Good governance, based on robust practices and processes, is a fundamental part of being a responsible business.

DANIEL KITCHEN
CHAIRMAN

The Board of Workspace is committed to maintaining a high standard of corporate governance in terms of leadership, remuneration matters, accountability, and in our relationship with our shareholders, all as identified by the UK Corporate Governance Code.

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

BOARD APPOINTMENTS AND SUCCESSION

In order to implement our strategy successfully, the Board monitors and reviews succession planning and development requirements for key Executives and senior managers across the Company.

Consequently, since last year's report, we have welcomed two new Non-Executive Directors to our Board. In February 2013, we announced the appointment of Chris Girling. Chris was previously Finance Director at Carillion PLC and in recognition of his background and extensive experience it is intended that he will succeed Bernard Cragg as Chairman of the Audit Committee in due course. In May 2013 we appointed Damon Russell, the Chairman of New Telecom Express Group, an interactive media service provider. Damon brings over 20 years of experience across the telecommunications, internet, digital and media sectors.

As I explained last year, Bernard Cragg will remain as a Board Director until the Annual General Meeting in 2014. We have been mindful to ensure that a certain level of continuity is retained given the Board changes last year and of course the experience and skills required in performing the role of Chair of the Audit Committee and Senior Independent Director.

After nine years on the Board, John Bywater will be retiring at this year's Annual General Meeting and we would like to thank him for his valued contribution to the Board's activities over the years and in his role as Chairman of the Remuneration Committee.

We continue to review and monitor Board and Board Committee composition against our skills and experience requirements and expect to appoint one further Non-Executive Director this year. We recognise the benefits of diversity of skills, gender, knowledge and independence and we will continue to ensure that this is taken into account when considering any particular appointment. The Company's policy remains that selection should be based on the best person for the role. We will continue to review candidates from a wide range of backgrounds with our foremost priority being to ensure that we appoint the most appropriate individuals and maintain our merit-based approach to recruitment.

In accordance with the UK Corporate Governance Code, all of the Directors have submitted themselves for re-election at the Annual General Meeting. This practice will continue at the Annual General Meeting in 2013.

BOARD AND COMMITTEE PERFORMANCE

In the previous financial year, we conducted our annual evaluation of the Board and Committee performance through an independent external consultancy. This year, the evaluation was conducted by me with support from the Company Secretary. The process covered Board, Committee and personal performance and the output was reviewed by the Board. The process confirmed that the Board and its Committees continued to work effectively.

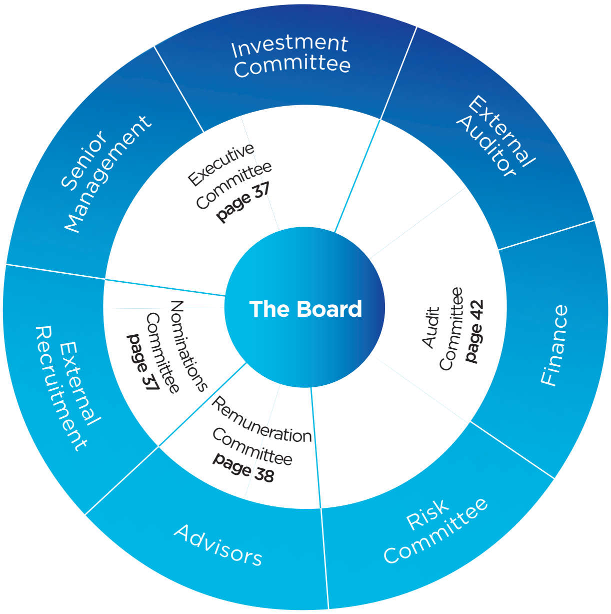
COMMUNICATION WITH SHAREHOLDERS

Communication with shareholders is given a high priority by the Board. During the year, the Remuneration Committee reviewed the remuneration structure in place at Workspace. As part of its review, the Committee identified some modifications for long-term incentive arrangements. These were discussed with the Company's largest shareholders.

When the Company announces its annual and half year results, the Chief Executive Officer, and Chief Financial Officer make presentations to institutional investors and analysts and hold one-to-one briefings with key shareholders. In addition, I am available to meet with shareholders if they wish to raise any matters separately.

DANIEL KITCHEN
CHAIRMAN

CORPORATE GOVERNANCE STRUCTURE



THE BOARD AND EXECUTIVE COMMITTEE

THE BOARD

1. DANIEL KITCHEN
Appointment: 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 Non-Executive Chairman of Key Capital Real Estate Ltd and a Non-Executive Director of LXB Retail Properties PLC, Irish Takeover Panel Limited and Governor of St Patrick Hospital in Dublin.

2. JAMIE HOPKINS
Appointment: 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 on 1 April 2012. He was previously Chief Executive and 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.

3. GRAHAM CLEMETT BSC, ACA
Appointment: 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 PHD, B.LEG.SCI, D.UNIV, M.PHIL (LAW)
Appointment: Non-Executive Director

COMMITTEE MEMBERSHIPS:
Member of the Audit, Remuneration 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 and the Northern Ireland Transport Holdings.

CURRENT EXTERNAL APPOINTMENTS:
Maria, a lawyer, is currently a Non-Executive Director of the Broadcasting Authority of Ireland in Dublin and a Trustee of the N. Ireland Cancer Centre in Belfast.

5. JOHN BYWATER FRICS
Appointment: Non-Executive Director

COMMITTEE MEMBERSHIPS:
Chairman of the Remuneration Committee and a member of the Audit and Nominations Committees.

BACKGROUND AND RELEVANT EXPERIENCE:
John Bywater was appointed to the Board in June 2004. He was previously an Executive Director of Hammerson PLC and retired in March 2007.

CURRENT EXTERNAL APPOINTMENTS:
He is Managing Director of Caddick Developments Ltd, a Non-Executive Director of Canal and River Trust (formerly British Waterways) and Realis Estates, a private property company; a Non-Executive of Low Carbon Workspace Limited and a Trustee of Opera North.

6. BERNARD CRAGG BSC, ACA
Appointment: Senior Independent Non-Executive Director

COMMITTEE MEMBERSHIPS:
Chairman of the Audit Committee and a member of the Remuneration and Nominations Committees.

BACKGROUND AND RELEVANT EXPERIENCE:
Bernard Cragg was appointed to the Board in June 2003. He was previously Chairman of Datamonitor PLC and i-mate PLC, and a Non-Executive Director of Bristol & West PLC. He was formerly Group Finance Director and Chief Financial Officer of Carlton Communications PLC and a Non-Executive Director of Arcadia PLC.

CURRENT EXTERNAL APPOINTMENTS:
He is a Non-Executive Director of Astro Overseas Limited and Astro Malaysia Holdings SDN BHD and the Senior Independent Director of Mothercare PLC and Progressive Digital Media PLC. He is also Deputy Chairman and Senior Independent Non-Executive Director of Alternative Networks PLC.

7. DAMON RUSSELL
Appointment: Non-Executive Director

BACKGROUND AND RELEVANT EXPERIENCE:
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 and has been responsible for key client relationships and the business' sales strategy since its inception. Telecom Express was sold to AMV BBDO, part of the Omnicom Group, in 1998. In 2004, Damon led a successful management buyout. He also holds advisory roles for a number of smaller companies in the digital media sector.

8. CARMELINA CARFORA FCIS
Appointment: 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.

9. CHRIS GIRLING
Appointment: Non-Executive Director

COMMITTEE MEMBERSHIPS:
Member of the Audit, Remuneration and Nominations Committees.

BACKGROUND AND RELEVANT EXPERIENCE:
Chris Girling 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 Elementis PLC and Keller PLC and a Non-Executive Director of Arco Limited.

EXECUTIVE COMMITTEE

10. ANGUS BOAG MSC CENG MICE
Appointment: 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.

11. CHRIS PIERONI BA (HONS) MSC (ECON) PHD (CANTAB) ACSI
Appointment: 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.

REPORT OF THE DIRECTORS

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 2013. The Business Review and all other sections of the annual report, to which cross reference is made, are incorporated into the Report of the Directors by reference.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW
The Group is engaged in property investment in the form of letting of business accommodation to new and growing companies located in and around London. At 31 March 2013 the Company had 12 active subsidiaries, six of which are property investment companies owning properties in Greater London. The other six 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 which operates a web-based service for businesses in search of commercial space to rent in the UK. Workspace Holdings Limited and Workspace Glebe Limited are intermediate holding companies. A full list of the Company's trading subsidiaries appears on page 89.

Significant events which occurred during the year are detailed in the Chairman's Statement on page 4, the Chief Executive Officer's Strategic Review on page 6 and the Business Review on pages 16 to 25.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS
The Business Review requires a detailed review of the business of the Group, the development and performance of the Company during the year and at the year end and of its strategy and prospects, including 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 on pages 1 to 26 and page 34.

CORPORATE GOVERNANCE
The Company and the Group are committed to high standards of corporate governance, details of which are given in the Chairman's Governance Introduction on pages 28 and 29 and the Corporate Governance Report on pages 35 to 44 and in the Directors' Remuneration Report on pages 45 to 60.

PROFIT AND DIVIDENDS
The Group's profit after tax for the year attributable to shareholders amounted to £76.4m (2012: £49.0m).

The interim dividend of 3.22p (2012: 2.93p) was paid in February 2013 and the Board is proposing to recommend the payment of the final dividend of 6.45p (2012: 5.86p) per share to be paid on 2 August 2013 to shareholders whose names are on the Register of Members at the close of business on 12 July 2013. This makes a total dividend of 9.67p (2012: 8.79p) for the year.

GOING CONCERN
The Group's activities, strategy and performance are explained in the Chief Executive Officer's Strategic Review and Our Strategy on pages 6 to 9 and the Business Review on pages 16 to 25.

Further detail on the financial performance and financial position of the Group is provided in the financial statements on pages 63 to 90.

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 debt facilities to continue in operational existence for the foreseeable future. For this reason, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Group's accounts.

LAND AND BUILDINGS
The Group's fixed assets are mainly investment properties of £825.9m (2012: £759.3m). The Group's investment properties have been independently valued by CBRE Limited, Chartered Surveyors, at 31 March 2013 at open market value.

DIRECTORS
With the exception of Maria Moloney, Chris Girling and Damon Russell who were appointed as Directors on 22 May 2012, 7 February 2013 and 29 May 2013 respectively, the Directors of the Company all held office throughout the year. The current Directors are shown on pages 30 and 31.

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

DIRECTORS' INDEMNITIES

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 their 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 financial statements.

DIRECTORS' CONFLICT 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.

Details of the Directors' shareholdings and options over shares are provided on pages 58 to 60.

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 at the next Board Meeting.

EMPLOYMENT POLICIES

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. Furthermore, the Group has implemented a series of Director-led staff briefings designed to keep employees well informed of the performance and objectives of the Group. These briefings are held regularly and 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'). During the year all employees were also able to participate in the Approved Share Incentive Plan ('SIP').

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

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 85 to 88.

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 2013, the Company's issued share capital comprised of a single class of 144,936,155 ordinary shares of £1.00 each. Details of the Company's issued share capital are set out on page 84.

SUBSTANTIAL SHAREHOLDINGS IN THE COMPANY

As at 31 March 2013, the Company has been notified, in accordance with the FSA Disclosure and Transparency Rules of the following interests in the voting rights of the Company:

	Number of Shares	Percentage Held
Mr S N Roditi	38,880,258	26.83
BlackRock Inc	16,475,156	11.37
Standard Life Investments	8,726,570	6.02
F&C Asset Management Plc	8,091,140	5.58
Invesco Perpetual	7,830,749	5.40
Legal & General Investment Management	6,285,840	4.34
Aberforth Partners	6,084,364	4.20
NBIM	4,840,332	3.34

As at 31 May 2013, the Company has been notified, in accordance with the FSA Disclosure and Transparency Rules of the following interests in the voting rights of the Company:

	Number of Shares	Percentage Held
Mr S N Roditi	38,880,258	26.83
BlackRock Inc	16,347,524	11.28
Standard Life Investments	10,322,479	7.12
Invesco Perpetual	7,587,941	5.24
F&C Asset Management Plc	7,130,851	4.92
Legal & General Investment Management	5,871,178	4.05
NBIM	5,741,430	3.96

Mr Roditi's shareholding is held via a number of different trusts and legal entities.

POLITICAL AND CHARITABLE CONTRIBUTIONS
The Group made no political contributions during the year (2012: £nil). Charitable contributions within the UK amounted to £45,940 (2012: £43,824) principally through rental concessions.

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 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.

PURCHASING POLICIES AND PAYMENTS
The Group tries, wherever possible, to procure from within its own customer base providing customers are competitive on price and quality. The Group's policy is that, unless agreed otherwise at the time of the transaction, its own payments to others for goods and services received are made on average within a month of the date of invoice.

During the year to 31 March 2013 the Group's average payment term from the date of invoice was 29 days (2012: 33 days). The Parent Company has made no trade purchases.

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 43 and 44.

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 Group'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 Group'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.

ANNUAL GENERAL MEETING
The 27th Annual General Meeting of the Company will be held at Chester House, Kennington Park, 1-3 Brixton Road, London SW9 6DE on Thursday 25 July 2013 at 11.00am. Accompanying this report is the Notice of the Annual General Meeting, which sets out the resolutions to be considered and approved at the meeting.

By order of the Board

CARMELINA CARFORA
COMPANY SECRETARY
11 June 2013

CORPORATE GOVERNANCE REPORT

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 are 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

It is the Board's view that the Group has been fully compliant with the Code throughout the year ended 31 March 2013. 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 45 to 60 and pages 42 to 44.

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

THE BOARD

- Establish the core values and standards which are implemented by Workspace's governance framework and operational activities.
- Set Workspace's business strategy and business objectives in order to create long-term value for shareholders.
- Ensure that the necessary resources are available to fulfil Workspace's strategic objectives.
- Review and monitor performance against its business objectives and consider any associated risk factors which may adversely impact the business at large.

EXECUTIVE COMMITTEE

- Address Group-wide issues and initiatives.
- Review and approve capital expenditure, disposals and certain property acquisitions within established levels of authority.
- Monitor the operating and financial results against plans and budgets.
- Review the effectiveness of risk management and control procedures.

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 and talent management.

REMUNERATION COMMITTEE

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

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.

SENIOR MANAGEMENT

- Assist the Executive 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 Committee to review performance and operational activity.

INVESTMENT COMMITTEE

- Approve any acquisition or disposal of investment property assets.
- Review and monitor integration plans for acquisitions.
- Approve and monitor development contracts.
- Approve and monitor asset management property improvements.
- Make recommendations to the Board for its approval of any business initiative with a value of more than £2m.

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.
- Advise on administration and the tax treatment of share option schemes and deferred share awards.

EXTERNAL AUDITOR

- Audit and express an opinion on the financial statements 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.

RISK COMMITTEE

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

THE BOARD

The Board has a duty to promote the long-term success of the Company for its shareholders and is responsible for safeguarding their interests by establishing a robust governance framework which is applied to all aspects of its business.

The Board is collectively responsible for the performance of the Group. The Board will review and monitor strategic plans and objectives, approval of acquisition of investment properties, disposals, financing arrangements and capital expenditure and of the Group's systems of internal control, governance and risk management.

Other day-to-day operational decisions are delegated by the Board to the Executive Committee.

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 include but is not limited to the Group's financial results, performance reports and risk assessment reports. The governance framework implemented by the Group ensures that open communication channels exist between the Board, its principal committees and from within the organisation. Copies of committee minutes are distributed to all Directors and Committee Chairmen report back to the Board. Furthermore, the Board routinely considers safety, environmental, ethical and reputational issues in order to ensure that they are fully reflected in the risk management process.

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.

During the past financial year, the Board has met for scheduled Board meetings eleven times. Key matters reserved for the Board at those meetings include:

- **Strategy:** the setting and monitoring of strategy, including the dividend policy;
- **Strategy:** reviewing performance and implementation of the strategy by the Executive Directors;
- **Property:** reviewing the Group's property valuation;
- **Financing:** considering significant financing arrangements;
- **Acquisitions and Disposals:** examine and approve potential acquisitions and disposals;
- **Business Plans and Budget:** reviewing and approval of budgets, business plans and performance;
- **Redevelopment Activity:** approval of redevelopment activity and major developments;
- **Financial Reporting & Controls:** approval of the annual, half yearly and interim management statement;
- **Internal Controls:** ensuring a sound system of internal control and risk management; review of crisis management plan;
- **Policy:** reviewing and approving policy on key areas including sustainability objectives, health and safety and the environment;
- **Board Membership:** approval of Board appointments and ensuring adequate succession planning is in place;
- **Corporate Governance:** undertaking a review of its own performance and that of its committees, the independence of the Non-Executive Directors and reviewing the governance framework in place.

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

BOARD ATTENDANCE

The Board normally meets at regular intervals during the year. Supplementary meetings are also held as and when necessary.

During the year ended 31 March 2013, the attendance of Directors at Board meetings was as follows:

	Scheduled Board Meetings (11)
Daniel Kitchen	10
Jamie Hopkins	11
Graham Clemett	11
Bernard Cragg	10
John Bywater	9
Maria Moloney[1]	10
Chris Girling[1]	3
Damon Russell[2]	0

Notes:
1. Maria Moloney and Chris Girling were appointed to the Board on 22 May 2012 and 7 February 2013 respectively. Since their appointment, both Maria Moloney and Chris Girling have attended all Board meetings that they were eligible to attend.
2. Damon Russell was appointed to the Board on 29 May 2013.

Where Directors are unable to attend meetings, their comments, as appropriate, are provided to the Board or Committee Chairman prior to the meeting.

During the year, the Board held an annual strategy meeting at which it considered the future strategy of the Group.

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; disposals and acquisitions of investment properties 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 2013.

An Investment Committee was also established during the year under review, again this comprises the Executive Committee and senior managers will be invited to attend as required.

The responsibilities of the Executive Committee members include:

Jamie Hopkins, Chief Executive Officer

Strategic management; investor relations; acquisitions and disposals; health and safety; staff; equal opportunities; remuneration; and training and development.

Graham Clemett, Chief Financial Officer

Finance; treasury; company secretarial; investor relations; and the Group's IT strategy.

Chris Pieroni, Operations Director

Portfolio performance; asset management, marketing, professional services, brand and business development.

Angus Boag, Development Director

Planning consents; development of assets; valuations; disposals; sustainability; and environmental strategy.

BOARD COMMITTEES

The Board has a number of standing committees, namely the Remuneration, Audit, and Nominations Committee, to which specific responsibilities have been delegated and for which written terms of reference have been agreed. The terms of reference for the Remuneration, Audit and Nominations Committee are available for inspection on the Company's website. 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.

Attendance at Committee meetings by Committee members during the year was as follows:

	Nominations Committee (3 Meetings)	Remuneration Committee (7 Meetings)	Audit Committee (4 Meetings)
Chairman			
Daniel Kitchen	3	6	–
Non-Executive Directors			
Bernard Cragg	3	7	4
John Bywater	3	7	4
Maria Moloney[1]	1	6	3
Chris Girling[1]	–	2	1

Notes:
1. The attendance of Maria Moloney and Chris Girling is based on the number of meetings held in which they were eligible to attend following their appointment as a formal member of the Committee.

EFFECTIVENESS

NOMINATIONS COMMITTEE

DANIEL KITCHEN
Chairman

During the year, the Nominations Committee was chaired by the Company Chairman, Daniel Kitchen and comprised all of the Non-Executive Directors. The names of the members of the Committee are shown in the table above together with attendance at meetings. The full terms of reference of the Nominations Committee are available for inspection on the Company's website at www.workspace.co.uk.

The Committee meets as required and recommends to the Board candidates for appointment as Directors of the Company. The Committee periodically assesses what new skills, knowledge and experience are required on the Board and, if necessary, the balance of independence. If appropriate, a candidate profile is recommended which is then used to brief recruitment consultants appointed by the Committee to undertake the selection process. Initial meetings are generally held by the Company Chairman with prospective candidates, and a shortlist of individuals is then selected by the Chairman in conjunction with the recruitment consultants, to meet with other Nominations Committee members and the Executive Directors. The Nominations Committee then meets and decides which candidate, if any, will be recommended to join the Board.

During the year, the Nominations Committee worked on three Non-Executive Director appointments. The Committee appointed Spencer Stuart, an external search consultancy, to assist it in identifying external candidates with diverse experience, one of whom with relevant financial experience.

The Committee met with a number of candidates and following several meetings and discussions, the preferred candidates, Maria Moloney, Chris Girling and Damon Russell, met with each member of the Board prior to their appointments on 22 May 2012, 7 February 2013 and 29 May 2013 respectively.

REMUNERATION COMMITTEE

JOHN BYWATER FRICS
Non-Executive Director

During the year ended 31 March 2013, the Remuneration Committee was chaired by John Bywater and comprises all of the Non-Executive Directors and the Company Chairman who was independent upon appointment. The names of the members of the Committee are shown in the Table on page 37, together with attendance at meetings. The full terms of reference of the Remuneration Committee are available for inspection on the Company's website at www.workspace.co.uk.

The Chief Executive Officer is, other than discussions in respect of his own position, invited to attend and contribute towards meetings.

Under its terms of reference the Committee meets at least twice a year. During the year under review the Committee met seven times. It is responsible for all aspects of the remuneration of the Executive Directors. The Committee is also responsible for recommending the Chairman's remuneration to the Board in compliance with the UK Corporate Governance Code.

Further details of the Remuneration Committee, remuneration policy and of the remuneration of each Director are set out in the Remuneration Report.

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 safeguarding the interest of shareholders. The Board's current composition of a Non-Executive Chairman, two Executive Directors and five 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 pages 39 and 40.

The Non-Executive Chairman was considered by the Board to be independent upon his appointment.

During the year, a number of changes have been made to the Board. On 1 April 2013, Jamie Hopkins was appointed Chief Executive Officer following the retirement of Harry Platt in March 2012.

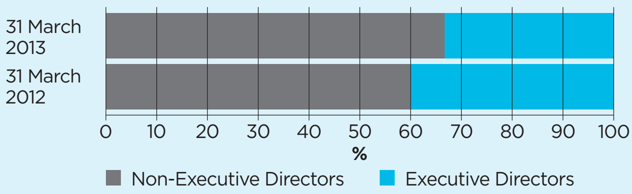
Maria Moloney was appointed as a Non-Executive Director on 22 May 2012 and Chris Girling joined the Board as a Non-Executive Director on 7 February 2013.

Damon Russell was also appointed to the Board as a Non-Executive Director on 29 May 2013.

The biographies of all members of the Board are set out on pages 30 and 31. The Nominations Committee regularly reviews the composition of the Board to ensure that we have an appropriate and diverse mix of skills, experience, independence and knowledge of the Group.

The following Table illustrates the balance of Non-Executive Directors to Executive Directors, excluding the Chairman, on the Board during the past year:

BALANCE OF NON-EXECUTIVE AND EXECUTIVE DIRECTORS

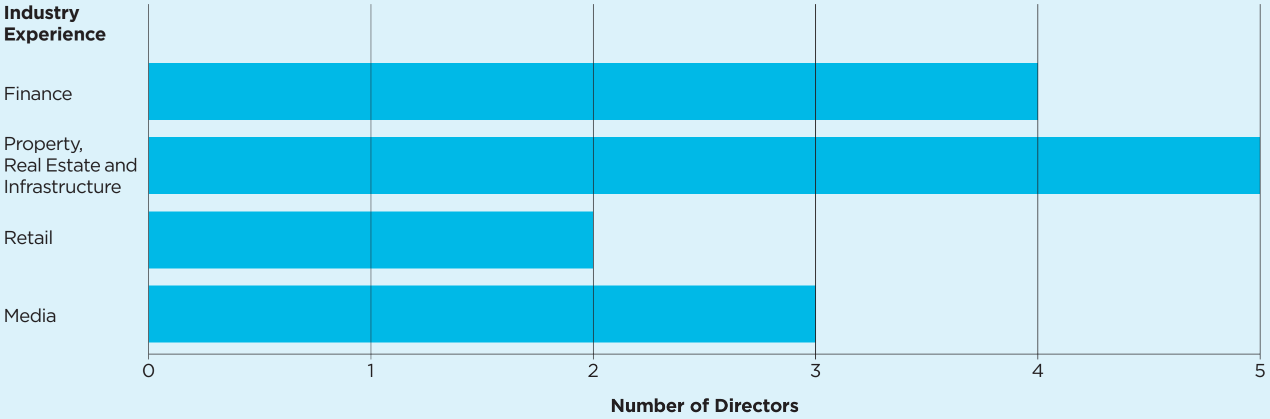


BACKGROUND AND EXPERIENCE OF THE BOARD

The Board currently has eight 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, enables them to bring specific insights and make valuable contributions to the Company.

The following Table illustrates the collective business experience held by Board Directors, outside that acquired at Workspace Group PLC.

BOARD EXPERIENCE AND SKILLS



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 44.

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 on all aspects of its role and that it operates in the interests of shareholders. 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.

Bernard Cragg, as 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

Following the 2013 AGM, Bernard Cragg will have served as a Board Director for ten years. The Board recognises that his tenure will have reached a threshold at which his independence could be called into question by some shareholders under the criteria set by the UK Corporate Governance Code.

The Board has considered the independence of all of the Non-Executive Directors, and in particular that of Bernard Cragg. The Board 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.

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. Furthermore, the longest-standing professional relationship between Bernard Cragg and any existing Executive Directors is no more than six years.

The Board accepts that some shareholders take a robust view of independence, in particular the tenure of Non-Executive Directors. 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 Maria Moloney, Chris Girling and Damon Russell as Non-Executive Directors.

As explained last year, Bernard Cragg will remain as a Board Director until the Annual General Meeting in 2014. We have been mindful to ensure that a certain level of continuity is retained given the Board changes last year and of course the experience and skills required in performing the role of Chair of the Audit Committee and Senior Independent Director. However, the intention is that Chris Girling will succeed Bernard Cragg as Chairman of the Audit Committee in due course given his background, knowledge and in-depth experience within finance which are essential in order to perform the role of Chair of the Audit Committee.

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

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.

The Directors are regularly updated on new legislation and corporate governance issues as they arise. 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. Her biography can be found on page 31. Carmelina is responsible for ensuring good information flows within the Board and its committees and between senior management and Non-Executive Directors. She is also responsible for advising the Board, through the Chairman on all governance matters.

BOARD PERFORMANCE EVALUATION

The Board annually evaluates its own performance and that of its Committees and Directors. In 2012 the annual evaluation of the Board and Committee performance was conducted through an independent external consultancy.

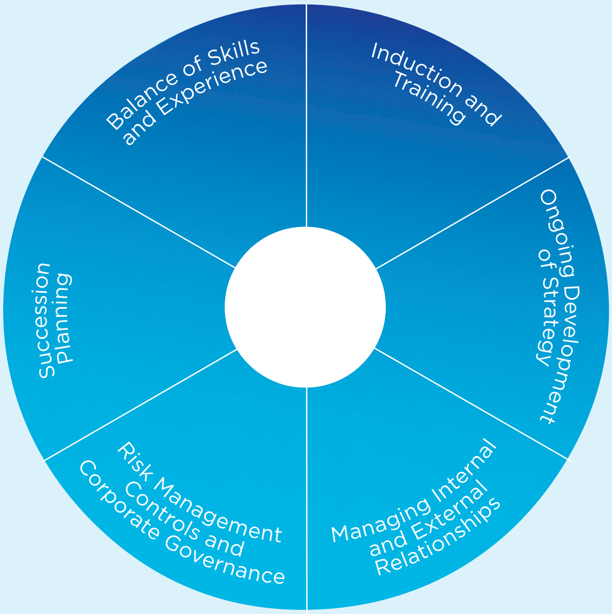
The results of last year's evaluation were positive. A number of actions were identified to improve and maintain the effectiveness of the Board. The actions, together with progress are identified below:

2012 BOARD EVALUATION

Actions	Progress
Strategy and Risk Management	– Annual Board strategy day held. – Actions from strategy day formally recorded in a plan which is monitored and updated by the Board. – Risk Management process reviewed and monitored.
Succession planning and implementation	– Two Non-Executive Directors appointed to the Board during the year under review.
Skills, experience and performance	– Two Non-Executive Directors appointed with diverse skills and experience, one with in-depth financial skills in order to assume the role of Chair of the Audit Committee in due course.
Communication	– Non-Executive Directors have continued their interaction with the Executive Committee members and visited sites to gain an enhanced understanding of the challenges and opportunities they face in the business environment. Additional Board Meetings have also been included in the Board timetable.

For the year under review, the process comprised the Company Secretary issuing detailed questionnaires covering the Board and its Committees to Board members. The questionnaires covered those areas as detailed in the diagram below:

BOARD AND COMMITTEE EVALUATION



The responses to the questionnaires were collated independently by the Company Secretary who prepared reports for the Company Chairman and the Chairman of each committee. These reports were discussed at the relevant Committee meetings and the Board discussed the results at its meeting in March 2013.

The results of this year's evaluation were positive. The following themes were noted for action:

- Ongoing review of Board composition and succession planning;
- Continued focus on testing and development of strategy;
- Conscious of the ever-changing legislation and regulations, presentations and updates will be made during the course of the year on both potential and impending legal and regulatory changes across areas of the Group's operations to ensure the potential impacts on the Group are appropriately addressed on a timely basis.

The review includes the assessment of individual Directors' performance, which in the case of the Executive Directors is undertaken as part of the wider performance appraisal process applied to staff across the Group.

The review of the Chairman's performance is undertaken by the Non-Executive Directors, led by Bernard Cragg in his capacity as the Senior Independent Director, taking into account the views of the Executive Directors. Following the review, Bernard Cragg met with the Chairman to discuss his performance.

ELECTION AND RE-ELECTION OF DIRECTORS

The Articles of Association of the Group require that Directors should submit themselves for election at the first opportunity after their appointment and thereafter for re-election at least every three years. However, at the 2011 AGM the Group had adopted the requirements of the UK Corporate Governance Code (June 2010) in relation to Directors' appointments and in particular the annual re-election of all Directors. Therefore, in accordance with provision B.7.1 of the UK Corporate Governance Code, all the Directors will retire at the AGM and being eligible, offer themselves up for election and re-election.

The Board considers that all of the Directors have the necessary skills and experience needed to effectively lead the business. In addition, the Non-Executive Directors are considered to bring independent objectivity in order to safeguard and promote the interest of shareholders.

The Board has considered the outcome of the Board effectiveness review as well as the performance of each individual Director, including how they operate as a collective in fulfilling their duties on the Board or as members of the Board's Committees. The Board has accepted the recommendations provided by the Nominations Committee and is of the opinion that the Directors seeking re-election at the AGM have continued to give effective counsel and commitment to the Company and accordingly should be reappointed by the Group's shareholders at the upcoming AGM.

Jamie Hopkins and Graham Clemett have service contracts and details can be found on page 49.

None of the Non-Executive Directors have service contracts.

The appointment of Daniel Kitchen may be terminated by either he or the Company giving six months' notice in writing.

The appointment of John Bywater and Bernard Cragg may be terminated by any one of them or the Company giving six months' notice in writing.

Maria Moloney's appointment may be terminated by either the Company or by her giving three months' notice in writing.

Chris Girling was appointed as a Non-Executive Director on 7 February 2013 and was invited to join the Remuneration, Audit and Nominations Committees. He therefore stands for election at the forthcoming Annual General Meeting. Mr Girling's appointment may be terminated by either the Company or by him giving three months' notice in writing.

Damon Russell was appointed as a Non-Executive Director on 29 May 2013. He also stands for election at the forthcoming Annual General Meeting. Mr Russell's appointment may also be terminated by either the Company or by him giving three months' notice in writing.

Biographies for the Directors can be found on pages 30 and 31.

ACCOUNTABILITY

AUDIT COMMITTEE

BERNARD CRAGG BSC ACA
Senior Independent
Non-Executive Director

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 43 and 44. The full terms of reference for the Audit Committee are available for inspection on the Company's website at www.workspace.co.uk.

The Committee comprises all the Non-Executive Directors, except the Chairman, and is chaired by Bernard Cragg. The Group audit partner from the external auditor attends the Committee Meeting at least twice a year.

Maria Moloney, was appointed as a member on 31 May 2012. It was stated last year that the Company intended to recruit an additional Non-Executive Director with the necessary skills and experience required to become a member of the Audit Committee. Consequently, Chris Girling was appointed as a Non-Executive Director and member of the Audit Committee. Chris Girling was previously Group Finance Director of Carillion PLC.

Bernard Cragg, the Chairman of the Audit Committee, is a Chartered Accountant and the Board is satisfied that he has the required and relevant financial experience. 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 in private sessions with its external auditors, PricewaterhouseCoopers LLP ('PwC'), in the absence of management at least twice.

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 that 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.

REVIEW OF THE YEAR

During the year the Committee was responsible for reviewing, and reporting to the Board, on a range of matters including:

- The interim and annual financial statements;
- The appropriateness of the Group's accounting policies and practices;
- The valuations of the Group's property portfolio;
- The review of the Group's internal control and risk management systems;
- The external auditor's management letter;
- 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;
- The relationship with the external auditor, the external audit process, the audit and non-audit fee and independence;
- The need and use for an internal audit function; and
- The review of fraud risk.

Due to its size and structure, the Group does not have an internal audit function, a matter which is kept under review by the 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. Significant findings are reported to the Audit Committee.

EXTERNAL AUDITORS

The Audit Committee recognises that the independence of the Group's external auditor is of paramount importance to shareholders and 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 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 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 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 Committee will assess the threats of self review by the external auditors, self interest, advocacy and familiarity – 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 Committee specifically will not allow the auditors to:

- Do anything that is a management responsibility (e.g. such as setting performance targets or determining employees' actual compensation).
- 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 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 Committee (or if approval is required before the next meeting, by the 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 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 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.
- The Committee will monitor on an on-going basis the relationship with the external auditor to ensure its continuing independence, objectivity and effectiveness.

Fees paid to PwC can be found in note 2 on page 71.

ACCOUNTABILITY AND AUDIT

In its financial reporting to shareholders and other interested parties, by means of Annual and Half-Yearly Financial Reports, Interim Management Statements and other periodic statements, the Board aims to present a balanced and understandable assessment of the Group's position and prospects.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its 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 Group has established a risk management framework and procedures necessary to enable the Directors to report on internal controls in compliance with the Code. The risk management 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 meets monthly and formally reports to the Audit Committee twice a year;
- 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 in the 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. The joint venture of the Group are excluded from the Turnbull Guidance.

Further information on the Group's risks is detailed on pages 22 to 25.

WHISTLEBLOWING

The Group has 'whistleblowing procedures' under which staff may report any 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.

DIVERSITY

Workspace employs enthusiastic, committed and well-trained people, whose diversity reflects that of London itself. 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 45% female and 55% male employees.

The Board recognises the benefits of diversity of skills, gender, knowledge and independence. 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 quotas for Board representation, but will monitor developments in best practice.

TAKEOVER DIRECTIVE

Share capital structures are included in the Report of the Directors on page 33.

GOING CONCERN

Going Concern disclosures are included in the Report of the Directors on page 32.

RELATIONS WITH SHAREHOLDERS

Communications with shareholders is given a high priority and the Company undertakes a regular dialogue with major shareholders and fund managers. An analyst and investor event was held in October 2012 which provided an overview of the portfolio including, a property breakdown, examples of asset management initiatives and refurbishment and redevelopment schemes, along with appraisals and valuation methodology.

The Executive Directors are the Company's principal representatives with investors, analysts, fund managers, press and other interested parties. Frequent 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 throughout the year.

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 new Directors. Details of the resolutions to be proposed at the Annual General Meeting on 25 July 2013 can be found in the Notice of Meeting.

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.

A copy of the Annual Report and Accounts is sent to shareholders and is also available on the Group's website, which additionally contains up-to-date information on the Group's activities and published financial results and presentations.

By order of the Board

CARMELINA CARFORA
COMPANY SECRETARY
11 June 2013

OVERVIEW FROM JOHN BYWATER, CHAIRMAN OF THE REMUNERATION COMMITTEE

JOHN BYWATER
Chairman of the Remuneration Committee

"Transformational year drives performance."

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2013.

While the new regulations governing the shareholder approval and reporting of executive reward do not come into force until Workspace's 2014 financial year, we have incorporated a number of changes this year in both content and structure of this report. Section A outlines Workspace's forward-looking remuneration policy, sets out the components of pay, how they are linked to the business strategy, and potential reward opportunities for the Executive Directors. Section B reviews how the policy was implemented for the year under review and includes changes to existing executive remuneration arrangements and a table showing a single figure of total remuneration for each Executive Director and their outstanding share awards.

During the year the Committee reviewed the remuneration structure in place at Workspace to ensure it remains aligned with our business strategy and helps reinforce success. As part of its review, the Committee identified some modifications for future long-term incentive arrangements aimed at providing improved performance measurement and extended time horizons for long-term incentives. We have also taken the opportunity to increase the shareholding requirement for Executive Directors and introduce a minimum time horizon to achieve these. The outcomes of the review are listed on page 53 and these were discussed with the Company's largest shareholders.

I am also delighted to report that, during the year, all employees were able to participate in the Approved Share Incentive Plan ('SIP'). This is an exciting opportunity for all employees to share in the future success of the Company.

Remuneration for Executive Directors for 2013 reflects a year of strong results, as shown in the table below:

ACTUAL PERFORMANCE OF STRATEGIC AND FINANCIAL MEASURES

2013	2012
+13% Net Asset Value per share Up 13% to £3.48	**+8%** Net Asset Value per share Up 8% to £3.08
Capital Return of 13.8% vs 3.2% for IPD quarterly Universe	Capital Return of 13.4% vs 6.4% for IPD quarterly Universe
+12% Trading Profit after interest Up 12% to £17.9m	**+13%** Trading Profit after interest Up 13% to £16.0m
+10% Dividend per share for full year Up 10% to 9.67p	**+10%** Dividend per share for full year Up 10% to 8.79p
82% Customer Satisfaction	**84%** Customer Satisfaction
51.1% Total Shareholder Return	**-7.6%** Total Shareholder Return

We continually keep all aspects of remuneration under review and listen to the views of shareholders. We believe our current approach to remuneration is responsible and appropriate as it:

- Is structured to drive execution of our business strategy;
- Aligns reward with the creation of shareholder value;
- Allows the Company to recruit and retain talent; and
- Incentivises the delivery of long-term, sustainable business growth and shareholder value.

The Committee recognises that the business has been through a transitional year with the delivery of a strong set of results. The focus has remained on driving value by growing income through increased rent and occupancy while adding to the value of our assets through focused refurbishment and redevelopment. We have been delighted with the performance of the management team through this period of transition. We are pleased to be able to reward them for both the shareholder return which they have delivered and in the way they have developed the Company creating a platform for further sustainable growth.

To conclude, the Committee believes that the structure of remuneration remains appropriate. Incentives are weighted towards long-term variable pay; executive share ownership is strongly encouraged; management incentives have stretching performance targets; the annual bonus focuses on our annual business priorities, and the LTIP aligns the interests of participants with those of our shareholders. Details of the remuneration policy can be found in the policy table on page 47.

JOHN BYWATER
CHAIRMAN OF THE REMUNERATION COMMITTEE
11 June 2013

COMPLIANCE STATEMENT

This Remuneration Report has been prepared on behalf of the Board by the Remuneration Committee (the 'Committee'). The Committee adopts the principles of good governance as set out in the UK Corporate Governance Code and complies with the UKLA Listing Rules and relevant requirements of Section 421 to the Companies Act 2006. The structure of this report has been modified from previous years based on the proposed regulations put forward by the Department for Business, Innovation and Skills (BIS).

REMUNERATION COMMITTEE

THE MEMBERS OF THE REMUNERATION COMMITTEE

The Remuneration Committee is composed of four independent Non-Executive Directors, together with the Chairman of the Company. The Remuneration Committee met seven times during the year. Attendance at meetings by individual members is detailed in the Corporate Governance Report on page 37. The Committee consulted with the Chief Executive Officer and Chief Financial Officer and invited them to attend meetings when appropriate. No Director is present when their own remuneration is being discussed.

In the reporting year the Committee consisted of the following Non-Executive Directors:

John Bywater (Chairman)
Bernard Cragg
Daniel Kitchen
Maria Moloney (from 22 May 2012)
Chris Girling (from 7 February 2013)

The Committee's principal function is to determine Workspace's policy on executive remuneration and to approve specific remuneration packages for its Executive Directors and members of the Executive Committee. It also considers the remuneration of senior managers.

The full terms of reference for the Committee are available in the Investor section of the Company's website www.workspace.co.uk.

The key responsibilities of the Committee are summarised as follows:

- Recommending the Company policy on remuneration for the Executive Directors and senior managers that ensures talented people are recruited, retained and motivated to deliver results;
- Reviewing the effectiveness of remuneration policy with regard to its impact and compatibility with the policy and arrangements throughout the rest of the organisation;
- Determining the terms of employment and remuneration for Executive Directors including recruitment and termination terms;
- Reviewing incentive plans annually to ensure they remain appropriate to the Company's current circumstances and prospects and that, in particular, the policies adopted are aligned and based on the creation of value for shareholders and provide appropriate incentives for management to achieve this objective;
- Reviewing the subsequent achievement of the performance targets relating to any share incentive plan;
- Making a recommendation to the Board in respect of the remuneration of the Company Chairman; and
- Reviewing the overall remuneration levels of the broader employee population.

A) POLICY REPORT

PRINCIPLES OF OUR EXECUTIVE REMUNERATION POLICY

It is intended that the remuneration policy framework as set out to the right, which has applied throughout the reporting year, will continue to apply for FY 2014.

REMUNERATION POLICY

The Company's remuneration policy reinforces the Company's goals, providing effective incentives for exceptional Company and individual performance.

REMUNERATION PACKAGE DESIGN

Remuneration packages are designed to attract, retain and motivate Executives of the highest calibre who have the experience, skills and talent to manage and develop the business successfully.

PERFORMANCE LINKED

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.

SHAREHOLDERS' INTERESTS

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.

SUMMARY OF WORKSPACE'S REMUNERATION POLICY FOR EXECUTIVE DIRECTORS AND EXECUTIVE COMMITTEE MEMBERS

THIS SECTION OF OUR REPORT SUMMARISES THE KEY COMPONENTS OF REMUNERATION FOR EXECUTIVE DIRECTORS

Purpose and link to strategy	Operation	Opportunity	Performance metrics	Changes for 2013/14
Base salary To reflect market value of the role and individual's performance and contribution.	Reviewed on an annual basis, with any increase taking effect from 1 April. 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. Payable in cash.	Base salary increases are applied in line with the outcome of the review.	Business and individual performance are considerations in setting base salary.	No change to the process. Salaries effective from 1 April 2013 are set out on page 51.
Pension and other benefits To provide market competitive benefits.	Executives participate in a defined contribution pension scheme. Other benefits include car allowance, private health insurance, and death in service cover. Executives may also participate in the SAYE scheme.	Company contribution of 15% of salary for the CEO and 16.5% for the CFO. Other benefits values vary by role and are reviewed periodically.	Not performance related.	No change.
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 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 were achieved. The Committee may vary the mix of cash and deferred bonus shares from year to year. For 2013, the minimum deferral requirement has been set at 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, subject to continued employment) or allow Executives to make an equivalent investment in the LTIP.	The maximum bonus for Executive Directors is 120% of salary. Up to 90% of salary can be earned on Group performance. The Group outcome can then be adjusted by a factor in the range 0.67 to 1.33 based on individual performance. 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. Non Pensionable.	KPIs selected and their respective weightings may vary from year to year depending on strategic priorities. The Group performance measures used for 2013 annual bonuses were: – Trading profit before tax; – Capital return from the portfolio versus a defined comparator index compiled by IPD; – Customer satisfaction which is based on survey results. The Group performance outcome can then be adjusted based on individual performance as described opposite.	No change.
LTIP To reinforce delivery of sustained long-term sector out-performance, and align the interests of participants with those of shareholders.	The Committee may grant awards of performance shares and matching shares (subject to participant investment). The award levels and performance conditions are reviewed in advance of grant to ensure they remain appropriate. Awards are in the form of nominal priced options which vest after three years, subject to performance conditions. 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.	Awards usually vest after 3 years, subject to Company performance and continued employment. Measures for 2012 awards were relative Net Asset Value growth (1/3), relative TSR (1/3) and absolute TSR (1/3). TSR is underpinned by Committee discretion; absolute TSR is subject to a relative TSR underpin.	For 2013 LTIP awards, changes to the performance conditions and introduction of a holding period are described on page 53 of the implementation report.

THE CHAIRMAN AND NON-EXECUTIVE DIRECTORS

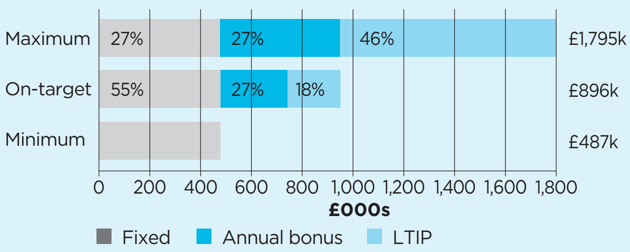
The Board determines the remuneration policy and level of fees for the Non-Executive Directors, within the limits set out in the Articles of Association. The Remuneration Committee recommends the remuneration policy and level of fees for the Chairman of the Board. Remuneration comprises an annual fee for acting as a Chairman or Non-Executive Director of the Company. Additional fees are paid to Non-Executive Directors in respect of service as Chairman of the Audit and Remuneration Committees. When setting these fees, reference is made to information provided by remuneration surveys, the extent of the duties performed, and the size of the Company. The Chairman and Non-Executive Directors are not eligible for bonuses, retirement benefits or to participate in any share scheme operated by the Company. The current fees are:

Role	Fee
Chairman fee	£125,000
Non-Executive Director base fee	£40,000
Committee Chairman additional fee	£5,000

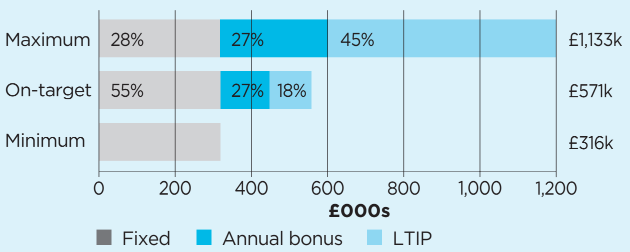
PERFORMANCE SCENARIOS

The graphs below provide estimates of the potential future reward opportunity for each of the two current Executive Directors, and the potential split between the different elements of remuneration under three different performance scenarios: 'Minimum', 'On Target' and 'Maximum'.

CEO



CFO



Potential reward opportunities illustrated above are based on the remuneration policy, applied to the base salary as at 1 April 2013. For the annual bonus, the amounts illustrated are those potentially receivable in respect of performance for 2013/14. For the LTIP, the award opportunities are based on those LTIP awards which are expected to be granted in June 2013. It should be noted that LTIP awards granted in a year normally vest on the third anniversary of the date of grant. The projected value of LTIP amounts excludes the impact of share price movement.

In illustrating potential reward opportunities the following assumptions have been made:

<table>
<tr><th></th><th>Component</th><th>'Minimum'</th><th>'On-target'</th><th>'Maximum'</th></tr>
<tr><td rowspan="3">Fixed</td><td>Base salary</td><td colspan="3">Latest known salary</td></tr>
<tr><td>Pension</td><td colspan="3">Contribution rate applied to latest known salary</td></tr>
<tr><td>Other benefits</td><td colspan="3">Benefits as provided in the single figure table on page 51</td></tr>
<tr><td colspan="2">Annual Bonus</td><td>No bonus payable</td><td>Target bonus (50% of max)</td><td>Maximum bonus</td></tr>
<tr><td colspan="2" rowspan="2">LTIP</td><td rowspan="2">No LTIP vesting</td><td colspan="2">Assumes full take-up of investment opportunity, and</td></tr>
<tr><td>Threshold vesting (20% of max)</td><td>Maximum vesting</td></tr>
</table>

WIDER GROUP REMUNERATION

The Group's wider people policies are reported separately on page 33. 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. Some senior staff are also eligible to participate in the Company's long-term incentive plan together with all members of the Executive Committee.

Workspace operates a number of share schemes available to all employees, the details of which are provided on pages 86 to 88.

In making remuneration decisions, the Committee also considers the pay and employment conditions elsewhere in the Group. In particular, the Committee considers the range of base pay increases across the Company as a factor in determining the base salary increases for Executives.

The increase to the base salaries of the Chief Executive Officer and Chief Financial Officer with effect from 1 April 2013 of 2.2% is in line with the average salary increase across the Group.

The Remuneration Committee does not specifically consult with employees over the effectiveness and appropriateness of the remuneration policy and framework, although as members of the Board they receive updates from the Executive Directors on their discussions and consultations with employees.

DETAILS OF EXECUTIVE DIRECTORS' 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

CHAIRMAN AND NON-EXECUTIVE DIRECTORS

Letters of appointment are provided to the Chairman and Non-Executive Directors. Dates of the Non-Executive 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 Letter	Unexpired term as at 31 March 2013	Date of Appointment/Last reappointment at AGM	Notice Period
Daniel Kitchen	6 June 2011	15 months	2012	6 months
Bernard Cragg	22 May 2012	16 months	2012	6 months
John Bywater	27 July 2010	4 months	2012	6 months
Maria Moloney[1]	22 May 2012	26 months	2012	3 months
Chris Girling[2]	7 February 2013	34 months	–	3 months
Damon Russell[3]	29 May 2013	–	–	3 months

1. Maria Moloney was appointed on 22 May 2012.
2. Chris Girling was appointed on 7 February 2013.
3. Damon Russell was appointed on 29 May 2013.

The Directors are subject to annual re-election at the AGM.

EXIT PAYMENTS POLICY

Termination payments are limited to the Directors' basic salary, annual incentives and benefits for the unexpired portion of the notice period subject to performance and Committee discretion. The Committee will aim to minimise the level of payments to that Director, however, having regard to all circumstances, including the Company's contractual obligations to the Director, the reason for the departure, and the Company's policy to apply mitigation in the case of severance.

In the event of termination of any Director, the Company reserves the right to make phased payments which are paid in monthly instalments and subject to mitigation.

In the event that an Executive Director leaves, LTIP awards will normally lapse, unless the individual is considered a 'good leaver'. Good leavers retain an interest in LTIP grants and awards are normally pro-rated for time based on the proportion of the vesting period served and for performance to the end of the relevant three-year performance period. An individual would normally be considered a good leaver if they leave for reasons of death, ill-health, injury, redundancy, retirement with the agreement of the Company, or such event as the Remuneration Committee determines.

Similarly, in respect of Annual Bonus, if an Executive leaves he would normally lose any entitlement for bonus, unless a good leaver. Good leavers retain an interest in the bonus and the award is normally pro-rated for time and performance.

EXTERNAL APPOINTMENTS

It is the Board's policy to allow Executive Directors to take up one Non-Executive position on the Boards of other companies, subject to the prior approval of the Board. Any fee earned in relation to outside appointments is retained by the Executive Director. No such positions were taken and no fees were paid during the financial year.

CONSIDERATION OF SHAREHOLDER VIEWS

The Committee is committed to on-going dialogue with shareholders and welcomes feedback on Directors' remuneration. It is the Remuneration Committee's policy to consult with major shareholders prior to any major changes to its Executive remuneration structure.

B) IMPLEMENTATION REPORT

The following section provides details of how the remuneration policy was implemented during the year.

The Committee met seven times during the year under review. Attendance by individual Committee members at meetings is detailed in the Corporate Governance Report on page 37.

AGENDA DURING 2012/13

- Approval of the Directors' Remuneration Report for 2011/12 and review of the outcome of AGM voting for the report;
- Annual review of all Executive Directors' and senior managers' remuneration arrangements. For Executive Directors, salaries and total remuneration were benchmarked against a comparator group of other UK-listed property companies and companies of similar market capitalisation;
- Review of annual bonus outcomes for 2011/12 and approval of the performance conditions for 2012/13 annual bonuses;
- Approval of vesting levels for the 2009 Long Term Incentive Plan Awards ('LTIP') or (the 'Plan');
- Review of share plan performance measures;
- Review and approval of all awards under the LTIP, taking into account the total value of all awards under this Plan;
- Review and approval of 2012 LTIP award for CEO;
- Review of the LTIP performance conditions in advance of making 2013 awards in June;
- Consulted major shareholders on potential changes to 2013 LTIP awards;
- Review and approval of the Approved Share Incentive Plan;
- Review of developments in Corporate Governance and the proposals issued by the Business Secretary to the UK Government;
- Review of Executive Director shareholding guidelines;
- Agreement to propose the renewal of the Savings Related Share Option Plan at the 2012 AGM;
- Review of Committee Performance in 2012/13; and
- Review of Committee Terms of Reference.

During the year, the Committee sought internal support from the Chief Executive Officer and Chief Financial Officer who attended Committee meetings 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 Chief Executive Officer and Chief Financial Officer were not present for any discussions that related directly to their own remuneration. The Company Secretary attended each meeting as Secretary to the Committee.

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. During the year, Kepler Associates provided independent advice on a wide range of remuneration matters including current market practice, benchmarking of executive pay and incentive design and provides no 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 Company continually assesses on-going advice provided by its advisers on remuneration matters.

The fees paid to advisers in respect of work carried out for the year under review are shown in the table below:

	Kepler Associates	Grant Thornton	Slaughter and May LLP
Remuneration Committee Support	£86,832	–	–
Other Support	–	£60,360	£14,500

SUMMARY OF REMUNERATION FOR YEAR ENDED 31 MARCH 2013

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 March 2013 and the prior year:

	Jamie Hopkins[1]		Graham Clemett	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Salary[1]	**400.0**	23.1	**250.0**	221.6
Fees[1]	**–**	37.7	**–**	–
Benefits[2]	**17.1**	0.9	**18.1**	17.8
Pension	**60.0**	3.4	**41.2**	36.6
Annual bonus[3]	**480.0**	–	**300.0**	249.4
Total	**957.1**	**65.1**	**609.3**	**525.4**
LTIP				
2009 Award[4,5]	**–**	–	**–**	475.1
2010 Award[4]	**–**	–	**645.4**	–

Notes:

1. Jamie Hopkins was appointed as an Executive Director with effect from 12 March 2012. The remuneration reported is that received for qualifying services as an Executive Director (and, fees for services as a Non-Executive Director up to 12 March 2012). Jamie Hopkins served as an Executive Director for only part of 2012 and therefore figures reported for 2012 do not reflect a 12-month period in this role.

The figures have been calculated as follows:

2. Taxable value of benefits received in the year which includes items such as car allowance and private health insurance.
3. Annual bonus: this is the total bonus earned in respect of performance during the relevant year. For 2013 the Committee set a minimum deferral requirement of 25% of the bonus earned, equivalent to £120,000 for Jamie Hopkins and £75,000 for Graham Clemett.
4. LTIP: this is the market value of shares that vested on performance to 31 March of the relevant year. (2013: 98.9% of the 2010 LTIP grant vested on performance, 2012: 66.5% of the 2009 LTIP grant vested on performance). The share price is the trailing three month average on 31 March 2013 of 333p for the 2010 LTIP and the share price at vesting of 2009 LTIP awards on 12 June 2012 was 226.5p.
5. Pursuant to the Workspace Long Term Equity Incentive Plan, share awards (conditional on three separate performance conditions for a period of three years from grant) were made to the Directors on 12 June 2009. Prior to the vesting date of 12 June 2012, these were converted to nil cost options to ease administration. This does not increase the overall cost to the Company. The period in which the nil cost option may normally be exercised started on the vesting date 12 June 2012 and will end on 12 June 2017, which is five years after the date of vesting of the award.

REMUNERATION COMPONENTS FOR EXECUTIVES

BASE SALARY AND BENEFITS

The Committee reviews base salaries annually with any changes normally taking effect from 1 April. Individual pay levels are determined by reference to the external economic environment, individual performance, experience and rates of salary for similar jobs in companies of a similar sector and size. Consideration is also given to salary increases across the Company.

In April 2013, the Committee reviewed the base salary of the Chief Executive Officer and the Chief Financial Officer. The Committee considered it appropriate that an increase of 2.2% be made to the Executive salaries which is in line with the average salary increase across the Group.

The next salary review date for Executives will be 1 April 2014.

All Executive Directors are provided with a Company mobile phone, a car allowance, private health insurance, death in service cover and an employer's contribution to a defined contribution (money purchase) scheme. Executives may also join the SAYE scheme.

Jamie Hopkins and Graham Clemett receive an employer's pension contribution equal to 15% and 16.5% of basic salary respectively, which is made to a defined contribution (money purchase) scheme.

ANNUAL BONUS SCHEME

The Group operates an annual bonus scheme which provides for a capped variable (performance related) bonus. The maximum bonus potential for the Executive Directors is set at 120% of basic annual salary.

The Committee sets a minimum deferral or investment each year into Workspace shares. For 2012/13 the Committee set a minimum deferral requirement of 25% of the bonus earned.

The preferred mechanism for meeting this requirement is participant investment in the LTIP. However, the Committee will retain 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 2012/13 the Committee has allowed Executives to make an equivalent investment in the LTIP.

The Corporate performance measures and their weightings for 2012/13 Executive Director annual bonuses are illustrated below.

1. Trading profit before tax (50%)
2. Capital Return from portfolio versus a defined comparator index compiled by IPD (30%)
3. Customer satisfaction (10%)
4. Personal objectives

The performance measures applicable for the year ended 31 March 2013 and performance against them are detailed below:

Measure	Proportion	Bonus Performance Targets		Performance Achieved (% of bonus earned)	
				Jamie Hopkins	Graham Clemett
Corporate	50%	Trading profit before tax		50%	50%
	30%	Capital return from the portfolio versus a defined comparator index compiled by IPD		30%	30%
	10%	Customer satisfaction (based on survey results)		10%	10%
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)			1.33	1.33
Maximum Bonus (% of salary)	120%		Total Bonus Earned (% of salary)	120%	120%

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 Committee assessed performance and was pleased to note that during the year the Company outperformed on every measure. The results of the quantitative measures were:

FINANCIAL AND CORPORATE

- Trading profit after interest up 12% to £17.9m.
- The Company delivered a capital return of 13.8%, significantly outperforming the relevant IPD benchmark which had a capital return of 3.2%.
- Customer satisfaction survey confirming 82%.

The Committee considered performance during the year against personal and strategic objectives and noted the following achievements in particular:

- An increased focus on improving the quality of our investor relations and clear communication of our strategy.
- Successful launch of Retail Bond in October 2012.
- Successful execution of targeted acquisitions and disposals.
- Good progress made on development projects with £29m invested on capital expenditure projects for significant income and capital growth.
- Good performance against key operational and financial metrics:
  - Rental Income growth. Underlying net rental income, excluding disposals, up 6% to £46.5m.
  - Underlying property valuation excluding disposals and capital expenditure up 7.7% to £830m.
  - Dividend for year up 10% to 9.67p per share.
  - Net asset value per share up 13% to £3.48.

Following consideration of the above, the Committee awarded Jamie Hopkins and Graham Clemett a bonus of 120% of salary.

For 2013/14, the structure of the Annual Bonus will remain as described above.

LONG-TERM EQUITY INCENTIVE PLAN ('LTIP')

The 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 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. 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 awards granted in 2010, 2011 and 2012, for any shares to vest on absolute TSR, the Company's TSR must exceed the median TSR of the Comparator group by over +1.5% p.a. over the performance period.

The TSR and NAV performance conditions have been selected to ensure a balanced portfolio of measures which are well aligned with shareholder interests. The Committee believes a blend of relative and absolute performance is most appropriate for Workspace and that use of absolute TSR underpinned by relative TSR provides transparency for executives and shareholder alignment (as this element will only vest if there is outperformance of sector peers).

In the event of a change of control, LTIP awards would normally be pro-rated for time and performance, in line with best practice.

Participation in the Plan extends to members of the Executive Committee and the Group's senior managers. Full details of the awards made to the Executive Directors under the Plan are shown on page 59.

As part of its review of remuneration arrangements during the year, the Committee identified some modifications for the Company's long-term incentive arrangements which are summarised below. The Committee consulted with the Company's largest shareholders, the ABI and RREV on the proposals during Spring 2013. In total, the holders of more than 50% of Workspace's shares were consulted on the changes as part of the review. The Committee believes that the changes are in the interests of shareholders and will assist the Company in continuing to motivate and retain the talent it needs to reinforce long-term success.

2013 LTIP AWARD

Summary of changes to LTIP grants for 2013:

- Calibrate relative TSR performance under the LTIP using a simple ranking (rather than % outperformance) to provide a more consistent level of stretch for future cycles. Under this approach, the relative TSR element of LTIP awards will start to vest if Workspace's three year TSR percentile rank is 51st centile (20% vesting), rising on a straight-line basis to full vesting at upper quartile.
- Extend the LTIP time horizon by introducing a 1-year holding period, with clawback. The Committee reviewed whether the time horizon of the LTIP should be lengthened to reflect current thinking on best practice. The Committee concluded that at this time it would be appropriate to retain the three year performance period, in line with our closest peers to aid the recruitment of senior hires. However, the Committee decided to require net vested LTIP shares to be held for one year, with clawback, before the shares can be sold to provide additional alignment with shareholders.
- Modify the LTIP absolute TSR performance zone for future awards to a range of 8% p.a. to 17% p.a. These remain above the targets originally approved by shareholders. The Committee believes the resulting targets will be appropriately stretching for the next three years. Vesting of the absolute TSR element of 2013 LTIP awards will continue to be underpinned by relative TSR to ensure this element can only vest if Workspace outperforms its sector peers (as well as Committee discretion).
- To further encourage share ownership and strengthen alignment with shareholders, the Committee increased the share ownership guideline for Executive Directors from 100% to 150% of salary and introduced a time horizon of five years from appointment by which to attain the guideline.

In summary, the 2013 LTIP grant will be subject to the following performance conditions:

	One-third		One-third		One-third	
Performance condition	Growth in Net Asset Value plus dividends relative to companies in the FTSE 350 Real Estate Index		Relative TSR (share price growth plus reinvested dividends) relative to companies in the FTSE 350 Real Estate Index		Absolute TSR[1]	
Level of performance	Company's percentile rank	% of award vesting	Company's percentile rank	% of award vesting	Company's performance	% of award vesting
Awards to be made in June 2013[1,2]						
Threshold	51st percentile	20%	51st percentile	20%	8% p.a.	20%
Maximum	75th percentile	100%	75th percentile	100%	17% p.a.	100%

Net vested LTIP shares are required to be held for a one-year holding period before the shares can be sold.

1. 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.
2. There is straight line vesting between the threshold and maximum performance levels.

For the Executive Directors, the Committee intends to make the awards following the release of the Company's preliminary results announcement on 11 June 2013 and the anticipated size of awards is detailed below.

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

In order to participate in the matching element of the plan, the Director must use his own funds to purchase ordinary shares, up to a maximum of 50% of net annual basic salary.

RECAP OF PERFORMANCE CONDITIONS FOR EXISTING AWARDS

	One-third		One-third		One-third	
Performance condition:	Growth in Net Asset Value relative to companies in the FTSE 350 Real Estate Index		TSR (share price growth plus reinvested dividends) relative to companies in the FTSE 350 Real Estate Index		Absolute TSR[1]	
Level of performance	Company's percentile rank	% of award vesting	Company's performance	% of award vesting	Company's performance	% of award vesting
Awards made in 2010, 2011 and 2012[1,2]						
Threshold	51st percentile	20%	Median	20%	11% p.a.	20%
Maximum	75th percentile	100%	Median + 7.5% p.a.	100%	20% p.a.	100%

1. 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.
2. There is straight-line vesting between the 'threshold' and 'maximum' performance levels.

CEO 2012 LTIP AWARD

As described in last year's Remuneration Report, the Company granted its new CEO a special one-off award to enable his recruitment. Jamie Hopkins then went on to invest £300k from his own funds, acquiring 112,525 Workspace shares, following which the Company granted Jamie Hopkins a one-off award of 112,525 restricted shares (based on 1x the number of shares acquired), which may vest subject to the achievement of an absolute TSR underpin of 4% p.a. The Company also granted the new CEO an award under the current LTIP of 164,117 in performance shares (equal to 125% of salary), which will vest subject to the same performance conditions as for other executives, i.e. 1/3, 1/3, 1/3, on three year relative NAV, relative TSR and absolute TSR (subject to a relative TSR underpin). These awards were necessary to secure the services of the new CEO, and have been structured to require the new CEO to make a substantial investment in Workspace shares, as well as provide alignment with shareholder interests from the outset.

The performance period is the three years to 31 March 2015, and the awards may vest three years from the date of grant, namely 19 November 2015.

2010 LTIP VESTING
The three year performance period of 2010 LTIP awards ended on 31 March 2013. Workspace's three-year NAV growth (plus dividends) of 12.9% p.a. was 79th percentile against the FTSE 350 Real Estate which warranted 100% of this element vesting (equivalent to 33.3% of LTIP shares awarded). Over the three years from 1 April 2010 to 31 March 2013, Workspace's TSR outperformed the median TSR of the FTSE 350 Real Estate by 8.1% p.a. which warranted 100% of this element vesting (equivalent to 33.3% of LTIP shares awarded). Workspace's absolute TSR of 19.6% p.a., warranted 96.5% of the absolute TSR element vesting (equivalent to 32.2% of LTIP shares awarded).

The Committee considered this together with the underlying business performance of Workspace, and concluded that 98.9% of the 2010 LTIP shares awarded to Executives would vest.

JOINTLY HELD LTIP AWARDS
In 2009 the Company offered participants the opportunity to restructure their 2009 LTIP awards and future awards so that they acquired shares jointly with the Company's Employee Share Ownership Trust ('ESOT'), with the effect that the growth in value of the shares creates a capital gain (taxed currently at 18%). Individuals were required to pay appropriate income tax and National Insurance as part of their upfront acquisition. If the awards vest, the participants keep their part-interest in the shares and the ESOT also transfers its part-interest to the participant at that stage, so that they receive the full value of the shares as intended under the terms of the Plan. This restructuring has generated ongoing savings for the Company and participants.

For the 2009 and 2010 awards Graham Clemett accepted the joint ownership awards as part of his total awards, taking half of his awards as joint ownership awards, with the remainder in the original conditional shares structure.

For the 2011 and 2012 awards the Executive Directors did not participate in joint ownership awards.

EXECUTIVE SHARE OPTIONS
Details of outstanding grants made to the Executive Directors under the Executive Share Option Scheme and the performance targets that have to be satisfied for the options to become exercisable are shown on pages 59 and 60. No grants of options were made during the year under the Executive Share Option Scheme and no further grants will be made.

SAVINGS RELATED SHARE OPTION PLAN
Executive Directors can participate in the Savings Related Share Option Plan (the 'SAYE Scheme') which is open to all employees.

The scheme is subject to HMRC rules which limit the maximum monthly savings to £250. Under the SAYE Scheme, options are granted to acquire the number of shares that the total savings will buy when the contract matures, at a discounted price set at the start of the scheme. The details of the options granted to Executive Directors are shown on page 59.

Under the rules of the SAYE Scheme, a requirement exists to renew the terms of the scheme every 10 years. At the Annual General Meeting in 2012, shareholders authorised the Company to amend the SAYE Scheme to allow options to continue to be granted until the 20th anniversary of the original date of adoption of the SAYE Scheme by the Company on 29 July 2003.

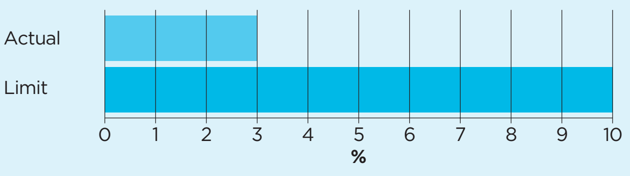
SHARE INCENTIVE PLAN (SIP)
The Company implemented a SIP in March 2013. The SIP is an all employee share plan that is tax approved by HM Revenue & Customs. The share awards granted under the SIP constituted a one-off offer to employees in 2013 (although the SIP rules are flexible enough to accommodate subsequent offers) where up to £1,000 of free shares were granted per employee.

51,800 ordinary shares were purchased by the Company on the market to grant the free shares and 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.

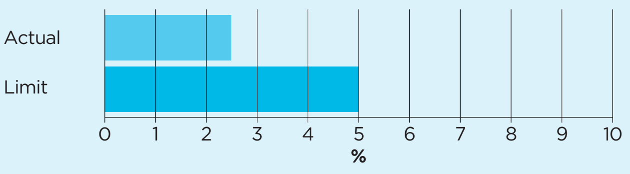
SHARE-BASED AWARDS AND DILUTION
The Company's share schemes are funded through a combination of shares purchased in the market and new-issue shares, as appropriate. The Company monitors the number of shares issued under these schemes and their impact on dilution limits. The Company's usage of shares compared to the relevant dilution limits set by the Association of British Insurers (ABI) in respect of all shares plans (10% in any rolling ten-year period) and executive share plans (5% in any rolling ten-year period) as at 31 March 2013 is detailed below.

As of 31 March 2013, around 4.3m (3.0%) and 3.6m (2.5%) 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.

ALL SHARE PLANS



EXECUTIVE SHARE PLANS



EXIT PAYMENTS DURING THE YEAR

Harry Platt retired from office as Chief Executive on 31 March 2012 but remained employed by the Company until the end of June 2012 to facilitate an orderly handover. Salary and other benefits (cash in lieu of pension and private health insurance), were paid to Harry Platt until the end of June 2012 totalling £105,428. As described in last year's Remuneration Report, Harry Platt did not participate in FY 2013 annual bonus and did not receive an LTIP award. He received 2009 LTIP shares which vested in June 2012. He also retained an interest in the 2010 and 2011 LTIP grants, although awards are pro-rated for time based on the proportion of the vesting period served and for performance to the end of the relevant three-year performance period.

No termination payments were made to Harry Platt in respect of his notice period upon his retirement from the Board.

EXECUTIVE DIRECTOR SHARE OWNERSHIP

The Committee has adopted guidelines for Executive Directors and other senior executives to encourage substantial long-term share ownership. During the year, the minimum guideline was 100% of salary for the Executive Directors. However, as part of the review of remuneration policy, 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 table below shows the Executive Directors' interests in shares and the extent to which Workspace's shareholding guidelines are achieved.

	Number of shares held as at 31 March 2013	Value of shares held at 31 March 2013[1]	Current shareholding (% salary)	Shareholding guideline (as % of salary)	Guideline met
Graham Clemett	120,823	£414,664	166%	100%	Yes
Jamie Hopkins	117,706	£403,966	101%	100%	Yes

Notes:
1. Value of shares is based on a price of £3.432 as at 28 March 2013.

The table below shows the Executive Directors' interests in shares which includes all shares owned beneficially together with those interests in shares which have vested and are no longer subject to deferral or performance conditions and may be included as an interest in shares under Workspace's shareholding guidelines.

Executive Director	Type	Owned or vested outright	Unvested and subject to deferral	Subject to performance[3]	Total
Graham Clemett	Shares	120,823	Nil	542,046	662,869
	Nil cost options[1]	226,869	Nil	Nil	226,869
	Market value options[2]	Nil	4,663	Nil	4,663
Jamie Hopkins	Shares	117,706	Nil	276,642	394,348
	Nil-cost options[1]	Nil	Nil	Nil	Nil
	Market value options[2]	Nil	4,663	Nil	4,663

1. Interests in shares under awards made in the form of nil-cost options and market value options are stated before the operation of any applicable withholdings for tax and social security which would typically arise when a vested award is exercised. Further details can be found on page 60 of this report.
2. Market value options include SAYE options outstanding and not yet matured as at 31 March 2013. The exercise price of these was set at 80% of the market value of a share at the invitation date.
3. For Graham Clemett, the interest in shares of 542,046 consists of the total LTIP awards made in 2010, 2011 and 2012, details of which can be found on page 59 of this report. Similarly, for Jamie Hopkins, the interest in shares of 276,642 consists of the performance and matching share awards made under the LTIP Plan in November 2012 details of which can be found on page 59 of this report.

PERFORMANCE REVIEW

Figure 1: **Value of £100 invested on 31 March 2008**

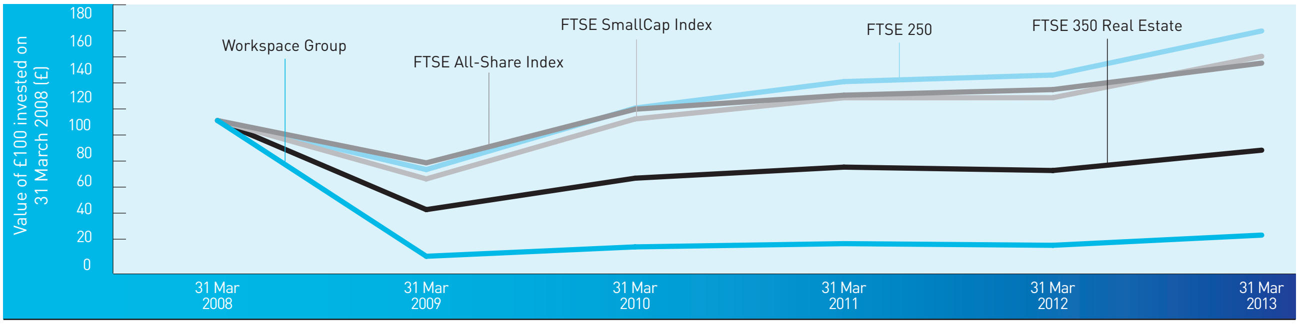


Figure 2: **Value of £100 invested on 31 March 2009**

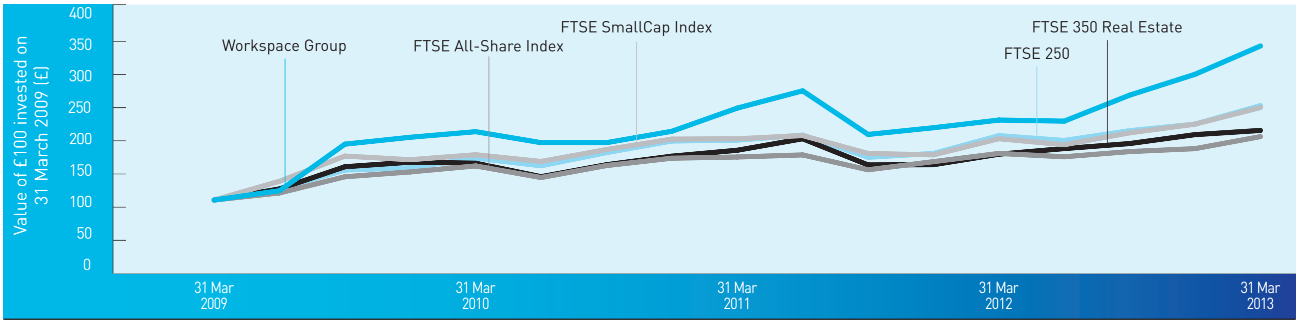


Figure 3: **Value of £100 invested on 31 March 2010**

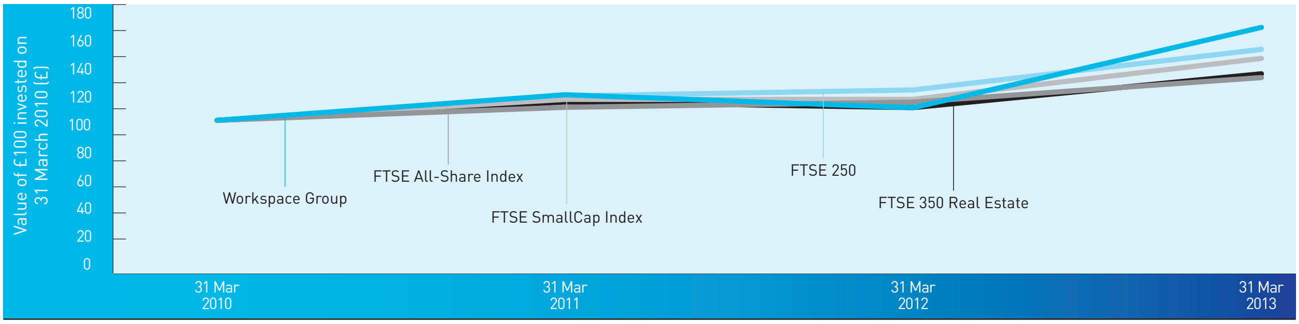


Figure 1 above compares the total shareholder return performance (TSR) of the Group with benchmark indices over the last five years. Given the differing benchmarks used for such performance measurement your Board has decided to undertake this comparison against all of the FTSE 250, FTSE All Share, FTSE Small Cap and FTSE 350 Real Estate indices. In the opinion of the Directors, these indices are the most appropriate against which the total shareholder return of Workspace Group PLC should be measured.

Figure 2 above compares the TSR performance of the Group against benchmark indices over the last four years.

Figure 3 above compares the TSR performance of the Group against benchmark indices over the last three years.

THE FOLLOWING SECTIONS OF THE REMUNERATION REPORT ARE SUBJECT TO AUDIT:

DIRECTORS' EMOLUMENTS

	Fees 2013 £000	Base salary 2013 £000	Performance bonus 2013 £000	Other benefits 2013 £000	**Total emoluments 2013 £000**	**Pension scheme contributions 2013 £000**	Total emoluments 2012 £000	Pension scheme contributions 2012 £000
Executive Directors								
Jamie Hopkins[1,4] Chief Executive Officer	–	400.0	480.0	17.1	**897.1**	**60.0**	24.0	3.4
Graham Clemett[2,4] Chief Financial Officer	–	250.0	300.0	18.1	**568.1**	**41.2**	488.8	36.6
Prior Executive Directors								
Harry Platt[5]	–	–	–	–	**–**	**–**	716.7	–
	–	650.0	780.0	35.2	**1,465.2**	**101.2**	1,229.5	40.0
Non-Executive Directors								
Daniel Kitchen (Chairman)	125.0	–	–	–	**125.0**	**–**	98.8	–
Bernard Cragg[3]	45.0	–	–	–	**45.0**	**–**	45.0	–
John Bywater[3]	45.0	–	–	–	**45.0**	**–**	45.0	–
Maria Moloney	34.6	–	–	–	**34.6**	**–**	–	–
Chris Girling	5.8	–	–	–	**5.8**	**–**	–	–
Prior Non-Executive Directors								
Jamie Hopkins[1]	–	–	–	–	**–**	**–**	37.7	–
Antony Hales	–	–	–	–	**–**	**–**	32.7	–
	255.4	–	–	–	**255.4**	**–**	259.2	–
	255.4	650.0	780.0	35.2	**1,720.6**	**101.2**	1,488.7	40.0

Notes:
1. Jamie Hopkins was appointed as an Executive Director with effect from 12 March 2012. Consequently, he received a fee for services as a Non-Executive Director up to 12 March 2012 and then a salary from this date.
2. During the year, Graham Clemett sacrificed part of his basic pay so that pension contributions equal to the amount sacrificed were made into a pension plan for the benefit of his dependants.
3. Messrs Cragg and Bywater received a fee of £5,000 for acting as Chairman of the Audit and Remuneration Committee respectively.
4. For 2012/13 the Committee set a minimum deferral requirement of 25% of the bonus earned. Equivalent to £75,000 for Graham Clemett and £120,000 for Jamie Hopkins.
5. Harry Platt retired from office as Chief Executive on 31 March 2012. No employer pension contributions were made to Harry Platt, but he received, instead, a cash allowance of £55,600 per annum in lieu of pension at no additional cost to the Company.

DIRECTOR INTERESTS IN SHARES AT 31 MARCH 2013

The following table shows the beneficial interests of the Directors in the shares of the Company as required by the listing rules:

	31 March 2013	31 March 2012
Daniel Kitchen[1]	**37,500**	37,500
Jamie Hopkins	**117,706**	4,889
Graham Clemett	**120,823**	99,464
John Bywater	**3,899**	3,899
Bernard Cragg	**66,590**	66,590
Maria Moloney[2]	**Nil**	Nil
Chris Girling[3]	**Nil**	Nil

1. Daniel Kitchen acquired 1,000 6% sterling Bonds on 2 October 2012 at a price of £100 per Bond.
2. Maria Moloney was appointed to the Board on 22 May 2012.
3. Chris Girling was appointed to the Board on 7 February 2013.

Damon Russell did not hold any shares on date of appointment on 29 May 2013.

Directors' interests in Incentive Plans and Share Options are disclosed on pages 59 and 60.
There have been no changes in the interests in the period between 31 March 2013 and 11 June 2013.

SUPPLEMENTARY INFORMATION ON DIRECTORS' REMUNERATION
LONG-TERM EQUITY INCENTIVE PLAN 2008

Details of current awards outstanding to the Executive Directors are as follows:

	at 1 April 2012			Lapsed during the year		Vested during the year			at 31 March 2013		
	Performance	Invested	Matching	Performance	Matching	Performance	Invested	Matching	Performance	Invested	Matching
Jamie Hopkins											
19/11/2012	–	–	–	–	–	–	–	–	164,117	112,525	112,525
Graham Clemett											
12/06/2009	175,175	40,064	140,139	(58,624)	(46,900)	(116,551)	(40,064)	(93,239)	–	–	–
06/07/2010	98,057	23,282	98,057	–	–	–	–	–	98,057	23,282	98,057
04/08/2011	73,882	17,732	73,882	–	–	–	–	–	73,882	17,732	73,882
18/06/2012	–	–	–	–	–	–	–	–	99,084	23,780	99,084
Harry Platt											
12/06/2009	213,306	60,982	213,306	(71,386)	(71,386)	(141,920)	(60,982)	(141,920)	–	–	–
06/07/2010	149,252	35,438	149,252	(49,750)	(49,750)	–	–	–	99,502	35,438	99,502
04/08/2011	112,455	26,989	112,455	(74,970)	(74,970)	–	–	–	37,485	26,989	37,485

Notes:
1. Awards will vest subject to the satisfaction of performance conditions detailed on page 54 over the three-year performance period.
2. Performance Awards were made to the Executive Directors: In June 2009 in respect of 100% and 125% of annual salary for Harry Platt and Graham Clemett respectively based on a share price at date of award of 16 pence. In July 2010 in respect of 90% of annual salary based on a share price at date of award of 20.58 pence; In July 2011 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 Graham Clemett based on a share price at date of award of £2.2708. No LTIP awards were made to Harry Platt in 2012. For Jamie Hopkins, Performance Share Awards were made in respect of 125% of gross salary in November 2012 based on a share price of £3.0466 and Matching Share Awards of 112,525 (subject to overall cap of 1x salary at grant) made in November 2012 based on a share price of £3.0466.
3. Any shares purchased by the Executive Directors during and since the Rights Issue were allowed to count towards investments for the Invested Shares subject to the normal cap on individual participation of 50% of net salary.
4. 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 2010, 2011 and 2012, Executive Directors invested an amount equal to 45% of their net annual basic salary in invested shares. Matching awards were granted to participants who purchased invested shares.
5. 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 58 of this Report.
6. 2009 awards were initially granted as conditional award of shares. On 8 December 2009 the Executive Directors elected to convert part of the awards into a combination of interest in shares beneficially held, and linked options over the same total value. Whilst the 2009 conditional share awards vested on 12 June 2012, Graham Clemett elected to convert his awards of 209,789 into nil cost options prior to the date of vesting.
7. For the 2010 awards, the Executive Directors elected to convert part of the awards into a combination of interest in shares beneficially held, and linked options over the same total value.

SHARE OPTIONS (AUDITED)

The following table shows the interests of the Directors who served during the year in Savings Related Share Option Plan which is subject to HMRC rules.

							Normal exercise date	
Director	At 01/04/2012	Granted during the year	Lapsed during the year	Exercised in year	At 31/03/2013	Exercise price	From	To
Jamie Hopkins	–	4,663[1]	–	–	4,663	£1.93	01.09.2015	01.03.2016
Graham Clemett	7,869[1]	–	–	(7,869)	–	£1.15	01.09.2012	01.03.2013
		4,663[1]	–		4,663	£1.93	01.09.2015	01.03.2016
Total	**7,869**	**9,326**	**–**	**(7,869)**	**9,326**			

1. Relate to options granted under the rules of the SAYE Scheme and exercised in full in accordance with SAYE Scheme rules.

The table below shows the interests of Harry Platt, a former Executive Director in the Savings Related Share Option Plan and the 2000 Approved Executive Share Option Plan.

Director	At 01/04/2012	Granted during the year	Lapsed during the year	Exercised in year	At 31/03/2013	Exercise price	Normal exercise date From	Normal exercise date To
Harry Platt								
	56,299[1]	–	(56,299)	–	–	£8.66	29.07.2005	29.07.2012
	37,486[1]	–	(37,486)	–	–	£8.25	30.06.2006	30.06.2013
	18,949[1]	–	(18,949)	–	–	£13.16	30.06.2007	30.06.2014
	11,277[1]	–	(11,277)	–	–	£17.81	17.06.2008	17.06.2015
	7,869[2]	–	–	(7,869)	–	£1.15	01.09.2012	01.03.2013
Total	**131,880**	**–**	**(124,011)**	**(7,869)**	**–**			

Notes:
1. Under the rules of the Executive Share Option Plan, if an option holder ceases to be a Director or employee of the Company on account of injury, ill health, disability, redundancy or retirement the Option may be exercised within a period of six months after cessation. Given that the exercise price of all options that potentially could have been exercised were greater than the mid-market closing share price of Workspace ordinary shares on 31 December 2012 (six months from date of cessation of Harry Platt) no profit would have arisen upon exercise of any of these options. Consequently, these Options have been lapsed in full.

   The closing mid-market price of Workspace Group PLC ordinary shares at 31 December 2012 was £3.02 and 28 March 2013 was £3.432. During the year, the price of the Company's shares varied between £2.13 and £3.63.
2. Relate to Options granted under the rules of the SAYE Scheme and exercised in full in accordance with the SAYE Scheme rules.

There have been no changes in Directors' interests over options in the period between the balance sheet date and 11 June 2013.

NIL COST OPTIONS

Graham Clemett holds the following nil cost options.

Name	Number of nil cost options
Graham Clemett	226,869

Pursuant to the Workspace Long Term Equity Incentive Plan 2008, share awards (conditional on three separate performance conditions for a period of three years from grant) were made to the Directors on 12 June 2009. Prior to the vesting date, 12 June 2012, these were converted to nil cost options to ease administration. This does not increase the overall expected cost to the Company. The period in which the 209,789 nil cost options may normally be exercised commenced on the vesting date, 12 June 2012 and will end on 12 June 2017, which is five years after the date of vesting of the award.

As part of the bonus arrangements, share awards (conditional on continuous employment for a period of two years from grant) were made to Mr Clemett on 12 June 2009. Prior to the vesting date, 12 June 2011, these were converted into nil cost options. The period in which the 17,080 nil cost options may normally be exercised commenced on the vesting date, 12 June 2011 and will end on 12 June 2019, which is 10 years after the date of the original award.

By Order of the Board

JOHN BYWATER
CHAIRMAN OF THE REMUNERATION COMMITTEE
11 June 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and 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 applicable law and 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 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; and
- 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.

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 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 website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the current Directors, whose names and functions are listed on pages 30 and 31 and 35 to 44 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 Business Review on pages 16 to 25 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.