WHAT WE DO

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

ABOUT US

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

ABOUT THIS REPORT

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

Go to www.workspace.co.uk/onlineannualreport2023

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OUR GOVERNANCE

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

Stacy Lyden-Sauppé
Events Manager

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

Graham Clemett
CEO

FINANCIAL STATEMENTS

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LOOK OUT FOR THESE THROUGHOUT THE REPORT:

Reference to another page in the report

Reference to further reading online

ADDITIONAL INFORMATION

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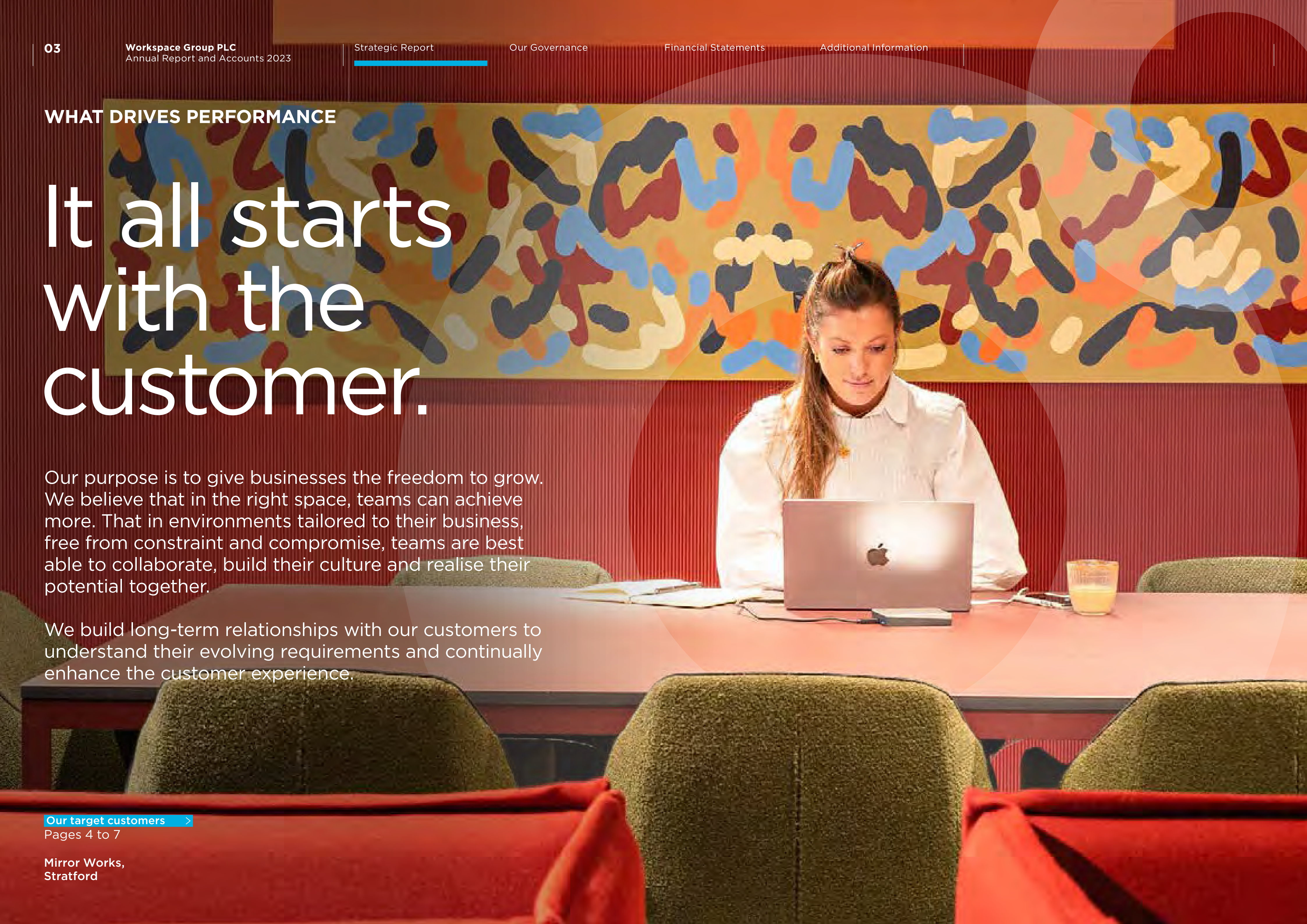


WHAT DRIVES PERFORMANCE

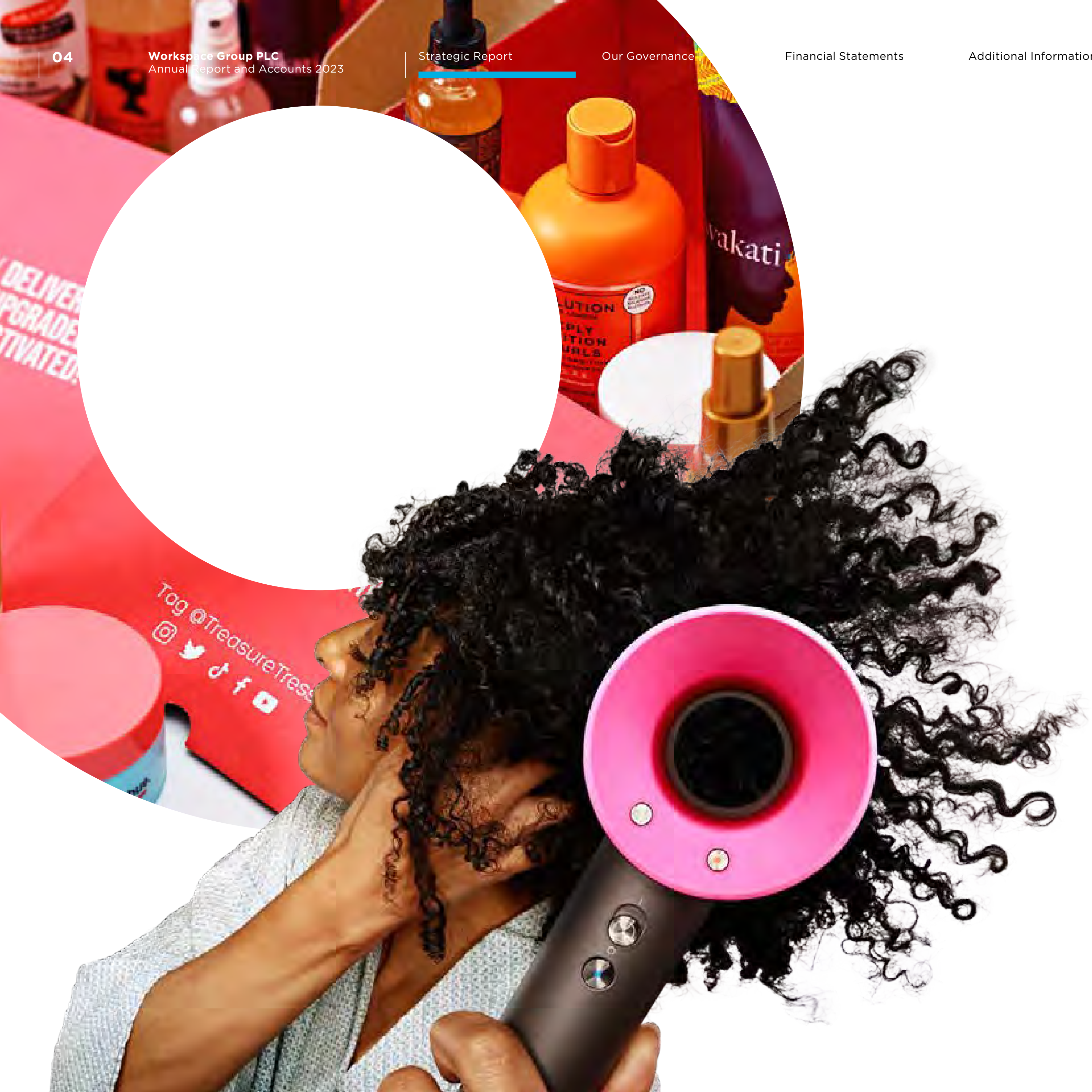
It all starts with the customer.

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

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

Our target customers >
Pages 4 to 7

Mirror Works,
Stratford



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

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

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

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

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

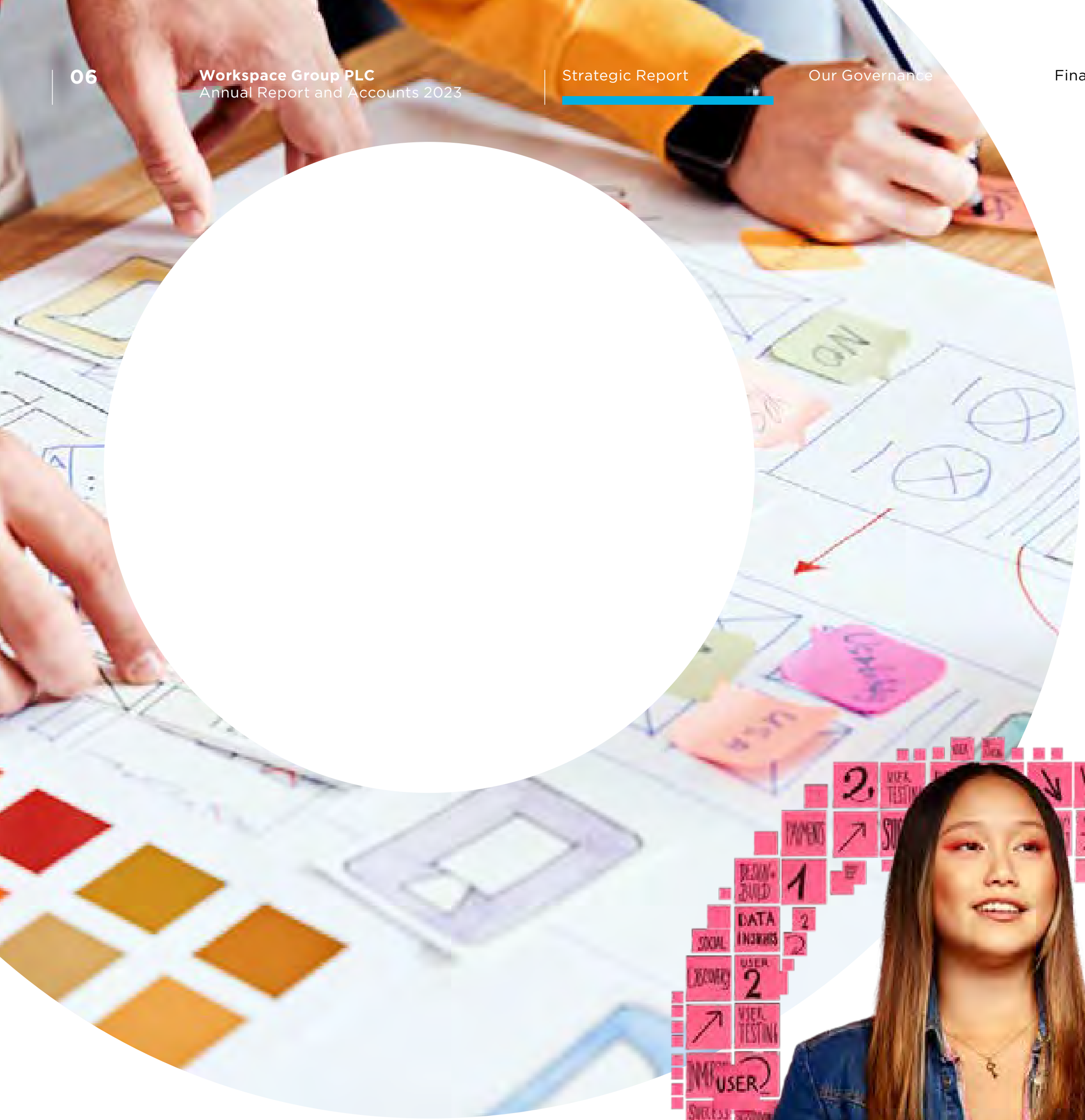
You really are not limited by space or time at Workspace, which allows me to create some incredibly individual work.

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

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

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

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



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

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

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

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

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

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

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

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

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

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

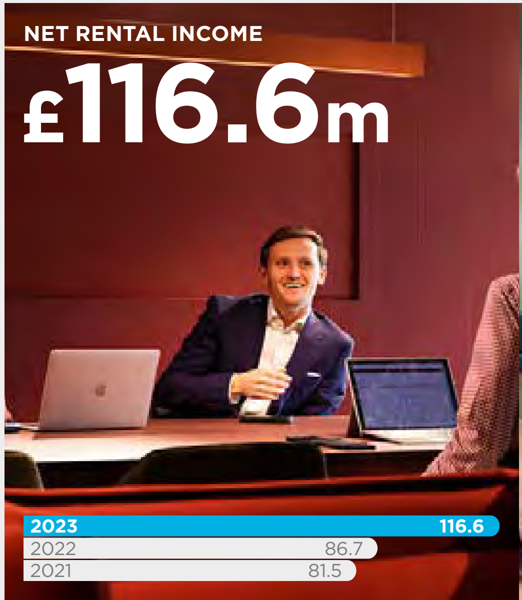
2023 HIGHLIGHTS

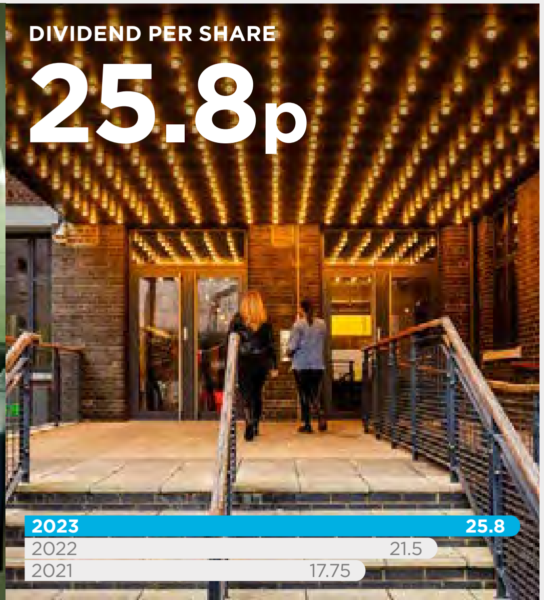
Despite the economic challenges, we have seen good momentum from rental growth, with high levels of occupancy from resilient customer demand from SMEs for our flexible offer.

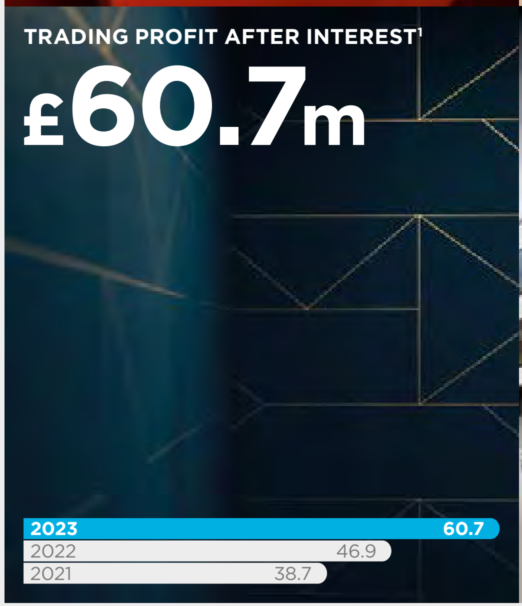
Our distinctive offer, proven operating platform and track record, alongside ownership of an extensive, high quality property footprint across London position us to capture more of the significant market opportunity ahead of us.

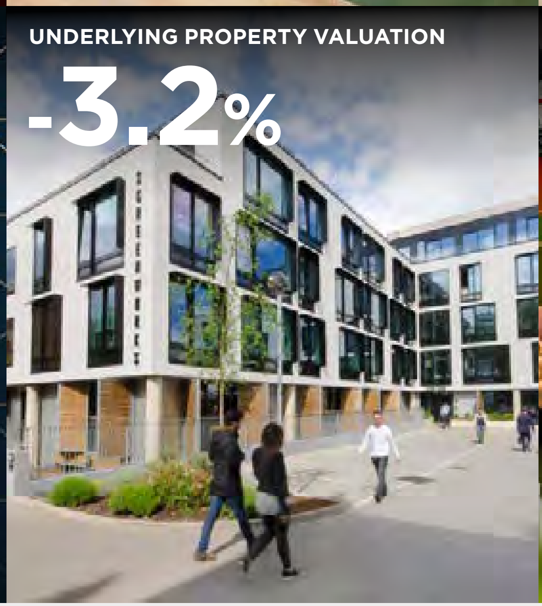
> "London's SME community has remained resilient over the past few years
>
> **Stephen Hubbard**
> Chair

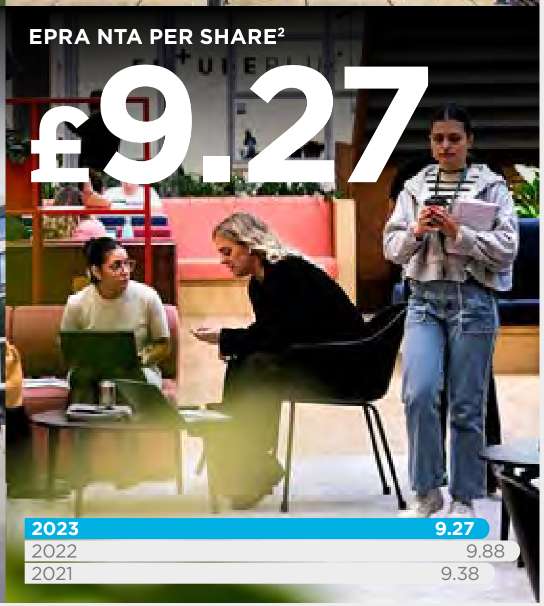
FINANCIAL





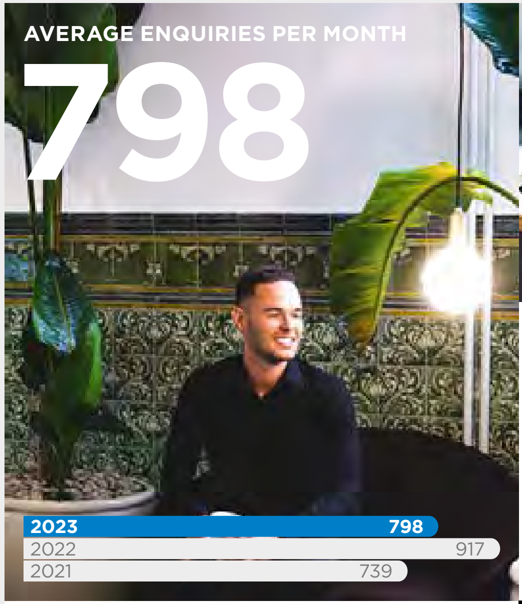






1. A reconciliation of basic and diluted earnings to trading profit after interest is in note 8 to the financial statements. Equivalent IFRS measure is profit before tax – 2023: £(37.5)m, 2022: £124.0m, 2021: £(235.7)m.
2. Equivalent IFRS measures are basic net assets per share – 2023: £9.34, 2022: £9.94,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

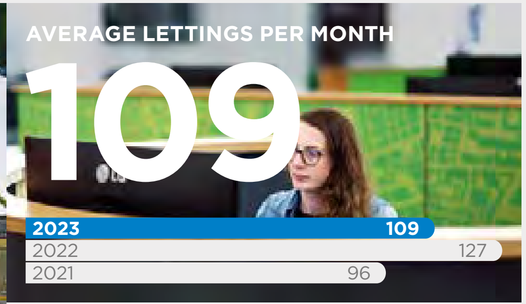
OPERATIONAL



AVERAGE ENQUIRIES PER MONTH

798

2023	798
2022	917
2021	739



AVERAGE LETTINGS PER MONTH

109

2023	109
2022	127
2021	96

LIKE-FOR-LIKE OCCUPANCY

89.1%

2023	89.1
2022	89.6
2021	81.6

AVERAGE VIEWINGS PER MONTH

518

2023	518
2022	598
2021	328

LIKE-FOR-LIKE RENT ROLL GROWTH

+7.1%

2023	7.1
2022	8.7
2021	-23.9

SUSTAINABILITY

NET ZERO CARBON BY

2030

RENEWABLE ELECTRICITY SOURCED

100%

SCOPE 1 AND 2 EMISSIONS REDUCTION SINCE 2019/20

29%

GREEN FINANCING

£700m

DONATED TO SINGLE HOMELESS PROJECT

£110k

CHAIR'S STATEMENT

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

Stephen Hubbard
Chair

£60.7m
TRADING PROFIT AFTER INTEREST

25.8p
DIVIDEND PER SHARE

CHAIR'S STATEMENT CONTINUED

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Stephen Hubbard
Chair

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

CHIEF EXECUTIVE OFFICER'S STATEMENT

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

Graham Clemett
Chief Executive Officer

£116.6m
NET RENTAL INCOME

89.1%
LIKE-FOR-LIKE OCCUPANCY

CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

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

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

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

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

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

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

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

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

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

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

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

Graham Clemett
Chief Executive Officer

WE ARE WELL POSITIONED IN A GROWING MARKET

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

1 Our purpose is to give businesses the freedom to grow

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

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

How this drives our culture >
Pages 21 and 22

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

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

Stakeholder engagement >
Pages 15 to 25

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

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

Our purpose driven strategy >
Pages 32 to 35

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

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

Sustainability >
Pages 36 to 58

OUR INVESTMENT PROPOSITION

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

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

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

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

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

OUR STAKEHOLDERS

Listening to our stakeholders so we make the right decisions.

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

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

The Biscuit Factory, Bermondsey

STAKEHOLDER ENGAGEMENT

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

OUR STAKEHOLDERS CONTINUED

Stakeholder: Our customers

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

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

84%
OUR CUSTOMER SATISFACTION SCORE

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

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

ATTRACTING CUSTOMERS WITH OUR LATEST ADVERTISING CAMPAIGN

62%
BRAND AWARENESS

#1
FIRST CHOICE FOR SMEs LOOKING TO MOVE OR EXPAND

Listen to our latest customer advertising campaign

Giandonato Rosa, Hospitality Manager, oversees our Workspace Coffee Bars

OUR STAKEHOLDERS CONTINUED
OUR CUSTOMERS CONTINUED

RESPONDING TO THE NEEDS OF OUR CUSTOMERS

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

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

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

FLEXIBLE OFFER


Flexible lease

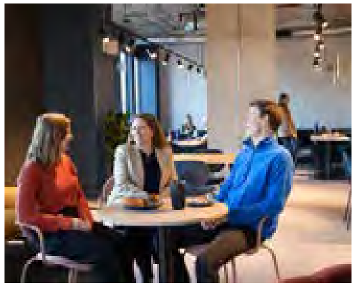

Affordable


Blank canvas

TYPE OF PROPERTY


Location


Environmental credentials


Natural light/ventilation

QUALITY OF SERVICE


On-site support


Wi-Fi/connectivity


Comfort/amenities

SOCIAL ENGAGEMENT


Networking and community environment


Events


Local community

100%

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

OUR STAKEHOLDERS CONTINUED
OUR CUSTOMERS CONTINUED

> Customers value blank canvas space they can make their own

Luisa Milazzo
Centre Manager at Mare Street Studios and Brickfields

RESPONDING TO THE NEEDS OF OUR CUSTOMERS CONTINUED

Ability to customise

Q&A

Luisa Milazzo, Centre Manager at Mare Street Studios and Brickfields

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

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

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

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

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

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

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

OUR STAKEHOLDERS CONTINUED
OUR CUSTOMERS CONTINUED

RESPONDING TO THE NEEDS OF OUR CUSTOMERS CONTINUED

Location

Q&A

Charlie Fraser, Head of Sales

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

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

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

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

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

Exmouth House, Clerkenwell

> Our continually expanding portfolio of buildings is designed to offer the greatest spread of choice possible

Charlie Fraser
Head of Sales

OUR STAKEHOLDERS CONTINUED
OUR CUSTOMERS CONTINUED

"Customers need flexibility as they expand and contract

Simon Webb
Head of Leasing

RESPONDING TO THE NEEDS OF OUR CUSTOMERS CONTINUED

Flexibility

Q&A

Simon Webb, Head of Leasing

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

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

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

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

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

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

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

OUR STAKEHOLDERS CONTINUED

Stakeholder: Our people

How we engage

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

How the Board engaged

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

Significant topics raised

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

Activity in the year

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

How our Board monitors culture >
Page 120

EVOLVING OUR VALUES

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

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

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

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

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

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

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

OUR STAKEHOLDERS CONTINUED
OUR PEOPLE CONTINUED

> “Our people value diversity and inclusion in the workplace
>
> **Claire Dracup**
> Director of People & Culture

RESPONDING TO THE NEEDS OF OUR PEOPLE
Diversity and inclusion

Q&A

Claire Dracup, Director of People & Culture

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

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

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

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

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

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

The annual staff ‘Workspace Walk’

OUR STAKEHOLDERS CONTINUED

Stakeholder: Our investors

How we engage

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

How the Board engaged

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

Significant topics raised

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

Activity in the year

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

Leroy House, Islington

100%

CONSTRUCTION & FACILITIES PARTNERS PAID REAL LONDON LIVING WAGE

Stakeholder: Our partners and suppliers

How we engage

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

How the Board engaged

- Approved modern slavery statement
- Reviewed new supplier code of conduct

Significant topics raised

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

Activity in the year

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

OUR STAKEHOLDERS CONTINUED
OUR INVESTORS CONTINUED

"Our investors value transparency and clear communication

Paul Hewlett
Director of Strategy & Corporate Development

RESPONDING TO THE NEEDS OF OUR INVESTORS

Transparency

Q&A

Paul Hewlett, Director of Strategy & Corporate Development

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

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

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

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

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

Capital Markets Day, Exmouth House, Clerkenwell

OUR STAKEHOLDERS CONTINUED

Stakeholder:
Our communities

How we engage

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

How the Board engaged

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

Significant topics raised

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

Activity in the year

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

The Tour De Workspace fundraiser

Stakeholder:
The environment

How we engage

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

How the Board engaged

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

Significant topics raised

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

Activity in the year

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

OUR MARKET

A clearly differentiated customer offer in a growth market.

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

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

1. BEIS Business Population Estimates 2022.

Brickfields, Hoxton

OUR MARKET CONTINUED

OUR MARKET

OUR DISTINCTIVE FLEXIBLE OFFER

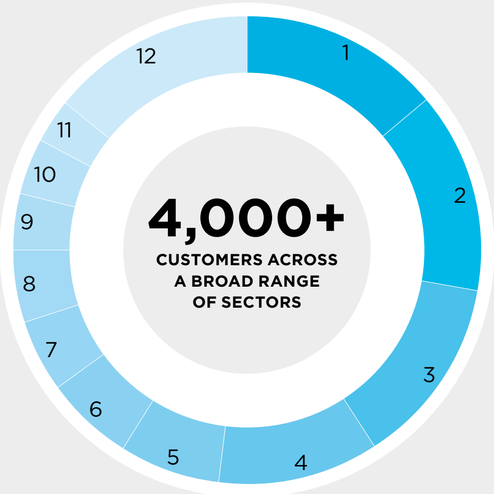
USE OF SPACE: High flexibility / Low flexibility

Traditional offer
Large floor plates
Unfurnished

Turn-key offer
Large floor plates
Fully fitted

Serviced offer
Offices/co-working
Fully furnished

Low flexibility **LEASE** High flexibility

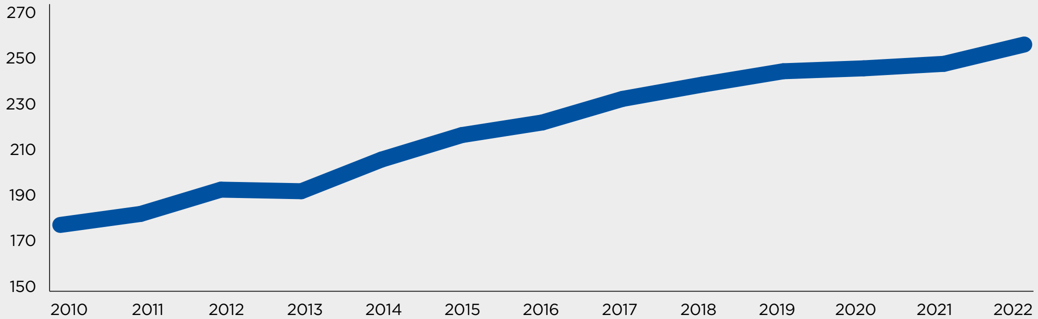


Attracting a diverse customer portfolio
Our customers are owners and managers of ambitious SMEs, often creators, makers or innovators from a diverse range of sectors. Expressing their business' individuality and personality is essential to them.

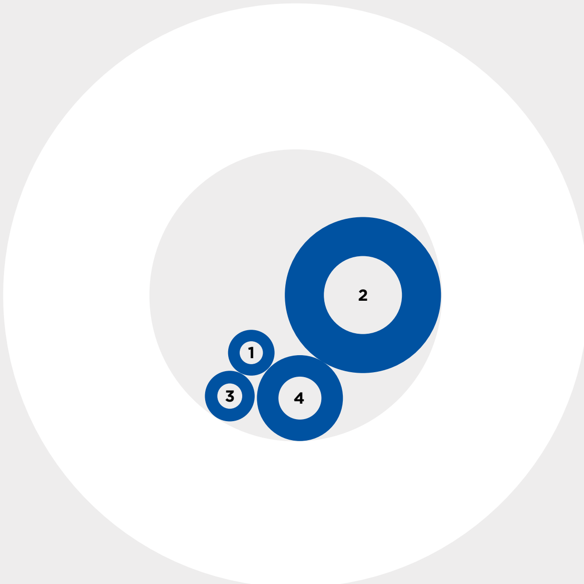
1. Information, Communication & Technology	14%
2. Wholesale & Retail	14%
3. Professional, Technical & Consultancy Services	13%
4. Arts, Entertainment & Recreation	11%
5. Marketing	7%
6. Financial Services	6%
7. Construction & Property	5%
8. Design	5%
9. Not For Profit	4%
10. Administrative & Support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

A GROWTH MARKET

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



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



Trends

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

OUR MARKET CONTINUED

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

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

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

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

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

700+
RENEWALS

380
EXPANSIONS

Mirror Works, Stratford

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

OUR MARKET CONTINUED

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

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

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

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

5 mins
AVERAGE WALK FROM A STATION TO OUR BUILDINGS

Leather Market, London Bridge

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

OUR MARKET CONTINUED

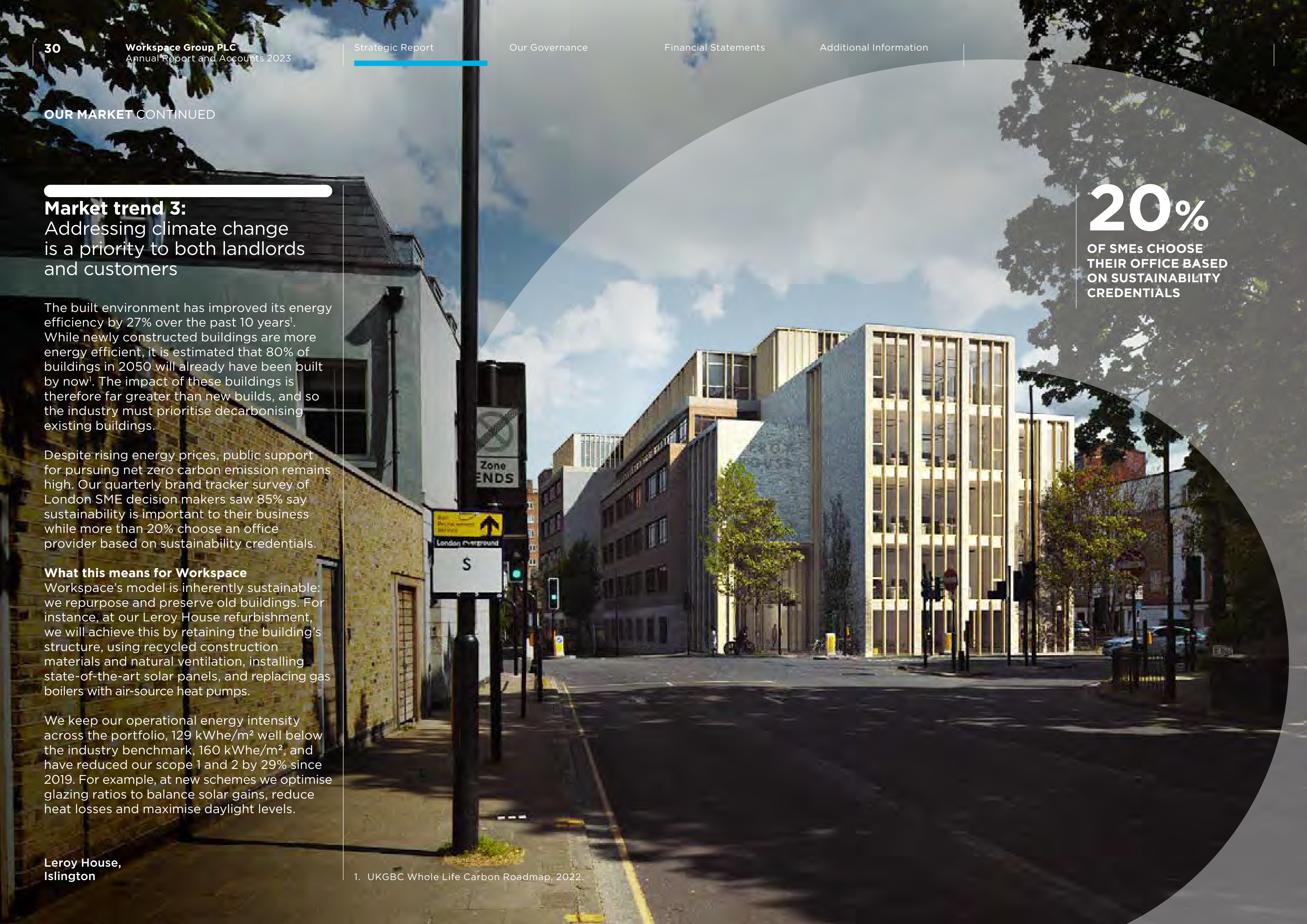
Market trend 3: Addressing climate change is a priority to both landlords and customers

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

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

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

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



Leroy House, Islington

1. UKGBC Whole Life Carbon Roadmap, 2022.

20%

OF SMEs CHOOSE THEIR OFFICE BASED ON SUSTAINABILITY CREDENTIALS

OUR MARKET CONTINUED

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

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

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

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

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

50%

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

Westbourne Studios, Ladbroke Grove

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

OUR STRATEGY

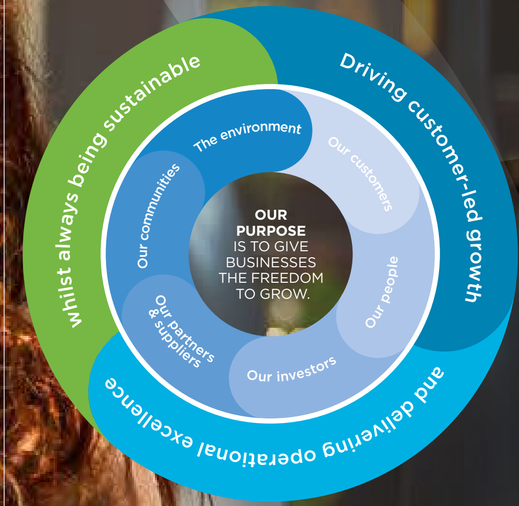
Driven by our purpose and understanding what our stakeholders want.

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

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

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

OUR STRATEGY



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

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

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

OUR STRATEGY CONTINUED

Strategic pillar:
Driving customer-led growth

CEMENT OUR POSITION AS HOME TO LONDON'S BRIGHTEST BUSINESSES

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

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

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

CONTINUALLY ENHANCE CUSTOMER EXPERIENCE

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

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

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

LEADING IN LONDON'S FLEXIBLE OFFICE MARKET

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

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

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

Relevant KPIs

Financial performance:
1, 5, 6

Non-financial performance:
1, 2

Relevant principal risks and uncertainties
1, 2

Market trends
1, 2, 4

4
PANEL EVENTS

London's Brightest Businesses events for customers

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

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

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

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

OUR STRATEGY CONTINUED

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

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

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

Relevant KPIs

Financial performance:
1, 5, 6

Non-financial performance:
1, 2

Relevant principal risks and uncertainties
1, 2

Market trends
1, 2, 4

23
LOCATIONS WHERE WE DOUBLED WI-FI SPEEDS

Strategic pillar:
Delivering operational excellence

ACTIVE PORTFOLIO MANAGEMENT

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

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

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

EFFICIENT, SCALABLE OPERATING PLATFORM

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

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

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

PRUDENT FINANCING AND STRICT INVESTMENT CRITERIA

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

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

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

OUR STRATEGY CONTINUED

Strategic pillar:
Being sustainable

DELIVERING A CLIMATE-RESILIENT PORTFOLIO

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

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

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

LOOKING AFTER OUR PEOPLE

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

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

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

SUPPORTING OUR COMMUNITIES

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

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

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

Relevant KPIs

Financial performance:
1, 5, 6

Non-financial performance:
1, 2

Relevant principal risks and uncertainties
1, 2

Market trends
1, 2, 4

71%
ESG CUSTOMER ADVOCACY SCORE

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

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

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

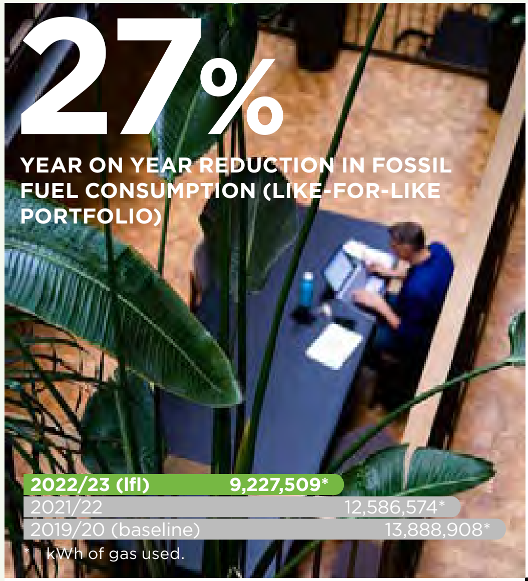
SUSTAINABILITY

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

Sonal Jain
Head of Sustainability

SUSTAINABILITY CONTINUED

Highlights



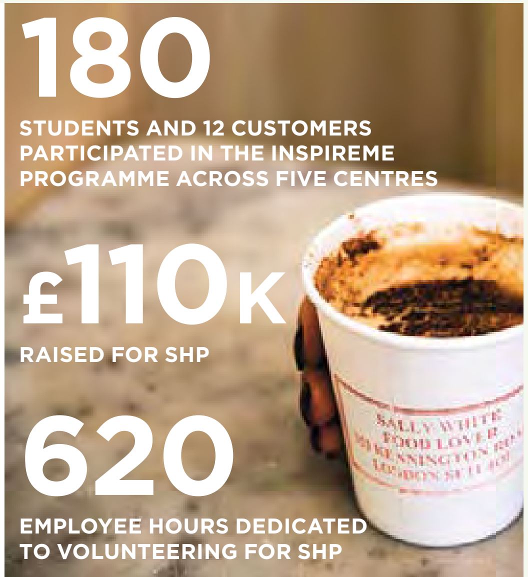
27%
YEAR ON YEAR REDUCTION IN FOSSIL FUEL CONSUMPTION (LIKE-FOR-LIKE PORTFOLIO)

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

1,600
CUSTOMERS BENEFITTED FROM OUR WELLBEING OFFERING

120
SUSTAINABILITY EVENTS DELIVERED

70
ELECTRONIC DEVICES DONATED TO LOCAL CHARITY PARTNER



180
STUDENTS AND 12 CUSTOMERS PARTICIPATED IN THE INSPIREME PROGRAMME ACROSS FIVE CENTRES

£110K
RAISED FOR SHP

620
EMPLOYEE HOURS DEDICATED TO VOLUNTEERING FOR SHP

12%
OF THE TOTAL PORTFOLIO'S FLOOR AREA WAS UPGRADED TO EPC A/B

71%
CUSTOMER ESG ADVOCACY SCORE

79%
RECYCLING RATE

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

£600K
SOCIAL VALUE GENERATED

RATINGS AND MEMBERSHIPS

Ratings

GRESB 2022

81
Real Estate Assessment Score

96
Development Assessment Score

A
Public Disclosure Score

CDP 2022

A-

EPRA sBPR GOLD

GOLD
EPRA Sustainability Best Practice Recommendations Award

MSCI ESG RATINGS

AA
MSCI ESG rating

SUSTAINALYTICS

Low Risk
Sustainalytics ESG Risk Rating

Membership

UK GBC
BPF
BBP
ISLINGTON SUSTAINABILITY NETWORK

SUSTAINABILITY CONTINUED

Our approach

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

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

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

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

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

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

This year our staff took on the Three Peaks Challenge

OUR THREE-PILLAR SUSTAINABILITY STRATEGY

DELIVERING A CLIMATE-RESILIENT PORTFOLIO 1

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

Relevant SDGs

Read more
Pages 41 to 49

LOOKING AFTER OUR PEOPLE 2

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

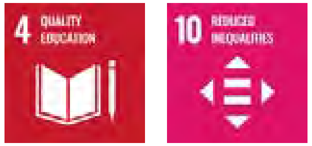
Relevant SDGs

Read more
Pages 50 to 53

SUPPORTING OUR COMMUNITIES 3

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

Relevant SDGs



Read more
Pages 54 to 57

SUSTAINABILITY CONTINUED

Defining what matters most

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

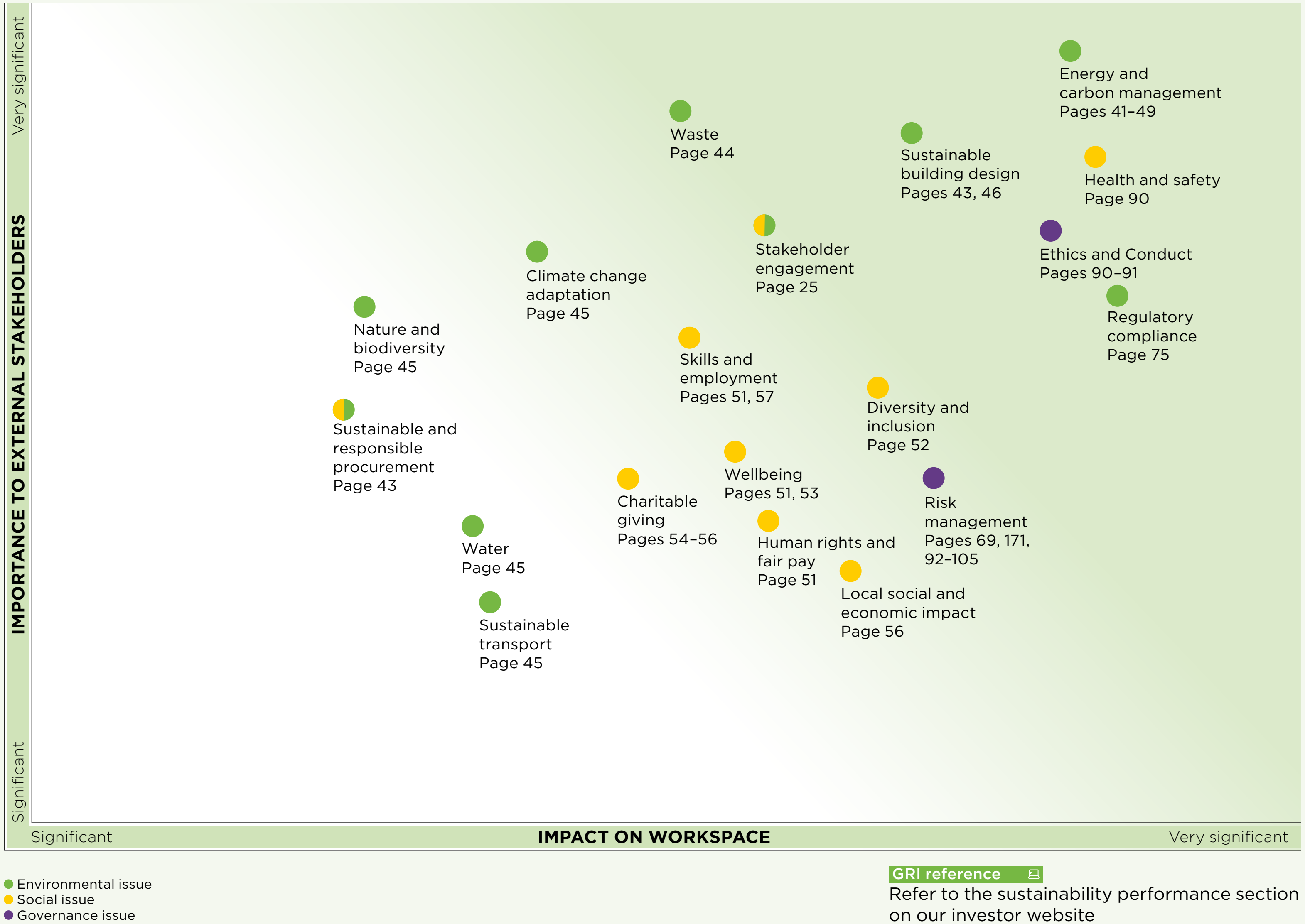
Stakeholder engagement
We consulted with our internal and external stakeholders, including customers and employees through our bi-annual surveys and ongoing interactions with our suppliers to confirm our material issues, as shown on the matrix.

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

The process we followed:

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

OUR MATERIALITY MATRIX – KEY SUSTAINABILITY ISSUES



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

SUSTAINABILITY CONTINUED

Alignment to UN SDGs

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

AFFORDABLE AND CLEAN ENERGY

Relevant stakeholders:

- CUSTOMERS
- PARTNERS AND SUPPLIERS
- THE ENVIRONMENT

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

SUSTAINABLE CITIES AND COMMUNITIES

Relevant stakeholders:

- CUSTOMERS
- COMMUNITIES

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

CLIMATE ACTION

Relevant stakeholders:

- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- THE ENVIRONMENT

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

GENDER EQUALITY

Relevant stakeholders:

- PEOPLE
- COMMUNITIES

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

QUALITY EDUCATION

Relevant stakeholders:

- CUSTOMERS
- PEOPLE
- COMMUNITIES

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

INDUSTRY, INNOVATION AND INFRASTRUCTURE

Relevant stakeholders:

- PARTNERS AND SUPPLIERS
- THE ENVIRONMENT

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

RESPONSIBLE CONSUMPTION AND PRODUCTION

Relevant stakeholders:

- PARTNERS AND SUPPLIERS
- THE ENVIRONMENT

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

GOOD HEALTH AND WELL-BEING

Relevant stakeholders:

- CUSTOMERS
- PEOPLE

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

DECENT WORK AND ECONOMIC GROWTH

Relevant stakeholders:

- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES

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

REDUCED INEQUALITY

Relevant stakeholders:

- CUSTOMERS
- PEOPLE
- COMMUNITIES

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

SUSTAINABILITY CONTINUED

Strategic pillar:
Delivering a climate resilient portfolio

1

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

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

29%

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

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

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

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

Relevant UN SDGs

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

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

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

28

PROPERTIES EQUIPPED WITH BUILDING ENERGY MANAGEMENT SYSTEMS

SUSTAINABILITY CONTINUED

DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

OUR GREENHOUSE GAS EMISSIONS

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

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

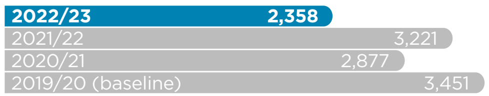
Ariane Ephraim
Sustainability Manager

WORKSPACE PORTFOLIO

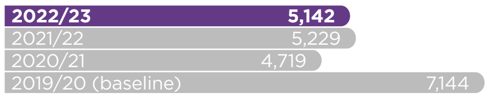
LOCATION BASED SCOPE 1, 2, 3 GHG EMISSIONS (tCO_2e)

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

SCOPE 1 GHG EMISSIONS (tCO_2e)



SCOPE 2 GHG EMISSIONS (tCO_2e)



McKAY PORTFOLIO

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

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

WHOLE PORTFOLIO

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

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

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

ESG TARGETS

Target	Relevant material issue	Relevant UN SDG	Status	Performance commentary
Reduce energy intensity by 5%	Energy & carbon management	12, 13	Achieved	**Like-for-like Workspace portfolio** We achieved a 5% reduction in average energy intensity across the portfolio, compared to last year. This was mainly driven by significant reduction in gas use across the portfolio, which offset a 3.6% increase in electricity consumption due to higher operational activity across our sites. We invested over £8m this year on various energy efficiency initiatives across the portfolio, including LED lighting, presence detection sensors, smart building management systems, secondary glazing and heat pumps. We also ran extensive customer engagement campaigns to reduce whole building energy consumption including our successful participation to the CUBE UK energy savings competition. **Whole portfolio** Our portfolio is inherently energy efficient when compared to industry benchmarks. The average energy intensity across our combined portfolio is 129 kWhe/m²/year, which is 19% better than current UK Green Building Council energy performance target for net zero carbon buildings.
Reduce scope 1 emissions by 5% across the portfolio	Energy & carbon management	12, 13	Achieved	**Like-for-like Workspace portfolio** We achieved a significant reduction of 27% in gas related emissions across the portfolio. This was primarily driven by roll out of smart Building Energy Management Systems across a number of buildings, optimisation of temperature set points and timing controls and implementation of over 70 HVAC upgrade projects. Currently over 30% of our portfolio is fossil fuel free (all electric or served by district heating).
All new developments and refurbishments designed to be net zero carbon, aiming to achieve embodied carbon of less than 500 $kgCO_2/m^2$	Energy & carbon management Responsible procurement	12, 13	Achieved	**Like-for-like Workspace portfolio** We continue to implement our sustainable development framework across all major constructions and refurbishments. This framework ensures all our projects meet the net zero carbon brief. We also undertake whole-life carbon analysis at key design stages to help us further reduce embodied carbon by optimising design and material choices. Estimated embodied carbon of our current projects at Leroy House, Havelock Terrace, Riverside and Chocolate Factory is 230 $kgCO_2/m^2$, 504 $kgCO_2/m^2$, 469 $kgCO_2/m^2$ and 291 $kgCO_2/m^2$ respectively. Overall, we achieved a 51% reduction in greenhouse gas emissions from capital goods per sq. ft. from a 2019/20 base year.
Increase renewable energy supply and source 100% renewable electricity	Sustainable procurement	7	Achieved	**Like-for-like Workspace portfolio** 12 sites are equipped with solar panels and generated 191,629 kWh of green electricity in the past year, equivalent to the annual electricity usage of 64 typical UK households. Three additional solar projects are currently being implemented, amounting to an annual generation capacity of 78,543 kWh once installed. We also continue to source 100% renewable electricity from our utility provider (REGO-backed). **Whole portfolio** 14 sites have solar panel installations.

SUSTAINABILITY CONTINUED

DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

ESG TARGETS CONTINUED

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

Our approach to sustainable waste management

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

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

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

ESG TARGETS CONTINUED

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

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

CASE STUDY

Redeveloping Chocolate Factory in Wood Green

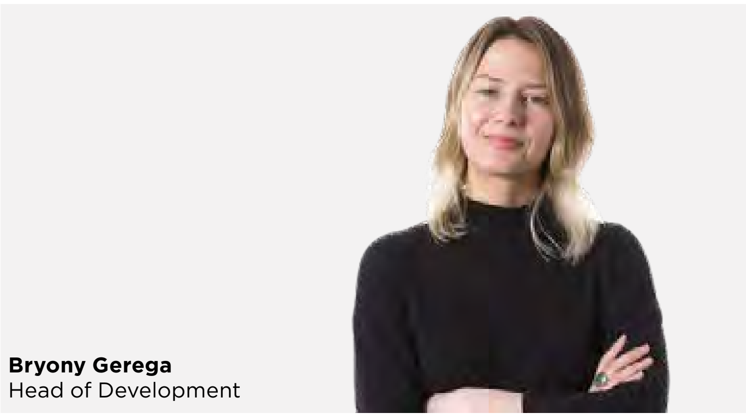
Like many of Workspace's buildings, Chocolate Factory has a long and rich history. Whilst it is now home to 40 customers, with activities ranging from luxury wallpaper designers to streetwear brands and artists, the site was a sweets manufacturing facility towards the end of the 19th century.

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

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

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

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



Bryony Gerega
Head of Development

THE CHOCOLATE FACTORY IN NUMBERS

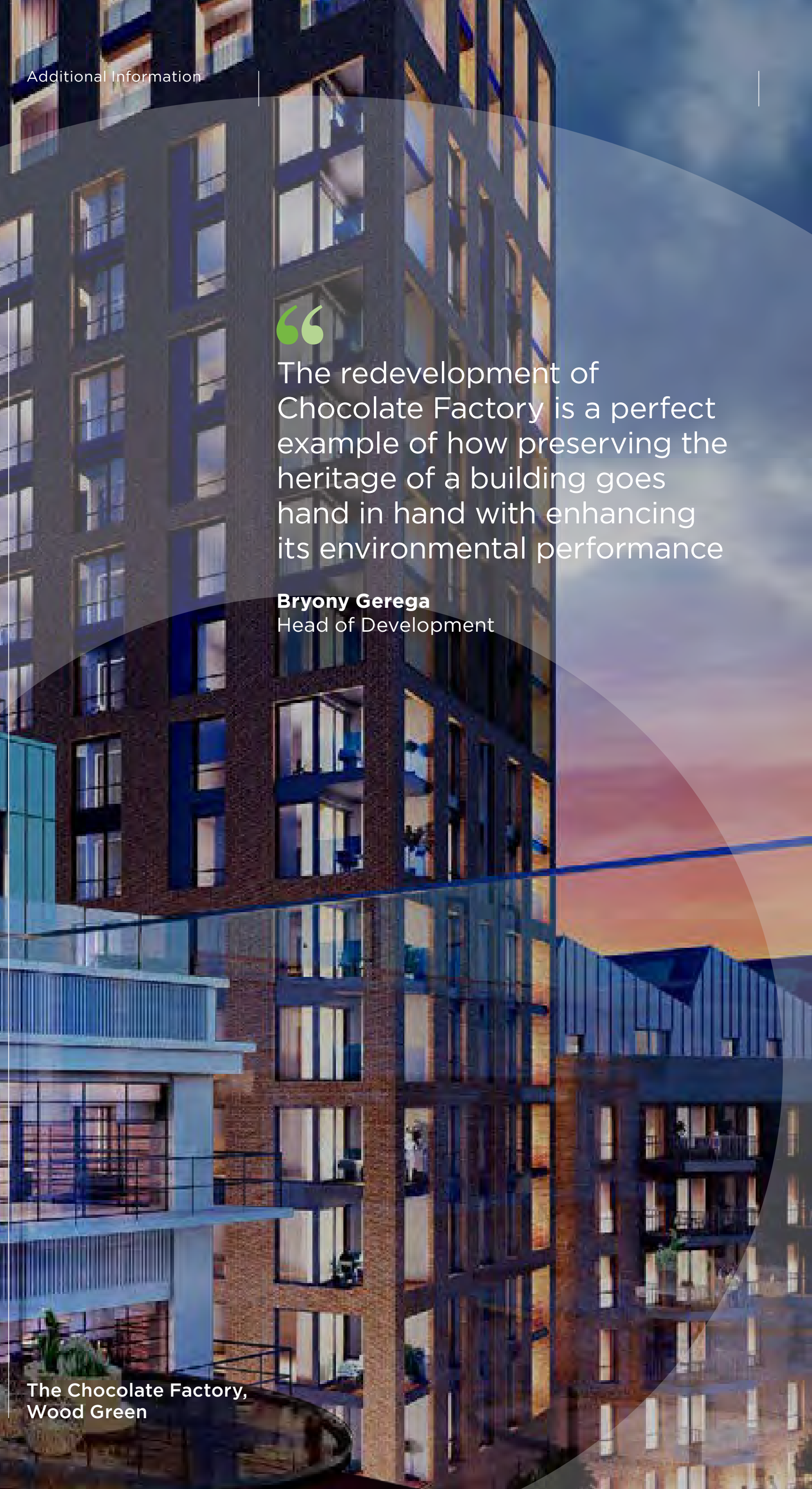
38,000 sq. ft.
OF REFURBISHED SPACE

Excellent
TARGETING BREEAM EXCELLENT RATING

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

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

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



The Chocolate Factory, Wood Green

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

DRIVING ENERGY REDUCTION ACROSS THE PORTFOLIO

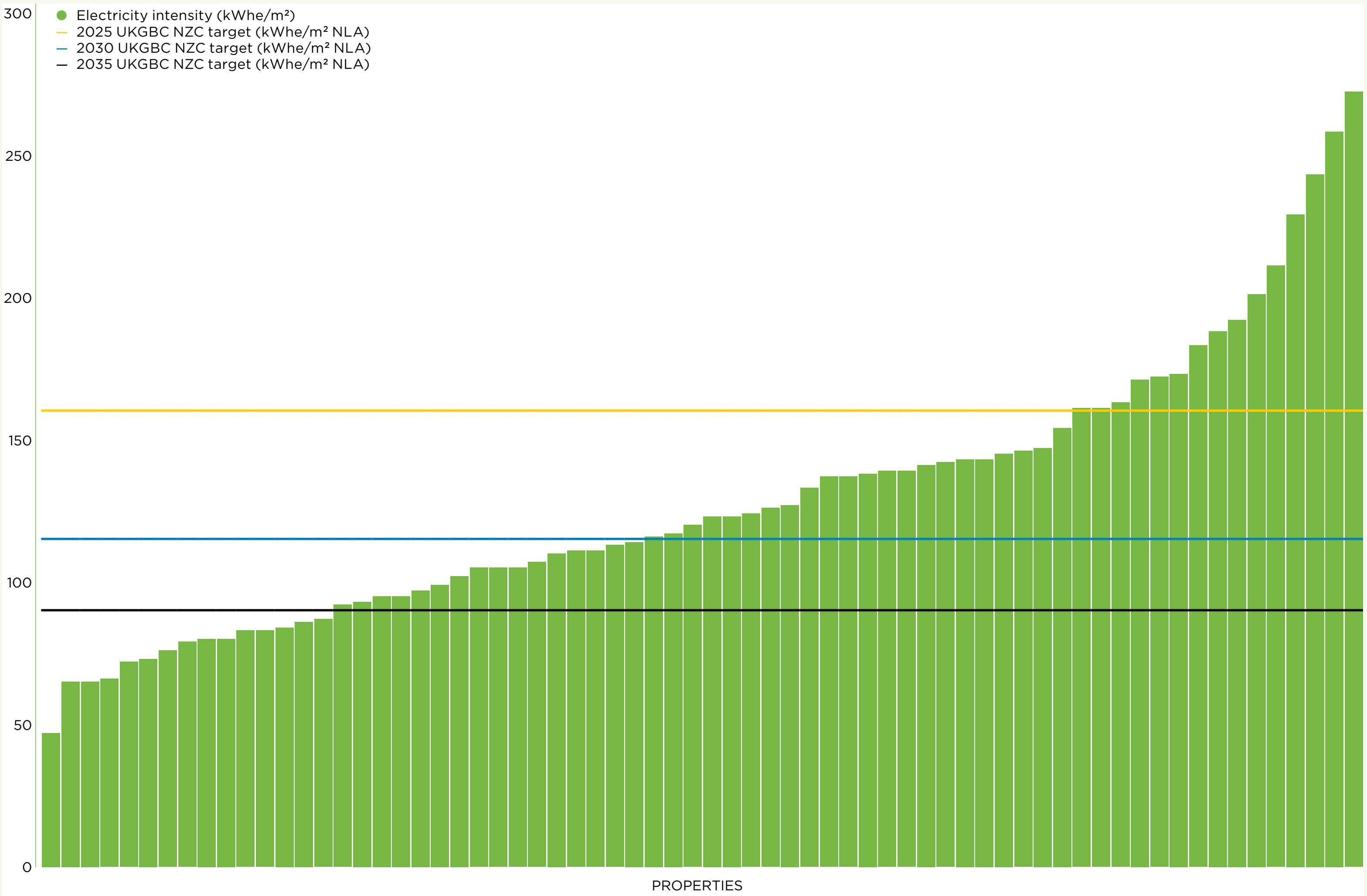
Driving energy reduction is a key priority for the business and we have invested over £8m this year in efficient lighting, presence-detection sensors, smart Building Energy Management Systems and heat pumps to remove reliance on gas boilers. We have closely monitored each property's energy performance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

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

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

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

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



SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

CASE STUDY
Significantly reduced energy intensity at Edinburgh House

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

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

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

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

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

Domenico Pallucci
Facilities Manager

EDINBURGH HOUSE IN NUMBERS

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

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

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

Domenico Pallucci
Facilities Manager

Edinburgh House, Vauxhall

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

EPC RATINGS

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

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

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

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

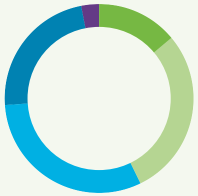
43%

A/B RATED PROPERTIES

£8m

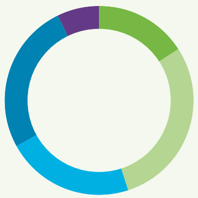
INVESTED IN 2022/23 IN EPC UPGRADES

EPC SCHEDULE WORKSPACE PORTFOLIO



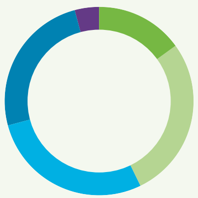
A	14%
B	29%
C	31%
D	23%
E	3%

EPC SCHEDULE McKAY PORTFOLIO



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

EPC SCHEDULE WHOLE PORTFOLIO



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

CASE STUDY
EPC upgrades

Print Rooms

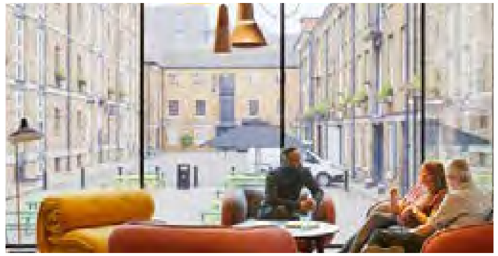
EPC C to B

21,000 sq. ft. project

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

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

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



Leather Market

EPC C to B

2,800 sq. ft. project

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

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

SUSTAINABILITY CONTINUED

Strategic pillar:
Looking after our people

2

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

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

80%
WORKSPACE INCLUSIVITY SCORE

1,600
CUSTOMERS BENEFITTED FROM WELLBEING INITIATIVES

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

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

Relevant UN SDGs

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH
5 GENDER EQUALITY

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

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

69%
FAVOURABLE ENGAGEMENT SCORE

SUSTAINABILITY CONTINUED
LOOKING AFTER OUR PEOPLE CONTINUED

ESG TARGETS

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

SUSTAINABILITY CONTINUED
LOOKING AFTER OUR PEOPLE CONTINUED

CASE STUDY

Creating a diverse and inclusive business

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

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

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

Satpreet Dhariwal
Senior HR Manager

31%
FIRST GENERATION OF THEIR FAMILY TO GO TO UNIVERSITY

11%
50+ YEARS OF AGE

30%
UNDER 30 YEARS OF AGE

28%
WITH CARING RESPONSIBILITIES

24%
ENGLISH NOT AS A FIRST LANGUAGE

23%
NATIONALITY OTHER THAN BRITISH

30%
IDENTIFY AS BAME

6.5%
IDENTIFY AS LGBTQ

57%
IDENTIFY AS FEMALE

"We celebrate different experiences and perspectives

SUSTAINABILITY CONTINUED
LOOKING AFTER OUR PEOPLE CONTINUED

CASE STUDY

Our approach to employee wellbeing

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

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

EMPLOYEE WELLBEING IN NUMBERS

79%
EMPLOYEES AGREE THAT WORKSPACE CARES ABOUT THEIR WELLBEING

23
WELLBEING EVENTS ATTENDED BY 600 EMPLOYEES

CASE STUDY

Our approach to customer wellbeing

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

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

CUSTOMER WELLBEING IN NUMBERS

5/5
POST EVENT STAR RATING AWARDED BY PARTICIPANTS

57
CUSTOMER WELLBEING EVENTS REACHING 1,600 PEOPLE

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

Stacy Lyden-Sauppé
Events Manager

SUSTAINABILITY CONTINUED

Strategic pillar: Supporting our communities

3

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

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

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

£600K

SOCIAL VALUE GENERATED

620

VOLUNTEERING HOURS

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

Relevant UN SDGs

4 QUALITY EDUCATION

10 REDUCED INEQUALITIES

Driving positive social impact

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

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

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

1. Not in education, employment or training.

180

BENEFICIARIES OF SKILLS AND EMPLOYMENT PROGRAMME

SUSTAINABILITY CONTINUED
SUPPORTING OUR COMMUNITIES CONTINUED

ESG TARGETS

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

“We really enjoyed participating in InspiresMe and spending time to pass on knowledge. It was great to see how it had benefitted the students by the end of the week

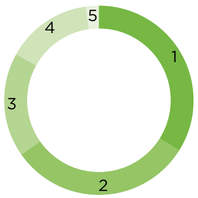
Customer at Kennington Park

SUSTAINABILITY CONTINUED

SUPPORTING OUR COMMUNITIES CONTINUED

SOCIAL VALUE WE HAVE CREATED

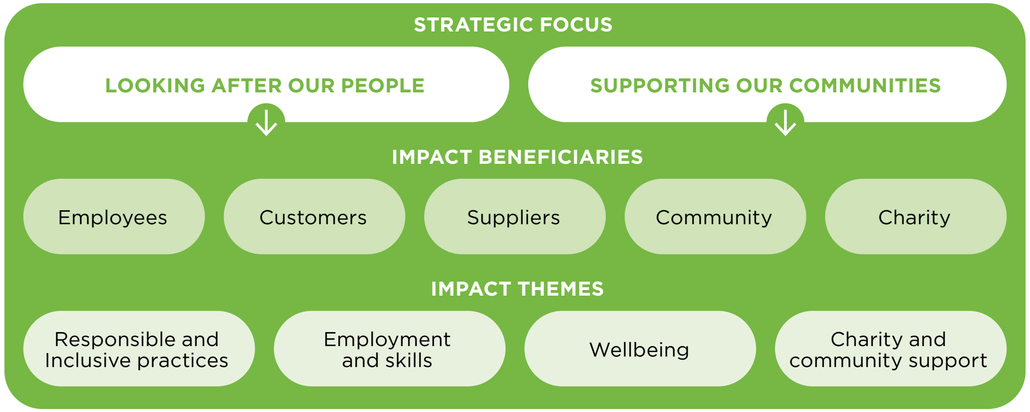
SOCIAL VALUE CREATED – £604,747



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

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

WORKSPACE – SOCIAL VALUE FY 22/23



WORKSPACE – SOCIAL VALUE FY 22/23

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

SUSTAINABILITY CONTINUED
SUPPORTING OUR COMMUNITIES CONTINUED

CASE STUDY
SHP employability workshop

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

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

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

CASE STUDY
InspiresMe

INSPIRESME IN NUMBERS

4.3/5
SATISFACTION SCORE FROM STUDENTS

4.3/5
SATISFACTION SCORE FROM SCHOOLS

100%
CUSTOMER ENGAGEMENT SCORE

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

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

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

SUSTAINABILITY CONTINUED
SUPPORTING OUR COMMUNITIES CONTINUED

Looking ahead

Q&A

Sonal Jain
Head of Sustainability

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

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

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

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

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

> "As a team, we always think twice when it comes to energy, all our electricals have automatic standby mode, our office lights are always turned off when the unit is not in use, and we open our windows before the aircon gets considered
>
> **Owen O'Neill, founder at Uni Compare, winner of the energy savings competition at Frames**

OUR KEY PERFORMANCE INDICATORS

Financial performance

1. NET RENTAL INCOME

Link to strategy

Driving customer-led growth

Delivering operational excellence

Being sustainable

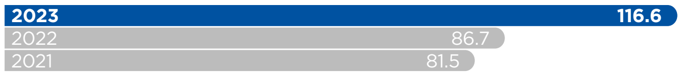
Why this is important to Workspace

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

Movement in 2022/23

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

£116.6m



2. TRADING PROFIT AFTER INTEREST

Link to strategy

Driving customer-led growth

Delivering operational excellence

Being sustainable

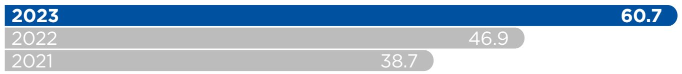
Why this is important to Workspace

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

Movement in 2022/23

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

£60.7m



3. EPRA NTA PER SHARE

Link to strategy

Driving customer-led growth

Delivering operational excellence

Being sustainable

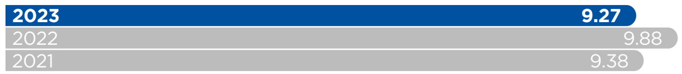
Why this is important to Workspace

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

Movement in 2022/23

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

£9.27



OUR KEY PERFORMANCE INDICATORS CONTINUED

Financial performance continued

4. DIVIDEND PER SHARE

Link to strategy

Driving customer-led growth
Delivering operational excellence
Being sustainable

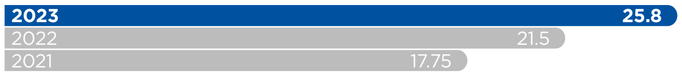
Why this is important to Workspace

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

Movement in 2022/23

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

25.8p



5. LIKE-FOR-LIKE RENT ROLL GROWTH

Link to strategy

Driving customer-led growth
Delivering operational excellence
Being sustainable

Why this is important to Workspace

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

Movement in 2022/23

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

+7.1%

6. LIKE-FOR-LIKE OCCUPANCY

Link to strategy

Driving customer-led growth
Delivering operational excellence
Being sustainable

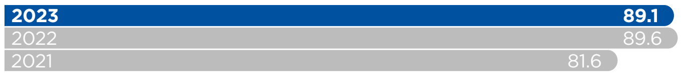
Why this is important to Workspace

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

Movement in 2022/23

Like-for-like occupancy stable at 89.1%.

89.1%



OUR KEY PERFORMANCE INDICATORS CONTINUED

Financial performance continued

7. PROPERTY VALUATION

Link to strategy

Driving customer-led growth

Being sustainable

Why this is important to Workspace

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

Movement in 2022/23

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

£2,741m

8. TOTAL PROPERTY RETURN

Link to strategy

Driving customer-led growth

Delivering operational excellence

Being sustainable

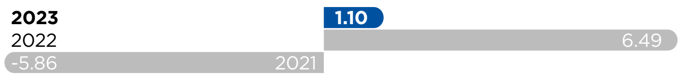
Why this is important to Workspace

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

Movement in 2022/23

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

1.10%



9. TOTAL SHAREHOLDER RETURN

Link to strategy

Driving customer-led growth

Delivering operational excellence

Being sustainable

Why this is important to Workspace

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

Movement in 2022/23

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

-34.0%

OUR KEY PERFORMANCE INDICATORS CONTINUED

Non-financial performance

1. CUSTOMER ENQUIRIES

Link to strategy

Driving customer-led growth

Delivering operational excellence

Being sustainable

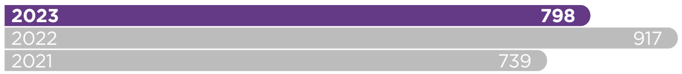
Why this is important to Workspace

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

Movement in 2022/23

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

798



2. VIEWINGS

Link to strategy

Driving customer-led growth

Delivering operational excellence

Being sustainable

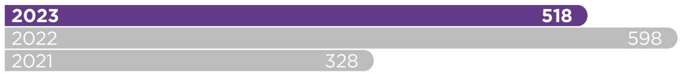
Why this is important to Workspace

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

Movement in 2022/23

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

518



3. OFFER LETTERS

Link to strategy

Driving customer-led growth

Delivering operational excellence

Being sustainable

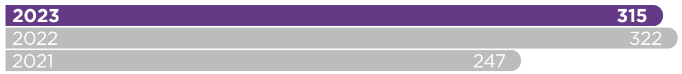
Why this is important to Workspace

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

Movement in 2022/23

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

315



OUR KEY PERFORMANCE INDICATORS CONTINUED

Non-financial performance continued

4. LETTINGS

Link to strategy

Driving customer-led growth

Delivering operational excellence

Being sustainable

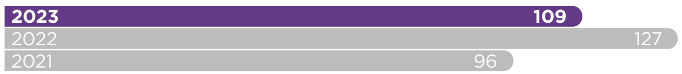
Why this is important to Workspace

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

Movement in 2022/23

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

109



5. RENEWALS

Link to strategy

Driving customer-led growth

Delivering operational excellence

Being sustainable

Why this is important to Workspace

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

Movement in 2022/23

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

61

6. EMPLOYEE VOLUNTEERING DAYS

Link to strategy

Being sustainable

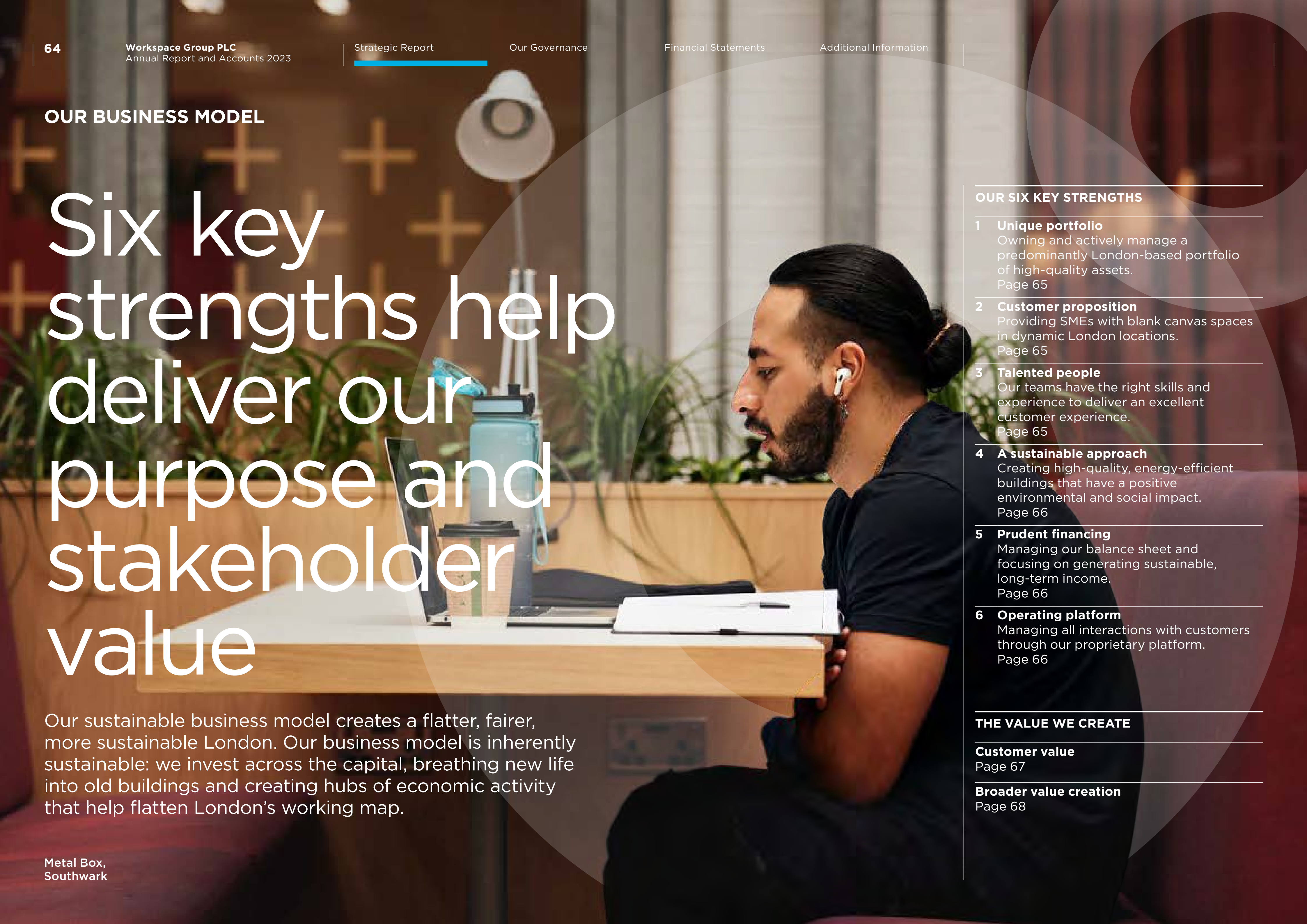
Why this is important to Workspace

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

Movement in 2022/23

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

78



OUR BUSINESS MODEL

Six key strengths help deliver our purpose and stakeholder value

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

Metal Box, Southwark

OUR SIX KEY STRENGTHS

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

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

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

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

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

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

THE VALUE WE CREATE

Customer value
Page 67

Broader value creation
Page 68

OUR BUSINESS MODEL CONTINUED

How we deliver long-term stakeholder value

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

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

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

Record Hall,
Hatton Garden

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

UNIQUE PORTFOLIO

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

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

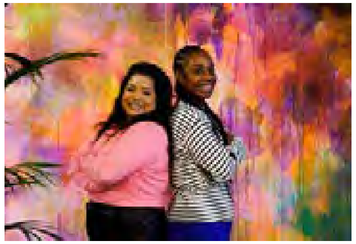
Our ownership model gives us the flexibility to enhance the quality of space and implement the latest sustainability features. We achieve this through our refurbishment and redevelopment pipeline, expanding our footprint and driving rental uplift. We also continue to grow our pipeline through strategic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

TALENTED PEOPLE

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

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

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



CUSTOMER PROPOSITION

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

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

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

OUR BUSINESS MODEL CONTINUED

Metal Box, Southwark

A SUSTAINABLE APPROACH

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

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

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

PRUDENT FINANCING

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

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

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

OPERATING PLATFORM

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

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

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

OUR BUSINESS MODEL CONTINUED

CREATING CUSTOMER VALUE

> We love the fact we can easily mould the space

Kai Price
Co-founder & Director, Att Pynta

Location
Fuel Tank, Deptford

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

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

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

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

FUEL TANK IN NUMBERS

83%
CUSTOMER ADVOCACY SCORE

15 MWh
ELECTRICITY SAVED

B
EPC RATING

95%
OCCUPANCY LEVEL

Att Pynta at Fuel Tank, Deptford

OUR BUSINESS MODEL CONTINUED

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

CREATING BROADER VALUE

KENNINGTON PARK IN NUMBERS

85%
CUSTOMER ADVOCACY SCORE

91.1%
OCCUPANCY LEVEL

13 MWh
ELECTRICITY GENERATED BY SOLAR PANELS

945
ELECTRIC VEHICLE CHARGERS

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

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

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

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

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

Our risk management framework >
Pages 170 to 171

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

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

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

EMERGING RISKS

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

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

FINANCIAL POSITION

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

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

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

CLIMATE CHANGE

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

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

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

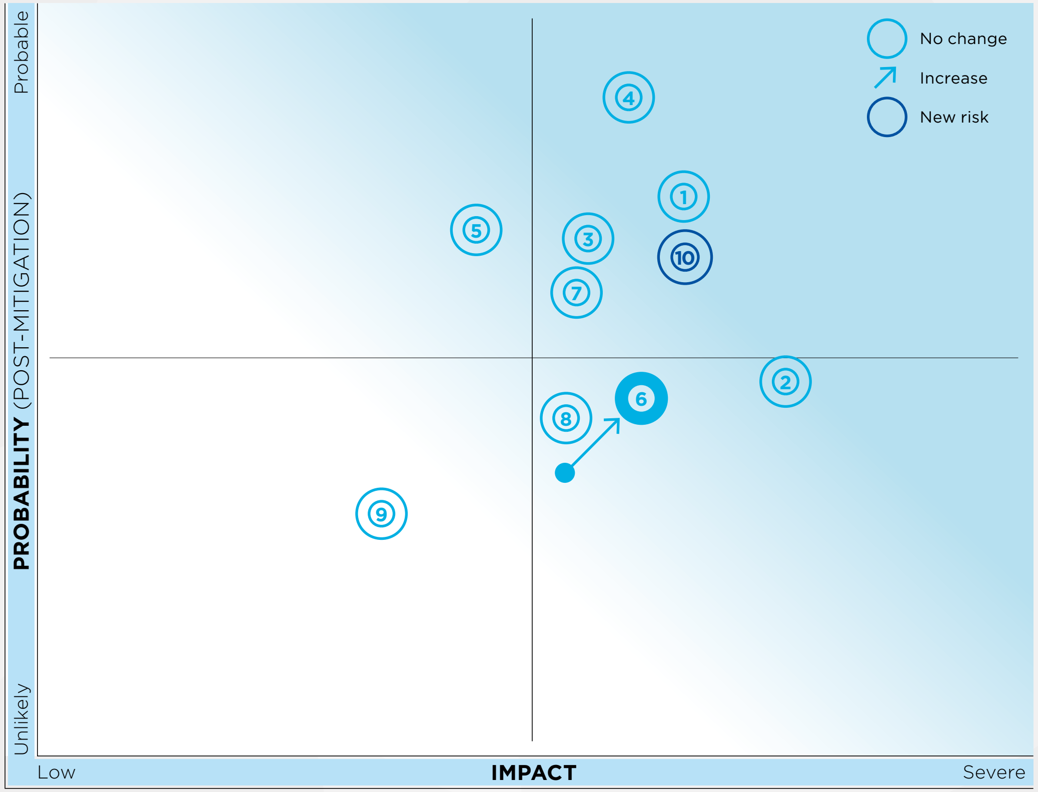
EMPLOYEES

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

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

CHANGES TO PRINCIPAL RISKS

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



KEY: PRINCIPAL RISKS

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

CUSTOMER DEMAND

1

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

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

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

Impact

Severe

Probability (post-mitigation)

Possible

Change from last year

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

Risk appetite

Medium

Link to strategy

Driving customer-led growth

Delivering operational excellence

Being sustainable

Relevant KPIs

Financial
1, 2, 5, 6, 8

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

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

FINANCING

2

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

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

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

Impact
Severe

Probability (post-mitigation)
Unlikely

Change from last year
No change

Risk appetite
Low

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

Relevant KPIs
Financial
2, 4, 9

VALUATION

3

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

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

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

Impact
High

Probability (post-mitigation)
Possible

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

Risk appetite
Medium

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

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

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Mirror Works, Stratford

ACQUISITION PRICING

4

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

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

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

Impact
High

Probability (post-mitigation)
Possible

Change from last year
No change

Risk appetite
Medium

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

Relevant KPIs
Financial
3, 7, 8, 9

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

CUSTOMER PAYMENT DEFAULT

5

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

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

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

Impact
High

Probability (post-mitigation)
Possible

Change from last year
No change

Risk appetite
Low

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

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

CYBER SECURITY

6

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

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

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

Impact
High

Probability (post-mitigation)
Possible

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

Risk appetite
Low

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

Relevant KPIs
Financial
2, 4, 8, 9

Non-financial
4, 5

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

RESOURCING

7

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

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

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

Impact
High

Probability (post-mitigation)
Low

Change from last year
No Change

Risk appetite
Medium

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

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

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

COMPANY VALUES

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

Mirror Works, Stratford

Know your stuff

Show we care

Find a way

Make it fun

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

THIRD-PARTY RELATIONSHIPS

8

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

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

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

Impact
High

Probability (post-mitigation)
Low

Change from last year
No change

Risk appetite
Low

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

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

Non-financial
2, 4, 5

REGULATORY

9

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

Risk impact
- Increased costs
- Reputational damage

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

Impact
Medium

Probability (post-mitigation)
Low

Change from last year
No change

Risk appetite
Low

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

Relevant KPIs
Financial
2, 4, 9

Non-financial
4, 5

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

CLIMATE CHANGE

10

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

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

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

Impact
High

Probability (post-mitigation)
Possible

Change from last year
New Principal Risk

Risk appetite
Low

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

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

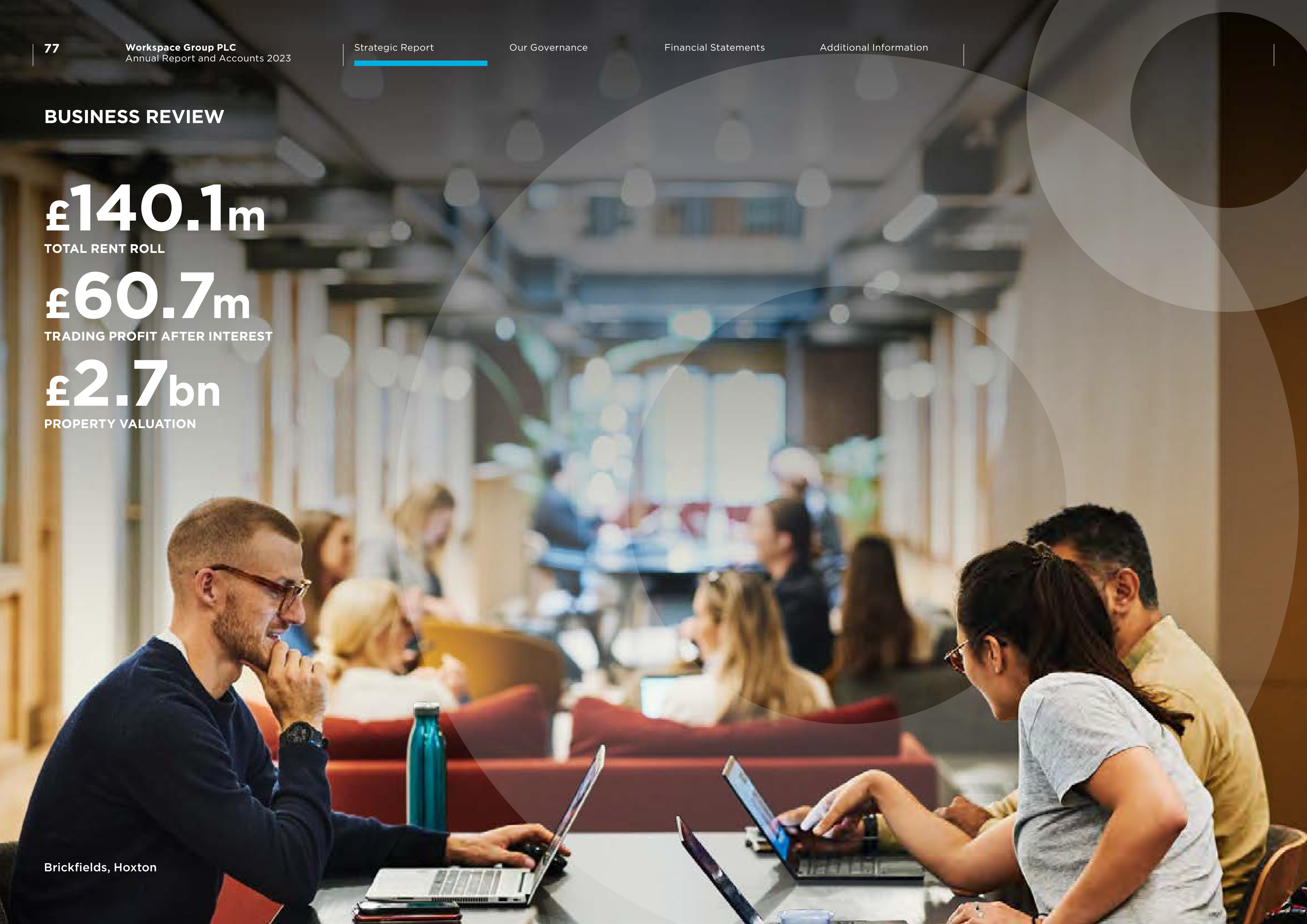

Brickfields, Hoxton

BUSINESS REVIEW

£140.1m
TOTAL RENT ROLL

£60.7m
TRADING PROFIT AFTER INTEREST

£2.7bn
PROPERTY VALUATION



Brickfields, Hoxton

BUSINESS REVIEW CONTINUED

Customer activity

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

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

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


The Light Bulb, Wandsworth

Rent roll

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

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

1. Adjusted for McKay portfolio acquired in May 2022.

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

Like-for-like portfolio

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

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

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

Completed projects

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

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

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

BUSINESS REVIEW CONTINUED


Biscuit Factory, Bermondsey (CGI)

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

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

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


9 Greyfriars Road, Reading

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BUSINESS REVIEW CONTINUED

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

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

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

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

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

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

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

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

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

Dividend

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

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

Clerkenwell Workshops, Clerkenwell

BUSINESS REVIEW CONTINUED

Property valuation

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

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

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

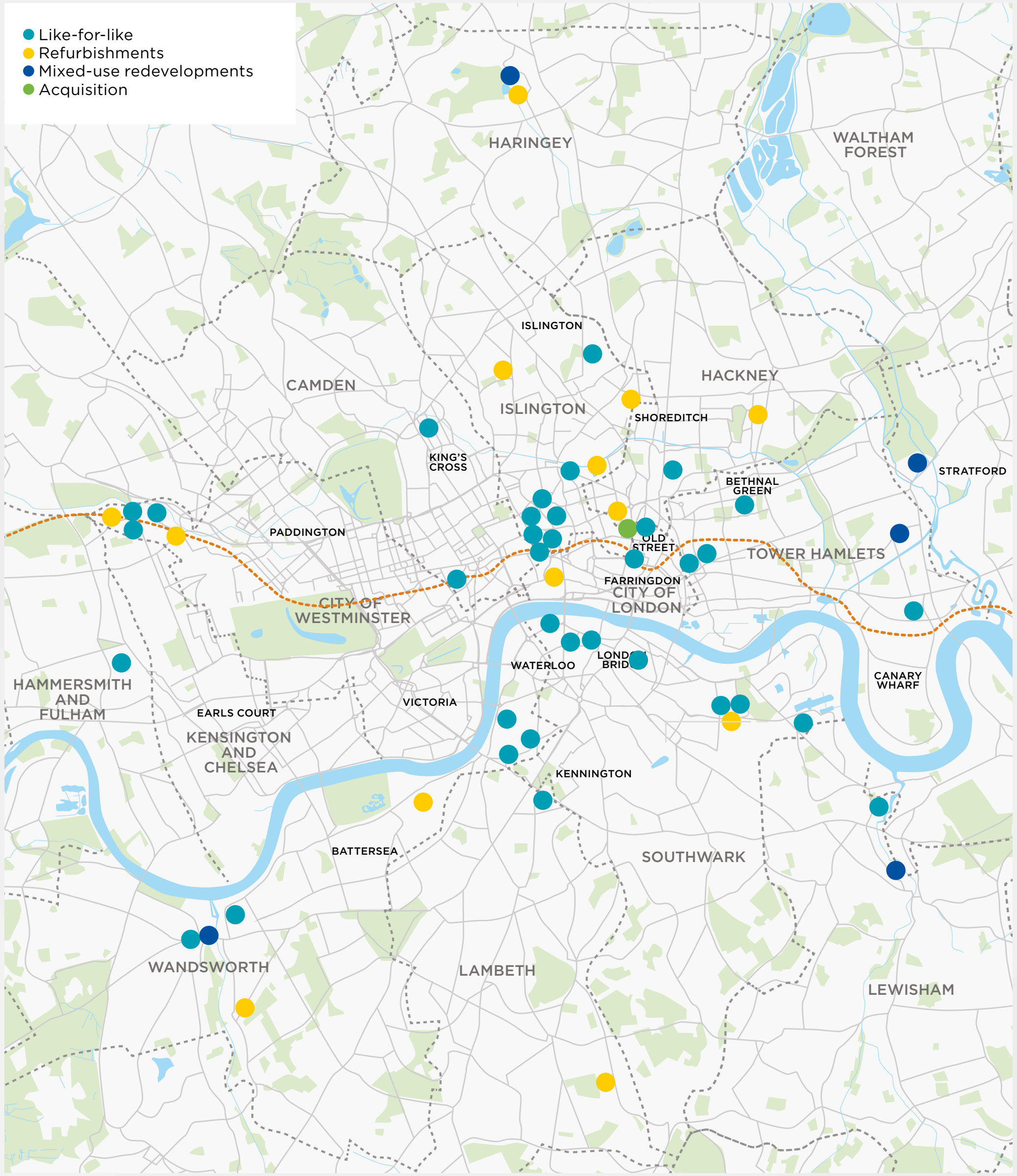
£m	Valuation 31 Mar 2023	Revaluation increase/(decrease) Full year	H2	H1
Like-for-like properties	1,887	(6)	(21)	15
Completed projects	265	12	12	–
Refurbishments	172	(25)	(14)	(11)
Redevelopments	33	(17)	(10)	(7)
McKay – London	154	1	(11)	12
McKay – South East	114	(13)	(21)	8
McKay – Non-core	116	(41)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

Like-for-like properties

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

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

1. Absolute change.



BUSINESS REVIEW CONTINUED

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

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

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

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

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

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

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

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

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

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

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

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

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

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


Chocolate Factory, Wood Green (CGI)


Leroy House, Islington

BUSINESS REVIEW CONTINUED

Redevelopment activity

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

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

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

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

Sustainability

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


Poplar Business Centre, Poplar (CGI)

Cash Flow

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

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

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

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

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

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


The Frames, Shoreditch

BUSINESS REVIEW CONTINUED

Net assets

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

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

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


The Chocolate Factory, Wood Green

Total Accounting Return

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

Financing

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

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

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

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

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

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

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

BUSINESS REVIEW CONTINUED


Barley Mow, Chiswick

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

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

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

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

BUSINESS REVIEW CONTINUED

Property statistics

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

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

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

Graham Clemett
Chief Executive Officer

Dave Benson
Chief Financial Officer


Brickfields, Hoxton

COMPLIANCE STATEMENTS

GOING CONCERN

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

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

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

VIABILITY STATEMENT

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

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

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

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

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

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

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

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

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

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

COMPLIANCE STATEMENTS CONTINUED

RISK SENSITIVITY ANALYSES

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

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

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

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

There are a number of mitigating factors that were not considered in the scenarios tested but which could be actioned:

- Additional asset disposals
- Cancellation or significant reduction in dividend
- Reduction in refurbishment programme

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

COMPLIANCE STATEMENTS CONTINUED

Non-financial information statement

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

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

COMPLIANCE STATEMENTS CONTINUED
NON-FINANCIAL INFORMATION STATEMENT CONTINUED

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

COMPLIANCE STATEMENTS CONTINUED
NON-FINANCIAL INFORMATION STATEMENT CONTINUED

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

COMPLIANCE STATEMENTS CONTINUED

TCFD

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

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

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

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

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

GOVERNANCE

1

The role of the Board

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

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

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

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

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

Management responsibility

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

STRATEGY

2

Climate change risk and opportunity

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

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

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

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

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

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

RISKS RELATED TO THE PHYSICAL IMPACTS OF CLIMATE

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

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

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

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

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

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

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

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

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

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

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

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

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

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

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

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

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

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

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

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

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

RISK MANAGEMENT 3

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

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

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

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

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

Identifying and assessing risk

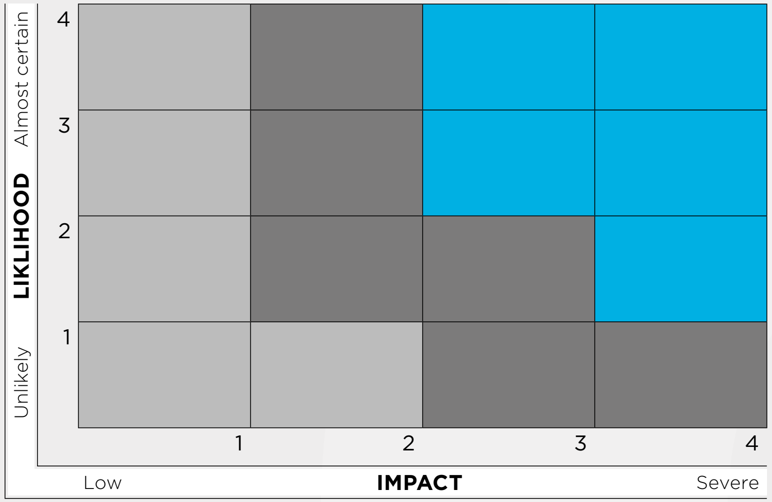
Overall, we identify risks across two key areas: Principal Business (Strategic) risks and Operational risks. Climate-related risks have been factored in both these categories.

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

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

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

Risk scoring matrix



Likelihood scale

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

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

Risk level:
- Low
- Moderate
- High

Impact criteria

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

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

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

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

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

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

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

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

METRICS AND TARGETS

4

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

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

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

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

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


Kennington Park, Oval

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

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

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

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

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

REPORTING FRAMEWORK

Reporting period:
1 April 2022 – 31 March 2023
Reporting Frequency – Annual, aligned with financial reporting

Regulatory:
Part 7 of The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Boundary:
Our GHG emissions have been prepared using the 'operational control' approach, in compliance with the Greenhouse Gas Protocol guidance. Scope 1 and 2 emissions include tenant consumption where we procure gas, electricity or heat on their behalf. Where electricity is directly purchased by our tenants (c.64% of NLA), we have estimated usage and corresponding emissions have been included under our scope 3 reporting. Following the acquisition of McKay Securities in May 2022, our portfolio now comprises 86 properties (whole portfolio), covering 5,300,000 sq. ft., representing a 1,400,000 sq. ft. increase from our previous reporting period. We have reported environmental performance for Workspace like-for-like portfolio and Workspace whole portfolio (including McKay).

In cases where a property has been acquired or sold during the reporting period, we report its greenhouse gas emissions up to the sale date or from the acquisition date. We exclude properties from greenhouse gas reporting for the duration of any major refurbishment or construction project.

Reporting standards:
World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (the GHG Protocol). World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: Corporate Value Chain (scope 3).

We have also aligned our reporting with:
- EPRA 'Sustainability Best Practice Recommendations' (sBPR). Published in the sustainability performance section of our investor website
- Sustainability Accounting Standards Board (SASB) real estate metrics. Pages 104 and 105
- Global Reporting Initiative (GRI) 2021 Standard. Published in the sustainability performance section of our investor website

Verification:
Accenture were appointed for independent third-party verification of our carbon data. The verification has been performed to the international standard ISO 14064-3:2019 Specification. Limited level of assurance, based upon a 5% materiality threshold. The full assurance statement can be found in the sustainability performance section of our investor website. Further, our social value data has been verified by Social Value Portal.

Other:
When reporting totals, the location-based emissions are used. All market-based emissions are backed by Renewable Energy Guarantees of Origin (REGOs).

Any questions about the reported information, please contact:
info@workspace.co.uk

Performance

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

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

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

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

Energy efficiency actions taken during 2022/23

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

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

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

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

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

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

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

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

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

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

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

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

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

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

COMPLIANCE STATEMENTS CONTINUED
SASB SUSTAINABILITY ACCOUNTING STANDARD – REAL ESTATE METRICS

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

COMPLIANCE STATEMENTS CONTINUED
SASB SUSTAINABILITY ACCOUNTING STANDARD – REAL ESTATE METRICS

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

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