Workspace Taxation Strategy

Summary

- As a Real Estate Investment Trust ('REIT') Workspace Group PLC is exempt from corporation tax on lease rental profits and chargeable gains from its London based commercial property rental business.

- We account for and pay numerous taxes outside of the REIT regime including Corporation Tax, VAT, Stamp Duty Land Tax, Pay As You Earn income tax and National Insurance.

- The Board of Directors has ultimate responsibility for the governance and risk management of the Group, including tax. The CFO reports to the Board on relevant tax risks and compliance.

- We have a low risk approach to tax planning and aim to meet all of our tax compliance obligations on a timely basis, comply with the REIT requirements and retain a low risk rating from HMRC.

- We are in regular communication with HMRC, aiming to have a productive and open dialogue with regard to all tax matters.

Introduction

Workspace Group PLC is a FTSE 250 listed REIT engaging in property management and investment with a primary focus on providing our customers with inspiring, flexible workspaces with superfast technology in dynamic London locations.

As a REIT we are exempt from corporation tax on both rental profits and chargeable gains from our UK property rental business. In order to retain REIT status, there are a number of criteria which must be satisfied. These criteria include distributing at least 90% of the rental business profits to shareholders which is treated as taxable income in the hands of those shareholders. This regime moves the point of taxation from the Company to the investor level. Maintaining our REIT status is one of our main tax objectives.

The REIT regime does not remove all of our tax obligations as a large business and employer and we therefore account for and pay numerous taxes including VAT, PAYE income tax, National Insurance and Stamp Duty Land Tax. We also pay Corporation Tax on our non-property rental business income and gains.

Governance and risk management

The governance and risk management of the Group is led by the Board of Directors, supported by the Executive Directors, Senior Management and other key team members.

The CFO, also the Group's Senior Accounting Officer (SAO), oversees and ensures the proper execution of the tax strategy and reports to the Board on the tax implications of significant transactions and any evolving tax risks identified. Regular risk reviews identify any new tax risks and enable the team to mitigate any such risks. The Audit Committee monitors and reviews the effectiveness of our internal control and risk management structure, including our approach to tax risks.

The tax reporting processes are either completed by trained individuals, reviewed in-house and where necessary reviewed by external tax advisors or prepared by external tax advisors and reviewed in-house. We maintain robust internal controls and review procedures over tax processes which helps give assurance that our tax accounting arrangements are appropriate.

We liaise with external advisors on a regular basis to ensure that we adapt our processes to comply with any legislative and regulatory changes and we encourage team members responsible for tax affairs to attend training courses to refresh their knowledge.

Approach to tax risk and planning

Our main tax objectives include fulfilling all of our UK tax compliance obligations, complying with the REIT requirements and maintaining our 'low risk' HMRC rating. The Group has a low risk appetite with regards to tax planning and all transactions are based on commercial considerations as opposed to gaining tax advantages.

Relationship with HMRC

We communicate regularly with our HMRC Customer Compliance Manager (CCM) and keep them up to date with any internal developments that could have tax implications. Pre-clearance is sought from HMRC for transactions where there is any doubt regarding the appropriate tax treatment. We meet regularly with HMRC to ensure they understand and are comfortable with our business model; this helps to achieve our objective of maintaining our 'low risk' status.

Note: This document is produced by Workspace Group PLC on behalf of all qualifying group entities pursuant to Schedule 19, Finance Act 2016 for the financial year ending 31 March 2023.