As described in prior years' Remuneration Reports, the 2012 matching share award for the CEO was subject to the achievement of an absolute TSR underpin of 4% p.a. Over the three years from 1 April 2012 to 31 March 2015, Workspace's three-year absolute TSR of 55.8% p.a. warranted 100% of this award vesting.

The Committee considered this together with the underlying business performance of Workspace and concluded that 100% of the 2012 LTIP shares awarded to the Executive Directors would vest. These awards are due to vest on 18 June 2015 for the CFO and 19 November 2015 for the CEO.

The table below summarises the LTIP interests held by the CEO and CFO and the estimated value at vesting:

	Interests held[1]	Vesting %	Number of shares vesting	Date vesting	Value[2]
CEO	276,642	100%	276,642	19 November 2015	£2,258,505
CFO	198,168	100%	198,168	18 June 2015	£1,617,843

Notes:
1. For the CEO, LTIP interests held comprises 164,117 performance shares and 112,525 matching shares. Similarly, for the CFO, it comprises 99,084 performance shares and 99,084 matching shares.
2. The value is calculated as the number of shares vesting multiplied by the average three-month share price to 31 March 2015 of 816.4 pence. These awards will be reported in the 2016 Remuneration Report based on the share price on date of vesting.

Save As You Earn (SAYE)

On 25 July 2014, 1,960 options were granted to the CFO to buy shares in the Company at an option exercise price of £4.59 based on 80% of the market value of a share at the invitation date. The contract maturity date is 1 September 2017. SAYE awards are offered on consistent terms to all employees.

Share Incentive Plan (SIP)

The Company implemented a SIP in 2013 and, in March 2013, the Company granted one-off share awards under the SIP (although the SIP rules are flexible enough to accommodate subsequent offers) of up to £1,000 of free shares per employee.

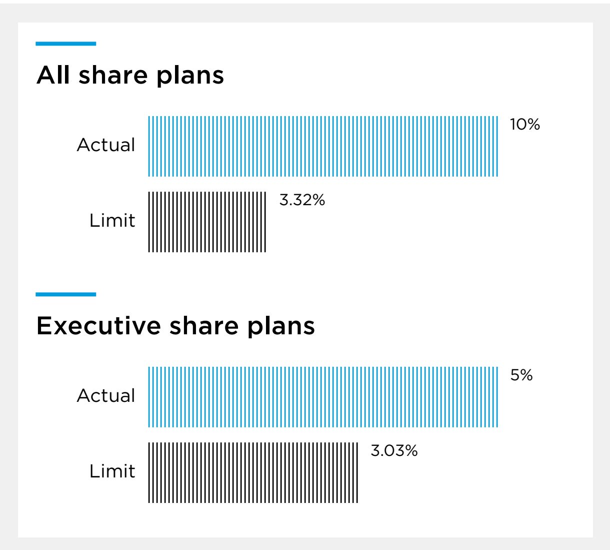
The Company purchased shares on the market to satisfy the grant of free shares and these are held in a UK resident trust. The free shares are to be held in the Trust for a minimum period of three years before they can be withdrawn by the employees.

No awards were granted, exercised or lapsed by the Executive Directors under the SIP during the year.

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 ('IA') in respect of all shares plans (10% in any rolling 10-year period) and executive share plans (5% in any rolling 10-year period) as at 31 March 2014 is detailed below.

As of 31 March 2015, around 5.3m (3.3%) and 4.9m (3%) shares have been, or may be, issued to settle awards made in the previous 10 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.



Payments for loss of office (audited)

There were no payments for loss of office during the year, or in 2014.

Payments to past Directors (audited)

There were no payments to past Directors during the year.

As reported in the 2014 Directors' Remuneration Report, Harry Platt retained an interest in the 2011 LTIP grant after pro-rating for time. The vesting of these shares was subject to the same performance conditions as for other Executives. Based on performance to 31 March 2014, 100% of the shares vested (corresponding to 74,970 shares). The value given in the 2014 Report was based on a three-month average share price to 31 March 2014 of 565.2 pence. The actual value at vesting was £455,443 based on the closing share price on the date of vesting (3 August 2014) of 607.5 pence.

Share ownership and share interests (audited)

The Committee has adopted guidelines for Executive Directors and other senior Executives to encourage substantial long-term share ownership. In 2013, the Remuneration Committee agreed that shareholding guidelines would be increased to 150% of salary to be achieved within five years of appointment from 1 April 2013. The CEO and CFO exceed these requirements; the shareholding of the CEO is equivalent to 303% of salary and the CFO is equivalent to 239% of salary based on a share price of 854.5 pence at 31 March 2015.

The table below shows the interests of the Directors and connected persons in shares. There have been no changes in the interests in the period between 31 March 2015 and 2 June 2015.

	31 March 2015	31 March 2014
Chairman		
Daniel Kitchen[1]	**37,500**	37,500
Executive Directors		
Jamie Hopkins	**148,756**	137,757
Graham Clemett	**73,159**	106,657
Non-Executive Directors		
Bernard Cragg[2]	**66,590**	66,590
Maria Moloney	**Nil**	Nil
Chris Girling	**Nil**	Nil
Damon Russell	**Nil**	Nil
Stephen Hubbard[3]	**Nil**	Nil

Notes:
1. Daniel Kitchen acquired 1,000 6% sterling Bonds on 2 October 2012 at a price of £100 per Bond.
2. The interest in shares for Mr Cragg is at the date of his retirement on 16 July 2014.
3. Mr Hubbard was appointed as a Director on 16 July 2014.

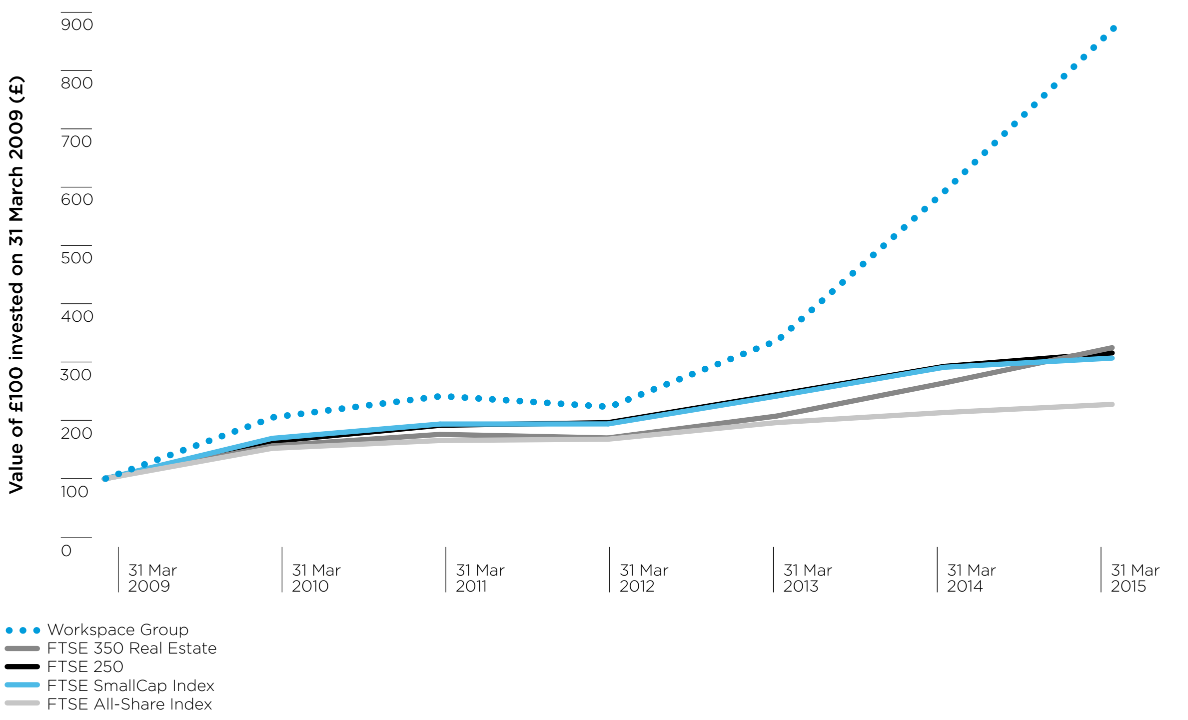
The table below shows the Executive Directors' interests in shares.

Executive Director	Type	Owned or vested outright	Unvested and subject to deferral[2]	Subject to performance[3]	Total
Graham Clemett	Shares	73,159	198,460	218,018	489,637
	Nil cost options	Nil	Nil	Nil	Nil
	Market value options[1]	Nil	6,623	Nil	6,623
Jamie Hopkins	Shares	148,756	276,934	308,871	734,561
	Nil-cost options	Nil	Nil	Nil	Nil
	Market value options[1]	Nil	4,663	Nil	4,663

Notes:
1. Market value options include SAYE options outstanding and not yet matured as at 31 March 2015. The exercise price of these was set at 80% of the market value of a share at the invitation date.
2. For Mr Clemett, the interest in shares of 198,460 consists of 198,168 LTIP awards granted in 2012 which are no longer subject to performance but are due to vest on 18 June 2015 and 292 SIP shares granted in March 2013. Similarly, for Mr Hopkins, the interest in shares of 276,934 consists of 276,642 LTIP awards granted in 2012 which are no longer subject to performance but are due to vest on 19 November 2015 and 292 SIP shares granted in March 2013.
3. The interest in shares of 218,018 for Mr Clemett, and the interest in shares of 308,871 for Mr Hopkins consist of the total LTIP awards made in 2013 and 2014, details of which can be found on page 96 of this Report.

Six-year TSR performance review and CEO single figure

The chart below compares the Total Shareholder Return performance (TSR) of the Group with benchmark indices over the last six years. Given the differing benchmarks used for such performance measurement your Board has decided to undertake this comparison against all of the FTSE 250, FTSE All Share, FTSE Small Cap and FTSE 350 Real Estate indices. In the opinion of the Directors, these are the most appropriate published indices against which the Total Shareholder Return of Workspace Group PLC should be measured.



CEO single figure of total remuneration

	2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	**2015** **£000**
CEO single figure of total remuneration (£000)						
Jamie Hopkins[1]			27.4	960.3	966.9	**3,247.0**
Harry Platt[2]	573.7	748.7	1,359.6	–	–	**-**
Annual bonus pay-out						
Jamie Hopkins (% of maximum opportunity)	–	–	–	100%	97.8%	**97.2%**
£000				480.0	479.5	**488.6**
Harry Platt (% of maximum opportunity)	41.7%	85.5%	75%	–	–	**-**
£000	165.3	339.4	303.7	–	–	**-**
LTIP vesting						
Jamie Hopkins (% of maximum opportunity)	–	–	–	–	–	**100%**
£000	–	–	–	–	–	**2,259.0**
Harry Platt (% of maximum opportunity)	0%	0%	66.5%	–	–	**-**
£000	–	–	642.9	–	–	**-**

Notes:
1. Mr Hopkins was appointed as an Executive Director on 12 March 2012.
2. Mr Platt retired as an Executive Director of the Company on 31 March 2012.

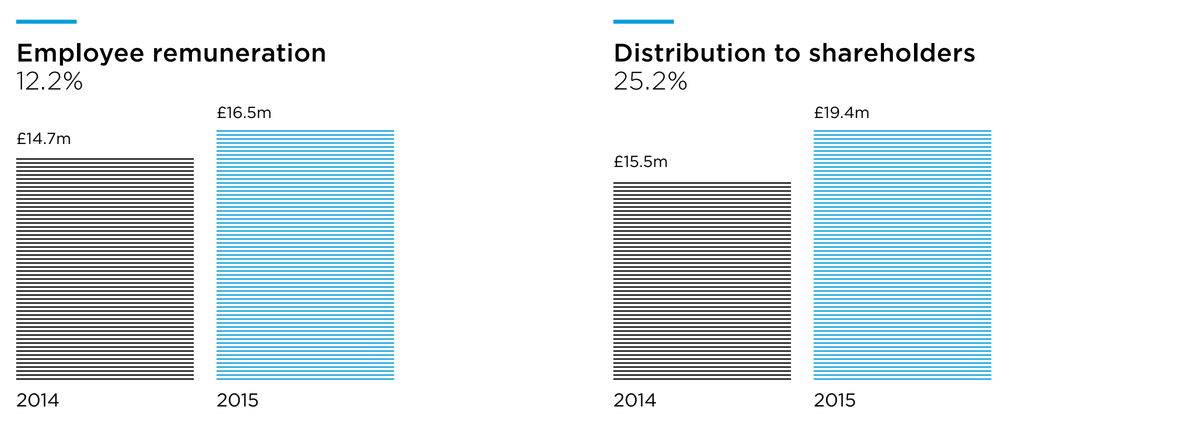
Percentage change in CEO remuneration

The table below shows the percentage change in CEO 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), normalised for joiners and leavers during the year. The average number of people employed by the Group during the year was 207, the majority of whom are involved in property management. All employees are eligible for consideration of an annual bonus.

	CEO			**All other employees**
Executive Director	**2015**	2014	% change	% change
Salary	£419.0k	£408.8k	2.5%	3.9%
Taxable benefits	£17.5k	£17.3k	1.2%	5.9%
Annual variable	£488.6k	£479.5k	1.9%	11.0%
Total	£925.1k	£905.6k	2.2%	5.7%

Relative importance of spend on pay

The chart 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 2014 and ended 31 March 2015.



Supplementary information on Directors' remuneration

Long-term equity incentive plan 2008

Details of current awards outstanding to the Executive Directors are detailed below.

	At 1 April 2014			Lapsed during the year		Vested during the year			At 31 March 2015		
	Performance	Invested	Matching	Performance	Matching	Performance	Invested	Matching	Performance	Invested	Matching
Jamie Hopkins											
19/11/2012	164,117	112,525	112,525	–	–	–	–	–	164,117	112,525	112,525
26/06/2013	100,945	19,631	74,079	–	–	–	–	–	100,945	19,631	74,079
26/06/2014	–	–	–	–	–	–	–	–	73,469	16,000	60,378
Graham Clemett											
03/08/2011	73,882	17,732	73,882	–	–	(73,882)	(17,732)	(73,882)	–	–	–
18/06/2012	99,084	23,780	99,084	–	–	–	–	–	99,084	23,780	99,084
26/06/2013	63,091	16,719	63,091	–	–	–	–	–	63,091	16,719	63,091
26/06/2014	–	–	–	–	–	–	–	–	45,918	12,168	45,918
Harry Platt											
03/08/2011	37,485	26,989	37,485	–	–	(37,485)	(26,989)	(37,485)	–	–	–

Notes:

1. Awards will vest subject to the satisfaction of performance conditions detailed on pages 90 to 92 over the three-year performance period.
2. Performance Awards made to the Executive Directors: Awards in July 2011 were in respect of 90% of annual salary based on a share price at date of award of 27 pence; in June 2012 in respect of 90% of annual salary for Mr Clemett based on a share price at date of award of £2.2708 and in November 2012 in respect of 125% of gross salary for Mr Hopkins based on a share price of £3.0466. In June 2013, awards were in respect of 100% of salary based on a share price at date of award of £4.0497 and in June 2014, awards were in respect of 100% of salary based on a share price at date of award of £5.7033.
3. Matching Awards were granted to participants who purchased Invested Shares or who used shares acquired during and since the Rights Issue as Invested Shares. In 2011, Executive Directors received matching share awards of 90% of salary (subject to investing an amount equal to 45% of their net annual basic salary in Invested Shares). In 2012, Mr Clemett received a matching share award of 90% of salary; Mr Hopkins received a matching share award of 112,525 (subject to overall cap of 1x salary at grant) in November 2012 based on a share price of £3.0466 vesting based on the achievement of an absolute TSR underpin of 4% p.a. In 2013, matching shares granted were up to 100% of salary for Mr Clemett and 73% of salary for Mr Hopkins and in 2014, matching shares granted were up to 100% of salary for Mr Clemett and 82% of salary for Mr Hopkins.
4. Participants are entitled to dividends payable on the Invested Shares. The Invested Shares which are beneficially owned by participants are included in the table detailing Ordinary Shares held by Directors on page 93 of this Report.

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.

Director	At 01/04/2014	Granted during the year	Lapsed during the year	Exercised in year	At 31/03/2015	Exercise price	Normal exercise date From	Normal exercise date To
Jamie Hopkins	4,663[1]	–	–	–	4,663	£1.93	01.09.2015	01.03.2016
	292[2]	–	–	–	292		22.03.2016	–
Graham Clemett	4,663[1]	–	–	–	4,663	£1.93	01.09.2015	01.03.2016
	–	1,960[1]	–	–	1,960	£4.59	01.09.2017	01.03.2018
	292[2]	–	–	–	292		22.03.2016	–

There have been no changes in Directors' interests over options in the period between the balance sheet date and 2 June 2015.

1. SAYE scheme.
2. SIP scheme.

Service contracts

The 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
Jamie Hopkins	Chief Executive Officer	3 February 2012	12 months	12 months
Graham Clemett	Chief Financial Officer	31 July 2007	12 months	12 months

The Chairman and Non-Executive Directors have letters of appointment. Dates of the Directors' letters of appointment and the unexpired period of their appointments (where appropriate after extension by re-election) are set out below:

Name	Date of original appointment (date of reappointment)	Unexpired term as at 31 March 2015	Date of appointment/last reappointment at AGM	Notice period
Daniel Kitchen	6 June 2011 (6 June 2014)	27 months	2014	6 months
Maria Moloney	22 May 2012 (22 May 2015)[1]	2 months	2014	3 months
Chris Girling	7 February 2013	11 months	2014	3 months
Damon Russell	29 May 2013	14 months	2014	3 months
Stephen Hubbard	16 July 2014	28 months	2014	3 months

Notes
1. On 22 April 2015 and on the recommendation of the Nominations Committee, The Board agreed to renew Dr Moloney's letter of appointment, extending her tenure for a further three-year term from 22 May 2015.

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.

Remuneration Committee membership in 2014/15

The Committee met formally on eight occasions during the year under review. Attendance by individual Committee members at meetings is detailed below.

Committee member	Member throughout 2014/15	Number of meetings attended
Maria Moloney	Yes	●●●●●●●●
Bernard Cragg[1]	No	●●●●○○○○
Daniel Kitchen	Yes	●●●●●●●●
Chris Girling	Yes	●●●●●●●●
Damon Russell	Yes	●●●●●●●●
Stephen Hubbard[2]	No	○○○○●●●●

Notes:
1. Bernard Cragg retired as a Director on 16 July 2014.
2. Stephen Hubbard was appointed as a Director on 16 July 2014.

During the year, the Committee sought internal support from the CEO and CFO whose attendance at Committee meetings was by invitation from the Chairman, to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of senior managers. 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.

Advisers

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. To this end, for the year under review the Committee continued to retain the services of Kepler Associates as the principal external advisers to the Committee. The Committee evaluates the support provided by its advisers annually and is comfortable that Kepler Associates provides independent remuneration advice to the Committee and does not have any connections with Workspace that may impair their independence. Kepler Associates is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com. During the year, Kepler Associates provided independent advice on a wide range of remuneration matters including current market practice and corporate governance guidance, benchmarking of executive pay and incentive design, and independent monitoring of TSR. Kepler Associates does not provide any other services to the Company.

Grant Thornton was engaged by the Company Secretary to advise the Committee and the Company generally on the administration of the Company's share plans. Slaughter and May LLP was also engaged by the Company Secretary to provide legal advice to the Committee and employment law advice concerning senior Executives of the Company.

The Committee continually assesses ongoing advice provided by its advisers on all remuneration matters.

The fees paid to advisers in respect of support to the Committee during the year under review are shown in the table below:

	Kepler Associates[1]	Grant Thornton	Slaughter and May LLP
Remuneration Committee support	£80,020	£17,500	£1,750

Note:
1. Fees paid are on the basis of time and materials.

Key activities of the Remuneration Committee during the year

Meeting date	Key activities
April 2014	Review of: – Effectiveness of the Committee through the Board evaluation process. – Review of Committee Terms of Reference. – Proposed salary increases across the Group. – Draft 2014 Directors' Remuneration Report and key decisions taken in light of the new reporting requirements. – Executive remuneration with reference to total remuneration benchmarking. Approval of: – Chairman fees with effect from 1 April 2014.
May 2014	Review of: – Executive Director and senior manager corporate bonus plan targets. – Vesting of 2011 LTIP Awards. – Grant of 2014 Performance and Matching Share Awards, considering performance measures and targets and impact on dilution. – Draft Directors' Remuneration Report. Approval of: – Executive Director annual bonus awards for 2013/14 performance.
June 2014	Approval of: – LTIP vesting outcome.
November 2014	Review of: – Trends in Executive remuneration and developments in corporate governance.
January 2015	Review of: – Approach to Executive Director remuneration and benchmarking. – LTIP comparator group. – Terms of Reference of the Committee.
February 2015	Review of: – Executive Director remuneration arrangements for 2015. – Approach to shareholder consultation. – Draft Directors' Remuneration Report for 2015.

Summary of shareholder voting at the 2014 AGM

The table below shows the results of the advisory vote on the 2013/14 Remuneration Report at the 2014 AGM on 16 July 2014. It is the Remuneration Committee's policy to consult with major shareholders prior to any major changes to its Executive Director remuneration structure. The Committee views this level of shareholder support as a strong endorsement of the Company's policy and its implementation.

	Approve Policy Report		Approve Annual Report On Remuneration	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	86,708,943	99.26%	86,731,134	99.28%
Against	649,528	0.74%	627,337	0.72%
Total votes cast (excluding withheld votes)	**87,358,471**	**100%**	**87,358,471**	**100%**
Votes withheld[1]	43,394		43,394	
Total votes cast (including withheld votes)	**87,401,865**		**87,401,865**	

Note:
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.

The Directors' Remuneration Report has been approved by the Board of Workspace Group PLC.

By Order of the Board

Dr Maria V Moloney
Chairman of the Remuneration Committee
2 June 2015

Carmelina Carfora
Company Secretary

The Directors present their report on the affairs of the Group together with the audited financial statements for the year ended 31 March 2015.

Principal activities and business review

The Group is engaged in property investment in the form of letting of business space to new and growing companies located in London. At 31 March 2015 the Company had 12 active subsidiaries, six of which are property investment companies owning properties in Greater London. The other six companies include: Workspace Management Limited which acts as manager for all the Group's property investment companies and the BlackRock Workspace Property Trust; Workspace 16 (Jersey) Limited which invests in the BlackRock Workspace Property Trust, LI Property Services Limited which procures insurance on behalf of the Group and Anyspacedirect.co.uk Limited. Workspace Holdings Limited and Workspace Glebe Limited are intermediate holding companies. The Group currently has three joint ventures, BlackRock Workspace Property Trust, Enterprise House Investments LLP and Generate Studio Limited. A full list of the Company's trading subsidiaries appears on page 139.

Significant events which occurred during the year are detailed in the Chairman's introduction on page 14, the Chief Executive Officer's Strategic Review on page 18 and the Business Review on pages 44 to 53.

Business review and future developments

The Group's 2015 Strategic Report, on pages 18 to 53 includes a review of the business of the Group during the financial year and at the year-end together with a description of its strategy and prospects and an analysis using key performance indicators.

This information, together with a description of the principal risks and uncertainties facing the Company, details of the Company's health and safety policies and its environmental and corporate responsibility activities can be found in the following sections of the Annual Report:

Chairman's introduction	Page 14
Chief Executive Officer's Strategic Review	Page 18
Business model	Page 22
Our Strategy	Page 24
Principal business risks	Page 27
Corporate Social Responsibility	Page 34
Business Review	Page 44

Directors

With the exception of Mr Hubbard who was appointed as a Director at the conclusion of the AGM on 16 July 2014 and Bernard Cragg who retired as a Director on 16 July 2014, the Directors of the Company all held office throughout the year. The current Directors and their biographies can be found on pages 62 to 63. Details of the Directors' shareholdings and options over shares are provided on pages 93 and 96.

All the Directors will retire at the Annual General Meeting and, being eligible, will offer themselves up for re-election.

Directors' indemnities and insurance

As permitted under the Companies Act 2006 and the Company's Articles of Association, the Company has executed a Deed Poll under which it will indemnify its Directors, subject to certain limitations and as permitted by law, for liabilities incurred in connection with their appointment as a Director and in certain circumstances fund a Director's expenditure on defending criminal or civil proceedings brought against the Director in connection with his position as a Director of the Company or of any Group Company.

The indemnity provision was in force during the year and at the date of approval of the Directors' Report.

The Company maintains Directors' and Officers' liability insurance which is reviewed annually.

Directors' conflicts of interest

No Director had, during the year, any beneficial interest in any contract significant to the Company's business, other than a contract of employment.

The Company has 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 Workspace Group PLC, they are required to notify the Board in writing or verbally at the next Board Meeting.

Corporate governance

The Company and the Group are committed to high standards of corporate governance, details of which are given in the Chairman's overview and Corporate Governance Report on pages 56 to 79 and in the Directors' Remuneration Report on pages 80 to 99.

Profit and dividends

The Group's profit after tax for the year attributable to shareholders amounted to £350.9m (2014: £241.4m).

The interim dividend of 3.89 pence (2014: 3.54 pence) was paid in February 2015 and the Board is proposing to recommend the payment of a final dividend of 8.15 pence (2014: 7.09 pence) per share to be paid on 7 August 2015 to shareholders whose names are on the Register of Members at the close of business on 10 July 2015. This makes a total dividend of 12.04 pence (2014: 10.63 pence) for the year.

Going concern

The Group's activities, strategy and performance are explained in the Strategic Report on pages 18 to 53.

Further detail on the financial performance and financial position of the Group is provided in the financial statements on pages 109 to 140.

The Directors, having made appropriate enquiries, 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 the 12 months from the date of this report. For this reason, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Group's accounts.

Employees

The Group values highly the commitment of its employees and has maintained its practice of communicating business developments to them in a variety of formats. The Group's employees are kept informed of its activities and performance through a series of Director-led staff briefings at key points during the year and the circulation of corporate announcements and other relevant information to staff which are supplemented by updates on the intranet. These briefings also serve as an informal forum for employees to ask questions about the Company.

Employees are appraised regularly. The appraisal process has been designed to link closely with the business planning process and provides employees with a clear set of business and personal objectives.

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 (SAYE).

The Company is committed to an active Equal Opportunities Policy from recruitment and selection, through training and development, performance reviews and promotion. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit. The Company is responsive to the needs of its employees, customers and the community at large. We are an organisation which uses everyone's talents and abilities, where diversity is valued.

The Company remains supportive of the employment and advancement of disabled persons and ensures its promotion and recruitment practices are fair and objective.

The Company encourages the continuous development and training of its employees and the provision of equal opportunities for the training and career development of all employees.

The Group provides retirement benefits for the majority of its employees. Details of the Group pension arrangements are set out in note 28 on page 140.

Share capital and control

Full details of share options and awards under the terms of the Company's share incentive plans can be found on pages 136 to 138.

Other relevant requirements from the takeover directive are included elsewhere in the Report of the Directors, the Corporate Governance Report, the Directors' Remuneration Report and the notes to the Group and Company financial statements. There are no agreements in place between the Group and its employees or Directors for compensation for loss of office or employment that occur because of a takeover bid.

As at 31 March 2015, the Company's issued share capital comprised a single class of 161,107,649 ordinary shares of £1.00 each. Details of the Company's issued share capital are set out on page 135. In November 2014 the Company successfully completed a Share Placing issuing up to 14,627,492 Ordinary Shares which raised net proceeds £96.5m.

Substantial shareholdings in the company

As at 31 March 2015 the following interests in voting rights over the issued share capital of the Company had been notified.

Shareholder	Number of shares	Percentage held
The London & Amsterdam Trust Company Limited*	43,505,488	27.00%
BlackRock Inc.	13,402,300	8.32%
Old Mutual PLC	11,512,054	7.15%
Standard Life PLC	8,305,135	5.16%
Invesco Ltd	7,057,246	4.38%
Aberdeen Group	5,727,410	3.56%
Principal Financial Group	5,630,684	3.49%
Legal & General Group PLC	5,396,486	3.35%

As at 21 May 2015 the following interests in voting rights over the issued share capital of the Company had been notified.

Shareholder	Number of shares	Percentage held
The London & Amsterdam Trust Company Limited*	43,505,488	27.00%
BlackRock Inc	13,463,478	8.36%
Old Mutual PLC	11,518,255	7.15%
Standard Life PLC	7,665,942	4.76%
Invesco Ltd	7,258,572	4.51%
Aberdeen Group	5,715,943	3.55%
Principal Financial Group	5,502,293	3.42%
Legal & General Group PLC	5,380,061	3.34%

* Full name of shareholders include Rovida Holdings Limited, RR Investment Company Ltd, Mingulay Holdings Ltd, SN Roditi, Mrs P Roditi and The Belvedere Realty Investment Company.

Health and safety

We are committed to health and safety best practice as an integral part of our business activities and our drive for high performance.

The Group's policy is to provide and maintain safe and healthy working conditions, equipment and systems of work for all its employees, customers and anyone affected by our business and to provide such information, training and supervision as they need for this purpose.

Whilst all employees of the Group have a responsibility in relation to health and safety matters, certain staff have been designated 'workplace' responsibilities or other co-ordinating responsibilities throughout the Group, and ultimately, at Board level, the Chief Executive Officer has overall responsibility.

Financial risk management

The financial risk management objectives and policies of the Company are set out in note 17 to the financial statements and in the Corporate Governance section of this report on pages 64 to 79.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are each aware there is no relevant information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP ('PwC'), have indicated their willingness to continue in office and a resolution that they will be reappointed will be included as ordinary business at the Annual General Meeting.

Greenhouse gas (GHG) emissions

As indicated in our 2013/14 report we will continue to quantify and report any emissions resulting from our business activities. These are calculated from the following sources:

Scope 1 Emissions – Direct Emissions	Scope 2 Emissions – Indirect Emissions
On-site Fuel Combustion: Gas or oil purchased for our Assets.	**Purchased Electricity:** Electricity purchased for our Assets. This includes tenant electricity consumption where we procure energy on their behalf.
Fugitive Emissions: Refrigerant leaks from owned air-conditioning (RAC) equipment.	
Company Vehicles: Fuel combustion and refrigerant leakage.	

Carbon emissions by source (tCO_2e)

Source of Emissions	2012/13	2013/14	**2014/15**	% Change
Scope 1 (Direct Emissions)				
Workspace				
Gas	3,959	3,535	**3,194**	(9.6)
Fugitive Emissions	169	216	**247**	14.7
Vehicle Emissions	2	2	**4**	103.8
Joint Venture				
Gas	60	64	**51**	(20.3)
Heating Oil	31	28	**20**	(26.1)
Fugitive Emissions	0	2	**2**	(8.9)
Scope 2 (Indirect Emissions)				
Workspace				
Purchased Electricity	10,510	10,956	**12,037**	9.5
Joint Venture				
Purchased Electricity	312	334	**368**	10.2
Total	15,043	15,137	**15,923**	5.1
Net Lettable Area tCO_2e/m^2	0.030	0.031	**0.035**	11.6
Occupied space Area tCO_2e/m^2	0.035	0.036	**0.040**	10.4

Notes:
Previous data has been recalculated to account for discrepancies with JV electricity data and additional gas/electricity meter read information unavailable at the time. Data was still within the 5% materiality threshold.

Previous data has been recalculated to account for changes and additions.

Emissions from vacant units have been omitted from data collection as they are considered to be immaterial. Calculations based upon a 5% materiality threshold.

Joint Venture Emissions are calculated as a proportion based on our equity share.

Defra Environmental Reporting Guidelines and the financial control approach applied.

Overall GHG emissions across the portfolio have increased by 5.2% from last year. This is mainly due to an 11% increase in the emissions factor for grid-purchased electricity.

However, it must be noted that total energy consumption which accounts for a large proportion of our total carbon emissions has decreased this year by 9% compared to our baseline year. We will continue to focus on energy efficiency measures within our buildings and engage with our customers to ensure that our overall carbon intensity ratio is reduced.

Independent verification of our data has been provided by Carbon Credentials Limited.

Disclosure required under the Listing Rules

For the purpose of LR9.8.4C R, the information required to be disclosed by LR 9.8.4R can be found in the Annual Report in following locations:

Section	Topic	Location in the Annual Report
1	Interest capitalised	Financial Statements, page 122, note 10
2	Publication of unaudited financial information	Not applicable
4	Details of long-term incentive schemes	Remuneration Report page 91 to 92 and 96
5	Waiver of emoluments by a Director	Not applicable
6	Waiver of future emoluments by a Director	Not applicable
7	Non pre-emptive issues of equity for cash	Not applicable
8	Item (7) in relation to major subsidiary undertakings	Not applicable
9	Parent participation in a placing by a listed subsidiary	Not applicable
10	Contracts of significance	Not applicable
11	Provision of services by a controlling shareholder	Not applicable
12	Shareholder waivers of dividends	Not applicable
13	Shareholder waivers of future dividends	Not applicable
14	Agreements with controlling shareholders	Not applicable

All the information cross-referenced above is hereby incorporated by reference into this Directors' Report.

2015 Annual General Meeting

The 29th Annual General Meeting of the Company will be held at Chester House, Kennington Park, 1-3 Brixton Road, London SW9 6DE on Wednesday 15 July 2015 at 11.00am. The Notice of the Meeting, together with an explanation of the business to be dealt with at the Meeting, is included as a separate document and is also available on the Company's website.

By order of the Board

Carmelina Carfora
Company Secretary
2 June 2015

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Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts, including the Group and the Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Standards (United Kingdom Accounting Standards and applicable law). 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 Parent Company and the Group and of the profit or loss of the Group for that period.

In preparing those financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and the Group and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's corporate website (investors.workspace.co.uk). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Each of the Directors, whose names and functions are detailed on pages 62 and 63 of the Annual Report, confirm that, to the best of their knowledge:
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic Report contained in pages 16 to 53 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the Board on 2 June 2015 by:

Jamie Hopkins
Chief Executive Officer

Graham Clemett
Chief Financial Officer