Governance

Governance that drives performance

Our focus on culture and values, together with good internal governance practices enables us to deliver The Workspace Advantage for the long term for all our stakeholders.

Daniel Kitchen
Non-Executive Chairman

Where to find the information

Compliance with the UK Corporate Governance Code 2018
The Company has, throughout the year ended 31 March 2019 fully complied with the provisions of the UK Corporate Governance Code 2016 (The 'Code'). The Code can be found on the FRC's website: frc.org.uk

Chairman's governance statement

We are confident that we have the right governance structure, a distinct culture, clearly defined values and the right people to deliver our strategy and continued strong performance. Our governance structure is flexible, thus allowing for fast decision making and effective oversight.

The UK Corporate Governance Code 2018
We are in the process of reviewing our internal governance in light of the new 2018 Code which will apply to us from 1 April 2019. The Board and its Committees have spent considerable time reviewing the 2018 Code to monitor our continuing compliance. We have already started a number of initiatives but have more to complete during the coming year.

What do we have in place:
- We have defined our Company values which, with the involvement of employees, are being integrated into the business.
- Our employee engagement programme has advanced through a number of initiatives, including enhanced internal communication tools online.
- Daniel Kitchen has been appointed as the designated Non-Executive Director responsible for employee engagement.
- Committee Terms of Reference have been updated to reflect the new Code.
- A two year post vesting holding period was introduced into the LTIP rules in 2017.

Delivering for the long term

What is coming during 2019:
- Recruit a permanent successor for Jamie Hopkins, who stepped down as the CEO on 31 May 2019.
- Progress the work on articulating the Company purpose and how this aligns with both the Company values and The Workspace Advantage brand proposition.
- Continue to evolve our programme of employee and broader stakeholder engagement.

Dear Shareholder

Continuing to deliver The Workspace Advantage for the long term
The Board remains committed to maintaining our high standards of corporate governance. Good internal governance enables us to deliver The Workspace Advantage for the long term for all our stakeholders. I am delighted to be able to report that we received external recognition for this, winning the Best Real Estate PLC award at the UK Stock Market Awards in June 2018.

Board changes
Jamie Hopkins stepped down as CEO on 31 May 2019 after a very successful seven years in the role. The Board thanks Jamie for his significant contribution to the business over that period and we wish him well in the future. A search is underway for a permanent successor and Graham Clemett, Chief Financial Officer, has taken on the role of Interim CEO in the meantime.

Board composition, succession and effectiveness
We continue to monitor and evaluate our Board diversity and succession planning. Consequently, significant focus has been given to our Board composition and I am pleased to welcome Ishbel Macpherson who joined us as a Non-Executive Director from 23 January 2019. Ishbel brings a wealth of experience and her background in investment banking will bring a valuable perspective to the Board. Full details of the process which was undertaken to appoint Ishbel and information on her induction programme can be found on page 117 within the Nominations Committee Report.

Two of our Directors have completed six years as Non-Executive Directors of the Company. Chris Girling completed his second three-year term in February 2019, whilst Damon Russell's six-year term expired in May 2019. It was agreed that both Chris and Damon continue to be effective Non-Executive Directors, have made a valuable contribution to meetings and continue to demonstrate commitment to their roles. I am therefore pleased to report that both Chris and Damon have agreed to continue to serve as Directors for a further three years.

This year we have undertaken an internal Board evaluation following an external review last year and we believe that the Board continues to perform well with no significant issues identified.

More detail on our Board diversity, succession planning and Board evaluation can be found on pages 114 to 116.

Culture and values
The Workspace Advantage is at the heart of our strategy, and our people are key to delivering that. Having a clearly defined culture and set of values is important to enhance performance and unite the business around common and consistent behaviours that help us achieve our goals. At Workspace, we have a superb culture and pride ourselves in employing people with a diverse mix of experience, skills and backgrounds.

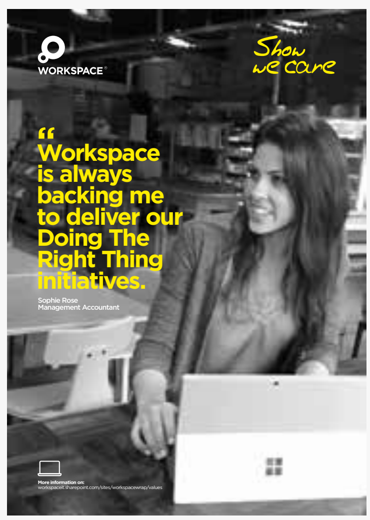
During 2018, we initiated a project to articulate the values and behaviours that make our people different and which form the successful culture that is delivering The Workspace Advantage. We engaged with our staff at all levels of the business through workshops and their input helped to define our four key values:

Embedding our culture and four key values

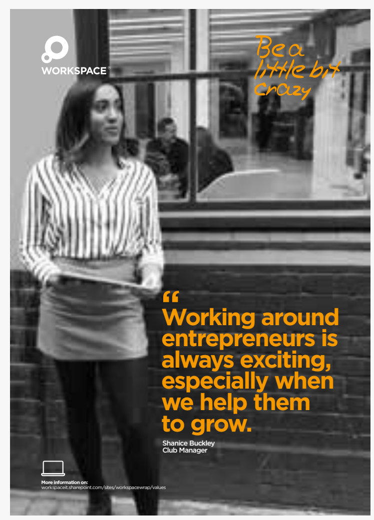
Capturing our culture and embedding Company values
We launched our values in 2018 and have taken steps to embed them into the business, using case studies that demonstrate how our people live the values every day.

1. Know your stuff
We like people who are serious about their subject, enthusiasts who back it up with the facts and those who ask questions about how to do things better.

2. Find a way
Our people find a way, are persistent and have the confidence to move things forward. They are flexible, yet focused and determined and our teams mix people with a range of backgrounds and experience.



3. Show we care
We're not robots. We value approachable people with great social skills who build really good relationships. We think hard about how we can contribute to our communities.



4. Be a little bit crazy
We depend on the creativity and imagination of our people, who see things a little differently, thrive on fresh thinking and are motivated by possibility.

More detail on our culture and values project can be found on pages 46 to 47.

Employee engagement

We have a strong programme of employee engagement and have expanded our internal communications channels further over the last year. Our new monthly employee newsletter celebrates employee and business successes and enables us to share information on customer news and Doing the Right Thing initiatives, as well as privacy and data reminders. We are in the process of launching a new Company-wide intranet and have rolled out digital communication tools to facilitate engagement between head office and site staff better. We also hold regular functions which bring all our employees together and reinforce our corporate culture.

Going forward, I will be taking on the role as the Non-Executive Director with responsibility for employee engagement.

We will continue to engage, listen and respond appropriately to our people so that we sustain our culture which encourages deep knowledge, a sense of innovation, a focus on doing the right thing by our customers and communities and, as a result, enhances our performance.

More detail on our employee engagement programme can be found on pages 46 to 47.

More detail on our stakeholder engagement programme can be found on pages 92 to 94.

Stakeholder engagement

We believe that understanding and responding to the impact we have on all our stakeholders is crucial to the success of our business. In addition to our employees, we have engagement programmes in place with investors, the media, suppliers, partners and community organisations. As part of the work ongoing to articulate our purpose, we have conducted a detailed stakeholder mapping exercise and have gathered specific insights from these and other stakeholder groups.

Executive remuneration

The Workspace Remuneration Committee is very committed to its role in promoting the delivery of long-term value across the Company. It seeks to align remuneration closely to the Company's purpose, culture and values, as well as fulfilling its duty to customers, employees, communities and our shareholders. Our remuneration disclosure has continued to evolve. Maria Moloney, Chairman of our Remuneration Committee, discusses this further from page 127.

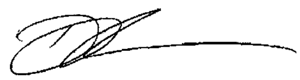
General Data Protection Regulation (GDPR)

GDPR came into force in May 2018. Ahead of this time, significant work was undertaken to review and update our policies and procedures. See page 126 for more details.

Outlook

Following the recent reforms to the UK Corporate Governance Code, the Board is taking time to shape our response as we move forward, with a view to fully integrate the new Code to support the long-term delivery of The Workspace Advantage for all stakeholders.

We fundamentally believe that good governance drives good performance for both the business, its stakeholders and the wider economy. With ongoing changes to our industry and the macroeconomic and political situation, the Board is focused on allowing Workspace to adapt to future environments and deliver sustainable success over the long term.



Daniel Kitchen
Chairman
4 June 2019

Leadership

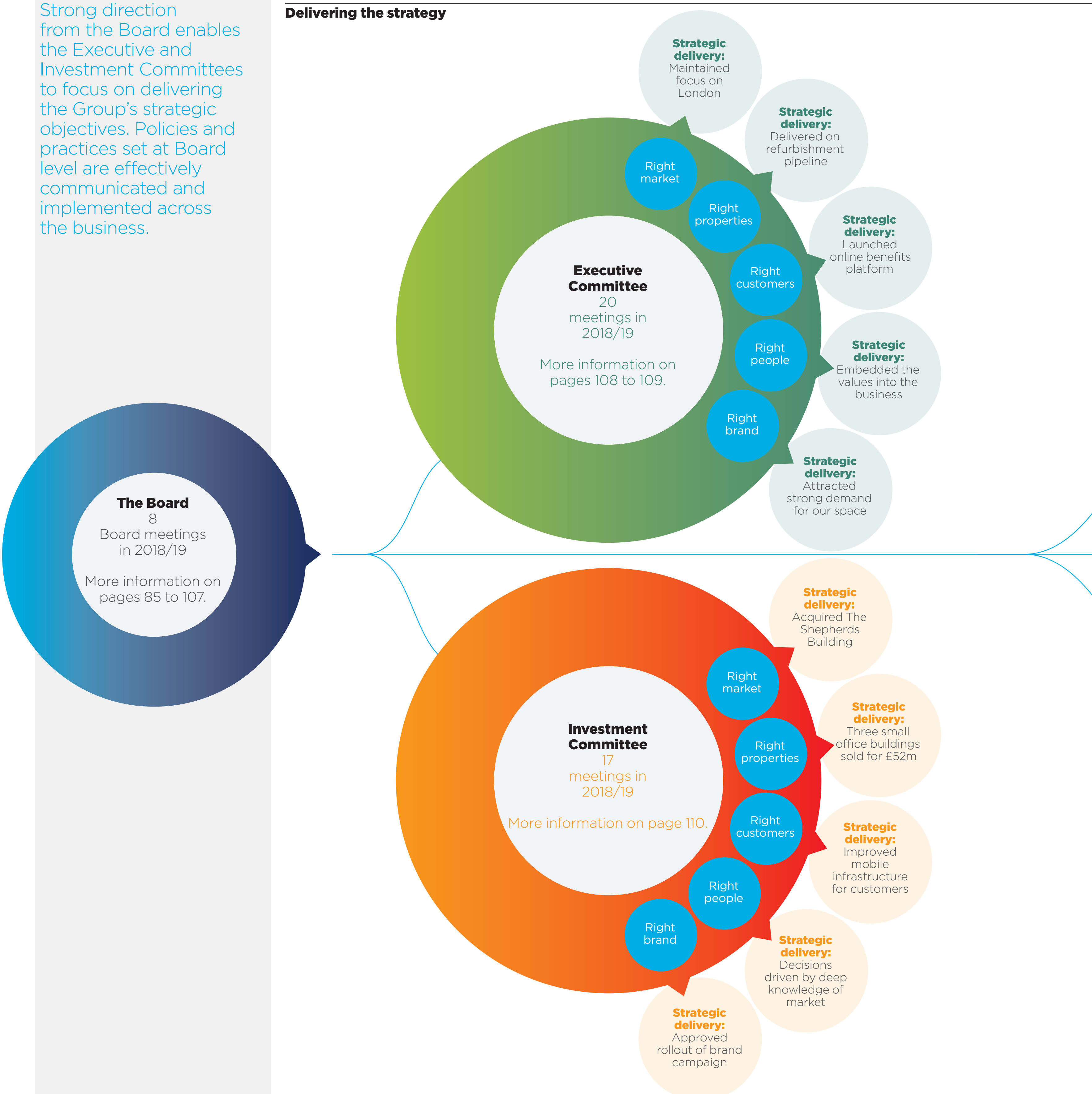
We continue to have a strong mix of experienced individuals on the Board who are not only able to offer an external perspective on the business but they also provide constructive challenge, to review the Group's strategy.

Daniel Kitchen
Non-Executive Chairman

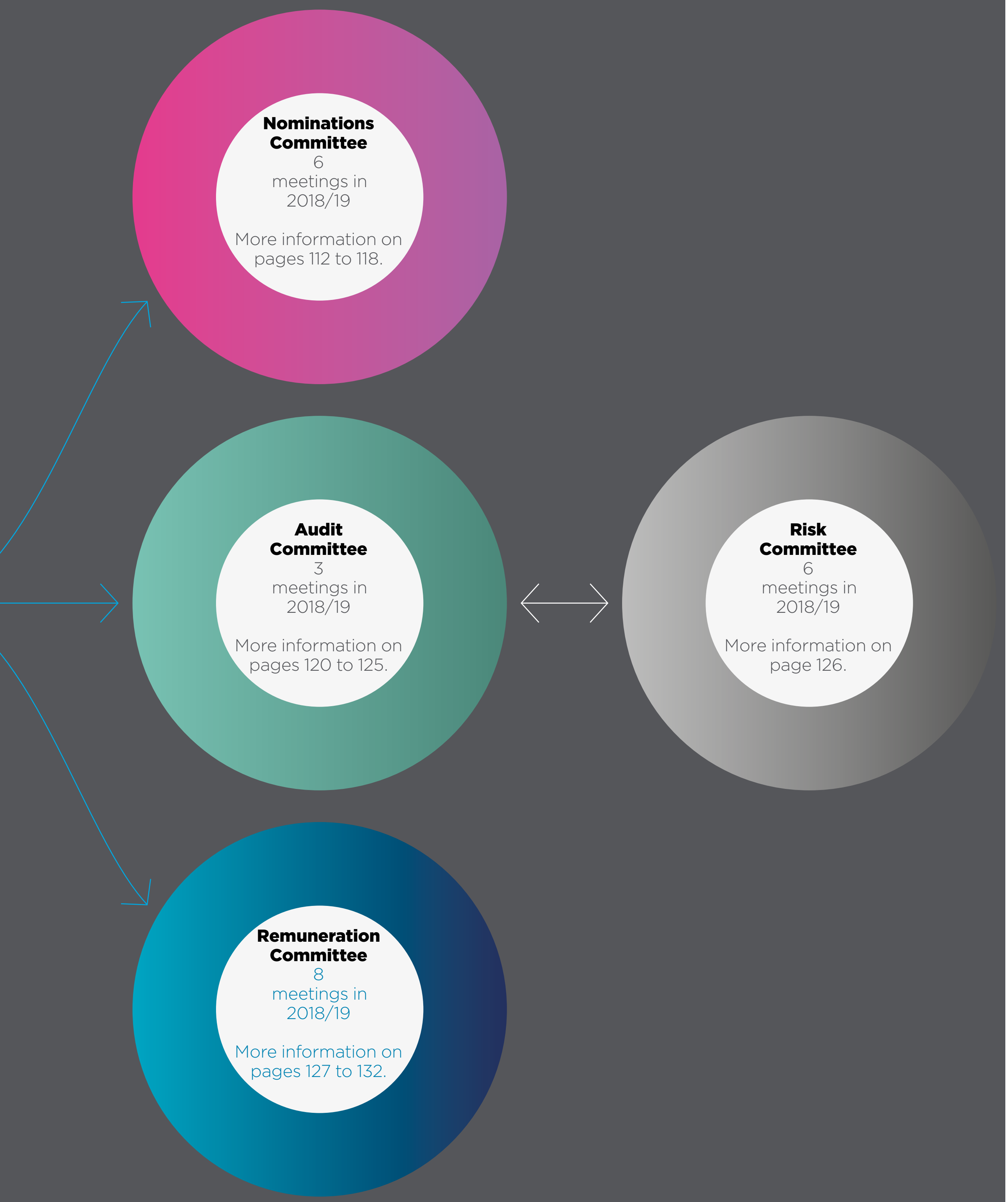
Leadership that delivers

Strong direction from the Board enables the Executive and Investment Committees to focus on delivering the Group's strategic objectives. Policies and practices set at Board level are effectively communicated and implemented across the business.

Delivering the strategy



Supporting the delivery of the strategy



Board Committees
The Board has a number of standing Committees, namely the Nominations, Audit, and Remuneration Committees, to which specific responsibilities have been delegated. These Committees enable the Board to operate effectively within a strong governance framework.

Key activities in 2018/19

Nominations Committee
Reviewed Board composition, succession and diversity.

Considered the re-election of both Chris Girling and Damon Russell.

Approved the appointment of Ishbel Macpherson who joined the Board in January 2019.

Audit Committee
Met with Auditors to discuss the external audit.

Reviewed the full year and interim reporting.

Monitored the effectiveness of the Group's risk management systems.

Performed annual auditor assessment.

Risk Committee
The ongoing review of the Group's principal and emerging risks.

Remuneration Committee
Termination arrangements for Jamie Hopkins, CEO, who left the Company on 31 May 2019.

Agreed the changes in remuneration for Graham Clemett as Interim CEO.

Employee remuneration and reward framework.

Regulation, Corporate Governance and best practice.

Board Committees

Each Committee has Terms of Reference which were reviewed by each of the Committees and the Board during the year. The Terms of Reference for the Nominations, Audit and Remuneration Committees are available for inspection on the Company's website at www.workspace.co.uk/investors/about-us/governance/committee-terms-of-reference.

The performance of the Audit, Nominations and Remuneration Committees are assessed annually as part of the evaluation process described later in this report. Further details of the work, composition, role and responsibilities of the Audit, Nominations and Remuneration Committees are provided in separate reports on pages 112 to 154.

Board and Committee membership in 2018/19

	Profile and experience	Board	Nominations Committee	Audit Committee	Remuneration Committee	Risk Committee*	Executive Committee	Investment Committee*	Disclosure Committee
Non-Executive Directors									
Daniel Kitchen Non-Executive Chairman	p.97	○	○		●				
Chris Girling Senior Independent Non-Executive Director	p.98	●	●	○	●				
Maria Moloney Non-Executive Director	p.99	●	●	●	○				
Damon Russell Non-Executive Director	p.102	●	●	●	●				
Stephen Hubbard Non-Executive Director	p.101	●	●	●	●				
Ishbel Macpherson Non-Executive Director	p.100	●	●	●	●				
Executive Directors									
Graham Clemett Chief Financial Officer and Interim CEO from 31 May 2019	p.96	●					●	●	●
Jamie Hopkins Chief Executive Officer until 31 May 2019	p.109	●				○	○	○	○
Members of the Executive and Investment Committee									
Angus Boag Development Director	p.109						●	●	
Chris Pieroni Operations Director	p.109					●	●	●	
John Robson Asset Management Director	p.109						●	●	

○ Chair
● Member

* Additional members of the senior management team sit on these committees as set out on pages 110 and 126.

Until he left the Company on 31 May 2019, Jamie Hopkins was Chairman of the Risk, Executive, Investment and Disclosure Committees. From that date, Graham Clemett took on the role of Interim CEO and will chair these committees until a permanent CEO is appointed.

Board in action

In delivering The Workspace Advantage for the long term, the Board has six areas of focus:

1. Strategy
2. Trading performance
3. Property valuation and investment
4. Risk management and internal controls
5. Succession planning and Board performance
6. Stakeholder engagement

Our Board

Led by our Chairman, Daniel Kitchen, the Board provides the leadership of the Company and is collectively responsible and accountable to shareholders for the Company's long-term success, leadership, strategy, values, standards, control and management. An internal Board evaluation was performed during the year.

– More details can be found on page 114.

1. Strategy

The Board regularly debates the relevance and effectiveness of the strategy in the context of current and future market conditions. The Board also holds an annual deep dive strategy day, together with the Executive Committee.

The Board will invite external advisers, as well as internal Workspace teams, into the Boardroom to share insights and knowledge.

Activities in 2018/19

- Held a Board strategy day in September 2018. The meeting covered, amongst other things, the five-year plan and the potential impact of external changes in our market. An overview of selected property initiatives was provided by both Angus Boag, Development Director and John Robson, Asset Management Director.
- Considered financing options for the Group.
- Approved the completion of the placing of 16,320,062 new ordinary shares, raising gross proceeds of approximately £179.5m. See page 75.
- Agreed the placing of £100m of ten-year private placement notes. See page 75.
- Approved the redemption of outstanding Bonds.

Board engagement with the business

In the interests of good quality decision making and oversight, all Directors stay up-to-date with events and developments in the business (through meetings with senior management and regular site visits) and with external factors such as the changing governance landscape, regulation and shareholder views.

In 2018/19 the Board met eight times. They also attended the annual Board Strategy Day in September 2018.

2. Trading performance

The Board regularly monitors performance to assess whether the business model is effective in driving enquiries, continuing to meet customer needs and adapting to overall trends and conditions in the London property market.

Activities in 2018/19

- Reviewed progress against the five-year business plan, updating the plan as required.
- Reviewed monthly financial performance against budget and other finance matters, including budgets and business plans.
- Considered in detail the annual and interim results and dividends.
- Discussed treasury and cash management matters.
- Discussed Group tax matters.
- Received updates on market and broker reports.
- Held meetings throughout the year between the Auditors and the Audit Committee.
- Conducted a review of the Company's viability over the next five-year period.

The Board continues to review the business model that drives customer demand, for instance at Grand Union, Ladbroke Grove.

Centro 1 & 2, Camden Town

The Board approved the acquisition of Centro 1 & 2 in April 2018.

3. Property valuation and investment

The Board reviews and challenges the valuation of the portfolio and reviews and approves major development projects and acquisitions and disposals.

Activities in 2018/19

- Considered and approved the independent valuation of the Group's property portfolio performed by CBRE.
- Approval of redevelopment activity and major refurbishments.
- Received updates from the Development Director on the status of planning consents.
- In line with our strategic priority 'Right property':
  - Disposal of three properties, Belgravia Workshops, N19, The Ivories, N1, and Spectrum House, NW5, comprising 106,000 sq. ft. of net lettable space, for a total of £51.9m.
  - Disposal of Bow Office Exchange, E3 in January 2019 for £11m.
  - Subsequent to the acquisition of five Centro buildings on January 2018, approval was granted to acquire Centro 1 & 2 in Camden for £76.5m in April 2018.
  - Acquisition of The Shepherds Building, in Shepherd's Bush, W14, for £125.3m in September 2018.

4. Risk management, internal controls and governance

Robust governance and risk management are crucial to the Board's role in protecting the business, along with maximising opportunities for growth and returns. The Board regularly reviews governance requirements and assesses the adequacy of risk management, including the effectiveness of internal controls and risk reporting.

Activities in 2018/19

- Received updates from the Risk Committee on the principal risks of the business.
- The Board has debated the Group's key risks, along with external market risks, including the implications of Brexit and mitigating actions based on our understanding of the potential impact on the market, our customers, our people and communities and our suppliers.
- Received reports on Health and Safety and activities undertaken in terms of staff training and ongoing audits.
- Received reports on governance issues, including legal and regulatory updates on governance and reporting.
- Reviewed the Group's plans for the implementation of GDPR, including regular updates on activities facilitating compliance.
- Reviewed the provisions of the 2018 Corporate Governance Code and developed an action plan which is monitored by the Board. More details can be found on page 78.
- Considered plans to develop our cyber security strategy and policy.
- Approved the Company's Modern Slavery Statement for publication on the corporate website.
- Approved the schedule of matters reserved for the Board.

Risk Committee
The Risk Committee invested time to discuss emerging issues such as GDPR, cyber security and the Criminal Finance Act.

5. Succession planning and Board performance

The Board understands that the strength of its governance relies on having the right mix of skills and experience around the boardroom table and ensuring there is continuity in Board membership. The Board conducts a rigorous evaluation of its performance each year and the evaluation is externally facilitated every three years.

Activities in 2018/19

- Evaluated the performance of the Board, its Committees and the Directors. Further details can be found on page 114.
- Conducted a review of succession planning for the Board and Senior Managers.
- Considered and approved the reappointment of Chris Girling as Senior Independent Non-Executive Director and Chair of the Audit Committee.
- Considered and approved the reappointment of Damon Russell as Independent Non-Executive Director.
- Approved the appointment of Ishbel Macpherson to the Board of the Company on 23 January 2019. More details can be found in the Nominations Committee Report on page 117.
- In March 2019, considered CEO succession arrangements, with Graham Clemett, Chief Financial Officer, taking on the role of Interim Chief Executive Officer while a full and formal search for a permanent successor is carried out.

New Non-Executive Director
The Board welcomed Ishbel Macpherson to the Board in January 2019.

6. Stakeholder engagement

The Board is committed to an open dialogue with all stakeholders and takes into account their views on relevant matters.

Activities in 2018/19

- Received updates on the investor engagement programme and reviewed reports from the Company's brokers and advisers, outlining shareholder views and providing feedback on company presentations and events.
- Reviewed the 2018 AGM Shareholder Circular and proxy voting figures.
- Met shareholders at the Annual General Meeting held on 13 July 2018.
- Oversaw the roll out of our values process across the business with a focus on ways to enhance employee engagement.
- Initiated the discovery phase of our programme to engage more closely with stakeholders, particularly around our company purpose.
- Received regular updates on social initiatives and activities of the 'Doing the Right Thing' Committee.

Our culture and values
The Board oversaw the roll out of our values throughout the business. They now form part of our daily lives, directing how we behave and the decisions we make.

Stakeholder engagement

An expanded stakeholder engagement programme
Workspace's ongoing success depends on its ability to engage effectively and work constructively with our key stakeholder groups, as described in the Strategic Report.

In support of responsible and effective governance and decision-making, the Board recognises the importance of engaging with all stakeholders at different levels and in different ways. At the same time, the Board understands its duty to promote the success of the Company as a whole, as set out in Section 172 of the Companies Act.

Engagement is important to the Board because it means they understand stakeholder views and are able to respond in a meaningful and impactful way.

Our centre staff gather feedback through continuous dialogue with our customers, from the moment they move in to their unit. In addition, we carry out formal customer satisfaction surveys on a biannual basis, which are reviewed and discussed by the Board and form part of the remuneration evaluation process.

This year, we asked all stakeholders one question: What value does Workspace provide to you? See pages 28 to 33.

	What we heard in 2018/19	Our response
Our customers	Superfast, resilient and secure Wi-Fi connections are key to the success of businesses of all sizes. Customers also value relaxed and sociable environments that act as a springboard to meet new businesses.	We maintain a continual dialogue with our customers to gather feedback. 83% of our portfolio is committed to WiredScore Certification, the international connectivity rating scheme. Fostering collaboration is also a top priority – we facilitate more than 300 networking events per year – and we introduced a new online benefits platform, WorkspacePerks, that allows customers to trade with one another.
Our people	At workshops designed to gather staff insights on Workspace's internal values, employees agreed that the Company has a strong culture and that staff feel well motivated. They asked for an increase in internal communication around company news.	We launched three new internal communications channels, through which we maintain a consistent flow of engaging Company news. A selection of operational improvements suggested by staff during the workshops are being implemented. We will also launch our first employee survey in 2019/20.
Our suppliers and partners	Our partners and suppliers would like to operate more sustainably, both in terms of recycling and procurement.	We have long-term relationships with our partners and suppliers, built on mutual values and trust. Currently, we are working closely with our cafes on a portfolio-wide campaign to reduce single-use plastics. See page 48.
Our communities	Local businesses value the revenue provided by our business centres, and appreciate it when we listen to and support their longer-term plans. Read more from Bermondsey's Blue Market Manager on page 32.	We arrange community consultations throughout the year to gather and respond to local views on our development plans. We also host events focused on wider local issues. For example, we hosted a drop-in session at Grand Union for residents to discuss new housing and job opportunities in nearby Kensal Canalside.
Our investors	Our shareholders would like more opportunities to view our properties to experience the look and feel of the business centres and understand how they operate.	We have increased the number of regular tours of our buildings, providing shareholders with valuable insight into Workspace and its customer base. The 2018/19 Capital Markets Day involved a tour of three properties: Salisbury House, The Frames and The Chocolate Factory.

Engaging with investors

Engaging with our shareholders is of primary importance in creating a productive and regular dialogue on our strategy and business activities. We aim to ensure frequent engagement that is not solely limited to financial calendar events.

The Company has a comprehensive investor relations programme, including regular meetings and calls with investors, comprising major institutions, retail investors and private client fund managers.

Throughout the year, meetings are arranged, both proactively and on request, for the Chief Executive Officer, Chief Financial Officer and Head of Corporate Communications with institutional shareholders and sell-side analysts to discuss the Company's business model, strategy and marketplace, as well as to update on performance. This engagement often includes site visits which provide shareholders with valuable insight into the business and its customer base. The Chairman and the Chairs of each of the Board Committees are also available to meet with major shareholders, independently of the Executive Directors, as required.

The Group's investor website, www.workspace.co.uk/investors, holds all presentations made to analysts and investors for interim and Full Year Results, as well as webcast replays, and is also used as a means of providing additional sources of information for shareholders. The website is kept up-to-date with RNS announcements, share price performance and other news, as well as details of the Group's sustainability strategy and achievements in this area.

The Annual Report and Accounts is sent to all shareholders who wish to receive a copy. It is also available in the investor section of the Company's website at www.workspace.co.uk/investors.

During the year, the Chief Executive Officer, Chief Financial Officer and Head of Corporate Communications held over 114 meetings or calls with UK and overseas institutional investors, comprising both current and potential shareholders. Meetings involved either group or individual presentations and, in some cases, tours of the portfolio. The tours provide a good opportunity to see the Group's properties, better understand our strategy, and to meet customers, members of our management team and centre staff.

Twice a year, following the results roadshows, a detailed report is collated for the Board, including feedback from investors and sell-side analysts. This highlights shareholders' views on the Company's performance, strategy and any concerns they have raised.

Annual General Meeting (AGM)

The AGM provides an opportunity for shareholders to meet and ask questions of the Chairman, members of the Board Committees and other Directors. As well as during the meeting itself, shareholders have a chance to engage with Directors informally after the meeting.

Our ongoing investor relations calendar of events

		Regular programme	
	Calendar of events	Investor meetings	Investor tours
2019			
July	AGM Q1 Business Update	✓	✓
August		✓	✓
September	US and UK investor conferences	✓	✓
October		✓	✓
November	Half Year Results Investor roadshow	✓	✓
December		✓	✓
January	Investor conference Q3 Business Update	✓	✓
February	Capital Markets Day	✓	✓
March	Year end US and UK investor conferences	✓	✓
April		✓	✓
May		✓	✓
June	Full Year Results Investor roadshow	✓	✓

The Workspace investor relations programme includes the following activities:

1. Analyst engagement
The Executive Committee engages with sell-side analysts formally at the Full and Half Year results presentations and at the annual Capital Markets Day. All RNS announcements, including quarterly trading updates, are sent to analysts throughout the year. In addition, the Chief Executive Officer, the Chief Financial Officer and Head of Corporate Communications are in regular dialogue with analysts as they update their models and publish research on the Company.

Why it is important
Sell-side analysts write independent research on the Company, which is sent to existing and prospective investors. It is therefore important that analysts have up-to-date and accurate information on the business and its strategy in order to present a fair view.

Frequency
Three formal meetings per year, plus regular ongoing dialogue.

2. Investor roadshows
In addition to the results presentations, which investors and analysts attend, management carry out investor roadshows in the UK immediately after the Full and Half Year results, generally spending four to five days on the road in London and Scotland. Additional roadshows are arranged during the year to regional cities in the UK, Continental Europe and the US.

Why they are important
The roadshows give Shareholders an opportunity to meet with management one-on-one or in small groups to discuss the results, business model and strategy, and raise any questions they may have about the Company and its performance.

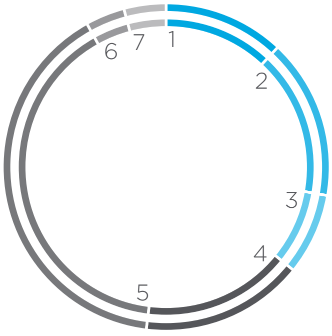
Frequency
Two formal roadshows per year, plus at least two further roadshows arranged as necessary.

3. Webcasts
The Full and Half Year Results presentations are streamed on the Company's website via a live webcast and made available for replays following the event.

Why they are important
The webcasts allow analysts and investors to hear the management team present the results if they cannot attend the event in person, and broaden the Company's reach to investors based overseas.

Frequency
Twice per year.

Overall balance of investor relations activities 2018/19



1. Analyst engagement **3**
2. Investor roadshows **4**
3. Webcasts **2**
4. Bank and industry conferences **4**
5. Investor tours **10**
6. The Annual General Meeting **1**
7. Capital Markets Day **1**

4. Bank and industry conferences
The Executive Directors and Senior Management team regularly attend and present at Real Estate Conferences held by banks and industry bodies, e.g. EPRA, in the UK, Europe and the US.

Why they are important
Conferences provide a good opportunity to meet a large number of investors and industry associates in one place. They often include presentations or panel discussions on industry trends and allow the Executive Directors to build relationships with key players in the sector, as well as demonstrate the strength and depth of the management team. Additionally, they often provide an opportunity to hold one-on-one and group meetings with investors outside of the formal roadshow schedule.

Frequency
Four conferences attended this year.

5. Investor tours
Tours of the Group's assets are organised regularly, both proactively and on request, for existing and prospective investors. These are carried out by the Executive Directors and the Head of Corporate Communications, with Asset Managers, Centre Managers and other team members often present.

Why they are important
The tours showcase the properties within the portfolio and demonstrate the operational model Workspace has adopted, as well as the high levels of activity ongoing across the Group. They allow investors to see the space being used by customers and demonstrate the business model and strategy in action.

Frequency
Ten tours conducted this year.

6. The Annual General Meeting
The AGM will be held at the Company's business centre at 160 Fleet Street, London EC4A 2DQ and is attended by the full Board of Directors. Details of the resolutions to be proposed at the AGM on 11 July 2019 can be found in the Notice of AGM, which is available at www.workspace.co.uk, and will be dispatched to Shareholders who have requested a hard copy of the documentation from the Company. All Shareholders are invited to vote on the Resolutions, and the results are made available after the meeting and published on our investor website.

Why it is important
The AGM provides Shareholders with a forum to put questions to the Board of Directors, and to vote on important issues within the business.

Frequency
Once per year.

7. Capital Markets Day
The Capital Markets Day is held once a year and includes either a tour of the Group's properties or management presentations. The Executive Directors are all present, as well as a group of Centre Managers and other members of the management team.

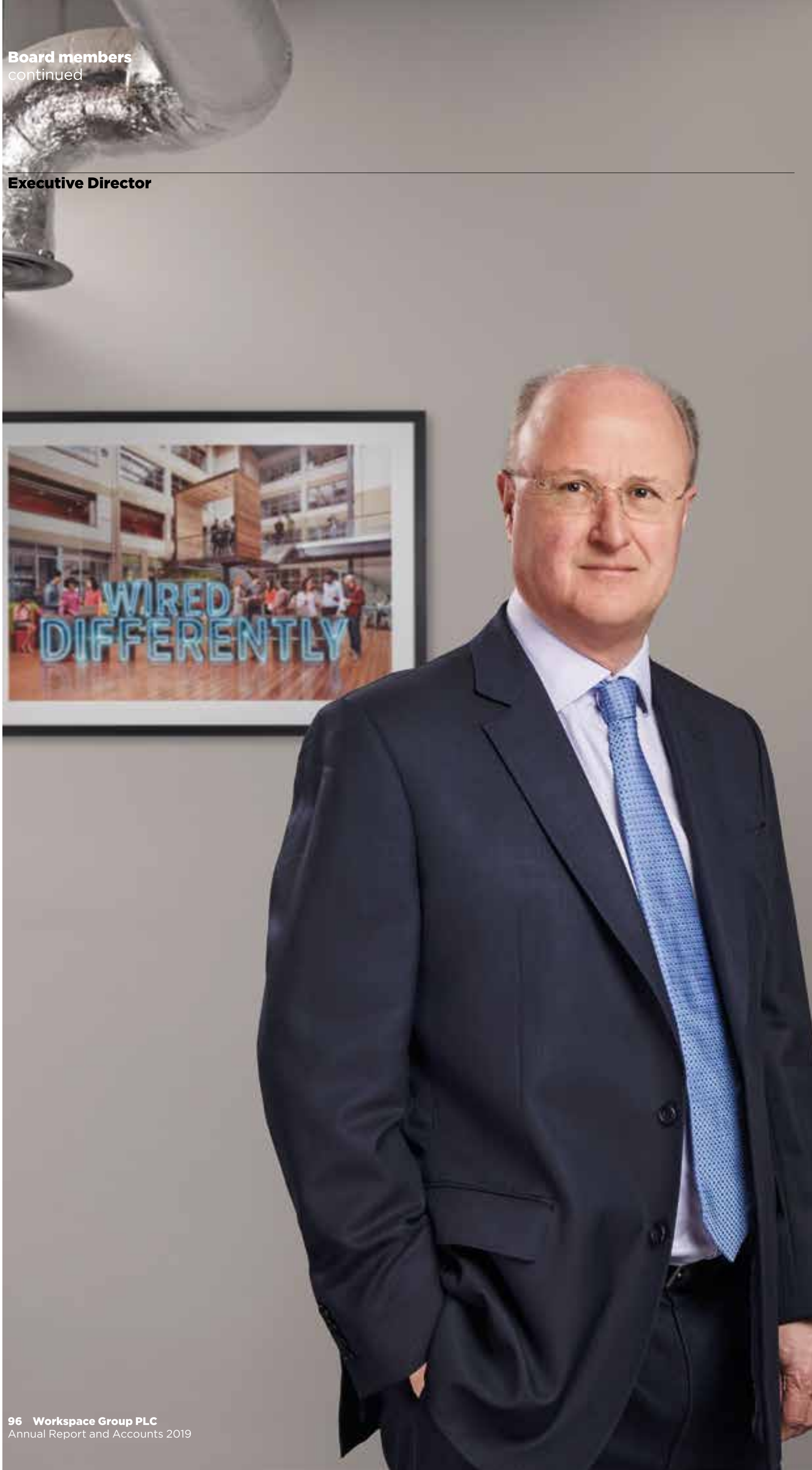
Why it is important
As well as showcasing the Group's properties, the Capital Markets Day allows Workspace to inform analysts and investors on different aspects of the business and demonstrate how it is driving value and growth from its real estate and customer proposition. We will likely hold the next Capital Markets Day in February 2020.

Frequency
Once per year.

Board members

This year we asked each Board member to give an example of how the business has successfully delivered The Workspace Advantage.

Executive Director



Appointment to the Board
Graham joined the Board as Chief Financial Officer in July 2007. In addition, Graham took on the role of Interim CEO on 31 May 2019.

Committee memberships
- Executive Committee.
- Investment Committee.
- Disclosure Committee.

Current external appointments
Graham is currently a Non-Executive Director and Chairman of the Audit Committee for The Restaurant Group Plc, having been appointed on 1 June 2016.

Previous appointments
Previously, Graham was Finance Director for UK Corporate Banking at RBS Group PLC. Prior to that, Graham spent eight years at Reuters Group PLC, latterly as Group Financial Controller.

Skills and business experience
- Significant experience of financing and capital raising.
- Strong commercial and strategic skills.
- With over 10 years in the Group, he has a detailed knowledge of Workspace operations.
- Extensive investor relations experience.

The achievement of Gold or Platinum WiredScore ratings at 33 business centres demonstrates the lengths we go to in upgrading our customer offer – a clear example of The Workspace Advantage.

Graham Clemett
Interim Chief Executive Officer and Chief Financial Officer

Non-Executive Directors

Appointment to the Board
Daniel was appointed to the Board in June 2011 and subsequently assumed the role of Chairman at the AGM in July 2011. On the recommendation of the Nominations Committee, the Board agreed to extend his appointment for a further three years from June 2017.

Independent
Yes.

Committee memberships
- Chairman of the Nominations Committee.
- Remuneration Committee.

Current external appointments
Daniel is currently Chairman of Hibernia REIT plc, Applegreen plc and Sirius Real Estate Limited and a Non-Executive Director of Irish Takeover Panel Limited and Governor of St Patrick Hospital in Dublin.

Previous appointments
Daniel was previously Deputy Chief Executive at Heron International plc and prior to that was Finance Director at Green Property Plc for eight years. He retired as Non-Executive Director of LXB Retail Properties Plc in May 2019, as Non-Executive Chairman of Irish Nationwide Building Society in July 2011 and Kingspan Group Plc in May 2012.

Skills and business experience
- Detailed knowledge of the Group.
- Strong leadership skills.
- Strategy development and execution.
- Strong financial skills, previously a CFO for eight years for a property development and investment company.
- Experience of acquisitions and disposals.

Our values are the all-important behaviours that allow us to deliver our customer offer.

Daniel Kitchen
Non-Executive Chairman and Chairman of the Nominations Committee

Non-Executive Directors
continued

Appointment to the Board
Chris was appointed to the Board in February 2013. On the recommendation of the Nominations Committee, the Board agreed to extend his appointment for a further three years from February 2019.

Independent
Yes.

Committee memberships
- Chairman of the Audit Committee.
- Remuneration Committee.
- Nominations Committee.

Current external appointments
Chris, a Chartered Accountant, is currently a Non-Executive Director and Chairman of the Audit Committee of Johnson Service Group PLC and Non-Executive Director and Chairman of the Audit Committee of South East Water Limited. He is Chair of Trustees for the Slaughter and May Pension Fund.

Previous appointments
Chris was Group Finance Director of Carillion PLC from 1999 to 2007 and Vosper Thornycroft PLC from 1991 to 1999. Chris retired as a Non-Executive Director of Keller Group PLC in May 2019 and stepped down as their Chairman of the Audit Committee with effect from 1 January 2019.

Skills and business experience
- CFO of FTSE 250 Companies for 17 years.
- Strong financial skills.
- Detailed knowledge of risk assessment and management systems.
- Experience of infrastructure and development projects.

The teams are constantly monitoring competition and adapting our offer to allow us to stay ahead of the curve.

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

Appointment to the Board
Maria was appointed to the Board in May 2012. On the recommendation of the Nominations Committee, the Board agreed to extend her appointment for a further three years from May 2018.

Independent
Yes.

Committee memberships
- Chairman of the Remuneration Committee.
- Audit Committee.
- Nominations Committee.

Current external appointments
Maria is currently on the Board and a Trustee of the Northern Ireland Cancer Centre in Belfast.

Previous appointments
Maria was previously on the Board of the Belfast Harbour Commissioners, the Industrial Development Board for Northern Ireland, the Northern Ireland Transport Holdings Company, the Independent Television Commission (London) and The Broadcasting Authority of Ireland (Dublin).

Skills and business experience
- Strong marketing and commercial skills.
- A lawyer by background, with significant legal and corporate governance experience.
- Business and strategy development.
- Strategic business assessments across diverse market sectors.

The Workspace Advantage calls for a focus on operational excellence. This, combined with close attention to detail and the ability to look at each building and see its benefits, are core elements of our success in delivering greater value for shareholders.

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

Non-Executive Directors
continued

Appointment to the Board
On the recommendation of the Nominations Committee, Ishbel was appointed to the Board in January 2019.

Independent
Yes.

Committee memberships
- Remuneration Committee.
- Audit Committee.
- Nominations Committee.

Current external appointments
Ishbel is currently Senior Independent Director at Dechra Pharmaceuticals PLC and Bonmarché Holdings PLC and Non-Executive Director at Lloyds Register Group Ltd.

Previous appointments
Ishbel has previously been Non-Executive Director at Speedy Hire PLC, Dignity PLC, Galliford Try PLC and Fidessa Group PLC and prior to that, held several senior roles in the finance sector.

Skills and business experience
- Many years' experience of operating within the finance sector.
- A broad range of plc Board experience.
- Investment and corporate transactions.
- Strong financial skills.

One of the first things I noted about Workspace is that every part of the business works together seamlessly for the benefit of our customers – that to me is The Workspace Advantage.

Ishbel Macpherson
Non-Executive Director

Appointment to the Board
Stephen was appointed to the Board in July 2014. On the recommendation of the Nominations Committee, the Board agreed to extend his appointment for a further three years from July 2017.

Independent
Yes.

Committee memberships
- Remuneration Committee.
- Audit Committee.
- Nominations Committee.

Current external appointments
Stephen is currently Chairman of CBRE UK. He joined Richard Ellis in 1976 and held the position of Head of EMEA and UK Capital Markets from 1998 to 2012. He is Non-Executive Chairman of LXI REIT PLC and a member of the advisory board of Redevco, a pan-European property holding company.

Skills and business experience
- Many years' experience of operating within the property sector.
- Experience of regeneration and development projects.
- Investment and transactions.
- Detailed knowledge of risk assessment and management systems.
- Strong financial skills.

The scale of our portfolio and the flexibility that Workspace offers its customers, allowing them to grow, demonstrate The Workspace Advantage in action.

Stephen Hubbard
Non-Executive Director

Non-Executive Directors
continued

Appointment to the Board
Damon was appointed to the Board in May 2013. On the recommendation of the Nominations Committee, the Board agreed to extend his appointment for a further three years from May 2019.

Independent
Yes.

Committee memberships
- Remuneration Committee
- Audit Committee
- Nominations Committee.

Current external appointments
Damon holds advisory roles for a number of private companies in the digital media, sport and educational sectors. He is currently Chief Executive of Spoke Interactive, a media service provider and a Director of The Dating Lab, a business that provides online dating services to some of the world's leading media brands. Previously he co-founded Telecom Express that was sold to AMV BBDO, part of the Omnicom Group. In 2004, Damon led a successful management buyout. He has over 30 years' experience in this fast-paced and ever-evolving, dynamic industry.

Previous appointments
Damon was previously Non-Executive Director of iannounce before its merger with Legacy.com in May 2013.

Skills and business experience
- Extensive digital and media technology experience.
- Strong strategic and commercial understanding.
- Significant experience in alliances, ventures and partnerships.
- Knowledge of service-related industry requirements and key client relationships.

The communities we build in our centres that allow businesses to thrive are an example of The Workspace Advantage at work.

Damon Russell
Non-Executive Director

Company Secretary

Date appointed
Carmelina was appointed Company Secretary in March 2010.

Responsibilities
Carmelina is Secretary to the Board and its Committees, monitoring compliance with its procedures and providing advice on governance matters. At the direction of the Chairman, she is responsible for ensuring the Board receives accurate, timely and relevant information. She also co-ordinates the induction of new Board members and the provision of ongoing training and development of the Board.

Carmelina's other responsibilities include: corporate governance, monitoring and compliance with legislation, including data protection, administration, vesting and granting of awards under the Company's share schemes.

Background and relevant experience
Carmelina 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.

The Workspace Advantage is driven by our people and it has been fantastic to watch how our employees have embraced the values over the year to better deliver that advantage.

Carmelina Carfora
Company Secretary

Effective division of responsibilities and Board operation

The roles and responsibilities of the Non-Executive Chairman and Chief Executive Officer are separate, with a clear division of responsibilities between them. The Chairman is responsible for the leadership of the Board, and the Chief Executive Officer manages and leads the business.

The Board considers there to be an appropriate balance between Executive and Non-Executive Directors required to lead the business and safeguard the interest of shareholders. The Board comprises the Chairman; five Non-Executive Directors (all of whom are independent); and, with effect from 31 May 2019, one Executive Director, Graham Clemett, who is the CFO and Interim CEO. This meets the requirement of the Code for at least half the Board, excluding the Chairman, to be independent Non-Executive Directors.

Independence of Non-Executive Directors

During the year, the Board considered the independence of all of the Non-Executive Directors, save for the Chairman who was deemed independent by the Board at the date of his appointment.

The Board considers that our Non-Executive Directors remain independent from 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 have confirmed that they have sufficient time to discharge their responsibilities effectively and to meet their Board responsibilities. They act in a robust and independent manner and bring constructive challenge, they offer strategic guidance to Board discussions and independent decision-making to their Board and Committee duties.

Stephen Hubbard

As in previous years, the independence of Stephen Hubbard was specifically considered during the year. Stephen is Chairman of CBRE UK and is a member of their Management Board. CBRE are the Group's external independent valuers. Stephen does not take part in any considerations of the valuation of the Group's property portfolio at either Board or Committee level. Furthermore, he has no involvement in any discussions or decisions regarding the appointment of CBRE or the fees paid to them.

CBRE have confirmed that Stephen has no involvement in relation to the conduct of the valuations that they carry out on behalf of the Company. Their appointment is by the Directors of the Company, acting through the executives, and any communication is entirely with them. CBRE have stated that Stephen has no access to the data or calculations, is not involved in the process and they do not discuss the valuations with him.

The Board is satisfied and continues to conclude that Stephen remains independent both in character and judgement.

Other external appointments

Non-Executive Directors are advised on appointment of the expected time required to fulfil the role effectively (including the possibility of additional requirements at certain times) and asked to confirm that they can make the necessary commitment. The Board is satisfied that each of the Non-Executive Directors is able to devote sufficient time to the Company's business to discharge their responsibilities effectively.

Prior to accepting any additional appointments, Non-Executive Directors will discuss the details with the Chairman. In the case of the Chairman, he will discuss any changes to his appointments with the Senior Independent Director.

Agreement of the Board is then required to identify any conflicts of interest and consider whether the relevant Director will continue to have sufficient time available to devote to their role.

On 24 September 2018, Daniel Kitchen became Chairman of Sirius Real Estate Limited and Chris Girling became a Non-Executive Director of Johnson Service Group PLC, with effect from 29 August 2018. The Board has confirmed that it does not believe that these additional directorships will affect either Daniel or Chris's commitment to, or involvement with, the Workspace Group PLC Board nor will they give rise to a potential conflict of interest.

Further details of their Directorships can be found on pages 97 to 98.

Executive Directors external appointments

In order to broaden their skills and experience, Executive Directors may accept a non-executive role at another Company with the approval of the Board.

On 1 June 2016, Graham Clemett was appointed as a Non-Executive Director and Chairman of the Audit Committee for The Restaurant Group Plc.

On 1 March 2018, Jamie Hopkins became a Non-Executive Director of St. Modwen Properties PLC.

Division of responsibility

Chairman	
Chief Executive Officer	
Senior Independent Director	
Non-Executive Directors (NEDs)	

The Chairman, is primarily responsible for the operation, leadership and overall effectiveness of the Board. The Chairman sets the Board's agenda and ensures that the Board as a whole plays a full and constructive part in the development of the Group's strategy and that there is sufficient time for Boardroom discussion. The Chairman facilitates the effective contribution of the Non-Executive Directors and monitors that all Directors receive accurate, timely and clear information.

Other responsibilities include:
- with the Nominations Committee, monitoring that the Board remains appropriately balanced to deliver the Group's strategic objectives and to meet the requirements of good corporate governance; and
- promoting effective engagement with the Group's shareholders.

The Chairman is not involved in an executive capacity in any of the Group's activities.

The Chief Executive Officer is responsible for leading and managing the business and is accountable to the Board for the financial and operational performance of the Group, the achievement of the strategic objectives set by the Board and delivery of The Workspace Advantage to all stakeholders.

The Senior Independent Director provides an alternative communication channel for shareholders, if required, and is available to meet with investors on request. He can also deputise for the Chairman in his absence and counsel all Board colleagues.

The Senior Independent Director chairs an annual meeting of the Executive and Non-Executive Directors, without the Chairman present, to appraise the Chairman's performance and address any other matters which the Directors might wish to raise. He then conveys the outcome of these discussions to the Chairman.

The Non-Executive Directors have a broad mix of business skills, knowledge and experience acquired across different business sectors. This allows them to provide independent and external perspectives to Board discussions.

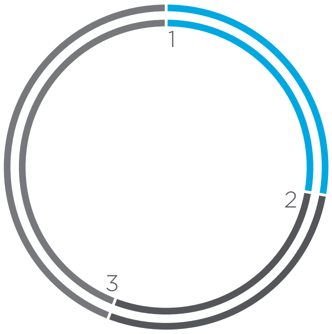
The NEDs provide constructive challenge to our executives, help to develop proposals on strategy and to monitor performance.

Board composition
The Board has carefully considered the guidance criteria regarding the composition of the Board under the UK Corporate Governance Code. In the opinion of the Board, the Chairman and all the Non-Executive Directors bring independence of judgement and character, a wealth of experience and knowledge, the appropriate balance of skills, and assign sufficient time to enable them to effectively carry out their responsibilities and duties to the Board and the Committee on which they sit. They are sufficiently independent of management and are free from any other circumstances or relationships that could interfere with the exercise of their judgement.

Biographical details of the Directors standing for election and re-election at the forthcoming AGM are set out on pages 96 to 102 which show the breadth of their skills and experience and membership of the Committees. All of our Directors have significant experience and knowledge of the sector in which we operate.

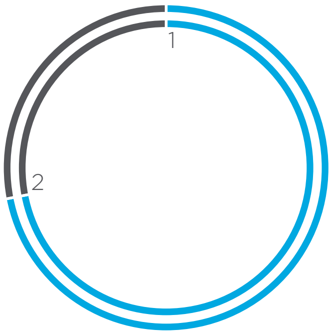
Chairman tenure
In light of Jamie Hopkin's decision to step down as CEO, it is anticipated that Daniel Kitchen will remain in post beyond June 2020, in order to lead the Board through this period of change and facilitate orderly CEO succession.

Board tenure



1. 0–5 years **28%**
2. 5–7 years **28%**
3. 7+ years **44%**

Board diversity



1. Male **72%**
2. Female **28%**

Re-election of Directors

In accordance with the UK Corporate Governance Code, each of the Directors will submit themselves for re-election at the AGM on 11 July 2019. Following the Board evaluation review during the year, the Board concluded that each of the Directors continue to operate as an effective member of the Board and has the skills, knowledge and experience that enables them to discharge their duties effectively, as members of the Board and the Board Committees.

The explanatory notes in the Notice of Meeting for the AGM state the reasons why the Board believes that the Directors proposed for re-election at the AGM should be reappointed.

The Nominations Committee also recommended that Chris Girling has the necessary level of relevant financial and accounting experience required by the provisions of the UK Corporate Governance Code to continue to perform the role of Chairman of the Audit Committee, having previously held Chief Financial Officer positions in public companies. Chris is also a Chartered Accountant.

Mr Clemett has a service contract and details can be found on page 152.

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

None of the Non-Executive Directors have service contracts and are instead given letters of appointment. The appointment of Chris Girling, Maria Moloney, Damon Russell, Stephen Hubbard and Ishbel Macpherson may be terminated by either the Company or any one of them giving three months' notice in writing.

The terms and conditions of appointment of Non-Executive Directors, including the expected time commitment, are available for inspection at the Company's registered office.

Governance Framework

Our governance framework, which is illustrated in the chart on pages 82 to 83, supports the development of good governance practices across the Group. The Executive Committee has the responsibility for ensuring that the policies and practices set at Board level are effectively communicated and implemented across the business. All our policies are easily accessible on the Company intranet and we communicate key developments through our internal communications channels. For example we use the monthly internal newsletter called The Workspace Wrap so that everyone is kept up-to-date on the latest news and changes to processes.

The Board operates through a robust risk management and internal control system, details of which can be found on pages 92 to 93.

Attendance at meetings

	Board	Audit	Remuneration	Nominations
Daniel Kitchen	8/8	–	8/8	6/6
Jamie Hopkins	8/8	–	–	–
Graham Clemett	8/8	–	–	–
Chris Girling	8/8	3/3	8/8	6/6
Damon Russell	8/8	3/3	8/8	6/6
Maria Moloney	8/8	3/3	8/8	6/6
Stephen Hubbard	8/8	3/3	8/8	6/6
Ishbel Macpherson[1]	2/2	1/1	4/4	1/1

1. Ishbel Macpherson was appointed to the Board with effect from 23 January 2019; consequently, Ms Macpherson attended her first Board and Committee meetings from this date.

8

The Board meets as scheduled and did so on eight occasions during the year ended 31 March 2019

Meetings

The Board discharges its responsibilities through an annual programme of Board and Committee meetings which are scheduled throughout the year, with main meetings timed around the Company's financial calendar. Additional meetings are convened to consider an annual cycle of topics, including the annual strategy day, key management and financial updates, review of risk as well as the approval of acquisitions and refurbishment programmes. In the year ended 31 March 2019 the Board met formally on eight occasions, including a strategy day in September 2018. Supplementary meetings or conference calls are held between formal Board meetings as required.

The Board engaged with the Company's advisers during the year and there was a presentation from the Company's brokers in April and July 2018. The Group's valuer, CBRE, presented to the Audit Committee meeting in May 2018 and circulated a report to the meeting in November 2018. The CBRE presentation covered the valuation of the property portfolio and the wider market in which the Company operates.

The Directors are expected to attend all meetings of the Board, the Committees on which they serve and the AGM, and to devote sufficient time to the Company's affairs, to enable them to fulfil their duties as Directors.

The table on page 106 sets out the number of meetings of the Board, the Audit, Remuneration and Nominations Committees held during the year and the individual attendance by the relevant members at these meetings.

Should the Directors be unable to attend meetings, they would be provided with papers to allow them to make their views known to the Chairman ahead of that meeting.

Periodically, the Chairman meets the Non-Executive Directors without the Executive Directors present and maintains regular contact with the Chief Executive Officer, and other members of the management team.

If any Director has concerns about the running of the Company or proposed action which cannot be resolved, these concerns are recorded in the Board Minutes. No such concerns arose during the year under review.

Information and support to the Board

The Board and its Committees are provided with comprehensive papers in a timely manner to allow members to be fully briefed on matters to be discussed at their meetings.

The Directors have access to the advice and services of the Company Secretary, Carmelina Carfora. Her biography can be found on page 103. At the direction of the Chairman, Carmelina is responsible for advising the Board on matters of corporate governance and, compliance with Board procedures.

In consultation with the Chairman, the Chief Executive Officer and Chief Financial Officer, the Company Secretary manages the provision of information to the Board for their formal Board meetings and at other appropriate times.

The Executive Directors provide various updates to the Board on many aspects of the business, ranging from trading performance, progress being made on our refurbishment and redevelopment projects, the rationale for acquisitions and disposals and how these are aligned to strategy. They also inform the Board on the discussions held with analysts and investors.

The Company Secretary and external advisers periodically update the Board on regulatory changes. In particular, the Board considered the implications of the General Data Protection Regulation and the Data Protection Act 2018 which came into force in May 2018 and the requirements of the new UK Corporate Governance Code 2018.

Employees below Board level are invited to present to the Board on operational topics from time to time. During the year, our Head of Corporate Communications provided an update on how our values are being embedded into the business and how they are being adopted by employees at all levels. This is following a project that was initiated during 2018.

The Board utilises an electronic Board paper system which provides immediate and secure access to Board papers and materials. Prior to each Board meeting, the Directors receive through this system the agenda and supporting papers permitting them to have the latest and relevant information in advance of the meeting.

After each Board meeting, the Company Secretary operates a comprehensive follow-up procedure to enable actions to be completed as agreed by the Board.

The Chief Executive Officer and the Chief Financial Officer keep the Board fully aware, on a timely basis, of business matters relating to the Group.

Matters reserved for the Board

The Board has a formal schedule of matters reserved for its approval which includes:

- The review and approval of the Company strategy, business objectives and annual budgets.
- The approval of the Group's dividend policy and the payment and recommendation of interim and final dividends.
- The approval of Full Year and Half Year results, including the review and approval of the going concern basis of accounting and the viability assessment.
- Health and Safety performance across the Company.
- On the advice of the Nominations Committee, reviewing succession plans for the Board and senior management team.
- Approval of significant funding decisions.
- Review and approval of corporate transactions.
- The operation and maintenance of the Group's systems of risk management, internal control and corporate governance.
- Setting the Company's purpose, values and standards.

Other day-to-day operational decisions are delegated by the Board to the Executive Committee, subject to formal delegated authority limits.

The schedule of matters reserved for the Board is reviewed at least once a year and can be accessed on the Company website at www.workspace.co.uk.

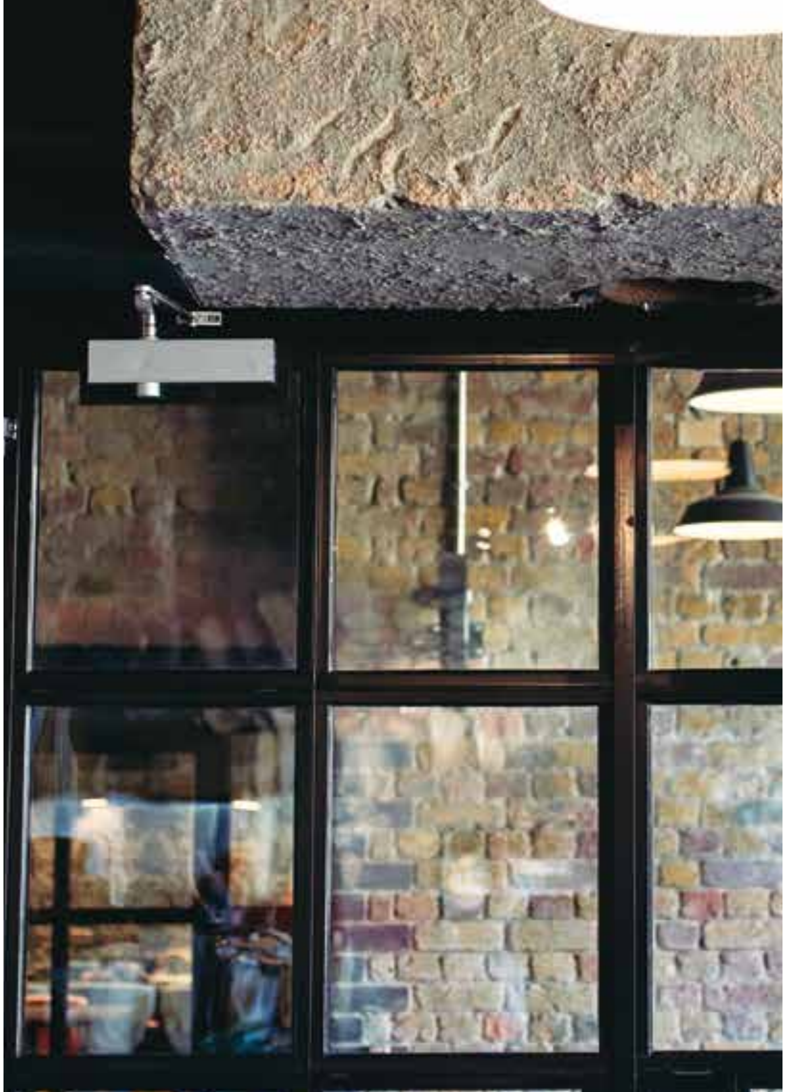
Executive Committee

Helping to deliver The Workspace Advantage

The Executive Committee is responsible for the successful implementation of the Company's strategy and for the operational performance of the Group. It reviews the effectiveness of our governance, financial and risk management processes to check that they are embedded within the Group.

20

The Committee met 20 times during the year ended 31 March 2019



2

3

4

5

Activities in 2018/19

- Developing the Group strategy and budget for approval by the Board.
- Monitoring of operational and financial results against plans and budgets.
- Considering regulatory developments and the GDPR compliance programme.
- Reviewing and approving capital expenditure within the authorities delegated by the Board.
- Collectively responsible for the day-to-day running of the business.
- Developing leadership skills and the future talent of the business so that strong succession plans are in place as the Group develops.
- Analysing and reviewing initiatives of particular interest to the Company and presenting these to the Board as appropriate.
- Focussing on the effectiveness of risk management and control procedures.

Composition of the Executive Committee (as at 31 March 2019)

1. Jamie Hopkins (not pictured)
Chief Executive Officer
Specific responsibilities
Strategic management; investor relations; day-to-day operations; acquisitions and disposals; health and safety; staff; equal opportunities; remuneration; training and development; Chairman of the Executive, Investment and Risk Committees; and development of the brand.

Jamie left the business on 31 May 2019.

2. Graham Clemett
Chief Financial Officer
Specific responsibilities
Finance; treasury; tax; company secretarial, governance and compliance; investor relations; and information technology.

From 31 May 2019, Graham took on the role of Interim CEO as well as his existing role as CFO.

– Full biography on page 96.

3. Chris Pieroni
Operations Director
Specific responsibilities
Corporate and business development; marketing; and new business initiatives.

Background and relevant experience
Chris joined the Group as Operations Director in October 2007. 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. Chris was Chairman of the Business Centre Association from 2014–2016.

4. Angus Boag
Development Director
Specific responsibilities
Planning consents; redevelopment and refurbishment project management; joint ventures; valuations; sustainability and environmental strategy.

Background and relevant experience
Angus joined the Group in June 2007 as Development Director. He has expertise in property and construction management, and is responsible for adding value to the Group's assets through planning consents, development and joint ventures. Angus also manages all construction across the portfolio and has responsibility for the sustainability programme.

5. John Robson
Asset Management Director
Specific responsibilities
Asset management of the portfolio, including lettings, lease renewals, refurbishments and facilities management.

Background and relevant experience
John joined Workspace in May 2008 as an Asset Manager. John was promoted to Head of Asset Management in February 2013 and Asset Management Director in October 2017. Prior to joining Workspace, John qualified as a chartered surveyor and worked for Legal & General Investment Management, London Merchant Securities and ING Real Estate.

Investment Committee

Helping to deliver The Workspace Advantage

In order to deliver The Workspace Advantage, we need to own the right properties and ensure that our product remains cutting-edge and attractive to customers. The Investment Committee's work in driving forward our extensive pipeline of refurbishment and redevelopment projects and acquiring new sites is critical to achieving this.

17
The Investment Committee met 17 times during the year ended 31 March 2019

100%
Attendance

Activities in 2018/19

- Signed off significant refurbishment and redevelopment activity, including monitoring progress of ongoing projects, See page 74.
- Approved the acquisitions of The Shepherds Building in Shepherd's Bush, W14 for a cash consideration of £125.3m and Centro 1 & 2 in Camden for £76.5m.
- Agreed the disposal of Bow Office Exchange in Bow E3, in January 2019 for £11m, the disposal of three properties, Belgravia Workshops, N19, The Ivories, N1, and Spectrum House, NW5, in July 2018 for a total of £51.9m and the disposal of the mixed-use redevelopment of Marshgate Business Centre in Stratford, E15. This redevelopment, comprising 200 residential units, was sold for £15m in cash and the return of a new 39,000 sq. ft. business centre.
- Received updates from the development team on planning consents awarded for a significant mixed use redevelopment scheme in Limehouse E1 in March 2019, the refurbishment of 12-13 and 14 Greville Street in Farringdon and for additional space at The Biscuit Factory in Bermondsey.

Role of the Investment Committee

- Review and approve disposals and acquisitions of investment property assets which will also be approved by the Board; in particular, those with a value of more than £2m.
- Approve and monitor asset management initiatives greater than £0.1m.
- Approve and monitor progress on all refurbishment and redevelopment projects and check that they are progressing in line with budget and are on target to meet completion dates.
- Review and approve additional business development projects.

Composition of the Committee during the financial year ended 31 March 2019

- Jamie Hopkins[1], Chief Executive Officer to 31 May 2019.
- Graham Clemett, Chief Financial Officer and Interim CEO from 31 May 2019.
- Chris Pieroni, Operations Director.
- Angus Boag, Development Director.
- John Robson, Asset Management Director
- Richard Swayne, Head of Investment.
- Clare Marland, Head of Corporate Communications
- Mike Webber, Head of Financial Planning and Analysis.
- Simon Webb, Head of Professional Services
- Carmelina Carfora, Company Secretary.

The Investment Committee is chaired by the Chief Executive Officer.

1. Jamie Hopkins left Workspace on 31 May 2019. From that date, Graham Clemett took on the role of Interim CEO, including chairing the Investment Committee, until a permanent successor is appointed.

Effectiveness

The Directors bring a diverse set of skills and experience which allows them to provide sound independent advice.

Daniel Kitchen
Chairman of the Nominations Committee

Nominations Committee Report

Effective succession planning has and continues to be a priority for the Nominations Committee to ensure that the Board is effective in carrying out its responsibilities.

How the Nominations Committee supports The Workspace Advantage

Nominations Committee areas of focus	Activities in 2018/19
Board and executive succession planning	**July 2018** Expertise and skills required for new Non-Executive Director and scoping of search consultants
	Sep 2018 Appointment of Heidrick and Struggles as executive search agent
	Sep 2018 Compilation of long-list of candidates
	Sep 2018 Selection and candidate specification
	Nov 2018 Meeting held with short list of candidates
	Jan 2019 Recommended the appointment of Ishbel Macpherson to the Board as a new Non-Executive Director
Board composition	**Nov 2018** Chris Girling reappointed as a Non-Executive Director
	Mar 2019 Damon Russell reappointed as a Non-Executive Director
	Apr 2019 Independence of Non-Executive Directors reviewed
Committee governance	**Jan 2019** Terms of reference updated for the new 2018 Corporate Governance Code
	Mar 2019 Committee effectiveness review

6

The Committee meets as required and did so on six occasions during the year ended 31 March 2019

Attendance

	Meetings attended
Daniel Kitchen (Chairman)	6/6
Stephen Hubbard	6/6
Maria Moloney	6/6
Chris Girling	6/6
Damon Russell	6/6
Ishbel Macpherson[1]	1/1

1. Ishbel Macpherson was appointed on 23 January 2019 and so she attended one meeting during the year.

The Chairman of the Board chairs all meetings of the Committee unless a matter relates to the Chairman, in which case the Senior Independent Director is invited to take the Chair.

Daniel Kitchen
Chairman of the Nominations Committee

Dear Shareholder

I am pleased to present to you the report of the work of the Nominations Committee for the financial year ended March 2019.

The Committee's role and responsibilities are set out in its Terms of Reference, which are reviewed annually and approved by the Board. These are available on the Company's website at www.workspace.co.uk.

Chief Executive Officer

We announced on 2 April 2019, that Jamie Hopkins would be stepping down as CEO with effect from 31 May 2019, due to extenuating personal circumstances. We are very sorry to see Jamie leave, and he does so with our thanks and very best wishes for the future.

Graham Clemett, the Company's Chief Financial Officer, has assumed the role of Interim Chief Executive Officer while a full and formal search for a permanent successor is carried out.

New Non-Executive Director

In January 2019, we welcomed Ishbel Macpherson as a Non-Executive Director of the Company. On page 117 we set out the process we used to recruit Ishbel and a detailed summary of the induction process is contained in this report.

Reappointment review

Two of our Non-Executive Directors, Chris Girling and Damon Russell have completed a second third-year term with the Company. The Committee performed a review of Chris and Damon's appointments and further details can be found on page 115.

Board effectiveness

On an annual basis, an evaluation process is undertaken which considers the effectiveness of the Board, its Committees and Directors. The effectiveness reviews continue to provide a valuable opportunity for the Board to reflect on how it operates and to propose any improvements. The performance evaluation process for this year was led by me and assisted by the Company Secretary. Further information can be found on page 114.

Performance of the Nominations Committee

The performance of the Nominations Committee was considered through the annual Board evaluation process, in which members were requested to provide specific feedback using a tailored questionnaire. From the responses provided, it was confirmed that the Committee continued to operate effectively.

Looking forward

Looking forward to 2019, the Committee will focus on finding a successor for Jamie and it will continue with its review of succession plans in the context of the Group's strategy to ensure a progressive evolution of the Board's membership.

Daniel Kitchen
Chairman of the Nominations Committee
4 June 2019

Board evaluation
The annual Board and Committee effectiveness reviews continue to provide a valuable opportunity for the Board to reflect on how it operates enabling it to improve its effectiveness and that of its Committees.

Non-Executive appointments and time commitments
Following the appraisal process, the Nominations Committee concluded that each of the Directors continued to make an effective contribution to the Board and to fulfil their duty to promote the success of the Company. It also considered the time commitments of the Non-Executive Directors and concluded that each Director is able to dedicate sufficient time to the Company.

Furthermore, the respective skills of the Directors were found to complement one another, enhancing the overall operation of the Board.

2018/19 Internal review

For the year under review, the performance evaluation was an internal process which was led by the Chairman and supported by the Company Secretary, having undertaken an externally facilitated evaluation last year. The evaluation covered the Board, its Committees and the Directors.

Board Evaluation Process

1
The Chairman and Company Secretary agreed the scope of the evaluation.

2
The Company Secretary prepared a questionnaire which was sent to the Directors for completion.

Topics discussed by Directors included:
- Succession planning and the continued evolution of the Board.
- Composition of the Board and its Committees.
- Knowledge, skills and experience of the Committees.
- The quantity, quality and timeliness of Board papers.
- The Company's strategic objectives.
- Shareholder communications and broader stakeholder engagement.

3
The responses were analysed and separate reports of the findings were prepared by the Company Secretary, for the Chairman and the Chairs of each Committee.

4
The reports of the findings were presented to the Board and each of its Committees at the March Board and Committee Meetings.

Outcomes
The feedback from this year's Board effectiveness review was positive and concluded that the Board and its Committees continued to work well and that the Directors contribute effectively and demonstrate commitment to their roles.

Whilst no specific development themes were identified from the 2019 evaluation, the Board will continue to look for opportunities to improve its effectiveness.

2017/18 External review

In line with the results of the external evaluation conducted in 2018, the Board has agreed that it will continue to reinforce its commitment to the following:

Progress against the 2017/18 external evaluation

Objectives	Outcomes
Strategy should continue to feature on the Board's agenda.	Strategy has remained a key feature on board agendas in the year, with a separate strategy day held in September 2018.
Continue with the focus on succession planning for both Executive and Non-Executive Directors and for senior roles across the business.	Last year we stated that succession planning would remain a key focus. We are pleased with our progress this year, with the appointment of Ishbel Macpherson as a Non-Executive Director. More information can be found on page 117.
In line with the UK Corporate Governance Code 2018, consider how the Board will engage with its stakeholders more generally, and how it might further develop the structure of its engagement with the business.	We have continued to focus on our broader stakeholder engagement activity. Whilst work in this area will continue, we are pleased to say that the Chairman was nominated as the designated Non-Executive Director for employee engagement.

Chairman's evaluation for 2018/19

The Senior Independent Director chaired a meeting of Executive and Non-Executive Directors, without the Chairman present, to appraise the Chairman's performance and to address any other matters which the Directors might wish to raise. The outcome of these discussions were conveyed by the Senior Independent Director to the Chairman. During the year under review, it was concluded that the Chairman is highly respected and is valued for his industry knowledge and experience.

The Board is satisfied that the Chairman continues to be effective and shows a high level of commitment in discharging his responsibilities.

Role and responsibilities of the Nominations Committee

The Nominations Committee considers the structure, size and composition of the Board, its Committees and members of the Executive Committee. It is responsible for ensuring that there exists the correct balance of skills, knowledge and experience to effectively lead the Company and support the Group strategy. The Nominations Committee also receives a detailed oversight from the Chief Executive Officer, on the senior leadership roles (which includes the direct reports to the members of the Executive Committee) within the business.

The Committee's responsibilities include:

- Leading the process for new Board appointments and review succession for Directors and senior management. The Nominations Committee identifies and nominates candidates to fill Board vacancies, for Board approval, identifying the skills required for the role, appointing a search firm, and in the case of the Non-Executive Directors, establishing that they will have sufficient time for the role. More information on our approach to succession planning and induction process is available on page 117.
- Regularly reviewing the structure, size and composition of the Board and its Committees (including skills, independence, knowledge and diversity) and make recommendations to the Board accordingly. More information on Board composition is available on page 105.
- Facilitating an effectiveness review of the Board, its Committees and Directors is conducted annually. More information on this year's Board evaluation is available on pages 114.
- Reviewing the time commitment expected from the Chairman and Non-Executive Directors.
- Recommending the election and re-election by shareholders of the Directors, having due regard to their performance and ability to continue to contribute to the Board, taking into consideration the skill, experience and knowledge required along with the need for progressive refreshing of the Board.

Details of the skills and experience each Director brings to the Board, are set out on pages 96 to 102.

Independent advice

The Directors can, for the purpose of discharging their duties, obtain independent professional advice at the Company's expense. No Director had reason to use this facility during the year.

How the Committee operates

The Committee met formally on six occasions, primarily to progress the appointment of a new Non-Executive Director, to discuss the annual re-election of Directors and the reappointment of Chris Girling and Damon Russell, approval of which was granted by the Board in January and March 2019, respectively.

The meetings are usually held immediately prior to or following a Board Meeting, though the Committee also meets on other occasions on an ad hoc basis, as required.

Only members of the Committee have the right to attend meetings. However, an invitation to attend meetings is, on occasion, extended to the Chief Executive Officer, in order that the Committee can understand his views, particularly on key talent within the business.

Terms of reference

During the year, the Committee reviewed the Terms of Reference for the Nominations Committee in light of the new 2018 Corporate Governance Code. There were no significant changes made to the existing Terms of Reference. These can be found on our website at www.workspace.co.uk.

Reviewing Board composition

As part of the Board's annual effectiveness review, described on page 114, the Committee considers the composition of the Board and its Committees in terms of its balance of skills, experience, length of service and wider diversity considerations.

As at 31 March 2019, the Board comprised the Chairman, two Executive Directors and five Non-Executive Directors.

The Committee conducted a review of the independence and contribution of Chris Girling and Damon Russell, in the year as they reached the end of their current three-year term in January and May 2019, respectively. Neither Chris nor Damon were present during the Committee's discussion. Having conducted its review, the Committee was satisfied that it was appropriate to recommend to the Board that the appointments for both Chris and Damon should be extended for a further three years.

Further details on the independence of Directors and their re-election can be found on pages 96 to 102 and on page 3 of the 2019 AGM Notice of Meeting.

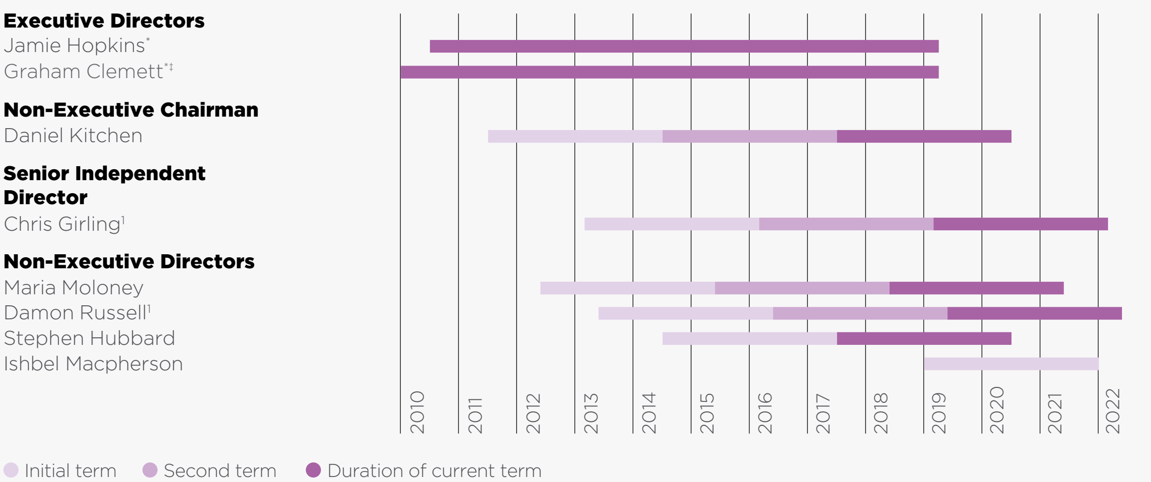
In accordance with the Code, all the Directors will retire and offer themselves for election or re-election by shareholders at the 2019 Annual General Meeting.

The biographies of all members of the Board outlining the experience they bring to their roles are set out on pages 96 to 102.

Succession planning

Succession planning is a core area of focus for the Nominations Committee and the tenure of all Directors, particularly the Chairman, is continually kept under review by the Committee. In light of Jamie Hopkins's decision to step down as CEO, it is anticipated that Daniel Kitchen will remain in post as Chairman for a period beyond the nine years recommended by the UK Corporate Governance Code 2018. This is deemed appropriate in order for the Chairman to lead the Board through this period of change, maintain consistency of leadership and to facilitate effective succession planning. The Board is satisfied that the Chairman continues to demonstrate objective judgement and promote constructive challenge amongst other board members.

Directors' tenure as at 31 March 2019



* 12-month rolling contract.

‡ Appointed Chief Financial Officer in July 2007.

1. Chris Girling and Damon Russell's second terms expired in February and May 2019 respectively. On the recommendation of the Nominations Committee, the Board agreed to extend the terms to 2022.

– For dates of letters of appointment and unexpired terms for Non-Executive Directors and for details of Executive Directors' service contracts, see page 152.

Ishbel Macpherson on her Board induction programme.

Appointment of Ishbel Macpherson

As mentioned on page 112, the Committee made a decision during the year to start the process to recruit a new Non-Executive Director to ensure orderly succession planning. The Committee agreed the role specification and identified the required skills and attributes. Heidrick & Struggles was retained to assist the Committee with the search. They are an independent search agency, and perform no other work for the Group. They are signatories to the voluntary code of conduct for executive search firms.

A list of candidates was circulated to members of the Nominations Committee. The Chairman conducted the first round of interviews. Members of the Nominations Committee then met with a short list of three candidates. The Committee met to discuss their conclusions and were pleased to recommend Ishbel's appointment to the Board. The Chief Executive Officer and Chief Financial Officer and members of the Executive Committee also met with Ishbel prior to her being appointed as a Director of the Company.

Induction of Non Executive Directors

All new Non-Executive Directors joining the Board undertake a formal and personalised induction programme which is designed to give him or her an understanding of the Company's business, governance and stakeholders. This covers, for example: the operation and activities of the Group (including site visits and meeting members of the senior management team); the Group's principal strategic risks; the role of the Board; the decision-making matters reserved to the Board; the responsibilities of the Board Committees; and the Board's strategic objectives.

Ishbel's induction began shortly after the announcement of her appointment on 23 January 2019.

Ishbel held various one-to-one meetings with advisers and employees. Accompanied by members of our asset management team, Ishbel visited a number of properties within the portfolio and met with centre staff.

Training and development

We recognise that our Directors have a diverse range of experience, and so we encourage them to attend external seminars and briefings, at the Company's expense, in areas considered appropriate for their professional development.

As appropriate, we invite professional advisers to provide updates and training, not only on legislative developments, but on a range of issues. These include, but are not limited to, market trends, the economic and political environment, technology and cyber security.

Our Company Secretary provides regular updates to the Board and its Committees on changes in legal, regulatory and corporate governance matters.

During the year, we organised presentations for the Board and its Committees on the following areas:

- Changes to the 2018 UK Corporate Governance Code.
- Requirements of the General Data Protection Regulation.
- Managing cyber risk and security.
- Executive remuneration trends and best practice.
- Considered culture and Company values.
- Market Abuse Regulation.

Diversity

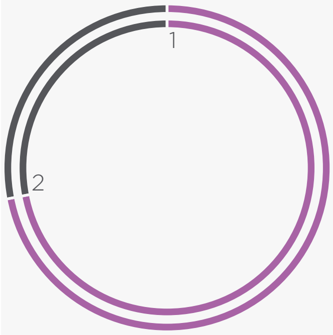
The Board is committed to diversity and inclusion, including gender, ethnicity, age, disability, education and social background, both in its membership and in the Group's employees. The Board's policy is to promote a diverse composition of both the Board and the workforce to maintain an appropriate balance of skills, experience and knowledge to successfully deliver the Group's strategy. The Board is aware of changes to the new UK Corporate Governance Code 2018 which applies to the Company from 1 April 2019 and of the recommendations of the Hampton-Alexander Review and Parker Review. The Board will keep its diversity policy under review.

The Board understands the rationale for, and has followed the discourse on, quotas to achieve diversity. Its policy on diversity is that selection should be based on the best person for the role. Active consideration is always given to using recruitment processes, including advertisements and use of recruitment agencies which allow a diverse group of potential candidates to be identified both at Board and employee level. The Group operates an Equal Opportunities Policy which provides that recruitment and selection, training and development, and performance reviews and promotion must all be based solely on individual merit and free from bias.

The benefits of diversity, including gender and ethnic diversity, will continue to be an active consideration whenever changes to the Board's composition are contemplated.

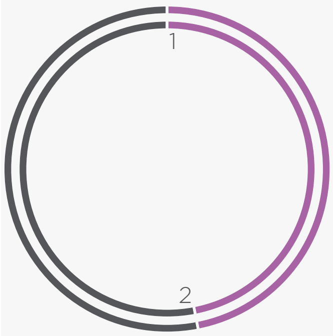
The gender diversity of the Board and Company is set out to the right.

The Board



1. Male **72%**
2. Female **28%**

All employees

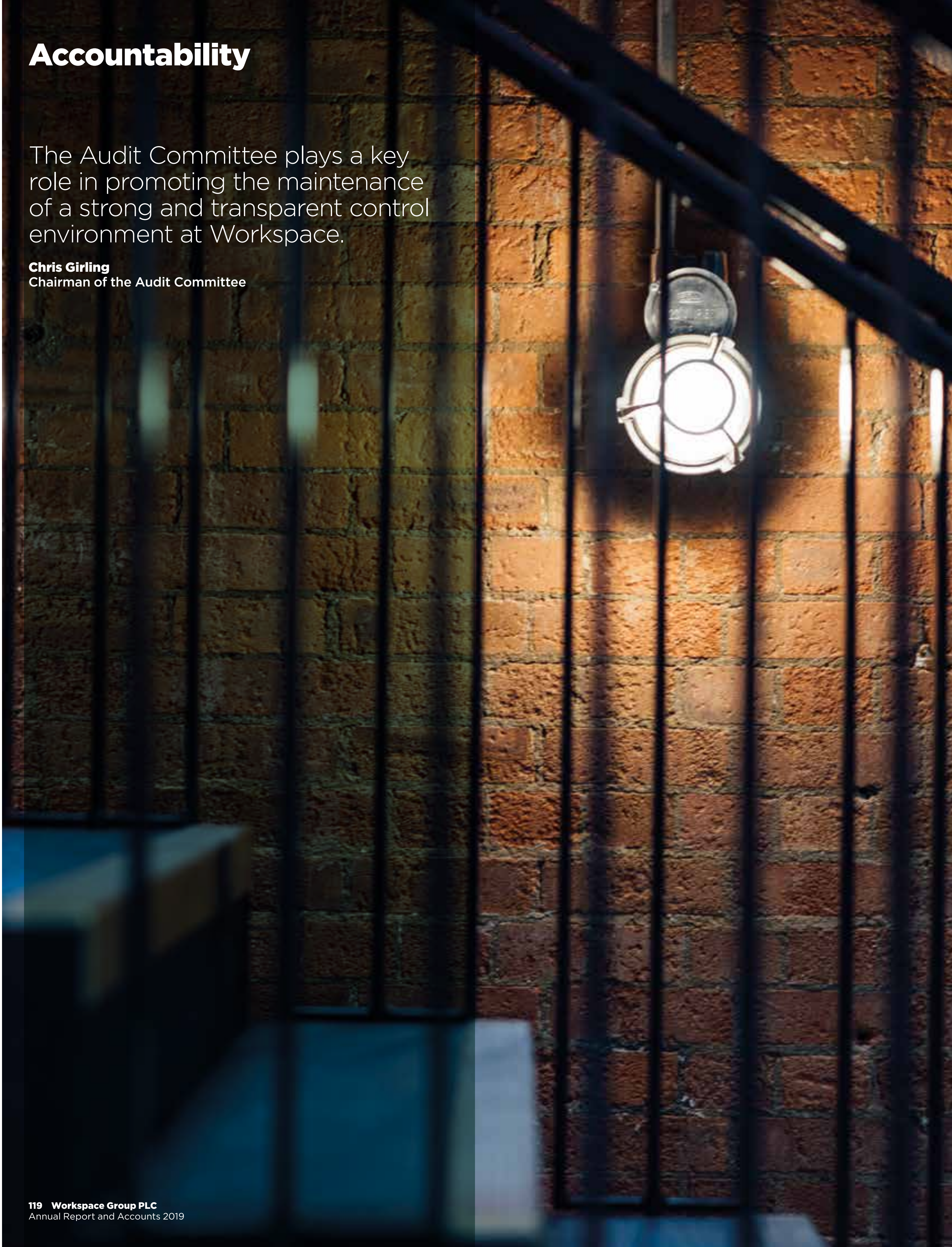


1. Male **47%**
2. Female **53%**

Accountability

The Audit Committee plays a key role in promoting the maintenance of a strong and transparent control environment at Workspace.

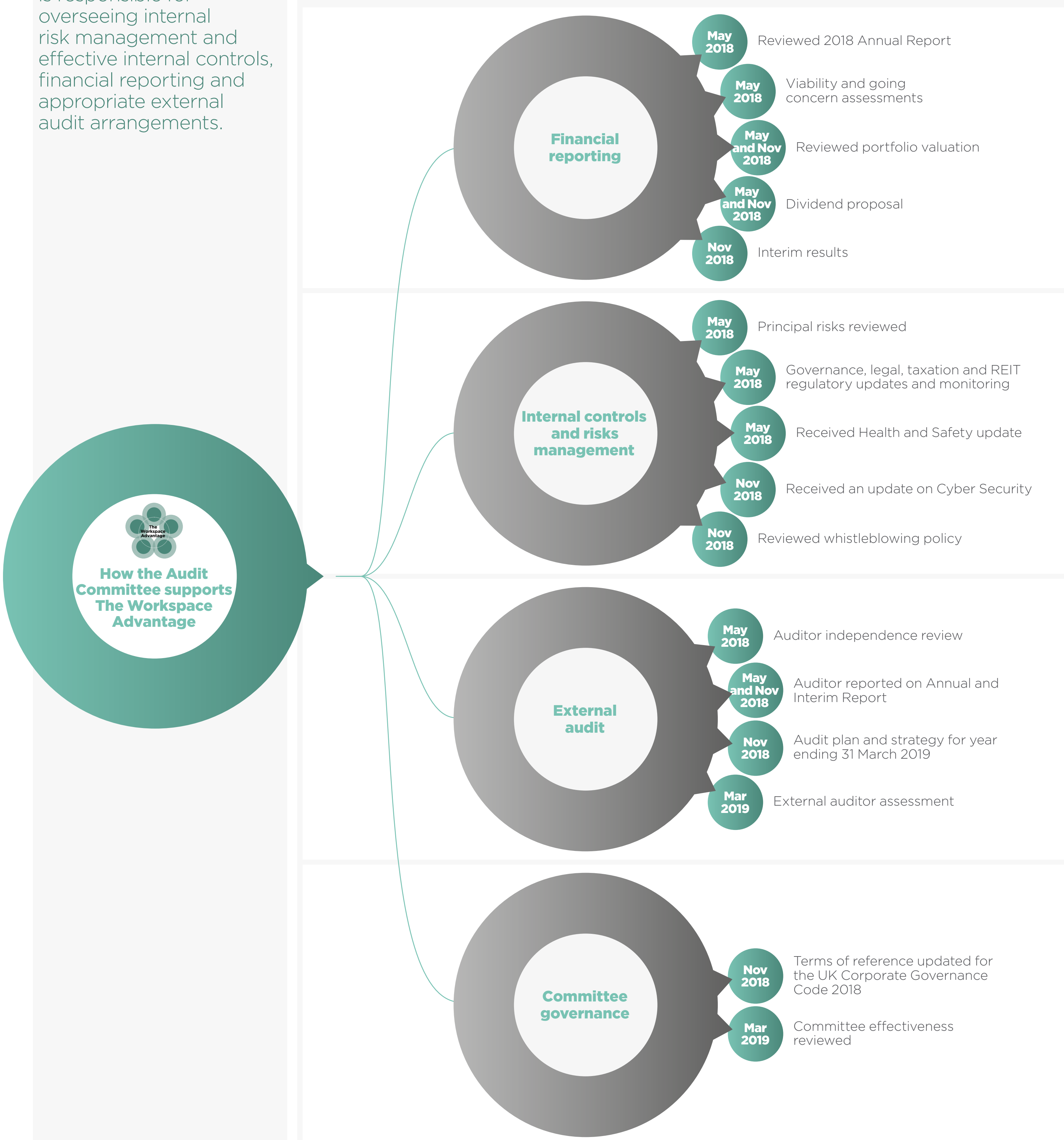
Chris Girling
Chairman of the Audit Committee



Audit Committee Report

The Audit Committee is responsible for overseeing internal risk management and effective internal controls, financial reporting and appropriate external audit arrangements.

Audit Committee areas of focus | **Activities in 2018/19**



3

The Audit Committee met three times during the year ended 31 March 2019

Membership and Attendance

	Meetings attended
Chris Girling (Chairman)	3/3
Maria Moloney	3/3
Damon Russell	3/3
Stephen Hubbard	3/3
Ishbel Macpherson[1]	1/1

1. Ishbel Macpherson was appointed in January 2019 and has attended one meeting during the year.

In accordance with the UK Corporate Governance Code, the Board considers that Chris Girling has significant, recent and relevant financial experience. Biographies of Committee members, including a summary of their experience, appear on pages 96 to 102. The Company Secretary acts as the Secretary to the Committee and attends all meetings.

Chris Girling
Chairman of the Audit Committee

Dear Shareholder

I am pleased to present the Committee's report for the financial year ended 31 March 2019.

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

Review of material issues

The Audit Committee has a key role in reviewing the narrative reporting and checking that the financial statements provide a true and fair view of the Group's financial affairs. As part of this review process, we considered the significant financial judgements made during the year, along with other key financial reporting issues. In this context, we considered the valuation of the investment portfolio as a significant issue, for which further details are provided on page 123.

During the year, we also considered, as we do on a regular basis, the potential for fraud in revenue recognition, scope for management override of controls and compliance with regulations.

A description of the main activities and information on the other significant issues that the Committee considered during the year can be found on page 123.

Audit Committee effectiveness

As a Committee, we are regularly looking at opportunities to improve our effectiveness. During the year, the annual review of the effectiveness of the Committee was carried out internally. Members of the Committee were invited to provide responses and comment via a questionnaire. The questions covered, amongst other matters, meeting arrangements, the focus of discussion at meetings, identification of emerging risks, the quality of information it receives and potential areas for improvement in the Committee's performance.

I am pleased that responses indicated that the Committee continues to perform well with no significant concerns. In addition, the quality of the papers and presentations by management, the level of challenge from KPMG and CBRE and the quality of discussions held, gives the Committee further comfort and assurance that it is performing its role effectively.

External Monitoring and Risk Management

The Committee monitors the broader market and uses a risk management framework with a view to identifying and categorising any prevailing or emerging risks with their potential impact on the Group assessed, understood and mitigating actions taken. During the year, the Committee also considered potential risks arising from the uncertainty surrounding Brexit. Further details are provided on page 62.

Viability assessment

The Audit Committee and the Board have continued to assess the long-term viability of the Company, as required by the UK Corporate Governance Code. Further information can be found on page 123 and our Viability Statement is located on page 66.

Committee terms of reference

In order to maintain ongoing compliance with regulatory developments, the Committee's Terms of Reference were reviewed in November 2018. It was concluded that no significant changes were required and they are available on the Company's website at www.workspace.co.uk.

Outlook

Looking forward to the coming year, the Committee will continue to focus on monitoring the principal risks identified by the Board. We are continually aware of the need to make sure that new and emerging risks are considered where appropriate to the business, including the wider economic and political environment.

Chris Girling
Chairman of the Audit Committee
4 June 2019

Role of the Audit Committee

The Audit Committee reviews and monitors the integrity of the Company's financial reporting in advance of its consideration by the Board. It reviews the adequacy of the Company's internal controls and risk management systems and the effectiveness of its external auditors.

Key responsibilities

The Committee discharges its responsibilities through Committee meetings during the year at which detailed reports are presented for review. The Committee's responsibilities include:

- Reviewing the Full and Half Year Financial Statements and monitoring the reporting process. Information on significant issues in relation to the financial statements that were considered by the Committee can be found on pages 123.
- Advising the Board on the Company's viability and going concern status. More information on the Committee's assessment of the Company's viability and going concern status can be found on page 123.
- Advising the Board that the Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess performance, the business model and strategy. The Company's business model and strategy is explained on pages 40 to 41.
- Reviewing the adequacy of the Company's internal financial controls and the internal control and risk management framework, looking to monitor that risks are carefully identified and assessed, and that systems are in place and effective. More information on the Company's internal controls and risk management process is available on page 125 and the work of the Risk Committee is available on page 126.
- Assessing the work of the external auditor and any significant financial judgements made by management. More information is available on page 124 to 125.
- Considering the appointment of the external auditor, reviewing their performance, objectivity, independence, reviewing the provision of non-audit services they provide and approve their remuneration. More information on our process of safeguarding auditor independence is available on page 125.
- Reviewing whistleblowing arrangements whereby employees may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, to ensure there are proportionate and independent procedures in place and review the operational effectiveness of the Company's policies and procedures for detecting fraud or illegal acts.
- Considering any other matter that is brought to its attention by the Board or external auditor.

How the Committee operates

Meetings of the Audit Committee coincide with key dates in the financial reporting and audit cycle. During the year, the Committee met on three occasions, in May and November 2018 and in March 2019. In addition, the Committee met in May 2019 to discuss the Annual Report, the property valuations and the findings of the external auditor. Meetings of the Committee generally take place just prior to the Board meeting.

Meetings are attended by the External Auditor and members of the Group's senior management team. Those people and advisers listed in the table above attended meetings, during the year, at the request of the Committee Chairman.

Attendee	Position
Daniel Kitchen	Chairman
Jamie Hopkins	Chief Executive Officer
Graham Clemett	Chief Financial Officer
Vivienne Frankham	Head of Finance
Angus Boag	Development Director
Chris Pieroni	Operations Director
KPMG LLP	External Auditor
Grant Thornton	Tax Advisers
CBRE	Valuers

The Committee Chairman reports the outcome of meetings to the Board.

The Committee has a rolling agenda such that it gives thorough consideration to matters of particular importance to the Company, identifying key areas of focus and emerging topics as appropriate. The Committee receives appropriate information far enough in advance to enable it to fulfil its responsibilities. This includes not only information from management but also detailed reports from the External Auditor.

External Auditor

This is the second audit for KPMG. The Committee has worked with KPMG to enable the external audit, a key area of oversight to operate effectively. The Committee periodically meets privately with the lead partner, Richard Kelly at least once a year, usually following a Committee meeting, to discuss their work, their observations on the Company, and the quality of interaction with management. Richard has been the lead partner since the appointment of KPMG, as the external auditor in 2017.

No areas of concern have been raised. In addition, the Committee Chairman occasionally has meetings and telephone calls with Richard or his colleagues in order to discuss key issues relevant to the Committee's work. These lines of communication are open and working well and are vital to the success of the Committee in carrying out its work and to enable that sufficient time is devoted to matters at the subsequent meetings.

Meetings with CBRE

In addition, the Committee Chairman will also meet with the Group's independent property valuers (CBRE) to consider the valuation of our property portfolio.

2019 Annual Report and Accounts – Fair, Balanced and Understandable

The Directors are responsible for preparing the Annual Report. The Committee reported that based on its review of the relevant evidence, it was satisfied that the Annual Report taken as a whole, is fair, balanced and understandable; and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Board's statement on the Annual Report and Accounts is set out in the Statement of Directors' responsibilities on page 160.

Significant issues considered by the Committee

The Audit Committee considers all financial information published in the annual and Half Year Financial Statements and considers accounting policies adopted by the Group, presentation and disclosure of the financial information and, in particular, the key judgements made by management in preparing the financial statements.

The Audit Committee pays particular attention to matters it considers to be important by virtue of their impact on the Group's results, or the level of complexity, judgement or estimation involved in their application on the consolidated financial statements. The main area of focus during the year is set out below:

Matter considered	Action taken by the Committee
Valuation of the investment property portfolio	The valuation of the investment property portfolio is inherently subjective, requiring significant judgement. The outcome is significant for the Group in terms of its investment decisions, results and remuneration. The valuation is conducted externally by independent valuers. The valuers presented the year-end valuation to the Audit Committee. The Audit Committee reviewed the methodology and outcomes of the valuation, challenging the key assumptions and judgements. The objectivity and independence of the valuers is monitored by the Audit Committee. KPMG also met with the valuers and presented their views on the valuation to the Committee, as well as an explanation for how the valuation is audited. Based on the above, the Committee was satisfied that the methodology, assumptions and judgements used by the valuers were appropriate, and that the valuations were suitable for inclusion in the financial statements.

In addition, the Audit Committee reviewed a number of other key matters which have been considered by management and discussed with KPMG, as follows.

- Brexit: the Audit Committee considered potential risks from the uncertainty of leaving the EU. Further information can be found in the risk section (page 62). The potential impact of Brexit has been stress tested in our five-year plan. Details of this can be found in the Viability Statement on page 66.
- Going Concern status: The Going Concern Statement can be found on page 66.

Developing a robust Viability Statement

As part of the continued development of the Group's Viability Statement, existing processes were strengthened so that risks were identified, understood and reassessed over the period. The following factors were considered:

- The Group's current financial and operational position and the current economic outlook.
- The Group's cash flows, financing headroom and financial ratios.
- Reassessment of key risks and their potential impact on the business model.

The Viability Statement can be found on page 66.

The process we undertook

Stage 1 **Risk identification**	**Stage 2** **Risk assessment**	**Stage 3** **Scenario sensitivity analysis**	**Stage 4** **Conclusions**
			The Board
			Audit Committee
Executive Committee	Executive Committee	Executive Committee	Executive Committee
Risk Committee	Risk Committee		
Senior Management[1]	Senior Management[1]	Senior Management[1]	Senior Management[1]
			External Auditor
We reviewed both strategic and operational risks to identify the principal risks to viability over the period under consideration. We considered the risks that would impact solvency and liquidity, either individually or in combination with other risks.	For each risk, we considered: – our risk appetite (the level of risk the Board is willing to take); – the controls in place to mitigate the risk; and – the quantum of risk.	For those risks identified as being severe enough to impact the viability of the Group, we performed sensitivity analysis to understand the potential impact on liquidity and financial ratios.	The Board was presented with the findings from this analysis and given the opportunity to question the process and findings.

1. Heads of Department.

Safeguarding auditor independence

Non-audit services

The Audit Committee Terms of Reference establish a process for monitoring and approving the nature and the level of related fees for non-audit services (e.g. accounting, tax or due diligence work) paid to the Group's External Auditor.

The Audit Committee has implemented a formal policy specifying the types of non-audit service for which use of the External Auditor is pre-approved. This is in response to the "Guidance on Audit Committees" issued by the Financial Reporting Council in April 2016.

The Group may use the External Auditor for relevant financial work for a variety of reasons, including their knowledge of the Group and understanding of our sector, the audit-related nature of the work and the need to maintain confidentiality.

All non-audit work and fees must be reported to the Audit Committee on an annual basis. The Committee must consider in detail the nature and level of non-audit services provided by KPMG. The Committee may challenge and in some instances refuse proposals.

During the year, KPMG announced that they would be discontinuing the provision of all non-audit services (other than those closely related to the audit) to all FTSE 350 companies. This means that non-audit services will be contained to a more limited scope of work than that permitted by the Audit Committee Terms of Reference.

In addition, the Audit Committee will assess the threats of self-review by the External Auditor, self-interest, advocacy, familiarity and management.

These are set out below and considered in relation to KPMG's services:

A self-review threat

This is where, in providing a service, the KPMG audit team could potentially evaluate the results of a previous KPMG service.

A self-interest threat

Where a financial or other interest (of an individual or KPMG) could inappropriately influence an individual's judgement or behaviour.

The Audit Committee will specifically perform the following:

- If the External Auditor is to be considered for the provision of non-audit services, the scope of work and fees must be approved in advance by the Chief Financial Officer, the Committee Secretary and the Chairman of the Audit Committee. For larger assignments, in excess of £100,000 this would involve a competitive tender process, unless there are compelling commercial or timescale reasons to use the External Auditor or another specific accountancy firm.
- It will not accept significant contingent fee arrangements with the External Auditor.

An advocacy threat

This is where KPMG or KPMG personnel promote an audit client's position to the extent where KPMG's objectivity as External Auditor is compromised.

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

A familiarity threat

This is where, because of a too long or too close a relationship, the External Auditor's independence is affected.

- The Audit Committee will prohibit the hiring of former employees of the External Auditor associated with the Group's audit into management roles with significant influence within the Group within two years following their association with the audit, unless the Chairman of the Audit Committee gives prior consent. Annually, the Audit Committee will be advised of any new hires caught by this policy. There have been no instances of this occurring.
- The Audit Committee will monitor on an ongoing basis the relationship with the External Auditors, to check its continuing independence, objectivity and effectiveness by reviewing its tenure, quality and fees.

Management threat

This occurs when the audit firm performs non-audit services and management make judgements based on that work.

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

Internal audit

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

The Committee may also request further audits or reviews of specific areas where there is perceived to be increased risk. This year, a full review of cyber security has been carried out.

Audit fees

Fees payable to the auditor for audit and non-audit services are set out in note 1 on page 176.

The only non-audit service performed by KPMG in the year was the review of the Group's Half Year Results.

Annual Auditor assessment

Annually, the Committee assesses the qualifications, expertise, resources, and independence of the Group's External Auditors, as well as the effectiveness of the audit process. It does this through discussion with the Chief Financial Officer and confirmations from the External Auditor.

This is the second financial year in which the Annual Report and Financial Statements have been audited by KPMG following its appointment as the Company's External Auditor in January 2017. Their appointment was subsequently approved by Shareholders at the 2017 AGM. The appointment is subject to ongoing monitoring and the Committee considered the effectiveness of KPMG as part of the 2018 year end process. The Committee took a number of factors into account when considering the effectiveness of the external audit including the quality and scope of the audit plan and reporting, KPMG's experience and expertise and the quality and experience of the audit partner engaged in the audit.

The Committee also sought the views of key members of the finance team and senior management.

The Committee's relationship with the external auditor is one of openness and professionalism and the results of the review were discussed with KPMG to monitor the continuing quality of audit services.

No significant concerns were identified and the Committee remains satisfied with the effectiveness of the external audit and the interaction between the auditors. The Committee is also satisfied as to the auditors' qualifications, expertise and resources.

Furthermore, as part of its deliberations, the Committee reviews a report on the audit firm's own internal quality control procedures together with the policies and processes for maintaining independence and monitoring compliance with relevant requirements.

KPMG LLP has confirmed to the Committee that:

- The audit of the consolidated financial statements is undertaken in accordance with the UK Firm's internal policies and procedures to ensure the objectivity of its audit report.
- It has internal procedures in place to identify any aspects of non-audit work which could compromise its role as auditor and to ensure the objectivity of its audit report.
- It believes that, in their professional judgement, the safeguards they have in place sufficiently guard against the threats to independence.
- The total fees paid by the Group during the year do not represent a material part of its firm's fee income.
- It considers that it has maintained audit independence throughout the year.

The Committee are satisfied that the Auditors are independent.

The Audit Committee will continue to review the effectiveness and independence of the external auditor each year.

The Company complies with the Competition and Market Authority Order 2014 relating to audit tendering and the provision of non-audit services and it is the Company's intention to put the audit out to tender at least every ten years. The external audit was last tendered in 2017 following which the auditor changed from PricewaterhouseCoopers LLP (PwC) to KPMG and there are no current plans to re-tender the services of the external auditor. There are no contractual obligations which restrict the Committee's choice of external auditor or which put in place a minimum period for their tenure.

Risk management and internal control

The Audit Committee has a key role in developing appropriate governance and challenge around risk management. It also sets the tone and culture within the organisation regarding risk management and internal control.

Key elements of the Group's system of internal control include:

- A comprehensive system of financial reporting.
- An organisational and management Board structure with clearly defined levels of authority and division of responsibilities.
- A Risk Committee, which is chaired by the Chief Executive Officer and is attended by representatives from Senior Management and operational staff.

The Risk Committee formally reports to the Audit Committee at least twice a year on strategic and key operational risks, emerging issues and any internal control review work undertaken.

The Group aims to strengthen its risk management processes through the involvement of the Audit Committee to enable these processes to be embedded throughout the organisation. The Audit Committee has reviewed the Group's system of controls including financial, operational, compliance and risk management during the year with no significant failings or weaknesses identified.

However, any such system can only provide reasonable and not absolute assurance against any material misstatement or loss.

Further information on the Group's risks is detailed on pages 53 to 65.

Whistleblowing

The Group has a whistleblowing procedure through which employees may report, in confidence and anonymously if preferred, concerns about suspected impropriety or wrongdoing in any matters affecting the business. During the year, no reports were made using that facility and no concerns were raised that have been treated as whistleblowing.

Code of Conduct

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

Risk Committee

How the Risk Committee supports The Workspace Advantage

By assessing and managing the risks to our operations and strategy, the Risk Committee plays a major part in delivering The Workspace Advantage.

6

The Risk Committee met six times during the year ended 31 March 2019

100%

Attendance

Activities in 2018/19

- Reviewed and discussed the strategic risks for circulation to the Audit Committee and for inclusion in the Annual Report.
- Considered the operational risk registers for each functional area and agreed any changes.
- Received presentations from Senior Management concerning controls over certain parts of the business or specific risks.
- Agreed an annual programme of site audits, which is also circulated to the Audit Committee.
- Discussed cyber security risks and included this as a distinct item in the risk register.
- Discussed changes in the regulatory environment and likely impact on the Company.
- Discussed the implications of the GDPR and the ongoing compliance programme.

Role of the Risk Committee

The Risk Committee's responsibilities include, but are not limited to, the following:

- To drive and co-ordinate Workspace policy and procedure and training in relation to risk management.
- To promote and communicate risk management awareness, both financial and non-financial throughout the organisation.
- To challenge Executive Directors' review and appraisal of risk.
- To co-ordinate and manage a planned annual programme of review and testing of risks and controls aligned to requirements.
- To oversee and advise the Board on the current risk exposures of the Company and future risk strategy.
- To engage internal or external resources for the review and testing of risks and processes as outlined in the annual plan.
- To co-ordinate reports and papers for the Board and Audit Committee as required.
- To consider any developments in the external environment or regulation, which may impact on risk considerations.

Composition of the Committee

- Chris Pieroni, Operations Director.
- Carmelina Carfora, Company Secretary.
- Viv Frankham, Head of Finance.
- Kate Ankers, Chief Accountant.
- David Rees, Finance Manager.
- Claire Dracup, Head of Support Services.
- Tomjedur Rahman, Head of IT Operations.

The Risk Committee is chaired by the Chief Executive Officer.

In addition, employees from across the business, specifically centre managers, attend meetings of the Committee, by invitation, where they are asked to share any information which they feel is relevant, in order to assist the Committee in evaluating possible risks to the Company.

The following also attended meetings of the Committee during the year, again by invitation, in order to discuss their risk registers and to contribute to the discussions relating to their respective areas of expertise:

- Chief Financial Officer.
- Development Director.
- Other senior staff.

Modern slavery

We are committed to upholding all human rights, including the prevention of modern slavery and human trafficking in our business and in our supply chains. While we consider the risk of modern slavery and human trafficking to be very low in our business, the process we have taken to prevent them is an evolving one. We continue to monitor and review our risk profile and the actions being taken to improve and strengthen our practices. We publish our modern slavery statement on our website annually, which summarises our policies and the actions we have taken in our business and our supply chains and can be found at www.workspace.co.uk/global-content-repository/files/modern-slavery-act-statement.

Data privacy

The General Data Protection Regulation (GDPR) came into force on 25 May 2018. Workspace commenced a GDPR compliance programme well in advance, and this has continued past May 2018 to reflect developing guidance and practice in this area and to continue to embed data privacy into the heart of the business.

Our programme of work has included creation of new or updating of existing policies and procedures relating to use of data processors, data privacy impact assessments, marketing, data breaches, subject rights requests, data security and access, data retention, data minimisation and privacy notices. Our privacy notices can be found here www.workspace.co.uk/privacy-policy. Mandatory training was and will continue to be provided to all staff. An Information Governance Group, whose membership includes all key function heads across the organisation, regularly meets and regular reports are provided to the Executive Committee and the Board.

We are constantly monitoring and developing guidance and practice in data privacy and will continually adjust and improve our practices and procedures as appropriate.

Anti-Bribery

It is our policy to conduct all of our business in an honest and ethical manner, and we take a zero-tolerance approach to bribery and corruption. We are committed to implementing and enforcing effective systems to counter bribery. All of our staff are reminded of our Anti-Bribery Policy and their responsibilities for the prevention, detection and reporting of bribery and other forms of corruption.

Amongst other things, our Anti-Bribery Policy provides that the giving and receiving of hospitality must be reasonable and proportionate in the normal course of business, both in type and value. We require all staff to obtain line manager approval and keep a record of hospitality and gifts (whether they are accepted or refused). We make suppliers aware of our zero-tolerance approach to bribery and undertake due diligence on suppliers to confirm their own commitment to, and policies on, the prevention of bribery. We do not make political donations and we only make charitable donations that are legal and ethical, and made with the prior approval of the Company Secretary.

Remuneration

We are committed to a performance culture which delivers strong and consistent shareholder returns and rewards performance fairly and competitively.

Maria Moloney
Chairman of the Remuneration Committee

Where is the information?

Committee members and attendance

Maria Moloney Chairman	8/8
Daniel Kitchen	8/8
Chris Girling	8/8
Stephen Hubbard	8/8
Damon Russell	8/8
Ishbel Macpherson	4/4

Ishbel Macpherson was appointed as a Non Executive Director on 23 January 2019.

The work of the Committee

We met as a Committee eight times during the year. We believe it is important that the Committee keeps up-to-date on an ongoing basis during the year to enable timely discussions where business decisions may affect remuneration. Below we set out the key activities the Committee undertook during the year.

Delivering The Workspace Advantage for the long term is the driver of our remuneration agenda

Remuneration framework and agenda items

Committee governance

April 2018
- Update on the current executive pay environment.

January 2019
- Incentive operating guidelines for Executive Directors.
- Results of internal performance evaluation of the Remuneration Committee.
- Updates to Committee Terms of Reference.

March 2019
- First draft of Directors' Remuneration Report for 2019.
- Operation of policy 2018/19.
- Corporate governance update and matters requiring further action in the context of the UK Corporate Governance Code 2018.

Regulation and best practice

November 2018
- Requirements of the UK Corporate Governance Code 2018.

March 2019
- Corporate Governance reforms update.
- Investment Association Principles of Remuneration for 2019.

Remuneration framework for employees

April 2018
- TSR update for 2015, 2016 and 2017 LTIP awards.

May 2018
- All staff remuneration review.

November 2018
- TSR performance update.

Executive and senior management remuneration framework

April 2018
- Shareholding guidelines for Executive Directors and members of the Executive Committee.

May 2018
- Executive Directors' remuneration review.
- Annual bonus outcomes for 2017/18.
- Bonus targets and objectives for the Executive Directors for 2018/19.
- Vesting criteria for 2015 LTIP.
- Review of fees for Company Chairman.
- Proposed awards under the 2018 Long Term Incentive Plan.

March 2019
- CEO leaver arrangements
- Agreed Interim CEO remuneration.

These activities drive a performance culture that delivers value for all our stakeholders.

Who supports the Committee?

During the year, we sought internal support from the CEO and CFO, whose attendance at Committee meetings was by invitation from the Chairman, to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of the Senior Management team. The Company Secretary attended each meeting as Secretary to the Committee. No Director was present for any discussions that related directly to their own remuneration. Details on our advisers are shown on page 153.

Remuneration Committee Chairman's statement

REMCO commitment to shareholders

"The Workspace REMCO is very committed to its role in promoting the delivery of long-term value across the Group. It seeks to align remuneration closely to the Company's purpose, culture and values, as well as fulfilling its duty to customers, employees' communities and our shareholders."

"The key priorities of the Workspace REMCO are that:
- the remuneration arrangements attract and retain a high-calibre team of Executive Directors and senior management and offer them every encouragement to successfully deliver our strategy and create shareholder value in a sustainable and responsible manner; and
- the remuneration received by Executive Directors is proportionate to the levels of performance achieved and the returns received by you as shareholders."

Maria Moloney
Chairman of the Remuneration Committee

Dear Shareholders,

In this section of the Annual Report we seek to communicate clearly what remuneration means to Workspace as a company, how it relates to employee pay and how it is used as a tool for delivering long-term corporate success.

Over recent years, we have sought to demonstrate that the elements of **clear communication, trust, transparency and simplicity** are enshrined in the core elements of our Policy (details of which are outlined on page 138), fostering alignment between executive and employee remuneration and the long-term success of the Group.

As such we were delighted that our 2017/18 Remuneration Report was **Highly Commended for Executive Remuneration Reporting**, **within the FTSE100 and FTSE 350 alike**, **at the 2018 Building Public Trust Awards.**

Workspace was commended for: **"An honest and engaging remuneration report which is enlivened by schematics showing at a glance how the Company's incentive performance metrics align with the corporate strategy."**

The judges praised the open discussion of the link between executive pay and that of other staff and the inclusion of the ratio of the CEO single figure against average worker pay over the previous nine-year period.

"We are committed to a performance culture which delivers strong and consistent shareholder returns and rewards performance fairly and competitively".

In the following section we aim to explain why executive pay is appropriate in terms of:
- the delivery of the key performance measures over the past year;
- wider employee pay; and
- value creation for shareholders.

The core elements of our Policy, which have guided the REMCO in decision making throughout the year, seek to ensure that remuneration structures are designed in a way which enables the continued delivery of sustainable value and performance for the business, in line with the long-term strategy, making sure that we have the best people in place to deliver the strategy and that executive pay is appropriate in the wider context in which the business operates.

In devising the Policy, the REMCO seeks to ensure that it:

- is tightly aligned to strategy and to achieving stretching targets which demonstrate delivery of Workspace's strategy;
- is based on pay for performance and linked to Group performance through variable pay instruments;
- is competitive, benchmarked both internally, with reference to Workspace's senior management, to foster a shared drive and commitment to the success of the Group, and externally against companies of comparable size and complexity;
- has long-term alignment to shareholder value by encouraging shareholdings in the Company by Executive Directors and other members of the Executive Committee
- is corporate governance compliant, taking full consideration of evolving shareholder and public attitudes towards executive pay and associated best practice; and
- is risk assessed to ensure that shareholder interests are guarded, and that excessive or inappropriate risk is avoided.

To allow alignment with Workspace's intent to be a sustainable investment, the REMCO was gratified that our remuneration policy presented to you as shareholders at the 2017 AGM, received 99.7% votes in favour. In 2018, the figure was 99.3% for the Annual Report on Remuneration. This reassures us that you join us in our belief that the policy and pay outcomes are fair, responsibly delivered and genuinely reflective of individual and business performance.

On pages 36 to 39 we have produced a summary of the key points of the strategy.

Aligning pay and performance across Workspace

"Sustainability and long-term thinking are central to our aim to deliver positive outcomes for all our stakeholders."

As enshrined in our Policy (see pages 138–139), the Committee's aim is to reward sustainable performance with competitive levels of remuneration with respect to both other companies considered to be comparable in terms of business and size, and to the levels of remuneration within the organisation, in full compliance with the principles of equal opportunity, equality and non-discrimination, staff development and integrity.

This is achieved through a pay for performance compensation package (outlined in detail on page 138), consisting of interlinking variable and fixed components, i.e. fixed pay, annual bonus and a long term incentive plan ('LTIP'), which are linked to the complexity of roles and levels of performance, both of the business and of the individual.

The long-term focus in our strategy is supported through our LTIP under which our performance is tested over three years and, as a minimum, the net number of vested shares must be held for a further period of two years. This holding period, together with the bonus deferral period and shareholding ownership guidelines we operate, means our executives are heavily exposed to our share price. Given that these periods extend beyond the point an individual leaves, management continue to have this "skin in the game" even after they have left.

The annual bonus plan rewards Executive Directors for delivering our short-term financial and operational goals, with part of any bonus earned deferred into company shares for a period of three years.

Incentive outturns are then linked to share ownership guidelines. Our Executive Directors are encouraged to hold a minimum shareholding requirement equal to 200% of salary. We will be reviewing our shareholding requirement and newly adopted post-cessation shareholding requirement, described on page 140, both in terms of level and period, as part of our Policy review later this year.

Annual performance is assessed against a scorecard of financial and non-financial key performance indicators (these are outlined on page 134).

The performance metrics used in our incentive programmes include shareholder return metrics alongside earnings growth and strategic targets. These are reviewed periodically in order that they continue to support our strategy and, in particular, that the range of targets set remains appropriate for current commercial circumstances.

– More on our policy – page 138

Leadership changes

The Board announced on 2 April 2019 that Jamie Hopkins would be leaving the Company on 31 May 2019 due to extenuating personal circumstances. Jamie served as CEO for more than seven years, and the Board agreed that Graham Clemett would assume the role of Interim Chief Executive Officer until the appointment of a permanent successor. Details of Mr Clemett's remuneration as Interim Chief Executive Officer is set out on page 150.

In respect of Mr Hopkins' termination arrangements, as detailed on page 152 all payments are in line with the Shareholder approved Policy. The Committee has, in its discretion and taking into account that extenuating personal circumstances were behind his decision to leave the Company, determined that Mr Hopkins should be treated as a good leaver in relation to the annual bonus for the year ended 31 March 2019 and outstanding LTIP awards.

The Committee has also, prior to formalising the post-employment requirement detailed on page 140, applied a post-employment shareholding requirement to Jamie, following his departure. This requires him to hold shares worth 150% of salary for the year following departure and 100% of salary for the subsequent year.

Company performance 2018/9 – another strong year of financial results
As is outlined in detail on pages 67 to 76 we are happy to report another very good year. We have continued to enhance the portfolio in terms of scale and quality and this is matched by a strong balance sheet and financial stability.

Supported by a positive culture, our leadership team and highly motivated employees have generated strong and consistent shareholder returns, and their organisational expertise and customer knowledge has driven enduring demand for our space. In the face of market uncertainty, our extensive refurbishment and redevelopment pipeline further provides growth opportunities, and we are able to take advantage of new acquisition opportunities as and when they arise.

The key decisions taken by the REMCO in the past year in relation to pay outcomes are highlighted in the At a Glance section, together with an explanation of how each element of pay supports the business strategy. The key highlights from this are as follows.

- Under the annual bonus, strong achievements against corporate, operational and personal objectives led to an outcome of 96% of maximum (115% of salary).
- The 2016 LTIP vested at 50.7% of maximum, reflecting the shareholder return and asset value growth over the three-year performance period.
- No discretion was exercised in respect of incentive outcomes.
- Performance conditions for our annual bonus in 2019/20 and the 2019 LTIP remain unchanged from last year and continue to be fully aligned to our strategy.

An all employee remuneration report. Alignment with wider workforce considerations and our approach to fairness:

"To engender a shared culture and a consistent focus on achieving Workspace's purpose, delivering our strategy and adhering to our company values, the REMCO is committed to creating an inclusive working environment and to rewarding employees throughout the organisation in a fair manner."

- More on cascading remuneration through the Company – page 137
- More on pay ratios – pages 142 to 143

As part of our commitment to fairness, we have included sections in the report which set out more information on:

- the pay conditions of the wider workforce;
- the cascade of incentives throughout the business;
- the CEO to employee pay ratio; and
- our diversity policy.

We anticipate that these sections will evolve and develop over time and will align with the UK Corporate Governance Code 2018. Whilst we recognise that there is still much work to do, we are committed to transparency in relation to developments on these important issues.

In making decisions on executive pay, the REMCO considers wider workforce remuneration and conditions. We recognise the central importance of all our teams in delivering success, and as you will have seen above, this is included as one of the key aspects of our report.

We aim to provide a remuneration package for our employees, who embody our core values and demonstrate excellence, innovation, passion, integrity and genuine care for our customers, for our communities and for each other. Our remuneration for employees is market competitive and operates the same core structure as for Executive Directors. This includes employee share and variable pay plans, with pension provision for all Directors and employees (page 142).

Each year, prior to reviewing the remuneration outcomes, the REMCO considers a report provided by the CEO on base pay and share scheme practice across the Group.

Gender Pay Gap
The Board recognises the value of the gender pay gap reporting requirements that came into effect on 6 April 2017 and the opportunity this brings to focus even more on gender diversity. While Workspace is not of the size required to formally report on its gender pay gap data, the Board firmly believes in providing equal pay for work of equal value, not only because it is a legal requirement but because it is the right thing to do. The Board and leadership team recognise that inclusion and diversity in all its forms are vital in achieving diversity of thought, experience and skills within the Group. The Board is committed to promoting diversity throughout the business and is continuing to find effective ways of doing this.

Pensions
The Committee is very aware of the focus on Director pensions and we shall be reviewing pension rates of both existing Directors and future recruits as part of the next policy review in 2020. If any new Executive Director is appointed between now and when the Policy is put to shareholders in July 2020, the pension rates will be aligned to the wider workforce.

Aligning strategy and corporate governance reform – governance strategy and long-term value creation

As outlined on pages 78 to 79, the Board remains committed to achieving the highest standards of corporate governance and integrity. Our governance operates from the Board across the Group and the REMCO is highly conscious of its critical role in underpinning the Company's ability to develop long-term value for all stakeholders. Performance and remuneration are important tools to reinforce the expected culture, values and standards of behaviour in our workforce.

We are delighted that the high commendation we received last year for our executive remuneration reporting, as noted earlier, demonstrates that the key words emanating from recent corporate governance reform proposals – **Transparency**, **Simplicity**, **Alignment**, and **Fairness** – are embedded in the core elements of our Policy. We continue to take close interest in the UK Government's package of legislative and best practice measures and we support initiatives which raise the bar on corporate governance effectiveness. We also support the FRC's inclusion of new measures to align strategy and culture and promote effective engagement with the workforce and wider stakeholders.

- Chairman's governance statement – page 78
- Our strategy – page 36
- Leadership and value creation – page 82

UK Corporate Governance Code 2018

In relation to the new Corporate Governance Code, whilst noting that the new disclosure requirements become effective for companies with financial years commencing on or after 1 January 2019, we are pleased to note that we already comply with several of the new recommendations. For example, as noted above:

- One area of immediate change is that in the interest of fairness, the Committee has agreed that pension provision for any new Directors appointed to the Board from 2019, will be aligned to the wider workforce.
- The Committee's terms of reference have been updated to reflect the recommendations of the new Code and are available on the corporate website.
- The Committee welcomes all developments which aim to improve transparency in governance which is why we have again chosen to voluntarily disclose our CEO pay ratio (see page 143) for the second year.
- A two year post-vesting holding period was introduced in the LTIP rules in 2017.

Terms of reference can be found at www.workspace.co.uk/investors/about-us/governance/committee-terms-of-reference

In conclusion

In line with another very strong year of performance, with notable successes for the Company, in which management has responded vigorously to the challenges presented by the uncertain political and economic environment, the REMCO is happy that our current Remuneration Policy remains fit for purpose of delivering sustainable growth.

In the coming year, as part of our constant drive to incentivise our highly engaged employees towards sustainable performance and industry leading growth, we will:

- Continue to review incentive schemes for Executive Directors and their direct reports to check they remain aligned with strategy and performance, as well as latest best practice.
- Continue our efforts to determine how the wider reward strategy can play an even stronger role in supporting new behaviours and culture.
- Continue to drive the application of our Remuneration Policy and resulting packages in support of the Group's initiatives and strategy towards diversity and the strengthening of values and culture.

As noted above, the three-year approval of our policy by you, our shareholders, expires in 2020 and we will be seeking approval for a new Policy at the AGM in July 2020. Meanwhile, in a rapidly evolving remuneration landscape, we attach great importance to a continuous dialogue with all investors and their representative bodies and in the event that there are any proposed changes to our Policy, we will consult with shareholders for feedback.

We look forward to welcoming you and to receiving your support once again at the AGM in July 2019.

Maria Moloney
Chairman of the Remuneration Committee
4 June 2019

Our Remuneration Policy and what we aim to achieve

We aim to help promote the long-term success of the Company by supporting an effective pay-for-performance culture which allows us to retain, motivate and attract highly skilled Executives to execute the Company's strategy.

The core elements of our policy

- Maximum bonus opportunity of 120% of salary and maximum LTIP opportunity of 200% of salary.
- Bonus deferral in shares of 33% of any bonus earned.
- Holding period on the LTIP of two years.
- Malus and clawback provisions apply to both the annual bonus and the LTIP.
- Shareholding guidelines of 200% of salary.
- Maximum pension provision of 16.5% p.a.

How our policy addresses the key factors set out in the UK Corporate Governance Code 2018:

Alignment to culture

Workspace has worked hard to articulate and define our purpose, alongside our established values and corporate strategy. The results of this work are set out on page 46 of the Annual Report. Our incentives are aligned to our strategy, as shown on page 134, supporting delivery of The Workspace Advantage, and underpinning our strong performance culture and core values backed by expertise and innovation.

Simplicity and clarity

The Committee seeks to embed simplicity and transparency in the design and delivery of executive reward. The remuneration structure is simple to understand for both participants and shareholders and is aligned to the strategic priorities of the business.

Risk

Malus and clawback is operated across our incentives. The rules of the LTIP give the Remuneration Committee the necessary discretion to adjust vesting outcomes if it considers that they are inconsistent with the underlying performance of the Group.

As a result of ongoing developments in market practice, specifically in relation to the operation of malus and clawback and the use of Committee discretion, a review of the Company's annual bonus and LTIP documentation was completed during the year.

Predictability

The range of possible rewards to individual Executive Directors are set out in the scenario chart on page 141, where we also demonstrate the impact of the potential scenario of our share price growing by 50% over the three-year performance period of the LTIP.

Proportionality

A significant part of an Executive's reward is linked to performance with a clear line of sight between business performance and the delivery of Shareholder value. Performance measures are reviewed regularly and stretching targets are set relative to the Group's growth plans and peer group performance.

Short and long-term incentive plans reward the delivery of the business strategy and performance ambition. A high percentage of rewards are delivered in the form of equity, meaning Executives are strongly aligned with Shareholders.

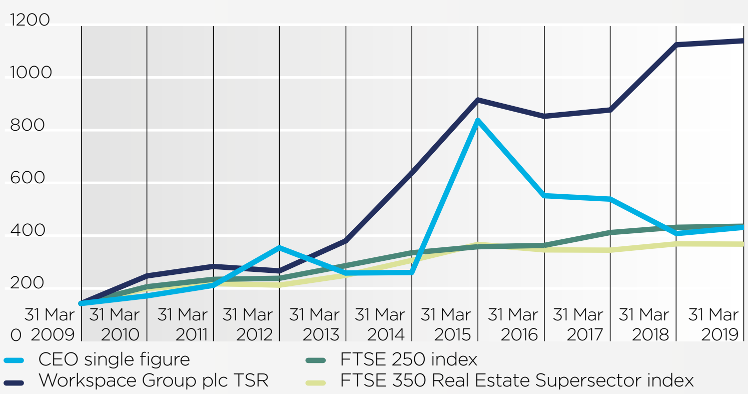
Executives are required to build significant shareholdings in Workspace, encouraging leaders to think and act like owners. Under our current policy, shares from long term incentive awards are held for two years following vesting. This term provides further focus on sustainable share price growth.

How does our CEO pay match up to our Total Shareholder Return (TSR) performance?

The chart to the right demonstrates the strong long-term alignment of our CEO pay and the returns to our Shareholders. We achieved this through the CEO receiving a high proportion of his remuneration in shares and through our performance compensation which is based on measures which directly support the implementation of our strategy.

This chart compares the TSR performance of the Company against the FTSE 250 and the FTSE 350 Real Estate indices since 2009. These have been chosen as appropriate comparisons as Workspace is a constituent of the FTSE 250 and measures performance under the LTIP against constituents of the FTSE 350 Real Estate index.

Single figure against our long-term performance



Remuneration Report at a glance

Workspace Executive pay
The components of remuneration

The Remuneration Report is colour coded as follows:

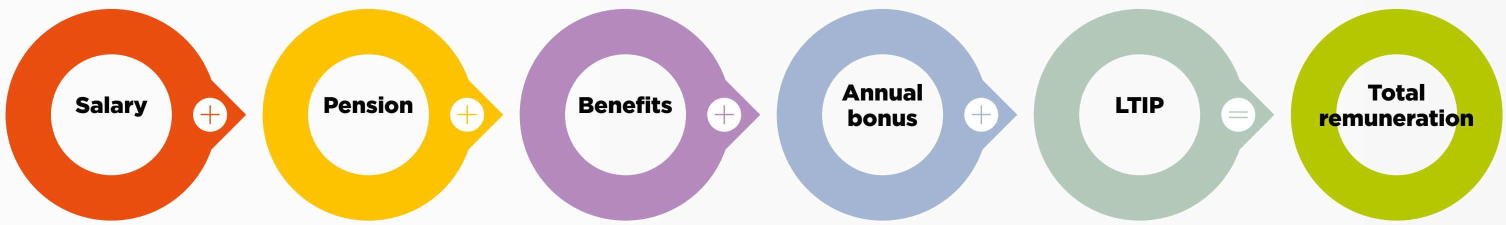
Fixed elements
- Salary
- Pension
- Benefits

Variable elements
- Annual bonus
- Long Term Incentive Plan (LTIP)

Shareholding
- Shareholding guidelines

Fixed

Variable



How do our incentive performance measures align to our strategy?
In executing our strategy, based on The Workspace Advantage, we aim to create value and positive outcomes for our Shareholders and all other stakeholders. We frequently consider the performance measures we use for our incentives to check that they support the delivery of our strategy.

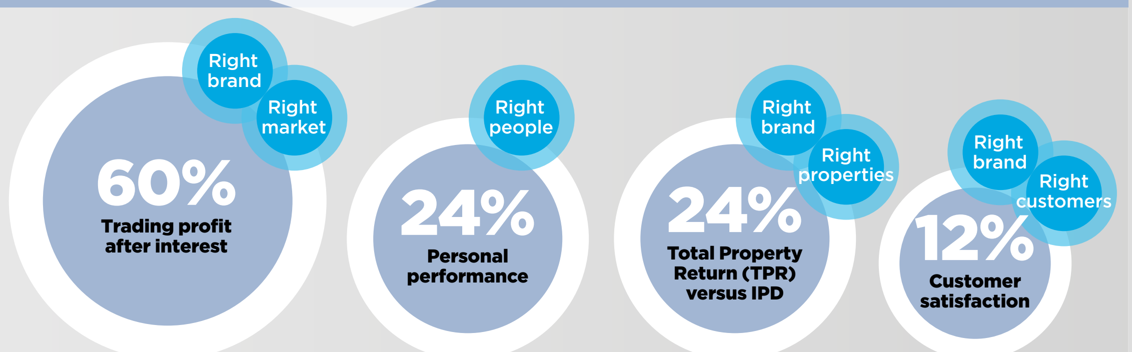
The diagram below demonstrates how our incentive measures align to our strategy which has The Workspace Advantage at its heart.

Variable components

Annual bonus

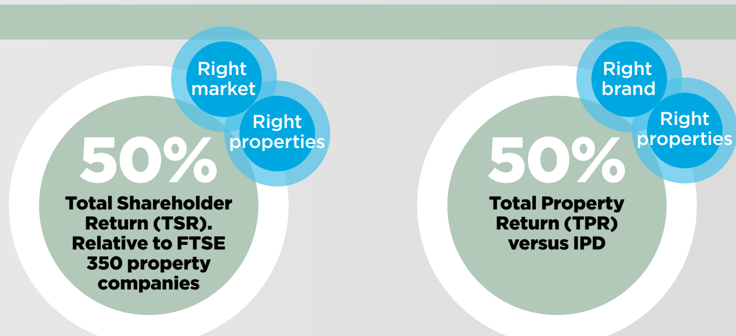
Link to strategy
The component measures provide a good balance of rewarding operational excellence, customer relationships and building deep market knowledge, which are the foundations of Workspace's future growth.

For the annual bonus, weightings are shown as a percentage of salary.

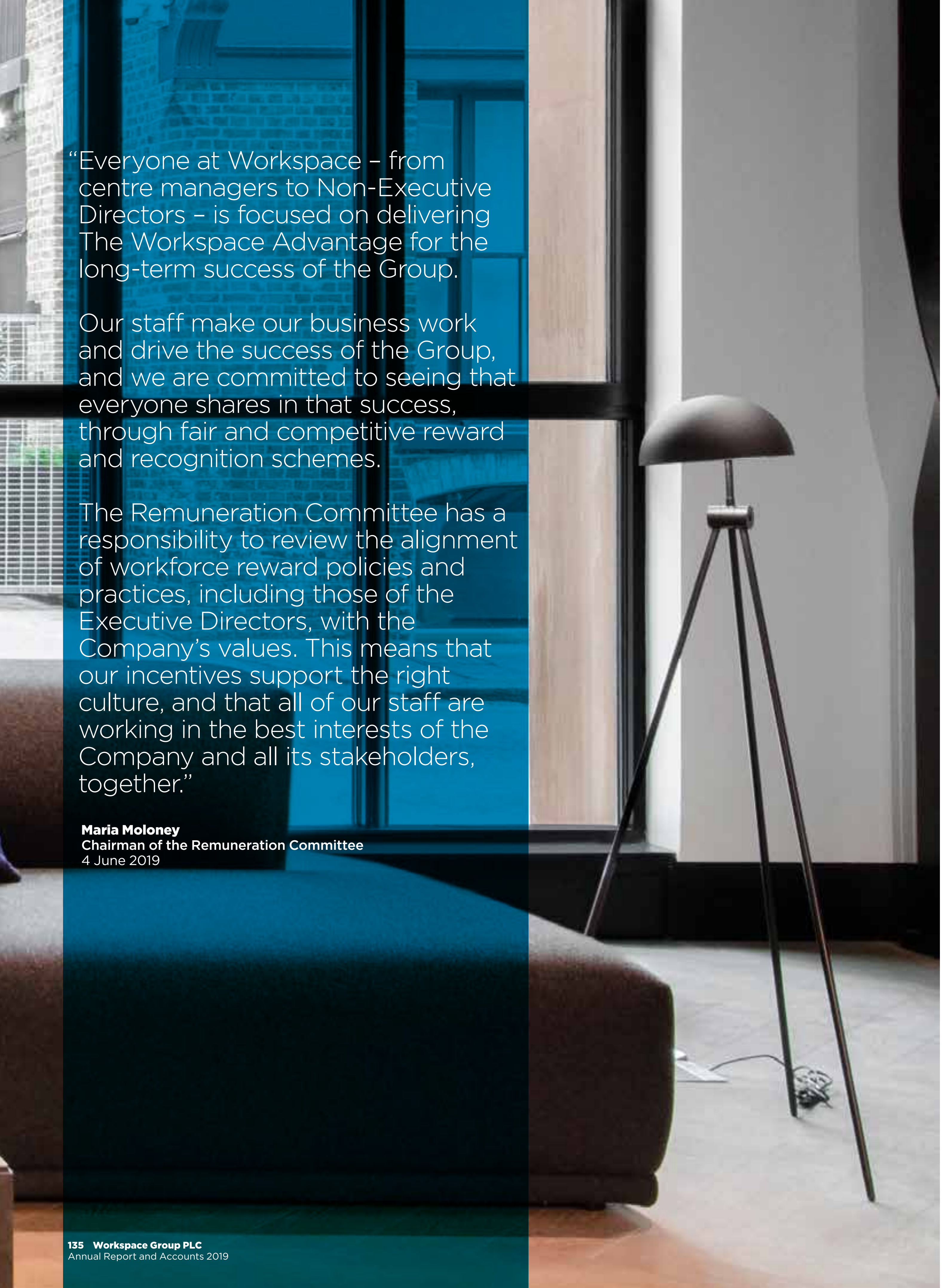


LTIP (2017 onwards)

Link to strategy
The balance of the two measures is well aligned to our strategy of driving income growth and enhancing Shareholder value over the longer term.



For the LTIP, weightings are shown as a percentage of the Awards.



"Everyone at Workspace – from centre managers to Non-Executive Directors – is focused on delivering The Workspace Advantage for the long-term success of the Group.

Our staff make our business work and drive the success of the Group, and we are committed to seeing that everyone shares in that success, through fair and competitive reward and recognition schemes.

The Remuneration Committee has a responsibility to review the alignment of workforce reward policies and practices, including those of the Executive Directors, with the Company's values. This means that our incentives support the right culture, and that all of our staff are working in the best interests of the Company and all its stakeholders, together."

Maria Moloney
Chairman of the Remuneration Committee
4 June 2019

Business context
2018/19 out-turns against KPIs

£72.4m	+2.2%	91.55%	£10.86	22.26p	9.1% p.a.
Trading profit after interest (2017/18: £60.7m)	Total Property Return outperformance of IPD benchmark (2017/18: 4.2%)	Customer satisfaction (2017/18: 89.3%)	Net Asset Value per share (2017/18: £10.37)	Dividend per share (2017/18: 18.55p)	Absolute TSR over the three financial years to 31 March 2019 (which is the performance period of the 2016 LTIP)

Remuneration in respect of 2018/19

What did our Executive Directors earn during the year?

Fixed components

Jamie Hopkins, CEO	Graham Clemett, CFO
Salary: £494,090 (effective from 1 April 2018)	**Salary:** £302,000 (effective from 1 April 2018)
Pension: 16.5% of base salary	**Pension:** 16.5% of base salary
Benefits: include car allowance, private health insurance and other benefits	**Benefits:** include car allowance, private health insurance and other benefits

Variable components

Annual bonus 2018/19 out-turn

The following table sets out outcomes under the annual bonus.

	Threshold (0% payable)	Maximum (100% payable)	Outcome (% salary)	CEO Actual £000	CFO Actual £000
Trading profit after interest	Threshold: £69.1m Target: £70.6m	Max: £72.1m Actual: £72.4m	60%/60%	£296.4	£181.2
Total Property Return	Threshold: Benchmark	Max: Benchmark+2% Actual: Benchmark +2.2%	24%/24%	£118.6	£72.5
Customer satisfaction	Threshold: 70%	Max: 80% Actual: 91.55%	12%/12%	£59.3	£36.2
Personal performance	Threshold: 0%	Max: 100% Actual: 79%	19%/24%	£93.9	£57.4
Total			**115%/120%**	**£568.2**	**£347.3**

More detail on the outcomes against personal objectives are set out on pages 146 to 147. It should be noted that trading profit after interest exceeded the maximum trading profit before tax target of £72.1m.

2016 LTIP outturn

The following table sets out outcomes under the 2016 LTIP performance measures, over the period 1 April 2016 to 31 March 2019.

	Threshold (0% payable)	Maximum (100% payable)	Outcome (% award)	CEO % vesting and outcome £000	CFO % vesting and outcome £000
Growth in NAV relative to the constituents of the FTSE 350 Real Estate Index excluding agencies.	Threshold: 51st Actual: 61st	Max: 75th	17.3%/33.3%	Performance Shares: Outcome: £263.4 Of which share price: £31.0	Performance Shares: Outcome: £164.4 Of which share price: £19.4
TSR relative to the constituents of the FTSE 350 Real Estate Index excluding agencies.	Threshold: 51st Actual: 66th	Max: 75th	23.4%/33.3%	Matching Shares: Outcome: £263.4 Of which share price: £31.0	Matching Shares: Outcome: £164.4 Of which share price: £19.4
Absolute TSR	Threshold: 8% p.a. Actual: 9.1% p.a.	Max: 17% p.a.	10.0%/33.3%	Dividend equivalent of £38.6	Dividend equivalent of £24.1
Total			**50.7%/100%**		

The share price used is the three month average to 31 March 2019 of £9.39.

Single figure for 2018/19 (£000) **£1,728.2**
Jamie Hopkins, CEO

Single figure for 2018/19 (£000) **£1,075.5**
Graham Clemett, CFO

How we cascade remuneration through the Company

All staff in the Group are eligible to participate in:
- The Company's bonus scheme.
- All-employee share schemes.
- Pension scheme.
- Life assurance arrangements.
- Medical insurance benefits.

All members of the Executive Committee and some senior staff are eligible to participate in the Company's LTIP.

Executive Committee members are also required to adhere to the Company's shareholding guidelines.

The following diagram demonstrates how Workspace's key objectives are reflected in plans operating at all levels within the Group.

Eligibility/Number of people this applies to[1] (as at 31 March 2019)	Element	
Executive Committee 5	**Shareholding guidelines**	Supports alignment of Executives' interests with Shareholders.
Executive Committee and Senior Management 52	**LTIP**	Reinforces delivery of long-term sector outperformance.
All employees 224	**Annual bonus**	All employees participate in annual bonuses. Opportunities and performance conditions are tailored to reflect an individual's role and responsibilities.
	SAYE and SIP	Encourages employee engagement and reinforces our strong performance culture. Enables all employees to share in the long-term success of the Group and aligns participants with Shareholder interests.
	Fixed	Salaries are set to reflect market value of the role and aid recruitment and retention. All employees are eligible for a 2:1 match on employee pension contributions of 3% or 5% of salary and receive a combination of benefits relevant for their role.

1. Subject to requirements on timing of awards as detailed in the relevant plan rules and/or completion of probationary periods.

Broader stakeholder value
See the types of value we create for all of our stakeholders.

Go to page 28.

What is our Remuneration Policy?

In this section we provide a summary of the key elements of the Remuneration Policy for Executive Directors which was approved by Shareholders at our 2017 AGM on 14 July. In addition, we have set out how the Policy was operated in 2018/19 and how it is intended to be operated in 2019/20. You can find the full Policy at www.workspace.co.uk.

What is our objective?

Our main objective is to help promote the long-term success of the Company, by:

- Supporting an effective pay for performance culture which allows us to retain, motivate and attract highly skilled Directors, who have a clear purpose and are of the necessary calibre to execute the Company's strategy.
- Promoting the long-term ownership culture by encouraging the acquisition and retention of shares amongst the Executive Directors.
- Achieving a strong alignment between Executive and Shareholder interests.
- Monitoring that we remain up to date with the constantly changing regulatory and governance environment.

How do we take into account Shareholder views?

We have an ongoing dialogue with Shareholders and welcome feedback on Directors' remuneration. As part of the Policy review carried out in 2017, the Committee consulted with major Shareholders representing 70% of the share capital and the main investor bodies. We will be seeking approval for a new Policy at the AGM in July 2020. In a rapidly evolving remuneration landscape, we attach great importance to a regular dialogue with investors and their representative bodies. The policy will take into account pay in the wider workforce, requirements under the UK Corporate Governance Code 2018 and, where relevant, market practice.

Malus and clawback

The diagram below shows how our Executives' variable pay is 'Pay at risk', given the operation of malus and clawback. Malus is the withholding of any incentive that has not been paid or has not vested. Clawback refers to the recovery of any incentive paid or shares vested.

Summary table for Executive Directors

		Pay at risk			
Total pay	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**
Annual bonus – cash		Subject to clawback			
Annual bonus – shares		Subject to malus			
LTIP	Subject to malus			Subject to clawback	

Element	2018/19	2019/20	2020/21	2021/22	2022/23	Operation	Opportunity	Operation in the year ended 31 March 2019 2018/19	Operation in the year ending 31 March 2020 2019/20
Base Salary To reflect market value of the role and an individual's experience, performance and contribution.	✓					Salaries are normally reviewed annually. Salary levels take account of: – Role, performance and experience. – Business performance and the external economic environment. – Salary levels for similar roles at relevant comparators. – Salary increases across the Group.	Increases are applied in line with the outcome of the review. There is no prescribed maximum. Increases for Executive Directors will typically be in line with those of the wider workforce.	Jamie Hopkins (CEO) – £494,090. Graham Clemett (CFO) – £302,000.	Jamie Hopkins (CEO) – £494,090 p.a. up to 31 May 2019 when his employment ended. Graham Clemett (CFO) – £309,550 p.a. As Interim CEO, Graham will be paid £409,550 p.a. from 1 April 2019 until he ceases to be Interim CEO. This increase in salary was determined with reference to the outgoing CEO's salary.
Pension To provide market competitive pensions.	✓					Directors participate in a defined contribution pension scheme or may receive a cash allowance in lieu of pension contribution.	Up to 16.5% of salary.	Jamie Hopkins (CEO) – 16.5% of salary. Graham Clemett (CFO) – 16.5% of salary.	No change. For Graham Clemett, this will be based on his CFO salary.
Benefits To provide market competitive benefits	✓					Benefits typically include car allowance, private health insurance, and death in service cover. In addition, Directors are eligible to participate in all-employee share plans, currently the SAYE and Share Incentive Plan.	Benefits may vary by role and individual circumstance, and are reviewed periodically. There is no overall maximum.	Include car allowance, private health insurance and other benefits.	No change.

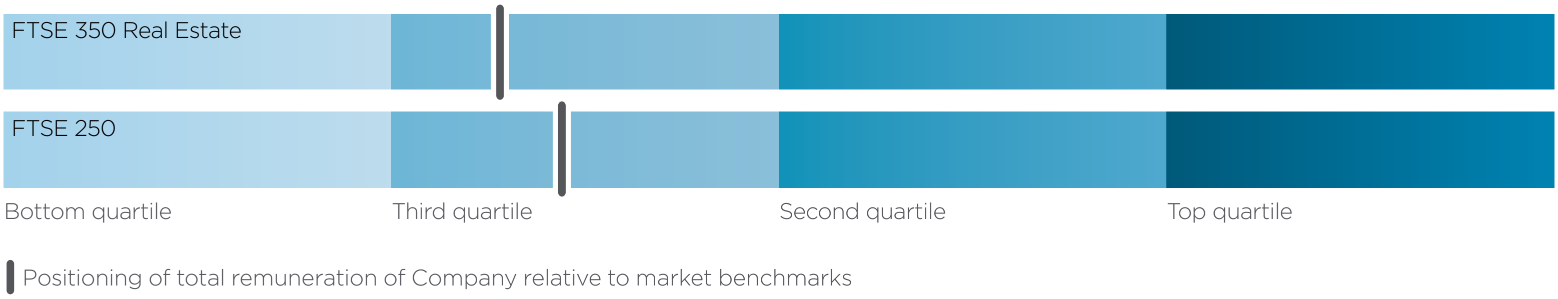
Element	2018/19	2019/20	2020/21	2021/22	2022/23	Operation	Opportunity	Operation in the year ended 31 March 2019 2018/19	Operation in the year ending 31 March 2020 2019/20
Annual bonus To reinforce and reward delivery of annual strategic business priorities, based on performance measures relating to both Group and individual performance. Bonus deferral provides alignment with Shareholder interests.						A portion of the annual bonus is deferred into shares for a period of three years. The deferral is 33% of bonus earned. Dividend equivalents may be accrued on deferred shares. The Committee may apply malus and clawback in circumstances of gross misconduct, material misstatement of the Group's results, or an error in calculation, up to the end of the deferral period.	The maximum bonus potential for Executive Directors is 120% of salary p.a.	Maximum opportunity: Jamie Hopkins (CEO) – Up to 120% of salary. Graham Clemett (CFO) – Up to 120% of salary. Performance conditions and weightings (as % of salary): – Trading profit (60%). – Total Property Return (TPR) (24%). – Customer satisfaction (12%). – Personal performance (24%). Executive Directors awarded bonuses of: Jamie Hopkins (CEO): – 115% of salary. Graham Clemett (CFO): – 115% of salary. Deferral of 33% of bonus earned. See page 145 for further details on outcomes	No change to type of performance condition or the respective weightings or maximum bonus potential. For Graham Clemett, his 2019/20 annual bonus will reflect the temporary increase in his salary as Interim CEO. The Committee is of the opinion that, given the commercial sensitivity arising in relation to the detailed financial targets used for the annual bonus, disclosing precise targets for the Annual Bonus Plan in advance would not be in shareholder interests. Actual targets, performance achieved and awards made will be published at the end of the financial year so Shareholders can fully assess the basis for any pay-outs under the annual bonus.
Long Term Incentive Plan (LTIP) To reward and align to the delivery of sustained long-term sector outperformance and to align the interests of participants with those of Shareholders.						The Committee may grant annual awards of Performance Shares which vest after three years, subject to performance conditions. Vested shares are subject to a further two-year holding period. The Committee has discretion to apply malus and clawback to awards (see above for reasons) up to the end of the holding period. Dividend equivalents may be accrued on shares in respect of the performance and holding period.	Normal maximum award of up to 200% of salary per annum.	Grant sizes for: Jamie Hopkins (CEO) – 200% of salary Graham Clemett (CFO) – 200% of salary. Performance conditions are: – 50% Total Shareholder Return (TSR) relative to FTSE 350 property companies. – 50% Total Property Return (TPR) versus IPD. – A performance underpin will apply which allows the Committee to reduce vesting if performance is inconsistent with the overall performance of the business. The 2016 LTIP vested in the year at 50.7% of the award. See page 148 for further details on outcomes.	No change to maximum LTIP opportunities or the performance conditions. For Graham Clemett, future LTIP grants will continue to be based on his CFO salary.
Shareholding requirement						Shareholding guideline for Executive Directors of 200% of salary.		Current shareholdings* are: – CEO: 276% of salary – CFO: 442% of salary	No change. Jamie Hopkins is subject to a post-employment shareholding requirement. See page 140 for details.

* Based on a share price of £9.97 being the average share price over the year to 31 March 2019 and salaries of £494,100 and £302,000 for Jamie Hopkins and Graham Clemett respectively.

How does our target total compensation compare to our peers?

The following chart shows the relative position of target total compensation for our CFO package compared to our peers.

Chief Financial Officer

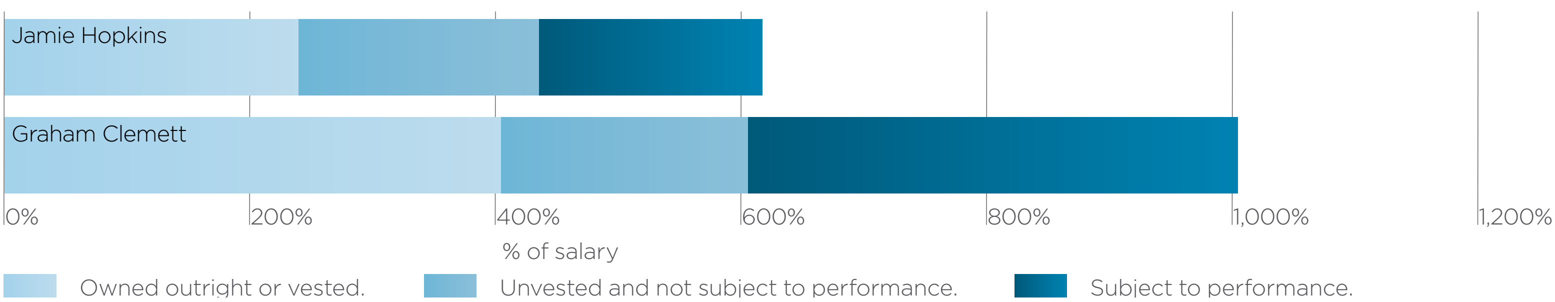


When we set the target total compensation for the Executive Directors, one of the factors the Committee considers is the competitive market for our Executive Directors, which we believe is the FTSE 250 and FTSE 350 Real Estate Sector, and the size of the Company compared to these peers. The Committee hopes the Executives will deliver above target performance, and this has been the case over recent years.

The above chart shows only the relative position of our CFO based on his CFO package (not his package as Interim CEO). We have not included equivalent information for the CEO role as we do not feel it is possible to present a fair comparison at this time.

What is our minimum shareholding requirement and has it been met?

The following chart shows that in the year our Executive Directors met their minimum shareholding requirements of 200% of salary, and therefore already have strong alignment with our Shareholders. In addition, the table shows the substantial amount of equity which can potentially be earned over the next period, further increasing exposure to the share price performance of the Company.



– See page 149 for more details

Calculated using annual average share price to 31 March 2019 of £9.97. Shareholding is as at 31 March 2019.

Post-employment shareholding requirement

We have introduced a post-employment shareholding requirement for our Executive Directors. This applies to our CEO in respect of his departure and requires him to hold shares worth 150% of salary for the year following departure and 100% of salary for the subsequent year. We will further review this requirement, both in terms of level and period, as part of our Policy review later this year.

The Committee will require shares subject to the post-employment shareholding requirement to be held by a nominee for the duration of the period.

Overall link to remuneration and equity of the Executive Directors

Our Executive Directors are encouraged to hold a high number of shares in order to ensure their interests align to those of the Shareholders, and that they take a long-term view of the sustainable performance of the Company. As such, our Directors were impacted by the share price over the year in the same way as our Shareholders.

The table below sets out the single figure for 2018/19, the number of shares held by the Director at the beginning and end of the financial year, and the impact on the value of these shares taking the opening price and closing price for the year.

	Jamie Hopkins	Graham Clemett
2018/19 single figure	£1,728.2	£1,075.5
Shares held at start of year	133,082	142,627
Shares held at end of year	118,308	122,432
Value of shares at start of year (£000s)[1]	£1,320	£1,415
Value of shares at end of year (£000s)[2]	£1,155	£1,195
Difference (£000)	-£165	-£220

1. Based on a closing share price on 31 March 2018 of £9.92.
2. Based on a closing share price on 31 March 2019 of £9.76.

Additional context on our Executive Directors' pay

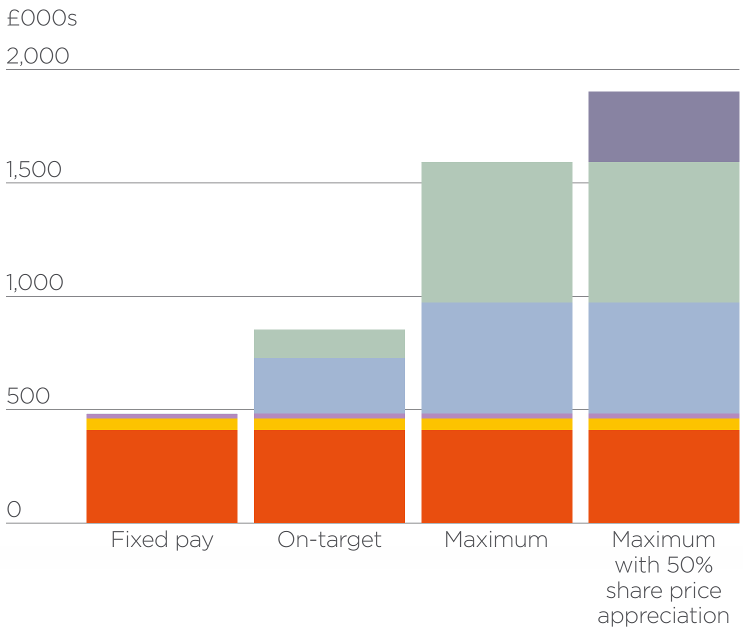
What are the possible payouts under our Policy?
Based on our Remuneration Policy approved by shareholders in 2017, along with his salary as Interim CEO, we set out scenarios for the potential remuneration to be earned by Graham Clemett under the Policy for various performance assumptions. In line with the Companies (Miscellaneous Reporting) Regulations 2018, we have included the impact of a potential scenario of a 50% share price appreciation on the LTIP.

A high proportion of Mr Clemett's package is made up of shares, supporting the alignment of Executive pay with the interests of our Shareholders.

The increased value in remuneration from share price appreciation is beneficial for both Executive Directors and Shareholders.

Single figure scenarios
Graham Clemett, Interim CEO

Salary	Salary as Interim CEO.
Pension	Current contribution rate of 16.5% of salary. (Based on his CFO salary).
Benefits	As provided in the single figure table on page 144.
Annual bonus	Minimum – no bonus payable; on-target – 50% of maximum potential bonus; maximum – maximum potential bonus. (Based on his Interim CEO salary).
LTIP	Minimum – no LTIP vesting; on-target – 20% of maximum (threshold vesting); maximum – maximum LTIP vesting. (Based on his CFO salary).
Share price growth	Impact of 50% share price appreciation over three years (on the LTIP).
Total	



Our approach to fairness and wider workforce considerations

When making remuneration decisions for the Executive Directors, we consider pay, policies and practices elsewhere in the Group.

The Committee receives regular updates from the Executive Directors on employee feedback. The Committee also monitors bonus payout and share award data.

In this section, we provide context to our Director pay by explaining our employee policies and our approach to fairness, as well as the ratio of CEO pay to that of the wider workforce.

Communication and engagement with employees

The Board are committed to ensuring there is an open dialogue with our employees over various decisions. This year, our Chairman Daniel Kitchen has been designated the Non-Executive Director responsible for overseeing employee engagement. Mr Kitchen, along with other Board members, will attend various formal and informal staff events, and meet directly with staff through briefings at key points during the year. At these briefings, employees are able to ask questions about the Group. Employees will be kept informed of Group activities and performance through these briefings and the circulation of corporate announcements and other relevant information to staff. This is supplemented by updates on the intranet.

Share Schemes

Share Schemes are a long-established and successful part of our total reward package, encouraging and supporting employee share ownership. In particular, all employees are invited to participate in the Company's Savings Related Share Option Scheme and the Share Incentive Plan.

Equal opportunities

The Company is committed to an active Equal Opportunities Policy from recruitment and selection, through training and development and in performance reviews and promotion. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit. The Company is responsive to the needs of its employees, customers and the community.

We are an organisation which uses everyone's talents and abilities, and where diversity is valued. The Company ensures its promotion and recruitment practices are fair and objective, and encourages the continuous development and training of its employees, as well as the provision of equal opportunities for the training and career development of all employees. Further details of this are shown on pages 46 and 47.

Retirement benefit provision

The Group provides retirement benefits for the majority of its employees. The Group's commitment with regards to pension contributions, consistent with the prior year, ranges from 6% to 10% of an employee's salary, excluding Executive Directors.

The pension scheme is open to every employee in accordance with the new Government auto-enrolment rules.

Pay comparisons

The chart to the right shows the single figure of remuneration for our CEO over time, and the pay of our average employee, each rebased to 2009. We have also included our TSR performance over this period.

In advance of the incoming regulatory requirement to disclose the ratio of CEO pay to workforce pay, and despite the fact that Workspace would not be required to disclose (given we do not meet the requirement regarding employee numbers), the Committee have chosen once again to disclose this ratio on a variety of bases, as shown at the bottom of the table to the right. For the 2019 figures, this is based on the regulations. For the historic figures, this is based on our own methodology. In all cases, the entire UK workforce is included.

What does the chart show?

The chart demonstrates that there continues to be a strong correlation between our CEO pay and the Total Shareholder Return of the Company. We have achieved this through the CEO receiving a high proportion of his remuneration in shares and through the variable pay within his package being based on measures which directly support the implementation of our strategy. The chart also shows that our average employee pay has trended upwards over this period.

What does the table show?

We have set out the ratio of CEO pay (based on the single figure) to that of the workforce, for the last 6 years, at the bottom of the table to the right. There is significant volatility in this ratio, caused by the following:

- Our CEO pay was made up of a higher proportion of incentive pay than that of our employees, in line with the expectations of our Shareholders, which introduces a higher degree of variability in his pay each year versus that of our employees;
- Long-term incentives, which made up a significant proportion of our CEO's pay, are provided in shares, and their value on vesting, included in his single figure, reflects the movement in share price over the three years prior to vesting. This outcome can add significant volatility to the CEO's pay and this is reflected in the ratio.

The ratio is driven by the different structure of the pay of our CEO versus that of our employees, as well as the make-up of our workforce. This ratio varies between businesses even in the same sector. What is important from our perspective is that this ratio is influenced only by the differences in structure, and not by divergence in fixed pay between the CEO and wider workforce.

Where the structure of remuneration is similar, as for the Executive Committee and the CEO, the ratio is much more stable over time.

What is the year-on-year change in our CEO remuneration?

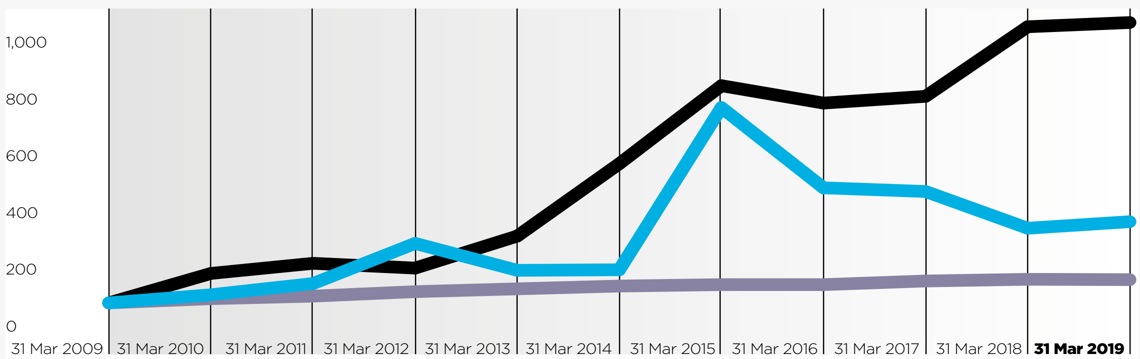
The Committee monitors the changes year-on-year between our CEO pay and average employee pay, shown in the table to the right. As per our Policy, salary increases applied to Executive Directors will typically be in line with those of the wider workforce.

The table to the right shows the percentage change in CEO remuneration, comprising salary, taxable benefits and annual bonus, and comparable data for the average of employees within the Company. The comparator group is based on all employees (excluding the CEO), normalised for joiners and leavers during the year. The average number of people employed by the Group during the year was 221 (2018: 217). All employees are eligible for consideration for an annual bonus.

- CEO single figure
- Average worker pay
- Workspace Group plc TSR

The table below sets out the single figure and CEO pay ratio on various bases over the past nine years.

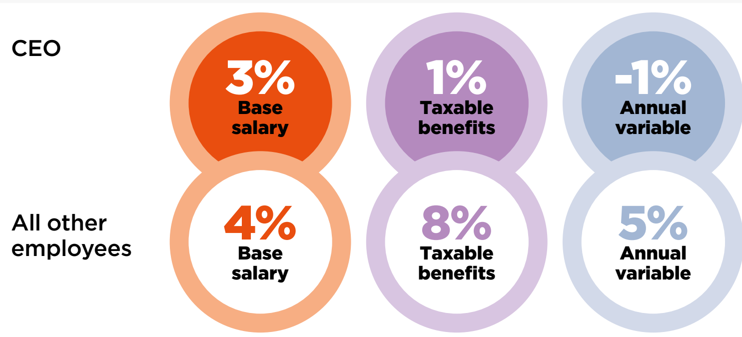
1. Mr Hopkins was appointed as an Executive Director on 12 March 2012.
2. Mr Platt retired as an Executive Director of the Company on 31 March 2012.
3. See below for details on calculation.



CEO single figure of total remuneration £000		31 Mar 2010	31 Mar 2011	31 Mar 2012	31 Mar 2013	31 Mar 2014	31 Mar 2015	31 Mar 2016	31 Mar 2017	31 Mar 2018	31 Mar 2019
Jamie Hopkins[1]		–	–	27.4	960.3	966.9	3,533.1	2,262.7	2,205.6	1,674.2	1,728.2
Harry Platt[2]		573.7	748.7	1,359.6	–	–	–	–	–	–	–
Annual bonus pay-out											
Jamie Hopkins (% of maximum opportunity)		–	–	–	100%	97.8%	97.2%	95.3%	100%	100%	95.8%
Harry Platt (% of maximum opportunity)		41.7%	85.5%	75%	–	–	–	–	–	–	–
LTIP vesting											
Jamie Hopkins (% of maximum opportunity)		–	–	–	–	–	100%	100%	88.7%	62.7%	50.7%
Harry Platt (% of maximum opportunity)		0%	0%	66.5%	–	–	–	–	–	–	–
Ratio of single total remuneration figure shown to employees as a whole	to employee lower quartile[3]	–	–	–	–	–	–	–	–	–	53x
	to employee median	–	–	–	–	34x	128x	79x	72x	48x	33x
	to employee upper quartile	–	–	–	–	–	–	–	–	–	23x
Ratio of single total remuneration figure shown to mean of Executive Committee members		–	–	–	–	0.8x	1.6x	1.1x	1.4x	1.2x	1.7x

The 2019 figures above were calculated based on the Companies (Miscellaneous Reporting) Regulations 2018). These regulations, which set out how to calculate the pay ratio, describe three methodologies that can be used to identify the employees whose pay sits at the lower quartile, upper quartile and median of the Company – these are named in the regulations as 'Options A, B or C'. Workspace has used Option B, the gender pay data, to determine these individuals, and the ratio of their pay to the CEO is set out in the table above. Given the broad consistency of employee pay structures across the business, the Company was satisfied that use of the gender pay data in this exercise is a true and fair representation of workforce pay.

	CEO			All other employees
	2019 £000	2018 £000	% change	% change
Salary	**494.1**	479.7	3.0%	4.1%
Taxable benefits	**19.0**	18.8	1.1%	7.7%
Annual variable	**568.2**	575.6	-1.2%	4.6%
Total	**1,081.3**	1,074.1	0.7%	4.4%



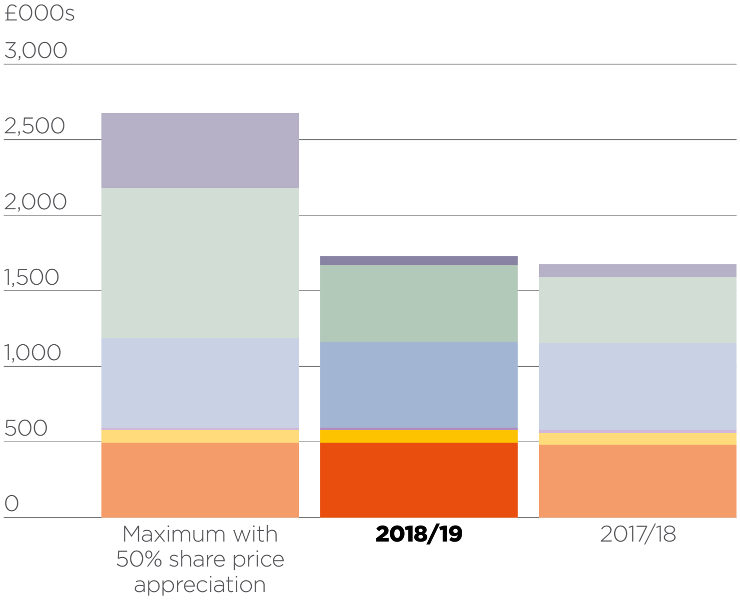
How did we implement the Policy in 2018/19?

Single figure of Executive Directors (audited)

The tables and charts below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 March 2019 and the prior year. We show these alongside the maximum pay scenario, as described on page 141.

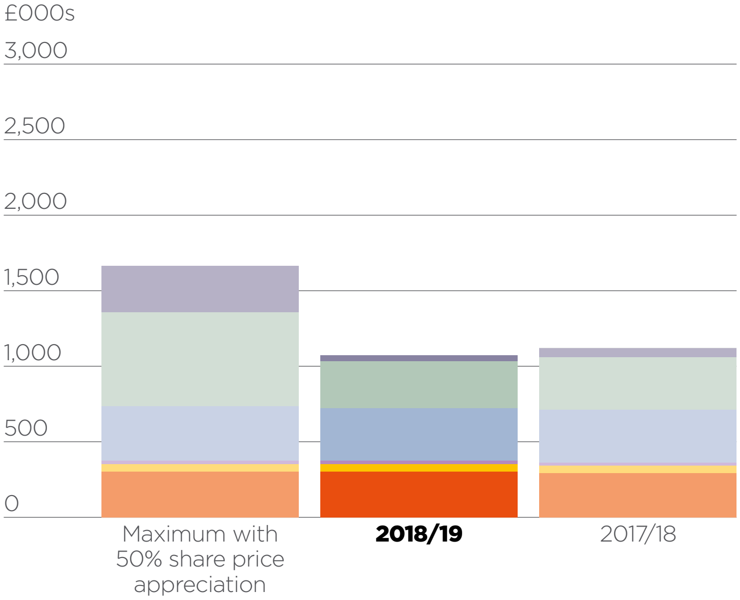
Single figure
Jamie Hopkins, CEO

	2018/19 £000	2017/18 £000
Salary	494.1	479.7
Pension[1]	81.5	79.2
Benefits[2]	19.0	18.8
Annual bonus[3]	568.2	575.6
LTIP[4]	565.3	518.9
Other – SAYE, SIP	–	2.0
Total	**1,728.2**	1,674.2
Of which share price growth	*62.2*	*79.7*



Single figure
Graham Clemett, CFO

	2018/19 £000	2017/18 £000
Salary	302.0	293.2
Pension[1]	49.8	48.4
Benefits[2]	21.3	19.9
Annual bonus[3]	347.3	351.8
LTIP[4]	352.9	407.4
Other – SAYE, SIP	2.2	2.0
Total	**1,075.5**	1,122.7
Of which share price growth	*38.8*	*62.6*



1. Pension: During 2018/19 each of Messrs Hopkins and Clemett received a cash allowance in lieu of pension contribution.
2. Benefits: Taxable value of benefits received in the year by Executive Directors includes a car allowance, private health insurance and death in service cover.
3. Annual bonus: This is the total bonus earned in respect of performance during the relevant year. For 2017/18 and 2018/19, the Committee set a minimum deferral requirement of 33% of the bonus earned. For 2018/19, this deferral was equivalent to £187,507 for Mr Hopkins and £114,609 for Mr Clemett.
4. LTIP: The 2018/19 figure includes the estimated value of 50.7% of the 2016 LTIP shares that vested based on performance to 31 March 2019. The share price used is the three-month average to 31 March 2019 of £9.39. This will be updated in next year's report to reflect the share price on the date of vesting. The 2017/18 figures have been updated to reflect the share price on the date of vesting of £10.80. As allowable under the relevant plan rules and approved Policy, the Committee determined that dividend equivalents are payable under the 2016 LTIP award - this figure includes accrued dividends on vested shares.

Annual bonus payout in respect of 2018/19

For 2018/19 the maximum bonus opportunity for the Executive Directors was 120% of salary. Payouts are subject to the assessment of performance against stretching financial, strategic and personal performance targets, and are calculated on a straight-line basis from 0% at threshold to 100% at maximum performance. Both Jamie Hopkins and Graham Clemett are required to defer 33% of their bonus into Company shares for three years. The targets are set based on the Company's budgeting process, which takes account of market expectation, planned acquisitions and disposals of assets, and aspirations around Company growth.

The performance measures, targets and outcomes for each measure are shown below:

	Weighting as a % of salary	Measure	Achieved: Threshold	Achieved: Maximum	Opportunity and outcome as a % of salary: Jamie Hopkins	Opportunity and outcome as a % of salary: Graham Clemett
Corporate	60%	Trading profit after interest	£69.1m	£72.1m	60%	60%
				£72.4m	60%	60%
	24%	Total property return from portfolio versus a defined comparator Benchmark compiled by IPD	Benchmark	Benchmark+2%	24%	24%
				Benchmark +2.2%	24%	24%
	12%	Customer satisfaction	70%	80%	12%	12%
				91.55%	12%	12%
Individual performance	24%	Personal performance (see below for full details of targets and assessment)			24%	24%
			See overleaf for full details		19%	19%

		Jamie Hopkins	Graham Clemett
Annual bonus	Opportunity	120%	120%
	Outcome (% of salary)	**115%**	**115%**
	Outcome (£000)	**£568.2**	**£347.3**

As a result the following cash bonus and deferred bonus shares will be awarded:

000s	Cash bonus	Deferred bonus shares
CEO	£380.7	£187.5
CFO	£232.7	£114.6

Personal objectives 2018/19

The Executive Directors' personal objectives focus on the delivery of the strategic priorities for the business and the successful management of risk. Based on a review of achievement against the personal objectives set out below, the Committee has awarded Jamie Hopkins and Graham Clemett 19% of salary under this element.

24%
Personal performance

Objective	Target
Active property portfolio management	– Identify scale acquisition opportunities across London and look to acquire where return criteria can be met. – Continue to identify and progress opportunities for refurbishment and redevelopment across the portfolio.
Maintain a low risk business profile	– Preparation for, and compliance with, evolving regulatory requirements. – Monitor and update IT systems and processes as appropriate to optimise efficiency and security. – The Company and its staff are aware of, and protected from existing and emerging cyber security threats.
Investor engagement programme	– Comprehensive timetable of visits, site tours and presentation to both existing and potential investors. – Delivery of high quality, added value presentations and briefings to investors and analysts.
People engagement – Doing The Right Thing	– Encourage staff engagement with local communities and potential charity opportunities. – Develop and launch a values-based staff engagement programme.
Financing	– Appropriate funding to support the growth of the Company.

Achievements in year

- Centro (second part) acquired for £76.5m.
- The Shepherds Building acquired for £125.3m.
- Acute disposal completed for £51.9m.

- 8 projects completed and launched.
- 13 projects in progress.
- 2 redevelopments exchanged for sale for £26.5m in cash and the delivery back of 1 new business centre.
- New planning permissions obtained for 4 refurbishments and 1 redevelopment.

Achievements in year

- Continued with the roll out of activity connected with the GDPR compliance programme.
- Implemented action plan for compliance with the UK Corporate Governance Code 2018.

- Enhanced CRM functionality developed to streamline operational processes.
- First phase of Workspace app development completed.
- System specification and supplier selection completed for Finance system replacement.

- Ongoing Cyber security testing and training for all staff.
- Independent Cyber Security review undertaken and action plan agreed.

Achievements in year

- 95 institutional investor meetings held.
- 10 property tours conducted.
- 5 PCB regional and London events undertaken.
- 4 conferences attended in the UK and the US.

- Presentations made and investor roadshows undertaken for both the interim and year end results.

Achievements in year

- Staff committed to 1,217 volunteering hours in activities through the year supporting 5 separate charities.
- £26,000 raised by staff from various fundraising events.

- Developed and then launched our new values to the business in Summer 2018.
- Following the launch, rolled out workshops for all teams across the Company to discuss the values and how they should be reflected in individuals' day-to-day behaviour.
- Values incorporated in the 2018/19 staff appraisal process.

Achievements in year

- Additional funds raised from £176m equity raise and £100m private placement.
- 'BBB' rating obtained from S&P.

Outcome:
19%
Personal performance

LTIP award vesting in respect of 2018/19

The 2016 LTIP awards measured performance over the period 1 April 2016 to 31 March 2019. Details of the performance targets and achievement against them are set out in the table below:

Weighting	Measure	Threshold	Maximum	Payout as % maximum
1/3 of award	Growth in Net Asset Value relative to comparators	51st percentile	75th percentile	
		Actual: 61st		17.3%
1/3 of award	TSR (share price growth plus reinvested dividends) relative to comparators	51st percentile	75th percentile	
		Actual: 66th		23.4%
1/3 of award	Absolute TSR	8.0% p.a.	17.0% p.a.	
		Actual: 9.1% p.a.		10.0%
LTIP (% maximum) vesting				50.7%

	CEO	CFO
Number of shares vesting (audited)		
– Performance share award	28,048	17,508
– Matching share award	28,048	17,508
Value of shares vesting*		
– Performance share award	£263,370	£164,400
– Matching share award	£263,370	£164,400
Date vesting	23 June 2019	

* Given the vesting date share price of £9.39, which is the three-month average price to 31 March 2019.

The Committee considered performance set out in the table above together with the underlying business performance of Workspace and concluded that 50.7% of the 2016 LTIP award should vest.

The Committee determined that no discretion needed to be exercised as a result of share price appreciation or depreciation. These awards are subject to a one-year holding period and malus and clawback provisions. The 2017 LTIP awards are based on the same targets and weightings as the 2018 LTIP award shown below, measured over the period 1 April 2017 to 31 March 2020.

LTIP awards made during the 2018/19 financial year

Under the current Policy conditional share awards under the LTIP are granted to a maximum of 200% of salary. Awards under the 2018 LTIP are subject to the performance conditions detailed in the table below measured over the period 1 April 2018 to 31 March 2021.

	Relative TSR vs. sector group[1] (1/2 of award)	Total Property Return versus London IPD index (1/2 of award)
Threshold[3] (20% vesting)	Median	Median
Maximum[3] (100% vesting)	Upper Quartile	Upper Quartile

1. The comparator group for the 2018 LTIP cycle is the constituents of the FTSE 350 Real Estate Index excluding agencies.
2. For any shares to vest on absolute TSR, the Company's TSR must exceed the median TSR of the comparator group over the performance period.
3. There is straight-line vesting between the 'Threshold' and 'Maximum' performance levels.

The following awards were granted during the year under the 2018 LTIP:

			Performance Share award		
				Face value	
	Date of grant	Market price at date of award[1]	Number of shares	£	% of salary
CEO	22 June 2018	£11.0033	89,809	988,195	200%
CFO	22 June 2018	£11.0033	54,892	603,993	200%

1. The share price for calculating the levels of awards was £11.0033 the average mid-market closing price over the three dealing days 19, 20 and 21 June 2018, in accordance with the LTIP plan rules.

Deferred shares were granted (as conditional share awards) under the 2017/18 bonus of 17,423 shares to Mr Hopkins and 10,649 shares to Mr Clemett on 26 June 2018 based on a share price of £10.8162.

Single figure for Non-Executive Directors (audited)

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 March 2019 and the prior year:

	Daniel Kitchen		Maria Moloney		Chris Girling		Damon Russell		Stephen Hubbard		Ishbel Macpherson	
Non-Executive Director	**2018/19 £000**	2017/18 £000	**2018/19 £000**	2017/18 £000	**2018/19 £000**	2017/18 £000	**2018/19 £000**	2017/18 £000	**2018/19 £000**	2017/18 £000	**2018/19 £000**	2017/18 £000
Base fee	**183.5**	178.5	**49.6**	48.2	**49.6**	48.2	**49.6**	48.2	**49.6**	48.2	**9.6**	–
Additional fees	**-**	–	**10.5**	10.5	**10.5**	10.5	**-**	–	**-**	–	**-**	–
Total	**183.5**	178.5	**60.1**	58.7	**60.1**	58.7	**49.6**	48.2	**49.6**	48.2	**9.6**	–

1. Additional fees were paid to Maria Moloney as Chairman of the Remuneration Committee and to Chris Girling as Chairman of the Audit Committee.
2. Expenses incurred by Non-Executive Directors represent the cost to the Group, being gross of taxation. In 2018/19, Daniel Kitchen, Maria Moloney and Chris Girling were reimbursed for out of pocket expenses, incurred in attending meetings in connection with the discharge of their duties, of £11,010, £14,732 and £2,201 respectively.
3. Ishbel Macpherson joined the Board as a Non-Executive Director of the Company, with effect from 23 January 2019.

Share ownership and share interests (audited)

The shareholding guideline for Executive Directors is 200% of salary. The table below shows the interests of the Directors and connected persons in shares (owned outright or vested). There have been no changes in the interests in the period between 31 March 2019 and 4 June 2019. Both Jamie Hopkins and Graham Clemett exceed the shareholding guidelines.

	31 March 2019	31 March 2018
Chairman		
Daniel Kitchen	**44,700**	44,700
Executive Directors		
Jamie Hopkins	**118,308**	133,082
Graham Clemett	**122,432**	142,627
Non-Executive Directors		
Maria Moloney	**2,027**	2,027
Chris Girling	**Nil**	Nil
Damon Russell	**Nil**	Nil
Stephen Hubbard	**15,290**	15,290
Ishbel Macpherson[1]	**3,150**	N/A

1. Ishbel Macpherson joined the Board as a Non-Executive Director of the Company, with effect from 23 January 2019. Ishbel Macpherson acquired 3,150 shares on 1 February 2019 at a price of 950.298p.

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

Executive Director	Type	Owned outright or vested[2]	Unvested and not subject to performance[3]	Subject to performance[4]	Total
Jamie Hopkins	Shares	118,308	93,638	90,050	301,996
	Market value options[1]	Nil	3,474	Nil	3,474
Graham Clemett	Shares	122,432	57,960	120,755	301,147
	Market value options[1]	Nil	2,783	Nil	2,783

1. Market value options include SAYE options outstanding not yet matured as at 31 March 2019. The exercise price of these was set at 80% (in accordance with HMRC and the plan rules) of the market value of a share at the invitation date. See page 154 for further details.
2. Total shares owned outright or vested shares.
3. The interests in shares comprise those LTIP awards granted in 2016 which are no longer subject to performance but are due to vest on 23 June 2019, of 35,016 shares for Mr Clemett and 56,096 shares for Mr Hopkins. The interest in shares for Mr Hopkins reflect the pro-rating of these awards following his departure on 31 May 2019. In addition, the gross number of deferred bonus shares awarded in 2017 of 20,119 and 2018 of 17,423 for Mr Hopkins and 12,295 and 10,649 for Mr Clemett are also included in this figure.
4. The interest in shares of 120,755 for Mr Clemett and the interest in shares of 90,050 for Mr Hopkins consist of the total LTIP awards made in 2017 and 2018, details of which can be found on page 153 of this Report. The interest in shares for Mr Hopkins reflect the pro-rating of these awards following his departure on 31 May 2019.

External appointments

It is the Board's policy to allow Executive Directors to take up one Non-Executive position on the Board of another company, subject to the prior approval of the Board. Any fee earned in relation to outside appointments is retained by the Executive Director. Mr Clemett was appointed a Non-Executive Director and Chairman of the Audit Committee of The Restaurant Group plc, effective 1 June 2016. Mr Clemett is paid an annual fee of £61,200. Mr Hopkins was appointed a Non-Executive Director of St. Modwen Properties PLC, effective from 1 March 2018, and is paid an annual fee of £47,069.

Relative importance of spend on pay

The chart below shows the Company's actual expenditure on Shareholder distributions (including dividends and share buybacks) and total employee pay expenditure for the financial years ended 31 March 2018 and ended 31 March 2019.

Employee remuneration

Distribution to shareholders

* The estimated total dividend as reported in the financial statements for the year to 31 March 2018 was £44.9m. The actual amount paid was £47.9m due to the additional shares issued following the equity placing in June 2018.

How will we apply the Policy in 2019/20?

We believe that the Policy continues to be fit for purpose going forward, and therefore the Committee is not proposing to make any changes for 2019/2020.

Base salary

The Committee agreed that, in accordance with the Remuneration Policy, Mr Clemett's salary will be temporarily increased to £409,500 p.a. from 1 April 2019 until the end of his appointment as Interim Chief Executive Officer, in recognition of his additional responsibilities during this period. This increase in salary was determined with reference to the outgoing CEO's salary. Mr Clemett's salary will be reviewed in October 2019 if a permanent successor for Mr Hopkins has not been found and Mr Clemett remains in this role.

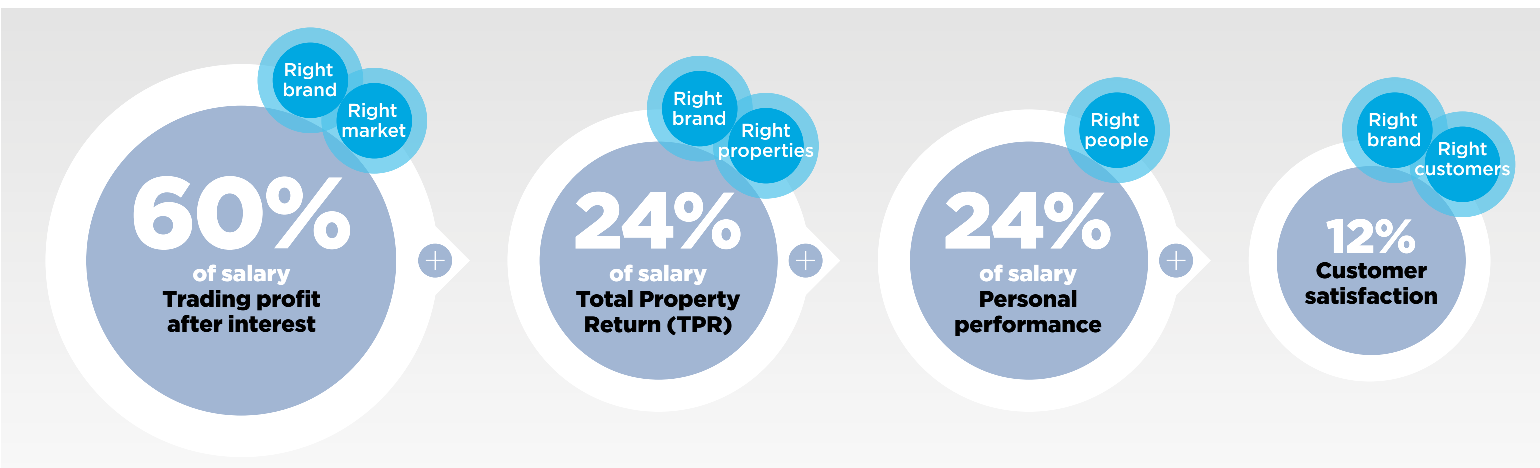
Benefits and pension

No change. For Graham Clemett, these will be based on his CFO salary.

Annual bonus

There is no change to the annual bonus maximum potential in 2019/20, and this will continue to be 120% of salary. For Graham Clemett, this will reflect the temporary increase in his salary as Interim CEO.

No changes are being made to the performance measures and they will be:



33% of the total bonus paid will be deferred into shares for three years. Dividend equivalents may be accrued on deferred shares.

Whilst we believe that disclosing the exact performance conditions and targets for the personal performance would not be in the best interests of Shareholders, we remain committed to best practice disclosure. We therefore set out overleaf some of the categories that the Committee will consider in respect of evaluating personal performance, and examples of the nature of some of the goals under these (excluding exact targets). Full disclosure on the targets, performance achieved and resulting bonus payouts for 2019/20 will be provided in next year's report.

Personal objectives 2019/20

Objective	Target
Drive operational performance	– Deliver 'best in class' experience to both prospective and existing customers. – Utilise our IT systems to improve functionality and customer journey. – Identify and grow incremental revenue opportunities.
Active property portfolio management	– Identify scale opportunities to grow the Workspace business and proceed with acquisition where return criteria can be met, alongside the timely disposal of under-performing properties. – Continue to identify and progress opportunities for refurbishment and redevelopment across the portfolio. – Incorporate environmental, social and governance (ESG) factors in all investments, development projects and property management decisions.
Maintain a low risk business profile	– Review and test business continuity and crisis management processes and procedures. – Complete Cyber Security action plan and maintain regular staff awareness training.
Investor engagement programme	– Comprehensive timetable of visits, site tours and attendance at conferences for both existing and prospective investors. – Deliver high quality, added value reports and presentations. – Continue to participate in sustainability benchmarking indices including GRESB, EPRA SBPR, CDP, FTSE4Good and Investors in People.
Stakeholder engagement – doing the right thing	– Calendar of events to promote staff well-being and engage staff in the support of charitable causes and local youth mentoring. – Utilise stakeholder feedback to develop and communicate a clear and compelling purpose statement for the Company. – Review and implement as appropriate feedback from staff value workshops on how behaviours across the Company should change to better reflect our values.
Financial	– Ensure appropriate funding available to support the Company's growth plans.

Long-Term Incentive Plan (LTIP)

Maximum award 200% of salary. For Graham Clemett, this will be based on his CFO salary. The performance measures are such that 50% will be based on Total Property Return against a London focused IPD index and 50% will be based on relative TSR against FTSE 350 Real Estate companies. The targets for the two elements are as follows:

	Total Shareholder Return relative to FTSE 350 Real Estate Supersector index excluding agencies	Total Property Return versus London focused IPD index
Threshold vesting		
(20% of maximum)	Median	Median
Maximum vesting		
(100% of maximum)	Upper quartile	Upper quartile

A holding period of two years will apply to any vested shares under the LTIP.

To ensure any payouts are fully reflective of underlying performance, the LTIP underpin allows the Committee to reduce vesting should the Committee believe that the relative TSR and/or relative TPR performance is inconsistent with the overall performance of the business.

Non-Executive Director fees

The fees for Non-Executive Directors are reviewed and agreed annually. The fees, which are effective from 1 April 2019, are set out in the table below.

	2019 fee	2018 fee	% change
Chairman	£188,451	£183,855	2.5%
NED base fee	£50,881	£49,640	2.5%
Chair of Audit Committee fee	£10,500	£10,500	0%
Chair of Remuneration Committee fee	£10,500	£10,500	0%

Mr Hopkins' termination arrangements

Mr Hopkins received salary, benefits and pension allowance in the normal way up until 31 May 2019 when his employment ended.

The Committee has, in its discretion, determined that Mr Hopkins should be treated as a good leaver in relation to annual bonus and outstanding LTIP awards. As a result he will be paid his annual bonus of £568.2k in respect of the year ended 31 March 2019 which he served in full. In accordance with the Remuneration Policy, 33% of the bonus will be deferred into shares for three years and the remainder will be paid on the normal bonus payment date.

Mr Hopkins' outstanding LTIP awards will vest on the normal vesting dates, subject to satisfaction of the relevant performance conditions (measured over the full performance periods) and subject to time pro-rating. In accordance with the rules of the LTIP, the net number of any vested shares will be subject to holding periods which end on the second anniversary of vesting (or 31 May 2021, if earlier). Mr Hopkins' outstanding deferred bonus share awards will vest in full on the normal vesting dates in accordance with the plan rules and the Remuneration Policy. Malus and clawback provisions will continue to apply to annual bonus, deferred bonus and LTIP awards.

Outstanding SAYE options and shares held under the SIP will be treated in accordance with the terms of the plan rules. Mr Hopkins will be paid £1,000 as consideration for the extension of his post-termination non-compete restrictive covenant from 6 months to 12 months. The Company has contributed £2,000 towards legal costs incurred by Mr Hopkins in connection with his departure.

Mr Hopkins will be subject to a post-employment shareholding requirement of 150% of salary for the year following departure and 100% for the subsequent year. Shares subject to these requirements will be held by a nominee until the end of the applicable holding periods.

Additional information

Payments for loss of office (audited)

None within the financial year. Details of the termination arrangements of the CEO (applicable to 2019/20) are shown above.

Payments to past Directors (audited)

None.

Service contracts of Directors serving in the year

Executive Directors are employed under contracts of employment with Workspace Group PLC. The principal terms of the Executive Directors' service contracts are as follows.

			Notice period	
Executive Director	Position	Effective date of contract	From Company	From Director
Jamie Hopkins[1]	Chief Executive Officer	3 February 2012	12 months	12 months
Graham Clemett	Chief Financial Officer	31 July 2007	12 months	12 months

1. Jamie Hopkins' employment with the Company ended on 31 May 2019.

The Chairman and Non-Executive Directors have letters of appointment. Dates of the Directors' letters of appointment are set out below:

Name	Date of original appointment (date of reappointment)	Date of appointment/ last reappointment at AGM	Notice period
Daniel Kitchen	6 June 2011 (6 June 2017)	2018	6 months
Maria Moloney	22 May 2012 (22 May 2018)	2018	3 months
Chris Girling	7 February 2013 (7 February 2019)	2018	3 months
Damon Russell	29 May 2013 (29 May 2019)	2018	3 months
Stephen Hubbard	16 July 2014 (16 July 2017)	2018	3 months
Ishbel Macpherson[1]	23 January 2019 (N/A)	N/A	3 months

1. Ishbel Macpherson joined the Board as a Non-Executive Director of the Company, with effect from 23 January 2019. Ishbel Macpherson is being proposed for election by shareholders at the forthcoming AGM on 11 July 2019.

The Directors are subject to annual re-election at the AGM. Non-Executive Directors' letters of appointment and Executive Directors' contracts are available to view at the Company's registered office.

Who are the Committee's advisers?

During the year, PwC LLP acted as independent adviser to the Committee. PwC LLP was appointed in 2018 following a selection process. PwC LLP is a founding member of the Remuneration Consultants Group and voluntarily operates under the Code of Conduct in relation to Executive remuneration consulting in the UK. The Committee is satisfied that the PwC LLP engagement partner and team, which provide remuneration advice to the Committee, do not have connections with the Group that may impair their objectivity and independence. The fees charged by PwC LLP for the provision of independent advice to the Committee during the year were £51,950.

Other than in relation to advice on remuneration, PwC LLP did not provide any other services to the Company.

Voting at the Company's AGMs

The table below sets out the results of the most recent Shareholder votes on the Policy Report and the advisory vote on the 2017/18 Annual Report on Remuneration at the 2018 AGM on 13 July 2018. The Committee views this level of Shareholder support as a strong endorsement of the Company's Policy and its implementation.

	Percentage of votes cast		Number of votes cast		
	For and Discretion	Against	For and Discretion	Against	Withheld[1]
Policy Report (2017 AGM)	99.72	0.28	108,262,655	308,916	1,728
Annual Report on Remuneration (2018 AGM)	99.27	0.73	161,725,502	1,192,808	198,173

1. A withheld vote is not a vote in law and is not counted in the calculation of the proportion of votes cast for and against a resolution.

Share-based awards and dilution

The Company's share schemes are funded through a combination of shares purchased in the market and new-issue shares, as appropriate. The Company monitors the number of shares issued under these schemes and their impact on dilution limits. The Company's usage of shares compared to the relevant dilution limits set by the Investment Association in respect of all shares plans (10% in any rolling 10-year period) and Executive share plans (5% in any rolling 10-year period) as at 31 March 2019 is detailed on the next page.

As of 31 March 2019, around 4.2% and 3.6% 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

Supplementary information on Directors' remuneration

Outstanding LTIP awards

Details of current awards outstanding to Jamie Hopkins and Graham Clemett are detailed below.

	At 1 April 2018			Lapsed during the year		Vested during the year			At 31 March 2019		
Name	Performance[2]	Invested[3]	Matching[4]	Performance	Matching	Performance	Invested	Matching	Performance	Invested	Matching
Jamie Hopkins											
26/06/2015	49,229	7,263	27,407	(18,363)	(10,223)	30,866	7,263	17,184	–	–	–
23/06/2016	56,510	14,975	56,510	–	–	–	–	–	56,510	14,975	56,510
20/07/2017[1,5]	107,757	–	–	–	–	–	–	–	107,757	–	–
22/06/2018[1,5]	–	–	–	–	–	–	–	–	89,809	–	–
Graham Clemett											
26/06/2015[1]	30,084	7,972	30,084	(11,222)	(11,222)	18,862	7,972	18,862	–	–	–
23/06/2016[1]	34,534	9,151	34,534	–	–	–	–	–	34,534	9,151	34,534
20/07/2017[1,5]	65,863	–	–	–	–	–	–	–	65,863	–	–
22/06/2018[1,5]	–	–	–	–	–	–	–	–	54,892	–	–

1. Awards will vest subject to the satisfaction of performance conditions detailed on page 148 over the three-year performance period.
2. LTIP Awards made to the Executive Directors: In June 2015 awards were in respect of 100% of salary based on a share price at date of award of £9.1408, in July 2017 awards were in respect of 200% of salary based on a share price at date of award of £8.9033 and in June 2018, awards were in respect of 200% of salary based on a share price at date of award of £11.0033. 62.7% of the 2015 Awards vested on 26 June 2018.
3. 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 149 of this Report.
4. Matching Awards were granted to participants who purchased Invested Shares. In 2015 matching shares granted were up to 100% of salary for Mr Clemett and 56% of salary for Mr Hopkins and in 2016, matching shares were granted up to 100% of salary for each of Messrs Clemett and Hopkins.
5. The LTIP awards granted in July 2017 and June 2018 were made under the new LTIP approved by Shareholders at the AGM in July 2017.

Share options

The following table shows, for the Directors who served during the year, the interests in outstanding awards under the HMRC-approved Savings Related Share Option Plan and SIP Awards.

	At 01/04/2018	Granted during the year	Lapsed during the year	Vested in year	At 31/03/2019	Exercise price	Normal exercise date	
							From	To
Jamie Hopkins	107[1]	–	–	–	107	–	18.09.2018	–
	228	–	–	–	228	–	30.08.2020	–
	3,474[2]	–	–	–	3,474	£5.18	–	–
Graham Clemett	1,737	–	–	–	1,737	£5.18	01.09.2019	01.03.2020
	–				1,046	£8.60	01.09.2021	01.03.2022
	107	–	–	–	107	–	18.09.2018	
	228	–	–	–	228	–	30.08.2020	

1. Each of Messrs Hopkins and Clemett were granted awards under the Share Incentive Plan in September 2015 and August 2017.
2. In accordance with the rules of the SAYE scheme, the awards granted to Mr Hopkins will lapse on the date that he left the Company on 31 May 2019.

There have been no changes in Directors' interests over options in the period between the balance sheet date and 4 June 2019. The Directors' Remuneration Report has been approved by the Board of Workspace Group PLC.

By order of the Board

Dr Maria V Moloney
Chairman of the Remuneration Committee
4 June 2019

Report of the Directors

The Directors present their report on the affairs of the Group together with the audited financial statements for the year ended 31 March 2019.

Workspace Group PLC is incorporated in the UK and registered as a public limited company in England and Wales. Its headquarters are in London and it is listed on the main market of the London Stock Exchange.

This section of the Annual Report sets out the information required to be disclosed by the Company in the Directors' Report. Certain matters that would otherwise be disclosed in the Directors' Report have been reported elsewhere in the Annual Report and consequently, this Directors' Report should be read in conjunction with our Strategy Report on pages 36 to 39, and a description of the Company's business model on pages 40 to 41. It also includes our report on our 'Doing the Right Thing' programme, principal risks and uncertainties and the Going Concern and Viability Statement.

The Corporate Governance Report and Chairman's Governance Report for the year ended 31 March 2019 on pages 78 to 160, are incorporated by reference into this Directors' Report.

Post Balance Sheet events

Details of post Balance Sheet events can be found in page 200.

Principal activities and business review

The Group is engaged in property investment and letting business space to London businesses. As at 31 March 2019, the Company had nine active subsidiaries, five of which are property investment companies owning properties in Greater London. The other four companies are: Workspace Management Limited; LI Property Services Limited; Workspace 17 (Jersey) Limited; and Workspace Newco 1 Limited. A full list of the Company's subsidiaries and other related undertakings appears on page 199.

Significant events which occurred during the year are detailed in the Chairman's statement on page 16, the Interim Chief Executive Officer's Statement on pages 34 to 35 and the Business Review on page 67.

A description of the principal risks and uncertainties facing the Group can be found on pages 55 to 65. Details of the Group's health and safety policies can be found on page 61 and information on its environmental and community engagement activities can be found on pages 42 to 48.

Profit and dividends

The Group's profit after tax for the year attributable to shareholders amounted to £137.3m (2018: £171.4m).

The interim dividend of 10.61 pence (2018: 8.84 pence) was paid in February 2019 and the Board is proposing to recommend the payment of a final dividend of 22.26 pence (2018: 18.55 pence) per share to be paid on 2 August 2019 to shareholders whose names are on the Register of Members at the close of business on 5 July 2019. This makes a total dividend of 32.87 pence (2018: 27.39 pence) for the year.

Going Concern and the Viability Statement

The Company's Going Concern and Viability Statements can be found on page 66.

The Group's activities, strategy and performance are explained in the Strategic Report on pages 16 to 76.

Further detail on the financial performance and financial position of the Group are provided in the financial statements on pages 168 to 200.

Financial risk management

The financial risk management objectives and policies of the Group are set out in note 17 to the financial statements and in the Corporate Governance section of this report on page 89.

Disclosure of information to auditors

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

Share capital and control

As at 31 March 2019, the Company's issued share capital comprised a single class of 180,385,498 Ordinary Shares of £1.00 each. Details of the Company's issued share capital are set out on page 194.

Full details of share options and awards under the terms of the Company's share incentive plans can be found on pages 195 to 197.

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.

Equity placing

On 8 June 2018, the Company issued an additional 16,320,062 new Ordinary Shares at a price of 1,100 pence per share by way of a placing, raising gross proceeds of approximately £179.5 million. Unlike a rights issue, a placing of shares does not involve an offer to all existing shareholders, but an issue of shares directly to certain shareholders, most usually institutions. There are regulatory restrictions on placings which are designed to protect the rights of existing shareholders and to which the Company adhered. The Company also complied with the Pre-Emption Group's 2015 Statement of Principles.

At the 2017 AGM, shareholders gave the Company authority to: (i) allot shares up to a maximum nominal amount of £54,400,210, which represented approximately one-third of the Company's issued share capital as at 8 June 2017, being the latest practicable date prior to the publication of the Notice of Annual General Meeting for 2017; and (ii) allot shares up to a maximum nominal value of £16,320,062, which represented approximately 10 per cent of the Company's issued share capital as at that date, without having to first offer any of those shares to existing shareholders, provided that those shares were issued in connection with the funding of acquisitions and other specified capital investments.

The Company used the authorities given to it at the 2017 AGM to issue the additional 16,320,062 new Ordinary Shares, which represented an approximately 9.96 per cent increase to the Company's issued share capital prior to the placing. This was the only increase in issued share capital due to a non-pre-emptive issuance for cash over the three-year period preceding the issue.

The placing raised net proceeds of £176,419,870, which are being used to finance the Company's ongoing project pipeline and acquisition strategy, including the acquisition of the Centro buildings in Camden announced in January and April 2018. The placing price of 1,100 pence per share reflected a 0.9 per cent discount to the middle market share price at the time at which the Company agreed the placing price with the joint bookrunners. The net placing price of approximately 1,081 pence per share received by the Company after expenses directly attributable to the placing represented a discount of approximately 2.8 per cent to the middle market price at the time at which the Company agreed the placing price.

Restrictions on transfer of shares

There are no restrictions on the transfer of ordinary shares in the Company other than in relation to certain restrictions that are imposed from time to time by laws and regulations (for example insider trading laws). In addition, pursuant to the Listing Rules of the Financial Conduct Authority, Directors and certain officers and employees of the Group require the approval of the Company to deal in ordinary shares of the Company.

Purchase of own shares

Under the Company's Articles of Association, the Company may purchase any of its own shares. The Company was granted authority at the 2018 Annual General Meeting to make market purchases of its own Ordinary Shares. This authority will expire at the conclusion of the 2019 Annual General Meeting and a resolution will be proposed to renew this authority. No Ordinary Shares were purchased under this authority during the year.

2018 Annual General Meeting

At the Company's Annual General Meeting on 13 July 2018, a significant number of votes were cast against resolutions 14 (Authorising political donations), 15 (Disapplying pre-emption rights) and 16 (Disapplying pre-emption rights in connection with an acquisition or specified capital investment). These votes prevented resolutions 15 and 16 from being passed, as these are special resolutions requiring at least 75% of all votes cast by shareholders to be in favour of them in order to pass.

Since the 2018 Annual General Meeting, the Company has proactively engaged with shareholders on these matters in order to fully understand their views. The Board has assessed the feedback received and as a result of this consultation, has proposed modified resolutions for the 2019 Annual General Meeting.

The proposed resolution authorising political donations specifies a lower limit (of £20,000 in aggregate) on political donations over the year. This resolution is proposed as a precaution to ensure that the Company's normal business activities are not inadvertently caught by the broad definitions used in the relevant provisions of the Companies Act 2006. It remains the policy of the Company not to make political donations or incur political expenditure within the ordinary meaning of those words and the Board has no intention of using the authority for that purpose.

In addition, the Directors are proposing a single resolution disapplying pre-emption rights for the 2019 Annual General Meeting that would apply in very limited circumstances. The proposed disapplication resolution is limited to allotments and/or sales: (i) in connection with pre-emptive offers and offers to holders of Equity Securities other than Ordinary Shares (if required by the rights of those securities or as the Directors otherwise consider necessary); and (ii) in connection with the terms of any employees' share scheme for the time being operated by the Company.

The Board respects and values the views of shareholders and continues to take its responsibility to engage with shareholders seriously.

Substantial shareholdings in the Company

As at 29 March 2019, the following interests in voting rights over the issued share capital of the Company had been notified.

Shareholder	Number of shares	Percentage held
The London & Amsterdam Trust Company Limited	52,485,818	29.10
TA Associates	20,502,513	11.37
BlackRock Inc	15,066,605	8.35
Standard Life Aberdeen	12,386,604	6.87

As at 24 May 2019 the following interests in voting rights over the issued share capital of the Company had been notified.

Shareholder	Number of shares	Percentage held
The London & Amsterdam Trust Company Limited	52,485,818	29.10
TA Associates	20,487,513	11.36
BlackRock Inc	15,107,073	8.37
Standard Life Aberdeen	12,240,333	6.79

Board of Directors

The names and biographical details of the Directors and details of the Board Committees of which they are members are set out on pages 96 to 102 and incorporated into this Report by reference. Changes to the Directors during the year and up to the date of this Report are set out on page 79. At the date of this Report there are currently seven Directors on the Board of Workspace Group PLC.

The Company's current Articles of Association require any new Directors to stand for election at the next AGM following their appointment. The Articles of Association also require each Director to stand for re-election every three years following their election. However, in accordance with the Code and the Company's current practice, all continuing Directors will offer themselves for election or re-election (as applicable), at the AGM on 11 July 2019.

Details of the Directors' interests in the shares of the Company and any awards granted to the Executive Directors under any of the Company's all-employee or Long Term Incentive Plans are given in the Directors' Remuneration Report on pages 127 to 154. The Service Agreements of the Executive Directors and the Letters of Appointment of Non-Executive Directors are also summarised in the Directors' Remuneration Report and are available for inspection at the Company's registered office.

The appointment and replacement of Directors is governed by the Company's Articles of Association, the Code, the Companies Act 2006 and any related legislation. Unless otherwise determined by ordinary resolution of the Company, the Directors shall not be less than two or more than 10 in number. The Board may appoint any person to be a Director so long as the total number of Directors does not exceed the limit prescribed in the Articles of Association. In addition to any power of removal conferred by the Companies Act 2006, the Company may by ordinary resolution remove any Director before the expiry of their period of office.

Directors' indemnity

Under the Company's Articles of Association, to the extent permitted by the Companies Act 2006, the Company indemnifies any Director, Secretary or other Officer of the Company against any liability and may purchase and maintain insurance against such liability. The Board understands that the provision of such indemnification is in keeping with current market practice and believes that it is in the best interest of the Group to provide such indemnities in order to attract and retain high-calibre Directors and Officers. The Company purchased and maintained Directors' and Officers' liability insurance during the year and at the date of approval of the Directors' Report.

Directors' conflicts of interest

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

The Company has procedures in place for managing conflicts of interest. Should a Director become aware that they, or their connected parties, have an interest in an existing or proposed transaction with the Company, they are required to notify the Board in writing or verbally at the next Board Meeting.

Employees

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

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.

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

The Company remains supportive of the employment and advancement of disabled persons and monitors its promotion and recruitment practices such that they are fair and objective.

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

The Group provides retirement benefits for the majority of its employees. Details of the Group pension arrangements are set out in note 26 on page 200.

Further information on Group employees can be found on pages 46 to 47.

Health and safety

We take the health and safety of our employees, customers, visitors and others who may be affected by our activities with the greatest seriousness, and we fully comply with all health and safety legislation applicable to our business.

During 2018 we monitored and reviewed our health and safety systems to promote continued compliance with HSE standards, carried out portfolio wide fire safety training with employees and customers and reduced our accident rate across the portfolio with zero reportable incidents. Specific-to-role UKAS and IOSH accredited health and safety training was completed by 74 members of staff.

In 2019 we intend to continue to promote a healthy environment and culture across our organisation, provide the necessary training for head office and site staff to remain competent to meet their health and safety responsibilities, implement a revised audit system to ensure maintenance of standard practices across the portfolio and undergo an external gap analysis to review the efficiency of our existing health and safety management systems.

Training

We train our employees so that they are competent and confident to carry out their jobs in a safe and professional manner. Our people lead by example, working on the principle that if they display high standards in the way they go about their business, then our customers will follow suit.
In addition to external training, every new starter is given in-house induction training with ongoing awareness promoted through toolbox talks and safety committee meetings throughout the year.

Compliance management

We use a compliance monitoring tool, E-Logbooks, which is a proven system that enables us to monitor statutory compliance and routine maintenance across the entire portfolio. It is used by all our site staff and facilities managers as well as key head office personnel.

External health and safety gap analysis

As part of our commitment to continuous improvement and internal audit, we undergo an external health and safety gap analysis every three years. Evaluation of the results from these external audits are used to facilitate system improvements, and to demonstrate to interested parties that the organisation makes use of independent, external reviews of its internal systems.

Redevelopment projects and contractor safety

Redevelopment and refurbishment projects regularly take place across our portfolio, on both occupied and vacant sites. We closely manage our contractors' activities and the associated risks to the health and safety of customers and visitors, particularly where building works are being carried out in close proximity to common parts and tenant-occupied areas. For the fifth consecutive year, there have been no contractor related accidents or incidents that have affected our customers.

Greenhouse gas ('GHG') emissions

In line with the requirements of The Greenhouse Gas Emissions (Directors' Reports) Regulations 2013 we have continued to benchmark and report our emissions that result from our business activities. Emissions are calculated from the following sources:

Scope 1 emissions – direct emissions

- On-site fuel combustion: Gas or oil purchased for our assets. This includes tenant consumption where we procure gas on their behalf.
- Fugitive emissions: Refrigerant leaks from owned air-conditioning ('RAC') equipment.
- Company vehicles: Fuel combustion and refrigerant leakage.

Scope 2 emissions – indirect emissions

- Purchased electricity: Electricity purchased for our assets. This includes tenant consumption where we procure electricity on their behalf.
- Purchased heat: Heat purchased for our assets. This includes tenant consumption where we procure district heat on their behalf.

Carbon emissions by source (tCO_2e)

In order to satisfy the requirements, we report both absolute emissions and emissions as an intensity ratio, this is based on net lettable and occupied area.

Source of emissions	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	**2018/19**	% Change
Scope 1 (direct emissions)	4,222	3,846	3,515	3,375	3,181	3,192	**3,113**	-26%
Workspace								
Gas	3,959	3,535	3,194	2,847	2,849	2,804	**2,707**	
Fugitive emissions	169	216	244	458	319	383	**403**	
Vehicle emissions	2	2	4	7	4	5	**3**	
Joint venture								
Gas	60	64	51	42	5	0	**0**	
Heating oil	31	28	20	20	3	0	**0**	
Fugitive emissions	0	2	2	2	0	0	**0**	
Scope 2 (indirect emissions)	10,822	11,290	12,405	12,366	10,110	8,863	**7,179**	-34%
Workspace								
Purchased electricity (location-based)	10,510	10,956	12,037	12,129	10,005	8,762	**7,026**	
Purchased electricity (market-based)	–	–	–	–	–	1,004	**50**	
Purchased heat (location-based)	0	0	0	84	92	100	**152**	
Purchased heat (market-based)	–	–	–	–	–	–	**152**	
Joint venture								
Purchased electricity	312	334	368	153	14	0	**0**	
Total	15,044	15,136	15,920	15,741	13,292	12,055	**10,292**	-32%
Net lettable area tCO_2e/m^2	0.030	0.031	0.035	0.036	0.037	0.035	**0.028**	
Occupied space area tCO_2e/m^2	0.035	0.036	0.040	0.041	0.044	0.041	**0.033**	

1. Previous data has been recalculated to account for changes and additions.
2. Emissions from vacant units have been omitted from data collection as they are considered to be immaterial.
3. Calculations based upon a 5% materiality threshold.
4. Joint venture emissions as a proportion of our equity share.
5. DEFRA Environmental Reporting Guidelines and the financial control approach applied.
6. Note that when reporting totals, the location-based emissions are used.

Performance

The 2018/19 Greenhouse Gas (GHG) emissions across the portfolio have decreased by 32% against our 2012/13 baseline and 15% compared to the previous year. The carbon intensity has also decreased compared to our 2012/13 baseline and previous year.

The reduction in our 2018/19 GHG emissions and intensity can be attributed to a number of factors including changes in the portfolio (three sales, three acquisitions), several completed development and major refurbishment projects which had a strong focus on energy efficiency and the delivery of portfolio wide energy efficiency projects. Another contributing factor to the year-on-year reduction is a decrease in the carbon dioxide emission factor for UK electricity generation, which is attributed to a significant decrease in coal generation and the rapid expansion of renewables.

Although our total emissions have reduced, our fugitive emissions have increased due to the demand for air-conditioned space. The amount of heat purchased has also risen as some of our newly developed buildings are connected to a District Heat Network (DHN) or a Combined Heat and Power (CHP) system.

We have recently started undertaking market-based reporting where we quantify the GHG emissions for our electricity consumption using the carbon dioxide emissions factor provided to us by our supplier, rather than using the UK grid average. As we have chosen to procure a significant proportion of our energy from a verifiable renewable energy contract that ensures energy is generated by a variable mix of hydro-electric, offshore and onshore wind, we are able to report that our market-based GHG emissions are 202 tCO_2e – significantly less than using the UK grid average. This figure has decreased significantly compared to last year as we have purchased more electricity from renewable sources. Where possible, we are continuing to increase the number of supplies that are included within our renewable energy contract to further reduce our GHG emissions.

Achievements
We have proactively identified and delivered a range of energy management projects across our portfolio including technology and infrastructure upgrades, improved data management and employee engagement.

One of the main initiatives was the targeted installation of the Optergy Building Management System (BMS) which is a smart metering technology that has enabled real-time energy monitoring at the building level right down to individual plant equipment. The data provided by the BMS has enabled us to engage with our in-house Facility Management teams to improve energy management practices and reduce GHG emissions. Other initiatives that have been implemented include ongoing LED lighting upgrades, ongoing Automatic Meter Reading (AMR) installations, BMS and boiler optimisation, insulation improvements and refurbishment projects.

Future
To further reduce our GHG emissions, we will continue to focus on designing and implementing energy efficiency initiatives within our buildings and actively engage with both our site staff and customers to implement energy conservation measures. The recommendations from our Energy Saving Opportunity Scheme (ESOS) audits carried out in 2018 will be used to make informed decisions as to which energy efficiency measures will be most effective to implement.

Energy reduction and efficiency is one of our key focus areas within our Doing The Right Thing strategy. We have set challenging objectives and targets for the next year and will be monitoring our performance throughout the year to ensure that we achieve our goal of reducing our GHG emissions.

– For more information on our Doing The Right Thing programme go to pages 42 to 48.

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

Section	Topic	Location in the Annual Report
1	Interest capitalised	Financial Statements, page 183 note 10
4	Details of long-term incentive schemes	Remuneration Report, pages 136, 139 and 148

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

Change of control
There are a number of agreements (including the Group's borrowing facilities and other financial instruments, details of which can be found in Note 16 to the Accounts) that could allow counterparties to terminate or alter those arrangements in the event of a change of control of the Company.

Political donations
The Company and its subsidiaries made no political donations during the year (2018: Nil).

2019 Annual General Meeting
The 33rd Annual General Meeting of the Company will be held at the Company's business centre at 160 Fleet Street, London EC4A 2DQ on Thursday 11 July 2019 at 10.00am. The Notice of the Meeting, together with an explanation of the business to be dealt with at the Meeting, is included as a separate document sent to shareholders who have elected to receive hard copies of shareholder information and is also available on the Company's website.

By Order of the Board

Carmelina Carfora
Company Secretary
4 June 2019