Workspace Group PLC
Annual Report and Accounts 2024

IT ALL HAPPENS AT WORKSPACE®

WHOEVER YOU ARE, WHATEVER YOU DO, WE HAVE A SPACE FOR YOU

Our vision is to be the first choice in London for the brightest businesses, people and investors.

Our purpose is to give businesses the freedom to grow. We achieve this by giving our customers working environments they can personalise and an experience tailored to their business. Free from constraint and compromise.

We deliver our purpose by staying true to our values: know your stuff, find a way, show we care and make it fun. Our people are as driven, diverse and innovative as our customers and our culture ensures we stay close to our customers and their needs.

This is why around 4,000 of London's brightest businesses call Workspace home.

Front cover image
The front cover image was created from a photo of Workspace people, customers and partners captured at an event held at Kennington Park. The original drone image is shown here and we also captured the event on film (watch it via the QR code on page 8).

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OUR GOVERNANCE

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> **For London's SMEs, flexibility means choice and control.**
> **Cherry Tian**
> Head of Marketing

Portsoken House, Aldgate

> **As the leading flexible brand for SMEs across London, I am confident that Workspace has a clear competitive advantage.**
> **Graham Clemett**
> Chief Executive Officer

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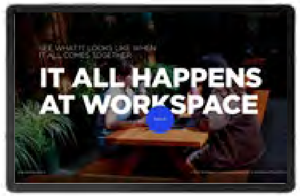
Canalot Studios, Ladbroke Grove



Go to:
www.workspace.co.uk/onlineannualreport2024

IT ALL HAPPENS AT WORKSPACE

Throughout the year we have filmed stories that capture some of the makers, innovators and creators from our diverse customer base. We've also turned the camera on ourselves to show how our purpose, values and culture ensure we stay close to the 4,000 businesses that call Workspace home.

WILD FAWN, CUSTOMER
Their space in The Biscuit Factory is designed for hand-making and packaging their sustainable jewellery.

ALBION CYCLING, CUSTOMER
Creates innovative, sustainable cycling clothing in their work space at Fuel Tank in Deptford.

JUKEBOX STUDIOS, CUSTOMER
Records popular podcasts and online videos at Pall Mall Deposit in Ladbroke Grove.

JAMES AVERY, HEAD OF CENTRE MANAGEMENT
Manages our team of Centre Managers to make sure our buildings and our customer service are at their best.

SONAL JAIN, HEAD OF SUSTAINABILITY
Ensures sustainability remains at the heart of everything we do.

OUR NEIGHBOURS
We bring together our customers, suppliers and people, as well as the local community, at regular events across our portfolio.

Engaging with our customers
Pages 20 to 24

Our values in action
Page 26

MAKERS

“We love that we could adapt the space, so that we can make and pack our jewellery all in the same room.

Emma Barnes
Founder, Wild Fawn

How we support makers

At Workspace, we offer a blank canvas that allows makers like Wild Fawn to customise and brand their space. Our flexible offer has allowed them to organise their space into distinct zones for design, production, packaging, and customer consultations.

WATCH THE FILM

INNOVATORS

“With the hum of sewing machines in the background, we feel very close to the sustainable garments we’re developing.

Rupert Hartley
Co-Founder, Albion Cycling

How we support innovators

Our customers want more than just desk space. They want areas where they can develop and test their latest products. Albion use machines in their space to cut new materials. They also host repair workshops for their customers to help extend the life of their garments.

WATCH THE FILM

CREATORS

> **Workspace has helped my creative journey by allowing me to do pretty much anything I want to my space.**
>
> **Daniel Stewart**
> Managing Director, Jukebox Studios

How we support creators

Creative customers want to be creative with their space. For instance, Jukebox Studios has divided its space into several sound studios and mixing rooms, each reflecting its unique brand personality.

WATCH THE FILM

AT WORKSPACE, WE ARE AS DRIVEN AND INNOVATIVE AS OUR CUSTOMERS – IT'S HOW WE STAY CLOSE TO THEM AND THEIR NEEDS.

MANAGERS

> **The most common feedback we receive from customers highlights our centre teams as heroes.**
>
> **James Avery**
> Head of Centre Management

Putting the customer first

We have created a new role, Head of Centre Management, and two new Regional Managers. With James Avery running the team, this additional level of oversight provides more support to our centre teams, ultimately continuing our focus on putting the customer first.

WATCH THE FILM

LEADERS

> **From big strategic decisions to small choices, sustainability shapes all our actions. At Workspace, every individual is committed to driving our sustainability agenda forward.**
>
> **Sonal Jain**
> Head of Sustainability

Our edge is our sustainable business model

Our business model empowers us to boldly advance our sustainability goals and deliver impact for all our stakeholders. By prioritising refurbishment, we breathe new life into old buildings, creating high-quality, sustainable work spaces. Our investments across London stimulate economic activity, enhance local amenities and ultimately create a more equitable distribution of employment opportunities across the city.

WATCH THE FILM

NEIGHBOURS

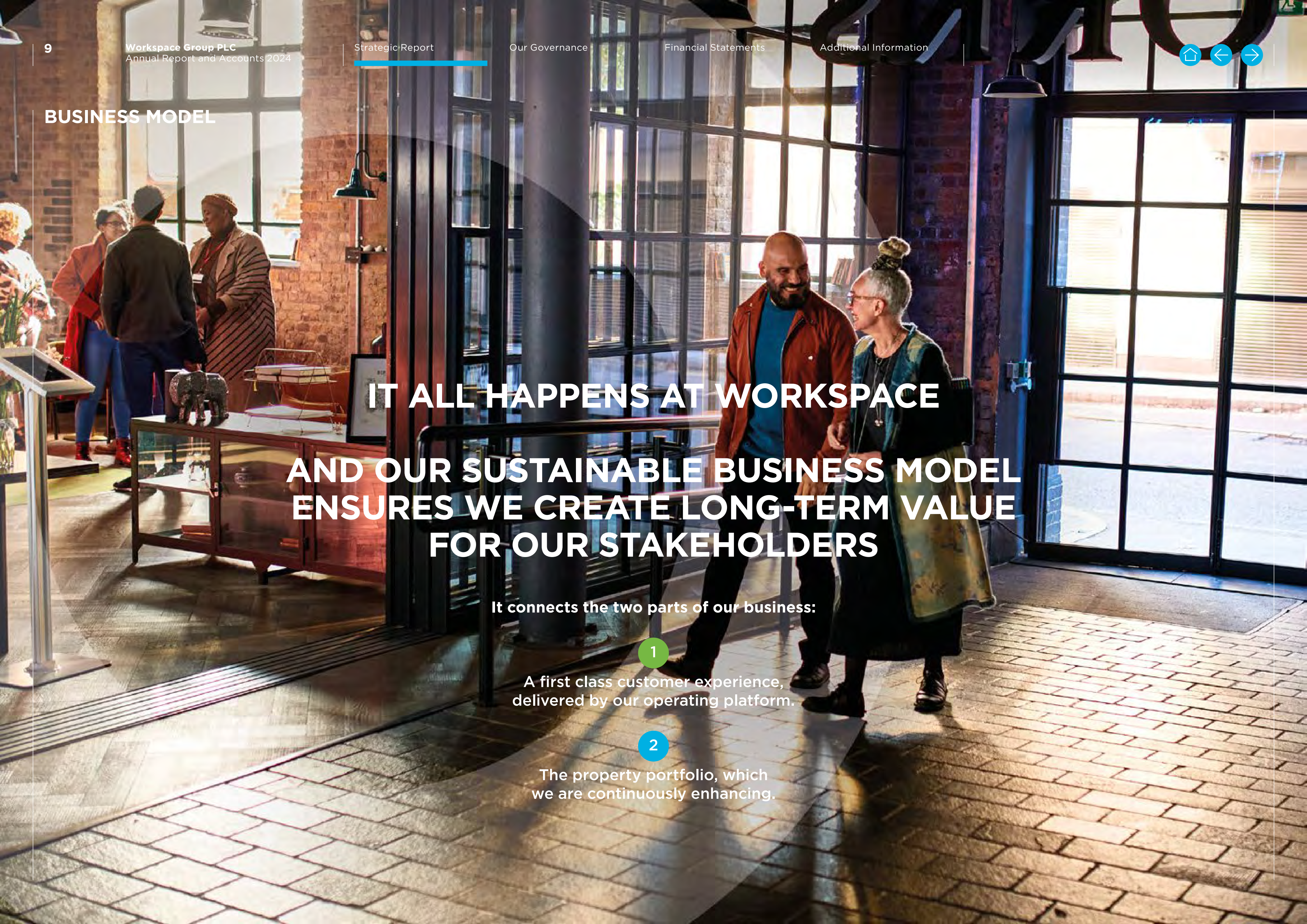
“I love the sense of community at Workspace – there’s always something fun going on.”

Victoria Murley
Centre Manager, Fleet Street

Celebrating our neighbours

We frequently host events in our buildings to unite Workspace people and customers. In April 2024, we held a Spring party at Kennington Park and used the opportunity to take an aerial photo that captured our community spirit and now features on the cover of this Annual Report.

WATCH THE FILM



BUSINESS MODEL

IT ALL HAPPENS AT WORKSPACE

AND OUR SUSTAINABLE BUSINESS MODEL ENSURES WE CREATE LONG-TERM VALUE FOR OUR STAKEHOLDERS

It connects the two parts of our business:

1. A first class customer experience, delivered by our operating platform.

2. The property portfolio, which we are continuously enhancing.

BUSINESS MODEL CONTINUED

1 CUSTOMER
We stay close to our customers, gaining insight and knowledge about what they need to help their businesses grow.

2 PROPERTY
Active asset management allows us to create hubs of economic activity and a more sustainable London.

DELIVERING VALUE FOR THE LONG TERM

CUSTOMER VALUE
86.1%
CUSTOMER SATISFACTION
Read more on page 19

PEOPLE VALUE
85.5%
EMPLOYEE INCLUSIVITY
Read more on page 55

COMMUNITY VALUE
+£0.8m
DIRECT SOCIAL VALUE
Read more on page 60

PARTNER AND SUPPLIER VALUE
100%
CONSTRUCTION & FACILITIES PARTNERS PAID LONDON LIVING WAGE
Read more on page 27

INVESTOR VALUE
+8.5%
DIVIDEND GROWTH
Read more on page 79

ENVIRONMENT
11%
REDUCTION IN ENERGY USE INTENSITY ACROSS THE LIKE-FOR-LIKE PORTFOLIO
Read more on page 44

BUSINESS MODEL CONTINUED

CUSTOMER

GIVING THEM WHAT THEY NEED TO GROW THEIR BUSINESSES

Leading customer proposition

We provide companies with customisable space on flexible terms within inspiring, sustainable buildings in dynamic London locations. We cater to customers who are creative, passionate owners of businesses, for whom being able to express their individuality and personality is vitally important.

We are always enhancing and refining the customer experience. This year, we have continued to upgrade communal spaces, cafés and meeting rooms and added phone booths across the portfolio. We have expanded our events programme, rolling out a calendar of exciting and engaging events, with a focus on wellbeing and networking.

Customer satisfaction was up 2.1% to 86.1% this year, as well as a 2% increase to 86.5% in customers who would recommend Workspace.

Delivered by great 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 our staff surveys consistently show are well understood.

Our culture is dynamic and open and helps attract and retain people who align with these values and have a broad range of skills, experience and backgrounds.

In 2023/24, we developed new partnerships to support our commitment to recruit from a more diverse talent pool, for example with Jobcentre Plus and Sapphire Partnership, a charity focused on providing opportunities to young people not in employment, education or training. We are also growing our apprenticeship programme and have designed clearer career pathways for centre teams, which has resulted in around 10% of our centre staff being promoted during the year.

Supported by our smart operating platform

Our proprietary, in-house operating platform is a combination of skilled teams, smart systems and actionable data. It enables us to manage a huge volume of customer activity in-house, from enquiries and viewings through to lettings, facilities management, billing and renewals.

These ongoing interactions with customers, as well as our regular surveys, provide real-time market intelligence. Over the year, we have embedded our new finance system and prepared the way for a new CRM system in 2024/25. With these dynamic systems in place, we will drive further efficiencies and harvest even more data, which helps inform decision-making across the business.

Maintaining direct relationships with our customers also means we can work with them to enhance the sustainability of our buildings.

PROPERTY

CREATING HUBS OF ECONOMIC ACTIVITY

Creating a 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 in vibrant neighbourhoods and are often landmarks in their areas.

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

As well as driving rental growth, our refurbishment and redevelopment pipeline expands our footprint, and we use our deep knowledge of the London property market to recycle capital and invest in strategic acquisitions to help accelerate our growth plans.

Fully embedding sustainability

Through our inherently sustainable business model we aim to 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 we also install the most efficient systems and engage with customers to reduce operational carbon.

We ensure our operations are sustainable, focusing on waste management, water efficiency and sustainable procurement.

We play a key role in the employment-led regeneration of areas across London: our buildings become hubs of economic activity, bringing more employment opportunities and prosperity into emerging areas.

Delivering income and capital growth

Our properties generate sustainable, long-term income, which we reinvest to enhance the portfolio and return to shareholders as dividends.

We prudently manage our balance sheet and are committed to maintaining conservative leverage, which we expect to reduce further through strategic disposals and as values improve. 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.

PERFORMANCE HIGHLIGHTS IN 2024

Despite the economic challenges, we have had another year of strong performance, with continued demand from London's SMEs for our flexible offer delivering double-digit rent roll and pricing growth in the year.

Our distinctive offer, proven operating platform and track record, alongside ownership of an extensive, high-quality property portfolio mean we are well positioned to capitalise on the growing shift towards flex and to capture more of the significant market opportunity ahead of us.

FINANCIAL

(LOSS)/PROFIT BEFORE TAX

£(192.8)m

2024	(192.8)
2023	(37.5)
2022	124.0

TRADING PROFIT AFTER INTEREST[1]

£66.0m

2024	66.0
2023	60.7
2022	46.9

NET RENTAL INCOME

£126.2m

2024	126.2
2023	116.6
2022	86.7

DIVIDEND PER SHARE

28.0p

2024	28.0
2023	25.8
2022	21.5

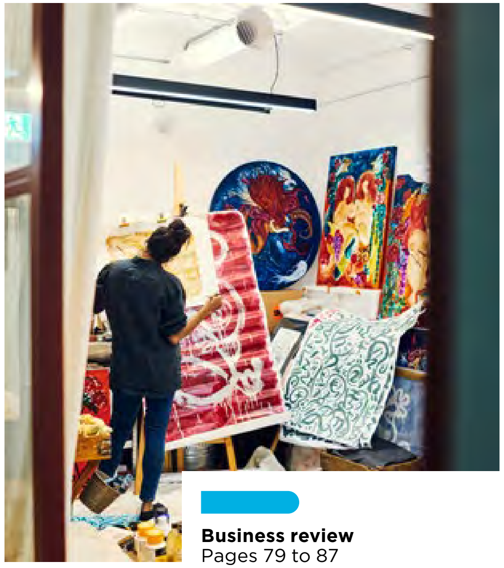
UNDERLYING PROPERTY VALUATION

-9.5%

EPRA NTA PER SHARE

£8.00

2024	8.00
2023	9.27
2022	9.88

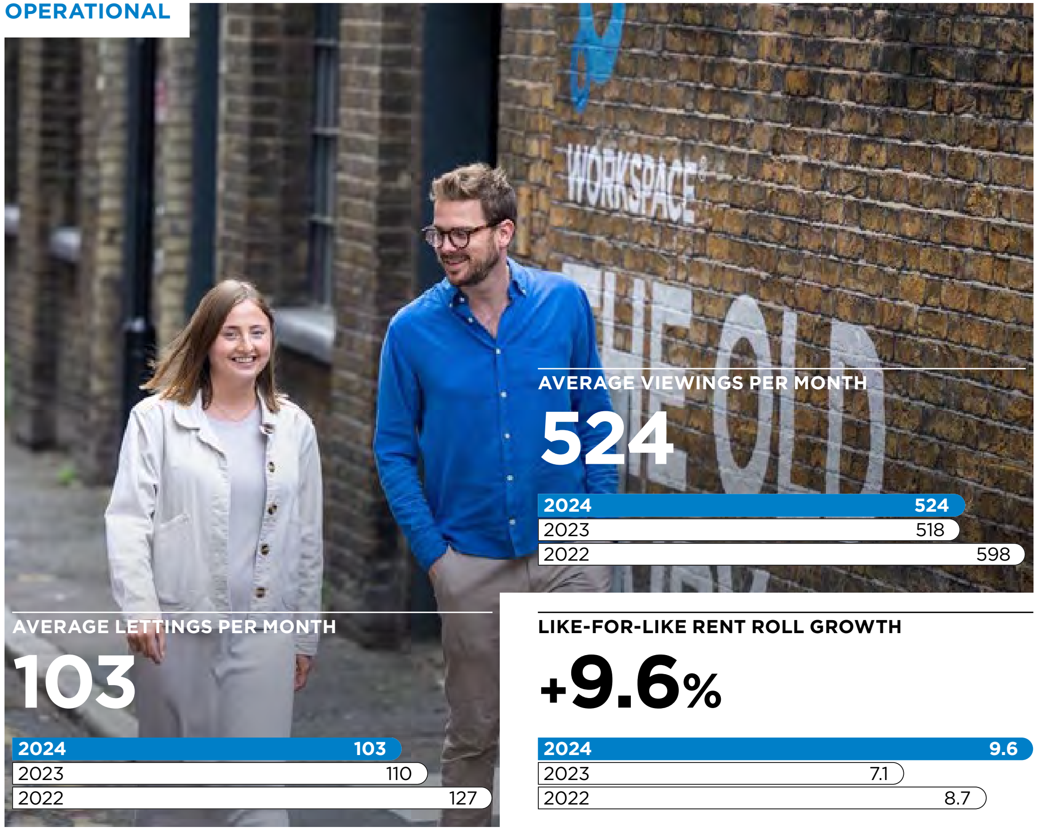


Business review
Pages 79 to 87

1. A reconciliation of basic and diluted earnings to trading profit after interest is in note 8 to the financial statements.

PERFORMANCE HIGHLIGHTS IN 2024 CONTINUED

OPERATIONAL



AVERAGE VIEWINGS PER MONTH

524

2024	524
2023	518
2022	598

AVERAGE LETTINGS PER MONTH

103

2024	103
2023	110
2022	127

LIKE-FOR-LIKE RENT ROLL GROWTH

+9.6%

2024	9.6
2023	7.1
2022	8.7

AVERAGE ENQUIRIES PER MONTH

788

2024	788
2023	798
2022	917

SUSTAINABILITY

REDUCTION IN ENERGY USE INTENSITY ACROSS THE LIKE-FOR-LIKE PORTFOLIO

11%

DONATED TO SINGLE HOMELESS PROJECT

£31k

100%

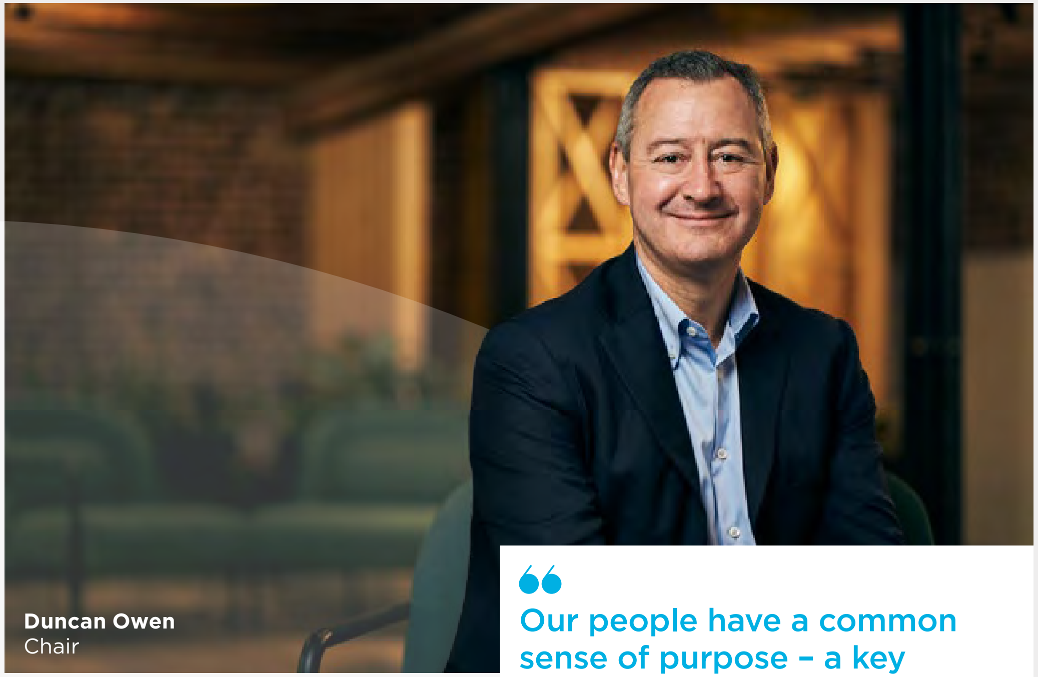
RENEWABLE ELECTRICITY SOURCED

SCOPE 1 AND 2 EMISSIONS REDUCTION SINCE 2019/20

20%

> **Our accomplishments this year are a testament to our unwavering commitment to sustainability.**
>
> **Sonal Jain**
> Head of Sustainability

CHAIR'S STATEMENT



Duncan Owen
Chair

> Our people have a common sense of purpose – a key differentiator for Workspace. Everyone is focused on delivering a great experience for our customers and giving their businesses the freedom to grow.

£66.0m
TRADING PROFIT AFTER INTEREST[1]

28.0p
DIVIDEND PER SHARE

1. A reconciliation of basic and diluted earnings to trading profit after interest is in note 8 to the financial statements.

Duncan Owen was appointed Chair of Workspace after the 2023 AGM, having joined the Board in 2021. We sat down with him to discuss his first year in the role, what differentiates Workspace in the market and the exciting growth opportunities for the business going forward.

Q

What have been your priorities as Chair of Workspace in this first year?

A— Initially, I was focused on continuing to learn and build an even deeper understanding of the business and the people beyond the Executive Committee members who I knew well from my two years as a Non-Executive Director. I made it a priority to get out to more Workspace sites to see the blend of characterful, heritage buildings and modern properties that we own and to meet the customer-facing teams on the ground.

Succession planning has been a key priority this year, particularly after Graham Clemett announced his intention to retire in January. We have conducted a rigorous and thorough search process and were delighted that so many excellent candidates came forward for consideration. As a consequence, we are fortunate to have found such a strong CEO designate in Lawrence Hutchings. His deep experience in the listed real estate environment and world-class skills as a hands-on operator of multi-use assets make him the ideal person to lead Workspace. Equally compelling is his widely acknowledged warmth of personality and high integrity which are a great fit for the existing team.

Beyond the CEO appointment, we have also taken steps to further strengthen the Board with the appointment of David Stevenson as Non-Executive Director. He brings invaluable capital markets experience and strategic thinking as an investor, as well as expertise in the SME sector and in optimising digital strategies. This will complement our existing Board and support Workspace in delivering our growth ambitions.

Q

How has your perception of Workspace changed now that you've been in the Chair role for a year?

A— I have a much better appreciation now of the factors that differentiate Workspace in the market. The flexible space industry is increasingly competitive and growing strongly as it emerges from a niche within the real estate sector to the mainstream. Workspace stands out from its peers for several reasons. The first and strongest reason is our people and the culture we've cultivated, which would be particularly difficult for competitors to copy. Workspace is as much an operating, people-led business as it is a property company. We hire the best people from hospitality, marketing, technology and the real estate industries and we have a fantastic culture that ensures our people are looked after, offered great career development opportunities and, as a result, employee retention is high.

CHAIR'S STATEMENT CONTINUED

The Company has a common sense of purpose, which is the second key differentiator for Workspace. Everyone is focused on delivering a great experience for customers and giving their businesses the freedom to grow. Whether you're in the Facilities Management team, Executive team or a Centre Manager, there is real collaboration across the Company towards achieving our purpose.

Finally, for more than 35 years, Workspace has pioneered a truly flexible offer and developed a unique customer-centric operational platform – comprising our people and our proprietary systems. This supports the delivery of the customer experience. It is this platform that will enable us to scale the business over the longer term and grow earnings for the benefit of shareholders.

Q

You referenced culture – how does the Board monitor the culture of the business?

A— Workspace's culture has developed over almost four decades. It starts with the DNA of the business – our earliest annual reports talked about customer-centricity, which is at the heart of our culture. This has evolved as new people have joined and innovated with new ideas to constantly improve our service. We have a strong set of values, which I see are genuinely lived by in the day-to-day operations of the business.

> **We have a fantastic team and a clear strategy to take advantage of our operational leverage to deliver earnings growth.**

Both the Board and Executive Committee closely monitor culture and how it is embedded throughout the business. We do this primarily through our employee engagement programme. This is a mix of formal engagement, with regular presentations to the Board on strategic and operational initiatives from senior managers, and informal engagement, where I and other NEDs host breakfast or lunch meetings for people across the business. These are held at Workspace sites and have no fixed agenda, but provide an opportunity for employees to give feedback, make suggestions and raise any issues or concerns they might have.

Q

Why is sustainability so important to Workspace?

A— I mentioned our DNA. Sustainability has always been in our DNA and is integral to our business. We own historic buildings and it is our responsibility to maintain them for future generations and make them fit for purpose in today's world. Where we do develop sites, we do so with our environmental footprint in mind and are committed to our goal of being a net zero carbon business. We also work closely with our customers to reduce our combined impact and we know how important sustainability is to their businesses. Many of our customers are B Corp certified, or aiming to be so, and in our recent survey of SME business owners, 66% responded that they would be more likely to use a supplier or service if they had B Corp certification.

Q

What are your priorities for 2024/25?

A— With Lawrence, our new CEO, joining the business later this year, our priority is going to be his handover with Graham and induction on to the Board and into the business.

On that note, I'd like to take this opportunity on behalf of the Board to express our gratitude to Graham for his many years of service. As CFO for twelve years and CEO for the last five, he has made a significant contribution to the success of Workspace over that time. It is thanks to Graham's invaluable leadership and the hard work of all our people that Workspace is so well positioned as we look to the future.

Whilst we are in a challenging economic environment, with political uncertainty also impacting markets, Workspace has proven its resilience through previous economic downturns, as well as its outperformance during better times. We have a fantastic team and a clear strategy to take advantage of our operational leverage to deliver earnings growth. SME occupiers want the customer service, flexibility, and type of quality locations we have across the portfolio. Workspace is London's largest owner and operator of flexible, sustainable work space. This creates barriers to entry for competitors and provides us with a wealth of knowledge and an opportunity to profitably increase our market share for the benefit of our customers, our people and our shareholders.

Duncan Owen
Chair

FIVE REASONS TO INVEST

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 more than 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 and 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 governance
Pages 109 to 221

CHIEF EXECUTIVE OFFICER'S STATEMENT

Graham Clemett
Chief Executive Officer

"We've had another year of strong trading. Our ability to deliver sustained dividend growth for shareholders remains a key focus for the Company."

£126.2m
NET RENTAL INCOME

£66.0m
TRADING PROFIT AFTER INTEREST[1]

We've had another year of strong trading at Workspace. Continued demand for our flexible lease offer has meant that we've been able to maintain broadly stable occupancy and increase pricing by some 10% through the year. This has involved a huge amount of customer activity with our teams completing 1,238 lettings and 705 renewals, worth £53.3m in terms of rent roll. The result is an 8% growth in net rental income delivering a 9% increase in trading profit after interest, to £66m. As a result, the Board has recommended a final dividend of 19p per share, taking the full year dividend to 28p per share, an increase of 8.5% on last year. Our ability to deliver sustainable dividend growth for shareholders remains a key focus for the Company.

Our property teams have been busy too. We're continuing to deliver three major refurbishment projects and I'm looking forward to the launch of Leroy House in Islington in September, which will be our first net zero building. Our property portfolio also offers up rich opportunities for smaller scale projects and we have completed on some 30 smaller refurbishments and upgrades over the year, which are delivering strong and immediate income returns. We've also exchanged or completed on the disposal of £143m of non-core assets as we continue to recycle capital and strengthen the balance sheet.

Our property valuation has reduced by 9.5% on an underlying basis over the year although the pace of this reduction slowed significantly in the second half. This was primarily driven by a continued outward movement in yields, with the like-for-like equivalent yield now at 7.0%. As a result, our net tangible asset value per share is down 13.7% to £8.00, which remains significantly higher than our current share price. I would expect this valuation to be the low point of the current cycle given the forecast of interest rate reductions

"I am immensely proud of the distinctive culture we've cultivated at Workspace; it has made my time in the business hugely enjoyable."

combined with our ability to continue delivering pricing growth and value-add asset management activity.

With the Executive and senior management teams, we've spent useful time over the year on how we can deliver on our longer-term ambitions, with the vision to be the first choice in London for the brightest businesses, people and investors. We are now progressing a number of customer and technology initiatives to take forward these plans.

We describe our customers as London's brightest businesses. They are SMEs, the unsung heroes of the London and UK economy, and a large and growing part of it. Workspace has been providing space for SMEs for over 35 years and we understand what they need to grow their businesses. They need the right buildings in the right locations, true flexibility – both in their lease and how they can use the space – and a work space provider with a sustainable mindset that puts the community and the environment at the heart of its offer.

To be first choice for these businesses, we need the brightest people in the market. Our unique and valuable operating platform is a combination of these people, smart systems and actionable data and insights.

Our stakeholders
Pages 18 to 28

1. A reconciliation of basic and diluted earnings to trading profit after interest is in note 8 to the financial statements.

CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

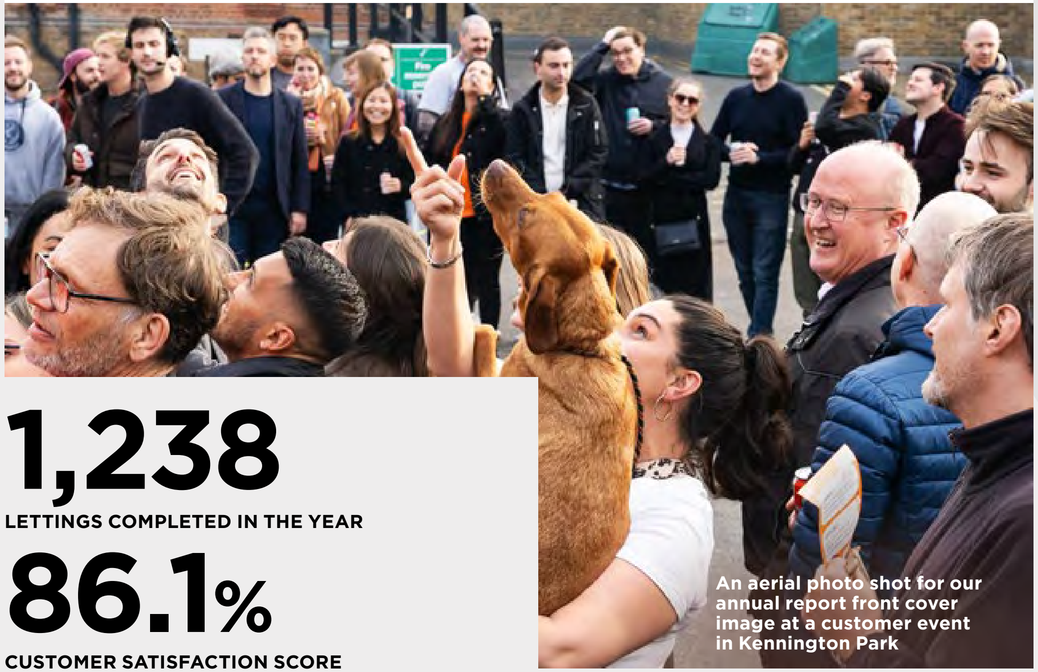
On that note I want to thank all our teams for their hard work over the last year. It is no surprise that our customer satisfaction score has risen this year to 86.1%.

As I come towards the end of my tenure at Workspace, I have been reflecting on the changes I've seen over the last seventeen years. The most obvious is that the flexible model, which Workspace has pioneered since its inception in the late 1980s, has become increasingly mainstream in the real estate industry. There is undoubtedly more competition in our space but as the leading flexible brand for SMEs across London, I am confident that Workspace has a clear competitive advantage.

I am immensely proud of the distinctive culture we've cultivated at Workspace; it has made my time in the business hugely enjoyable, despite the challenges we have had to deal with over the last two decades. I have no doubt that Lawrence Hutchings, who succeeds me as Chief Executive Officer, will be a great fit for the business and that Workspace will continue to thrive under his leadership.

I wish everyone at Workspace and all our stakeholders all the best for the future. I will of course remain an invested shareholder and I look forward to watching from the sidelines as Workspace goes from strength to strength.

Graham Clemett
Chief Executive Officer



An aerial photo shot for our annual report front cover image at a customer event in Kennington Park

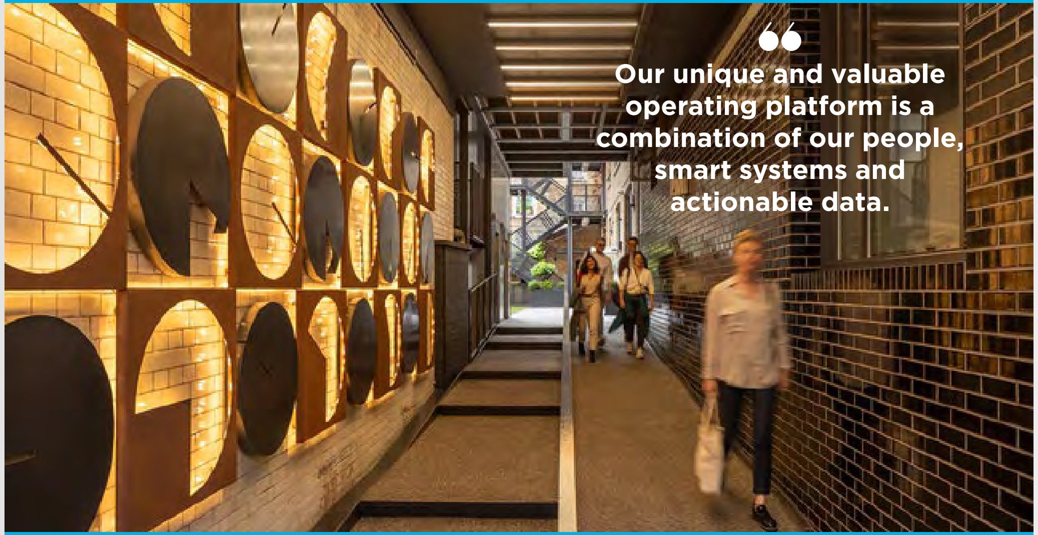
1,238

LETTINGS COMPLETED IN THE YEAR

86.1%

CUSTOMER SATISFACTION SCORE

ACCELERATING THE EVOLUTION OF WORKSPACE



> **Our unique and valuable operating platform is a combination of our people, smart systems and actionable data.**

With growing demand for sustainable, flexible space and a nimble, open culture, Workspace is ideally placed to continue to evolve. Our strategy is focused on growth and we believe that our platform – a combination of people, smart systems and actionable data – will enable us to grow faster than our peers and ultimately outperform the market.

Scaling the portfolio
There is significant headroom in our market. With 4,000 customers, we estimate that we have a 3% market share at a time of structural growth in the number of SMEs. We will continue to benefit from economies of scale as we grow the portfolio through strategic acquisitions and refurbishment projects, which will deliver more than one million sq. ft. of new and upgraded space.

Adding value for customers
We conduct market research to ensure we understand our existing and potential customers and that our offer caters to their needs. It informs improvements to the customer experience and offer, including ongoing enhancements to our cafés, events and customer service, as well as asset management activity to optimise the portfolio.

Building our brand
As the first major flex brand in London we have a unique heritage in the Capital. In the face of growing competition, we continue to cement our position and build awareness of Workspace amongst all stakeholders.

Evolving our digital strategy
Our digital capabilities are well embedded within Workspace, supporting teams and the smooth operation of our platform. Our strategic focus is now on leveraging digital technologies to enhance the experience, and create greater value, for customers.

OUR STAKEHOLDERS

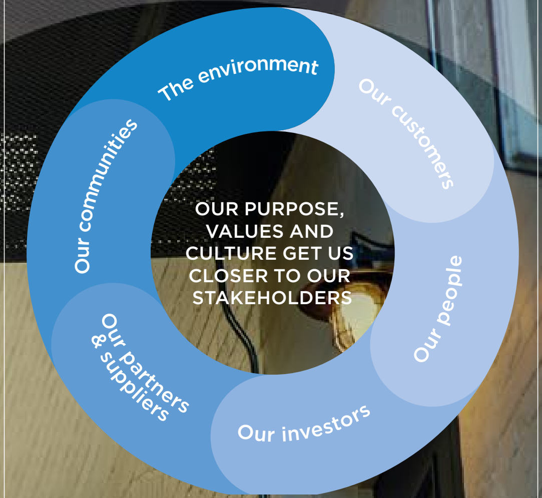
STAYING CLOSE TO OUR STAKEHOLDERS MEANS WE CAN RESPOND TO THEIR NEEDS, FASTER.

To understand what matters most we listen to our stakeholders, both in person and by collecting real-time data, directly informing the way we make decisions.

Our strategy
Pages 35 to 38
There are clear links between our market trends and our strategy.

Section 172(1) Statement
Page 131 to 134

OUR STAKEHOLDERS
Listening to our stakeholders guides our decision making.



Canalot Studios, Ladbroke Grove

OUR STAKEHOLDERS CONTINUED

81

CUSTOMER EVENTS HOSTED THIS YEAR

79.2%

OF CUSTOMERS SAY WORKSPACE IS A SOCIALLY AND ENVIRONMENTALLY SUSTAINABLE BUSINESS, UP 8.6% YEAR ON YEAR

OUR CUSTOMERS

> **Our centre teams received more than 1,000 individual shout-outs in our customer survey for consistently going out of their way to help customers and create a vibrant atmosphere.**
>
> **Greg Absalom**
> Customer Insight Manager

How we engage

We maintain a continual dialogue with a customer from the moment they make an enquiry, and our Centre Managers foster close relationships once they've moved in. We collect scheduled feedback twice a year from our 4,000 customers. We use these invaluable insights to enhance our service and building management, guiding key decisions on everything from refurbishments to acquisitions.

How the Board engaged

- Reviewed our brand and marketing campaigns.
- Reviewed customer experience initiatives.
- Considered the results of the customer survey and reviewed ongoing feedback.
- Evaluated key monthly customer metrics.

Significant topics raised

- Wi-Fi and connectivity quality.
- Strong performance of centre teams (over 1,000 formal 'shout-outs').
- Frequency and type of social events.
- Social and environmental sustainability.
- Breakout areas, meeting rooms and phone booths.
- Quality of cafés.

Activity in the year

- New centralised Centre Management team to strengthen customer focus.
- Delivered 30 smaller asset management projects.
- Rolled out inclusive billing to a further nine buildings.
- Launched new conference and events space for existing and external customers.
- Invested in Wi-Fi upgrade programme.
- Added 10 new meeting rooms.
- 81 customer events with 4,000 attendees, including launching a series of customer festivals and new sustainability roundtable events.
- Further streamlined leasing process with faster transaction times and improved customer experience.
- Launched four new in-house coffee bars.

OUR STAKEHOLDERS CONTINUED
OUR CUSTOMERS CONTINUED

RESPONDING TO THE NEEDS OF OUR CUSTOMERS

Our regular 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. Of these 12, we have highlighted four key priority areas over the following pages:

WHAT IT LOOKS LIKE WHEN EVERYTHING WE DO COMES TOGETHER FOR OUR CUSTOMERS

100%

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

Q&A

Cherry Tian
Head of Marketing

FLEXIBILITY: IT ALL HAPPENS AT WORKSPACE

Q

What do our customers have in common?

A— Our SME customers are incredibly diverse. However, they are all passionate about what they do and share the same dynamism and drive. They're busy creating, making and innovating – whether that's producing podcasts, making sustainable deodorants or designing apps.

Q

What sort of space do they want?

A— They want more than just standard desk space and flexible lease terms. Given the variety of businesses we attract, they value a range of choices and flexibility in every sense.

Q

What does true flexibility mean to you?

A— For London's SMEs, flexibility means choice and control. Most flexible office providers use a one-size-fits-all model. At Workspace, customers have the freedom to design and brand their space, creating a true home for their teams. We also make it easy for them to move across our over 70 well-connected locations as their business evolves.

Q

How is this reflected in the brand campaign?

A— This year's campaign showcases just how diverse, interesting and innovative our customers are. They know where they want to be and what they want to do, and just need the freedom to make it happen. At Workspace, they can. You can find our ads online, on the radio/podcasts, and on buses and Underground billboards, celebrating our colourful customers – from architects to app developers and jewellery makers to PR agencies. It All Happens At Workspace.

OUR STAKEHOLDERS CONTINUED
OUR CUSTOMERS CONTINUED

RESPONDING TO THE NEEDS OF OUR CUSTOMERS CONTINUED

Q&A

Andrea Kolokasi
Head of Business Development

QUALITY OF SERVICE: ENSURING IT STAYS CORE TO OUR OFFER

Q

Beyond providing great space, how do you enhance the customer experience at Workspace?

A— There's a huge amount that we offer beyond the four walls of the customer's space. Our cafés are a really good example – they are the beating heart of the centre and that's why we've started to hire our own baristas and provide our own café offering in some locations. This year, we've also grown and enhanced our meeting rooms platform and launched our own Workspace sound; curated playlists which can be heard in the communal areas of our buildings.

Q

How has the new Eventspace conference centre performed in its first few months of operation?

A— It's been really well received by both internal and external customers. We've had some large brands, such as Microsoft and Lloyds Bank, book events with us and some repeat bookers, which is a great sign. We're excited about continuing that momentum in our first full year of operation.

Q

What else have you been working on this year?

A— We're working with our furniture partner on a broader offer to help our customers see the potential in their space and better facilitate the move-in process, in addition to our existing free space planning offer.

Q

What's on the horizon for you and your team?

A— We're focusing on enhanced customer experience, overhauling our MyWorkspace customer portal to create a digital community hub that enables greater customer connections and offers new services.

> There's a huge amount that we offer beyond the four walls of the customer's space.

OUR STAKEHOLDERS CONTINUED
OUR CUSTOMERS CONTINUED

RESPONDING TO THE NEEDS OF OUR CUSTOMERS CONTINUED

Our operating platform ensures we know where demand is around London so we can take a view on future income growth.

Q&A

Richard Swayne
Investment Director

TYPE OF PROPERTY: THE RIGHT BUILDINGS IN THE RIGHT LOCATIONS

Q

How do you know what kind of building is right for your customers?

A— We have a long and successful track record in providing space for SMEs so we've built up a wealth of knowledge on their needs. But it's not just about what customers need, you also need development and asset management expertise to know what type of building can be best carved up for our multi-let offer. The configuration is crucial.

Q

How do you decide when to invest and when to sell?

A— We have a rigorous investment strategy for acquisitions and refurbishment projects, that is underpinned by specific criteria including ESG performance and strict return hurdles. Our operating platform also ensures we know where demand is around London so we can take a view on future income growth or whether an asset has reached maturity.

Q

You've been a net seller this year. What have you disposed of?

A— This year, we've sold £143m of non-core assets, recycling capital to pay down debt and help fund our project pipeline.

Q

Will you be in the market for acquisitions next year?

A— We have a clear growth strategy that includes exciting prospects within our existing portfolio that can be complemented with buying great buildings in the right locations when opportunities arise. The market continues to be constrained by the economic environment but we are well positioned to take advantage of acquisitions that are aligned with our investment strategy.

OUR STAKEHOLDERS CONTINUED
OUR CUSTOMERS CONTINUED

RESPONDING TO THE NEEDS OF OUR CUSTOMERS CONTINUED

“**Our customers love that they can learn, network, and unwind right where they work.**”

Q&A

Sophia Merola
Events Coordinator

SOCIAL ENGAGEMENT: HOW WE BUILD COMMUNITY

Q

Why are events important to our customers?
A— Our customers love that they can learn, network, and unwind right where they work. Whether it’s grabbing breakfast at a panel discussion, hanging out at a lunch event, or enjoying live music at night, there’s something for everyone. These events enhance the community feel and give businesses an extension of their own company culture, making coming to work more exciting for their teams.

Q

How have our events evolved this year?
A— We’ve really ramped up our customer events, hosting 81 this year. Highlights included our It All Happens At Workspace events, co-hosted with customers, such as jewellery making or pottery workshops, which drew more than 1,100 customers. We also continued our London’s Brightest Businesses panels, moderated by enterprise journalists from *The Times* and *Evening Standard*. We kicked off our Sustainability Roundtable series, bringing customers together to tackle big topics like B Corp certification. A big plus has been our new state-of-the-art events centre, Eventspace at Salisbury House, so we can now host even bigger and better gatherings (read more on page 36).

Q

How do these events benefit Workspace?
A— They’re a part of why people love working here. They bring our ‘Make It Fun’ value to life and get great feedback for boosting the overall vibes, giving our customers networking opportunities. Our surveys show that people who join our events are more satisfied and stay with us for longer, helping us build stronger connections and keeping our community thriving.

OUR STAKEHOLDERS CONTINUED
OUR CUSTOMERS CONTINUED

RESPONDING TO THE FUTURE NEEDS OF OUR CUSTOMERS

Our experienced Technology team boasts extensive expertise in connectivity and engineering, and are dedicated to using innovative technology to help empower our customers and teams.

Q&A

Chris Boultwood
Head of Technology

How are you using technology to improve the customer journey?
Our Systems Innovation team is always looking at ways to make the customers' life that bit simpler and smoother. This year, we introduced an internal app for centre teams to ease the process for customers moving in and out. Instead of juggling emails and paperwork, customers can handle everything through the app – from uploading pictures to filling out descriptions and requirements, all stored securely on the cloud. This not only speeds up the process but also enhances transparency between Workspace teams and customers.

How can AI help with the customer journey
We're already experimenting with AI internally, using tools like Microsoft Co-Pilot to enhance some of our processes. But we're not stopping there, we're also exploring how AI can enhance our customer experience. For instance, we're testing AI in our meeting room systems to adjust temperatures for optimal comfort while also cutting down on energy use. In time, we hope these insights could expand to entire buildings, not just individual rooms.

How are you improving connectivity for customers?
Over the past two years we have invested heavily in upgrading to superfast internet via the latest Wi-Fi 6 technology. The service provides four times the capacity of the usual network, improving customer satisfaction significantly – as reflected in a nearly 10% increase in our connectivity scores since we started the project.

What are you most excited about in the future?
We're working with an augmented reality partner to enhance how customers see and fit-out their potential space. We'll be trialling the use of iPads and VR headsets to visualise and arrange furniture in 3D, even seeing prices as they design their layout. It's a game-changer for customers personalising their spaces, and it perfectly complements our blank canvas offer.

Our strategy
Pages 35 to 38

OUR STAKEHOLDERS CONTINUED

OUR PEOPLE

45

INTERNAL PROMOTIONS

91%

OF OUR PEOPLE WOULD RECOMMEND WORKSPACE AS A GREAT PLACE TO WORK

> **Since tracking diversity, we have found that we are more diverse than the national average, which we are extremely proud of.**
>
> **Claire Dracup**
> Director of People & Culture

Read more about how we engage with our people in the governance section
Pages 126 to 127

How we engage

Our culture and values consistently receive high scores in our employee survey. This year 91% said they would recommend Workspace as a great place to work. Our regular town hall broadcasts provide a forum to hear from teams across the business. We also carry out a series of face-to-face and virtual events throughout the year, where we gather both formal and informal feedback.

How the Board engaged

- Reviewed and discussed our new recruitment policies.
- Chairman featured in our Wrap Live staff newsletter.
- Chairman and two separate Non-Executive Directors hosted two employee engagement sessions with a mix of centre and head office staff providing feedback.

Significant topics raised

- Strategy and vision.
- Diversity and inclusion, especially around recruitment.
- Communication from senior leaders.
- Intra-company collaboration and information sharing.
- Career development.
- Health and wellbeing.
- Systems improvements.

Activity in the year

- Strategy and vision workshops for senior managers.
- Enhanced recruitment processes, encouraging more internal hires and greater diversity.
- Six Wrap Live town halls – mix of in-person and virtual events.
- Four Wrap On Tour events, where the Executive team engage with centre staff.
- Enhanced Wrap bulletin staff newsletters.
- Introduced our first e-learning portal.
- Upgraded our systems.
- Increased frequency of internal recognition 'shout-outs', 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 centralised Centre Management team to strengthen customer focus.
- New Facilities Management team structure, 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.

OUR STAKEHOLDERS CONTINUED
OUR PEOPLE CONTINUED

LIVING OUR VALUES: A CLEAR FRAMEWORK FOR SUCCESS

Our company values are embraced by our people – 96% believe they align perfectly with our culture. We celebrate individuals who exemplify these values quarterly with our Workspace Winners awards. This year, we've also introduced an award for centre teams.

Embedding our culture
Page 127

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. Our people understand that a smile and the right word at the right time can make all the difference.

Living our values – Donating space to Sheltersuit
Workspace's offer of lettings in kind has allowed charity, Sheltersuit, to make a home at Record Hall, allowed it to bring its life-saving sleeping bags to homeless people across London.

96%
BELIEVE OUR VALUES MATCH OUR CULTURE

Sheltersuit, Record Hall

KNOW YOUR STUFF
We like people who are serious about their subject; those who are open-minded, interested and ask questions.

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.

116
PEOPLE COMPLETED ROLE SHADOWING THIS YEAR

We host social and wellbeing events for our employees throughout the year

Meet our Events Coordinator
Page 23

OUR STAKEHOLDERS CONTINUED

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 disposal of £143m of non-core assets in the year.
- The Chair engaged with our largest investors following the announcement of Graham Clemett's upcoming retirement.
- Attended the AGM.
- Reviewed and discussed the bi-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 and cost of debt.
- CEO succession.
- Growth strategies.
- Our sustainability approach.
- Brand and marketing capability.
- Competition.

Activity in the year
- 97 investor meetings (in-person and virtual).
- 19 sell-side analyst and buy-side investor site tours.
- 6 real estate conferences attended globally.
- AGM.

OUR PARTNERS AND SUPPLIERS

100%
CONSTRUCTION & FACILITIES PARTNERS PAID REAL LONDON LIVING WAGE

How we engage
We work with a broad range of long-term partners and have a strong track record of refurbishments and redevelopments where good relationships with local government, communities and contractors are integral. We ensure that all our partners and suppliers meet 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
- Discussed new supplier onboarding process.
- Approved modern slavery statement.

Significant topics raised
- Creating sustainable buildings.
- Compliance with building regulations and neighbourhood plans.
- Access for all user groups.
- Urban regeneration.
- Recycling and waste practice.
- London Living Wage.

Activity in the year
- Launched new, simplified supplier onboarding process.
- Continued to ensure suppliers and partners working on Workspace premises pay Real London Living Wage.
- Worked with our supply chain to adopt environmentally friendly practices.
- Promoted recycling and sustainable waste practices among our suppliers and partners.

OUR STAKEHOLDERS CONTINUED

OUR COMMUNITIES

How we engage
Creating a flatter, fairer London is central to our strategy. Our high-quality, affordable space brings employment into local areas and helps create community hubs. We support and work closely with our local communities, and offer employment-led opportunities to disadvantaged young people.

How the Board engaged
- Reviewed our social impact strategy and received monthly updates on initiatives.
- Our Chair and NEDs discussed social impact initiatives at their employee engagement sessions.

Significant topics raised
- Understanding local community needs to align our social impact initiatives.
- Expanding our partnership with Single Homeless Project.
- Partnering with 10 local schools to support skills and employability in the area.

Activity in the year
- Launched 100+ community engagement initiatives in partnership with local charities.
- Raised £31,000 for Single Homeless Project, funding a full-time employability coordinator and benefitting 589 young and vulnerable people, along with providing 1,560 volunteering hours.
- Rolled out the InspiresMe community skills and employment programme across 10 centres, benefitting over 300 students.

1,600
WORKSPACE TOTAL VOLUNTEERING HOURS

THE ENVIRONMENT

How we engage
We recognise the climate emergency and know that the real estate sector contributes to nearly 40% of global carbon emissions. We have pledged to become net zero carbon. Our model of refurbishing existing buildings substantially reduces embodied carbon. Our operating platform enables us to monitor energy usage in real time, ensuring efficiency and responsiveness. By actively engaging with our customers to improve building sustainability, we ultimately drive higher satisfaction scores and retention.

How the Board engaged
- Reviewed our net zero pathway and received monthly updates on progress.
- Reviewed our climate risk exposure, ensuring we have a robust mitigation strategy in place.

Significant topics raised
- How to reduce emissions through a long-term renewable power purchase strategy.
- Enhancement of metering and smart controls for high energy optimisation.
- Engaging and upskilling customers on energy reduction.
- Upgrading units to high sustainability standards, meeting at least EPC A or B.

Activity in the year
- Secured the industry's first renewable power purchase deal, fulfilling two thirds of our electricity needs.
- Increased smart building energy management system coverage to 75% of our portfolio.
- Rolled out the Big Energy Race campaign, engaging customers on energy reduction and saving over 860,000 kWh.
- Upgraded over 10% of the portfolio to EPC A/B standards.

Solar energy deal powers a greener work space
We took a major stride towards our net zero carbon objective with a groundbreaking deal to source two-thirds of our electricity from solar energy. This 10-year deal with Statkraft, Europe's top renewable energy producer, powers our spaces with electricity from a new solar plant in Devon, boosting the UK's clean energy output. The Corporate Power Purchase Agreement (CPPA) also allows our customers to achieve their own sustainability ambitions by significantly reducing their carbon footprint while helping stabilise their costs.

OUR MARKET

FOUR KEY TRENDS SHAPE OUR CUSTOMERS' NEEDS

Acting on market trends and understanding what our customers want helps to inform our decisions and the activities we undertake to deliver stakeholder value.

Our target market comprises around 138,000 London SMEs. With some 4,000 customers, we currently let space to 3% of this market.

It is our ambition to increase our market share over the long term and key to achieving this, is maintaining a clear understanding of the market and the key trends affecting our existing and prospective customers.

Our strategy
Pages 35 to 38
Our market trends are linked to our strategy.

The Frames, Shoreditch

OUR MARKET CONTINUED

WE ARE IN OUR OWN SPACE IN THE MARKET
Limited, relatively fragmented competition

USE OF SPACE: LOW FLEXIBILITY – HIGH FLEXIBILITY

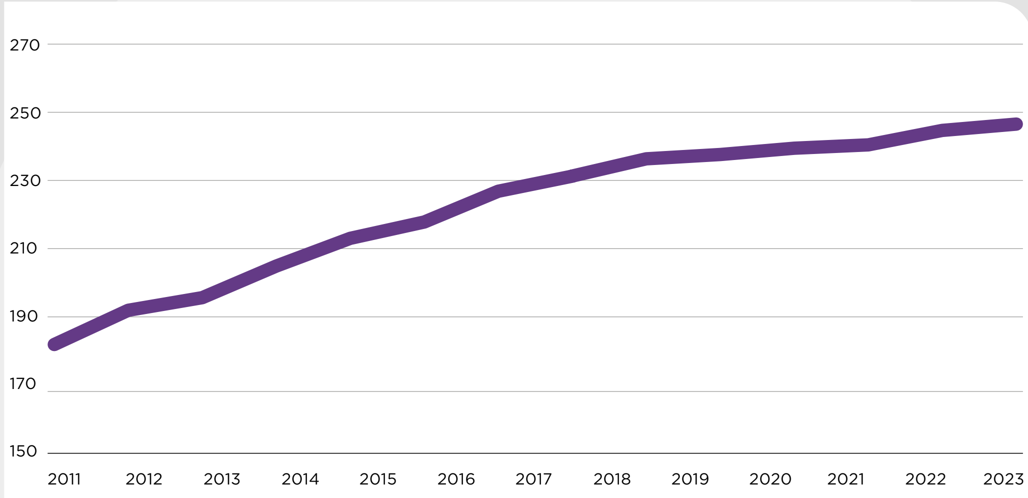
TRADITIONAL OFFER
- Large floor plates
- Unfurnished

TURN-KEY OFFER
- Large floor plates
- Fully fitted

SERVICED OFFER
- Offices/co-working
- Fully furnished

LEASE: LOW FLEXIBILITY – HIGH FLEXIBILITY

IT IS A GROWING MARKET
The number of London SME's continues to grow



WE ARE SEEING EMERGING CUSTOMER TRENDS
Work life culture and the role of the workplace are shifting

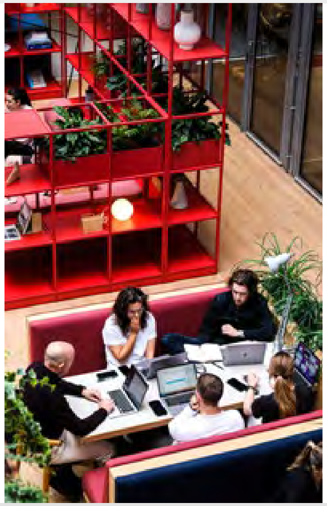
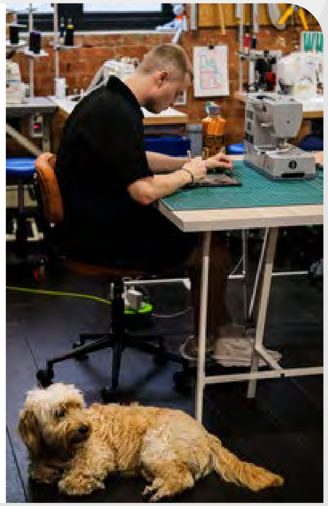
TRADITIONAL WORK LIFE CULTURE

Work life is about fitting into hierarchies and top-down business cultures. Conventional processes are followed in highly structured spaces which are separate from the outside world.

AN EMERGING CULTURAL SHIFT

Work life is more purposeful, fostering an inclusive environment that respects and reflects individuality and diverse ways of working. There is a blurring of the boundaries between work and the outside world and greater connection with local communities.

WE ARE WELL POSITIONED
Workspace is uniquely placed to respond to these trends and capture market share

OUR MARKET CONTINUED

TREND 1: THE ECONOMY

Despite signs of a gradual recovery on the horizon, businesses continue to navigate a complex economic landscape

The Bank of England's forecast of 1.5% growth in 2025 offers a cautiously optimistic outlook for the UK's recovery[1]. Yet businesses are still facing a complex landscape characterised by tight labour markets, sustained inflation, and the cost of doing business are expected to remain high.

1,238

LETTINGS IN THE YEAR

Vox Studios, Vauxhall

1. Bank of England's Monetary Policy Report, May 2024.
2. Business insights and Impact on UK Economy, ONS, May 2024.
3. State of UK Business, BCG, 2024.

What this means for our customers

SMEs have proved resilient and adaptable[2], with more than half expecting their profit to increase in 2024[3]. In Workspace's March 2024 survey of 300 SME owners and leaders, 88% said they are confident about their future.

This growing confidence, alongside economic shifts and changes in work models, has seen robust demand for our flexible offer, with 1,238 lettings and 705 customer renewals completed in the year.

Meanwhile, by securing long-term energy rates and offering inclusive billing, we help our customers manage their expenses effectively so they can focus on growth.

Workspace response

Our portfolio includes 77 locations with a variety of options to suit different budgets. Our new inclusive billing combines Wi-Fi, rent and energy into one monthly payment, simplifying finances for our customers. We also protect against fluctuating energy prices by hedging costs and primarily using solar energy for electricity.

Workspace has disposed of £143m non-core assets in the year, with the proceeds helping to pay down debt and fund our value-enhancing programme of upgrades and refurbishments. Our strong balance sheet coupled with our truly flexible offer and freehold ownership model means we are well positioned to weather any further economic volatility.

RELEVANT STRATEGIC PILLARS

- Driving customer-led growth
- Delivering operational excellence

OUR MARKET CONTINUED

TREND 2: INFRASTRUCTURE AND CUSTOMISABLE SPACE

Now that they've found their hybrid-working sweet spot, companies expect the highest standards in infrastructure and technology

Having fine-tuned their approach, more than 82% of small business leaders now aim for a hybrid workforce, more than half of whom expect it to boost their profits[1].

Jukebox Studios, Pall Mall Deposit

8%

UPLIFT IN CUSTOMER SATISFACTION WITH CONNECTIVITY SERVICES

What this means for our customers

Our agile SME customers embraced flexible working well before it became widespread, long recognising its benefits for work-life balance, wellness, productivity, talent attraction and retention, and supporting diversity.

Our customers span a wide array of sectors, including creative fields like podcast production and fashion design, and use their space in versatile ways beyond just rows of desks.

Hybrid work has made it necessary to schedule in-person meetings to gather teams. This has meant our meeting rooms offering has surged in popularity amongst both existing customers and external businesses. This year, we saw a 9% rise in bookings, totalling 22,000 meeting rooms booked.

Workspace response

For more than 35 years our business model has been geared toward offering flexibility and adaptability. Our ownership model means we can provide a blank canvas so that customers can tailor their space to how they would like their teams to work, whether that is adding comfy areas, white boards or meeting rooms. Building ownership and acting on customer feedback also allows us to enhance our communal areas, giving customers more space beyond their unit and adding phone booths to meet the demand for virtual meetings.

Customers expect super-fast, reliable connectivity. We've upgraded our buildings with Wi-Fi 6 which has quadrupled network capacity and are rolling out 5G to give our customers greater flexibility in how they work.

RELEVANT STRATEGIC PILLARS

- Driving customer-led growth
- Delivering operational excellence

1. 2024 Flexible Working Bill, Michael Page Report, 2023.

OUR MARKET CONTINUED

TREND 3: RECRUITMENT AND RETENTION

Faced by a labour shortage, SMEs are looking to their space to support recruitment and retention

Two-thirds (67%) of SMEs struggle to hire or retain talent, while 85% of employees agree that the design of their workplace is crucial to where they work[1].

What this means for our customers

78% of UK SMEs believe that flexible work space options are crucial for attracting and retaining top talent[2].

London's SMEs are focusing on work environments that rival the comfort and convenience of home to attract and retain talent. They're looking for characterful, attractive buildings in vibrant areas, with 74% of businesses considering access to amenities, such as cafés, wellness facilities, and outdoor spaces, as essential in their choice of office location[3]. This highlights the importance of choice in order to find the right space and location for their teams.

Workspace response

Our blank canvas offer allows businesses to customise their spaces to suit their culture, with 77 unique buildings to choose from, each offering its own personality and community. As businesses grow and change, they also have the flexibility to scale, downsize, or relocate within our portfolio.

Our focus on quality, in-person service and close relationships with our customers drives strong retention even as pricing increases. This constant dialogue helps us meet their evolving needs and guides our ongoing enhancements to the spaces, such as adding high quality cafés and breakout spaces, bike storage, roof terraces, and meeting rooms to our buildings.

RELEVANT STRATEGIC PILLARS

- Driving customer-led growth
- Delivering operational excellence

77

CHARACTERFUL WORKSPACE BUILDINGS FOR CUSTOMERS TO CHOOSE FROM

Leather Market, London Bridge

1. Future Attitudes Report, Aldermore, 2024.
2. Flexible Working: Lessons from the Pandemic CIPD Report 2022.
3. Workplace Ecosystems of the Future, Cosham and Wakefield 2023.

OUR MARKET CONTINUED

TREND 4: CUSTOMERS CARE ABOUT ESG

More SMEs are embracing holistic ESG accreditations such as B Corp
As the UK Government scales back its net zero commitments, sustainable-minded SMEs are doing the opposite and increasingly turning to holistic accreditations like B Corp to enhance their ESG impact.

88%

OF LONDON'S SMES SEE SUSTAINABILITY AS IMPORTANT TO THEIR BUSINESS[1]

Sustainability supper for customers held at Kennington Park, Oval

1. Workspace March 2024 survey of 300 SME owners and leaders.

What this means for our customers
The rigorous B Corp sustainability certification is increasingly sought after by companies of all shapes and sizes.

Nearly 10% of Workspace's customers are already B Corp certified or working towards certification. They see this as invaluable not only for enhancing their environmental and social impact but also for maintaining high standards of management and operations.

Our customers have told us they appreciate having a landlord that shares their commitment to sustainability. They value our efforts in enhancing their green credentials through initiatives like Optergy energy monitoring, high recycling rates, and our commitment to 100% renewable energy.

Workspace response
In 2023, we entered into a purchase power agreement to source two thirds of our electricity from solar power. Our operational energy intensity remains below industry benchmarks, and we've significantly reduced our scope 1 and 2 emissions. Meanwhile, we have generated £827,000 worth of direct social value for our people, customers, communities and supply chain.

Our sustainability initiatives have been proven to enhance customer engagement and retention. This year, we launched a series of roundtable events aimed at building a network of sustainable-minded customers. Our initial event focused on B Corp certification, where customers exchanged experiences and insights.

RELEVANT STRATEGIC PILLARS

- Driving customer-led growth
- Sustainable from the inside out

OUR STRATEGY

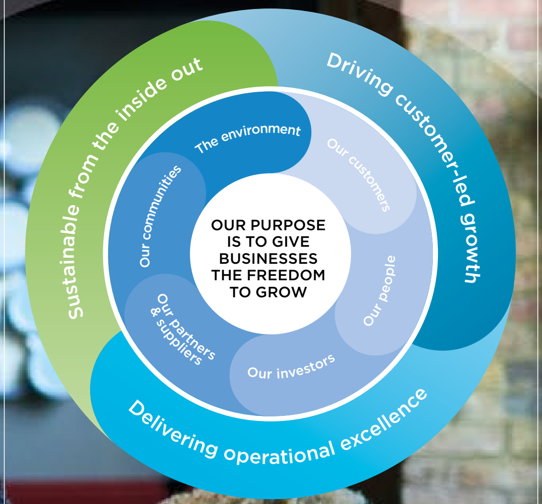
OUR UNIQUE CUSTOMER-LED OFFER AND BESPOKE OPERATING PLATFORM DRIVE OUR LONG-TERM PERFORMANCE

Our vision is to be the first choice in London for its brightest businesses, people and investors. Our strategy to deliver this creates value for our customers, people and communities.

Principal risks and uncertainties
Pages 71 to 78

Key performance indicators
Pages 66 to 70

OUR STRATEGY
Driven by our purpose, culture and values and a clear understanding of what stakeholders want.



China Works, Vauxhall

OUR STRATEGY CONTINUED

STRATEGIC PILLAR: DRIVING CUSTOMER-LED GROWTH

Our goal is to be the home to London's brightest businesses. Our growth plans tie in to the continued strong SME demand in London for our flexible offer and the customer experience we deliver.

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.

2023/24 key achievements
- Brand marketing campaigns focused on demonstrating how 'It all happens at Workspace'.
- 1,238 lettings completed.
- 705 customer renewals.
- 81 customer events held for 4,000 attendees and launched new Workspace supper series.
- Showcasing customers on our social media channels.

2024/25 aims
- Evolve "It all happens at Workspace" positioning and launch new ad campaigns.
- More focus on showcasing what we do to enhance understanding of our offer.

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.

2023/24 key achievements
- Continued to improve the customer journey, including new reinstatement process for customers moving.
- Launched our first events and conference facility at Eventspace in Salisbury House.
- Delivered significant Wi-Fi upgrades across the portfolio.
- Grew and enhanced our meeting room offer across the portfolio.

2024/25 aims
- Deliver upgraded MyWorkspace customer portal.
- Launch application and broaden our offer with furniture partners to ease lettings and customer move-in process.

LEADING IN LONDON'S FLEXIBLE OFFICE MARKET

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

2023/24 key achievements
- Ongoing refurbishments at The Biscuit Factory in Bermondsey and The Chocolate Factory in Wood Green.
- Near completion of the refurbishment of Leroy House in Islington to be launched in 24/25.
- Exchanged on the disposal of £143m of non-core assets.

2024/25 aims
- Re-launch Leroy House in Islington, our first net zero building, and The Chocolate Factory in Wood Green.
- Continue to recycle capital into our pipeline of refurbishment and asset management projects.

Relevant KPIs

Financial performance:
1, 5, 6

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

Relevant principal risks and uncertainties
1, 2, 5, 7

Market trends
1, 2, 3

IN FOCUS

Salisbury House refurb and Eventspace launch

We completed the refurbishment of the front of house, meeting rooms and Eventspace at Salisbury House and opened the new space in September. It has transformed the entrance to this iconic building and been very well received by internal customers, as well as external customers using the new, state of the art conference and meeting room facilities.

Salisbury House, Moorgate
Upgraded front of house

OUR STRATEGY CONTINUED

IN FOCUS

FM team workshop on strategy
Alongside our Director of Strategy and Corporate Development, Andy Watts, Head of Facilities Management, hosted a workshop for his team on Workspace's vision and strategy to accelerate growth, with a focus on what this means for their day-to-day roles in facilities management and how their work helps deliver our vision to be first choice in London for its brightest businesses, people and investors.

Relevant KPIs
Financial performance:
1, 2, 3, 4, 5, 6, 7, 8, 9

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

Relevant principal risks and uncertainties:
1, 2, 3 ,4 ,5 7, 8

Market trends:
1, 2, 3

Kennington Park, Oval
Facilities team workshop

STRATEGIC PILLAR: DELIVERING OPERATIONAL EXCELLENCE

Our in-house operating platform means we have a uniquely scalable business. We actively manage our portfolio to deliver returns through like-for-like rental growth, delivering projects, targeted acquisitions and disposals, all while maintaining a prudent approach to financing.

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.

2023/24 key achievements
- Three major refurbishment projects ongoing, with two nearing completion.
- Completed 30 smaller asset management projects to refurbish and subdivide units across the portfolio.
- Exchanged on £143m of disposals of non-core assets.

2024/25 aims
- Launch Leroy House in Islington and The Chocolate Factory in Wood Green.
- Continue to deliver asset management projects to refurbish and subdivide units across the portfolio.

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.

2023/24 key achievements
- Embedded our new finance system.
- Created a new centre management and facilities management team structure.
- Rollout of Optergy energy management system to 75% of our portfolio.

2024/25 aims
- Deliver enhanced CRM system.
- Launch new decoration team to improve buildings and undertake repairs for customers.

PRUDENT FINANCING AND STRICT INVESTMENT CRITERIA

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

2023/24 key achievements
- Put in place a two-year £100m interest rate hedge.
- Extended our £335m of bank debt facilities for a further 12 months.
- Strengthened balance sheet through disposals of non-core assets.

2024/25 aims
- Continue to recycle capital through disposal of non-core assets.
- Invest in ongoing refurbishment plans that deliver against our strict investment criteria.
- Review our financing requirements ahead of debt maturities in 2025.

OUR STRATEGY CONTINUED

STRATEGIC PILLAR: SUSTAINABLE FROM THE INSIDE OUT

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.

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.
- Ensure our operations are sustainable, focusing on waste management, water efficiency and sustainable procurement.
- Achieve high environmental standards across all development and refurbishment activities.

2023/24 key achievements
- 11% reduction in like-for-like energy intensity across the portfolio.
- 36% reduction in gas use.
- 10.5% increase in spaces with A/B EPC rating.
- 100% renewable electricity procured.
- PPA secured for 2/3rd of electricity demand.

2024/25 aims
- Drive further improvement in energy efficiency and emissions reductions.
- Champion waste management, adopting a circular approach.
- Roll out a nature and biodiversity strategy.

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.

2023/24 key achievements
- 57 wellbeing events hosted, benefitting over 3,350 customers.
- 19 employee wellbeing events, with 600 attendees.
- Voluntarily paid London Living Wage across the portfolio, including suppliers.
- 45 internal promotions.
- 8,800 employee hours of training.
- Created a long-term Diversity, Equity and Inclusion framework.

2024/25 aims
- Further improve diversity and inclusion across the business.
- Champion responsible and inclusive recruitment.
- Promote Workspace as an employer of choice.

SUPPORTING OUR COMMUNITIES

Key priorities
- Enhance the impact of our work with charity partners.
- Roll out our local skills and employment programme, InspiresMe, in partnership with our customers.
- Establish meaningful partnership with local charities and community organisations across the portfolio to deliver place-based social impact.

2023/24 key achievements
- 1,560 employee hours dedicated to volunteering.
- 300 students benefitted from our InspiresMe programme.
- 100 community engagement initiatives across the portfolio.
- Funded an employability coordinator at SHP, supporting 589 homeless people.
- Delivered £827k equivalent of direct social value.

2024/25 aims
- Scale our impact through our charity partners, focusing on skills and employment.
- Enhance our place-based social impact programme across each of our centres.

Relevant KPIs
Financial performance:
1, 5, 6

Non-financial performance:
1, 4, 5, 6

Relevant principal risks and uncertainties:
1, 2, 7, 8, 9, 10

Market trends:
2, 3, 4

IN FOCUS

Customer engagement
We are pleased to say that over 79% of our customers agree that Workspace is environmentally and socially responsible. This is a result of our multifaceted customer engagement programme, helping raise awareness of ESG issues through newsletters, social media, building installations, events, campaigns and our new sustainability supper series.

Kennington Park, Oval
Customer roundtable event

SUSTAINABILITY – A STAKEHOLDER FOCUSED APPROACH

Sonal Jain
Head of Sustainability

Our focus on operational excellence and business-wide accountability on sustainability has driven remarkable achievements this year. Accomplishments such as 12% reduction in direct emissions, 79% customer ESG advocacy score and securing a market-first renewable power deal, stand as a testament of our unwavering commitment to sustainability.

We have embedded sustainability throughout our business. It drives how we design and operate our buildings and informs 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. In addition, we've strategically aligned our objectives and targets with the United Nations Sustainable Development Goals (SDGs). This ensures that our efforts are in harmony with the global ambitions outlined by the SDGs.

With a view to adopting best practice and enhancing the transparency of our disclosures, we report 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. We also publish our EPRA sustainability report on our website www.workspace.co.uk/investors/sustainability/our-environmental-performance.

over **50%**
PORTFOLIO A/B RATED

79%
CUSTOMER ESG ADVOCACY SCORE

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, they act as guardians of the strategy. In addition, we have a Board ESG Committee (refer to page 180) 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.

SUSTAINABILITY CONTINUED

ACHIEVEMENTS IN 2023/24

36%

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

2024	8,212,572
2023	12,800,681
2022	12,586,574

10.5%

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

Read more about our sustainability strategy and impact
Pages 43 to 65

100%

RENEWABLE ELECTRICITY SOURCED

76%

RECYCLING RATE

2024	76
2023	79
2022	75

100+

SUSTAINABILITY EVENTS DELIVERED

79%

CUSTOMER ESG ADVOCACY SCORE

2024	79
2023	71
2022	66

85.5%

EMPLOYEE INCLUSIVITY SCORE

£827k

DIRECT SOCIAL VALUE GENERATED

2024	827
2023	604
2022	Not recorded

£10.4m

INDIRECT SOCIAL VALUE

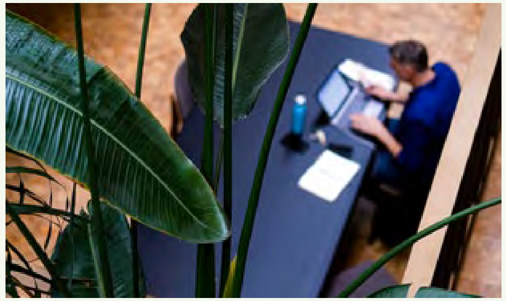
1,560

EMPLOYEE VOLUNTEERING HOURS

2024	1,560
2023	620
2022	540

3,350

CUSTOMERS BENEFITTED FROM OUR WELLBEING OFFERING



RATINGS

GRESB REAL ESTATE

81
Real Estate Assessment Score

94
Development Assessment Score

A
Public Disclosure Score

CDP DISCLOSER 2023

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

BBP

ISLINGTON SUSTAINABILITY NETWORK

SUSTAINABILITY CONTINUED

DEFINING WHAT MATTERS MOST

STEP 1

Identify key stakeholders List material issues

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.

STEP 2

Consult stakeholders

- Employees
- Customers
- Suppliers
- Regulators
- Investors

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.

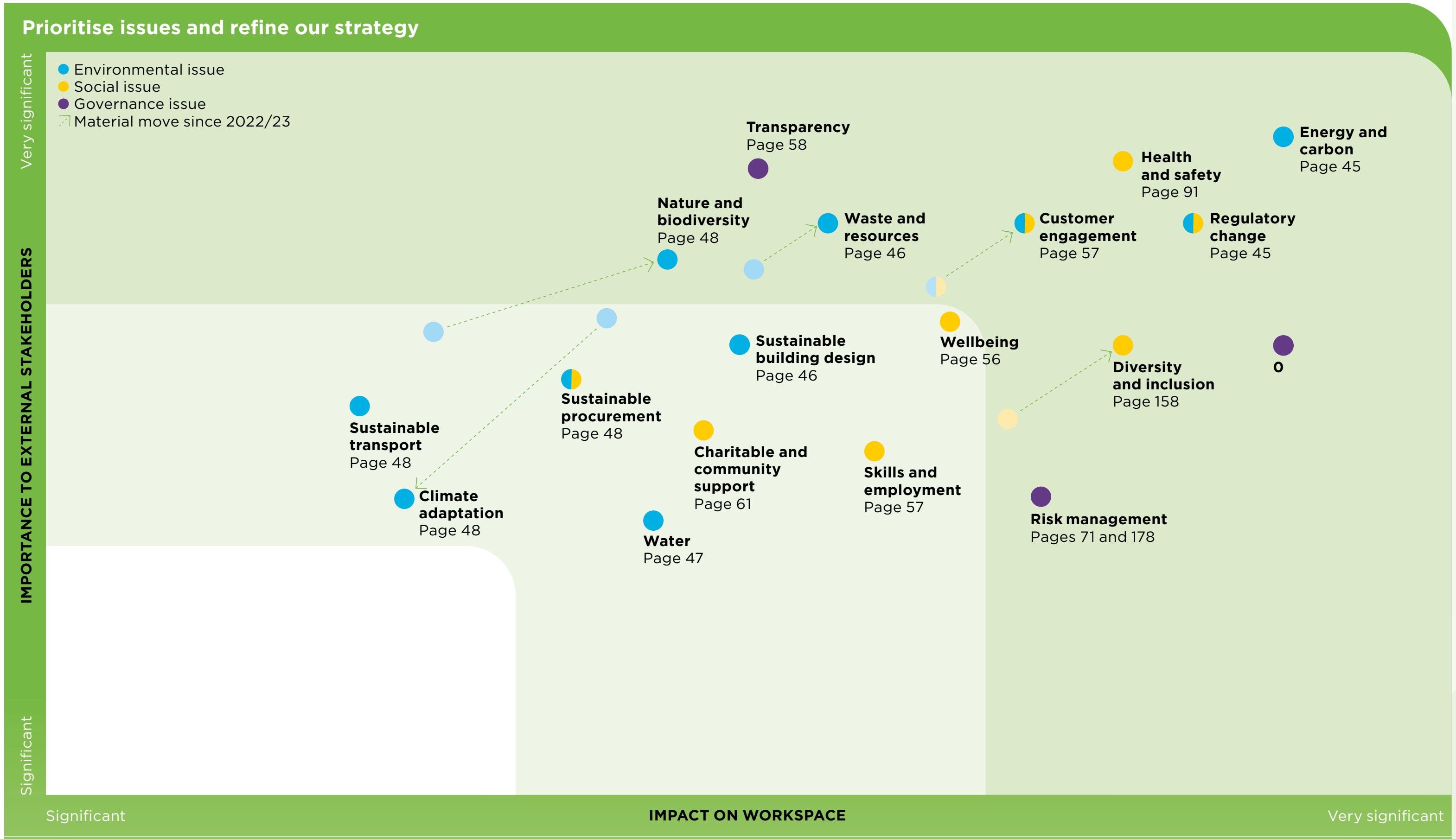
STEP 3

Analyse consultation outputs

- Importance to stakeholders
- Significance of impacts
- Ability of the business to influence

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.

OUR MATERIALITY MATRIX – KEY SUSTAINABILITY ISSUES



Changes since 22/23

While energy, carbon reduction, health and safety, regulatory compliance, and ethical practices remain top priorities, we've also proactively addressed evolving stakeholder expectations. We've elevated the importance of key issues, including waste management, customer engagement, nature conservation, biodiversity, and diversity and inclusion.

GRI report

https://www.workspace.co.uk/investors/sustainbility/our-environmental/performance

SUSTAINABILITY CONTINUED

ALIGNMENT OF OUR KEY SUSTAINABILITY ISSUES TO UN SDGS

Our sustainability strategy aims to maximise value for all our stakeholders: our people, customers, suppliers, investors, and the environment. Additionally, our strategy aligns with several of the United Nations Sustainable Development Goals (SDGs).

The SDGs provide a comprehensive framework for businesses to assess their interactions with communities, the economy, and the environment. By incorporating the SDGs, we take a holistic approach in our sustainability strategy. They serve as a valuable reference during our ESG materiality assessment process and guide the establishment of our strategic sustainability priorities.

ENVIRONMENTAL ISSUES

Through our concerted efforts to drive positive impact across several material environmental issues, we actively contribute to the goals outlined in SDGs 7, 9, 12 and 13.

Our procurement of 100% renewable electricity supports the generation of clean energy in the UK, and our energy and carbon management strategy, including the use of energy and water saving technologies, supports innovation within the industry. Our energy and carbon reduction targets, as well as recycling targets, support responsible consumption as well as climate action. Furthermore, our customer stakeholder engagement programme plays a pivotal role in raising awareness about responsible resource utilisation during both operational and construction phases.

ALIGNMENT TO SDG		CORRESPONDING KEY MATERIAL ISSUES
7 AFFORDABLE AND CLEAN ENERGY	Affordable and clean energy	- Energy and carbon reduction - Sustainable procurement
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Industry, innovation and infrastructure	- Energy and carbon reduction, water, waste - Sustainable procurement - Sustainable building design - Sustainable transport
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Responsible consumption and production	- Energy and carbon reduction, water, waste - Sustainable procurement - Customer engagement
13 CLIMATE ACTION	Climate action	- Energy and carbon reduction, water, waste - Sustainable procurement - Sustainable building design - Climate adaptation - Nature and biodiversity

SOCIAL ISSUES

Through our concerted efforts to drive positive impact across several material social issues, we actively contribute to the goals outlined in SDGs 3, 8, 5 and 10.

Our customer and employee wellbeing programme directly supports the health and wellbeing of our people. As a Living Wage employer, we actively contribute to reducing inequalities in London and strive to provide decent work opportunities. Additionally, our business practices and culture foster diversity and inclusion, addressing gender inequality.

Furthermore, our partnership with the Single Homeless Project charity and the provision of in-kind office space to several non-profit organisations play a crucial role in combating inequalities within the city.

ALIGNMENT TO SDG		CORRESPONDING KEY MATERIAL ISSUES
3 GOOD HEALTH AND WELL-BEING	Good health and wellbeing	- Wellbeing - Health and safety - Risk management
5 GENDER EQUALITY	Gender equality	- Skills and employment - Diversity and Inclusion
8 DECENT WORK AND ECONOMIC GROWTH	Decent work and economic growth	- Skills and employment - Ethics, conduct and compliance - Charity and community support
10 REDUCED INEQUALITIES	Reduced inequality	- Skills and employment - Diversity and Inclusion - Ethics, conduct and compliance - Charity and community support

SUSTAINABILITY CONTINUED

OUR THREE-PILLAR SUSTAINABILITY STRATEGY

STRATEGIC PILLAR 1

DELIVERING A CLIMATE-RESILIENT PORTFOLIO

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

STRATEGIC PILLAR 2

LOOKING AFTER OUR PEOPLE

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

STRATEGIC PILLAR 3

SUPPORTING OUR COMMUNITIES

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

SUSTAINABILITY CONTINUED

20%

SCOPE 1 AND 2 REDUCTION SINCE 2019/20

Making Workspace climate resilient is a key priority for us and we have aligned our approach with the Better Buildings Partnership's (BBP) definition, whereby a climate-resilient business has a strategy in place to:

- Mitigate the impact of climate change by becoming net zero carbon.
- Adapt to operating in a world in which climate-driven disruption is more frequent.
- Disclose climate-related information to stakeholders in a useful way.

In response to these principles, we made a commitment to becoming a net zero carbon business and have created a robust strategy to adapt to climate change. Our TCFD disclosure (page 94) provides detailed information on our climate risk exposure and mitigation plans.

We are also a signatory to the BBP Climate Commitment and have published our net zero pathway, quantifying our emissions and outlining our decarbonisation trajectory (www.workspace.co.uk/investors/sustainability). This trajectory is informed by our 1.5°C aligned science-based targets*.

We are in the process of revising our emissions reduction targets to be in line with the updated net zero standard from the Science Based Targets initiative, as we remain fully committed to the net zero carbon transition of our business.

* 1.5°C aligned science-based targets:
- Reduce scope 1 emissions 42% by 2030 from 2020 base year.
- Reduce scope 3 GHG from capital goods 20% per sq. ft. of NLA by 2030 from 2020 base year.
- Continue annually sourcing 100% renewable electricity through FY 2030.

Accountability and engagement

We continue to make 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. 75% of our portfolio is now fully BEMS enabled.

This has enabled our site teams and customers to better understand energy usage across the properties and implement targeted reduction initiatives. We also provide targeted support to customers who are high users of energy.

To further drive action, we have embedded energy and carbon targets into various teams' objectives. This drove collective effort between various teams, who delivered an impressive 11% like-for-like reduction in energy use intensity of the portfolio. Our customers also played a key part by wholeheartedly supporting our portfolio-wide energy reduction competition (see page 53).

75%

PORTFOLIO SMART BEMS ENABLED

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE-RESILIENT PORTFOLIO CONTINUED

In order to continue to enhance our positive impact, we set ambitious incremental targets across all our identified material issues. These targets are embedded amongst multiple business units and their progress is closely monitored. Our annual targets for strategic pillar 1 are covered in the following pages, along with commentary on progress made and impact achieved.


Andrew Rae-Spiller
Senior Facilities Manager

ADDRESSING OUR MATERIAL ENVIRONMENTAL ISSUES: OUR TARGETS

Relevant material issue ENERGY & CARBON REGULATORY CHANGE	**Relevant material issue** ENERGY & CARBON	**Relevant material issue** ENERGY & CARBON	**Relevant material issue** ENERGY & CARBON	**Relevant material issue** ENERGY & CARBON SUSTAINABLE BUILDING DESIGN
Workspace response REDUCE ENERGY USE INTENSITY (EUI) BY 7% MEASURED IN KWHE/M^2	**Workspace response** SIGNIFICANTLY REDUCE THE EUI OF ALL BUILDINGS CONSUMING ABOVE THE 130 KWHE/M^2 (2020 UKGBC TARGET FOR NET ZERO OFFICES)	**Workspace response** REDUCE SCOPE 1 EMISSIONS BY 7% ACROSS THE PORTFOLIO	**Workspace response** ROLL OUT SMART-BUILDING ENERGY MANAGEMENT SYSTEM	**Workspace response** ALL NEW DEVELOPMENTS AND REFURBISHMENTS DESIGNED TO BE NET ZERO CARBON, AIMING TO ACHIEVE EMBODIED CARBON OF LESS THAN 500 $KGCO_2/M^2$
Status: Achieved	Status: Partially achieved	Status: Achieved	Status: Partially achieved	Status: Achieved
We achieved an 11% reduction in like-for-like Energy Use Intensity (EUI) across the portfolio, compared to last year. This was mainly driven by an impressive 36% reduction in gas use across the portfolio, along with a 7% reduction in landlord-procured electricity. This year, we invested over £14m 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 (see case study on Big Energy Race on page 53).	Our portfolio is inherently energy efficient when compared to industry benchmarks. The average energy intensity across our portfolio is 81 kWhe/m^2/year, which is 38% better than the current UK Green Building Council energy performance target for net zero carbon buildings set at 130 kWhe/m^2. There are only four buildings performing above this target and we have implemented targeted energy reduction programmes across these sites.	We achieved a 36% reduction in scope 1 emissions due to significant reduction in gas use across the portfolio. This was primarily driven by the rollout of smart Building Energy Management Systems across a number of buildings, optimisation of temperature set points and timing controls and implementation of over 80 HVAC upgrade projects. Currently over 50% of our portfolio is fossil fuel free (all electric or served by district heating).	46 buildings (c. 75% of portfolio by area) are now fully enabled with our smart Building Energy Management System, Optergy. This not only provides visibility of consumption at unit level for our customers, it also enables us to track performance real time and identify optimisation opportunities in a timely way.	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 assess and reduce embodied carbon by optimising design and material choices. Estimated embodied carbon of our current projects at Leroy House, The Biscuit Factory and The Chocolate Factory is 231 $kgCO_2/m^2$, 291 $kgCO_2/m^2$ and 436 $kgCO_2/m^2$ respectively. Overall, we achieved a 50% reduction in greenhouse gas emissions from capital goods per sq. ft. from a 2019/20 base year.
Relevant UN SDGs 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	**Relevant UN SDGs** 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	**Relevant UN SDGs** 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	**Relevant UN SDGs** 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	**Relevant UN SDGs** 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION

SUSTAINABILITY CONTINUED

DELIVERING A CLIMATE-RESILIENT PORTFOLIO CONTINUED

ADDRESSING OUR MATERIAL ENVIRONMENTAL ISSUES: OUR TARGETS CONTINUED

Relevant material issue ● **ENERGY & CARBON** ● **SUSTAINABLE PROCUREMENT**	**Relevant material issue** ● **ENERGY & CARBON** ● **REGULATORY CHANGE**	**Relevant material issue** ● **ENERGY & CARBON** ● **SUSTAINABLE BUILDING DESIGN**	**Relevant material issue** ● **WASTE AND RESOURCES**
Workspace response **INCREASE RENEWABLE ENERGY SUPPLY AND SOURCE 100% RENEWABLE ELECTRICITY**	**Workspace response** **INCREASE THE % OF ENERGY PERFORMANCE CERTIFICATE (EPC) A AND B RATED AREAS IN THE PORTFOLIO BY 10%**	**Workspace response** **ALL DEVELOPMENT PROJECTS TO BE BREEAM EXCELLENT AND EPC A (B FOR REFURBISHMENTS)**	**Workspace response** **ACHIEVE RECYCLING RATE OF 80% AND DIVERT 100% WASTE FROM LANDFILL**
Status: Achieved ✓	**Status: Achieved** ✓	**Status: N/A**	**Status: Partially achieved** →
Starting February 2024, two-thirds of Workspace's electricity demand was met by renewable electricity produced from a solar farm in Devon through a Power Purchase Agreement (See case study, page 184). We meet the remaining third of our electricity by continuing to source 100% renewable electricity from our utility supplier (REGO-backed). 12 sites are equipped with solar panels and generated 196,437 kWh of renewable electricity in the past year. This is equivalent to the annual electricity usage of over 60 typical UK households.	This year we upgraded 474k sq. ft. of our portfolio to EPC A/B rating by installing high efficiency lighting and HVAC systems. Overall we increased A/B rated space by 10.5%, bringing 52% of our whole portfolio to an A or B EPC rating.	A total of 22 buildings are BREEAM certified in our portfolio. No new projects were completed this year. All projects in the pipeline are being designed to achieve at least an 'Excellent' BREEAM certification and A rated EPC (B for refurbishments).	We achieved an average recycling rate of 76% across the portfolio. A total of 2,856 tonnes of waste was generated across the portfolio, comprising of 58% post consumer waste, 24% general waste, 12% food and 6% bottom ash.
Relevant UN SDGs 7 Affordable and clean energy	**Relevant UN SDGs** 12 Responsible consumption and production; 13 Climate action	**Relevant UN SDGs** 3 Good health and well-being; 9 Industry, innovation and infrastructure; 12 Responsible consumption and production; 13 Climate action	**Relevant UN SDGs** 11 Sustainable cities and communities; 12 Responsible consumption and production

APPLYING CIRCULARITY PRINCIPLES

Whilst we continue to focus on improving our recycling rate and managing our operational waste sustainably, we are very aware that the built environment consumes vast amounts of resources and generates tonnes of waste during construction and refurbishment phases.
We are increasingly applying circular principles to prioritise reduction and reuse of resources, before recycling. The aim is to reduce the need for virgin materials and minimise waste generation.

A great example is our contractor Nexus Flooring, who repurposed nine tonnes of building waste from a refit project at Chiswick Studios, including timber and plasterboard rubble. Timber found new life as on-site boundary walls, while plasterboard rubble contributed to garden decking. Scrap metal and cables were sold, with proceeds supporting charitable causes.

To give valuable materials a second life, two wall AC units were auctioned, with funds donated to charity. The £570 generated from Chiswick Studios' materials facilitated the purchase of 310kg of rice for a local food charity.
This integrated approach not only minimises waste but actively supports our commitment to sustainability and community welfare.

Material issue
Waste and Resources

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE-RESILIENT PORTFOLIO CONTINUED

URBAN GREENING AT KENNINGTON PARK

Across many of our buildings, we have the opportunity to enhance the customer experience by providing high-quality external spaces. Part of this opportunity lies in greening our terraces, which also significantly supports local biodiversity by providing habitat for local species.

A great example of terrace enhancement was recently completed at Kennington Park, our flagship 350k sq. ft. building in Lambeth.

1,000
PLANTS ADDED ON THE TERRACE

Our landscape architects designed the space in line with local biodiversity needs, by selecting species benefitting the local fauna.

Eight trees were added to the terrace as well as 64 planters hosting over 1,000 plants from a mix of evergreen, pollinators, native and drought-tolerant plant species.

"Incorporating a diverse range of plant species is crucial for creating a sustainable and thriving ecosystem, this installation helps to attract insects and birds into the space."
Brian Hattersley
Director at 1stForFoliage.

"This is a great example of how the right species selection and aesthetic design can both support local biodiversity and enhance customer experience."
Jack George
Development Manager at Workspace.

Material issue
Nature and Biodiversity

ADDRESSING OUR MATERIAL ENVIRONMENTAL ISSUES: OUR TARGETS CONTINUED

Relevant material issue
WATER

Workspace response
ROLL OUT WATER METERING ACROSS THE PORTFOLIO AND BENCHMARK CONSUMPTION

Status: Achieved ✓

We now have nearly 100% visibility of our water consumption and track it monthly. This has enabled us to accurately benchmark our water consumption and set reduction targets for the coming year.

Our water consumption intensity across the portfolio is 0.48 m³/m² of NLA, which is in line with GRESB standard practice and REEB benchmarks for offices.

Relevant UN SDGs
12 Responsible consumption and production; 13 Climate action

Relevant material issue
WATER

Workspace response
TARGET AT LEAST 50% REDUCTION IN POTABLE WATER CONSUMPTION ACROSS ALL MAJOR DEVELOPMENT PROJECTS

Status: Not achieved ✗

We have developed a water fixture and fittings specification in line with best-in-class market standards (aligning with maximum water credits under BREEAM v.6). However, designing buildings to achieve a 50% reduction in potable water demand is currently deemed unfeasible due to practical complexities and financial unviability of installing grey water systems in our buildings.

We will continue to explore alternative technologies that drive further reduction in potable water consumption.

Relevant UN SDGs
12 Responsible consumption and production; 13 Climate action

Relevant material issue
NATURE AND BIODIVERSITY

Workspace response
INCREASE GREENERY AND BIODIVERSITY ACROSS THE PORTFOLIO, TARGETING AT LEAST 15% IMPROVEMENT IN BIODIVERSITY NET GAIN ON DEVELOPMENT PROJECTS

Status: Achieved ✓

By incorporating urban greening and biodiversity net gain (BNG) criteria early on in the project brief, we have significantly enhanced BNG across all our current projects. For example our Riverside project is designed to achieve a 430% BNG and a 0.42 Urban Greening Factor (UGF). We have also rolled out several greening initiatives across our existing portfolio (see case study on the left). A taskforce has been set up to create a long-term nature and biodiversity strategy for the whole portfolio.

Relevant UN SDGs
3 Good health and well-being; 11 Sustainable cities and communities

SUSTAINABILITY CONTINUED

DELIVERING A CLIMATE-RESILIENT PORTFOLIO CONTINUED

ADDRESSING OUR MATERIAL ENVIRONMENTAL ISSUES: OUR TARGETS CONTINUED

Relevant material issue	Relevant material issue	Relevant material issue
CLIMATE ADAPTATION	SUSTAINABLE TRANSPORT	SUSTAINABLE PROCUREMENT
Workspace response ENSURE ACTIVE MANAGEMENT OF CLIMATE RISK ACROSS THE PORTFOLIO	**Workspace response** ENHANCE SITE-WIDE INFRASTRUCTURE TO ENABLE GREATER UPTAKE OF SUSTAINABLE TRANSPORT MODES	**Workspace response** DRIVE GREATER ENVIRONMENTAL AND SOCIAL IMPACT THROUGH PROCUREMENT
Status: Achieved	Status: Achieved	Status: Ongoing
We have a robust understanding of our exposure to physical climate risk from the assessment carried out last year. See our TCFD report (page 94). Our mitigation strategy is detailed on pages 100 to 101. One of our main risks is related to flooding on certain sites and we have set up a monthly task force to review flood management plans, including business continuity processes. This task force monitors any incidents of floods and remedial action being taken. This year we rolled out flood risk and drainage management surveys across the portfolio, resulting in no material flood-related damage or business interruption.	We have a total of 55 EV charging points across the portfolio, which saved 38 tCO_2e. We have also upgraded site facilities to encourage green transport and offer over 1,500 secure cycling racks and over 80 showers across the portfolio.	Our supplier code of conduct outlines our key sustainability requirements which all our suppliers are mandated to comply with. This year we also initiated sustainability-focused engagements with our top suppliers to drive targeted impact. This includes working with our security company to switch to electric bikes, partnering with contractors to reduce site waste (case study on page 46) and reducing food waste in our cafés (case study on the right).
Relevant UN SDGs 11 Sustainable cities and communities	**Relevant UN SDGs** 3 Good health and well-being; 11 Sustainable cities and communities; 13 Climate action	**Relevant UN SDGs** 8 Decent work and economic growth; 12 Responsible consumption and production

SUSTAINABLE MANAGEMENT OF OUR CAFÉS

Workspace directly manages ten on-site cafés, giving us an opportunity to implement ambitious social and environmental initiatives.

In addition to a zero single-use plastic policy, we have partnered with Huskee, a provider of reusable coffee cups made from repurposed coffee grounds, to offer their products across our cafés. This avoided 3,715 single-use cups being purchased in the last year.

Our Workspace cafés are also a great way to trial partnerships with ethical suppliers such as Galeta for pastries and Origin Coffee for coffee grounds.

We are also conscious that food waste is a material contributor to greenhouse gas emissions. Across our portfolio, it amounts to 2.9 tCO_2e. Giving away unsold food not only helps us fight against food waste, but also against food poverty. This is why we have started using the TooGoodToGo app, which allows us to give away meals at a reduced price. In 2023/24 we have recorded 2,150 meals diverted from food waste streams and landfill.

"Our cafés showcase Workspace's commitment to sustainability. We strive to improve each year and have some exciting things in the works. We are aiming to completely remove disposable coffee cups and reducing food waste by making our own fresh food."
Giandonato Rosa
Hospitality Manager

Material issues
Sustainable Procurement
Waste and resources

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE-RESILIENT PORTFOLIO CONTINUED

DEEP DIVE: NET ZERO CARBON COMMITMENT

Our net zero pathway (www.workspace.co.uk/investors/sustainability) is an essential component of our climate resilience pillar.

It guides our efforts across the business as we work towards achieving net zero emissions. This pathway outlines a number of workstreams with sub-targets, including reduction of operational and embodied carbon, procurement of high-quality renewable energy, reduction in value chain emissions and offsetting.

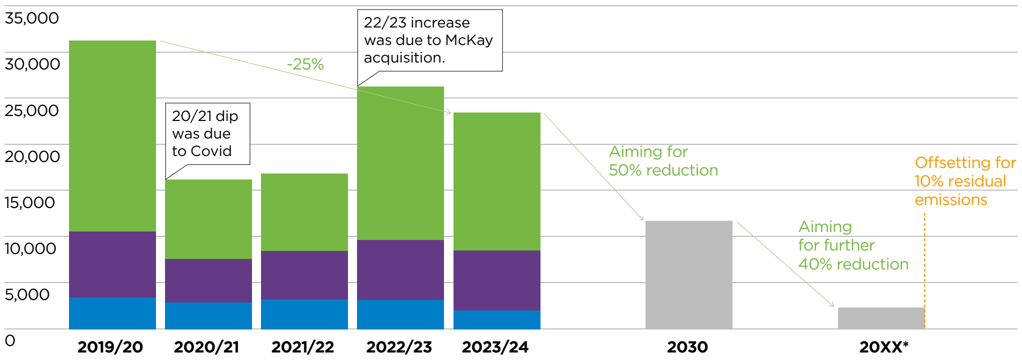
Material issue
Energy and Carbon

We are proud of our decarbonisation journey to date. With our 25% reduction in GHG emissions since our baseline year, we are progressing at pace to achieve net zero carbon.

Ariane Ephraim
Sustainability Manager

NET ZERO PATHWAY

EMISSIONS REDUCTION TRAJECTORY (TCO$_2$E)



* Long-term net zero carbon target date to be confirmed once science-based target update is verified.

Greenhouse Gas emissions

As a signatory to BBP's Climate Commitment and the 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 two-thirds of our electricity comes from a solar plant in Devon and the remaining third is met by our REGO-back green electricity contract. We report scope 2 emissions using a location-based methodology.

Our total emissions footprint is 23,447 tCO$_2$e. We have reduced our scope 1 emissions by 41% and our scope 2 emissions by 9% against our 2019/20 baseline (see graph on the right).

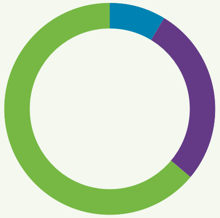
Our net zero carbon pathway

The chart above shows an indicative emissions reduction trajectory, in line with our net zero pathway. Our near-term goal is to reduce our emissions by 50% by 2030. To achieve this, our immediate focus is on eliminating the majority of our scope 1 and 2 emissions, and targeted customer energy use and embodied carbon of our developments to drive down scope 3 emissions. We have already reduced our emissions by 25% since our baseline year. The next page of this report provides further detail of our net zero pathway and progress made under each workstream.

We are in the process of revising our emissions reduction targets to be in line with the updated net zero standard from the Science Based Targets Initiative. We will accordingly update our net zero pathway, with the ultimate goal of reducing our scope 1, 2 and 3 emissions by 90%.

WORKSPACE PORTFOLIO

LOCATION-BASED SCOPE 1, 2, 3 GHG EMISSIONS (tCO$_2$e)



Scope 1	2,039
Scope 2	6,470
Scope 3	14,938

SCOPE 1 GHG EMISSIONS (tCO$_2$e)

2023/24	2,039
2022/23	3,188
2019/20 (baseline)	3,451

SCOPE 2 GHG EMISSIONS (tCO$_2$e)

2023/24	6,470
2022/23	6,482
2019/20 (baseline)	7,144

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE-RESILIENT PORTFOLIO CONTINUED

PROGRESS ON NET ZERO CARBON PATHWAY

OPERATIONAL CARBON (SCOPE 1&2)

Goal:
Eliminate majority of scope 1 and 2 emissions by 2030

Progress:
- 20% reduction in scope 1 and 2 emissions
- 7% reduction in direct energy use
- 50% of portfolio fully electric
- £14m invested in upgrading our portfolio in 2023/24

Relevant UN SDGs
12 Responsible consumption and production; 13 Climate action

EMBODIED CARBON

Goal:
Reduce embodied carbon of projects, aiming for less than 500 kg CO_2/m² for new developments (250 CO_2/m² for refurbishments)

Progress:
- A detailed embodied carbon assessment and reduction plan is created for all projects
- Estimated embodied carbon of our current projects at Leroy House, The Biscuit Factory and The Chocolate Factory is 231 kgCO_2/m², 291 kgCO_2/m² and 436 kgCO_2/m² respectively

Relevant UN SDGs
12 Responsible consumption and production; 13 Climate action

RENEWABLES ENERGY

Goal:
Source 100% of power from high-quality renewable supply

Progress:
- Two-thirds of electricity sourced from solar plant in Devon
- Remaining one-third is REGO* backed
- 12 sites with solar panels generating 196,437 kWh of clean electricity

*REGO (Renewable Energy Guarantees of Origin) certificate.

Relevant UN SDGs
7 Affordable and clean energy

REDUCE VALUE CHAIN EMISSIONS (SCOPE 3)

Goal:
Engage with suppliers and customers to significantly reduce scope 3 emissions

Progress:
- Reduction in proportion of portfolio with customer-managed energy supplies, resulting in a 6% reduction in corresponding energy-related emissions
- Customer engagement campaign focused on energy reduction
- Key supplier engagement initiated to get better visibility of emissions and identify reduction drivers

Relevant UN SDGs
13 Climate action

OFFSETTING

Goal:
Develop a robust offsetting policy, to enable the procurement of offsets for residual emissions only

Progress:
- Offsetting strategy in development

Relevant UN SDGs
13 Climate action

THIRD-PARTY VERIFICATION

Goal:
Obtain third-party verification on emissions reduction and ensure net zero plans are backed by a science-based trajectory

Progress:
- Annual third-party verification of emissions
- Working towards updating our science-based targets in line with the new guidance

SUSTAINABILITY CONTINUED

DELIVERING A CLIMATE-RESILIENT PORTFOLIO CONTINUED

DRIVING ENERGY REDUCTION ACROSS THE PORTFOLIO

This graph shows the energy use intensity of all the buildings in the portfolio. The average energy intensity of our portfolio is 81 kWhe/m² of internal area, which is 10% lower than the 2025 UKGBC target for net zero carbon offices. We have compared our energy performance across a number of industry benchmarks:

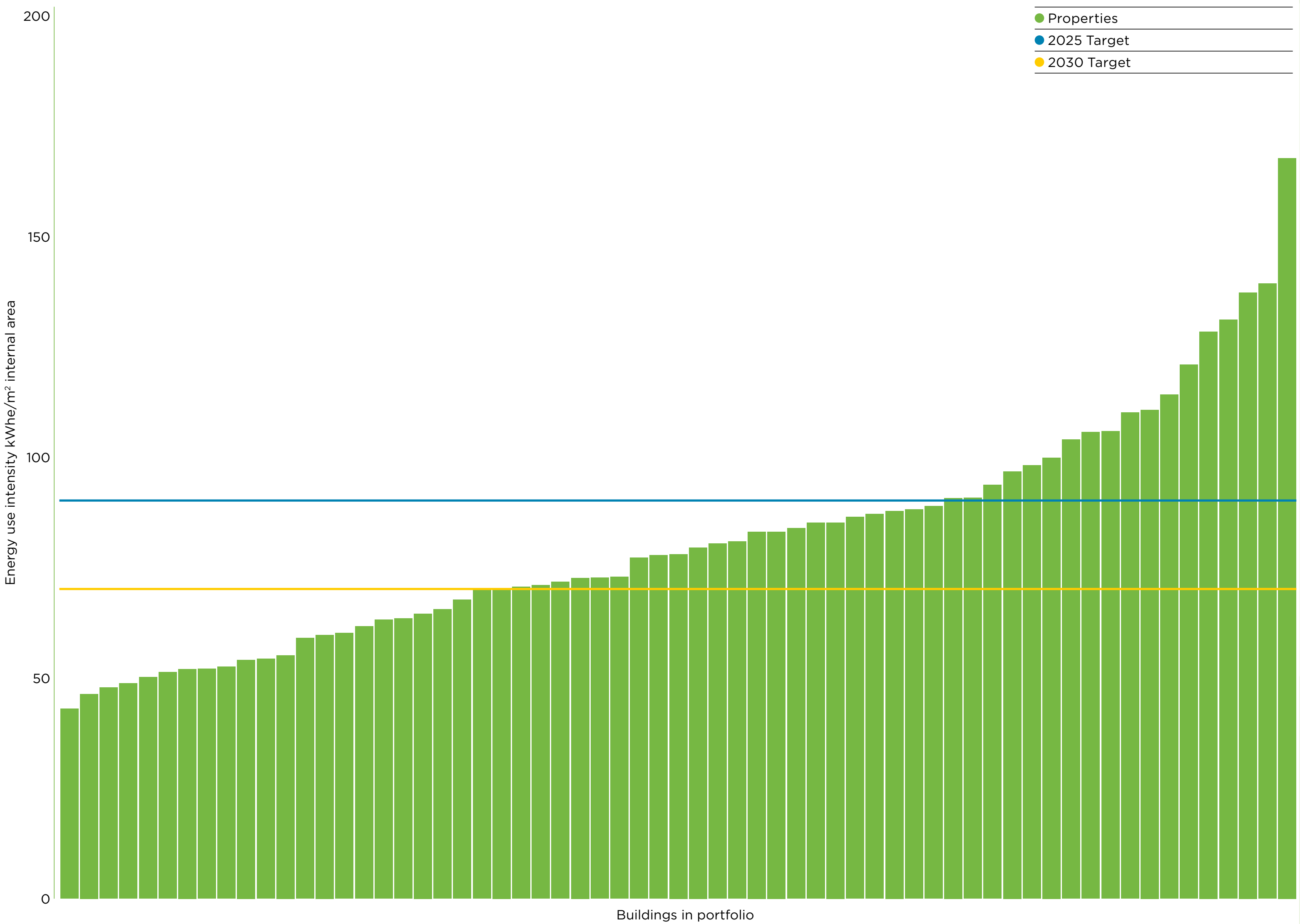
- All but 16 buildings meet the 2025 UKGBC energy performance target for net zero carbon buildings depicted by the blue line.
- 25 buildings already meet 2030 target depicted by the yellow line.

In FY 23/24 we set a target of 7% reduction in energy intensity and through our £14m investment across over 50 properties we delivered 11% reduction in energy use intensity, across the like-for-like portfolio.

We have developed a sustainable refurbishment playbook, which we are implementing across our portfolio. Our goal is to achieve a fully electric and EPC A/B rated portfolio by 2030.

A recent refurbishment project at Clerkenwell Workshops serves as a prime example. We upgraded 44,000 sq. ft. of space to high sustainability standards by replacing the gas-powered wet heating system with a high-efficiency air source heat pump and installing LED lights and sensors – all while the building remained fully operational, with customers in situ. This refurbishment is projected to reduce the building's energy use intensity by 5% and surpass our financial return expectations.

APRIL 2023 TO MARCH 2024 ENERGY USE INTENSITY ACROSS THE PORTFOLIO (kWhe/m² INTERNAL AREA)



SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE-RESILIENT PORTFOLIO CONTINUED

ENERGY USE OPTIMISATION – SWAN COURT, WIMBLEDON

Link to material issue:
Energy and Carbon

We acquired Swan Court, a 57,500 sq. ft. building in Wimbledon, in 2022 and inherited a building that had already achieved a BREEAM Very Good certification and a B-rated Energy Performance Certificate.

The building's energy use intensity was however one of the highest in our portfolio. Our facilities management team remediated the situation by implementing operational improvements:
- Upgraded the Building Management System to allow for finer time and temperature controls.
- Adapted heating and cooling time schedules to occupant needs.
- Turned off air handling units and chillers during weekends and nights.
- Adjusted temperature set points in response to outside temperature, when conditions permit.
- Carried out lighting checks, and remediated faulty presence detection systems.

The close collaboration with the main customer in the building was instrumental, demonstrating how collaboration with our customers can unlock great results when both are working towards energy efficiency and decarbonisation.

These measures drove a 26% reduction in energy intensity, all delivered through low/no cost measures.

“Being instrumental in implementing an energy reduction programme through insights into building occupancy patterns has been incredibly gratifying. Adjusting temperature and time controls have yielded impressive results with minimal investment.

Sarah Miller
Cluster Facilities Manager

SWAN COURT IN NUMBERS

29%
GAS REDUCTION

26%
ELECTRICITY REDUCTION

SUSTAINABILITY CONTINUED

DELIVERING A CLIMATE-RESILIENT PORTFOLIO CONTINUED

BIG ENERGY RACE – PORTFOLIO-WIDE ENERGY SAVING COMPETITION

Link to material issue:
Energy and Carbon

Customer engagement is essential in unlocking the greatest energy savings and accelerating progress on our net zero carbon trajectory. In 2022 we ran a behaviour change campaign at our Frames building which helped achieve an 11% energy reduction over twelve months, in a modern building already well-equipped. Taking inspiration from the success at Frames, we ran a portfolio wide 'Big Energy Race' campaign across our entire portfolio in February this year to encourage all our customers to reduce their energy consumption.

This energy saving competition included all buildings in our portfolio. A specific energy savings target was set for each building to account for operational attributes and equipment features. The portfolio was divided into four clusters and the four winning buildings had to outperform their energy savings target by the most.

We targeted our customers through a multi-channel communications strategy including a dedicated Big Energy Race web page, on-site posters, newsletters, social media takeover and in-person energy saving workshops for our customers delivered in partnership with FuturePlus, a valued customer and sustainability consultancy.

We reached 90 customers across four workshops and recorded 330 energy saving pledges from our customers.

Our engaging communication and use of gamification allowed this campaign to deliver very tangible results. Over 860,000 kWh of energy was saved in February 2024 compared to February 2023, the equivalent of 178 million smart phone charges and 28 Glastonbury festivals. The campaign motivated our customers to adopt sustainable behaviours such as switching off lights, reducing set points and setting appliances on energy saving mode during off hours.

The four winning sites will be rewarded with a 'sustainable festival' this summer, featuring products from our eco-friendly customer base; another great opportunity to promote sustainable businesses at Workspace.

> **I really like that you are running an energy saving competition, it's clear that you really care about the environment. We've shared the campaign around our team and are doing a follow up to see what changes people made.**
>
> **Customer at Kennington Park**
> Feedback on the campaign

860 MWh
ENERGY SAVED IN FEBRUARY 2024 COMPARED TO FEBRUARY 2023

330
ENERGY SAVING PLEDGES

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE-RESILIENT PORTFOLIO CONTINUED

EPC RATINGS

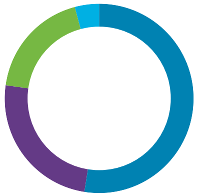
Whilst our portfolio is already compliant with the current Minimum Energy Efficiency Standards (MEES) regulation, requiring all units to hold a valid EPC with a minimum rating of E, the UK Government is planning to increase requirements to a minimum rating of B by 2030.

We are working towards upgrading our entire portfolio to EPC A/B by 2030, aiming to deliver at least 10% upgrades each year.

This year, following an investment of over £14m in HVAC equipment, lighting upgrades and insulation works across 50 properties, we have increased the proportion of A/B rated spaces by 10.5% to reach 52%.

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.£55–70m (c.£9–12m 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.

EPC BREAKDOWN ACROSS THE PORTFOLIO (BY AREA)



A/B	52%
C	25%
D	19%
E	4.0%

TAKING A WHOLE LIFE CARBON APPROACH

Link to material issue:
Energy and Carbon

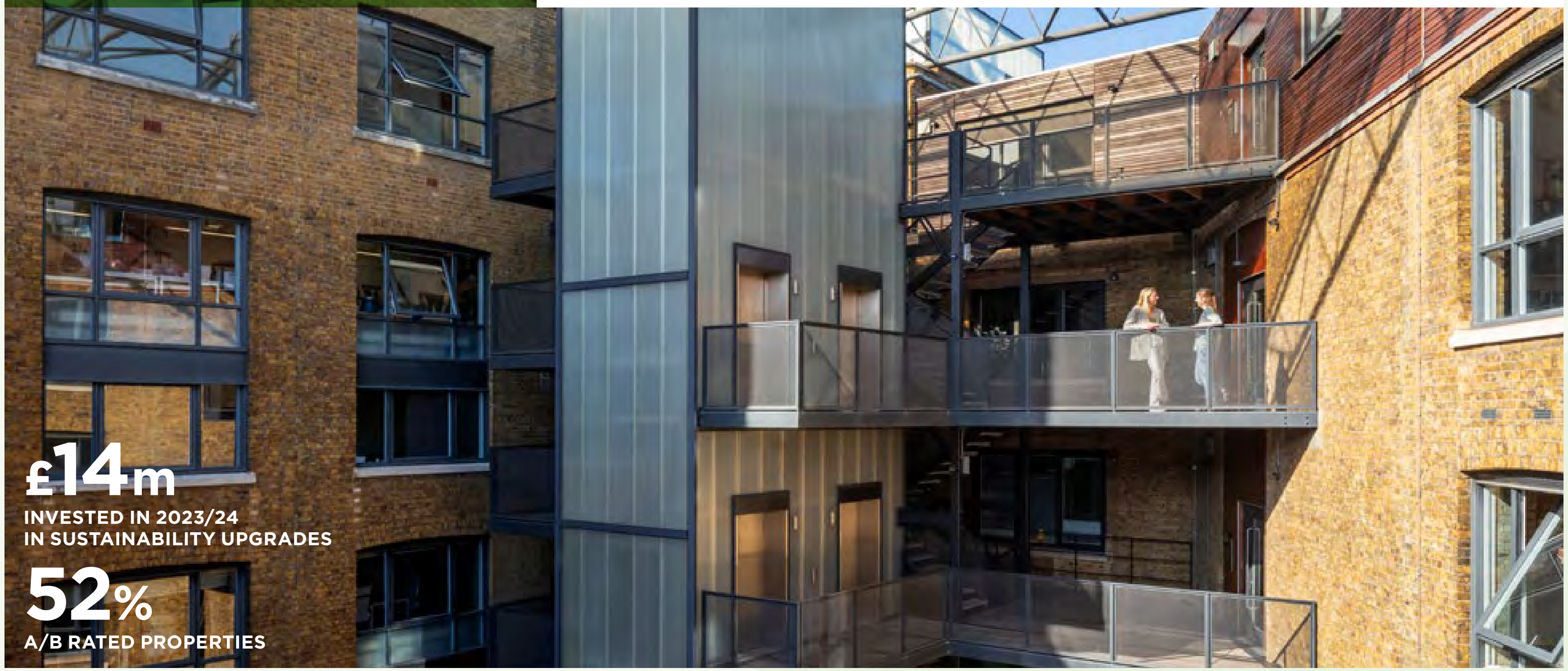
As a business we are continuously looking to adopt new solutions and technologies that can help us reduce the whole life carbon impact of our buildings.

With this in mind, our development team undertook a comprehensive review of various HVAC solutions in the market to identify solutions that are optimal from a whole life carbon point of view.

The focus of this research piece was to consider the operational and embodied carbon impact of different types of refrigerant and water-based systems, in conjunction with considerations such as cost, adaptability and spatial requirements. The Global Warming Potential of the various refrigerant options was also considered, R32 versus R410a. Results from this comparative analysis are now used to inform HVAC design decisions in various scenarios such as new construction, refurbishments and operational upgrades.

For operational upgrades and refurbishments, the business will increasingly be looking at transitioning to R32 variable refrigerant flow systems to minimise whole-life carbon impact of HVAC systems.

For new construction projects, it is understood that a four-pipe water-based air-source heat pump solution is the most efficient system from a whole-life-carbon perspective. This is being implemented in our Biscuit Factory project.



£14m
INVESTED IN 2023/24 IN SUSTAINABILITY UPGRADES

52%
A/B RATED PROPERTIES

SUSTAINABILITY CONTINUED

As an employer of 329 people, client of over 800 suppliers and work space provider for over 4,000 customers, we have a responsibility to support all our stakeholders and help them perform at their very best. We do this by adopting responsible business practices, a customer first approach and creating a culture that fosters fairness, wellbeing, inclusion and diversity.

Our people have a common direction under our sustainability strategy and are guided by our core values to do the right thing. Our business fosters 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 updates, shadowing days, employee suggestion scheme and employee support networks all contribute to a positive Company culture.

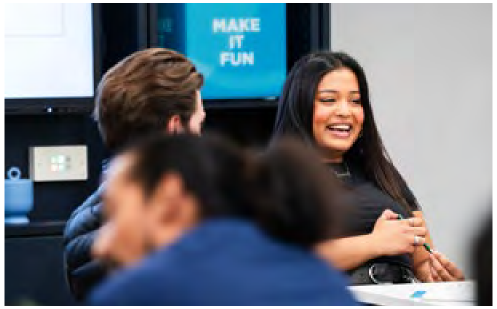
£827k
DIRECT SOCIAL VALUE GENERATED

£10.4m
INDIRECT SOCIAL VALUE GENERATED

Listening to our people
To keep delivering the best to our customers, we keep our ear to the ground and collect feedback throughout the year and formal feedback twice a year via a survey. 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 in a consistent and timely manner.

Our strategy evolves each year in line with the employee feedback we gather via an annual survey. Our People Team have an employee suggestion scheme to encourage feedback and new idea sharing throughout the year.

In order to continue to enhance our positive impact we set progressively incremental targets across all our identified material issues. These targets are embedded throughout the business and we closely monitor progress. Our annual targets for strategic pillar 2 are covered in the following pages, along with commentary on progress made and impact achieved.



SUSTAINABILITY CONTINUED
LOOKING AFTER OUR PEOPLE CONTINUED

ADDRESSING OUR MATERIAL SOCIAL ISSUES: OUR TARGETS

Relevant material issue: WELLBEING	Relevant material issue: DIVERSITY AND INCLUSION	Relevant material issue: ETHICS, CONDUCT AND COMPLIANCE
Workspace response: SUPPORT AND ENHANCE THE WELLBEING OF OUR EMPLOYEES AND CUSTOMERS	Workspace response: DRIVE A DIVERSE AND INCLUSIVE CULTURE THROUGH A RANGE OF EDUCATION AND AWARENESS SESSIONS, AND EMPLOYEE NETWORKS	Workspace response: CHAMPION COMPLIANCE WITH LIVING WAGE AND MODERN SLAVERY ACROSS THE SUPPLY CHAIN
Status: Achieved	Status: Achieved	Status: Achieved
We enhanced our comprehensive wellbeing programme for our employees and customers. We offered 19 employee wellbeing events, over 160 employees utilised our health cash back offering, with a total claims value of £38k and delivered 730 employee hours of mental health training. We are pleased to receive an average employee wellbeing score of 75%, based on our annual employee survey. Our focus this year for customers was on increasing our 'welldoing' offering. We hosted 57 sessions including sketch workshops and terrarium building, benefitting over 3,350 customers. More information is included in the case study on the right.	We continued to bi-annually monitor and benchmark data on diversity across the business. We published our second gender pay gap report and created an action plan to address this gap. We also rolled out over 1,300 employee hours of diversity training. Inclusive recruitment was a key focus for us this year, enabling us to widen access to profession and promote social mobility. See case study on page 59. Throughout the year we celebrated eight different cultures and continued our employee network to support people with caring responsibilities. We were pleased to receive an inclusivity score of 85.5% in our recent employee survey.	Workspace are an accredited Living Wage employer and 100% of our employees and contractors are paid above Living Wage levels. We also conduct an independent verification of our compliance with Living Wage requirements. To drive compliance, Workspace's supplier code of conduct is mandated across all contracts and formally included in our supplier on-boarding procedure. We are also working with a third party to roll out modern slavery audits across our key contracts. **100%** OF EMPLOYEES AND CONTRACTORS ARE PAID A LIVING WAGE
Relevant UN SDGs: 3 Good Health and Well-Being	Relevant UN SDGs: 5 Gender Equality, 10 Reduced Inequalities	Relevant UN SDGs: 5 Gender Equality, 10 Reduced Inequalities

OUR APPROACH TO WELLBEING

We prioritise the health and wellbeing of our employees and customers. We are proud to offer a comprehensive range of benefits, including a health cashback plan that subsidises wellness treatments. In total, 160 employees utilised our health cashback plan, resulting in 498 claims, equivalent to c.£38k.

We rolled out mandatory mental health training for all employees and hosted 19 employee wellbeing events and initiatives, reaching over 600 attendees.

Material issue:
Wellbeing

Building on last year's success, we have continued to deliver a series of wellbeing events for our customers, focusing more on 'welldoing'.

A total of 57 customer wellbeing events were hosted across the portfolio, benefitting over 3,350 customers. Our puppy therapy events were once again extremely popular.

On average, our 'wellbeing' events received 4.8/5 star ratings from customers.

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 more likely to be brand promoters.

over 3,350
CUSTOMERS BENEFITTED FROM OUR WELLBEING OFFERING

SUSTAINABILITY CONTINUED
LOOKING AFTER OUR PEOPLE CONTINUED

> **"A really useful way to compare notes with your peers in a relaxed and open way. I came away from the sustainability supper having learnt lots, made new connections and thoroughly enjoyed myself!**
>
> **Charlie Vass**
> Co-founder of Vinca Wines

FOSTERING CONNECTION AND COLLABORATION

In November we hosted the first event of our new series: Sustainable Suppers. These events create a guild of customers with a common interest to foster deeper collaboration and create opportunities to enhance sustainability impact.

Noting that a significant proportion of our SME customers are interested in B Corp, the first supper focused on exploring the benefits of B Corp framework.

We invited some of our B Corp certified customers to join and share learnings on how businesses can make a positive social and environmental impact. The event was a huge success with stimulating and meaningful discussions.

We have since continued to roll out our sustainability suppers at regular intervals to foster connection and collaboration between our customers on various sustainability themes.

77%
OF LONDON SME'S ARE AWARE OF B CORP

Material issue:
Customer Engagement

ADDRESSING OUR MATERIAL SOCIAL ISSUES: OUR TARGETS CONTINUED

Relevant material issue
SKILLS AND EMPLOYMENT
DIVERSITY AND INCLUSION

Workspace response
DEVELOP AND SUPPORT OUR PEOPLE THROUGH PROFESSIONAL AND CAREER DEVELOPMENT OPPORTUNITIES AND BEST IN CLASS BENEFITS

Status: Achieved ✓

We supported over 26 employees to complete accredited training, including 24 employees who were sponsored for our Leadership and Management programme. In total we delivered over 8,800 employee hours of professional training (women – 5,119 hours and men – 3,709 hours), including over 370 hours of Chartered Institute of Personal and Development coaching and people skills training.

We rolled out career pathways and supported 10 employees with progression. This year we had 45 internal promotions, of which 38 were earned by women.

Relevant UN SDGs
8 Decent work and economic growth

Relevant material issue
SKILLS AND EMPLOYMENT
DIVERSITY AND INCLUSION

Workspace response
SUPPORT SKILLS AND EMPLOYMENT THROUGH OUR APPRENTICESHIP AND WORK PLACEMENT PROGRAMME

Status: Achieved ✓

We launched our inaugural apprenticeship scheme this year, supporting six employees.

We hosted five pupils from underprivileged background for meaningful work experience.

Throughout the year we continued our engagement with our suppliers on employment related opportunities. We are pleased to see that our building contractor was able to employ four apprentices during the refurbishment of Leroy House. Further, our cleaning and security suppliers have offered permanent employment to four individuals from NEET (Not in Employment or Education) backgrounds.

Relevant UN SDGs
4 Quality education
8 Decent work and economic growth

Relevant material issue
CUSTOMER ENGAGEMENT

Workspace response
UPSKILL AND ENGAGE WITH OUR CUSTOMERS TO DRIVE GREATER SUSTAINABLE BEHAVIOURS

Status: Achieved ✓

We rolled out a multifaceted customer engagement programme, helping raise awareness of sustainability issues through newsletters, social media, building installations, events and campaigns (see case study on page 53). We hosted five customer events on sustainability, reaching 110 customers. We also started a new series of sustainability suppers, see more in case study on the left.

We are pleased to say that over 79% of our customers agree that Workspace is environmentally and socially responsible. This represents an increase of more than 10% compared to last year.

79%
CUSTOMER ESG SCORE

Relevant UN SDGs
8 Decent work and economic growth

SUSTAINABILITY CONTINUED
LOOKING AFTER OUR PEOPLE CONTINUED

DEEP DIVE: DIVERSITY AND INCLUSION

Diversity is our strength and the first step to improving on diversity is to measure it. 97% of our employee base provided their diversity data, and we have now published our second gender pay gap report. A breakdown of the number of directors, senior managers and all employees by gender is set out on page 159.

28% FIRST GENERATION OF THEIR FAMILY TO GO TO UNIVERSITY

26% ENGLISH NOT AS A FIRST LANGUAGE

33% 40+ YEARS OF AGE

29% NATIONALITY OTHER THAN BRITISH

29% UNDER 30 YEARS OF AGE

30% IDENTIFY AS BAME

25% WITH CARING RESPONSIBILITIES

8% IDENTIFY AS LGBTQ

56% IDENTIFY AS FEMALE

Getting the right balance for growth
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. We are pleased to receive a high inclusivity score of 85.5% in our recent employee survey.

We have launched a series of initiatives to support diversity and inclusion:
- All our employees have undergone mandatory diversity and inclusion training.
- Our diversity network called 'Supporting Others' offers a safe space for colleagues to share their experience on balancing work and caring responsibilities.
- We implemented inclusive recruitment practices including anonymised CVs and hiring manager training.
- Throughout the year we celebrated eight events raising awareness of various cultures and beliefs.
- We launched our diversity framework, setting out a long-term ambition and roadmap (further detail on the right side).

We are committed to continuous improvement and building on our current initiatives. To effectively monitor our diversity performance and develop a comprehensive diversity and inclusivity improvement plan, we needed a deeper understanding of our workforce's diversity. Therefore, we collected additional data from our employees. Although participation was entirely voluntary, we achieved a remarkable 97% response rate, reflecting our employees' strong support for a strategy aimed at enhancing diversity and inclusion within our organisation.

Material issue:
Diversity and Inclusion

WORKSPACE'S EQUITY, DIVERSITY AND INCLUSION FRAMEWORK

PEOPLE	CULTURE	STAKEHOLDERS	BUILDINGS	LEADERSHIP
Outcome: The diversity of Workspace's current and future talent reflects the communities that we operate in.	**Outcome:** A culture where everyone champions our strategy, feels included and empowered.	**Outcome:** Workspace is a force for positive change by advocating for diversity and inclusion with our customers, suppliers, partners, and the industry at large.	**Outcome:** Our buildings offer a more accessible, welcoming and accommodating environment for everyone.	**Outcome:** Leadership is diverse and can lead Workspace into a more diverse and inclusive future.
Workstream:	**Workstream:**	**Workstream:**	**Workstream:**	**Workstream:**
1. RECRUITMENT	1. AWARENESS	1. CUSTOMERS	1. INCLUSIVE SPACES	1. REPRESENTATION
2. PROGRESSION	2. BEHAVIOURS	2. SUPPLIERS		2. LEAD BY EXAMPLE
3. FUTURE TALENT	3. FEEDBACK	3. PARTNERS		3. COMMITMENT

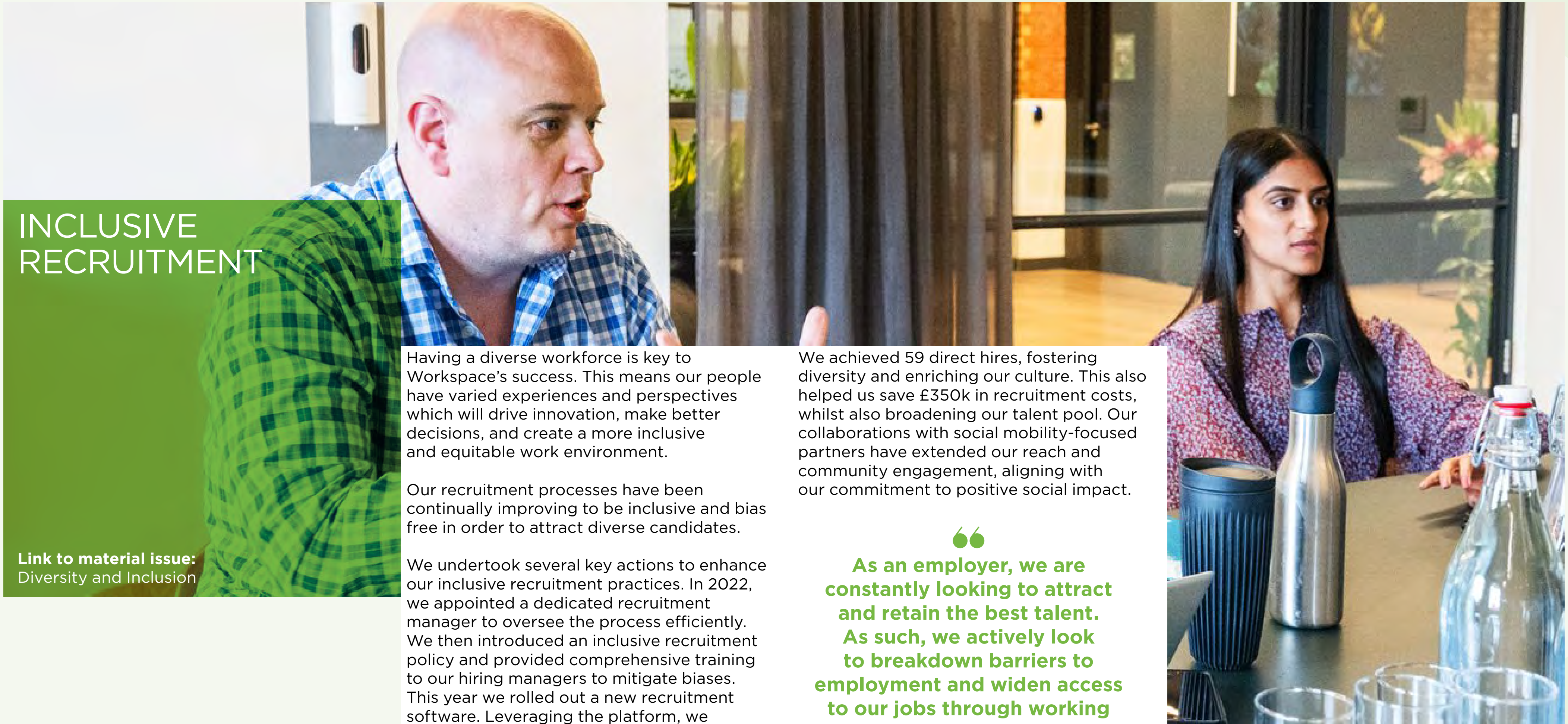
Transparency, Data and Accountability

The framework
Our Equity, Diversity and Inclusion (EDI) framework has been developed over the last year with input from across the business. The framework is informed by feedback from our annual employee survey, peer reviews and best practice. The framework (see above) has five pillars, with specific workstreams in each, to ensure a holistic approach to diversity, and inclusion across all stakeholders.

Accountability
Diversity and inclusion is a material issue for the business and hence we have set a Board level objective to maintain an inclusivity score of at least 85.5%, linking it to team's annual bonus allocation. We also measure and report on our employee diversity figures bi-annually, helping us benchmark and track improvement over time.

Implementing the framework
An internal EDI working group is currently being set up to shape the outcomes and targets of the framework and implement the strategy across Workspace. The group will be chaired by a member of the Executive team, reporting directly to the CEO.

SUSTAINABILITY CONTINUED
LOOKING AFTER OUR PEOPLE CONTINUED



INCLUSIVE RECRUITMENT

Link to material issue:
Diversity and Inclusion

85.5%
EMPLOYEE INCLUSIVITY SCORE

68
EMPLOYEE HOURS OF INCLUSIVE RECRUITMENT TRAINING

Having a diverse workforce is key to Workspace's success. This means our people have varied experiences and perspectives which will drive innovation, make better decisions, and create a more inclusive and equitable work environment.

Our recruitment processes have been continually improving to be inclusive and bias free in order to attract diverse candidates.

We undertook several key actions to enhance our inclusive recruitment practices. In 2022, we appointed a dedicated recruitment manager to oversee the process efficiently. We then introduced an inclusive recruitment policy and provided comprehensive training to our hiring managers to mitigate biases. This year we rolled out a new recruitment software. Leveraging the platform, we optimised candidate evaluation, alongside the adoption of blind CVs and bias-free language in job postings. Additionally, strategic partnerships were forged this year with organisations like Sapphire Partners, Lambeth Jobs Centre and The White Ensign Association to drive social mobility.

We achieved 59 direct hires, fostering diversity and enriching our culture. This also helped us save £350k in recruitment costs, whilst also broadening our talent pool. Our collaborations with social mobility-focused partners have extended our reach and community engagement, aligning with our commitment to positive social impact.

As an employer, we are constantly looking to attract and retain the best talent. As such, we actively look to breakdown barriers to employment and widen access to our jobs through working with social mobility partners.

Ben Saunders
Head of People

SUSTAINABILITY CONTINUED

STRATEGIC PILLAR 3

SUPPORTING OUR COMMUNITIES

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

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 a significant impact in alleviating homelessness across 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.

Our response to local community needs
As a major provider of work space to over 4,000 of London's brightest businesses, Workspace is well placed to address some of the most pressing social issues in the capital.

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.

Each year we set incremental annual targets to ensure progress across all our material issues. Our targets for strategic pillar 3 are covered in the following pages, along with commentary on progress made and impact achieved.

1. Not in Education, Employment or Training.

300
BENEFICIARIES OF SKILLS AND EMPLOYMENT PROGRAMME

1,560
TOTAL VOLUNTEERING HOURS

100+
COMMUNITY ENGAGEMENT INITIATIVES

SUSTAINABILITY CONTINUED
SUPPORTING OUR COMMUNITIES CONTINUED

ADDRESSING OUR MATERIAL SOCIAL ISSUES: OUR TARGETS CONTINUED

Relevant material issue • SKILLS AND EMPLOYMENT	**Relevant material issue** • SKILLS AND EMPLOYMENT • CHARITABLE AND COMMUNITY SUPPORT	**Relevant material issue** • CHARITABLE AND COMMUNITY SUPPORT	**Relevant material issue** • CHARITABLE AND COMMUNITY SUPPORT
Workspace response ROLL OUT OUR COMMUNITY SKILLS AND EMPLOYMENT PROGRAMME, INSPIRESME, ACROSS TEN CENTRES	**Workspace response** WORKS IN PARTNERSHIP WITH SHP TO PREVENT HOMELESSNESS IN LONDON	**Workspace response** IMPLEMENT A PLACE BASED SOCIAL IMPACT INITIATIVE ACROSS ALL CLUSTERS	**Workspace response** SUPPORT CHARITIES AND VCSES THROUGH OUR LETTINGS IN KIND OFFERING
Status: Achieved ✓	**Status: Achieved** ✓	**Status: Achieved** ✓	**Status: Achieved** ✓
We successfully rolled out InspiresMe, our community skills and employment programme in partnership with our customers and local schools, across ten centres. Over 300 students benefitted through our CV workshops, career sessions and 26 students completed work placements. A total of 30 customers participated in the InspiresMe programme. The responses from school partners and customers were extremely positive with 96% of the schools who took part agreeing they were keen to continue with this initiative next year. The programme also received a 100% engagement score from our customers.	We raised over £31,000 for SHP, additionally we provided funding for a full-time employability coordinator benefitting 589 young and vulnerable people. A number of our employees supported SHP throughout the year and delivered over 1,460 volunteering hours. We delivered a successful employability workshop to support SHP clients on CV building and interview skills. Four customers and four employees shared their experience and skills with 10 clients from SHP.	We ran over 100 community engagement initiatives across our centres in partnership with local charities. Our partnership with local charity CartridgeBuyBack serves as a prime example. We supported them by collecting used cartridges from our customers, generating funds over £5,000 to support people who are leaving prison. We also ran 16 food bank drives, collecting 1.2 tonnes of food, which were hugely popular with our customers.	Workspace provided £177k worth of lettings and meeting rooms as in-kind support to various charities. These organisations are dedicated to a wide array of causes, including homelessness, health, justice, and emergency aid. Such support is invaluable to these charities. See more in the case studies on the right.
Relevant UN SDGs 4 Quality Education 10 Reduced Inequalities	**Relevant UN SDGs** 4 Quality Education 10 Reduced Inequalities	**Relevant UN SDGs** 4 Quality Education 10 Reduced Inequalities	**Relevant UN SDGs** 4 Quality Education 8 Decent Work and Economic Growth 10 Reduced Inequalities

LETTINGS IN KIND

Workspace's in-kind commitment has enabled charities to thrive within our portfolio, they often would not be able to have a high-quality work space in London without this offer.

"Workspace make all our operations possible by donating space to us in Record Hall. Sheltersuit UK could not function in the way that it does without them, and it's no exaggeration to say that with this support, Workspace is saving lives."
– Ian Sutherland McCook (CEO) Sheltersuit UK.

Material issue:
Charitable and community support

£177k
WORTH OF LETTINGS AND MEETING ROOMS IN-KIND

CLASSICAL VAUXHALL

Edinburgh House hosted a family classical music concert by Charity Vauxhall One. Workspace covered the cost of the space, cleaning, and security fees.

There were over 50 attendees from the local community. Children who attended were gifted a Workspace branded gift bag full of creative goodies to take away.

The feedback from the event was overwhelmingly positive and the acoustics of the space complemented the beautiful music.

Material issue:
Charitable and community support

SUSTAINABILITY CONTINUED
SUPPORTING OUR COMMUNITIES CONTINUED

SOCIAL VALUE GENERATED BY WORKSPACE FY2023/24

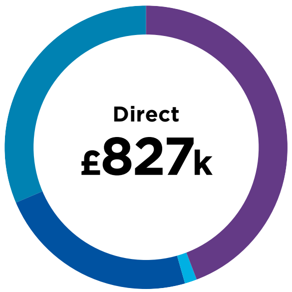
This is the second year we have worked with Social Value Portal to quantify the social value we create. The National TOMs Framework has been used to calculate the financial value associated with each of our initiatives, which is deemed 'additional' to business as usual. The table provides a breakdown of various initiatives and social value created by our business activities. A significant proportion of our social value contribution comes from deeper engagement with the beneficiaries which we believe delivers long lasting impact, compared to financial contribution and donations. In addition to our direct social value contribution, we have also calculated the indirect value generated through our collaboration with our suppliers, contractors and customers. As we near the completion of Leroy House in Islington, we've included this project in our indirect value calculations, enhancing the comprehensive overview of our social impact.

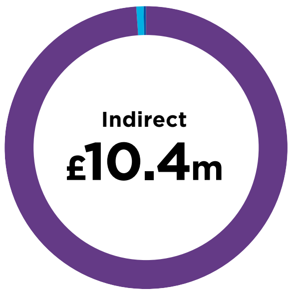
Strategic focus

- LOOKING AFTER OUR PEOPLE
- SUPPORTING OUR COMMUNITIES

Impact beneficiaries

- Employees
- Customers
- Suppliers
- Community
- Charity





IMPACT THEMES	SOCIAL INITIATIVES GENERATING DIRECT VALUE			SOCIAL INITIATIVES GENERATING INDIRECT VALUE
RESPONSIBLE AND INCLUSIVE PRACTICES DIRECT **£368k** INDIRECT **£10.3m**	**£133.2k** delivered through EDI training – 220 employees received unconscious bias training and 124 employees received anti-harassment training	**£1.2k** delivered through funding 26 employees for further studies	**£180.6k** delivered through £1.5m spend with non-profit organisations as suppliers **£52.4k** delivered through upskilling programmes for customers	**£10.3m** delivered through over 26% of construction spend with local organisations
EMPLOYMENT AND SKILLS DIRECT **£10k** INDIRECT **£77.7k**	**£836** delivered through four weeks of work placement supported by Workspace	**£5.5k** delivered through 97 staff weeks of apprenticeships delivered by Workspace	**£3.9k** delivered through 233 hours spent supporting local schools	**£77.7k** delivered through 64 weeks of apprenticeships, 52 weeks of work experience, four people employed from NEET backgrounds and one long-term unemployed individual
WELLBEING DIRECT **£192k** INDIRECT **£14.9k**	**£138.2k** delivered through investment in wellbeing offering for customers	**£17.2k** delivered through investment in wellbeing campaigns for staff	**£36.5k** delivered through all employees having access to a comprehensive wellbeing programme	**£14.9k** delivered through our building contractors having access to a comprehensive wellbeing programme
CHARITY AND COMMUNITY SUPPORT DIRECT **£257k** INDIRECT **£1.9k**	**£12.5k** delivered through 124 hours of skilled volunteering **£24.4k** delivered through 1,436 hours of unskilled volunteering	**£6.7k** delivered through employees contributing 400 hours to support the local community projects	**£213.8k** delivered through in-kind contributions	**£1.9k** delivered through 108 hours of unskilled volunteering

SUSTAINABILITY CONTINUED
SUPPORTING OUR COMMUNITIES CONTINUED

DEEP DIVE: A PARTNERSHIP LED APPROACH

Working with the local community and charity partners is a key component of Workspace's Social Impact strategy. Our collaboration with like-minded partners allows us to amplify this impact. The following pages provide further information on the initiatives we have delivered by partnering with our customers, local schools, our charity partner and contractors on-site.

INSPIRESME – SCALING IMPACT IN THE LOCAL COMMUNITY

InspiresMe is Workspace's community outreach programme, focused on skills and employment.

Link to material issue:
Skills and employment

> **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**

INSPIRESME IN NUMBERS

4/5
SATISFACTION SCORE FROM STUDENTS

100%
CUSTOMER ENGAGEMENT SCORE

300
BENEFICIARIES SUPPORTED

The aim of the programme is to work alongside our customers to provide inspiration, knowledge, support and experience to young 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. Through InspiresMe, we facilitate partnerships between local schools and our customers to improve employability skills of under-privileged Londoners.

The programme now spans across 10 of our centres. Our approach includes establishing partnerships with schools and getting our customers involved by generating interest and enthusiasm through targeted communications raising awareness on young people unemployment issues. This year we facilitated work placements, CV workshops, speed networking and brought our customers to career fairs to equip students with the necessary tools for success and to inspire them.

In the last 12 months, we reached over 300 students through collaborative efforts with 30 of our customers. This approach led to the placement of 26 students in professional settings, providing invaluable hands-on experience. The programme received a 100% engagement score from our customers, reflecting their enthusiastic involvement and commitment to the cause. Furthermore, beneficiaries of the programme expressed high levels of satisfaction, with an impressive 4 out of 5 rating, affirming the programme's effectiveness in empowering individuals for their future.

SUSTAINABILITY CONTINUED
SUPPORTING OUR COMMUNITIES CONTINUED

SINGLE HOMELESS PROJECT – OUR PARTNERSHIP CONTINUES TO FLOURISH

Link to material issue:
Charitable and community support

1,460
HOURS VOLUNTEERED WITH SHP

589
BENEFICIARIES

Homelessness is a growing issue in London. Recent research by City Hall showed a 23% year-on-year increase for the fourth quarter of 2023, the highest level in a decade.

Being a London based company we chose to partner with Single Homeless Project as they are focused on addressing local issues. Each day across all 32 London boroughs, Single Homeless Project employees work with individuals to tackle the underlying causes of homelessness, such as poor mental health or drug and alcohol dependency. Often that means being there for people at a critical time with the goal of helping them find a job and accommodation, ultimately supporting them to take the final steps to living independently.

Our Charity Wellbeing and Social Committee (CWS) is made up of 10 employees from across the Company, and steers our support to SHP. Annually we pay the salary for the Employability Manager at SHP and support the charity's efforts through fundraising and volunteering. This year, our support benefitted 589 young and vulnerable people. This year 85 Workspace employees volunteered with SHP, in refurbishing their hostels, running a sports day and other initiatives. We also raised over £31,000 for the charity through a number of fundraising events.

In March 2024, 4 employees and 4 customers took part in an employability workshop with 10 SHP clients. The aim of the session was to help SHP clients with creation of CVs and interview skills.

SUSTAINABILITY CONTINUED
SUPPORTING OUR COMMUNITIES CONTINUED

LEROY HOUSE, ISLINGTON – DELIVERING SOCIAL VALUE IN CONSTRUCTION

Link to material issues:
Sustainable procurement
Skills and Employment

We are committed to generating social value through our projects. Delivering employment led regeneration and supporting the local economy is a key priority for us.
Kahroon Tanvir
Head of Project Management

Our refurbishment and development activity offers us a great opportunity to deliver the construction programme in a way that enhances social impact.

Whilst refurbing Leroy House in Islington, we have closely collaborated with our contractor, Faithdean, to maximise social value generated in the local area. The project team have worked throughout the construction programme to prioritise initiatives in response to local community needs.

Through careful procurement decisions we were able to direct over 26% of the project spend on local suppliers, within 10 miles from the site. Faithdean also led several on the ground initiatives to support their employees and contractors through a multidimensional mental health and wellbeing programme. Other initiatives that took place were volunteering in a local school, apprenticeships and putting on a community local skip. Workspace have also teamed up with the charity, The eXceL Project, to deliver a community upskilling programme in the form of youth work provisions, mentoring and job readiness training in the borough of Islington.

Wellbeing enhancing features and community amenities have also been prioritised in the design of the building including large windows that open to ensure good levels of natural daylight and ventilation, cycle racks and showers to encourage green modes of transportation and an onsite cafe and gym. There is also a green roof to promote biodiversity and green space nearby for customers to connect with nature. The regeneration of the site will continue to improve the local area by creating new jobs, services and increasing footfall to local shops and amenities, therefore continuing to support the local economy.

10.3m
SOCIAL VALUE GENERATED

26.5%
CONSTRUCTION SPENT WITH LOCAL SUPPLIERS

OUR KEY PERFORMANCE INDICATORS

FINANCIAL PERFORMANCE

	1. NET RENTAL INCOME	2. TRADING PROFIT AFTER INTEREST	3. EPRA NTA PER SHARE
LINK TO STRATEGY	Driving customer-led growth Delivering operational excellence Sustainable from the inside out	Driving customer-led growth Delivering operational excellence Sustainable from the inside out	Driving customer-led growth Delivering operational excellence Sustainable from the inside out
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.	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 its' investors as it 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. A reconciliation of basic and diluted earnings to trading profit after interest is in note 8 to the financial statements.	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 2023/24	Net Rental Income increased by 8% (£9.6m) to £126.2m. Underlying net rental income which excludes the net impact of acquisitions and disposals in the current and prior year, was up 8.2% to £122.3m, reflecting the strong increase in rent per sq.ft. achieved in the year.	Trading profit after interest increased by 9% (£5.3m) to £66.0m. The main driver was the £9.6m growth in net rental income. Total administrative expenses increased by £3.8m to £25.3m which includes a £1.9m increase in share based costs, leaving a £1.9m underlying increase in administration costs due primarily to wage inflation. Net finance costs increased to £34.9m in the year, reflecting the increase in SONIA during the period, offset by a reduction in net debt.	Our EPRA NTA per share decreased by 13.7% (£1.27) to £8.00. This was driven by the underlying decrease in the valuation of our portfolio, offset by trading profit in the year.
	£126.2m	**£66.0m**	**£8.00**
2024	126.2	66.0	8.00
2023	116.6	60.7	9.27
2022	86.7	46.9	9.88

OUR KEY PERFORMANCE INDICATORS CONTINUED
FINANCIAL PERFORMANCE CONTINUED

4. DIVIDEND PER SHARE

LINK TO STRATEGY

- Driving customer-led growth
- Delivering operational excellence
- Sustainable from the inside out

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 2023/24

The increase of 9% (2.2p) in dividend per share was due to the increased trading profit in the year.

28.0p

2024	28.0
2023	25.8
2022	21.5

5. LIKE-FOR-LIKE RENT ROLL GROWTH

LINK TO STRATEGY

- Driving customer-led growth
- Delivering operational excellence
- Sustainable from the inside out

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 2023/24

The like-for-like rent roll has increased by 9.6% (£111.2m) in the year, driven by a 10.4% uplift in rent per sq. ft. from £40.08 to £44.27.

+9.6%

2024	9.6
2023	7.1
2022	8.7

6. LIKE-FOR-LIKE OCCUPANCY

LINK TO STRATEGY

- Driving customer-led growth
- Delivering operational excellence
- Sustainable from the inside out

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 2023/24

Like-for-like occupancy broadly stable at 88.1%.

88.1%

2024	88.1
2023	89.1
2022	89.6

OUR KEY PERFORMANCE INDICATORS CONTINUED
FINANCIAL PERFORMANCE CONTINUED

7. PROPERTY VALUATION

LINK TO STRATEGY

- Driving customer-led growth
- Sustainable from the inside out

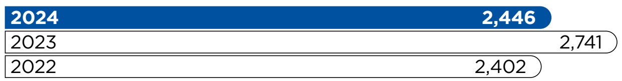
WHY THIS IS IMPORTANT TO WORKSPACE

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 2023/24

There was an underlying reduction of 9.5% (£256m) in our property valuation, taking the valuation to £2,446m. 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 pages 82 to 84 for more detail.

£2,446m



8. TOTAL PROPERTY RETURN

LINK TO STRATEGY

- Driving customer-led growth
- Delivering operational excellence
- Sustainable from the inside out

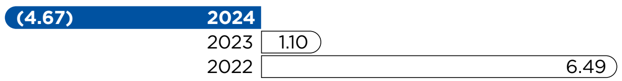
WHY THIS IS IMPORTANT TO WORKSPACE

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 2023/24

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

(4.67)%



9. TOTAL SHAREHOLDER RETURN

LINK TO STRATEGY

- Driving customer-led growth
- Delivering operational excellence
- Sustainable from the inside out

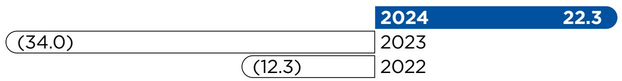
WHY THIS IS IMPORTANT TO WORKSPACE

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 2023/24

Total Shareholder Return has increased due to an uplift in the share price over the year, and increased dividends paid in the year.

22.3%



OUR KEY PERFORMANCE INDICATORS CONTINUED

NON-FINANCIAL PERFORMANCE

1. CUSTOMER ENQUIRIES

LINK TO STRATEGY

- Driving customer-led growth
- Delivering operational excellence
- Sustainable from the inside out

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 2023/24

There was an average of 788 monthly enquiries over the year, with an average of 818 monthly enquiries in the final quarter.

788

2024	788
2023	798
2022	917

2. VIEWINGS

LINK TO STRATEGY

- Driving customer-led growth
- Delivering operational excellence
- Sustainable from the inside out

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 2023/24

There was an average of 524 monthly viewings over the year, with a good conversion rate from enquiry to viewing and, as with enquiries, a strong final quarter.

524

2024	524
2023	518
2022	598

3. OFFER LETTERS

LINK TO STRATEGY

- Driving customer-led growth
- Delivering operational excellence
- Sustainable from the inside out

WHY THIS IS IMPORTANT TO WORKSPACE

Once prospective customers have completed a viewing, and are interested in the space, an offer letter is issued 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 2023/24

On average 359 offer letters were issued each month in the year, which represents 69% of viewings.

359

2024	359
2023	315
2022	322

OUR KEY PERFORMANCE INDICATORS CONTINUED
NON-FINANCIAL PERFORMANCE CONTINUED

4. LETTINGS

LINK TO STRATEGY

- Driving customer-led growth
- Delivering operational excellence
- Sustainable from the inside out

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 2023/24

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.

103

2024	103
2023	110
2022	127

5. RENEWALS

LINK TO STRATEGY

- Driving customer-led growth
- Delivering operational excellence
- Sustainable from the inside out

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. We track customer retention and allow us to capture reversion within our portfolio.

MOVEMENT IN 2023/24

The average number of renewals completed per month was 59, a level consistent with the prior year.

59

2024	59
2023	61
2022	15

6. EMPLOYEE VOLUNTEERING DAYS

LINK TO STRATEGY

- Sustainable from the inside out

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 2023/24

The number of volunteering days increased significantly from 78 to 192. 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.

192

2024	192
2023	78
2022	68

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. This approach flows through to our day to day management of our operational risks.

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 well across the business. We make every effort to engage staff with risk-related issues, particularly those which are emerging so that we are managing our lower-level risks as well as the more strategic ones.

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 another period of challenging macroeconomic conditions with high inflation and increasing interest rates. Although these risks appear to have stabilised towards the end of the year, 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 2023.

Workspace recognises that climate change is having an impact on our business and will continue to do so. 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 carbon economy in the form of increasing regulation and changes in customer demand. We are actively managing our climate change risk and have put in place mitigation measures for the most material impacts including the recruitment of a Sustainability Reporting and Engagement Manager.

Further details of the framework can be found on pages 178 to 179.

EMERGING RISKS

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

Emerging risks considered during this year included: employee recruitment in specialist areas; geopolitics, war and regional instability in Ukraine and the Middle East; availability of materials due to ongoing instability of shipping routes; the new Building Safety Act; the macroeconomic environment including inflation, higher interest rates and potential impact on property valuations and operating performance.

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.

During the year we extended our £335m bank debt facilities by a further 12 months leaving no material debt maturities until August 2025.

As of 31 March 2024, the Group had cash and undrawn credit facilities of £145m 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 sets out recommendations and recommended disclosures for reporting on climate-related financial risks and opportunities. The Group's TCFD disclosures can be found on pages 94 to 105.

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 98 to 101.

EMPLOYEES

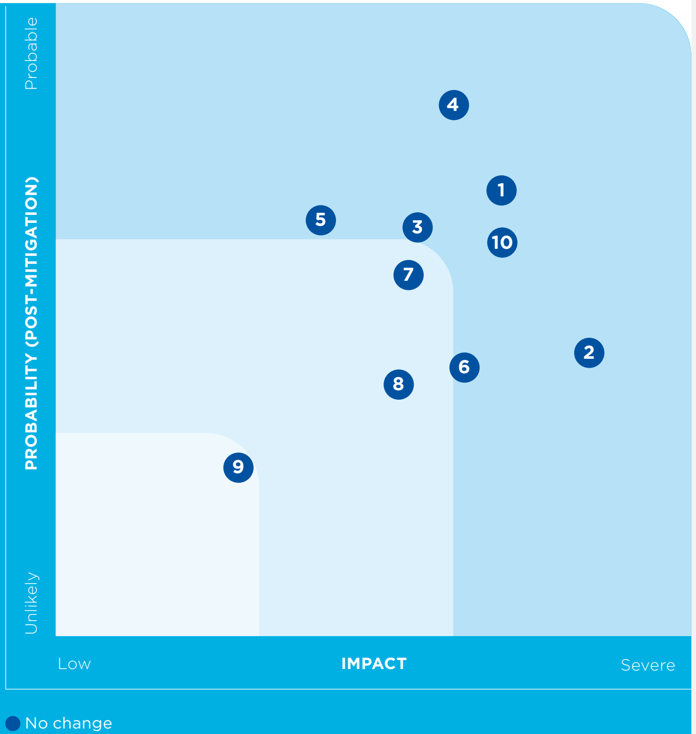
The health, safety and wellbeing of our employees remains a top priority. For the majority of our employees, we are able to offer a flexible working environment to enable a healthy work-life balance alongside a competitive benefits package for all.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

PRINCIPAL RISKS

There has been no significant change to the principal risks this year. The principal risks are reviewed in detail bi-annually.

	Key: Principal risks	Page
1	CUSTOMER DEMAND	72
2	FINANCING	73
3	VALUATION	73
4	ACQUISITION PRICING	74
5	CUSTOMER PAYMENT DEFAULT	75
6	CYBER SECURITY	75
7	RESOURCING	76
8	THIRD-PARTY RELATIONSHIPS	77
9	REGULATORY	77
10	CLIMATE CHANGE	78



CUSTOMER DEMAND

1

Principal risk

Opportunities for growth could be missed without a clear brand positioning strategy to meet the evolving demands of target customers. Macroeconomic factors including political instability and geopolitical tensions, weak economic growth, inflationary pressures and higher interest rates could also impact our 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 work space offerings, 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 the content and messaging are regularly reviewed to remain relevant and appealing.

IMPACT

SEVERE

PROBABILITY (POST-MITIGATION)

POSSIBLE

CHANGE FROM LAST YEAR

No change

RISK APPETITE

MEDIUM

LINK TO STRATEGY

- Driving customer-led growth
- Delivering operational excellence
- Sustainable from the inside out

RELEVANT KPIS

Financial
1. Net rental income
2. Trading profit after interest
5. Like-for-like rent roll growth
6. Like-for-like occupancy
8. Total property return

Non-financial
1. Customer enquiries
2. Viewings
3. Offer letters
4. Lettings
5. Renewals

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 88.
- 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 the majority of our debt facilities so that our interest payment profile is broadly stable.
- During the year we put in place a £100m interest rate hedge to further fix our interest costs.
- Loan covenants are monitored and reported to the Board on a monthly basis and we undertake detailed cash flow monitoring and forecasting.
- During the second half of the year we extended the maturity of our £335m bank debt facilities by a further year, providing the Group with adequate funds for future plans.

IMPACT

SEVERE

RISK APPETITE

LOW

PROBABILITY (POST-MITIGATION)

UNLIKELY

LINK TO STRATEGY

- Delivering operational excellence
- Sustainable from the inside out

CHANGE FROM LAST YEAR

No change

RELEVANT KPIS

Financial

2. Trading profit after interest
4. Dividend per share
9. Total shareholder return

VALUATION

3

Principal risk

Macroeconomic uncertainty, reductions in occupancy or pricing, or failure to meet Energy Performance Certificate (EPC) targets could have an impact on asset valuations, whereby property yields increase and valuations fall. This may result in a reduction in return on investment 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 independent valuations of all our properties.
- We manage and invest in our properties, planning and undertaking upgrades where necessary, to ensure they are compliant with current and future Minimum Energy Efficiency Standards (MEES) for EPCs.
- Alternative use opportunities, including mixed-use developments, are actively pursued across the portfolio.

IMPACT

HIGH

RISK APPETITE

MEDIUM

PROBABILITY (POST-MITIGATION)

POSSIBLE

LINK TO STRATEGY

- Driving customer-led growth
- Delivering operational excellence
- Sustainable from the inside out

CHANGE FROM LAST YEAR

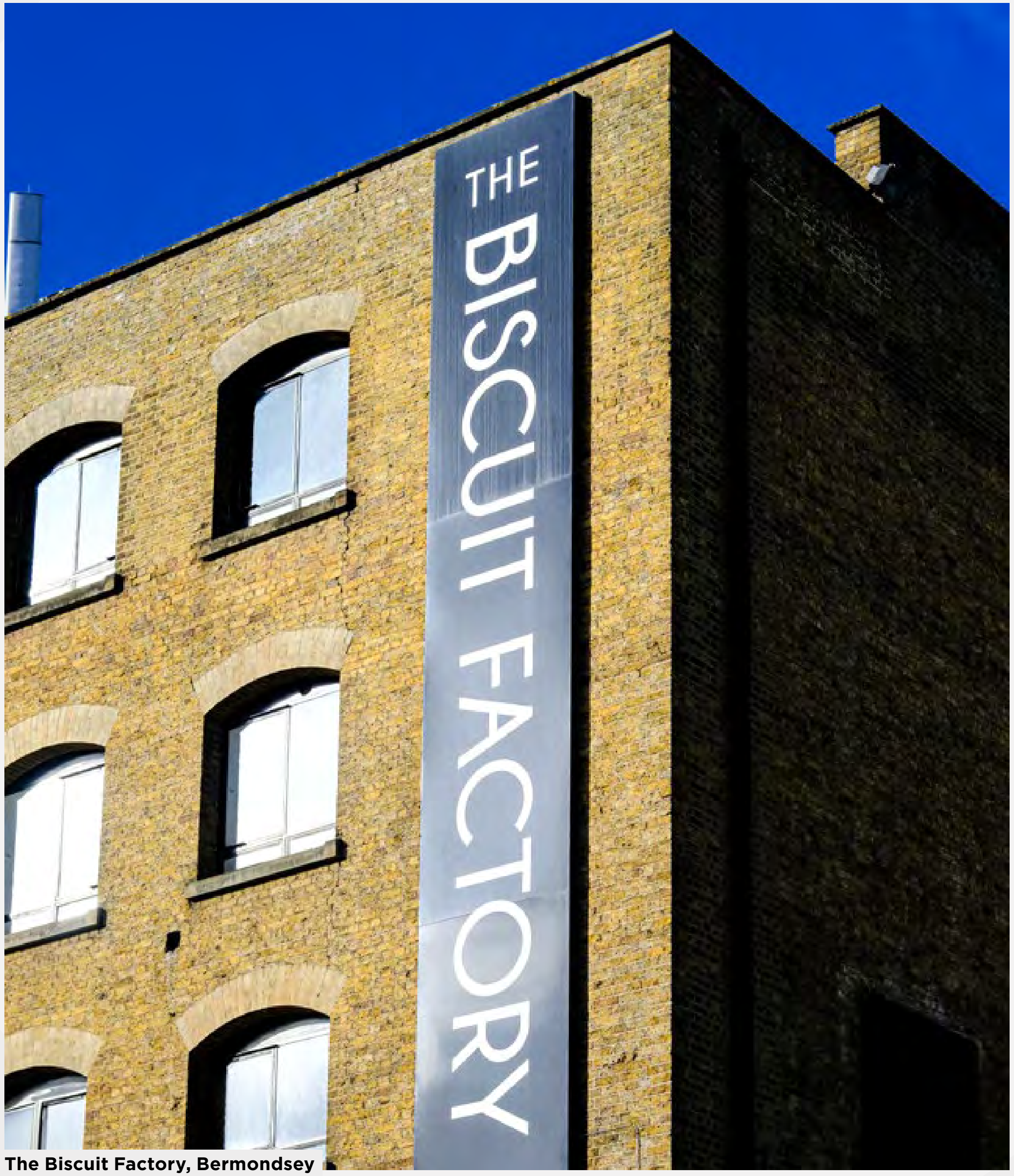
No change, with the risk impact from inflation and interest rate rises remaining elevated

RELEVANT KPIS

Financial

3. EPRA NTA per share
5. Like-for-like rent roll growth
7. Property valuation
8. Total property return
9. Total shareholder return

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED



The Biscuit Factory, Bermondsey

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

RISK APPETITE
MEDIUM

PROBABILITY (POST-MITIGATION)
POSSIBLE

LINK TO STRATEGY

- Driving customer-led growth
- Delivering operational excellence

CHANGE FROM LAST YEAR
No change

RELEVANT KPIS

Financial
3. EPRA NTA per share
7. Property valuation
8. Total property return
9. Total shareholder return

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

CUSTOMER PAYMENT DEFAULT

5

Principal risk
There remains uncertainty around the macroeconomic environment given broader geopolitical events, and interest rate pressures. This could result in further pressure on rent collection figures.

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

Mitigation
- Rent collection and customer payment levels have remained strong throughout the year, 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

RISK APPETITE
LOW

PROBABILITY (POST-MITIGATION)
POSSIBLE

LINK TO STRATEGY
Delivering operational excellence

CHANGE FROM LAST YEAR
No change

RELEVANT KPIS

Financial
1. Net rental income
2. Trading profit after interest
4. Dividend per share
8. Total property return
9. Total shareholder return

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.
- We're committed to continue the adoption of the NIST Cybersecurity Framework to enhance our cyber security maturity. This adoption will strengthen risk management, improve controls, fortify incident response, and ensure consistent protection and recovery, validated through external independent assessments.

IMPACT
HIGH

RISK APPETITE
LOW

PROBABILITY (POST-MITIGATION)
POSSIBLE

LINK TO STRATEGY
Delivering operational excellence

CHANGE FROM LAST YEAR
No change

RELEVANT KPIS

Financial
2. Trading profit after interest
4. Dividend per share
8. Total property return
9. Total shareholder return

Non-financial
4. Lettings
5. Renewals

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's 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 people teams run a broad training and development programme designed to ensure employees are supported and encouraged to progress with learning and study opportunities.
- The HR function was strengthened in 2022 by the appointment of a Recruitment Manager whose role is to overview the entire recruitment process to ensure that we have a diverse and wide ranging talent pool.
- The HR team has also introduced a new candidate applicant tracking system to track the source of applications. This will allow us to better manage the process and diversify our talent from a range of application sources. At the same time, we have revised our internal application process for existing employees with 35 individuals being internally promoted during this period and about 30% of new starters being recruited directly without the use of recruitment agencies.
- We have engaged external search agencies to identify and rigorously assess potential candidates for the new CEO and NED appointments.

IMPACT
HIGH

RISK APPETITE
MEDIUM

PROBABILITY (POST-MITIGATION)
LOW

LINK TO STRATEGY

- Delivering operational excellence
- Sustainable from the inside out

CHANGE FROM LAST YEAR
No change

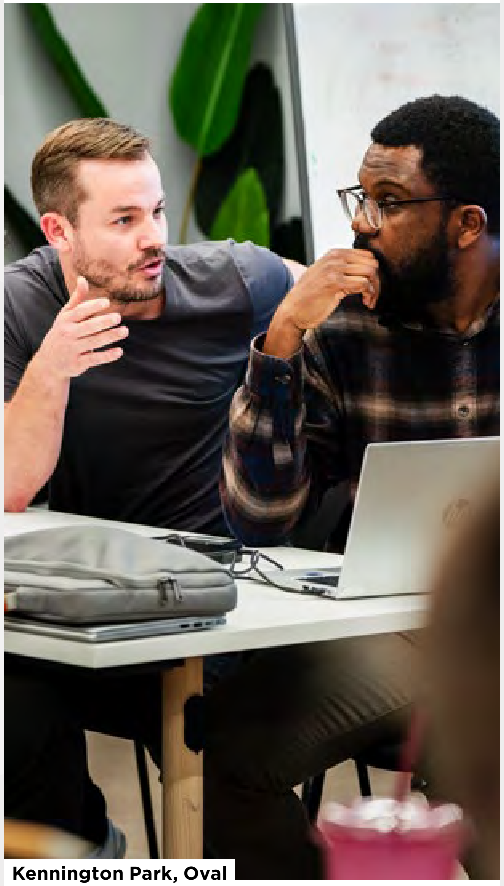
RELEVANT KPIS

Financial
1. Net rental income
2. Trading profit after interest
4. Dividend per share
5. Like-for-like rent roll growth
6. Like-for-like occupancy
8. Total property return
9. Total shareholder return

Non-financial
1. Customer enquiries
2. Viewings
3. Offer letters
4. Lettings
5. Renewals
6. Employee volunteering days

COMPANY VALUES

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


Kennington Park, Oval

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.
- Increased 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
- Sustainable from the inside out

RELEVANT KPIS

Financial
1. Net rental income
2. Trading profit after interest
4. Dividend per share
5. Like-for-like rent roll growth
6. Like-for-like occupancy
8. Total property return
9. Total shareholder return

Non-financial
5. Renewals

REGULATORY 9

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

Risk impact
- Increased costs.
- Reputational damage.

Mitigation
- Health and safety is 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 used the TCFD framework to govern and assess risk to our business from climate change and have built a robust mitigation plan to minimise impact. Our net zero carbon pathway offers a robust response to transition risk arising from climate change. However, we also closely monitor and manage physical risk arising from climate change, with details of our mitigation strategy provided on page 104 and 105.

IMPACT
MEDIUM

PROBABILITY (POST-MITIGATION)
LOW

CHANGE FROM LAST YEAR
No change

RISK APPETITE
LOW

LINK TO STRATEGY

- Delivering operational excellence
- Sustainable from the inside out

RELEVANT KPIS

Financial
2. Trading profit after interest
4. Dividend per share
9. Total shareholder return

Non-financial
4. Lettings
5. Renewals

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 carbon 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
No change

RISK APPETITE
LOW

LINK TO STRATEGY

- Delivering operational excellence
- Sustainable from the inside out

RELEVANT KPIS

Financial
2. Trading profit after interest
4. Dividend per share
9. Total shareholder return

Non-financial
4. Lettings
5. Renewals


Leroy House, Islington

BUSINESS REVIEW

CONTINUED INCOME AND DIVIDEND GROWTH FROM OUR SCALABLE OPERATING PLATFORM

Our strategy
Pages 35 to 38
There are clear links between our market trends and our strategy.

TOTAL RENT ROLL

£143.4m

TRADING PROFIT AFTER INTEREST

£66.0m

PROPERTY VALUATION

£2,446m

The Frames, Shoreditch

BUSINESS REVIEW CONTINUED

CUSTOMER ACTIVITY

We have seen resilient customer demand, despite the early Easter impacting enquiries in the fourth quarter, with 1,238 lettings completed in the year with a total rental value of £31.3m.

			Monthly Average			
	FY 2023/24	FY 2022/23	Q4 2023/24	Q3 2023/24	Q2 2023/24	Q1 2023/24
Enquiries	788	798	818	759	837	738
Viewings	524	518	589	488	527	491
Lettings	103	110	114	104	108	87

Good activity levels have continued into the first quarter of 2024/25, with 725 enquiries, 537 viewings and 92 new lettings in April 2024.

Alongside our new lettings, we have seen strong renewal activity in the year, with over 700 customers renewing for a £2.4m (12%) uplift in annual rent.

Mare Street Studios, Hackney

RENT ROLL

Total rent roll, representing the total annualised net rental income at a given date, was up 2.4% (£3.3m) in the year to £143.4m at 31 March 2024.

Total Rent Roll	£m
At 31 March 2023	140.1
Like-for-like portfolio	9.7
Completed projects	(0.3)
Projects underway and design stage	(0.1)
South East Office	(0.2)
Non-core	0.2
Disposals	(6.0)
At 31 March 2024	143.4

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 and non-core properties at their current rent roll and occupancy), was £194.6m at 31 March 2024.

Like-for-like portfolio

The like-for-like portfolio represents 78% of the total rent roll as at 31 March 2024. It comprises 43 properties with stabilised occupancy excluding recent acquisitions, buildings impacted by significant refurbishment or redevelopment activity, or contracted for sale.

We have continued to move pricing forward across our like-for-like portfolio with rent per sq. ft. increasing by 10.4% in the year to £44.27, with like-for-like occupancy marginally down by 1.0% to 88.1% in the year, resulting in an overall increase in like-for-like rent roll of 9.6% (£9.7m) to £111.2m.

We have seen ERV per sq. ft. increase by 3.4% in the year. If all the like-for-like properties were at 90% occupancy at the CBRE estimated rental values at 31 March 2024, the rent roll would be £126.8m, £15.6m higher than the actual rent roll at 31 March 2024.

	Six Months Ended		
Like-for-like	31 Mar 2024	30 Sep 2023[1]	31 Mar 2023[1]
Occupancy	88.1%	88.5%	89.1%
Occupancy change[2]	(0.4%)	(0.6%)	0.6%
Rent per sq. ft.	£44.27	£42.82	£40.08
Rent per sq. ft. change	3.4%	6.8%	5.3%
Rent roll	£111.2m	£108.0m	£101.5m
Rent roll change	3.0%	6.4%	4.9%

1. Restated for the transfer in of Castle Lane, Mare Street Studios, Westbourne Studios, Wilson Street, Lock Studios and Mirror Works and the transfer out of Poplar Business Park and Atelier House (part of Centro).
2. Absolute change.

BUSINESS REVIEW CONTINUED

Evergreen Studios, Richmond

Completed projects
There are six projects in the completed projects category. Rent roll reduced overall by £0.3m in the year to £7.1m. An underlying increase of £0.6m in rent roll was offset by a £0.9m reduction at Evergreen Studios, Richmond, following the expiry of a short leaseback of the building by the developer.

If the buildings in this category were all at 90% occupancy at the ERVs at 31 March 2024, the rent roll would be £10.0m, an uplift of £2.9m.

Projects underway – refurbishments
We are currently underway on nine larger refurbishment projects that will deliver 390,000 sq. ft. of new and upgraded space. As at 31 March 2024, rent roll was £9.3m, down £0.7m in the year.

Assuming 90% occupancy at the ERVs at 31 March 2024, the rent roll at these nine buildings once they are completed would be £21.1m, an uplift of £11.8m.

Parkhall, Dulwich

Projects at design stage
These are properties where we are well advanced in planning a refurbishment or redevelopment that has not yet commenced. As at 31 March 2024, the rent roll at these properties was £6.2m, up £0.6m.

South East office
As at 31 March 2024, the rent roll of the South East office portfolio, comprising nine buildings, was £6.9m, down £0.2m.

Assuming 90% occupancy (or current occupancy if higher) at the ERVs at 31 March 2024, the rent roll would be £9.7m, an uplift of £2.8m.

Non-core
As at 31 March 2024, the rent roll of the non-core portfolio was £2.7m, up £0.2m.

Disposals
During the year, there was £143m exchanged or completed sales. In aggregate, disposals have delivered £118m of proceeds (net of sales costs) in the year (including £10m for the deferred consideration of Riverside, Wandsworth), at a combined net initial yield of 5.3%.

In April, we exchanged on the sale of 20-30 Greyfriars Road, Reading and Cygnet House, Staines for a combined consideration of £4.6m, in line with the March 2024 valuation.

In May, we completed on the sale of Poplar Business Park for £21.5m which we exchanged for sale in January.

PROFIT PERFORMANCE
Trading profit after interest for the year was up 8.7% (£5.3m) on the prior year to £66.0m.

£m	31 Mar 2024	31 Mar 2023
Net rental income	126.2	116.6
Administrative expenses – underlying	(22.0)	(20.1)
Administrative expenses – share based costs[1]	(3.3)	(1.4)
Net finance costs	(34.9)	(34.4)
Trading profit after interest	66.0	60.7

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

Net rental income was up 8.2% (£9.6m) to £126.2m.

£m	31 Mar 2024	31 Mar 2023
Underlying rental income	122.3	113.1
Unrecovered service charge costs	(4.0)	(4.3)
Empty rates and other non-recoverable costs	(9.5)	(9.3)
Services, fees, commissions and sundry income	1.4	0.5
Underlying net rental income	110.2	100.0
Acquisitions	13.4	10.7
Disposals	2.6	5.9
Net rental income	126.2	116.6

The £9.2m increase in underlying rental income to £122.3m reflects the strong increase in average rent per sq. ft. achieved over the last year. Total net rental income also benefited from increased rents from recent acquisitions which have continued to let up well in the year.

Unrecovered service charge costs decreased by £0.3m, with the majority of service charge costs recovered from customers, despite the unusually high levels of inflation we have seen in the UK over the last year.

There was a small increase in empty rates and other non-recoverable costs which were up £0.2m to £9.5m. Net revenue from services, fees, commissions and sundry income was up by £0.9m, including increased hospitality revenue.

Underlying administrative expenses increased by £1.9m to £22.0m, reflecting the high levels of wage inflation seen in the UK in the period. Share-based costs increased by £1.9m to £3.3m driven by higher vesting levels and assumptions with the Workspace portfolio performing strongly relative to the London IPD index.

Net finance costs increased by £0.5m to £34.9m in the year reflecting the increase in SONIA over the last two years offset by a reduction in average net debt following asset disposals in the period and an increase in capitalised interest reflecting the increase in activity on major projects over the year. The average debt balance over the year was £53.0m lower than in the prior year, whilst the average interest cost increased from 3.7% to 3.8%.

BUSINESS REVIEW CONTINUED

Loss before tax was £192.8m compared to £37.5m in the prior year.

£m	31 Mar 2024	31 Mar 2023
Trading profit after interest	66.0	60.7
Change in fair value of investment properties	(255.3)	(93.1)
Loss on sale of investment properties	(2.3)	(0.7)
Exceptional costs	(1.2)	(4.3)
Other items	–	(0.1)
Loss before tax	(192.8)	(37.5)
Adjusted underlying earnings per share	34.1p	31.7p

The change in fair value of investment properties, including assets held for sale, was a decrease of £255.3m compared to a decrease of £93.1m in the prior year.

The loss on sale of investment properties of £2.3m was driven by costs associated with disposals in the year.

Exceptional costs include one-off items relating to the implementation of our new finance and property management system, and in the prior year relating to the acquisition and integration of McKay.

Adjusted underlying earnings per share, based on EPRA earnings adjusted for non-trading items and calculated on a diluted share basis, was up 7.6% to 34.1p. The calculation of adjusted, basic, diluted and EPRA earnings per share is shown in note 8 to the financial statements.

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 19.0p per share, taking the full year dividend to 28.0p (2023: 25.8p), to be paid on 2 August 2024 to shareholders on the register at 5 July 2024. The dividend will be paid as a REIT Property Income Distribution (PID) net of withholding tax where appropriate.

PROPERTY VALUATION

At 31 March 2024, our property portfolio was independently valued by CBRE at £2,446m, an underlying decrease of 9.5% (£256m) in the year. The main movements in the valuation are set out below:

	£m
Valuation at 31 March 2023	2,741
Capital expenditure	71
Disposals	(110)
Underlying revaluation	(256)
Valuation at 31 March 2024	2,446

Leroy House, Islington

BUSINESS REVIEW CONTINUED

There was an underlying revaluation decrease of 3.1% (£78m) in the second half of the year compared to a decrease of 6.6% (£178m) in the first half. A summary of the full year valuation and revaluation movement by property type is set out below:

£m	Valuation 31 March 2024	Underlying revaluation decrease Full Year	H2	H1
Like-for-like properties	1,833	162	49	113
Completed projects	137	19	7	12
Refurbishments	319	46	16	30
Redevelopments	19	5	1	4
South East office	86	14	5	9
Non-core	52	10	–	10
Total	2,446	256	78	178

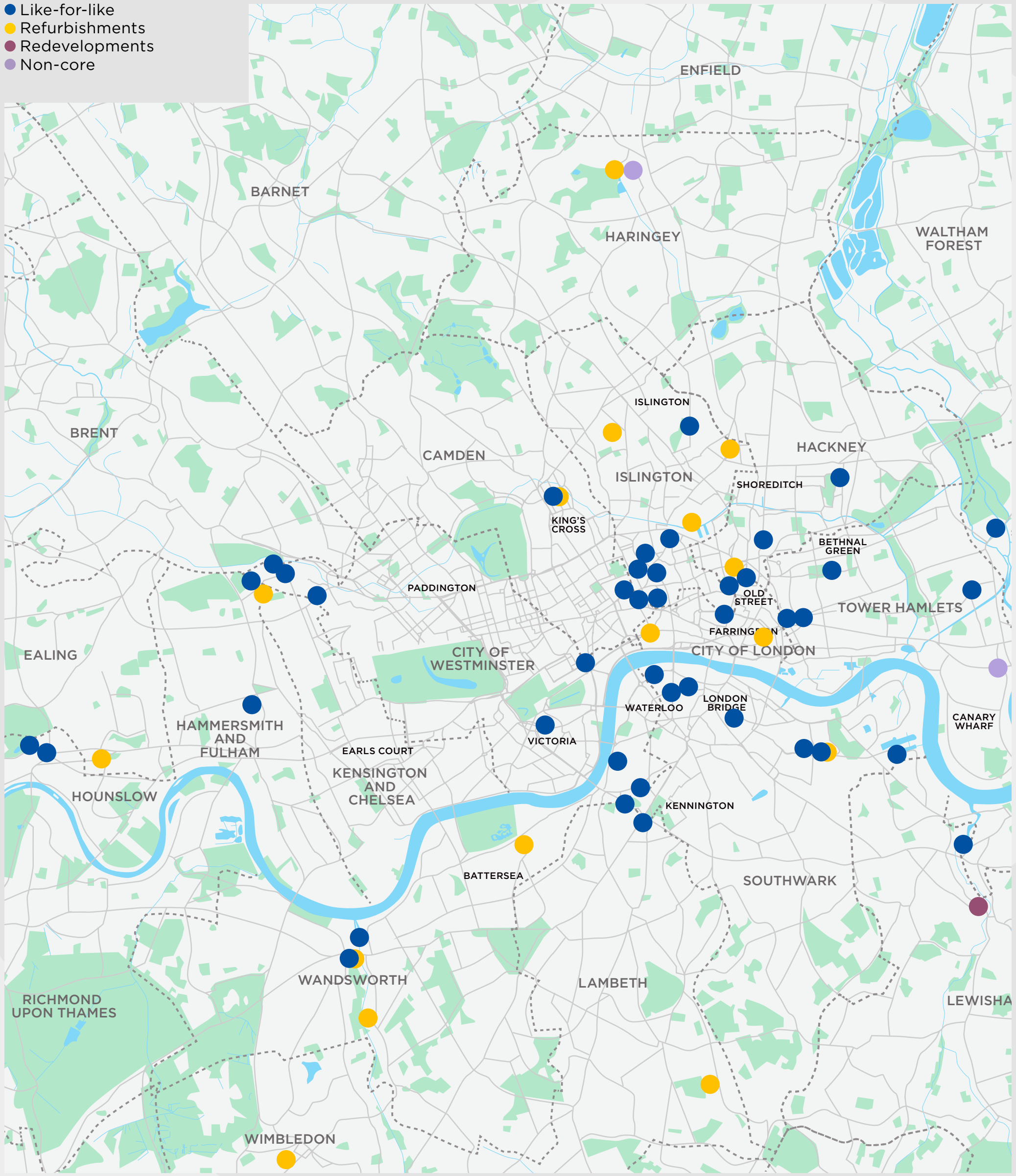
Like-for-like properties
There was an 8.1% (£162m) underlying decrease in the valuation of like-for-like properties to £1,833m. This was driven by a 78bps outward shift in equivalent yield (£233m), offset by a 3.4% increase in the ERV per sq. ft. (£71m).

ERV growth has returned to a lower, historically more normal level of annual increase, with pricing at most centres now back at or above pre-Covid levels. We saw stronger growth in ERV for smaller space, which represents the majority of our lettings activity, with an increase of 6.2% in the year for units under 1,000 sq. ft., compared to larger spaces where ERVs increased by 1.3%. This reflects our approach to implement a wide range of smaller unit refurbishments and subdivisions to align our spaces with customer demand.

	31 Mar 2024	31 Mar 2023[1]	Change
ERV per sq. ft.	£49.43	£47.82	3.4%
Rent per sq. ft.	£44.27	£40.08	10.4%
Equivalent yield	7.0%	6.2%	0.8%[2]
Net initial yield	5.5%	4.6%	0.9%[2]
Capital value per sq. ft.	£643	£694	(7.3)%

1. Restated for the transfer in of Castle Lane, Mare Street, Westbourne Studios, Wilson Street, Lock Studios and Mirror Works and the transfer out of Poplar Business Park and Centro – Atelier House.
2. Absolute change.

A 2.5% increase in ERV per sq. ft. would increase the valuation of like-for-like properties by approximately £44m while a 25bps increase in equivalent yield would decrease the valuation by approximately £64m.



BUSINESS REVIEW CONTINUED

Completed projects

There was an underlying decrease of 12.2% (£19m) in the value of the six completed projects to £137m. The overall valuation metrics for completed projects are set out below:

	31 Mar 2024
ERV per sq. ft.	£34.69
Rent per sq. ft.	£29.30
Equivalent yield	7.3%
Net initial yield	4.6%
Capital value per sq. ft.	£431

Current refurbishments and redevelopments

There was an underlying decrease of 12.6% (£46m) in the value of our current refurbishments to £319m and a reduction of 20.8% (£5m) in the value of our current redevelopments to £19m.

The decreases in respect of refurbishments largely reflected an 85bps outward movement in equivalent yield, with redevelopment valuations also impacted by a decline in expected residential values and increases in expected build costs.

South East office

There was a 14% (£14m) underlying decrease in the valuation of the South East office portfolio to £86m with 152bps outward shift in equivalent yield, offset by a 3.5% increase in ERV per sq. ft. The overall valuation metrics are set out below:

	31 Mar 2024
ERV per sq. ft.	£29.00
Rent per sq. ft.	£22.84
Equivalent Yield	10.4%
Net Initial Yield	7.9%
Capital Value per sq. ft.	£243

Pall Mall Deposit, Ladbroke Grove

Over the past year, we have successfully completed a wide range of projects delivering strong income returns.

Graham Clemett
Chief Executive Officer

REFURBISHMENT ACTIVITY

A summary of the status of the refurbishment pipeline at 31 March 2024 is set out below:

Projects	Number	Capex spent	Capex to spend	Upgraded and new space (sq. ft.)
Underway	9	£55m	£49m	390,000
Design stage	8	£0m	£454m	717,000
Design stage (without planning)	4	£0m	£161m	265,000

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 September 2024. Our adaptive re-use of the existing building creates 70% less embodied carbon compared to a new build scheme. We have also recently commenced major upgrades and extensions at Chocolate Factory, Wood Green, and at The Biscuit Factory, Bermondsey.

We obtained vacant possession of Atelier House, at the northern end of our Centro property, in December 2023, which will allow us to progress with our planned conversion of the building to a business centre.


Leroy House, Islington

BUSINESS REVIEW CONTINUED

SUSTAINABILITY

We have an inherently green property portfolio with energy intensity already 29% lower than industry best practice for net zero carbon offices. Further improving the energy efficiency of our buildings is key in helping us to achieve our target of being a net zero carbon business. The Workspace portfolio is currently 52% EPC A and B rated, an increase of 11% 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 11% reduction in operational energy intensity across the like-for-like portfolio and a 36% reduction in gas use.

In December, we signed a Corporate Purchase Power Agreement to supply around two thirds of our electricity demand over the next 10 years from a newly constructed solar plant.


Clerkenwell Workshops, Clerkenwell

CASH FLOW

A summary of cash flows is set out below:

£m	31 Mar 2024	31 Mar 2023
Net cash from operations after interest[1]	63	70
Dividends paid	(51)	(44)
Capital expenditure	(71)	(60)
Purchase of investment properties	–	(201)
Net debt acquired	–	(162)
Property disposals and cash receipts	118	49
Other	(12)	4
Net movement	47	(344)
Opening debt (net of cash)	(902)	(558)
Closing debt (net of cash)	(855)	(902)

1. Excludes £8.8m of VAT receipt (2023)/payment (2024) relating to the sale of Riverside included in 'Other'.

By prioritising refurbishment, we breathe new life into old buildings, creating high-quality, sustainable work spaces.

Sonal Jain
Head of Sustainability

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

The overall decrease of £47m in net debt reflects the disposals made in the period.

NET ASSETS

Net assets decreased in the year by £239m to £1,549m. EPRA net tangible assets (NTA) per share at 31 March 2024 was down 13.7% (£1.27) to £8.00.

EPRA NTA per share	£
At 31 March 2023	9.27
Adjusted trading profit after interest	0.34
Property valuation deficit	(1.32)
Dividends paid	(0.26)
Other	(0.03)
At 31 March 2024	**8.00**

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

TOTAL ACCOUNTING RETURN

The total accounting return for the year was (10.9)% compared to (3.8)% in the prior year ended March 2023. The total accounting return comprises the change 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.


Salisbury House, Moorgate

BUSINESS REVIEW CONTINUED

FINANCING

As at 31 March 2024, the Group had £4m of available cash and £141m 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	194.0	335.0	2026
Total	859.0	1,000.0	

The majority of the Group's debt comprises long-term fixed-rate committed facilities including 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 sustainability-linked Revolving Credit Facilities (RCFs) totalling £335.0m which were £194.0m drawn as at 31 March 2024. The maturity of the bank facilities was successfully extended by a further year in November 2023 with £135m now maturing in April 2026 and £200m in December 2026. The average maturity of drawn debt at 31 March 2024 was 3.6 years (31 March 2023: 4.1 years).

The Chocolate Factory, Wood Green

In February 2024, £100m of the floating rate bank borrowings were swapped to an all in fixed rate of 6.1% for two years. At 31 March 2024, the Group's effective interest rate was 3.7% based on SONIA at 5.2%, with 89% (£765m) of the debt at fixed or hedged rates. The average interest cost of our fixed-rate borrowings was 3.3% and our un-hedged floating-rate bank borrowings had an average margin of 1.8% over SONIA. A 1% change in SONIA would change the effective interest rate by 0.1% (at current debt levels).

At 31 March 2024, loan to value (LTV) was 35% (31 March 2023: 33%) and interest cover, based on net rental income and interest paid over the last 12 month period, was 3.7 times (31 March 2023: 3.8 times), providing good headroom on all facility covenants. Our net debt to earnings ratio (calculated as net debt divided by trading profit before interest, but excluding depreciation and amortisation), improved from 9.3 times to 8.3 times during the year.

FINANCIAL OUTLOOK FOR 2024/25

Over the past year, we have seen strong rental growth driven by increased pricing and stable occupancy. Rental income in 2024/25 will be underpinned by the growth in like-for-like rent roll we have seen over the last year, with like-for-like rent roll growing by 6% in the second half of last year on an annualised basis. We continue to see good demand and expect continued growth in rent roll in 2024/25. Rental income growth will also be supported by the letting up of recently completed projects.

The high levels of inflation we have seen over the last year, which have impacted on both our service charge and administrative costs, are reducing and are expected to have less impact in the coming year, albeit wage inflation remains significantly above historic norms.

We expect capital expenditure to be maintained at a similar level to last year, around £60–70m, as we continue to progress with planned asset management projects, including the refurbishments of Leroy House, Chocolate Factory and The Biscuit Factory. This will be largely offset by recycled capital from asset disposals.

The £118m of proceeds from disposals of non-core properties received over the last year has reduced our floating-rate debt, which currently has an effective interest rate of 7%. Our average interest rate has been reduced further by the £100m of floating rate debt we have swapped to fixed at an effective rate of 6%. With planned capital expenditure largely offset by asset disposals, we expect this to result in a reduction in interest costs in the current year.

BUSINESS REVIEW CONTINUED


Brickfields, Hoxton

PROPERTY STATISTICS

	Half Year ended			
	31 Mar 2024	30 Sep 2023	31 Mar 2023	30 Sep 2022
Workspace Portfolio				
Property valuation	£2,446m	£2,505m	£2,741m	£2,863m
Number of locations	77	79	86	87
Lettable floorspace (million sq. ft.)	4.5	4.7	5.2	5.4
Number of lettable units	4,678	4,718	4,910	4,901
Rent roll of occupied units	£143.4m	£141.9m	£140.1m	£134.7m
Average rent per sq. ft.	£38.21	£36.81	£32.86	£30.03
Overall occupancy	83.0%	83.5%	81.5%	84.0%
Like-for-like number of properties	43	42	38	38
Like-for-like lettable floor space (million sq. ft.)	2.9	2.9	2.7	2.7
Like-for-like rent roll growth	3.0%	6.4%	3.4%	3.6%
Like-for-like rent per sq. ft. growth	3.4%	6.8%	5.2%	4.0%
Like-for-like occupancy movement	(0.4%)	(0.6%)	(0.5%)	0.1%

1. The like-for-like category has been restated in the current financial year for the transfer in of Castle Lane, Mare Street Studios, Westbourne Studios, Wilson Street, Lock Studios and Mirror Works and the transfer out of Poplar Business Park and Atelier House (part of Centro).
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 107 was approved by the Board of Directors on 4 June 2024 and signed on its behalf by:

Graham Clemett
Chief Executive Officer

Dave Benson
Chief Financial Officer

COMPLIANCE STATEMENTS

GOING CONCERN

The Group's activities, strategy and performance are explained in the Strategic Report on pages 1 to 107.

Further detail on the financial performance and financial position of the Group is provided in the financial statements on pages 230 to 256.

The Directors have conducted an extensive review of the appropriateness of adopting the Going Concern basis. More details can be found on page 233. 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 for at least the next twelve months. 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 September 2023. In January 2024, the Board reviewed the business plan for the five years to 31 March 2029.

The business plan was stress tested against various scenarios including a severe but realistically possible downside scenario based on the following key assumptions:
- A further deterioration in the macro-economic environment, 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 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 2029.
- 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 historic levels.
- Continued elevated levels of cost inflation.
- Rates at which the Group could refinance debt significantly higher than current pricing.
- SONIA rates remaining elevated, 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 107, including a description of the Group's strategy and business model on pages 35 to 37 and 9 to 11.

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 3.4 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 71 to 78. 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 interest cover is at its lowest, net rental income would need to reduce by 11% compared to the year to 31 March 2024. As at 31 March 2024 the portfolio has significant levels of income reversion based on current estimated rentals values.
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 2024.
Changes in the economic and regulatory UK environment impact the availability and pricing of debt.	– Financing	£935m of the Group's debt facilities (£794m drawn as at 31 March 2024) are due for repayment within the viability period. Under the severe scenario modelled these facilities are assumed to be refinanced at higher pricing levels than would currently be expected. Liquidity and covenant headroom is maintained under this scenario.

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 Company can withstand a significant downturn in the economy and demand.

In the scenarios tested, the most significant impacts on the viability of the Group would be in relation to liquidity headroom resulting from an inability to refinance existing debt facilities at pricing levels that, combined with weak rental income growth, would not put pressure on loan covenants. 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 35% as at 31 March 2024.

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. On this basis, the Directors have 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 AND SUSTAINABILITY INFORMATION STATEMENT

The table below, and the information it refers to, sets out our position on non-financial and sustainability 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 9 to 11 and the description of our non-financial key performance indicators can be found on pages 69 to 70.

	POLICIES AND DUE DILIGENCE	OUTCOMES OF POLICIES AND IMPACTS OF ACTIVITIES	RELATED PRINCIPAL RISKS (Pages 71 to 78)
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. – We disclose our climate-related risks and opportunities, targets and KPIs and management processes in line with the TCFD recommendations. – See pages 44 to 54 and 180 to 185 for details on our climate and environmental activities during the year.	– See pages 44 to 54 and page 185 for details of our commitment to environmental matters, including our net zero carbon pathway. – Our climate-related financial disclosures can be found on pages 94 to 105. – Our Green Finance Framework, along with the allocation report, is on our website. – This year we entered a 10-year Corporate Power Purchase Agreement with Statkraft, Europe's largest generator of renewable energy, to source two-thirds of our electricity from solar energy – see page 28 for more details.	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. – All direct employees and contractors are paid at real Living Wage rates, specifically real London Living Wage for our London operations since April 2022. – See pages 55 to 65 for details on our social-related activities during the year.	– See pages 55 to 65 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 38 to 65 for more details)
EMPLOYEES	– Our Code of Conduct 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 58, 158, 160 and 185 for more details on our Equal Opportunities and Dignity at Work Policy, and Diversity and Inclusion Policy. – In July 2021, we introduced a Hybrid Working Policy in recognition of the importance of work life balance. See page 163 for more details on our Hybrid Working Policy. – Employees receive induction training and regular reminders on the Code of Conduct.	– See pages 55 to 59 and 126 to 127 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.	Risk 7 – Resourcing

COMPLIANCE STATEMENTS CONTINUED
NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT CONTINUED

	POLICIES AND DUE DILIGENCE	OUTCOMES OF POLICIES AND IMPACTS OF ACTIVITIES	RELATED PRINCIPAL RISKS (Pages 71 to 78)
HEALTH & SAFETY	– Our Health & Safety Policy sets out our commitment to the health, safety and wellbeing of our employees, customers, visitors and others who may be affected by our activities and to fully comply with all health and safety legislation and contractual obligations applicable to our business. – The Group's Health & Safety Committee meets twice per year. The Board receives regular reports and reviews our health & safety processes at least annually, and the Executive Committee receives monthly reports. See page 77 for more details on our health and safety policies and procedures. – To ensure we meet our statutory and contractual obligations, Workspace continue to invest in our Computer Aided Facilities Management (CAFM) systems. All planned and reactive work is planned and recorded in our CAFM system. – 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 and the Head of Health and Safety. – 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 comprehensive and robust auditing arrangements includes a rolling programme of internal site health and safety audits. All Workspace premises are subject to such audits. These arrangements are supplemented with random inspections and site visits. Workspace periodically commissions external providers to review our health and safety processes, procedures and internal auditing arrangements. The information gathered is used to evaluate the effectiveness of our arrangements and controls.	– December 2023 saw Adrian Brough join Workspace as our new Head of Health and Safety. Adrian, a Chartered Health and Safety Practitioner, with many years' experience in a wide range of sectors has recently undertaken a systematic review of our arrangements and has identified various improvements. A plan to realise these improvements has been devised and approved by the Workspace Executive Committee. 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. – Our Health and Safety Policy was formally reviewed in February 2024. – We continue to successfully deliver our comprehensive employee health and safety training. – Workspace have recently purchased a licence for an organisation wide electronic 'permit to work' solution. This significant investment offers numerous benefits which include real time monitoring of contractors on our sites and improved due diligence in regard the checking of qualifications and competencies of those appointed to carry out work on behalf of Workspace. – For the eighth consecutive year, there have been no contractor-related accidents or incidents that have affected our customers.	Risk 9 – Regulatory

COMPLIANCE STATEMENTS CONTINUED
NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT CONTINUED

	POLICIES AND DUE DILIGENCE	OUTCOMES OF POLICIES AND IMPACTS OF ACTIVITIES	RELATED PRINCIPAL RISKS (Pages 71 to 78)
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. 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 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. – No incidences of human rights abuse or modern slavery have been identified (2023: Nil).	Risk 7 – Resourcing Risk 8 – Third-Party Relationships Risk 9 – Regulatory
ANTI-BRIBERY AND CORRUPTION	– Our Anti-Bribery and Corruption Policy, which is reviewed by the Board 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 (2023: Nil).	Risk 9 – Regulatory
POLITICAL AND CHARITABLE DONATIONS AND EXPENDITURE	– Our policy is not to make any political donations or incur any political expenditure. 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 (2023: Nil).	Risk 9 – Regulatory

COMPLIANCE STATEMENTS CONTINUED
NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT CONTINUED

	POLICIES AND DUE DILIGENCE	OUTCOMES OF POLICIES AND IMPACTS OF ACTIVITIES	RELATED PRINCIPAL RISKS (Pages 71 to 78)
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 a 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 (2023: 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 to the independent telephone line (2023: Nil). An open and transparent culture means any concerns are raised directly to the HR team or members of the Executive Committee.	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, Workspace has provided information to stakeholders on its climate-related risks and opportunities, in turn helping them to make informed decisions.

We have 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 net zero carbon commitment, which ensures we are closely managing our transition risks and building resilience.

The following section includes our climate-related financial disclosures for purposes of the Listing Rules and section 414CB of the Companies Act 2006, 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, taking into account Section C of the TCFD Annex entitled “Guidance for All Sectors” and (where appropriate) Section E of the TCFD Annex entitled “Supplemental Guidance for Non-Financial Groups”.

TCFD PILLAR AND RECOMMENDATION	RECOMMENDED DISCLOSURES	COMPLIANCE STATUS	PROGRESS TO DATE	2024/25 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 goal. – Joint Audit and ESG meeting held in January 2024 which reviewed ESG policies and related assurance. – 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 97). Disclosure on potential impact and resilience of strategy on page 98.	– 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

1. GOVERNANCE

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.

Climate-related issues are regularly considered by the Board as part of broader decision-making processes regarding strategy, risk management, budgeting, business planning and overseeing the Group's performance objectives. To do this, the Board is assisted by the ESG Committee comprising of five independent Non-Executive Directors, the Chief Executive Officer and the Chief Financial Officer. 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: net zero pathway review, renewable procurement strategy compliance with changes to the Minimum Energy Efficiency Standard (MEES) and effectiveness of our climate-related policies. See page 181 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 net zero carbon, renewable procurement and evolving sustainability legislative requirements.

Climate risk remained a principal business risk this year and the Board 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 20% 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 pages 190 to 192 for further details.

Management responsibility
The Head of Portfolio Management is the Executive owner of our climate strategy and reports to the Board ESG committee on all climate-related issues. 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.

2. STRATEGY

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 Towers 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. These 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 net zero commitment. Anything beyond 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 on the bottom left).

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 179). This helped us narrow down the material risks and opportunities applicable to Workspace as shown on page 97, 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 made a net zero carbon commitment in line with the UK's commitment in Climate Change Act 2008 (2050 Target Amendment) Order 2019, thereby minimising our risk. We are also well positioned 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 4 buildings and risk of localised flash flooding due to heavy precipitation across 10 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 4 buildings and localised flash flooding across 10 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 4 buildings and localised flash flooding across 10 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 life cycle of our properties: 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 upgrades 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 there is no material financial impact from climate-related issues, 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 54) 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 has enabled us to test the resilience of our strategy and 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 97). The geographic concentration of our portfolio in London and low vulnerability of assets to acute risks means that the overall exposure to physical climate risks is low, even under a 4°C scenario.

Our strategy and financial planning effectively addresses the transition risk identified in the 1.5°C scenario. Our sustainable business model, whereby our carbon and energy intensity is lower compared to the industry average and our focus on repurposing older buildings to meet high sustainability standards ensures we are building resilience across the business in the near to medium term. Our robust operational platform, allows us to proactively manage environmental performance of our assets and mitigate both physical and transition risks.

Given our long-term ownership of buildings, 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 (see pages 49 and 50), ensures we are aligning our business to a 1.5°C warming scenario and mitigating any potential risks.

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

3. RISK MANAGEMENT

Enterprise risk management framework
Risk management continues to be an integral part of all our activities. Risks and opportunities, including climate-related 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 179. Our processes for identifying, assessing and managing climate-related risks are fully integrated into our overall risk management framework.

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.

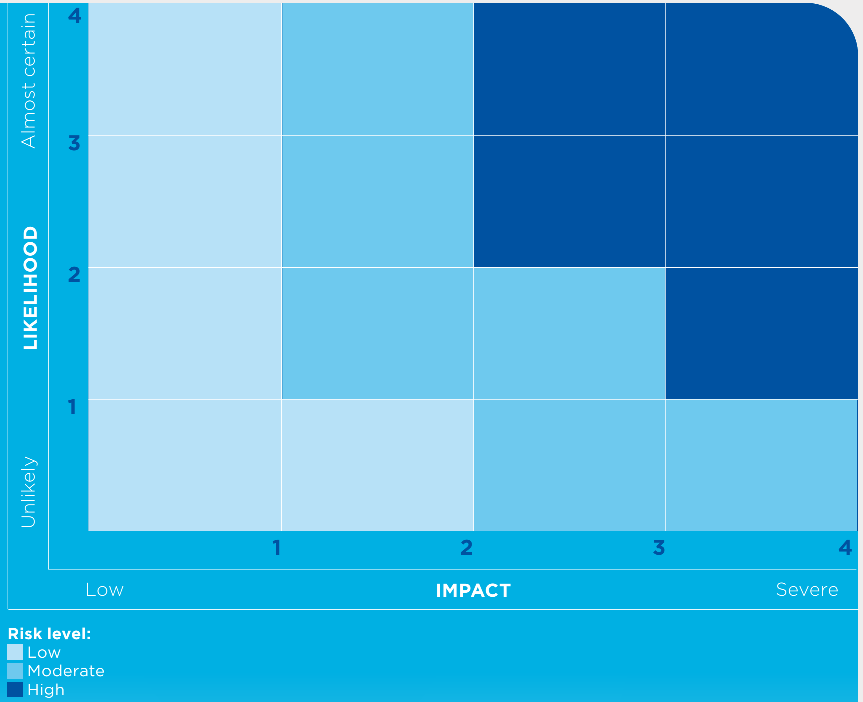
The scenario analysis conducted with WTW helped us assess the level of exposure to climate risk, its likelihood (taking into account both existing and emerging regulatory and market risks), and determine its financial materiality using a structured template (see impact criteria on the right) to capture 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 that we will continue to manage effectively. These are captured in the tables on pages 100-101 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%



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	– 25% of the Workspace portfolio is rated C and 23% is rated D and E. Additional investment of £55–70m will be required to meet EPC A/B across the portfolio by 2030 (c.£9–12m 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 c. £5-6m. – **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 10.5% of portfolio to EPC A/B this year. – A rolling programme of EPC and net zero audits is 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, of the building regulations. – 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 25% of our customers factor in sustainability as one of the top criteria in their choice of office space. – We are rapidly decarbonising our portfolio in line with our net zero pathway, 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 is around 23,500 tonnes of CO_2e. In line with our net zero pathway, we expect to reduce our emissions by 50% by 2030. – Applying UCL projected cost of carbon at $100 per tonne* worst case scenario, this could cost us up to £200k annually from the point we achieve our net zero carbon target.	– 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 4 of our buildings. 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, 10 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

4. METRICS AND TARGETS

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 103).
- Total electricity consumption, including proportion generated from renewables (page 103).
- Proportion of electricity sourced from renewable sources (page 106).
- Total fuel consumed on site (page 103).
- Building emissions intensity by floor area (page 103).
- Total emissions from water consumption (page 103).
- Total emissions from waste, waste recycled and diverted from landfill (page 103).
- EPC split of the portfolio by floor area (page 54).
- Number of buildings with sustainability certification (page 46).
- Number of energy efficiency projects implemented and associated capital expenditure (page 45).
- Number of buildings exposed to flooding (page 101).
- ESG metrics linked to remuneration and performance against these (pages 209 to 210).
- Internal carbon price (page 100).

Pages 44 to 54 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 49). 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 103 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 (see pages 49 to 50 for the scope of our commitment and underpinning targets). This is underpinned by the following emissions reduction targets:
- Aim to reduce our total greenhouse gas emissions by 50% by 2030.
- Aim to fully decarbonise heating from our portfolio by 2030.
- Drive significant reduction in absolute scope 3 emissions from capital goods and tenant consumption, such that we are able to reduce our overall emissions footprint by 50% by 2030.
- Source 100% energy from renewable sources.
- Undertake whole life carbon assessment of all development and refurbishment projects.
- Note: we are revising our targets in line with the updated net zero standard from the Science Based Targets Initiative and aim to publish our long-term net zero goal of 90% reduction in emissions by next financial year. In addition, we also monitor our emissions from water and waste, and have set performance improvement targets (see pages 46 to 47).

50%
REDUCTION IN ABSOLUTE EMISSIONS BY 2030

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

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

Source of emissions	2019/20	2022/23	2023/24	2023/24 vs 2022/23 % change	2023/24 vs 2019/20 % change
Scope 1 (Direct)	**3,451**	**3,188**	**2,039**	**-36%**	**-41%**
Gas (tCO_2e)	2,620	2,336	1,502	-36%	-43%
Fugitive Emissions (tCO_2e)	828	852	537	-37%	-35%
Vehicle Emissions (tCO_2e)	3	0	0	0%	-100%
Scope 2 (Energy Indirect)	**7,144**	**6,482**	**6,470**	**-0.2%**	**-9%**
Electricity (location based) (tCO_2e)	7,021	6,300	6,304	0.07%	-10%
Electricity (market based) (tCO_2e)	–	0	0	0%	0%
Purchased Heat (location based) (tCO_2e)	123	182	166	-9%	34%
Purchased Heat (market based) (tCO_2e)	123	182	166	-9%	34%
Vehicle Emissions (tCO_2e)	0	0	0.3	0%	+100%
Total Scope 1 & 2 (location based)	**10,595**	**9,670**	**8,509**	**-12%**	**-20%**
Energy consumption used to calculate above emissions (kWh)	42,429,912	46,441,779	39,579,452	-15%	-7%
Intensity Ratio: Net Lettable Area tCO_2e/sq. ft.	0.00268	0.00182	0.00164	-10%	-39%
Intensity Ratio: Gross Internal Area tCO_2e/sq. ft.	0.00191	0.00134	0.00120	-10%	-37%
Scope 3 (Other Indirect)	**20,667**	**16,615**	**14,938**	**-10%**	**-28%**
Purchased Electricity Transmission & Distribution (tCO_2e)	596	576	545	-5%	-8%
Customer Direct Energy (tCO_2e)	2,928	3,296	2,760	-16%	-6%
Water Supply (tCO_2e)	91	34	44	32%	-51%
Water Treatment (tCO_2e)	187	61	51	-18%	-73%
Waste Management (tCO_2e)	82	64	56	-13%	-32%
Heat – Transmission & Distribution (tCO_2e)	6.5	10.4	9	-16%	34%
Embodied carbon in development projects (tCO_2e)	8,982	5,744	4,495	-22%	-50%
Purchased goods and services (tCO_2e)	7,647	6,511	6,574	1%	-14%
Employee Commuting (tCO_2e)	84	288	374	30%	346%
Business Travel (tCO_2e)	74	31	29	-5%	-61%
Total Scope 1, 2 & 3 (tCO_2e)	**31,272**	**26,285**	**23,447**	**-11%**	**-25%**
Total energy consumption – whole building (kWh)	55,120,583	63,677,033	53,089,368	-17%	-4%
Total gas use – whole building (kWh)	15,617,931	16,137,792	9,781,267	-39%	-37%
Total electricity use – whole building (kWh)	38,801,849	46,475,822	42,386,431	-9%	9%
Total purchased heat – whole building (kWh)	700,803	1,063,419	921,670	-13%	32%
Self-generated renewable electricity (kWh)	129,533	191,629	196,437	3%	52%

* 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 2023 – 31 March 2024 Reporting Frequency – Annual, aligned with financial reporting	**Regulatory:** Schedule 7 of the Large and medium-sized Companies and Groups (Accounts and Reports) Regulations 2008
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.38% of NLA as at April 2023), we have estimated usage and corresponding emissions have been included under our scope 3 reporting. 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 106 to 107. – 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
We achieved a 12% reduction in scope 1 and scope 2 emissions across the portfolio. This is underpinned by a reduction in Workspace procured energy consumption by 15%, of which significant savings of 36% was made in gas use. The overall impact in emissions reductions is lower due to a 7% increase in grid electricity emissions factor this year.

The reduction in energy use was driven by 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.

Granular energy data analysis, active management of energy use, controls optimisation and continued roll out of energy efficiency upgrades across the portfolio, have all contributed towards delivering such an impressive reduction.

As per Annex F of the Government's SECR guidance, the carbon intensity metric recommended for the property sector is tCO_2e/sq. ft. This year, we have delivered a savings of 10% in our emissions per sq. ft. NLA.

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). We also signed a long-term power purchase agreement with a new solar plan in Devon to procure over two-thirds of our electricity.

Energy efficiency actions taken during 2023/24
We have proactively identified and delivered a range of energy efficiency projects across our portfolio (invested £14m across 50 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 Facilities Management teams to improve energy management practices and reduce GHG emissions. The Optergy portal is now live at 46 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.

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, we have included estimations for gas consumption where we have been made aware of tenants managed gas supplies, and added corresponding GHG emissions to previous year's reported GHG figures as well. GHG emissions calculated from 'tenant direct' electricity and gas consumption are included in our scope 3 reporting.

On page 51, we present the energy use intensity for each building in our portfolio. The energy use is normalised by the total internal area of each asset, revealing the relative performance of individual buildings and allowing us to benchmark it against industry best practice. This normalisation using total internal area allows us to take into account extensive usage of common areas provided as amenity spaces for our customers, ensuring a comprehensive assessment of energy efficiency of our buildings.

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 use of our company cab.

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).

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. 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 flights and car mileage claimed for business purposes by our 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) 2023 factors.

“We are continually striving to improve our environmental and emissions data and are pleased with the high visibility of scope 1 and scope 2 emissions across our business.”

Sonal Jain
Head of Sustainability

COMPLIANCE STATEMENTS CONTINUED

SASB SUSTAINABILITY ACCOUNTING STANDARD – REAL ESTATE METRIC

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 103, falling within our scope 1 and 2 emissions, covers 98% for our office portfolio and 59% of our industrial portfolio's total nettable floor area, as at 1 April 2023, 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 103. A portion 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 103. (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 184 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 44 to 55 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 92% of our portfolio. (2) 100% of our office properties and 59% 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. 41% 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 100% 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. 0% 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 47). We are also rolling out metering to gain better coverage of our water data.

COMPLIANCE STATEMENTS CONTINUED
SASB SUSTAINABILITY ACCOUNTING STANDARD – REAL ESTATE METRICS CONTINUED

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 57% of our total sales volume in 2023/24.
	(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) 59% of tenant spaces are submetered for grid electricity consumption. (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 36 sustainability-themed customer events ranging from energy savings awareness to recycling and zero-waste workshops.
CLIMATE CHANGE ADAPTATION	Area of properties located in 100-year flood zones, by property subsector	IF-RE-450a.1	1,601,363 sq. ft. lettable area of offices and 65,418 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 94 to 102.

ACTIVITY METRIC	CODE	COMMENT
Number of assets, by property subsector	IF-RE-000.A	71 offices 3 industrial assets 1 other (leisure)
Leasable floor area, by property subsector	IF-RE-000.B	4,508,235 sq. ft. of offices 147,136 sq. ft. of industrial assets 98,255 of leisure assets
Percentage of indirectly managed assets, by property subsector	IF-RE-000.C	2% of office space floor area is indirectly managed 41% of industrial floor area is indirectly managed
Average occupancy rate, by property subsector	IF-RE-000.D	82% average occupancy rate across offices 96% average occupancy rate across industrial properties

HOW GOOD GOVERNANCE ENSURES ‘IT ALL HAPPENS AT WORKSPACE’ FOR THE LONG TERM

IN THIS SECTION

Workspace’s governance fosters environments where our employees and our customers can thrive and achieve their full potential.

Our culture promotes collaboration, innovation, and excellence. We are as driven, diverse and innovative as our customers.

How we embed our culture
Pages 112 to 113

Diversity and inclusion
Pages 158 to 165

GOVERNANCE HIGHLIGHTS IN 2024

73%

FAVOURABLE ENGAGEMENT SCORE FROM 2024 STAFF SURVEY

> **An engaged workforce helps us deliver for our customers.**
>
> **Duncan Owen**
> Non-Executive Chair

EMPLOYEE ENGAGEMENT

Further developed our employee engagement programme to amplify the voice in the boardroom.

Read more about our employee engagement
Pages 25 to 126

BOARD PERFORMANCE

+8.5%

DIVIDEND GROWTH

Read more about the external performance review
Pages 155 to 156

DIVIDEND

28.0p

2024	28.0
2023	25.8
2022	21.5

EXECUTIVE LEADERSHIP ASSESSMENT

Focused on building a strong pipeline of talent by appointing Heidrick & Struggles to conduct a leadership assessment programme for members of the Executive Committee.

10-year

Solar energy deal

NEW BOARD APPOINTMENTS

Appointed Lawrence Hutchings as CEO on a date to be confirmed and David Stevenson as a new Non-Executive Director from 1 June 2024.

Read more about the process we followed
Pages 151 to 152

David Stevenson
Independent Non-Executive Director

Read more about the deal
Page 133

SOLAR ENERGY DEAL

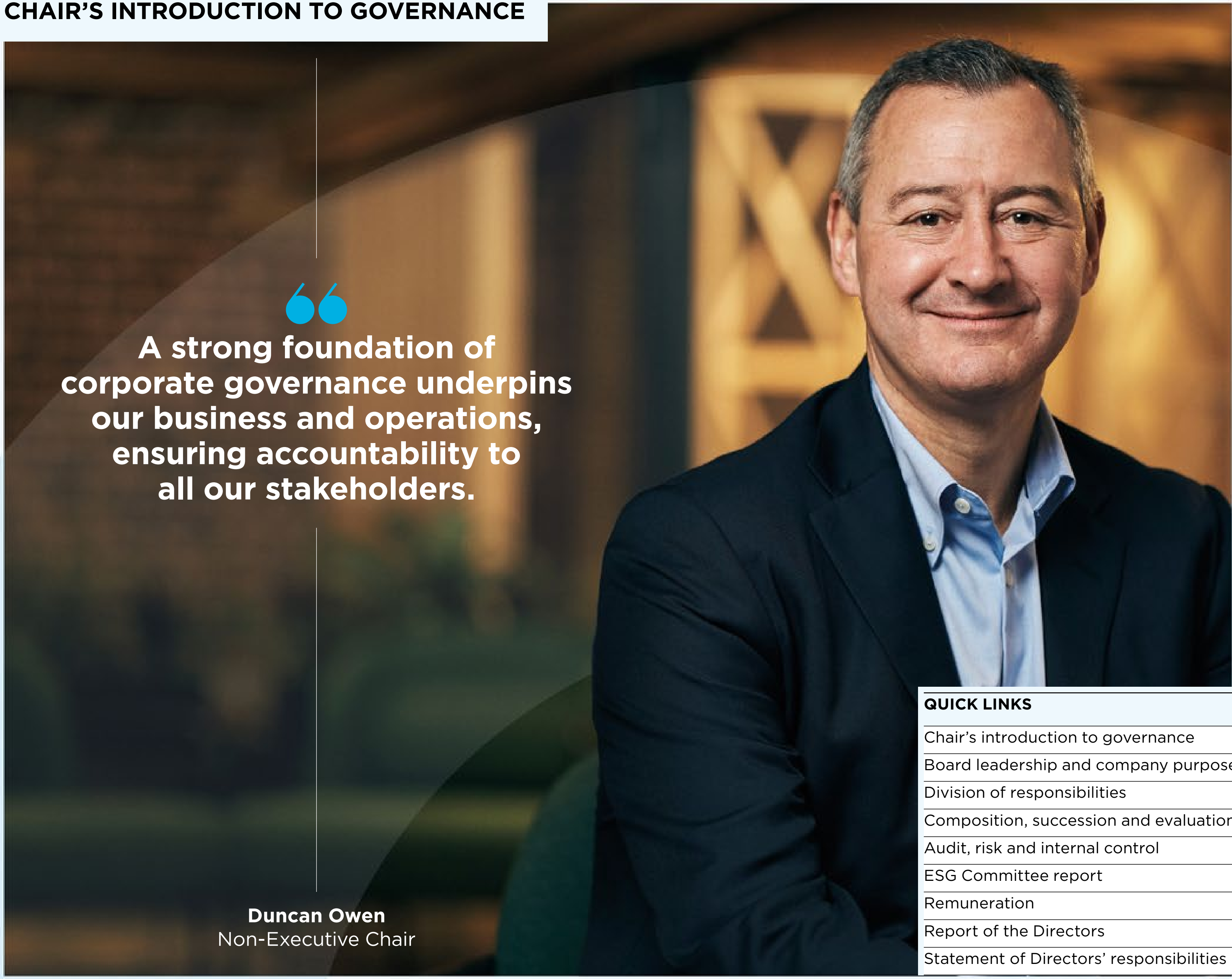
Entered a 10-year Corporate Power Purchase Agreement to supply two-thirds of the Group's electricity demand from renewable sources.

REDUCING OUR IMPACT

-20%

REDUCTION IN SCOPE 1 AND 2 EMISSIONS 2019/20 TO 2023/24

CHAIR'S INTRODUCTION TO GOVERNANCE



> **A strong foundation of corporate governance underpins our business and operations, ensuring accountability to all our stakeholders.**

Duncan Owen
Non-Executive Chair

QUICK LINKS

CHAIR'S INTRODUCTION TO GOVERNANCE CONTINUED

Dear shareholder,
This is my first Chair's governance letter, having assumed the role of Chair in July 2023. I would like to thank the Board, the Executive Committee and all Workspace staff for all of their assistance during my first year as Chair. A strong foundation of corporate governance remains a priority for the Board as we seek to deliver the Company's long-term strategy.

Board changes and succession planning
My predecessor, Stephen Hubbard, stepped down from the Board in July 2023 after nine years on the Board. I would like to thank Stephen for his significant contribution to the growth of the Company over his tenure.

A key focus this year has been the search for a new CEO. In January 2024, Graham Clemett announced his intention to retire as CEO during 2024, once a successor was found and once an appropriate handover is completed. After a rigorous selection process, I am delighted that Lawrence Hutchings has been appointed as CEO and will be joining us on a date to be confirmed. Read more about our CEO appointment process on page 151.

During the year we also appointed David Stevenson as a new Non-Executive Director, with effect from 1 June 2024. Read more about David and our NED appointment process on page 152.

Long-term succession planning remains a priority for the Board. This year, the Nominations Committee requested an executive leadership assessment for members of the Executive Committee. Read more about the executive leadership assessment on pages 120 and 152.

Sustainability
The Board remains focused on the long-term sustainability of the Company and its business. In December 2023, the Board approved the Company's entry into a 10-year Corporate Power Purchase Agreement ('CPPA') with Statkraft, Europe's largest generator of renewable energy, to supply around two-thirds of the Group's expected electricity demand for the next 10 years with effect from 1 February 2024. This agreement marks the first clean energy CPPA made by a London office provider to date, sourcing electricity directly from a renewable energy generator. This move further solidifies Workspace's position as a market leader in providing sustainable work spaces and accelerating our transition to being net zero carbon. Read more about the CPPA on pages 28 and 184.

External Board performance review
This year the Board participated in an external Board performance review, facilitated by Fidelio Partners Board Development & Executive Search Ltd ('Fidelio'). The external performance review included assessment of the effectiveness of the Board and its Committees as a whole as well as the effectiveness of the Chair and Non-Executive Directors. I am pleased to report that the Board and its Committees, as well as the Chair and Non-Executive Directors, were considered to be working effectively. Read more about the external Board performance review on page 155.

Employee engagement
Having taken over the role of Non-Executive Director for employee engagement from Stephen Hubbard, I have enjoyed meeting more of our staff and hearing their feedback and ideas. We have continued the successful employee feedback sessions introduced by Stephen, and they continue to be a valuable forum for hearing the employee voice.
I have also been particularly keen that other members of the Board have the opportunity to hear from staff directly and this year Rosie Shapland and Lesley-Ann Nash joined me at the sessions. Read more about the impact of our employee feedback sessions and our employee engagement more generally on pages 25 and 126 to 127.

Looking forward
The Board continues to believe in the importance of governance practices that support and align with our business and strategy. In particular, the Board is taking on board the new provisions of the UK Corporate Governance Code 2024, the majority of which will start to apply from next year. We remain focused on the continued evolution of our governance framework to maintain our high standards of business conduct.

Duncan Owen
Non-Executive Chair
4 June 2024

CHAIR'S INTRODUCTION TO GOVERNANCE CONTINUED

THE BOARD ASSESSES CULTURE AND MONITORS HOW IT IS EMBEDDED

WHY WE DO IT

An engaged and motivated workforce helps us deliver for our customers.

HOW WE DO IT

The Board continues to develop how it assesses and monitors our culture and how our culture is embedded through a variety of channels as described on the following pages.

BREAKFAST AND LUNCH SESSIONS

The Chair and Non-Executive Directors meet with staff a number of times a year over an informal breakfast or lunch.

Cultural insight

These informal sessions promote an environment where staff feel they can give their honest feedback directly to Board members. For example, this year staff commented that customers often seek our advice on furnishing their units.

Outcome and Actions

The Chair and Non-Executive Directors report back to the Board on topics and feedback discussed. This year we have taken forward a number of suggestions from these sessions, including how we can assist customers with furniture provision.

'TOWN HALL' EVENTS

Our CEO, CFO and members of the Executive Committee lead 'town hall' events to provide business updates to employees. Staff have the opportunity to ask questions and make comments, via an anonymous facility if they wish.

Cultural insight

In 'town hall' sessions this year, staff commented that our reinstatements process could be confusing for customers, and sometimes resulted in good quality fit-outs being unnecessarily removed and replaced.

Outcome and Actions

This year we streamlined our customer reinstatements process, including added flexibility for fit-outs to remain if they are good quality.

SITE VISITS

Members of the Board regularly visit our business centres and engage with our centre staff to gain insight into their day-to-day roles supporting our customers.

Cultural insight

This year, centre teams suggested that our site access systems could be modernised to make access control easier for customers and staff.

Outcome and Actions

Any feedback received during site visits is passed on to the relevant Executive Committee member to consider. Following the feedback regarding access control, we have continued roll-out of our new access control app.

ANNUAL EMPLOYEE SURVEY

The annual staff survey seeks detailed feedback from staff in a wide range of areas.

Cultural insight

Our survey results revealed that our staff care deeply about diversity & inclusion among our employee population, customers, suppliers and other stakeholders.

Outcome and Actions

Over the last year we have developed an Equity, Diversity & Inclusion framework, informed by feedback from the staff survey and with input from a range of teams. See page 58 for more details.

CHAIR'S INTRODUCTION TO GOVERNANCE CONTINUED

THE BOARD ASSESSES CULTURE AND MONITORS HOW IT IS EMBEDDED CONTINUED

STAFF SUGGESTION BOARD

We operate an online staff suggestion board, allowing our employees to share ideas and feedback for improvements to our business.

Cultural insight

Our online suggestion board allows our staff to share day-to-day feedback and comments. For example staff used the online Board to suggest that our process for onboarding suppliers could be time consuming.

Outcome and Actions

Suggestions are reviewed by the Executive Committee and passed on to department heads to consider. This year, a new supplier onboarding system was developed in response to feedback received via the suggestions board.

DIVERSITY & INCLUSION

The Board and the Nominations Committee regularly monitor diversity at Workspace. Our employees are able to self-report a variety of characteristics via our HR system (around 98% of staff have self-reported), with aggregate data reviewed by our Executive Committee.

Cultural insight

Our review of our diversity data this year revealed increases in the number of employees identifying as LGBTQIA+, those from nationalities other than British and those whose first language is not English.

Outcome and Actions

The Board and Executive Committee continue to further diversity and inclusion initiatives at Workspace. This year, we have implemented new recruitment software which can be used to implement initiatives such as anonymising CVs. Read more about our diversity initiatives on pages 163 to 164.

We have also set a target for ethnic diversity within our Executive Committee and Senior Managers of 16% by December 2027 (see page 162 for more details).

REMUNERATION

The Remuneration Committee reviews the Group's employee pay structures and their alignment with our purpose, values and strategy.

Cultural insight

This year the Committee remained particularly mindful of the challenges faced by our staff in the current economic environment.

Outcome and Actions

It was agreed that for 2024/25, staff salaries would increase by 5%, as well as that payment being accelerated to April. Read more on page 191.

WHISTLEBLOWING REPORTS

Our Whistleblowing Policy, applicable to all staff, encourages openness in reporting misconduct.

Cultural insight

Staff feel able to report misconduct without fear of repercussions.

Outcome and Actions

Any whistleblowing reports made are treated seriously and immediately investigated, with appropriate remedial action taken where required.

INFORMAL FEEDBACK

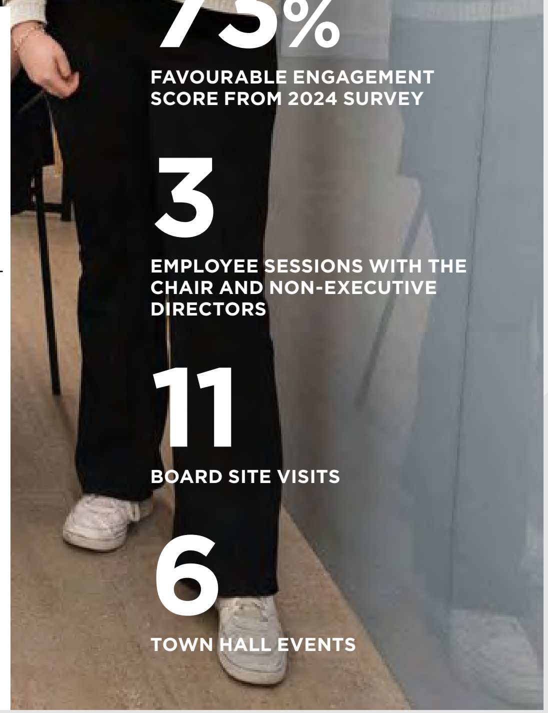
Any significant informal staff feedback received is reported to the Board by the Executive Committee.

Cultural insight

A number of staff commented on how much they valued our employee health cash plan.

Outcome and Actions

When we decided to end our arrangement with our current cash plan provider, we made it a priority to implement an alternative. Our new cash plan with BUPA was launched in April 2024.



UK CORPORATE GOVERNANCE CODE 2018

Compliance statement
The Board confirms that, for the year ended 31 March 2024, we have complied with all of the provisions of the UK Corporate Governance Code 2018 other than Provision 32 of the Code. Lesley-Ann Nash was appointed as Chair of the Remuneration Committee with effect from 10 September 2021 and on appointment had served nine months as a member of the Remuneration Committee. While we note the requirement of Provision 32 that remuneration committee chairs should have served on a remuneration committee for at least 12 months prior to their appointment, Lesley-Ann has now served on the Remuneration Committee for over two years and the Board continues to have every confidence that Lesley-Ann has the skills and experience to carry out the role.

The application of the Code's Principles is evidenced throughout the Annual Report and the table overleaf shows how the Governance section has been structured around the Code Principles (A to R).

Further information on the Code can be found on the Financial Reporting Council's website at www.frc.org.uk.

We are aware of the publication of the new UK Corporate Governance Code 2024, the majority of which will apply to us from 1 April 2025. The Board and its Committees have spent time reviewing the 2024 Code to assess our continuing compliance and we have already started a number of initiatives to address the applicable changes.

BOARD LEADERSHIP AND COMPANY PURPOSE

Pages 116 to 134

Our focus as a Board is always on delivering the Company's strategy for the benefit of all our stakeholders.
Graham Clemett
Chief Executive Officer

Principal A A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	Our Board Page 117 CEO succession Page 151 Board performance review Page 156
Principal B The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture. **96%** **OF EMPLOYEES BELIEVE OUR VALUES ALIGN PERFECTLY WITH OUR CULTURE**	Our purpose Pages 18 and 123 Our strategy Page 35 Sustainability Page 39
Principal C The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	Our business model Page 9 Our governance framework Page 138 Principal risks and uncertainties Page 71
Principal D In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	Our stakeholders Pages 18 to 25 and 125 to 128 Section 172(1) statement Page 131
Principal E The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.	Our purpose Page 18 Sustainability Page 39 Whistleblowing Policy Page 93

DIVISION OF RESPONSIBILITIES

Pages 135 to 145

A clear division between Board roles provides accountability.
Carmelina Carfora
Company Secretary

Principal F The chair leads the board and is responsible for its overall effectiveness in directing the company. The chair should demonstrate objective judgement throughout their tenure and they should promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and the chair ensures that directors receive accurate, timely and clear information.	Board roles and responsibilities Page 136 Chair's governance letter Page 111 Board performance review Pages 155 to 156
Principal G The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.	Board roles and responsibilities Page 136 Non-Executive Directors Page 139 The relationship between the Board and the Executive Committee Page 141
Principal H Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.	Board roles and responsibilities Page 136 Non-Executive Directors Page 141
Principal I The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	Our governance framework Page 138 Information flow to the Board Page 144

CHAIR'S INTRODUCTION TO GOVERNANCE CONTINUED
UK CORPORATE GOVERNANCE CODE 2018 CONTINUED

COMPOSITION, SUCCESSION AND EVALUATION
Pages 146 to 165

The right balance of experience and skills within our Board and senior management is vital.
Duncan Owen
Chair of the Nominations Committee

Principal J
Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained by the board and by senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

CEO succession Page 151
Appointment of new NED Page 152
Inclusion and diversity Page 158

Principal K
The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.

Board composition Page 154

Principal L
Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

Board performance review Page 155

16%
TARGET SET FOR ETHNIC MINORITY REPRESENTATION IN EXECUTIVE AND SENIOR MANAGEMENT BY 2027

AUDIT, RISK AND INTERNAL CONTROL
Pages 166 to 179

The Audit Committee plays a key role in promoting the maintenance of a strong and transparent control environment.
Rosie Shapland
Chair of the Audit Committee

Principal M
The board should establish formal and transparent policies and procedures to ensure the independence and the effectiveness of internal and external audit functions. The board should satisfy itself on the integrity of financial and narrative statements.

Audit Committee Report Page 166

Principal N
The board should present a fair, balanced and understandable assessment of the company's position and its prospects.

Fair, balanced and understandable reporting Page 175

Principal O
The board should establish procedures to manage risk, to oversee the internal control framework, and to determine the nature and the extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

Our governance framework Page 138
Audit Committee Report Page 166
Principal risks and uncertainties Page 71

£2.4bn
PROPERTY VALUATION

REMUNERATION
Pages 186 to 217

Our focus is on a Remuneration approach that motivates our people and supports our strategic objectives.
Lesley-Ann Nash
Chair of the Remuneration Committee

Principal P
Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.

Remuneration Committee Chair's letter Page 188
Remuneration at a glance Page 191
Our remuneration policy Page 198

Principal Q
A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.

Remuneration Committee Chair's letter Page 188
Our remuneration policy Page 198

Principal R
Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

Remuneration Committee Chair's letter Page 188
Our approach to fairness and wider workforce considerations Page 203

5%
PAY INCREASE FOR EMPLOYEES

BOARD LEADERSHIP AND COMPANY PURPOSE

“Our focus as a Board is always on delivering the Group’s strategy for the benefit of all our stakeholders.

Graham Clemett
Chief Executive Officer

QUICK LINKS

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

OUR BOARD

> **Our diverse and experienced Board supports the delivery of our strategy.**
>
> **Duncan Owen**
> Non-Executive Chair

1


Duncan Owen
Non-Executive Chair

2


Graham Clemett
Chief Executive Officer

3


Dave Benson
Chief Financial Officer

4


Rosie Shapland
Non-Executive Director

5


Lesley-Ann Nash
Non-Executive Director

6


Manju Malhotra
Non-Executive Director

7


Nick Mackenzie
Non-Executive Director

8


David Stevenson
Non-Executive Director

Board meeting attendance
Page 120

Composition, skills and diversity of the Board
Pages 118 to 120 and 159

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
OUR BOARD CONTINUED

Led by our Chair, Duncan Owen, the Board provides the leadership of the Company.

The Board is collectively responsible and it is accountable to shareholders for the Company's long-term success, strategy, values, culture, control and management.

Details of individual attendance at Board meetings held during the year are set out on page 120.

More information on the skills and the experience of the Board members can be found on page 159.

NON-EXECUTIVE CHAIR

1 DUNCAN OWEN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Committee membership

- REMUNERATION
- NOMINATIONS (CHAIR)
- ESG[1]

Appointed

Board: July 2021
Chair: July 2023

Current external appointments

Duncan is a Non-Executive Director and Chair-elect at Link PLC, Asia's largest REIT, where he is a member of their Nomination, Sustainability and Finance and Investment Committees. He is also Chair of Sellar, the large-scale London developer and asset manager of large multiple-use schemes such as the Shard and Paddington Square, where he is Chair of their Investment Committee.

Relevant skills, business experience and contribution

Duncan has over 30 years' experience in the real estate investment and development sector. He has a deep understanding of the central London Office sector and listed capital markets, including leadership of IPOs and corporate acquisitions. He was previously a director of LaSalle Investment Management, on the board of Insight Investment, CEO of Invista Real Estate Investment Management plc, Global Head of Real Estate at Schroders PLC, and then the CEO of Immobel Capital Partners until 31 March 2023. He was also previously a Governor of the board of the Church Commissioners. He is a member of the Royal Institution of Chartered Surveyors, sat on the policy committee of the BPF (British Property Federation) for 14 years and studied at INSEAD.

1. Duncan assumed the role of Chair of the Board in July 2023.
2. Duncan stepped down as Chair of ESG Committee on 1 April 2024.

EXECUTIVE DIRECTOR

2 GRAHAM CLEMETT

CHIEF EXECUTIVE OFFICER[1]

Committee membership

- ESG
- EXECUTIVE (CHAIR)
- INVESTMENT (CHAIR)
- DISCLOSURE (CHAIR)

Appointed

Board: July 2007
CEO: September 2019

Current external appointments

Graham does not have any current external appointments.

Relevant skills, business experience and contribution

Graham has detailed knowledge of the Company's operations and extensive experience of the property sector gained through his seventeen years' experience with the Group, having joined as CFO in 2007. Prior to joining the Group, he was Finance Director for UK Corporate Banking at RBS Group plc and before that spent eight years at Reuters Group plc, the majority as Group Financial Controller. He was a Non-Executive Director and Senior Independent Director at The Restaurant Group from 2016 until December 2023. Graham has extensive experience in leadership and management, strong commercial, strategic and communication skills, extensive investor relations experience and strong financial skills with significant experience of financing and capital raising. He is a Chartered Accountant.

1. On 25 January 2024, Graham announced his intention to retire as CEO during 2024.

EXECUTIVE DIRECTOR

3 DAVE BENSON

CHIEF FINANCIAL OFFICER

Committee membership

- ESG
- EXECUTIVE
- INVESTMENT
- DISCLOSURE

Appointed

April 2020

Current external appointments

Dave does not have any current external appointments.

Relevant skills, business experience and contribution

Prior to joining Workspace, Dave was the Corporate Finance Director of Whitbread PLC. He previously held senior finance roles at Kier Group plc and Keller Group plc, having qualified as a Chartered Accountant with Deloitte. He has strong financial skills, having gained experience in a series of dynamic businesses as well as a good understanding of technology and its commercial applications plus strong communication and leadership skills. He has experience in strategy development, infrastructure and development projects, corporate transactions, acquisitions and integrations, investor relations and detailed knowledge of risk management and internal control systems.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
OUR BOARD CONTINUED

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

4

ROSIE SHAPLAND

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Committee membership
- REMUNERATION
- NOMINATIONS
- AUDIT (CHAIR)
- ESG

Appointed
November 2020[1]

Current external appointments
Rosie is a Non-Executive Director at Foxtons Group plc, where she is Senior Non-Executive Director, Chair of their Audit Committee, and a member of their Remuneration, Nomination and ESG Committees and PayPoint plc, where she is Chair of their Audit Committee and a member of their Nomination and Remuneration Committees.

Relevant skills, business experience and contribution
Rosie is a Chartered Accountant and was previously an audit partner at PwC. She has many years' experience of operating within the finance sector as well as a broad range of public company board experience, in addition to experience of governance, risk management, investment and corporate transactions and strong financial skills.

1. Rosie was appointed Senior Independent Director in February 2022 and Chair of the Audit Committee in July 2021.

NON-EXECUTIVE DIRECTOR

5

LESLEY-ANN NASH

INDEPENDENT NON-EXECUTIVE DIRECTOR

Committee membership
- REMUNERATION (CHAIR)
- NOMINATIONS
- AUDIT
- ESG

Appointed
January 2021[1]

Current external appointments
Lesley-Ann is a Non-Executive Director of St. James's Place plc, where she is a member of their Risk and Remuneration Committees. She is also a Non-Executive Director on the board of Homes England where she chairs their Nominations and Remuneration Committee, and a Non-Executive Director on the board of BusinessLDN, where she chairs their audit and remuneration committees.

Relevant skills, business experience and contribution
Lesley-Ann was previously a Director in the Cabinet Office of HM Government and a Managing Director at Morgan Stanley, as well as having previously worked at UBS and Midland Bank. She has deep global capital markets experience on both buy and sell sides, extensive knowledge of central and local government and experience of policy development, procurement and major programme delivery and a track record of promoting inclusion and diversity and delivering meaningful cultural change, as well as public company board experience. She also has deep financial fluency gained as a fellow of the Chartered Institute of Management Accountants (CIMA). She was also previously on the board of North London Hospice.

1. Lesley-Ann was appointed Chair of the Remuneration Committee in September 2021.

NON-EXECUTIVE DIRECTOR

6

MANJU MALHOTRA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Committee membership
- NOMINATIONS
- AUDIT
- ESG (CHAIR)

Appointed
January 2022[1]

Current external appointments
Manju is a Non-Executive Director and Audit Committee Chair at abrdn UK Smaller Companies Growth Trust plc and a Non-Executive Director at London & Partners, an international trade and investment agency for London.

Relevant skills, business experience and contribution
Manju was CEO at Harvey Nichols until 31 December 2023. Manju joined Harvey Nichols in 1998 and progressed through various roles, including CFO and co-COO, before her appointment as CEO. She has extensive experience in customer-focus, developing a values-led culture, strategy, operations, finance and technology. She is a Chartered Accountant.

1. Manju assumed Chair of the ESG Committee on 1 April 2024.

NON-EXECUTIVE DIRECTOR

7

NICK MACKENZIE

INDEPENDENT NON-EXECUTIVE DIRECTOR

Committee membership
- NOMINATIONS
- ESG

Appointed
January 2022

Current external appointments
Nick is CEO at Greene King, the pub retailer and brewer.

Relevant skills, business experience and contribution
Prior to joining Greene King, Nick spent 17 years at Merlin Entertainments plc, most recently as Managing Director of Midway Attractions, the largest division within the group, having started his career in pubs at Bass and Allied. He was also previously a Non-Executive Director at Daniel Thwaites PLC. He has significant expertise in strategy, real estate and business development and experience of public company boards. Nick has recently been appointed as Chair of British Beer & Pub Association and is also an advisory board member of WiHTL.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
OUR BOARD CONTINUED

NON-EXECUTIVE DIRECTOR

DAVID STEVENSON 8

INDEPENDENT NON-EXECUTIVE DIRECTOR

Committee membership
- NOMINATIONS
- ESG

Appointed
June 2024

Current external appointments
David is a Non-Executive Director at listed funds Gresham House Energy Storage, Aurora and Castelnau. He is also a director at investor relations specialist Doceo.tv.

Relevant skills, business experience and contribution
David has been an investment columnist for the Financial Times for over 15 years and also writes regular columns for Citywire and Moneyweek, as well as for Investment Week and the Investor's Chronicle in previous years. In addition, David has built up a number of media businesses, including corporate comms business The Rocket Science Group, fintech news service AltFi and most recently, www.etfstream.com, a fast-growing brand focused on the ETF industry.

CARMELINA CARFORA

COMPANY SECRETARY

Appointed
March 2010

Carmelina is Secretary to the Board and its Nominations, Remuneration, Audit and ESG Committees. She monitors compliance with procedures and provides advice on governance matters. At the direction of the Chair, she is responsible for making sure the Board receives accurate, timely and relevant information. She also co-ordinates the induction of new Board members and the provision of ongoing training and development of the Board. Carmelina's other responsibilities include corporate governance, compliance with legislation and the administration of share schemes.

A foundation of strong governance is essential for the Board to carry out its role.
Carmelina Carfora
Company Secretary

BOARD MEMBERS MEETING ATTENDANCE

	Board	Audit	Remuneration	Nominations	ESG
Duncan Owen[1]	7/7	–	4/4	3/3	4/4[3]
Graham Clemett	7/7	–	–	–	4/4[3]
Dave Benson	7/7	–	–	–	4/4[3]
Rosie Shapland	7/7	5/5[3]	7/7	3/3	4/4[3]
Lesley-Ann Nash	7/7	5/5[3]	7/7	3/3	4/4[3]
Manju Malhotra	7/7	5/5[3]	–	3/3	4/4[3]
Nick Mackenzie	7/7	–	–	3/3	4/4[3]
Stephen Hubbard[2]	3/3	–	3/3	–	1/1

1. Duncan Owen was appointed as Chair of the Board on 6 July 2023.
2. Stephen Hubbard stepped down from the Board with effect from the close of the Company's AGM on 6 July 2023.
3. The Audit Committee meeting in January 2024 was a joint meeting with the ESG Committee.

Diversity and Inclusion at Workspace
Pages 158 to 165

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

BOARD ACTIVITIES 2023/24

STRATEGY

ANNUAL STRATEGIC REVIEW

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

The Board held its annual strategic review in September 2023. External speakers and members of the Executive Committee joined the Board to stimulate discussion in a number of areas, including the Group's sustainability ambitions, people and culture and operational priorities. Following the strategy day, several ideas and initiatives were developed, and further presentations were made by Executive Committee members at the Board meeting in January 2024, at which the five-year plan was approved. See page 17 for further details.

STRATEGY DEVELOPMENT

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

During 2023/24, members of the Executive Committee held workshops with senior managers to ascertain views on the Group's vision and strategic direction. This engagement helped inform strategy presentations given to the Board and culminated in an externally facilitated strategy workshop in February 2024. During this, the Executive Committee and 18 senior managers discussed and challenged the Group's vision and strategy. Outputs have been fed back to the Board and teams throughout the business.

Our strategy
Pages 35 to 38

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
BOARD ACTIVITIES 2023/24 CONTINUED

STRATEGY CONTINUED

SUSTAINABILITY AGENDA

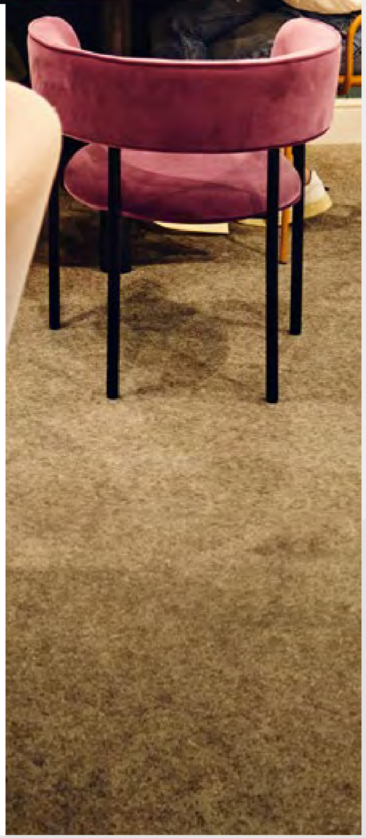
Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

The Board ESG Committee provides a dedicated forum for discussion of ESG-related matters. During the year, discussions included ESG strategy and governance, monitoring progress against our science-based targets to transition to net zero carbon and approving a 10-year Corporate Power Purchase Agreement to supply two-thirds of the Group's electricity demand for the next 10 years from renewable energy sources.

Throughout the year, the Board also received regular updates from the sustainability team on the Group's sustainability activities and reviewed assurance plans for ESG policies and procedures.

Sustainability
Pages 39 to 65

OPERATIONS



ASSET MANAGEMENT

Relevant stakeholders
- CUSTOMERS
- INVESTORS
- PARTNERS AND SUPPLIERS

The Board receives regular updates on asset management and leasing activities. This year, the focus has been on improving the overall portfolio offering and the customer experience, monitored through targeted customer surveys, the results of which are used to drive improvements in our customer processes. Read more about our engagement with customers on pages 18 to 24 and 128.

PORTFOLIO VALUATION

Relevant stakeholders
- INVESTORS

The Board reviewed and approved the full and half-year valuations of the Group's property portfolio in May and November 2023 respectively.

PORTFOLIO MANAGEMENT

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

The Board has been kept up to date on planned refurbishment and development projects. This year, key development projects have included The Chocolate Factory and Leroy House. Read more about these projects on pages 45 and 65.

During the year the Board also approved the disposals of a number of non-core assets for a total of £143 million.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
BOARD ACTIVITIES 2023/24 CONTINUED

PURPOSE, VALUES AND CULTURE

PURPOSE

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

Our purpose is to give businesses the freedom to grow. The Board sets the Group's strategy, makes decisions and engages with our stakeholders through the lens of our purpose.

The Board has continued to monitor how our purpose is articulated and understood by our stakeholders, and how our values are embedded throughout our business. This is achieved through regular engagement with all stakeholders, more information on which can be found on pages 18 to 28. The Board also approves the Group's key policies and practices to ensure they support our purpose. The Executive Committee is responsible for communicating these policies throughout our business.

Our values
Page 23

VALUES

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

Our purpose informs our values: 'know your stuff', 'show we care', 'find a way' and 'make it fun'.

The Board encourages all employees to live our values in their day-to-day work for the Group and especially in their dealings with each other and all our stakeholders. Graham Clemett, CEO, sits on the judgement panel for our employee recognition programme, Workspace Winners, where employees are given awards and prizes for demonstrating one or more of our values.

We also hold shadowing days where employees from different teams are paired up and spend time shadowing each other to learn how we can all work together more effectively. This year, 116 people shadowed each other.

CULTURE

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

Our culture is one of integrity, transparency and openness, where independent thought and taking initiative are encouraged. The Board recognises the importance of our culture to the business of the Group and sets the 'tone from the top' by demonstrating and encouraging values-driven behaviour. The Board monitors how our culture is embedded by the Executive Committee in a number of ways. Read more on pages 112 and 113.

This is underpinned by our compliance policies and Code of Conduct, which are reviewed by the Board annually.

"This year Carmelina, our Company Secretary, and I shadowed each other. It was interesting to learn more about how she supports our Board and to be able to show her how I deal with customer enquiries. I felt we both learnt a lot and came away understanding each other's roles better and really appreciating how much we all contribute to the success of the Company.

Brittney Wallace
Enquiries Agent

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
BOARD ACTIVITIES 2023/24 CONTINUED

PURPOSE, VALUES AND CULTURE CONTINUED

Q&A

EMBEDDING OUR CULTURE

Adam Austin
Learning and Development Manager

WHY WE DO IT
We want all our staff to live our culture and values.

HOW WE DO IT
Training that promotes our culture.

Q

How does our training embed our culture?
A— We offer a wide range of training to all employees every year; from upskilling and operational courses to training on key areas of our internal Code of Conduct, such as anti-bribery and data protection, to our Workspace Way training, which is focused on how we can build on our open and collaborative culture.

The aims of our training programme are to educate our staff on our culture of integrity, transparency and openness, while encouraging independent thought and taking initiative. We aim to ensure all training supports the business goals and ambitions but also drives active collaboration through our shared values and common sense of purpose.

Q

What is our Workspace Way training?
A— Our Workspace Way training helps us think about how we work together, live our values and, ultimately, support our customers. We talk about inter-departmental processes, learn and understand other teams' challenges and discuss how we can further improve collaboration between teams. Our sessions this year have focused in particular on how we can all add value to our internal and external customers. This year, 258 people completed the training. As well as attending the training session, all staff make a promise to complete a shadowing day with a colleague during the year.

Q

How does the employee shadowing work?
A— We pair up every employee with a colleague from a different team. Each person spends half a day shadowing the other, seeing the work they do and the challenges they face. After the shadowing, staff reflect on what they have learned and how aspects of their own role or working style might have an impact upon their colleague and what improvements could be made.

Q

What's next?
A— We have just launched a new learning management system (LMS), which enables us to enhance our blended learning solution and ultimately create a great learning culture. The long-term goal for our LMS is to enable self-guided learning and clear career pathways. This year, we will be focusing on expanding our career pathways, developing content for the LMS, launching an apprenticeship programme and supporting Workspace employees with changes to finance and customer systems.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
BOARD ACTIVITIES 2023/24 CONTINUED

INVESTOR RELATIONS CALENDAR OF EVENTS 2023/2024

● 2023 ● 2024

	Investor events	Investor meetings	Investor tours
April	- Q4 business update	3	●
May	- Global real estate conference	23	
June	- Full-year results - Investor roadshow - Global real estate conference	29	●
July	- AGM & Q1 update	1	●
August		1	●
September	- Global real estate conference	1	●
October	- Q2 business update		●
November	- Half-year results - Investor roadshow	18	●
December		3	
January	- Q3 business update - Global real estate conference	6	●
February			
March	- Q4 business update - Global real estate conference	12	

STAKEHOLDERS

INVESTOR ENGAGEMENT

Relevant stakeholders
- INVESTORS

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

Our Investor Relations team manages a comprehensive calendar of engagement, including formal announcements, the AGM, results presentations, results roadshows, ad hoc equity and debt investor meetings (including institutional, private client and retail investors), equity sales team meetings, conferences, financial analyst and investor site tours, capital markets days, business media outreach, industry events, as well as ad hoc contact with stakeholders to ensure our strategy and value creation are well understood by the market and wider stakeholder community. See page 27 for details of the topics raised by investors.

During 2023/24, we engaged with 165 institutional investors via one-to-one and group meetings; most in person, supplemented by virtual meetings. Investor meetings are attended by various senior executives, including the CEO, CFO, Chair and Executive Committee members, as well as the Corporate Communications and Investor Relations team and Group Financial Controller. Key investor engagement during the year included the following:
- 97 investor meetings (in-person and virtual).
- 19 site tours.
- 6 real estate conferences attended globally.
- Annual General Meeting.

Duncan Owen has engaged with shareholders following his appointment as Chair in July 2023 and after the announcement that Graham Clemett intends to retire as CEO during 2024. For further details, see page 151. All Committee Chairs are available to engage with shareholders as appropriate.

If shareholders have any concerns, which the normal channels of communication to the CEO, the CFO or the Chair have failed to resolve, or for which contact is inappropriate, then our Senior Independent Director, Rosie Shapland, is available to address them. Contact details for our Investor Relations team, Company Secretary and Company Registrars can be found at the back of this Report as well as on our website.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
BOARD ACTIVITIES 2023/24 CONTINUED

STAKEHOLDERS CONTINUED

Annual Report and Website
Our Annual Report is available to all shareholders. Shareholders can opt to receive a hard copy in the post or PDF copies via email or from our website. Additionally, if a shareholder holds their shares via a nominee account and that shareholder encounters difficulty receiving our Annual Report via their nominee provider, they are welcome to contact the Company Secretary to request a copy.

Our investor website is www.workspace.co.uk/investors. It contains our Annual Reports, half- and full-year results presentations and our financial and dividend calendar for the upcoming year. Our website also outlines our company strategy, business model, property portfolio and it has a detailed section covering our ESG activities.

Investor engagement
Page 27

AGM
Our 2023 AGM was held on 6 July 2023 and all resolutions passed with over 95% of votes in favour. Our 2024 AGM will be held at the Company's Eventspace venue at 29 Finsbury Circus, London, EC2M 5SD on Thursday 25 July 2024 at 11.00am and we look forward to welcoming our shareholders there. The Notice of Meeting, together with an explanation of the business to be dealt with at the Meeting, is included as a separate document sent to shareholders who have elected to receive hard copies of shareholder information and it is also available on the Company's website.

Following shareholder engagement, since 2019 we have sought approval for a resolution authorising political donations up to £20,000 in aggregate, which was a lower amount than we had sought in previous years. This year we are again proposing a resolution with an upper limit of £20,000 in aggregate. This resolution is proposed as a precaution to prevent the Company's normal business activities being inadvertently caught by the broad definitions used in the relevant provisions of the Companies Act 2006.

It remains the policy of the Company not to make political donations or to incur political expenditure within the ordinary meaning of those words and the Board has no intention of using the authority for that purpose.

In addition, and in line with the resolution approved at last year's AGM, the Directors are again proposing a single resolution disapplying pre-emption rights for the 2024 Annual General Meeting that would apply only in very limited circumstances. The proposed disapplication resolution is limited to allotments and/or sales: (i) in connection with pre-emptive offers and offers to holders of equity securities other than ordinary shares (if required by the rights of those securities or as the Directors otherwise consider necessary); and (ii) in connection with the terms of any employees' share scheme.

Following a competitive audit tender in 2023, BDO LLP (BDO) have been identified as the proposed new External Auditor for the year ending 31 March 2025, subject to final shareholder approval at the next AGM on 25 July 2024. More detailed information on the selection and appointment process can be found on page 177.

"Our people are at the heart of our business, supporting our customers and other stakeholders every day."

Claire Dracup
Director of People & Culture

EMPLOYEE ENGAGEMENT

Relevant stakeholders
- PEOPLE

The Board recognises the crucial importance of our employees to the success of the Group. Throughout the year the Board meets and receives feedback from a wide range of employees across the business, including reviewing results from our annual employee survey. The Board and the Executive Committee review and approve key policies, practices and strategic decisions, making sure that they reflect our culture and align to the Group's key values and purpose.

Duncan Owen is our designated Non-Executive Director responsible for employee engagement, as the Board considers this the most effective method to ensure the employee voice is heard at the very top of the organisation. This year, we held three breakfast or lunch sessions with employees. Duncan attends these sessions with one or more additional Non-Executive Director. See pages 25 and 127 for further details of the Chair breakfast and lunch sessions and topics raised.

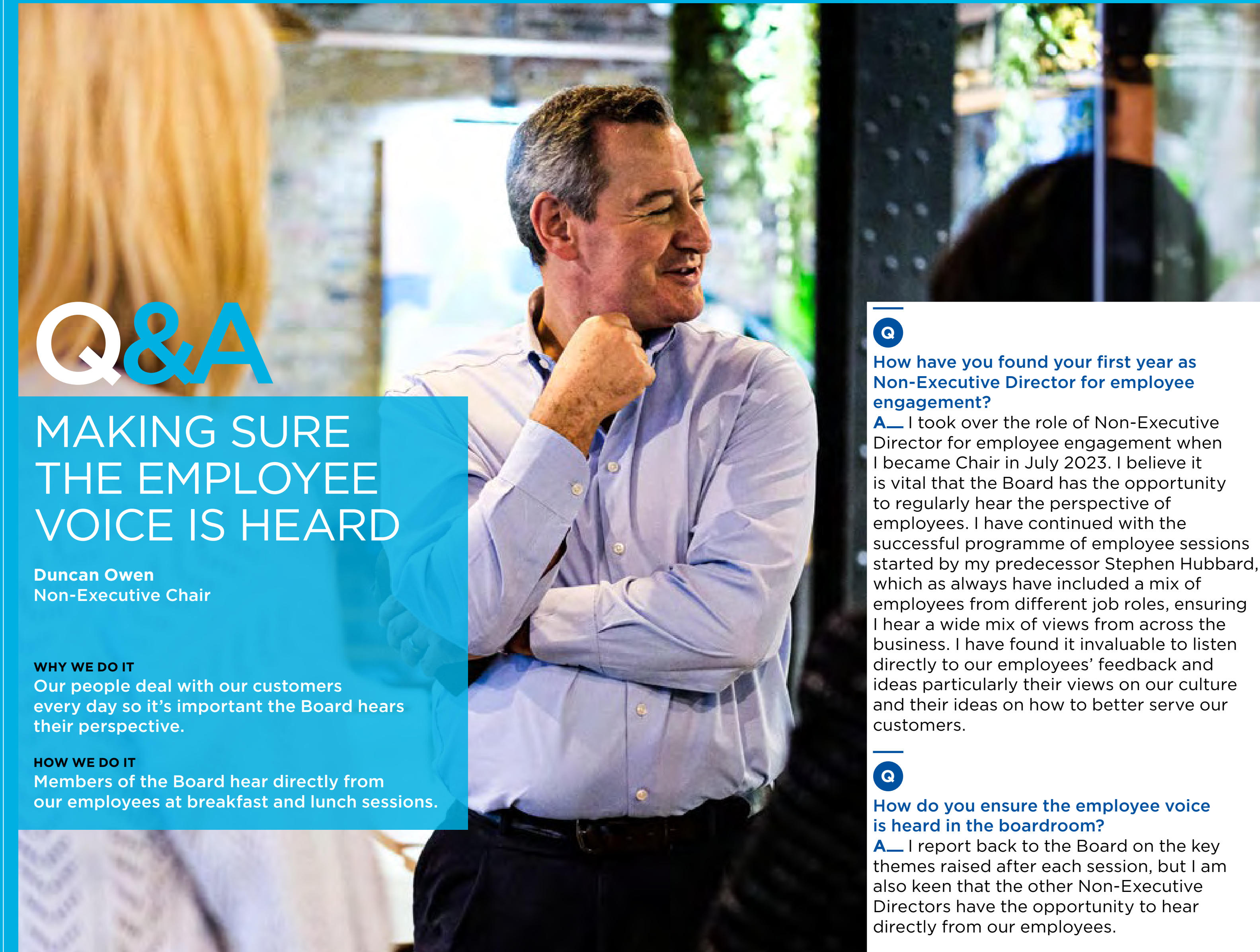
Duncan and the other Non-Executive Directors in attendance report back to the Board after every session to ensure the feedback gained from our staff is effectively communicated to the Board as a whole.

Throughout the year, the Board held its meetings across the Company's portfolio. The Strategy Day in September was held at Salisbury House, and the Board meeting in March was held at the Barley Mow Centre, with Board members given a full site tour by the Centre Managers. In the current year, the first Board meeting scheduled took place at Centro Buildings.

Employee engagement
Pages 25 to 26

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
BOARD ACTIVITIES 2023/24 CONTINUED

STAKEHOLDERS CONTINUED



Q&A

MAKING SURE THE EMPLOYEE VOICE IS HEARD

Duncan Owen
Non-Executive Chair

WHY WE DO IT
Our people deal with our customers every day so it's important the Board hears their perspective.

HOW WE DO IT
Members of the Board hear directly from our employees at breakfast and lunch sessions.

Q

How have you found your first year as Non-Executive Director for employee engagement?

A— I took over the role of Non-Executive Director for employee engagement when I became Chair in July 2023. I believe it is vital that the Board has the opportunity to regularly hear the perspective of employees. I have continued with the successful programme of employee sessions started by my predecessor Stephen Hubbard, which as always have included a mix of employees from different job roles, ensuring I hear a wide mix of views from across the business. I have found it invaluable to listen directly to our employees' feedback and ideas particularly their views on our culture and their ideas on how to better serve our customers.

Q

How do you ensure the employee voice is heard in the boardroom?

A— I report back to the Board on the key themes raised after each session, but I am also keen that the other Non-Executive Directors have the opportunity to hear directly from our employees.

This year, Non-Executive Directors Lesley-Ann Nash and Rosie Shapland joined me at the October 2023 and March 2024 sessions. We have also added flexibility to the timings, introducing lunchtime sessions as well as breakfasts, so that our employees can attend at times convenient to them. As a Board we also receive regular updates from the Executive Committee on employee feedback, including formal feedback from our annual staff survey and informally via conversations between staff and members of the Executive Committee. I've really enjoyed seeing Workspace's dynamic culture and values in action.

Q

What were the themes raised this year?

A— Our people shared the issues and ideas for improvement that they hear from our customers on a day-to-day basis. Topics discussed included furniture provision, improving our processes for customers moving within Workspace and more effectively communicating with all people who work in our centres, all of which are now being actively looked at, or have been addressed. Employees also reported that sustainability continues to be a key priority for our customers.

Q

What does the Board want to focus on in the next year?

A— We are looking to further amplify the employee voice in the boardroom by continuing to invite other Directors to the employee engagement sessions. We will also continue to focus on diversity and inclusion, as we build on our existing initiatives in this space. I very much look forward to continuing my engagement with our people in the coming year.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
BOARD ACTIVITIES 2023/24 CONTINUED

STAKEHOLDERS CONTINUED

BUSINESS RELATIONSHIP ENGAGEMENT

Relevant stakeholders

- CUSTOMERS
- PARTNERS AND SUPPLIERS

Positive relationships with our customers, suppliers and other business partners are essential to the Group's ongoing success. Customer-facing teams provide daily feedback from customers while views from suppliers and partners are captured by dialogue with the relevant business team. These views are collated and fed back to the Board, and incorporated into decision making.

This year we launched a new supplier onboarding portal in response to feedback from suppliers and employees that our previous process could be time consuming.

Business relationship engagement
Pages 19 to 24 and 27

COMMUNITY AND ENVIRONMENT ENGAGEMENT

Relevant stakeholders

- COMMUNITIES
- ENVIRONMENT

The Board remains committed to reaching our target of becoming a net zero carbon business. All new Board members receive an induction on the Group's approach to sustainability. Our Board-level ESG Committee provides a forum for the Board to dedicate discussion to the progress with our sustainability objectives and to review updates from the sustainability team. The Board is also regularly updated on our wellbeing initiatives, community and social impact work and our fundraising activities for our charity partner, Single Homeless Project. This year the Board approved the Group's entry into the 10 year Corporate Power Purchase Agreement (see page 28 for details).

Community engagement
Page 28

Employees on the Workspace Walk to raise money for Single Homeless Project.

> **We support our local communities through our social impact work and fundraising for our charity partner.**
>
> **Sonal Jain**
> Head of Sustainability

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
BOARD ACTIVITIES 2023/24 CONTINUED

FINANCE

STRUCTURE, FORECASTS, BUDGETS

Relevant stakeholders
- INVESTORS

The Board regularly reviews the Group's financial structure and rolling forecasts. The Board approved the Group's 2023/24 budget.

FINANCING

Relevant stakeholders
- INVESTORS

The Board discussed arrangements relating to interest rate hedging and the extension of the Group's RCF. See page 86 for further details.

DIVIDEND PAYMENTS

Relevant stakeholders
- INVESTORS

The Board recommended the payment of the final dividend paid to shareholders in August 2023 and it approved the payment of the interim dividend paid to shareholders in February 2024.

REPORTING

FULL, HALF-YEAR AND TRADING STATEMENTS

Relevant stakeholders
- INVESTORS

The Board considered and approved the full and half-year results and trading statements.

VIABILITY AND GOING CONCERN STATEMENTS

Relevant stakeholders
- INVESTORS

The Board conducted a review of the Company's viability over the next five-year period and it approved the viability statement and going concern statement.

Viability statement
Pages 88 to 89

Going concern statement
Page 88

RISKS

PRINCIPAL RISKS

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

The Board discussed the Group's principal risks which could impact the implementation of the Group's strategy and requested updates from the Chair of the Audit Committee on the key areas of risk discussed during the year.

EMERGING RISKS

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

The Board heard updates from the Chair of the Audit Committee on emerging risks which have been highlighted and debated during meetings of the Committee.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
BOARD ACTIVITIES 2023/24 CONTINUED

SUCCESSION

APPOINTMENT OF NEW CEO

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

In May 2024, the Board approved the appointment of Lawrence Hutchings to succeed Graham Clemett as CEO, on a date to be confirmed.

APPOINTMENT OF NEW NON-EXECUTIVE DIRECTOR

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

In April 2024 the Board approved the appointment of David Stevenson as an Independent Non-Executive Director. David joined the Board on 1 June 2024.

GOVERNANCE

EXTERNAL PERFORMANCE REVIEW

Relevant stakeholders
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES
- ENVIRONMENT

The Board participated in an external Board performance review facilitated by Fidelio.

NED FEES

During the year, the Nominations Committee reviewed the fees payable to Non-Executive Directors. Having reviewed market practice, the Committee concluded that an increase in Non-Executive Director fees of 4% should be recommended (following a 5% salary increase for employees). See page 215 for more information.

Diversity and inclusion
Pages 158 to 165

DIVERSITY & INCLUSION

Relevant stakeholders
- PEOPLE
- INVESTORS

The Board discussed and approved the Company's gender pay gap report, which was published in March 2024 and can be found at https://www.workspace.co.uk/investors/about-us/governance/our-policies/gender-pay-gap-report-2023.

In line with the Parker Review, the Board approved the Company's target of 16% ethnic diversity among the individuals within its Executive Committee and senior managers, by December 2027. See page 162 for more detail.

REGULATORY AND LEGAL UPDATES

Relevant stakeholders
- INVESTORS

The Board discussed legal updates and advice from the Company's legal advisers.

The Board also heard regular legal and governance updates from the Company Secretary and Sustainability teams, including on the new amendments to the UK Listing Regime, the new UK Corporate Governance Code 2024 and forthcoming ESG-related regulation.

COMMITTEE MEMBERSHIP AND TERMS OF REFERENCE

Relevant stakeholders
- INVESTORS

During the year, the Board considered the structure of its Committees.

The Board also considered the schedule of matters reserved to the Board (see page 138) and the terms of reference applicable to each Committee.

WORKFORCE POLICIES AND PRACTICES

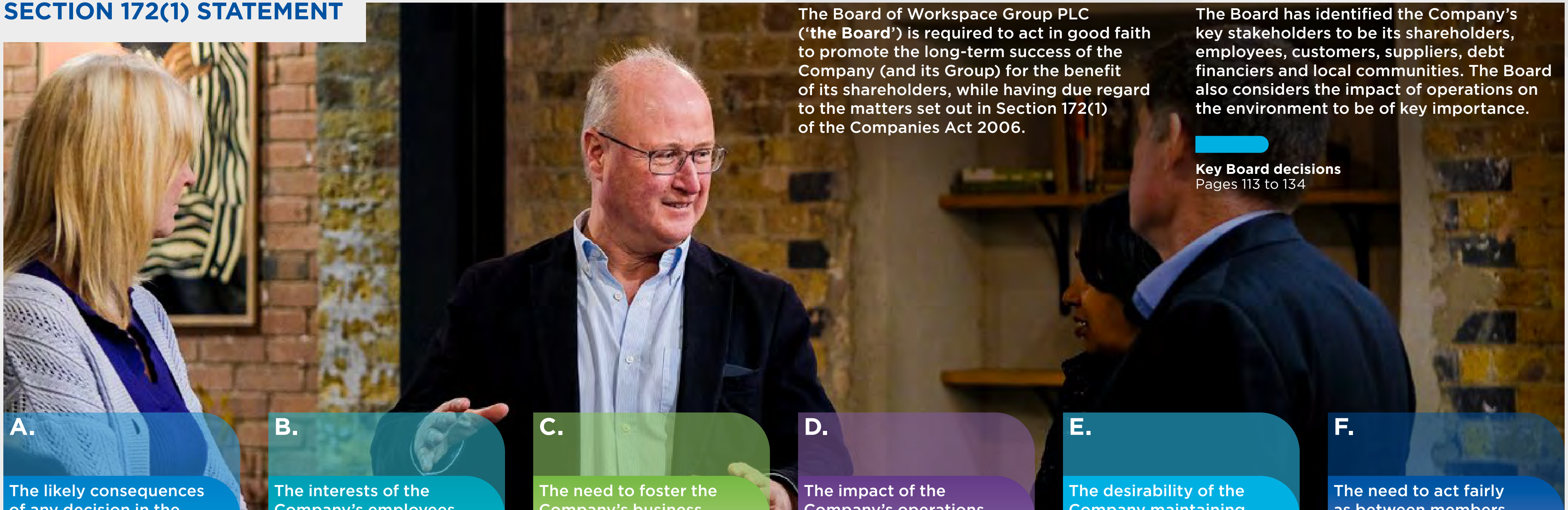
Relevant stakeholders
- PEOPLE

The Board approves all key policies and practices which could impact our employees and influence their behaviours. Policies are reviewed to check that they are aligned with the Group's purpose, culture and values. The Board recognises that effective and honest communication is essential to maintain our business values, and we encourage our employees to speak out if they witness any wrongdoing. This stance is reinforced in our whistleblowing procedures and in our Code of Conduct. Further information on the Group's key compliance policies can be found on pages 90 to 93.

All policies are available to employees on the Group's intranet. All new employees are provided with training on our policies at induction sessions and we provide annual refresher training to all staff in key areas such as anti-bribery and data protection.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

SECTION 172(1) STATEMENT



The Board of Workspace Group PLC (‘**the Board**’) is required to act in good faith to promote the long-term success of the Company (and its Group) for the benefit of its shareholders, while having due regard to the matters set out in Section 172(1) of the Companies Act 2006.

The Board has identified the Company’s key stakeholders to be its shareholders, employees, customers, suppliers, debt financiers and local communities. The Board also considers the impact of operations on the environment to be of key importance.

Key Board decisions
Pages 113 to 134

A.
The likely consequences of any decision in the long term

Our purpose
Page 18

Our business model
Pages 9 to 11

Our strategy
Pages 35 to 38

Dividend
Page 82

B.
The interests of the Company’s employees

Employee engagement
Pages 25 to 26 and 126 to 127

Looking after our people
Pages 55 to 59

Diversity and inclusion
Pages 158 to 165

C.
The need to foster the Company’s business relationships with suppliers, customers and others

Customer proposition
Page 11

Customer and supplier engagement
Pages 19 to 24, 27 and 128

Anti-bribery & corruption and modern slavery
Page 92

D.
The impact of the Company’s operations on the community and the environment

Supporting our communities
Pages 60 to 65

Sustainability
Pages 39 to 65

TCFD
Pages 94 to 107

E.
The desirability of the Company maintaining a reputation for high standards of business conduct

Compliance policies
Pages 90 to 93

Culture and values
Pages 26 and 112 to 113

Whistleblowing
Page 93

Internal controls
Pages 178 to 179

F.
The need to act fairly as between members of the Company

Shareholder engagement
Pages 27 and 125 to 126

AGM
Page 126

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
SECTION 172(1) STATEMENT CONTINUED

HOW THE BOARD CONSIDERS SECTION 172(1) MATTERS

BOARD INFORMATION

- All members of the Board are aware of the Board's responsibilities and their individual duties as Directors and the need to consider Section 172(1) factors are embedded in the Matters Reserved to the Board and Committee terms of reference.
- The Board receives regular updates from the sustainability team on ESG matters (see pages 180 to 185).
- The Board directly engages with employees and investors, and it receives feedback from the CEO and CFO on meetings with investors, analysts and debt finance providers (see pages 125 to 126).
- The Board receives regular reports from the Executive Committee and external advisers on engagement with other stakeholders such as customers, suppliers and the wider community (see page 128).
- Duncan Owen, Chair of the Board, alongside other Non-Executive Directors, holds focus groups with employees in his role as the designated Non-Executive Director for employee engagement (see page 127).
- A stakeholder impact analysis, setting out the expected impacts of the proposed decision on different stakeholder groups and how any negative impacts might be mitigated, is conducted and that analysis feeds into the Board's discussions when key strategic decisions are proposed.

BOARD DISCUSSION AND DECISION MAKING

- Decision making is informed by the information received by the Board, with consideration given to Section 172(1) factors relevant to the decision at hand.
- Sustainability matters are considered in each decision made by the Board.
- A Board strategy day is held each year where the Board discusses long-term strategy (see page 121).
- The Board regularly considers the Company's purpose, values and policies related to business conduct (see page 123).
- The Board and the Audit Committee oversee the Company's risk management framework and the actions that are in place to mitigate risk in the short, medium and long term (see pages 178 to 179).
- The Board considers stakeholder interests when determining the level of dividend.

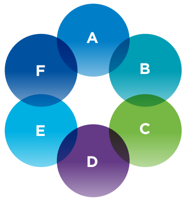
MONITORING

- The Board monitors the short, medium and long-term impact of key decisions through regular updates from the Executive Committee.
- Feedback and engagement from stakeholder groups is collated and used to inform future decision making.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
SECTION 172(1) STATEMENT CONTINUED

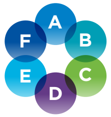
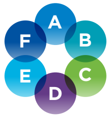
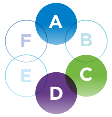
KEY BOARD DECISIONS IN 2023/24

Some of the key decisions considered by the Board in 2023/24, and how the Board had regard to Section 172(1) matters when discussing them, are outlined to the right and on the following page.



- **A** The likely consequences of any decision in the long term.
- **B** The interests of the Company's employees.
- **C** The need to foster the Company's business relationships with suppliers, customers and others.
- **D** The impact of the Company's operations on the community and the environment.
- **E** The desirability of the Company maintaining a reputation for high standards of business conduct.
- **F** The need to act fairly as between members of the Company.

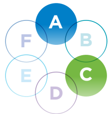
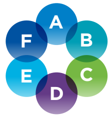
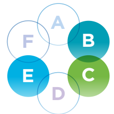
New Board appointments
Pages 151 to 152

	CEO SUCCESSION	**NED APPOINTMENT**	**CORPORATE POWER PURCHASE AGREEMENT**
RELEVANT SECTION 172(1) DECISION CRITERIA			
RELEVANT STAKEHOLDERS	EMPLOYEES CUSTOMERS SUPPLIERS INVESTORS COMMUNITIES DEBT FINANCE PROVIDERS	EMPLOYEES CUSTOMERS SUPPLIERS INVESTORS COMMUNITIES	CUSTOMERS INVESTORS COMMUNITIES
STAKEHOLDER IMPACTS	The appointment of a new CEO has an impact on all stakeholder groups, given their responsibility for leading the business and implementing strategy for the long-term success of the Company. The Board was conscious of this throughout the new CEO selection and appointment process.	The Non-Executive Directors perform an important role overseeing and constructively challenging the Executive Committee as the Company seeks to deliver long-term value to all stakeholders.	Sustainability continues to be of vital importance to our customers and the communities we serve. We also know that our business needs to be sustainable for the long term to build value for our investors. All Board decisions are made in the context of the Company's commitment to sustainability and its net zero carbon pathway.
DECISION	The Board approved the appointment of Lawrence Hutchings as CEO, on a date yet to be confirmed. His deep real estate experience makes him the ideal person to lead the Company for the benefit of all stakeholders. Read more about the appointment on page 151.	The Board approved the appointment of David Stevenson as a Non-Executive Director with effect from 1 June 2024. David brings a wealth of experience in capital markets and optimising digital strategies. Read more about the appointment on page 152.	After considering the positive impact a Corporate Power Purchase Agreement (CPPA) would have on our customers, investors and communities who all care deeply about sustainability, the Board approved the Company's entry into the CPPA with Statkraft. Read more on page 28.
LINK TO STRATEGY	1. DRIVING CUSTOMER-LED GROWTH 2. DELIVERING OPERATIONAL EXCELLENCE 3. SUSTAINABLE FROM THE INSIDE OUT	1. DRIVING CUSTOMER-LED GROWTH 2. DELIVERING OPERATIONAL EXCELLENCE 3. SUSTAINABLE FROM THE INSIDE OUT	1. DRIVING CUSTOMER-LED GROWTH 2. DELIVERING OPERATIONAL EXCELLENCE 3. SUSTAINABLE FROM THE INSIDE OUT

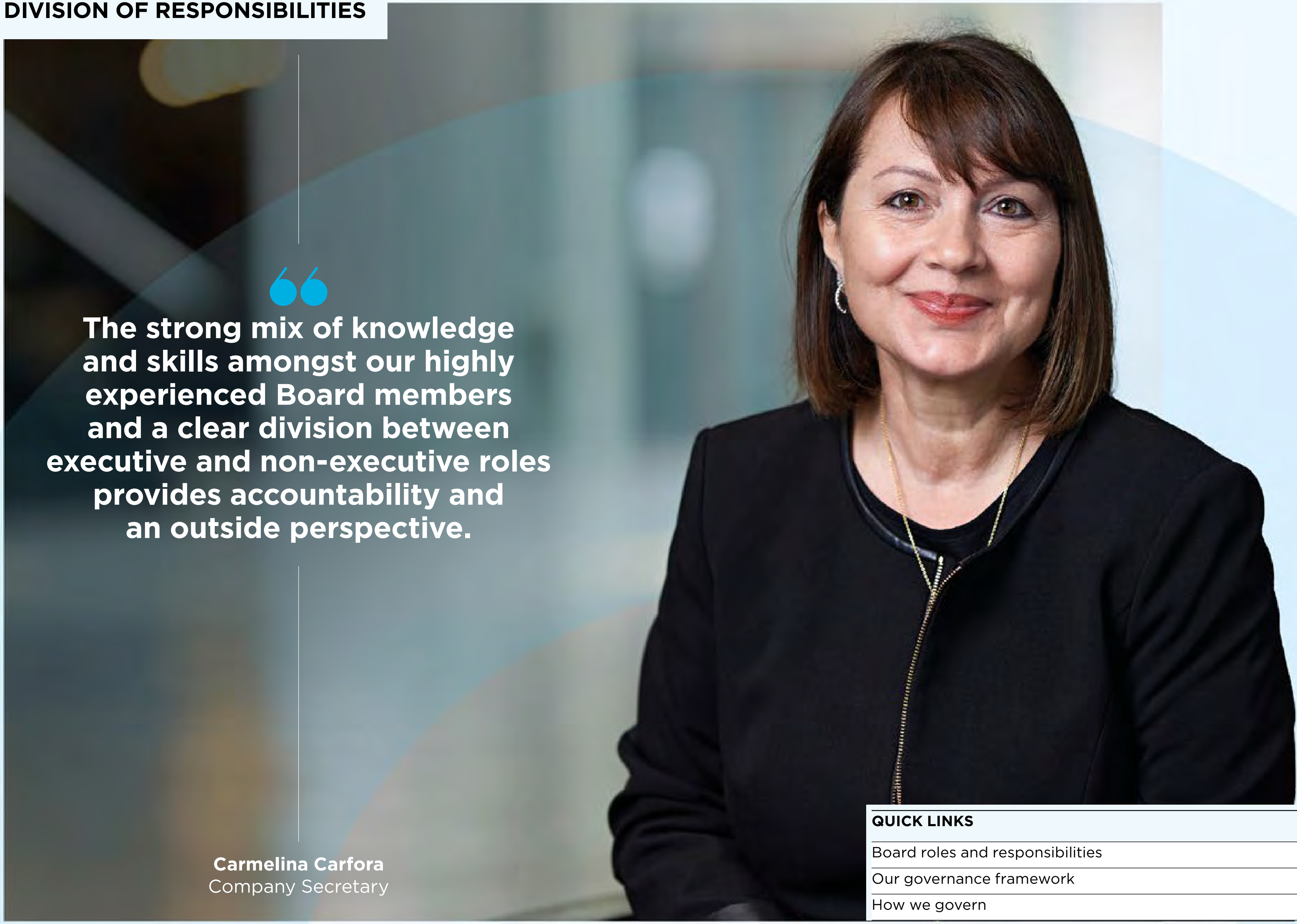
BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED
SECTION 172(1) STATEMENT CONTINUED

"During a year with such a challenging market backdrop, we have continued to make disposals of non-core assets to ensure Workspace continues to have the right portfolio to deliver our strategy and generate future value for all our stakeholders."

Richard Swayne
Investment Director

	INTEREST RATE HEDGE	DISPOSALS	SUPPLIER PROCESSES
RELEVANT SECTION 172(1) DECISION CRITERIA			
RELEVANT STAKEHOLDERS	● INVESTORS ● DEBT FINANCE PROVIDERS	● EMPLOYEES ● CUSTOMERS ● SUPPLIERS ● INVESTORS ● COMMUNITIES	● EMPLOYEES ● SUPPLIERS
STAKEHOLDER IMPACTS	With interest rates remaining high, the Board is aware of the importance of prudent management of financing costs, particularly the Company's £194m of floating-rate bank debt.	The right mix of buildings within our portfolio is essential for the interests of all our stakeholders, generating value for investors, quality work space for our customers and employment opportunities for local communities and our suppliers.	We received feedback from our employees and our suppliers that our previous, largely paper based, supplier onboarding process was outdated and inefficient.
DECISION	The Board approved the entry into derivative arrangements to effectively fix the interest rate payable on £100m of our floating-rate bank facilities, reducing finance costs for the next two years. Read more about the interest rate hedge on page 86.	During the year, the Board discussed and approved the disposals of a number of non-core assets for a total of £143m, balancing the impact on staff, customers and suppliers at those sites with the overall benefit to all stakeholder groups of maintaining the right mix of buildings in our portfolio. Read more on page 81.	Based on the feedback received, it was clear that both our staff and our suppliers would benefit from improvements to our onboarding processes and a project was initiated to make them faster and easier. Our new supplier portal was launched in March 2024, and the Board was kept updated on progress.
LINK TO STRATEGY	2. DELIVERING OPERATIONAL EXCELLENCE	1. DRIVING CUSTOMER-LED GROWTH 2. DELIVERING OPERATIONAL EXCELLENCE 3. SUSTAINABLE FROM THE INSIDE OUT	2. DELIVERING OPERATIONAL EXCELLENCE

DIVISION OF RESPONSIBILITIES



> The strong mix of knowledge and skills amongst our highly experienced Board members and a clear division between executive and non-executive roles provides accountability and an outside perspective.

Carmelina Carfora
Company Secretary

QUICK LINKS

DIVISION OF RESPONSIBILITIES CONTINUED

BOARD ROLES AND RESPONSIBILITIES

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

Our governance framework can be found on page 138. In addition, the role specifications described on the following pages set out the clear division of responsibility between Executive and Non-Executive members of the Board.

BOARD OF DIRECTORS

Duncan Owen
Non-Executive Chair

Graham Clemett
Chief Executive Officer

Dave Benson
Chief Financial Officer

Rosie Shapland
Non-Executive Director

Lesley-Ann Nash
Non-Executive Director

Manju Malhotra
Non-Executive Director

Nick Mackenzie
Non-Executive Director

David Stevenson[1]
Non-Executive Director

Carmelina Carfora
Company Secretary

1. David Stevenson joined the Company with effect on 1 June 2024.

NON-EXECUTIVE

CHAIR:
DUNCAN OWEN

- Leading the effective operation and governance of the Board.
- Setting agendas which support efficient and balanced decision making.
- Ensuring the Board plays a full and constructive part in the development of the Group's strategy and making sure that there is sufficient time for boardroom discussion.
- Ensuring effective Board relationships and fostering a culture that supports constructive debate.
- Facilitating the effective contribution of the Non-Executive Directors and monitoring that all Directors receive accurate, timely and clear information.
- Overseeing the annual Board performance review and identifying key actions required.
- With the Nominations Committee, ensuring the Board remains appropriately balanced to deliver the Group's strategic objectives and confirming that the Nominations Committee meets the requirements of good corporate governance.
- Promoting effective engagement with the Group's shareholders and other key stakeholders.
- Leading initiatives to assess the culture across Workspace and ensuring that the Board sets the correct tone.
- Reviewing, with the Board, diversity and inclusion initiatives.
- The Chair is not involved in an executive capacity with any of the Group's activities.

Board of Director's biographies
Pages 118 to 120

DESIGNATED NON-EXECUTIVE DIRECTOR FOR EMPLOYEE ENGAGEMENT:
DUNCAN OWEN

- Representing the Board, alongside other Non-Executive Directors, in discussions with employees and communicating Board decisions on specific matters.
- Developing, implementing and feeding back on employee engagement initiatives in conjunction with management.
- Communicating to employees the outcomes and the developments made by the Board on specific matters.

SENIOR INDEPENDENT DIRECTOR:
ROSIE SHAPLAND

- Being available and providing an alternative communication channel for shareholders and other stakeholders, if required, and being available to meet with investors on request.
- Providing a sounding board for the Chair.
- If necessary, deputises for the Chair in his absence and counsels all Board colleagues.
- Acts as an intermediary for Non-Executive Directors when necessary.
- At least annually, leads a meeting of the Non-Executive Directors without the Chair present, to appraise the Chair's performance and to address any other matters which the Directors might wish to raise. The outcomes of these discussions are then conveyed to the Chair.

INDEPENDENT NON-EXECUTIVE DIRECTORS:
ROSIE SHAPLAND, LESLEY-ANN NASH, MANJU MALHOTRA, NICK MACKENZIE AND DAVID STEVENSON

- Constructively challenging and assisting in the development of strategy.
- Scrutinising, measuring and reviewing the performance of the Executive Directors and senior management against agreed performance objectives.
- Promoting the highest standards of integrity and corporate governance.
- Reviewing the succession plans for the Board and key members of senior management.
- Determining appropriate levels of remuneration for the senior executives.
- Reviewing the integrity of financial reporting and the effectiveness of risk management systems and internal controls.
- Serving on or chairing various Committees of the Board.

DIVISION OF RESPONSIBILITIES CONTINUED
BOARD ROLES AND RESPONSIBILITIES CONTINUED

EXECUTIVE

CHIEF EXECUTIVE OFFICER:
GRAHAM CLEMETT
- Proposing and directing the delivery of strategy as agreed by the Board through leadership of the Group's Executive Committee.
- Responsible for leading and managing the business and accountable to the Board for the financial and operational performance of the Group.
- Leading the Group's Executive Committee in the day-to-day running of the Group's business in order to execute objectives successfully.
- Regularly reviewing the Group's organisational structure and recommending changes as appropriate.
- Setting overall policies for recruitment, management, staff development and succession planning and providing updates to the Remuneration Committee.
- Overseeing employee initiatives, diversity and inclusion, and employee wellbeing.
- Together with the Chair and the CFO, representing the Company to its customers, suppliers, shareholders and other stakeholders.
- Leading on the Group's sustainability strategy and the Group's net zero carbon pathway.
- Corporate communications and the IR strategy.

CHIEF FINANCIAL OFFICER:
DAVE BENSON
- Supports the CEO in developing the strategic direction of the Group and works closely with the CEO and the Board to develop and implement the Group's strategy.
- Provides financial leadership to the Group and aligns the Group's business and financial strategy and management of the Company's capital structure.
- Responsible for financial planning and analysis, treasury and tax.
- Leads and monitors the effectiveness of the key finance functions and facilitates the appropriate development of the finance team.
- Responsible for the IT function and co-ordinates and delivers IT projects to support the growth and strategic priorities of the Group.

COMPANY SECRETARY:
CARMELINA CARFORA
- Secretary to the Board and to the Board's Committees.
- Responsible for ensuring compliance with Board procedures and for supporting the Chair.
- Advising and keeping the Board updated on corporate governance developments.
- Ensuring that the Board has high-quality information, adequate time and the appropriate resources.
- Considering the Board's effectiveness in conjunction with the Chair.
- Facilitating the Directors' induction programmes and assisting with their professional development.
- Providing advice, services and support to all Directors as and when required.
- Responsible for organising the Annual General Meeting.

Executive Committee
Pages 142 to 143

DIVISION OF RESPONSIBILITIES CONTINUED

OUR GOVERNANCE FRAMEWORK

Our governance framework supports the development of good governance practices across the Group. The Board has overall responsibility for governance within the Group.

The Board delegates certain of its responsibilities to its Nominations, Remuneration, Audit and ESG Committees. Further details of the work, composition, role and responsibilities of these Committees are provided in separate reports on pages 146, 186, 166 and 180. Each of the Committees has terms of reference which were reviewed by the Committees and the Board during the year. The performance of each of the Committees is assessed annually as part of the performance review process described later in this report.

The Board delegates all operational matters to the Executive Committee, except for matters specifically reserved to the Board. The schedule of matters reserved for the Board is reviewed at least once a year and can be accessed on the Company website at https://www.workspace.co.uk/investors/about-us/governance/board-responsibilities.

Further information on the matters reserved and the relationship between the Board and the Executive Committee can be found on page 141.

The terms of reference of each Board Committee are available on the Company's website at www.workspace.co.uk/investors/about-us/governance/committee-terms-of-reference.

Board of Directors

The role of the Board is to promote the long-term success of Workspace by setting a clear purpose and the Group's strategy for delivering long-term value to our shareholders and other stakeholders.

The Board delegates certain matters to its four principal Committees:

Nominations Committee
Chaired by Duncan Owen

MEMBERSHIP
6 Independent Non-Executive Directors

KEY RESPONSIBILITIES:
- Reviews succession plans for the Board and its Committees and considers its structure, size, composition and diversity
- Supports the development of an inclusive and diverse talent pipeline, and reviews supporting initiatives to increase diversity
- Monitors that the Board has the appropriate knowledge, skills and experience to operate effectively and deliver our strategy
- Recommends to the Board the appointment of a Non-Executive Director for employee engagement

Pages 146 to 165

Audit Committee
Chaired by Rosie Shapland

MEMBERSHIP
3 Independent Non-Executive Directors

KEY RESPONSIBILITIES:
- Oversees the Group's financial reporting
- Maintains and manages the relationship with the External Auditor, including monitoring their performance and reappointment
- Reviews and monitors management of risks other than those related to real estate, development and valuation, which are reviewed by the Board

Pages 166 to 179

Remuneration Committee
Chaired by Lesley-Ann Nash

MEMBERSHIP
3 Independent Non-Executive Directors

KEY RESPONSIBILITIES:
- Determines the Remuneration Policy for Executive Board Directors and considers whether there is a clear link between performance and remuneration
- Considers senior management remuneration presented by the CEO
- Reviews workforce remuneration and related policies
- Reviews remuneration policies and practices to ensure they support clarity, simplicity, transparency and alignment with culture

Pages 186 to 217

ESG Committee
Chaired by Manju Malhotra[1]

MEMBERSHIP
8 Directors

KEY RESPONSIBILITIES:
- Oversees the Group's ESG strategy
- Monitors ESG risk and opportunities
- Sets ESG objectives and monitors progress against the objectives
- Ensures reporting of ESG issues is in line with market best practice
- Monitors the establishment and effectiveness of appropriate ESG-related policies and procedures
- Informs the workings of other Board Committees with ESG considerations

Pages 180 to 185

Executive Committee
The Executive Committee is responsible for the execution of the Company's strategy and the day-to-day management of the business.

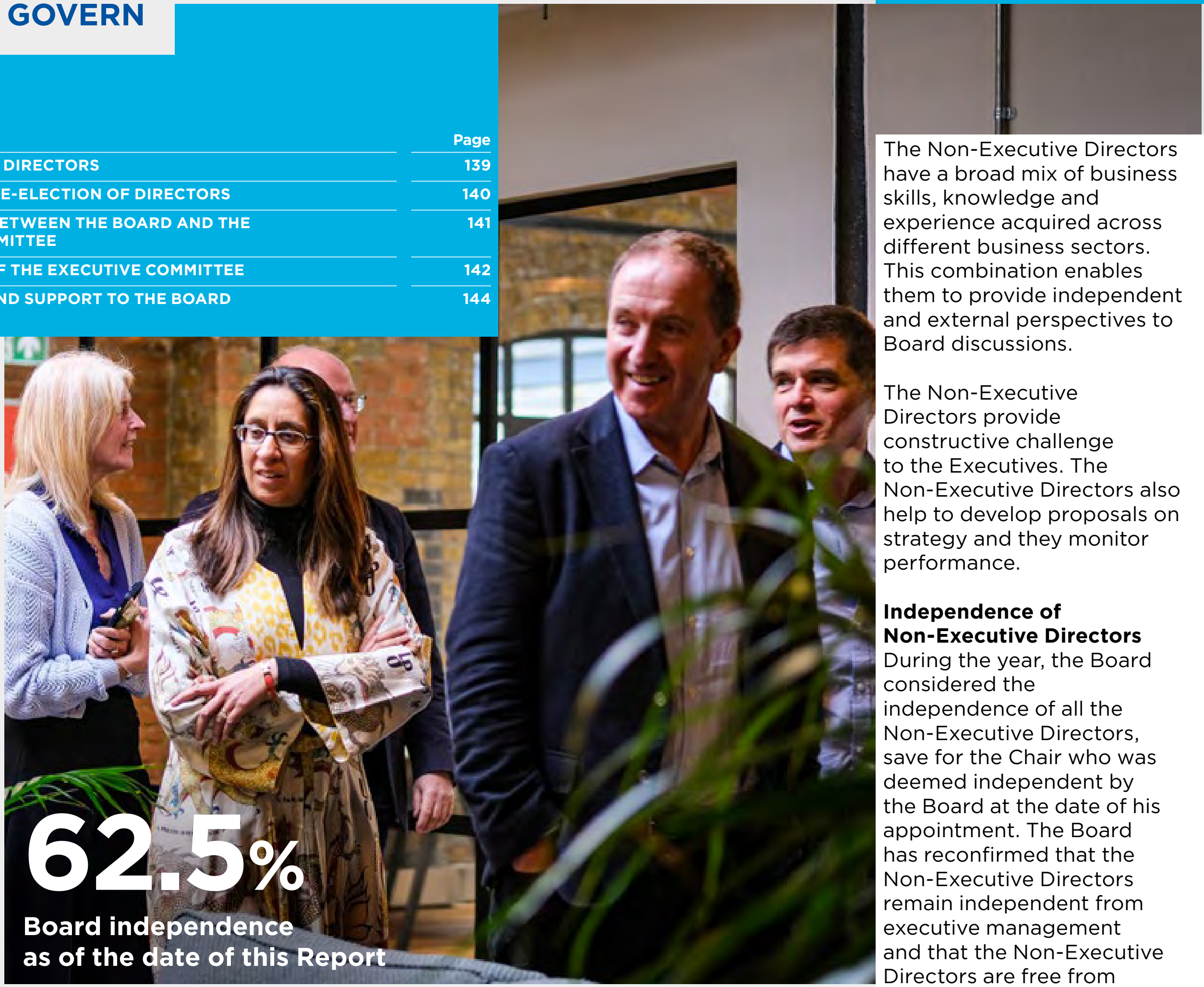
Disclosure Committee
Identifies and controls inside information or information which could become inside information and determines how and when that information is disclosed in accordance with applicable legal and regulatory requirements.

Supporting Committees
The Executive Committee operates a number of operational and supporting Committees that provide oversight on key business activities and risk.

1. Manju Malhotra was appointed Chair of the Committee with effect from 1 April 2024. Duncan Owen was Committee Chair throughout the financial year ended 31 March 2024.

DIVISION OF RESPONSIBILITIES CONTINUED

HOW WE GOVERN



NON-EXECUTIVE DIRECTORS

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

The Non-Executive Directors provide constructive challenge to the Executives. The Non-Executive Directors also help to develop proposals on strategy and they monitor performance.

Independence of Non-Executive Directors
During the year, the Board considered the independence of all the Non-Executive Directors, save for the Chair who was deemed independent by the Board at the date of his appointment. The Board has reconfirmed that the Non-Executive Directors remain independent from executive management and that the Non-Executive Directors are free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

This independence is protected by a number of mechanisms including:

- Meetings between the Chair and the Non-Executive Directors, individually and collectively, without the Executive Directors being present. These meetings are typically held before each Board meeting and they are used to discuss areas relevant to the operation of the Board and the Group in a more private setting. This year, seven of these meetings were held.
- Separate and clearly defined roles for the Chair, as head of the Board, and the Chief Executive Officer, as head of executive management, as set out on pages 136 to 137.

Time commitment and external appointments
The expected time commitment of the Chair and the Non-Executive Directors is agreed and set out in writing in the letter of appointment to the position. At the time of appointment the existing external demands on an individual's time are assessed to confirm that individual's capacity to take on the role. Further appointments which could impair the ability to meet the expected time commitment can only be accepted following approval of the Board.

Board biographies
Pages 118 to 120

Board appointments
Pages 150 to 152

DIVISION OF RESPONSIBILITIES CONTINUED
HOW WE GOVERN CONTINUED

NON-EXECUTIVE DIRECTORS CONTINUED

> **The Board is satisfied that the Non-Executive Directors can devote sufficient time to the Company's business.**
>
> **Duncan Owen**
> Chair

When assessing additional directorships, the Board considers the number of public directorships held by the individual already and their expected time commitment for those roles (see biographies on pages 118 to 120). The Board considers guidance published by institutional investors and proxy advisers as to the maximum number of public appointments which can be managed both effectively and efficiently.

Executive Directors may accept a non-executive role at another company with the approval of the Board. The Board is satisfied that each of the Non-Executive Directors can devote sufficient time to the Company's business to discharge their responsibilities effectively. The Non-Executive Directors offer strategic guidance to Board discussions and they provide independent decisions to their respective Board and Committee duties (see the table on page 120 for Board meeting attendance).

ELECTION AND RE-ELECTION OF DIRECTORS

In accordance with the Code, all of the Directors will submit themselves for election or re-election at the AGM on 25 July 2024. Following the Board performance review, detailed on pages 155 to 156, and taking into account the Directors' skills and experience (set out on pages 118 to 120), the Board believes that the election or re-election (as applicable) of the Directors is in the best interests of the Company. The Board has considered their commitments and it has concluded that the Non-Executive Directors have sufficient time to meet their Board responsibilities.

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

Manju Malhotra was appointed as Chair of the Board ESG Committee in April 2024.

Mr Clemett and Mr Benson each have service contracts, details of which can be found on page 216.

None of the Non-Executive Directors have service contracts. The Non-Executive Directors are given letters of appointment. The appointments of Rosie Shapland, Lesley-Ann Nash, Manju Malhotra, Nick Mackenzie and David Stevenson may be terminated by either the Company, or any one of them, giving three months' notice in writing. The appointment of Duncan Owen may be terminated by either him or the Company giving six months' notice in writing.

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

Annual General Meeting
Page 126

DIVISION OF RESPONSIBILITIES CONTINUED
HOW WE GOVERN CONTINUED

THE RELATIONSHIP BETWEEN THE BOARD AND THE EXECUTIVE COMMITTEE

The Board considers there to be an appropriate balance between Executive and Non-Executive Directors required to lead the business and safeguard the interests of shareholders.

As at 31 March 2024, the Board comprised the Chair, four Non-Executive Directors (all of whom are independent) and two Executive Directors. David Stevenson joined the Board on 1 June 2024 as an independent Non-Executive Director. This composition meets the requirement of the Code for at least half the Board, excluding the Chair, to be independent Non-Executive Directors.

The Board delegates all operational matters to the Executive Committee except for the matters reserved to the Board.

Executive Committee – managing the business
The Executive Committee, which is chaired by Graham Clemett, supports the Board by providing executive management of Workspace within the strategy approved by the Board.

The Executive Committee is accountable to the Board for implementation of the agreed strategy. The Executive Committee monitors customer and market trends, assesses the implications and benefits of asset management initiatives and oversees the effectiveness of the governance framework.

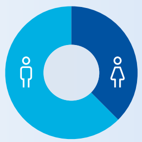
Our strategy
Pages 35 to 38

BOARD OF DIRECTORS

The Board is responsible for contemplating market trends and their impact on our strategy, assessing appropriate levels of risk and setting the objectives for the business, including the approach to ESG matters. The Board delegates the delivery of the strategy to the Executive Committee.

KEY RESPONSIBILITIES:

- Review and approval of the Group's strategy, business objectives and annual budgets.
- Approval of the Group's dividend policy and the payment and recommendation of interim and final dividends.
- Approval of full-year and half-year results, including the review and approval of the going concern basis of accounting and the viability assessment.
- Review of the health and safety performance across the Group.
- On the advice of the Nominations Committee, reviewing succession plans for the Board and the senior management team.
- Review and approval of corporate transactions.
- Setting the Group's purpose, values and standards.
- Approval of decisions likely to have a material impact on the Company or Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- Setting the risk appetite and tolerance of the Group.



AS AT THE DATE OF THIS REPORT, THE BOARD COMPRISES EIGHT PEOPLE
The Chair, five Non-Executive Directors and two Executive Directors

Female	3
Male	5

THE EXECUTIVE COMMITTEE

The Executive Committee is responsible for managing the business, making day-to-day operational decisions and delivering the strategy set by the Board.

KEY RESPONSIBILITIES:

- Develop the Group's strategy and budget for approval by the Board.
- Receive regular feedback from centre staff and take responsibility for implementing suggestions for improvements.
- Collectively responsible for the day-to-day running of the business.
- Analyse and review initiatives of particular interest to the Group and present these to the Board as appropriate.
- Monitor operational and financial results against plans and budgets.
- Review and approve capital expenditure within the authorities delegated by the Board.
- Develop leadership skills and the future talent of the business so that strong succession plans are in place as the Group develops.
- Discuss updates on the Group's sustainability strategy.
- Consider regulatory developments.
- Focus on the effectiveness of risk management and control procedures.

OUR STRATEGY
- Driving customer-led growth
- Delivering operational excellence
- Sustainable from the inside out

DIVISION OF RESPONSIBILITIES CONTINUED
HOW WE GOVERN CONTINUED

COMPOSITION OF THE EXECUTIVE COMMITTEE

1

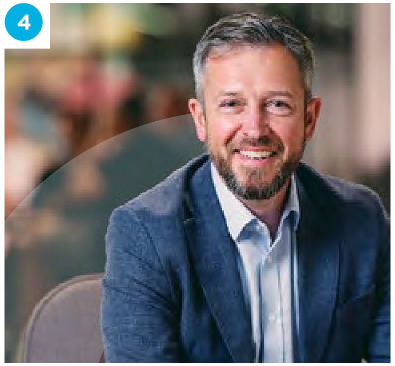
Graham Clemett
Chief Executive Officer

2

Dave Benson
Chief Financial Officer

3

Carmelina Carfora
Company Secretary

4

Will Abbott
Chief Customer Officer

5

Claire Dracup
Director of People & Culture

6

Paul Hewlett
Director of Strategy
& Corporate Development

7

Leo Shapland
Head of Portfolio Management

8

Richard Swayne
Investment Director

"The Executive Committee is collectively responsible for day-to-day operations and performance and the successful implementation of the Group's strategy.

Graham Clemett
Chief Executive Officer

Board skills and diversity
Page 159

Executive Committee skills and experience
Pages 143

DIVISION OF RESPONSIBILITIES CONTINUED
HOW WE GOVERN CONTINUED

EXECUTIVE DIRECTOR

1 **GRAHAM CLEMETT**
CHIEF EXECUTIVE OFFICER

EXECUTIVE DIRECTOR

2 **DAVE BENSON**
CHIEF FINANCIAL OFFICER

3 **CARMELINA CARFORA**
COMPANY SECRETARY

For full details of Graham, Dave and Carmelina's responsibilities and experience, go to
pages 118 to 120.

4 **WILL ABBOTT**
CHIEF CUSTOMER OFFICER

Specific responsibilities:
Marketing, brand development, digital strategy and customer engagement.

Background and relevant experience:
Will joined Workspace in 2020, having spent over 20 years in marketing roles across a diverse range of businesses. After beginning his career in advertising, Will moved to BSkyB before working in digital media, FMCG, financial services and travel sectors. Prior to Workspace, Will was Marketing Director at Insurer Hiscox, and latterly was Chief Marketing officer of Neilson Active Holidays.

5 **CLAIRE DRACUP**
DIRECTOR OF PEOPLE & CULTURE

Specific responsibilities:
HR, training and staff development, internal culture, health and safety, management of the customer experience improvement programme, management of the head office, personal assistants and admin teams, Chair of the Social Sustainability Committee and responsible for delivery of all social sustainability initiatives.

Background and relevant experience:
Claire joined Workspace in 1995, initially as a Centre Manager before progressing to Portfolio Manager. In 2008, Claire became Head of Support Services and she was responsible for facilities management, security, health and safety and business centre support, which included recruitment, training and improvements to service and quality control. Claire joined the Executive Committee in April 2020.

6 **PAUL HEWLETT**
DIRECTOR OF STRATEGY & CORPORATE DEVELOPMENT

Specific responsibilities:
Corporate strategic initiative development and execution; investor relations strategy.

Background and relevant experience:
Paul joined Workspace as Director of Strategy & Corporate Development in 2021. He was previously Executive Director of the UK Investment Banking Real Estate team at J.P. Morgan Cazenove. Paul has over 20 years of Corporate Finance advisory and Corporate Broking experience, advising companies across the real estate sector on corporate strategy and a wide variety of transactions, most notably focused on Mergers & Acquisitions and Equity Capital Markets.

7 **LEO SHAPLAND**
HEAD OF PORTFOLIO MANAGEMENT

Specific responsibilities:
Asset management, development and refurbishment, and operational performance of the portfolio including leasing and renewals, management of the centre and facilities teams and ESG matters.

Background and relevant experience:
Leo joined Workspace in March 2022 from Aviva Investors, where he was Head of UK Real Estate Asset Management, responsible for the strategy and financial performance of a large, diversified national property portfolio. Prior to that, Leo spent ten years at Tishman Speyer, holding a number of roles in investment, development and asset management in the firm's London, San Francisco and Seattle offices.

8 **RICHARD SWAYNE**
INVESTMENT DIRECTOR

Specific responsibilities:
Investment strategy, acquisitions and disposals, and valuations.

Background and relevant experience:
Richard joined Workspace in November 2014 as an Investment Manager. He was promoted to Head of Investment in October 2017 and to Investment Director in April 2020. Prior to joining Workspace, Richard worked for Cushman & Wakefield Investors and LFF Real Estate Partners. He is qualified as a Chartered Surveyor and holds the Investment Management Certificate.

DIVISION OF RESPONSIBILITIES CONTINUED
HOW WE GOVERN CONTINUED

INFORMING THE BOARD OF HOW IT ALL HAPPENS AT WORKSPACE

Information and support to the Board
The Board and its Committees are provided with comprehensive papers in a timely manner to enable members to be fully briefed on matters to be discussed at their formal Board meetings and at other appropriate times.

The CEO and CFO keep the Board appraised of business matters relating to the Group on a timely basis. They provide various updates to the Board on many aspects of the business, ranging from trading performance, progress being made on our refurbishment and redevelopment projects, the rationale for acquisitions and disposals and how these are aligned to strategy. The CEO and CFO also inform the Board on the discussions held with analysts, investors and other stakeholders.

The Chair of each Committee separately engages with Executive Committee members and other staff relevant to their roles, as well as meeting with relevant external advisers.

The Company Secretary and external advisers periodically update the Board on regulatory changes. This year, these have included the introduction of the new 2024 UK Corporate Governance Code, amendments to the Listing Rules, and updates on forthcoming ESG laws, regulations and guidance.

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

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

The Directors have access to the advice of the Company Secretary, Carmelina Carfora. Her biography can be found on page 120. At the direction of the Chair, Carmelina is responsible for advising the Board on matters of corporate governance and compliance with Board procedures.

SCHEDULED BOARD INPUTS 2023/2024

SENIOR MANAGEMENT MEETINGS

7 Board meetings

One-to-one meetings are held between new Directors and senior management as part of the induction process. The CEO and the CFO also regularly meet with senior management individually and at team meetings to discuss operations and performance, after which the CEO and/or the CFO will report back to the Board on matters that require discussion.

BOARD PRESENTATIONS

11 Presentations

Employees below Board level are regularly invited to present to the Board on operational topics. This year, this included:
- Presentations on the Group's strategy, presented by the Head of Portfolio Management, Director of Strategy and Corporate Development and Chief Customer Officer;
- A number of updates on investor relations by our Director of Strategy & Corporate Development;
- Updates on our brand strategy from our Chief Customer Officer;
- Feedback from our annual customer survey, presented by our Customer Insight Manager;
- Sustainability updates from our Head of Sustainability; and
- Updates on IT systems and cyber security.

EMPLOYEE ENGAGEMENT

3 Staff breakfast and lunch sessions

The Chair, alongside other Non-Executive Directors, held several meetings with staff as part of his role as Non-Executive Director responsible for employee engagement.

Our annual employee survey also collected feedback from staff during the year, and the Executive Committee report to the Board on key themes. Further details on these and the Group's other employee engagement initiatives during the year can be found on pages 25 to 26 and 126 to 127. Feedback from these initiatives was then presented to the Board.

AD HOC BOARD INPUTS IN 2023/24
Presentations from brokers | External speakers on market trends | Updates from legal advisers

DIVISION OF RESPONSIBILITIES CONTINUED
HOW WE GOVERN CONTINUED

HOW THE BOARD DISCHARGES ITS RESPONSIBILITIES

The Board discharges its responsibilities through an annual programme of Board and Committee meetings which are scheduled throughout the year, with main meetings timed around the Group's financial calendar. Additional meetings are convened to consider an annual cycle of topics, including the annual strategy day, key management and financial updates, review of risk as well as the approval of acquisitions and refurbishment programmes. In the year ended 31 March 2024, the Board met formally on seven occasions, including a strategy day in September 2023. Supplementary meetings or conference calls are held between formal Board meetings as required.

The Board engaged with the Group's advisers during the year and there was a presentation from the Group's brokers Stifel in July and JP Morgan in September 2023. The Group's property valuer, CBRE, presented to the Board in May 2023 and November 2023. The CBRE presentation covered the valuation of the property portfolio and the wider market in which the Group operates.

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

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

Prior to each Board meeting, and periodically, the Chair meets the Non-Executive Directors without the Executive Directors present, and maintains regular contact with the CEO, CFO and with other members of the management team.

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

Our Board training and development programme builds Director expertise.
Carmelina Carfora
Company Secretary

TRAINING AND DEVELOPMENT

With the ever-changing environment in which Workspace operates, it is important that the Board maintains a good working knowledge of the property industry and how the Group operates within its sector, as well as remaining aware of recent and upcoming developments in the wider legal and regulatory environment.

Directors attend external seminars and briefings in areas considered appropriate for their own professional development. This training is designed to build upon the diverse range of experience that each Director brings to the Board. The Company Secretary provides regular updates on legal, regulatory and corporate governance matters. As required, Workspace invites external professional advisers to provide training and updates on their specialist areas. Updates and training are not solely reserved for legislative developments but they aim to cover a range of issues including, but not limited to, market trends, the economic and political environment, ESG, technology and social considerations.

The Directors are invited to identify areas in which they would like additional information or training, following which the Company Secretary will arrange for the necessary resources to be put in place. The resulting sessions may be internally or externally facilitated.

This year, the Directors have received updates and presentations on the following areas:
- Governance and regulatory developments.
- ESG commitments and net zero carbon pathway.
- Data protection compliance.
- Executive remuneration trends and best practice, including ESG in remuneration.
- Diversity and inclusion.
- Conflicts of interest.
- Market updates and trends.

13
BOARD TRAINING SESSIONS AND UPDATES IN 23/24

COMPOSITION, SUCCESSION AND EVALUATION

The Nominations Committee knows that the right balance of knowledge, experience and skills within our Board, Committees and senior management is vital to deliver our strategy for the long-term benefit of our stakeholders.

Duncan Owen
Chair of the Nominations Committee

QUICK LINKS

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

MEMBERSHIP AND ATTENDANCE AT NOMINATIONS COMMITTEE MEETINGS

	MEMBER SINCE	MEETINGS ATTENDED
Duncan Owen (Chair)	**2021**	●●● **3**/3
Rosie Shapland	**2020**	●●● **3**/3
Lesley-Ann Nash	**2021**	●●● **3**/3
Manju Malhotra	**2022**	●●● **3**/3
Nick Mackenzie	**2022**	●●● **3**/3

More information on the skills and experience of all Committee members can be found on pages 118 to 120.

Board skills and diversity
Page 159

KEY TOPICS CONSIDERED BY THE COMMITTEE DURING THE YEAR

KEY TOPIC	ACTIVITY	OUTCOME
CEO SUCCESSION	Duncan Owen, supported by Heidrick & Struggles, led the rigorous process for the appointment of a successor to Graham Clemett, who will be stepping down from the Board during 2024.	On the recommendation of the Committee, Lawrence Hutchings has been appointed as CEO of the Company, the date of which is to be confirmed. Read more about the selection and appointment process on page 151.
APPOINTMENT OF A NEW NON-EXECUTIVE DIRECTOR	An external search consultancy was used to facilitate the appointment of a new Non-Executive Director and provide access to a strong and diverse candidate pool.	On the recommendation of the Committee, the Board appointed David Stevenson as a new Non-Executive Director with effect from 1 June 2024. Read more about the selection and appointment process on page 152.
APPOINTMENT OF MANJU MALHOTRA AS CHAIR OF THE BOARD ESG COMMITTEE	Following Duncan Owen's appointment as Chair of the Board, the Committee reviewed the chairship of the Board ESG Committee in line with guidance that the Chair of the Board should not also be the Chair of an ESG Committee.	Manju Malhotra was appointed as Chair of the Board ESG Committee with effect from 1 April 2024. Read more about Manju's appointment on page 183.
EXTERNAL BOARD PERFORMANCE REVIEW	As part of the three-year external Board performance review cycle, this year the Board and Committee performance review was facilitated externally. This year, for the first time, the performance review also assessed the individual Non-Executive Directors, and the Chair as well as the Board as a whole.	The Board, its Committees, the Non-Executive Directors and the Chair were all considered to be working effectively, with a number of recommendations and actions identified to further develop the effectiveness of the Board in future. Read more about the performance review and recommendations on pages 155 to 156.
EXECUTIVE LEADERSHIP ASSESSMENT	The Committee maintained its focus on building a strong and diverse pipeline of talent, and in particular this year focused on members of the Executive Committee.	Heidrick & Struggles were appointed to conduct a thorough assessment of members of the Executive Committee, the results of which were reported back to, and discussed, by the Committee. Read more on page 154.
DIVERSITY AND INCLUSION	In line with the recommendations of the Parker Review, the Board discussed an appropriate target for ethnic diversity among the Company's Executive Committee and senior management.	The Board set a target of 16% ethnic minority representation among its Executive Committee and senior managers by December 2027. Read more on page 162.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

NOMINATIONS COMMITTEE CHAIR'S LETTER

Duncan Owen
Chair of the Nominations Committee

The Committee plays a vital role in promoting effective Board and leadership succession, making sure it is fully aligned to the Company strategy. This year the key focus has been the search and selection of a new CEO and appointment of a new Non-Executive Director.

Board skills and experience
Pages 118 to 120

Dear shareholder,

I am pleased to present this review of the activities of the Nominations Committee. This is my first report since taking over as Chair of the Committee in July 2023.

As I reported in my Chair's Statement, Graham Clemett informed the Board of his intention to retire as the Chief Executive Officer during 2024, once a successor had been found and an appropriate handover conducted. Graham has been on the Board since 2007, joining as the Chief Financial Officer and then assuming the role of Chief Executive Officer in 2019.

The Committee commenced a rigorous and extensive search for his successor, assisted by the search firm Heidrick & Struggles. We are delighted that Lawrence Hutchings will be joining us in that capacity following completion of a notice period at his current role. Lawrence brings over 30 years' deep experience in the real estate industry and significant expertise in customer-centric operating businesses. We thank Graham for his service to the Company and look forward to welcoming Lawrence as our new Chief Executive Officer shortly. The Board is confident that Lawrence's wealth of knowledge and experience, alongside his values and leadership style, makes him the right person to lead the Company.

The Committee has reviewed the composition of the Board and its Committees to ensure they continue to evolve and align with our strategic pillars (see page 154) and with the developing and ever changing external environment. With this in mind and with the continuing support in developing our Board from Fidelio Partners Board Development & Executive Search Ltd ('Fidelio'), an independent external consultancy, we commenced the search for a new Non-Executive Director. Fidelio's commitment to identifying the most qualified and inclusive candidates for the role resulted in a strong and diverse shortlist of candidates presented to the Board. We are pleased that David Stevenson was appointed with effect from 1 June 2024. David has a wealth of experience in capital markets and we are confident that he brings additional skills that complement an effective and experienced Board who are focused on delivering stakeholder value.

We aim for our Board to have a wide range of backgrounds, skills and experience. We value a diversity of outlook, approach and style in our Board members. We believe that a balanced Board is stronger and better equipped to consider matters from a broader perspective. The appointment of the new CEO and Non-Executive Director reduces the proportion of women on our Board from the current 42.9% to 37.5%, thus below the recommendation of the FTSE Women Leaders Review and the target set out in the Listing Rules. The rigorous search process for both roles included a diverse mix of candidates and this will remain our approach in the future when considering Board appointments.

A Board needs a range of skills which also includes an understanding of the business and the environment in which we operate. Our newly appointed Directors were appointed on merit, valuing the unique contribution that they will bring to the Board. Diversity & inclusion within the Board, Executive Committee and senior management remains a high priority for the Board. This year, we have continued to progress our diversity & inclusion initiatives. In line with the Parker Review, we have set a target of 16% representation among the group comprising our Executive Committee and senior managers. Read more about diversity & inclusion, including our Parker Review target, on pages 158 to 165.

The Nominations Committee remains focused on the development of a diverse pipeline of senior management and long-term succession. In October 2023, Heidrick & Struggles were appointed to conduct a leadership assessment of all of the Company's Executive Committee members. Read more about the assessment on page 154.

As part of our three-year Board performance review cycle, this year an external Board performance review was conducted, facilitated by Fidelio. I am pleased to report that the Board and its Committees, as well as the Chair and Non-Executive Directors, were considered to be working effectively. Read more about the external Board performance review on pages 155 to 156.

Looking forward, the Committee will remain focused on succession planning at Board and senior leadership levels to ensure the continued strength and diversity of leadership at Workspace for the long term.

Duncan Owen
Chair of the Nominations Committee
4 June 2024

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

THE ROLE OF THE NOMINATIONS COMMITTEE

The Nominations Committee is responsible for ensuring the Board, its Committees and Workspace's senior management have a good balance of skills, knowledge, alignment to the needs of the business and experience, to lead Workspace effectively both now and in the long term.

This is achieved through succession planning and talent development, and an understanding of the changing competencies required to support the Group's strategy, purpose, vision, culture and values. The way in which this is supported through the current Board composition is set out on page 154.

The Committee also plays a key role in supporting inclusion and diversity at Workspace, which at Board level involves reviewing and monitoring processes and initiatives in the Group, with employee engagement playing an important role.

The Committee is responsible for recommending candidates for the role of Non-Executive Director responsible for employee engagement. The Committee also oversees the development of Board members who are keen to expand their competency and knowledge.

How the Committee operates
The Committee held three meetings during the year, primarily to progress the appointment of our new CEO and Non-Executive Director and to review the results of the external Board performance review and the Executive leadership assessment.

- The meetings are usually held immediately prior to or following a Board meeting, although the Committee also meets on other occasions on an ad hoc basis, as required.
- Only members of the Committee have the right to attend meetings. However, an invitation to attend meetings is, on occasion, extended to the Chief Executive Officer, in order that the Committee can understand his views, particularly on key talent within the business.
- All Directors can, for the purpose of discharging their duties, obtain independent professional advice at the Company's expense. No Director had reason to use this facility during the year.

Nominations Committee responsibilities
The Nominations Committee considers the structure, size and composition of the Board, its Committees and the Executive Committee. The Nominations Committee receives oversight from the Chief Executive Officer on the Company's leadership roles, which include the Executive Committee members and other individuals considered to form our senior management.

The Committee's responsibilities include:

- Leading the process for new Board appointments and reviewing succession for Directors and senior management.
- Regularly reviewing the structure, size and composition of the Board and its Committees, including the Executive Committee.
- Facilitating a performance review of the Board, its Committees and Directors.
- Reviewing the time commitment expected from the Chair and Non-Executive Directors.
- Recommending the election and re-election by shareholders of the Directors, having due regard to their performance and ability to continue to contribute to the Board, taking into consideration the skill, experience and knowledge required along with the need for progressive refreshing of the Board and alignment to strategic objectives of the business.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

NOMINATIONS COMMITTEE ACTIVITIES IN 2023/2024

AT A GLANCE: THE PROCESS AND PRINCIPLES WE FOLLOW WHEN APPOINTING NEW DIRECTORS

1. ENGAGE A SEARCH AGENCY

We only engage experienced external search agencies which specialise in Board roles and are recognised for their commitment to diversity & inclusion.

2. SPECIFICATION

The Committee, assisted by our appointed search agency, discusses and compiles a specification of the skills, knowledge and experience required for the role.

3. SEARCH

The executive search agency conducts a search to identify a diverse pool of candidates, whether internal or external, with attributes that meet the role specification.

4. ASSESSMENT

The executive search agency conducts a detailed assessment of the available candidates and reviews an initial longlist with Board members, following which a shortlist is compiled.

5. INTERVIEW

The shortlisted candidates meet with the Committee for a series of interviews and, where appropriate, other forms of assessment.

6. SELECTION

The Committee reflects on the experience of all candidates, and makes a recommendation to the Board as to which candidate to appoint.

7. INDUCTION

All new Directors joining the Board undertake a formal and personalised induction programme, designed to provide an understanding of the Company's business, strategy, culture, environmental and social matters, governance, management and stakeholders.

This covers the operation and activities of the Company, such as site visits, meeting members of the senior management team across our key business areas and operations, the Company's principal strategic risks, the role of the Board, the decision-making matters reserved to the Board, and the responsibilities of Board Committees.

This is tailored to take into account a Director's previous experience and responsibilities. The Company Secretary assists the Chair in designing and facilitating an induction programme for new Directors and ongoing training.

Directors are also briefed on their roles and responsibilities as a director of a listed company. Directors are offered follow-up sessions in any areas in which they want to increase their knowledge.

We also offer ongoing bespoke development for Directors and Committee Chairs. Directors are encouraged to continue to meet with management after their induction on an ongoing basis to support them and pass on their experience.

Induction of new NED
Page 153

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

NOMINATIONS COMMITTEE ACTIVITIES IN 2023/24 CONTINUED

CEO APPOINTMENT

THE PROCESS WE FOLLOWED

ENGAGING A SEARCH AGENCY

RESPONSIBILITY
- Nominations Committee

Appointment of Heidrick & Struggles
Following Graham Clemett's announcement that he would retire as CEO during 2024, the Nominations Committee considered three search agencies to assist them with the search and identification of a new CEO. Following this, Heidrick & Struggles were engaged by the Committee. Heidrick & Struggles is an external and independent board consultancy firm which specialises in building board capability. Heidrick & Struggles are signatories to the Voluntary Code of Conduct for executive search firms and are committed to ESG, diversity & inclusion. Heidrick & Struggles also supported with the Executive leadership assessment conducted this year (see page 154), but has no other connection with the Company or the individual Directors.

SPECIFICATION

RESPONSIBILITY
- Heidrick & Struggles
- Nominations Committee

Heidrick & Struggles facilitated discussions between the Chair and members of the Nominations Committee, including the specification for the role.

The key skills and experience required for the role included excellent judgement, property expertise, understanding of investment markets, customer centricity, strong operational focus, ability to constructively challenge while maintaining a highly collaborative approach, successful leadership in a listed company with good familiarity of corporate governance requirements and a deep understanding of ESG, diversity & inclusion and stakeholder interests.

SEARCH

RESPONSIBILITY
- Heidrick & Struggles

Heidrick & Struggles identified potential internal candidates as well as conducting an extensive parallel search process to identify external candidates. Heidrick & Struggles' commitment to identifying the most qualified and inclusive candidates for roles resulted in a strong and diverse shortlist for the CEO appointment.

ASSESSMENT

RESPONSIBILITY
- Heidrick & Struggles
- Chair
- Senior Independent Director

Heidrick & Struggles conducted a detailed and rigorous assessment of the available candidates. An initial list of candidates was reviewed by Duncan Owen and Rosie Shapland against the specification agreed for the role. Following this, a shortlist of four candidates was compiled.

INTERVIEW

RESPONSIBILITY
- Nominations Committee

The four preferred candidates then met with all members of the Committee in February and March 2024 for a series of interviews and presentations. Following these, the Committee reflected on the experience and skills of all the candidates.

SELECTION

RESPONSIBILITY
- Nominations Committee
- Board

After careful deliberation, the Committee unanimously recommended the appointment of Lawrence Hutchings as Chief Executive Officer given his 30 years' deep experience in the real estate industry and significant expertise in customer-centric operating businesses.

The Board agreed with the recommendation of the Committee. Lawrence is expected to join Workspace following completion of a notice period at his current role.

Diversity & inclusion
Page 158

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

NOMINATIONS COMMITTEE ACTIVITIES IN 2023/24 CONTINUED

APPOINTMENT OF A NEW NON-EXECUTIVE DIRECTOR

THE PROCESS WE FOLLOWED

ENGAGING A SEARCH AGENCY

RESPONSIBILITY

- Nominations Committee

Appointment of Fidelio
Following the Board performance review, which identified that the Board could be strengthened with additional knowledge of capital markets and digital capabilities, Fidelio were engaged to conduct the selection process for a new Non-Executive Director.

Fidelio are accredited by the FTSE Women Leaders Review for its contribution to increasing and promoting gender diversity in the boardroom and are signatories of the Standard Voluntary Code of Conduct.

Fidelio were also engaged to facilitate this year's external Board performance review, but has no other connection with the Company or the individual Directors.

SPECIFICATION

RESPONSIBILITY

- Fidelio
- Nominations Committee

Fidelio were asked to draw up a detailed role specification. This was reviewed with the Chair who then engaged with the Nominations Committee. A final role specification was then approved.

As identified in the external Board performance review, the key skills and experience required included capital markets expertise, experience in setting and delivering strategy, understanding of SMEs, understanding of technology and digital capabilities, familiarity with listed company requirement and awareness of ESG and stakeholder interests.

SEARCH

RESPONSIBILITY

- Fidelio

Fidelio conducted an extensive search process to identify a diverse range of possible candidates.

ASSESSMENT

RESPONSIBILITY

- Fidelio
- Chair
- Senior Independent Director

Fidelio conducted a detailed and rigorous assessment of the available candidates. An initial list of six candidates was reviewed by Duncan Owen and Rosie Shapland against the specification agreed for the role. Following this review, a shortlist of four candidates was compiled.

INTERVIEW

RESPONSIBILITY

- Chair
- Senior Independent Director
- Nominations Committee

The four shortlisted candidates were interviewed by Duncan Owen and Rosie Shapland. The two preferred candidates then met with all members of the Committee in March 2024 for a series of interviews. Following these interviews, the Committee reflected on the experience and skills of all the candidates.

SELECTION

RESPONSIBILITY

- Nominations Committee
- Board

After careful deliberation, the Committee unanimously recommended the appointment of David Stevenson as Non-Executive Director given his experience in capital markets and in optimising digital strategies.

The Board agreed with the recommendation of the Committee and David was appointed as Non-Executive Director with effect from 1 June 2024.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
NOMINATIONS COMMITTEE ACTIVITIES IN 2023/24 CONTINUED

APPOINTMENT OF A NEW NON-EXECUTIVE DIRECTOR CONTINUED

INDUCTION

Induction of David Stevenson

Each newly appointed Director receives a comprehensive induction programme, designed to give them an overview and understanding of the business, and their roles and responsibilities as a Director of the Company.

The induction for David Stevenson began shortly after the announcement of his appointment on 25 April 2024. For David, the induction programme is still ongoing, and includes the following elements:

- One-to-one meetings with Executive Directors, the Chair and each of the Non-Executive Directors, covering strategy, operational and financial matters, people and more.
- Briefings from the Company Secretary and the Head of Corporate Communications on legal governance matters and shareholder relationships, to be followed up by sessions with the Company brokers and external advisers.
- Briefings from senior executives and managers across our key business areas and operations, including marketing, asset management, investment, brand development, ESG and technology.
- Access to reference materials including key information on our governance framework, recent financial data, investor relations and policies supporting our business practices, including our share dealing policies, conflicts of interest procedure and director's duties.
- Tours of properties within the portfolio with the relevant asset management teams.
- Follow up sessions will be offered in all areas.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
NOMINATIONS COMMITTEE ACTIVITIES IN 2023/24 CONTINUED

EXECUTIVE LEADERSHIP ASSESSMENT

During the year, the Nominations Committee has continued to focus on the ongoing development of the Executive team and how the Board works with the Executive Committee.

In October 2023, the Committee engaged Heidrick & Struggles to conduct an assessment of all members of the Executive Committee in order to better understand the strengths and development needs for each member, both on an individual level and as a group. Detailed feedback was provided to members of the Executive Committee in early 2024.

PERFORMANCE OF THE NOMINATIONS COMMITTEE

The performance of the Nominations Committee was assessed during the year. This year, the Committee was subject to an external performance review, the outcomes of which are listed below. From the responses provided, it was concluded that the Nominations Committee was operating effectively.

Outcomes
- Ensure that key points from this review regarding skill matrix and tenure are considered by the Nominations Committee.
- Keep under review the progress of the executive development programme.
- Ensure that the Committee provides comfort to shareholders that good process is being followed in terms of Board appointments.

Following the performance review, the Chair held one-to-one sessions with each Non-Executive Director separately to discuss the feedback and develop action points.

See pages 155 to 156 for further details of the external Board performance review.

BOARD COMPOSITION

Reviewing the Board and Committee composition
As part of the Board's annual performance review, described on page 155, the Committee considers the composition of the Board and its Committees in terms of balance of skills, experience, length of service and wider diversity considerations.

The Board and its Committees continue to have a strong mix of experienced individuals who are not only able to offer an external perspective on the business, but also provide constructive challenge to review the Group's strategy. The Nominations Committee is satisfied that each Director continues to make an effective contribution to the Board and to fulfil their duty to promote the success of the Company. Furthermore, the respective skills of the Directors were found to complement one another, enhancing the overall operation of the Board.

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

With effect from the close of the 2024 AGM, no Non-Executive Directors will have been on the Board for more than six years.

As at 31 March 2024, the Board comprised the Chair, two Executive Directors and four Non-Executive Directors. David Stevenson was appointed as a Non-Executive Director with effect from 1 June 2024. Further details on the independence of the Directors and their election and re-election can be found on pages 139 to 140 and on pages 3 to 4 of the 2024 Notice of Annual General Meeting.

In accordance with the Code, all the Directors will retire and offer themselves for election or re-election by shareholders at the 2024 Annual General Meeting.

The biographies of all members of the Board, outlining the skills and experience they bring to their roles, are set out on pages 118 to 120.

Manju Malhotra was appointed as Chair of the Board ESG Committee with effect from 1 April 2024. Duncan Owen was appointed as the Non-Executive Director for employee engagement in July 2023, and is joined at his employee engagement sessions by other Non-Executive Directors. Further details can be found on page 127.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
NOMINATIONS COMMITTEE ACTIVITIES IN 2023/24 CONTINUED

BOARD COMPOSITION CONTINUED

Chair's performance review for 2023/24
For the first time this year, the Chair performance review was carried out externally by Fidelio. The Senior Independent Director chaired a meeting of Non-Executive Directors in March 2024, without the Chair present, to discuss the outcomes of the review with Fidelio and to address any other matters which the Directors might wish to raise. The outcome of these discussions was conveyed by the Senior Independent Director to the Chair. It was concluded that the Chair is highly respected and is valued for his industry knowledge and experience. The Board is satisfied that the Chair continued to be effective and shows a high level of commitment in discharging his responsibilities.

Time commitments
The Directors have demonstrated a strong commitment to their roles on our Board and Committees. The Directors attended meetings of the Board and Committees scheduled in 2023/24 as well as additional ad hoc Board meetings. For further details of attendance at meetings see page 120.

The Non-Executive Directors also meet with the Executive Directors and members of senior management during the year.

The Directors gave careful consideration to their external time commitments to confirm that they are able to devote an appropriate amount of time to their roles. For each of the Directors, the Board considers that the time commitment that he or she is required to devote to those external roles does not compromise their role at Workspace. The Nominations Committee reviews Directors' time commitments and confirmed that they were fully satisfied with the amount of time each Director devoted to the business.

The Committee also recognises that there is value in the Non-Executive Directors being active on other Boards in an Executive or Non-Executive Director capacity. During the year, the Nominations Committee considered Duncan Owen's proposed appointment as Non-Executive Director and Chair-elect of Link REIT, and concluded that this external role would not compromise his role as Chair of Workspace.

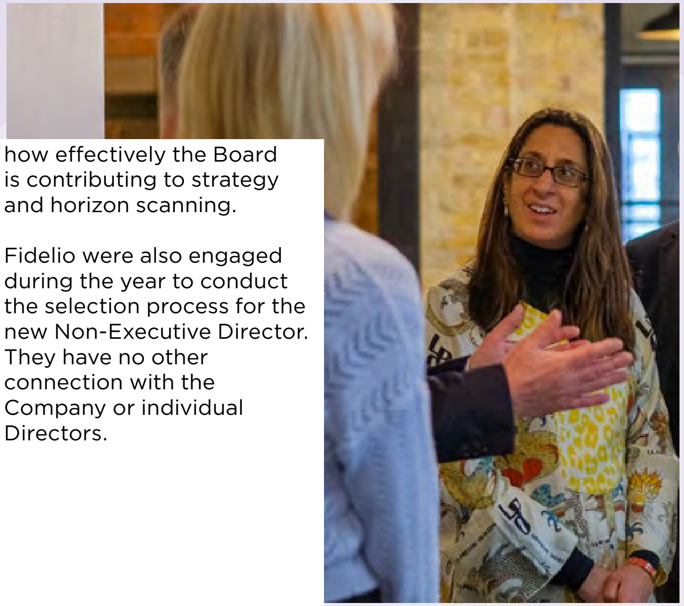
BOARD PERFORMANCE REVIEW

As part of our three-year Board performance review cycle, Workspace conducted an external Board performance review for 2024 in line with best practice corporate governance requirements. This followed internal reviews facilitated by Fidelio in 2023 and 2022, the outcomes of which are detailed on page 157.

Having facilitated the 2023 and 2022 internal reviews, and carrying out the 2021 external performance review, Fidelio were appointed to conduct this year's external performance review of the Board, its Committees and individual directors.

The performance review focused on the overall effectiveness of the Workspace Board, building on the prior external performance review which enabled the Board to monitor progress on key aspects of governance, including the composition of the Board. In addition, the 2024 performance review provided a deep dive into how effectively the Board is contributing to strategy and horizon scanning.

Fidelio were also engaged during the year to conduct the selection process for the new Non-Executive Director. They have no other connection with the Company or individual Directors.



AN ESTABLISHED TIMELINE WITH INCREMENTAL IMPROVEMENTS MADE EACH YEAR

2021/2022
INTERNAL BOARD PERFORMANCE REVIEW
This process was developed with a clear focus on the 'high-performing Board' and how the Board adds value. This approach built on the prior Board performance review and the progress made and also contributed to the momentum and potential of a relatively new Board.

2022/2023
INTERNAL BOARD PERFORMANCE REVIEW
This internal performance review covered the effectiveness of the Workspace Board, and how this has developed over the preceding year. Looking ahead it had a clear focus on the Board's contribution to strategy and horizon-scanning.

2023/2024
EXTERNAL BOARD PERFORMANCE REVIEW
The 2023/24 external Board performance review was conducted against the backdrop of a new Board Chair. The external performance review focused on Board oversight in the development of the leadership team and implementation of the Company's strategy.

> **The 2023/24 external performance review focused on leadership and strategy.**

Key outcomes of the review
Page 156

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
NOMINATIONS COMMITTEE ACTIVITIES IN 2023/24 CONTINUED

BOARD PERFORMANCE REVIEW PROCESS

EXTERNAL REVIEWER

TIMELINE: OCTOBER 2023

Fidelio were engaged by the Committee to undertake the external Board performance review

Having facilitated the 2023 and 2022 internal reviews, and carrying out the 2021 external performance review, Fidelio were well placed to track the progress that Workspace has made with regard to Board effectiveness and to conduct an assessment of individual Board members.

Process followed:
- Met with the Chair and Company Secretary to define the scope and objectives of the performance review.
- Held in-depth one-to-one interviews with each Board Director and the Company Secretary covering key aspects of governance and effectiveness.
- Held discussions with each of the Executive Committee members.
- Observed Board and Committee meetings held during the year.
- Analysed and reviewed recent Board and Committee papers, governance documents and other relevant materials.
- Reviewed the new Board portal.
- Considered the governance arrangements of key peers.

INTERVIEWS

TIMELINE: OCTOBER-NOVEMBER 2023

Interviews with Board and Executive Committee members

Fidelio met with Directors, the Company Secretary and members of the Executive Committee to discuss the performance of the Board.

Interviews focused on the following key areas:
- Board composition and skills – including the appointments process for Board and senior roles, induction and development of Board members.
- Strategy and the Board's contribution to its formulation.
- Board contribution to value.
- Employees and engagement.
- Board materials and process.
- Effectiveness of the respective Board Committees in contributing to the work of the Board.
- Engagement with shareholders and other stakeholders.
- Board development and learning.

FINDINGS PRESENTED

TIMELINE: JANUARY 2024

Findings presented to the Board and implementation plan agreed

The report of Fidelio's findings was presented to the Board at the January 2024 Board meeting.

Discussion focused on the following key areas:
- The Board discussed the points raised by the review as well as the recommendations for increasing the effectiveness of the Workspace Board.
- Individual feedback on the Directors was provided to the Chair who after consideration of the recommendations from the Board evaluation process, met with the Directors individually.
- Feedback on the Chair was also provided in the report.

OUTCOMES

TIMELINE: JANUARY 2024

Key outcomes agreed

The feedback of this year's external Board performance review was positive and concluded that the Board and its Committees continued to work well, noting the highly relevant experience the members of the Board possess. In particular, it was noted that the Board is moving at pace, particularly with regard to strategy.

Specific development themes included:
- Maintain the focus and pace of the strategy process.
- Signal clear Board interest in the strength of the Executive bench and support the executive development programme.
- Increase Board focus on the People Agenda.
- Continue to align Board composition to the needs of the business (see page 154 for details of the resulting appointment of David Stevenson as a Non-Executive Director).
- Further develop Board papers and processes.
- Continue to enhance Committee effectiveness.
- Ensure firm understanding of the shareholder perspective, and effective engagement.
- Provide targeted ongoing Board learning.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
NOMINATIONS COMMITTEE ACTIVITIES IN 2023/24 CONTINUED

PROGRESS AGAINST THE EXTERNAL BOARD EFFECTIVENESS REVIEW CONDUCTED IN 2023

ITEM DISCUSSED BY THE BOARD	FOCUS AREA	PROGRESS
STRATEGY	Continue to develop its oversight of strategy and horizon scanning.	The Board continues to consider the Group strategy at each Board meeting. An annual strategy day was held in September 2023 and this was attended by some members of the Executive Committee and external presenters. Actions from the strategy day were then circulated to the Board, followed by further presentations by members of the Executive Committee to develop our strategy. This culminated in a strategy workshop attended by the Executive Committee and senior management. This will remain a focus for the Board going forward.
EMPLOYEE ENGAGEMENT	Continue to focus on effective workforce engagement.	During the year, the Board continued with a programme of events outside of Board meetings at which members of the Board and the Executive Committee can build relationships on a more informal basis. The Chair also held feedback meetings with staff during the year. This year, other Non-Executive Directors joined the Chair at these meetings. Further details can be found on page 127. The CEO provides the Board with oversight of the broader people agenda, succession planning, development and changes in staff across the business. This includes updates from town hall meetings.
BOARD LEARNING	Continuous learning for Board members to enhance understanding of the Company and the business it operates in.	The Board strategy day offers an opportunity for members of the Board to hear from internal and external speakers on a variety of topics, including market trends and developments as well as strategic planning across areas of the business. Whilst the approach to Board learning will be kept under review, we shall continue to develop a dynamic programme of relevant subject areas to be covered that reflect strategic priorities or challenges. Regular Board updates on compliance and regulatory matters will also continue, as appropriate.
DIVERSITY, INCLUSION AND ESG	Review progress on diversity and inclusion and ESG both at Board level and throughout the business.	For details of our progress with diversity and inclusion, see pages 158 to 165. A commitment to acting sustainably is one of the three pillars to our strategy which demonstrates how deeply it is embedded and ensures we consider sustainability in all business decisions. The ESG Committee continues to review our sustainability strategy, governance, and science-based targets to transition to net zero. This year, a particular focus was the entry into the 10-year Corporate Power Purchase Agreement with Statkraft. For more details, see page 28. We have continued to progress our social impact through initiatives such as the InspiresMe programme and employee wellbeing activities. Read more on pages 60 to 65 and 210.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
NOMINATIONS COMMITTEE ACTIVITIES IN 2023/24 CONTINUED

DIVERSITY AND INCLUSION AT WORKSPACE

WHY WE DO IT
A diverse workforce will contribute to our long-term success and help us achieve our strategy.

HOW WE DO IT
Read all about our D&I initiatives on the following pages.

OVERVIEW

We value diversity in all its richness and work hard to create an environment where talented people can thrive, without regard to gender, gender reassignment, race, ethnicity, age, religious or spiritual beliefs, sexual orientation, marital and civil partnership status, disability, education or social background. A diverse organisation benefits from the different perspectives and inclusivity in these areas can bring, as well as from variety in skills, industry experience and personality.

Our Equal Opportunities and Dignity at Work Policy applies both to the Board, its Committees and the wider business. Workspace's purpose is to give businesses the freedom to grow. We know that a Board, Executive Committee and wider workforce made up of people with a wide range of backgrounds and experiences will contribute to our long-term success and help to achieve our strategy (see page 35 for further details on our strategy). We are committed to supporting diversity and to creating an inclusive culture that attracts the best individuals to our workforce. We also have a Board diversity and inclusion policy, detailed on page 160.

> **A Board, Executive Committee and wider workforce made up of people with a wide range of backgrounds and experiences enables us to consider matters from a broader perspective.**

Achieving a diverse and inclusive pipeline
Pages 163 to 165

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
DIVERSITY & INCLUSION AT WORKSPACE CONTINUED

BOARD DIVERSITY

Workspace is committed to diversity at Board level in its widest sense. Diverse boards have been shown to lead to better corporate culture and performance.

A wide range of backgrounds and experiences
Our Board comprises a mix of individuals with different backgrounds, skills and experiences. As at 31 March 2024, the Company met the targets set by the FTSE Women Leaders Review and Parker Review.

A stable and effective Board
There is a mix of tenures among our Board of Directors, bringing a balance of knowledge and experience of the Company and fresh perspectives.

The right balance to drive growth
Our strong mix of experienced individuals with an appropriate balance of skills are able to offer an external perspective on the business alongside constructive challenge to our Executive Committee as they deliver our strategic objectives.

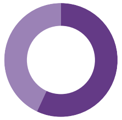
BOARD EVOLUTION

4.9 years

AVERAGE TENURE AS OF 31 MARCH 2024

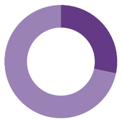
DIVERSITY OF THE BOARD

GENDER DIVERSITY OF THE BOARD[1]
31 MARCH 2024



Men (including those self-identifying as men)	57.1%
Women (including those self-identifying as women)	42.9%

ETHNIC DIVERSITY OF THE BOARD[2]
31 MARCH 2024

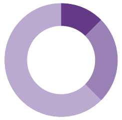


Identify as ethnic minority	28.6%
Do not identify not as ethnic minority	71.4%

AGE DIVERSITY OF THE BOARD[3]
31 MARCH 2024

50-59	6
60-69	1

BOARD INDEPENDENCE
31 MARCH 2024

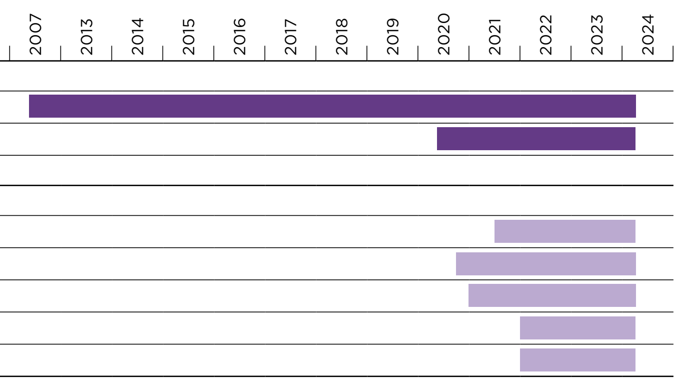


Non-Executive Chair	1
Executive Directors	2
Independent Non-Executive Directors	4

BOARD AND COMMITTEE SKILLS AND EXPERIENCE 31 MARCH 2024

	Executive leadership	Property and Real Estate	Financial	Corporate governance	Customer and Marketing	People	ESG
Executive Directors							
Graham Clemett	●	●	●	●	●	●	●
Dave Benson	●	●	●	●	●	●	●
Non-Executive Directors							
Duncan Owen	●	●	●	●	●	●	●
Rosie Shapland	●		●	●		●	●
Lesley-Ann Nash	●		●	●		●	●
Manju Malhotra	●		●	●	●	●	●
Nick Mackenzie	●	●	●	●	●	●	●

LENGTH OF TENURE FOR THE BOARD 31 MARCH 2024



1. Following the appointment of David Stevenson as Non-Executive Director, 37.5% of the Board identify as women.
2. Following the appointment of David Stevenson as Non-Executive Director, 25% of the Board identify as an ethnic minority.
3. Following the appointment of David Stevenson as Non-Executive Director, seven directors are 50-59 and one is 60-69.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
DIVERSITY & INCLUSION AT WORKSPACE CONTINUED

BOARD DIVERSITY CONTINUED

BOARD DIVERSITY, PRINCIPLES AND PROGRESS

At Board level, we recognise that a group that is diverse in nature, irrespective of characteristics such as gender, ethnicity, skills, experience and background, is able to provide differing perspectives and challenge to debates and decisions. When recruiting new Board members, the Nominations Committee makes all decisions in consideration of this policy and the principles below. The principles have been agreed with the aim of increasing diversity within our Board and its Committees, and developing a pipeline of high potential diverse leaders and senior managers.

PRINCIPLES	IMPLEMENTATION	PROGRESS AGAINST OBJECTIVES
Ensure the Board comprises an appropriate balance of skills and brings a balance of diverse characteristics including in terms of gender, ethnicity, skills, experience and background in order to bring fresh perspectives and to enrich our business and contribute to our long-term success.	The diversity of the Board, in a number of respects, is continually reviewed by the Nominations Committee and is considered annually by the wider Board as part of the Board performance review to ensure the Board is continuing to enrich the business and contribute to its long-term success.	In January 2024, the Board discussed this year's external Board performance review process. An important part of the discussion related to the value of diversity, including cognitive diversity. No concerns were raised in connection with the diversity of the Board. For more information on the outcomes of the Board performance review, please see pages 155 to 156. 42.9% female representation on our Board as at 31 March 2024 (2023: 37.5%). 28.6% ethnic minority representation on our Board as at 31 March 2024 (2023: 25%). With the appointment of David Stevenson as a Non-Executive Director with effect from 1 June 2024, these figures have changed to 37.5% and 25% respectively.
Ensure the recruitment process, including advertisements and use of recruitment agencies, allows for a diverse group of potential candidates to be identified.	The Board places importance on ensuring the recruitment process is fair and is based solely on individual merit. The Board instructs executive search firms to assist with sourcing the best candidates for the role. When instructing an executive search firm, the Board will explicitly request that a diverse mix of individuals is identified for the role.	In 2024, the Board has recruited a new CEO and a new Non-Executive Director. A thorough recruitment and selection process was undertaken for each. Candidate briefs were prepared and a diverse long and shortlist was presented for both the CEO and Non-Executive Director positions. In making these appointments, the Board considered its Diversity & Inclusion Policy, to actively seek diverse candidates.
The Board and Nominations Committee will only engage with executive search firms that have signed up to the Standard Voluntary Code of Conduct for Executive Search Firms.	The Board will continue to engage executive search firms that have signed up to the Standard Voluntary Code of Conduct.	During 2023/24, Heidrick & Struggles and Fidelio were each engaged by the Board as executive search firms. Both Heidrick & Struggles and Fidelio are signed up to the Standard Voluntary Code of Conduct in order to provide sufficient support to the Board in enhancing diversity.
Board attention and focus is given to initiatives designed to develop a pipeline of talented, high potential employees and senior managers from a diverse range of backgrounds including in terms of gender, ethnicity, skills, experience and background.	The HR team has been tasked with continuing to progress our existing initiatives to support development of a diverse pipeline of talent (see page 163 for further details) as well as delivering the new initiatives detailed on pages 163 to 164.	During the year, we continued to introduce and progress a number of initiatives aimed at achieving a diverse and inclusive pipeline of talent. See pages 163 to 164 for more details on our diversity initiatives.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
DIVERSITY & INCLUSION AT WORKSPACE CONTINUED

BOARD AND EXECUTIVE COMMITTEE DIVERSITY

The Board is fully supportive of the recommendations of both the FTSE Women Leaders Review and the Parker Review, and of the targets set out in LR9.8.6R(9). We recognise that a group that is diverse in nature, irrespective of gender, ethnicity, skills, experience and background, is able to provide differing perspectives and challenge to debates and decisions.

The tables to the right set out the numerical data required to be disclosed in accordance with LR 9.8.6R(9), as at 31 March 2024.

The data contained in the disclosures to the right was self-reported by members of the Board and Executive Committee. The Executive Committee were asked to specify their gender identity and ethnic origin via our HR system, with each question using a dropdown menu with options to select. The Board were separately each asked the same questions with the same options.

Footnotes 1 and 2 provide information on changes since 31 March 2024 following the appointment of David Stevenson as Non-Executive Director.

Graham Clemett and Dave Benson are members of both the Board and the Executive Committee and therefore are included in both the calculations relating to the Board and those relating to executive management.

EXECUTIVE COMMITTEE EVOLUTION

5.2 years

AVERAGE TENURE

THE GROUP MET THE THREE LR 9.8.6R(9) TARGETS

AS AT 31 MARCH 2024

At least one of the senior Board positions should be held by a woman

Status: Achieved

ROSIE SHAPLAND IS SENIOR INDEPENDENT DIRECTOR

At least one member of the Board should be from an ethnic minority

Status: Achieved

2

MEMBERS OF THE WORKSPACE BOARD ARE FROM A MINORITY BACKGROUND

At least 40% of individuals on the Board should be women

Status: Achieved[1]

42.9%

OF THE WORKSPACE BOARD ARE WOMEN[1]

GENDER AND ETHNIC DIVERSITY OF THE BOARD AND THE EXECUTIVE COMMITTEE

GENDER

	Number of Board members	Percentage of the Board[1]	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men (including those self-identifying as men)	4	57.1%	3	6	75%
Women (including those self-identifying as women)	3	42.9%	1	2	25%
Non-binary	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

ETHNICITY

	Number of Board members	Percentage of the Board[2]	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	5	71.4%	4	8	100%
Mixed/Multiple Ethnic Groups	0	0%	0	0	0%
Asian/Asian British	1	14.3%	0	0	0%
Black/African/Caribbean/Black British	1	14.3%	0	0	0%
Other ethnic group, including Arab	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

1. Between 31 March 2024 and the date of this Report, David Stevenson has been appointed to the Board as a Non-Executive Director, following which the Board comprises 37.5% women and 62.5% men.
2. Between 31 March 2024 and the date of this Report, David Stevenson has been appointed to the Board as a Non-Executive Director, following which the Board comprises 75% White British or other White members, 12.5% Asian/Asian British members and 12.5% Black/African/Caribbean/Black British members.

Further information on the composition of the Board can be found on page 117 and on the composition of the Executive Committee on page 142.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
DIVERSITY & INCLUSION AT WORKSPACE CONTINUED

EXECUTIVE COMMITTEE AND SENIOR MANAGER DIVERSITY

The tables below set out the gender and ethnic diversity of the individuals comprising our Executive Committee and senior managers.

In line with the FTSE Women Leaders Review and the Parker Review, we consider senior managers to be those employees deemed to be senior managers of the Group who report directly to an Executive Committee member.

In respect of the UK Corporate Governance Code 2018, we consider the Executive Committee to be our 'senior management' as defined by the Code.

PARKER REVIEW TARGET

In line with the guidance published by the Parker Review, the Board has set a target of 16% minority ethnic representation within the group comprising our Executive Committee and senior managers, as defined by the Parker Review, by 31 December 2027.

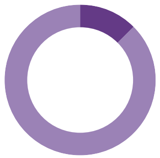
16%

THE BOARD HAS SET A TARGET OF 16% MINORITY ETHNIC REPRESENTATION WITHIN THE GROUP COMPRISING OUR EXECUTIVE COMMITTEE AND SENIOR MANAGERS

GENDER DIVERSITY OF EXECUTIVE COMMITTEE AND SENIOR MANAGERS
AS AT 31 MARCH 2024

	2024
Female	37.5%
Male	62.5%

ETHNIC DIVERSITY OF EXECUTIVE COMMITTEE AND SENIOR MANAGERS
AS AT 31 MARCH 2024



	2024
Minority ethnic	12.5%
White	87.5%

WIDER WORKFORCE DIVERSITY

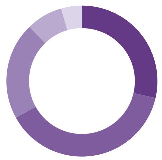
The charts below show the gender, ethnicity and age diversity of all our employees.

This disclosure is made in accordance with section 414C(8)(c)(iii) of the Companies Act 2006. The Board breakdown required by section 414C(8)(c)(i) of the Companies Act 2006 is set out on page 159. In addition, for the purposes of disclosure under section 414C(8)(c)(ii) of the Companies Act 2006, the Group had four male and two female senior managers as at 31 March 2024, calculated in accordance with sections 414C(9) and (10)(b) of the Companies Act 2006.

GENDER DIVERSITY OF ALL EMPLOYEES
AS AT 31 MARCH 2024

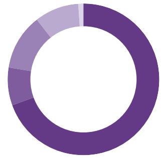
	2024
Female: 189	57.4%
Male: 140	42.6%

AGE DIVERSITY OF ALL EMPLOYEES
AS AT 31 MARCH 2024



	2024
18–29: 95	28.8%
30–39: 126	38.3%
40–49: 68	20.7%
50–59: 26	7.9%
60–69: 14	4.3%
70–79: 0	0%

ETHNIC DIVERSITY OF ALL EMPLOYEES
AS AT 31 MARCH 2024



	2024
White: 229	**69.6%**
English/Welsh/Scottish/Northern Irish/British	153
White – Irish	8
White – Other	68
Black: 26	**7.9%**
Black/African/Caribbean/Black British – Caribbean	14
Black/African/Caribbean/Black British – African	10
Black/African/Caribbean/Black British – Other	2
Asian: 40	**12.16%**
Asian/Asian British – Indian	15
Asian/Asian British – Bangladeshi	4
Asian/Asian British – Pakistani	3
Asian/Asian British – Chinese	4
Asian/Asian British – Other	14
Mixed: 31	**9.42%**
Mixed – White and Black Caribbean	6
Mixed – White and Black African	6
Mixed – White and Asian	5
Mixed – Other	13
Mixed	1
Other ethnic group: 3	**0.91%**

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
DIVERSITY & INCLUSION AT WORKSPACE CONTINUED

ACHIEVING A DIVERSE AND INCLUSIVE PIPELINE

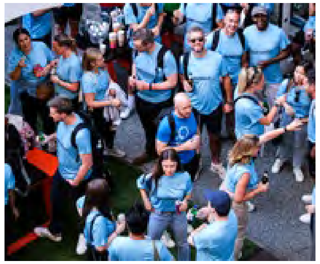
We want to build a diverse pipeline of talented employees and senior managers to support us as we continue to grow and achieve our purpose. It is our policy to appoint the best person for the role and we are committed to ensuring that our processes and initiatives encourage a diverse group of potential candidates to be identified at both Board and Executive level.

Our initiatives to achieve this are detailed to the right and overleaf and further details on Board and Executive level succession planning can be found on page 150.

45

INTERNAL PROMOTIONS IN 2023/24

CULTURE



- Every employee has the right to be treated with respect and dignity throughout their employment with us and not to be discriminated against. We have a zero tolerance attitude to bullying, harassment or victimisation of any kind.
- Our recruitment and selection, training and development, performance reviews and promotion processes are all based solely on individual merit and free from bias.
- We monitor and analyse the diversity of our employees so that we can track and progress our diversity initiatives. This year, we made changes to how we collect diversity information from our staff in order to improve the quantity and quality of data available to us.
- Our Board and Executive Committee are regularly updated on our progress with diversity initiatives and external guidance and recommendations for improving diversity.
- We offer flexible working options (including hybrid working) to support employees with family and/or caring commitments.
- We have an employee support network aiming to provide a forum for parents and carers, including how Workspace can better support them. In the coming year, we will factor any feedback from this network into our processes for supporting returners to work.
- We provide unconscious bias and harassment training for all employees.

RECRUITMENT AND SELECTION

- In 2022 we hired a Recruitment Manager into a new role to oversee our entire recruitment activity and procedures.
- The use of organisations such as the White Ensign and Sapphire Partners (see page 165 for more details) and the employee referral scheme allow us to promote social mobility. We have had 15 hires this year from the employee referral scheme.
- We have introduced new software to track the source of our candidate applications and CV anonymisation to eradicate unconscious bias.
- We review and change job titles where appropriate. This year we changed the role of Receptionist to Centre Co-ordinator to better reflect the role and to appeal to a wider pool of candidates.
- We review job specifications to ensure we consistently use inclusive language that encourages both male and female candidates.
- We provide unconscious bias and interview skills training for all hiring managers. In the coming year we intend to introduce further training for line managers.
- Guidance and support notes are provided to hiring managers to promote fair and thorough processes.
- We advertise all vacancies internally before undertaking any external advertisement, to encourage internal applications.
- When we do advertise externally, we have increased our use of social media and other direct recruitment methods in order to reach a wider pool of talent, including encouraging applications from people who may be returning to work and from local communities via local job centres, universities and schools.
- Where we use recruitment agencies, we ensure they have a commitment and track record in diverse appointments.
- When a senior role becomes available, we seek to encourage diverse applications and to shortlist an equal number of men and women where possible.

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
DIVERSITY & INCLUSION AT WORKSPACE CONTINUED

TRAINING AND DEVELOPMENT

- We promote progressive career development through encouraging lateral job moves where opportunities arise.
- We hold bi-monthly meetings between the HR team and senior managers with a view to identifying opportunities for staff development.
- During our annual appraisal process, we identify employees who have strong potential for development, and put training and development plans in place for them.
- We provide a Group-wide internal training programme to offer employees opportunities to learn and develop skills such as organisation, people management and managing difficult situations.
- We offer Institute of Leadership & Management training for line managers.
- We support staff with further studies by sponsoring external learning and development where appropriate. We have had 45 internal promotions this year.
- We have implemented ‘career pathways’, for our centre team roles, to make it clearer to staff how they can progress their careers at Workspace.

Our Sustainability approach to diversity & inclusion
Pages 55 to 57

Deep Dive: Diversity & Inclusion
Page 58

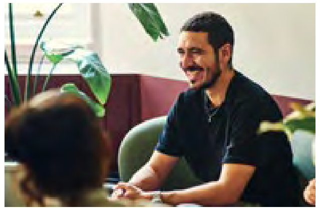
We identify employees who have strong potential for development and put training plans in place for them.

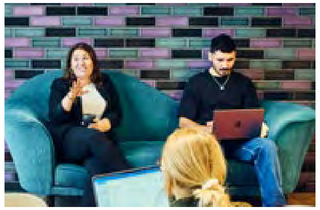
OUR FUTURE PLANS

Diversity & inclusion remains high on the agenda of our Board and Executive Committee. In the coming year we will continue to advance all our initiatives to encourage gender diversity at all levels, and particularly in our more senior positions.

In particular, in the next year we plan to:

- Continue to widen the pool of candidates from which we recruit by introducing apprenticeship schemes, encouraging use of the staff referral scheme and continuing to work with job centres, charities and universities to reach candidates that may not come through more traditional recruitment methods.
- Use our new recruitment software to produce and analyse more detailed information, and to implement new recruitment initiatives such as standardising language used in job adverts and anonymising CVs.
- Continue our focus on internal development and promotions, including further development of our career progression pathways and implementing a new learning management system to enhance our training and development provision.
- Continue to improve awareness of diversity at all levels, by rolling out enhanced D&I training for the Executive Committee, hiring managers and all staff and increasing the use of external speakers to bring different perspectives.
- Introduce a D&I working group to provide a forum for discussion of ideas with staff representatives from across the organisation, with feedback to be elevated to the Executive Committee.
- Implementing recommended changes to our parental leave policies following completion of our benchmarking exercise this year.





COMPOSITION, SUCCESSION AND EVALUATION CONTINUED
DIVERSITY & INCLUSION AT WORKSPACE CONTINUED

Q&A

GETTING THE RIGHT BALANCE FOR GROWTH

Ben Saunders
Head of People

Hasti Patel
Recruitment Manager

WHY WE DO IT
We want to attract the widest range of candidates possible for our positions.

HOW WE DO IT
Introducing new recruitment initiatives to widen our pool of talent.

Q

What recruitment initiatives have you introduced this year?

A— We have started working with Sapphire Recruitment, a charity that helps individuals from disadvantaged backgrounds. They have already assisted us in finding candidates for some of our roles. We have also partnered with the White Ensign Association, an organisation that helps military veterans in finding employment and are advertising roles with our local job centre. We're really pleased with the interest that's been generated so far.

We have also recently launched our new recruitment system. This pushes out job vacancies to sites such as LinkedIn and Indeed and on our website, so that we are less reliant on using recruitment agencies and reach a wider range of candidates. The system will also enable us to anonymise CVs, reducing unconscious bias when reviewing candidates.

Q

Why did you decide to introduce these initiatives?

A— We want to attract the best talent from all across London. We are aware that not everyone knows about or has access to the agencies we traditionally use. These initiatives allow us access to potential candidates who may not otherwise know about Workspace.

This is the reason we have also started to partner with universities who run programmes relevant to jobs in our field, building awareness of Workspace among students who are about to start looking for their first job.

Q

Why is having a diverse workforce important?

A— Workspace operates across all of London, and we want to be the best company we can be. Having a diverse workforce allows us to make decisions with input from those with different approaches and views. This will allow us to engage more with our customers and the communities we work in, as well as reflecting the society we live in.

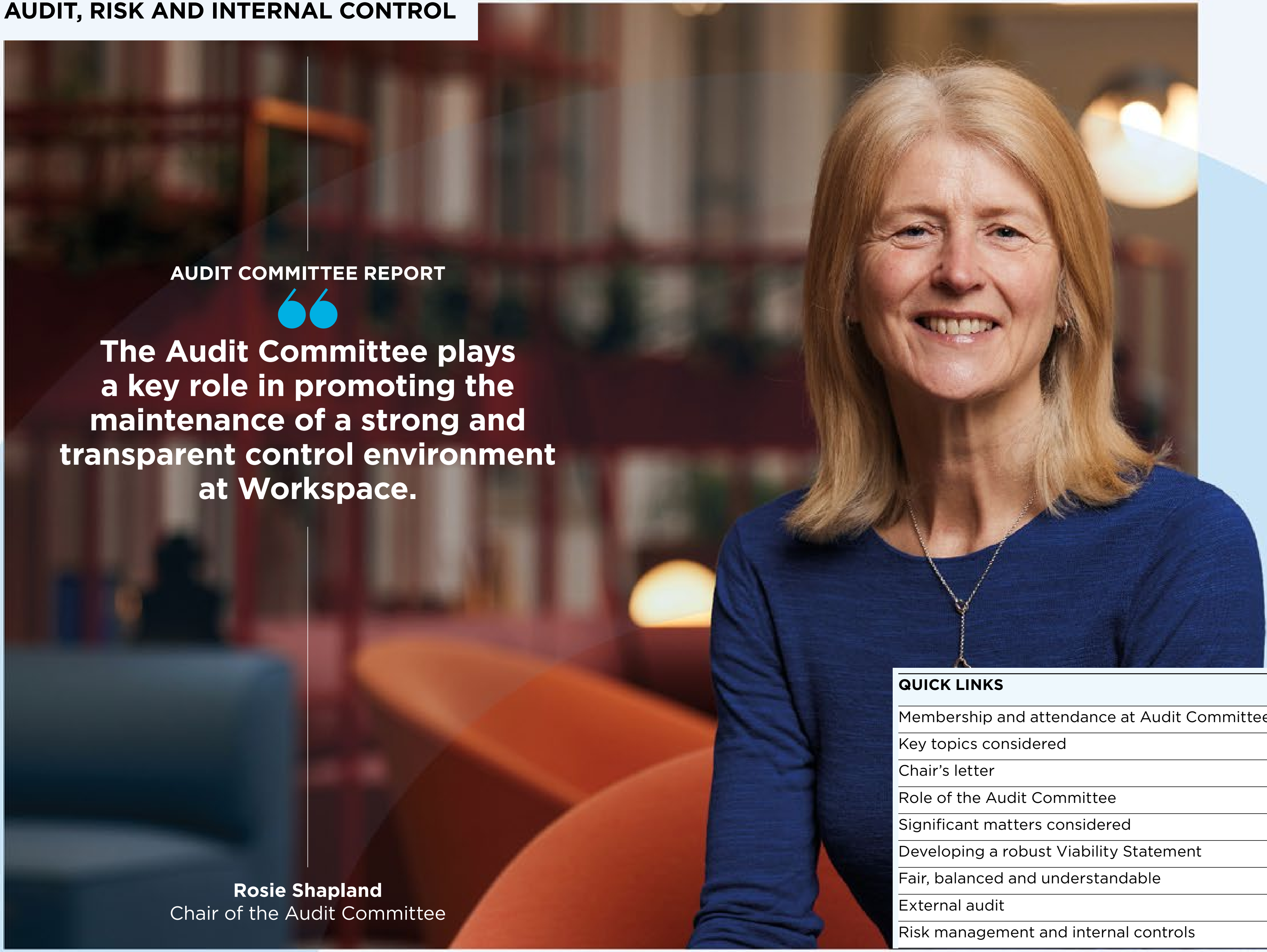
Q

What are your plans for the next year for further improving diversity?

A— In the next year we are looking at apprenticeships targeted at 16–18 year olds who are just leaving school or college, and facilitating their training. We also hope to grow our presence on sites such as Glass Door and Indeed, to showcase Workspace as a business and reach a wider pool of candidates.

We are also in the process of organising guest speakers, for example those with lived experience of disability or transitioning to a different gender identity to further raise awareness throughout our workforce.

AUDIT, RISK AND INTERNAL CONTROL



AUDIT COMMITTEE REPORT

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

Rosie Shapland
Chair of the Audit Committee

QUICK LINKS

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

MEMBERSHIP AND ATTENDANCE AT AUDIT COMMITTEE MEETINGS

	MEMBER SINCE	MEETINGS ATTENDED
Rosie Shapland	2020	●●●●● 5/5
Lesley-Ann Nash	2021	●●●●● 5/5
Manju Malhotra	2022	●●●●● 5/5

1. In accordance with the UK Corporate Governance Code 2018, the Board considers that Rosie Shapland has significant recent and relevant financial experience.
2. Following Board discussions on the structure of its Committees, it was agreed that from 21 April 2022, the Committee will be made up of three members, Rosie Shapland, Lesley-Ann Nash and Manju Malhotra. Other Non-Executive Directors are welcome to attend meetings should they wish to do so. All Non-Executive Directors attended meetings held in May and November 2023 to review the full and half-year results and the joint meeting of the Audit and ESG Committee meeting held in January 2024.
3. The Audit Committee meeting in January 2024 was a joint meeting with the ESG Committee.

The Committee is made up entirely of Non-Executive Directors and each Committee member has considerable commercial knowledge and broad industry expertise. The Committee is chaired by Rosie Shapland. Details of individual attendance at the meetings held during the year are set out above. More information on the skills and the experience of all Committee members can be found on pages 118 to 120.

KEY TOPICS CONSIDERED BY THE COMMITTEE DURING THE YEAR

KEY TOPIC	ACTIVITY	OUTCOME
PORTFOLIO VALUATION	– Considered the objectivity and independence of the external valuers. – Discussed the presentation of the portfolio valuation by the external valuers. – Considered use of valuers following McKay acquisition.	CBRE continued to value the entire portfolio, including the additional properties from the McKay acquisition.
FINANCIAL AND NARRATIVE REPORTING	– Reviewed the interim reporting and the Annual Report and Accounts. – Considered key judgements, estimates and assumptions in the preparation of the financial statements.	The Committee recommended to the Board that the Annual Report and Accounts as a whole was fair, balanced and understandable. The Committee concurred with management's key judgements, estimates and assumptions.
EXTERNAL AUDIT	– Reviewed and discussed reports from KPMG, summarising their findings arising from the 2022/23 audit and the half-year review of the results of the Group for the six months ended 30 September 2023. – Assessed the independence and objectivity of the external auditors. – Carried out an audit tender process.	The Committee was satisfied that the audit remained effective and there were no matters impacting the auditor's independence or objectivity. The Committee carried out a robust audit tender process which resulted in the recommendation that BDO be appointed as our new external auditor.
CHANGES TO PRINCIPAL RISKS	– Reviewed and discussed the Group's principal risks.	No changes to principal risks were made during the year.
INTERNAL CONTROLS AND RISK MANAGEMENT	– Reviewed and discussed an update from the Group's Head of Technology on the Group's business continuity plan and cyber security. – Reviewed the effectiveness of the Company's control environment and the Company's process for self-certification of the operating effectiveness of controls.	Annual cyber threat exercises have been introduced to evaluate both technical and corporate internal processes. Control owners certified the effectiveness of controls for which they are responsible. No significant issues were identified from these reviews. The Group's Head of Security and Risk Management commenced a programme of internal controls and assurance during the year.
GOVERNANCE	– Reviewed terms of reference. – Discussed assessment of the effectiveness of the Audit Committee.	An external review of the Audit Committee's performance was carried out during the year which concluded that the Committee continues to operate effectively.

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

AUDIT COMMITTEE CHAIR'S LETTER

Rosie Shapland
Chair of the Audit Committee

> **The Audit Committee has a key role in checking that the Group's narrative reporting gives a fair, balanced and understandable assessment of the Group's position and prospects and establishing that the financial statements provide a true and fair view of the Group's financial affairs.**

The role of the Audit Committee
Pages 170 to 171

Developing a robust Viability Statement
Page 174

Dear shareholder,

I am pleased to present this year's Audit Committee Report. The report is intended to provide shareholders with an understanding of the broad role we have throughout the year as well as the work carried out to provide assurance on the integrity of the Annual Report and Financial Statements for the year ended 31 March 2024. Much of the work of the Committee is necessarily targeted around the key areas of financial reporting, external audit, internal control and risk management, all of which is underpinned by a robust governance framework.

External Auditor
In last year's Audit Committee Report, we disclosed our intention to undertake a full tender process for the Company's external audit contract. I chaired the selection Sub-Committee, and following the outcome of the process in January 2024, I am pleased to report that the Board approved the appointment of BDO LLP as the Company's External Auditor for the coming financial year ending 31 March 2025.

This appointment remains subject to approval by shareholders at the AGM on 25 July 2024.

A thorough and robust process was undertaken and BDO have attended meetings during the 31 March 2024 audit process for transitioning purposes before taking responsibility from the half year onwards.

Further details on the process we adopted can be found on page 177.

Review of material issues
The Audit Committee has a key role in checking that the Group's narrative reporting gives a fair, balanced and understandable assessment of the Group's position and prospects and establishing that the financial statements provide a true and fair view of the Group's financial affairs. As part of this process, we considered the significant financial judgements made during the year, along with other key financial reporting issues. In this context and in conjunction with the Board, we considered the twice annual valuation of the investment portfolio, the valuation process and the key assumptions made by the valuers and their independence. Following our review, we are satisfied that the valuation process is robust, the assumptions and estimates used in the valuation are appropriate and that the valuers remain independent. Further details can be found on page 172.

We also considered, as we do on a regular basis, the potential for fraud in revenue recognition, scope for management override of controls and compliance with regulations. We found no concerns arising from this review.

A description of the material issues that the Committee considered during the year can be found on page 167.

Climate change
As the Group is committed to being net zero carbon, it is important that our financial reporting reflects and supports this goal. The Board discussed the impact of climate change on the Group's financial reporting and financial statements and it considered the requirement for companies to disclose, on a comply or explain basis, against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The Audit and ESG Committees held a joint meeting to discuss the Company's progress against these requirements and the associated assurance we receive. More information can be found on page 185.

Cyber security
Cyber security remains a focus area for the Committee. The Head of Technology, Chris Boultwood, attended the November Audit Committee to give an assessment of cyber risk and update on progress made in protecting the Group against evolving threats. A further cyber update was provided by the CFO at the March meeting.

Viability and going concern statements
The Committee considered the going concern statements in the interim statement and the Annual Report, and the viability statement in the Annual Report. This included reviewing the work undertaken by management, which considered plausible downside forecasts factoring in the Group's principal risks and potential uncertainties, and the appropriateness of the five-year viability assessment period. Following this review, we were satisfied that management had conducted robust viability and going concern assessments and recommended approval of these to the Board.

See our viability and going concern statements on pages 88 to 89.

AUDIT, RISK AND INTERNAL CONTROL CONTINUED
AUDIT COMMITTEE CHAIR'S LETTER CONTINUED

2024 Annual Report
The External Auditor confirmed that they had found no unadjusted material misstatements in the course of their work.

After reviewing the reports from management, and following discussions with the External Auditor and valuers, the Committee is satisfied that:
- the process used to determine the property valuation was satisfactory.
- the financial statements appropriately address the key judgements and the key estimates.
- the Group has adopted appropriate accounting policies.
- both the External Auditor and the valuers remain independent and objective in their work.

The Board as a whole is responsible for assessing the Group's position, performance, business model and strategy. The Committee's role in this assessment is covered on page 170. For the year ended 31 March 2024, the Committee confirmed to the Board it was satisfied that the Annual Report and Accounts was fair, balanced and understandable.

Committee effectiveness
The performance of the Audit Committee was assessed this year through an external review. The recommendations and actions from this review are listed below. I am pleased that this concluded we operate effectively and that the Board takes assurance from the quality of our work.

Recommendations
- Ensure a smooth transition in auditors.
- Encourage management to bring topics/challenges/projects to the Committee at an earlier stage.

Risk, control and assurance
The Group has several processes in place to provide effective internal control, including self-certification of controls by risk owners, reviews of fraud, anti-bribery and whistleblowing policies and a risk management framework under which controls, and their effectiveness, are managed and evaluated.

During the year we went live on our new finance and property management system. The Audit Committee received regular updates from the CFO and Group Financial Controller on progress through the year as the system was embedded in the business and commissioned a post-implementation controls review by Grant Thornton. As is common following a project of this nature, the review identified a number of opportunities to enhance our processes and control environment in relation to the new system. The Committee is satisfied that appropriate mitigating monitoring and review controls exist and a comprehensive action plan is in place to deliver these enhancements.

Between the Audit Committee and the full Board, we have reviewed the effectiveness of the Group's risk management and internal control systems. We have not identified any significant failings or weaknesses.

In January 2024, the Audit Committee held a joint meeting with the ESG Committee. At this meeting, the Audit and ESG Committees reviewed the Company's policies and procedures that support the implementation of our ESG strategy, as well as the programme of assurance being undertaken to ensure the effectiveness of these policies and procedures.

Both Committees were satisfied that the Company's policies and procedures in this area operate effectively, and that adequate assurance is undertaken.

We do not have a formal internal audit function, a matter which is kept under review by the Audit Committee. The Group has a Head of Security and Risk Management whose remit includes maintaining our risk management and control framework and conducting regular independent assurance.

During the year the Head of Security and Risk Management chaired monthly Risk Management meetings attended by senior management, conducted bi-annual self-certification of controls across the Group, completed bi-annual principal risk reviews and mapped out our internal and external assurance activities. We also evolved our internal assurance programme with seven independent control reviews carried out during the year by the Head of Security and Risk Management.

Looking forward, we will consider the implications of the RICS mandatory requirement for the periodic rotation of UK external valuers which comes into force in May 2026 following a two year transition.

I hope that you find this report informative and can take assurance from the work undertaken by the Committee during the year to deliver its key responsibilities.

R Shapland

Rosie Shapland
Chair of the Audit Committee
4 June 2024

MONITORING FUTURE DEVELOPMENTS

Continue to focus on climate change and its potential impact on the financial statements, review mitigation strategies whilst monitoring risk across business decisions including assurance from Accenture on our carbon emissions disclosures. See page 104 for more details.

Jointly, with the ESG Committee, review the programme of activity being undertaken to ensure the effectiveness of ESG policies and procedures.

Continue to focus on the Company's protection against cyber threats.

Consider the changes to the UK Corporate Governance Code, particularly the new requirements with respect to material risk management and internal controls which will impact future reporting periods.

Monitor any issues highlighted by Grant Thornton as part of their post implementation review for our new systems, including the review of progress in resolving such issues.

Consider the mandatory requirement, introduced by RICS, for periodic rotations of UK external valuers which comes into effect in May 2026.

Fair, balanced and understandable reporting
Page 175

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

THE ROLE OF THE AUDIT COMMITTEE

The Audit Committee reviews and monitors the integrity of the Group's financial reporting in advance of its consideration by the Board. The Committee oversees the relationship with the External Auditor in order to assess their effectiveness and to annually assess their independence and objectivity. The Audit Committee also reviews and monitors the Group's risk management and internal controls framework.

Ahead of Audit Committee meetings, I meet with the lead external audit partner to discuss relevant matters.

HOW THE COMMITTEE OPERATES

FORWARD PLANNING
Subjects include climate change, ESG effectiveness, reviewing and responding to changes in the UK Corporate Governance Code

AUDIT COMMITTEE
Assess and discuss topics with senior management and the External Auditor

Regular inputs received from: Workspace management and the External Auditor

- The Audit Committee is composed solely of independent Non-Executive Directors, with a wide diversity of experience. Rosie Shapland, as a Chartered Accountant with many years of senior financial experience, satisfies the requirement of having appropriate recent and relevant financial experience. The Committee as a whole has competence in the sector in which the Group operates.
- Meetings of the Audit Committee coincide with key dates in the financial reporting and audit cycle. During the year, the Committee met on five occasions, in May, June and November 2023 and in January and March 2024.
- The meeting in January was a joint meeting with the ESG Committee to review the Group's ESG related policies and procedures that support the implementation of our ESG strategy.
- There was a further meeting in May 2024 where matters relating to the 2024 Annual Report & Accounts were discussed.
- A forward plan of agenda items guides the business to be considered at each meeting and is regularly reviewed and developed. This pre-planning facilitates the work of the Committee, enabling it to give thorough consideration to matters of particular importance to the Group.
- The Committee receives information in advance of its meetings including information from management and detailed reports from the External Auditor including the audit report. The Committee meets privately with the External Auditor, at least annually, and it liaises with Company management in considering areas for review.
- The Committee regularly invites the external audit lead partner, the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer, the Group Financial Controller, the Head of Technology and the Head of Security and Risk Management to attend Committee meetings. Representatives from our external valuers, CBRE, attend Board meetings twice per year to present the half and full-year valuation reports.
- Meetings of the Committee are held in advance of the Board meetings to allow the Committee Chair to provide a report on the key matters discussed to the Board, and for the Board to consider any recommendations made.
- The Chair of the Committee also meets regularly with the head External Audit partner, during the year, and specifically before Committee meetings.
- All of this, along with ongoing challenge, debate and engagement, allows the Committee to discharge its responsibilities effectively.

AUDIT, RISK AND INTERNAL CONTROL CONTINUED
THE ROLE OF THE AUDIT COMMITTEE CONTINUED

AUDIT COMMITTEE RESPONSIBILITIES

Financial reporting
- Review the year end and interim financial statements and monitor the reporting process, including key judgements, estimates and assumptions and the presentation of significant transactions. Information on significant matters in relation to the financial statements that were considered by the Committee can be found on page 172.
- Review the appropriateness of accounting policies and practices.
- Reviewed the Group's internal controls in relation to the financial reporting process. Further detail on our risk management and internal controls processes can be found on pages 178 and 179.
- Advise the Board on the Group's viability and going concern statements including the assumptions in plans, key risks considered, and the sensitivities tested. More information on the Committee's assessment of the Group's viability and going concern status can be found on pages 88 to 89.
- Review the content of the Annual Report and Accounts and advise the Board on whether, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess performance, the business model and strategy. The Group's strategy and business model are explained on pages 35 to 38 and 9 to 11 respectively.

External audit
- Assess the work of the External Auditor in relation to significant financial judgements made by management. More information is available on pages 175 to 176.
- Assess the effectiveness of the external audit process and the ongoing relationship with the External Auditor. This is done by considering their approach to the audit and understanding of our business, discussing their reporting and any issues identified and obtaining the views of management.
- Review and monitor the objectivity and the independence of the External Auditor, including its policy governing the provision of non-audit services. Refer to page 176 for more information on our process for maintaining their independence.
- Agree the remuneration of the External Auditors.
- Complete a robust audit tender process when required.

Portfolio valuation
- Consider the objectivity and independence of the external valuers.
- Review and challenge the methodology, assumptions and judgements used by the external valuers to ensure they are appropriate.
- Review the External Auditor's assessment of the valuation, including an explanation as to how the valuation is audited.

Internal controls and risk management
- Review the adequacy and effectiveness of the Group's overall risk management processes that inform the Board's decision making, including the design, implementation and effectiveness of those processes.
- Advise the Board on the Group's overall risk appetite, tolerance and strategy, and the principal and emerging risks the Company is willing to take to achieve its long-term strategic objectives. See page 178 for details of how the Committee has considered risk appetite and strategy during the year.
- Advise the Board on the likelihood and impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact. See pages 71 to 78 for information on the Committee's consideration of principal risks.
- Review the effectiveness of the Group's control environment, including the adequacy of key financial controls.
- Review whistleblowing arrangements whereby employees may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, to receive assurance that there are proportionate and independent procedures in place. See page 93 for more information on our Whistleblowing Policy.
- Review the Group's procedures for preventing and/or detecting fraud.
- Review the Group's procedures for the prevention and detection of bribery and monitor the reports generated by such procedures. See page 92 for more information on our Anti-Bribery Policy.
- Consider whether the Group should have an internal audit function.

Governance, best practice and development
- Keeping up to date with changes to the Code, specifically regarding the internal control environment.
- Keeping up to date on investor, shareholder and market sentiment (with advice from the Company's brokers).
- Keeping up to date with regulatory and legislative matters relevant to the Group including developments in accounting standards.
- Considering ESG matters in all decision making.
- Develop and approve the Committee timetable and planner which detail the areas of focus for the Committee each year.
- Discuss the assessment of the effectiveness of the Committee.
- Review and approve changes to the Committee's terms of reference.

Internal controls
More information on the Group's internal controls and risk management process is available:
Pages 178 to 179

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

SIGNIFICANT MATTERS CONSIDERED BY THE COMMITTEE

VALUATION OF THE INVESTMENT PROPERTY PORTFOLIO

The valuation of the investment property portfolio is inherently subjective, requiring significant judgement. The outcome is significant for the Group in terms of its investment decisions, results and remuneration, and is a major component of Total Property Return and Total Accounting Return, two of our KPIs.

Therefore, this matter is considered by both the Board and the Audit Committee.

The valuation is conducted externally by independent valuers, CBRE, one of the world's largest commercial real estate services firms. CBRE presented the year-end and interim valuations to the Board and Committee, who reviewed the methodology and the outcomes of the valuation, challenging the key assumptions and judgements. The Audit Committee also considered the objectivity and independence of the valuers.

KPMG met with the valuers and they presented their views on the valuation to the Committee, as well as an explanation of how the valuation is audited. The Board and Committee considered that they were satisfied that the methodology, assumptions and judgements used by the valuers were appropriate, that the valuations were suitable for inclusion in the financial statements and the work of the External Auditor was appropriate.

The Committee considers all financial information published in the full and interim financial statements and considers accounting policies adopted by the Group, presentation and disclosure of the financial information and it challenges the key judgements and estimates made by management in preparing the financial statements.

The Committee pays close attention to matters it considers to be important by virtue of their impact on the Group's results, or the level of complexity, judgement or estimation involved in their application on the consolidated financial statements.

The Committee reviewed a number of other key matters which have been considered by management and discussed with KPMG, including the assets held for sale, the uncertainty relating to collection of trade receivables, accounting for disposals made during the year and the impairment in investments in subsidiary undertakings for the Parent Company.

PORTFOLIO VALUATION

Our property portfolio, is independently valued twice annually by our external valuers, CBRE Limited.

Our properties are critical to our business and the valuation demonstrates the value that we are delivering to our shareholders. It is a measure of how well we are managing our buildings and driving rental income.

Furthermore, the valuation is a significant part of both our Net Asset Value and Total Property Return, which are both key performance indicators.

Given its significance, management, the Board and the Committee monitor the objectivity and independence of the valuers, and review the methodology and outcomes of the valuation, challenging the key assumptions and judgements.

AUDIT, RISK AND INTERNAL CONTROL CONTINUED
SIGNIFICANT MATTERS CONSIDERED BY THE COMMITTEE CONTINUED

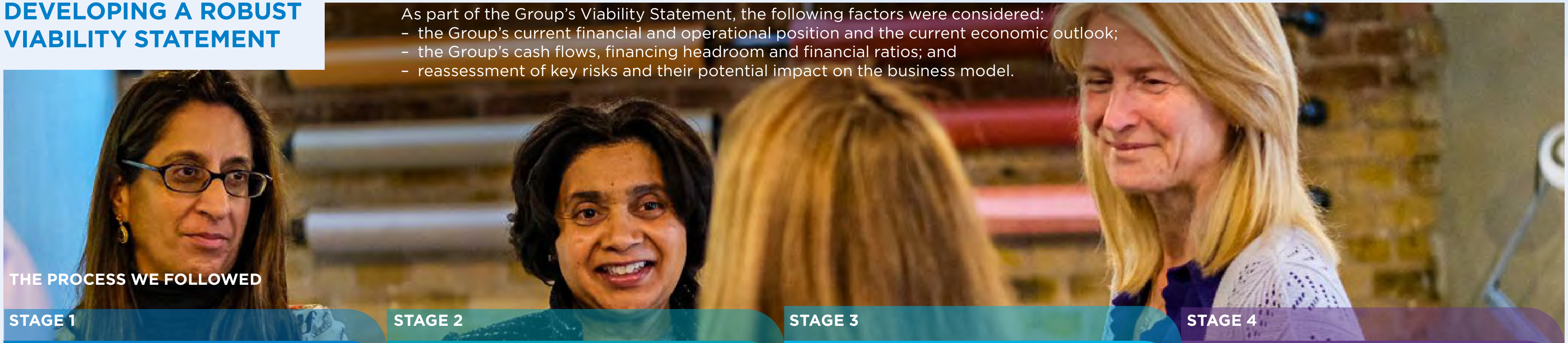
PORTFOLIO VALUATION CONTINUED

A number of meetings are held between key management and CBRE ahead of the valuation at which the inputs and methodology of the valuation are discussed. Key discussions include:

- London commercial property market: current trends and circumstances expected to affect the market are discussed.
- comparable market evidence: recent transactions are considered and compared to assumptions made in valuing our portfolio.
- development projects: we provide CBRE with any updates to ongoing or future schemes and we discuss the assumptions CBRE has made, particularly for more complex schemes where more significant levels of judgement are required.
- estimated rental values: the estimated rental values proposed by CBRE are discussed and reviewed, with management ensuring that these are in line with our recent rental activity.
- property information: we provide CBRE with information on any changes to properties that may affect the valuation.
- other inputs used by the valuers are reviewed and discussed.

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

DEVELOPING A ROBUST VIABILITY STATEMENT



As part of the Group's Viability Statement, the following factors were considered:
- the Group's current financial and operational position and the current economic outlook;
- the Group's cash flows, financing headroom and financial ratios; and
- reassessment of key risks and their potential impact on the business model.

THE PROCESS WE FOLLOWED

STAGE 1
RISK IDENTIFICATION

RESPONSIBILITY

- Executive Committee
- Risk Management Group
- Heads of Department

The strategic and operational risks were reviewed to identify the principal risks to viability over the period under consideration. The risks that would impact solvency and liquidity, either individually or in combination with other risks, were considered

STAGE 2
RISK ASSESSMENT

RESPONSIBILITY

- Executive Committee
- Risk Management Group
- Heads of Department

For each risk, the following factors were considered:
- our risk appetite (the level of risk the Board is willing to take);
- the controls in place to mitigate the risk; and
- the quantum of risk

STAGE 3
SCENARIO SENSITIVITY ANALYSIS

RESPONSIBILITY

- Executive Committee
- Heads of Department

For those risks identified as being severe enough to impact the viability of the Group, sensitivity analysis was performed to understand the potential impact on liquidity and financial ratios

STAGE 4
CONCLUSIONS

RESPONSIBILITY

- The Board
- Audit Committee
- Executive Committee
- Risk Management Group
- Heads of Department

The Audit Committee considered the findings from this analysis and made their recommendations to the Board, which was given the opportunity to question the process and the findings

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

FAIR, BALANCED AND UNDERSTANDABLE REPORTING

On behalf of the Board, the Committee has considered whether, in its opinion, this Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and whether it provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

THE PROCESS WE FOLLOWED

COMMITTEE REVIEW	**Audit Committee review** The Committee reviewed the Annual Report at an early stage, and throughout the process, to enable sufficient time for comment and review and to check overall balance and consistency.
REPORT	**Report from the CFO and Group Financial Controller** The Committee discussed a report from the CFO and the Group Financial Controller covering the financial statements within the Annual Report and Accounts: this highlighted the significant changes and the areas of focus in the financial statements and commented on any new accounting standards in the period.
ASSESS	**Fair, balanced and understandable assessment** A fair, balanced and understandable assessment looking at the Annual Report and Accounts as a whole was prepared by the management team and circulated to the Committee. This assessment highlights factors which support the responsibility of the Committee.
EXTERNAL REVIEW	**External Audit Review** The External Auditor presented the results of its audit work to the Committee.
RECOMMEND	**Recommendation to Board and Board's conclusion** The Board consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Our strategy
Pages 35 to 38

AUDIT AND NON-AUDIT FEES 2023–2024

£714k

Audit £617k
£97k Non-audit

AUDIT AND NON-AUDIT FEES 2022–2023

£440k

Audit £370k
£70k Non-audit

AUDIT AND NON-AUDIT FEES 2021–2022

£335k

Audit £280k
£55k Non-audit

EXTERNAL AUDIT

Following a competitive tender process, KPMG were appointed by shareholders as the Workspace External Auditor for the financial year ended 31 March 2018 and KPMG continue to be Workspace's External Auditor for the year ended 31 March 2024.

Audit and non-audit fees
Fees payable to the External Auditor for audit and non-audit services are set out in note 2 on page 238. This year, the non-audit services performed by KPMG included the review of the Group's half-year results.

Audit quality
An important part of the Committee's work consists of overseeing the relationship with, and performance of, the External Auditor, in particular with regards to the independence, quality, rigour and challenge of the external audit process. The Committee reviews the effectiveness of the audit throughout the year taking into account:
- the detailed audit strategy for the year and coverage of any risks (including how risks to audit quality have been addressed), scope and level of fees for the audit;
- the quality, knowledge and expertise of the audit engagement team;
- insight around the key accounting and audit judgements;
- the quality of reporting and discussions at the Audit Committee meetings; and
- the outcome of the review of effectiveness of the External Auditor and the audit process discussed below.

Annually, the Committee assesses the qualifications, expertise, resources and independence of the Group's External Auditor, as well as the effectiveness of the audit process. This includes reviewing the FRC AQR results for KPMG as part of the audit strategy discussion. The Chair of the Committee also meets with the audit partner during the year and specifically, ahead of Audit Committee meetings.

The Audit Committee applies the 'Audit Committees and the External Audit: Minimum Standard' and this Report sets out the extent to which we have complied during the year.

AUDIT, RISK AND INTERNAL CONTROL CONTINUED
EXTERNAL AUDIT CONTINUED

THE EFFECTIVENESS OF EXTERNAL AUDIT

As part of the effectiveness review following the March 2023 year end, a questionnaire was issued to Committee members, regular attendees of the Committee and those involved in the external audit process.

QUESTIONS WERE POSED AROUND THE FOLLOWING SUBJECTS:

SUBJECT	SCOPE
EFFECTIVENESS	Effectiveness and quality of the external audit process, the quality and scope of the audit plan, advising on a timely basis about any new developments regarding risk management, corporate governance, financial accounting and related risks.
DELIVERY	Delivery and execution of the agreed external audit process for the 2022/23 financial year.
EFFICIENCY	Efficiency and performance of the audit team as well as relevant and qualified specialists involved in the audit process and continuity of staff during the audit process.
COMMUNICATION	Communication and engagement between the senior management team, the finance team, KPMG and the Committee to assess whether it is based on a good understanding of the business and whether recommendations have been acted upon.
CONTACT	Quality and regularity of contact with the audit team outside of the audit.

Outcomes
From its discussions during the year, the challenges presented to the External Auditor and a review of the reporting received, including the FRC AQR findings, the Committee considers that the External Auditor provides appropriate professional challenge and reports its findings in an open and direct manner.

The Committee remains satisfied with the effectiveness of the external audit and the interaction between the External Auditor and the Committee and with the External Auditor's qualifications, expertise and resources. The Committee discussed a summary of the key findings and results of its effectiveness review at its meeting in November 2023 and no significant concerns were identified. The results of the review were discussed with the External Auditor to monitor the continuing quality of audit services. The External Auditor, the Committee and management agreed to continue the focus on improving communications. The Committee's relationship with the External Auditor is one of openness and professionalism.

AUDITOR INDEPENDENCE AND OBJECTIVITY

In addition to the annual review of effectiveness, the Committee considered the independence and objectivity of the External Auditor through a combination of assurances provided by the External Auditor on the safeguards in place to maintain independence; oversight of the Non-Audit Services Policy and fees paid.

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

The Committee is satisfied that the External Auditor is independent.

The Audit Committee will continue to review the effectiveness and the independence of the External Auditor each year.

The Group has complied with the Competition and Markets Authority Order 2014 relating to audit tendering and the provision of non-audit services during the financial year ended 31 March 2024.

There are no contractual obligations which restrict the Committee's choice of external auditor or which put in place a minimum period for their tenure.

An external audit tender was conducted in 2023 and BDO LLP (BDO) were identified as the proposed new External Auditor subject to shareholder approval. More information can be found on page 177.

AUDIT, RISK AND INTERNAL CONTROL CONTINUED
EXTERNAL AUDIT CONTINUED

EXTERNAL AUDIT TENDER

AUDIT TENDER PLANNING

RESPONSIBILITY
- Board
- Audit Committee
- Sub-Committee

KPMG has been Workspace's auditor since 2018. In last year's Annual Report the Company stated it would be placing the external audit out to tender, to make an appointment for the year ending 31 March 2025.

The Audit Committee resolved to appoint a selection Sub-Committee, authorised to carry out the tender process and to make its recommendations to the Audit Committee. It consisted of Rosie Shapland, Chair of the Audit Committee, Lesley-Ann Nash, member of the Audit Committee, Dave Benson, Chief Financial Officer, Andy Dodson, Group Financial Controller and Carmelina Carfora, Company Secretary.

SELECTION CRITERIA

RESPONSIBILITY
- Sub-Committee

The selection Sub-Committee prepared a list of key selection criteria.

The key selection criteria included:
- audit quality;
- audit approach and experience of the real estate sector;
- quality and approach of the lead partner and key members of their team;
- technical expertise and a pragmatic, commercial approach to resolving issues;
- approach to client service;
- independence of the audit firm; and
- proposed audit transition plans.

SHORTLISTING FIRMS

RESPONSIBILITY
- Sub-Committee

Meetings were held between management and Sub-Committee members and audit firms to determine their capabilities and fit with the Company.

A number of firms were considered, including challenger firms and the incumbent, but after discussions it was mutually agreed with KPMG that they would not participate in the tender process.

Agreement of shortlist of two audit firms by the selection Sub-Committee.

Confirmation of participation by audit firms.

Tender documents and supporting information were sent to the two participating firms.

PROPOSAL DOCUMENTS

RESPONSIBILITY
- Sub-Committee

Both firms submitted a detailed proposal document which included:
- their approach to ensuring overall audit quality;
- background and experience of the firm, lead partner and team; and
- their approach to managing the audit including matters of judgement, new and arising audit topics and the transition to a new audit team.

MEETINGS & PRESENTATIONS

RESPONSIBILITY
- Sub-Committee
- Senior Managers

As part of the tender process, the firms were invited to a series of meetings and interviews with senior managers of Workspace.

Presentations were made to the Sub-Committee by both of the prospective firms.

Detailed reviews of the tender documents submitted by each of the audit firms took place which included the most recent FRC AQR findings. Their presentations were considered as well as taking into account views of colleagues who had met with members of the audit teams from each firm during the process.

References were followed up for key team members from both firms.

RECOMMENDATION

RESPONSIBILITY
- Board
- Audit Committee
- Sub-Committee

The selection Sub-Committee identified BDO as the proposed new External Auditor.

Recommendation for the appointment of the new auditor at the next AGM was made to the Audit Committee.

The Audit Committee reviewed the proposal and recommended it to the Board for approval.

Induction period commenced with BDO attending key meetings with KPMG during the 2024 audit year-end process.

AUDIT, RISK AND INTERNAL CONTROL CONTINUED
EXTERNAL AUDIT CONTINUED

SAFEGUARDING AUDITOR INDEPENDENCE

As required by the Code, the Audit Committee has a formal policy governing the engagement of our External Auditor to supply non-audit services and to assess the threats of self-review, self-interest, advocacy, familiarity and management. KPMG has discontinued the provision of all non-audit services (other than those closely related to the audit) to all FTSE 350 companies, meaning non-audit services are confined to a more limited scope of work than that defined by the Audit Committee's terms of reference.

If the External Auditor is to be considered for the provision of non-audit services, the scope of work and the fees must be approved in advance by the Chief Financial Officer, the Company Secretary and the Chair of the Audit Committee. For larger assignments, in excess of £100,000, this would involve a competitive tender process, unless there are compelling commercial or timescale reasons to use the External Auditor or another specific accountancy firm.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Committee, on behalf of the Board, keeps under review the effectiveness of the Group's risk management and internal control systems through management updates and output from the Group's Risk Management Group to ensure that the controls in place are effective. This framework is designed to manage rather than eliminate business risks and to provide reasonable assurance against material misstatement in the financial statements.

On the basis of the processes outlined on this page and having regard to the 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued by the FRC in September 2014, the Board, supported by the Audit Committee, has reviewed the effectiveness of the risk management and internal control systems. No significant control failings or weaknesses were identified during the period under review.

As noted on page 169, a post-implementation review of our new finance and property management system identified a number of opportunities to enhance our processes and control environment in relation to the new system. The Committee is satisfied that appropriate mitigating monitoring and review controls exist and a comprehensive action plan is in place to deliver these enhancements.

The Directors confirm that the processes described below have been in place during the 2023/24 financial year and up to the date of approval of the Annual Report and Accounts.

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

The Board
The Board has defined its risk appetite for strategic and operational risks. A standard methodology for risk assessment is applied across the Group to assist with monitoring inherent and residual risk and to assist with comparing residual risk against target risk.

The Group had the following key procedures and monitoring processes in place during the year to provide effective internal control:
- an ongoing process to identify, evaluate and manage risks, including the self-certification of controls by risk owners, which is monitored and regularly reviewed by the Risk Management Group and executive team. Significant issues are presented to the Board and Audit Committee;
- the Group's key controls include appropriate segregation of duties that are embedded across the organisation;
- on behalf of the Board, the Audit Committee reviews fraud and anti-bribery policies and procedures; annual anti-bribery training is in place for all employees and there have been no reported instances of whistleblowing, bribery or corruption during the period under review;
- the Group has in place a monthly process for, reporting and reviewing financial performance, against its business plan;
- monthly performance packs are approved by the CEO and distributed to the Board
- in April 2022, the Board formed an ESG Committee which reviews the Group's environmental and social related risks;
- the Audit and ESG Committee's met jointly in January 2024 to discuss policies, procedures and assurance; and
- the Audit Committee reviews technology risks including IT systems and cyber risk, to ensure that the Group's IT function effectively implements preventative and detective controls to monitor and to mitigate risk.

As required by the Code, the Board, through the Audit Committee has carried out a robust assessment of the principal and emerging risks facing the Group, including those that could threaten its business model, future performance, solvency or liquidity.

This assessment is further described in the Strategic Report
Pages 71 to 78

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

RISK MANAGEMENT AND INTERNAL CONTROLS CONTINUED

OUR RISK MANAGEMENT FRAMEWORK

The Audit Committee oversees the Group's risk management framework with the Board retaining overall responsibility for risk appetite and strategy, in particular for risks relating to valuation, development and real estate. The overall risk management framework is reflected below.

Board of Directors
- Sets the Group's overall risk appetite, tolerance and strategy.
- Oversees the Group's principal risks, including property valuation, development and real estate risks.
- Receives advice and recommendations from the Audit Committee and Executive Committee.

Audit Committee
- Oversees the Group's risk management framework.
- Advises the Board on risk appetite, tolerance and strategy.
- Oversees all risks except risks related to property, valuation, development and real estate which are overseen by the Board.

Executive Committee
- Oversees and manages the Group's day-to-day risk management procedures.
- Reports to the Board and Audit Committee on the operation and effectiveness of controls.

Risk Management Group
- Chaired by the Head of Security and Risk Management and responsible for the implementation and embedding of risk management activities.
- Reviews and challenges the risk information provided by Risk Owners.
- Reports to the Executive Committee, although the Audit Committee has the power to request attendance or reports from the Risk Management Group directly if it is felt this is necessary.

Risk owners
- Each risk identified by the Group is assigned a Risk Owner.
- Risk Owners are responsible for monitoring, managing and reporting on their risks, as well as identifying any emerging risks.

OUR RISK MANAGEMENT PROCESS

Identification
- Risks are identified when projects are being considered or through being raised organically by members of staff.
- Identified risks are captured in Risk Registers.
- A Risk Owner is assigned to each risk and has responsibility for assessing and monitoring that risk.

Assessment
- Each risk is assessed and scored according to the potential impact and likelihood of it materialising.
- Each risk is given an Inherent Risk Score (pre-controls) and a Residual Risk Score (post-existing controls).
- Each risk is also assigned a Target Risk Score representing the Group's risk tolerance for that risk.

Response
- Each Residual Risk Score is compared to its Target Risk Score.
- If the Residual Risk Score is higher than the Target Risk Score, action is taken to reduce it towards the target.
- Controls are assigned an owner who is responsible for monitoring whether the controls operate effectively.

Monitoring and reporting
- Risks are regularly monitored by the Risk Owners.
- Control owners regularly certify that their controls continue to operate effectively.
- The Risk Management Group oversees this activity and escalates significant changes and new risks to the Executive Committee, Audit Committee and/or Board as appropriate.

INTERNAL AUDIT

Due to its size, the Group does not have an internal audit function, a matter reviewed by the Audit Committee during the year. The Committee has advised the Board that, currently, it considers there to be no need for an internal audit function. The External Auditor has confirmed this currently has no impact on their audit approach.

The Group has a Head of Security and Risk Management whose responsibilities include chairing our Risk Management Group and the ongoing maintenance of our risk management and control processes.

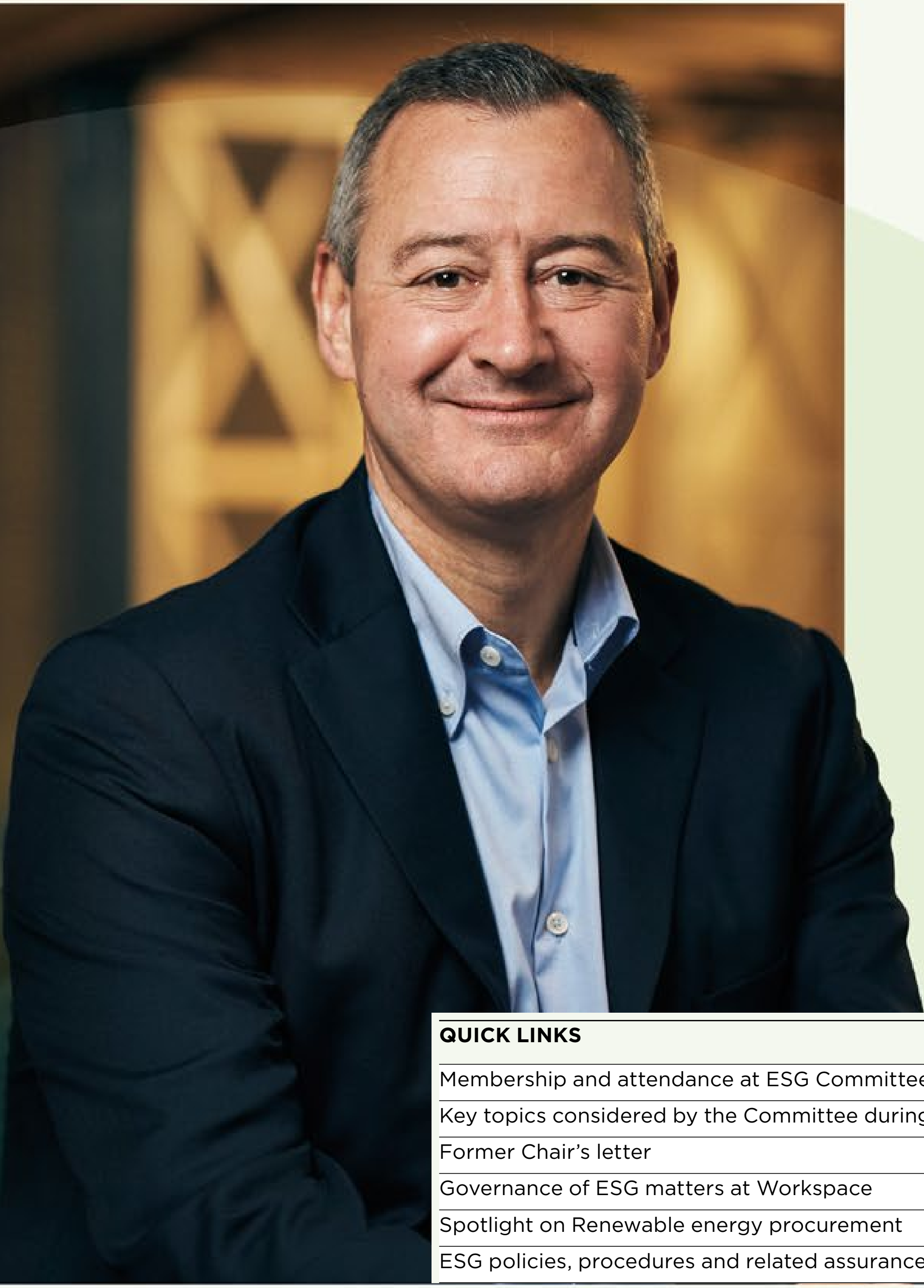
As part of our evolving internal assurance processes, the Head of Security and Risk Management has commenced a series of departmental control reviews across the business with seven completed during the year. No significant issues were identified from these reviews.

To supplement reviews of risk management and internal control, a programme of operational, facilities management and health and safety reviews are undertaken across our properties by qualified senior head office personnel. Any significant findings will then be reported to the Audit Committee.

In addition, all key controls are recorded on a central register and control owners are required to certify the effectiveness of controls for which they are responsible and to provide details of further actions to address any identified ineffectiveness. No significant issues were identified during the year.

Whistleblowing policy
Page 93

ESG COMMITTEE REPORT



“The ESG Committee is dedicated to guiding the business toward sustainable success and responsible leadership. By fully integrating environmental, social, and governance principles into the business strategy and decision-making processes, our aim is to deliver value for all our stakeholders.

Duncan Owen
Chair of the ESG Committee

QUICK LINKS

ESG COMMITTEE REPORT CONTINUED

MEMBERSHIP AND ATTENDANCE AT ESG COMMITTEE MEETINGS

	MEMBER SINCE	MEETINGS ATTENDED
Duncan Owen (Chair)	2022	4/4[1]
Rosie Shapland	2022	4/4[1]
Lesley-Ann Nash	2022	4/4[1]
Manju Malhotra	2022	4/4[1]
Nick Mackenzie	2022	4/4[1]
Graham Clemett	2022	4/4[1]
Dave Benson	2022	4/4[1]
Stephen Hubbard	2022	1/1[2]

1. There were two ESG Committees held in January 2024. One meeting was a joint meeting with the Audit Committee.
2. Stephen Hubbard stepped down from the Board with effect from the close of the Company's AGM on 6 July 2023.

As at 31 March 2024, The Committee consisted of five independent Non-Executive Directors, the Chief Executive Officer and the Chief Financial Officer (biographies are available on pages 118 to 120). At the request of the Committee, members of the Executive Committee, the senior management team and/or external advisers may be invited to attend all or part of any meeting, as and when appropriate.

Meetings of the ESG Committee
During the year under review, the Committee held four meetings. These took place in April 2023, September 2023, January 2024 and a joint ESG and Audit committee meeting as well in January 2024.

KEY TOPICS CONSIDERED BY THE COMMITTEE DURING THE YEAR

KEY TOPIC	ACTIVITY	OUTCOME
CLEAR AND CREDIBLE PATH TO NET ZERO CARBON	– Evaluated Workspace's progress on the net zero pathway. – Discussed the suitability of interim decarbonisation milestones and its inclusion in Executive Directors' targets. – Reviewed the action plan supporting near-term decarbonisation targets and the associated investment plan. – Reviewed the proposal for the renewable energy procurement strategy. – Considered dependencies crucial for the successful delivery of the long-term net zero carbon commitment.	Ensured Workspace continues to have a credible path to net zero, supported by a robust investment plan. The Committee's approval of Workspace's renewable energy procurement strategy marks a significant achievement in advancing towards our net zero target.
EVIDENCING LONG-TERM COMMITMENT TO SOCIAL WELFARE	– Assessed Workspace's strategy for delivering positive impact across all stakeholders, aligned with the B Corp framework. – Examined the methodology for measuring and reporting social impact. – Deliberated on incorporating social value and Diversity & Inclusion KPIs into Executive Directors' targets.	Reinforcement of the commitment to generate value for all stakeholders. Greater business buy in and accountability was achieved by adoption of social value and Diversity & Inclusion KPIs into Executive Director's targets.
ACTIVE MANAGEMENT OF ESG RISKS AND OPPORTUNITIES	– Evaluated the materiality of various ESG issues, weighing risks and opportunities for Workspace to identify priorities. – Assessed the effectiveness of climate risk management and internal controls. – Received a briefing on upcoming regulatory changes and evaluated compliance readiness.	Ensured Workspace's sustainability strategy is future proofed against evolving regulatory and market risks. The materiality review also helped identify key opportunity areas to prioritise.
MAINTAINING HIGH STANDARDS OF CORPORATE GOVERNANCE AND REPORTING	– Proposed ESG objectives for Executive Directors to the Remuneration Committee and assessed outcomes at year end. – Collaborated with the Audit Committee to review all ESG policies and assurance programmes for effectiveness. – Reviewed and approved the information reported on sustainability.	Existence of a robust governance framework for sustainability matters, with business-wide accountability in delivering strategic priorities. Reaffirmed our commitment to transparent and effective sustainable practices, by championing adoption of best practice sustainability disclosure.

ESG COMMITTEE REPORT CONTINUED

ESG COMMITTEE CHAIR'S LETTER

Duncan Owen
Chair of the ESG Committee

As the Chair of the ESG Committee, guiding the business towards a sustainable future has been my steadfast principle. I take immense pride in the heightened environmental and social impact we've achieved this year, creating value for all our stakeholders. Sustainability is now authentically embedded in our business culture, with the entire workforce mobilised, as it rightfully should be.

Dear shareholder,

I am pleased to present the report of the ESG Committee for the year ended 31 March 2024.

The ESG Committee was established in April 2022 to bolster the Board's oversight of environmental and social issues. Recognising the growing significance of ESG matters and the imperative to lead the business into a sustainable future, the Board deemed it prudent to create a dedicated forum for in-depth oversight of business sustainability strategy.

From the beginning, the Committee agreed that there would be four key themes for it to focus on:
(i) having a clear and a credible path to net zero;
(ii) evidencing long-term commitment to social welfare;
(iii) active management of ESG risks and opportunities; and
(iv) maintaining high standards of corporate governance and reporting.

Workspace's sustainability strategy is underpinned by the philosophy of stakeholder value. As a Committee, we have aimed to adopt a balanced score card to inform decision making, ensuring business is prioritising environmental and social impact, whilst delivering value for all its stakeholders.

Throughout the year, the Committee has effectively delivered on several tasks we had set out: closely monitoring progress made on net zero carbon transition, setting new strategy for renewable energy procurement, reviewing social impact and customer engagement strategies and conducting a critical review of ESG policies and procedures. The Committee also conducted a detailed review of material ESG issues and sustainability disclosures. I detail on page 181 an overview of the activities which we have carried out.

Net zero carbon transition
Climate action continues to be a key priority for the business, requiring business-wide transformation. In 2019, Workspace signed up to the Better Buildings Partnership ('BBP') Climate Commitment to deliver a net zero carbon real estate portfolio. Following a detailed analysis of the emissions across the business and the value chain, Workspace have also developed a set of science-based targets which are aligned to the goals of the Paris Agreement. These targets have been approved by the Science Based Targets Initiative (SBTi) and cover both our operational emissions (scope 1 and 2) and our embodied carbon emissions (scope 3).

During the year, the Committee conducted a deeper dive of the net zero pathway for the business to ensure it is on track to achieving decarbonisation of its portfolio. Whilst this will not be an easy undertaking, I am pleased with the progress the business has already made by reducing its like-for-like Scope 1 and 2 emissions by 12% compared to last year and the landmark initiative to secure a renewable power purchase agreement, sourcing two-thirds of its electricity from a solar plant in Devon.

Embedding ESG into the workings of other Committees
To ensure the ESG agenda is not siloed, we also identified ways in which ESG considerations are embedded within the workings of other Committees. Each year we hold a joint meeting with the Audit Committee to review the ESG policies and effectiveness of the assurance programme in place. ESG input is also informing discussions at the Nominations Committee regarding requisite expertise at Board level and with the Remuneration Committee regarding aligning compensation with ESG targets.

Looking forward
Given the fast-evolving pace of the ESG agenda, the Committee recognises that it needs to be future-focused and evolve its priorities to maintain oversight of both existing flagship initiatives and capturing new opportunities. As such, we revisit the materiality assessment for the business each year to identify new frontiers to focus on. Undeniably, the urgency will remain on driving net zero carbon transition at pace and the Committee will continue to closely monitor the Company's progress on its net zero pathway. However, we realise that nature and ecological crisis goes hand in hand with climate mitigation and warrants a robust business response.

This will form a key part of Committee activity in the coming year, in addition to continuing to further evolve our approach to social impact and its scalability.

ESG COMMITTEE REPORT CONTINUED
ESG COMMITTEE CHAIR'S LETTER CONTINUED

As we embark on the third year of our journey, I am delighted to share the news that, starting April 2024, Manju Malhotra will assume the role of Chair for the ESG Committee. With a wealth of experience in understanding business ESG drivers and a personal commitment to maximising stakeholder value, Manju is exceptionally well-suited to lead the Committee and guide its strategic direction. Her passion for sustainability and proven expertise will undoubtedly contribute to the continued success of the Committee in fostering a sustainable and responsible future for the business.

Duncan Owen
Chair of the ESG Committee
4 June 2024

I am thrilled to step into the role of Chair of the ESG Committee. With Workspace already built on robust sustainability foundations, I am looking forward to the opportunity to offer effective oversight and steer the Committee in setting a strategic course for the future.

Manju Malhotra
Non-Executive Director

GOVERNANCE OF ESG MATTERS AT WORKSPACE

BOARD OF DIRECTORS

NOMINATIONS COMMITTEE
Chaired by Duncan Owen

Key responsibilities:
- Ensuring requisite strength of Board ESG expertise

AUDIT COMMITTEE
Chaired by Rosie Shapland

Key responsibilities:
- Integrity of ESG reporting and targets
- Strategic risk management, including reputational risk

REMUNERATION COMMITTEE
Chaired by Lesley-Ann Nash

Key responsibilities:
- Aligning compensation with ESG goals
- Ensuring clarity of ESG metrics and KPIs

ESG COMMITTEE
Chaired by Manju Malhotra

Key responsibilities:
- Detailed scrutiny and oversight of ESG
- Ensuring adequate resource
- Driving Board focus on ESG

The role of the Board
The Chief Executive Officer along with the Workspace Board have the highest level of responsibility on all ESG matters. The role of the Board is to maintain close oversight of the ESG programme, ensuring long-term sustainable success of the business.

An ESG Committee comprising five independent Non-Executive Directors, the Chief Executive Officer and the Chief Financial Officer is set up to assist the Board in incorporating ESG considerations in business strategy and decision making.

The ESG Committee receives a detailed update on Workspace's sustainability strategy 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.

The ESG Committee also informs the working of other Board Committees with ESG considerations as it pertains to remuneration, nominations and audit functions.

Management responsibility
The Executive Committee is responsible for creating sustainability strategy for the business and individual Executive Committee members are responsible for leading on the delivery of environmental and social programmes.

The Executive Committee receives monthly updates on ESG matters, including progress against the annual ESG targets.

At operational level, the day-to-day management of ESG initiatives is managed by the members of the Environmental and Social Sustainability Committees, cross-function groups comprising heads of departments who are responsible for individual workstreams. Both these Committees include several Executive Committee members, which ensures senior level ownership and oversight of implementation plans and streamlines communication to the wider Executive Committee and the Board.

Ownership and accountability
ESG considerations are embedded across the business, ensuring there is clear oversight and accountability at each level – at Board level, at Executive level and at operational delivery level. Further, the core ESG targets for the business have been translated into performance objectives for relevant teams and are linked to their remuneration.

Terms of Reference
The Committee's role and responsibilities are set out in the terms of reference, which were created in September 2022 and are available on the Company's website at www.workspace.co.uk/investors/about-us/governance/board-committees.

Performance of the ESG Committee
As part of the Board effectiveness review undertaken this year, the ESG Committee's performance was assessed through an external evaluation. The outcomes and actions of this evaluation are listed below. It was concluded that the ESG Committee was operating effectively.

Outcomes
- Consider how to shift Committee focus from learning to deliberation and decision making.
- Ensure that the 'S' of the ESG is well understood by the Committee and therefore the Board.
- Keep under review whether the Committee should continue to comprise the whole Board, and at which point a smaller Committee may be able to do heavy lifting or add greater value.

Actions
- Format of Committee meetings and supporting papers was reviewed to ensure the members are provided with comprehensive contextual information as pre-read, allowing for greater time deliberating key issues and implications.
- Allow for dedicated time in the Committee agenda to receive a detailed briefing on social strategy and set increasingly progressive social impact targets.

ESG COMMITTEE REPORT CONTINUED

SPOTLIGHT ON RENEWABLE ENERGY PROCUREMENT

This year we achieved a major milestone in our net zero carbon transition by signing a long-term agreement to source two-thirds of our electricity from a newly constructed solar plant in Devon. Thereby also contributing to the UK's clean energy capacity. This agreement marks the first clean energy power purchase agreement made by a London office provider to date. This move further solidifies Workspace's position as a market leader in providing sustainable work spaces and will help our customers in achieving their own sustainability ambitions by significantly reducing their emissions.

2/3rd

OF ELECTRICITY DEMAND WILL BE MET BY SOLAR PLANT

> **This agreement clearly demonstrates how our scale as an operator of five million sq. ft. of work space, our focus on sustainability and our strong financial position have allowed us to take an important leading step in our industry. The deal delivers significant value for our stakeholders and underpins the long-term energy security for the Group and our customers.**
>
> **Dave Benson**
> Chief Financial Officer

ESG COMMITTEE REPORT CONTINUED

ESG POLICIES, PROCEDURES AND RELATED ASSURANCE

Once a year, Workspace holds a joint meeting of the Audit Committee and the ESG Committee. The primary objective of this meeting is to review and approve a comprehensive assurance programme designed to evaluate the effectiveness of policies and processes related to ESG matters.

The table on the right lists the policies and procedures that support the implementation of Workspace's ESG strategy. These policies ensure that Workspace conducts its business in an environmentally and socially responsible manner. Additionally, the risk management framework has been applied to establish a robust process for assessing and managing all ESG risks.

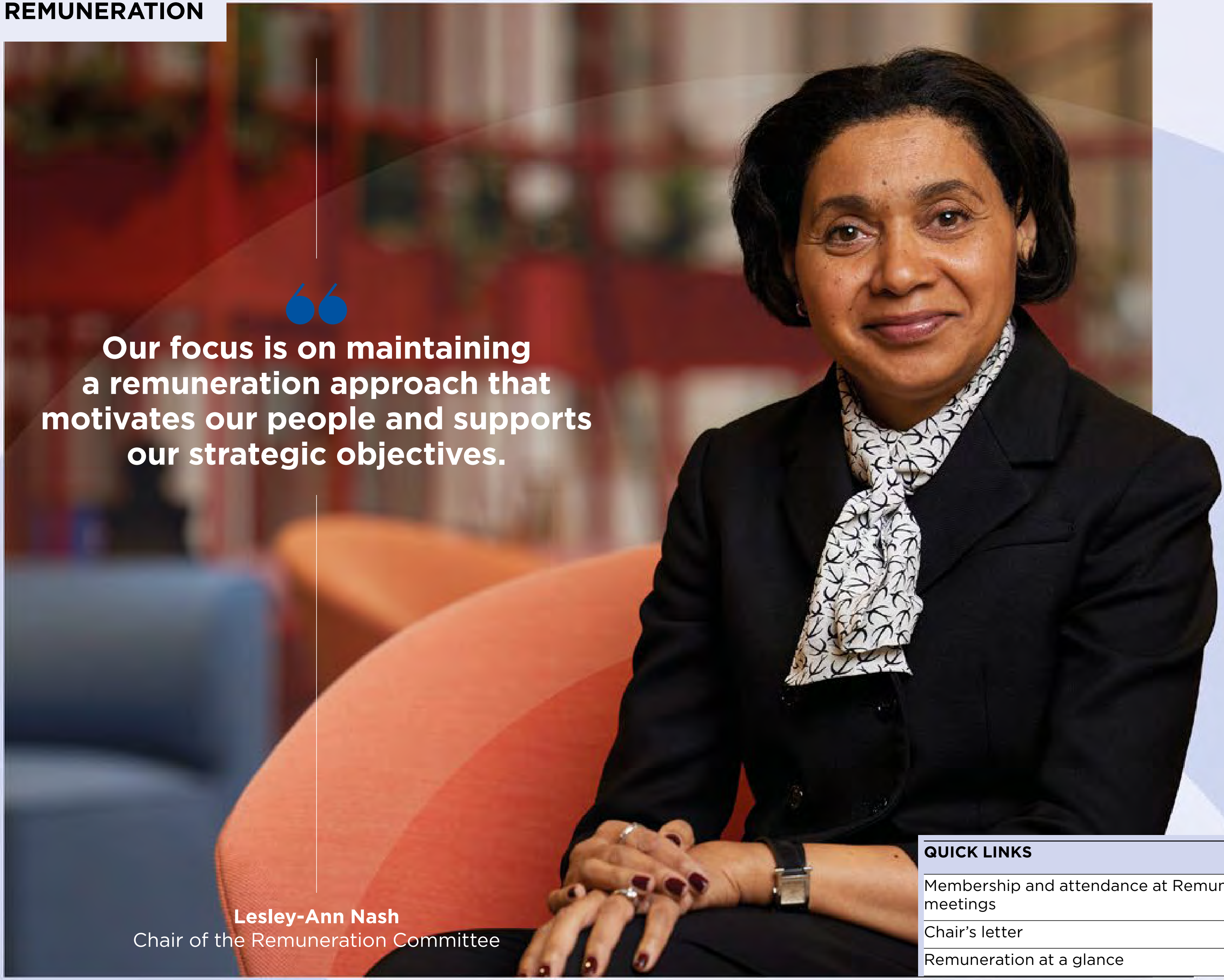
The Committees' detailed review of all ESG policies and the related assurance programme confirmed that all policies are being effectively implemented.

Workspace has a robust assurance programme, supported by internal and external checks to ensure compliance with policies.

Rosie Shapland
Senior Independent
Non-Executive Director

ENVIRONMENTAL	Climate change policy	Ensures that we conduct our business in a climate responsible way
	Environmental policy	Ensures that we conduct our business in an environmentally responsible way
	Net zero pathway	Ensures that we have quantifiable emission reduction targets and a clear plan to achieve net zero carbon in alignment with a 1.5°C future
	Sustainable development brief	Sets minimum requirements for our development and refurbishment projects on energy, carbon, waste, water, materials, nature and wellbeing
	Green finance framework	A framework used by Workspace to issue a green debt instrument including green bonds, private placement, and green loans
	Climate risk management	A climate risk register to ensure the business has a robust process to assess and manage climate risk. The document is published externally in the form of Task Force on Climate-Related Financial Disclosures (TCFD) in the annual report
SOCIAL	Health and safety policy	Ensures that we deliver on our obligations under health and safety legislation. The policy aims to reduce accidents and it endeavours to control health and safety risks to employees and others who may be affected by our activities
	Supplier Code of Conduct	Sets out Workspace's principles for ethical conduct and behaviour in business practices. The Supplier Code of Conduct also ensures that our suppliers, contractors, service providers and representatives live up to our values and standards
	Modern slavery statement	Sets out a zero-tolerance stance towards slavery and human trafficking for Workspace's operations and amongst its suppliers
	Equal opportunities and dignity at work policy	Sets out Workspace's expectations and standards regarding equal opportunities and dignity at work. The policy also outlines managerial and staff responsibilities to ensure the business' principles are observed
	Social impact framework	Sets out Workspace's strategy for delivering positive stakeholder impact. The framework is published externally in the annual report
GOVERNANCE	ESG-linked remuneration	To ensure ESG is treated as a strategic priority for the business, with leadership accountability
	Risk management framework	A five-step approach to ensure we have a robust process to assess and manage risks. This is used to inform our ESG risk register, enabling us to assess, monitor and manage material ESG risks
	Anti-Bribery and Corruption, and Gifts and Hospitality policy	Sets out standards and expectations for employees to ensure relationships with suppliers are conducted in an ethical way which is compliant with relevant legislation and provides guidance on how to recognise and deal with corruption issues
	Whistleblowing policy	Ensures that staff are aware of how to raise serious concerns. The policy provides guidance, and it ensures a robust process exists to enable an adequate response to the concerns raised. Ensures that staff will be protected from retribution
	Inclusion and diversity policy	Ensures that we are committed to supporting diversity and to creating an inclusive culture

REMUNERATION



> Our focus is on maintaining a remuneration approach that motivates our people and supports our strategic objectives.

Lesley-Ann Nash
Chair of the Remuneration Committee

QUICK LINKS

REMUNERATION CONTINUED

MEMBERSHIP AND ATTENDANCE AT REMUNERATION COMMITTEE MEETINGS

	MEMBER SINCE	MEETINGS ATTENDED
Lesley-Ann Nash (Chair)	**2021**	7/7
Duncan Owen[1]	**2023**	4/4
Rosie Shapland	**2020**	7/7
Stephen Hubbard[2]	**2014**	3/3

1. Duncan Owen became a member of the Committee in July 2023 and he attended all meetings from this date.
2. Stephen Hubbard retired as a Director of the Company in July 2023 and he attended 3/3 meetings up to this point.

The Committee consists of Non-Executive Directors and is chaired by Lesley-Ann Nash. Details of individual attendance at the meetings held during the year are set out above. More information on the skills and experience of all Committee members can be found on pages 118 to 120.

Support for the Remuneration Committee

During the year, we sought external support from PwC and internal support from the CEO and CFO, whose attendance at Committee meetings was by invitation from the Chair, to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of the senior management team. The Company Secretary attended each meeting as Secretary to the Committee. No Director was present for any discussions that related directly to their own remuneration.

KEY TOPICS CONSIDERED BY THE COMMITTEE DURING THE YEAR

KEY TOPIC	ACTIVITY	OUTCOME
EXECUTIVE AND SENIOR MANAGEMENT REMUNERATION FRAMEWORK	The Committee reviewed annual bonus outcomes for 2022/23 and considered the outcome of the 2020 LTIP grant, which vested at 50% of maximum in June 2023. Performance metrics and targets were determined in line with our remuneration structure. For the 2023/24 financial year, the Committee also reviewed the targets for the annual bonus and 2023 LTIP grant.	After careful consideration, the performance measures and targets for the 2023 LTIP were revised to better align with Workspace's evolving strategy. Restricted Share Awards were introduced and awarded in June 2023 (excluding Executive Directors), replacing the performance based LTIP structure. This ensures employees below Board level are rewarded appropriately for their continued contribution to the business.
REFLECTING ESG TARGETS UNDER THE ANNUAL BONUS AND THE LTIP	Recognising sustainability is inherent to the values of the Company and is heavily reflected in remuneration. With this in mind and as part of our ongoing objectives, we had the opportunity to better align the 2023 LTIP with our strategic plan. The LTIP measures and weightings that were agreed are Total Shareholder Return (TSR) (25%), Earnings Per Share (EPS) (25%), Total Accounting Return (TAR) (25%) and Environmental Social and Governance (ESG) (25% – the first time we introduced this measure in our LTIP).	The Committee identified precise ESG metrics and targets for inclusion in the Company's variable pay as part of the 2023 Remuneration Policy Review. After careful consideration, ESG, as a performance measure, was introduced in the 2023 LTIP, with a 25% weighting. We have also retained our sustainability metric within the annual bonus. Meetings were held with investors where the Committee Chair and Company Secretary explained the rationale for the selected ESG performance metrics and targets, details of which were also disclosed in the 2023 Annual Report.
GENDER PAY GAP	The Remuneration Committee continues to monitor the requirements under the Equality Act 2010. Any employer with more than 250 employees on 5 April each year (the 'Snapshot Date') is required to publish a gender pay gap report. Having reached this threshold for the first time at the Snapshot Date of 5 April 2022, we published our first gender pay gap report in March 2023.	As of 5 April 2023, 283 employees were employed and therefore the Company was required to publish a further gender pay gap report in March 2024. The Committee evaluated the data presented by the HR team, illustrating that the Company does have a gender pay gap in hourly pay and bonus on both mean and median measures. The main reason for the gap continues to be that proportionally more men are employed at the upper quartile and actions being undertaken to address the gender pay gap were discussed by the Committee.
WIDER WORKFORCE REMUNERATION	The Committee reviewed wider workforce remuneration arrangements and took these into account when reviewing remuneration for the Executive Directors.	In response to ongoing cost of living pressures, the Committee agreed that employees would receive a 5% salary increase, effective from 1 April 2024. Most members of the Executive Committee were awarded a 4% increase.
COMMITTEE GOVERNANCE	The Committee considered key executive remuneration trends and market practice including updates on the current executive pay environment, shareholder guidelines and corporate governance revisions.	A review of the results of the external performance review of the Remuneration Committee was conducted as well as a review of the Committee terms of reference. During the year, the Committee approved the Directors' Remuneration Report and Gender Pay Gap Report.

REMUNERATION CONTINUED

REMUNERATION COMMITTEE CHAIR'S LETTER

Lesley-Ann Nash
Chair of the Remuneration Committee

8.7%
INCREASE IN TRADING PROFIT AFTER INTEREST

8.5%
INCREASE IN DIVIDEND PER SHARE COMPARED TO PRIOR YEAR

86.1%
CUSTOMER SATISFACTION

99.8%
2023 REMUNERATION POLICY VOTE

Dear shareholders,

As Chair of the Remuneration Committee and on behalf of the Board, I am pleased to present our 2024 Remuneration Report.

The report this year is split into:
- Remuneration at a glance: highlighting simply and transparently how executive pay incentivises the delivery of our strategy and promotion of our values, and how this cascades down the organisation – pages 195 to 197.
- A summary of our current Directors' Remuneration Policy for Executive Directors approved by shareholders at our 2023 AGM – pages 198 to 201.
- The Annual Report on Directors' remuneration explaining the remuneration outcomes for 2023/24 and the implementation of pay for 2024/25 – pages 202 to 217.

In producing this year's Remuneration Report, the Committee has sought to present a clear and concise statement of our key decisions in respect of reward and recognition at Workspace, including how our approach to pay cascades throughout the organisation.

Gender pay gap report
Page 130

We are confident that the link between pay and performance at Workspace is clearly evident, with a focus on how our variable pay structures directly drive all of our strategic priorities and reflect alignment with our different stakeholders. More information on this can be found on pages 191 to 192.

I would like to take this opportunity to thank our shareholders for their support for our Directors' Remuneration Policy which was overwhelmingly approved at the 2023 AGM by 99.8% of voting shares. Coupled with the 99.9% support we received for our 2023 Directors' Remuneration Report, we believe this reflects shareholder confidence in our balanced approach to executive remuneration. The Committee remains focused on its role in promoting performance to develop long-term value for all stakeholders and continues to be guided by its key principles which are detailed on page 195.

Business performance
This year we have continued to see robust demand from businesses for the truly flexible offer we provide in our vibrant locations. This can be seen in our results with net rental income up 8.2%, driven by increased pricing and stable occupancy.

Throughout the year, we have continued to focus on operational excellence and have actively managed our portfolio to meet changing customer needs. We completed a large number of smaller unit refurbishments and subdivisions, which deliver strong immediate returns, as well as making good progress on our larger projects. As expected, our property valuations were down as a result of movement in market yields. However, we have maintained a conservative level of gearing, with the continuing disposal of non-core properties further strengthening our balance sheet.

The experience of our stakeholders
In reviewing the outcomes for 2023/24 remuneration for our Executive Directors, the Committee actively considered the wider context, such as the experience of all the Company's stakeholders during the year, including our shareholders, employees, customers and suppliers.

Throughout the year, we have been mindful of the challenges that our employees continue to face in the current economic environment. In this context, the Company agreed that for 2024/25, staff salaries would increase by 5%, with the increase being accelerated to be paid from April 2024. This follows a 6% increase in 2023/24, with a minimum uplift of £3,000 for staff earning below £50,000. More information about other benefits and pay that are offered to employees can be found on page 197.

In addition, this year we have reviewed a number of our family-related policies. We have increased maternity and paternity pay, introduced total reward statements so that employees have greater visibility of their remuneration package and introduced charity giving so that employees can make use of salary sacrifice arrangements to donate to their chosen charities. We have also launched two new benefits to replace our previous employee health cash plan, giving staff access to annual health checks, consultations on mental health and nutrition and a cash plan enabling staff to claim reimbursements for certain health-related expenses, such as optical and dental services.

Last year, we published our inaugural gender pay gap report and this year's report can be found on our website. The Board and the Committee continue to be fully committed to creating a diverse and inclusive culture that attracts the best individuals to our Company.

REMUNERATION CONTINUED

We have also relaunched our InspiresMe programme, providing work experience and careers advice for students and disadvantaged young people in our communities and contributed £66,199 to our charity partner, Single Homeless Project.

A more detailed summary of how the remuneration outcomes align with the experience of our other stakeholders is set on page 191.

Remuneration outcomes in 2023/24
The formulaic outcome under the bonus was 67.1% of maximum which equates to 100.7% of salary for the CEO and 80.5% of salary for the CFO. This results in £538,500 to the CEO and £296,300 to the CFO. This reflects strong performance across our annual bonus measures, in particular in profit, sustainability and customer satisfaction.

With ESG so high up the Company's agenda, we are pleased that this metric has paid out in full. Further details of the outcomes are set out on page 207. Of the bonus award, 33% will be deferred in shares for three years under the Deferred Bonus Plan.

Vesting of 2021 LTIP
The LTIP awards granted to Graham Clemett and Dave Benson in 2021 were subject to performance conditions measured over the three financial years from 1 April 2021 to 31 March 2024. The vesting of 50% of this award was subject to Total Shareholder Return (TSR) performance relative to FTSE 350 Real Estate companies (excluding agencies), with the remaining 50% subject to Total Property Return (TPR) versus IPD Benchmark.

Having tested the performance conditions, TPR performance was above upper quartile, meaning this element vested in full. TSR, however, was ranked within the 25th percentile, meaning that this element did not pay out. Therefore, the overall formulaic outcome is 50%.

This equates to a total of £342,377 for Graham Clemett and £235,600 for Dave Benson (these figures include dividend equivalents). The net vested shares will be subject to a two-year holding period.

Following evaluation of the formulaic outcomes for both the annual bonus and LTIP, the Committee considered the results against the underlying performance of the Company in what continues to be challenging market conditions, as well as the experience of our stakeholders over the performance period, and determined no adjustments to outcomes were required.

Proposed implementation of policy for 2024/25
As I set out at the beginning of this statement, the renewal of our Directors' Remuneration Policy received overwhelmingly strong support from our shareholders at the 2023 AGM. We believe this policy remains fit for purpose as it continues to align with our strategic priorities.

Base salary
The CEO will receive a base salary increase of 4%, which is below the level awarded to the wider workforce, and this took effect from 1 April 2024.

The CFO will receive an increase of 8.7%, taking his salary to £400,000.

The CFO's package has slipped below his peers over the last few years. The increase in salary will place his total compensation in line with the lower quartile of the industry peer group. The Committee remains conscious of ensuring that any salary increase that is awarded to Executive Directors is typically the same level, if not below that of the

SUMMARY OF EXECUTIVE DIRECTORS' TOTAL REMUNERATION
The tables below set out a single figure for the total remuneration received by each Executive Board Director for the year ended 31 March 2024. The full tables can be found on pages 193 and 194.

Graham Clemett Chief Executive Officer		2023/24 £000
Fixed pay	Base salary	535.0
	Pension[1]	53.5
	Benefits[2]	21.8
	Total fixed	**610.3**
Variable pay	Annual bonus[3]	538.5
	LTIP[4,5]	342.4
	Other (SAYE, SIP)	4.5
	Total variable	**885.4**
Total		**1,495.7**
of which share price growth		0

Dave Benson Chief Financial Officer		2023/24 £000
Fixed pay	Base salary	368.0
	Pension[1]	36.8
	Benefits[2]	0
	Total fixed	**404.8**
Variable pay	Annual bonus[3]	296.3
	LTIP[4,5]	235.6
	Other (SAYE, SIP)	4.5
	Total variable	**536.4**
Total		**941.2**
of which share price growth		0

1. Pension: During 2023/24 each of Messrs Clemett and Benson received a cash allowance in lieu of pension contribution.
2. Benefits: Taxable value of benefits received in the year by Executive Directors includes a car allowance, private health insurance and death in service cover.
3. Annual bonus: This is the total bonus earned in respect of performance during the relevant year. For 2023/24, the Committee set a minimum deferral requirement of 33% of the bonus earned. For 2023/24, this deferral was equivalent to £177,705 for Mr Clemett and £97,779 for Mr Benson.
4. None of the LTIP single figure is attributable to share price growth.
5. The 2023/24 figure includes the estimated value of 50% of the 2021 LTIP shares that vested based on performance to 31 March 2024. The share price used is the three-month average to 31 March 2024 of £5.11. This will be updated in next year's report to reflect the share price on the date of vesting. As allowable under the relevant plan rules and approved Policy, the Committee determined that dividend equivalents are payable under the 2021 LTIP award – this figure therefore includes the value of dividend equivalents accrued on the shares that are vesting over the relevant performance period.

REMUNERATION CONTINUED

wider workforce. However, this exception is important to the Committee, given that the CFO has been in role for the last four years and has made a strong contribution over this period, assisting the CEO in the succesful management of the Company through the challenges of COVID, securing of new finance facilities including the issue of a Green Bond and the recent implementation of a new finance and admin system. In addition, we remain mindful of his role as we transition our new CEO. For these reasons, the Committee concluded that this salary increase is appropriate. Executive Director salary increases took effect from 1 April 2024.

Annual Bonus 2024/25
The Committee regularly reviews the targets and weightings of incentives to ensure that they continue to align to Workspace's strategic priorities and support the Company's culture and values. Following its review, the Committee determined that for the 2024/25 annual bonus, the performance measures would remain unchanged from 2023/24 but a slight change to the weightings should apply to ensure there is a greater focus on our strategic financial objectives.

In addition, the Committee reviewed how our sustainability strategy is reflected across our incentives, with ESG metrics representing 20% of award within the annual bonus and 25% within the LTIP. Given the shorter-term nature of the annual bonus, it was determined that going forward, the sustainability objective should represent 10% of award and would focus on the people and community support elements of our ESG strategy. The targets to be set for 2024/25 would encompass customer advocacy of our sustainability credentials, increasing our social value and championing diversity and inclusion. Further, in light of the headwinds on climate change and associated regulations, we believe that prioritising resilience and reducing energy intensity usage within our portfolio will be crucial to protecting long-term shareholder value. As a consequence, ESG, as a performance measure within the LTIP, representing 25% of the award, would focus on increasing EPC A/B rated space and reducing scope 1 and 2 emissions.

Therefore, for 2024/25 the annual bonus performance measures and weightings will be: Financial objectives (Trading profit after interest (50%), Strategic financial (20%, previously 10%)), Sustainability (10%, previously 20%), Operational efficiency (10%) and Customer satisfaction (10%). The Committee believes these measures appropriately incentivise the Directors to deliver in-year performance that is aligned to each of the three pillars of our strategy. We set out further evidence of this alignment on pages 195 to 197.

Targets for the annual bonus are set at the beginning of the year and will be disclosed in full at the end of the performance year. See page 212 for further details.

2024 LTIP
Following a review last year, the Committee amended the measures for the LTIP in order to further improve alignment between the performance conditions and the Company's strategy. This year, the Committee determined that these measures remain fit for purpose, therefore the measures for the 2024 LTIP award, due to be granted in June, will remain unchanged from the previous year's grant, with the exception of a small adjustment to the targets of the Total Accounting Return measure. The measures and weightings that will apply are as follows: Total Shareholder Return (TSR) relative to FTSE 350 Real Estate companies (excluding agencies) (25%), Total Accounting Return (TAR) (25%), Earnings Per Share Growth (EPS) (25%) and Environmental, Social and Governance (ESG) metrics (25%).

As with previous awards, a performance underpin applies to this award which allows the Committee to reduce vesting if the outturn is inconsistent with the overall performance of the business, individual performance or wider considerations. Further details of the LTIP that will be granted in June 2024 can be found on page 213.

Chief Executive Officer (CEO) Succession
In January 2024, we announced Graham Clemett's intention to retire from his role as Chief Executive Officer. As Graham serves his notice period, he will continue to receive his base salary, benefits and pension. In addition, he will remain eligible for a 2024/25 annual bonus, which will be pro-rated for time served, and a 2024 LTIP award, subject to performance and time proration. All remuneration received by Graham in relation to his retirement, including the treatment of his outstanding incentives, will be in accordance with our approved policy. In line with the policy, he will also be subject to post-cessation shareholding requirements.

A key focus of the Committee since Graham's announcement has been the remuneration arrangements for our new Chief Executive Officer. Lawrence Hutchings was announced as the new CEO and he will take up the role on a date to be confirmed. The terms of the remuneration package for Lawrence comply fully with the Directors' Remuneration Policy that was approved by shareholders at the 2023 AGM. Further information in respect of Lawrence's remuneration upon taking up the role of CEO is provided throughout the Report.

Remuneration Committee Effectiveness
For the year ending 31 March 2024, the Company was required to undertake an external Board performance review, similar to that carried out in 2020/21 to identify opportunities to further strengthen Board performance and contribution. Fidelio Partners has carried out the Board performance review and presented their findings to the Board in January 2024.

As part of the process, Fidelio has produced specific feedback for the Remuneration Committee, highlighting areas in which the Committee operates strongly and we are responding to areas identified for improvement. Overall it was confirmed that the Committee continued to operate effectively.

Concluding remarks
The Committee remains aware of the scrutiny on executive pay, and we continue to assess our current remuneration policy to ensure that it drives the right behaviours and continues to evolve in line with our strategy and wider stakeholders.

I want to thank you for your ongoing support in the year and I hope you will join the Board in supporting our Directors' Remuneration Report at the upcoming 2024 AGM.

Lesley-Ann Nash

Lesley-Ann Nash
Chair of the Remuneration Committee
4 June 2024

REMUNERATION CONTINUED

CONSIDERATION OF THE EXPERIENCE OF OUR STAKEHOLDERS

OUR PURPOSE, STRATEGY AND STAKEHOLDERS

Stakeholder experiences in 2024
Pages 191 to 192

Our people
Mindful of the challenging economic environment faced by our employees, the Committee oversaw the decision to award salary increases of 5% for all employees below the Executive Committee. The introduction of the restricted share awards for senior employees below Board level, in 2023, ensures these individuals can share directly in the success of Workspace and are fully aligned with shareholders' experience.

Employee engagement and wellbeing are reflected in our sustainability objectives as part of our Executive Directors' bonuses. The Committee also set objectives in order to increase our social value contribution. Our target during the year was to generate £700,000 of social value. We successfully delivered a series of enhanced employee wellbeing programmes and employment and skills initiatives for employees such as helplines for stress and wellbeing. 72% of respondents in our current staff survey confirmed that Workspace cares about employee wellbeing. Furthermore, we successfully launched our apprenticeship programme, supporting six apprentices this year. In addition, a number of initiatives were rolled out this year to drive greater diversity and inclusion within the business. This includes 119 hours of diversity and inclusion training to employees. We also aim to achieve equal gender split across all professional training opportunities and internal promotions. Following on from the year end employee survey, 85.5% of employees agree that Workspace is an inclusive employer, up from 80% last year.

Our investors
We believe in an open dialogue with investors. As part of our Directors' Remuneration Policy review, the Committee consulted with major shareholders and investor bodies, receiving constructive and positive feedback.

In 2023, the Committee reviewed the LTIP performance measures to ensure these continue to align to our strategic priorities. Subsequently, the Committee approved the introduction of an EPS growth measure for the 2023 LTIP grant. EPS is an important headline measure of Workspace's financial performance and profitability. The relative TSR condition remains an important measure in ensuring outcomes from the LTIP align with the experience of our shareholders. Participants are only rewarded if returns exceed that achieved elsewhere in the sector. Total Accounting Return as a measure, reflects the creation of value for shareholders in the form of dividends paid and growth in Asset Value. The use of an ESG measure strongly aligns to the sustainability pillar of our strategy.

REMUNERATION CONTINUED
CONSIDERATION OF THE EXPERIENCE OF OUR STAKEHOLDERS CONTINUED

Our partners and suppliers
We work with a broad range of long-term partners and these relationships are governed by stringent ethical and sustainability standards. As an accredited Living Wage employer ourselves, we are committed to paying the Real London Living Wage to 100% of our suppliers and partners working on Workspace premises. All of our suppliers are required to comply with our supplier code of conduct, setting minimum standards of sustainability performance and ethical conduct.

Our communities
Our buildings positively impact communities: 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 support to disadvantaged young people. This year, we partnered with 10 local schools to deliver skills and employability workshops, reaching over 300 beneficiaries. We also worked with our customers to offer work placement opportunities to 25 students.

As part of our annual bonus sustainability metrics, we focused on a number of social impact initiatives which include adopting responsible business practices to support our people to achieve their best, rolling out programmes focused on wellbeing, skills, employment and local community impact. During the year, our employees devoted 1,440 hours of time to volunteer work. The delivery of our social value objectives have generated a total of £847,000, versus our target of £700,000, this year.

The environment
Sustainability is at the heart of our strategy and this is reflected in incentives for our Executive Directors. Whilst sustainability objectives were already part of our annual bonus, in 2023 the Committee approved the introduction of ESG metrics for the LTIP from the 2023 grant. During the year, we achieved an 11% reduction in energy use intensity across the like-for-like portfolio compared to last year. This is mainly driven by a 35% reduction in gas use across the portfolio due in the main to electrification and operational improvements. In addition, 10.5% of the portfolio has been upgraded to an EPC A/B rating this year. The measures include key objectives which directly support our strategy in focusing on creating sustainable environments. We signed a long-term contract to procure two-thirds of our electricity from a solar plant in Devon, contributing 21.1GW of additional renewable capacity to the UK grid.

Our customers
Our customers are at the heart of our business and this is reflected in our strategy, with one of our three strategic pillars relating to customer-led growth. Customer satisfaction is a measure within our annual bonus for our Executive Directors and the Committee was satisfied that the bonus outcomes for the year accurately reflected the experience of our customers at Workspace. In addition, we held a number of engagement initiatives with our customers to drive sustainable behaviours and supported them with their own sustainability aspirations. Such sustainability initiatives were well received by our customers, with 79% of customers agreeing that Workspace is a socially and environmentally responsible business.

"Sustainability underpins all that we do at Workspace. By introducing ESG performance measures within our annual bonus and LTIP, we directly support our strategy and focus on creating sustainable environments.

REMUNERATION CONTINUED

SUMMARY OF EXECUTIVE DIRECTORS' TOTAL REMUNERATION

GRAHAM CLEMETT
CHIEF EXECUTIVE OFFICER

Fixed components of executive pay	£000
Base salary	535.0
Pension	53.5
Benefits	21.8
Total fixed	**610.3**

Variable components of executive pay	£000
Annual bonus	538.5
LTIP	342.4
Other – SAYE, SIP	4.5
Total variable	**885.4**
Single figure for 2023/24	**1,495.7**

ANNUAL BONUS
OUTCOMES UNDER THE 2023/24 ANNUAL BONUS

Measure:	Threshold (0% Payable)	Maximum (100% payable)	Actual	Outcome (% of award)	Weighting (% of award)	CEO actual £000
Trading profit after interest	£64.9m	£68.6m	Actual: £66.3m[1]	21.9%	50%	175.7
Strategic financial objectives	0%	100%	Actual: 75%	7.5%	10%	60.2
Sustainability objectives	0%	100%	Actual: 100%	20%	20%	160.5
Operational efficiency	0%	100%	Actual: 77%	7.7%	10%	61.8
Customer satisfaction	80%	86%	Actual: 86.1%	10%	10%	80.3
Bonus outturn				**67.1%**		538.5
As a percentage of salary				**100.7%**		

1. Adjusted by £0.3m due to exceptional costs in relation to CEO transition.

LTIP
OUTCOMES UNDER THE 2021 LTIP PERFORMANCE MEASURES OVER THE PERIOD 1 APRIL 2021 TO 31 MARCH 2024

Measure:	Threshold (20% payable)	Maximum (100% payable)	Actual	Formulaic outcome (% of award)		CEO actual £000
Total shareholder return (TSR) Relative to FTSE 350 Real Estate companies (excluding agencies)	MEDIAN	UPPER QUARTILE	Actual: 25th percentile	0%	50%	299.0 of which share price: £NIL
Total property return (TPR) versus IPD	MEDIAN	UPPER QUARTILE	Actual: 95th percentile	50%	50%	43.4 Dividend equivalent:
Total				**50%**	100%	342.4

REMUNERATION CONTINUED

SUMMARY OF EXECUTIVE DIRECTORS' TOTAL REMUNERATION

DAVE BENSON
CHIEF FINANCIAL OFFICER

Fixed components of executive pay	£000
Base salary	368.0
Pension	36.8
Benefits	0
Total fixed	**404.8**

Variable components of executive pay	£000
Annual bonus	296.3
LTIP	235.6
Other – SAYE, SIP	4.5
Total variable	**536.4**
Single figure for 2023/24	**941.2**

ANNUAL BONUS
OUTCOMES UNDER THE 2023/24 ANNUAL BONUS

Measure:	Threshold (0% Payable)	Maximum (100% payable)	Actual	Outcome (% of award)	Weighting (% of award)	CFO actual £000
Trading profit after interest	£64.9m	£68.6m	£66.3m[1]	21.9%	50%	96.7
Strategic financial objectives	0%	100%	75%	7.5%	10%	33.1
Sustainability objectives	0%	100%	100%	20%	20%	88.3
Operational efficiency	0%	100%	77%	7.7%	10%	34.0
Customer satisfaction	80%	86%	86.1%	10%	10%	44.2
Bonus outturn				**67.1%**		296.3
As a percentage of salary				**80.5%**		

1. Adjusted by £0.3m due to exceptional costs in relation to CEO transition.

LTIP
OUTCOMES UNDER THE 2021 LTIP PERFORMANCE MEASURES OVER THE PERIOD 1 APRIL 2021 TO 31 MARCH 2024

Measure:	Threshold (20% payable)	Maximum (100% payable)	Actual	Formulaic outcome (% of award)		CFO actual £000
Total shareholder return (TSR) Relative to FTSE 350 Real Estate companies (excluding agencies)	MEDIAN	UPPER QUARTILE	25th percentile	0%	50%	205.8 of which share price: £NIL
Total property return (TPR) versus IPD	MEDIAN	UPPER QUARTILE	95th percentile	50%	50%	29.8 Dividend equivalent:
Total				50%	100%	235.6

REMUNERATION CONTINUED

ALIGNING OUR REMUNERATION PRINCIPLES WITH OUR PURPOSE AND STRATEGY AND THE EXPERIENCE OF ALL OUR STAKEHOLDERS

OUR PURPOSE, STRATEGY AND STAKEHOLDERS

Our remuneration approach is aligned to our purpose, values and strategy, thereby incentivising delivery for customers and the environment, and the creation of long-term value for all of our stakeholders.

Stakeholder experiences in 2024
Pages 191 to 192

OUR KEY REMUNERATION PRINCIPLES

ALIGNMENT WITH OUR STRATEGY AND PURPOSE	Workspace has worked hard to articulate and define our purpose, alongside our established values and corporate strategy. Our remuneration is aligned with the Group's objectives and long-term strategy through a mix of short and long-term performance metrics. This aligns with the 'alignment to culture' principle under Provision 40 of the UK Corporate Governance Code.
A FOCUS ON RISK	We design our measures to incentivise the right behaviours, that are consistent with our strategy. Performance measures applicable to the 2024 LTIP grant have been reviewed and are based on a combination of financial, share price, ESG and strategic measures aligned with the Company's strategic plan. This aligns with the 'risk' and 'proportionality' principles under the UK Corporate Governance Code.
ACTING IN A SUSTAINABLE WAY	Incorporating ESG into our incentive arrangements reinforces the importance of the sustainability pillar of our strategy. Staying ahead of the sustainability curve and delivering on our net zero carbon commitments is a fundamental part of Workspace's long-term strategy. This aligns with the 'alignment to culture' principle under Provision 40 of the UK Corporate Governance Code.
TRANSPARENCY AND SIMPLICITY FOR THE BENEFIT OF ALL OUR STAKEHOLDERS	The Committee seeks to embed simplicity and transparency in the design and delivery of Executive reward. The remuneration structure is simple to understand for both participants and shareholders and is clearly aligned to the strategic priorities of the business. This aligns with the 'clarity', 'simplicity' and 'predictability' principles under Provision 40 of the UK Corporate Governance Code.
CONSISTENCY OF APPLICATION	Short and long-term incentive plans, operated across the organisation, explicitly reward the delivery of the business strategy. A high percentage of rewards are delivered in the form of equity, meaning that Executives are strongly aligned with shareholders. Executives are also required to build significant shareholdings in Workspace. This aligns with the 'risk' principle under Provision 40 of the UK Corporate Governance Code.

REMUNERATION CONTINUED

ALIGNING OUR PURPOSE AND STRATEGY WITH OUR REMUNERATION PRINCIPLES AND THE EXPERIENCE OF ALL OUR STAKEHOLDERS CONTINUED

HOW OUR VARIABLE PAY ALIGNS TO OUR STRATEGIC PILLARS

Our annual bonus and LTIP are closely aligned to our strategic priorities. They each demonstrate a clear focus on operational performance, customers and the environment.

ELEMENT OF REMUNERATION	MEASURES (% of award)	WHY IT IS IMPORTANT TO DELIVER OUR STRATEGIC PRIORITIES AND SUPPORT OUR STAKEHOLDERS	LINK TO STRATEGIC PRIORITIES	LINK TO DIFFERENT STAKEHOLDERS
2024/25 ANNUAL BONUS	**Financial measures** Trading profit after interest **50%** Strategic financial **20%**	**Trading profit after interest** Trading profit after interest is a key measure for Workspace and determines dividend growth, and also the returns we provide to our shareholders. **Strategic financial** Strategic financial objectives allow us to cover key drivers of our commercial success that would otherwise not be captured under trading profit after interest.	- Driving customer-led growth - Delivering operational excellence	- Our investors - Our partners & suppliers
	Sustainability **10%**	**Sustainability** The sustainability objectives incentivise the Executive Directors to deliver progress against our three-pillar sustainability strategy.	- Being sustainable from the inside out	- The environment - Our communities - Our people - Our partners & suppliers
	Operational efficiency **10%**	**Operational efficiency** Optimising value and service is an important part of our business and a key part of our strategic pillar to deliver operational excellence.	- Delivering operational excellence	- Our customers - Our people
	Customer satisfaction **10%**	**Customer satisfaction** Customers are at the heart of Workspace and the use of customer satisfaction objectives demonstrates our commitment to providing the best value to our customers.	- Driving customer-led growth	- Our customers
2024 LTIP	**Total Shareholder Return (TSR) relative to FTSE 350 Real Estate companies (excluding agencies)** **25%**	**Total Shareholder Return (TSR) relative to FTSE 350 Real Estate companies (excluding agencies)** TSR is paramount to Workspace because it shows the value that our shareholders receive from investing in Workspace. We aim to create maximum value for our shareholders therefore it is important to ensure outcomes from the LTIP align with the experience of our shareholders, with participants only rewarded if returns exceed those achieved elsewhere within the sector.	- Driving customer-led growth - Delivering operational excellence - Being sustainable from the inside out	- Our investors
	Total accounting return (TAR) **25%**	**Total Accounting Return (TAR)** TAR is important to Workspace as it ensures we reward the creation of value for shareholders in the form of dividends paid and growth in net asset value.	- Driving customer-led growth - Delivering operational excellence	- Our investors
	Earnings per share (EPS) Growth **25%**	**Earnings Per Share (EPS) growth** EPS growth is a key headline measure of Workspace's financial performance, with outcomes better aligned to our success in active portfolio management and investment.	- Delivering operational excellence	- Our investors
	Environmental, Social and Governance (ESG) measures **25%**	**Environmental, Social and Governance (ESG) measures** ESG measures demonstrate our commitment to long-term Company strategy focusing on creating sustainable environments.	- Being sustainable from the inside out	- The environment

REMUNERATION CONTINUED

ALIGNING OUR PURPOSE AND STRATEGY WITH OUR REMUNERATION PRINCIPLES AND THE EXPERIENCE OF ALL OUR STAKEHOLDERS CONTINUED

WORKSPACE'S APPROACH TO REMUNERATION AND HOW WE INCENTIVISE AT ALL LEVELS WITHIN THE COMPANY

REMUNERATION ELEMENT		Executive Directors 2	Rest of employees[1] 327
BASE SALARY		ALL EMPLOYEES: Salaries are set to reflect market value of the role and aid recruitment and retention. From April 2024, we awarded a 5% increase to all staff, below the Executive Committee. For more details on Executive Director and Executive Committee salary increases, see pages 187 and 190.	
PENSION		ALL EMPLOYEES: Employees are eligible for a 2:1 match on employee pension contributions of 3% or 5% of salary. Payments are made through salary sacrifice.	
BENEFITS	Health and wellbeing benefits	ALL EMPLOYEES: We want to create an environment that promotes healthy behaviours and ensures that employees have access to advice and information to improve their health and wellbeing. Employees at all levels are eligible for company-funded healthcare, an enhanced company sick pay scheme, and have access to a medical advice and information service. All colleagues have free 24/7 access to our employee assistance programme, which provides counselling and support to them and their households. We have delivered mental health awareness training to all employees, and we direct employees to relevant support services.	
	Flexible benefits	ALL EMPLOYEES: All colleagues have access to a variety of additional voluntary benefits to suit their lifestyle. We have introduced two new benefits to replace our previous employee cash plans, giving staff access to annual health checks, mental health and nutritional consultation. Colleagues can choose from a range of deals and discounts all year round, and can donate to their chosen charities directly from their pay.	
ANNUAL BONUS	Cash	ALL EMPLOYEES: All colleagues are eligible for the annual bonus programme. The bonus award is designed to reward the delivery of targets and objectives directly linked to the financial and strategic performance of the Group set each year. All employees are set objectives as part of our appraisal process and these are agreed with the relevant Head of Department to ensure alignment across the Company.	
	Deferral	EXECUTIVE DIRECTORS ONLY: Deferral of part of bonus into shares aligns the interests of Executive Directors and shareholders.	REST OF EMPLOYEES: Not applicable. Bonus deferral applies to Executive Directors only.
SHARE OWNERSHIP	LTIP	EXECUTIVE DIRECTORS ONLY: Discretionary annual grant of shares that vest subject to continued employment and performance conditions measured over three years.	REST OF EMPLOYEES: Not applicable.
	Restricted Share Awards (RSAs)	EXECUTIVE DIRECTORS DO NOT RECEIVE AN RSA: Executive Directors do not receive RSAs as they participate in the LTIP.	CERTAIN SENIOR STAFF AND OTHER STAFF MEMBERS: RSAs are awarded to certain senior staff and other members of staff at the discretion of the Committee.
	Save As You Earn (SAYE)	ALL EMPLOYEES: Any colleague can become a shareholder in our Company and share in our success by participating in our SAYE scheme. All colleagues have the option to buy shares in Workspace at a discounted price (after a three-year or five-year saving period elapses).	
	Share Incentive Plan (SIP)	ALL EMPLOYEES: The Company will award a number of shares based on an agreed value. In September 2021, the Company offered a free share award of £2,000 to all employees.	

1. As at 31 March 2024.

REMUNERATION CONTINUED

OUR REMUNERATION POLICY

In this section we provide a summary of the key elements of the Remuneration Policy for Executive Directors approved by shareholders at our 2023 AGM. In addition, we have set out how the Policy was operated in 2023/24 (which was as intended) and how it is intended to be operated in 2024/25.

You can find the full policy at www.workspace.co.uk

REMUNERATION POLICY TABLE

The table below describes the Policy in relation to the components of remuneration for Executive Directors.

FIXED COMPONENTS OF EXECUTIVE PAY

KEY ELEMENT	2024–2025	2025–2026	2026–2027	2027–2028	2028–2029	OPERATION	OPPORTUNITY	OPERATION IN THE YEAR ENDED 31 MARCH 2024	OPERATION IN THE YEAR ENDING 31 MARCH 2025
BASE SALARY To reflect market value of the role and an individual's experience, performance and contribution.						Salaries are normally reviewed annually. Salary levels take account of: – Role, performance and experience. – Business performance and the external economic environment. – Salary levels for similar roles at relevant comparators. – Salary increases across the Group.	Increases are applied in line with the outcome of the review. There is no prescribed maximum. Increases for Executive Board Directors will typically be in line with those of the wider workforce.	**Salary:** Graham Clemett (CEO): £535,000 Dave Benson (CFO): £368,000	**Proposed salary:** CEO: £556,400 CFO: £400,000 (effective from 1 April 2024) For further details, see page 190. When Lawrence Hutchings succeeds Graham Clemett as CEO (the date of which is to be confirmed), his annual salary as CEO will be £560,000.
PENSION To provide market competitive pensions.						Directors participate in a defined contribution pension scheme or may receive a cash allowance in lieu of pension contribution.	Up to 10% of salary. For individuals with less than a year's service with Workspace, this will be 6% of salary.	Graham Clemett (CEO): 10% of salary Dave Benson (CFO): 10% of salary	CEO and CFO: In line with 2023/2024 When Lawrence Hutchings succeeds Graham Clemett as CEO (the date of which is to be confirmed), he will receive a cash allowance in lieu of pension of 6% of salary for the first year of employment and 10% of salary thereafter.
BENEFITS To provide market competitive benefits.						Benefits typically include car allowance, private health insurance, and death in service cover. Where appropriate, other benefits may be offered including allowances for relocation. In addition, Directors are eligible to participate in all employee share plans, currently the SAYE and SIP.	Benefits may vary by role and individual circumstance, and are reviewed periodically. There is no overall maximum.	Includes car allowance, private health insurance and other benefits.	No change. When Lawrence Hutchings suceeds Graham Clemett as CEO (the date of which is to be confirmed) he will be eligible to receive benefits in line with the policy.

REMUNERATION CONTINUED
OUR REMUNERATION POLICY CONTINUED

REMUNERATION POLICY TABLE CONTINUED

VARIABLE COMPONENTS OF EXECUTIVE PAY

KEY ELEMENT	2024–2025	2025–2026	2026–2027	2027–2028	2028–2029	OPERATION	PERFORMANCE METRICS	OPERATION IN THE YEAR ENDED 31 MARCH 2024	OPERATION IN YEAR ENDING 31 MARCH 2025
ANNUAL BONUS To reinforce and reward delivery of annual strategic business priorities, based on performance measures relating to both Group and individual performance. Bonus deferral provides alignment with shareholder interests.						A portion of the annual bonus is deferred into shares for a period of three years. The deferral is 33% of bonus earned. Dividend equivalents may be accrued on deferred shares. The Committee may apply malus and clawback in circumstances of gross misconduct, material misstatement of the Group's results, an error in calculation, serious reputational damage, and corporate failure up to the end of the deferral period.	Performance is measured relative to financial, operational and strategic objectives in the year aligned with the Company's strategic plan. Performance measures and weightings are reviewed each year to ensure they remain appropriate and reinforce the business strategy. At least 60% of the total bonus will be based on financial measures. Bonus awards are at the Committee's discretion and the Committee will consider the Company's performance in the round. The Committee may override the formulaic bonus outcome within the limits of the plan where it believes the outcome is not reflective of performance, to ensure fairness to both shareholders and participants.	**Maximum Opportunity:** Graham Clemett (CEO): Up to 150% of salary Dave Benson (CFO): Up to 120% of salary **Performance conditions and weightings:** (As % of award) - Trading Profit (50%) - Strategic Financial (10%) - Sustainability (20%) - Operational efficiency (10%) - Customer satisfaction (10%) **Executive Directors awarded bonuses of:** Graham Clemett (CEO): 100.7% of salary Dave Benson (CFO): 80.5% of salary Deferral of 33% of bonus earned. See page 207 for further details on bonus outcomes.	**Maximum Opportunity:** Graham Clemett (CEO): Up to 150% of salary Dave Benson (CFO): Up to 120% of salary **Performance conditions and weightings:** (As a % of award) - Trading Profit (50%) - Strategic Financial (20%) - Sustainability (10%) - Operational efficiency (10%) - Customer satisfaction (10%) See page 212 for more details. The Committee is of the opinion that the targets used for the annual bonus are commercially sensitive and will be disclosed in next year's Annual Report. Actual targets, performance achieved and awards made are published at the end of the financial year so shareholders can fully assess the basis for any payouts. The annual bonus opportunity for Graham Clemett will proceed on the usual timetable and will be pro-rated to reflect the proportion of FY25 that was spent in employment. When Lawrence Hutchings succeeds Graham Clemett as CEO (the date of which is to be confirmed), his eligibility to participate in the Company's Annual Bonus Plan, at the discretion of the Committee, will be subject to the attainment of applicable performance conditions. The bonus opportunity for Lawrence, for the financial year of the Company in which he commences his employment will be time pro-rated to reflect the proportion of the relevant financial year in which he is employed.

REMUNERATION CONTINUED
OUR REMUNERATION POLICY CONTINUED

REMUNERATION POLICY TABLE CONTINUED

VARIABLE COMPONENTS OF EXECUTIVE PAY CONTINUED

KEY ELEMENT	2024–2025 / 2025–2026 / 2026–2027 / 2027–2028 / 2028–2029	OPERATION	OPPORTUNITY	PERFORMANCE METRICS	OPERATION FOR 2023/24	IMPLEMENTATION FOR 2024/25
LONG TERM INCENTIVE PLAN (LTIP) To reward and align to the delivery of sustained long-term performance and to align the interests of participants with those of shareholders		The Committee may grant annual awards of Performance Shares which vest after three years, subject to performance conditions. Vested shares are subject to a further two-year holding period. The Committee has discretion to apply malus and clawback (in circumstances listed in the annual bonus column above), up to the end of the holding period. Dividend equivalents may be accrued on shares in respect of the performance and holding period.	Normal maximum award of up to 200% of salary per annum. An award of 300% of salary per annum may be made in exceptional circumstances.	Awards will be based on a combination of financial, share price and strategic measures aligned with the Company's strategic plan. A performance underpin will apply which allows the Committee to reduce vesting if performance is inconsistent with the overall performance of the business. The Committee may, in the context of the underlying business strategy, use different measures and/or vary the weightings of the measures. The Committee would consult with major shareholders prior to making any significant changes.	**Maximum Opportunity:** Graham Clemett (CEO): 200% of salary Dave Benson (CFO): 200% of salary **Performance conditions and weightings for the 2023 LTIP:** 25% Total Shareholder Return (TSR) relative to FTSE 350 Real Estate companies (excluding agencies), 25% Total Accounting Return (TAR), 25% Earnings Per Share (EPS) Growth and 25% Environmental Social and Governance (ESG). The 2020 LTIP vested in the year at 50% of the award. See page 211 for further details on outcomes.	**Grant sizes for:** Graham Clemett (CEO): 200% of salary Dave Benson (CFO): 200% of salary No change to maximum LTIP opportunities or the performance conditions. Graham Clemett will be granted a 2024 LTIP award which will be pro-rated for time served at the point of vesting in June 2027. When Lawrence Hutchings succeeds Graham Clemett as CEO (the date of which is to be confirmed), his first ordinary course grant of an award under the Company's LTIP is expected to take place in June 2025. The normal maximum award is equal to 200% of salary. On joining the Company, a buyout award of shares will be awarded to Lawrence Hutchings. This will be granted as soon as practicable after the commencement of employment. Further details can be found on page 213.

		OPERATION	CURRENT SHAREHOLDINGS[1]
SHAREHOLDING REQUIREMENT		Shareholding guideline for Executive Directors of 200% of salary. Post-cessation shareholding requirement of 200% of salary for two years post-departure. In the event that a leaver has not met the relevant shareholding requirement at the point of cessation of employment, they would be required to retain their full pre-cessation shareholding for the two-year period.	Graham Clemett (CEO): 209% of salary Dave Benson (CFO): 123% of salary Graham Clemett's post-cessation shareholding requirement will apply in line with the policy. Lawrence Hutchings will be expected to build up and maintain a shareholding in the Company with shares equivalent to 200% of basic salary.

1. Based on a share price of £5.0332 being the average share price over the year to 31 March 2024 and salaries of £535,000 and £368,000 for Graham Clemett and Dave Benson respectively.

REMUNERATION CONTINUED
OUR REMUNERATION POLICY CONTINUED

POSSIBLE PAYOUTS UNDER POLICY

Based on our proposed Remuneration Policy, we set out to the right scenarios for the potential remuneration to be earned by our Executive Directors under the Policy for various performance assumptions. In line with the Companies (Miscellaneous Reporting) Regulations 2018, we have included the impact of a potential scenario of a 50% share price appreciation on the LTIP.

A high proportion of the Executive Board Directors' packages are made up of shares, supporting the alignment of executive pay with the interests of our shareholders. The increased value in remuneration from share price appreciation is beneficial for both Executive Directors and shareholders.

SINGLE FIGURE SCENARIOS

Graham Clemett, CEO

BASE SALARY
Salary as at 1 April 2024.

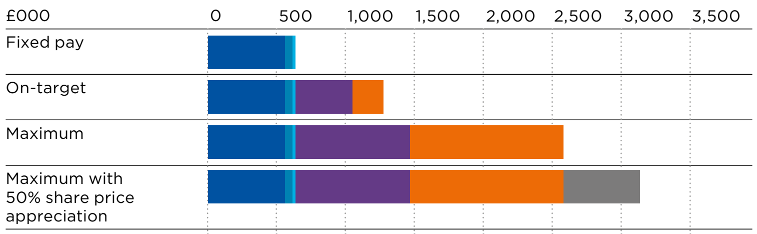
PENSION
Current contribution rate of 10% of salary.

BENEFITS
As provided in the single figure table on page 193.

ANNUAL BONUS
Minimum – no bonus payable;
On-target – 50% of maximum potential bonus;
Maximum – maximum potential bonus.

LTIP
Minimum – no LTIP vesting;
On-target – 20% of maximum (threshold vesting);
Maximum – maximum LTIP vesting.

SHARE PRICE GROWTH
Impact of 50% share price appreciation over three years (on the LTIP).



Dave Benson, CFO

BASE SALARY
Salary as at 1 April 2024.

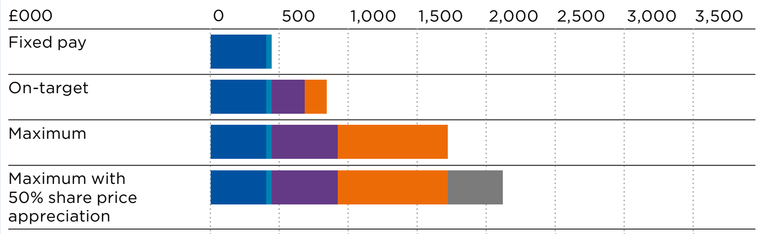
PENSION
Current contribution rate of 10% of salary.

BENEFITS
As provided in the single figure table on page 194.

ANNUAL BONUS
Minimum – no bonus payable;
On-target – 50% of maximum potential bonus;
Maximum – maximum potential bonus.

LTIP
Minimum – no LTIP vesting;
On-target – 20% of maximum (threshold vesting);
Maximum – maximum LTIP vesting.

SHARE PRICE GROWTH
Impact of 50% share price appreciation over three years (on the LTIP).



REMUNERATION CONTINUED

ANNUAL REPORT ON REMUNERATION

This section sets out the Annual Report on Remuneration. An advisory shareholder resolution to approve this section, together with the Chair's statement on pages 188 to 190 will be put forward at the 2024 AGM of the Company on 25 July 2024.

WHAT WE PAID OUR DIRECTORS IN 2023/24

TOTAL TARGET COMPENSATION COMPARED TO OUR PEERS

Chart A below shows the relative position of target total compensation for our Executive Directors compared to our peers. When we set the target total compensation for the Executive Directors, one of the factors the Committee considers is the competitive market for our Executive Directors, which we believe is the FTSE 250 constituents and FTSE 350 Real Estate companies, and the size of the Company compared to these peers. The Committee is pleased to report that in the context of delivering strong performance, above on-target remuneration has been achieved over recent years.

CHART A (I) — GRAHAM CLEMETT
CHIEF EXECUTIVE OFFICER

O Positioning of total remuneration of the Company relative to market benchmarks.

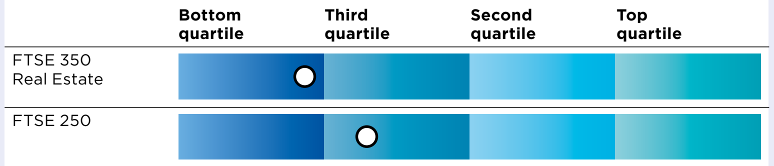
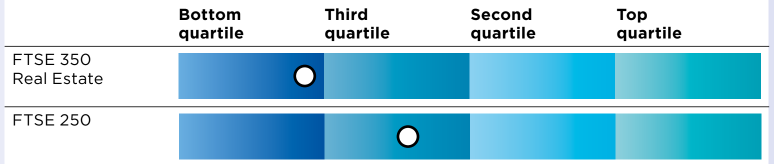


CHART A (II) — DAVE BENSON
CHIEF FINANCIAL OFFICER

O Positioning of total remuneration of the Company relative to market benchmarks.



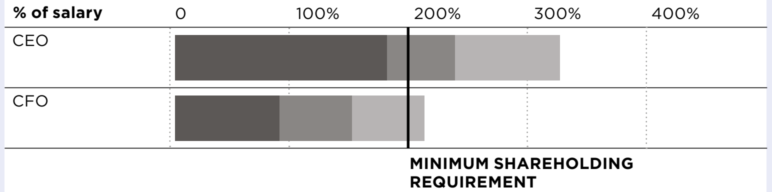
OUR SHAREHOLDING REQUIREMENTS

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

Chart B below shows that, in the year, the CEO met his minimum shareholding requirements. The CFO joined in April 2020 and is building his shareholding.

CHART B
OUR SHAREHOLDING REQUIREMENT HAS BEEN MET

● Owned outright or vested.
● Unvested and not subject to performance.
● Subject to performance.



1. All shares that are either unvested and not subject to performance or subject to performance have been included on a net of tax basis (i.e. at a 50% discount).
2. This is based on a share price of £5.0332 being the average share price over the year to 31 March 2024 and salaries of £535,000 and £368,000 for Graham Clemett and Dave Benson respectively.

OVERALL LINK TO REMUNERATION AND EQUITY OF THE EXECUTIVE DIRECTORS

Table A below sets out the single figure for 2023/24, the number of shares held by the Director at the beginning and end of the financial year, and the impact on the value of these shares taking the opening price and closing price for the year.

TABLE A

	Graham Clemett	Dave Benson
2023/24 single figure (£000)	1,495.7	941.2
Shares held at start of year	141,930	39,765
Shares held at end of year	189,322	64,988
Value of shares at start of year (£000)[1]	620.2	173.8
Value of shares at end of year (£000)[2]	971.2	333.3
Difference (£000)	(351.0)	(159.5)

1. Based on a closing share price on 31 March 2023 of £4.37.
2. Based on a closing share price on 31 March 2024 of £5.13.

OUR APPROACH TO FAIRNESS AND WIDER WORKFORCE CONSIDERATIONS

When making remuneration decisions for the Executive Board Directors, the Committee considers pay, policies and practices elsewhere in the Group.

We receive regular updates from the Executive Board Directors, and we monitor bonus payout and share award data.

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

Communication and engagement with employees
The Board is committed to an open dialogue with our employees over various decisions. Our Chair, Duncan Owen, is our designated Non-Executive Director responsible for overseeing employee engagement. During the last financial year, employees have been informed about activities, performance and the Company's response to the increased cost of living through staff briefings held by the CEO and other members of the Executive team. Mr Hubbard, our previous Chair, held one meeting in the financial year and Mr Owen, who took over as Chair in July 2023, held three meetings since his appointment. Lesley-Ann Nash and Rosie Shapland also joined Duncan in these meetings. Employees are kept informed about activities and performance not only through these briefings but also by the circulation of corporate announcements and other relevant information to all staff, supplemented by updates on the intranet.

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

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

We use everyone's talents and abilities, and we value diversity. The Company aims to make our promotion and recruitment practices fair and objective. We encourage continuous development and training, as well as the provision of equal opportunities and career development for employees. Further details of this are shown on pages 163 to 164.

Retirement benefits
The Company provides pension benefits for the majority of its employees. The Company's commitment to pension contributions, consistent with last year, ranges from 6% to 10% of an employee's salary. The pension scheme is open to every employee in accordance with the Government auto-enrolment rules.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

THE YEAR ON YEAR CHANGE IN OUR DIRECTORS' REMUNERATION

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

Table B to the right shows the percentage change in Director remuneration, comprising salary, taxable benefits and annual bonus, and comparable data for the average of employees within the Company. The comparator group is based on all employees (excluding the CEO, CFO and Non-Executive Directors), normalised for joiners and leavers during the year. The average number of people employed by the Company during the year was 311 (2023: 291). All employees are eligible for consideration for an annual bonus.

TABLE B

	2024			2023			2022			2021		
Director	Salary/ fees	Taxable benefits	Annual variable	Salary/ fees	Taxable benefits	Annual variable	Salary/ fees	Taxable benefits	Annual variable	Salary/ fees	Taxable benefits	Annual variable
Executive Directors												
Graham Clemett	3%	-3%	20%	3%	4%	-11%	2%	1%	157%	9%	-15%	-54%
Dave Benson	3%	n/a	-22%	3%	n/a	10%	2%	n/a	157%	n/a	n/a	n/a
Non-Executive Directors												
Duncan Owen[1]	172%	n/a	–	73%	n/a	–	n/a	n/a	–	n/a	n/a	–
Stephen Hubbard[2]	-67%	n/a	–	6%	n/a	–	10%	n/a	–	198%	n/a	–
Rosie Shapland	0%	n/a	–	31%	n/a	–	194%	n/a	–	n/a	n/a	–
Lesley-Ann Nash	0%	n/a	–	15%	n/a	–	345%	n/a	–	n/a	n/a	–
Nick Mackenzie[3]	0%	n/a	–	491%	n/a	–	n/a	n/a	–	n/a	n/a	–
Manju Malhotra[3]	0%	n/a	–	491%	n/a	–	n/a	n/a	–	n/a	n/a	–
All other employees[4]	-7%	-20%	-6%	19%	-4%	-11%	5%	-24%	58%	5%	-5%	-5%

1. Duncan Owen joined the Board in July 2021 and assumed the role of Chair in July 2023.
2. Stephen Hubbard stepped down from the Board on 6 July 2023 and therefore the above information reflects his time in role.
3. Nick Mackenzie and Manju Malhotra joined the Board in January 2022, and therefore were paid a partial fee in the prior year.
4. The 2024 and 2023 figures have been impacted by the acquisition of McKay. The majority of employees received a minimum of 6% payrise in April 2023 and 5% payrise in April 2024.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

PAY COMPARISONS

CHART C

Chart C shows the single figure of remuneration for our CEO over time, and the pay of our average employee, each rebased to 2013. We have also included our TSR performance over this period.

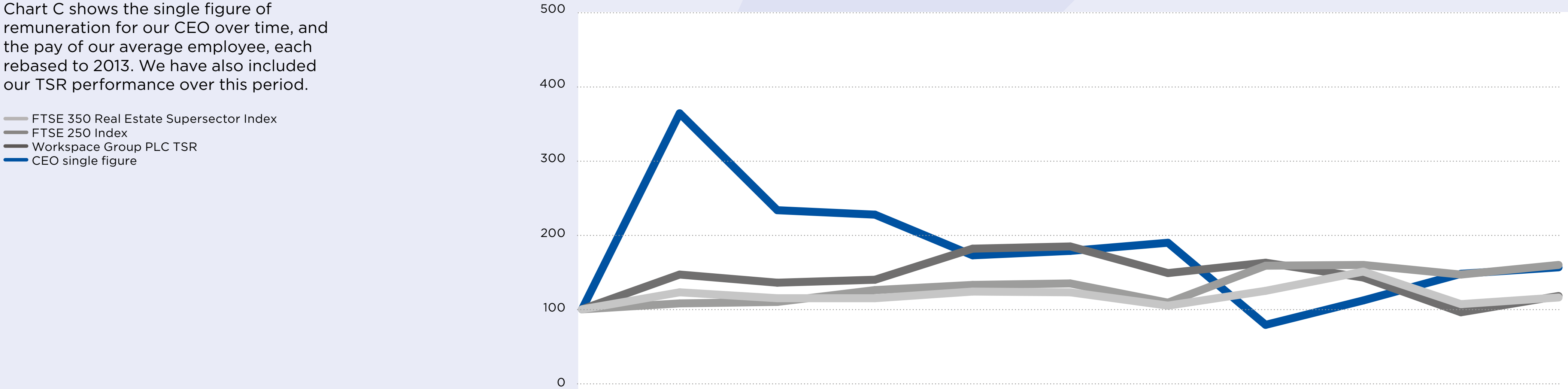


TABLE C

CEO single figure of total remuneration £000		31 Mar 2015	31 Mar 2016	31 Mar 2017	31 Mar 2018	31 Mar 2019	31 Mar 2020	31 Mar 2021	31 Mar 2022	31 Mar 2023	31 Mar 2024
Graham Clemett[1]		–	–	–	–	–	1,349.9	764.4	1,080.0	1,440.3	1,495.7
Jamie Hopkins[2]		3,533.1	2,262.7	2,205.6	1,674.2	1,728.2	490.9	–	–	–	–
Annual bonus payout											
Graham Clemett (% of maximum opportunity)		–	–	–	–	–	–	33%	83%	72%	67.1%
Jamie Hopkins (% of maximum opportunity)		97.2%	95.3%	100%	100%	95.8%	–	–	–	–	–
LTIP vesting											
Graham Clemett (% of maximum opportunity)		–	–	–	–	–	87.24%	0%	0%	50%	50%
Jamie Hopkins (% of maximum opportunity)		100%	100%	88.7%	62.7%	50.7%	87.24%	–	–	–	–
Ratio of single total remuneration figure shown to employees as a whole	to employee lower quartile[3]	–	–	–	–	53x	47x	23x	32x	43x	40x
	to employee median	128x	79x	72x	48x	33x	43x	15x	23x	29x	29x
	to employee upper quartile[3]	–	–	–	–	23x	23x	11x	15x	20x	18x

1. Mr Clemett assumed the role of Interim CEO on 1 June 2019 and was appointed CEO on 24 September 2019.
2. Mr Hopkins was appointed as an Executive Director on 12 March 2012 and stepped down from the Board on 31 May 2019.
3. See next page for details on calculation.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

PAY COMPARISONS CONTINUED

Chief Executive's Pay Ratio

The table below compares the single total figure of remuneration for the CEO with that of the Group employees who are paid at the 25th percentile (lower quartile), 50th percentile (median) and 75th percentile (upper quartile) of its employee population.

Despite voluntarily disclosing the ratio of CEO pay to workforce pay in previous years (see page 205), this is the second year in which Workspace meets the requirement regarding employee numbers as per the Companies (Miscellaneous Reporting) Regulations 2018.

Year	Methodology	25th percentile ratio	50th percentile ratio	75th percentile ratio
2024	Option A	40:1	29:1	18:1
2023	Option A	43:1	29:1	20:1

Option A, as set out under the reporting regulations, was used to calculate remuneration for 2024, as well as 2023 and 2022.

The UK employees included are those employed on 31 March 2024 and remuneration figures are determined with reference to the financial year ended on 31 March 2024.

We have chosen Option A as we believe that it is the most robust methodology for calculating these figures. The value of each employee's total pay and benefits was calculated using the single figure methodology consistent with the CEO. No elements of pay have been omitted. Where required, remuneration was approximately adjusted to be full-time and full-year equivalent basis based on the employee's average full-time equivalent hours for the year and the proportion of the year they were employed. No other adjustments were made.

The table below sets out the salary and total pay and benefits of the employee at the lower quartile, median and upper quartile for the 2023/24 financial year.

	25th percentile	50th percentile	75th percentile
Salary	£33,750	£48,000	£40,000
Total pay and benefits	£37,750	£51,498	£82,463

There is significant volatility in this ratio, caused by the following:

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

For these reasons, we believe the median pay ratio this year is consistent with pay, reward and progression policies for UK colleagues.

SINGLE FIGURE OF EXECUTIVE DIRECTORS (AUDITED)

The illustrations below set out a single figure for the total remuneration received by each Executive Board Director for the year ended 31 March 2024 and the prior year.

	Graham Clemett, CEO		Dave Benson, CFO	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Fixed pay				
Base salary	535.0	519.2	368.0	357.3
Pension[1]	53.5	51.9	36.8	35.5
Benefits[2]	21.8	22.5	0	0
Total fixed	610.3	593.6	404.8	392.8
Variable pay				
Annual bonus[3]	538.5	448.6	296.3	380.2
LTIP[4,5]	342.4	398.1	235.6	274.0
Other – SAYE, SIP[6]	4.5	0	4.5	0
Total variable	885.4	846.7	536.4	654.2
Total	1,495.7	1,440.3	941.2	1,047.0
Of which share price growth	0	0	0	0

1. Pension: During 2023/24 each of Messrs Clemett and Benson received a cash allowance in lieu of pension contribution. Due to an administrative error, Mr Benson's pension in 2022/23 has been restated to reflect an underpayment of £321.25.
2. Benefits: Taxable value of benefits received in the year by Executive Directors includes a car allowance, private health insurance and death in service cover.
3. Annual bonus: This is the total bonus earned in respect of performance during the relevant year. For 2022/23 and 2023/24, the Committee set a minimum deferral requirement of 33% of the bonus earned. For 2023/24, this deferral was equivalent to £177,705 for Mr Clemett and £97,779 for Mr Benson. Deferred shares are subject to continued service only.
4. The 2023/24 figure includes the estimated value of 50% of the 2021 LTIP shares that vested based on performance to 31 March 2024. The share price used is the three-month average to 31 March 2024 of £5.11. This will be updated in next year's report to reflect the share price on the date of vesting. As allowable under the relevant plan rules and approved Policy, the Committee determine that dividend equivalents are payable under the 2021 LTIP award – this figure includes accrued dividends on vested shares.
5. With regards to the 2020 LTIP which vested in June 2023, the 2022/2023 figures have been updated to reflect the share price on the date of vesting on 19 June 2023 of £4.981.
6. An SAYE award was granted in 2023 to both Mr Clemett and Mr Benson, exercisable after three years.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

ANNUAL BONUS PAYOUT IN RESPECT OF 2023/24 (AUDITED)

For 2023/24 the maximum bonus opportunity for the Executive Directors was 150% of salary for the CEO and 120% of salary for the CFO. Payouts are subject to the assessment of performance against stretching financial, strategic and business performance targets, and are calculated on a straight-line basis from 0% at threshold to 100% at maximum performance. Both Graham Clemett and Dave Benson are required to defer 33% of their bonus into Company shares for three years. The targets are set based on our budgeting process, which takes account of market expectations, planned acquisitions and disposals of assets, and aspirations around Company growth.

The performance measures, targets and outcomes for each measure are shown to the right.

ANNUAL BONUS PAYOUT IN RESPECT OF 2023/24

ANNUAL BONUS
OUTCOMES UNDER THE 2023/24 ANNUAL BONUS

Measure:	Threshold (0% payable)	Maximum (100% payable)	Actual	Formulaic outcome	Opportunity as a % of award
Trading profit after interest	£64.9m	£68.6m	**Actual:** £66.3m[1]	21.9%	50%
Strategic financial objectives	0%	100%	**Actual:** 75%	7.5%	10%
Sustainability objectives	0%	100%	**Actual:** 100%	20%	20%
Operational efficiency	0%	100%	**Actual:** 77%	7.7%	10%
Customer satisfaction	80%	86%	**Actual:** 86.1% of this element	10%	10%
Total				**67.1%**	100%

Outcome (£000) Graham Clemett, CEO	Bonus outturn	£538.5	£177.7 of which is deferred bonus
Outcome (£000) Dave Benson, CFO	Bonus outturn	£296.3	£97.8 of which is deferred bonus

1. Adjusted by £0.3m due to exceptional costs in relation to CEO transition.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

STRATEGIC FINANCIAL, OPERATIONAL EFFICIENCY AND SUSTAINABILITY OBJECTIVES 2023/24

A summary of the strategic financial, operational efficiency and sustainability objectives is shown below. Full details for each performance measure are set out on pages 208 and 210.

STRATEGIC FINANCIAL, OPERATIONAL EFFICIENCY, SUSTAINABILITY OBJECTIVES (AUDITED)

	ACTIVITY	OPPORTUNITY	OUTCOME	
1 **Strategic financial objectives**	Reduction in the large voids in our like-for-like portfolio Capital recycling (excluding £82m already exchanged) Raise spontaneous brand awareness Agreement and implementation of Centro business development plan	10%	7.5%	Page 209
2 **Operational efficiency objectives**	Yavica (finance and property management) implementation Centre and asset management reorganisation Rollout of new dilapidations process Improve the cleaning and facilities provision at centres	10%	7.7%	Page 209
3 **Sustainability objectives**	Reduce operational energy intensity Improve customer advocacy of our sustainability credentials Increase our social value contribution Champion diversity and inclusion	20%	20%	Page 210

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

STRATEGIC FINANCIAL OBJECTIVES – OUTCOME 7.5%/10%

1

	Target	Achievement
Reduction in the large voids in our like-for-like portfolio	– 25% to 50% reduction in large voids	– An overall reduction of 59% in the large voids in the like-for-like portfolio was achieved during the year.
Capital recycling (excluding £82m already exchanged)	– £20m to £50m exchanged or sold	– During the year, the total value of exchanged or sold was £61.1m (excluding the £82m portfolio sold in June 2023). Since the year end, we also exchanged on the sale of the former McKay head office in Reading for £4m.
Raise spontaneous brand awareness	– Overall brand awareness score between 14% to 17%	– The overall brand awareness score was 13% in FY24, versus 14% in FY23. The score for this financial year saw a small drop relative to last year. However, Workspace continues to lead competitors on prompted brand awareness, with 60% of the survey sample aware of Workspace.
Implementation of Centro business development plan	– Plan to be agreed and in progress	– Centro, which consists of 212,000 square foot, was acquired in two tranches in 2017 and 2018. Since acquisition, a number of projects, including upgrades to common parts and meeting rooms in some parts of the campus have been completed. We have now obtained vacant possession of Atelier House at the north end of this site and are progressing with the roll-out of our business centre model in this building.

OPERATIONAL EFFICIENCY OBJECTIVES – OUTCOME 7.7%/10%

2

	Target	Achievement
Yavica (finance and property management) implementation	– Successfully implemented	– Overall, we fully achieved six of the ten objectives set at the start of the year, with three having been partially achieved and one remaining a work in progress. Consequently, we therefore achieved 75% of the objectives set for the year.
Centre and asset management reorganisation	– Implemented and operating effectively	– We have now successfully completed a major reorganisation of our centre management teams who now report into a Head of Centre Management to improve our focus on customer service.
Rollout of new dilapidations process	– Implement a new dilapidations process, across the business	– A new dilapidations process has been successfully rolled out across the business. A series of process improvements have been made in order to significantly enhance the experience of customers when they leave or move within the portfolio. This includes offering customers the option of allowing the Workspace team to manage the reinstatement works. This, together with the other process improvements, has received a positive response from our customers.
Improve cleaning and facilities provision at centres	– Following the customer survey, overall satisfaction ranging from 78% to 81% or above	– Customer surveys are conducted annually, by an independent third party. The overall facilities satisfaction score was 79%, an increase in satisfaction based on ‘agree’ and ‘strongly agree’ responses received, versus 78.3% in FY23.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

SUSTAINABILITY OBJECTIVES – OUTCOME: 20%/20%

3

	Target	Achievement
Reduce operational energy intensity	– 4% to 7% reduction	– An 11% reduction in the like-for-like energy use intensity has been achieved across the portfolio, compared to the previous year. This was mainly driven by a 36% reduction in gas use across the portfolio as a result of electrification and operational improvements.
		– There has also been a 7% reduction in landlord procured electricity consumption.
Improve customer advocacy of our sustainability credentials	– 71% to 74%	– The year-end customer survey revealed that 79% of customers agree that Workspace is a socially and environmentally responsible business, and this score is up from 71% last year.
		– An enhanced customer engagement and communications workstream, centre staff training on ESG and ongoing operational improvements across the portfolio have all contributed towards this improved target. In December 2023, the Company entered into a Corporate Power Purchase Agreement with Statkraft, Europe's largest generator of renewable energy, to supply around two-thirds of the Group's expected electricity demand for 10 years, from February 2024. This, together with a portfolio-wide energy savings campaign in February 2024, have been positively received.
Increase our social value contribution	– £600,000 to £700,000	– A number of social impact initiatives were rolled out during the year. This included enhanced customer and employee wellbeing programmes, employment and skills initiatives, charity support and inclusive business practices.
		– The delivery of the social value objectives has generated a total of £827,000, with a significant contribution coming from lettings in kind, wellbeing initiatives and diversity and inclusion programmes.
		– The successful launch of our apprenticeship programme, supporting six apprentices during the year.
		– Our community skills and employment programme InspiresMe, has now been successfully delivered across ten of our key centres.
Champion diversity and inclusion	– Maintain at 80% or greater	– The year-end employee survey revealed an inclusivity score of 85.5%, up from 80.0% last year.
		– Diversity and inclusion initiatives rolled out during the year include 119 hours of diversity and inclusion training for employees. We have launched a new recruitment policy and software to enable a bias free recruitment process.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

LTIP AWARD VESTING IN RESPECT OF 2023/24 (AUDITED)

The 2021 LTIP awards measured performance over the period 1 April 2021 to 31 March 2024. Details of the performance targets and achievement against them are set out below.

On this basis, 50% of the 2021 LTIP will vest.

The 2022 LTIP awards are based on the same targets and weightings as the 2021 LTIP award shown below, measured over the period 1 April 2022 to 31 March 2025.

TABLE D

Measure	Threshold (20% payable)	Maximum (100% payable)	Actual	Formulaic outcome (% of award)
Total shareholder return (TSR) relative to FTSE 350 Real Estate companies (excluding agencies)	MEDIAN	UPPER QUARTILE	25th Percentile	0%/50%
Total property return (TPR) versus IPD	MEDIAN	UPPER QUARTILE	95th Percentile	50%/50%
LTIP (% maximum) vesting				50%/100%
			CEO	CFO
Number of shares vesting (audited)			58,521	40,270

LTIP AWARDS MADE DURING THE 2023/24 FINANCIAL YEAR (AUDITED)

Under the current Policy, conditional share awards under the LTIP are granted to a maximum of 200% of salary. Awards under the 2023 LTIP are subject to the performance conditions detailed in Table E below measured over the period 1 April 2023 to 31 March 2026.

TABLE E

	Total Shareholder Return relative to FTSE 350 Real Estate companies (excluding agencies)	Earnings Per Share (EPS) Growth	Total Accounting Return (TAR)	Environmental, Social and Governance (ESG)
Weighting (% of award)	**25%**	**25%**	**25%**	**25%**
Threshold (20% vesting)	Median	5% p.a.	4.5% p.a.	See below
Maximum (100% vesting)	Upper Quartile	10% p.a.	10% p.a.	See below

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

To allow any payouts to be fully reflective of underlying performance, the LTIP underpin allows the Committee to reduce vesting should the Committee believe that the performance is inconsistent with the overall performance of the business.

ESG LTIP THREE-YEAR TARGETS

Environmental, Social and Governance (ESG)	Threshold (20% vesting)	Maximum (100% vesting)	Weighting
Reduction in Scope 1 gas emissions	15%	20%	50%
Increase in percentage of EPC A or B rated space	20%	27%	50%

The following awards were granted during the year under the 2023 LTIP:

			Performance share award		
				Face value	
Director	Date of grant	Market price at date of award[1]	Number of shares	£	% of salary
Graham Clemett	22 June 2023	£4.9347	216,750	1,069,600	200%
Dave Benson	22 June 2023	£4.9347	149,188	736,200	200%

1. The share price for calculating the levels of awards was £4.9347, the average mid-market closing price over the three dealing days 19, 20 and 21 June 2023, in accordance with the LTIP rules.

Deferred shares were granted (as conditional share awards) under the 2022/23 bonus of 31,995 shares to Mr Clemett and 27,115 shares to Mr Benson (33% of bonus awarded) on 26 June 2023. The share price on the date of grant was £4.59 which represented the average mid-market closing price.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

HOW WE WILL APPLY THE POLICY IN 2024/25

BASE SALARY

The CEO will receive a base salary increase of 4%, which is below the level awarded to the wider workforce, and this took effect from 1 April 2024. The CFO will receive an increase of 8.7%, taking his salary to £400,000.

The CFO's package has slipped below his peers over the last few years. The increase in salary will place his total compensation in line with the lower quartile of the industry peer group. The Committee remains conscious of ensuring that any salary increase that is awarded to Executive Directors is typically the same level, if not below that of the wider workforce. However, this exception is important to the Committee, given that the CFO has been in role for the last four years and has made a strong contribution over this period, assisting the CEO in the successful management of the Company through the challenges of COVID, securing of new finance facilities including the issue of a Green Bond and the recent implementation of a new finance and property system. In addition, we remain mindful of his role as we transition our new CEO. For these reasons, the Committee concluded that this salary increase is appropriate. Executive Director salary increases took effect from 1 April 2024.

Salaries will be as follows:

CEO	CFO	CEO designate
£556,400	**£400,000**	**£560,000**

The salary for the CEO designate is in line with that of the outgoing CEO.

PENSION

In line with the proposed Policy set out in this report, the Executive Directors will receive a contribution to a defined contribution plan or a cash allowance in lieu of contribution of 10% of salary respectively.

Lawrence Hutchings will receive a cash allowance in lieu of pension of 6% of salary for the first year of employment and 10% of salary thereafter.

ANNUAL BONUS

There is no change to the annual bonus maximum potential in 2024/25, and this will continue to be 150% of salary for the CEO and 120% of salary for the CFO.

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

Whilst the Committee is of the opinion that the targets used for the annual bonus are commercially sensitive, we remain committed to best practice disclosure. We therefore set out below some examples of the objectives that the Committee will consider in respect of evaluating the strategic financial and operational efficiency and sustainability objectives.

Operational efficiency objectives will include elements which optimise value and service such as centre and asset management and improved customer facilities and employee engagement. Strategic financial targets will cover key drivers of our commercial success including capital management and brand awareness. ESG metrics will align to our core sustainability focus including increasing our social value impact and championing diversity and inclusion.

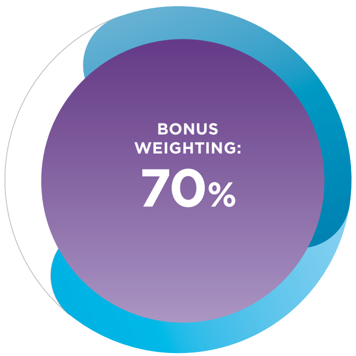
Lawrence Hutchings will be eligible to participate in the Company's Annual Bonus Plan, at the discretion of the Committee, subject to the attainment of applicable performance conditions. The bonus opportunity will be time pro-rated to reflect the proportion of the relevant financial year in which he is employed.

Full disclosure on the targets, performance achieved and resulting bonus payouts for 2024/25 will be provided in next year's report.

2024/25 ANNUAL BONUS AND LINK TO STRATEGY

Link to strategy
- Driving customer-led growth
- Delivering operational excellence
- Sustainable from the inside out

Measure:
Financial objectives (Trading profit after interest (50%), Strategic financial (20%))



Measure:
Sustainability (10%)

Measure:
Operational efficiency (10%)

Measure:
Customer satisfaction (10%)

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

HOW WE WILL APPLY THE POLICY IN 2024/25 CONTINUED

LONG-TERM INCENTIVE PLAN (LTIP)

Following careful consideration, the performance measures of the 2024 LTIP remain unchanged from 2023.

Maximum award 200% of salary. The performance measures and targets for the four elements are as follows:

	Total Shareholder Return relative to FTSE 350 Real Estate companies (excluding agencies)	Earnings Per Share (EPS) Growth	Total Accounting Return (TAR)	Environmental, Social and Governance (ESG)
Weighting (% of award)	**25%**	**25%**	**25%**	**25%**
Threshold (20% vesting)	Median	5% p.a.	4% p.a.	See below
Maximum (100% vesting)	Upper Quartile	10% p.a.	8% p.a.	See below

Due to market conditions, targets under the TAR measure have been amended following careful consideration by the Committee.

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

To allow any payouts to be fully reflective of underlying performance, the LTIP underpin allows the Committee to reduce vesting should the Committee believe that the performance is inconsistent with the overall performance of the business.

ESG LTIP THREE-YEAR TARGETS

Environmental, Social and Governance (ESG)	Threshold (20% vesting)	Maximum (100% vesting)	Weighting
Increase in percentage of EPC A or B rated space	18%	24%	50%
Reduction in total Scope 1 and 2 emissions	24%	30%	50%

Graham Clemett will be granted a 2024 LTIP award which will be pro-rated for time served at the point of vesting in June 2027.

When Lawrence Hutchings succeeds Graham Clemett as CEO (the date of which is to be confirmed), his first ordinary course grant of an award under the Company's LTIP is expected to take place in June 2025. The normal maximum award is equal to 200% of salary.

2024 PERFORMANCE MEASURES AND LINK TO STRATEGY

Measure:
Total Shareholder Return (TSR) relative to FTSE 350 Real Estate companies (excluding agencies)

Measure:
Total Accounting Return (TAR)

Measure:
Earnings Per Share (EPS) Growth

Measure:
Environmental, Social and Governance (ESG) metrics

LINK TO STRATEGY

- Driving customer-led growth
- Delivering operational excellence
- Sustainable from the inside out

CEO SUCCESSION – BUYOUT AWARD

On leaving his current employer, Lawrence Hutchings will forfeit various incentive awards. As a consequence, the Company will, in accordance with the Director's Remuneration Policy, make a 'buy-out' award to compensate Lawrence for the loss of his awards. The buy-out award is to be structured as follows:

A) An award over shares with a value at grant date of £250,000. The award would be subject to a vesting period of three years from the date of commencement of employment and would not be subject to vesting conditions other than a requirement to remain in employment throughout the vesting period.

B) An award over shares with a value as at the date of grant of £250,000. The award would be subject to a vesting period of three years from the date of commencement of employment. Vesting would be subject to a requirement to remain in employment throughout the vesting period and to the same performance conditions that apply to awards made under the Company's ordinary course LTIP grant to Executive Directors for the financial year in which Lawrence commences employment with the Company.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

SINGLE FIGURE FOR NON-EXECUTIVE DIRECTORS (AUDITED)

Table F below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 March 2024 and the prior year:

TABLE F

Non-Executive Director	Duncan Owen 2023/24 £000	Duncan Owen 2022/23 £000	Stephen Hubbard 2023/24 £000	Stephen Hubbard 2022/23 £000	Nick Mackenzie 2023/24 £000	Nick Mackenzie 2022/23 £000	Rosie Shapland 2023/24 £000	Rosie Shapland 2022/23 £000	Lesley-Ann Nash 2023/24 £000	Lesley-Ann Nash 2022/23 £000	Manju Malhotra 2023/24 £000	Manju Malhotra 2022/23 £000	Damon Russell 2023/24 £000	Damon Russell 2022/23 £000
Base fee	163.8	55.0	66.7	200.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	–	19.2
Additional fees	2.8	6.3	–	–	–	–	21.6	21.6	10.8	10.8	–	–	–	2.7
Total	166.6	61.3	66.7	200.0	55.0	55.0	76.6	76.6	65.8	65.8	55.0	55.0	–	21.9

1. Expenses incurred by Non-Executive Directors represent the cost to the Group, being gross of taxation. In 2023/24 Nick Mackenzie, Manju Malhotra, Lesley-Ann Nash and Duncan Owen were reimbursed for out of pocket expenses incurred in attending meetings, in connection with the discharge of their duties of £90.15, £429.40, £18.60 and £44.80 respectively.
2. Additional fees were paid during the year to Non-Executive Directors serving as Chairs of the Remuneration, Audit and ESG Committees. An additional fee is also paid to the Senior Independent Non-Executive Director.

SHARE OWNERSHIP AND SHARE INTERESTS (AUDITED)

The table below shows the interests of the Directors and connected persons in shares (owned outright or vested). There have been no changes in the interests in the period between 31 March 2024 and 4 June 2024.

TABLE G

	31 March 2024	31 March 2023
Chair		
Duncan Owen	20,010	9,410
Executive Directors		
Graham Clemett	189,322	141,930
Dave Benson	64,988	39,765
Non-Executive Directors		
Rosie Shapland	Nil	Nil
Lesley-Ann Nash	Nil	Nil
Nick Mackenzie	12,400	12,400
Manju Malhotra	Nil	Nil
Past Directors		
Stephen Hubbard[1]	See note	41,500

1. Stephen Hubbard stepped down for the Board on 6 July 2023. As at date of leaving, Stephen Hubbard held 41,500 shares.

Dave Benson, who joined the Company on 1 April 2020, acquired 19,850 shares in September 2020. Mr Benson was subsequently awarded 235 ordinary shares under the Workspace Group PLC Share Incentive Plan and acquired a further 19,680 shares on 1 September 2022. On 19 June 2023, Mr Benson acquired a further 48,044 shares following the vesting of the 2020 LTIP.

Table H below shows the Executive Directors' interest in shares.

TABLE H

Executive Director	Type	Owned outright or vested[2]	Unvested and not subject to performance[3]	Subject to performance[4]	Total
Graham Clemett	Shares	189,322	123,525	382,100	694,947
	Market value options[1]	Nil	4,556	Nil	4,556
Dave Benson	Shares	64,988	90,098	262,977	418,063
	Market value options[1]	Nil	4,556	Nil	4,556

1. Market value options include SAYE options outstanding and not yet matured as at 31 March 2024. The exercise price of these was set at 80% (in accordance with HMRC and the plan rules) of the market value of a share at the invitation date. See page 217 for further details.
2. The total shares owned outright or vested.
3. This figure includes the deferred bonus shares awarded in 2021, 2022 and 2023 for Mr Clemett and the deferred bonus shares awarded in 2021, 2022 and 2023 for Mr Benson and the number of shares vesting, (gross), pursuant to the 2021 LTIP award. 50% of the 2021 LTIP will vest.
4. The interest in shares of 382,100 for Mr Clemett consists of LTIP awards made in 2022 and 2023. The interest in shares of 262,977 for Mr Benson consists of LTIP awards made in 2022 and 2023, details of which can be found on page 217 in this report.

Graham's post cessation shareholding requirement will apply in line with the policy.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

NON-EXECUTIVE DIRECTOR FEES

The fees for Non-Executive Directors are reviewed and agreed annually. The fees, which are effective from 1 April 2024, are set out in the table below. The increase in Chair and Non-Executive Director fees are in line with the increase awarded to the CEO and below that of the wider workforce.

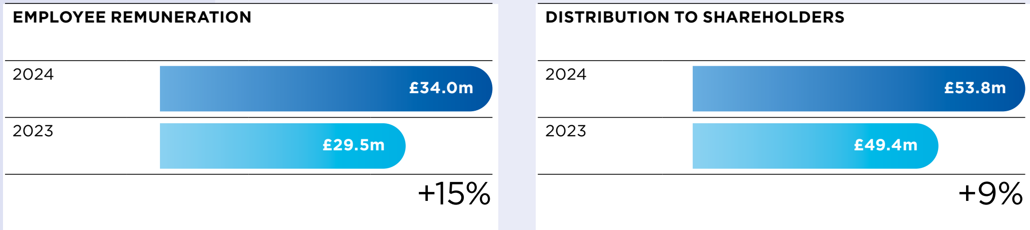
	2024/25 fee	2023/24 fee	% change
Chair	£208,000	£200,000	4%
NED base fee	£57,200	£55,000	4%
Chair of Audit Committee fee	£10,800	£10,800	0%
Chair of Remuneration Committee fee	£10,800	£10,800	0%
Chair of ESG Committee fee	£10,800	£10,800	0%
Senior Independent Director fee	£10,800	£10,800	0%

ADDITIONAL INFORMATION

External appointments
It is the Board's policy to allow Executive Directors to take up one Non-Executive position on the board of another company, subject to the prior approval of the Board. Any fee earned in relation to outside appointments is retained by the Executive Director. Mr Clemett was a Non-Executive Director of The Restaurant Group PLC. Mr Clemett stepped down as a director on 21 December 2023 and was paid an annual fee of £67,720 up to and including that date.

Relative importance of spend on pay
Chart D below shows the Company's actual expenditure on shareholder distributions (including dividends and share buybacks) and total employee pay expenditure for the financial years ended 31 March 2023 and 31 March 2024.

CHART D



The estimated total dividend as reported in the financial statements for the year to 31 March 2024 was £36.5m.

Payments for loss of office (audited)
None.

Payments to past Directors (audited)
None.

REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

ADDITIONAL INFORMATION CONTINUED

Service contracts of Directors serving in the year

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

			Notice period	
Executive Director	Position	Effective date of contract	From Company	From Director
Graham Clemett	Chief Executive Officer	31 July 2007	12 months	12 months
Dave Benson	Chief Financial Officer	1 April 2020	12 months	12 months

Graham Clemett joined the Company as CFO in July 2007 and was appointed as CEO on 24 September 2019. Mr Clemett served as Interim CEO and CFO from 31 May 2019 until September 2019.

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

Name	Date of original appointment (date of reappointment)	Date of appointment/ last reappointment at AGM	Notice period
Duncan Owen	22 July 2021 (27 February 2023)	2023	6 months
Rosie Shapland	6 November 2020 (6 November 2023)	2023	3 months
Lesley-Ann Nash	1 January 2021 (1 January 2024)	2023	3 months
Manju Malhotra	26 January 2022 (n/a)	2023	3 months
Nick Mackenzie	26 January 2022 (n/a)	2023	3 months
David Stevenson	1 June 2024 (n/a)	2024	3 months

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

Mr Hubbard retired from the Company on 6 July 2023.

Mr Owen, as Chair designate, signed a new letter of appointment dated 27 February 2023 which became effective at the conclusion of the AGM on 6 July 2023. Reappointment letters for each of Rosie Shapland and Lesley-Ann Nash were both dated 21 September 2023 and took effect from 6 November 2023 and 1 January 2024 respectively.

David Stevenson was appointed as a Director with effect from 1 June 2024. David will be subject to election by shareholders at the forthcoming AGM being held on 25 July 2024.

Committee advisers

During the year, PwC LLP acted as independent adviser to the Committee. PwC LLP was appointed by the Committee in 2018 following a selection process. PwC LLP is a founding member of the Remuneration Consultants Group and voluntarily operates under the Code of Conduct in relation to Executive remuneration consulting in the UK. The Committee is satisfied that the PwC LLP engagement partner and team, which provide remuneration advice to the Committee, do not have connections with the Group that may impair their objectivity and independence. The fees charged by PwC LLP for the provision of independent advice to the Committee during the year were £107,490 (based on hourly rates). PwC LLP provided no other services during the financial year.

Voting at the Company's AGM

The table below sets out the results of the most recent shareholder votes on the Policy Report and the advisory vote on the 2022/23 Annual Report on Remuneration at the 2023 AGM on 6 July 2023. The Committee views this level of shareholder support as a strong endorsement of the Company's Policy and its implementation.

	Percentage of votes cast		Number of votes cast		
	For and Discretion	Against	For and Discretion	Against	Withheld[1]
Policy Report (2023 AGM)	99.77%	0.23%	168,571,004	396,722	2,506
Annual Report on Remuneration (2023 AGM)	99.88%	0.12%	159,849,863	186,978	8,933,391

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

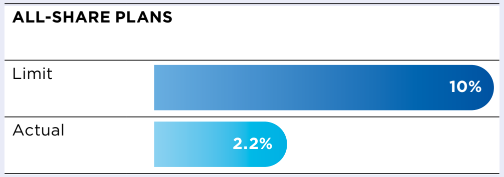
REMUNERATION CONTINUED
ANNUAL REPORT ON REMUNERATION CONTINUED

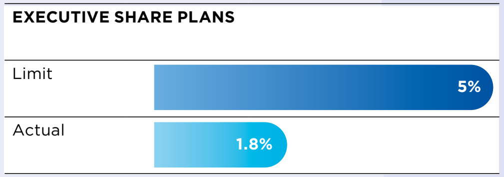
ADDITIONAL INFORMATION CONTINUED

Share based awards and dilution

The Company's share schemes are funded through a combination of shares purchased in the market and new-issue shares, as appropriate. The Company monitors the number of shares issued under these schemes and their impact on dilution limits. The Company's usage of shares compared to the relevant dilution limits set by the Investment Association in respect of all-share plans (10% in any rolling ten-year period) and Executive share plans (5% in any rolling ten-year period) as at 31 March 2024 is detailed below.

As of 31 March 2024, around 2.2% and 1.8% shares have been, or may be, issued to settle awards made in the previous ten years in connection with all-share schemes and executive share schemes respectively. Awards that are made but then lapse or are forfeited are excluded from the calculations.





Outstanding LTIP awards

Details of current awards outstanding to Graham Clemett and Dave Benson are detailed below.

Executive Director	At 1 April 2023 Performance[2]	Lapsed during the year Performance	Vested during the year Performance	At 31 March 2024 Performance
Graham Clemett				
18/06/2020	139,638	69,819	69,819	–
24/06/2021	117,043	–	–	117,043
24/06/2022	165,350	–	–	165,350
22/06/2023	–	–	–	216,750
Dave Benson				
18/06/2020	96,089	48,045	48,044	–
24/06/2021	80,541	–	–	80,541
24/06/2022	113,789	–	–	113,789
22/06/2023	–	–	–	149,188

1. Awards will vest subject to the satisfaction of performance conditions detailed on page 211 over the three-year performance period.
2. LTIP awards made to the Executive Directors. In June 2020, 2021, 2022 and 2023 awards were in respect of 200% of salary based on a share price at date of award of £7.0767, £8.6117, £6.2800 and £4.9347 respectively. The 2021 LTIP awards vested at 50%.
3. On the 22 June 2023, LTIP awards of 216,750 and 149,188 were granted to Mr Clemett and Mr Benson respectively.

Share options

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

Executive Director	At 01/04/2023	Granted during the year	Lapsed during the year	Vested in year	At 31/03/2024	Exercise price	Normal exercise date From	To
Graham Clemett	107	–	–	–	107		18.09.18	
	228	–	–	–	228		30.08.21	
	233	–	–	–	233		05.09.22	
	235	–	–		235		29.09.24	
	3,389	–	3,389	–	–	£5.31	01.09.23	01.03.24
	–	4,556	–	–	4,556	£3.95	01.09.26	01.03.27
Dave Benson	5,649	–	5,649	–	–	£5.31	01.09.25	01.03.26
	–	4,556	–	–	4,556	£3.95	01.09.26	01.03.27
	235	–	–	–	235		29.09.24	

1. Mr Clemett was granted awards under the Share Incentive Plan on 18 September 2015 (107); 30 August 2017 (228); 5 September 2019 (233) and 29 September 2021 (235).
2. Mr Benson was granted an award under the Share Incentive Plan on 29 September 2021 (235).

There have been no changes in Directors' interests over options in the period between the balance sheet date and 4 June 2024.

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

By order of the Board

Lesley-Ann Nash

Lesley-Ann Nash
Chair of the Remuneration Committee
4 June 2024

REPORT OF THE DIRECTORS

The Directors present their report on the affairs of the Group together with the audited financial statements for the year ended 31 March 2024.

Workspace Group PLC is incorporated in the UK and registered as a public limited company in England and Wales with company number 02041612 and registered office at Canterbury Court, Kennington Park, 1-3 Brixton Road, London SW9 6DE. It is listed on the main market of the London Stock Exchange.

It is the ultimate holding company of the Group. A full list of its subsidiaries is set out in note 27 to the financial statements set out on page 256.

Where reference is made in this Directors' Report to other sections of the Annual Report, those sections are incorporated by reference into this Directors' Report. Certain disclosures required to be contained in the Directors' Report have been incorporated into the Strategic Report as set out in 'Other information' below.

Dividends

An interim dividend of 9.0 pence was paid in February 2024 (2023: 8.4 pence) and the Board is recommending the payment of a final dividend of 19.0 pence (2023: 17.4 pence) per share to be paid on 2 August 2024 to shareholders whose names are on the Register of Members at the close of business on 5 July 2024. This makes a total dividend of 28.0 pence (2023: 25.8 pence) for the year.

Disclosure of information to auditors

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

Directors' indemnities

Under the Company's Articles of Association the Company may, to the extent permitted by law, indemnify any Director, Secretary or other Officer of the Company against any liability and the Company may also purchase and maintain insurance against such liability. The Board considers that the provision of such indemnification is in keeping with current market practice and the Board believes that it is in the best interest of the Company to provide such indemnities in order to attract and to retain high-calibre Directors and Officers.

The Company purchased and maintained Directors' and Officers' liability insurance during the year under review and at the date of approval of the Directors' Report. Qualifying third-party indemnity provisions (as defined by Section 234 of the Companies Act 2006) were in force during the period and these provisions remain in force in relation to certain losses and liabilities which the Directors may incur to third parties in the course of acting as Directors or employees of the Company or of any associated company.

Employment policies

Workspace recognises that a diversity of skills and experiences in our workforce will provide a competitive advantage. The Company has various employment policies, including in relation to recruitment, diversity & inclusion, health & safety and wellbeing. We monitor these practices to ensure that they are fair and objective. This includes giving full and fair consideration to applications from prospective employees who are disabled, having regard to their aptitudes and abilities, and not discriminating against employees under any circumstances (including in relation to applications, training, career development and promotion) on the grounds of any disability. In the event that an employee, worker or contractor becomes disabled in the course of their employment or engagement, Workspace aims to ensure that reasonable steps are taken to accommodate their disability by making reasonable adjustments to their existing employment or engagement.

Further detail on our employment policies and how we invest in our workforce can be found on pages 55 to 59 and 163 to 164.

Details of how we reward our employees can be found on pages 188 and 197 and in notes 23 and 24 to the financial statements.

Share capital

As at 31 March 2024, the Company's issued share capital comprised a single class of 191,910,392 ordinary shares of £1.00 each. Details of the Company's issued share capital are set out on page 252.

Restrictions on transfer of shares

There are no restrictions on the transfer of ordinary shares in the Company other than restrictions that are imposed by law or regulation (for example, insider trading laws). In addition, pursuant to the Company's Dealing Code, Directors and certain employees of the Group require the approval of the Company to deal in ordinary shares of the Company.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities.

Substantial shareholdings in the Company

As at 31 March 2024 and 24 May 2024, the following interests in voting rights over the issued share capital of the Company had been notified:

	31 March 2024		24 May 2024	
Shareholder	Number of shares	Percentage held	Number of shares	Percentage held
The London & Amsterdam Trust Company Limited	53,749,281	28.01%	53,749,281	28.01%
BlackRock, Inc.	27,218,988	14.18%	27,426,363	14.29%
Ameriprise/Threadneedle	10,860,812	5.66%	11,014,211	5.74%
Janus Henderson Investors	10,723,660	5.59%	10,524,674	5.48%
The Vanguard Group Inc	7,438,163	3.88%	7,541,475	3.93%
Man Group	4,077,973	2.12%	6,768,591	3.53%

REPORT OF THE DIRECTORS CONTINUED

Articles of Association
The following description summarises certain provisions of the Company's Articles of Association and applicable English law concerning companies. Any amendment to the Articles of Association of the company may be made in accordance with the provisions of the Companies Act 2006, by way of special resolution.

Directors
Unless otherwise determined by ordinary resolution of the Company, the Board shall be comprised of not less than two or more than ten Directors. The Board may exercise all powers of the Company, subject to the Company's Articles of Association, the Companies Act 2006 and other applicable legislation.

Directors may be elected by the members in a general meeting or appointed by the Board. The Company's Articles of Association require any new Directors to stand for election at the next AGM following their appointment. The Articles of Association also require each Director to stand for re-election every three years following their election. However, in accordance with the Code and the Company's current practice, all continuing Directors will offer themselves for election or re-election (as applicable) at the AGM on 25 July 2024.

In addition to any power of removal conferred by the Companies Act 2006, the Company may by ordinary resolution remove any Director before the expiry of their period of office.

Voting and other rights
Subject to the provisions of the Companies Act 2006, to any special terms on which shares may have been issued or to any suspension or abrogation of voting rights pursuant to the Articles of Association, every member who is present in person shall have one vote on a show of hands or, on a poll, one vote for each share of which they are a holder.

The Company is not aware of any agreements between shareholders that may result in restrictions on voting rights.

The Company may, by ordinary resolution, declare dividends but no dividend shall exceed the amount recommended by the Board. Subject to the provisions of the Companies Act 2006, the Board may also declare and pay such interim dividends as appears to the Board to be justified by the profits of the Company available for distribution. Except as otherwise provided by the rights attached to shares, all dividends shall be paid to shareholders according to the amounts paid up on the shares on which the dividend is paid.

Subject to the terms of allotment of shares, the Board may only make calls on shareholders in respect of any amounts unpaid on the shares held by them. All shares are fully paid.

Purchase of own shares and issuing shares
Under the Company's Articles of Association, the Company may purchase any of its own shares. The Company was granted authority at the 2023 Annual General Meeting to make market purchases of its own ordinary shares. This authority will expire at the conclusion of the 2024 Annual General Meeting and a resolution will be proposed to renew this authority. No ordinary shares were purchased under this authority during the year.

The Company was granted authority at the 2023 Annual General Meeting to allot and/or grant rights to subscribe for, or convert securities into, shares in the Company up to an aggregate nominal amount as set out in the Notice of Annual General Meeting 2023. This authority will expire at the conclusion of the 2024 Annual General Meeting and a resolution will be proposed to renew this authority.

Significant agreements on change of control
The Group's borrowing facilities and other financial instruments (details of which can be found in note 16 to the financial statements) are agreements that could allow counterparties to terminate or to alter those arrangements in the event of a change of control of the Company.

Compensation for loss of office in the event of a takeover
There are no agreements in place between the Company and its employees or Directors for compensation for loss of office or employment that occur because of a takeover bid.

Employee Share Trusts
The Company operates an Employee Share Ownership Trust ('ESOT') and a trust for the Share Incentive Plan ('SIP'). The trusts are used to purchase Company shares in the market from time to time and hold them for the benefit of employees, including for satisfying awards that vest under the Company's various share incentive plans. The ESOT also holds some Company shares in particular ringfenced accounts for specific employees who have options over such shares vest under the Company's share incentive plans but have not yet exercised those options. The trustee of the ESOT may vote the shares it holds in the Company at its discretion, but where it holds any shares in a ringfenced account for particular employees it will seek their instructions on how it exercises the votes attached to those shares. The trustee of the SIP trust does not vote the rights attached to shares held in the trust.

Information required under LR9.8.4R

Interest capitalised	Note 10 to the financial statements
Details of long-term incentive schemes	Remuneration Report, pages 193, 194, 196 and 211.

There is no further information required to be disclosed under LR9.8.4R.

Other information

Other information relevant to the Directors' Report may be found in the following sections of the Annual Report:

Information	Location in Annual Report
Corporate governance statement, prepared in accordance with rule 7.2 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules	Corporate Governance Report, pages 108 to 217
	Principal risks and uncertainties, pages 71 to 78
Culture, purpose, values and strategy	Strategic Report, pages 10, 26 and 35 to 38
	Corporate Governance Report, pages 112 to 113 and 123
Directors	Directors' biographies, pages 118 to 120
	Our Board, pages 117 to 120
Directors' training and development	Corporate Governance Report, page 145
Diversity & inclusion	Corporate Governance Report, pages 158 to 165
Employee share schemes	Note 23 to the financial statements
Engagement with employees	Strategic Report, pages 25 to 26
	Stakeholder engagement, pages 126 to 127
	Section 172(1) Statement, pages 131 to 134
Engagement with suppliers, customers and others	Strategic Report, pages 19 to 24 and 27 to 28
	Our stakeholders, page 128
	Section 172(1) Statement, pages 131 to 134
Financial risk management	Note 18 to the financial statements
	Principal risks and uncertainties, pages 71 to 78
Future developments	Chair's Statement, page 14
	CEO's Statement, page 16
	Our business model, pages 9 to 11
	Our strategy, pages 35 to 38
Greenhouse gas emissions and energy consumption	GHG/SECR Emissions, page 103
Political donations and expenditure	Compliance Statements, page 92
Post balance sheet events	Note 29 to the financial statements
Principal risks and uncertainties	Principal risks and uncertainties, pages 71 to 78
Research and development	The Company does not undertake research and development activities

The Directors' Report has been approved by the Board of Directors and signed on its behalf by

Carmelina Carfora
Company Secretary
4 June 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable and, in respect of the Parent Company financial statements only, prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule ('DTR') 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Signed on behalf of the Board on 4 June 2024 by:

Graham Clemett
Chief Executive Officer

Dave Benson
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKSPACE GROUP PLC

1. OUR OPINION IS UNMODIFIED

We have audited the financial statements of Workspace Group PLC ("the Company") for the year ended 31 March 2024 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheet, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and the related notes, including the accounting policies on pages 234 to pages 237 for the Group and Note A on pages 258 to 259, for the Parent Company financial statements.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 14 July 2017. The period of total uninterrupted engagement is for the seven financial years ended 31 March 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: Group financial statements as a whole	£26.0m (2023:£28.0m) 1.03% (2023: 0.99%) of Total Group assets	
Coverage	100% (2023:100%) of Total Group assets	
Key audit matters		**vs 2023**
Recurring risks	**Group:** Valuation of Investment Property	–
	Parent Company: Recoverability of Investments in subsidiaries	–

2. KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2023), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKSPACE GROUP PLC CONTINUED

2. KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT CONTINUED

	The risk	Our response
Valuation of investment property (Group) Investment properties: (£2,408.5 million; 2023: £2,643.3 million) Assets Held for Sale: (£65.7 million; 2023: £123.0 million) *Refer to page 166 (Audit Committee Report), page 235 (accounting policy) and page 242 (financial disclosures).*	**Subjective valuation** Investment properties (incorporating Assets held for sale) is the largest balance in the financial statements and is held at fair value in the Group's financial statements. The portfolio is independently valued by a qualified external valuer. Each property is unique and determining fair value requires significant judgement and estimation, in particular over the key assumptions of the estimated rental value and the yield. The key assumptions will be impacted by a number of factors including location, quality and condition of the building and occupancy. Whilst comparable market transactions can provide valuation evidence, the flexible office sector is still maturing and the unique nature of each property means that a key factor in the property valuations are the assumptions made by the external valuer. Furthermore, each property valuation includes source data provided by management, primarily the database of tenancy contracts, which is reviewed by the external valuer alongside their own analysis, factoring in various elements such as occupancy and letting trends, and consideration for expected voids based on available market evidence, experience and market sentiment. For some properties, the relatively short average lease length in the Workspace portfolio and reduced market comparable information for such flexible office space means the external valuer is more reliant on tenancy data to support their market rent assumptions than may be the case in other property sectors. Therefore the valuation is sensitive to the accuracy of source data and how it is interpreted and used for other assumptions in the valuation. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of investment property has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 10) disclose the sensitivity estimated by the Group.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance meant that detailed testing is inherently the most effective means of obtaining audit evidence. Our procedures, assisted by our own property valuation specialist, included: **Assessing valuer's credentials:** We assessed the external valuer's objectivity, independence, professional qualifications and experience through research, assessing terms of engagement, discussions with them and reading their valuation report. **Methodology choice:** We critically assessed the methodology used by the external valuer by using our own property valuation specialist to assist us in assessing whether the valuation report is in accordance with the Royal Institution of Chartered Surveyors Valuation – Global Standards and accounting standards, and that the valuation methodology adopted is appropriate by reference to acceptable valuation practice. **Benchmarking assumptions:** We held discussions with the external valuer and challenged their assumptions used in valuing the investment properties including the market evidence used by them to support their assumptions. For a sample of properties selected using various criteria including analysis of the value of a property as well as correlation with movements in market rent and yields, we evaluated and challenged the appropriateness of the key assumptions upon which these valuations were based, including those relating to estimated rental value and yields, by making a comparison to our own understanding of the market and to industry benchmarks. We assessed the appropriateness of adjustments made by the external valuer to the tenancy data provided by management. **Retrospective review:** We performed a retrospective review by comparing disposals during the year to the latest valuation performed and investigated material differences. **Test of detail:** We compared a sample of key inputs used in the valuations, such as rental income and lease length, to lease contracts. **Our results** We found the resulting estimate of valuation of investment properties to be acceptable (2023: acceptable).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKSPACE GROUP PLC CONTINUED

	The risk	Our response
Recoverability of Parent Company's investments in subsidiaries (£1,189.6 million; 2023: £1,313.2 million) *Refer to page 166(Audit Committee Report), page 258 (accounting policy and financial disclosures).*	**Low risk, high value:** The carrying amount of the Parent Company's investments in subsidiaries represents 74.4% (2023: 70.8%) of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.	We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: **Test of detail:** We compared the carrying amount of 100% of investments with the relevant subsidiaries' prior year financial statements and the current year balance sheet within the group consolidation, to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and if not, we challenged management on potential impairment indicators and their assessment thereof. **Methodology choice:** For those investments in subsidiaries where an indicator of impairment was identified, we evaluated whether the methodology used to determine the recoverable amount of investments was acceptable under the relevant accounting standards. **Our results** We found the investments in subsidiaries balance, and the related impairment charge, to be acceptable (2023: We found the Company's conclusion that there is no impairment of investments in subsidiaries to be acceptable).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKSPACE GROUP PLC CONTINUED

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the Group financial statements as a whole was set at £26.0 million (2023: £28.0 million), determined with reference to a benchmark of total Group assets, of which it represents 1.03% (2023: 0.99%).

Materiality for the Parent Company financial statements as a whole was set at £17.2 million (2023: £18.5 million), determined with reference to a benchmark of Company total assets, of which it represents 1.08% (2023: 1%).

In addition, we applied materiality of £3.0 million (2023: £2.9 million) to certain components of adjusted trading profit after interest which comprises net rental income, administrative expenses and net finance costs for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could be reasonably expected to influence the Company's members' assessment of the financial performance of the Group.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

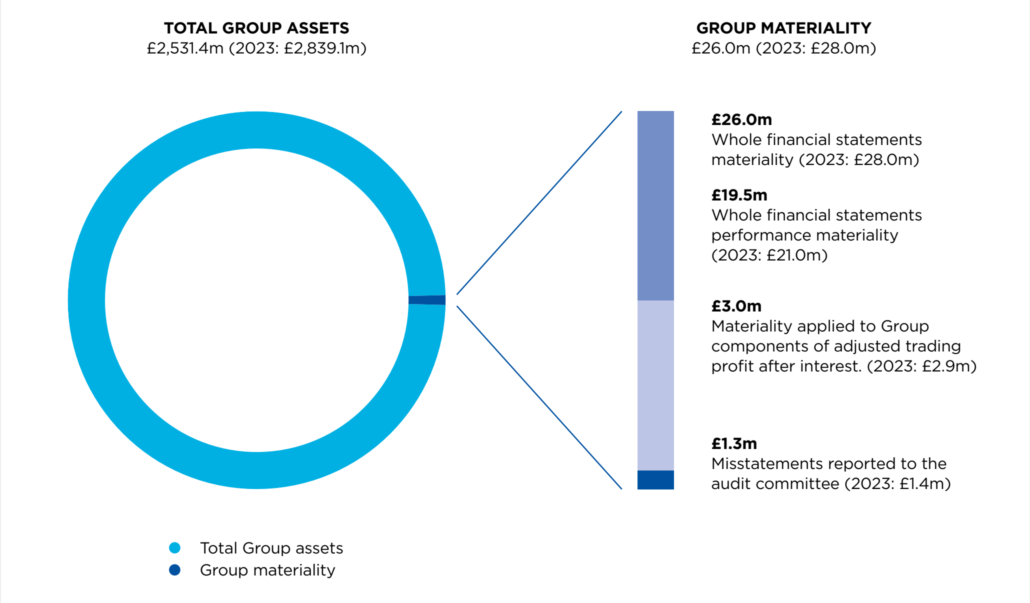
Performance materiality was set at 75% (2023: 75%) of materiality for the financial statements as a whole, which equates to £19.5 million (2023: £21.0 million) for the Group and £12.9 million (2023: £13.8 million) for the Parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the audit committee any corrected or uncorrected identified misstatements exceeding £1.3 million (2023: £1.4 million) for the Group and exceeding £0.86 million (2023: £0.93 million) for the Parent Company; or £0.15 million (2023: £0.15 million) for misstatements relating to accounts to which the lower materiality was applied, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group team performed the audit of the Group as if it was a single aggregated set of financial information. The Group team performed the Parent Company audit. The audit was performed using the materiality levels set out above.

The scope of the audit work performed was fully substantive as we did not rely upon the Group's internal control over financial reporting.

TOTAL GROUP ASSETS AND MATERIALITY



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKSPACE GROUP PLC CONTINUED

4. THE IMPACT OF CLIMATE CHANGE ON OUR AUDIT

In planning our audit we have considered the potential impacts of climate change on the Group's business and its financial statements. Climate change impacts the Group in a number of ways:

- through its own operations (including potential reputational risk associated with the Group's delivery of its climate related initiatives),
- through its portfolio of investment properties and the greater emphasis on climate related narrative and disclosure in the Annual Report.

The Group's main potential exposure to climate change in the financial statements is primarily through its investment properties as the key valuation assumptions and estimates may be impacted by climate risks. As part of our audit we have made enquiries of Directors and the Group's Corporate Sustainability team to understand the extent of the potential impact of climate change risk on the Group's financial statements and the Group's preparedness for this. We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit, in particular with respect to the valuation of investment properties.

Given that these valuations are largely based on comparable market evidence we assessed that the impact of climate change was not a significant risk for our audit nor does it constitute a key audit matter. We held discussions with our own climate change professionals to challenge our risk assessment. We have also read the Group's disclosure of climate related information in the front half of the Annual Report as set out on pages 94 to 107, and considered consistency with the financial statements and our audit knowledge.

5. GOING CONCERN

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources, liquidity and covenant compliance over this period were:

- A reduction in occupancy, reflecting weaker customer demand for office space;
- A reduction in the pricing of new lettings, resulting in a reduction in average rent per sq. ft.;
- Elevated levels of counterparty risk, with bad debt significantly higher than historic levels;
- Continued elevated levels of cost inflation;
- SONIA rates remaining elevated, impacting the cost of variable rate borrowings; and
- 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.

We considered whether these risks could plausibly affect the liquidity, covenant compliance or availability of borrowings and debt refinancing in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group's current and projected cash and facilities (a reverse stress test).

We assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in the basis of preparation note to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in the basis of preparation note to be acceptable; and
- the related statement under the Listing Rules set out on page 88 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

6. FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes, Executive Committee minutes and attending Group audit committee meetings.
- Considering remuneration incentive schemes and performance targets for management, including total shareholder return, total property return compared to IPD and growth in trading profit after interest targets for management remuneration.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition because of the relative simplicity of revenue streams. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those with unusual account combinations.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations. As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation (including conditions to maintain UK Real Estate Investment Trust ("REIT") status in accordance with the REIT regime) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: landlord and tenant legislation, property laws and building legislation, environmental and sustainability legislation and certain aspects of Company legislation recognising the financial nature of the Group's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT AND ACCOUNTS

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within Risk Management and Internal Controls on page 178 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 88 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

8. WE HAVE NOTHING TO REPORT ON THE OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required to report to you if, in our opinion:
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 221, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities.**

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Bano Sheikh (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL
4 June 2024

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £m	2023 £m
Revenue	1	184.3	174.2
Direct costs[1]	1	(58.1)	(57.6)
Net rental income	1	126.2	116.6
Administrative expenses	2	(25.3)	(21.5)
Trading profit		100.9	95.1
Loss on disposal of investment properties	3(a)	(2.3)	(0.7)
Other expenses	3(b)	(1.2)	(3.8)
Change in fair value of investment properties	10	(251.2)	(88.0)
Impairment of assets held for sale		(4.1)	(5.1)
Operating loss		(157.9)	(2.5)
Finance costs	4	(34.9)	(34.4)
Exceptional finance costs	4	–	(0.6)
Loss before tax		(192.8)	(37.5)
Taxation	6	0.3	(0.3)
Loss for the financial year after tax		(192.5)	(37.8)
Basic loss per share	8	(100.4p)	(19.9p)
Diluted loss per share	8	(100.4p)	(19.9p)

1. Direct costs in 2024 includes impairment of receivables of £0.8m (2023: £1.1m). See note 1 for additional information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £m	2023 £m
Loss for the financial year		(192.5)	(37.8)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of other investments		1.1	0.4
Fair value of derivative		0.2	–
Items that will not be reclassified subsequently to profit or loss:			
Pension fund movement	24	–	0.9
Other comprehensive income in the year		1.3	1.3
Total comprehensive loss for the year		(191.2)	(36.5)

The notes on pages 233 to 256 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2024

	Notes	2024 £m	2023 £m
Non-current assets			
Investment properties	10	2,408.5	2,643.3
Intangible assets		2.2	2.0
Property, plant and equipment	11	3.0	4.4
Other investments	12	3.2	2.1
Derivative financial instruments		0.2	–
Deferred tax		0.3	–
		2,417.4	2,651.8
Current assets			
Trade and other receivables	13	36.7	45.8
Assets held for sale		65.7	123.0
Cash and cash equivalents	14	11.6	18.5
		114.0	187.3
Total assets		2,531.4	2,839.1
Current liabilities			
Trade and other payables	15	(93.0)	(107.8)
Borrowings	16(a)	–	(49.8)
		(93.0)	(157.6)
Non-current liabilities			
Borrowings	16(a)	(854.8)	(859.1)
Lease obligations	17	(34.7)	(34.7)
		(889.5)	(893.8)
Total liabilities		(982.5)	(1,051.4)
Net assets		1,548.9	1,787.7

	Notes	2024 £m	2023 £m
Shareholders' equity			
Share capital	20	191.9	191.6
Share premium	20	296.6	295.5
Investment in own shares	22	(9.9)	(9.9)
Other reserves	21	93.0	91.0
Retained earnings		977.3	1,219.5
Total shareholders' equity		1,548.9	1,787.7

The notes on pages 233 to 256 form part of these financial statements.

The financial statements on pages 230 to 256 were approved and authorised for issue by the Board of Directors on 4 June 2024 and signed on its behalf by:

Graham Clemett
Director

Dave Benson
Director

Company registration number: 02041612

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024

		Attributable to owners of the Parent					
	Notes	Share capital £m	Share premium £m	Investment in own shares £m	Other reserves £m	Retained earnings £m	Total shareholders' equity £m
Balance at 31 March 2022		181.1	295.5	(9.9)	32.6	1,300.3	1,799.6
Loss for the financial year		–	–	–	–	(37.8)	(37.8)
Other comprehensive income for the year		–	–	–	0.4	0.9	1.3
Total comprehensive income/(loss)		–	–	–	0.4	(36.9)	(36.5)
Transactions with owners:							
Shares issued	20	10.5	–	–	56.6	–	67.1
Dividends paid	7	–	–	–	–	(43.9)	(43.9)
Share based payments	23	–	–	–	1.4	–	1.4
Balance at 31 March 2023		191.6	295.5	(9.9)	91.0	1,219.5	1,787.7
Loss for the financial year		–	–	–	–	(192.5)	(192.5)
Other comprehensive income for the year		–	–	–	1.3	–	1.3
Total comprehensive income/(loss)		–	–	–	1.3	(192.5)	(191.2)
Transactions with owners:							
Dividends paid	7	–	–	–	–	(50.6)	(50.6)
Share based payments	23	0.3	1.1		0.7	0.9	3.0
Balance at 31 March 2024		191.9	296.6	(9.9)	93.0	977.3	1,548.9

The notes on pages 233 to 256 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £m	2023 £m
Cash flows from operating activities			
Cash generated from operations	19	87.7	110.5
Interest paid		(33.8)	(31.7)
Net cash inflow from operating activities		53.9	78.8
Cash flows from investing activities			
Purchase of investment properties		–	(184.4)
Capital expenditure on investment properties		(71.7)	(56.2)
Proceeds from government grant		1.5	–
Proceeds from disposal of investment properties (net of sale costs)		22.3	7.1
Proceeds from disposal of assets held for sale (net of sale costs)		96.2	41.4
Purchase of intangible assets		(0.8)	(0.8)
Purchase of property, plant and equipment		(0.4)	(3.1)
Other expenses		(1.2)	(2.9)
Settlement of defined benefit pension scheme		–	(1.3)
Net cash inflow/(outflow) from investing activities		45.9	(200.2)
Cash flows from financing activities			
Finance costs for new/amended borrowing facilities		(0.8)	(1.6)
Repayment of bank borrowings and Private Placement Notes	16(h)	(211.0)	(150.0)
Draw down of bank borrowings	16(h)	156.0	286.0
Settlement of share schemes		(0.2)	–
Dividends paid	7	(50.7)	(43.5)
Net cash (outflow)/inflow from financing activities		(106.7)	90.9
Net decrease in cash and cash equivalents		(6.9)	(30.5)
Cash and cash equivalents at start of year	14	18.5	49.0
Cash and cash equivalents at end of year	14	11.6	18.5

The notes on pages 233 to 256 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

Workspace Group PLC (the 'Company') and its subsidiaries (together 'the Group') are engaged in property investment in the form of letting of high-quality business accommodation to businesses in and around London and the south east.

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in the UK.

The registered number of the Company is 02041612.

BASIS OF PREPARATION
These financial statements are presented in Sterling, which is the Company's functional currency and the Group's presentational currency, and have been prepared and approved by the Directors on a going concern basis, in accordance with United Kingdom adopted international accounting standards. The Company has elected to prepare its Parent Company financial statements in accordance with FRS101; these are presented on pages 257 to 260.

The Directors are required to assess the appropriateness of applying the going concern basis in the preparation of the financial statements. The current macroeconomic issues, have heightened concerns around the UK economy and increase the risk of an economic downturn. In this context, the Directors have fully considered the business activities and principal risks of the Company and Group. Further details of the principal risks can be found on pages 71 to 78.

In preparing the assessment of going concern, the Directors have reviewed a number of different scenarios over the 12-month period from the date of signing of these financial statements. These scenarios include a severe, but realistically possible, scenario which includes the following key assumptions:
- A reduction in occupancy, reflecting weaker customer demand for office space.
- A reduction in the pricing of new lettings, resulting in a reduction in average rent per sq. ft.
- Elevated levels of counterparty risk, with bad debt significantly higher than historic levels.
- Continued elevated levels of cost inflation.
- SONIA rates remaining elevated, 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 appropriateness of the going concern basis is reliant on the continued availability of borrowings, sufficient liquidity and compliance with loan covenants. All borrowings require compliance with LTV and Interest Cover covenants. As at the tightest test date in the scenarios modelled, the Group could withstand a reduction in net rental income of 47% compared to the March 2024 Net Rental Income and a fall in the asset valuation of 41% compared to 31 March 2024 before these covenants are breached, assuming no mitigating actions are taken.

As at 31 March 2024, the Group had significant headroom with £145m of cash and undrawn facilities. The majority of the Group's debt is 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 sustainability-linked revolving credit facilities (RCFs) totalling £335m, with £135m due in April 2026 and £200m due in December 2026. The £200m RCF also has the option to increase the facility amount by up to £100m, subject to lender consent.

For the full period of assessment under the scenarios tested, the Group maintains sufficient headroom in its cash and loan facilities.

Consequently, the Directors have a reasonable expectation that the Group and Company will have adequate resources to continue in operational existence for a period of at least 12 months from the date of signing of these financial statements and therefore the Directors continue to adopt the Going Concern basis in their preparation.

Consideration of climate change
In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the risks identified in the TCFD disclosure on pages 94 to 105 this year. There has been no material impact identified on the financial reporting judgements and estimates. In particular, the Directors considered the impact of climate change in respect of the following areas:
- the potential impact on the valuation of our investment properties due to transition risks;
- going concern and viability of the Group over the next three years; and
- the capital expenditure required to upgrade our assets' EPC ratings and deliver our net zero targets.

Whilst there is currently minimal medium-term impact expected from climate change, the Directors are aware of the ever-changing risks attached to climate change and will regularly assess these risks against judgements and estimates made in the preparation of the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

NEW ACCOUNTING STANDARDS, AMENDMENTS AND GUIDANCE

a) During the year to 31 March 2024 the Group adopted the following accounting standards and guidance:

IAS 12 (amended)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IAS 12 (amended)	International Tax Reform (Pillar Two Model Rules)
IAS 8 (amended)	Accounting Policies, Changes in Accounting Estimates and Errors: Definition
IAS 1 (amended) and IFRS Practice Statement 2	Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements
IFRS 17	Insurance Contracts
IFRS 9	Comparative Information

There was no material impact from the adoption of these accounting standards and amendments on the financial statements.

b) The following accounting standards and guidance are not yet effective but are not expected to have a significant impact on the Group's financial statements or result in changes to presentation and disclosure only. They have not been adopted early by the Group:

IAS 1 (amended)	Classification of Liabilities as Current or Non-Current; Non-Current Liabilities with Covenants; Deferral of Effective Date Amendment
IAS 7 and IFRS 7 (amended)	Supplier Finance Arrangements
IAS 21 (amended)	Lack of Exchangeability
IFRS 16 (amended)	Lease Liability in a Sale and Leaseback

SIGNIFICANT JUDGEMENTS AND CRITICAL ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Group's significant accounting policies are stated below. Not all of these accounting policies require management to make subjective or complex judgements or significant estimates. The following is intended to provide an understanding of the significant estimates within the accounting policies that management consider critical because of the assumptions or estimation involved in their application and their impact on the consolidated financial statements.

Critical Estimate: Investment property valuation

The Group uses the valuation performed by its independent valuer as the fair value of its investment properties. The valuation is based upon the key assumptions of estimated rental values and market-based yields. With regard to redevelopments and refurbishments, future development costs and an appropriate discount rate are also used. In determining fair value, the valuers make reference to market evidence and recent transaction prices for similar properties.

Management consider the significant assumptions to the valuation of investment properties to be estimated rental values and market-based yields. Sensitivities on these assumptions are provided in note 10.

MATERIAL ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented unless stated otherwise.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary undertakings up to 31 March 2024. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that control ceases. A list of subsidiaries has been disclosed in note 27.

Inter-company transactions, balances and unrealised gains from intra-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

Investment properties
Investment properties are those properties owned or leased by the Group that are held either to earn rental income or for capital appreciation, or both, and are not occupied by the Company or subsidiaries of the Group.

Investment property is measured initially at cost, including related transaction costs. After initial recognition, investment property is held at fair value based on a valuation by an independent professional external valuer at each reporting date. The valuation methods and key assumptions applied are explained in note 10. Changes in fair value of investment property at each reporting date are recorded in the consolidated income statement.

Investment properties acquired under leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the net present value of the minimum lease payments. The investment properties acquired under leases are subsequently carried at fair value plus an adjustment for the carrying amount of the lease obligation. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. Each lease payment is allocated between liability and finance charges so as to achieve a constant rate on the outstanding finance balance. The interest element of the finance cost is charged to the consolidated income statement.

Properties are treated as acquired at the point which the Group assumes the significant risks and rewards of ownership and are treated as disposed when they are transferred outside of the Group's control.

Existing investment properties which undergo redevelopment and refurbishment for continued future use remain as investment property where the purpose of holding the property continues to meet the definition of investment property as defined above. Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group, and the cost of each item can be reliably measured. Certain internal staff costs directly attributable to capital/redevelopment projects are capitalised. All other repairs and maintenance costs are charged to the consolidated income statement during the period in which they are incurred.

Capitalised interest on refurbishment/redevelopment expenditure is added to the asset's carrying amount. Capitalised borrowing costs are calculated by reference to the actual interest rate payable on borrowings or, if financed out of general borrowings, by reference to the average rate payable on funding the assets employed by the Group and applied to the direct redevelopment expenditure. Interest is capitalised from the date of commencement of the redevelopment activity until the date when all the activities necessary to prepare the asset for its intended use are substantially complete.

Investment properties are recognised as 'assets held for sale' when it is considered highly probable that sale completion will take place. This is assumed when the property has been actively marketed for a buyer, supported by either the exchange of a contract or agreement of terms with a buyer by the balance sheet date and it is highly probable that its carrying amount will be recovered within one year.

Income from the sale of assets is recognised when the significant risks and returns have been transferred to the buyer. In the case of sales of properties this is generally taken on completion of the contract. In the case of a part disposal agreement, the part of the asset being disposed will be derecognised from investment property when completion is reached or when a lease agreement is signed (i.e. when the risks and rewards of this part of the site transfer to the developer). Profit or loss on disposal is calculated as the consideration receivable (net of costs) less the latest valuation (net book value) and is shown in profit/loss on disposal of assets.

Consideration can take the form of cash, new commercial buildings and a right to future overage (generally being a share in the proceeds of any future sale of the residential development to be constructed by the developer). Revenue is recognised in the period when all relevant criteria in IFRS 15 are met under the five-step model.

Consideration (including overage) is measured at the fair value of the consideration received/receivable.

Commercial property to be received is fair valued using the residual method described in note 10 and is included in investment property. Changes in fair value are recognised through the consolidated income statement in accordance with IAS 40.

Overage is only recognised once an agreement has been signed with a residential developer. Overage represents a financial asset and is designated as a financial asset at fair value through profit or loss upon initial recognition. The carrying value of overage is assessed at each period end and changes in fair value are taken to other income/expenses.

Acquisitions
An acquisition is recognised when the control has been transferred, usually on completion of the transaction. The acquisition method measures assets based on purchase price, which is allocated to the property assets on a fair value basis, and includes directly related acquisition costs. Business combinations are accounted for using the acquisition method. Any gain or bargain purchase or acquisition-related costs are recognised in the consolidated income statement.

Intangible assets
Intangible assets are stated at historical cost, less accumulated amortisation. Acquired on-premise computer software licences and external costs of implementing or developing computer software programmes and websites are capitalised. These costs are amortised over the asset's estimated useful life of five years on a straight-line basis.

Costs associated with maintaining computer software programmes including Software as a Service (SaaS) are recognised as an expense as they fall due.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

Property, plant and equipment
Equipment and fixtures are stated at historical purchase cost less accumulated depreciation and impairment. Historical cost includes the original purchase price of the asset and the costs attributable to bringing the asset to working condition for its intended use.

Subsequent expenditure is charged to the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of each item can be reliably measured. All other repairs and maintenance costs are charged to the consolidated income statement during the period in which they are incurred.

Depreciation is provided using the straight-line method to allocate the cost less estimated residual value over the assets' estimated useful lives which range from four to ten years.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at least at each financial year end. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Other investments
Investments in unlisted shares are accounted for under IFRS 9 at fair value, using a valuation multiple and financial information. Changes in fair value are shown in the consolidated statement of comprehensive income.

Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment based on the expected credit loss, which uses a lifetime expected loss allowance for all trade receivables based on the individual occupier's circumstance. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The provision is recorded in the consolidated income statement.

Deferred consideration on the disposal of investment properties is included within trade and other receivables. It is fair valued on recognition and at each year end with any movement taken to other income/expenses.

Trade and other payables
Trade and other payables are initially recognised at fair value and subsequently held at amortised cost.

Cash and cash equivalents
Cash is represented by cash in hand, restricted cash in the form of tenants' deposit deeds and deposits held on call with banks and money market funds. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Bank overdrafts are included in current liabilities but within cash and cash equivalents for the purpose of the consolidated cash flow statement.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, with any difference between the initial amount (net of transaction costs) and the redemption value being recognised in the income statement over the period of the borrowings, using the effective interest method, except for interest capitalised on redevelopments.

Derivative financial instruments and hedge accounting
The Group enters into derivative transactions in order to manage its exposure to interest rate risks. Financial derivatives are recorded at fair value calculated by valuation techniques based on market prices, estimated future cash flows and forward interest rates.

The Group applies hedge accounting for certain derivatives that are designated and effective as hedges of future cash flows (cash flow hedges). The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The fair values of various derivative instruments used for hedging purposes are disclosed in note 16(e). Movements on the hedging reserve in other comprehensive income are shown in note 21.

For cash flow hedges, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the consolidated statement of other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement within other income/expenses. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Investment in own shares
The Group operates an Employee Share Ownership Trust ('ESOT') and a trust for the Share Incentive Plan ('SIP'). When the Group funds these trusts in order to purchase Company shares, the loan is deducted from shareholders' equity as investment in own shares.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

Operating segments
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity.

The Group has determined that its chief operating decision maker is the Executive Committee of the Company. As at 31 March 2024, the Group considers that it has only one operating segment, being a single portfolio of commercial property providing business accommodation for rent in and around London.

Revenue recognition
Revenue comprises rental income, service charges and other sums receivable from the Group's investment properties. Other sums comprise supplies of utilities, premia associated with surrender of tenancies, commissions, fees and other sundry income.

All the Group's properties are leased out under operating leases and are included in investment property in the consolidated balance sheet. In accordance with IFRS 16, rental income from leases is recognised in the consolidated income statement on a straight-line basis over the lease term. Rent received in advance is deferred in the consolidated balance sheet and recognised in the period to which it relates. If the Group provides significant incentives to its customers the incentives are recognised over the lease term on a straight-line basis.

Service charges and other sums receivable from tenants are recognised on an accruals basis by reference to the stage of completion of the relevant service or transactions at the reporting date. These services generally relate to a 12-month period.

Direct costs
Direct costs comprise service charges and other costs directly recoverable from tenants and non-recoverable costs directly attributable to investment properties and other revenue streams.

Exceptional items
Exceptional items are those items that, in the Directors' view, are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

Share based payments
The Group operates a number of share schemes under which the Group receives services from employees as consideration for equity instruments of the Company.

The fair value of the employee services received in exchange for the grant of share awards and options is recognised as an expense over the vesting period.

Fair value is measured by the use of Black-Scholes and Binomial Option Pricing modelling techniques. In valuing equity-settled transactions, assessment is made of any vesting conditions to categorise these into market performance conditions, non-market performance conditions and service conditions.

Pensions
The Group operates a defined contribution pension scheme. Contributions are charged to the consolidated income statement on an accruals basis.

As part of the McKay Securities PLC acquisition in May 2022 the Group assumed all responsibilities in relation to the existing McKay defined benefit pension scheme. Subsequent to this, the Group entered into a pension buy-out transaction whereby an insurance company has taken on all current and future liabilities of this defined benefit pension scheme, along with related assets.

Taxation
Current income tax is tax payable on the taxable income for the year and any prior year adjustment, and is calculated using tax rates that are relevant to the financial year.

Deferred tax is provided in full on temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised when it is probable that taxable profits will be available against which the deferred tax asset can be utilised.

Compliance with the Real Estate Investment Trust ('REIT') taxation regime
The Group is a REIT and is thereby exempt from tax on both rental profits and chargeable gains from its UK property rental business.

In order to retain REIT status, certain ongoing criteria must be maintained. The main criteria are as follows:
- at the start of each accounting period, the assets of the tax-exempt business must be at least 75% of the total value of the Group's assets;
- at least 75% of the Group's total profits must arise from the tax-exempt business; and
- at least 90% of the tax-exempt business earnings must be distributed.

Dividend distributions
Final dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved, while interim dividends are recognised when paid.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

1. ANALYSIS OF NET RENTAL INCOME AND SEGMENTAL INFORMATION

	2024			2023		
	Revenue £m	Direct costs[1] £m	Net rental income £m	Revenue £m	Direct costs[1] £m	Net rental income £m
Rental income	145.0	(4.9)	140.1	136.7	(4.2)	132.5
Service charges	32.6	(37.5)	(4.9)	30.0	(35.7)	(5.7)
Empty rates and other non-recoverable costs	–	(10.2)	(10.2)	–	(10.6)	(10.6)
Services, fees, commissions and sundry income	6.7	(5.5)	1.2	7.5	(7.1)	0.4
	184.3	(58.1)	126.2	174.2	(57.6)	116.6

1. There are two properties within the current period (prior period: none) that are non-rent producing.

Included within direct costs for rental income is a charge of £0.8m (2023: £1.0m) and within direct costs for service charges is a charge of £nil (2023: £0.1m) for expected credit losses in respect of receivables from customers in the period.

All of the properties within the portfolio are geographically close to each other and have similar economic features and risks. Management information utilised by the Executive Committee to monitor and review performance is presented as one portfolio. As a result, for the year ended 31 March 2024, management have determined that the Group operates a single operating segment providing business accommodation for rent in and around London.

2. OPERATING LOSS
The following items have been charged in arriving at operating loss:

	2024 £m	2023 £m
Depreciation[1] (note 11)	1.7	1.6
Staff costs (including share based costs)[1] (note 5)	30.5	25.3
Repairs and maintenance expenditure on investment properties	3.7	5.4
Trade receivables impairment (note 13)	0.8	1.1
Amortisation of intangibles	0.6	0.7
Audit fees payable to the Company's Auditor	0.8	0.4

1. Charged to direct costs and administrative expenses based on the underlying nature of the expenses.

Auditor's remuneration: services provided by the Company's Auditor and its associates	2024 £000	2023 £000
Audit fees:		
Audit of Parent Company and consolidated financial statements	507	330
Audit of subsidiary financial statements	110	40
	617	370
Fees for other services:		
Audit-related assurance services[1]	97	70
Total fees payable to Auditor	714	440

1. Audit-related assurance services consist of £97k for half year review (2023: £56k); and £nil for Green Bond use of Proceeds Assurance (2023: £14k).

	2024 £m	2023 £m
Total administrative expenses are analysed below:		
Staff costs	14.8	13.4
Equity-settled share based payments	3.1	1.4
Cash-settled share based payments	0.2	–
Other	7.2	6.7
Total administrative expenses	25.3	21.5

3(a). LOSS ON DISPOSAL OF INVESTMENT PROPERTIES AND ASSETS HELD FOR SALE

	2024 £m	2023 £m
Proceeds from sale of investment properties (net of sale costs)	12.3	7.0
Proceeds from sale of assets held for sale (net of sale costs)	96.2	52.1
Book value at time of sale	(110.8)	(59.8)
Loss on disposal	(2.3)	(0.7)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

3(b). OTHER EXPENSES

	2024 £m	2023 £m
Change in fair value of deferred consideration	–	(0.1)
Other expenses	(1.2)	(3.7)
	(1.2)	(3.8)

The value of deferred consideration (cash and overage) from the sale of investment properties has been revalued by CBRE Limited at 31 March 2024 and 31 March 2023. This resulted in a reduction in the fair value of deferred consideration of £nil at 31 March 2024 (31 March 2023: £0.1m). The amounts receivable are included in the consolidated balance sheet under current trade and other receivables (note 13).

Other expenses include exceptional one-off costs relating to the implementation and replacement of our finance and property management system of £1.2m (2023: £1.8m). In addition, other expenses in the prior year also include exceptional one-off costs relating to the acquisition and integration of McKay Securities Limited (£1.9m), including the cost of buying out the McKay Securities Limited defined benefit pension scheme (see note 24). These costs are outside the Group's normal trading activities.

4. FINANCE COSTS

	2024 £m	2023 £m
Interest payable on bank loans and overdrafts	(15.0)	(11.9)
Interest payable on other borrowings	(19.3)	(19.0)
Amortisation of issue costs of borrowings	(1.7)	(2.0)
Interest payable on leases	(2.1)	(1.9)
Interest capitalised on property refurbishments (note 10)	3.0	0.2
Interest receivable	0.2	0.2
Finance costs	(34.9)	(34.4)
Exceptional finance costs	–	(0.6)
Total finance costs	(34.9)	(35.0)

The exceptional finance costs in the prior year related to unamortised finance costs for McKay Securities Limited's previous bank loan which were written off when this was refinanced in September 2022.

All finance costs have been calculated in accordance with IFRS 9, re-estimating the cash flows based on the original effective interest rate with any adjustment being taken through the consolidated income statement.

5. EMPLOYEES AND DIRECTORS

Staff costs for the Group during the year were:	2024 £m	2023 £m
Wages and salaries	26.2	23.3
Social security costs	3.4	3.8
Other pension costs (note 24)	1.3	1.0
Equity-settled share based costs (note 23)	3.1	1.4
	34.0	29.5
Less costs capitalised	(3.5)	(4.2)
	30.5	25.3

The monthly average number of people employed during the year was:	2024 Number	2023 Number
Head office staff (including Directors)	166	154
Estates and property management staff	152	137
	318	291

The emoluments and pension benefits of the Directors are determined by the Remuneration Committee of the Board and are set out in detail in the Directors' Remuneration Report on pages 186 to 217.

Total Directors' emoluments for the financial year were £2.9m (2023: £3.0m), comprising of £2.2m (2023: £2.2m) of Directors' remuneration, £0.6m (2023: £0.7m) gain on exercise of share options and £0.1m (2023: £0.1m) of cash contributions in lieu of pension in respect of two Directors (2023: two).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

6. TAXATION

	2024 £m	2023 £m
Current tax:		
UK corporation tax	–	–
Adjustments to tax in respect of previous periods	–	–
	–	–
Deferred tax:		
On origination and reversal of temporary differences	(0.3)	0.3
	(0.3)	0.3
Total taxation (credit)/charge	(0.3)	0.3

Taxation chargeable in the year relates to income from non-REIT activities such as overage, meeting room income and utilities recharges.

The tax on the Group's loss for the year differs from the standard applicable corporation tax rate in the UK of 25% (2023: 19%). The differences are explained below:

	2024 £m	2023 £m
Loss before taxation	(192.8)	(37.5)
Tax at standard rate of corporation tax in the UK of 25% (2023: 19%)	(48.2)	(7.1)
Effects of:		
REIT exempt income	(19.2)	(12.1)
Changes in fair value not subject to tax as a REIT	63.8	17.7
Share based payment adjustments	0.5	(0.3)
Unrecognised losses carried forward	2.7	1.8
Other non-taxable expenses	0.1	0.3
Total taxation (credit)/charge	(0.3)	0.3

The Group is a Real Estate Investment Trust ('REIT'). The Group's UK property rental business (both income and capital gains) is exempt from UK corporation tax. The Group estimates that as the majority of its future profits will be exempt from tax, future tax charges are likely to be low.

Profits arising from any residual business activities (e.g. trading activities and interest income), after the utilisation of tax losses, are subject to corporation tax at the main rate of 25% for the period (increased from 19% in the previous period).

The Group currently has an unrecognised asset in relation to tax losses from the non-REIT business carried forward of £8.9m (2023: £6.2m) calculated at a corporation tax rate of 25% (2023: 25%).

7. DIVIDENDS

	Payment date	Per share	2024 £m	2023 £m
For the year ended 31 March 2022:				
Final dividend	August 2022	14.5p	–	27.8
For the year ended 31 March 2023:				
Interim dividend	February 2023	8.4p	–	16.1
Final dividend	August 2023	17.4p	33.3	–
For the year ended 31 March 2024:				
Interim dividend	February 2024	9.0p	17.3	–
Dividends for the year			50.6	43.9
Timing difference on payment of withholding tax			0.1	(0.4)
Dividends cash paid			50.7	43.5

The Directors are proposing a final dividend in respect of the financial year ended 31 March 2024 of 19.0 pence per ordinary share, which will absorb an estimated £36.5m of retained earnings and cash. If approved by the shareholders at the AGM, it will be paid on 2 August 2024 to shareholders who are on the register of members on 5 July 2024. The dividend will be paid as a REIT Property Income Distribution ('PID') net of withholding tax where appropriate.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

8. EARNINGS PER SHARE

Earnings used for calculating earnings per share:	2024 £m	2023 £m
Basic and diluted earnings	(192.5)	(37.8)
Decrease in fair value of investment properties	251.2	88.0
Impairment of assets held for sale	4.1	5.1
Loss on disposal of investment properties	2.3	0.7
EPRA earnings	65.1	56.0
Adjustment for non-trading items:		
Other expenses	1.2	3.8
Exceptional finance costs	–	0.6
Taxation	(0.3)	0.3
Trading profit after interest	66.0	60.7

Earnings have been adjusted to derive an earnings per share measure as defined by the European Public Real Estate Association ('EPRA') and an adjusted underlying earnings per share measure.

Number of shares used for calculating earnings per share:	2024 Number	2023 Number
Weighted average number of shares (excluding own shares held in trust)	191,676,994	190,470,363
Dilution due to share option schemes	1,537,856	1,129,310
Weighted average number of shares for diluted earnings per share	193,214,850	191,599,673

In pence:	2024	2023
Basic loss per share	(100.4p)	(19.9p)
Diluted loss per share	(100.4p)	(19.9p)
EPRA earnings per share	34.0p	29.4p
Adjusted underlying earnings per share[1]	34.1p	31.7p

1. Adjusted underlying earnings per share is calculated by dividing trading profit after interest by the diluted weighted average number of shares of 193,214,850 (2023: 191,599,673).

The diluted loss per share for the period to 31 March 2024 has been restricted to a loss of 100.4p per share, as the loss per share cannot be reduced by dilution in accordance with IAS 33 Earnings per Share.

9. NET ASSETS PER SHARE AND TOTAL ACCOUNTING RETURN

Number of shares used for calculating net assets per share:	2024 Number	2023 Number
Shares in issue at year end	191,910,392	191,638,357
Less own shares held in trust at year end	(139,649)	(152,550)
Dilution due to share option schemes	1,637,759	1,201,277
Number of shares for calculating diluted adjusted net assets per share	193,408,502	192,687,084

EPRA Net Asset Value Metrics

The Group measures financial position with reference to EPRA Net Tangible Assets (NTA), Net Reinvestment Value (NRV) and Net Disposal Value (NDV).

	March 2024			March 2023		
	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
IFRS Equity attributable to shareholders	1,548.9	1,548.9	1,548.9	1,787.7	1,787.7	1,787.7
Fair value of derivative financial instruments	(0.2)	(0.2)	–			
Intangibles per IFRS balance sheet	–	(2.2)	–	–	(2.0)	–
Excess of book value of debt over fair value	–	–	59.3	–	–	86.6
Purchasers' costs	166.4	–	–	186.4	–	–
EPRA measure	1,715.1	1,546.5	1,608.2	1,974.1	1,785.7	1,874.3
EPRA measure per share	£8.87	£8.00	£8.32	£10.24	£9.27	£9.73

Total accounting return

Total Accounting Return	2024 £	2023 £
Opening EPRA net tangible assets per share (A)	9.27	9.88
Closing EPRA net tangible assets per share	8.00	9.27
Decrease in EPRA net tangible assets per share	(1.27)	(0.61)
Ordinary dividends paid in the year	0.26	0.23
Total return (B)	(1.01)	(0.38)
Total accounting return (B/A)	(10.9%)	(3.8%)

The total accounting return for the year comprises the movement 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 total return for the year ended 31 March 2024 was -10.9% (31 March 2023: -3.8%).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

10. INVESTMENT PROPERTIES

	2024 £m	2023 £m
Balance at 1 April	2,643.3	2,366.7
Purchase of investment properties	–	426.6
Capital expenditure	68.4	55.8
Change in value of lease obligations	–	3.7
Capitalised interest on refurbishments (note 4)	3.0	0.2
Disposals during the year	(12.5)	(5.5)
Change in fair value of investment properties	(251.2)	(88.0)
Disposed properties tenant incentives recognised in advance under IFRS 16	1.4	–
Less: Classified as assets held for sale	(43.9)	(116.2)
Balance at 31 March	2,408.5	2,643.3

Investment properties represent a single class of property, being business accommodation for rent in and around London.

Investment properties include buildings with a carrying amount of £317.2m (2023: £321.9m) for which there are lease obligations of £34.7m (2023: £34.7m). Investment property lease commitment details are shown in note 17.

During the prior period, the Group acquired McKay Securities Limited (formerly McKay Securities PLC) adding 32 properties in and around London to the portfolio.

Three of the properties classified as held for sale at the end of the prior year were not sold during the year. These are retained within current assets as they are still expected to sell within the next 12 months to 31 March 2025 and have been subject to an impairment charge of £2.6m following the valuation carried out at 31 March 2024. One of them exchanged during the year.

Six (2023: Ten) additional properties were reclassified as held for sale at year-end. Four of these properties have exchanged for sale and are likely to complete within the next 12 months. The transfer value is their year-end valuation per CBRE.

Disposed properties tenant incentives relate to disposed properties during the year, where there were tenant lease incentives accounted for under IFRS 16.

Capitalised interest is included at a rate of capitalisation of 6.8% (2023: 3.9%). The total amount of capitalised interest included in investment properties is £18.1m (2023: £15.1m).

The change in fair value of investment properties is recognised in the consolidated income statement.

Valuation

The Group's investment properties are held at fair value and were revalued at 31 March 2024 by the external valuer, CBRE Limited, a firm of independent qualified valuers, in accordance with the Royal Institution of Chartered Surveyors Valuation – Global Standards. All the properties are revalued at period end regardless of the date of acquisition. In line with IFRS 13, all investment properties are valued on the basis of their highest and best use. For like-for-like properties, their current use equates to the highest and best use. For properties undergoing refurbishment or redevelopment, most of these are still being used for business accommodation in their current state. However, the valuation at the balance sheet date includes the impact of the potential refurbishment and redevelopment as this represents the highest and best use.

The Executive Committee and the Board both conduct a detailed review of each property valuation to assess whether appropriate assumptions have been applied and that valuations are appropriate. Meetings are held with the valuers to discuss and challenge the valuations, to confirm that they have considered all relevant information.

The valuation of like-for-like properties (which are not undergoing significant refurbishment or redevelopment) is based on the income capitalisation method which applies market-based yields to the Estimated Rental Values ('ERVs') of each of the properties. Yields are based on current market expectations depending on the location and use of the property. ERVs are based on estimated rental potential considering current rental streams and market comparatives whilst also considering the occupancy and timing of rent reviews at each property. Although occupancy and rent review timings are known, and there is market evidence for transaction prices for similar properties, there is still a significant element of estimation and judgement in estimating ERVs. As a result of adjustments made to market observable data, the significant inputs are deemed unobservable under IFRS 13.

When valuing properties where Workspace is carrying out a major refurbishment, the residual value method is used. The completed value of the refurbishment is determined as for like-for-like properties above. This is then adjusted for costs to complete and developers profit margin. A discount factor is applied to reflect the time period to complete construction and make allowance for construction and market risk to arrive at the residual value of the property.

The discount factor used is the property yield that is also applied to the estimated rental value to determine the value of the completed building. Other risks such as unexpected time delays relating to planned capital expenditure are assessed on a project-by-project basis, looking at market comparable data where possible and the complexity of the proposed scheme.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

10. INVESTMENT PROPERTIES CONTINUED
Valuation continued
Redevelopment properties are also valued using the residual value method. The proposed redevelopment which would be undertaken by a residential developer is valued based on the market value for similar sites and then adjusted for costs to complete, developer's profit margin and a time discount factor. Allowance is also made for planning and construction risk depending on the stage of the redevelopment. If a contract is agreed for the sale/redevelopment of the site, the property is valued based on agreed consideration.

For all methods, the valuers are provided with information on tenure, letting, town planning and the repair of the buildings and sites.

The reconciliation of the valuation report total to the amount shown in the consolidated balance sheet as non-current assets, investment properties, is as follows:

	2024 £m	2023 £m
Total per CBRE valuation report	2,446.5	2,741.1
Deferred consideration on sale of property	(0.6)	(0.5)
Head leases treated as leases under IFRS 16	34.7	34.7
Tenant incentives recognised under IFRS 16	(6.4)	(8.8)
Less: Reclassified as assets held for sale	(65.7)	(123.2)
Total investment properties per balance sheet	2,408.5	2,643.3

The Group's investment properties are carried at fair value and under IFRS 13 are required to be analysed by level depending on the valuation method adopted. The different valuation methods are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 – Use of a model with inputs (other than quoted prices included in Level 1) that are directly or indirectly observable market data.
Level 3 – Use of a model with inputs that are not based on observable market data.

As noted in the significant judgements and critical estimates section, property valuations are complex and involve data which is not publicly available and involves a degree of judgement. All the investment properties are classified as Level 3, due to the fact that one or more significant inputs to the valuation are not based on observable market data.

CBRE have made enquiries to ascertain any sustainability factors which are likely to impact on value, consistent with the scope of their terms of engagement. Sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect the value of an asset, even if not explicitly recognised. This includes key environmental risks; such as flooding, energy efficiency, climate, design, legislation and management considerations – as well as current and historic land use. Where CBRE recognise the value impacts of sustainability, they reflect their understanding of how market participants include sustainability factors in their decisions and the consequential impact on market valuations.

The following table summarises the valuation techniques and inputs used in the determination of the property valuation at 31 March 2024.

Key unobservable inputs:

			ERVs – per sq. ft.		Equivalent yields	
Property category	Valuation £m	Valuation technique	Range	Weighted average	Range	Weighted average
Like-for-like	1,833.2	A	£24–£81	£49	4.9%–8.4%	7.0%
Completed projects	137.4	A	£25–£53	£35	6.6%–7.2%	7.3%
Refurbishments	318.5	A/B	£24–£75	£38	5.0%–9.9%	7.3%
Redevelopments	18.9	A/B	£18–£30	£19	4.8%–8.7%	7.4%
South East Office	72.2	A	£25–£40	£30	8.0%–11.4%	10.4%
Tenant incentives	(6.4)	N/A	–	–	–	–
Head leases	34.7	N/A	–	–	–	–
Total	2,408.5					

A = Income capitalisation method.
B = Residual value method.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

10. INVESTMENT PROPERTIES CONTINUED

Valuation continued
A key unobservable input for redevelopments at planning stage and refurbishments is developer's profit. The range is 10%–19% with a weighted average of 15%.

Costs to complete is a key unobservable input for redevelopments at planning stage with a range of £273–£416 per sq. ft. and a weighted average of £325 per sq. ft.

Costs to complete are not considered to be a significant unobservable input for refurbishments due to the high percentage of costs that are fixed.

Sensitivity analysis:
A +/- 10% movement in ERVs or a +/- 25 basis points movement in yields would result in the following increase/decrease in the valuation.

£m	+/- 10% in ERVs	+/- 25 bps in yields
Like-for-like	+183/-183	-66/+71
Completed projects	+14/-14	-5/+5
Refurbishments	+35/-35	-15/+17
Redevelopments	+0/-0	-0/+0
South East Office	+27/-27	-9/+9

The following table summarises the valuation techniques and inputs used in the determination of the property valuation at 31 March 2023.

Key unobservable inputs:

			ERVs – per sq. ft.		Equivalent yields	
Property category	Valuation £m	Valuation technique	Range	Weighted average	Range	Weighted average
Like-for-like	1,886.9	A	£21–£79	£48	5.0%–7.7%	6.2%
Completed projects	264.8	A	£24–£51	£34	5.8%–6.8%	6.5%
Refurbishments	171.9	A/B	£21–£53	£35	4.5%–6.7%	5.8%
Redevelopments	25.4	A/B	£16–£35	£28	4.8%–6.9%	5.5%
Acquisitions	268.4	A	£13–£70	£34	5.2%–10.8%	7.4%
Tenant incentives	(8.8)	N/A	–	–	–	–
Head leases	34.7	N/A	–	–	–	–
Total	2,643.3					

A = Income capitalisation method.
B = Residual value method.

A key unobservable input for redevelopments at planning stage and refurbishments is developer's profit. The range is 10%–16% with a weighted average of 13%.

Costs to complete is a key unobservable input for redevelopments at planning stage with a range of £262–£448 per sq. ft. and a weighted average of £356 per sq. ft.

Costs to complete are not considered to be a significant unobservable input for refurbishments due to the high percentage of costs that are fixed.

Sensitivity analysis:
A +/- 10% movement in ERVs or a +/- 25 basis points movement in yields would result in the following increase/decrease in the valuation.

£m	+/- 10% in ERVs	+/- 25 bps in yields
Like-for-like	+189/-189	-76/+83
Completed projects	+27/-27	-10/+11
Refurbishments	+23/-23	-10/+11
Redevelopments	+6/-6	-3/+3
Acquisitions	+27-27	-9/+9

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

11. PROPERTY, PLANT AND EQUIPMENT

Cost or valuation	Equipment and fixtures £m
1 April 2022	9.5
Additions during the year	3.3
Disposals during the year	(0.3)
Balance at 31 March 2023	12.5
Additions during the year	0.5
Disposals during the year	(4.8)
Balance at 31 March 2024	8.2
Accumulated depreciation	
1 April 2022	6.6
Charge for the year	1.6
Disposals during the year	(0.1)
Balance at 31 March 2023	8.1
Charge for the year	1.7
Disposals during the year	(4.6)
Balance at 31 March 2024	5.2
Net book amount at 31 March 2024	3.0
Net book amount at 31 March 2023	4.4

12. OTHER INVESTMENTS

The Group holds the following investments:

	2024 £m	2023 £m
2.0% of share capital of Wavenet Limited	3.2	2.1
	3.2	2.1

In accordance with IFRS 9 the shares in Wavenet Limited have been valued at fair value, resulting in £1.1m movement in the financial year (2023: £0.4m), recognised in the consolidated statement of comprehensive income.

13. TRADE AND OTHER RECEIVABLES

Current trade and other receivables	2024 £m	2023 £m
Trade receivables	22.6	16.9
Less provision for impairment of receivables	(3.9)	(4.6)
Trade receivables – net	18.7	12.3
Prepayments, other receivables and accrued income	16.9	22.3
Deferred consideration on sale of investment properties	1.1	11.2
	36.7	45.8

Receivables at fair value

Included within deferred consideration on sale of investment properties is £0.6m (2023: £0.5m) of overage which is held at fair value through profit and loss. As the amounts receivable are expected within the following 12 months they have been classified as current receivables.

The deferred consideration arising on the sale of investment properties relates to cash and overage. The overage has been fair valued by CBRE Limited using appropriate discount rates, and will be revalued on a regular basis. This is a Level 3 valuation of a financial asset, as defined by IFRS 13. The change in fair value recorded in the consolidated income statement was £nil (31 March 2023: £0.1m decrease) (note 3(b)).

	2024 £m	2023 £m
Deferred consideration on sale of investment properties:		
Balance at 1 April	11.2	0.6
Cash received	(10.1)	–
Additions	–	10.7
Change in fair value	–	(0.1)
Balance at 31 March	1.1	11.2

Receivables at amortised cost

The remaining receivables are held at amortised cost. There is no material difference between the above amounts and their fair values due to the short-term nature of the receivables. Trade receivables are impaired when there is evidence that the amounts may not be collectable under the original terms of the receivable. All the Group's trade and other receivables are denominated in Sterling.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

13. TRADE AND OTHER RECEIVABLES CONTINUED

Movements on the provision for impairment of trade receivables are shown below:

	2024 £m	2023 £m
Balance at 1 April	4.6	5.2
Increase in provision for impairment of trade receivables	0.8	1.1
Receivables written off during the year	(1.5)	(1.7)
Balance at 31 March	3.9	4.6

14. CASH AND CASH EQUIVALENTS

	2024 £m	2023 £m
Cash at bank and in hand	4.1	12.0
Restricted cash	7.5	6.5
	11.6	18.5

£6.7m (2023: £6.5m) of the restricted cash relates to tenants' deposit deeds which represent returnable cash security deposits received from tenants which are held in ring-fenced bank accounts in accordance with the terms of the individual lease contracts. The remaining balance relates to restricted cash under terms of development projects funding.

15. TRADE AND OTHER PAYABLES

	2024 £m	2023 £m
Trade payables	7.4	15.4
Other tax and social security payable	4.8	15.9
Tenants' deposit deeds	8.2	6.5
Tenants' deposits	32.0	30.5
Accrued expenses	28.5	26.1
Deferred income – rent and service charges	12.1	13.4
	93.0	107.8

There is no material difference between the above amounts and their fair values due to the short-term nature of the payables.

16. BORROWINGS

(a) Balances

	2024 £m	2023 £m
Current		
Bank loans (unsecured)	–	49.8
Non-current		
Bank loans (unsecured)	192.3	197.2
Other loans (secured)	64.1	63.9
3.07% Senior Notes (unsecured)	79.9	79.9
3.19% Senior Notes (unsecured)	119.9	119.8
3.6% Senior Notes (unsecured)	99.9	99.9
Green Bond (unsecured)	298.7	298.4
	854.8	859.1
Total borrowings	854.8	908.9

(b) Net debt

	2024 £m	2023 £m
Borrowings per (a) above	854.8	908.9
Adjust for:		
Cost of raising finance	4.2	5.1
	859.0	914.0
Cash at bank and in hand (note 14)	(4.1)	(12.0)
Net debt	854.9	902.0

At 31 March 2024, the Group had £141.0m (2023: £136.0m) of undrawn bank facilities, a £2.0m overdraft facility (2023: £2.0m) and £4.1m of unrestricted cash (2023: £12.0m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

16. BORROWINGS CONTINUED

(c) Maturity

	2024 £m	2023 £m
Repayable within one year	–	50.0
Repayable between one and two years	80.0	–
Repayable between two and three years	194.0	279.0
Repayable between three years and four years	420.0	–
Repayable between four years and five years	100.0	420.0
Repayable in five years or more	65.0	165.0
	859.0	914.0
Cost of raising finance	(4.2)	(5.1)
Total	854.8	908.9

(d) Interest rate and repayment profile

	Principal at period end £m	Interest rate	Interest payable	Repayable
Current				
Bank overdraft due within one year or on demand	–	Base + 2.25%	Variable	On demand
Non-current				
Private Placement Notes:				
3.07% Senior Notes	80.0	3.07%	Half yearly	August 2025
3.19% Senior Notes	120.0	3.19%	Half yearly	August 2027
3.6% Senior Notes	100.0	3.60%	Half yearly	January 2029
Bank Loan	125.0	SONIA + 1.77%[1]	Monthly	December 2026
Bank Loan	69.0	SONIA + 1.77%[1]	Monthly	April 2026
Other Loan (Secured)	65.0	4.02%	Quarterly	May 2030
Green Bond	300.0	2.25%	Yearly	March 2028
	859.0			

1. The base margin is dependent upon the LTV as reported in the client certificate, which is submitted twice a year. The base margin can be adjusted further by up to 4.5bps dependent upon achievement of three ESG-linked metrics.

(e) Derivative financial instruments

The Group uses a mixture of fixed rate and variable rate facilities to manage its interest rate exposure appropriately to provide operational and budget certainty. To manage the interest rate risk arising on variable rate debt, £100m of the debt has been swapped to fixed rate GBP using an interest rate swap.

The hedged item is designated as the variability of the cash flows of the specific debt instrument arising from future changes in the SONIA rate, which is an eligible hedged item.

Hedge effectiveness is assessed on critical terms (amount, interest rate, interest settlement dates, currency and maturity date). The critical terms of this hedging relationship perfectly matched at origination, so for the prospective assessment of effectiveness a qualitative assessment was performed. The interest rate swap creates an equal and opposite interest receipt and a fixed interest payment, therefore creating an exact offset for this transaction resulting in a net fixed interest payable. Potential sources of hedge ineffectiveness include significant change in the credit risk of either party or a reduction in the hedged item as such will impact the economic relationship between the fair value changes of the hedged item and the swap.

The effects of the interest rate swap hedging relationship is as follows:

	2024
Carrying amount of derivative	0.2
Change in fair value of designated hedging instrument	0.2
Notional amount £m	100
Rate payable (%)	4.285
Maturity	31 January 2026
Hedge ratio	1:1

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

16. BORROWINGS CONTINUED

(f) Financial instruments and fair values

	2024 Book value £m	2024 Fair value £m	2023 Book value £m	2023 Fair value £m
Financial liabilities held at amortised cost				
Bank loans	192.3	192.3	247.0	247.0
Other loans	64.1	61.6	63.9	63.5
Private Placement Notes	299.6	285.4	299.6	287.8
Lease obligations	34.7	34.7	34.7	34.7
Green Bond	298.7	256.1	298.4	224.0
	889.4	830.1	943.6	857.0
Financial assets at fair value through other comprehensive income				
Financial derivative	0.2	0.2	–	–
Other investments	3.2	3.2	2.1	2.1
	3.4	3.4	2.1	2.1
Financial assets at fair value through profit or loss				
Deferred consideration (including overage)	1.1	1.1	11.2	11.2
	1.1	1.1	11.2	11.2

In accordance with IFRS 13, disclosure is required for financial instruments that are carried or disclosed in the financial statements at fair value. The fair values of all the Group's bank loans and Private Placement Notes have been determined by reference to market prices and discounted expected cash flows at prevailing interest rates and are Level 2 valuations. There have been no transfers between levels in the year.

The different levels of valuation hierarchy as defined by IFRS 13 are set out in note 10.

(g) Financial instruments by category

Assets	2024 £m	2023 £m
a) Assets at fair value through profit or loss		
Deferred consideration (overage)	0.6	0.5
	0.6	0.5
b) Loans and receivables		
Cash and cash equivalents	11.6	18.5
Trade and other receivables excluding prepayments[1]	27.4	31.7
	39.0	50.2
c) Assets at value through other comprehensive income		
Financial derivative	0.2	–
Other investments	3.2	2.1
	3.4	2.1
Total	43.0	52.8

Liabilities	2024 £m	2023 £m
Other financial liabilities at amortised cost		
Borrowings	854.8	908.9
Lease liabilities	34.7	34.7
Trade and other payables excluding non-financial liabilities[2]	76.1	78.5
	965.6	1,022.1

1. Trade and other receivables exclude prepayments of £5.0m (2023: £13.6m), accrued income of £3.7m (2023: £nil) and non-cash deferred consideration of £0.6m (2023: £0.5m).
2. Trade and other payables exclude other tax and social security of £4.8m (2023: £15.9m) and deferred income of £12.1m (2023: £13.4m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

16. BORROWINGS CONTINUED
(h) Changes in liabilities from financing activities

	Bank loans and borrowings £m	Lease liabilities £m
Balance at 1 April 2023	908.9	34.7
Changes from financing cash flows:		
Proceeds from bank borrowings	156.0	–
Repayment of bank borrowings	(211.0)	–
Finance costs for new/amended borrowing facilities	(0.8)	–
Total changes from cash flows	(55.8)	–
Amortisation of issue costs of borrowing	1.7	–
Total other changes	1.7	–
Balance at 31 March 2024	854.8	34.7

	Bank loans and borrowings £m	Lease liabilities £m
Balance at 1 April 2022	595.5	31.0
Changes from financing cash flows:		
Proceeds from bank borrowings	286.0	–
Repayment of bank borrowings	(150.0)	–
Finance costs for new/amended borrowing facilities	(1.6)	–
Finance costs assumed on asset acquisition	(1.6)	–
Total changes from cash flows	132.8	–
Exceptional finance costs	0.6	–
Amortisation of issue costs of borrowing	2.0	–
Debt assumed on asset acquisition	178.0	–
Changes in leases	–	3.7
Total other changes	180.6	3.7
Balance at 31 March 2023	908.9	34.7

17. LEASE OBLIGATIONS
Lease liabilities are in respect of leased investment property.

Minimum lease payments under leases fall due as follows:

	2024 £m	2023 £m
Within one year	2.1	2.1
Between one and five years	8.4	8.4
Between five and fifteen years	17.2	19.0
Beyond fifteen years	180.5	180.8
	208.2	210.3
Future finance charges on leases	(173.5)	(175.6)
Present value of lease liabilities	34.7	34.7

Following the adoption of IFRS 16, lease obligations are shown separately on the face of the balance sheet. The balance represents a non-current liability as the payment shown within one year of £2.1m (2023: £2.1m) is offset by future finance charges on leases of £2.1m (2023: £2.1m). All lease obligations are long leaseholds, therefore, the majority of the obligations fall beyond fifteen years.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

The Group has identified exposure to the following financial risks:
- Market risk
- Credit risk
- Liquidity risk
- Capital risk management

The policies for managing each of these risks and the principal effects of these policies on the results for the year are summarised below:

(a) Market risk

Market risk is the risk that changes in market conditions will affect the Group's interest rates. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group finances its operations through a mixture of retained profits and borrowings. The Group borrows at both fixed and floating rates of interest. At 31 March 2024, 89% (2023: 73%) of Group borrowings were fixed.

All transactions entered into are approved by the Board and are in accordance with the Group's treasury policy. The Board also monitors variances on interest rates to budget and forecast rates to ensure that the risk relating to interest rates is being sufficiently safeguarded. As at year end, a reasonably possible interest rate movement of +/-1.0% would have increased or decreased net interest payable by £0.9m (2023: £2.5m).

The interest cover covenant in relation to Group borrowings is a ratio of 2.0x and the Group targets a minimum cover of 2.5x. For the year ended 31 March 2024 interest cover was 3.7x. Interest cover is calculated as net rental income divided by finance costs (excluding exceptional finance costs).

(b) Credit risk

The Group's main financial assets are cash and cash equivalents, deposits with financial institutions and trade and other receivables.

Credit risk is the risk of financial loss if a tenant or a counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to this risk principally relates to the receivables from tenants, deferred consideration on the sale of investment property and cash and cash equivalent balances held with counterparties.

The Group's exposure to credit risk in relation to receivables from tenants is influenced mainly by the characteristics of individual tenants occupying its rental properties. The Group has around 4,678 lettable units at 77 properties with overall occupancy of 83%. The largest 10 single tenants generate around 10.2% of net rent roll. As such, the credit risk attributable to individual tenants is low.

The Group's credit risk in relation to tenants is further mitigated by requiring that tenants provide a deposit equivalent to three months' rent on inception of lease as security against default. Total tenant deposits held are £40.2m (2023: £37.0m). The Group monitors aged debt balances and any potential bad debts every week, the information being reported to the Executive Committee every month as part of the performance monitoring process. The Group's debt recovery is consistently high and as such is deemed a low risk area.

Deferred consideration (cash and overage) on the sale of investment properties is contractual and valued regularly by the external valuer based on current and future market factors. Cash and cash equivalents and financial derivatives are held with major UK high street banks and strict counterparty limits are operated on deposits.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2024 £m	2023 £m
Cash and cash equivalents (note 14)	11.6	18.5
Trade receivables – current (note 13)	18.7	12.3
Deferred consideration – current (note 13)	1.1	11.2
	31.4	42.0

The Group's assessment of expected credit losses involves estimation given its forward-looking nature. Assumptions used in the forward-looking assessment are continually reviewed to take into account likely rent deferrals.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to target a minimum headroom on loan facilities of £50.0m, so as to have sufficient funds to meet financial obligations as they fall due. This is performed via a variety of methods including daily cash flow review and forecasting, monthly monitoring of the maturity profile of debt and the regular review of borrowing facilities in relation to the Group's requirements and strategy. The Board reviews compliance with loan covenants which include agreed interest cover and loan to value ratios, alongside review of available headroom on loan facilities.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY CONTINUED

(c) Liquidity risk continued

To manage its liquidity effectively, the Group has an overdraft facility of £2.0m (2023: £2.0m), two revolving loan facilities totalling £335.0m (2023: £335.0m). At 31 March 2024 headroom excluding overdraft and cash was £141.0m (31 March 2023: £136.0m).

The following is an analysis of the contractual undiscounted cash flows payable under financial liabilities, derivative financial instruments and trade and other payables existing at the balance sheet date. Contracted cash flows are based upon the loan balances and applicable interest rates payable on these at each year end.

31 March 2024	Carrying[2] amount £m	Due within 1 year £m	Due between 1 and 2 years £m	Due between 2 and 3 years £m	Due 3 years and beyond £m	Total contracted cash flows £m
Financial liabilities						
Private Placement Notes	300.0	9.9	88.3	7.4	227.2	332.8
Bank loan	125.0	4.4	4.4	131.1	–	139.9
Bank loan	69.0	4.8	4.8	69.2	–	78.8
Green Bond	300.0	6.8	6.8	6.8	306.3	326.7
Other loans	65.0	2.6	2.6	2.6	72.8	80.6
Lease liabilities	34.7	2.1	2.1	2.1	201.9	208.2
Trade and other payables[1]	76.1	76.1	–	–	–	76.1
	969.8	106.7	109.0	219.2	808.2	1,243.1

31 March 2023	Carrying[2] amount £m	Due within 1 year £m	Due between 1 and 2 years £m	Due between 2 and 3 years £m	Due 3 years and beyond £m	Total contracted cash flows £m
Financial liabilities						
Private Placement Notes	300.0	9.9	9.9	88.3	234.5	342.6
Bank loan	123.0	7.3	7.3	128.2	–	142.8
Bank loan	76.0	4.7	4.7	76.2	–	85.6
Bank loan	50.0	51.5	–	–	–	51.5
Green Bond	300.0	6.8	6.8	6.8	312.9	333.3
Other loans	65.0	2.6	2.6	2.6	75.4	83.2
Lease liabilities	34.7	2.1	2.1	2.1	204.0	210.3
Trade and other payables[1]	78.5	78.5	–	–	–	78.5
	1,027.2	163.4	33.4	304.2	826.8	1,327.8

1. Trade and other payables exclude other tax and social security of £4.8m (2023: £15.9m) and deferred income of £12.1m (2023: £13.4m).
2. Excludes unamortised borrowing costs.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, and monitor an appropriate mix of debt and equity financing.

Equity comprises issued share capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity. Debt comprises the Green Bond, a secured loan, two Revolving Credit Facilities from banks and Private Placement Notes less cash at bank and in hand.

At 31 March 2024, Group equity was £1,548.9m (2023: £1,787.7m) and Group net debt (debt less cash at bank and in hand) was £854.9m (2023: £902.0m). Group gearing at 31 March 2024 was 55% (2023: 50%).

The Group's borrowings are all unsecured apart from £65.0m. The loan to value covenant applicable to these borrowings is 60% and compliance is being met comfortably. Loan to value at 31 March 2024 was 35%. This is calculated using the total CBRE investment property valuation (as per note 10) and the current net debt (as per note 16(b)). Our target is to maintain loan to value below 30%. This may from time-to-time be exceeded up to a maximum of 40% as steps are taken to reduce loan to value back below 30%.

19. NOTES TO CASH FLOW STATEMENT

Reconciliation of loss for the year to cash generated from operations:

	2024 £m	2023 £m
Loss before tax	(192.8)	(37.5)
Depreciation	1.7	1.6
Amortisation of intangibles	0.6	0.7
Letting fees amortisation	0.3	0.5
Loss on disposal of investment properties	2.3	0.7
Other expenses (note 3b)	1.2	3.8
Net loss from change in fair value of investment property	251.2	88.0
Impairment of assets held for sale	4.1	5.1
Equity-settled share based payments	3.3	1.4
Finance costs	34.9	34.4
Exceptional finance costs	–	0.6
Changes in working capital:		
Increase in trade and other receivables	(2.9)	(6.4)
(Decrease)/Increase in trade and other payables	(16.2)	17.6
Cash generated from operations	87.7	110.5

For the purposes of the cash flow statement, cash and cash equivalents include restricted cash – tenants' deposit deeds (note 14).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

20. SHARE CAPITAL AND SHARE PREMIUM

	2024 £m	2023 £m
Issued: Fully paid ordinary shares of £1 each	191.9	191.6

Movements in share capital were as follows:	2024 Number	2023 Number
Number of shares at 1 April	191,638,357	181,125,259
Issue of shares	272,035	10,513,098
Number of shares at 31 March	191,910,392	191,638,357

In the year, the Group issued 272,035 options in relation to share schemes with net proceeds £nil (31 March 2023: no share scheme options issued). In the prior year, the Group issued 10,513,098 shares as part of the consideration for the acquisition of McKay Securities Limited. The average share price on issue was £6.38 leading to an increase in the merger reserve of £56.6m in the period.

	Share capital		Share premium	
	2024 £m	2023 £m	2024 £m	2023 £m
Balance at 1 April	191.6	181.1	295.5	295.5
Issue of shares	0.3	10.5	1.1	–
Balance at 31 March	191.9	191.6	296.6	295.5

21. OTHER RESERVES

	Other investment reserve £m	Hedging Reserve £m	Equity-settled share based payments £m	Merger reserve £m	Total £m
Balance at 1 April 2022	–	–	23.9	8.7	32.6
Share based payments	–	–	1.4	–	1.4
Issue of shares (note 20)	–	–	–	56.6	56.6
Change in fair value	0.4	–	–	–	0.4
Balance at 31 March 2023	0.4	–	25.3	65.3	91.0
Share based payments	–	–	0.7	–	0.7
Change in fair value of other investment (note 12)	1.1	–	–	–	1.1
Change in fair value of derivative financial instruments (cash flow hedge)	–	0.2	–	–	0.2
Balance at 31 March 2024	1.5	0.2	26.0	65.3	93.0

22. INVESTMENT IN OWN SHARES

The Company has an Employee Share Ownership Trust ('ESOT') and a trust for the Share Incentive Plan ('SIP'). Shares are purchased in the market for distribution at a later date in accordance with the terms of the various share schemes. The shares are held by independent trustees. At 31 March 2024, the number of shares held by the ESOT totalled 84,466 (2023: 75,226).

The SIP is governed by HMRC rules (note 23). At 31 March 2024, the number of shares held for the SIP totalled 50,290 (2023: 77,324).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

23. SHARE BASED PAYMENTS
The Group operates a number of share schemes:

(a) Long Term Incentive Plan ('LTIP') and Restricted Share Awards ('RSA')
The LTIP scheme is a performance award scheme whereby shares are issued against Group performance measures which are assessed over the three-year vesting period.

The performance measures for the 2021 and 2022 schemes are:
- Relative TSR
- Total Property Return compared to the IPD benchmark

The performance measures for the 2023 scheme are:
- Relative TSR
- Relative EPS growth
- Relative ESG metrics
- Relative TAR

The shares are issued at nil cost to the individuals provided the performance conditions are met.

Under the 2023 LTIP scheme, 365,938 performance shares and 430,962 restricted shares were awarded in June 2023 to Directors and Senior Management (2022 LTIP scheme: 848,199 performance shares were awarded in June 2022).

Details of the movements for the LTIP scheme during the year were as follows:

	LTIP Number
At 1 April 2022	1,386,866
Granted	848,199
Lapsed	(470,877)
At 31 March 2023	1,764,188
Granted (LTIP)	365,938
Granted (RSA)	430,962
Exercised	(259,497)
Lapsed	(276,699)
At 31 March 2024	2,024,892

For the 2020 LTIP scheme, which vested in June 2023, the average closing share price at the date of exercise of shares exercised during the year was £5.30 (2019 LTIP scheme: £nil).

A binomial model was used to determine the fair value of the LTIP grant for the Relative TSR element of the schemes.

Assumptions used in the model were as follows:

	2023 LTIP	2022 LTIP	November 2021 LTIP	June 2021 LTIP	2020 LTIP
Share price at grant	470p	642p	841p	842p	706p
Exercise price	Nil	Nil	Nil	Nil	Nil
Average expected life (years)	3	3	3	3	3
Risk-free rate	4.95%	1.96%	0.49%	0.16%	0.61%
Average share price volatility	33.9%	41.5%	42.6%	39.5%	35%
Correlation	52%	46%	47%	45%	46%
TSR starting factor	0.96	0.85	1.14	1.11	0.65
Fair value per option – Relative TSR element	294p	333p	446p	475p	207p

The fair value of the 2023 RSA Scheme and the additional three new measures (EPS growth, ESG metrics and TAR) for the 2023 LTIP Scheme are all measured at the grant share price.

The Total Property Return compared to the IPD benchmark is a non-market based condition and the intrinsic value is therefore the share price at date of grant. At each balance sheet date, the Directors will assess the likelihood of meeting the conditions under this element of the scheme. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity. There is no Total Property return element for the 2023 LTIP scheme, but the assessment at year end for the LTIP 2022 was that 50% of the Total Property Return element will vest (LTIP 2021: 100%).

The expected Workspace share price volatility was determined by taking account of the daily share price movement over a three-year period. The respective FTSE 250 Real Estate share price volatility and correlations were also determined over the same period. Assessment is made of any vesting conditions to categorise these into market performance conditions, non-market performance conditions and service conditions to value equity-settled transactions.

The risk-free rate has been determined from market yield curves for government zero-coupon bonds with outstanding terms equal to the average expected term to exercise for each relevant grant.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

23. SHARE BASED PAYMENTS CONTINUED
(b) Employee share option schemes
The Group operates a Save As You Earn ('SAYE') share option scheme. Grants under the SAYE scheme are normally exercisable after three or five years' saving. In accordance with UK practice, the majority of options under the SAYE schemes are granted at a price 20% below the market price ruling at the date of grant.

Details of the movements for the SAYE schemes during the year were as follows:

	SAYE	
Options outstanding	Number	Weighted exercise price
At 1 April 2022	327,381	£5.65
Options granted	132,890	£5.59
Options lapsed	(173,364)	£5.75
At 31 March 2023	286,907	£5.56
Options granted	390,739	£4.79
Options exercised	(12,538)	£5.31
Options lapsed	(226,668)	£5.44
At 31 March 2024	438,440	£4.94

The average closing share price at the date of exercise for the SAYE options exercised (for the three-year 2020 and the five-year 2018 schemes) during the year was £5.31 (2023: not applicable because no shares were exercised).

The fair value has been calculated using the Black-Scholes model. Inputs to the model are summarised as follows:

	2024 SAYE 3 year	2024 SAYE 5 year	2023 SAYE 3 year	2023 SAYE 5 year
Weighted average share price at grant	479p	479p	559p	559p
Exercise price	395p	395p	508p	508p
Expected volatility	34%	36%	41%	34%
Average expected life (years)	3	5	3	5
Risk free rate	5%	4%	2%	2%
Expected dividend yield	5%	5%	4%	4%
Possibility of ceasing employment before vesting	25%	25%	25%	25%

The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon UK Government bonds of a term consistent with the assumed option life. The expected dividend yield is based on the present value of expected future dividend payments to expiry.

Fair values per share of these options were:

	2024		2023	
	Grant date	Fair value of award	Grant date	Fair value of award
SAYE – three year	18 July 2023	125p	27 July 2022	144p
SAYE – five year	18 July 2023	133p	27 July 2022	136p

(c) Share Incentive Plan ('SIP')
All staff were granted £1,000 worth of shares in September 2015, £2,000 in August 2017, £2,000 in September 2019 and £2,000 in September 2021. These shares are held in trust under an HMRC-approved SIP. The shares can be exercised following three years of employment but must be held for a further two years in order to qualify for tax advantages. No shares were granted in the year (2023: nil), 5,400 (2023: 15,259) shares were exercised in the year and 3,290 (2023: 9,619) shares lapsed.

(d) Year-end summary
At 31 March 2024, in total there were 2,498,583 (2023: 2,111,777) share awards/options exercisable on the Company's ordinary share capital. These are analysed below:

Date of grant	Exercise price	Ordinary shares Number	Vested and exercisable	Exercisable between	
LTIP					
18 June 2021	–	465,922	–	18.06.2024	–
24 June 2022	–	768,327	–	24.06.2025	–
22 June 2023 (LTIP)	–	365,938	–	22.06.2026	–
22 June 2023 (RSA)	–	424,706	–	22.06.2026	–
SAYE					
25 July 2019 – five year	£7.02	–	–	01.09.2024	01.03.2025
27 July 2020 – five year	£5.31	7,116	–	01.09.2025	01.03.2026
23 July 2021 – three year	£6.70	13,500	–	01.09.2024	01.03.2025
23 July 2021 – five year	£6.70	447	–	01.09.2026	01.03.2027
27 July 2022 – three year	£5.59	45,150	–	01.09.2025	01.03.2026
27 July 2022 – five year	£5.59	472	–	01.09.2027	01.03.2028
18 July 2023 – three year	£4.79	331,812	–	01.09.2026	01.03.2027
18 July 2023 – five year	£4.79	39,943	–	01.09.2028	01.03.2029
SIP					
29 September 2021[1]	–	35,250	–	29.09.2024	–
Total		2,498,583	–		

1. The number of ordinary shares in the SIP scheme does not include 15,040 unallocated shares.

The share awards/options outstanding at 31 March 2024 had a weighted average remaining contractual life of: LTIP – 1.4 years (2023: 1.4 years), SAYE – 2.4 years (2023: 1.5 years), SIP – 0.2 year (2023: 1.0 year). The weighted average for the SIP scheme includes the unallocated and exercisable shares from previous awards.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

23. SHARE BASED PAYMENTS CONTINUED

(e) Cash-settled share based payments

National Insurance payments due on the exercise of non-approved ESOS options and shares from the LTIP are considered cash-settled share based payments.

The estimated fair value of the National Insurance cash-settled share based payments have been calculated using the share price at the balance sheet date. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement.

(f) Share based payment charges

The Group recognised a total charge in relation to share based payments as follows:

	2024 £m	2023 £m
Equity-settled share based payments	3.1	1.4
Cash-settled share based payments	0.2	–
	3.3	1.4

The total liability at the end of the year in respect of cash-settled share based schemes was £0.5m (2023: £0.3m).

24. PENSIONS

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge for this scheme in the year was £1.3m (2023: £1.0m) representing contributions payable by the Group to the fund and is charged through trading profit.

The Group's commitment with regard to pension contributions, ranges from 6.0% to 10.0% (2023: 6.0% to 16.5%) of an employee's salary. The pension scheme is open to every employee in accordance with the Government auto-enrolment rules. The number of employees, including Directors, in the scheme at the year end was 291 (2023: 261).

In the prior year, as part of the McKay Securities Limited (formerly McKay Securities PLC) acquisition in May 2022 the Group became liable for the existing McKay defined benefit pension scheme. Subsequent to this, on 12 October 2022, the Group entered into a pension buy-out transaction whereby an insurance company took on all current and future liabilities of the scheme in exchange for the assets of the scheme, valued at £5.4m at that date, and a cash contribution from the Company of £1.3m. The scheme had a deficit of £0.3m at the prior half year with the excess settlement charge of £0.9m included in the consolidated statement of comprehensive income. The scheme has now been wound up as at 31 March 2024.

25. RELATED PARTY TRANSACTIONS

Key management for the purposes of related party disclosure under IAS 24 are taken to be the Executive Board Directors, the non-Board Executive Directors and the Non-Executive Directors. Key management compensation is set out below:

Key management compensation:	2024 £m	2023 £m
Short-term employee benefits	4.5	4.5
Post-employment benefits	0.2	0.2
Other long-term benefits	–	–
Termination benefits	–	–
Share based payment benefits	1.0	1.0
Total	5.7	5.7

26. CAPITAL COMMITMENTS

At the year end the estimated amounts of contractual commitments for future capital expenditure not provided for were:

	2024 £m	2023 £m
Investment property construction	18.8	34.4

For both current and prior periods, there were no material obligations for the repair or maintenance of investment properties. All material contracts for enhancement are included in the capital commitments.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

27. SUBSIDIARY AND OTHER RELATED UNDERTAKINGS

The Company's subsidiary and other related undertakings at 31 March 2024, and up to the date of signing the financial statements, are listed below.

Except where indicated otherwise, the Company owns 100% of the ordinary share capital of the following subsidiary undertakings incorporated and operating in the UK, all of which are consolidated in the Group's financial statements.

UK subsidiaries

The registered address of all UK subsidiaries is Canterbury Court, Kennington Park, 1-3 Brixton Road, London SW9 6DE.

Name	Company Number	Nature of business
Workspace 12 Limited	05764838	Property Investment
Workspace 13 Limited	05834824	Property Investment
Workspace 14 Limited	05834831	Property Investment
Omnibus Workspace Limited[1,2]	01444827	Non-trading
United Workspace Limited[1,2]	01749661	Non-trading
Workspace Holdings Limited[2]	03729646	Non-trading
Busworks Limited[1,2]	04108036	Holding Company
LI Property Services Limited[2]	02134039	Insurance Agents
Workspace Management Limited	02841232	Property Management
Workspace 1 Limited	03726272	Dormant
Workspace 10 Limited	02985018	Dormant
McKay Securities Limited	00421479	Property Investment
Baldwin House Limited[1,2]	00692181	Non-trading
Workspace Projects (KP) Limited	14186009	Property Investment
Workspace Glebe Limited[3]	05834811	Dissolved
Glebe Three Limited[3]	05830231	Dissolved
Workspace 11 Limited[3]	05764848	Dissolved
Workspace 15 Limited[3]	05834840	Dissolved
Anyspacedirect.co.uk Limited[3]	07117982	Dissolved
Workspace Newco 1 Limited[3]	10195676	Dissolved
Workspace Newco 2 Limited[3]	10195681	Dissolved

1. 100% of the ordinary share capital of this subsidiary is held by other Group companies.
2. The following subsidiary undertakings are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as Workspace Group PLC has guaranteed the subsidiary companies under Section 479C of the Act.
3. The following subsidiary companies have been dissolved in the year to 31 March 2024.

Non-UK subsidiaries

Name	Country of incorporation	Registered address	Nature of business
Workspace 17 (Jersey) Limited	Jersey	44 Esplanade, St Helier, Jersey JE4 9WQ	Holding Company
Workspace Salisbury Limited[1]	Jersey	44 Esplanade, St Helier, Jersey JE4 9WQ	Property Investment
Centro Property Limited[1]	Guernsey	Martello Court, Admiral Park, St Peter Port, Guernsey GY1 3HB	Non-trading
Stamfordham Road (IOM) Limited[1]	Isle of Man	33-37 Athol Street, Douglas, Isle of Man, IM1 1LB	Non-trading
Workspace 16 (Jersey) Limited[2]	Jersey	Gaspé House, 66-72 The Esplanade, St Helier, Jersey JE2 3QT	Dissolved

1. 100% of the ordinary share capital of these subsidiaries is held by other Group companies.
2. The following subsidiary company has been dissolved in the year to 31 March 2024.

28. LEASES

The majority of the Group's tenant leases are granted with a rolling six-month tenant break clause, although property acquisitions have included customer leases which are much longer, with fewer break clauses. The future minimum rental income under leases granted to tenants are shown below.

Land and buildings:	2024 £m	2023 £m
Within one year	86.7	85.0
Between one and two years	21.0	28.4
Between two and three years	12.6	16.3
Between three and four years	9.8	9.5
Between four and five years	5.5	8.0
Beyond five years	12.2	18.4
	147.8	165.6

29. POST BALANCE SHEET EVENTS

The group completed the sales of Mallard Court in April 2024 and Poplar Business Park in May 2024 for a total consideration of £25.8m, the sales price for both are in line with the 31 March 2024 valuation. In addition, Cygnet House and 20-30 Greyfriars Road have exchanged for sale in April 2024, with completion set for June 2024 and January 2025 respectively.

PARENT COMPANY BALANCE SHEET
AS AT 31 MARCH 2024

	Notes	2024 £m	2023 £m
Fixed assets			
Investments	C	1,189.6	1,313.2
		1,189.6	1,313.2
Current assets			
Debtors: amounts falling due within one year	D	407.6	534.1
Cash and cash equivalents		2.5	7.0
		410.1	541.1
Total assets		1,599.7	1,854.3
Current liabilities			
Creditors: amounts falling due within one year	E	(149.1)	(255.2)
Borrowings	F	–	(50.0)
		(149.1)	(305.2)
Creditors: amounts falling due after more than one year			
Borrowings	F	(722.2)	(719.4)
Total liabilities		(871.3)	(1,024.6)
Net assets		728.4	829.7
Capital and reserves			
Share capital		191.9	191.6
Share premium		296.6	295.6
Investment in own shares		(9.9)	(9.9)
Other reserves	G	91.3	90.6
Retained earnings[1]		158.5	261.8
Total shareholders' equity		728.4	829.7

1. Retained earnings for the Company include loss for the year of £53.6m (2023: £166.3m profit).

The notes on pages 258 to 260 form part of these financial statements.

The financial statements on pages 257 to 260 were approved by the Board of Directors on 4 June 2024 and signed on its behalf by:

Graham Clemett
Director

Dave Benson
Director

Workspace Group PLC
Registered number: 02041612

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024

	Share capital £m	Share premium £m	Investment in own shares £m	Other reserves £m	Retained earnings £m	Total share-holders' equity £m
Balance at 31 March 2022	181.1	295.6	(9.9)	32.6	139.4	638.8
Profit for the year	–	–	–	–	166.3	166.3
Total comprehensive income	–	–	–	–	166.3	166.3
Transactions with owners:						
Shares issued	10.5	–	–	56.6	–	67.1
Dividends paid	–	–	–	–	(43.9)	(43.9)
Share based payments	–	–	–	1.4	–	1.4
Balance at 31 March 2023	191.6	295.6	(9.9)	90.6	261.8	829.7
Loss for the year	–	–	–	–	(53.6)	(53.6)
Total comprehensive loss	–	–	–	–	(53.6)	(53.6)
Transactions with owners:						
Dividends paid	–	–	–	–	(50.6)	(50.6)
Share based payments	0.3	1.0	–	0.7	0.9	2.9
Balance at 31 March 2024	191.9	296.6	(9.9)	91.3	158.5	728.4

The notes on pages 258 to 260 form part of these financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

A. ACCOUNTING POLICIES
These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101').

Basis of accounting
The financial statements are prepared and approved by the Directors on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101').

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The financial statements are presented in Sterling.

a) The requirements of IAS 7 to provide a statement of cash flows and related notes for the year.

b) The requirements of IAS 1 to provide a statement of compliance with IFRS.

c) The requirements of IAS 1 to disclose information on the management of capital.

d) The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' to disclose new IFRSs that have been issued but are not yet effective.

e) The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

f) The requirements of IFRS 7 on financial instruments disclosures.

g) The requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement' to disclose information of fair value valuation techniques and inputs.

The above disclosure exemptions are allowed because equivalent disclosures are included in the Group's consolidated financial statements.

Significant judgements and critical estimates
As a result of a reduction in the valuation of investment properties owned by certain of its subsidiaries in the year to March 2024, the Directors performed an impairment assessment and recognised an impairment of £121.4m in the value of its investment in subsidiaries. The Directors also identified that when the same impairment assessment was carried out for the prior year, an impairment of £70.1m should have been recognised. The Directors have considered 'IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors' and reached a conclusion that there was no material prior period error.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

A. ACCOUNTING POLICIES CONTINUED

Material accounting policies

i. Investments

Investments are carried in the Company's balance sheet at cost less impairment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment. Impairment and reversal of impairment is taken to the profit and loss account.

ii. Share based payment and investment in own shares

Incentives are provided to employees under share option schemes. The Company has established an Employee Share Ownership Trust ('ESOT') to satisfy part of its obligation to provide shares when Group employees exercise their options. The Company provides funding to the ESOT to purchase these shares.

The Company has also established an employee Share Incentive Plan ('SIP') which is governed by HMRC rules.

The Company itself has no employees. When the Company grants share options to Group employees as part of their remuneration, the expense of the share options is reflected in a subsidiary undertaking, Workspace Management Limited. The Company recognises this as an investment in subsidiary undertakings with a corresponding increase to equity.

The disclosure requirements for share based payments are met in note 23 of the Group's consolidated financial statements.

iii. Borrowings

Details of borrowings are described in note F to the Parent Company financial statements. Costs associated with the raising of finance are capitalised, amortised over the life of the instrument and charged as part of interest costs.

Taxation

Current income tax is tax payable on the taxable income for the year and any prior year adjustment, and is calculated using tax rates that are relevant to the financial year.

Deferred tax is provided in full on temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised when it is probable that taxable profits will be available against which the deferred tax asset can be utilised.

Dividend distributions

Final dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved, while interim dividends are recognised when paid.

B. (LOSS)/PROFIT FOR THE YEAR

As permitted by the exemption in Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The loss attributable to shareholders, before dividend payments, is £53.6m (2023: £166.3m profit). £89.5m of dividends were received in the year from subsidiary undertakings (2023: £179.5m).

Dividend payments are disclosed in note 7 to the consolidated financial statements.

C. INVESTMENTS

	Investment in subsidiary undertakings £m
Cost	
Balance at 31 March 2023	1,447.5
Additions in the year	0.7
Disposals in the year	(137.2)
Balance at 31 March 2024	1,311.0
Impairment	
Balance at 31 March 2023	134.3
Impairment in the year	(121.4)
Disposals in the year	(134.3)
Balance at 31 March 2024	121.4
Net book value at 31 March 2024	1,189.6
Net book value at 31 March 2023	1,313.2

An Impairment test has been performed at the year end by comparing the carrying amount of 100% investments with each individual subsidiaries financial information to identify whether their net assets, being an approximation of their recoverable amount, are in excess of their fair value less cost of disposal, as measured under level 3 of the fair value hierarchy detailed in note 10 of the group financial statements. This has resulted in an impairment in the year of £121.4m, reflecting the reduction in the valuation of the investment properties in three separate subsidiary entities.

D. DEBTORS

Amounts falling due within one year	2024 £m	2023 £m
Amounts owed by Group undertakings	406.1	533.5
Corporation tax asset	1.5	0.6
	407.6	534.1

Amounts owed by Group undertakings are unsecured and repayable on demand. Interest is charged to Group undertakings. At the Balance Sheet date, there is no expectation of any material credit losses on amounts owed by Group undertakings.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2024

E. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 £m	2023 £m
Amounts owed to Group undertakings	145.2	250.8
Withholding tax	1.8	1.9
Accruals and deferred income	2.1	2.5
	149.1	255.2

Amounts owed to Group undertakings are unsecured and repayable on demand. Interest is paid to Group undertakings.

F. BORROWINGS

Borrowings and financial instruments	Interest rate	Repayable	2024 £m	2023 £m
Creditors: amounts falling due within one year				
Bank overdraft due within one year or on demand	Base + 2.25%	On demand	–	–
Bank Loan	SONIA + 1.75%[1]	September 2023	–	50.0
Creditors: amounts falling due after more than one year				
3.07% Senior Notes	3.07%	August 2025	80.0	80.0
3.19% Senior Notes	3.19%	August 2027	120.0	120.0
3.6% Senior Notes	3.60%	January 2029	100.0	100.0
Bank Loan	SONIA + 1.77%[2]	December 2025	125.0	123.0
Green Bond	2.25%	March 2028	300.0	300.0
Total borrowings			725.0	773.0
Less cost of raising finance			(2.8)	(3.6)
Net borrowings			722.2	769.4

1. This is an average over the life of the debt. The margin increases from 1.5% to 2.0% over the facility availability period.
2. The base margin is dependent upon the LTV as reported in the client certificate, which is submitted twice a year. The maximum margin is 2.15%. The base margin can be adjusted further by up to 4.5bps dependent upon achievement of three ESG-linked metrics.

All the above borrowings are unsecured.

Maturity analysis of borrowings:	2024 £m	2023 £m
Repayable within one year	–	50.0
Repayable between one and two years	80.0	–
Repayable between two and three years	125.0	203.0
Repayable between three and four years	420.0	–
Repayable between four and five years	100.0	420.0
Repayable in five years or more	–	100.0
	725.0	773.0

G. CAPITAL AND RESERVES

Movements and notes applicable to share capital, share premium account, investment in own shares, other reserves and share based payment reserve are shown in notes 20 to 23 on pages 252 to 255 and in the statement of changes in equity.

Other reserves:	Equity-settled share based payments £m	Merger reserve £m	Total £m
Balance at 31 March 2022	23.9	8.7	32.6
Share based payments	1.4	–	1.4
Issue of shares	–	56.6	56.6
Balance at 31 March 2023	25.3	65.3	90.6
Share based payments	0.7	–	0.7
Balance at 31 March 2024	26.0	65.3	91.3

FIVE-YEAR PERFORMANCE (UNAUDITED)

2020–2024

	31 March 2024 £m	31 March 2023 £m	31 March 2022 £m	31 March 2021 £m	31 March 2020 £m
Rents receivable	145.0	136.7	104.3	118.0	132.7
Service charges and other income	39.3	37.5	28.6	24.3	28.7
Revenue	184.3	174.2	132.9	142.3	161.4
Trading profit before interest	100.9	95.1	67.4	62.5	104.3
Net interest payable[1]	(34.9)	(34.4)	(20.5)	(23.8)	(23.3)
Trading profit after interest	66.0	60.7	46.9	38.7	81.0
(Loss)/profit before taxation	(192.8)	(37.5)	124.0	(235.7)	72.5
(Loss)/profit after taxation	(192.5)	(37.8)	123.9	(235.7)	72.1
Basic (loss)/earnings per share	(100.4)p	(19.9)p	68.2p	(130.3)p	40.0p
Dividends per share	28.0p	25.8p	21.5p	17.75p	36.16p
Dividends (total)	53.8	49.4	40.6	32.1	65.4
Investment properties	2,408.5	2,643.3	2,366.7	2,349.9	2,586.3
Other assets less liabilities	(4.7)	46.4	(9.4)	(65.5)	(47.1)
Net debt	(854.9)	(902.0)	(557.7)	(564.9)	(541.2)
Net assets	1,548.9	1,787.7	1,799.6	1,719.5	1,998.0
Gearing	55%	50%	31%	33%	27%
Loan to value	35%	33%	23%	24%	21%
EPRA Net Tangible Assets (NTA)	£8.00	£9.27	£9.88	£9.38	£10.88

1. Excludes exceptional items.

PERFORMANCE METRICS (UNAUDITED)

	31 March 2024 £m	31 March 2023 £m	31 March 2022 £m	31 March 2021 £m	31 March 2020 £m
Workspace Group:					
Number of estates	77	86	57	58	59
Lettable floorspace (million sq. ft.)	4.5	5.2	4.0	3.9	3.9
Number of lettable units	4,678	4,910	4,482	4,196	4,009
Average unit size (sq. ft.)	946	1,065	844	942	922
Rent roll of occupied units	£143.4m	£140.1m	£111.0m	£103.9m	£132.8m
Overall rent per sq. ft.	£38.21	£32.86	£33.26	£33.90	£39.18
Overall occupancy	83.0%	81.5%	84.3%	77.8%	87.0%
Enquiries (number)	9,458	10,563	11,007	8,870	13,041
Lettings (number)	1,238	1,312	1,520	1,146	1,454
EPRA Measures					
EPRA Earnings per share	34.0p	29.4p	26.2p	21.3p	44.5p
EPRA Net Tangible Asset per share	£8.00	£9.27	£9.88	£9.38	£10.88

EPRA PERFORMANCE MEASURES (UNAUDITED)

	Note	2024	2023
EPRA earnings (£m)	8	66.0	60.7
EPRA earnings per share (diluted)	8	34.1	31.7
EPRA reinstatement value	9	1,715.1	1,974.1
EPRA net reinstatement value per share	9	8.87	10.25
EPRA net tangible assets (£m)	9	1,546.5	1,785.7
EPRA net tangible assets per share	9	8.00	9.27
EPRA net disposal value	9	1,608.2	1,874.3
EPRA net disposal value per share	9	8.32	9.73
EPRA LTV (see below)	(below)	36.9%	34.9%
EPRA Vacancy Rate	(below)	13.8%	13.6%
EPRA Capital Expenditure	(below)	71.4	482.6

Definitions for these metrics can be found on pages 265.

EPRA LTV	Note	2024 £m	2023 £m
Loan borrowings	16a	859.0	914.0
Net payable		49.6	55.5
Cash and cash equivalents	14	(4.1)	(12.0)
Net Debt		904.5	957.5
Investment properties at fair value	10	2,446.5	2,741.1
Intangibles		2.2	2.0
Total Property Value		2,448.7	2,743.1
LTV%		36.9%	34.9%

EPRA Vacancy Rate		2024 £m	2023 £m
Estimated rental value of vacant space excluding major refurbishments and redevelopments[1]	A	25.3	25.2
Estimated rental value of the total portfolio[1]		194.6	194.6
Less: Major refurbishments and redevelopments		11.4	9.3
Total	B	183.2	185.3
EPRA Vacancy Rate	A/B	13.8%	13.6%

1. 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 and non-core properties at their current rent roll and occupancy.

Property related capital expenditure

All figures in £m	2024 £m	2023 £m
Acquisitions	–	426.6
Major refurbishments & developments	38.3	9.9
Capitalised interest	3.0	0.2
Investment properties:		
Incremental letting space	–	–
No incremental letting space	30.1	45.9
Tenant incentives	–	–
Total capital expenditure	71.4	482.6
Conversion from accrual to cash basis	(2.1)	(241.7)
Total capital expenditure on cash basis	69.3	240.9

EPRA like-for-like rental income

The table below sets out the like-for-like rental growth of the portfolio, in accordance with EPRA Best Practices Recommendations.

	2024 £m	2023 £m	Growth £m	Growth %
Net rental Income				
EPRA like-for-like portfolio[1]	97.3	88.2	9.1	10.3%
Refurbishments & Redevelopments	12.9	11.8		
Underlying Net Rental Income	110.2	100.0	10.2	10.2%
Acquisitions & Disposals	16.0	16.6		
Net Rental Income Total	126.2	116.6	9.6	8.2%

1. For this purpose, the like-for-like portfolio comprises properties which have been owned and consistently in operation and not affected by development or refurbishment activity during the current and prior reporting years, in line with EPRA Best Practice Recommendations. The valuation of the like-for-like portfolio on this basis, as valued by our external valuers, is £1,810m. As per Note 1 of the financial statements, management have determined that the Group operates a single operating segment.

PROPERTY PORTFOLIO 2024 (UNAUDITED)

Property name	Postcode	Lettable floor area sq. ft.	Net rent roll of occupied units £
LIKE-FOR-LIKE			
Archer Street Studios	W1D 7AZ	14,984	893,607
Brickfields	E2 8HD	56,441	2,744,018
Canalot Studios	W10 5BN	47,786	1,362,129
Cannon Wharf	SE8 5EN	32,619	575,892
Cargo Works	SE1 9PG	71,459	3,911,941
Castle Lane	SW1E 6DR	14,254	864,504
Centro Buildings	NW1 0DU	183,436	7,459,847
China Works	SE1 7SJ	68,809	2,735,358
Chiswick Studios	W4 5PY	5,482	142,540
Clerkenwell Workshops	EC1R 0AT	48,633	2,235,304
E1 Studios	E1 1DU	40,430	1,016,836
East London Works	E1 1DU	38,333	1,171,269
Edinburgh House	SE11 5DP	63,145	2,674,773
Exmouth House	EC1R 0JH	57,249	3,375,743
Fuel Tank	SE8 3DX	35,189	693,713
338 Goswell Road	EC1V 7LQ	41,490	1,587,718
Grand Union Studios	W10 5AD	62,958	2,075,204
60 Gray's Inn Road	WC1X 8LU	36,139	1,836,280
Ink Rooms	WC1X 0DS	22,235	1,119,140
Kennington Park	SW9 6DE	350,574	10,733,180
Lock Studios	E3 3YD	54,237	1,270,185

Property name	Postcode	Lettable floor area sq. ft.	Net rent roll of occupied units £
Mare Street Studios	E8 3JS	54,863	1,821,336
Metal Box Factory	SE1 0HS	106,316	7,363,790
Mirror Works	E15 2NH	39,965	816,195
Morie Street	SW18 1SL	21,707	379,074
Peer House	WC1X 8LZ	9,739	378,326
Pill Box	E2 6GG	50,409	1,255,760
Rainbow Industrial Estate (part)	SW20 0JK	21,180	507,743
Salisbury House	EC2M 5QQ	214,355	11,494,376
ScreenWorks	N5 2EF	63,994	1,949,732
The Biscuit Factory (Cocoa Studios)	SE16 4DG	39,298	1,043,948
The Biscuit Factory (part)	SE16 4DG	122,724	2,256,702
The Frames	EC2A 4PS	51,864	3,068,832
The Leather Market	SE1 3ER	147,145	6,473,403
The Light Box	W4 5PY	78,489	2,066,920
The Light Bulb (part)	SW18 4GQ	52,699	1,201,534
The Print Rooms	SE1 0LH	45,368	2,496,279
The Record Hall	EC1N 7RJ	57,015	3,306,884
The Shaftesbury Centre	W10 6BN	12,627	309,778
The Shepherds Building	W14 0EE	138,851	5,444,997
Vox Studios	SE11 5JH	106,944	4,579,871
Westbourne Studios	W10 5JJ	56,756	2,009,465
66 Wilson Street	EC2A 2BT	11,893	461,472

PROPERTY PORTFOLIO 2024 (UNAUDITED) CONTINUED

Property name	Postcode	Lettable floor area sq. ft.	Net rent roll of occupied units £
REFURBISHMENTS			
Barley Mow Centre	W4 4PH	81,143	2,009,155
Busworks	N7 9DP	104,427	1,403,596
Centro Buildings (Atelier House)	NW1 0DU	28,089	19,500
Corinthian House	CR0 2BX	37,190	899,753
Evergreen Studios	TW9 1QE	17,322	384,835
Fleet Street	EC4A 2DQ	39,111	1,658,700
Riverside (Commercial)	SW18 4LZ	–	–
Havelock Terrace	SW8 4AS	58,164	1,268,548
Leroy House	N1 3QP	–	–
Old Dairy	EC2A 4HT	56,983	2,604,246
Pall Mall Deposit	W10 6BL	59,826	1,582,751
Parkhall Business Centre	SE21 8EN	116,229	2,095,993
Portsoken House	EC3N 1LJ	47,084	1,672,929
Swan Court	SW19 4JS	57,543	1,679,746
The Biscuit Factory (J Block)	SE16 4DG	83,811	1,075,073
The Chocolate Factory (part)	N22 6XJ	21,892	406,265
The Light Bulb (Phase 2)	SW18 4GQ	17,226	305,522
The Mille	TW8 9DW	93,006	1,881,787
Wenlock Studios	N1 7EU	27,220	706,627
REDEVELOPMENTS			
Q West	TW8 0GP	54,960	706,736
Rainbow Industrial Estate (Phase 2)	SW20 0JK	89,934	257,478
Thurston Road	SE13 7SH	7,133	112,933

Property name	Postcode	Lettable floor area sq. ft.	Net rent roll of occupied units £
SOUTH EAST OFFICE			
Ashcombe House	KT22 8LQ	17,522	155,115
Building 329	RG12 8PE	33,608	501,925
Crown Square	GU21 6HR	47,365	737,316
Gainsborough House	SL4 1TX	18,661	548,417
9 Greyfriars Road	RG1 1NU	38,493	918,503
Prospero House	RH1 1LP	48,934	1,208,782
Pegasus Place	RH10 9AY	50,544	1,128,060
Rivergate House	RG14 2PZ	60,817	1,079,445
The Switchback	SL6 7RJ	36,817	637,339
NON-CORE			
20-30 Greyfriars Road	RG1 1NL	33,344	586,000
Cygnet House	TW18 4RH	2,860	77,227
Five Acre Site	CT19 5DR	60,536	330,895
Mallard Court	TW18 4RH	22,176	435,885
Parma House/The Chocolate Factory	N22 6XF	34,989	151,481
Poplar Business Park	E14 9RL	65,418	1,148,889
The Planets	GU21 6HR	98,255	–

GLOSSARY OF TERMS

Earnings per share ('EPS') is the profit after taxation divided by the weighted average number of shares in issue during the period.

Employee Share Ownership Trust ('ESOT') is the trust created by the Group to hold shares pending exercise of employee share options.

EPRA EPS is a definition of earnings per share as set out by the European Public Real Estate Association ('EPRA'). It is based on operating earnings where profit before tax is adjusted to exclude the impact of any changes in property valuation, gains or losses on property disposals and fair value movements.

EPRA LTV – Net debt plus net payables divided by the market value of investment properties and intangibles.

EPRA Net Asset Value ('EPRA NAV') is a definition of net asset value as set out by EPRA. It is adjusted to include investment properties at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.

EPRA Net Reinstatement Value ('EPRA NRV') represents the value required to rebuild an entity, assuming that no asset sales takes place. Assets and liabilities that are not expected to crystallise in normal circumstances, such as fair value movements on derivatives and deferred tax on property valuation movements, are excluded.

EPRA Net Tangible Assets ('EPRA NTA') focuses on a company's tangible assets and assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

EPRA Net Disposal Value ('EPRA NDV') represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

EPRA Vacancy Rate – ERV of vacant space divided by the ERV of the whole portfolio, excluding major refurbishments and redevelopments.

Equivalent yield is a weighted average of the initial yield and reversionary yield and represents the return a property will produce based upon the timing of the occupancy of the property and timing of the income receivable. This is approximated by the reversionary yield multiplied by the Group trend occupancy of 90%.

Estimated Rental Value ('ERV') or market rental value is the Group's external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review.

Exceptional items are significant items of income or expense that by virtue of their size, incidence or nature are shown separately on the consolidated income statement to enable a full understanding of the Group's financial performance.

Gearing is the Group's net debt as a percentage of net assets.

Green Finance Framework is aligned with ICMA's Green Bond Principles (2018 edition) and LMA's Green Loan Principles (2021 edition) and addresses UN SDGs 7, 11, 12 and 13. The framework allows Workspace to issue a variety of GDIs and sets out the principles for the use and management of proceeds from GDIs.

ICMA is the International Capital Market Association.

Initial yield is the net rents generated by a property or by the portfolio as a whole expressed as a percentage of its valuation.

Interest cover is the number of times net interest payable is covered by net rental income.

Like-for-like are those properties with stabilised occupancy, excluding recent acquisitions and buildings impacted by significant refurbishment or redevelopment activity.

Loan to Value ('LTV') is net debt divided by the current value of properties owned by the Group as valued by CBRE.

LMA is the Loan Market Association.

MSCI IPD MSC Inc is a company that produces independent benchmarks of property returns under the brand IPD.

Net Asset Value per share ('NAV') is net assets divided by the number of shares at the period end.

Net debt is the amount drawn on bank and other loan facilities, including overdrafts, less cash deposits. This excludes any foreign exchange movements.

Net rents are rents excluding any contracted increases and after deduction of inclusive service charge revenue.

Occupancy is the area of space let divided by the total net lettable area (excluding land used for open storage) expressed as a percentage.

Property Income Distribution ('PID') a dividend generally subject to withholding tax that a UK REIT is required to pay from its tax-exempted property rental business and which is taxable for UK resident shareholders at their marginal tax rate.

REIT is a Real Estate Investment Trust as set out in the UK Finance Act 2006 Sections 106 and 107. REITs pay no corporation tax on profits derived from their property rental business.

Rent roll is the annualised net rent of occupied units for a property or portfolio of properties at a reporting date.

Reversionary yield is the anticipated yield, which the initial yield will rise to once the rent reaches the estimated rental value. It is calculated by dividing the ERV by the valuation.

SONIA is the Sterling Overnight Interbank Average Rate, an important interest benchmark administrated by the Bank of England.

Total Accounting Return ('TAR') is the growth in absolute EPRA net asset per share plus dividends paid in the year as a percentage of the opening EPRA net asset value per share.

Total Property Return ('TPR') is a percentage measure calculated by MSCI IPD and defined in the MSCI Global Methodology for Real Estate Investment as the percentage of value change plus net income accrued relative to the capital employed.

Total Shareholder Return ('TSR') is the growth in ordinary share price as quoted on the London Stock Exchange plus dividends per share received for the year, expressed as a percentage of the share price at the beginning of the year.

Trading profit after interest is net rental income, less administrative expenses and finance costs (excluding exceptional finance costs).

UN SDGs is UN Sustainable Development Goals which are addressed in the Green Finance Framework.

INVESTOR INFORMATION

Registrar
All general enquiries concerning ordinary shares in Workspace Group PLC should be addressed to:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZY
Telephone: +44 (0)370 707 1413

Alternatively, shareholders can contact Computershare online via their free Investor Centre facility. Shareholders have the ability to set up or amend bank details for direct credit of dividend payments, amend address details, view payment history and access information on the Company's share price. For more information or to register, please visit www.investorcentre.co.uk

Website
The Company has an investor website which holds, amongst other information, a copy of the latest Annual Report and Accounts, a list of properties held by the Group and copies of all press announcements. The site can be found at www.workspace.co.uk/investors

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