Delivering The Workspace Advantage
Some of the stories from our year

Seeing around corners
Our people are unique
Our centre managers are legends. Meet Mesut and Marnie – their specialist subject is seeing things before they happen, which is why customers in East London love Workspace.

I’m going to run this business one day
Working with our suppliers and partners
See how we worked with XLP to get Sam an apprenticeship at Cogent. It has given him hopes of a career and stimulated ambitions in him he didn’t know he had.

Driving growth and adding value.

Overview
1 IFC Delivering The Workspace Advantage
2 IFC The Workspace Advantage at a glance
3 Another year of strong performance

Strategic Report
5 Chairman’s Statement
6 Maximising our advantage
7 Understanding and responding to market trends
16 A business model designed to create long-term value
22 A focus on Doing the Right Thing helps us to manage our key resources and relationships
28 Chief Executive’s Strategic Review
35 Measuring strategic success
46 ‘Using risk to help make the right strategic decisions’
57 Going concern and viability statement
Delivering the advantage in 2017/18
62 Business review
71 Key property statistics

Governance
73 Chairman’s governance statement
75 Leadership
82 The Board
92 Executive Committee
94 Relations with shareholders
97 Effectiveness
100 Nomination Committee Report
103 Accountability
104 Audit Committee Report
111 Risk Committee
112 Investment Committee
113 Remuneration
133 Report of the Directors
139 Statement of Directors’ responsibilities in respect of the Annual Report and the Financial Statements

Financial Statements
140 Independent Auditors’ Report to the Members of Workspace Group PLC
146 Consolidated income statement
146 Consolidated statement of other comprehensive income
147 Consolidated balance sheet
148 Consolidated statement of changes in equity
149 Consolidated statement of cash flows
150 Notes to the financial statements
179 Parent Company balance sheet
180 Parent Company statement of changes in equity
181 Notes to the Parent Company financial statements

Additional Information
184 Five-year performance
184 Performance metrics
185 Property portfolio 2018
187 Glossary of terms
188 Investor information
180 Communicating with our investors

THINKING LIKE A CUSTOMER
The right partners
See how Bryony and architects Squire & Partners have created a cutting-edge new environment for our customers at The Frames in Shoreditch.

I love spinning plates
Asset management
Roshi is an asset manager with 23 properties in his portfolio. You’ll often find Roshi on site, talking to centre managers, obsessing over details. It’s what he does.

Powering performance

I love spinning plates
Asset management
Roshi is an asset manager with 23 properties in his portfolio. You’ll often find Roshi on site, talking to centre managers, obsessing over details. It’s what he does.

Driving growth and adding value.

Overview
1 IFC Delivering The Workspace Advantage
2 IFC The Workspace Advantage at a glance
3 Another year of strong performance

Strategic Report
5 Chairman’s Statement
6 Maximising our advantage
7 Understanding and responding to market trends
16 A business model designed to create long-term value
22 A focus on Doing the Right Thing helps us to manage our key resources and relationships
28 Chief Executive’s Strategic Review
35 Measuring strategic success
46 ‘Using risk to help make the right strategic decisions’
57 Going concern and viability statement
Delivering the advantage in 2017/18
62 Business review
71 Key property statistics

Governance
73 Chairman’s governance statement
75 Leadership
82 The Board
92 Executive Committee
94 Relations with shareholders
97 Effectiveness
100 Nomination Committee Report
103 Accountability
104 Audit Committee Report
111 Risk Committee
112 Investment Committee
113 Remuneration
133 Report of the Directors
139 Statement of Directors’ responsibilities in respect of the Annual Report and the Financial Statements

Financial Statements
140 Independent Auditors’ Report to the Members of Workspace Group PLC
146 Consolidated income statement
146 Consolidated statement of other comprehensive income
147 Consolidated balance sheet
148 Consolidated statement of changes in equity
149 Consolidated statement of cash flows
150 Notes to the financial statements
179 Parent Company balance sheet
180 Parent Company statement of changes in equity
181 Notes to the Parent Company financial statements

Additional Information
184 Five-year performance
184 Performance metrics
185 Property portfolio 2018
187 Glossary of terms
188 Investor information
180 Communicating with our investors

THINKING LIKE A CUSTOMER
The right partners
See how Bryony and architects Squire & Partners have created a cutting-edge new environment for our customers at The Frames in Shoreditch.

I love spinning plates
Asset management
Roshi is an asset manager with 23 properties in his portfolio. You’ll often find Roshi on site, talking to centre managers, obsessing over details. It’s what he does.

Powering performance

I love spinning plates
Asset management
Roshi is an asset manager with 23 properties in his portfolio. You’ll often find Roshi on site, talking to centre managers, obsessing over details. It’s what he does.

Driving growth and adding value.

Overview
1 IFC Delivering The Workspace Advantage
2 IFC The Workspace Advantage at a glance
3 Another year of strong performance

Strategic Report
5 Chairman’s Statement
6 Maximising our advantage
7 Understanding and responding to market trends
16 A business model designed to create long-term value
22 A focus on Doing the Right Thing helps us to manage our key resources and relationships
28 Chief Executive’s Strategic Review
35 Measuring strategic success
46 ‘Using risk to help make the right strategic decisions’
57 Going concern and viability statement
Delivering the advantage in 2017/18
62 Business review
71 Key property statistics

Governance
73 Chairman’s governance statement
75 Leadership
82 The Board
92 Executive Committee
94 Relations with shareholders
97 Effectiveness
100 Nomination Committee Report
103 Accountability
104 Audit Committee Report
111 Risk Committee
112 Investment Committee
113 Remuneration
133 Report of the Directors
139 Statement of Directors’ responsibilities in respect of the Annual Report and the Financial Statements

Financial Statements
140 Independent Auditors’ Report to the Members of Workspace Group PLC
146 Consolidated income statement
146 Consolidated statement of other comprehensive income
147 Consolidated balance sheet
148 Consolidated statement of changes in equity
149 Consolidated statement of cash flows
150 Notes to the financial statements
179 Parent Company balance sheet
180 Parent Company statement of changes in equity
181 Notes to the Parent Company financial statements

Additional Information
184 Five-year performance
184 Performance metrics
185 Property portfolio 2018
187 Glossary of terms
188 Investor information
180 Communicating with our investors

THINKING LIKE A CUSTOMER
The right partners
See how Bryony and architects Squire & Partners have created a cutting-edge new environment for our customers at The Frames in Shoreditch.

I love spinning plates
Asset management
Roshi is an asset manager with 23 properties in his portfolio. You’ll often find Roshi on site, talking to centre managers, obsessing over details. It’s what he does.

Powering performance

I love spinning plates
Asset management
Roshi is an asset manager with 23 properties in his portfolio. You’ll often find Roshi on site, talking to centre managers, obsessing over details. It’s what he does.
Combining asset ownership...

**Portfolio value**
Asset management is key. By owning and renting properties, we control and add value to assets. Our extensive pipeline of refurbishment and redevelopment projects provides significant opportunity to add value over the long term.

- **Properties in London**
  - **66**

- **Portfolio value**
  - **£2.3bn**

- **Space in our portfolio**
  - **3.7m sq. ft.**

- **New and upgraded space coming to market in 2018/19**
  - **456,000 sq. ft.**

and direct customer relationships is...

**Platform value**
Our unique, in-house marketing and operational platform means we build close relationships with our thousands of customers. The data and insight we gather as a result can be acted on immediately, ensuring we remain ahead of the game and provide the best service to our customers.

- **Website visits per month**
  - **95,336**

- **Website page views per month**
  - **238,868**

- **Customer enquiries per month**
  - **1,016**

- **Customer advocacy score**
  - **90%**

- **Customer viewings per month**
  - **565**

- **Offer letters per month**
  - **317**

- **New lettings per month**
  - **93**

- **Renewals per month**
  - **43**

**Powering performance**

**Driving growth and adding value.**
Chairman’s statement

This year, we have seen London retain its robust nature as a global centre for business. The city continues to be a thriving, vibrant hub of commerce and culture, despite the political and economic uncertainty that abounds. With a growing number of businesses attracted to London and those already here continuing to rethink their occupational strategies, it remains the ideal home for Workspace.

Against this backdrop, the business has delivered another excellent set of results, driving both income and capital growth. Net rental income has risen 21% to £95.6m and we have seen our EPRA Net Asset Value per share increase by 8.8% to £10.37. This strong financial performance and outlook has given the Board the confidence to recommend a 30% increase in the total dividend, demonstrating our commitment to a progressive dividend policy and our continued focus on driving income growth.

Over the last year, the Board has approved the acquisition of some larger properties in very attractive locations. Properties such as The Salisbury in the City and Centro Buildings in Camden are fantastic additions to the Workspace portfolio, and we are excited about the future asset management and income growth opportunities these will provide. We also have a huge amount of activity ongoing across our existing portfolio, with a number of new and extensively refurbished buildings launching from our project pipeline over the next year.

Everyone at Workspace – from centre managers to Non-Executive Directors – is focused on delivering The Workspace Advantage. The Board and I would like to thank all our colleagues for wholeheartedly embracing our strategy and for working so hard to achieve our objectives. The work we have done internally this year to articulate our Company culture and values has highlighted the fantastic ethos that Workspace people bring to work each day. The drive that our people exhibit extends beyond the day-to-day operations of our business, and I am extremely proud of the work we do to support our local communities.

With London continuing to offer strong growth opportunities, and the structural shift in the real estate market towards our business model, the Board and I have every confidence in the future of this business. We strongly believe that we have the right strategy, the right business model and the right team in place to continue to deliver value for shareholders over the long term.

Daniel Kitchen
Non-Executive Chairman

Governance overview
To understand how governance underpins The Workspace Advantage:
- Nomination Committee on page 100
- Audit Committee on page 104
- Risk Committee on page 111
- Investment Committee on page 112
- Remuneration Committee on page 113

Another year of strong performance

2018 financial highlights

Profit before tax
£170.4m

Adjusted trading profit after interest* £60.7m +20%

EPRA NAV per share* £10.37 +8.8%

Dividend per share
27.39p +30%

Like-for-like rent roll +8.6%

2018 non-financial highlights

Average enquiries per month 1,016

Customer advocacy 90%

*See pages 64 to 70 of the Business Review, notes 8 and 9 on pages 159 and 160 and the Glossary for definitions.
IF YOU DON’T LISTEN, YOU CAN’T HEAR
Listening to our customers and reading our market is a big part of my team’s job and we are constantly thinking about how to optimise the customer experience.

It is all about ensuring that our prospects and customers have exactly what they need, and all the right information at their fingertips, when they need it. We want our product to be visually engaging and we’ve adopted VR technology to showcase new buildings before they launch.

Everything we do is about making our customers feel engaged throughout their Workspace journey.

Anisha Patel
Head of Marketing,
pictured with her team at Kennington Park, Oval.

To see how our market understanding helps to shape our customer offer go to page 8.
1. Listen to the constantly changing trends that affect the London market.

2. Maintain an up-to-date understanding of what our customers need and respond appropriately.

3. Evolve and innovate to stand out from the crowd in a competitive landscape.

4. A focus on doing the right thing helps us to manage our resources and relationships – page 22.


Super connected: Delivering The Workspace Advantage requires all parts of our business to work together.

Our market knowledge means we can ensure our business model and strategy are aligned to current market trends. It also allows our Audit and Risk Committees to monitor our risk mitigation activities, including the assessment of potential new risks if the market changes.

A business model designed to create long-term value – page 16.

1. GLA Economics Current Issues Note 57, May 2018.


2. Maintain an up-to-date understanding of what our customers need and respond appropriately.

Customer trend
Businesses want built-in flexibility and a well-designed environment that encourages collaboration

Customer trend
Employers are increasingly focused on providing healthy workplaces

Customer trend
Technology is all-important, both in the provision of solutions for customers and in creating a more engaging customer experience

Customer trend
There is a drive for companies to articulate and start-up innovation, which is increasingly popular segment of the real estate market, with flexible, co-working spaces fast becoming an industry buzzword. With that comes the need to respond to market trends, as shown opposite.

3. Evolve and innovate to stand out from the crowd in a competitive landscape.

Workspace Group PLC

Workspace operates in an increasingly popular segment of the real estate market, with flexible, co-working spaces fast becoming an industry buzzword. With that comes the need to respond to market trends, as shown opposite.

Understanding and responding to market trends

What this means for Workspace
We have always built-in flexibility into our offer, as we want our customers to be able to grow or contract but remain with Workspace. The design of our spaces has become increasingly important, and we are constantly evolving the look and feel of our buildings, as well as the amenities we provide, in line with changing trends.

351 Customer expansions in 2017/18

Link to our strategy—Right Properties—Right Customers—Right Brand

311 Co-working spaces installed across the portfolio in 2017/18

Link to our strategy—Right Properties—Right People—Right Brand

15 Workspace buildings Wired Certified Gold or Platinum

Link to our strategy—Right Brand—Right Customers

£40,000 Raised for various charities by Workspace people and customers across our portfolio

Link to our strategy—Right Brand—Right People
2

SEEING AROUND CORNERS
Seeing around corners is an art I’ve perfected over the last couple of years. It means seeing things before they happen. From the big things, like a customer running out of space, to the little, such as water bottles in the meeting rooms not being refilled.

In my job, I worry about how I can do more for our customers. Knowing what they like (and don’t like) is all part of my day. Showing we care about that is a big part of how Workspace does things.
Key outcomes
Creating value means we can grow the business, continue to attract and retain the right people as well as provide the best service to our customers.

Financial strength
Consistent returns to shareholders, a 30% increase in the dividend and a strong balance sheet that gives us confidence to continue to grow the business.

The right people
Working for a leading business. Access to development opportunities and a values-driven culture that rewards success.

Our properties
Properties that customers and London love. Our portfolio value has increased to £2.3bn and London love. Our portfolio footprint in London.

Operations
Support business growth. Connections to insights that are assessed by the Board.

Governance
Our governance – page 46

Resources and Relationships
Our relationship with our suppliers and partners and the communities in which we operate are detailed in our Resources and Relationships section on pages 22 to 27.

Market strategies
Our strategy which is regularly reviewed – page 28.

Business and community
A focus on staying ahead of the trends and society as a whole.

Annual Report and Accounts 2018
The key inputs are what we need to run Workspace. Our value-creating activities are designed to develop and strengthen each of them.

Our aim is to create value for the long term.

To deliver this, our value creating activities are guided by:

- Our values, which help drive our behaviours and deliver the Workspace Advantage.
- Governance which helps us make the right decisions.
- The ongoing mitigation of our principal risks and uncertainties which helps show us where and when we think we can create value.
- Market insight which guides how we use the key inputs to our Business Model.
- Our strategy which is regularly reviewed by the Board.

- Understanding and responding to market trends – page 8
- A focus on Doing the Right Thing helps us to manage our resources and relationships – page 22
- Chief customer’s strategic review – page 28
- Using risk to help make the right strategic decisions – page 46
- Business review – page 62
- Our governance – page 72

The Workspace Advantage

The key inputs are what we need to run Workspace. Our value-creating activities are designed to develop and strengthen each of them.

Key inputs

- Financial strength
  Strong cash flow and prudent balance sheet management allow us to execute our strategy.
- The right people
  Workspace people display deep knowledge in their subjects, have an inquisitive nature and thirst for innovation, and show genuine care for our customers, our communities and each other.
- Our properties
  We have a portfolio of high quality, well-located assets in London.
- Doing the right thing
  We work hard to improve our practices internally and actively encourage suppliers and customers to do the same, to ensure we have a positive impact on our communities and society as a whole.
- Customer relationships
  We enjoy strong relationships with the thousands of businesses in our space. Our success is dependent on staying ahead of the trends and delivering the best service to our customers.

How we create and capture value

Our value-creating activities are split into Portfolio (Asset ownership which ensures control and provides us with the ability to adapt properties) and Platform (Marketing and direct relationships which allow us to attract and retain the right customers).

Portfolio

Adding value to our properties
We own all our properties and operate them to generate income over the long term. We have a strong pipeline of refurbishment and redevelopment projects, and also take advantage of acquisition opportunities to further grow the business.

There are three core value-creating activities:

- Like-for-like rental growth
  We carry out light internal refurbishments to enhance both pricing and property values.

Existing projects
We have a rolling programme of refurbishments to upgrade or expand our existing properties and grow our footprint in London.

Platform

Adding value to our customers
Workspace’s marketing platform provides us with valuable customer relationships and insight. We market to all businesses across London and our unique customer offer is a key differentiator.

There are three core value-creating activities:

- Connectivity
  Workspace invests in state-of-the-art technology infrastructure to ensure customers can work how and where they want.

Personalisation
There are no constraints placed on our customers, with flexible lease terms, a range of spaces and secure, unmetered data downloads and uploads.

Communities
Workspace customers are connected to each other via a range of networking and business insight events run by our centre managers. Being part of a community of Workspace customers across London provides a range of benefits, from social connections to insights that support business growth.

Customer relationships
Our customers benefit from our proactive activities which helps them focus on their business. In 2017/18 we carried out minor refurbishment works at several centres, upgrading the space and service for our customers.

Key outcomes

Our aim is to create value for the long term.

To deliver this, our value creating activities are guided by:

- Our values, which help drive our behaviours and deliver the Workspace Advantage.
- Governance which helps us make the right decisions.
- The ongoing mitigation of our principal risks and uncertainties which helps show us where and when we think we can create value.
- Market insight which guides how we use the key inputs to our Business Model.
- Our strategy which is regularly reviewed by the Board.

- Understanding and responding to market trends – page 8
- A focus on Doing the Right Thing helps us to manage our resources and relationships – page 22
- Chief customer’s strategic review – page 28
- Using risk to help make the right strategic decisions – page 46
- Business review – page 62
- Our governance – page 72

The Workspace Advantage

The key inputs are what we need to run Workspace. Our value-creating activities are designed to develop and strengthen each of them.

Key inputs

- Financial strength
  Strong cash flow and prudent balance sheet management allow us to execute our strategy.
- The right people
  Workspace people display deep knowledge in their subjects, have an inquisitive nature and thirst for innovation, and show genuine care for our customers, our communities and each other.
- Our properties
  We have a portfolio of high quality, well-located assets in London.
- Doing the right thing
  We work hard to improve our practices internally and actively encourage suppliers and customers to do the same, to ensure we have a positive impact on our communities and society as a whole.
- Customer relationships
  We enjoy strong relationships with the thousands of businesses in our space. Our success is dependent on staying ahead of the trends and delivering the best service to our customers.

How we create and capture value

Our value-creating activities are split into Portfolio (Asset ownership which ensures control and provides us with the ability to adapt properties) and Platform (Marketing and direct relationships which allow us to attract and retain the right customers).

Portfolio

Adding value to our properties
We own all our properties and operate them to generate income over the long term. We have a strong pipeline of refurbishment and redevelopment projects, and also take advantage of acquisition opportunities to further grow the business.

There are three core value-creating activities:

- Like-for-like rental growth
  We carry out light internal refurbishments to enhance both pricing and property values.

Existing projects
We have a rolling programme of refurbishments to upgrade or expand our existing properties and grow our footprint in London.

Platform

Adding value to our customers
Workspace’s marketing platform provides us with valuable customer relationships and insight. We market to all businesses across London and our unique customer offer is a key differentiator.

There are three core value-creating activities:

- Connectivity
  Workspace invests in state-of-the-art technology infrastructure to ensure customers can work how and where they want.

Personalisation
There are no constraints placed on our customers, with flexible lease terms, a range of spaces and secure, unmetered data downloads and uploads.

Communities
Workspace customers are connected to each other via a range of networking and business insight events run by our centre managers. Being part of a community of Workspace customers across London provides a range of benefits, from social connections to insights that support business growth.

Customer relationships
Our customers benefit from our proactive activities which helps them focus on their business. In 2017/18 we carried out minor refurbishment works at several centres, upgrading the space and service for our customers.
3

I’m going to run this business one day
XLP came to me with the chance to join Cogent as an apprentice nearly two years ago and I was so excited!

To learn and thrive under Cogent has been amazing so far. Thanks to Workspace and XLP, this apprenticeship has given me hope for a different career, which I really appreciate, as the university route was just not for me.

Sam Taylor
Apprentice at Workspace supplier, Cogent Electrical Services Ltd, pictured with Ian Hiley, Community Projects Manager at XLP, outside The Frames, Shoreditch.

To see how we help to bring the next generation into the business place go to page 24.
Our properties
Resource: Our enviable portfolio of properties is one of our greatest resources and the key strength of our business. We continually invest in our properties to ensure they are well maintained and operationally efficient.

Our people
Resource: Our people are the driving force of our business. We invest in our people to develop their skills and enable them to deliver the best possible service to our customers.

Our suppliers and partners
Resource: We work closely with our suppliers and partners to ensure that they provide the highest quality of goods and services.

Our communities
Relationship: We are committed to being a good corporate citizen and supporting the communities in which we operate.

Our brand
Resource: Our brand is one of our greatest assets, and we are committed to maintaining its reputation for excellence and innovation.

A focus on Doing the Right Thing helps us to manage our key resources and relationships

We are committed to being a good corporate citizen and supporting the communities in which we operate. We have a responsibility to our customers, our employees, our suppliers, and our shareholders to ensure that we operate in an ethical and sustainable manner.

We believe that by focusing on Doing the Right Thing, we can achieve sustainable growth and create value for all stakeholders.

The workspace advantage
The workspace advantage is a set of initiatives that ensure our business is future-proof and sustainable so that we can continue to play an important role in our communities.

Resource: Our properties

Relationship: Ensuring our buildings have a positive impact on the environment.

In the future, we intend to focus on continuing to maximise our advantage and contribute to a sustainable future.

Super connected: Delivering The Workspace Advantage requires all parts of our business to work together.

We depend on developing long-lasting relationships and harnessing our key resources to ensure we can continue to grow our business and deliver The Workspace Advantage.

To achieve this sustainable growth, we:
- Acquire, develop and future proof properties in the most exciting locations across London.
- Build strong partnerships with our suppliers.
- Empower our people to deliver the best offer to our customers.
- Leverage our unique brand positioning within the industry.
- Continuously reinforce and strengthen our customer relationships.
- Positively impact the communities in which we operate, supporting the next generation.

Super connected: The workspace advantage requires all parts of our business to work together.

Global Real Estate Sustainability Benchmark (GRESB)
We gained a Green Star for the fourth year in a row. This year we improved our score from 35 to 81, exceeding both the GRESB Average score of 63 and the Peer Average score of 73. Our GRESB public disclosure level was Grade A (group average Grade B). GRESB allows us and our investors to measure our sustainability performance within the real estate sector.

European Public Real Estate Association (EPR€)
We were awarded another Gold for reporting in line with the 2017 European Sustainability Best Practice Recommendations (EPRA 3BFRs) for the fourth year in a row. These awards are intended to raise the standards and consistency of sustainability reporting for listed real estate companies across Europe.

Carbon Disclosure Project (CDP)
We achieved a B in our Carbon Disclosure Project score, exceeding the sector score average of C. Scores were based on disclosure, awareness, management and leadership with regards to carbon management and climate change risk.

Awards, accreditations and partnerships

FTSE4Good Index
We were once again included in the FTSE4Good Index, which helps us assess our achievements against a transparent and evolving global corporate responsibility standard. The FTSE4Good Index Series measures companies’ Environmental, Social and Governance (ESG) practices. This year, we achieved 3.2 out of 5 (Absolute Rating) and 92% (Relative Percentile Score).

Investors in People
We continued to hold our Investors in People accreditation for the 19th year in a row, having achieved the highest possible level, a Gold Award in September 2016 (re-accreditation is every three years). In order to achieve Gold, we had to provide 126 additional evidence requirements. The Standard defines what it takes to lead, support and manage people well for sustainable results.

Green Electricity
The majority of our electricity supplies are on a green tariff. SSE (Green) is 100% renewable energy generated by a variable mix of hydro-electric, offshore and onshore wind. This year, we have calculated our market-based emissions in addition to location-based emissions for our Scope 2 reporting.

Over the following pages, we look at our key resources and relationships in more detail, highlighting particular achievements in the year and targets for the following year.
Our properties

At Workspace, we value long-term ownership of our properties. We believe this helps us to generate more value for shareholders, but it also means that we are building sustainable properties that will last long into the future. We take pride in the work we do to reposition, refurbish or redevelop our buildings to ensure they meet customer needs and are suitably future-proofed.

Over the year, we have continued our efforts to reduce the environmental impact of our properties and their related supply chains. Our asset managers and centre teams work hard to create healthy environments for our customers.

We have begun to install solar panels across our estate. Five properties have been fitted with solar panels so far, generating 87,738 kilowatt hour per annum, and we have plans to install them at a further six properties. Overall in 2017/18, we increased our renewable energy generation from solar by 78% year-on-year.

Our suppliers and partners

We could not operate our business without calling on the services of key suppliers and partners. We take great care in selecting the organisations we work with, and it is in our interest to build strong relationships and ensure our goals and commitment to sustainability are aligned.

Case study: Cycling facilities

Thanks to an increased focus amongst our customers on the health and wellbeing of their employees, as well as a desire to promote sustainable methods of transport, we have invested in the cycling facilities across our portfolio. During the year, we have installed 311 bicycle storage spaces, 30 showers and 212 lockers into our business centres. We have also rolled out a mobile bicycle service and repairs surgery that visits our centres regularly.

Case study: Solar panels

We have begun to install solar panels across our estate. Five properties have been fitted with solar panels so far, generating 87,738 kilowatt hour per annum, and we have plans to install them at a further six properties. Overall in 2017/18, we increased our renewable energy generation from solar by 78% year-on-year.

Our people

Harnessing the right culture is important in any organisation to enhance performance and unite the business around common behaviours that will help it to achieve its goals.

At Workspace, we have a fantastic culture and pride ourselves in employing people with a diverse mix of skills, experience and backgrounds.

Case study: Apprenticeships

Over the last two years, we have started holding workshops with our charity partner XLP to educate our suppliers on the value of apprenticeships and to facilitate introductions with some of the young people XLP supports.

This year, we caught up with Sam Taylor, one of those young people. Following our introduction to XLP, Sam was employed as an apprentice by Cogent Electrical Services Ltd, one of our suppliers. Sam has been employed for 18 months now and has worked across many of our developments, including The Frames in Shoreham. Read his thoughts on the opportunity on page 20.

Case study: Articulating our values

This year, we have kicked off a project to articulate the values and behaviours that make Workspace people unique and that form the successful culture that is delivering The Workplace Advantage.

This project has highlighted the unique quality Workspace people bring to work and exhibit every day. Our people demonstrate deep knowledge in their subjects, have an inquisitive nature and thirst for innovation and show genuine care for our customers, our communities and each other.

Long service awards

We believe it is this culture that encourages long-term service and are proud that our people can build long careers at Workspace. During the year, 27 people achieved long service awards, of which 17 were for 10 years or more.

Number of workshops held to help articulate our values

8

The number of people involved in the articulation of our values

100

Jamie Hopkins
Chief Executive Officer

To be successful you need a mix of great properties and customers. But to be successful over the long term you also need the right people, culture and values.
Learning and development
A first for knowledge and learning is one of our values and, as a result, we run a regular programme to provide training and development opportunities to all our employees. This ensures they remain motivated and committed and are constantly enhancing their skills and experience.

Our rigorous training programme, led by both internal and external providers, covers a wide range of topics, including:
- People management
- Customer services
- Networking and events
- Social media
- Conflict resolution
- Data protection
- Energy and sustainability

Over the last year, we have also launched a series of training ideas, held twice annually, for our on-site staff. These are run by a mix of internal managers and colleagues, as well as external providers, to help build relationships between site and head office colleagues, while ensuring that all employees are aware of updated systems and processes, as well as non-operational initiatives, such as those from our Doing the Right Thing committee.

During the last year, we provided 148 hours of training for centre staff. This has helped to ensure that the brand is not hugely visible inside the buildings. However, our relationships with customers from inner city estates through our partnership with the valuable custom and footfall that comes with that. One of the priorities of our Doing the Right Thing strategy is to engage the business of all our partners, helping to increase awareness and education on recycling.

As part of this work, we have also continued to partner with our in-house Facilities team, who have a strong focus on reducing waste. We have seen a great response from our customers to initiatives that have a positive impact on our communities and the environment, and therefore continue to engage with customers on these social media is one of the tools we use to communicate with our customers, and the social posts that use the #doingthething hashtag are some of our best-performing posts, with engagement on average 11% higher than other posts.

Case study: Engaging our Facilities team to reduce gas consumption
Having started to roll out smart meters, we had access to data that allowed us to engage with our Facilities Management team to reduce gas consumption by 70% and greenhouse gas emissions. We delivered several educational workshops throughout the year and quarterly meetings with senior team members to track progress. Following these efforts, gas consumption decreased by 15% in the year.

Targets for the coming year
- Continue to engage Facilities Managers on improving energy performance of buildings they manage.
- Continue to support employees through training and professional development programmes.

Courses taken during the year included:
- Certificate in Marketing
- Accountancy (ACCA) – Association of Chartered Certified Accountants
- CIMA – Chartered Institute of Management Accountants and AAT – Association of Accounting Technicians
- Real Estate (MSc)

Supporting our team to do the right thing
Our desire and ability to give back to our communities came through strongly in the employee workshops we held to help articulate our values. Our Doing the Right Thing committee works hard to provide opportunities for our employees to volunteer or fundraise for our chosen causes. During the last year, members of our team gave 81 work days to volunteer for charities, plus an additional 60 personal days, and along with customers, raised £40,000 for various charities.

Case study: Ongoing communication of The Workspace Advantage
- Ongoing communication of The Workspace Advantage
- Social media.
- Networking and events.
- Customer services.

Amount raised by Workspace staff for the 2018 AHOY charity rowing race
£23,500

Our customers
The relationships we build and maintain with our customers are among the most critical to the business, and constantly enhancing these relationships is central to our strategy. The Workspace Advantage is all about providing a best-in-class service to our customers and giving them support that goes beyond the space they let from us.

We continue to roll out our programme of business insight events, which bring customers together from across the whole portfolio and provide valuable insight and learning around networking opportunities. This year, event themes included: the rise of the bots, digital finance and the impact of neuroscience on brand psychology. We have seen a great response from our customers to initiatives that have a positive impact on our communities and the environment, and therefore continue to engage with customers on these social media is one of the tools we use to communicate with our customers, and the social posts that use the #doingthething hashtag are some of our best-performing posts, with engagement on average 11% higher than other posts.

Case study: Research initiatives
We have continued to roll out initiatives to improve recycling rates across the portfolio. We held 12 recycling roadshows during the year, with the centres visited demonstrating, on average, a 10% improvement in recycling rates. We have put in place new, clear consistent signage throughout our centres and launched an ‘encyclopedia’ customer information pack to provide recommendations and education on recycling. As part of this work, we have also continued to partner with our in-house Facilities team, who have a strong focus on reducing waste. We have seen a great response from our customers to initiatives that have a positive impact on our communities and the environment, and therefore continue to engage with customers on these social media is one of the tools we use to communicate with our customers, and the social posts that use the #doingthething hashtag are some of our best-performing posts, with engagement on average 11% higher than other posts.

Targeting the right people
- Work with our customers to ensure recycling rates across all buildings where Workspace are responsible for waste management.
- By 31 March 2019, whilst maintaining 100% diversion from landfill.
- Launch customer benefits platform online for customers to access promotions and products.
- Continue to expand the Workspace events programme.

Targets for the coming year
- Continue to engage Facilities Managers on improving energy performance of buildings they manage.
- Continue to support employees through training and professional development programmes.

Our brand
Our brand is one of the most important tools at our disposal to excite and engage with customers, and consequently to drive enquiries for our space.

Our customers want to put their own brand and identity on the space they let from us, so our brand is not hugely visible inside our buildings. However, our networks, including management teams, are highly visible to businesses as they start their search for office space.

The Workspace Advantage brand campaign that we launched last year was effective in further increasing awareness of Workspace across key competitors in the market. The survey was conducted both before and after the campaign went live to analyse its effectiveness. We were pleased to see that awareness of Workspace increased strongly following the campaigns, with particular cut-through on our customer offer. We also saw immediate action taken as a result of the campaigns, with web traffic increasing significantly and first-time visits to the site up 38% year-on-year.

Our communities
Our extensive footprint across London means that we operate in many different communities throughout the city, and we take our role as a landlord and employer in those communities seriously.

Through our programme of refurbishments and redevelopments, we aim to create high-quality business space to the local communities, along with the valuable custom and footfall that comes with that. One of the priorities of our Doing the Right Thing strategy is to engage the business of all our partners, helping to increase awareness and education on recycling.

As part of this work, we have also continued to partner with our in-house Facilities team, who have a strong focus on reducing waste. We have seen a great response from our customers to initiatives that have a positive impact on our communities and the environment, and therefore continue to engage with customers on these social media is one of the tools we use to communicate with our customers, and the social posts that use the #doingthething hashtag are some of our best-performing posts, with engagement on average 11% higher than other posts.

Case study: Brand Tracker
As part of the campaign we launched in 2017, we commissioned a brand tracker survey to better understand how far our brand reaches consumers outside of our customer base and the level of awareness of Workspace versus key competitors in the market.

The survey was conducted both before and after the campaign went live to analyse its effectiveness. We were pleased to see that awareness of Workspace increased strongly following the campaigns, with particular cut-through on our customer offer. We also saw immediate action taken as a result of the campaigns, with web traffic increasing significantly and first-time visits to the site up 38% year-on-year.

Our brand
Our brand is one of the most important tools at our disposal to excite and engage with customers, and consequently to drive enquiries for our space.

Our customers want to put their own brand and identity on the space they let from us, so our brand is not hugely visible inside our buildings. However, our networks, including management teams, are highly visible to businesses as they start their search for office space.

The Workspace Advantage brand campaign that we launched last year was effective in further increasing awareness of Workspace across key competitors in the market. The survey was conducted both before and after the campaign went live to analyse its effectiveness. We were pleased to see that awareness of Workspace increased strongly following the campaigns, with particular cut-through on our customer offer. We also saw immediate action taken as a result of the campaigns, with web traffic increasing significantly and first-time visits to the site up 38% year-on-year.

Our communities
Our extensive footprint across London means that we operate in many different communities throughout the city, and we take our role as a landlord and employer in those communities seriously.

Through our programme of refurbishments and redevelopments, we aim to create high-quality business space to the local communities, along with the valuable custom and footfall that comes with that. One of the priorities of our Doing the Right Thing strategy is to engage the business of all our partners, helping to increase awareness and education on recycling.

As part of this work, we have also continued to partner with our in-house Facilities team, who have a strong focus on reducing waste. We have seen a great response from our customers to initiatives that have a positive impact on our communities and the environment, and therefore continue to engage with customers on these social media is one of the tools we use to communicate with our customers, and the social posts that use the #doingthething hashtag are some of our best-performing posts, with engagement on average 11% higher than other posts.

Case study: Brand Tracker
As part of the campaign we launched in 2017, we commissioned a brand tracker survey to better understand how far our brand reaches consumers outside of our customer base and the level of awareness of Workspace versus key competitors in the market.

The survey was conducted both before and after the campaign went live to analyse its effectiveness. We were pleased to see that awareness of Workspace increased strongly following the campaigns, with particular cut-through on our customer offer. We also saw immediate action taken as a result of the campaigns, with web traffic increasing significantly and first-time visits to the site up 38% year-on-year.

Our brand
Our brand is one of the most important tools at our disposal to excite and engage with customers, and consequently to drive enquiries for our space.

Our customers want to put their own brand and identity on the space they let from us, so our brand is not hugely visible inside our buildings. However, our networks, including management teams, are highly visible to businesses as they start their search for office space.

The Workspace Advantage brand campaign that we launched last year was effective in further increasing awareness of Workspace across key competitors in the market. The survey was conducted both before and after the campaign went live to analyse its effectiveness. We were pleased to see that awareness of Workspace increased strongly following the campaigns, with particular cut-through on our customer offer. We also saw immediate action taken as a result of the campaigns, with web traffic increasing significantly and first-time visits to the site up 38% year-on-year.

Our communities
Our extensive footprint across London means that we operate in many different communities throughout the city, and we take our role as a landlord and employer in those communities seriously.

Through our programme of refurbishments and redevelopments, we aim to create high-quality business space to the local communities, along with the valuable custom and footfall that comes with that. One of the priorities of our Doing the Right Thing strategy is to engage the business of all our partners, helping to increase awareness and education on recycling.

As part of this work, we have also continued to partner with our in-house Facilities team, who have a strong focus on reducing waste. We have seen a great response from our customers to initiatives that have a positive impact on our communities and the environment, and therefore continue to engage with customers on these social media is one of the tools we use to communicate with our customers, and the social posts that use the #doingthething hashtag are some of our best-performing posts, with engagement on average 11% higher than other posts.

Case study: Brand Tracker
As part of the campaign we launched in 2017, we commissioned a brand tracker survey to better understand how far our brand reaches consumers outside of our customer base and the level of awareness of Workspace versus key competitors in the market.

The survey was conducted both before and after the campaign went live to analyse its effectiveness. We were pleased to see that awareness of Workspace increased strongly following the campaigns, with particular cut-through on our customer offer. We also saw immediate action taken as a result of the campaigns, with web traffic increasing significantly and first-time visits to the site up 38% year-on-year.
We are income focused:

Adjusted trading profit after interest
£60.7m +20%

Like-for-like rental growth
+8.6%

This year has seen, if possible, an even greater spotlight on our part of the real estate market. We have seen a number of new entrants and a never-winding stream of media interest in the growth of co-working. However, despite the inevitable confusion around the different ‘flexible’ office space products on offer, I am delighted that Workspace continues to cut through the noise.

Demand for our space, driven by our in-house marketing efforts, has remained strong. That strength of demand and activity, with an average of 1,016 enquiries and 93 lettings per month, has delivered excellent income growth across our portfolio over the long term.

As a property company, Workspace values ownership of its assets. We nurture our properties, seeking and capturing opportunities to reposition, refurbish and redevelop them over time in order to meet changing customer requirements and deliver income growth.

Total rent roll was up 26.1% in the year to £112.9m, and I am particularly pleased that we delivered rental growth at our like-for-like properties of 8.6%.

The rental income growth has continued to translate into a very positive trading profit performance, which increased by 20% to £60.7m in the year.
We are customer focused:

Customer enquiries per month in 2017/18

1,016

Buildings that are Wired Certified Gold or Platinum

15

Our industry, rightly so, has become increasingly focused on providing a service to customers beyond their four walls. Since its foundation, Workspace has marketed directly to customers, building strong relationships and, as a result, developing a unique understanding of their needs. This focus on the customer, coupled with ownership of our real estate, allows us to adapt our buildings and continually evolve our offer.

This year, for example, we made a commitment to roll out WiredScore certifications across our portfolio. Our achievement of 15 Wired Certified Gold or Platinum ratings so far demonstrates the significant work we are undertaking to ensure our customers have access to the best, most secure and reliable technology infrastructure in their space.

Whether debating the latest technology innovations, looking at potential property acquisitions or reviewing our portfolio for the next refurbishment or redevelopment opportunity, Workspace is always focused on the future. With that in mind, we regularly consider the depth and experience of the Executive Committee and, as a result, in October 2017, John Robson was promoted to the role of Asset Management Director.

I am delighted that we have delivered such a strong performance over the last five years, and believe we have the right strategy in place to continue to grow the business and deliver further value for shareholders.

We have an extensive pipeline of refurbishment and redevelopment projects, and during the coming year we will complete nine projects, bringing 456,000 sq. ft. of new and upgraded space to the market.

In the last year, we have also acquired three large properties, adding significant rental income to our portfolio. Some of these properties come with longer-term leases in place but provide attractive repositioning opportunities in the future along with our existing project pipeline.

Whether debating the latest technology innovations, looking at potential property acquisitions or reviewing our portfolio for the next refurbishment or redevelopment opportunity, Workspace is always focused on the future. With that in mind, we regularly consider the depth and experience of the Executive Committee and, as a result, in October 2017, John Robson was promoted to the role of Asset Management Director.

I am delighted that we have delivered such a strong performance over the last five years, and believe we have the right strategy in place to continue to grow the business and deliver further value for shareholders.

We have an extensive pipeline of refurbishment and redevelopment projects, and during the coming year we will complete nine projects, bringing 456,000 sq. ft. of new and upgraded space to the market.

In the last year, we have also acquired three large properties, adding significant rental income to our portfolio. Some of these properties come with longer-term leases in place but provide attractive repositioning opportunities in the future along with our existing project pipeline.

With continued strong demand for our product, a growing potential customer base and a robust balance sheet, Workspace is well positioned for the future.

Jamie Hopkins
Chief Executive Officer
Chief Executive’s strategic review

The right strategy drives future performance.

Super connected: Delivering The Workspace Advantage requires all parts of our business to work together.

Our five strategic priorities frame and help direct the implementation of The Workspace Advantage.

To help with the assessment and successful delivery of our strategy, the Board regularly invites external advisers, as well as internal Workspace teams, into the Boardroom to share insights and knowledge.

Our Executive Directors and senior management team spend a significant amount of time out and about in the business, visiting centres, talking to centre managers and meeting customers, as well as analysing the competition.

All of this informs our understanding of the market and helps us to see value through our business model and feeds into our risk assessments.

Understanding and responding to market trends – page 8

A business model designed to create long-term value – page 16

A focus on doing the Right Thing helps us to manage our resources and relationships – page 22

Using risk to help make the right strategic decisions – page 46

Business review – page 62

Our governance – page 72

Each year, the Board reviews the strategy to ensure it remains relevant for our business and our market, while continuing to deliver the best returns for shareholders.

We believe that by placing The Workspace Advantage at the heart of the strategy, the whole business has a central focus to work towards.

We continue to have five strategic pillars that drive value for the business.

The right strategy drives future performance.

Right market

With its position as a global hub for business and culture, London remains the right market for our business. The opportunity in London is extremely attractive, with strong demand from all types of businesses for our offer. We continue to see opportunities to acquire new assets that meet customer demand for our space and will deliver attractive returns to shareholders, and our deep market insight ensures we are able to move quickly when these opportunities arise.

Right properties

We have a high-quality portfolio of properties in dynamic London locations and we are constantly upgrading our assets. We are delivering capital and income growth by letting up the new and upgraded space delivered by our extensive refurbishment and redevelopment pipeline. We remain focused on creating and opportunistically acquiring the right properties that will attract our customers.

Right customers

Our properties are open to all and our customer base is made up of some of London’s fastest growing and established businesses from a broad mix of sectors. Our customers range from freelancers, consultants and early-stage businesses right up to well-known brands and established companies.

Right people

Employing the right people continues to be critical for the success of the business. Workspace’s people display deep knowledge of their subjects, have an inquisitive nature and a thirst for innovation, and show genuine care for our customers, our communities and each other.

Right brand

Workspace has a strong brand, and we work hard to ensure that our offer is highly visible to prospective customers as they embark on their search for office space. Digital marketing, a strong social media presence and employees who live our values are all key to attracting and retaining customers and ensuring high levels of customer satisfaction.

Fuel Tank, Deptford (opening Summer 2018).
Strategic priorities that drive Portfolio value

Strategic priority: Right market
Description
Our portfolio is exclusively based in London, where we see continued strong customer demand and opportunities to acquire attractive real estate.

Strategic priority: Right properties
Description
Creating the right environments for our customers is critical and our rolling programme of asset management, refurbishment and redevelopment projects ensures our properties remain at the cutting-edge of customer requirements.

Strategic priority: Right customers
Description
A key part of The Workspace Advantage is the communities of businesses that we create within our centres, with events, insight and networking events to encourage further collaboration.

Strategic priority: Right brand
Description
Having the right skills and experience within Workspace is critical, but as important is maintaining the right culture to drive behaviours and therefore business performance.

Relevant London trends

The market trends that influenced our progress
Relevant London trends
- Small businesses are driving the economy.
- The spotlight on flexible space continues to grow, along with demand from across the business spectrum.

Relevant customer trends
- Businesses want built-in technology and a well-designed work environment that encourages collaboration.
- Employers are increasingly focused on providing healthy workplaces.

What we said we would do in 2017/18
Continue to develop our strong project pipeline to improve the estate and further grow our footprint.

What we said we would do in 2018/19
Continue to develop our strong project pipeline to improve the estate and further grow our footprint.

What we achieved in 2017/18
- Three major acquisitions in exciting locations, adding 518,700 sq ft to the portfolio.
- Customer enquiries remained strong at the Workspace average 16% per month.

What we achieved in 2018/19
- Three major acquisitions in exciting locations, adding 518,700 sq ft to the portfolio.
- Customer enquiries remained strong at the Workspace average 16% per month.

What we aim to do in 2018/19
Continue to pursue acquisitions in London where we see opportunities to create value.

Link to relevant KPIs
Financial: 1, 2, 4, 5, 6, 8
Non-financial: 2, 4, 5, 6

Strategic priorities that drive Platform value

Strategic priority: Right markets

The market trends that influenced our progress
Relevant London trends
- The spotlight on flexible space continues to grow, along with demand from across the business spectrum.

Relevant customer trends
- Customers want built-in technology and a well-designed work environment that encourages collaboration.
- Employers are increasingly focused on providing healthy workplaces.

What we said we would do in 2017/18
Open our offer to all businesses, no matter their sector or size. Roll out the brand campaign to raise our profile among prospects.

What we said we would do in 2018/19
Open our offer to all businesses, no matter their sector or size. Roll out the brand campaign to raise our profile among prospects.

What we achieved in 2017/18
- The Spotlight on Flexible Space continues to grow, along with demand from across the business spectrum.
- A key part of The Workspace Advantage is the communities of businesses that we create within our centres, with events, insight and networking events to encourage further collaboration.
- Employers are increasingly focused on providing healthy workplaces.

What we achieved in 2018/19
- The Spotlight on Flexible Space continues to grow, along with demand from across the business spectrum.
- A key part of The Workspace Advantage is the communities of businesses that we create within our centres, with events, insight and networking events to encourage further collaboration.
- Employers are increasingly focused on providing healthy workplaces.

What we aim to do in 2018/19
Progress our extensive project pipeline to drive income and capital growth.

Link to relevant KPIs
Financial: 1, 2, 4, 5, 6, 7, 8
Non-financial: 2, 4, 5, 6

Strategic priority: Right properties

The market trends that influenced our progress
Relevant London trends
- The spotlight on flexible space continues to grow, along with demand from across the business spectrum.

Relevant customer trends
- Businesses want built-in technology and a well-designed work environment that encourages collaboration.
- Employers are increasingly focused on providing healthy workplaces.

What we said we would do in 2017/18
Continue to deliver on our brand campaign to ensure The Workspace Advantage is well recognised and understood by customers and prospects. Put in place a brand tracker survey to analyse awareness.

What we said we would do in 2018/19
Roll out our brand campaign to ensure The Workspace Advantage is well recognised and understood by customers and prospects. Put in place a brand tracker survey to analyse awareness.

What we achieved in 2017/18
- 35,000 sq ft of new and upgraded space thanks to the letting pipeline.
- 35,000 sq ft of new and upgraded space thanks to the letting pipeline.

What we achieved in 2018/19
- 35,000 sq ft of new and upgraded space thanks to the letting pipeline.
- 35,000 sq ft of new and upgraded space thanks to the letting pipeline.

What we aim to do in 2018/19
Continue our rolling programme of asset management, refurbishment and redevelopment projects to ensure our portfolio continues to grow, along with demand from across the business spectrum.

Link to relevant KPIs
Financial: 1, 2, 4, 5, 6, 8
Non-financial: 2, 4, 5, 6

Strategic priority: Right customers

The market trends that influenced our progress
Relevant London trends
- The spotlight on flexible space continues to grow, along with demand from across the business spectrum.

Relevant customer trends
- Businesses want built-in technology and a well-designed work environment that encourages collaboration.
- Employers are increasingly focused on providing healthy workplaces.

What we said we would do in 2017/18
Worked with people across the business to articulate our company values, which will help us to deliver The Workspace Advantage.

What we said we would do in 2018/19
Worked with people across the business to articulate our company values, which will help us to deliver The Workspace Advantage.

What we achieved in 2017/18
- 35,000 sq ft of new and upgraded space thanks to the letting pipeline.

What we achieved in 2018/19
- 35,000 sq ft of new and upgraded space thanks to the letting pipeline.

What we aim to do in 2018/19
- Launch the new Workspace Advantage, ensure engagement with all employees and reward successes.

Link to relevant KPIs
Financial: 1, 2, 4, 5, 8
Non-financial: 2, 4, 5, 6, 7, 8

Strategic priority: Right people

The market trends that influenced our progress
Relevant London trends
- The spotlight on flexible space continues to grow, along with demand from across the business spectrum.

Relevant customer trends
- Businesses want built-in technology and a well-designed work environment that encourages collaboration.
- Employers are increasingly focused on providing healthy workplaces.

What we said we would do in 2017/18
Ensure understanding of and engagement with The Workspace Advantage across different departments and teams.

What we said we would do in 2018/19
Ensure understanding of and engagement with The Workspace Advantage across different departments and teams.

What we achieved in 2017/18
- The Spotlight on Flexible Space continues to grow, along with demand from across the business spectrum.
- A key part of The Workspace Advantage is the communities of businesses that we create within our centres, with events, insight and networking events to encourage further collaboration.
- Employers are increasingly focused on providing healthy workplaces.

What we achieved in 2018/19
- The Spotlight on Flexible Space continues to grow, along with demand from across the business spectrum.
- A key part of The Workspace Advantage is the communities of businesses that we create within our centres, with events, insight and networking events to encourage further collaboration.
- Employers are increasingly focused on providing healthy workplaces.

What we aim to do in 2018/19
- Launch the new Workspace Advantage, ensure engagement with all employees and reward successes.

Link to relevant KPIs
Financial: 1, 2, 4, 5, 8
Non-financial: 2, 4, 5, 6, 7, 8

Strategic priority: Right brand

The market trends that influenced our progress
Relevant London trends
- The spotlight on flexible space continues to grow, along with demand from across the business spectrum.

Relevant customer trends
- Businesses want built-in technology and a well-designed work environment that encourages collaboration.
- Employers are increasingly focused on providing healthy workplaces.

What we said we would do in 2017/18
Continue to deliver on our brand campaign to ensure The Workspace Advantage is well recognised and understood by customers and prospects. Put in place a brand tracker survey to analyse awareness.

What we said we would do in 2018/19
Continue to deliver on our brand campaign to ensure The Workspace Advantage is well recognised and understood by customers and prospects. Put in place a brand tracker survey to analyse awareness.

What we achieved in 2017/18
- 35,000 sq ft of new and upgraded space thanks to the letting pipeline.

What we achieved in 2018/19
- 35,000 sq ft of new and upgraded space thanks to the letting pipeline.

What we aim to do in 2018/19
Continue our rolling programme of asset management, refurbishment and redevelopment projects to ensure our portfolio continues to grow, along with demand from across the business spectrum.

Link to relevant KPIs
Financial: 1, 2, 4, 5, 6, 8
Non-financial: 2, 4, 5, 6

Measuring strategic success

Financial KPIs
1. Net rental income £m
2. Adjusted trading profit after interest £m

Definition
Net rental income is the rental income receivable after payment of direct property expenses such as service charge costs, and other direct unoverrechargeable property expenses.

Adjusted trading profit after interest
is net rental income, post profit/loss trading income and finance income less administrative expenses and finance costs.

Further details in note 8 to the financial statements.

Why this is important to Workspace
This is one of the most important metrics for Workspace as it drives our trading profit, which in turn determines dividend growth.

Why this is important to Workspace
A adjusted trading profit after interest is a key measure for Workspace and determines dividend growth. We report and review this figure at Board level on a monthly basis compared to the previous year and to the budget.

Adjusted trading profit after interest demonstrates the underlying performance of the trading business and strength of our business model. Both the CEO and CFO are incentivised on adjusted trading profit after interest.

Movement in 2017/18
The increase in the year was driven by significant growth in rental income at our high-lease-rate properties and an increase in rental income from completed projects thanks to the letting up of new and upgraded space. This year, acquisitions were also a key driver of rental income, as we acquired three properties with existing income in place.

Movement in 2018/19
Adjusted trading profit after interest for the year was £60.7m, up 20% on the previous year. Net rental income is the key driver of trading profit thanks to our relatively fixed cost base.
Financial KPIs continued

3. EPRA NAV per share £

<table>
<thead>
<tr>
<th>Year</th>
<th>EPRA NAV per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>10.37</td>
</tr>
<tr>
<td>2017</td>
<td>9.53</td>
</tr>
<tr>
<td>2016</td>
<td>9.23</td>
</tr>
</tbody>
</table>

+8.8%

+30%

4. Dividend per share pence

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>8.5</td>
</tr>
<tr>
<td>2017</td>
<td>7.5</td>
</tr>
<tr>
<td>2016</td>
<td>6.4</td>
</tr>
</tbody>
</table>

5. Like-for-like rent roll growth %

<table>
<thead>
<tr>
<th>Year</th>
<th>Like-for-like rent roll growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>+8.6%</td>
</tr>
<tr>
<td>2017</td>
<td>+7.6%</td>
</tr>
<tr>
<td>2016</td>
<td>+5%*</td>
</tr>
</tbody>
</table>

6. Like-for-like rent per sq. ft. growth %

<table>
<thead>
<tr>
<th>Year</th>
<th>Like-for-like rent per sq. ft. growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>+7.6%</td>
</tr>
<tr>
<td>2017</td>
<td>+5%*</td>
</tr>
<tr>
<td>2016</td>
<td>+5%*</td>
</tr>
</tbody>
</table>

7. Property valuation £m

<table>
<thead>
<tr>
<th>Year</th>
<th>Property valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2,280</td>
</tr>
<tr>
<td>2017</td>
<td>1,779</td>
</tr>
<tr>
<td>2016</td>
<td>1,590</td>
</tr>
</tbody>
</table>

+8.6%

Chief Executive’s strategic review continued

---

37  Workspace Group PLC  Annual Report and Accounts 2018
Chief Executive’s strategic review

1. Customer advocacy %

- **2017**: 90%
- **2016**: 88%

**Definition**: Customer advocacy is based on responses to customer surveys and is calculated twice per year by an independent third-party organisation.

**Why this is important to Workspace**: Our customers are at the heart of our business and we regularly seek to obtain feedback to understand their overall satisfaction with our offering. We use the findings from our surveys to prompt changes to what we offer our customers and to train our staff. The customer advocacy score also forms part of the performance criteria for our executives.

**Time period measured**: Monthly average

2. Customer enquiries monthly average

- **2017**: 1,016
- **2016**: 1,060

**Definition**: Customer enquiries represent the number of enquiries we receive for our space. Enquiries come through our website, via phone, from walk-ins or existing customers looking to expand, contract or move locations.

**Why this is important to Workspace**: Measuring enquiries helps us to assess the strength of demand for our product. Our internal marketing platform generates enquiries both on and offline and we can upscale digital marketing spend to target enquiries as required, for example around the launch of a new building.

**Time period measured**: Monthly average

3. Website visits million per year

- **2017**: 1.14m
- **2016**: 0.85m

**Definition**: Website visits measure the number of times individuals visit our website.

**Why this is important to Workspace**: Our website is our most important marketing tool, with the majority of enquiries coming via the site. We are constantly upgrading our site to ensure all the information our customers receive is visible and easy to access.

**Time period measured**: Annual

4. Offer letters monthly average

- **2017**: 317

**Definition**: Offer letters are sent to prospects once they have viewed one or multiple Workspace units and requested an offer containing pricing information and lease terms.

**Why this is important to Workspace**: Offer letters allow us to send out offers to assess the success of our customer viewings and demand for our space.

**Time period measured**: Monthly average

---

**Non-financial KPIs**

**1. Customer advocacy %**

- **2017**: 90%
- **2016**: 88%

**Definition**: Customer advocacy is based on responses to customer surveys and is calculated twice per year by an independent third-party organisation.

**Why this is important to Workspace**: Our customers are at the heart of our business and we regularly seek to obtain feedback to understand their overall satisfaction with our offering. We use the findings from our surveys to prompt changes to what we offer our customers and to train our staff. The customer advocacy score also forms part of the performance criteria for our senior management.

**Movement in 2017/18**: Capital and income returns have led us to outperform compared to the IPD benchmark.

**Why is this important to Workspace**: This measure shows how our property portfolio performs in terms of both valuation change and income generated. 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 is the return obtained by a shareholder, calculated by combining both share price movements and dividend receipts.

**Definition**: Total Property Return is the return for the year combining the valuation movement on our portfolio and the income achieved in the year.

**Why this is important to Workspace**: This measure is important to Workspace as it shows the value our shareholders receive from investing in 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, forms part of the performance criteria for our management team.

**Time period measured**: Six monthly

---

**Financial KPIs**

**1. Total Property Return %**

- **2017**: 11.3%
- **2016**: 8.2%
- **2015**: 26.3%

**Definition**: Total Property Return is the return for the year from our IPD benchmark.

**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.

**Time period measured**: Six monthly

---

**2. Total Shareholder Return %**

- **2017**: 29.4%
- **2016**: (7)%

**Definition**: Total Shareholder Return is the return for the year combining the share price movements and dividend receipts.

**Why this is important to Workspace**: This measure shows how our shareholders receive a return for the year combining the share price movements and dividend receipts. Total Shareholder Return is the return for the year combining the share price movements and dividend receipts.

**Time period measured**: Six monthly

---

**3. Website visits**

**1.14m**

**Definition**: Website visits measure the number of times individuals visit our website.

**Why this is important to Workspace**: Our website is our most important marketing tool, with the majority of enquiries coming via the site. We are constantly upgrading our site to ensure all the information our customers receive is visible and easy to access.

**Time period measured**: Annual

---

**4. Offer letters**

**317**

**Definition**: Offer letters are sent to prospects once they have viewed one or multiple Workspace units and requested an offer containing pricing information and lease terms.

**Why this is important to Workspace**: Offer letters allow us to send out offers to assess the success of our customer viewings and demand for our space.

**Time period measured**: Monthly average

---

**Additional Information**

**Overview**

- **Website visits**: Increased during the year, thanks to The Workspace Advantage campaign driving traffic to the site from digital advertising and social media activity.
- **Offer letters**: Average number of offer letters per month remained broadly flat during the year reflecting the continued demand for our space following customer viewings.

**Time period measured**: Daily
<table>
<thead>
<tr>
<th>Non-financial KPIs</th>
<th>continued</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5. New lettings</strong></td>
<td><strong>monthly average</strong></td>
</tr>
<tr>
<td>2018</td>
<td>93</td>
</tr>
<tr>
<td>2017</td>
<td>99</td>
</tr>
<tr>
<td><strong>6. Renewals</strong></td>
<td><strong>monthly average</strong></td>
</tr>
<tr>
<td>2018</td>
<td>43</td>
</tr>
<tr>
<td>2017</td>
<td>53</td>
</tr>
<tr>
<td><strong>7. Employee volunteering days</strong></td>
<td><strong>53</strong></td>
</tr>
<tr>
<td>2018</td>
<td>121</td>
</tr>
<tr>
<td>2017</td>
<td>79</td>
</tr>
<tr>
<td><strong>8. Customer events</strong></td>
<td><strong>131</strong></td>
</tr>
<tr>
<td>2018</td>
<td>131</td>
</tr>
<tr>
<td>2017</td>
<td>180</td>
</tr>
</tbody>
</table>

**Chief Executive’s strategic review continued**

<table>
<thead>
<tr>
<th>5. New lettings</th>
<th><strong>monthly average</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition</strong></td>
<td>This measures the number of lettings that Workspace signs every month.</td>
</tr>
<tr>
<td><strong>Why this is important to Workspace</strong></td>
<td>This is a key measure for the business as lettings drive our rental income and, as a result, trading profit.</td>
</tr>
<tr>
<td><strong>Movement in 2017/18</strong></td>
<td>Good levels of lettings have continued throughout 2017/18 thanks to strong demand for our space.</td>
</tr>
<tr>
<td><strong>Time period measured</strong></td>
<td>Weekly</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6. Renewals</th>
<th><strong>monthly average</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition</strong></td>
<td>This measures the number of lease renewals that we sign with existing customers every month.</td>
</tr>
<tr>
<td><strong>Why this is important to Workspace</strong></td>
<td>Renewals are important as they demonstrate how sticky our customers are and help us to capture reversion on our portfolio.</td>
</tr>
<tr>
<td><strong>Movement in 2017/18</strong></td>
<td>Despite being slightly down year-on-year, we continued to deliver good levels of lease renewals during the year.</td>
</tr>
<tr>
<td><strong>Time period measured</strong></td>
<td>Weekly</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7. Employee volunteering days</th>
<th><strong>121</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition</strong></td>
<td>The number of days spent by employees volunteering or fundraising for our selected charities.</td>
</tr>
<tr>
<td><strong>Why this is important to Workspace</strong></td>
<td>Giving back to our communities is important to Workspace, and we have a number of chosen charities that we support as part of our Doing the Right Thing strategy. In particular, we believe we are well positioned to provide educational and careers support to disadvantaged young people as part of our InspiresMe programme, and many of our employees have got behind this work.</td>
</tr>
<tr>
<td><strong>Movement in 2017/18</strong></td>
<td>The significant increase in the year is largely because we added personal days donated by employees to volunteering activities. This figure includes 61 working days and 60 personal days. Going forward, we will include both personal and working days.</td>
</tr>
<tr>
<td><strong>Time period measured</strong></td>
<td>Annually</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>8. Customer events</th>
<th><strong>131</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition</strong></td>
<td>The number of events held at our centres for customers. These include informal networking events, as well as business insight events and consultations on topics, such as alternative finance.</td>
</tr>
<tr>
<td><strong>Why this is important to Workspace</strong></td>
<td>Holding events to encourage collaboration amongst customers and to create communities in our centres is a key element of The Workspace Advantage. The insights and networking opportunities these events provide help customers to grow their businesses and, in turn, aids customer retention.</td>
</tr>
<tr>
<td><strong>Movement in 2017/18</strong></td>
<td>This number will move around year to year as we do not have a specific target. It is important that we continue to run a significant number of events across our centres during the year.</td>
</tr>
<tr>
<td><strong>Time period measured</strong></td>
<td>Monthly</td>
</tr>
</tbody>
</table>
THINKING LIKE A CUSTOMER
Each refurbishment or redevelopment project is a blank canvas and starts with a discussion about the latest customer trends.

We have to think of everything before we start, from where to put the comms room to how much breakout space to create and the number of bicycle racks to install. We work closely with our architects to find the right solutions and create the best environments for our customers.
Using risk to help make the right strategic decisions

Aligning risks and strategy

In order to deliver our strategy, The Workspace Advantage throughout the business we must ensure that we maintain a balance between safeguarding against potential risks and taking advantage of all potential opportunities.

Risk categories

- Risk category: Principal risk: Reduced availability of financing options resulting in inability to meet business plans or satisfy liabilities.
- Risk category: Principal risk: Value of our properties declining as a result of external market or internal management factors.
- Risk category: Principal risk: Demand for our accommodation declining as a result of social, economic or competitive factors.
- Risk category: Principal risk: Cost inflation and timing delays.
- Risk category: Principal risk: Underperformance due to inappropriate strategy on acquisitions and disposals.
- Risk category: Principal risk: Failure to meet customer and external stakeholder expectations.
- Risk category: Principal risk: The introduction of new requirements that inhibit activity. Failure to meet regulatory requirements leading to fines or tax penalties.
- Risk category: Principal risk: Major events mean that Workspace is unable to carry out its business for a sustained period.
- Risk category: Principal risk: Failure to progress with strategy due to inability to recruit and retain correct staff.
- Risk category: Principal risk: Changes in the political, infrastructure and environmental dynamics of London lead to reduced demand from our customers.
- Risk category: Principal risk: Loss of data or income due to cyber security attack on our business and on that of our customers.

Our strategic priorities

- Right market: We operate within the London market which continues to be a resilient, vibrant market in which to operate.
- Right properties: We deliver capital and income growth by upgrading and acquiring the right properties in dynamic locations.
- Right customers: Our customers are at the heart of everything we do and we are committed to providing them with a best-in-class service.
- Right people: We need the right people and expertise to deliver our strategy.
- Right brand: We work hard to ensure our brand is reflective of our product, our customers and our culture.

More information on page 50
More information on page 50
More information on page 50
More information on page 50
More information on page 50
More information on page 50
More information on page 50
More information on page 50
More information on page 50
More information on page 50
More information on page 50
More information on page 50
More information on page 50

We are fortunate to 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. Having this culture helps ensure that information is communicated across the business well.

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.

The Executive Committee meets weekly to discuss key performance measures and any change in these, meaning they are ideally placed to notice any concerning changes or early warnings.

Further information on our KPIs can be found on pages 35 to 40.

Risk appetite

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 medium to low risk profile, ensuring that we are mitigating actions in place to bring each risk down to within the agreed risk appetite. Currently all our principal strategic risks are subject to the same moderate risk appetite.

Activities in 2017/18

1. We have undertaken extensive review of Data Protection to ensure all staff are fully aware of GDPR legislation and requirements. We have also created a specific Data Protection Risk register to fully understand our risk exposure and document the controls we have in place to mitigate these risks.

2. We have undertaken a variety of internal audits of our properties covering financial, operational, health and safety and facilities management issues. This review process also helps strengthen communication with our staff out on-site.

Risk culture

Risk culture is embedded in our activities. Risks and opportunities are considered to be an integral part of all our activities. Risks and opportunities are considered in every business decision we make. It is embedded in our culture to consider potential risks of any new business decision. We focus on key risks which could impact on the achievement of our strategic goals and therefore on the performance of our business.

Areas of focus for 2018/19

We have a rolling plan of risk management objectives and over the coming year plan the following activities:

1. Continuing to ensure we are safeguarded with regard to cyber security and that we are keeping aware of risks and issues in this area changing as technology changes. We are progressing with a detailed review and updating of our IT risks as this is a rapidly evolving area.

2. Implementing risk management software to help effectively capture findings from our internal property site reviews, third party audits and detailed information to show our key controls are operating.

Risk Management Structure

We have identified a Risk Management Structure in place to help us capture, document and manage risks facing our business. We monitor this structure to ensure it is appropriate for our company size, culture and business model.

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.

The Risk Management Structure is underpinned by close working relationships between the Executive Directors, Senior Management and other team members, which enhances our ability to efficiently capture, communicate and action any risk issues.

We have a Risk Committee, which meets regularly and has responsibility for co-ordinating risk management activities throughout the Group. It prepares regular reports to the Board and Audit Committee.

The Risk Committee comprises the Chief Executive Officer, the Operations Director and Company Secretary, alongside the Head of Finance, the Head of IT Operations and other Senior Managers and representatives from across the Company. The Risk Committee engages with staff throughout the business and the small size helps to ensure good communication between each business area. In addition, we have a hot desk system which is managed by the Risk Committee and allows staff in each business area to receive help from across the Company.

We also invite centre managers to attend Risk Committee meetings on a rolling basis.

Risk registers for all business areas are maintained and risks are assessed against a defined scoring mechanism to ensure consistency.

Overall, we review risks from two angles:

1. Principal Business (Strategic) Risks
   - These are risks which impact achievement of our strategy and objectives.
   - They are identified, assessed and managed by the Executive Committee.
   - Strategic risks are ultimately owned by the Board.
   - The Board and the Audit Committee receive regular updates on these Principal Risks three times a year.
   - The Board is satisfied that we continue to operate within our desired risk appetite for our Strategic Risks.
   - Our Strategic Risks are shown in the heat map and in detail on pages 50 to 56.

2. Operational risks
   - These are lower level risks covering day-to-day processes and procedures and regulation requirements.
   - These cover all areas of the business, such as Finance, Operations, Investment and Development.
   - These risks are assessed, managed and owned by the Executive Committee.
   - Day-to-day operational risks are closely reviewed and managed by the Executive Committee and Senior Management.
   - Changes in operational risks are reported to the Board and Audit Committee as appropriate.

Further details on the Risk Committee can be found in our Governance section on page 111.
Risk category: 1. Financing

Principal risk: Reduced availability of financing options resulting in inability to meet business plans or satisfy liabilities.

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

Risk management in action
Having made plans to secure several large buildings during the year and continue with our extensive number of refurbishment schemes, it was imperative we continue to have good financing arrangements in place. We always aim to have a variety of funding sources and maturity dates. In the summer of 2019, we raised £300m of new Private Placement Notes and £100m of increased bank facility.

Risk appetite: Medium

Risk category: 2. Valuation

Principal risk: Value of our properties declining as a result of external market or internal management factors.

Risk impact:
- Covenant (Loan to Value).
- Impact on share price.

Mitigation
We regularly review funding requirements for business plans and ensure 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. There is further detail in the Viability Statement on page 57.

Risk management in action
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 use of fixed interest rates and swap arrangements on our loan facilities so that our interest payment profile is stable.

Risk management in action
Hiring staff to secure several large buildings during the year and continue with our extensive number of refurbishment schemes, it was imperative we continue to have good financing arrangements in place. We always aim to have a variety of funding sources and maturity dates. In the summer of 2019, we raised £300m of new Private Placement Notes for eight and 10-year periods, helping us to get the funding to action our acquisition and refurbishment plans alongside extending our debt maturity. We also increased our bank facility by £100m.

Risk category: 3. Customer demand

Principal risk: Demand for our accommodation declining as a result of social, economic or competitive factors.

Risk impact:
- Fall in occupancy levels.
- Falling rent roll and property valuation.

Mitigation
Every week the Executive Committee meet with Senior Management to monitor occupancy levels, pricing, demand levels and reasons for tenant vacating. This ensures we react quickly to changes in any of these indicators.

Our extensive marketing programmes ensures that we are in control of our own customer leads and pipeline of deals. We also utilise social media, backed up by a busy events programme which has further helped us to engage with customers. This differentiates us as we provide not only space and improvements. This differentiates us as we provide not only space and improvements.

Risk management in action
We launched a second phase of our successful Workspace Advantage campaign to raise our brand awareness.

We continue to liaise with our customers at each step of their journey with Workspace. We seek out their feedback and comments on their experience with Workspace, and utilise these to make changes and improvements.

We also continue to increase our social media presence, and have seen increasing popularity of our networking business events.
**Risk category: 4. Development**

**Principal risk:**
Cost inflation and timing delays.

**Dashboard**

<table>
<thead>
<tr>
<th>Impact</th>
<th>Probability (post-mitigation)</th>
<th>Change from last year</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Unlikely</td>
<td>No change</td>
</tr>
</tbody>
</table>

**Risk impact**
- Failure to deliver expected returns on developments.
- Cost overruns.
- Delayed delivery of key projects.
- Poor reputation amongst contractors and customers if projects are delayed.

**Mitigation**
For every potential development scheme, we work hard to gain a thorough understanding of the planning environment and ensure we seek counsel from appropriate advisers.

We undertake a detailed development analysis and appraisal prior to commencing a development scheme. Appraisals are presented for Investment Committee approval and sign-off is required for every project.

The Investment Committee reviews progress on refurbishments and redevelopments every fortnight against project timings and cost budgets both during and after the completion of a project.

**Link to strategy**
- Right markets.
- Right properties.
- Right customers.
- Right people.
- Right brand.

**Risk appetite**
Medium

**Link to KPIs**
7. Property valuation.
8. Total Property Return.

**Key metrics**

- 6
  - Mixed-use redevelopment projects underway or contracted for sale.

---

**Risk category: 5. Investment**

**Principal risk:**
Under performance due to inappropriate strategy on acquisitions and disposals.

**Dashboard**

<table>
<thead>
<tr>
<th>Impact</th>
<th>Probability (post-mitigation)</th>
<th>Change from last year</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Unlikely</td>
<td>No change</td>
</tr>
</tbody>
</table>

**Risk impact**
- Poor timing of disposals.
- Poor timing of acquisitions.
- Failure to achieve expected returns.
- Negative reputational impact amongst investors and sell-side analysts.

**Mitigation**
We undertake regular monitoring of asset performance and positioning of our portfolio with periodic detailed portfolio reviews.

For each new acquisition we undertake thorough due diligence and detailed appraisals prior to purchase.

We also monitor acquisition performance against target returns via the monthly Board Pack.

Property disposals are subject to detailed review, appraisal and Board approval.

**Link to strategy**
- Right customers.
- Right properties.
- Right brand.

**Link to KPIs**
5. EPRA NAV per share.

**Key metrics**

- **£368m**
  - Acquisitions in financial year

- **£125m**
  - Proceeds from disposals

---

**Risk category: 6. Brand and reputation**

**Principal risk:**
Failure to meet customer and external stakeholder expectations.

**Dashboard**

<table>
<thead>
<tr>
<th>Impact</th>
<th>Probability (post-mitigation)</th>
<th>Change from last year</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Unlikely</td>
<td>No change</td>
</tr>
</tbody>
</table>

**Risk impact**
- Damage to brand and perception amongst customers and stakeholders.
- Adverse publicity impacting on demand from new customers.
- Worse reputation amongst all stakeholders as a result.

**Mitigation**
To ensure we understand our customers and their ever-evolving requirements we undertook twice-yearly customer surveys and have a system of real-time feedback in place.

We developed a customer engagement plan to ensure we are interacting with our customers in a variety of ways, including the use of social media.

We maintain regular communication with all stakeholders and key shareholders. We hold investor presentations, roadshows and an annual Capital Markets Day.

**Risk management in action**
We launched a second phase of our successful Workspace Advantage campaign to raise our brand awareness.

The use of social media channels, such as Twitter, to engage with our customers continues to be very successful and helped to create business communities within our centres.
### Risk category: 7. Regulatory

**Principal risk:**
Failure to meet regulatory requirements leading to fines or tax penalties, or the introduction of new requirements that inhibit activity.

**Dashboard**
- Risk impact: High
- Probability: Medium

**Risk appetite:** Medium

**Change from last year:** No change

**Link to strategy:**
- Right brand.
- Right people.

**Key metrics**
- 95% Staff trained on GDPR in year

**GDPR**
Extensive review of our data has been undertaken throughout the year in compliance of GDPR requirements, with us reviewing our document retention policies, documenting all key data in information asset registers and carrying out a data protection impact assessment.

### Risk category: 8. Business interruption

**Principal risk:**
Major events mean that Workspace is unable to carry out its business for a sustained period.

**Dashboard**
- Risk impact: High
- Probability (post-mitigation): Medium

**Risk appetite:** Medium

**Change from last year:** No change

**Link to strategy:**
- Right properties.
- Right people.
- Right brand.

**Link to KPIs:**

**Mitigation**
- We have robust Business Continuity Plans and procedures in place which are regularly tested and updated.
- IT controls and safeguards are in place across all our systems, including a specific standalone data centre back-up facility.

### Risk category: 9. Resourcing

**Principal risk:**
Failure to progress with strategy due to inability to recruit and retain correct staff.

**Dashboard**
- Risk impact: High
- Probability (post-mitigation): Unlikely

**Risk appetite:** Medium

**Change from last year:** No change

**Link to strategy:**
- Right customers.
- Right people.
- Right brand.

**Link to KPIs:**
1. Fast Rental Income growth.
2. Adjusted trading profit after interest.
3. EPRA NAV per share.
4. Dividend per share.
5. Like-for-like rent roll.
6. Like-for-like rent per sq. ft.
7. Property valuation.
8. Total Property Return.

**Key metrics**
- 22 Internal promotions in year
Risk category: 10. London
Principal risk: Changes in the political, infrastructure and environmental dynamics of London lead to reduced demand from our customers.

In 2018, we have a deep knowledge of our markets and locations. We regularly monitor the London economy and commission research reports. We also hold regular meetings with the GLA and the councils in the London boroughs in which we operate to ensure that we are aware of any changing environment.

Risk management in action
With the ongoing uncertainty in the political and economic environment on the back of the EU Referendum, it is important that we remain vigilant to any potential issues or impacts that we foresee. We have yet to see any specific impact on our business, but we continue to monitor our key performance indicators each month so that we could quickly react to any trends identified. We also ensure we have adequate financing arrangements in place from a variety of sources and a spread of maturity dates, and undertake a five-year plan with some scenario testing.

Link to KPIs
1. Adjusted trading profit after interest.
2. Like-for-like rent per sq. ft.
3. Like-for-like rent roll.
4. Property value.
5. Total Shareholder Return.

Link to strategy
– Right customers.
– Right people.
– Right businesses.

Link to KPIs

Risk category: 11. Cyber security
Principal risk: Loss of data or income due to cyber security attack on our infrastructure and on that of our customers.

Work has been undertaken by the Head of IT Operations to map-out risks and controls in much greater depth. Staff have also been required to complete a detailed cyber security training module with ongoing training and workshops planned.

Link to strategy
– Right customers.
– Right people.
– Right brand.

Link to KPIs

Risk impact
- Loss of critical data
- Financial loss due to fraud
- Reputational damage amongst customers
- Potential loss of income

Risk management in action
Cyber security and the safety and security of our systems and data remains key for us. The area is more of a challenge due to the constant evolution of technology and the risks which are posed.

The Group’s Strategic Review which is performed on an annual basis by the Board and Executive Committee includes a debate of the Group’s strategy and business model, which are central to understanding the future prospects of the Group and a review of the Group’s five-year plan. Particular attention is given to existing development and redevelopment commitments, long-term financing arrangements, compliance with financing and REIT covenants and existing macro-economic factors.

The latest strategy day was held in September 2018 and reviewed the detailed business plan for the five years to 2022. The plan was updated in April 2018 to extend it to 2023 and to include the Centre acquisitions. This plan was reviewed at the Audit Committee meeting on 30 May 2018.

The business plan is underpinned by a detailed financial model based on assumptions around the key drivers of revenue, profit, capital expenditure and cash flow.
5

I LOVE SPINNING PLATES
I am always on the move.

With 23 properties to manage, I spend my days visiting sites all over London, chatting to centre managers about new customers moving in or to our Facilities Technicians about any issues on site.

There’s a lot on my plate but it’s worth it when I see happy customers using our space.

To read a comprehensive review of everything we have done in 2018 go to pages 62 to 71.
Business review
How we performed in 2017/18

At a glance

Total Rent Roll
£112.9m

Estimated cost of refurbishment projects underway
£152m

Acquisitions in the year
£368m

Properties featured in the business review

**Property**
Centre Buildings
Location
Camden, NW1
What we did
Acquired in two parts in February and April 2018 for a total of £186m.

**Property**
The Chocolate Factory
Location
Wood Green, N22
What we did
We have received planning permission for a mixed-use redevelopment of The Chocolate Factory and Parma House to provide 230 new homes and 26,000 sq. ft. of new commercial space to add to our existing space there.

**Property**
The Record Hall
Location
Farringdon, EC1
What we did
Having completed a major refurbishment in May 2017, The Record Hall reached 78.9% occupancy by the end of March 2018.

For more Acquisition details, see page 68.
For the complete property listing, see pages 185 to 186.
For more Refurbishment details, see page 68.
For more Redevelopment details, see page 69.
Enquiries and Lettings

At 31 March 2018, the annual net rental income at a given date, was up 26.1% (£2.3m) to £11.2m at 31 March 2018.

Projects

Projects Underway

There are currently six mixed-use redevelopment projects underway or contracted for sale. The properties are vacated upon sale and Workspace receives a consideration comprising cash, and at four of these properties, new business centres built at no cost to Workspace providing 135,000 sq ft of net lettable space. Two of these business centres are scheduled to open to occupiers in the coming financial year providing 31,000 sq ft of new space.

Assuming 90% occupancy at the CBRE estimated rental values at 31 March 2018, the rent roll at these two buildings once they are completed would be £6.4m, an uplift of £3.9m.

Projects Underway - Redevelopments

See Table 3, left.

If the four properties in this category were at 90% occupancy at the CBRE estimated rental values at 31 March 2018, the rent roll would be £3.8m in total, with £2.4m of the uplift at The Salisbury.

The cash rent roll at acquisition of Centre 1 & 2 was £1.9m, which would increase to £3.8m by the end of December 2018 at the end of rent free periods for existing customers in October 2018 and December 2018.

Payments

In line with our strategy, we completed the sale of two non-core industrial estates and one small commercial building in the year (at an overall 38% premium to their 31 March 2017 book value) with the loss of £3.9m of rent roll.

Acquisitions

This category comprises recent acquisitions and properties where we need to obtain vacant possession before we can progress with our repositioning plans:

- The Salisbury, Finsbury Circus is a multi-let building where there is a rolling refurbishment programme to upgrade the common areas and customer units as they fall vacant, as we reposition The Salisbury as a Workspase business centre.
- Fitzroy Street, Fitzrovia and Alexandra House Wood Green are currently let to single occupiers until 2020 and 2021 respectively. We plan in due course to refurbish and reposition these buildings as multi-let business centres.
- The Centro buildings in Camden (including two buildings we acquired in April 2018) have the potential to be reconfigured as a Workspase business centre. With a number of the existing customers on longer leases this will take time, although there is 3,000 sq ft of recently refurbished space that is immediately available to let.

See Table 3, left.

The total estimated rental value (ERV) of the portfolio, comprising the ERV of the like-for-like portfolio properties acquired and those currently undergoing refurbishment or redevelopment (but only including properties at the design stage at their current rent roll and occupancy) is £167.6m. Assuming a 90% occupancy level at all properties, except those at the design stage, this equates to a rent roll of £151.3m, £38.4m higher than the current rent roll.

Enquiries per month

95

New lettings per month

1,016
The profit on sale of investment properties of £26.6m includes £23m from the sale of the Zenon Road and Islands industrial estates.

Adjusted underlying earnings per share is up 20.3% to 36.8p in line with the increase in adjusted trading profit after interest.

Dividend
Our dividend policy is based on the growth in adjusted trading profit after interest taking into account our investment and acquisition plans and the distribution requirements that we have as a REIT. The current intention is to grow the dividend on a covered trading profit basis. The significant growth in trading profit in recent years has given rise to a higher distribution requirement and we have therefore reduced the minimum dividend cover from 1.3 to 1.2 times adjusted underlying earnings per share.

A final dividend of 18.55p (2017: 17.47p) will be paid as a Property Income Distribution.

Income Distribution.
The dividend payment is intended to grow the dividend in line with the increase in adjusted trading profit after interest to £187m, reflecting the uplift in the second half of the year of 1.1% (£23m), compared to an uplift of 3.9% (£79m) in the first half. This uplift excludes acquisition costs of £14m (primarily stamp duty).

A summary of the full year valuation over the year are set out in Table 1, right.

There was a £3m uplift at each of the following schemes in addition to these schemes near completion.

The uplift of 9.4% (£25m) in value at schemes already have planning consent, including a £4m uplift in consent by £8m.

A £12m uplift in the value of the consented mixed-use scheme at Manorgill near the Olympic Park, and an uplift of £4m for takeover of the Arches Crossrail 2.

The overall valuation metrics for completed projects are set out in Table 9, right.

The profit on sale of investment properties of £26.6m includes £23m from the sale of the Zenon Road and Islands industrial estates.

Adjusted underlying earnings per share is up 20.3% to 36.8p in line with the increase in adjusted trading profit after interest.

Dividend
Our dividend policy is based on the growth in adjusted trading profit after interest taking into account our investment and acquisition plans and the distribution requirements that we have as a REIT. The current intention is to grow the dividend on a covered trading profit basis. The significant growth in trading profit in recent years has given rise to a higher distribution requirement and we have therefore reduced the minimum dividend cover from 1.3 to 1.2 times adjusted underlying earnings per share.

A final dividend of 18.55p (2017: 17.47p) will be paid as a Property Income Distribution.

Income Distribution.
The dividend payment is intended to grow the dividend in line with the increase in adjusted trading profit after interest to £187m, reflecting the uplift in the second half of the year of 1.1% (£23m), compared to an uplift of 3.9% (£79m) in the first half. This uplift excludes acquisition costs of £14m (primarily stamp duty).

A summary of the full year valuation over the year are set out in Table 1, right.

There was a £3m uplift at each of the following schemes in addition to these schemes near completion.

The uplift of 9.4% (£25m) in value at schemes already have planning consent, including a £4m uplift in consent by £8m.

A £12m uplift in the value of the consented mixed-use scheme at Manorgill near the Olympic Park, and an uplift of £4m for takeover of the Arches Crossrail 2.

The overall valuation metrics for completed projects are set out in Table 9, right.

Table 4
Adjusted trading profit after interest

<table>
<thead>
<tr>
<th></th>
<th>31 Mar 2018</th>
<th>31 Mar 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted trading profit after interest</td>
<td>95.6</td>
<td>79.2</td>
</tr>
<tr>
<td>Joint venture income</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Administrative expenses - underlying</td>
<td>(12.8)</td>
<td>(12.8)</td>
</tr>
<tr>
<td>Administrative expenses - share related</td>
<td>(2.3)</td>
<td>(2.3)</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>(16.8)</td>
<td>(13.7)</td>
</tr>
<tr>
<td>Adjusted trading profit after interest</td>
<td>60.7</td>
<td>50.7</td>
</tr>
</tbody>
</table>

Table 5
Net rental income

<table>
<thead>
<tr>
<th></th>
<th>31 Mar 2018</th>
<th>31 Mar 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Like-for-like properties</td>
<td>61.3</td>
<td>55.6</td>
</tr>
<tr>
<td>Completed projects</td>
<td>13.8</td>
<td>9.2</td>
</tr>
<tr>
<td>Projects underway</td>
<td>6.0</td>
<td>7.3</td>
</tr>
<tr>
<td>Projects at design stage</td>
<td>3.2</td>
<td>3.3</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>12.3</td>
<td>6.6</td>
</tr>
<tr>
<td>Disposals</td>
<td>1.0</td>
<td>3.2</td>
</tr>
<tr>
<td>Total net rental income</td>
<td>95.6</td>
<td>79.2</td>
</tr>
</tbody>
</table>

Table 6
Profit before tax

<table>
<thead>
<tr>
<th></th>
<th>31 Mar 2018</th>
<th>31 Mar 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted trading profit after interest</td>
<td>60.7</td>
<td>50.7</td>
</tr>
<tr>
<td>Change in fair value of investment properties</td>
<td>82.5</td>
<td>39.5</td>
</tr>
<tr>
<td>Profit on sale of investment properties</td>
<td>26.6</td>
<td>(14.0)</td>
</tr>
<tr>
<td>Exceptional finance costs</td>
<td>0.0</td>
<td>0.2</td>
</tr>
<tr>
<td>Joint venture performance fee</td>
<td>-0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Other items</td>
<td>0.0</td>
<td>2.2</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>104.0</td>
<td>48.5</td>
</tr>
<tr>
<td>Adjusted underlying earnings per share</td>
<td>36.8p</td>
<td>30.6p</td>
</tr>
</tbody>
</table>

Table 7
Property valuation

<table>
<thead>
<tr>
<th></th>
<th>31 March 2017</th>
<th>31 March 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted underlying earnings per share</td>
<td>3.23bn</td>
<td>2.3bn</td>
</tr>
</tbody>
</table>

Table 8
Like-for-like properties valuation metrics

<table>
<thead>
<tr>
<th></th>
<th>31 March 2018</th>
<th>31 March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERV per sq. ft.</td>
<td>£39.05</td>
<td>£35.50</td>
</tr>
<tr>
<td>Rent per sq. ft.</td>
<td>£33.00</td>
<td>£30.00</td>
</tr>
<tr>
<td>Equivalent Yield</td>
<td>6.5%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Net Initial Yield</td>
<td>5.4%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Capital Value per sq. ft.</td>
<td>£549</td>
<td>£506</td>
</tr>
</tbody>
</table>

Table 9
Completed projects valuation metrics

<table>
<thead>
<tr>
<th></th>
<th>31 Mar 2018</th>
<th>31 Mar 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERV per sq. ft.</td>
<td>£47.50</td>
<td>£45.07</td>
</tr>
<tr>
<td>Rent per sq. ft.</td>
<td>£45.07</td>
<td>£45.07</td>
</tr>
<tr>
<td>Equivalent Yield</td>
<td>6.0%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Net Initial Yield</td>
<td>5.4%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Capital Value per sq. ft.</td>
<td>£734</td>
<td>£734</td>
</tr>
</tbody>
</table>

Portfolio valuation
£2.3bn
Acquisitions
Three properties were acquired in the financial year:

- In April 2017, we acquired 13-17 Fitzroy Street, Fitzrovia for £69m. This property comprises 92,700 sq. ft. of net lettable space, currently let in its entirety to Drupal, we迈出September 2022 at an annual rent of £44.1m (£52 per sq. ft), rising to £60.0m (£65 per sq. ft) in March 2023. Drupal plans to relocate from this building and the lease provides for an early exit with effect from September 2020 with a rolling nine-month break option.
- In June 2017, we acquired The Salubrity at 28-31 Finsbury Circus for £66m. This multi-let property provides 155,000 sq. ft. of net lettable space. It was acquired at a capital value of £681 per sq. ft, and a net initial yield of 5.0%.
- In February 2018, we acquired five of the Centro buildings in Camden for £99m. This property was sold at a capital value of £661 per sq. ft and a net initial yield of 5.0%.

Refurbishment activity
It has been a busy and successful year for redevelopment activity, with good progress made across a range of refurbishment projects and an accelerated level of capital expenditure.

In April 2018, we acquired Quicksilver, Wood Green, a small commercial building for £3.5m in line with its valuation. The property was sold at a premium of 84% (£13.7m) to the 31 March 2017 valuation at a net initial yield of 3.1%.

In September 2017, we sold Quicksilver, Wood Green, a small commercial building for £3.5m in line with its valuation.

Disposals
We completed the sale of the three properties in the year for £84m (this excludes redevelopment sales), with a profit of £23m on the book cost at 31 March 2017.

- In May 2017, we sold Uplands industrial estate in Wallington for £55m. The industrial estate totalled 99,000 sq. ft. of net lettable space with an average rent per sq. ft of £5.50. The property was sold at a premium of 20% (£110m) to the 31 March 2017 valuation at a net initial yield of 3.1%.
- In September 2017, we sold Denford Road industrial estate in Banham for £30m. This three acre site was on sale at a premium of 84% (£13.7m) to the 31 March 2017 valuation at a net initial yield of 2.9%.
- In March 2018, we sold Quicksilver, Wood Green, a small commercial building for £3.5m in line with its valuation.

Refurbishment programme summary
![Image](736x266 to 1022x448)

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

It has been a busy and successful year of redevelopment activity, with highlights:

- In January 2017, we sold the third and final phase of the residential scheme at Bow Enterprise, Devons Road. This final phase, comprising 130 residential units, was sold for £6.3m in cash and the return of a new 40,000 sq. ft. business centre.
- In June 2017, we received a £7.9m overage payment from the sale of the residential units in the first phase of the Bow Enterprise redevelopment.
- In September 2017, we completed the sale of the second phase of the redevelopment of The Light Bulb, Wandsworth, of 77 residential units for £7.8m in cash, together with the delivery in due course of 15,000 sq. ft. of new commercial space.
- In October 2017, we completed the sale of Parma House properties in Walthamstow for £30m. This three properties comprised 15,000 sq. ft. of net lettable space and were acquired at a capital value of £681 per sq. ft, and a net initial yield of 5.0%.
- In November 2017, we completed the sale of a new business centre in Holborn, in May 2017.

A summary of the status of the refurbishment pipeline at 31 March 2018 is set out below.

Of the 12 refurbishment projects underway, we are currently on-site at eleven with completion expected at seven during the coming financial year.

In April 2018, we received planning permission for a major refurbishment at Shafthouse Centre, Ladbroke Grove. The existing 13,000 sq. ft. building will be replaced by a new business centre providing 41,000 sq. ft of net lettable space at an estimated cost of £65m.

Acquisitions
Three properties were acquired in the financial year:

Disposals
We completed the sale of three properties in the year for £84m (this excludes redevelopment sales), with a profit of £23m on the book cost at 31 March 2017.

- In April 2017, we received a £65m (£53 per sq. ft.) rent of £4.9m (£53 per sq. ft.), rising to £6.0m (£65 per sq. ft.) in September 2022 at annual rent of £44.1m (£52 per sq. ft.), rising to £60.0m (£65 per sq. ft) in March 2023. Drupal plans to relocate from this building and the lease provides for an early exit with effect from September 2020 with a rolling nine-month break option.
- In June 2017, we acquired The Salubrity at 28-31 Finsbury Circus for £66m. This multi-let property provides 155,000 sq. ft. of net lettable space. It was acquired at a capital value of £681 per sq. ft, and a net initial yield of 5.0%.
- In February 2018, we acquired five of the Centro buildings in Camden for £99m. This property was sold at a capital value of £661 per sq. ft and a net initial yield of 5.0%.

Refurbishment activity
It has been a busy and successful year for redevelopment activity, with good progress made across a range of refurbishment projects and an accelerated level of capital expenditure.

We completed the refurbishment of The Leather Market, London Bridge and Bailey Mow Centre, Chiswick in August 2017, and launched The Record Hall, a new business centre in Holborn, in May 2017.

A summary of the status of the refurbishment pipeline at 31 March 2018 is set out below.

Of the 12 refurbishment projects underway, we are currently on-site at eleven with completion expected at seven during the coming financial year.

In April 2018, we received planning permission for a major refurbishment at Shafthouse Centre, Ladbroke Grove. The existing 13,000 sq. ft. building will be replaced by a new business centre providing 41,000 sq. ft of net lettable space at an estimated cost of £65m.

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

It has been a busy and successful year of redevelopment activity, with highlights:

- In January 2017, we sold the third and final phase of the residential scheme at Bow Enterprise, Devons Road. This final phase, comprising 130 residential units, was sold for £6.3m in cash and the return of a new 40,000 sq. ft. business centre.
- In June 2017, we received a £7.9m overage payment from the sale of the residential units in the first phase of the Bow Enterprise redevelopment.
- In September 2017, we completed the sale of the second phase of the redevelopment of The Light Bulb, Wandsworth, of 77 residential units for £7.8m in cash, together with the delivery in due course of 15,000 sq. ft. of new commercial space.
- In October 2017, we completed the sale of Parma House properties in Walthamstow for £30m. This three properties comprised 15,000 sq. ft. of net lettable space and were acquired at a capital value of £681 per sq. ft, and a net initial yield of 5.0%.
- In November 2017, we completed the sale of a new business centre in Holborn, in May 2017.

A summary of the status of the refurbishment pipeline at 31 March 2018 is set out below.

Of the 12 refurbishment projects underway, we are currently on-site at eleven with completion expected at seven during the coming financial year.

In April 2018, we received planning permission for a major refurbishment at Shafthouse Centre, Ladbroke Grove. The existing 13,000 sq. ft. building will be replaced by a new business centre providing 41,000 sq. ft of net lettable space at an estimated cost of £65m.
Cash flow

The Group generates strong operating cash flow in line with trading profit, with good levels of cash collection. Bad debts are low in the year at £0.2m (March 2017: £0.3m). A summary of the movements in cash flows are set out in Table 10, right.

Financing

In June 2017, we exercised the options to extend the maturity of our revolver bank facility by a year to 2022 and increase the quantum of the facility from £140m to £250m.

In August 2017, we completed the placing of £200m of private placement notes, comprising £80m of eight year notes and £120m of ten year notes at a blended fixed rate coupon of 3.14%.

£150m to £250m.

of the facility from £148m to £14m of cash collection. Bad debts are low in the year at £0.2m (March 2017: £0.3m). A summary of the movements in cash flows are set out in Table 10, right.

of 5.5 years (31 March 2017: 5.2 years). The average interest cost of our fixed rate private placement notes has reduced to 4.2% from 5.5% following the £200m issue in August 2017. The retail bond has a fixed interest rate of 6%.

The Group had £14m of cash and £531m of drawn debt at 31 March 2018 with £665m of lending facilities reducing from £148m to £71m.

Like-for-like number of properties Like-for-like lettable floor space (million sq. ft.) Like-for-like rent per sq. ft. Like-for-like rent roll growth Like-for-like occupancy movement

Note:

1. The like-for-like category has been restated in the current financial year for the following:

- The transfer in of The Pimlico Rooms, Southwark and The Studios, Vauxhall from completed projects.

- The disposal of Unpaid Industrial Estates, Edinburgh, Swansea Road Industrial Estate, Ballynahinch and Dunmow Great Green.

- The inclusion of Alexandra House, Wootton in the acquisition category at its fair value as of the date of acquisition, which was £2,280m (£1,844m at 31 March 2018).

- The Strategic Report on pages 3 to 71 was approved by the Board of Directors on 5 June 2018 and signed on its behalf by:

Jamie Hopkins
Chief Executive Officer

Graham Clemett
Chief Financial Officer

Note:

The like-for-like category has been restated in the current financial year for the following:

- The transfer in of The Pimlico Rooms, Southwark and The Studios, Vauxhall from completed projects.

- The disposal of Unpaid Industrial Estates, Edinburgh, Swansea Road Industrial Estate, Ballynahinch and Dunmow Great Green.

- The inclusion of Alexandra House, Wootton in the acquisition category at its fair value as of the date of acquisition, which was £2,280m (£1,844m at 31 March 2018).

- The Strategic Report on pages 3 to 71 was approved by the Board of Directors on 5 June 2018 and signed on its behalf by:

Jamie Hopkins
Chief Executive Officer

Graham Clemett
Chief Financial Officer

Private placement completed in the year £200m

EPRA NAV per share £10.37

Table 10

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash from operations after interest</td>
<td>74</td>
<td>33</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(37)</td>
<td>(27)</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(74)</td>
<td>(58)</td>
</tr>
<tr>
<td>Purchase of investment properties</td>
<td>(370)</td>
<td>(13)</td>
</tr>
<tr>
<td>Property disposals</td>
<td>128</td>
<td>8</td>
</tr>
<tr>
<td>Capital receipts</td>
<td>9</td>
<td>23</td>
</tr>
<tr>
<td>Distributions and proceeds from joint ventures</td>
<td>=</td>
<td>46</td>
</tr>
<tr>
<td>Net movement</td>
<td>(275)</td>
<td>34</td>
</tr>
<tr>
<td>Closing Debt (net of cash)</td>
<td>(517)</td>
<td>(242)</td>
</tr>
</tbody>
</table>

A reconciliation of net debt can be found in note 16(b) of the financial statements.

Table 11

<table>
<thead>
<tr>
<th>Description</th>
<th>Drawn amount</th>
<th>Facility Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private placement notes</td>
<td>£357.5m</td>
<td>£357.5m</td>
</tr>
<tr>
<td>Retail bond</td>
<td>£57.5m</td>
<td>£57.5m</td>
</tr>
<tr>
<td>Bank facilities</td>
<td>£160.0m</td>
<td>£250m</td>
</tr>
<tr>
<td>Total</td>
<td>£531m</td>
<td>£665m</td>
</tr>
</tbody>
</table>

Table 12

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPRA NAV per share</td>
<td>£10.37</td>
</tr>
</tbody>
</table>

At 31 March 2018

- £10.37 in the year (March 2017: £0.61) in the first half.

- Growth to £71m.

- £134m to £1,713m. EPRA NAV per share

- Net assets increased in the year of £14m to £71m.

- Property disposal net rentals (March 2017: (£0.3m). A summary of the movements in cash flows are set out in Table 10, right.

- Net cash from operations after interest increased to £74m in 2018 (2017: £33m). Dividends paid decreased to £37m (2017: £27m).

- Capital expenditure increased to £74m (2017: £58m). Property disposals increased to £128m (2017: £8m).

- The retail bond is at 6% fixed rate and was acquired in August 2017.

- Capital receipts increased to £9m (2017: £23m). Other movements decreased to £275m (2017: £34m).

- Closing Debt (net of cash) decreased to £517m (2017: £242m).

- Net assets are £10.37 in the year (March 2017: £0.61) in the first half.

- Profit on sale of investment properties £0.16 million.

- Dividends paid in year £0.23 million.

- Property acquisition costs £0.09 million.

- Property valuation surplus £0.59 million.

- Other activities £0.37 million.
Dear Shareholder

On behalf of the Board, I am pleased to introduce the Corporate governance report for the year ended 31 March 2018.

Good governance is important to us

It has been another successful year for the Company. As Chairman, I am responsible for ensuring that the Board operates effectively and that it continues to uphold a high standard of corporate governance.

The Board of Workspace is committed to conducting business responsibly and ensuring that our governance structures at Board and Committee level remain appropriate for our business while supporting the delivery of our overall strategy. Across the business, we adopt a disciplined approach to the management of our people, our operations, our processes and structures. This discipline ensures we maintain strong governance in terms of leadership, Board effectiveness, accountability, remuneration matters and our relationship with shareholders.

Details of our governance framework can be found on page 76.

Our strategic priorities

The Company’s business model and strategy are outlined on pages 16 and 28.

The Board takes seriously our responsibility for ensuring that the Group delivers on its strategic objectives. We regularly debate the effectiveness of the strategy and oversee the Executive Committee to ensure that it is being implemented successfully. The Board continues to believe that the current strategy is the right one for the business at this time.

Our culture

We have done some work this year to articulate the behaviours and values that drive our performance and delivery of The Workspace Advantage. This work has demonstrated the dynamic culture at Workspace, which is felt by everyone within the Company. Our people have deep knowledge of their subjects, inquisitive natures and a thirst for innovation and exhibit genuine care for our customers, our communities and each other. This culture which is championed by the Board creates an environment for good governance.

‘The Board is focused on delivering The Workspace Advantage to all stakeholders. This means adhering to high governance standards, maintaining regular engagement with investors and stakeholders and a relentless focus on internal controls and risk management.’

Daniel Kitchen
Non-Executive Chairman

Compliance with the UK Corporate Governance Code

The Company has, throughout the year ended 31 March 2018, fully complied with the provisions of the UK Corporate Governance Code. We also recognise that there are ongoing discussions about the structure of the Code, which we are monitoring.
Leadership

Strong direction from the Board enables the management team to focus on delivering the Group’s strategic objectives.

Daniel Kitchen
Non-Executive Chairman
5 June 2018
Our governance framework

Our governance framework, which is illustrated in the chart on page 76, supports the development of good governance practices across the Group. The Executive Committee has the responsibility for ensuring that the policies and practices set at Board level are effectively communicated and implemented across the business. Our inhain is also used as a platform for employees to access our policies, and they are kept up-to-date on the latest Company news.

Annual Board tours provide opportunities for the Board to enhance their understanding of the business first-hand, visiting selected properties. In September 2017, the Board undertook site visits to the two new properties recently acquired. These visits to both The Salisbury and 13-17 Fitzroy Street helped the Board to assess the effectiveness of the current strategy. It demonstrated the future potential within the portfolio and ensured that Directors remain up-to-date with ongoing developments in the business.

Employees below Board level are invited to present to the Board on operational topics. During the year, our Energy & Sustainability Manager updated the Board on our ‘Doing the Right Thing’ strategy, while our Head of Marketing presented results from The Workspace Advantage advertising campaign.

The Board draws on expertise throughout the business and from external advisers to ensure that its judgements are based on sound and timely information.

The Board operates through a robust risk management and internal control system, details of which can be found on page 110. Detailed in this section are the main Committees that are used by the Board to embed strict corporate governance practices. The terms and conditions of appointment of Non-Executive Directors, including the expected time commitment, are available for inspection at the Company’s registered office.

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

Annual review of strategy

Whilst the Board considers strategy throughout the year, it also holds an annual deep dive strategy day, together with the Executive Committee. In September 2017, the meeting covered the potential impact of external changes in our market, amongst other things. Additionally, the Head of Marketing provided an update on the marketing campaign conducted during the year.

Our annual strategy review is essential in reinforcing our commitment to keep strategy at the forefront of discussions, and to ensure that our strategy remains relevant in our changing marketplace.

Meetings

The Board discharges its responsibilities through an annual programme of Board and Committee meetings which are scheduled throughout the year, with main meetings timed around the Company’s financial calendar. Additional meetings are convened to consider an annual cycle of topics, including the annual strategy day, key management and financial updates, review of risk as well as the approval of acquisitions and refurbishment programmes. In the year ended 31 March 2018, there were 26 meetings held in total, including a strategy day in September 2017. Supplementary meetings or conference calls are held between formal Board meetings as required.

The Board engaged with the Company’s advisers during the year and there was a presentation from the Company’s brokers in July 2017. The Group’s Valuer, CBRE, presented to the Audit Committee meeting in May 2018 and circulated a report to the meeting in November 2017. The CBRE presentation covered the valuation of the property portfolio and the wider market in which the Company operates.

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

Individual Directors’ attendance at each of the Board and Committee meetings held during the year ended 31 March 2018 are set out in the table to the right.

<table>
<thead>
<tr>
<th>Committee</th>
<th>Number of meetings</th>
<th>Number of Directors</th>
<th>Attendance</th>
<th>Free from conflict of interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td>26</td>
<td>9</td>
<td>9/9, 1/2</td>
<td>Yes</td>
</tr>
<tr>
<td>Executive Committee</td>
<td>9</td>
<td>9/9</td>
<td>3/3, 8/8</td>
<td>2/2</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>3</td>
<td>9/9</td>
<td>3/3, 1/2</td>
<td>2/2</td>
</tr>
<tr>
<td>Remuneration Committee</td>
<td>8</td>
<td>9/9</td>
<td>3/3, 1/2</td>
<td>1/2</td>
</tr>
<tr>
<td>Nomination Committee</td>
<td>2</td>
<td>9/9</td>
<td>3/3, 2/2</td>
<td>1/2</td>
</tr>
<tr>
<td>Investment Committee</td>
<td>20</td>
<td>9/9</td>
<td>3/3, 8/8</td>
<td>2/2</td>
</tr>
<tr>
<td>Risk Committee</td>
<td>5</td>
<td>9/9</td>
<td>1/2</td>
<td>1/2</td>
</tr>
</tbody>
</table>

1. Maria Moloney did not attend one meeting of the Nomination Committee as the business of the meeting was in relation to her reappointment as a Director of the company.

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

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

Matters reserved for the Board

To help retain control of key decisions, the Board has a formal schedule of reserved matters that require its approval. Matters reserved include:

- Company strategy
- Dividend policy
- Business objectives and annual budgets
- Succession planning for the Board and Senior Management
- Approval of significant funding decisions
- Review and approval of corporate transactions

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

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

The Board is responsible for the strategy of the Group and the Chairman helps the Board to operate effectively and ensure a strong governance framework.

Further details of the work of these Committees can be found on pages 100 to 134.

Each Committee has Terms of Reference which were reviewed by each of the Committees and the Board during the year. The Terms of Reference for the Nomination, Audit and Remuneration Committees are available for inspection on the Company’s website at www.workspacex.co.uk.

Each of the Committees is comprised of independent Non-Executive Directors of the Company who are appointed by the Board. Board members receive minutes of meetings and comprehensive papers in advance of Committee meetings, and a Committee can request presentations or reports on any aspect of their work. The activity of each Committee is described on pages 100 to 134.

The Company Secretary is secretary to each Committee.

Roles, responsibilities and composition

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

The Board considers there to be an appropriate balance between Executive and Non-Executive Directors, to ensure the effectiveness of the Board. The Chairman selects the Board’s agenda and ensures that the Board as a whole plays a full and constructive part in the development of the Group’s strategy. The Chairman facilitates the effective contribution of the Non-Executive Directors and ensures all Directors receive accurate, timely and clear information.

Other responsibilities include:
- With the Nomination Committee, ensuring that the Board remains sufficiently balanced to deliver the Group’s strategic objectives and to meet the requirements of good corporate governance.
- Ensuring that there is effective communication with the Group’s shareholders.

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

Chief Executive Officer

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

Senior Independent Director

The Board appointed Chris Girling to the position of Senior Independent Director on 16 July 2014. In performing this role, Chris provides an alternative communication channel for shareholders, if required, and is available to meet with investors on request.

In performing his role, Chris chairs an annual meeting of the Executive and Non-Executive Directors held outside the Board room. He ensures all Directors receive accurate, timely and clear information.

In performing this role, Chris provides an alternative communication channel for shareholders, if required, and is available to meet with investors on request.

Non-Executive Directors

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

Board engagement with the business

In order to ensure good quality decision making and oversight, all Directors stay up-to-date with events and developments in the business, as well as external factors such as changing governance landscape, regulation and Shareholder views.

To read more about the Board’s tours of our new acquisitions, please see page 73.

Divison of responsibility

Chairman

As chairman, Daniel Kitchin, is primarily responsible for the operation, leadership and overall effectiveness of the Board. The Chairman sets the Board’s agenda and ensures that the Board as a whole plays a full and constructive part in the development of the Group’s strategy. The Chairman facilitates the effective contribution of the Non-Executive Directors and ensures all Directors receive accurate, timely and clear information.

Other responsibilities include:
- With the Nomination Committee, ensuring that the Board remains sufficiently balanced to deliver the Group’s strategic objectives and to meet the requirements of good corporate governance.
- Ensuring that there is effective communication with the Group’s shareholders.

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

Chief Executive Officer

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

Senior Independent Director

The Board appointed Chris Girling to the position of Senior Independent Director on 16 July 2014. In performing this role, Chris provides an alternative communication channel for shareholders, if required, and is available to meet with investors on request.

In performing his role, Chris chairs an annual meeting of the Executive and Non-Executive Directors held outside the Board room. He ensures all Directors receive accurate, timely and clear information.

In performing this role, Chris provides an alternative communication channel for shareholders, if required, and is available to meet with investors on request.

Non-Executive Directors

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

Board engagement with the business

In order to ensure good quality decision making and oversight, all Directors stay up-to-date with events and developments in the business, as well as external factors such as changing governance landscape, regulation and Shareholder views.

To read more about the Board’s tours of our new acquisitions, please see page 73.

Division of responsibility

Chairman

As chairman, Daniel Kitchin, is primarily responsible for the operation, leadership and overall effectiveness of the Board. The Chairman sets the Board’s agenda and ensures that the Board as a whole plays a full and constructive part in the development of the Group’s strategy. The Chairman facilitates the effective contribution of the Non-Executive Directors and ensures all Directors receive accurate, timely and clear information.

Other responsibilities include:
- With the Nomination Committee, ensuring that the Board remains sufficiently balanced to deliver the Group’s strategic objectives and to meet the requirements of good corporate governance.
- Ensuring that there is effective communication with the Group’s shareholders.

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

Chief Executive Officer

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

Senior Independent Director

The Board appointed Chris Girling to the position of Senior Independent Director on 16 July 2014. In performing this role, Chris provides an alternative communication channel for shareholders, if required, and is available to meet with investors on request.

In performing his role, Chris chairs an annual meeting of the Executive and Non-Executive Directors held outside the Board room. He ensures all Directors receive accurate, timely and clear information.

In performing this role, Chris provides an alternative communication channel for shareholders, if required, and is available to meet with investors on request.

Non-Executive Directors

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

Board engagement with the business

In order to ensure good quality decision making and oversight, all Directors stay up-to-date with events and developments in the business, as well as external factors such as changing governance landscape, regulation and Shareholder views.

To read more about the Board’s tours of our new acquisitions, please see page 73.
Leadership structure

The Board is collectively responsible for the Company’s long-term success and the delivery of its strategic and operational objectives. The Board sets the strategic direction, governance and values of the Group and has ultimate responsibility for its management and performance.

The Board draws on the expertise within the business and from external advisers to ensure that its judgements are based on sound and timely information.

The Board operates through a sound risk management and internal control system; more on which can be found on page 110. Detailed in the risk section are the main Committees that are used by the Board to embed strict corporate governance practices.

The Internal Committees are the main Committees that are used by the Board to embed strict corporate governance practices.

Executive Directors

Jamie Hopkins
Chief Executive Officer
Role: Responsible for the asset management of the portfolio, including lettings, lease renewals, refurbishments and facilities management.

Non-Executive Directors

Daniel Kitchen
Non-Executive Chairman
Role: As Chairman of the Board and Chair of the Nomination Committee, Daniel brings indepedence and strong leadership skills.

Chris Girling
Senior Independent Non-Executive Director and Chairman of the Audit Committee
Role: To independently advise the Board, Chris has a detailed knowledge of risk assessment and infrastructural development experience. Chris chairs the Audit Committee and is a member of the Remuneration and Nomination Committees.

Maria Moloney
Non-Executive Director and Chairman of the Remuneration Committee
Role: Maria brings a wealth of experience from a legal background, as well as property and telecoms. Maria chairs the Remuneration Committee and is a member of the Audit and Nomination Committees.

Damon Russell
Non-Executive Director
Role: Damon brings extensive TMT experience to the Board, and is a member of the Remuneration, Nomination and Audit Committees.

Stephen Hubbard
Non-Executive Director
Role: Stephen has a wealth of experience in the property sector. Stephen is a member of the Audit, Remuneration and Nomination Committees.

Company Secretary

Carmalina Carfora
Company Secretary
Role: Carmalina is Secretary to the Board and its Committees, providing governance and compliance advice.

Board Committees

Nomination Committee
Role: To continually develop the skills and experience of the Board and to meet the changing needs of the business.

Audit Committee
Role: To review and report on the Group’s financial reporting, internal controls and risk management process.

Remuneration Committee
Role: To ensure that remuneration arrangements underpin the Group’s strategy and to attract and retain critical talent.

Executive Committee

Jamie Hopkins
Chief Executive Officer
Role: Executive management of the Company and the daily operations of the Group.

Chris Pieroni
Operations Director
Role: Responsible for corporate and business development, including marketing and communications.

John Robson
Asset Management Director
Role: Responsible for the asset management of the portfolio, including lettings, lease renewals, refurbishments and facilities management.

Investment Committee
Role: To ensure that any significant expenditure across the business is made in support of the Company’s strategy.

Risk Committee
Role: To manage strategic and operational risks in each functional area of the business and assess internal controls.

Disclosure Committee
Role: To assist the Company to make timely and accurate disclosures of information required to meet the legal and regulatory obligations arising from the Market Abuse Regulations.

Senior Management

To assist the Chief Executive Officer in managing the day-to-day activities of the Group.

Independent Auditors
Role: To obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to give an opinion to the shareholders in an auditor’s report.

Independent Advisers
Role: To provide expert guidance to the Board and Senior Management on specific areas which support the efficient operation of the Group.
The Board
Our Board comprises highly skilled individuals who bring valuable and varied experience to the Boardroom. The business benefits from their strong external networks, as well as insight drawn from regular engagement with colleagues internally.

The Board met nine times during the year ended 31 March 2018

The Board

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Jamie Hopkins</td>
<td>Chief Executive Officer</td>
<td>○</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td>Daniel Kitchen</td>
<td>Non-Executive Chairman</td>
<td>○</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td>Maria Moloney</td>
<td>Non-Executive Director</td>
<td>○</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td>Graham Clemett</td>
<td>Chief Financial Officer</td>
<td>○</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td>Chris Grilling</td>
<td>Senior Independent Non-Executive Director</td>
<td>○</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td>Stephen Hubbard</td>
<td>Non-Executive Director</td>
<td>○</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td>Damon Russell</td>
<td>Non-Executive Director</td>
<td>○</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td></td>
</tr>
</tbody>
</table>

Leadership continued

We asked our Board members what The Workspace Advantage means to them.

Here’s what they said...
The Board

Executive Directors

Appointment to the Board
Graham joined the Board as Chief Financial Officer in July 2007.

Committee memberships
Chairman of the Executive Committee, Investment Committee, Risk Committee and Disclosure Committee.

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

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

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

The Workspace Advantage
is about the added value we provide to customers beyond the space they rent - it’s about the flexibility, the technology and the communities we create.

Jamie Hopkins
Chief Executive Officer

The Workspace Advantage
is about the added value we provide to customers beyond the space they rent - it’s about the flexibility, the technology and the communities we create.

Graham Clemett
Chief Financial Officer

The Board

Executive Directors

Appointment to the Board
Jamie joined the Board in June 2010 as a Non-Executive Director and was appointed Chief Executive Officer on 1 April 2012.

Committee memberships
Chairman of the Executive Committee, Investment Committee, Risk Committee and Disclosure Committee.

Current external appointments
Jamie was appointed as Non-Executive Director to the Board of St Modwen Properties PLC, with effect from 1 March 2018.

Previous appointments
Jamie was previously Chief Executive and then a Non-Executive Director of Mapeley PLC, and a Director of Chester Properties. Prior to that, Jamie was a Director of Delancey Estates and Savills.

Skills and business experience
- Strategic development and deal execution experience.
- Well-developed leadership, motivational and management skills.
- Entrepreneurial with strong commercial skills.
- Significant property experience.
- Strong experience of investor relations.

The Workspace Advantage
is the backbone to our strategy and provides a central focus for everyone within the business to work towards.
Non-Executive Directors

Appointment to the Board
Chris was appointed to the Board in February 2013.
On the recommendation of the Nomination Committee, the Board agreed to extend his appointment for a further three years from February 2016.

Independent
Yes.

Committee memberships
- Chairman of the Nomination Committee.
- Member of the Remuneration Committee.

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

Previous appointments
Chris was Group Finance Director of Carillion PLC from 1999 to 2007 and Vosper Thornycroft PLC from 1991 to 1999.

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

The Workspace Advantage uniquely positions us in our marketplace and is delivering results across the business.

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

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

Independent
Yes.

Committee memberships
- Chairman of the Nomination Committee.
- Member of the Remuneration Committee.

Current external appointments
Daniel is currently Chairman of Hibernia REIT plc and Applegreen plc, a Non-Executive Director of LXB Retail Properties Plc, Irish Takeover Daniel Limited and Governor of St Patrick Hospital in Dublin.

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

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

The Workspace Advantage is about providing a great working environment to support growing customers.

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

Appointment to the Board
Chris was appointed to the Board in February 2013.
On the recommendation of the Nomination Committee, the Board agreed to extend his appointment for a further three years from February 2016.

Independent
Yes.

Committee memberships
- Chairman of the Audit Committee.
- Member of the Remuneration Committee and Nomination Committee.

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

Previous appointments
Chris was Group Finance Director of Carillion PLC from 1999 to 2007 and Vosper Thornycroft PLC from 1991 to 1999.

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

The Workspace Advantage is about providing a great working environment to support growing customers.

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

Appointment to the Board
Maria was appointed to the Board in May 2012. On the recommendation of the Nomination Committee, the Board agreed to extend her appointment for a further three years from May 2015.

Independent
Yes.

Committee memberships
- Chairman of the Remuneration Committee.
- Member of the Audit Committee and Nomination Committee.

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

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

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

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

Appointment to the Board
Damon was appointed to the Board in May 2013. On the recommendation of the Nomination Committee, the Board agreed to extend his appointment for a further three years from May 2016.

Independent
Yes.

Committee memberships
- Member of the Remuneration Committee, Audit Committee and Nomination Committee.

Current external appointments
Damon holds advisory roles for a number of smaller companies in the digital media, sport and finance sectors. He is currently Chairman of New Telecom Express Group, an interactive media service provider he co-founded in 1989. Telecom Express was sold to AMV BBDO, part of the Omnicom Group, in 1998. In 2004, Damon led a successful management buyout. He has almost 30 years’ experience in this fast-paced and ever-evolving, dynamic industry.

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

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

Damon Russell
Non-Executive Director

The Workspace Advantage sums up our ethos: terrific locations to work in, up-to-the-minute technology, a great sense of community and joined-up thinking – all of which allows businesses to concentrate on what they’re here to do... thrive!
Non-Executive Directors continued

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

Independent
Yes.

Committee memberships
Member of the Remuneration Committee, Audit Committee and Nomination Committee.

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

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

Date appointed
Stephen was appointed to the Board in July 2014.

Responsibilities
Stephen is a member of the Remuneration Committee, Audit Committee and Nomination Committee.

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

Skills and business experience
- Many years’ experience of operating within the property sector.
- Experience of regeneration and development projects.
- Investment and transactions.
- Detailed knowledge of risk assessment and management systems.
- Strong financial skills.
The Committee met 21 times during the year ended 31 March 2018

Activities in 2017/18
- Developing the Group strategy and budget for approval by the Board.
- Monitoring of operational and financial results against plans and budgets.
- Considering regulatory developments and the GDPR compliance programme.
- Reviewing and approving capital expenditure within the authorities delegated by the Board.
- Collectively responsible for the day-to-day running of the business.
- Developing leadership skills and the future talent of the business so that strong succession plans are in place as the Group develops.
- Analysing and reviewing initiatives of particular interest to the Company and presenting these to the Board as appropriate.
- Ensuring the effectiveness of risk management and control procedures.

Composition of the Executive Committee

1. Jamie Hopkins
   Chief Executive Officer
   Specific responsibilities
   Strategic management; investor relations; day-to-day operations; acquisitions and disposals; health and safety; staff; equal opportunities; remuneration; training and development; Chairman of the Executive, Investment and Risk Committees; and development of the brand.
   Full biography on page 84.

2. Graham Clemett
   Chief Financial Officer
   Specific responsibilities
   Finance; treasury; tax; company secretarial, governance and compliance; investor relations; and information technology.
   Full biography on page 85.

3. Chris Pieroni
   Operations Director
   Specific responsibilities
   Corporate and business development; marketing; and new business initiatives.
   Background and relevant experience
   Chris joined the Group as Operations Director in October 2007. Prior to joining Workspace, he worked at KPMG specialising in real estate and infrastructure finance. He began his professional career teaching economics at Cambridge University. Chris was a Non-Executive Director of the Group from 2000 until his retirement from the Board in August 2006. Chris was Chairman of the Business Centre Association from 2014-2016.

4. Angus Boag
   Development Director
   Specific responsibilities
   Planning consents; redevelopment and refurbishment projects; joint ventures; valuations; sustainability and environmental strategy; and project management.
   Background and relevant experience
   Angus joined the Group in June 2007 as Development Director. He has expertise in property and construction management, and is responsible for adding value to the Group’s assets through planning consents, development and joint ventures. Angus also manages all construction across the portfolio and has responsibility for the sustainability programme.

5. John Robson
   Asset Management Director
   Specific responsibilities
   Asset management of the portfolio, including lettings, lease renewals, refurbishments and facilities management.
   Background and relevant experience
   John joined Workspace in May 2008 as an Asset Manager. John was promoted to Head of Asset Management in February 2013 and Asset Management Director in October 2017. Prior to joining Workspace, John qualified as a Chartered surveyor and worked for Legal & General Investment Management, London Merchant Securities and ING Real Estate.
Workspace recognises the importance of active engagement with Shareholders in order to create a productive and regular dialogue that is not solely limited to financial calendar events.

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

Throughout the year, meetings are arranged, both proactively and on request, for the Chief Executive Officer, Chief Financial Officer and Head of Corporate Communications with institutional Shareholders and sell-side analysts to discuss the Company’s business model, strategy and marketplace, as well as update on performance. These visits often include site visits which provide Shareholders with valuable insight into the business. The Chairman is also available to meet with major Shareholders, independently of the Executive Directors, as required.

The Group’s investor website, www.workspace.co.uk/investors, holds all presentations made to analysts and investors for interim and full year results, as well as webcasts, and is also used as a means of providing additional sources of information for Shareholders. The website is kept up-to-date with RNS announcements, share price performance and other news, as well as details of the Group’s sustainability strategy and achievements.

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

During the year, the Chief Executive Officer, Chief Financial Officer and Head of Corporate Communications held over 135 meetings with UK and overseas institutional investors, comprising both current and potential Shareholders. Meetings involved either group or individual presentations and, in some cases, tours of the portfolio. The tours provide a good opportunity to see the Group’s properties, understand our strategy, and to meet customers, members of our management team and centre staff.

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

Annual General Meeting

The Directors use the occasion of the AGM to engage with Shareholders, and it is an opportunity for Shareholders to ask questions of the Chairman, members of the Board Committees and other Directors, both during the meeting and to meet informally afterwards.

Workspace investor relations programme includes the following activities:

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

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

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

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

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

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

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

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

   Frequency
   - Twice per year.

Overall balance of activities 2017/18

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

Engaging with Shareholders is a priority for our business to ensure good understanding of our investment case.
4. Bank and Industry conferences

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

Why they are important

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

Frequency

Six conferences attended this year.

5. Investor tours

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

Why they are important

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

Frequency

14 tours conducted this year.

6. The Annual General Meeting

The Annual General Meeting (‘AGM’) will be held at the Company’s business centre at 160 Fleet Street, London EC4A 2DQ and is attended by the Full Board of Directors. Details of the resolutions to be proposed at the AGM on 12 July 2018 can be found in the Notice of AGM, which is available at www.workspace.co.uk, and will be dispatched to Shareholders who have requested a hard copy of the documentation from the Company. All Shareholders are invited to vote on the Resolutions, and the results are made available after the meeting and published on our investor website.

Why it is important

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

Frequency

Once a year.

7. Capital Markets Day

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

Why it is important

As well as showcasing the Group’s properties, the Capital Markets Day allows Workspace to educate analysts and investors on different aspects of the business and demonstrate how it is driving value and growth from its real estate and customer proposition. We have scheduled the next Capital Markets Day for October 2018, when we expect to conduct a tour of several properties and provide insights into our customer base.

Frequency

Once a year.

Our ongoing investor relations calendar of events

<table>
<thead>
<tr>
<th>Calendar of events</th>
<th>Regular programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>July</td>
<td></td>
</tr>
<tr>
<td>- AGM</td>
<td></td>
</tr>
<tr>
<td>- Q1 Business Update</td>
<td></td>
</tr>
<tr>
<td>August</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>September</td>
<td></td>
</tr>
<tr>
<td>- US and UK investor conferences</td>
<td></td>
</tr>
<tr>
<td>October</td>
<td></td>
</tr>
<tr>
<td>- Capital Markets Day</td>
<td></td>
</tr>
<tr>
<td>November</td>
<td></td>
</tr>
<tr>
<td>- Half Year Results</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>December</td>
<td></td>
</tr>
<tr>
<td>- Investor conference</td>
<td></td>
</tr>
<tr>
<td>- Q3 Business Update</td>
<td></td>
</tr>
<tr>
<td>February</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>March</td>
<td></td>
</tr>
<tr>
<td>- Year end</td>
<td></td>
</tr>
<tr>
<td>- US and UK Investor conferences</td>
<td></td>
</tr>
<tr>
<td>April</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>May</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>June</td>
<td></td>
</tr>
<tr>
<td>- Full Year Results</td>
<td></td>
</tr>
<tr>
<td>- Investor roadshow</td>
<td></td>
</tr>
</tbody>
</table>

Diversity of skills, knowledge and experience is essential in ensuring that we have a strong and highly effective Board.

Daniel Kitchen
Chairman of the Nomination Committee
Independence of Non-Executive Directors

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

The Board considers that our Non-Executive Directors remain independent from executive management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. All Non-Executive Directors act in a robust and independent manner and bring constructive challenge to Board discussions and independent decision-making to the Board and Committee duties.

As in previous years, the independence of Stephen Hubbard was specifically considered during the year. Stephen is Chairman of CBRE UK and is a member of their Management Board. CBRE UK is a company which undertakes public sector projects. Stephen does not take part in any considerations of the valuation of the Group’s property portfolio at either Board or Committee level. Furthermore, he has no involvement in any discussions or decisions regarding the appointment of CBRE UK or the fees paid to them. The Board is satisfied and continues to conclude that Stephen remains independent both in character and judgement.

Re-election of Directors

In accordance with the UK Corporate Governance Code, all Directors will stand for re-election at the Annual General Meeting (AGM) on 13 July 2018. Following the Board evaluation review during the year, the Chairman considers that each Director continues to operate as an effective member of the Board and has the skills, knowledge and experience that enable them to discharge their duties effectively, as members of the Board and the Board Committees. Consequently, the Board is of the opinion that the Directors continue to give effective counsel and commitment to the Company and, accordingly, should be re-appointed by the Company’s Shareholders at the upcoming AGM. The explanatory notes in the Notice of Meeting for the AGM state the reasons why the Board believes that the Directors proposed for re-election at the AGM should be re-appointed.

Mr Hopkins and Mr Cennet have service contracts and details can be found on page 133. None of the Directors have service contracts and are given letters of appointment. The appointment of Daniel Kitchen may be terminated by either him or the Company giving six months’ notice in writing.

Maria Moloney’s second term of appointment as Non-Executive Director expired on 22 May 2018. Following a review of her performance, the Nomination Committee recommended that her appointment should be extended for a further three-year term. The Board is satisfied that each of the Non-Executive Directors is able to discharge sufficient time to the Company’s business. The Board is of the opinion that the Directors continue to give effective counsel and commitment to the Company and, accordingly, should be re-appointed by the Company’s Shareholders at the upcoming AGM. None of the Non-Executive Directors have applied for re-election at the AGM.

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

- Regulatory compliance.
- Executive remuneration trends and best practice.
- Cyber security.
- Requirements of the General Data Protection Regulation.
- Updates on our sustainability initiatives.

Independent advice

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

Induction, training and development

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

We recognise that our Directors have a diverse range of experience, and so we encourage them to attend external seminars and briefings, at the Company’s expense, in areas considered appropriate for their professional development. The Company’s principal external advisers provide updates to the Board, at least annually, on the latest developments in their respective fields.

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

Outcomes

The Board evaluation considered that the Chairman and Chief Executive have an excellent working relationship which delivers clear leadership. In particular, we were pleased that the report highlighted the following strengths:

- The Board’s and its Committees continued to work well and that the Directors contribute effectively and demonstrate commitment to their roles;
- The Board’s culture is one of openness and constructive debate; the style and tone was seen as respectful, with a collegiate and supportive environment;
- Debates held by the Board are seen as inclusive and dynamic; and
- The agenda is well structured, thus enabling Board members to prepare for meetings and ensure that decisions are made in good time.

The evaluation also reinforced the Board’s commitment to the following:

- Strategy should continue to focus on the Board’s agenda. Continuous discussion and planning for both Executive and Non-Executive Directors and for senior roles across the business;
- As the revised UK Corporate Governance Code unfolds, consider how the Board will engage with its stakeholders more generally and how it might further develop the structure of its engagement with the Board Members.

Chairman’s evaluation

The Senior Independent Director normally chairs an annual meeting of Executive and Non-Executive Directors, without the Chairman present, to appraise the Chairman’s performance and to address any other matters which the Directors might wish to raise. The outcome of these discussions is conveyed by the Senior Independent Director to the Chairman. During the year under review, the Chairman’s performance was appraised as part of the external Board evaluation. It is important to note that the Chairman is highly respected and was complimented for his leadership, experience and for his inclusive style during Board meetings.

Having considered the results of the review, the Board is satisfied that the Chairman continues to be effective and shows a high level of commitment in discharging his responsibilities.
Nomination Committee Report

Role of the Committee
The Nomination Committee considers the structure, size and composition of the Board. It regularly reviews the balance, skills and experience of the Board, advising on succession planning and making appropriate recommendations to ensure that the Board is appropriately balanced to support the Group’s strategy. It is responsible for reviewing the Group’s senior leadership needs and leads on the process for Board appointments.

Composition of the Committee
- Daniel Kitchen – Chairman.
  - Stephen Hubbard.
  - Chris Girling.
  - Damon Russell.

Remit of the Nomination Committee
- Reviewing the composition of the Board and its Committees.
- Agreed the extension to the letter of appointment for Maria Moloney.
- Reviewed the Committee’s Terms of Reference.
- Considered and recommended the re-election of each Director at the AGM.
- Received updates from the Chief Executive Officer on succession planning for the Executive Committee and Senior Management team.

Nomination Committee activities in 2017/18
- Considered Board succession plans.
- Reviewed the composition of the Board and its Committees.
- Agreed the extension to the letter of appointment for Maria Moloney.
- Reviewed the Committee’s Terms of Reference.
- Considered and recommended the re-election of each Director at the AGM.
- Received updates from the Chief Executive Officer on succession planning for the Executive Committee and Senior Management team.

Directors’ tenure as at 31 March 2018

<table>
<thead>
<tr>
<th>Name</th>
<th>Initial term</th>
<th>Duration of current term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maria Moloney</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Damon Russell</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stephen Hubbard</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Attendance
- June Kitchen
- Damon Russell
- Maria Moloney
- Stephen Hubbard
- Daniel Kitchen – Chairman.

Meeting attended
1. Maria Moloney did not attend the meeting in March 2018, as the business of the meeting was in relation to her reappointment as a Director of the Company.

For full biographies, see pages 86 to 90.

The right balance of skills, knowledge and experience on the Board and of Executive Committee help us to deliver The Workspace Advantage to all our stakeholders.

The Committee meets as required and did so on two occasions during the year ended 31 March 2018.

Concluded Board succession plans.
- Reviewed the composition of the Board and its Committees.
- Agreed the extension to the letter of appointment for Maria Moloney.
- Reviewed the Committee’s Terms of Reference.
- Considered and recommended the re-election of each Director at the AGM.
- Received updates from the Chief Executive Officer on succession planning for the Executive Committee and Senior Management team.

Succession planning
The key objective of the Committee is to regularly review the skills and experience of the Board and to ensure it is of the right size, structure and composition. The Committee plays a vital role in ensuring that Workspace is headed by a Board which is collectively responsible for the long-term success of the Company. We continue to focus on the need to ensure that there are no gaps in the skills or experience as members of the Board reach the end of their relevant terms. In doing so, last year we stated that as a general principle, new Non-Executive Directors would join the Board two years prior to existing members reaching the end of their relevant term. This will ensure that the evolution of the Board’s membership is planned and properly managed. This approach will continue to be the focus of the Committee as it considers the mix and diversity of skills and experience that will be required of prospective Board members in the context of the Group’s medium- and long-term strategy.

The length of tenure of our Non-Executive Directors is contained on page 133.

During the year, changes were made to the membership of the Executive Committee. We regularly consider the depth and experience on the Executive Committee and, as a result, in October 2017, we approved the internal promotion of John Robson to the role of Asset Management Director. John has worked for the Company since May 2008 and his biography can be found on page 90.

Looking forward to 2018, the Committee will continue with its review of succession plans in the context of the Group’s strategy and to ensure an orderly and progressive evolution of the Board’s membership.

Daniel Kitchen
Chairman of the Nomination Committee
5 June 2018
Nomination Committee Report

continued

Members of the Committee
All members of the Committee are independent Non-Executive Directors, with each bringing a wealth of commercial experience, across a range of industries. The Committee is responsible for keeping its composition under review and for making recommendations to the Board as to its membership.

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

How the Committee operates
The Committee met formally on two occasions, primarily to progress re-election of Directors and the reappointment of Maria Moloney, approval of which was granted by the Board in March 2018.

The Committee met informally on a number of occasions to discuss the areas of the Board’s work it oversees and to consider other matters.

The Committee’s work is also supported by an informal, ad hoc, reporting mechanism. For example, the Chair is supported by an informal review, led by the SID, of the performance of non-Chairman Directors.

Any member of the Committee may request any member of the Board to attend its meeting if they consider it necessary.

The Committee monitors non-executive directors’ time commitments and will continue to be an active consideration whenever changes are considered.

Further details on non-executive directors’ time commitments are set out on page 156.

The gender diversity of the Board and Company is set out on page 14.

Further details on diversity can be found on pages 124 and 135.

The pipeline of succession is regularly reviewed to ensure that the Board has the skills and knowledge to successfully deliver the Group’s strategy.

The Board recognises the importance of diversity, both in its membership and in the Group’s employees. The Board understands the rationale for, and has followed the discourse on, quotas to achieve diversity: its policy on diversity is that selection should be based on the best person for the role, and to ensure that its composition is diverse and has an appropriate balance of skills and experience.

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

Further details on diversity can be found on pages 14 and 155.

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

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Manager</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>All employees</td>
<td>76</td>
<td>72</td>
</tr>
</tbody>
</table>

Non-Executive appointments and time commitments
In making recommendations to the Board on Non-Executive Director appointments, the Nomination Committee will consider the expected time commitment from the proposed Non-Executive Director, and other commitments they already have to ensure that they have sufficient time available to devote to the Company.

The Directors consider that the Annual Report and Accounts taken as a whole is fair, balanced and understandable, and provides the information necessary for Shareholders to assess the Company’s performance, business model and strategy.

The Group’s strategy and business model can be found on pages 16 and 28. A statement of the Directors’ responsibilities regarding the financial statements is set out on page 159.

Internal control and risk management
The Board reviewed the Group’s system of internal controls and risk management throughout the year. Processes and procedures have been established to enable the Directors to report on the effectiveness of internal controls in compliance with the Code. These processes and procedures involve the analysis, evaluation and management of the key risks to the Group. Further details are contained in the principal risks and uncertainties section on page 46.

An assessment of the principal risks facing the Company is set out on pages 46 to 56 and key performance indicators are on pages 35 and 40.

The Directors consider that the Annual Report and Accounts taken as a whole is fair, balanced and understandable, and provides the information necessary for Shareholders to assess the Company’s performance, business model and strategy.

The Group’s strategy and business model can be found on pages 16 and 28. A statement of the Directors’ responsibilities regarding the financial statements is set out on page 159.

Internal control and risk management
The Board reviewed the Group’s system of internal controls and risk management throughout the year. Processes and procedures have been established to enable the Directors to report on the effectiveness of internal controls in compliance with the Code. These processes and procedures involve the analysis, evaluation and management of the key risks to the Group. Further details are contained in the principal risks and uncertainties section on page 46.

An assessment of the principal risks facing the Company is set out on pages 46 to 56 and key performance indicators are on pages 35 and 40.

The Directors consider that the Annual Report and Accounts taken as a whole is fair, balanced and understandable, and provides the information necessary for Shareholders to assess the Company’s performance, business model and strategy.

The Group’s strategy and business model can be found on pages 16 and 28. A statement of the Directors’ responsibilities regarding the financial statements is set out on page 159.

Internal control and risk management
The Board reviewed the Group’s system of internal controls and risk management throughout the year. Processes and procedures have been established to enable the Directors to report on the effectiveness of internal controls in compliance with the Code. These processes and procedures involve the analysis, evaluation and management of the key risks to the Group. Further details are contained in the principal risks and uncertainties section on page 46.

An assessment of the principal risks facing the Company is set out on pages 46 to 56 and key performance indicators are on pages 35 and 40.

The Directors consider that the Annual Report and Accounts taken as a whole is fair, balanced and understandable, and provides the information necessary for Shareholders to assess the Company’s performance, business model and strategy.

The Group’s strategy and business model can be found on pages 16 and 28. A statement of the Directors’ responsibilities regarding the financial statements is set out on page 159.

Internal control and risk management
The Board reviewed the Group’s system of internal controls and risk management throughout the year. Processes and procedures have been established to enable the Directors to report on the effectiveness of internal controls in compliance with the Code. These processes and procedures involve the analysis, evaluation and management of the key risks to the Group. Further details are contained in the principal risks and uncertainties section on page 46.

An assessment of the principal risks facing the Company is set out on pages 46 to 56 and key performance indicators are on pages 35 and 40.
Audit Committee Report

Helping to deliver The Workspace Advantage: Delivering The Workspace Advantage requires the Audit Committee to play a key role in ensuring the integrity of financial reporting and the maintenance of a sound internal control system.

Role of the Committee
Our role is to monitor the integrity of the financial statements of the Group, review and report to the Board on significant reporting issues and judgements, and review and assess the adequacy and effectiveness of the Company’s internal financial controls and other internal control systems.

Composition of the Committee
All members of the Committee, detailed below are independent. Non-Executive Directors with a good diversity of experience, including property and finance. The Chair, Chris Girling, is a qualified accountant and has an appropriate level of recent and relevant financial experience to discharge his duties as Chair of the Committee.
- Chris Girling – Chairman
- Maria Moloney
- Damon Russell
- Stephen Hubbard

For full biographies see pages 87 to 90.

Remit of the Audit Committee
Monitor the integrity of financial statements.
- Provide an opinion to the Board that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable.
- Review and report to the Board on significant financial reporting issues and judgements.
- Review the adequacy of the Company’s financial controls.
- Review and monitoring of risk management and internal controls.
- Ensure that at least once every 10 years the audit services contract is put out to tender.
- Make recommendations to the Board on the reappointment of the Company’s External Auditors and their remuneration.

Dear Shareholder
As Chairman of the Audit Committee, I am pleased to present the Committee’s report for the financial year ended 31 March 2018.

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

External Auditor – Transition to KPMG LLP
Following the decision to undertake an audit tender in January 2017, a recommendation to appoint KPMG LLP as the Group’s new External Auditor for the 2017/18 financial year was approved by the Board in January 2017, and was subsequently approved by Shareholders at the 2017 AGM.

In order to achieve as smooth a transition as possible, a plan was drawn up early on with the aim of familiarising the new lead audit partner, Richard Kelly, and his team with the Workspace business. KPMG had meetings with and shadowed the work of PwC LLP (PwC), the outgoing External Auditor, during the year-end process for 2017.

Introductory meetings were also held with senior management and members of the finance team to enhance KPMG’s understanding of the Group and key business processes.

I am pleased to report that the transition to KPMG from PwC went well and they have gained a good understanding of the business over the last year. We look forward to working with KPMG over the coming years.

We thank PwC for their services and for supporting a smooth transition.

In future years, the Company intends to put the external audit out to tender at least every 10 years.

Review of material issues
During the year under review, the Committee has continued to review and report to the Board on the Group’s financial and narrative reporting and internal control and risk management processes.

The Audit Committee has a key role in reviewing the narrative reporting and ensuring the financial statements provide a true and fair view of the Group’s financial affairs. As part of this review process, we considered the significant financial judgements made during the year, along with other key financial reporting issues. In this context, we considered the valuation of the investment portfolio as a significant issue, for which further details are provided on page 108.

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

A description of the main activities and information on the other significant issues that the Committee considered during the year can be found on page 107.
Audit Committee Report

continued

Risk Management

The principal business risks facing the Company, which have been subject to robust assessment by the Board, are set out on pages 46 to 56, and the ongoing review and monitoring of the Group’s risk management and internal control systems are described on page 110.

The Audit Committee and the Board have continued to assess the long-term viability of the Company, as required by the UK Corporate Governance Code. Further information can be found on page 108 and our Viability Statement is located on page 57.

Audit Committee evaluation

As a Committee, we are continually looking at opportunities to improve our effectiveness. The performance of the Committee was reviewed during the year as part of the external review of the Board and its Committees. The topics covered in the review focused on the skills and experience of the Audit Committee members, the number of meetings held and the quality of interaction between Committee members and members of the management team.

I am pleased that all aspects of the review were positive and that the Committee continues to operate effectively.

Governance

In order to ensure ongoing compliance with regulatory developments, the Committee’s Terms of Reference are reviewed annually. Whilst the Terms of Reference were reviewed during the year, no significant changes were made and they are available on the Company’s website at www.workspace.co.uk.

In the year ahead, we plan to continue to ensure that the Group’s risk management and internal controls remain robust and to help secure the long-term success of the Company.

Chris Girling

Chairman of the Audit Committee

5 June 2018

Meetings of the Committee

Meetings of the Audit Committee coincide with key dates in the financial reporting and audit cycle. During the year, the Committee met on three occasions, in May and November 2017 and in February 2018. In addition, the Committee met in May 2018 to discuss the Annual Report, the property valuations and the findings of the external auditor. Meetings of the Committee generally take place just prior to the Board meeting.

Meetings are attended by the External Auditor and members of the Group’s senior management team. Those people and advisers listed below attended meetings, at the request of the Committee Chair.

<table>
<thead>
<tr>
<th>Attendee</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daniel Kitchen</td>
<td>Chairman</td>
</tr>
<tr>
<td>Jamie Hopkins</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Graham Clamett</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Vivienna Frankham</td>
<td>Head of Finance</td>
</tr>
<tr>
<td>Angus Buap</td>
<td>Development Director</td>
</tr>
<tr>
<td>Chris Pieroni</td>
<td>Operations Director</td>
</tr>
<tr>
<td>KPMG LLP</td>
<td>External Auditor</td>
</tr>
<tr>
<td>Grant Thornton</td>
<td>Tax Advisers</td>
</tr>
<tr>
<td>CBRE</td>
<td>Valuers</td>
</tr>
</tbody>
</table>

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

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

Meetings with the External Auditor

At least once a year, usually preceding a Committee meeting, the Committee meets separately with the external audit engagement partner to give the Auditors an opportunity to discuss matters without the executive management team being present in order to receive feedback from them on matters such as the quality of interaction with management.

The Committee Chairman also holds separate one-to-one meetings with the Chief Financial Officer and the External Auditor (KPMG) were appointed as the External Auditor during 2017/18, typically ahead of Committee meetings, in order to discuss key issues relevant to the Committee’s work. Ensuring these lines of communication are open and working well is vital to the success of the Committee in carrying out its work and to ensure that sufficient time is devoted to matters at the subsequent meetings.

Meetings with CBRE

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

Significant issues considered by the Committee
The Audit Committee considers all financial information published in the annual and half-year financial statements and considers accounting policies adopted by the Group, presentation and disclosure of the financial information and, in particular, the key judgements made by management in preparing the financial statements.

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

Matter considered Action taken by the Committee

Valuation of the investment property portfolio
The valuation of the investment property portfolio is inherently subjective, requiring significant judgement. The outcome is significant for the Group in terms of its investment decisions, results and remuneration.

The valuation is conducted externally by independent valuers. The valuers presented the year-end valuation to the Audit Committee. The Audit Committee reviewed the methodology and outcomes of the valuation, challenging the key assumptions and judgements. The objectivity and independence of the valuers is monitored by the Audit Committee. KPMG met with the valuers to discuss their views on the valuation to the Committee, as well as an explanation for how the valuation is audited. Based on the above, the Committee was satisfied that the methodology, assumptions and judgements used by the valuers were appropriate, and that the valuations were suitable for inclusion in the financial statements.

In addition, the Audit Committee considered a number of other judgements which have been made by management, none of which had a significant impact on the Group results.

Viability Statement process
The Viability Statement can be found on page 57.

Going Concern statement
The Going Concern statement can be found on page 57.

The process we undertook

Stage 1 Risk Identification
Executive Committee

Stage 2 Risk assessment
Executive Committee

Stage 3 Scenario sensitivity analysis
Executive Committee

Stage 4 Conclusions
Executive Committee

We reviewed both strategic and operational risks to identify the principal risks to viability over the period under consideration. We considered the risks that would impact solvency and liquidity, either individually or in combination with other risks.

For each risk, we considered:

- the risks identified as being severe enough to impact the viability of the Group; we performed sensitivity analysis to understand the potential impact on liquidity and financial ratios.
- the Board was presented with the findings from this analysis, and given the opportunity to question the process and findings.

Developing a robust Viability Statement
In continued development of the Group’s Viability Statement, existing processes were strengthened to ensure risks were identified, understood and reassessed over the period. The following factors were considered:

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

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

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

At each meeting, the Audit Committee is advised of any significant non-audit work awarded to the External Auditor since the previous meeting and the related fees. At the annual May meeting, the Audit Committee receive a report of fees, both audit and non-audit, from KPMG for the previous financial year. The Committee has considered in detail the nature and level of non-audit services provided by KPMG and the related fees. The Committee may challenge and in some instances refuse proposals in respect of non-audit work to be performed by the External Auditor.

The Audit Committee considered a formal policy specifying the types of non-audit service for which use of the External Auditor is pre-approved. This is in response to the ‘Guidance on Audit Committees’ issued by the Financial Reporting Council (‘FRC’), in April 2016. Consequently, it was agreed that all non-audit work and fees to be reported to the Audit Committee.

In addition, the Audit Committee will assess the threats of self-review by the External Auditor, self-interest, advocacy, familiarity and management. These are set out below and considered in relation to KPMG’s services.

A self-review threat
This is where, in providing a service, the KPMG audit team could potentially evaluate the results of a previous KPMG service.

A self-interest threat
Where a financial or other interest of an individual or KPMG will inappropriately influence an individual’s judgement or behaviour.

A familiarity threat
Where a sufficient degree of familiarity exists between a KPMG employee and the Group or one of its subsidiaries.

An advocacy threat
This is where KPMG or KPMG personnel promote an audit client’s position to the extent that KPMG’s objectivity as External Auditor is compromised.

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

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

Audit fees
Details of audit and non-audit fees paid to KPMG can be found in note 2 on page 154.

The only non-audit service performed by KPMG in the year was the review of the Group’s half year results.
Audit Committee Report

continued

Annual Auditor assessment

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

As the financial year ended 31 March 2018 is KPMG’s first as External Auditor, an assessment on external audit effectiveness will be completed later in 2018, when sufficient time has passed with KPMG in post. The Committee will consider aspects such as KPMG’s experience and expertise, the extent to which the audit plan had been met and the content of its audit reports.

As part of its deliberations, the Committee reviews a report on the auditor’s own internal quality control procedures together with the compliance with relevant requirements.

KPMG LLP has confirmed to the Committee that:

– It believes that, in their professional judgement, the safeguards they have in place sufficiently guard against the threats to independence.
– The non-audit work which could compromise its role as auditors and ensure the objectivity of its audit report.

In accordance with the UK Firm’s internal policies and procedures, the Audit Committee reviews a report on the audit firm’s own internal quality control procedures together with the compliance with relevant requirements.

Risk management and internal control

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

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

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

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

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

Further information on the Group’s risks is detailed on pages 46 to 56.

Whistleblowing

The Group has a whistleblowing procedure through which employees may report, in confidence and anonymously if preferred, concerns about suspected impropriety or wrongdoing in any matters affecting the business. No matters were reported during the year.

Code of Conduct

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

Chris Gilling
Chairman of the Audit Committee
5 June 2018

Risk Committee

Helping to deliver The Workplace Advantage:

By constantly assessing and managing the risks to our operations and strategy, the Risk Committee ensures that the business can continue to deliver The Workplace Advantage.

Risk Committee

Jamie Hopkins
Chairman of the Risk Committee

Role of the Risk Committee

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

– To drive and co-ordinate Workplace policy and procedure and training in relation to risk management.
– To promote and communicate risk management awareness, both financial and non-financial, throughout the organisation.
– To challenge Executive Directors’ review and appraisal of risk.
– To co-ordinate and manage a planned annual programme of review and testing of risks and controls aligned to requirements.
– To oversee and advise the Board on the current risk exposures of the Company and future risk strategy.

Composition of the Committee

– Jamie Hopkins, Chief Executive Officer.
– Chris Pieroni, Operations Director.
– Carmelina Carfora, Company Secretary.
– Vassilena Frankham, Head of Finance.
– Kate Ankers, Chief Accountant.
– David Riew, Finance Manager.
– Claire Dracup, Head of Support Services.
– Tom Rahman, Head of IT Operations.

The Risk Committee is chaired by Jamie Hopkins.

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

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

– Chief Financial Officer
– Development Director
– Other senior staff

Activities in 2017/18

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

The Risk Committee met five times during the year ended 31 March 2018
The Remuneration Policy rewards performance in keeping with the successful delivery of our strategy.

Maria Moloney
Chairman of the Remuneration Committee
Strategic Report
– Annual bonus outcome for 2016/17.

Remuneration Report at a glance
118 How do we cascade remuneration through the Company?
126 Additional context on our Executive Directors’ pay
122 Additional information

Who is on the Committee, how many times did we meet and what did we do?
We met as a Committee eight times during the year. We believe it is important that the Committee keeps up-to-date on an ongoing basis during the year to ensure discussions are timely where business decisions may affect remuneration. Below we set out the key activities the Committee undertook during the year.

<table>
<thead>
<tr>
<th>Month</th>
<th>Agenda Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2017</td>
<td>- 2015/16 share awards for shareholding in the Company by the Executive Directors and other members of the Executive Committee. - Initial discussion on Executive Director objectives for 2017/18.</td>
</tr>
<tr>
<td>Sept 2017</td>
<td>- Corporate Governance reforms update. - Review of adviser to the Remuneration Committee.</td>
</tr>
<tr>
<td>Nov 2017</td>
<td>- Executive Directors’ remuneration review. - Review of remuneration and the service agreement for new Executive Committee member. - Discussion on dividends payable on LTIP and deferred bonus shares. - Review of fees for the Company Chairman.</td>
</tr>
</tbody>
</table>

For full biographies of the Committee members, see pages 86 to 90.

Who supports the Committee?
During the year, we sought internal support from the CEO and CFO, whose attendance at Committee meetings was by invitation from the Chairman, to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of the Senior Management team. The Company Secretary attended each meeting as Secretary to the Committee. No Director was present for any discussions that related directly to their own remuneration. Details on our advisers are shown on page 133.

Helping to deliver
The Workspace Advantage:
Once the Board has determined and agreed the Company’s strategic ambitions, the Remuneration Committee seeks to set a Remuneration Policy which is aligned with the delivery of those ambitions. Our role is to ensure that the remuneration arrangements for Executive Directors and other members of the senior management team appropriately reward performance, as well as offering encouragement to successfully deliver our strategy and create Shareholder value in a responsible manner.

As I noted in my letter last year, to ensure alignment with Workspace’s intent to be a sustainable investment, the REMCO worked hard to produce our new Remuneration Policy, which was presented to you as Shareholders at the 2017 AGM. Your vote of 99.7% in favour of the new Policy reassures us of your assessment that the Policy is fit for the purpose of driving the long-term success of the Company.

We have summarised the key elements of this Policy on pages 120 to 121 for ease of reference.

How we performed in 2017/18
Since the AGM in 2017, much of the work of the REMCO has centred on overseeing the implementation of the new Policy and monitoring its performance.

We are happy that the Company is reporting another year of record net rental income, continued capital growth and strong trading profit. This gives us confidence that our employees are motivated to deliver The Workspace Advantage to customers and Shareholders alike.

As I noted in my letter last year, to ensure alignment with Workspace’s intent to be a sustainable investment, the REMCO worked hard to produce our new Remuneration Policy, which was presented to you as Shareholders at the 2017 AGM. Your vote of 99.7% in favour of the new Policy reassures us of your assessment that the Policy is fit for the purpose of driving the long-term success of the Company.

We have summarised the key elements of this Policy on pages 120 to 121 for ease of reference.

How we performed in 2017/18
Since the AGM in 2017, much of the work of the REMCO has centred on overseeing the implementation of the new Policy and monitoring its performance.

As I noted in my letter last year, to ensure alignment with Workspace’s intent to be a sustainable investment, the REMCO worked hard to produce our new Remuneration Policy, which was presented to you as Shareholders at the 2017 AGM. Your vote of 99.7% in favour of the new Policy reassures us of your assessment that the Policy is fit for the purpose of driving the long-term success of the Company.

We have summarised the key elements of this Policy on pages 120 to 121 for ease of reference.

How we performed in 2017/18
Since the AGM in 2017, much of the work of the REMCO has centred on overseeing the implementation of the new Policy and monitoring its performance.

As I noted in my letter last year, to ensure alignment with Workspace’s intent to be a sustainable investment, the REMCO worked hard to produce our new Remuneration Policy, which was presented to you as Shareholders at the 2017 AGM. Your vote of 99.7% in favour of the new Policy reassures us of your assessment that the Policy is fit for the purpose of driving the long-term success of the Company.

We have summarised the key elements of this Policy on pages 120 to 121 for ease of reference.
Key performance metrics

Helping to drive out-free-from operating activities was £44m, which illustrates the cash-generating capability of Workspace’s portfolio, following a strategy focused on operational excellence and cost efficiency. The business has made great progress in executing our extensive refurbishment and redevelopment project pipeline, with a continued focus on delivering projects within budget, and on schedule.

Personal performance and Committee assessment of performance

As noted above, our philosophy is to reward value creation and give appropriate recognition to contributions our Board believes are key to delivering The Workspace Advantage. Executive Directors’ compensation is determined through variable pay elements where outcome is conditional on the achievement of stretching targets. To ensure this, we pay a fixed salary and link variable remuneration to the delivery of annual objectives and long-term business performance. A large part of the remuneration package is delivered in shares, and members of the Executive Committee are required to build up significant shareholdings.

In line with our continued commitment to transparency and best practice disclosure, full details of objectives and the REMCO’s assessment of Directors’ individual performance are outlined on page 124.

The REMCO believes that these measures appropriately recognise and reward success against the business strategy as outlined on page 96.

Decisions made

Against the performance outlined above, the REMCO made the following decisions regarding the remuneration of the Executive Directors.

Pay increase in line with inflation and the rest of the Company

The REMCO has decided to increase the Executive Directors’ salaries by 3%. This increase is felt to be appropriate in the light of the Directors’ contributions to the Group’s strong financial position over 2017/18. It remains consistent with the average salary increase across the Group and in line with the median increases awarded to the general UK employee population.

Annual bonus

An annual bonus opportunity of 100% of salary and a Long Term Incentive Plan (LTIP) opportunity of 200% of salary operate for the Directors. This increase is felt to be appropriate in the light of the Directors’ contributions to the Group’s strong financial position over 2017/18. It remains consistent with the average salary increase across the Group and in line with the median increases awarded to the general UK employee population.

2017 LTIP

Performance conditions for LTIP awards made under the new Policy are based on relative Total Shareholder Return (TSR) and Total Property Return against an IPD index (50%). The balance of the two measures selected is aligned to our strategy of driving income growth and enhancing Shareholder value.

As noted above, Workspace’s investment case is built on the delivery of long-term sustainable performance and creation of long-term Shareholder value. For this reason, we have long holding periods, significant shareholding requirements and the majority of our incentives are weighted towards the LTIP, see page 127. Furthermore, a performance underpin ensures that the comparative performance is consistent with business performance and the Shareholder experience.

2015 LTIP

The 2015 LTIP award vested at 62.7%.

Pay in the wider context

The REMCO believes in aligning the direction of Executive remuneration with that of the wider business, building a shared culture and a consistent focus on achieving Workspace’s purpose, delivering superior shareholder value and adding to our Company’s value. We look to appropriately reward all employees who demonstrate deep and lasting knowledge of their subject, critical innovation and genuine care for our customers, our communities and each other. These newly articulated values will be built into our recruitment and appraisal processes over the coming year, as part of a wider engagement and communications plan.

The REMCO is primarily responsible for determining the appropriate pay for the Executive Directors and the senior management team, and ensuring that their remuneration is closely linked to performance.

We are also acutely aware of our duty to pay close attention to the pay conditions and levels across the Company as a whole, to ensure that movements in our remuneration packages are both internally consistent and externally competitive. We continue to believe in our current approach to remuneration, where the market level of remuneration is set by the Executive Directors is aligned with that of other employees. This ensures that the Executive Directors’ remuneration is externally benchmarked but is also internally proportionate to that of the CFO, senior management and employees across the Company.

To assist in this, the REMCO receives updates from the Executives on their discussions and consultations with employees on remuneration. The REMCO also monitors information on bonus payments and share schemes in order to ensure that the Executive Directors’ remuneration is set at a level which is comparable with the executive benchmark and employee remuneration at other companies in order to ensure that the Executive Directors’ remuneration is externally benchmarked but is also internally proportionate to that of the CFO, senior management and employees across the Company.

During the year, the Government announced that the Directors’ Reporting Regulations will be amended to require disclosure of the ratio of CEOs to the median of their UK workforce, alongside a narrative explaining changes to the ratio over time and how the ratio relates to pay and conditions across the workforce. In line with our commitment to transparent reporting, we have decided to disclose this information in the summary of the requirements coming into force, and this can be seen on page 125.

Please also see the graph on page 117 which demonstrates how our CEO pay matches our TSR performance. Further details can also be found on page 125.

Summary of our reward philosophy and how we apply it in practice

Our key objective is to help promote the long-term success of the Company by supporting an effective pay-for-performance culture which helps to attract and retain highly skilled Executives to execute the Company’s strategy.

All of the performance measures in the annual and long-term incentive plans align to the Company’s strategic priorities, as shown on page 118. We believe our annual bonus provides a good balance in rewarding financial performance for the year and also focusing Executives on the non-financial factors which help drive long-term success, such as customer satisfaction and other operational and strategic objectives. The LTIP measures of Relative Total Shareholder Return (TSR) and Total Property Return (TRP) are well aligned to our strategy of driving income growth and enhancing Shareholder value and incentivise our performance of our peers.

This is the first year of our new Policy which:

- Simplified our long-term incentives by removing the matching plan so that now only a single Long Term Incentive Plan (LTIP) operates
- Increased the bonus deferral in shares from 25% to 35%
- Retained the maximum bonus opportunity of 120% and maximum LTIP opportunity of 200% of salary
- Increased the holding period on the LTIP from one to two years
- Increased the time period during which malus and clawback provisions can be applied for both the annual bonus and the LTIP
- Increased shareholding guidelines from 150% to 200% of salary
- Removed the exceptional pension maximum and introduced a maximum pension provision of 16.5% p.a.

How does our CEO pay match up to our TSR performance?

The chart below illustrates the strong long-term alignment of our CEO’s pay and the returns to our Shareholders. We have also included a comparison of the CEO’s remuneration in shares and through our performance compensation which is based on measures which directly support the implementation of our strategy.

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

Single figure against our long-term performance

- CEO single figure
- Workspace Group plc TSR
- FTSE 250 index
- FTSE 350 Real-Estate Supersector index
Remuneration Report at a glance

How do our incentive performance measures align to our strategy?

In executing our strategy, based on The Workspace Advantage, we aim to create value and positive outcomes for our Shareholders and all other stakeholders. We continually consider the performance measures we use for our incentives to ensure they support the delivery of our strategy.

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

Variable components

- Annual bonus
- LTIP (2017 performance)

Link to strategy

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

- 24%: 4. Personal performance
- 60%: 1. Adjusted trading profit after interest
- 12%: 2. Customer satisfaction
- 24%: 3. Total Property Return (TPR) versus IPD

50%

1. Adjusted trading profit after interest

60%

1. Total Property Return (TPR) versus IPD

2. Total Shareholder Return (TSR), Relative to FTSE 350 property companies

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

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

- Fixed elements, Fixed components
- Variable elements, Variable components
- Shareholding, Shareholding:
- Benefits, Benefits:
**What is 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 2017 AGM on 14 July. In addition, we have set out how the Policy was operated in 2017/18 and how it is intended to be operated in 2018/19. You can find the full Policy at www.workspace.co.uk.

**What is our objective?**

Our main objective is to help promote the long-term success of the Company.
- Supporting an effective pay for performance culture which allows us to retain, motivate and attract highly skilled Directors, who have a clear purpose and are the necessary calibre to execute the Company’s strategy.
- Achieving a strong alignment between Executive and Shareholder interests.

**How do we take into account Shareholder views?**

We have an ongoing dialogue with Shareholders and welcome feedback on Directors’ remuneration. As part of the Policy review carried out in 2017, the Committee consulted with major Shareholders, representing 70% of the share capital and the main investor bodies.

**Summary table for Executive Directors in 2018/19.** You can find the full Policy at www.workspace.co.uk.

### Base Salary

- 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.

**Benefits**

- Benefits typically include car allowance, private health insurance, and death in service cover. In addition, Directors are eligible to participate in all employee share plans, currently the SAYE and Share Incentive Plan.
  - Benefits may vary by role and individual circumstance, and are reviewed periodically.
  - Benefits vary by role and individual circumstances, and are reviewed periodically.
  - There is no overall maximum.

**Pension**

- Directors participate in a defined contribution pension scheme or may receive a cash allowance in lieu of pension contribution.

**Annual bonus**

- A portion of the annual bonus is deferred into shares for a period of three years. The deferral is 33% of salary earned.

**Long Term Incentive Plan (LTIP)**

- To reward and align the delivery of annual and long-term sector outperformance and to align the interests of participants with those of Shareholders.

<table>
<thead>
<tr>
<th>Element</th>
<th>2017/18</th>
<th>2018/19</th>
<th>Operation</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual bonus</td>
<td>£479,700</td>
<td>£494,090</td>
<td>Executive Directors are eligible to participate in a long-term incentive plan.</td>
<td>No change.</td>
</tr>
<tr>
<td>Long Term Incentive Plan (LTIP)</td>
<td>No change.</td>
<td>No change.</td>
<td>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.</td>
<td>No change.</td>
</tr>
</tbody>
</table>

**Shareholding requirement**

- Shareholding guidelines for Executive Directors of 200% of salary.

### Additional Information

Our Governance Overview
Additional context on our Executive Directors’ pay

What is our 2017/18 single figure compared to our Policy?

When Shareholders approved our Remuneration Policy in 2017, we set out scenarios for the potential remuneration to be earned by our Executive Directors under the Policy for various performance assumptions. We have set out, at right, the actual single figure of remuneration for the Executive Directors against these scenarios to demonstrate how the actual remuneration paid lines up with our Policy.

We have separated out the effect of share price growth on the share-based elements of the single figure for each Executive Director (see page 127 for details). A high proportion of our Directors’ share-based elements of the single figure for each Executive Director is comprised of LTIP, where the vesting is subject to Shareholder approval.

Our Executive Directors are encouraged to hold a high number of shares in order to ensure their interests align to those of the Shareholders, and that they share in the financial success of the Company. As such, our Directors are impacted by the share price performance of the Company and ensuring that their holdings will increase over time.

The following table shows that our Executive Directors have met their minimum shareholding requirements, and therefore already have strong alignment with our Shareholders. In addition, the table shows the substantial amount of equity which can potentially be earned by our Executive Directors over the next period, further increasing their exposure to the share price performance of the Company and ensuring that their holdings will increase over time.

### Share interests

<table>
<thead>
<tr>
<th>Share interests</th>
<th>Jamie Hopkins, CEO</th>
<th>Graham Clemett, CFO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares held at start of year</td>
<td>130,525</td>
<td>133,082</td>
</tr>
<tr>
<td>Value of shares at start of year (£000)</td>
<td>£1,025</td>
<td>£1,320</td>
</tr>
<tr>
<td>Shares held at end of year</td>
<td>147,674</td>
<td>142,627</td>
</tr>
<tr>
<td>Value of shares at end of year (£000)</td>
<td>£1,159</td>
<td>£1,415</td>
</tr>
<tr>
<td>Difference (£000)</td>
<td>£134</td>
<td>£256</td>
</tr>
</tbody>
</table>

1. Based on a closing share price on 31 March 2017 of £7.85.
2. Based on a closing share price on 31 March 2018 of £9.15.

### Additional Information

- **Salary**: Latest eleven-year salary.
- **Pension**: Current contribution rate of 16.5% of salary.
- **Bonuses**: As provided in the single figure table on page 127.
- **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**: Portion of LTIP vesting value attributable to share price growth since grant.

### Remuneration

- **Chief Executive Officer**
  - Remuneration of Company relative to market benchmarks

- **Chief Finance Officer**
  - Remuneration of Company relative to market benchmarks

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

How does our target total compensation compare to our peers?

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

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

The table to the right sets out the single figure for 2017/18, the opening price and closing price for the year, and the impact on the value of these shares taking the financial success of the Company and ensuring that their holdings will increase over time.

### Overall link to remuneration and equity of the Executive Directors

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

The table to the right sets out the single figure for 2017/18, 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.

The following table shows the substantial amount of equity which can potentially be earned by our Executive Directors over the next period, further increasing their exposure to the share price performance of the Company and ensuring that their holdings will increase over time.

### Share interests

<table>
<thead>
<tr>
<th>Share interests</th>
<th>Jamie Hopkins, CEO</th>
<th>Graham Clemett, CFO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares held at start of year</td>
<td>130,525</td>
<td>133,082</td>
</tr>
<tr>
<td>Value of shares at start of year (£000)</td>
<td>£1,025</td>
<td>£1,320</td>
</tr>
<tr>
<td>Shares held at end of year</td>
<td>147,674</td>
<td>142,627</td>
</tr>
<tr>
<td>Value of shares at end of year (£000)</td>
<td>£1,159</td>
<td>£1,415</td>
</tr>
<tr>
<td>Difference (£000)</td>
<td>£134</td>
<td>£256</td>
</tr>
</tbody>
</table>

1. Based on a closing share price on 31 March 2017 of £7.85.
2. Based on a closing share price on 31 March 2018 of £9.15.
When making remuneration decisions for the Executive Directors, we consider pay, policies and practices elsewhere in the Group. The Committee receives regular updates from the Executive Directors on employee feedback. The Committee also monitors bonus payout and share award data.

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

Communication with employees

The Board is committed to ensuring there is an open dialogue with our employees over various decisions. The Group’s employees are kept informed of its activities and performance through a series of Director-led staff briefings at key points during the year and the circulation of corporate announcements and other relevant information to staff. This is supplemented by updates on the intranet. These briefings also serve as an informal forum for employees to ask questions about the Company.

Share Schemes

Share Schemes are a long-established and successful part of our total reward package, encouraging and supporting employee and recruitment practices are fair and objective, and encourages the continuous development and training of its employees, as well as the provision of equal opportunities for the training and career development of all employees. Further details of this are shown on page 26.

Retirement benefit provision

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

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

Pay comparisons

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

In advance of the incoming regulatory requirement to disclose the ratio of CEO pay to workforce pay, the Committee have chosen to disclose this ratio on a variety of bases, as shown at the bottom of the table to the right.

What does the chart show?

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

What does the table show?

We have set out the ratio of CEO pay to that of the wider workforce on a variety of bases, and, over time, at the bottom of the table to the right. There is a significant change in our CEO remuneration this year, which we believe is caused by the following:

- Our CEO pay is made up of a higher proportion of incentive pay than that of our employees, in line with the expectations of our Shareholders. This introduces a higher degree of variability in his pay each year which affects the ratio.
- The value of long-term incentives which measure performance over three years is disclosed in pay in the year it vests, which increases the CEO pay in that year, again impacting the ratio for that year.
- Long-term incentives are provided in shares, and therefore an increase in share price over the three years magnifies the impact of a long-term incentive award vesting in a year.

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

Where the structure of remuneration is similar, as for European Committee members, the CEO pay is much more stable over time.

Our approach to fairness and wider workforce considerations

We are an organisation which uses everyone’s talents and abilities, and we believe that this is typically be in line with those of the wider workforce.

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>CEO single figure £000</th>
<th>Salary £000</th>
<th>Bonus £000</th>
<th>Total £000</th>
<th>% change</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1,623.8</td>
<td>468.0</td>
<td>119.0</td>
<td>2,205.6</td>
<td>3.7%</td>
<td>3.7%</td>
</tr>
<tr>
<td>2017</td>
<td>1,227.5</td>
<td>623.7</td>
<td>100.0</td>
<td>1,946.2</td>
<td>2.5%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

1. Mr Hopkins was appointed as an Executive Director on 31 March 2012.
2. Mr Platt retired as an Executive Director on 31 March 2012.
3. Employee mean based on staff costs for the Group and the average number of persons employed during the year, sourced from the Financial Note to the Accounts.

The table above shows the percentage change in CEO remuneration, comprising salary, taxable benefits and annual bonus, and comparable data for the average of employees within the Company. The comparator group is based on all employees (excluding the CEO) normalised for years and leavers during the year. The average number of people employed by the Group over the past nine years.

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

![CEO pay ratio chart](chart.png)
Executive Committee members are also required to adhere to the Company’s shareholding guidelines.

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

### Eligibility

<table>
<thead>
<tr>
<th>Number of people that this applies to</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
</tr>
</tbody>
</table>

### Shareholding guidelines

Supports alignment of Executives’ interests with Shareholders.

### Executive Committee and Senior Management

<table>
<thead>
<tr>
<th>LTIP</th>
<th>The LTIP reinforces delivery of long-term sector outperformance.</th>
</tr>
</thead>
<tbody>
<tr>
<td>51</td>
<td></td>
</tr>
</tbody>
</table>

### All employees

<table>
<thead>
<tr>
<th>Annual bonus</th>
<th>All employees participate in annual bonuses. Opportunities and performance conditions may be tailored to reflect an individual’s role and responsibilities.</th>
</tr>
</thead>
<tbody>
<tr>
<td>208 (as at 31 March 2018)</td>
<td></td>
</tr>
</tbody>
</table>

### SAYE and SIP

Encourages employee engagement and reinforces our strong performance culture. Enables all employees to share in the long-term success of the Company and aligns participants with Shareholder interests.

### Fixed (salary, benefits, pension with a 2:1 match)

Salaries are set to reflect market value of the role and aid recruitment and retention. All employees are eligible for a 2:1 match on employee pension contributions of 3% or 5% of salary and receive a combination of benefits relevant for the role.
Personal objectives
The Executive Directors’ personal objectives focus on the delivery of the strategic priorities for the business and the successful management of risk. Based on a review of achievement against the personal objectives set out below, the Committee has awarded Jamie Hopkins and Graham Clement £24,000 of salary under this element.

Objective
Target
Achievements in year

Active property portfolio management
- Identify scale acquisition opportunities across London and look to acquire where return criteria can be met.
- Complete disposal of legacy industrial properties where provided good value can be achieved.
- Continue to identify and progress opportunities for refurbishment and redevelopment across the portfolio.
- Continue to identify opportunities to grow ancillary income alongside maximising core rental income growth.

Maintain a low risk business profile
- Conduct appropriate due diligence on all acquisitions, refurbishment and redevelopment projects.
- Maintain strong customer demand through efficient marketing expertise.
- Ensure that a high-quality communications infrastructure is provided to customers.
- Match scale, diversification and maturity of debt facilities to Company’s funding requirements.
- Ensure appropriate preparation for new regulations.

Comprehensive investor engagement programmes
- Provide added value investor briefing and presentation sessions.
- Ensure that all identified key existing and potential investors were offered 1:1 meetings or group meetings with European existing and potential investors.
- Internal review of IT function completed and cyber security training undertaken for all staff.
- Regular review of potential higher risk areas across the business.

People engagement – Doing the Right Thing
- Customers:
  - Improve recycling levels and energy efficiency.
  - Encourage local community engagement and related charity opportunities.
  - Establish minimum sustainable standards launched for all new developments and refurbishments.
- Suppliers:
  - Continue to identify and progress opportunities for refurbishment and redevelopment projects.
  - Continue to identify opportunities to grow ancillary income alongside maximising core rental income growth.

LTIP award vesting in respect of 2017/18
The following LTIP awards were made over the period 1 April 2017 to 31 March 2018. Details of the performance targets and achievement against them are set out in the table below:

<table>
<thead>
<tr>
<th>Weighting</th>
<th>Measure</th>
<th>Threshold</th>
<th>Maximum</th>
<th>Payout as % maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/3 of award</td>
<td>Growth in Net Asset Value relative to comparisons</td>
<td>5th percentile</td>
<td>75th percentile</td>
<td>33.3%</td>
</tr>
<tr>
<td>1/3 of award</td>
<td>TSR (share price growth plus reinvested dividends) relative to comparators</td>
<td>5th percentile</td>
<td>75th percentile</td>
<td>21.4%</td>
</tr>
<tr>
<td>1/3 of award</td>
<td>Absolute TSR</td>
<td>10.0% p.a.</td>
<td>17.0% p.a.</td>
<td>7.9%</td>
</tr>
</tbody>
</table>

*Given the vesting date share price of £9.75, which is the three-month average price to March 2018.

The Committee considered performance set out in the table above together with the underlying business performance of Workspace and concluded that 62.7% of the 2017 LTIP award should vest.

These awards are subject to a one-year holding period and malus and clawback provisions. The 2016 LTIP awards are based on the same targets and weightings as the 2015 LTIP award shown above, measured over the period 1 April 2016 to 31 March 2019.

LTIP awards made during the 2017/18 financial year
Under the current Policy, awards (conditional shares) under the LTIP are granted to a maximum of 200% of salary. Awards under the LTIP are subject to the performance conditions detailed in the table below measured over the period 1 April 2017 to 31 March 2020.

<table>
<thead>
<tr>
<th>Threshold</th>
<th>Maximum</th>
<th>Payout as % maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/3 of award</td>
<td>Growth in Net Asset Value</td>
<td>64th percentile</td>
</tr>
</tbody>
</table>

The Committee considered performance set out in the table above together with the underlying business performance of Workspace and concluded that 94% of the 2017 LTIP award should vest.

The following awards were granted during the year under the 2017 LTIP (audited):

<table>
<thead>
<tr>
<th>Performance Share award</th>
<th>Date of grant</th>
<th>Market price at date of award</th>
<th>Number of shares</th>
<th>First result</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>20 July 2017</td>
<td>£6.930</td>
<td>67,297</td>
<td>968,393</td>
</tr>
<tr>
<td>CFO</td>
<td>20 July 2017</td>
<td>£6.930</td>
<td>65,863</td>
<td>856,396</td>
</tr>
</tbody>
</table>

1. The share price for calculating the levels of awards was £6.9203, see table above, the average mid-market closing price over the three dealing days 17, 18 and 19 July 2017, in accordance with the LTIP rules.

Deferred shares were granted (as conditional shares) under the 2016/17 bonus of 20,119 shares to Mr Hopkins and 12,295 shares to Mr Clement on 20 June 2017, based on a share price of £9.1526.
Single figure for Non-Executive Directors (audited)
The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 March 2018 and the prior year:

<table>
<thead>
<tr>
<th>Non-Executive Director</th>
<th>£000 2017/18</th>
<th>£000 2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Damon Russell</td>
<td>15,290</td>
<td>14,700</td>
</tr>
<tr>
<td>Maria Moloney</td>
<td>142,627</td>
<td>130,525</td>
</tr>
<tr>
<td>Chris Girling</td>
<td>133,082</td>
<td>121,494</td>
</tr>
<tr>
<td>Stephen Hubbard</td>
<td>15,290</td>
<td>14,700</td>
</tr>
<tr>
<td>Graham Clemett</td>
<td>142,627</td>
<td>130,525</td>
</tr>
</tbody>
</table>

1. Additional fees were paid to Maria Moloney as Chairperson of the Remuneration Committee and to Chris Girling as Chairperson of the Audit Committee.
2. Expenses incurred by Non-Executive Directors represent the costs to the Group, being gross of taxation. In 2017/18, Daniel Kitchen, Maria Moloney and Chris Girling were reimbursed for out of pocket expenses, incurred in attending meetings in connection with the discharge of their duties, of £2,800, £15,438 and £2,672 respectively.

Share ownership and share interests (audited)
The shareholding guideline for Executive Directors is 200% of salary. The table below shows the interests of the Directors and connected persons in shares (owned outright or vested). There have been no changes in the interests in the period between 31 March 2018 and 5 June 2018. Both Executive Directors have exceeded the shareholding guidelines.

<table>
<thead>
<tr>
<th>Name</th>
<th>Shares</th>
<th>Market value options</th>
<th>Market value options</th>
<th>Market value options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daniel Kitchen</td>
<td>133,082</td>
<td>68,469</td>
<td>223,777</td>
<td>423,926</td>
</tr>
<tr>
<td>Maria Moloney</td>
<td>133,082</td>
<td>Nil</td>
<td>3,747</td>
<td>3,747</td>
</tr>
<tr>
<td>Chris Girling</td>
<td>142,627</td>
<td>50,019</td>
<td>104,931</td>
<td>325,757</td>
</tr>
<tr>
<td>Stephen Hubbard</td>
<td>15,290</td>
<td>Nil</td>
<td>1,927</td>
<td>1,927</td>
</tr>
</tbody>
</table>

1. Daniel Kitchen acquired 1,000 6% Sterling Bonds on 2 October 2012 at a price of £100 per Bond.
2. Additional fees were paid to Maria Moloney as Chairperson of the Remuneration Committee and to Chris Girling as Chairperson of the Audit Committee.
3. The interests in shares comprise those LTIP awards granted in 2015 which are no longer subject to performance but are due to vest on 26 June 2018, of 37,724 shares.
4. The interests in shares include SAYE options outstanding not yet matured as at 31 March 2018.
5. The table above 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 2018 and 5 June 2018.
6. Market value options include SAYE options outstanding not yet matured as at 31 March 2018. 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 134 for further details.

Relative importance of spend on pay
The chart below shows the Company’s actual expenditure on Shareholder distributions (including dividends and share buybacks) and total employee pay expenditure for the financial years ended 31 March 2017 and ended 31 March 2018.

How will we apply the Policy in 2018/19
We believe that the Policy continues to be fit for purpose going forward, and therefore the Committee is not proposing to make any changes for 2018/19.

Benefits and pension
No change.

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 fees earned in relation to outside appointments is retained by the Executive Director. Mr Clemett was appointed a Non-Executive Director and Chairman of the Audit Committee of The Restaurant Group plc, effective from 1 June 2018. Mr Clemett is paid an annual fee of £60,000. Mr Hopkins was appointed a Non-Executive Director of St. Modwen Properties PLC, effective from 1 March 2018, and is paid an annual fee of £45,901.

Employee remuneration
The chart below shows the Company’s actual expenditure on Shareholder distributions (including dividends and share buybacks) and total employee pay expenditure for the financial years ended 31 March 2017 and ended 31 March 2018.

Distribution to shareholders

How will we apply the Policy in 2018/19?
We believe that the Policy continues to be fit for purpose going forward, and therefore the Committee is not proposing to make any changes for 2018/19.

Base salary
The Committee reviewed Executive Directors’ salaries and the following salaries are effective from 1 April 2018.

CEO
Daniel Kitchen – £494,090

CFO
Graham Clemett – £479,700

How will we apply the Policy in 2018/19?
We believe that the Policy continues to be fit for purpose going forward, and therefore the Committee is not proposing to make any changes for 2018/19.

Base salary
The Committee reviewed Executive Directors’ salaries and the following salaries are effective from 1 April 2018.

CEO
Daniel Kitchen – £494,090

CFO
Graham Clemett – £479,700

Annual bonus
There is no change to the annual bonus maximum potential in 2018/19, and this will continue to be 120% of salary for Executive Directors.

Benefits and pension
No change.

Annual bonus
There is no change to the annual bonus maximum potential in 2018/19, and this will continue to be 120% of salary for Executive Directors.

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

- Adjusted trading profit after interest (60% of salary) + Total Property Return (24% of salary) + Customer satisfaction (12% of salary) + Personal performance (24% of salary)

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

Whilst we believe that disclosing the exact performance conditions and targets for the personal performance would not be in the best interests of Shareholders, we remain committed to best practice disclosure. We therefore set out below some of the categories that the Committee will consider in respect of evaluating personal performance, and examples of the nature of some of the goals under these (excluding exact targets). Full disclosers on the targets, performance achieved and resulting bonus payouts for 2018/19 will be provided in next year’s report.
Remuneration continued

Objective

Active property portfolio management - identify scale acquisition opportunities across London and look to acquire where returns criteria can be met. - Continue to identify and progress opportunities for refurbishment and re-development across the portfolio.

Maintain low risk business profile - Preparation for, and compliance with, evolving regulatory requirements. - Monitor and update IT systems and processes as appropriate to optimise efficiency and security. - Ensure that the Company and its staff are aware of, and protected from, evolving and emerging cyber security threats.

Investor engagement programme - Comprehensive timetable of visits, site tours and presentations to both existing and potential investors. - Delivery of high quality, added value presentations and briefings to investors and analysts.

People engagement – Doing the right thing - Encourage staff engagement with local communities and potential charity opportunities. - Develop and launch a values based staff engagement programme.

Long-Term Incentive Plan (LTIP)

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

<table>
<thead>
<tr>
<th>Objective</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Shareholder Return relative to FTSE 350 Real Estate Supersector index excluding agencies</td>
<td>Total Property Return versus London focused IPD index</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Threshold vesting</th>
<th>Median</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>(20% of maximum)</td>
<td>Upper quartile</td>
<td>Upper quartile</td>
</tr>
</tbody>
</table>

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

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

Non-Executive Director fees

The fees for Non-Executive Directors are reviewed and agreed annually. The fees, which are effective from 1 April 2018, are set out in the table below:

<table>
<thead>
<tr>
<th>Name</th>
<th>2018 fee</th>
<th>2017 fee</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair of Audit Committee fee</td>
<td>£10,500</td>
<td>£10,500</td>
<td>0</td>
</tr>
<tr>
<td>Chair of Remuneration Committee fee</td>
<td>£10,500</td>
<td>£10,500</td>
<td>0</td>
</tr>
<tr>
<td>Chair of Remuneration Committee fee</td>
<td>£10,500</td>
<td>£10,500</td>
<td>0</td>
</tr>
</tbody>
</table>

For Directors’ service contracts of Workspace Group PLC. The principal terms of the Executive Directors’ service contracts are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Effective date of contract</th>
<th>Notice period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jamie Hopkins</td>
<td>Chief Executive Officer</td>
<td>3 February 2012</td>
<td>12 months</td>
</tr>
<tr>
<td>Graham Claxton</td>
<td>Chief Financial Officer</td>
<td>31 July 2007</td>
<td>12 months</td>
</tr>
<tr>
<td>Damon Hussain</td>
<td>Legal Director</td>
<td>16 July 2016</td>
<td>12 months</td>
</tr>
</tbody>
</table>

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

Who are the Committee’s advisers?

During the year, the Committee appointed PwC LLP as independent adviser to the Committee 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 since their appointment in September 2017 were £26,500. The Committee retained Deloitte LLP as its advisers for the first half of the year. Deloitte LLP, who are also founding members and signatories of the Remuneration Consultants Group, provided independent advice. The fees paid to Deloitte LLP were £46,859 for that period.

Other than in relation to advice on remuneration, neither PwC LLP nor Deloitte LLP provided any other services to the Company.

Voting at the Company’s AGMs

The table below sets out the results of the most recent Shareholder votes on the Policy Report and the advisory vote on the 2016/17 Annual Report on Remuneration at the 2017 AGM on 14 July 2017. The Committee views this level of Shareholder support as a strong endorsement of the Company’s Policy and its implementation.

<table>
<thead>
<tr>
<th>Policy Report (2017 AGM)</th>
<th>For</th>
<th>Against</th>
<th>Withheld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of votes cast</td>
<td>99.72</td>
<td>0.28</td>
<td>0.00</td>
</tr>
<tr>
<td>Number of votes cast</td>
<td>108,262,655</td>
<td>308,916</td>
<td>1,728</td>
</tr>
</tbody>
</table>

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

Share-based awards and dilution

The Company’s share schemes are funded through a combination of shares purchased in the market and new-issue shares, as appropriate. The Company monitors the number of shares issued under these schemes and their impact on dilution limits. The Company’s usage of shares compared to the relevant dilution limits set by the Investment Association (‘IA’) in respect of all shares plans (10% in any rolling 10-year period) and Executive share plans (5% in any rolling 10-year period) as at 31 March 2018 is detailed on the next page.

Additional information

Payments for loss of office (audited)

Note.

Payments to past Directors (audited)

Note.

Service contracts

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Effective date of contract</th>
<th>Notice period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jamie Hopkins</td>
<td>Chief Executive Officer</td>
<td>3 February 2012</td>
<td>12 months</td>
</tr>
<tr>
<td>Graham Claxton</td>
<td>Chief Financial Officer</td>
<td>31 July 2007</td>
<td>12 months</td>
</tr>
<tr>
<td>Damon Hussain</td>
<td>Legal Director</td>
<td>16 July 2016</td>
<td>12 months</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Date of original appointment</th>
<th>Date of reappointment</th>
<th>Notice period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daniel Kitchen</td>
<td>6 June 2011 (6 June 2017)</td>
<td>2017</td>
<td>6 months</td>
</tr>
<tr>
<td>Maria Mulberry</td>
<td>20 May 2012 (23 May 2016)</td>
<td>2017</td>
<td>3 months</td>
</tr>
<tr>
<td>Chris Gilling</td>
<td>7 February 2013 (7 February 2016)</td>
<td>2017</td>
<td>3 months</td>
</tr>
<tr>
<td>Damon Hussain</td>
<td>29 May 2013 (29 May 2016)</td>
<td>2017</td>
<td>3 months</td>
</tr>
<tr>
<td>Stephen Hubbard</td>
<td>16 July 2016 (16 July 2017)</td>
<td>2017</td>
<td>3 months</td>
</tr>
</tbody>
</table>

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

Who are the Committee’s advisers?

During the year, the Committee appointed PwC LLP as independent adviser to the Committee 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 since their appointment in September 2017 were £26,500. The Committee retained Deloitte LLP as its advisers for the first half of the year. Deloitte LLP, who are also founding members and signatories of the Remuneration Consultants Group, provided independent advice. The fees paid to Deloitte LLP were £46,859 for that period.

Other than in relation to advice on remuneration, neither PwC LLP nor Deloitte LLP provided any other services to the Company.

Voting at the Company’s AGMs

The table below sets out the results of the most recent Shareholder votes on the Policy Report and the advisory vote on the 2016/17 Annual Report on Remuneration at the 2017 AGM on 14 July 2017. The Committee views this level of Shareholder support as a strong endorsement of the Company’s Policy and its implementation.

<table>
<thead>
<tr>
<th>Policy Report (2017 AGM)</th>
<th>For</th>
<th>Against</th>
<th>Withheld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of votes cast</td>
<td>99.72</td>
<td>0.28</td>
<td>0.00</td>
</tr>
<tr>
<td>Number of votes cast</td>
<td>108,262,655</td>
<td>308,916</td>
<td>1,728</td>
</tr>
</tbody>
</table>

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

Share-based awards and dilution

The Company’s share schemes are funded through a combination of shares purchased in the market and new-issue shares, as appropriate. The Company monitors the number of shares issued under these schemes and their impact on dilution limits. The Company’s usage of shares compared to the relevant dilution limits set by the Investment Association (‘IA’) in respect of all shares plans (10% in any rolling 10-year period) and Executive share plans (5% in any rolling 10-year period) as at 31 March 2018 is detailed on the next page.
As of 31 March 2018, around 4.4% and 3.7% shares have been, or may be, issued to settle awards made in the previous 10 years in connection with all share schemes and executive share schemes respectively. Awards that are made but lapse or are forfeited are excluded from the calculations.

Graham Clemett
5 June 2018

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 2018.

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

This section of the Annual Report sets out the information required to be disclosed by the Company in the Directors’ Report. Certain matters that would otherwise be disclosed in the Directors’ Report have been reported elsewhere in the Annual Report and consequently, the Directors’ Report should be read in conjunction with the Strategic Report on pages 3 to 7, which provides a description of the Company’s business model and strategy. It also includes our report on Resources and Relationships, Principals and Uncertainties and the Going Concern and Viability Statement.

The Corporate Governance Report and Chairman’s Governance Report for the year ended 31 March 2018 on pages 73 to 159, are incorporated by reference into this Directors’ Report.

Principal activities and business review

This section of the Strategic Report, property investment and letting business space to London businesses. As at 31 March 2018 the Company had 10 active subsidiaries, five of which are property investment companies operating properties in Greater London. The other five companies are Workspace Management Limited, Workspace 16 (Jersey) Limited, L1 Property Services Limited, Workspace Global Limited and Workspace 17 (Jersey) Limited. A full list of the Company’s subsidiaries and other related undertakings appears on page 177.

Significant events which occurred during the year are detailed in the Chairman’s statement on page 3, the Chief Executive Officer’s strategic review on pages 28 to 34 and the Business Review on page 62.

A description of the principal risks and uncertainties facing the Company can be found on pages 8 to 156. Details of the Company’s health and safety policies can be found on page 156 and information on its environmental and community engagement activities can be found on pages 22 to 77.

Profit and dividends

The Group’s profit after tax for the year attributable to shareholders amounted to £171.4m (2017: £88.7m). The interim dividend of 8.84 pence (2017: 6.80 pence) was paid on 3 August 2018 to shareholders whose names are included in the register at the close of business on 18 July 2018.

The Interim Dividend Statement of Compliance can be found on pages 157 and 158.

Share options

The following table shows, for the Directors who served during the year, the interests in outstanding awards under the HMRC-approved All Share Plans and Executive Share Plans.

1. Awards will, subject to the satisfaction of performance conditions detailed on page 129 over the three-year performance period.

2. Performance Awards made to the Executive Directors: In June 2014, awards were in respect of 100% of salary based on a share price at date of award of £5.7033; in June 2015 awards were in respect of 100% of salary based on a share price at date of award of £9.1408 and in July 2017, awards were in respect of 200% of salary for Mr Clemett and 82% of salary for Mr Moore.

3. Participants are entitled to dividends payable on the Invested Shares. The Invested Shares, which are beneficially owned by participants, are included in the table.

4. Matching Awards were granted to participants who purchased Invested Shares. In 2014, matching shares granted were up to 100% of salary for Mr Clemett and 82% of salary for Mr Moore.

5. The LTIP awards granted in July 2017, as well as the new LTIP approved by Shareholders at the AGM in July 2017.

6. The remaining Shares Related Option Plan and SIP Awards are incorporated by reference into this Directors’ Report.

The Group’s activities, strategy and performance are explained in the Strategic Report on pages 3 to 7.

Further detail on the Group’s financial performance and financial position of the Group is provided in the financial statements on pages 146 to 178.

Employees

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

Share schemes are a long-established and successful part of our total reward package, encouraging and supporting employee share ownership. In particular, all employees are invited to participate in the Company’s Savings Related Share Option Scheme (“SAYE”).

Directors

There are currently seven Directors on the Board of Workspace Group PLC. Unless otherwise determined by ordinary resolution of the Company, the Directors shall not be less than two or more than 10 in number.

In accordance with the requirements of the UK Corporate Governance Code, all the Directors will offer themselves for re-election at the Annual General Meeting on 13 July 2018.

The Directors of the Company all hold office throughout the year. The current Directors and their biographies can be found on pages 84 to 90.

Details of Directors’ remuneration are provided in the Remuneration Report on pages 103 to 104. Details of the Directors’ shareholdings in the share capital of the Company and options over shares are provided on pages 150 and 154.

Directors’ indemnity

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

Directors’ conflicts of interest

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

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

Going Concern and the Viability Statement

The Company’s going concern and Viability Statements can be found on page 57.

The Group has procedures in place for managing conflicts of interest. Should a Director become aware that they, or their connected persons, have any interest in any contract or proposed transaction with the Company, they are required to notify the Board in writing or verbally at the next Board Meeting.
As at 24 May 2018 the following interests in voting rights over the issued share capital of the Company had been notified:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of shares</th>
<th>Percentage held</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Clifton &amp; Amsterdam Trust Company Limited</td>
<td>44,750,229</td>
<td>27.32</td>
</tr>
<tr>
<td>Quilter Plc</td>
<td>16,545,192</td>
<td>10.10</td>
</tr>
<tr>
<td>Standard Life</td>
<td>14,340</td>
<td>0.76</td>
</tr>
<tr>
<td>BlackRock Inc</td>
<td>12,372,240</td>
<td>7.53</td>
</tr>
<tr>
<td>Prudential Group</td>
<td>8,639,954</td>
<td>5.27</td>
</tr>
</tbody>
</table>

Purchase of own shares

As at 31 March 2018 the following interests in voting rights over the Company’s issued share capital comprised a single class of 163,806,591 Ordinary Shares of £1.00 each. Details of the Company’s issued share capital are set out on page 172.

Further information on Group employees can be found on pages 26, 126 and 156.

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

The Group provides retirement benefits for the majority of its employees. Details of the Group pension arrangements are set out in note 26 on page 178.

Other relevant requirements from the takeover directive are included elsewhere in the Report of the Directors, the Corporate Governance Report, the Directors’ Remuneration Report and the notes to the Group and Company financial statements. There are no agreements elsewhere in the Report of the Directors, the Corporate Governance section of this report on page 110.

Financial risk management

The financial risk management objectives and policies of the Company are set out in note 17 to the financial statements and in the Corporate Governance section of this report on page 110.

Scope 1 emissions – direct emissions

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

Carbon emissions by source (tCO2e)

<table>
<thead>
<tr>
<th>Source of emissions</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18</th>
<th>2018/19</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 emissions – Workspace</td>
<td>4,221</td>
<td>3,884</td>
<td>3,519</td>
<td>3,181</td>
<td>-11%</td>
</tr>
<tr>
<td>Scope 2 emissions – Workspace</td>
<td>10,822</td>
<td>11,209</td>
<td>12,045</td>
<td>12,744</td>
<td>6%</td>
</tr>
<tr>
<td>Total</td>
<td>15,044</td>
<td>15,136</td>
<td>15,920</td>
<td>15,741</td>
<td>4%</td>
</tr>
</tbody>
</table>

Performance

The 2017/18 Greenhouse Gas (GHG) emissions across the portfolio have decreased from 14,029 tCO2e in the previous year to 12,918 tCO2e. This decrease is due to a significant reduction in Scope 1 emissions, which is attributed to a significant decrease in coal generation and an increase in gas and renewables generation.
One of the main initiatives was the targeted installation of the Optergy Building Management System (BMS) which is a smart metering technology that has enabled real-time energy monitoring at the building level right down to individual plant equipment. The data provided by the BMS has enabled us to engage with our in-house Facility Management teams to improve energy management practices and reduce GHG emissions. Other initiatives that have been implemented include ongoing LED lighting upgrades, ongoing Automatic Meter Reading (AMR) installations, BMS and boiler optimisation, insulation improvements and refurbishment projects.

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 International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards, 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 their profit or loss for that period in preparing each of the Group and Parent Company financial statements; the Directors are required to:
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- 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 Group's performance, business model and strategy.

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.

We 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.

Signed on behalf of the Board on 5 June 2018 by:

Jami Hopkins Chief Executive Officer
Graham Clemett Chief Financial Officer

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.

Details of long-term incentive schemes

Remuneration Report, pages 129, 130 and 134

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

Post Balance sheet events

Details of post balance sheet events can be found on page 178.

2018 Annual General Meeting

The 32nd Annual General Meeting of the Company will be held at the Company’s business centre at 160 Fleet Street, London EC4A 2DQ on Friday 12 July 2018 at 10:00am. The Notice of the Meeting, together with an explanation of the business to be dealt with at the Meeting, is included as a separate document sent to shareholders who have elected to receive hard copies of shareholder information and is also available on the Company’s website.

By Order of the Board
Carmelina Carfora
Company Secretary
5 June 2018
1. Our opinion is unmodified

We have audited the financial statements of Workspace Group PLC ("the Company") for the year ended 31 March 2018 which comprise the Consolidated and Parent Company's Balance Sheets, the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated and Parent Company’s Statement of Changes in Equity, and the related notes, including the accounting policies on pages 146 to 183.

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 2018 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- 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 and, as regards the Group financial statements, Article 4 of the AIFMD Regulation.

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 sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as Auditor by the Shareholders on 14 July 2017. The period of total uninterrupted engagement is for the one financial year ended 31 March 2018. 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

<table>
<thead>
<tr>
<th>Materiality: Group financial statements as a whole</th>
<th>£22.0 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage of materiality components of adjusted profit before tax excluding fair value valuation movements and profit on other interest</td>
<td>4.9%</td>
</tr>
<tr>
<td>Coverage of total Group assets</td>
<td>100%</td>
</tr>
</tbody>
</table>

Lower materiality:
- £2.0 million
- 0.9% of total Group assets

Recurring risk (Group)

Valuation of investment property

Recurring risk (Parent)

Accounting for financial instruments

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 summarised below the key audit matters, 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. Those 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.

The risk

Subjective valuation

Investment properties is the largest balance in the financial statements and is held at fair value in the Group’s financial statements.

The portfolio is externally valued by qualified independent valuers, CBRE.

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. Valuing investment properties either under development or with development potential can be further complicated by the need to assess the likelihood of planning consent and an allowance for developer’s profit. 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 valuer.

Data capture

Each property valuation includes source data provided by management and relied on as accurate by the external valuer, primarily the database of tenancy contracts. The relatively short average lease length in the Workspace portfolio and the reduced market comparable information for such flexible office space means the 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 more sensitive to the source data than may be the case for more mature sectors with longer leases. Further, given the higher turnover of tenants, the valuer will have less working knowledge of the current tenancy position, and less reason to question changes.

Our response

We critically assessed the methodology used by the valuers by using our own property valuation specialist to assist us in considering whether the valuation report is in accordance with the RICS Valuation Professional Standards ‘the Red Book’; IFRS and that the valuation methodology adopted is appropriate by reference to acceptable valuation practice.

Benchmarking assumptions: With the assistance of our own property valuation specialist, we held discussions with CBRE to critically assess movements in property values. 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 rents, we evaluated and challenged as appropriate the key assumptions upon which these valuations were based, including those relating to forecast market rents and yields, by making a comparison to our own understanding of the market.

- Test of detail: We compared a sample of key inputs used in the valuations, such as rental income and lease length to the Group’s property management system and lease contracts.
- Test of detail: For a selection of properties under development, we assessed the progress of the development and evaluated assumptions over construction costs, agreeing them to construction contracts and management’s project appraisals.
- Assessing transparency: We considered the adequacy of the Group’s disclosures about the degree of estimation and sensitivity to key assumptions made when valuing properties.

Our results

We found the valuation of investment properties to be acceptable.
3. Our application of materiality and an overview of the scope of our audit

Maturity for the Group financial statements as a whole was set at £22.1 million, determined with reference to a benchmark of total assets (of which it represents 0.9%).

In addition, we applied maturity of £3.0 million to Group components of adjusted trading profit after interest (as defined by the Group on page 35) which comprises net rental income, administrative expenses and net finance costs for which we believe misstatements of lesser amounts than maturity 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.

Maturity for the Parent Company financial statements as a whole was set at £21.0 million, determined with reference to a benchmark of Company net assets, of which it represents 3.1%.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.7 million (Group), £0.6 million (Parent Company) or £0.15 million for misstatements relating to procedures performed to the lower maturity, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The components within the scope of our work accounted for the percentages illustrated opposite.

The Group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the maturity levels set out above.

---

The Parent Company has a cross currency swap to ensure the US Dollar liability streams generated from the US Dollar Notes are fully hedged into Sterling for the life of the transaction. Through entering into the cross currency swap, the Parent Company has created a synthetic Sterling fixed rate liability totaling £64.5 million (2017: £64.5 million). The swaps have been externally valued and are designated as a cash flow hedge with changes in fair value dealt with in other comprehensive income.

The valuations of the swaps are based on market movements which can fluctuate in the year. It 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.
Disclosures of principal risks and longer-term viability
Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:
- the Directors’ confirmation within the Going Concern and Viability Statement on page 57 that they have carried out a robust assessment of the 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 explaining how they are being managed and mitigated;
- and the Directors’ explanation in the Going Concern and 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.

Under the Listing Rules we are required to review the Going Concern and Viability Statement. We have nothing to report in this respect.

Corporate governance disclosures
We are required to report to you if:
- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and 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;
- or the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee;

We are required to report to you if the Corporate Governance Report does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. 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’s 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.

7. Respective responsibilities

Directors’ responsibilities
As explained more fully in their statement set out on page 139, the Directors are responsible for:
- 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;
- the design and implementation of internal controls, if any, within the scope of those responsibilities;

Auditor’s responsibilities
Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), 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 other irregularities 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.

irregularities – ability to detect
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the Directors (as required by auditing standards).

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the Directors and inspection of regulatory and legal correspondence.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

As with any audit, there remained a higher risk of non-detection of non-compliance with relevant laws and regulations (irregularities), as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

B. 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.

Richard Kelly (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
5 June 2018
Consolidated income statement  
For the year ended 31 March 2018

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018 (£m)</th>
<th>2017 (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>128.9</td>
<td>108.8</td>
</tr>
<tr>
<td>Direct costs</td>
<td>(33.3)</td>
<td>(29.6)</td>
</tr>
<tr>
<td>Net rental income</td>
<td>95.6</td>
<td>79.3</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(16.1)</td>
<td>(15.1)</td>
</tr>
<tr>
<td><strong>Trading profit</strong></td>
<td>79.5</td>
<td>64.1</td>
</tr>
<tr>
<td>Profit/(loss) on disposal of investment properties 3(a)</td>
<td>26.6</td>
<td>(9.6)</td>
</tr>
<tr>
<td>Loss on disposal of joint ventures 3(b)</td>
<td>(5.2)</td>
<td></td>
</tr>
<tr>
<td>Other income 3(c)</td>
<td>0.6</td>
<td>2.1</td>
</tr>
<tr>
<td>Other expenses 3(d)</td>
<td>(1.2)</td>
<td></td>
</tr>
<tr>
<td>Change in fair value of investment properties 10</td>
<td>83.5</td>
<td>39.5</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>189.2</td>
<td>103.7</td>
</tr>
<tr>
<td>Finance income 4</td>
<td>4</td>
<td>0.1</td>
</tr>
<tr>
<td>Finance costs 4</td>
<td>(18.8)</td>
<td>(13.7)</td>
</tr>
<tr>
<td>Exceptional finance costs 4</td>
<td>(1.4)</td>
<td></td>
</tr>
<tr>
<td>Gains from share in joint ventures 12(a)</td>
<td>(0.1)</td>
<td></td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>170.4</td>
<td>88.6</td>
</tr>
<tr>
<td>Taxation 6</td>
<td>1.0</td>
<td>(0.3)</td>
</tr>
<tr>
<td><strong>Profit for the financial year after tax</strong></td>
<td>171.4</td>
<td>88.3</td>
</tr>
</tbody>
</table>

Consolidated balance sheet  
As at 31 March 2018

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018 (£m)</th>
<th>2017 (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment properties</td>
<td>10</td>
<td>2,288.7</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>11</td>
<td>1.4</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>12(a)</td>
<td>2.9</td>
</tr>
<tr>
<td>Investment in joint ventures</td>
<td>12(b)</td>
<td>0.1</td>
</tr>
<tr>
<td>Other investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trade and other receivables</strong></td>
<td>13</td>
<td>2.5</td>
</tr>
<tr>
<td>Derivative financial instruments 16(a) A (f)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2,298.8</td>
<td>1,897.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018 (£m)</th>
<th>2017 (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>13</td>
<td>25.2</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>14</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>31.7</td>
<td>40.4</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,897.1</td>
<td>2,298.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018 (£m)</th>
<th>2017 (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>15</td>
<td>(52.2)</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>6</td>
<td>(5.9)</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>57.1</td>
<td>46.6</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings 16(a)</td>
<td>(265.5)</td>
<td>(265.5)</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>(262.3)</td>
<td>(219.1)</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>1,712.9</td>
<td>1,578.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018 (£m)</th>
<th>2017 (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>19</td>
<td>163.8</td>
</tr>
<tr>
<td>Share premium</td>
<td>19</td>
<td>135.3</td>
</tr>
<tr>
<td>Investment in own shares</td>
<td>21</td>
<td>(9.3)</td>
</tr>
<tr>
<td>Other reserves</td>
<td>20</td>
<td>18.4</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>1,403.7</td>
<td>1,270.1</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>1,712.9</td>
<td>1,578.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018 (£m)</th>
<th>2017 (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EPRA net asset value per share</strong></td>
<td>9</td>
<td>£10.37</td>
</tr>
</tbody>
</table>
| The notes on pages 150 to 178 form part of these financial statements.

The financial statements on pages 146 to 178 were approved and authorised for issue by the Board of Directors on 5 June 2018 and signed on its behalf by:

J Hopkins
G Clemett
Directors
Consolidated statement of cash flows
For the year ended 31 March 2018

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018 £m</th>
<th>2017 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>93.2</td>
<td>69.7</td>
</tr>
<tr>
<td>Interest received</td>
<td>(18.6)</td>
<td>(15.0)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(0.3)</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Tax</td>
<td>6.2</td>
<td>4.9</td>
</tr>
<tr>
<td>Net cash inflow from operating activities</td>
<td>76.2</td>
<td>54.4</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of investment properties</td>
<td>(370.4)</td>
<td>(10.8)</td>
</tr>
<tr>
<td>Capital expenditure on investment properties</td>
<td>(128.1)</td>
<td>7.8</td>
</tr>
<tr>
<td>Proceeds from disposal of investment properties (net of sale costs)</td>
<td>128.1</td>
<td>7.8</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>(1.1)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(1.0)</td>
<td>(1.8)</td>
</tr>
<tr>
<td>Capital distributions from joint ventures</td>
<td>(2.7)</td>
<td></td>
</tr>
<tr>
<td>Proceeds from disposal of joint ventures</td>
<td>18.7</td>
<td></td>
</tr>
<tr>
<td>Other income (overage receipts)</td>
<td>23.8</td>
<td></td>
</tr>
<tr>
<td>Performance fee from joint venture</td>
<td>24.5</td>
<td></td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(0.9)</td>
<td></td>
</tr>
<tr>
<td>Movement in funding balances with joint ventures</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>Income distributions from joint ventures</td>
<td>0.6</td>
<td></td>
</tr>
<tr>
<td>Net cash (outflow)/inflow from investing activities</td>
<td>(305.4)</td>
<td>8.7</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issue of ordinary share capital</td>
<td>0.8</td>
<td>0.2</td>
</tr>
<tr>
<td>Finance costs for new/amended borrowing facilities</td>
<td>(1.9)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Exceptional finance costs</td>
<td>(0.9)</td>
<td></td>
</tr>
<tr>
<td>Settlement and re-capitalising of derivative financial instruments</td>
<td>(0.9)</td>
<td></td>
</tr>
<tr>
<td>Repayment of bank borrowings</td>
<td>(16.0)</td>
<td>(55.0)</td>
</tr>
<tr>
<td>Draw down of bank borrowings and Private Placement Notes</td>
<td>(580.0)</td>
<td></td>
</tr>
<tr>
<td>Own shares purchase (net)</td>
<td>(37.4)</td>
<td>(27.4)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>12.7</td>
<td></td>
</tr>
<tr>
<td>Net cash inflow/(outflow) from financing activities</td>
<td>246.7</td>
<td>(83.9)</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash and cash equivalents</td>
<td>11.5</td>
<td></td>
</tr>
</tbody>
</table>
The Strategic Report is an overview of the business and its operations, objectives, policies, strategies and performance. It provides an assessment of the key aspects of the business, including financial and non-financial information. The report includes a description of the Group’s business activities, the key strategic initiatives, and the factors that influence the business. It also provides an overview of the Group’s performance and financial results for the reporting period.

The financial statements are presented in Sterling, which is the Group’s functional currency. The Group presents its financial statements on an accrual basis, in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations as adopted by the European Union.

The notes to the financial statements provide the basis for the preparation of the financial statements and should be read in conjunction with them. The notes cover matters such as significant accounting policies, the basis of consolidation, and the preparation of financial statements.

The Group’s financial statements are prepared using the historical cost measurement basis, except for investments, deferred consideration on disposal of investment properties, and property, plant and equipment. Financial assets and liabilities are measured at amortised cost.

The notes to the financial statements are an integral part of the financial statements. They provide additional information and should be read in conjunction with the financial statements. The notes cover matters such as significant accounting policies, the basis of consolidation, and the preparation of financial statements.

The Group’s financial statements are prepared using the historical cost measurement basis, except for investments, deferred consideration on disposal of investment properties, and property, plant and equipment. Financial assets and liabilities are measured at amortised cost.

The notes to the financial statements are an integral part of the financial statements. They provide additional information and should be read in conjunction with the financial statements. The notes cover matters such as significant accounting policies, the basis of consolidation, and the preparation of financial statements.
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.

Operating segments

Operating segments are reported in a manner consistent with the information 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. The chief operating decision maker is the Executive Committee of the Company. The Group considers that it has only one operating segment being a single portfolio of commercial property providing business accommodation for rent in London.

Revenue recognition

Revenue comprises rental income, service charges and other sums receivable from tenants. Service charges comprise insurance charges, supplies of utilities, prema 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 balance sheet. Rental income from operating 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 to. If the Group provides 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 exceptional or unique in nature. These are excluded from ordinary activities and presented separately in the Consolidated income statement 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 Group.

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 models. The expected life used in the models has been adjusted up to management’s best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Pensions

The Group operates a defined contribution pension scheme. Contributions are charged to the Consolidated income statement on an accruals basis.

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 have been substantively enacted by the balance sheet date.

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 substantively 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 UK property rental business. In order to retain REIT status, certain ongoing criteria must be maintained. The main criteria are as follows:

- All at least 90% of the Group’s taxable income must be from the assets of the Group’s REIT business.
- All at least 75% of the Group’s total profit must come from the tax exempt business.
- All at least 90% of the Group’s tax exempt business earnings must be distributed.

Dividend distributions

Finally dividends and 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.

New accounting standards, amendments and guidance

a) During the year to 31 March 2018 the Group adopted the following accounting standards and guidance: - Amendments to IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures – amendments regarding the consolidation exception.
- Amendment: IAS 7 Statement of cash flows on disclosure initiatives.

These standards or guidance had no material impact on the Group’s financial statements or resulted in changes to presentation and disclosure only.

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 will result in changes to presentation and disclosure. They have not been adopted early by the Group:

- IFRS 9 – Financial Instruments

This standard covers the classification and measurement of financial instruments. Having carried out an assessment of the standard, the Group believes the main impact will be the measurement and presentation of trade receivables due to the change in impairment model to expected credit losses. It is not currently expected that any impact will be material.

- IFRS 15 Revenue from contracts with customers

This standard is based on the principle that revenue is recognised when control passes to a customer. In our case, the standard is most applicable to the recognition point for service charge income and disposal of assets. The standard excludes rental income, which falls within the scope of IAS 17. IFRS 15 – Leases, it is not expected that IFRS 15 will have a significant impact on the Group’s financial statements. There may be changes to presentation and disclosure.

- IFRS 16 – Leases

For operating leases in excess of one year, this standard requires lessees to recognise a right-of-use asset and a related lease liability representing the obligation to make lease payments. The right-of-use asset is assessed for impairment annually and is amortised on a straight-line basis. The lease liability is amortised using the effective interest method. Lessor accounting is substantially unchanged from current accounting. Therefore, since the Group is primarily a lessor, this standard is unlikely to significantly impact the Group’s financial statements.
1. Analysis of net rental income and segmental information

<table>
<thead>
<tr>
<th></th>
<th>2018 (£m)</th>
<th>2017 (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental income</td>
<td>106.1</td>
<td>86.6</td>
</tr>
<tr>
<td>Service charges</td>
<td>17.7</td>
<td>15.4</td>
</tr>
<tr>
<td>Empty rates &amp; other non-recoverables</td>
<td>(5.0)</td>
<td>(4.8)</td>
</tr>
<tr>
<td>Services, fees &amp; sundry income</td>
<td>5.1</td>
<td>6.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>128.9</strong></td>
<td><strong>98.6</strong></td>
</tr>
</tbody>
</table>

Proceeds from sale of investment properties includes £14.0m (March 2017: £Nil) of capital receipts in relation to two part disposals.

2. Operating profit

The following items have been charged in arriving at operating profit:

<table>
<thead>
<tr>
<th></th>
<th>2018 (£m)</th>
<th>2017 (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>1.1</td>
<td>0.9</td>
</tr>
<tr>
<td>Staff costs (including share based costs)</td>
<td>18.6</td>
<td>17.1</td>
</tr>
<tr>
<td>Repairs and maintenance expenditure on investment properties</td>
<td>2.6</td>
<td>2.7</td>
</tr>
<tr>
<td>Trade receivables impairment</td>
<td>0.3</td>
<td>0.2</td>
</tr>
<tr>
<td>Amortisation of intangibles</td>
<td>0.3</td>
<td>0.2</td>
</tr>
<tr>
<td>Operating lease rentals payable</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Audit fees payable to the Company’s auditors</td>
<td>0.2</td>
<td>0.2</td>
</tr>
</tbody>
</table>

3(a). Profit on disposal of investment properties

<table>
<thead>
<tr>
<th></th>
<th>2018 (£m)</th>
<th>2017 (£m)</th>
</tr>
</thead>
</table>

Proceeds from sale of investment properties includes £14.0m (March 2017: £Nil) of capital receipts in relation to two part disposals.

3(b). Loss on disposal of joint ventures

The Group sold its share in Generate Studio Limited in March 2018. The BlackRock Workspace Property Trust joint venture was sold in June 2016 with the loss on sale being recognised in the prior year.

3(c). Other income

The value of deferred consideration (cash and overage) from the sale of investment properties has been revalued by CBRE Limited at 31 March 2018 and 31 March 2017. The amounts receivable are included in the Consolidated balance sheet under non-current and current trade and other receivables (note 13).

3(d). Other expenses

In the prior year, the Group provided 100% against its investment in Mailstorage Ltd, resulting in a charge of £1.2m.
4. Finance income and costs

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>£1.9m</td>
</tr>
<tr>
<td>Finance income</td>
<td>£0.3m</td>
</tr>
<tr>
<td>Interest payable on bank loans and overdrafts</td>
<td>(2.8)</td>
</tr>
<tr>
<td>Interest payable on other borrowings</td>
<td>(16.0)</td>
</tr>
<tr>
<td>Amortisation of issue costs of borrowings</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Interest payable on finance leases</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Interest capitalised on property refurbishments (note 10)</td>
<td>1.6</td>
</tr>
<tr>
<td>Foreign exchange losses on financing activities</td>
<td>(8.5)</td>
</tr>
<tr>
<td>Cash flow hedge - transfer from equity</td>
<td>8.5</td>
</tr>
<tr>
<td>Finance costs (18.8)</td>
<td>(19.1)</td>
</tr>
</tbody>
</table>

Total finance costs (18.8)

The exceptional finance costs of £1.4m were incurred in the prior year for the repayment of the £45m UK fund debt in September 2016 and comprised of a £0.9m repayment fee and £0.5m unamortised finance costs and legal fees relating to this debt.

5. Employees and Directors

Staff costs for the Group during the year were:

- Wages and salaries: £13.6m (£13.9m)
- Social security costs: £1.9m (£1.7m)
- Other pension costs (note 26): £0.8m (£0.7m)
- Cash settled share based costs (note 22): £0.6m (£0.4m)
- Equity settled share based costs (note 22): £1.7m (£1.9m)
- Adjusted gains from share in joint ventures: £20.6m (£19.7m)
- Less costs capitalised: (2.0) (1.5)
- Total staff costs: £18.6m (£17.7m)

The monthly average number of people employed during the year were:

- Head office staff (including Directors): 164 (166)
- Estates and property management staff: 217 (206)

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 113 to 134. These form part of the financial statements.

Total Directors’ emoluments for the financial year were £4.1m (2017: £4.3m), comprising of £2.1m (2017: £2.1m) of Directors’ remuneration, £1.8m (2017: £2.1m) gain on exercise of share options and £0.2m (2017: £0.1m) of contributions to pension plans in respect of two Directors (2017: two).

6. Taxation

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before taxation</td>
<td>£170.4m</td>
</tr>
<tr>
<td>Adjusted gains from share in joint ventures</td>
<td>£9.0m</td>
</tr>
<tr>
<td>Tax at standard rate of corporation tax in the UK of 19% (2017: 20%)</td>
<td>£32.4m</td>
</tr>
</tbody>
</table>

Effects of:
- REIT exempt income | £7.9m | £7.9m |
- Changes in tax value not subject to tax as a REIT | £17.7m | £17.9m |
- Share based payment adjustments | £0.4m | £0.5m |
- Overage income subject to tax when received | £0.6m | £1.2m |
- Adjustments to tax in respect of previous periods | £0.1m | £0.3m |
- Losses carried forward previously unrecognised | (0.1m) | (0.2m) |
- Utilisation of losses unrecongnised brought forward | £0.8m | £0.8m |
- Other non-taxable expenses | (0.2m) | (0.2m) |
| Total tax (credit)/charge | £17.7m | £22.1m |

The Group is a Real Estate Investment Trust ("REIT"). The Group's UK property rental business (both income and capital gains) is exempt from tax. The Group's other income is subject to corporation tax. Other income of £0.6m (2017: £2.1m) has been recorded this year (note 3(c): £0.6m (2017: £0.8m) of this income is subject to 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.

Changes to the UK corporation tax rates were 'substantively enacted' and 'fully enacted' on 6 and 15 September 2016 respectively as part of the Finance Bill 2016. These changes include reductions to the main rate of corporation tax from 19% to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using the rates expected to apply to the period when the asset is realised or the liability is settled.

The Group currently has an unrecognised asset in relation to tax losses carried forward of £3.3m (2017: £1.0m) calculated at a corporation tax rate of 19% (2017: 19%).

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets:</td>
<td></td>
</tr>
<tr>
<td>- Deferred tax to be recovered within 12 months</td>
<td>£0.8m</td>
</tr>
<tr>
<td>Deferred tax liabilities:</td>
<td></td>
</tr>
<tr>
<td>- Deferred tax liabilities to be recovered within 12 months</td>
<td>(0.8m)</td>
</tr>
<tr>
<td>Deferred tax (liabilities) (net)</td>
<td>£0.0m</td>
</tr>
</tbody>
</table>
8. Earnings per share

<table>
<thead>
<tr>
<th>2018 £m</th>
<th>2017 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic and diluted earnings</td>
<td>171.4</td>
</tr>
<tr>
<td>Change in fair value of investment properties</td>
<td>(82.5)</td>
</tr>
<tr>
<td>Profit/(loss) on disposal of investment properties</td>
<td>(26.6)</td>
</tr>
<tr>
<td>Loss on disposal of joint venture</td>
<td>-</td>
</tr>
<tr>
<td>EPRA earnings</td>
<td>62.3</td>
</tr>
<tr>
<td>Adjustments for non-trading items</td>
<td>-</td>
</tr>
<tr>
<td>Group’s share of joint venture other expenses</td>
<td>-</td>
</tr>
<tr>
<td>Other expenses</td>
<td>-</td>
</tr>
<tr>
<td>Exceptional finance costs</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Other income</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Taxation (credit)/charge</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted trading profit after interest</td>
<td>60.7</td>
</tr>
</tbody>
</table>

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 in calculating earnings per share:

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shares used in calculating earnings per share</td>
<td>153,495,793</td>
</tr>
<tr>
<td>Weighted average number of shares excluding own shares held in trust</td>
<td>163,495,793</td>
</tr>
<tr>
<td>Dilution due to share option schemes</td>
<td>1,293,620</td>
</tr>
<tr>
<td>Weighted average number of shares for diluted earnings per share</td>
<td>164,789,413</td>
</tr>
</tbody>
</table>

In pence:

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings per share</td>
<td>104.8p</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>104.0p</td>
</tr>
<tr>
<td>EPRA earnings per share</td>
<td>37.8p</td>
</tr>
<tr>
<td>Adjusted underlying earnings per share</td>
<td>36.8p</td>
</tr>
</tbody>
</table>

1. Adjusted underlying earnings per share is calculated on a diluted basis.
9. Net assets per share

<table>
<thead>
<tr>
<th>Year</th>
<th>Net assets per share</th>
<th>EPRA net assets per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>£16.1m (2017: £7.1m)</td>
<td>£16.1m (2017: £7.1m)</td>
</tr>
</tbody>
</table>

Number of shares used for calculating net assets per share:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>163,806,591</td>
<td>163,806,591</td>
</tr>
<tr>
<td>2017</td>
<td>163,806,591</td>
<td>163,806,591</td>
</tr>
</tbody>
</table>

Net assets have been adjusted and calculated on a diluted basis to derive a net asset per share measure as defined by EPRA.

10. Investment properties

Investment properties represent a single class of property being business accommodation for rent in London.

During the year the Group acquired three properties, Salisbury House, 13-17 Fitzroy Street and Centro Buildings for a combined £382m, and a number of refurbished properties.

Valuation

The Group's investment properties are held at fair value and were revalued at 31 March 2018 by the external valuer, CBRE Limited, a firm of independent qualified valuers in accordance with the Royal Institution of Chartered Surveyors, Valuation - Professional Standards 2014. All the properties are revalued at period end regardless of the date of acquisition. This includes a physical inspection of all properties, at least once a year. 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 currently being used for business accommodation in their current state. However, the valuation is based on the current use at the balance sheet date including 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 ensure appropriate assumptions have been applied. Meetings are held with the valuers to review and challenge the valuations, ensuring they have considered all relevant information, and rigorous reviews are performed to ensure valuations are sensible.

The valuation of like-for-like properties (which are not subject to 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, market comparatives, occupancy and timing of rent reviews. Whilst there is market evidence for these inputs and recent transaction price for similar properties, there is still a significant element of estimation and judgement. As a result of adjustments made to market observable data, the significant inputs are deemed unobservable under IFRS 13.

When valuing properties being refurbished by Workspace, the residual value method is used. The completed value of the refurbishment is determined as for like-for-like properties above. Capital expenditure required to complete the building is then deducted and a discount factor is applied to reflect the time period to complete construction and allowance made 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.

Redevelopment properties are also valued using the residual value method. The completed 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 the valuers the methods 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:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total per CBRE valuation report</th>
<th>Deferred consideration on sale of property</th>
<th>Head leases treated as finance leases under IAS 17</th>
<th>Total investment properties per balance sheet</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>£2,279.6m</td>
<td>£70.0m</td>
<td>£55.1m</td>
<td>£2,394.7m</td>
</tr>
<tr>
<td>2017</td>
<td>£2,244.0m</td>
<td>£67.0m</td>
<td>£50.1m</td>
<td>£2,361.0m</td>
</tr>
</tbody>
</table>

The Group invests in properties that are held 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, key assumptions and 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. If the degree of subjectivity or nature of the measurement inputs changes then there could be a transfer between Levels 2 and 3 of classification. No changes requiring a transfer have occurred during the current or previous year.
10. Investment properties continued

The following table summarises the valuation techniques and inputs used in the determination of the property valuation.

### Key unobservable inputs:

<table>
<thead>
<tr>
<th>Property category</th>
<th>Valuation</th>
<th>ERVs - per sq. ft.</th>
<th>Valuation/ Weighted average</th>
<th>Range</th>
<th>Equivalent yields</th>
</tr>
</thead>
<tbody>
<tr>
<td>Like-for-like</td>
<td>1.19</td>
<td>£145–£85</td>
<td>£40</td>
<td>4.8%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Completed projects</td>
<td>308</td>
<td>£60–£250</td>
<td>£44</td>
<td>5.0%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Refurbishments</td>
<td>180</td>
<td>£135–£400</td>
<td>£29</td>
<td>5.7%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>383</td>
<td>£20–£72</td>
<td>£60</td>
<td>4.3%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Head leases</td>
<td>16</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>768</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key unobservable inputs for developments at planning stage and refurbishment is a Developer’s profit. The range is 13%–20% with a weighted average of 16%.

Costs to complete is a key unobservable input for developments at planning stage with a range of £686–£273 per sq. ft. and a weighted average of £203 per sq. ft.

Costs to complete are not considered to be a significant unobservable input for refurbishments due to the high percentage that is already 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.

<table>
<thead>
<tr>
<th>Property category</th>
<th>+/- 10% in ERVs</th>
<th>+/- 25 bps in yields</th>
</tr>
</thead>
<tbody>
<tr>
<td>Like-for-like</td>
<td>+/-15%</td>
<td>+/-25 bps</td>
</tr>
<tr>
<td>Completed projects</td>
<td>+/-15%</td>
<td>+/-25 bps</td>
</tr>
<tr>
<td>Refurbishments</td>
<td>+/-15%</td>
<td>+/-25 bps</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>+/-15%</td>
<td>+/-25 bps</td>
</tr>
</tbody>
</table>

### 11. Property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 April</td>
<td>£3.2m</td>
<td>£3.1m</td>
</tr>
<tr>
<td>Capital distributions</td>
<td>(0.3)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Payment of loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of gains</td>
<td></td>
<td>(0.1)</td>
</tr>
<tr>
<td>Income distributions</td>
<td></td>
<td>(0.1)</td>
</tr>
<tr>
<td><strong>Disposal of joint ventures</strong> (note 3(b))</td>
<td>(18.9)</td>
<td>(18.9)</td>
</tr>
<tr>
<td>Realisation of profits on sale of properties out of joint ventures (note 3(a))</td>
<td>(0.1)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Balance at 31 March</td>
<td>£0.1m</td>
<td>£0.1m</td>
</tr>
</tbody>
</table>

* Capital distributions are from proceeds on disposal of investment properties. Income distributions are from trading profits.

The Group had one joint venture during the year, Generate Studio Limited, which is engaged in the design and project management of office fit outs and workplace consultancy both for Group properties and third parties. The Group sold its share in Generate Studio Limited in March 2018. A dividend was paid to Workspace of £0.3m, of which £0.1m is being repaid by Generate Studio Limited to Workspace over the next financial year.

(b) Other investments

The Group holds the following investment:

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Established</th>
<th>Capital as a % of voting share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generate Studio Limited</td>
<td>February 2014</td>
<td>50%</td>
</tr>
<tr>
<td>Whitebox Creative Limited</td>
<td>February 2016</td>
<td>50%</td>
</tr>
</tbody>
</table>

11. Property, plant and equipment

<table>
<thead>
<tr>
<th>Cost or valuation</th>
<th>Equipment and fixtures</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2016</td>
<td>5.1</td>
<td></td>
</tr>
<tr>
<td>Additions during the year</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>Disposals during the year</td>
<td>(0.8)</td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 31 March 2017</strong></td>
<td>6.1</td>
<td></td>
</tr>
<tr>
<td>Additions during the year</td>
<td>1.1</td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 31 March 2018</strong></td>
<td>7.2</td>
<td></td>
</tr>
</tbody>
</table>

Accumulated depreciation

| 1 April 2016 | 3.1 |
| Charge for the year | 0.9 |
| **Balance at 31 March 2017** | 3.2 |
| Charge for the year | 1.1 |
| **Balance at 31 March 2018** | 4.3 |

Net book amount at 31 March 2018

| 2.9 |
| Net book amount at 31 March 2017 | 2.9 |
13. Trade and other receivables

Non-current trade and other receivables

\[ \begin{array}{c|c|c}
\text{Year} & \text{2018 £m} & \text{2017 £m} \\
\hline
\text{Prepayments, other receivables and accrued income} & = & 3.4 \\
\text{Deferred consideration on sale of investment properties (see below)} & = & 4.3 \\
\text{Total} & = & 7.7 \\
\end{array} \]

Deferred consideration on sale of investment properties:

\[ \begin{array}{c|c|c}
\text{Year} & \text{2018 £m} & \text{2017 £m} \\
\hline
\text{Balance at 1 April} & 4.3 & 7.0 \\
\text{Cash received} & (2.4) & (1.7) \\
\text{Additions} & 4.7 & - \\
\text{Less: classified as current} & (7.0) & - \\
\text{Change in fair value} & 0.4 & (1.0) \\
\text{Balance at 31 March} & = & 7.7 \\
\end{array} \]

The deferred consideration arising on the sale of investment properties relates to cash and overage. The conditional value of the portion of the receivable that relates to overage is held at fair value through profit and loss. It 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, including both current and non-current elements, was a profit of £0.4m (31 March 2017: £0.5m loss) (note 3(c)).

Receivables 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.

Movements on the provision for impairment of trade receivables are shown below:

\[ \begin{array}{c|c|c}
\text{Year} & \text{2018 £m} & \text{2017 £m} \\
\hline
\text{Balance at 1 April} & 0.3 & 0.4 \\
\text{Increase in provision for impairment of trade receivables} & 0.5 & 0.2 \\
\text{Receivables written off during the year} & (0.2) & (0.3) \\
\text{Balance at 31 March} & 0.6 & 0.3 \\
\end{array} \]

14. Cash and cash equivalents

\[ \begin{array}{c|c|c}
\text{Year} & \text{2018 £m} & \text{2017 £m} \\
\hline
\text{Cash at bank and in hand} & 13.9 & 2.7 \\
\text{Restricted cash – tenants’ deposit deeds} & 4.1 & 3.8 \\
\text{18.0} & \text{6.5} & \\
\end{array} \]

Tenants’ deposit deeds represent returnable cash security deposits received from tenants and are ring-fenced under the terms of the individual lease contracts.

15. Trade and other payables

\[ \begin{array}{c|c|c}
\text{Year} & \text{2018 £m} & \text{2017 £m} \\
\hline
\text{Trade payables} & 6.0 & 4.6 \\
\text{Other tax and social security payable} & 4.4 & 2.0 \\
\text{Corporation tax payable} & = & 0.3 \\
\text{Tenants’ deposit deeds (note 14)} & 6.1 & 3.8 \\
\text{Tenants’ deposits} & 24.0 & 18.0 \\
\text{Accrued expenses} & 28.5 & 20.2 \\
\text{Deferred income - rent and service charges} & 8.5 & 3.1 \\
\text{75.5} & \text{52.2} & \\
\end{array} \]

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

<table>
<thead>
<tr>
<th></th>
<th>2018 £m</th>
<th>2017 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans (unsecured)</td>
<td>113.9</td>
<td>28.4</td>
</tr>
<tr>
<td>6% Retail Bond (unsecured)</td>
<td>57.2</td>
<td>57.1</td>
</tr>
<tr>
<td>5.6% Senior US Dollar Notes 2023 (unsecured)</td>
<td>71.5</td>
<td>80.3</td>
</tr>
<tr>
<td>5.53% Senior Notes 2023 (unsecured)</td>
<td>83.8</td>
<td>83.8</td>
</tr>
<tr>
<td>Senior Floating Rate Notes 2020 (unsecured)</td>
<td>9.0</td>
<td>9.0</td>
</tr>
<tr>
<td>3.07% Senior Notes (unsecured)</td>
<td>79.7</td>
<td>-</td>
</tr>
<tr>
<td>3.19% Senior Notes (unsecured)</td>
<td>119.6</td>
<td>-</td>
</tr>
<tr>
<td>Finance lease obligations</td>
<td>16.1</td>
<td>71.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>550.8</strong></td>
<td><strong>265.5</strong></td>
</tr>
</tbody>
</table>

In June 2017, the Group exercised the options to extend the maturity of our revolver bank facility by a year to 2022 and increase the quantum of the facility from £150m to £250m.

In August 2017, we completed the placing of £200m of Private Placement Notes.

(b) Net Debt

<table>
<thead>
<tr>
<th></th>
<th>2018 £m</th>
<th>2017 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings per (a) above</td>
<td>550.8</td>
<td>265.5</td>
</tr>
<tr>
<td>Adjust for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance leases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of raising finance</td>
<td>(16.1)</td>
<td>(7.3)</td>
</tr>
<tr>
<td>Foreign exchange differences</td>
<td>(7.1)</td>
<td>(16.7)</td>
</tr>
<tr>
<td><strong>Cash at bank and in hand (note 14)</strong></td>
<td><strong>331.0</strong></td>
<td><strong>245.0</strong></td>
</tr>
<tr>
<td><strong>Net Debt</strong></td>
<td><strong>517.1</strong></td>
<td><strong>242.3</strong></td>
</tr>
</tbody>
</table>

At 31 March 2018 the Group had £134m (2017: £120m) of undrawn bank facilities, a £2m overdraft facility (2017: £4m) and £13.9m of unrestricted cash (2017: £2.7m).

Net debt represents borrowing facilities drawn, less cash at bank and in hand. It excludes impacts of foreign exchange differences as these are fixed via swaps, finance leases and any cost of raising finance as they have no future cash flows.

(c) Maturity

<table>
<thead>
<tr>
<th></th>
<th>2018 £m</th>
<th>2017 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayable between one year and two years</td>
<td>57.5</td>
<td></td>
</tr>
<tr>
<td>Repayable between two years and three years</td>
<td>9.0</td>
<td>9.0</td>
</tr>
<tr>
<td>Repayable between three years and four years</td>
<td>-</td>
<td>9.0</td>
</tr>
<tr>
<td>Repayable between four years and five years</td>
<td>119.0</td>
<td>30.0</td>
</tr>
<tr>
<td>Repayable in five years or more</td>
<td>245.5</td>
<td>148.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>331.0</strong></td>
<td><strong>245.0</strong></td>
</tr>
<tr>
<td>Cost of raising finance</td>
<td>(3.4)</td>
<td>(2.3)</td>
</tr>
<tr>
<td>Foreign exchange differences</td>
<td>7.1</td>
<td>16.7</td>
</tr>
<tr>
<td>Finance leases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayable in five years or more</td>
<td>16.1</td>
<td>71.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>550.8</strong></td>
<td><strong>265.5</strong></td>
</tr>
</tbody>
</table>

(d) Interest rate and repayment profile

<table>
<thead>
<tr>
<th></th>
<th>Principal period end £m</th>
<th>Interest rate (% p.a.)</th>
<th>Interest payable</th>
<th>Repayment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>-</td>
<td>Base+2.25%</td>
<td>Variable</td>
<td>On demand</td>
</tr>
<tr>
<td>Non-current</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Placement Notes:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.6% Senior US Dollar Notes</td>
<td>64.5</td>
<td>5.6%</td>
<td>Half yearly</td>
<td>June 2023</td>
</tr>
<tr>
<td>5.53% Senior Notes</td>
<td>84.0</td>
<td>5.53%</td>
<td>Half yearly</td>
<td>June 2023</td>
</tr>
<tr>
<td>Senior Floating Rate Notes</td>
<td>9.0</td>
<td>LIBOR+3.5%</td>
<td>Half yearly</td>
<td>June 2020</td>
</tr>
<tr>
<td>3.07% Senior Notes</td>
<td>80.0</td>
<td>3.07%</td>
<td>Half yearly</td>
<td>August 2025</td>
</tr>
<tr>
<td>3.19% Senior Notes</td>
<td>120.0</td>
<td>3.19%</td>
<td>Half yearly</td>
<td>August 2027</td>
</tr>
<tr>
<td>Revolver loan (Note 14)</td>
<td>118.0</td>
<td>LIBOR+63%</td>
<td>Monthly</td>
<td>June 2022</td>
</tr>
<tr>
<td>6% Retail Bond</td>
<td>57.5</td>
<td>6.0%</td>
<td>Half yearly</td>
<td>October 2019</td>
</tr>
</tbody>
</table>

(e) Derivative financial instruments

The following derivative financial instruments are held:

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Amount £m</th>
<th>Rate payable (%)</th>
<th>Term/expiry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow hedge – cross currency swaps</td>
<td>$100m/£64.5m</td>
<td>5.66%</td>
<td>June 2023</td>
</tr>
</tbody>
</table>

The Group has cross currency swaps to ensure the US Dollar liability streams generated from the US Dollar Notes are fully hedged into Sterling for the life of the transaction. Through entering into cross currency swaps the Group has created a synthetic Sterling fixed rate liability totalling £64.5m. These swaps have been designated as a cash flow hedge with changes in fair value dealt with in other comprehensive income.

(f) Financial instruments and fair values

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 financial derivatives, 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. The fair value of the Retail Bond has been established from the quoted market price at 31 March 2018 and is thus a Level 1 valuation. 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.
2. Trade and other payables exclude other tax and social security of £4.4m (2017: £2.0m), corporation tax of £Nil (2017: £0.3m) and deferred income of £8.5m (2017: £3.3m).

1. Trade and other receivables exclude prepayments of £6.4m (2017: £6.4m) and non-cash deferred consideration of £0.9m (2017: £9.4m).

Notes to the financial statements

16. Borrowings continued

16. Borrowings continued

(g) Financial instruments by category

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3.9</td>
<td>1.0</td>
</tr>
<tr>
<td>Trade and other receivables excluding prepayments</td>
<td>16.1</td>
<td>7.1</td>
</tr>
<tr>
<td>Total</td>
<td>20.0</td>
<td>8.1</td>
</tr>
</tbody>
</table>

(b) Loans and receivables

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>18.0</td>
<td>6.5</td>
</tr>
<tr>
<td>Total</td>
<td>18.0</td>
<td>6.5</td>
</tr>
</tbody>
</table>

Total borrowings

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings (excluding finance leases)</td>
<td>534.7</td>
<td>258.4</td>
</tr>
<tr>
<td>Total</td>
<td>534.7</td>
<td>258.4</td>
</tr>
</tbody>
</table>

Total other changes

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>0.1</td>
<td>9.0</td>
</tr>
<tr>
<td>Total</td>
<td>0.7</td>
<td>9.1</td>
</tr>
</tbody>
</table>

Balance at 1 April

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>258.4</td>
<td>7.1</td>
</tr>
<tr>
<td>Total</td>
<td>258.4</td>
<td>7.1</td>
</tr>
</tbody>
</table>

17. Financial risk management objectives and policy

(a) Market risk

Market risk is the risk that changes in market conditions will affect the Group’s interest rate risk. 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 and then uses interest rate and cross currency swaps to ensure the US Dollar liability streams generated from the US Dollar private placement notes are fully hedged into Sterling for the life of the transaction. At 31 March 2018 77% (2017: 84%) of Group borrowings were fixed or fixed through the use of interest rate and cross currency swaps.

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 against.

Interest cover covenants in relation to Group borrowings range between 1.5x and 2.0x and the Group targets a minimum cover of 2.0x. As at 31 March 2018 interest cover was 5.1x. Interest cover is calculated as net rental income divided by finance costs.

(b) Credit risk

The Group’s main financial assets are cash and cash equivalents, deposits with banks and 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 3,000 tenants over 66 properties. The largest 10 single tenants generate less than 10% 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 managed by requiring that tenants provide a deposit equivalent to three months’ rent as security against default. Total tenant deposits held are £28.1m (2017: £21.8m). 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 debtor recovery is considered consistently high and as such is deemed a low risk area.
17. Financial risk management objectives and policy

(b) Credit risk

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 or building societies 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:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents (note 14)</td>
<td>73.9</td>
<td>65</td>
</tr>
<tr>
<td>Trade receivables – current (note 13)</td>
<td>3.2</td>
<td>3.2</td>
</tr>
<tr>
<td>Deferred consideration – current (note 13)</td>
<td>7.0</td>
<td>7.8</td>
</tr>
<tr>
<td>Deferred consideration – non-current (note 13)</td>
<td>–</td>
<td>4.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24.1</strong></td>
<td><strong>21.8</strong></td>
</tr>
</tbody>
</table>

(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 ensure it will always have sufficient funds to meet 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 revision 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.

To ensure it can effectively manage its liquidity risk, the Group has an overdraft facility of £62m (2017: £4m) and a revolving loan facility of £250m (2017: £150m). At 31 March 2018 headroom excluding overdraft and cash was £250m (31 March 2017: £150m).

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.

<table>
<thead>
<tr>
<th></th>
<th>31 March 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying* amount £m</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
</tr>
<tr>
<td>Bank loans</td>
<td>116.0</td>
</tr>
<tr>
<td>6% Retail Bond</td>
<td>57.5</td>
</tr>
<tr>
<td>Private Placement Notes</td>
<td>357.5</td>
</tr>
<tr>
<td>Finance lease liabilities</td>
<td>16.3</td>
</tr>
<tr>
<td>Trade and other payables*</td>
<td>62.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>609.7</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>31 March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying* amount £m</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
</tr>
<tr>
<td>Bank loans</td>
<td>109.3</td>
</tr>
<tr>
<td>6% Retail Bond</td>
<td>57.5</td>
</tr>
<tr>
<td>Private Placement Notes</td>
<td>357.5</td>
</tr>
<tr>
<td>Finance lease liabilities</td>
<td>15.3</td>
</tr>
<tr>
<td>Trade and other payables*</td>
<td>62.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>565.1</strong></td>
</tr>
</tbody>
</table>

(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 term loan facilities, revolving loan facilities from banks, the Retail Bond, private placement notes less cash at bank and in hand.

The foreign currency risk on the US Dollar Private Placement Notes is fully hedged through a cross currency swap.

At 31 March 2018 Group equity was £1,712.9m (2017: £1,578.5m) and Group net debt (debt less cash at bank and in hand) was £517.1m (2017: £423.2m). Group gearing at 31 March 2018 was 30% (2017: 17%).

The Group’s borrowings are all unsecured. The loan to value covenants applicable to these borrowings range between 60% and 75% and compliance is being met comfortably. Loan to value at 31 March 2018 was 23%. This is calculated using the total CBRE investment property valuation (as per note 10) and the current net debt (as per note 16). 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 value to below 30%.

18. Notes to cash flow statement

Reconciliation of profit for the year to cash generated from operations:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>170.4</td>
<td>88.8</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1.1</td>
<td>0.9</td>
</tr>
<tr>
<td>Amortisation of intangibles</td>
<td>0.3</td>
<td>0.2</td>
</tr>
<tr>
<td>(Profit)/loss on disposal of investment properties</td>
<td>– (26.6)</td>
<td>0.6</td>
</tr>
<tr>
<td>Loss on disposal of joint ventures</td>
<td>– 0.2</td>
<td>– 0.2</td>
</tr>
<tr>
<td>Other income</td>
<td>(0.6)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>– 1.2</td>
<td>– 1.2</td>
</tr>
<tr>
<td>Net gain from change in fair value of investment property</td>
<td>– (82.3)</td>
<td>(39.5)</td>
</tr>
<tr>
<td>Equity settled share-based payments</td>
<td>– 1.7</td>
<td>– 1.9</td>
</tr>
<tr>
<td>Finance income</td>
<td>– 0.1</td>
<td>– 0.1</td>
</tr>
<tr>
<td>Finance costs</td>
<td>18.8</td>
<td>13.7</td>
</tr>
<tr>
<td>Exceptional finance costs</td>
<td>– 1.4</td>
<td>– 1.4</td>
</tr>
<tr>
<td>Gains from share in joint ventures</td>
<td>– (0.1)</td>
<td>– (0.1)</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>– 7.9</td>
<td>(2.2)</td>
</tr>
<tr>
<td>Increase in trade and other receivables</td>
<td>– 18.5</td>
<td>– 4.9</td>
</tr>
<tr>
<td>Increase in trade and other payables</td>
<td>– 4.1</td>
<td>– 4.1</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>– 93.2</td>
<td>– 69.7</td>
</tr>
</tbody>
</table>

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and in hand</td>
<td>13.9</td>
<td>2.7</td>
</tr>
<tr>
<td>Restricted cash – tenants’ deposit deeds</td>
<td>– 4.3</td>
<td>– 1.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18.6</strong></td>
<td><strong>4.5</strong></td>
</tr>
</tbody>
</table>
19. Share capital and share premium

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share Capital</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Ordinary shares of 50p each</td>
<td>163.8</td>
<td>163.7</td>
</tr>
<tr>
<td>Recorded fully paid ordinary shares of 50p each</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Premium</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>740.3</td>
<td>740.3</td>
<td></td>
</tr>
</tbody>
</table>

20. Other reserves

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share Capital</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Equity share-based payments</td>
<td>163.2</td>
<td>163.2</td>
</tr>
<tr>
<td>Merger reserve</td>
<td>162.4</td>
<td>162.4</td>
</tr>
<tr>
<td>Hedging reserve</td>
<td>135.9</td>
<td>135.9</td>
</tr>
<tr>
<td>Total</td>
<td>461.5</td>
<td>461.5</td>
</tr>
<tr>
<td>Share Premium</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Balance at 1 April</td>
<td>163.8</td>
<td>163.8</td>
</tr>
<tr>
<td>Share based payments</td>
<td>163.2</td>
<td>163.2</td>
</tr>
<tr>
<td>Change in fair value of derivative financial instruments (cash flow hedge)</td>
<td>162.4</td>
<td>162.4</td>
</tr>
<tr>
<td>Balance at 31 March</td>
<td>135.9</td>
<td>135.9</td>
</tr>
</tbody>
</table>

21. 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.

The SIP is governed by HMRC rules (note 22). At 31 March 2018 the number of shares held by the SIP totalled 76,183 (2017: 43,048).

The ESOT is governed by HMRC rules (note 22). At 31 March 2018 the number of shares held by the ESOT totalled 75,226 (2017: 75,226).

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.

163.2 million ordinary shares of 50p each were issued at £0.5 million in the period (2017: 740.3 million Ordinary shares of 50p each).

For the 2017 scheme these were:
- Relative TSR.
- Total Property Return compared to the IPD benchmark.
- Absolute TSR.
- Relative TSR.
- Relative NAV.

For the 2018 scheme these were:
- Relative TSR.
- Absolute TSR.
- Relative NAV.

The shares issued are at nil consideration provided the performance conditions are met.

20.1 Long term equity incentive plan (‘LTIP’)

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 LTIP scheme is a performance award scheme whereby shares are issued against Group performance measures which are assessed over the three-year vesting period.

For the 2017 scheme these were:
- Relative TSR.
- Total Property Return compared to the IPD benchmark.

For the 2018 scheme these were:
- Relative TSR.
- Absolute TSR.
- Relative NAV.

The shares are issued at nil consideration provided the performance conditions are met.

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 LTIP scheme is a performance award scheme whereby shares are issued against Group performance measures which are assessed over the three-year vesting period.

For the 2017 scheme these were:
- Relative TSR.
- Total Property Return compared to the IPD benchmark.

For the 2018 scheme these were:
- Relative TSR.
- Absolute TSR.
- Relative NAV.

The shares issued are at nil consideration provided the performance conditions are met.

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 LTIP scheme is a performance award scheme whereby shares are issued against Group performance measures which are assessed over the three-year vesting period.

For the 2018 scheme these were:
- Relative TSR.
- Absolute TSR.
- Relative NAV.

The shares issued are at nil consideration provided the performance conditions are met.

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 LTIP scheme is a performance award scheme whereby shares are issued against Group performance measures which are assessed over the three-year vesting period.

For the 2018 scheme these were:
- Relative TSR.
- Absolute TSR.
- Relative NAV.

The shares issued are at nil consideration provided the performance conditions are met.

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 LTIP scheme is a performance award scheme whereby shares are issued against Group performance measures which are assessed over the three-year vesting period.

For the 2018 scheme these were:
- Relative TSR.
- Absolute TSR.
- Relative NAV.

The shares issued are at nil consideration provided the performance conditions are met.

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 LTIP scheme is a performance award scheme whereby shares are issued against Group performance measures which are assessed over the three-year vesting period.

For the 2018 scheme these were:
- Relative TSR.
- Absolute TSR.
- Relative NAV.

The shares issued are at nil consideration provided the performance conditions are met.

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 LTIP scheme is a performance award scheme whereby shares are issued against Group performance measures which are assessed over the three-year vesting period.

For the 2018 scheme these were:
- Relative TSR.
- Absolute TSR.
- Relative NAV.

The shares issued are at nil consideration provided the performance conditions are met.

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 LTIP scheme is a performance award scheme whereby shares are issued against Group performance measures which are assessed over the three-year vesting period.

For the 2018 scheme these were:
- Relative TSR.
- Absolute TSR.
- Relative NAV.

The shares issued are at nil consideration provided the performance conditions are met.

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 LTIP scheme is a performance award scheme whereby shares are issued against Group performance measures which are assessed over the three-year vesting period.

For the 2018 scheme these were:
- Relative TSR.
- Absolute TSR.
- Relative NAV.

The shares issued are at nil consideration provided the performance conditions are met.

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 LTIP scheme is a performance award scheme whereby shares are issued against Group performance measures which are assessed over the three-year vesting period.

For the 2018 scheme these were:
- Relative TSR.
- Absolute TSR.
- Relative NAV.

The shares issued are at nil consideration provided the performance conditions are met.
22. 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 of service 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:

<table>
<thead>
<tr>
<th></th>
<th>SAYE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Grant date</td>
<td>Fair value of award</td>
</tr>
<tr>
<td>Options outstanding</td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td>Options granted</td>
<td>190,176</td>
<td>25%</td>
</tr>
<tr>
<td>Options exercised</td>
<td>(33,689)</td>
<td>247</td>
</tr>
<tr>
<td>Options lapsed</td>
<td>(99,120)</td>
<td>12,660</td>
</tr>
<tr>
<td>At 31 March 2017</td>
<td>350,211</td>
<td>4%</td>
</tr>
<tr>
<td>Options granted</td>
<td>69,468</td>
<td>24%</td>
</tr>
<tr>
<td>Options exercised</td>
<td>(111,167)</td>
<td>62,521</td>
</tr>
<tr>
<td>Options lapsed</td>
<td>(18,019)</td>
<td>12,070</td>
</tr>
<tr>
<td>At 31 March 2018</td>
<td>265,123</td>
<td>5%</td>
</tr>
</tbody>
</table>

The average closing share price at the date of exercise for the SAYE options exercised (for the three-year 2014 and the five-year 2012 schemes) during the year was £8.84 (2017: £7.16).

The fair value has been calculated using the Black-Scholes model. Inputs to the model are summarised as follows:

- **Weighted average exercise price**
- **Volatility**
- **Risk free rate**
- **Expected dividends**
- **Expected life**
- **Probability of ceasing employment before vesting**

The share awards/options outstanding at 31 March 2018 had a weighted average remaining contractual life of: LTIP – 1.7 years (2017: 1.2 years), SAYE – 1.7 years (2017: 1.6 years), SIP – 1.6 years (2017: 0.8 years).

(c) Share incentive plan ("SIP")

All staff were granted £1,000 worth of shares in both March 2013 and September 2015 and £2,000 in August 2017. 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. 46,968 new shares were granted in the year (2017: nil), 12,179 (2017: 4,088) shares were exercised in the year and 6,102 (2017: 3,930) shares lapsed.

26. Share based payments continued

(f) Share based payment charges

The Group recognised a total charge in relation to share based payments as follows:

- **SAYE**
- **SIP**
- **Cash-settled share based payments**

The total liability at the end of the year in respect of cash-settled share based schemes was £0.8m (2017: £0.8m).
25. Subsidiary and other related undertakings

The Company's subsidiary and other related undertakings at 31 March 2018, 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.

<table>
<thead>
<tr>
<th>Name</th>
<th>Nature of Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workspace 12 Limited*</td>
<td>Property Investment</td>
</tr>
<tr>
<td>Workspace 13 Limited</td>
<td>Property Investment</td>
</tr>
<tr>
<td>Workspace 14 Limited</td>
<td>Property Investment</td>
</tr>
<tr>
<td>Workspace Glebe Limited</td>
<td>Holding Company</td>
</tr>
<tr>
<td>Glebe Three Limited*</td>
<td>Property Investment</td>
</tr>
<tr>
<td>LI Property Services Limited</td>
<td>Insurance Agents</td>
</tr>
<tr>
<td>Workspace Management Limited</td>
<td>Property Management</td>
</tr>
<tr>
<td>Workspace Limited*</td>
<td>Dormant</td>
</tr>
<tr>
<td>Workspace 10 Limited</td>
<td>Dormant</td>
</tr>
<tr>
<td>Workspace 11 Limited</td>
<td>Dormant</td>
</tr>
<tr>
<td>Workspace 15 Limited</td>
<td>Dormant</td>
</tr>
<tr>
<td>Workspace Holdings Limited</td>
<td>Dormant</td>
</tr>
<tr>
<td>Anyspacedirect.co.uk Limited</td>
<td>Dormant</td>
</tr>
<tr>
<td>Workspace Newco 1 Limited</td>
<td>Holding Company</td>
</tr>
<tr>
<td>Workspace Newco 2 Limited</td>
<td>Dormant</td>
</tr>
</tbody>
</table>

* 100% of the ordinary share capital of these subsidiaries is held by other Group companies.

Non-UK subsidiaries

<table>
<thead>
<tr>
<th>Name</th>
<th>Nature of Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workspace 16 (Jersey) Limited</td>
<td>Investor in joint venture</td>
</tr>
<tr>
<td>Workspace 17 (Jersey) Limited</td>
<td>Holding Company</td>
</tr>
<tr>
<td>Workspace Salisbury Limited*</td>
<td>Property Investment</td>
</tr>
<tr>
<td>Centro Property Limited*</td>
<td>Property Investment</td>
</tr>
</tbody>
</table>

* 100% of the ordinary share capital of these subsidiaries is held by other Group companies.
26. Pension commitments
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 £0.8m (2017: £0.7m) representing contributions payable by the Group to the fund and is charged through operating profit.

The Group's commitment with regard to pension contributions, consistent with the prior year, ranges from 6% to 16.5% of an employee's salary. The pension scheme is open to every employee in accordance with the new Government auto-enrolment rules. The number of employees, including Directors, in the scheme at the year end was 199 (2017: 177).

27. Operating leases
As a lessee, the following future minimum lease payments are due under non-cancellable operating leases:

<table>
<thead>
<tr>
<th>Motor vehicles and office equipment</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due within one year</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Due between two and five years</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td></td>
<td>0.2</td>
<td>0.2</td>
</tr>
</tbody>
</table>

As a lessor, the Group has determined that all tenant leases are operating leases within the meaning of IAS 17. The majority of the Group's tenant leases are granted with a rolling three to six-month tenant break clause, however the recent property acquisitions in the financial year have included customer leases which are much longer, with fewer break clauses. The future minimum non-cancellable rental receipts under operating leases granted to tenants are shown below.

<table>
<thead>
<tr>
<th>Motor vehicles and office equipment</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due within one year</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Due between two and five years</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td></td>
<td>0.2</td>
<td>0.2</td>
</tr>
</tbody>
</table>

28. Post balance sheet events
On 20 April 2018 the Group acquired Centro Buildings 1 & 2 in Camden for £76.5m.

Parent Company balance sheet
As at 31 March 2018

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018 £m</th>
<th>2017 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>C 795.5</td>
<td>703.8</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>F 2.5</td>
<td>12.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>798.0</strong></td>
<td><strong>715.9</strong></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors: amounts falling due within one year</td>
<td>D 564.4</td>
<td>243.6</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>564.6</strong></td>
<td><strong>243.8</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>1,362.6</strong></td>
<td><strong>959.7</strong></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>E (160.1)</td>
<td>(100.1)</td>
</tr>
<tr>
<td>Creditors: amounts falling due after more than one year</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>(674.8)</strong></td>
<td><strong>(358.5)</strong></td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td><strong>687.8</strong></td>
<td><strong>601.2</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018 £m</th>
<th>2017 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital and reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>G 163.8</td>
<td>163.2</td>
</tr>
<tr>
<td>Share premium</td>
<td>G 135.1</td>
<td>135.4</td>
</tr>
<tr>
<td>Investment in own shares</td>
<td>G (8.2)</td>
<td>(8.9)</td>
</tr>
<tr>
<td>Other reserves</td>
<td>G 19.4</td>
<td>18.7</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>G 378.6</td>
<td>292.8</td>
</tr>
<tr>
<td><strong>Total shareholders' equity</strong></td>
<td><strong>687.8</strong></td>
<td><strong>601.2</strong></td>
</tr>
</tbody>
</table>

The notes on pages 181 to 183 form part of these financial statements.

The financial statements on pages 179 to 183 were approved by the Board of Directors on 5 June 2018 and signed on its behalf by:

| J Hopkins |
| G Clemett |

Directors
Workspace Group PLC
Registered number 2041612

The notes to the financial statements continued
Notes to the Parent Company financial statements

A. Accounting policies

Although the Group’s consolidated financial statements are prepared under FRS as adopted by the EU, the Workspace Group PLC Company financial statements are prepared under Financial Reporting Standard XI (‘FRS XI’) ‘Reduced Disclosure Framework’.

Basis of accounting

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the UK. The financial statements are presented in Sterling.

In preparing the financial statements the Company has taken advantage of the following disclosure exemptions conferred by FRS XI:

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 IFRS’s 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; and

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 disclosure are included in the Group Consolidated financial statements.

Significant Accounting Policies

i. Investments

Investments are carried in the Company’s balance sheet at cost. 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 22 of the Group Consolidated financial statements.

ii. Borrowings

Details of borrowings are described in note 7 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.

iv. Derivative financial instruments and hedge accounting

The accounting policy for derivative financial instruments and hedge accounting are the same as those for the Group and are set out on page 152. Disclosure requirements are provided in note 16 to the Consolidated financial statements.

v. Foreign currency translation

The accounting policy for foreign currency translation is the same as that for the Group and is set out on page 152.

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 have been substantively enacted by the balance sheet date. 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. Profit for the year

As permitted by the exemption in Section 406 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The profit attributable to Shareholders, before dividend payments, dealt with in the financial statements of the Company was £123.6m (2017: £9.7m). £130.0m in dividends were received in the year from subsidiary undertakings (2017: £23.1m).

Dividend payments are disclosed in note 7 to the Consolidated financial statements.

Annual Report and Accounts 2018

For the year ended 31 March 2018

For the year ended 31 March 2018

<table>
<thead>
<tr>
<th>Share capital</th>
<th>Share premium</th>
<th>Investment in own shares</th>
<th>Other reserves</th>
<th>Retained earnings</th>
<th>Total Shareholders’ equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Share at 31 March 2016</td>
<td>92.4</td>
<td>133.9</td>
<td>(9.0)</td>
<td>19.5</td>
<td>370.9</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>9.7</td>
</tr>
<tr>
<td>Other comprehensive income for the year</td>
<td>–</td>
<td>–</td>
<td>(2.2)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>–</td>
<td>–</td>
<td>(2.2)</td>
<td>–</td>
<td>9.7</td>
</tr>
<tr>
<td>Transactions with owners:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share issues</td>
<td>0.8</td>
<td>(0.5)</td>
<td>–</td>
<td>–</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(27.7)</td>
</tr>
<tr>
<td>Share based payments</td>
<td>–</td>
<td>–</td>
<td>1.9</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Balance at 31 March 2017</td>
<td>163.2</td>
<td>135.4</td>
<td>(8.9)</td>
<td>18.7</td>
<td>292.1</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>123.6</td>
</tr>
<tr>
<td>Other comprehensive income for the year</td>
<td>–</td>
<td>–</td>
<td>(1.0)</td>
<td>(1.0)</td>
<td>–</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>–</td>
<td>–</td>
<td>(1.0)</td>
<td>123.6</td>
<td>122.6</td>
</tr>
<tr>
<td>Transactions with owners:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share issues</td>
<td>0.6</td>
<td>(0.1)</td>
<td>–</td>
<td>–</td>
<td>0.5</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(37.8)</td>
</tr>
<tr>
<td>Own shares</td>
<td>–</td>
<td>–</td>
<td>(0.5)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share based payments</td>
<td>–</td>
<td>–</td>
<td>1.7</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Balance at 31 March 2018</td>
<td>165.8</td>
<td>135.3</td>
<td>(9.3)</td>
<td>19.4</td>
<td>378.6</td>
</tr>
</tbody>
</table>

The notes on pages 181 to 183 form part of these financial statements.
C. Investments

<table>
<thead>
<tr>
<th>Investment in subsidiary undertakings £m</th>
<th>Other investments £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>838.1</td>
<td>12.8</td>
</tr>
<tr>
<td>Additions in the year</td>
<td>917</td>
<td>917</td>
</tr>
<tr>
<td>Balance at 31 March 2018</td>
<td>930.8</td>
<td>930.8</td>
</tr>
</tbody>
</table>

Impairment

| Balance at 31 March 2017 and 31 March 2018 | 154.3 | 1.2 | 155.5 |

Net book value at 31 March 2018

795.5

Net book value at 31 March 2017

703.8

Other investments represented 8% of the share capital of Mailstorage Ltd, a company incorporated in the UK. The Company wrote off this investment during the prior year.

D. Debtors

<table>
<thead>
<tr>
<th>Amounts falling due within one year</th>
<th>2018 £m</th>
<th>2017 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts owed by Group undertakings</td>
<td>562.0</td>
<td>241.6</td>
</tr>
<tr>
<td>Corporation tax asset</td>
<td>2.4</td>
<td>2.0</td>
</tr>
<tr>
<td>Total</td>
<td>564.4</td>
<td>244.6</td>
</tr>
</tbody>
</table>

Amounts owed by Group undertakings are unsecured and repayable on demand. Interest is charged to Group undertakings.

E. Creditors: amounts falling due within one year

<table>
<thead>
<tr>
<th>Amounts owed to Group undertakings</th>
<th>2018 £m</th>
<th>2017 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts owed to Group undertakings</td>
<td>133.8</td>
<td>96.0</td>
</tr>
<tr>
<td>Taxation and social security</td>
<td>1.4</td>
<td>1.0</td>
</tr>
<tr>
<td>Accruals and deferred income</td>
<td>4.9</td>
<td>4.3</td>
</tr>
<tr>
<td>Total</td>
<td>140.1</td>
<td>101.3</td>
</tr>
</tbody>
</table>

Amounts owed to Group undertakings are unsecured and repayable on demand. Interest is paid to Group undertakings.

F. Creditors: amounts falling due after more than one year

<table>
<thead>
<tr>
<th>Borrowings and financial instruments</th>
<th>Interest rate</th>
<th>Repayable</th>
<th>2018 £m</th>
<th>2017 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Loan</td>
<td>LIBOR+3.65%</td>
<td>June 2022</td>
<td>116.0</td>
<td>30.0</td>
</tr>
<tr>
<td>5.6% Senior US Dollar Notes 2023</td>
<td>5.6%</td>
<td>June 2023</td>
<td>64.5</td>
<td>64.5</td>
</tr>
<tr>
<td>5.53% Senior Notes 2023</td>
<td>5.53%</td>
<td>June 2023</td>
<td>84.0</td>
<td>84.0</td>
</tr>
<tr>
<td>Senior Floating Rate Notes 2020</td>
<td>LIBOR+5.5%</td>
<td>June 2020</td>
<td>9.0</td>
<td>9.0</td>
</tr>
<tr>
<td>3.07% Senior Notes</td>
<td>3.07%</td>
<td>August 2025</td>
<td>80.0</td>
<td>-</td>
</tr>
<tr>
<td>3.19% Senior Notes</td>
<td>3.19%</td>
<td>August 2027</td>
<td>120.0</td>
<td>-</td>
</tr>
<tr>
<td>6% Retail Bond</td>
<td>6.0%</td>
<td>October 2019</td>
<td>57.5</td>
<td>52.5</td>
</tr>
</tbody>
</table>

Total borrowings

531.0

Less cost of raising finance

(5.4) (2.3)

Foreign exchange differences

71 15.7

Net borrowings

534.7 258.4

All the above borrowings are unsecured.

Maturity analysis of borrowings:

<table>
<thead>
<tr>
<th>2018 £m</th>
<th>2017 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayable between one and two years</td>
<td>57.5</td>
</tr>
<tr>
<td>Repayable between two and three years</td>
<td>9.0</td>
</tr>
<tr>
<td>Repayable between three and four years</td>
<td>616.0</td>
</tr>
<tr>
<td>Repayable between four and five years</td>
<td>148.5</td>
</tr>
<tr>
<td>Repayable in five years or more</td>
<td>531.0</td>
</tr>
</tbody>
</table>

The following derivative financial instruments are held:

<table>
<thead>
<tr>
<th>Derivative financial instrument</th>
<th>Amount</th>
<th>Rate payable (%)</th>
<th>Term/ expiry</th>
<th>2018 £m</th>
<th>2017 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow hedge – cross currency swap</td>
<td>$100m/£64.5m</td>
<td>5.66%</td>
<td>June 2023</td>
<td>2.5</td>
<td>1.9</td>
</tr>
</tbody>
</table>

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 19 to 22 on pages 172 to 175 and in the Statement of changes in equity.

<table>
<thead>
<tr>
<th>Other reserves</th>
<th>Equity settled share based payments £m</th>
<th>Merger Reserve £m</th>
<th>Hedging Reserve £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 31 March 2016</td>
<td>141.0</td>
<td>87.9</td>
<td>(1.8)</td>
<td>126.3</td>
</tr>
<tr>
<td>Share based payments</td>
<td>1.9</td>
<td>-</td>
<td>-</td>
<td>1.9</td>
</tr>
<tr>
<td>Change in fair value of derivative financial instruments</td>
<td>-</td>
<td>-</td>
<td>(2.2)</td>
<td>(2.2)</td>
</tr>
<tr>
<td>Balance at 31 March 2017</td>
<td>140.1</td>
<td>87.7</td>
<td>(4.0)</td>
<td>123.8</td>
</tr>
<tr>
<td>Share based payments</td>
<td>1.7</td>
<td>-</td>
<td>-</td>
<td>1.7</td>
</tr>
<tr>
<td>Change in fair value of derivative financial instruments</td>
<td>-</td>
<td>-</td>
<td>(1.0)</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Balance at 31 March 2018</td>
<td>141.7</td>
<td>88.7</td>
<td>(5.0)</td>
<td>125.4</td>
</tr>
</tbody>
</table>
Performance metrics (unaudited)

<table>
<thead>
<tr>
<th>Property portfolio 2018 (unaudited)</th>
<th>Category</th>
<th>Property name</th>
<th>Postcode</th>
<th>Floor area (sq. ft.)</th>
<th>Lettable floor area (sq. ft.)</th>
<th>Rent roll of occupied units (£000s)</th>
<th>Rent roll of unoccupied units (£000s)</th>
<th>Rent roll of acquired (£000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rents receivable</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>£36.05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£28.41</td>
<td>£24.32</td>
<td>£18.79</td>
<td>£15.12</td>
</tr>
<tr>
<td>£102.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£89.5m</td>
<td>£78.2m</td>
<td>£69.4m</td>
<td>£58.3m</td>
</tr>
<tr>
<td>£31.3m</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£25.2m</td>
<td>£23.4m</td>
<td>£19.4m</td>
<td>£16.6m</td>
</tr>
<tr>
<td>£108.8m</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£88.7m</td>
<td>£79.6m</td>
<td>£63.8m</td>
<td>£55.3m</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£9.53</td>
<td>£9.23</td>
<td>£7.03</td>
<td>£6.63</td>
</tr>
<tr>
<td>£10.37</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£9.93</td>
<td>£9.53</td>
<td>£7.33</td>
<td>£6.93</td>
</tr>
<tr>
<td><strong>Loan to value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£9.53</td>
<td>£9.53</td>
<td>£7.33</td>
<td>£6.93</td>
</tr>
<tr>
<td><strong>EPRA NAV per share</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£21.07p</td>
<td>£15.05p</td>
<td>£12.04p</td>
<td>£10.63p</td>
</tr>
<tr>
<td><strong>EPRA Cost Ratio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£240.3p</td>
<td>£231.4p</td>
<td>£166.8p</td>
<td>£150.3p</td>
</tr>
<tr>
<td><strong>EPRA Cost Ratio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£28.41</td>
<td>£24.32</td>
<td>£18.79</td>
<td>£15.12</td>
</tr>
<tr>
<td><strong>EPRA NAV per share</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£36.05</td>
<td>£28.41</td>
<td>£24.32</td>
<td>£18.79</td>
</tr>
<tr>
<td><strong>EPRA Measures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£10.37</td>
<td>£9.93</td>
<td>£7.33</td>
<td>£6.63</td>
</tr>
<tr>
<td><strong>EPRA Earnings per share</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£36.05</td>
<td>£28.41</td>
<td>£24.32</td>
<td>£18.79</td>
</tr>
<tr>
<td><strong>EPRA Net Asset Value per share</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£102.00</td>
<td>£89.5m</td>
<td>£78.2m</td>
<td>£69.4m</td>
</tr>
<tr>
<td><strong>EPRA Cost Ratio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£31.3m</td>
<td>£25.2m</td>
<td>£19.4m</td>
<td>£16.6m</td>
</tr>
</tbody>
</table>

Performance metrics (unaudited)

<table>
<thead>
<tr>
<th>Property portfolio 2018 (unaudited)</th>
<th>Property name</th>
<th>Postcode</th>
<th>Floor area (sq. ft.)</th>
<th>Lettable floor area (sq. ft.)</th>
<th>Rent roll of occupied units (£000s)</th>
<th>Rent roll of unoccupied units (£000s)</th>
<th>Rent roll of acquired (£000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rents receivable</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>£36.05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>£102.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>£31.3m</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>£108.8m</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>£10.37</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Loan to value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EPRA NAV per share</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EPRA Cost Ratio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EPRA Measures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EPRA Earnings per share</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EPRA Net Asset Value per share</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EPRA Cost Ratio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Property portfolio 2018 (unaudited)

<table>
<thead>
<tr>
<th>Property name</th>
<th>Postcode</th>
<th>Category</th>
<th>Lettable area (sq. ft)</th>
<th>Net rent roll of occupied units (£000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Light Box</td>
<td>W4 5PY</td>
<td>Refurbishment</td>
<td>65,761</td>
<td>1,322,489</td>
</tr>
<tr>
<td>The Light Bulb</td>
<td>SE1 0LH</td>
<td>Like-for-like</td>
<td>52,644</td>
<td>1,558,765</td>
</tr>
<tr>
<td>The Print Rooms</td>
<td>SW18 4GQ</td>
<td>Like-for-like</td>
<td>45,806</td>
<td>2,639,529</td>
</tr>
<tr>
<td>The Record Hall</td>
<td>EC1N 7RU</td>
<td>Refurbishment</td>
<td>57,563</td>
<td>2,143,494</td>
</tr>
<tr>
<td>The Salisbury</td>
<td>EC2M 7EB</td>
<td>Acquisition</td>
<td>235,411</td>
<td>11,234,959</td>
</tr>
<tr>
<td>The Shaftesbury Centre</td>
<td>W1D 6BQ</td>
<td>Like-for-like</td>
<td>12,629</td>
<td>295,534</td>
</tr>
<tr>
<td>Thurston Road</td>
<td>NI7 7RE</td>
<td>Like-for-like</td>
<td>22,769</td>
<td>826,836</td>
</tr>
<tr>
<td>Vestry Street Studios</td>
<td>SE13 7SH</td>
<td>Refurbishment</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Vox Studios (part)</td>
<td>SE11 5JH</td>
<td>Like-for-like</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Vox Studios (part)</td>
<td>SE11 5JH</td>
<td>Refurbishment</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Wesnoth Studios</td>
<td>NI7 TEU</td>
<td>Like-for-like</td>
<td>31,555</td>
<td>1,264,178</td>
</tr>
<tr>
<td>Westbourne Studios</td>
<td>W1G 5JU</td>
<td>Like-for-like</td>
<td>58,428</td>
<td>2,780,259</td>
</tr>
</tbody>
</table>

### Glossary of terms

**Adjusted trading profit after interest**: net rental income, joint venture trading and finance income, less administrative expenses, less finance costs but excluding exceptional finance costs.

**Blackrock JV**: BlackRock Workspaces Property Trust, a joint venture property fund with the BlackRock UK Property Fund in which the Group held a 20.1% interest until June 2016.

**Customer Advocacy**: a measure of how likely our customers are to recommend Workspace.

**Customer Satisfaction score**: a combination of responses to our customer survey focused on how likely customers are to recommend Workspace and their view on standards of customer service.

**Earnings per share (EPS)**: the profit after taxation divided by the weighted average number of shares in issue during the period.

**Employee Share Ownership Trust ('ESOT')**: the trust created by the Group to hold shares pending employee exercise of share options.

**ERPAV**: a definition of net asset value as set out by the European Public Real Estate Association; it represents net assets after excluding mark to market adjustments of effective cash flow hedges (financial derivatives) and deferred tax relating to revaluation movements, capital allowances and derivatives.

**Equivalent yield**: 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.

**Initial yield**: is the rent generated by a property or by the portfolio as a whole as expressed as a percentage of its valuation.

**Interest cover**: is the number of times net interest payable is covered by net rental income.

**IPD Quarterly Universe**: is the IPD quarterly universe property fund benchmark of approximately 240 (£196bn) UK domestic property funds.

**LIBOR**: is the British Bankers’ Association London Interbank Offer Rate.

**Like-for-like**: are those properties that have been held throughout a 12-month period and have not been subject to a refurbishment or redevelopment programme in the last 24 months.

**Loan to value**: is a percentage measure calculated by dividing the ERV by the reversionary yield.

**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.

**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.

**Total Property Return** is a percentage measure calculated by MSCI IPD and returns in the MSCI Global Methodology for Real Estate Investment as the percentage of value change plus net income accrued relative to the capital employed.

**Unique web visits**: is the number of unduplicated (counted only once) visitors to a website over the course of a specified time period.
We have developed a comprehensive suite of communications that allow us to keep investors up to date.

Website
The most up-to-date information about our business:
www.workspace.co.uk/investors

Annual Report
Information about our market, value-creating activities, our focus on Doing the Right Thing, our strategy, KPIs, risk, governance and performance.
Available digitally or as a PDF:
www.workspace.co.uk/onlineannualreport2018

Investor video
An overview of how we performed in 2017/18:
www.workspace.co.uk/investors

Investor presentations
The latest presentations can be found in our Reporting Centre:
www.workspace.co.uk/investors/reporting-centre
This Report is printed on materials which are FSC® certified from well-managed forests.

These materials contain ECF (Elemental Chlorine Free) pulp and are 100% recyclable.

Designed by Gather
(a Workspace Group customer)
+44 (0)20 7610 6140
www.gather.london