

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended immediately to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your ordinary shares in Workspace Group PLC, please forward this document and the accompanying form of proxy, as soon as possible, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or transferred part only of your holding of ordinary shares you are advised to consult your stockbroker, bank or other agent through or to whom the sale or transfer was effected.

Workspace Group PLC

(Incorporated and registered in England and Wales under number 2041612)

Proposed adoption of new long-term equity incentive plan

and

Notice of Extraordinary General Meeting



Workspace Group

Your attention is drawn to the letter from the Chairman of Workspace Group PLC which is set out on pages 1 to 3 of this document and which recommends you to vote in favour of the resolution to be proposed at the Extraordinary General Meeting referred to below.

Notice of an Extraordinary General Meeting of Workspace Group PLC to be held at Magenta House, 85 Whitechapel Road, London E1 1DU on 23 April 2008 at 1 p.m. is set out at the end of this document. Enclosed with this document is a form of proxy. To be valid, the form of proxy must be completed, signed and returned in accordance with the instructions printed thereon, as soon as possible and, in any event, so as to reach the registrars of Workspace Group PLC, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, by no later than 1 p.m. on 21 April 2008. Completion and return of a form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting in person if you so wish.



Workspace Group

Workspace Group PLC

(Incorporated and registered in England and Wales under number 2041612)

Directors:

A Hales (*Non-Executive Chairman*)
H Platt (*Chief Executive*)
J Bywater (*Non-Executive Director*)
G Clemett (*Finance Director*)
B Cragg (*Non-Executive Director*)
R Dickinson (*Non-Executive Director*)
J P Marples (*Property Director*)

Registered office:

Magenta House
85 Whitechapel Road
London E1 1DU

To shareholders and, for information only, to (i) holders of share options under the Workspace Group PLC 2000 Approved Executive Share Option Plan, the Workspace Group PLC 2000 Non-Approved Executive Share Option Plan and the Workspace Group PLC 2003 Savings-Related Share Option Scheme; and (ii) participants in the Workspace Group PLC Executive Co-Investment Plan

28 March 2008

Dear Shareholder

Proposed adoption of new long-term equity incentive plan

Introduction

You will find set out on page 8 of this document a Notice of an Extraordinary General Meeting of Workspace Group PLC (the “**Company**”) to be held on 23 April 2008 (the “**EGM**”). The purpose of the EGM is to consider and, if thought fit, pass an ordinary resolution to approve, and authorise the directors of the Company (the “**Directors**”) to adopt, a new long-term equity incentive plan (the “**Plan**”).

This letter explains the background to the proposal to adopt the Plan, a description of the Plan and the reasons why your Directors recommend that you vote in favour of the resolution.

Background

As explained in the Directors’ Remuneration Report in the annual report and accounts of the Company for the financial year ended 31 March 2007, the remuneration committee of the board of Directors (the “**Committee**”) has been undertaking a comprehensive review of the Company’s executive remuneration arrangements in conjunction with its independent adviser, Kepler Associates. Having sought this specialist remuneration advice on the terms of the Plan and, after consultation with the Company’s principal institutional shareholders and the main shareholder representative bodies on the terms of the Plan, the Directors have concluded that shareholder approval should be sought to adopt the Plan.

The Plan provides for the grant of two types of awards: (i) “performance awards”, being conditional rights to receive shares subject to continued employment over the vesting period and the satisfaction of performance criteria; and (ii) “matching awards”, akin to performance awards, the subsequent vesting of which would also be conditional on the acquisition and retention of linked “invested shares”. If shareholders approve the Plan, the Directors expect that approximately 15 senior executives will be eligible to participate in the Plan. No further awards will be made under the existing Executive Co-investment Plan, the 2000 Approved Executive Share Option Plan or the 2000 Non-Approved Executive Share Option Plan if shareholders approve the Plan.

The Directors believe that the Plan would position total remuneration for executive directors and other members of the senior executive team around median relative to FTSE 350 companies in the real estate sector and maintain a strong link to performance. The key features of the rules of the Plan are summarised below. Further details of the Plan are set out in the Appendix to this letter.

Key features of the Plan

Performance awards

In any financial year, the maximum market value of shares subject to a performance award at the relevant date of grant shall not exceed 100 per cent. of the participant's gross annual salary (excluding bonuses and benefits in kind). However, in the first year of the Plan and otherwise in exceptional circumstances only, the maximum limit will be 200 per cent. of the participant's gross annual salary (excluding bonuses and benefits in kind).

Performance awards will ordinarily vest three years from the date of grant subject to continued employment within the Company's group (although there will be certain "good leaver" exceptions) and the satisfaction of performance criteria.

Matching awards

Participants may use up to 50 per cent. of their net annual salary (excluding bonuses and benefits in kind) (the "Investment Amount") to acquire shares in the Company (the "Invested Shares"). Matching awards will be granted to any participant who acquires Invested Shares. The number of shares comprised in a matching award will be such number of shares as may be purchased in the market on the date of grant of the matching award, using a sum calculated by reference to the Investment Amount. The sum will be calculated by grossing up the Investment Amount (to take account of tax and national insurance borne by the participant) and then multiplying this grossed-up sum by two.

Matching awards will ordinarily vest three years from the date of grant subject to continued employment within the Company's group (although there will be certain "good leaver" exceptions), the satisfaction of performance criteria and the retention of the Invested Shares during that period.

Performance criteria

The vesting of awards (both performance awards and matching awards) will be subject to performance criteria set by the Committee.

It is intended that there will be three parts to each award, each part being assessed over the same three year period:

- one-third will be dependent on the growth in net asset value of the Company relative to companies in the FTSE 350 real estate index over a three year period ("**Relative NAV**");
- one-third will be dependent on the Company's total shareholder return (share price growth plus re-invested dividends) relative to companies in the FTSE 350 real estate index over a three year period ("**Relative TSR**"); and
- one-third will be dependent on the Company's total shareholder return (share price growth plus re-invested dividends) over a three year period ("**Absolute TSR**").

The following table summarises the amount of an award which would vest on the third anniversary of the date of grant for each level of performance:

Level of performance*	Relative NAV (one-third of an award)		Relative TSR (one-third of an award)		Absolute TSR (one-third of an award)	
	Company's rank versus companies in the FTSE 350 real estate index	Percentage of award released	Company's performance relative to companies in the FTSE 350 real estate index	Percentage of award released	Company's total return	Percentage of award released
Threshold	51st percentile	20%	Median	20%	8% p.a.	20%
Maximum	75th percentile	100%	Median + 7.5% p.a.	100%	15% p.a.	100%

*There will be a *pro-rata* vesting of awards in between the "threshold" and "maximum" performance levels

Furthermore, for any shares to vest on either Relative TSR or Absolute TSR, the Committee must satisfy itself that the recorded total shareholder return is a genuine reflection of the underlying business performance of the Company.

The Directors believe that supplementing the use of Relative NAV and Relative TSR with Absolute TSR will strengthen alignment with the Company's business goals which include doubling shareholder value over 5 years. An Absolute TSR performance of 15% p.a. would be approximately equivalent to doubling shareholder value over 5 years. It is estimated that a Relative TSR performance equal to the median TSR of companies in the FTSE 350 real estate index plus 7.5% p.a. would be approximately equivalent to upper quartile performance.

The Committee will review the performance conditions from time to time for future awards in order to ensure that they remain challenging, and may impose different conditions on future awards. Any changes would be notified to shareholders in the annual report and accounts of the Company.

The Company will continue to operate within the ABI dilution guidelines.

Action to be taken

Enclosed with this letter is a form of proxy for use by shareholders at the EGM. At this meeting, an ordinary resolution will be proposed seeking your approval for the proposed Plan and its subsequent adoption. Whether or not you intend to be present at the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed on it and return it to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible, but in any event so as to **be received no later than 48 hours before the time appointed for the EGM**. Completion and return of the form of proxy will not prevent you from attending and voting at the meeting if you so wish.

Recommendation

The Committee and your Directors, of whom only Messrs Platt, Clemett and Marples are eligible to participate in the Plan, consider the proposed adoption of the Plan to be in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the proposed resolution to approve and authorise the Directors to adopt the Plan, as the Directors intend to do so in respect of their own beneficial holdings.

Yours sincerely

Tony Hales
Chairman

APPENDIX

Summary of the principal terms of the proposed Workspace Group PLC Long-Term Equity Incentive Plan (the “Plan”)

1 Introduction

Under the Plan, selected participants will be able to use their own funds to acquire shares in the Company (“**Invested Shares**” comprised in an “**Invested Share Award**”).

In return for acquiring Invested Shares, participants will be granted an additional award over free shares (“**Matching Shares**” comprised in a “**Matching Share Award**”).

The Plan also allows for the grant of awards over free shares to selected participants (“**Performance Shares**” comprised in a “**Performance Share Award**”), even if such participants do not acquire Invested Shares.

The vesting of Matching Share Awards and Performance Share Awards will be subject to continuing employment and the satisfaction of demanding performance conditions, as further explained below.

For the purposes of this summary, Invested Share Awards, Matching Share Awards and Performance Share Awards will be collectively referred to as “**Awards**”.

2 Administration

The Plan will be administered by the remuneration committee of the board of directors (the “**Remuneration Committee**”) and Awards will be made at the discretion of the Remuneration Committee.

Before being transferred to employees upon the vesting of Awards, Award shares will be held in the Company’s employee benefit trust (the “**EBT**”).

3 Eligibility

All employees (including executive directors) of the Company and its subsidiaries (the “**Group**”) will be eligible to participate in the Plan. It is currently envisaged, however, that such opportunity will only be offered to executive directors, members of the executive committee and other members of the senior management team.

4 Plan Limits

The Plan is subject to limits on the number of shares which may be issued to satisfy Awards.

In any ten year period, no more than 10 per cent. of the Company’s issued share capital from time to time may be issued or remain issuable for the purposes of the Plan or any other employees’ share scheme operated by the Company.

Further, in any ten year period, no more than 5 per cent. of the Company’s issued share capital from time to time may be issued or remain issuable for the purposes of the Plan or any other discretionary employees’ share scheme operated by the Company.

For the purposes of these limits, treasury shares used to satisfy Awards count as newly issued shares.

5 Grant of Awards

Awards may be granted:

- (a) within 42 days of the adoption of the Plan;
- (b) within 42 days of the announcement by the Company of its results for any period; or
- (c) where the Remuneration Committee resolves that exceptional circumstances have arisen which justify the grant of an Award.

No Award may be granted after the tenth anniversary of the adoption of the Plan.

6 Grant of Invested Share Awards and Matching Share Awards

The Remuneration Committee may invite selected executives to use their own funds to acquire Invested Shares (the “**Invested Amount**”). The Invested Amount may not exceed fifty per cent. of a participant’s net annual salary (excluding bonuses and benefits in kind).

If a selected individual accepts the invitation to acquire Invested Shares and provides the relevant funds, he will be granted an Invested Share Award over such number of shares as may be purchased in the market with the Invested Amount on the date of grant of the Invested Award.

An individual who is granted an Invested Share Award will also be granted a Matching Share Award. The number of shares comprised in a Matching Share Award will be such number of shares as may be purchased in the market on the date of grant of the Matching Share Award, using a sum calculated by reference to the Investment Amount. The sum will be calculated by grossing up the Investment Amount (to take account of tax and national insurance borne by the participant) and then multiplying this grossed-up sum by two.

7 Grant of Performance Share Awards

In any financial year, the maximum market value of shares subject to a performance award at the relevant date of grant shall not exceed 100 per cent. of the participant's gross annual salary (excluding bonuses and benefits in kind). However, in the first year of the Plan and otherwise in exceptional circumstances only, the maximum limit will be 200 per cent. of the participant's gross annual salary (excluding bonuses and benefits in kind).

8 Invested Share Awards

Participants will be free to withdraw their Invested Shares from the EBT at any time but, if they do so before the third anniversary of the date of grant of the relevant Invested Share Award, the Matching Share Award that was granted at the same time as that Invested Share Award will lapse.

9 Vesting of Performance Share Awards and Matching Share Awards

Performance Share Awards and Matching Share Awards shall normally vest on the third anniversary of the relevant date of grant.

The period which runs from the date of grant of the award to the third anniversary of that date is known as the "Vesting Period". Performance Shares and Matching Shares may, in normal circumstances, only be received if:

- the participant does not leave the Company's employment during the Vesting Period (although there are certain "good leaver" exceptions (see below)); and
- in the case of Matching Share Awards, the participant does not withdraw any of his/her related Invested Shares from the EBT during the Vesting Period.

Further, the vesting of Performance Share Awards and Matching Share Awards will be subject to appropriately demanding performance conditions measured during the Vesting Period. Participants will not be required to pay anything to receive their Performance Shares or Matching Shares.

10 Performance conditions

The vesting of Performance Share Awards and Matching Share Awards will be subject to performance criteria set by the Remuneration Committee.

It is intended that there will be three parts to each award, each part being assessed over the same three year period:

- one-third will be dependent on the growth in net asset value of the Company relative to companies in the FTSE 350 real estate index over a three year period ("**Relative NAV**");
- one-third will be dependent on the Company's total shareholder return (share price growth plus re-invested dividends) relative to companies in the FTSE 350 real estate index over a three year period ("**Relative TSR**"); and
- one-third will be dependent on the Company's total shareholder return (share price growth plus re-invested dividends) over a three year period ("**Absolute TSR**").

The following table summarises the amount of an Award which would vest on the third anniversary of the date of grant for each level of performance:

Level of performance*	Relative NAV (one-third of an award)		Relative TSR (one-third of an award)		Absolute TSR (one-third of an award)	
	Company's rank versus companies in the FTSE 350 real estate index	Percentage of award released	Company's performance relative to companies in the FTSE 350 real estate index	Percentage of award released	Company's total return	Percentage of award released
Threshold	51st percentile	20%	Median	20%	8% p.a.	20%
Maximum	75th percentile	100%	Median + 7.5% p.a.	100%	15% p.a.	100%

*There will be a *pro-rata* vesting of awards in between the “threshold” and “maximum” performance levels

Furthermore, for any shares to vest on either Relative TSR or Absolute TSR, the Remuneration Committee must satisfy itself that the recorded total shareholder return is a genuine reflection of the underlying business performance of the Company.

The Remuneration Committee will review the performance conditions from time to time for future awards in order to ensure that they remain challenging, and may impose different conditions on future awards.

11 Cessation of employment

If a participant dies before the end of the Vesting Period, the participant's Performance Share Awards and Matching Share Awards shall vest in full on the date of death.

If a participant ceases to be employed by the Group by reason of injury, ill-health, disability, redundancy, retirement, as a result of the sale of the business or the subsidiary in which the participant is employed, or for any other reason which the Remuneration Committee so determines at its discretion, his Performance Share Awards and Matching Share Awards shall not automatically lapse on such cessation.

In these circumstances, the participant's Performance Share Awards and Matching Share Awards shall continue to subsist subject to the rules of the Plan. However, the number of shares (if any) which vest at the end of the Vesting Period shall be determined on a pro-rated basis by reference to the date the participant ceased employment, unless the Committee deems it fair and reasonable that a greater proportion shall vest.

If a participant ceases to be employed by the Group for any reason other than those listed above, the participant's Performance Share Awards and Matching Share Awards will lapse on the date of cessation.

12 Change of Control

The extent to which Performance Share Awards and Matching Share Awards vest in the event of a takeover, reconstruction or winding-up of the Company shall be determined on a pro-rated basis, taking into account the extent to which the Remuneration Committee determines that the performance conditions have been achieved during the foreshortened period ending on the takeover, reconstruction or winding-up. However, the Remuneration Committee may, in its discretion, determine that it is fair and reasonable for a greater proportion of the Performance Share Awards and Matching Share Awards to vest.

13 Cash settlement

The Remuneration Committee may, in its discretion, determine that a participant be paid a cash amount in full and final settlement of a vested Award. This cash amount shall be equal to the number of shares otherwise deliverable to the participant multiplied by the market price of a share in the Company on the day on which the Award vested.

14 Voting, dividend and other rights

Participants who are granted Invested Share Awards will receive any dividends on the Invested Shares and may instruct the trustee of the EBT to exercise votes in respect of them.

In relation to Performance Share Awards and Matching Share Awards, when a dividend is paid by the Company during the Vesting Period, the number of shares comprised in both Performance Share Awards and Matching Share Awards will be increased by the number of shares which could have been acquired with the dividends which would have been received had the participant been the owner of the relevant Performance Shares and Matching Shares. Alternatively, the Remuneration Committee may determine that a dividend is paid to the trustee and that such dividend is then paid to the relevant participant at the end of the relevant Vesting Period, subject to the vesting of the relevant Performance Share Award and/or Matching Share Award.

Any shares allotted under the Plan will rank *pari passu* with existing shares in the Company with the exception of rights attaching by reference to a record date prior to the allotment date. Application will be made to the United Kingdom Listing Authority for any shares allotted under the Plan to be listed on the Official List of the United Kingdom Listing Authority.

All Awards are non-pensionable. Performance Share Awards and Matching Share Awards are non-transferable other than on death.

15 Adjustments

In the event of a capitalisation issue, rights issue or open offer, any sub-division, consolidation, reduction, increase or other variation of the Company's share capital, the number of shares over which an Award has been made may be adjusted in such manner as the Remuneration Committee determines is fair and reasonable.

16 Amendments

The Plan may be amended by the Directors, although amendments:

- to the material advantage of participants (including the definition of eligible employee and the provisions governing the Plan limits, individual maximum entitlement and adjustments) may not be made without prior shareholder approval; and
- to the material detriment of participants, require the prior approval of participants holding Awards over at least 50 per cent. of the shares comprised in all Awards affected.

Amendments to benefit the administration of the Plan, to take account of changes in legislation or to obtain or maintain favourable taxation, exchange control or regulatory treatment for participants in the Plan or for the Company or its subsidiaries, do not require the prior approval of shareholders or participants.

Workspace Group PLC

(Incorporated and registered in England and Wales under number 2041612)

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Workspace Group PLC (the "Company") will be held at the Company's registered office at Magenta House, 85 Whitechapel Road, London, E1 1DU at 1 p.m. on 23 April 2008 to consider and, if thought fit, pass the following resolution as an ordinary resolution:

THAT the Workspace Group PLC Long-Term Equity Incentive Plan 2008 (the "Plan"), the principal terms of which are described in the appendix to the circular to shareholders dated 28 March 2008 and the rules of which are produced in draft to the meeting and, for the purposes of identification, signed by the Chairman, be and it is hereby approved and the Directors be and they are hereby authorised to adopt the Plan and to do all such other acts and things as they may consider appropriate to implement the Plan.

By order of the Board

Amanda Whalley
Company Secretary

28 March 2008

Registered Office:
Magenta House
85 Whitechapel Road
London E1 1DU

Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders entered in the register of members of the Company at 6 p.m. on 21 April 2008 shall be entitled to attend and vote at the meeting in respect of the shares registered in their name at that time. Changes to entries on the register of members after 6 p.m. on 21 April 2008 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
2. If the meeting is adjourned to a time not more than 48 hours after the time fixed for the original meeting, the above specified time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If, however, the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at least 48 hours before the time fixed for the adjourned meeting.
3. A member is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. A form of proxy accompanies this notice. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any person holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.

Any such person holding 3% or more of the voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure and Transparency Rules.

As at 25 March 2008, the latest practicable date prior to publication of this document, the Company has 174,313,887 ordinary shares in issue with a total of 174,313,887 voting rights.
4. To be valid, a form of proxy for use at the meeting and the power of attorney or authority (if any) under which it is signed, or a copy of such authority notarially certified must be signed and lodged with the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY no later than 48 hours before the time of the meeting or the adjourned meeting. Failure to deliver a form of proxy in accordance with the terms of this paragraph will render the form of proxy invalid.
5. The rules of the Workspace Group PLC Long-Term Equity Incentive Plan are available for inspection at the registered office of the Company from the date of this notice up to and including the date of the meeting and will be available at the place of the meeting from 15 minutes prior to the commencement of the meeting until the conclusion thereof.
6. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

