PRELIMINARY ANNOUNCEMENT

12 June 2012

WORKSPACE GROUP PLC
FINAL RESULTS

WORKSPACE DRIVING VALUE

Workspace Group PLC ("Workspace"), London's leading provider of space to new and growing companies, announces its results for the year ended 31 March 2012.

Highlights

Good Financial Performance
- Trading profit after interest* up 13% to £16.0m (2011: £14.2m)
- Final dividend at 5.86p declared, resulting in total dividend for year of 8.79p per share, up 10%
- Profit before tax up 12%, excluding the mark to market of interest rate hedges. Total profit before tax £48.5m (2011: £52.8m)
- EPRA net asset value per share up 8% to £3.08 (March 2011: £2.86)

Robust Level of Demand
- Enquiries for space up 5% to 1,009 per month
- Like-for-like occupancy improved to 87.8% from 86.1% at March 2011
- Like-for-like rent roll up 5% to £44.5m and rent per sq. ft up 3% to £12.61

Property Portfolio
- Property valuation excluding capital expenditure and disposals up 5% (£37m) to £760m
- Total net initial yield 7.1% (March 2011: 6.8%)
- Active asset management delivered a total property return of 13.4% compared to 6.4% for IPD Universe
- £13m of property disposals

Extensive Refurbishment and Redevelopment Pipeline
- Planning consent at 14 properties for 704,000 sq. ft of refurbished and new space.
- One refurbishment completed during the year, two more underway and expected to complete in mid-year and six further refurbishment projects due to start in the next 3 months
- Mixed use planning consents at four sites for 983 residential units and 219,000 sq. ft of new commercial space. Redevelopments underway in Highbury Grove and Wandsworth in partnership with residential developers. Further four opportunities currently being progressed through planning

Sound Financial Base
- Successfully completed Rights Issue in July 2011 raising £63m (net) to accelerate the Company's refurbishment programme
- Average maturity of debt 3 years, with no debt falling due in next 2 years
- Loan to value 41%, down from 50% at March 2011
- Average cost of debt 5.1% reduced from 5.3% in previous year
- £79m of available facilities and cash

Acquisition Activity

- Following its establishment in February 2011, the BlackRock Workspace Property Trust in which Workspace holds a 20.1% interest has now invested £60m with three properties acquired during the year for £21m. Subsequent to the year-end we have exchanged on the acquisition of a further property for £7.3m.
- Aiming to have fully invested the £100m of equity committed by August 2012

Commenting, Jamie Hopkins, Chief Executive of Workspace said:

" I am delighted to present a very solid set of results. Despite a tough and changeable environment throughout the year, our strategy of focusing on London continued to be effective in growing core operational income as well as the capital value of our assets. Our business benefits from the momentum generated by the new and growing companies that are at the heart of the London economy. We have a clear understanding of our customers' needs and we have invested in relevant improvements, buildings and services that enable them to grow. This year's earnings are a fundamental endorsement of that approach".

"I believe we have the right strategy and the right team and will ensure that not only do we align our resources with today's market but that we are alive to potential areas of growth and act quickly and with purpose to capitalise on them".

- Ends -

Note

* Trading Profit after interest includes rental income from the BlackRock Workspace Property Trust.

Date: 12th June 2012
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There will be a results presentation to analysts and investors hosted by the Workspace Management Team at 0930 on Tuesday 12 June. The venue for the presentation is the City Presentation Centre, 4 Chiswell Street, London EC1Y 4UP. There is also a conference call facility in conjunction with the presentation. The telephone number to use to join the conference call is 020 3140 0668, the participant PIN Code is 941874#

CHAIRMAN'S STATEMENT

This is my first annual review as Chairman of Workspace and I am delighted to have joined at a time of such exciting opportunities for our Company and for London. I am pleased to report that we are delivering a strong operational and financial performance.

These results demonstrate the benefits of the Company's focus on driving occupancy and improvement in rental values at our properties and at the same time delivering value-added opportunities through change of use and redevelopment. All the metrics have improved over the last year.

We have achieved good revenue growth and trading profit. Group net rental income was £45m, an underlying increase of 4%, trading profit after interest (adjusted) was £16m, an increase of 13% and EPRA NAV per share was £3.08, an increase of 8%.

In addition to this, we refinanced £125m of our debt and raised £63m (net) through a Rights Issue. This provides Workspace with additional financial resources to accelerate the refurbishment programme across our existing portfolio and to take advantage of attractively priced property acquisition opportunities. During the year we completed three acquisitions through our joint venture with BlackRock.

Given the Company's performance and prospects the Board intends to recommend the payment of a final dividend of 5.86p (a total of 8.79p for the year) to be paid on 3 August 2012, an increase of 10% on the prior year. This is consistent with our progressive dividend policy.

In 2011, Harry Platt indicated that he wished to retire from his position as Chief Executive and in February 2012 it was announced that Jamie Hopkins would assume the role from 1 April 2012. I would like to take this opportunity, on behalf of the Board, to wish Harry an enjoyable retirement and to thank him for his excellent leadership of Workspace over the last 20 years.

I would also like to welcome Jamie to his new role where he is already having an impact on our operations. Jamie has extensive experience and knowledge of the property industry and the leadership of various companies. The Board and I are confident that his energy and drive will be of huge benefit to Workspace stakeholders and staff.

We continue to focus on Board succession planning, monitoring its composition and Committees against our skills and experience. We expect to appoint new Non Executive Directors over the next year, and in this regard I was delighted to announce last month the appointment to the Board of Maria Moloney.

London is our market and remains our focus. Workspace has a clear strategy and a strong business model which enables us to capture the benefits of the London market whilst providing operational resilience when market conditions are more difficult.

More broadly, the UK continues to depend on the small business sector to promote economic growth and the team at Workspace is playing a part in promoting that growth whilst delivering good returns to our shareholders. Undoubtedly, the economic prospects remain stronger in London than for most of the UK and indeed parts of Europe and we intend to support and capture that growth.

I am pleased to report that our Company takes its responsibility to the local communities, as well as the broader environment, in which it operates very seriously. We have a strong focus on health and safety and energy sustainability, and our membership of the FTSE4Good index is an example of this commitment. We are working hard to do the right things for our customers, employees, communities and the environment.

Finally, on behalf of the Board I would like to extend our gratitude to all Workspace employees for delivering this year's strong financial performance. We have a strong team that is committed to driving our business forward.

Daniel Kitchen
Chairman

CHIEF EXECUTIVE'S STATEMENT

Despite a tough environment throughout the year, Workspace has reported a solid set of results in all of its operations, reflecting a strategy that continues to be effective in growing core operational income and the capital value of our assets.

We benefit naturally from having our business in London, focusing all our energies on the new and growing companies that are at the heart of the capital's economy, providing them with the investment in relevant buildings, improvements and services that they need. Understanding what helps them to be successful lies at the core of what we do and has led to our own growth.

During the last year new customer enquiries, lettings and rent all increased helping to drive up profits and allowing us to increase the dividend. But beyond this we saw the underlying valuation of our assets improve as the effects of our attention to building improvements and developments have filtered through.

We also grew our portfolio, making use of our joint venture with BlackRock and the proceeds from our recent Rights Issue to acquire, reposition and redevelop properties with great potential.

All of this paints a picture of a business with a clear understanding of its customers and environment and one that is investing in a long-term strategy that is producing results for all of its stakeholders. This year's earnings are a fundamental endorsement of that approach.

As the recently-appointed Chief Executive I will be focused on ensuring that this trajectory is maintained. We are absolutely on the right course but we remain fully aware of the changeable external environment. Workspace is a company with an ability to grow further and faster, with a strong management team and a talent pool of expertise that can move quickly on the opportunities we see.

I have already met many of our stakeholders and there are a number of recurring questions about how I see the Company and what will characterise my leadership.

Workspace's Strategy
Our strategy is the right one – we own properties our customers like and we manage them intensively to drive value. We reposition and redevelop buildings to improve rental streams and asset values. We ensure we keep our understanding of customers current, and that we do the right thing and limit our environmental impact. So, no change to the strategy, just a renewal of our energy and focus to drive it.

Challenges and Risks
Like any business, we face a multitude of challenges and risks – operational, environmental, economic and reputational. We take time to analyse and understand them and put in place processes and plans to mitigate them. As long as we stay relevant to our customers and intensely focused on our activities, we should be in good shape to address every challenge.

Right Team to Grow the Business
We have an immensely experienced group of leaders and talented individuals throughout the Company, all of whom understand our properties and customers. Everyone is very focused: whether it is bringing our core competencies in customer service and letting into play, tightly controlling costs or visualising a new project, the team's capabilities are unmatched.

Wider Social and Environmental Responsibilities
Improving the social and environmental impact of the Company are core responsibilities and part of what we do every day. Having safe and sustainable operations makes sense for us, our customers and our local communities. We are all proud of what we already do to limit carbon emissions and waste and as we grow our footprint we will always act responsibly, doing the right thing by any measure possible.

Priorities for 2012/13
We have the right strategy and the right team, so from my perspective I will be making sure that we align our resources not only with today's business but also with the many opportunities and new initiatives that we and our customers will generate. I want to keep us energised and alive to potential areas of growth; acting quickly and with purpose to exploit them. By doing that we will ensure that operating income continues to grow and that our assets grow in value. Already we are working on some very exciting new initiatives.

Jamie Hopkins
Chief Executive

BUSINESS REVIEW

Trading Performance

Our aim is to be the preferred choice for new and growing businesses looking for space in London. We have continued to attract strong levels of demand with enquiry levels up 5% on the prior year to an average of 1,009 per month, and new lettings running at an average of 82 per month.

	Quarter Ended			
Average Number Per Month	**March 2012**	**Dec 2011**	**Sept 2011**	**June 2011**
Enquiries	1,231	892	1,000	911
Lettings	84	78	88	77

Good levels of enquiries and lettings have continued during the first two months of the current financial year to the end of May 2012.

The like-for-like property portfolio, which excludes properties impacted by refurbishment or redevelopment, has seen both occupancy and rents improve over the year.

Like-for-Like Properties	**31 March 2012**	**30 September 2011**	**31 March 2011**
Occupancy	87.8%	87.7%	86.1%
Rent Roll	£44.5m	£43.8m	£42.5m
Rent per sq. ft	£12.61	£12.38	£12.20

Like-for-like occupancy growth was stronger in the first half of the year while pricing increases were more dominant in the second half. This reflects the increasing number of properties that are now at or above 90% occupancy, the level at which we can typically push pricing on both new lettings and lease renewals. At March 2012, 42 of the 77 properties in the like-for-like category were at or above this 90% occupancy level (March 2011: 37 properties).

Overall occupancy improved to 85.3% at March 2012 (March 2011: 83.6%) and cash rent roll increased to £50.2m (March 2011: £48.9m). The contracted rent roll is £2.5m higher than the cash rent roll at £52.7m at March 2012. This relates primarily to stepped rent increases and rent free periods.

The improving levels of occupancy and rent roll have translated into a good growth in income and trading profit in the year.

£m	31 March 2012	31 March 2011
Net rental income - underlying	44.6	42.9
Net rental income - disposals	0.2	3.0
BlackRock joint venture income	0.5	0.1
Administrative expenses	(10.2)	(9.7)
Net finance costs	(19.1)	(22.1)
Trading Profit after Interest (adjusted)	16.0	14.2

Underlying net rental income is up 4% (£1.7m) in the year. The growth in income at like-for-like properties of 5% (£1.9m) and new income from completed refurbishments has been offset by the income attrition at properties currently being refurbished and redeveloped, as summarised below:

	£m
Like-for-like income growth	1.9
Income uplift at completed refurbishments	0.2
Income lost at sites being refurbished	(0.1)
Income lost at sites being redeveloped	(0.3)
Net rental income increase – underlying	1.7

BlackRock joint venture (JV) income represents our 20.1% share of income from the 8 properties we sold to the JV in February 2011, together with the income from the 3 properties acquired by the JV during the second half of the financial year.

Administrative expenses are up 5% (£0.5m) primarily due to inflationary cost and salary increases and higher bonus levels.

Net finance costs fell by £3.0m with net bank debt reducing over the year from £367m to £314m as a result of the Rights Issue in July 2011, together with a reduction in the average interest cost to 5.1% from 5.3% in the previous year.

Trading profit after interest (adjusted to include the rental income from our BlackRock JV) is up 13% to £16.0m in the year, benefiting from the growth in rental income and reduced interest cost. Based on this trading performance, we are proposing a 10% increase in the dividend for the year. The total cash cost of the dividend is £12.6m up 33% on the prior year due to the 25% increase in issued share capital following the Rights Issue. This total dividend is covered 1.3 times by trading profit after interest (adjusted).

£m	31 March 2012	31 March 2011
Trading Profit after Interest (adjusted)	16.0	14.2
Property Valuation Gain	35.6	30.8
Mark to Market – Interest Hedging	(4.6)	5.3
Other Items	1.5	2.5
Profit before Tax	48.5	52.8

Reported profit before tax has fallen by £4.3m in the year to £48.5m. The growth in trading profit and an increase of £4.8m in the property valuation surplus has been offset by an adverse movement of £9.9m in the mark to market value of our interest rate hedges. These hedges are structured to give stability to the interest cost over the medium-term to June 2015. The mark to market valuation represents the potential cost to the Company if these hedging contracts were cancelled, we intend however to hold these to maturity with the cost expensed as part of our reported interest cost over the period to June 2015.

Valuation

At 31 March 2012 the wholly owned portfolio was independently valued by CBRE at £760m. The underlying valuation of our property portfolio increased by 3.0% (£21m) in the second half and 5.1% (£37m) over the year, excluding the impact of capital expenditure and disposals. The valuation movements are set out in detail below:

	£m
Valuation at 31 March 2011	719
Property Disposals	(13)
Capital expenditure	18
Revaluation surpluses:	
6 Months to September 2011	16
6 Months to March 2012	21
Other	(1)
Valuation at 31 March 2012	760

The Group delivered a total property return over the year of 13.4% compared to 6.4% for the IPD Universe benchmark. This outperformance was driven by our efforts in driving rental income growth and capturing the redevelopment and alternative use potential at a number of our properties. There was no benefit from movement in valuation yields.

The valuation includes £94m (2011: £79m) of added value in relation to redevelopment potential for additional commercial space or other uses such as residential or student housing. The status of the properties where our valuers have included this added value are detailed below:

	No of Properties	Added Value
Planning application in progress	7	£17m
Planning consent obtained	15	£37m
Redevelopment in progress	3	£40m
Total Added Value		£94m

A more detailed analysis of the property valuation is set out below:

At 31 March 2012	No of Properties	Existing Value	Added Value	Total Value	Valuation Surplus	Net Initial Yield	Equivalent Yield
Like-for-like Properties	77	569	15	584	3.5%	7.2%	8.3%
Refurbishments	7	64	14	78	2.9%	4.8%	8.1%
Redevelopments	8	33	65	98	15.7%	10.0%	10.4%
Total	92	666	94	760	5.2%	7.1%	8.4%

The total net initial yield of the portfolio as reported by our valuers CBRE is 7.1% compared to 6.8% at March 2011 with no movement in the reported equivalent yield over the year, steady at 8.4%.

Total Estimated Rental Value (ERV) of the portfolio at March 2012 is £65.4m compared to cash rent roll £50.2m. ERV of the like-for-like portfolio is up 3.5% over the year to £52.9m (cash rent roll £44.5m). Capital value per sq. ft is £152, up from £137 at March 2011.

During the year we realised £13m from the disposal of various low income producing (£0.3m) tracts of land, comprising:

- car park at Ewer Street on the Southbank for student housing for £3.9m;
- small industrial estate near London Bridge for a 26 unit residential development for £1.7m;
- the Group’s former head office and adjacent car park at Whitechapel for student housing for £3.9m; and
- car park at Greenheath Business Centre for a 76 unit residential development for £3.5m.

In April 2012 we established a 50:50 joint venture partnership with Polar Group for the potential redevelopment of Enterprise House, Hayes. This is a 130,000 sq. ft. Grade II listed office building, formerly part of the EMI head office complex, well located adjacent to the proposed Hayes and Harlington Crossrail station. We sold this property into the joint venture at a valuation of £3.2m (a £0.9m valuation uplift from its value at March 2011). We will act as property manager while our partner will progress the planning for a mixed use redevelopment.

Net Assets

EPRA net asset value per share at 31 March 2012 was £3.08 (2011:£2.86), an increase of 8% in the year with the main movements in net asset value per share highlighted below:

	£
At March 2011 (restated)	2.86
Property valuation surplus	0.25
Dividends paid in year	(0.07)
Other	0.04
At 31 March 2012	3.08

The increase in net asset value was driven by the increase in the property valuation offset by dividends paid to shareholders in the year.

Refurbishment Activity

In line with the plans set out at the time of our Rights Issue last year we are now accelerating our refurbishment programme. In June 2011, we completed the first phase refurbishment of 28,000 sq. ft. at Chester House, Kennington (£4m) and we are on schedule to complete by September 2012 the:

- 50,000 sq. ft. refurbishment and two storey roof extension at Canalot Studios (£5m); and
- 9,000 sq. ft. extension to Whitechapel Technology Centre (£2m).

We intend to commence on site at a further six properties over the next 3 months as detailed below. Given the current environment we will closely monitor our commitments at every stage of these projects.

	Estimated Cost	Expected Completion	Upgraded Area (sq. ft.)	New Area (sq. Ft.)	Estimated ERV (psf)
Great Guildford Street, SE1	£14m	Q3 2014	82,000	20,000	£28
Greenheath, E2	£10m	Q3 2013	44,000	-	£22
Exmouth House, EC1R	£4m	Q3 2013	52,000	5,000	£28
Leyton Industrial Village (Phase 1), E10	£3m	Q3 2013	-	25,000	£12
Chester House (Phase II), SW9	£2m	Q2 2013	-	9,000	£30
Westminster (Phase I), SE11	£2m	Q2 2013	-	6,000	£30

We have a further nine schemes, which includes the second phases at Leyton and Westminster, representing 374,000 sq. ft. of space with planning consent that we can progress during 2014 and 2015.

Redevelopment Activity

Our properties are in areas across London where there is strong demand for mixed use redevelopment. These schemes generally require demolition of an existing building to deliver new residential and commercial space. Our business model on these schemes is to obtain the mixed use planning consent and then partner a residential developer to undertake the construction of both the residential and commercial buildings at no cost to Workspace. We receive back a new upgraded commercial building together with a combination of cash and overage on the residential component.

We have obtained planning consent on four of these mixed use schemes for 983 residential units and 219,000 sq. ft of commercial space with redevelopment underway on two and the remaining two in solicitors hands with potential redevelopment partners. Summary details are set out below:

	Redevelopment Partner	Expected Completion	Commercial Area (sq. ft.)	Estimated ERV (psf)	Other Proceeds
Wandsworth, SW18	Mount Anvil	Q2 2014	53,000	£22	Overage
Highbury Grove, N5	Taylor Wimpey	Q1 2014	61,000	£22	Cash/ Overage
Grand Union, W10	In negotiation	2014	60,000	£22	-
Bow Enterprise, E3	In negotiation	2017	45,000	£12	-

A further four schemes are being progressed through planning. The most significant is at Tower Bridge where 7 acres of the site has been re-designated for residential use and we hope to submit a planning application for 800 residential units shortly.

Financing

The Group continues to generate strong operating cashflow in line with trading profits. We are not seeing any noticeable signs of distress across our customer base with bad debts in the year at £0.4m (2011: £0.2m) and cash collection statistics strong.

Net bank debt has reduced by £53m in the year to £314m at March 2012, which includes £24m of cash on deposit. A summary of the movement in cashflow are set out below.

	£m
Net cash from operations	17
Dividends paid	(11)
Rights Issue proceeds (net)	63
Capital expenditure	(19)
Property disposals	13
BlackRock investment	(5)
Other	(5)
Net reduction in bank debt	53
Net bank debt at 31 March 2011	(367)
Net bank debt at 31 March 2012	(314)

The Group has £393m of committed bank facilities with an average period to maturity of 3.2 years and earliest maturity in December 2014. We have a good spread of lenders with a total of 8 banks providing our facilities with no individual bank providing more than £62.5m. Details of our facilities are set out below:

	Committed Facilities	Drawn Amount	Term	Margin Over LIBOR
RBS/HSBC	£125m	£70m	Jun 2015	2.50%/2.75%
Bayern Club	£200m	£200m	Jun 2015	2.25%
Lloyds Club	£68m	£68m	Dec 2014	1.25%
	£393m	£338m		

We have £55m of available facilities and £24m in cash deposits. Overall loan to value of our debt is 41% down from 50% at March 2011 and we have good headroom on all of our bank covenants.

Our interest rate hedging is structured to maintain a stable interest rate over the medium term. We currently have £260m of fixed rate hedges representing 77% (2011: 74%) of our drawn debt facilities at an average rate of 3.5% (2011: 3.8%).

BlackRock Workspace Property Trust (BlackRock JV)

We have a 20.1% interest in this JV for which we also act as property manager receiving management and performance fees. It was initially seeded with 8 properties that we sold to the JV in February 2011 for £35m. 3 acquisitions have been completed during the year for £21m and subsequent to the year-end we have exchanged on a property on City Road, EC1 for £7.3m with completion set for 20 June 1012. We expect the JV to have fully invested the £100m of equity committed by BlackRock and Workspace by August 2012.

Dividend

The Board has proposed a final dividend of 5.86 pence per share, (2011: 5.33 pence as restated for the Rights Issue in July 2011 and the share consolidation in August 2011) which will be paid on 3 August 2012 to shareholders on the register at 13 July 2012. 50% of this dividend will be paid as a Property Income Distribution (PID) in respect of the Group's tax exempt property rental business, with the balance as a normal dividend (non-PID).

Principal Risks

Risk management is an integral part of our activities and day to day running of the business. Risks are assessed, discussed and taken into account when deciding upon future strategy, approving transactions and monitoring performance. The process of identifying risks, assessing their impact and monitoring their likelihood is considered at two levels:

1. Strategic Risks: these are identified, assessed and managed by the Main Board and Audit Committee.
2. Operational Risks: these are identified, assessed and managed by Executive Committee directors.

This segregation ensures that risks related to our strategy and major decisions are considered at Main Board level and that our level of risk appetite remains appropriate. Day to day operational risks are more closely reviewed and managed by the Executive team and senior management, with linkage between the two managed as appropriate.

Risk registers are maintained by the Main Board for strategic risks and by the Executive Committee for operational risks. The absolute levels of risk, the net levels of risk taking into account mitigating controls and the appropriate level of risk appetite are reviewed regularly. High rated risks identified in the registers are regularly reviewed by the Board, Audit and Executive Committees.

Details of our principal strategic risks and the mitigating activities in place to reduce these risks are set out below. There have been no significant changes to the risk profile over the last year and the Board are satisfied that we continue to operate within our risk appetite.

Risk Area	Detail	Mitigating Activities	Change from 2011/12
Finance Risk	Reduced availability and cost of bank financing resulting in inability to meet business plans or satisfy liabilities.	Funding requirements for business plans are reviewed regularly and options for alternative sources of funding monitored. Range of banking relationships maintained, refinancing strategy reviewed regularly. Interest rate hedging policy in place to minimise exposure to short term rate fluctuations.	No Change
Valuation Risk	Value of our properties declining as a result of macroeconomic environment, external market, or internal management factors.	Investment market mood monitoring. Market yields and pricing of property transactions monitored closely across the London market. Alternative use opportunities pursued across the portfolio and planning consent progressed. Sufficient headroom on Loan to Value banking covenants is maintained and reviewed.	No change
Occupancy Risk	Demand by businesses for our accommodation declining as a result of social, economic or competitive factors.	Weekly monitoring of occupancy levels, pricing and reasons for customers vacating at each property and exit interviews conducted. On-site staff maintain regular contact with customers and local monitoring of competitors offering space. Extensive marketing using the 'Workspace' brand Flexibility offered on deals by dedicated in-house marketing and letting teams.	No change
London	Changes in the political, infrastructure and environmental dynamics of London lead to reduced demand for space from businesses.	Regular monitoring of the London economy, research reports and the commissioning of research. Regular meetings with the GLA and London Boroughs.	No change
Development Risk	Impact to underlying income and capital performance due to: – Adverse planning rulings – Construction cost and timing overrun – Lack of demand for developments.	Understanding of planning environment and use of appropriate advisers. Detailed development analysis and appraisal undertaken, sensitivity and risk scenarios considered. Board level discussion and approval prior to project commitment. Contract structuring to reduce/eliminate build risk. Construction project teams meet regularly, discuss issues and resolve or escalate as appropriate. Management of development phasing to match demand. Deferral to retain properties for existing rental use.	Increased

Investment Risk	Underperformance due to inappropriate strategy of: – Timing of disposal decisions – Acquisitions timing – Non achievement of expected returns.	Regular monitoring of asset performance and positioning of portfolio. Acquisition due diligence appraisal and business plans analysis. Regular monitoring of acquisition. performance against target returns.	No change
Transactional Risk	Joint ventures or other ventures with third parties do not deliver the expected return.	Review and monitoring of potential joint ventures before agreed. Requirements for business plans are reviewed regularly. Regular review of performance of joint ventures throughout term	No change
Regulatory Risk	Failure to meet regulatory requirements leading to fines or penalties or the introduction of new requirements that inhibit activity.	REIT conditions monitored and tested on a regular basis and reported to the Board. Close working relationship maintained with appropriate authorities and all relevant issues openly disclosed. Advisers engaged to support best practice operation.	No change
Business Interruption Risk	Major external events result in Workspace being unable to carry out its business for a sustained period.	Monitor security threat/target information Business Continuity plans and procedures in place and regularly tested.	No change
Reputational Risk	Failure to meet customer and external stakeholder expectations.	Customer survey undertaken and results acted upon. Training and mystery shopper initiatives undertaken. Regular communication with stakeholders.	No change

KEY PROPERTY STATISTICS

Workspace Group Portfolio	Quarter ending 31 March 2012	Quarter ending 31 December 2011	Quarter ending 30 September 2011	Quarter ending 30 June 2011	Quarter ending 31 March 2011
Property valuation	**£760m**	£750m	£733m	£727m	£719m
Number of estates	**92**	94	94	95	96
Lettable floorspace (million sq. ft.) †	**5.0**	5.0	5.1	5.1	5.1
Number of lettable units	**4,668**	4,781	4,899	4,885	4,856
ERV	**£65.4m**	£64.9m	£65.2m	£62.8m	£61.4m
Reversionary yield*	**8.9%**	8.7%	8.9%	8.6%	8.5%
Cash rent roll of occupied units	**£50.2m**	£49.8m	£50.0m	£49.6m	£48.9m
Average rent per sq. ft.	**£11.79**	£11.58	£11.52	£11.63	£11.47
Overall occupancy	**85.3%**	85.6%	85.2%	84.0%	83.6%
Like-for-like lettable floor space (million sq. ft.)	**4.0**	4.0	4.0	4.0	4.0
Like-for-like cash rent roll	**£44.5m**	£43.9m	£43.8m	£43.3m	£42.5m
Like-for-like average rent per sq. ft.	**£12.61**	£12.48	£12.38	£12.41	£12.20
Like-for-like occupancy	**87.8%**	87.6%	87.7%	86.8%	86.1%
Blackrock Workspace Property Trust					
Property Valuation	**£62m**	£59m	£36m	£35m	£35m
Number of estates	**11**	11	8	8	8
Lettable floorspace (million sq. ft.) †	**0.4**	0.4	0.3	0.3	0.3
ERV	**£5.5m**	£5.6m	£3.6m	£3.5m	£3.4m
Cash rent roll of occupied units	**£4.7m**	£3.8m	£2.9m	£3.0m	£3.1m
Average rent per sq. ft.	**£11.82**	£10.66	£10.20	£10.58	£10.57
Overall occupancy	**89.8%**	88.7%	87.3%	87.9%	92.1%

† Excludes storage space
* Based on ERV divided by valuation

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH

	Notes	**2012 £m**	2011 £m
Revenue	1	**67.3**	68.8
Direct costs	1	**(22.5)**	(22.9)
Net rental income	1	**44.8**	45.9
Administrative expenses	3	**(10.2)**	(9.7)
		34.6	36.2
Other income	2	**–**	0.1
Profit on disposal of investment properties	4(a)	**0.9**	2.8
Loss on disposal of property, plant and equipment	4(b)	**(0.1)**	–
Change in fair value of investment properties	11	**35.6**	30.8
Operating profit	3	**71.0**	69.9
Finance income	5	**0.2**	0.1
Finance costs	5	**(19.3)**	(22.2)
Change in fair value of derivative financial instruments	5	**(4.6)**	5.3
Gains/(losses) from share in joint venture	12	**1.2**	(0.3)
Profit before tax		**48.5**	52.8
Taxation	7	**0.5**	0.7
Profit for the year after tax and attributable to equity shareholders		**49.0**	53.5
Basic earnings per share (pence)†	9	**36.3p**	45.4p
Diluted earnings per share (pence)†	9	**35.5p**	44.4p
EPRA earnings per share (pence)†	9	**11.9p**	12.4p

† Comparative figures have been restated to reflect the rights issue and share consolidation as described in note 20.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH

	2012 £m	2011 £m
Profit for the financial year	**49.0**	53.5
Revaluation of owner occupied property	**–**	1.2
Total comprehensive income attributable to equity shareholders	**49.0**	54.7

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH

	Notes	**2012 £m**	2011 £m
Non-current assets			
Investment properties	11	**759.3**	713.4
Intangible assets		**0.3**	0.4
Property, plant and equipment		**1.1**	4.6
Investment in joint venture	12	**12.3**	6.7
Trade and other receivables	13	**4.6**	4.9
		777.6	730.0
Current assets			
Trade and other receivables	13	**10.6**	8.3
Cash and cash equivalents	14	**26.5**	2.3
Corporation tax asset		**0.6**	–
		37.7	10.6
Current liabilities			
Bank overdraft	16(a)	**–**	(3.2)
Derivative financial instruments	16(d) & (e)	**(14.2)**	(10.9)
Trade and other payables	15	**(27.5)**	(28.0)
		(41.7)	(42.1)
Net current liabilities		**(4.0)**	(31.5)
Non-current liabilities			
Borrowings	16(a)	**(337.3)**	(363.8)
Other non-current liabilities	19	**(0.9)**	(0.9)
		(338.2)	(364.7)
Net assets		**435.4**	333.8
Shareholders' equity			
Ordinary shares	20	**144.1**	115.3
Share premium		**59.2**	25.0
Investment in own shares	22	**(8.7)**	(8.0)
Other reserves	21	**13.9**	15.0
Retained earnings		**226.9**	186.5
Total shareholders' equity		**435.4**	333.8
EPRA net asset value per share†	10	**£3.08**	£2.86

† Comparative figures have been restated to reflect the rights issue and share consolidation as described in note 20.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to owners of the Parent					
		Share capital £m	Share premium £m	Investment in own shares £m	Other reserves £m	Retained earnings £m	Total £m
Balance at 1 April 2010		114.9	24.7	(7.2)	13.0	141.9	287.3
Profit for the year		–	–	–	–	53.5	53.5
Revaluation of owner occupied property	21	–	–	–	1.2	–	1.2
Total comprehensive income		–	–	–	1.2	53.5	54.7
Transactions with owners:							
Share issues	20	0.4	0.3	–	–	–	0.7
ESOT shares net purchase	22	–	–	(0.8)	–	–	(0.8)
Dividends paid	8	–	–	–	–	(8.9)	(8.9)
Share based payments		–	–	–	0.8	–	0.8
Balance at 31 March 2011		115.3	25.0	(8.0)	15.0	186.5	333.8
Profit for the year		**–**	**–**	**–**	**–**	**49.0**	**49.0**
Release of revaluation of owner occupied property	21	**–**	**–**	**–**	**(1.9)**	**1.9**	**–**
Total comprehensive income		**–**	**–**	**–**	**(1.9)**	**50.9**	**49.0**
Transactions with owners:							
Share issues	20	**28.8**	**34.2**	**–**	**–**	**–**	**63.0**
ESOT shares net purchase	22	**–**	**–**	**(0.7)**	**–**	**–**	**(0.7)**
Dividends paid	8	**–**	**–**	**–**	**–**	**(10.5)**	**(10.5)**
Share based payments		**–**	**–**	**–**	**0.8**	**–**	**0.8**
Balance at 31 March 2012		**144.1**	**59.2**	**(8.7)**	**13.9**	**226.9**	**435.4**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH

	Notes	**2012 £m**	2011 £m
Cash flows from operating activities			
Cash generated from operations	17	**35.8**	37.9
Interest received		**0.1**	0.1
Interest paid		**(18.5)**	(21.9)
Tax paid		**(0.1)**	(2.1)
Net cash inflow from operating activities		**17.3**	14.0
Cash flows from investing activities			
Capital expenditure on investment properties		**(18.3)**	(9.4)
Net proceeds from disposal of investment properties		**8.8**	43.9
Purchase of intangible assets		**(0.1)**	(0.2)
Purchase of property, plant and equipment		**(0.7)**	(0.4)
Net proceeds from disposal of property, plant and equipment		**3.8**	–
Investment in and loan to joint venture	12	**(4.8)**	(7.4)
Movement in short-term funding balances with joint venture		**(0.1)**	0.6
Distributions received from joint venture	12	**0.4**	–
Net cash (outflow)/inflow from investing activities		**(11.0)**	27.1
Cash flows from financing activities			
Proceeds from issue of ordinary share capital	20	**66.3**	–
Fees paid on share issue	20	**(3.3)**	–
Finance costs for new/amended borrowing facilities	18	**(2.2)**	(3.8)
Settlement and re-couponing of derivative financial instruments		**(1.3)**	(6.5)
Repayment of bank borrowings	18	**(25.5)**	(17.3)
Movement on bank facility rental income accounts		**(1.7)**	(5.0)
ESOT shares purchase		**(0.7)**	(0.8)
Finance lease principal payments		**–**	(0.2)
Dividends paid	8	**(10.5)**	(8.2)
Net cash inflow/(outflow) from financing activities		**21.1**	(41.8)
Net increase/(decrease) in cash and cash equivalents		**27.4**	(0.7)
Cash and cash equivalents at start of year	17	**(0.9)**	(0.2)
Cash and cash equivalents at end of year	17	**26.5**	(0.9)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH

BASIS OF PREPARATION
The financial information in this report has been prepared under International Financing Reporting Standards (IFRS) as adopted by the European Union but is abridged and does not constitute the Group's full Financial Statements for the years ended 31 March 2012 and 31 March 2011.

Full Financial Statements for the year ended 31 March 2011 were prepared under IFRS, received an unqualified auditors' report, did not draw attention to any matters by way of emphasis, did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006 and have been filed with the Registrar of Companies.

The accounting policies are consistent with those contained in the Group's last annual report and accounts for the year ended 31 March 2011, with exception of the following which have had no effect on the financial statements, amendments to IFRS 3 (Business combinations); IFRS 7 (Financial Instruments Disclosure); IAS 1 (Presentation of Financial Statements); IAS 24 (revised) (Related Party Disclosures); IAS 27 (Separate Financial Statements) and IAS 34 (Interim Financial Reporting).

Financial Statements for the year ended 31 March 2012 were approved by the Board of Directors on 11 June 2012 and will be presented to the members at the forthcoming Annual General Meeting. The auditors' report on these Financial Statements is unqualified, does not draw attention to any matters by way of emphasis, and does not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

1. ANALYSIS OF NET RENTAL INCOME AND SEGMENTAL INFORMATION

	2012			2011		
	Revenue £m	**Direct costs £m**	**Net rental income £m**	Revenue £m	Direct costs £m	Net rental income £m
Rental income	**50.2**	**(0.1)**	**50.1**	52.0	(0.2)	51.8
Service charges	**13.7**	**(16.2)**	**(2.5)**	13.8	(17.2)	(3.4)
Empty rates and other non recoverables	**0.6**	**(4.1)**	**(3.5)**	0.5	(4.1)	(3.6)
Services, fees, commissions and sundry income	**2.8**	**(2.1)**	**0.7**	2.5	(1.4)	1.1
	67.3	**(22.5)**	**44.8**	68.8	(22.9)	45.9

All of the properties within the portfolio are geographically close to each other and have similar economic features and risks and all information provided to the Executive Committee is aggregated and reviewed in total as one portfolio. As a result management have determined that the Group operates a single operating segment providing business accommodation for rent in London, which is continuing.

2. OTHER INCOME

	2012 £m	2011 £m
Right of light and other damages compensation	**–**	0.1

3. OPERATING PROFIT
The following items have been charged in arriving at operating profit:

	2012 £m	2011 £m
Depreciation[1,2]	**0.4**	0.5
Staff costs (including share based costs)	**10.7**	9.9
Repairs and maintenance expenditure on investment properties	**3.2**	3.6
Trade receivables impairment[1]	**0.4**	0.2
Amortisation of intangibles[2]	**0.1**	0.2
Operating lease rentals payable	**0.1**	0.1
Audit fees payable to the Group's auditors[3]	**0.2**	0.2

1. Charged to direct costs.
2. Charged to administrative expenses.
3. Services provided by the Group's Auditors – PricewaterhouseCoopers LLP:

Total administrative expenses are analysed below:	2012 £m	2011 £m
Staff costs	**5.8**	5.4
Cash settled share based costs	**0.2**	0.3
Equity settled share based costs	**0.8**	0.8
Other	**3.4**	3.2
	10.2	9.7

4. PROFIT/LOSS ON DISPOSAL

(A). PROFIT ON DISPOSAL OF INVESTMENT PROPERTIES

	2012 £m	2011 £m
Gross proceeds from sale of investment properties	**9.0**	44.3
Book value at time of sale plus sale costs	**(7.8)**	(41.1)
	1.2	3.2
Unrealised profit on sale of properties to joint venture	**–**	(0.4)
Revaluation of deferred consideration	**(0.3)**	–
Pre-tax profit on sale	**0.9**	2.8

(B). LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	2012 £m	2011 £m
Gross proceeds from sale of the Group's former head office building	**3.9**	–
Book value at time of sale plus sale costs	**(4.0)**	–
	(0.1)	–

5. FINANCE INCOME AND COSTS

	2012 £m	2011 £m
Interest income on bank deposits	**0.2**	–
Interest income on corporation tax refunds	**–**	0.1
Finance income	**0.2**	0.1
Interest payable on bank loans and overdrafts	**(18.3)**	(21.4)
Amortisation of issue costs of bank loans	**(1.2)**	(0.8)
Interest payable on finance leases	**(0.2)**	(0.2)
Capitalised interest on property refurbishments	**0.4**	0.2
Finance costs	**(19.3)**	(22.2)
Change in fair value of financial instruments through the income statement	**(4.6)**	5.3
Net finance costs	**(23.7)**	(16.8)

6. EMPLOYEES AND DIRECTORS

Staff costs for the Group during the year were:	2012 £m	2011 £m
Wages and salaries	**8.3**	7.5
Social security costs	**1.0**	0.8
Defined contribution pension plan costs	**0.4**	0.5
Cash settled share based costs	**0.2**	0.3
Equity settled share based costs	**0.8**	0.8
	10.7	9.9

The monthly average number of people (including Executive Directors) employed during the year was:	2012 Number	2011 Number
Executive Directors	**2**	2
Head office staff	**66**	67

Estates and property management staff	**96**	102
	164	171

7. TAXATION

	2012 £m	2011 £m
Current tax:		
UK corporation tax	**(0.5)**	–
Adjustments to tax in respect of previous periods	**–**	(0.7)
Total taxation credit	**(0.5)**	(0.7)

The tax on the Group's profit for the period differs from the standard applicable corporation tax rate in the UK (26%). The differences are explained below:

	2012 £m	2011 £m
Profit on ordinary activities before taxation	**48.5**	52.8
Adjust (gains)/losses in joint ventures	**(1.2)**	0.3
	47.3	53.1
Tax at standard rate of corporation tax in the UK of 26% (2011: 28%)	**12.3**	14.9
Effects of:		
REIT exempt income	**(3.8)**	(4.5)
Changes in fair value not subject to tax as a REIT	**(8.0)**	(11.1)
Chargeable gains adjustments	**0.8**	–
Share scheme adjustments	**0.2**	0.2
Contaminated land relief	**(0.5)**	–
Adjustments to tax in respect of previous periods	**–**	(0.7)
Losses (brought forward)/carried forward	**(1.5)**	0.5
Total taxation credit	**(0.5)**	(0.7)

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.

The Group currently has £4.4m (2011: £6.0m) of tax losses carried forward calculated at a corporation tax rate of 24% (2011: 26%) which is the rate substantively enacted at the Balance Sheet date following the March 2012 UK Budget Statement. These have not been recognised as an asset as they are unlikely to be utilised in the foreseeable future. Further reductions in the main rate of corporation tax to 22% by 1 April 2014 are expected to be enacted. If this rate had been applied to tax losses at the Balance Sheet date it would have reduced losses by £0.4m.

8. DIVIDENDS

Ordinary dividends paid	Payment date	Per share restated*	2012 £m	2011 £m
For the year ended 31 March 2010:				
Final dividend	August 2010	4.85p	**–**	5.7
For the year ended 31 March 2011:				
Interim dividend	February 2011	2.66p	**–**	3.2
Final dividend	August 2011	5.33p	**6.3**	–
For the year ended 31 March 2012:				
Interim dividend	February 2012	2.93p	**4.2**	–
Dividends for the year			**10.5**	8.9
Less dividends settled in shares			**–**	(0.7)
Dividends – cash paid			**10.5**	8.2

* The comparative dividends per share figures have been divided by 1.0319 to take account of the bonus element of the rights issue and by 0.1 to take account of the 1 for 10 share consolidation.

In addition the Directors are proposing a final dividend in respect of the financial year ended 31 March 2012 of 5.86p per ordinary share which will absorb an estimated £8.4m of revenue reserves. If approved by the shareholders at the AGM, it will be paid on 3 August 2012 to shareholders who are on the register of members on 13 July 2012. The dividend will be paid 50% as a Property Income Distribution (PID) and 50% normal dividend (non PID).

9. EARNINGS PER SHARE

Earnings used for calculation of earnings per share:	2012 £m	2011 £m
Basic and diluted earnings	**49.0**	53.5
Change in fair value of investment property	**(35.6)**	(30.8)
Profit on disposal of investment properties	**(0.9)**	(2.8)
Loss on disposal of property, plant and equipment	**0.1**	–
Movement in fair value of derivative financial instruments	**4.6**	(5.3)
Group's share of EPRA adjustments of joint venture	**(0.7)**	0.3
EPRA adjusted earnings	**16.5**	14.9
Adjustment for non-recurring items	**–**	(0.8)
Adjusted underlying earnings	**16.5**	14.1

Earnings have been adjusted and calculated on a diluted basis to derive an earnings per share measure as defined by the European Public Real Estate Association (EPRA) and an underlying earnings measure, with additional Company adjustments for non-recurring items.

Number of shares used for calculating earnings per share:	2012 Number	2011 Number restated*
Weighted average number of shares (excluding shares held in the ESOT)	**134,902,483**	117,962,202
Dilution due to share option schemes	**3,183,215**	2,607,785
Weighted average number of shares for diluted earnings per share	**138,085,698**	120,569,987

In pence:	2012	2011 restated*
Basic earnings per share	**36.3p**	45.4p
Diluted earnings per share	**35.5p**	44.4p
EPRA earnings per share	**11.9p**	12.4p
Underlying earnings per share	**11.9p**	11.7p

* The comparative number of shares and earnings per share figures have been restated to take account of the bonus element of the rights issue (adjustment factor of 1.0319) and the 1 for 10 share consolidation. See note 20 for further details of the rights issue and share consolidation.

10. NET ASSETS PER SHARE

Net assets used for calculating net assets per share:	2012 £m	2011 £m
Net assets at end of year (basic)	**435.4**	333.8
Derivative financial instruments at fair value	**14.2**	10.9
EPRA net assets	**449.6**	344.7

Number of shares used for calculating net assets per share:	2012 Number	2011 Number restated*
Shares in issue at year-end	**144,091,418**	118,946,481
Less ESOT shares at year-end	**(1,218,802)**	(1,006,103)
Number of shares for calculating basic net assets per share	**142,872,616**	117,940,378
Dilution due to share option schemes	**3,304,176**	2,781,890
Number of shares for calculating diluted adjusted net assets per share	**146,176,792**	120,722,268

	2012	2011 restated*
EPRA net assets per share	**£3.08**	£2.86

* The comparative number of shares and NAV figures have been restated to take account of the bonus element of the rights issue (adjustment factor of 1.0319) and the 1 for 10 share consolidation. See note 20 for further details of the rights issue and share consolidation.

Net assets have been adjusted and calculated on a diluted basis to derive a net asset per share measure as defined by the European Public Real Estate Association (EPRA) to derive a net asset value (EPRA NAV) measure.

11. INVESTMENT PROPERTIES

	2012 £m	2011 £m
Balance at 1 April	**713.4**	713.2
Capital expenditure	**17.5**	10.0
Capitalised interest on refurbishments	**0.4**	0.2
Disposals during the year	**(7.6)**	(40.7)
Depreciation on finance leases	**–**	(0.1)
Change in fair value of investment properties	**35.6**	30.8
Balance at 31 March	**759.3**	713.4

Capitalised interest is included at a rate of capitalisation of 5.2% (2011: 5.5%). The total amount of capitalised interest included in investment properties is £3.6m (2011: £3.2m).

Investment property includes buildings under finance leases of which the carrying amount is £3.5m (2011: £3.5m). Investment property finance lease commitment details are show in note 16(f).

VALUATION

The Group's investment properties were revalued at 31 March 2012 by the external valuer, CBRE Limited, a firm of independent qualified valuers. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors Valuation Professional Standards (2012).

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:

	2012 £m	2011 £m
Total per CBRE valuation report	**760.4**	718.7
Deferred consideration on sale of property (note 13)	**(4.6)**	(4.9)
Owner occupied property	**–**	(3.9)
Head leases treated as finance leases under IAS 17	**3.5**	3.5
Total investment properties per balance sheet	**759.3**	713.4

12. JOINT VENTURES
BLACKROCK WORKSPACE PROPERTY TRUST

On 23 February 2011 the Company entered into an arrangement with the BlackRock UK Property Fund by creating a Jersey property unit trust. The Group holds a 20.1% interest in the trust (BlackRock Workspace Property Trust) whose aim is to build a £100m fund of office and industrial property in and around London. The Company is the property manager with significant delegated powers including responsibility for asset management and recommending acquisitions and disposals. Transactions between the Group and the joint venture are on an arm's length basis. This joint venture has been equity accounted for in the Group's consolidated financial statements.

The Group's investment in the joint venture represents:

	31 March 2012 £m	31 March 2011 £m
Balance at 1 April	**6.7**	–
Cash investment	**4.8**	7.4
Unrealised surplus on sale of properties to joint venture	**–**	(0.4)
Share of gains/(losses)	**1.2**	(0.3)
Distributions received	**(0.4)**	–
Balance at 31 March	**12.3**	6.7

The Group's 20.1% share of the joint venture assets and liabilities is shown below:

	31 March 2012 £m	31 March 2011 £m
Investment properties	**12.4**	7.1
Current assets	**0.7**	0.3
Current liabilities	**(0.4)**	(0.3)
Net assets	**12.7**	7.1
Unrealised surplus on sale of properties to joint venture	**(0.4)**	(0.4)
Investment in joint venture	**12.3**	6.7

The Group's 20.1% share of the joint venture revenues and expenses is shown below:

	Year ended 31 March 2012 £m	Period ended 31 March 2011 £m
Revenue	**0.9**	0.1
Direct costs	**(0.3)**	–
Net rental income	**0.6**	0.1
Administrative expenses	**(0.1)**	–
Change in fair value of investment properties	**0.7**	(0.3)
Set up costs	**–**	(0.1)
Profit/(loss) before tax	**1.2**	(0.3)
Taxation	**–**	–
Profit/(loss) after tax	**1.2**	(0.3)

13. TRADE AND OTHER RECEIVABLES

Non-current trade and other receivables	2012 £m	2011 £m
Deferred consideration on sale of investment property	**4.6**	4.9

The non-current receivable relates to deferred consideration arising on the sale of the Thurston Road site in February 2010. The value of this receivable has been fair valued by CBRE Limited on the basis of market value as at 31 March 2012, using appropriate discount rates, and will be revalued on a regular basis. The change in value is charged/credited to the income statement.

Current trade and other receivables	2012 £m	2011 £m
Trade receivables	**2.5**	2.4
Less provision for impairment of receivables	**(0.6)**	(0.5)
Trade receivables – net	**1.9**	1.9
Prepayments and accrued income	**2.0**	1.4
Bank facility rental income accounts	**6.7**	5.0
	10.6	8.3

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:

	2012 £m	2011 £m
Balance at 1 April	**0.5**	0.5
Provision for receivables impairment	**0.4**	0.2
Receivables written off during the year	**(0.3)**	(0.2)
Balance at 31 March	**0.6**	0.5

As at 31 March 2012, the ageing of trade receivables past due but not impaired was as follows:

	Total 2012 £m	Impaired 2012 £m	Not impaired 2012 £m	Total 2011 £m	Impaired 2011 £m	Not impaired 2011 £m
Up to 3 months past due	**1.8**	**(0.2)**	**1.6**	1.6	(0.1)	1.5
3 to 6 months past due	**0.3**	**(0.1)**	**0.2**	0.2	(0.1)	0.1
Over 6 months past due	**0.4**	**(0.3)**	**0.1**	0.6	(0.3)	0.3
	2.5	**(0.6)**	**1.9**	2.4	(0.5)	1.9

The trade receivables balance is deemed to be all past due as rental payments are due on demand. Trade receivables that are not impaired are expected to be fully recovered as there is no recent history of default or indications that debtors will not meet their obligations. Impaired receivables are provided against based on expected recoverability.

14. CASH AND CASH EQUIVALENTS

	2012 £m	2011 £m
Cash at bank and in hand	**24.5**	0.2
Restricted cash – tenants' deposit deeds	**2.0**	2.1
	26.5	2.3

Tenants' deposit deeds represent returnable cash security deposits received from tenants and are ring-fenced under the terms of the individual lease contracts.

Bank overdrafts are included within cash and cash equivalents for the purpose of the cash flow statement (see note 17).

15. TRADE AND OTHER PAYABLES

	2012 £m	2011 £m
Trade payables	**1.9**	1.9
Other tax and social security payable	**1.5**	1.4
Tenants' deposit deeds (see note 14)	**2.0**	2.1
Tenants' deposits	**8.0**	7.6
Accrued expenses and deferred income	**10.4**	11.2
Amounts due to related parties	**0.5**	0.6
Deferred income-rent and service charges	**3.2**	3.2
	27.5	28.0

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

	2012 £m	2011 £m
Current		
Bank loans and overdrafts due within one year or on demand (secured)	**–**	3.2
	–	3.2
Non-current		
Bank loans (secured)	**333.8**	360.3
Finance lease obligations (part secured)	**3.5**	3.5
	337.3	363.8
	337.3	367.0

The secured loans and overdraft facility are secured on investment properties with balance sheet values totalling £741.1m (2011: £692.4m).

(B) MATURITY

	2012 £m	2011 £m
Secured (excluding finance leases)		
Repayable in less than one year	**–**	3.2
Repayable between one year and two years	**–**	95.5
Repayable between two years and three years	**68.0**	–
Repayable between three years and four years	**270.0**	68.0
Repayable between four years and five years	**–**	200.0
	338.0	366.7
Less cost of raising finance	**(4.2)**	(3.2)
	333.8	363.5
Finance leases (part secured)		
Repayable in five years or more	**3.5**	3.5
	337.3	367.0

(C) INTEREST RATE AND REPAYMENT PROFILE

	Principal £m	Interest rate	Interest payable	Repayable
Current				
Bank overdraft due within one year or on demand	–	Base +2.25%	Variable	On demand
Non-current				
Loan – Bayern LB	200.0	LIBOR +2.25%	Quarterly	June 2015
Loan – Royal Bank of Scotland (RBS)	70.0	LIBOR +2.5%	Quarterly	June 2015
Loan – Bank of Scotland (BoS)	68.0	LIBOR +1.25%	Quarterly	December 2014

(D) DERIVATIVE FINANCIAL INSTRUMENTS

The following interest rate derivatives are held:

	Amount hedged £m	Rate payable (or cap strike rate) %	Rate Receivable %	Term/expiry
Interest rate swap	100.0	3.23%	3 month LIBOR	to October 2012
Interest rate swap	70.0	4.00%	3 month LIBOR	to October 2012
Interest rate swap	50.0	5.16%	3 month LIBOR	to June 2013
Interest rate swap*	40.0	1.50%	3 month LIBOR	to October 2012
Interest rate swap*	140.0	3.23%	3 month LIBOR	October 2012 to June 2015
Interest rate swap	40.0	2.46%	3 month LIBOR	November 2012 to June 2015
Interest rate swap	30.0	2.03%	3 month LIBOR	November 2012 to June 2015
Interest rate cap	100.0	5.43%	–	to October 2012
Interest rate cap	15.5	5.00%	–	to October 2012
Interest rate cap	7.0	5.00%	–	November 2012 to June 2015

* These swaps comprise three derivatives with different providers but with identical rates, payment dates and end dates.

The above instruments are treated as financial instruments at fair value with changes in value dealt with in the income statement during each reporting period.

(E) FAIR VALUES OF FINANCIAL INSTRUMENTS

	2012 Book Value £m	2012 Fair Value £m	2011 Book Value £m	2011 Fair Value £m
Financial liabilities not at fair value through profit or loss				
Bank overdraft	**–**	**–**	3.2	3.2
Bank loans	**333.8**	**333.8**	360.3	360.3
Finance lease obligations	**3.5**	**3.5**	3.5	3.5
	337.3	**337.3**	367.0	367.0
Financial liabilities at fair value through profit or loss				
Derivative financial instruments:				
Liabilities	**14.2**	**14.2**	10.9	10.9

The total change in fair value of derivative financial instruments recorded in the income statement was a loss of £4.6m (2011: £5.3m gain). This is net of £1.3m (2011: £6.5m) paid in the year to settle/re-coupon some instruments.

The fair values of all the Group's financial derivatives has been determined by reference to market prices and discounted expected cash flows at prevailing interest rates and are Level 2 valuations as defined by IFRS7.

The different levels of valuation hierarchy as defined by IFRS7 are set out below:

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.

The total fair value calculated equates to 9.7p per share (31 March 2011: 9.0p restated).

(F) FINANCE LEASES
Finance lease liabilities are in respect of leased investment property.

Minimum lease payments under finance leases fall due as follows:	2012 £m	2011 £m
Within one year	**0.2**	0.3
Between two and five years	**0.9**	0.8
Beyond five years	**21.5**	21.7
	22.6	22.8
Future finance charges on finance leases	**(19.1)**	(19.3)
Present value of finance lease liabilities	**3.5**	3.5

17. NOTES TO CASH FLOW STATEMENT
Reconciliation of profit for the period to cash generated from operations:

	2012 £m	2011 £m
Profit before tax	**48.5**	52.8
Depreciation	**0.4**	0.5
Amortisation of intangibles	**0.1**	0.2
Profit on disposal of investment properties	**(0.9)**	(2.8)
Loss on disposal of property, plant and equipment	**0.1**	–
Net gain from change in fair value of investment property	**(35.6)**	(30.8)
Equity settled share based payments	**0.8**	0.8
Change in fair value of financial instruments	**4.6**	(5.3)
Interest income	**(0.2)**	(0.1)
Interest expense	**19.3**	22.2
(Gains)/losses from share in joint venture	**(1.2)**	0.3
Changes in working capital:		

(Increase)/decrease in trade and other receivables	**(0.7)**	1.3
Increase/(decrease) in trade and other payables	**0.6**	(1.2)
Cash generated from operations	**35.8**	37.9

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	2012 £m	2011 £m
Cash at bank and in hand	**24.5**	0.2
Restricted cash – tenants' deposit deeds	**2.0**	2.1
Bank overdrafts	**–**	(3.2)
	26.5	(0.9)

18. ANALYSIS OF NET DEBT

	At 1 April 2011 £m	Cash flow £m	Non-cash items £m	**At 31 March 2012 £m**
Cash at bank and in hand	0.2	24.3	–	**24.5**
Restricted cash – tenants' deposit deeds	2.1	(0.1)	–	**2.0**
Bank overdrafts	(3.2)	3.2	–	**–**
	(0.9)	27.4	–	**26.5**
Bank loans	(363.5)	25.5	–	**(338.0)**
Less cost of raising finance	3.2	2.2	(1.2)	**4.2**
Finance lease obligations	(3.5)	–	–	**(3.5)**
	(363.8)	27.7	(1.2)	**(337.3)**
Total	(364.7)	55.1	(1.2)	**(310.8)**

19. OTHER NON-CURRENT LIABILITIES

	2012 £m	2011 £m
Bank priority fee	**0.9**	0.9

This fee is payable to Bank of Scotland before the end of the term of the associated loan in December 2014.

20. SHARE CAPITAL

	2012 Number	2011 Number
Issued: Fully paid ordinary shares of £1 each	**144,091,418**	1,152,731,338

	2012 £m	2011 £m
Issued: Fully paid ordinary shares of £1 each	**144.1**	115.3

Movements in share capital were as follows:	**2012 Number**	2011 Number
Number of shares at 1 April	**1,152,731,338**	1,149,459,056
Issue of shares[1]	**288,182,842**	3,272,282
Share consolidation[2]	**(1,296,822,762)**	–
Number of shares at 31 March	**144,091,418**	1,152,731,338

	£m	£m
Balance at 1 April	**115.3**	114.9
Issue of shares	**28.8**	0.4
Balance at 31 March	**144.1**	115.3

1. **Rights Issue:**
Under the terms of a fully underwritten Rights Issue, ordinary shareholders of the Company on the register at the close of business on 5 July 2011 were offered 288.2m new ordinary shares of 10p each at a price of 23p each on the basis of 1 new ordinary share for each existing 4 ordinary shares held. These shares were fully subscribed resulting in net proceeds of £63.0m, being gross proceeds on issue of £66.3m, less expenses of £3.3m. £28.8m is shown in share capital (above) with the balance of £34.2m taken to share premium account.

2. **Share consolidation:**
Under the terms of a share consolidation resolution, ordinary shareholders of the Company on the register at the close of business on 7 August 2011 were offered 1 share with a nominal value of £1.00 for each 10 shares with a nominal value of 10p.

21. OTHER RESERVES

	Owner occupied property £m	Equity settled share based payments £m	Merger reserve £m	Total £m
Balance at 1 April 2010	0.7	3.6	8.7	13.0
Revaluation gain	1.2	–	–	1.2
Share based payments	–	0.8	–	0.8
Balance at 31 March 2011	1.9	4.4	8.7	15.0
Share based payments	–	0.8	–	0.8
Recycled to income statement	(1.9)	–	–	(1.9)
Balance at 31 March 2012	**–**	**5.2**	**8.7**	**13.9**

The revaluation gain on owner occupied property relates to the accounting policy to include owner occupied land and buildings at valuation rather than historic cost. This property was sold during the year and so the balance on the reserve has been recycled to the income statement.

The merger reserve was created in 2009 following the raising of equity through a cashbox share placing structure.

22. INVESTMENT IN OWN SHARES

The Company has established an Employee Share Ownership Trust (ESOT) to purchase shares in the market for distribution at a later date in accordance with the terms of the 1993 and 2000 Executive Share Option Schemes, Co-Investment Plan and Long Term Equity Incentive Plan. The shares are held by an independent trustee and the rights to dividends on the shares have been waived except where the shares are beneficially owned by participants. During the year the Trust purchased 2,437,699 shares (before share consolidation) for a cash consideration of £0.7m. At 31 March 2012 the number of shares held by the Trust totalled 1,218,802 (2011: 9,750,321 – not restated for share consolidation). At 31 March 2012 the market value of these shares was £2.9m (2011: £2.7m) compared to a nominal value of £1.2m (2011: £1.0m).

	2012 £m	2011 £m
Balance at 1 April	**8.0**	7.2
Acquisition of ordinary shares	**0.7**	0.8
Balance at 31 March	**8.7**	8.0

23. CONTINGENT LIABILITY

Upon restructuring of the former joint venture (Workspace Glebe) the Group entered into a proceeds sharing agreement with Workspace Glebe Limited's lenders allowing the banks to share in any property disposal proceeds remaining after the repayment of the £68m debt and priority fee, and repayment to Workspace for the initial consideration of £15m, together with any qualifying capital expenditure incurred. All disposals are at the option of Workspace. This gives rise to a contingent liability based upon the deemed value liable under this proceeds sharing arrangement if all properties were disposed of at current market valuation.

At 31 March 2012 the proceeds sharing contingent liability assuming all properties were sold was calculated at £21.5m (2011: £15.8m). This is based on 31 March 2012 valuation of the former joint venture portfolio of £136m (2011: £117m).

The impact of this on EPRA NAV per share if the entire Workspace Glebe portfolio were sold would be a decrease of 15p (2011: 13p). This liability will be reviewed at each six monthly valuation using the same basis to generate a contingent liability under this proceeds sharing arrangement.

24. POST BALANCE SHEET EVENTS

In April 2012 the Group sold Enterprise House, Hayes for £3.2m into a joint venture of which the Group holds a 50% share. The other 50% is held by Polar Properties Limited and the partners intend to develop the property into residential and commercial space.

In May 2012 the BlackRock Workspace Property Trust exchanged contracts for the purchase of a property, of which the Group's share is £1.5m.

RESPONSIBILITY STATEMENT

The 2012 Annual Report, which will be issued at the end of June 2012, contains a responsibility statement in compliance with DTR 4.1.12. This states that on 11 June 2012, the date of approval of the Annual Report, the Directors confirm that to the best of their knowledge:

- The Group financial statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and

- The Business Review contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group, with a description of the principal risks and uncertainties that the Group faces included in a separate section.

The Directors of Workspace Group PLC are listed in the Group's 2012 Annual Report. A list of current Directors is maintained on the Group's website: www.workspacegroupplc.co.uk.