PRELIMINARY ANNOUNCEMENT

7 June 2017

WORKSPACE GROUP PLC
FINAL RESULTS

WORKSPACE GROUP PLC

CUSTOMER FOCUS DRIVING GROWTH
40% INCREASE IN DIVIDEND

Workspace Group PLC ("Workspace") publishes its Full Year Results for the year ended 31 March 2017 on 7 June 2017. The comments in this announcement refer to the period from 1 April 2016 to 31 March 2017 ("the period") unless otherwise stated.

Financial highlights

The Workspace Advantage, which offers highly designed and super connected space to businesses on flexible terms, has delivered:

- Strong growth in net rental income up 6.9% to £79.2m, resulting in a 15.5% growth in adjusted trading profit after interest to £50.7m
- Profit before tax of £88.8m, lower than 2016 due to a smaller uplift in the property valuation
- EPRA net asset value per share of £9.53, up 3.3%
- An increase in total rent roll of 14.5% to £89.5m from rental growth at like-for-like properties and a strong letting performance at recently completed projects
- A 13.7% increase in like-for-like rent roll to £59.6m and a 12.9% increase in like-for-like rent per sq. ft. to £28.17 as core assets continue to perform strongly
- An underlying increase of 2.1% in the property portfolio to £1,844m
- A 40% increase in the total dividend to 21.07p reflecting strong financial results and confidence in the outlook for the business
- Loan to value at 13% with undrawn facilities (including cash) of £123m

Strategic progress and business update

- Conclusion of the successful BlackRock Workspace Property Trust ("BWPT") in June 2016
- Planning consents achieved for one mixed-use redevelopment and four refurbishments, including one post the period end
- Three residential redevelopments contracted for sale in October 2016
- 13-17 Fitzroy Street, Fitzrovia acquired in April 2017 for £98.5m
- The Record Hall, a new flagship business centre in Holborn, opened in May 2017
- Uplands industrial estate sold for £50m in May 2017

Commenting on the results, Jamie Hopkins, Chief Executive Officer said:

"This year, more than ever before, we have seen increasing evidence that our strategy is working. Demand, from all types of businesses across London, is firmly moving towards the highly designed and super connected space let on personalised and flexible terms that Workspace offers.

Our ability to capture the opportunities in this changing marketplace is evidenced by our strong results, with rent roll growing strongly and trading profit increasing by 15% to over £50m. This performance has supported the Board's decision to increase the dividend by 40%.

Despite the uncertainty in the market following the EU Referendum, we remain confident of our ability to deliver long-term value for shareholders. We have a strong pipeline of refurbishments and redevelopments expected to deliver more than one million sq. ft. of new and upgraded space over the next three years. We continue to see healthy demand for our space and we have the financial resources to take advantage of acquisition opportunities."

Summary results

	2017	2016	Change
Financial performance			
Net rental income	£79.2m	£74.1m	6.9%
Profit before tax	£88.8m	£391.3m	-
Adjusted trading profit after interest(1)	£50.7m	£43.9m	15.5%
EPRA net asset value per share(1)	£9.53	£9.23	3.3%
Adjusted underlying earnings per share(1)	30.6p	26.8p	14.2%
Final dividend per share	14.27p	10.19p	40.0%
Total dividend per share	21.07p	15.05p	40.0%
Operating performance			
Total rent roll	£89.5m	£78.2m	14.5%
Like-for-like rent roll	£59.6m	£52.4m	13.7%
Like-for-like rent per sq. ft.	£28.17	£24.96	12.9%
Like-for-like occupancy	90.3%	90.4%	(0.1%)*
Property valuation			
CBRE property valuation(2)	£1,844m	£1,779m	2.1%**
Like-for-like capital value per sq. ft.	£427	£404	5.7%
Like-for-like initial yield	5.4%	4.9%	0.5%*
Like-for-like equivalent yield	6.5%	6.4%	0.1%*
Financing			
Loan to value	13%	16%	(3)%*
Undrawn bank facilities and cash available	£123m	£134m	-

* absolute change

** underlying change

(1) Adjusted performance measures are used by Workspace to assess and explain its performance but are not defined under IFRS.

- Adjusted trading profit after interest is net rental income, joint venture trading and finance income, less administrative expenses and finance costs.
- EPRA net asset value represents net assets after excluding mark to market adjustments of effective cash flow hedges (financial derivatives) and deferred tax relating to revaluation movements, capital allowances and derivatives.
- Adjusted underlying earnings is based on adjusted trading profit after interest excluding exceptional items.

(2) Refer to note 10 to the Financial Statements for the reconciliation of the CBRE property valuation to Investment Properties as per the balance sheet.

For media and investor enquiries, please contact:

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Notes to Editors

About Workspace Group PLC:

Workspace is geared towards helping businesses perform at their very best. The Workspace Advantage is our unique customer offer and is open to all – we provide inspiring, flexible work spaces with super-fast technology in dynamic London locations. Established in 1987, and listed on the London Stock Exchange since 1993, Workspace owns and manages more than 3.5 million sq. ft. of business space across 68 London properties. We are home to some 4,000 businesses including some of the fastest growing and established brands across a wide range of sectors.

The way businesses work is changing. That's why we continually invest in providing the technology infrastructure that enables our customers to think and move fast, and alongside their working environment, is tailored to each individual business.

Workspace (WKP) is a FTSE 250 listed Real Estate Investment Trust and a member of the European Public Real Estate Association.

For more information on Workspace, visit www.workspace.co.uk.

Details of results presentation

There will be a results presentation to analysts and investors hosted by the Workspace Executive Team on Wednesday 7 June 2017 at 9.30am. The venue for the presentation is The London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS. There is also a webcast and conference call facility in conjunction with the presentation.

Webcast: The live webcast will be available here
https://secure.emincote.com/client/workspace/workspace007

Conference call details:

Dial in: + 44 (0)20 3059 8125

Passcode: Workspace

CHAIRMAN'S STATEMENT

In a year characterised by significant political events and the market uncertainty that inevitably comes with that, I am pleased to say that Workspace has performed strongly. The resilience of the business, underpinned by the right strategy and a clear customer focus resulting in ongoing demand for our offer, reinforces our conviction around our business model.

As Jamie, our Chief Executive, outlines in his statement, we have seen the market move more and more towards our proven strategy. Over the year, it has become clear that the Workspace Advantage, our high quality, connected space and tailored customer offer, is attractive to businesses from many different sectors at any stage in their life cycle.

We have continued to deliver strong results with a 6.9% increase in net rental income, to £79.2m, and a 3.3% increase in EPRA NAV per share, to £9.53.

Our focus is on driving income across our portfolio, efforts which have been enhanced during the year by the successful letting up of our completed projects. Thanks to this focus, and the strong trading profit growth we delivered as a result, the Board is recommending a 40% increase in the interim and final dividend for the period. This is in line with our progressive dividend policy and, of course, our distribution requirements as a Real Estate Investment Trust ("REIT"). It also demonstrates the Board's confidence in the future success of the business.

This success was delivered through the hard work and commitment of everyone at Workspace. We genuinely think differently in this business, with each individual adopting a customer-first mentality, innovative thinking and bringing deep market knowledge to their various roles, whether on the ground in our centres or in our marketing, systems development or finance teams at head office. The Board and I thank all our colleagues, as well as our suppliers and partners, for their part in delivering the Workspace Advantage.

We work hard to deliver that advantage to our customers but also to all the stakeholders we have relationships with. I am particularly proud of the work the business has done this year in inspiring London's young people through providing work experience placements with our customers, helping to place apprentices with our suppliers and holding CV workshops in our centres. We regularly consider the positive role we can play in London and the duty of care we have to the wider community in which we operate.

London continues to be the right market for Workspace and it holds significant growth opportunities for us. Clearly, this is not without risk, and share prices across the real estate sector were impacted following the EU Referendum last June amid concerns that London would lose its unique attraction as a centre for business. Operationally, we saw no such impact on demand but we remain alert to the risks that further political and economic uncertainty could bring to the business.

Looking forward, with a strong pipeline of refurbishments and redevelopments, ongoing demand for our space from a growing customer market and a strong balance sheet to take advantage of further acquisition opportunities, I feel confident in Workspace's ability to deliver value to shareholders over the long term.

CHIEF EXECUTIVE OFFICER'S STATEMENT

This year, more than ever before, we have seen increasing evidence to give us confidence in our strategy and business model. The commercial real estate market is swinging on an axis and the pendulum of demand is moving firmly towards highly designed and super connected space let on flexible terms.

Business owners all over London are looking at their space requirements and considering a range of new factors when assessing their occupational requirements. They are taking into account employee commutes, availability of meeting and breakout space outside the four walls of their office, proximity to excellent coffee, gyms and safe cycling routes, as well as the quality of the technology infrastructure and the neighbourhood community which can provide so many additional benefits to their business.

This trend is positive for us as it means that almost any business could be a Workspace customer and we are marketing to a much wider audience as a result. With our space attracting freelancers, start-ups, established businesses and larger, more traditional organisations, the opportunities for us to grow our business are significant.

Our results this year give a clear indication of how we've been able to capture these opportunities. We've seen consistently strong demand for our space, with high levels of enquiries despite the uncertainty that followed the outcome of the EU Referendum. Our rental growth has outperformed the market, with like-for-like rent roll up 13.7% in the year and rent per sq. ft. up 12.9%. A tight control over costs means that the growth achieved in rental income falls straight to the bottom line and, as a result, trading profit increased 15.5% to £50.7m in the year.

It's been another active year for the Workspace team, with a number of new buildings coming on stream, all of which have performed ahead of expectations. We have also been successful in achieving several planning consents during the year, while continuing to manage some exciting refurbishment projects that will be launching soon. We have continued to seize opportunities to expand and, more recently, we acquired a prime office building in the heart of Fitzrovia.

Looking forward, there's a huge amount more to come. We have a strong pipeline of refurbishment and redevelopment projects, which will deliver more than one million sq. ft. of new and upgraded space over the next three years, and we continue to have great confidence in our ability to expand and grow our business.

Workspace is a property company; however, we are also an online retailer of space and a technology provider with customer service at the centre of what we do. As we bring new and upgraded space to the market, it is clear that while the quality of the real estate is critical, the facilities that we are able to offer our customers are just as important.

Recognising that Workspace has a true advantage, in May 2017 we launched the Workspace Advantage marketing campaign. This involved a wide-reaching presence across digital and social platforms, as well as creative visuals placed in tube carriages and stations all over London to target commuters on their way to and from work.

The "advantage" that Workspace customers have access to is three-fold: business-grade connectivity with no constraints, personalisation of space, lease terms and facilities, and a community that fosters business growth. And all of that is set within the inspiring spaces created in our business centres.

As we directly manage our relationships with our customers, we can be confident that our offer meets the criteria they value in searching for a home for their business. However, with businesses constantly evolving, these criteria are not static and it is crucial that we continue to innovate and upgrade our systems and practices to ensure we are always enhancing our offer.

We celebrate our 30th anniversary this year and we are proud to have supported many businesses in achieving their success over that time. The insight and deep market knowledge that comes from our long history in London, alongside an inherent culture of innovation, has created a powerful combination that positions us well for future growth.

BUSINESS REVIEW

ENQUIRIES AND LETTINGS

We continue to see very strong demand from customers for space at our business centres. Enquiries averaged 1,060 per month (2016: 1,029) in the year to 31 March 2017, and lettings averaged 99 per month (2016: 100). Fluctuations occur from quarter to quarter linked to seasonal impacts and the timing of marketing initiatives, particularly around the launch of new buildings.

	Quarter Ended			
Average number per month	**31 Mar 2017**	31 Dec 2016	30 Sept 2016	30 Jun 2016
Enquiries	**1,183**	1,009	999	1,050
Lettings	**101**	85	103	106

Good levels of enquiries and lettings have continued into the current financial year with enquiries averaging 1,070 per month and lettings 86 per month to the end of May 2017. We have not yet seen an impact on demand from the business rates revaluation which came into effect in April 2017. While many of our customers may be able to take advantage of Small Business Rates Relief, it is too early to gauge the future impact of the revaluation and we continue to closely monitor both demand and customer feedback.

RENT ROLL

Total rent roll is up 14.5% (£11.3m) to £89.5m over the year. The key drivers of this growth have been the 13.7% (£7.2m) increase in rent roll at our like-for-like properties, and a £4.0m uplift in rent roll at recently completed projects.

Rent Roll	£m
At 31 March 2016	78.2
Like-for-like portfolio	7.2
Completed projects	4.0
Projects underway	(1.3)
Acquisitions	1.8
Disposals	(0.4)
At 31 March 2017	**89.5**

Like-for-like Portfolio

The like-for-like portfolio represents 67% of the Group's total rent roll as at 31 March 2017. It comprises properties with stabilised occupancy over the previous twelve months, excluding recent acquisitions and those buildings impacted by significant refurbishment or redevelopment activity. Prior quarter comparatives have been restated for properties transferred to and from the refurbishment and redevelopment categories.

The like-for-like rent roll has continued to grow strongly, up 13.7% (£7.2m) in the year to £59.6m with rent roll growth in the second half of the year at 6.2%, compared to 7.1% in the first half. The rental growth has come from the increases in pricing with like-for-like rent per sq. ft. up 12.9% to £28.17 over the year.

Like-for-like properties	**31 Mar 2017**	31 Dec 2016	30 Sep 2016	30 Jun 2016
	Quarter Ended			
Number of properties	**35**	35	35	35
Occupancy	**90.3%**	91.2%	90.6%	89.7%
Rent roll growth	**2.6%**	3.6%	3.3%	3.6%
Rent per sq. ft. growth	**3.6%**	3.0%	1.6%	4.0%

If all the like-for-like properties were at 90% occupancy at the CBRE estimated rental values at 31 March 2017, the rent roll would be £67.0m, £7.4m higher than the rent roll at 31 March 2017.

Completed Projects

Three projects were completed during 2016 with rent roll growing by £4.0m to £7.1m at 31 March 2017. The refurbishment at Vox Studios, Vauxhall and The Print Rooms, Southwark were completed in January 2016 delivering 125,000 sq. ft. of new and upgraded space. We also opened Grand Union Studios (part of the mixed-use redevelopment at this site in Ladbroke Grove) in March 2016 providing 65,000 sq. ft. of new space.

	Opened	Rent increase in year	Occupancy at 31 March 2017
Vox Studios (phase 1)	January 2016	£1.7m	88%
Grand Union Studios	March 2016	£1.5m	87%
The Print Rooms	January 2016	£0.8m	82%

Customer demand at all three of these buildings has been ahead of our original expectations both in terms of the pace at which the buildings have been let and the pricing achieved. If the three buildings were at 90% occupancy at the CBRE estimated rental values at 31 March 2017, the rent roll would be £8.6m, £1.5m higher than the 31 March 2017 rent roll.

Projects Underway – Refurbishments

We are currently underway on 12 refurbishments delivering 738,000 sq. ft. of new and upgraded space. The rent roll at 31 March 2017 at these refurbishments was £11.7m, down £1.3m in the year. The most significant reduction in rent roll of £0.7m was at Brickfields (formerly known as Cremer Business Centre), Hoxton where we have now completed demolition ahead of the construction of a new business centre.

The short-term reduction in rent roll at these refurbishments will be replaced in due course by a significant uplift in rent as they complete and the new and upgraded space is let. Assuming 90% occupancy at our estimated rental values at 31 March 2017 the rent roll at these 12 buildings once they are completed would be £31.4m, an uplift of £19.7m.

Projects Underway – Redevelopments

There are currently six mixed-use redevelopment projects underway or contracted for sale. The buildings are vacated upon sale and Workspace receives a consideration comprising cash and at three of these properties, new business centres (built at no cost to Workspace).

As at 31 March 2017 there is £0.3m of rent roll which will be run down in due course as buildings are sold. Assuming 90% occupancy at our estimated rental values at 31 March 2017, the rent roll at the three new business centres we will receive back would be £2.7m.

Acquisitions

The increase in rent roll from acquisitions of £1.8m to £5.9m at 31 March 2017 relates to five of the acquisitions made in previous years (excluding those subject to major refurbishment) and comprises:

- £0.7m uplift at the Mecca Bingo site in Earlsfield which we have fully let to a trampoline operator while we progress with our redevelopment plans;

- £0.5m uplift at 160 Fleet Street where occupancy has now reached 96%; and

- £0.4m uplift at Cannon Wharf, Surrey Quays a new building opened in December 2015 where occupancy has increased to 76%.

If all the properties in this category were at 90% occupancy at the CBRE estimated rental values at 31 March 2017 the rent roll would be £7.4m, an uplift of £1.5m.

PROFIT PERFORMANCE

Adjusted trading profit after interest for the year (which includes our share of the trading profit of joint ventures after interest) is £50.7m, up 15.5% compared to the prior year.

£m	**31 March 2017**	31 March 2016
Net rental income	**79.2**	74.1
Joint venture income	**0.3**	1.3
Administrative expenses	**(15.1)**	(14.6)
Net finance costs*	**(13.7)**	(16.9)
Adjusted trading profit after interest	**50.7**	43.9

* excluding exceptional finance costs

Net rental income increased by 6.9% (£5.1m) in the year to £79.2m. This includes:

- 16.2% (£7.5m) increase in rental income at our like-for-like properties to £53.8m;

- £3.8m increase in rental income at completed projects to £5.5m from the letting up of new and upgraded space;

- £2.3m reduction in income at properties undergoing refurbishment or redevelopment; and

- £4.3m reduction in income from the sale of 11 industrial properties in the previous financial year.

£m	**31 March 2017**	31 March 2016
Like-for-like properties	**53.8**	46.3
Completed projects	**5.5**	1.7
Current projects	**15.2**	17.5
Acquisitions	**4.7**	4.3
Disposals	**-**	4.3
Total net rental income	**79.2**	74.1

Joint venture income represents our share of net rental income less associated administrative expenses, primarily from the BlackRock Workspace Property Trust ('BWPT') which concluded in June 2016.

Total administration costs are up 3.4% (£0.5m) in the year to £15.1m, with underlying costs (excluding share based costs) up 8% (£1.0m) to £12.8m. The year-on-year increase in underlying costs includes an additional six headcount year on year across our project management, marketing and new business development teams alongside salary increases averaging 4% and other inflationary increases in non-staff costs. Share based costs are reduced by 22% (£0.5m) to £2.3m due to the share price performance in the year.

Net finance costs have reduced by £3.2m (23%) in the year to £13.7m. This was due to a lower average net debt balance in 2016/17 compared to the previous financial year with the average interest cost for the year at 5.2% (2016: 5.1%). The marginal cost of undrawn facilities at 31 March 2017 was 1.7%.

In September 2016, £45m of term debt maturing in 2022/23 with a running interest rate of 4% was cancelled early at a total cost of £1.4m. This was funded from surplus cash and the revolver bank facility. As a result the average interest rate in the second half of the financial year reduced to 5.0% from 5.5% in the first half of the year.

Profit before tax for the year is £88.8m compared to a profit of £391.3m in the prior year as detailed below:

£m	**31 March 2017**	31 March 2016
Adjusted trading profit after interest	**50.7**	43.9
Change in fair value of investment properties	**39.5**	296.6
Exceptional finance costs	**(1.4)**	-
Joint venture performance fee	**0.4**	24.1
Other items	**(0.4)**	26.7
Profit before tax	**88.8**	391.3
Adjusted underlying earnings per share	**30.6p**	26.8p

The reported change in fair value of investment properties of £39.5m reflects the underlying increase in the CBRE valuation in the year of £38m, adjusted for the change in fair value of overage which is reclassified in the accounts as deferred consideration and included in other items above. This compares to a stronger underlying increase in the property valuation of £308m in the previous financial year.

The exceptional finance costs of £1.4m relates to the early repayment of £45m of term debt in September 2016 with break costs of £0.9m and the release of unamortised arrangement costs of £0.5m.

A performance fee of £24.5m in total was paid on the conclusion of the BWPT based on the returns achieved over its five year life.

Other items in the prior year included an increase in overage of £9.5m, a profit on the sale of investment properties of £8.1m and a £5.4m lease surrender premium.

Adjusted underlying earnings per share is up 14% to 30.6p in line with the increase in adjusted trading profit after interest. The EPRA earnings per share for the year is 30.2p, a reduction of 36% from 47.5p in the prior year. This is due to the EPRA calculation including a number of non-trading items including overage, joint venture performance fees and lease surrender premiums.

DIVIDEND

Our dividend policy is based on the growth in trading profits after interest taking into account our investment and acquisition plans and the distribution requirements that we have as a REIT. We have achieved good growth in trading profit in recent years and the Board has taken the opportunity this year to recommend an increase in both the interim and final dividend of 40%. The final dividend of 14.27 pence (2016: 10.19 pence) will be paid on 7 August 2017 to shareholders on the register at 7 July 2017. The dividend will be paid as a Property Income Distribution.

For future years the intention is to grow the dividend on a covered trading profit basis, with a target of maintaining cover of at least 1.3 times adjusted underlying earnings per share. Dividend cover for the year to 31 March 2017 was 1.45 times.

PROPERTY VALUATION

At 31 March 2017, the wholly owned portfolio was independently valued by CBRE at £1,844m, an underlying increase of 2.1% (£38m) in the year. This comprised a 0.9% (£16m) decline in the first half of the year and a 3.0% (£54m) increase in the second half.

The main movements in the valuation over the year are set out below:

	£m
Valuation at 31 March 2016	1,779
Revaluation uplift	38
Capital expenditure	58
Redevelopment sale	(8)
Capital receipts	(23)
Valuation at 31 March 2017	**1,844**

A summary of the full year revaluation uplift by property type is set out below:

Revaluation Uplift	£m
Like-for-like Properties	47
Completed Projects	8
Refurbishments	(20)
Redevelopments	8
Acquisitions	(5)
Total	**38**

<u>Like-for-like Properties</u>

There was a 4.9% (£47m) increase in the valuation of like-for-like properties to £1,001m, as a result of:

- An increase in estimated rental values (ERV) per sq. ft. of 6.7% equating to an uplift in value of some £51m;

- A 0.1% outward shift in equivalent yield equating to a reduction in value of some £15m; and

- An £11m uplift in the value of Uplands Business Park, Walthamstow to £40m (sold in May 2017 for £50m).

	31 March 2017	31 March 2016	Change
ERV	**£74.4m**	£69.2m	+7.5%
ERV per sq. ft.	**£31.78**	£29.78	+6.7%
Rent per sq. ft.	**£28.17**	£24.96	+12.9%
Equivalent Yield	**6.5%**	6.4%	Out by 0.1%
Net Initial Yield	**5.4%**	4.9%	Out by 0.5%
Capital Value per sq. ft.	**£427**	£404	+5.7%

Completed Projects

The uplift of 6.3% (£8m) in value of the three completed projects to £134m reflects the strong pricing levels that have been achieved at these properties since launch with an uplift of £4m at The Print Rooms, Southwark and £3m at Grand Union Studios, Ladbroke Grove. The overall valuation metrics for completed projects are set out below:

	31 March 2017
ERV per sq. ft.	**£49.30**
Rent per sq. ft.	**£43.72**
Equivalent Yield	**6.3%**
Net Initial Yield	**5.1%**
Capital Value per sq. ft.	**£708**

Current Refurbishments

We have seen a reduction of 5.1% (£20m) in the value of current refurbishments to £369m, largely at properties where we have obtained vacant possession ahead of major refurbishments. The most significant reductions have been:

- A reduction of £10m in the valuation of Edinburgh House, Vauxhall where we obtained vacant possession of the entire building in March 2016. In October 2016 we received planning consent for a major refurbishment which is now underway.

- A reduction of £5m in the valuation of The Leather Market, London Bridge where we are undertaking major upgrade and refurbishment works on a substantial part of the property.

- A reduction of £2m in the valuation of Easton Street, Clerkenwell where we obtained vacant possession in December 2016. We received planning consent in April 2017 for a major refurbishment and extension.

We would expect to see a recovery in values at these properties as the refurbishments progress to completion and are successfully let.

Current Redevelopments

The uplift of 4.0% (£8m) in the value of current redevelopment projects to £208m reflects properties where we have obtained mixed use planning consents. This includes Arches Business Centre, Southall which was contracted for sale to a residential developer in October 2016 with a £4m uplift in valuation.

Acquisitions

There is a £5m reduction in the value of recently acquired properties to £132m. At Goswell Road (formerly Angel House), Islington there has been a £3m reduction in the valuation. We have now obtained the vacant possession of the first floor, ground floor and basement at this property ahead of a repositioning of the space for letting at higher rental levels.

ACQUISITIONS

In June 2016, we exchanged contracts to acquire 29,000 sq. ft. of commercial space at 175-179 Long Lane, SE1 for £9.5m (payable upon completion) at a capital value of £328 per sq. ft. This property is located adjacent to The Leather Market, our business centre near Borough High Street. The commercial space being acquired is part of a larger mixed use development which is currently under construction and is expected to be completed in mid-2018.

In April 2017, we completed the acquisition of 13-17 Fitzroy Street, Fitzrovia for £98.5m. This property comprises 92,700 sq. ft. of net lettable space, currently let in its entirety to Arup until September 2022 at annual rent of £4.9m (£53 per sq. ft.), rising to £6.0m (£65 per sq. ft.) in March 2021. Arup plan to relocate from this building and the lease provides for their early exit with effect from September 2020 with a rolling nine-month break option. In due course we will reposition the building as a multi-let business centre.

DISPOSALS

We completed the disposal of the remaining eight properties in BlackRock Workspace Property Trust (“BWPT”) joint venture in May and June 2016 for £131m at a net initial yield of 4.7%. The disposals marked the conclusion of the joint venture with BlackRock in which Workspace made an initial investment of £20m in 2011. Based on the strong performance achieved over the five-year life of the joint venture, Workspace received a total performance fee from BWPT of £24.5m.

In October 2016, we contracted to sell three mixed-use redevelopments:

- Arches Business Centre, Southall which has planning consent for 110 residential units, for £13.0m with proceeds to be received once vacant possession has been achieved in November 2017.

- The second phase at The Light Bulb, Wandsworth comprising 77 residential units, for £7.75m together with the return of 17,000 sq. ft. of new commercial space.

- Lombard Business Centre, Croydon which has planning consent for 96 residential units, for £5.75m with the cash received in March 2017.

In May 2017, in line with our strategy, we exchanged and completed on the sale of Uplands, an 11 acre industrial estate in Walthamstow, for £50.0m at a net initial yield of 3.1%.

REFURBISHMENT ACTIVITY

During the financial year we obtained planning permissions for the extension and upgrade of Pall Mall Deposit, Ladbroke Grove; Mare Street Studios, Hackney and Edinburgh House, Vauxhall. In April 2017, we received planning permission at Easton Street, Clerkenwell. These properties will provide a combined 208,000 sq. ft. of new and upgraded space at an estimated cost of £57m.

A summary of the status of the refurbishment pipeline at 31 March 2017 is set out below:

Projects	Number	Capex spent	Capex to spend	Upgraded and new space
Underway	12	£46m	£122m	738,000 sq. ft.
Design stage	5	-	£84m	313,000 sq. ft.

In May 2017, we completed and opened The Record Hall, Holborn a new 58,000 sq. ft. business centre. Whilst not officially launched until June 2017, interest and demand has already been strong with 31% of the building let or under offer by the end of May 2017.

The refurbishment projects underway at Barley Mow Centre, Chiswick and The Leather Market, London Bridge will also complete during the current financial year providing 192,000 sq. ft. of new and upgraded space.

At the remaining nine refurbishment projects underway we are currently on-site at four, have achieved vacant possession and are at final construction contract tender stage at three and are working towards achieving vacant possession at the remaining two.

We would expect the capital expenditure on the refurbishment projects detailed above to be incurred relatively evenly over the next four years (subject to obtaining planning consent on the design stage schemes).

REDEVELOPMENT ACTIVITY

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

A summary of the status of the redevelopment pipeline at 31 March 2017 is set out below:

	No. of properties	Residential units	Cash received	Cash/overage to come	New commercial space
Underway	6	1,465	£86m	£28m	101,000 sq. ft.
With planning	5	877	-	o/s	164,000 sq. ft.
Design stage	3	683	-	o/s	o/s

The six redevelopment schemes underway will deliver some £114m in cash (£28m still to come) and three new commercial buildings, with the Fuel Tank in Deptford expected to be completed in the second half of 2017.

There are five schemes with mixed-use planning consents which are not yet contracted for sale. This includes Stratford Office Village, Stratford where we received planning consent in September 2016 for 101 residential units.

Discussions with the planners for the three mixed-use redevelopment schemes at the design stage are progressing well.

CASH FLOW

The Group generates strong operating cash flow in line with trading profit, with good levels of cash collection and bad debts low in the year at £0.3m (2016: £0.2m). A summary of the movements in cash flow are set out below:

	£m
Net cash from operations after interest	53
Dividends paid	(27)
Capital expenditure	(58)
Purchase of investment properties (deposits)	(11)
Property disposals	8
Capital receipts	23
Distributions and proceeds from joint ventures	46
Net movement in year	34
Debt at 31 March 2016 (net of cash)	(276)
Debt at 31 March 2017 (net of cash)	**(242)**

FINANCING

The Group had £3m in cash and £245m of drawn debt at 31 March 2017 with £365m of committed facilities as detailed below:

	Drawn Amount	Facility	Maturity
Private placement notes	£148.5m	£148.5m	June 2023
Private placement notes	£9m	£9m	June 2020
Retail bond	£57.5m	£57.5m	October 2019
Bank facilities	£30m	£150m	June 2022
Total facilities	**£245m**	**£365m**	

The Private Placement notes comprise $100m (£64.5m) of US dollar ten year notes, £84m of Sterling 10 year notes and £9m of seven-year Sterling floating rate notes. The US dollar notes have been fully hedged against Sterling for ten years. The overall interest rate on the £148.5m 10 year fixed rate notes is 5.6%. A seven-year £57.5m Retail Bond (listed on ORB) was issued in October 2012 and carries a coupon of 6.0%.

In June 2016, we exercised the option for the first extension of the maturity term of our £150m revolver bank facilities by a year to June 2021. In June 2017, we exercised the option for the second extension of the maturity of the revolver facility to June 2022. We continue to have the option (subject to lender consent) of increasing the quantum of the revolver facility from £150m to £250m. We are also looking at the opportunity to further diversify and extend the maturity of our facilities which may include the issue of additional Private Placement notes.

Our hedging strategy is to fix the cost of our longer-term borrowings but maintain flexibility around our shorter-term revolver facilities. At 31 March 2017, 56% of our debt facilities are at fixed rates, representing 84% of our debt on a drawn basis.

At 31 March 2017, undrawn facilities (including cash) were £123m, loan to value (LTV) was 13% (31 March 2016: 16%) and interest cover (based on net rental income) was 5.8 times, giving us good headroom on all of bank, placement notes and bond covenants. The average maturity of our facilities as at 31 March 2017, taking into account the extension of our revolver bank facilities to June 2022, was 5.2 years (31 March 2016: 5.9 years).

The proforma impact of the acquisition of 13-17 Fitzroy Street in April 2017 and the disposal of Uplands industrial estate in May 2017 on net debt, LTV and undrawn facilities reported as at 31 March 2017 is as follows:

- Net debt increases by £49m to £291m;
- LTV increases from 13% to 15%; and
- Undrawn facilities reduce from £123m to £74m.

NET ASSETS

Net assets increased in the year by £61m to £1,579m. EPRA net asset value per share at 31 March 2017 was £9.53 (31 March 2016: £9.23), an increase of 3.3% (£0.30) in the period as detailed below:

	£
At 31 March 2016	9.23
Property valuation surplus	0.24
Trading profit after interest	0.31
Dividends paid in year	(0.17)
Other	(0.08)
At 31 March 2017	**9.53**

KEY PROPERTY STATISTICS

	Quarter ended 31 March 2017	Quarter ended 31 Dec 2016	Quarter ended 30 Sept 2016	Quarter ended 30 June 2016
Workspace Group Portfolio				
Property valuation	**£1,844m**	-	£1,780m	-
Number of estates	**68**	69	69	69
Lettable floorspace (million sq. ft.)	**3.6**	3.7	3.7	3.7
Number of lettable units	**4,306**	4,258	4,521	4,513
Cash rent roll of occupied units	**£89.5m**	£86.9m	£84.8m	£82.0m
Average rent per sq. ft.	**£28.41**	£27.38	£26.86	£26.06
Overall occupancy	**87.0%**	87.4%	84.2%	84.5%
Like-for-like lettable floor space (million sq. ft.)	**2.3**	2.3	2.3	2.3
Like-for-like cash rent roll	**£59.6m**	£58.1m	£56.1m	£54.3m
Like-for-like average rent per sq. ft.	**£28.17**	£27.19	£26.39	£25.97
Like-for-like occupancy	**90.3%**	91.2%	90.6%	89.7%

Note:
The like-for-like category has been restated in the fourth quarter for the following:

- The inclusion of Metal Box Factory, Bankside, The Light Bulb, Wandsworth and Alexandra House, Wood Green
- The exclusion of Mare Street Studios, Hackney, Stratford Office Village, Stratford and The Light Box, Chiswick which are subject to refurbishment or redevelopment

Consolidated income statement
For the year ended 31 March 2017

	Notes	**2017 £m**	2016 £m
Revenue	1	**108.8**	101.2
Direct costs	1	**(29.6)**	(27.1)
Net rental income	1	**79.2**	74.1
Administrative expenses	2	**(15.1)**	(14.6)
Trading profit excluding share of joint ventures		**64.1**	59.5
(Loss)/profit on disposal of investment properties	3(a)	**(0.6)**	8.1
Loss on disposal of joint ventures	3(b)	**(0.2)**	(0.1)
Other income	3(c)	**2.1**	39.0
Other expenses	3(d)	**(1.2)**	–
Change in fair value of investment properties	10	**39.5**	296.6
Operating profit	2	**103.7**	403.1
Finance income	4	**0.1**	0.1
Finance costs	4	**(13.7)**	(17.0)
Exceptional finance costs	4	**(1.4)**	–
Change in fair value of derivative financial instruments	16(f)	**–**	0.9
Gains from share in joint ventures	12(a)	**0.1**	4.2
Profit before tax		**88.8**	391.3
Taxation	6	**(0.1)**	(2.4)
Profit for the year after tax		**88.7**	388.9
Basic earnings per share (pence)	8	**54.5p**	240.3p
Diluted earnings per share (pence)	8	**53.5p**	237.3p

Consolidated statement of comprehensive income
For the year ended 31 March 2017

	Notes	**2017 £m**	2016 £m
Profit for the financial year		**88.7**	388.9
Other comprehensive income:			
Items that may be classified subsequently to profit or loss:			
Change in fair value of derivative financial instruments (cash flow hedge)	16(f)	**(2.2)**	1.4
Total comprehensive income for the year		**86.5**	390.3

Consolidated balance sheet
As at 31 March 2017

	Notes	2017 £m	2016 £m
Non-current assets			
Investment properties	10	**1,839.0**	1,749.4
Intangible assets		**0.7**	0.6
Property, plant and equipment	11	**2.9**	2.0
Investment in joint ventures	12(a)	**0.3**	22.3
Other investments	12(b)	**3.1**	4.2
Trade and other receivables	13	**7.3**	14.2
Derivative financial instruments	16(e) & (f)	**12.1**	3.9
		1,865.4	1,796.6
Current assets			
Trade and other receivables	13	**25.2**	52.0
Cash and cash equivalents	14	**6.5**	27.8
		31.7	79.8
Total assets		**1,897.1**	1,876.4
Current liabilities			
Trade and other payables	15	**(52.2)**	(48.4)
Deferred tax	6	**(0.9)**	(1.1)
		(53.1)	(49.5)
Non-current liabilities			
Borrowings	16(a)	**(265.5)**	(309.3)
		(265.5)	(309.3)
Total liabilities		**(318.6)**	(358.8)
Net assets		**1,578.5**	1,517.6
Shareholders' equity			
Share capital	18	**163.2**	162.4
Share premium	18	**135.4**	135.9
Investment in own shares		**(8.9)**	(8.9)
Other reserves		**18.7**	19.0
Retained earnings		**1,270.1**	1,209.2
Total shareholders' equity		**1,578.5**	1,517.6
EPRA net asset value per share	9	**£9.53**	£9.23

Consolidated statement of changes in equity

For the year ended 31 March 2017

		Attributable to owners of the parent					
	Notes	Share capital £m	Share premium £m	Investment in own shares £m	Other reserves £m	Retained earnings £m	Total share-holders' equity £m
Balance at 31 March 2015		161.1	136.8	(8.8)	15.7	841.5	1,146.3
Profit for the year		–	–	–	–	388.9	388.9
Change in fair value of derivatives		–	–	–	1.4	–	1.4
Total comprehensive income		–	–	–	1.4	388.9	390.3
Transactions with owners:							
Share issues	18	1.3	(0.9)	–	–	(0.1)	0.3
Own shares purchase (net)		–	–	(0.1)	–	–	(0.1)
Dividends paid	7	–	–	–	–	(21.1)	(21.1)
Share based payments		–	–	–	1.9	–	1.9
Balance at 31 March 2016		162.4	135.9	(8.9)	19.0	1,209.2	1,517.6
Profit for the year		**–**	**–**	**–**	**–**	**88.7**	**88.7**
Change in fair value of derivatives		**–**	**–**	**–**	**(2.2)**	**–**	**(2.2)**
Total comprehensive income		**–**	**–**	**–**	**(2.2)**	**88.7**	**86.5**
Transactions with owners:							
Share issues	18	**0.8**	**(0.5)**	**–**	**–**	**(0.1)**	**0.2**
Own shares purchase (net)		**–**	**–**	**–**	**–**	**–**	**–**
Dividends paid	7	**–**	**–**	**–**	**–**	**(27.7)**	**(27.7)**
Share based payments		**–**	**–**	**–**	**1.9**	**–**	**1.9**
Balance at 31 March 2017		**163.2**	**135.4**	**(8.9)**	**18.7**	**1,270.1**	**1,578.5**

Consolidated statement of cash flows
For the year ended 31 March 2017

	Notes	2017 £m	2016 £m
Cash flows from operating activities			
Cash generated from operations	17	**69.7**	67.6
Interest received		**0.1**	0.1
Interest paid		**(15.0)**	(17.9)
Tax		**(1.4)**	–
Net cash inflow from operating activities		**53.4**	49.8
Cash flows from investing activities			
Purchase of investment properties/deposits		**(10.8)**	(107.4)
Capital expenditure on investment properties		**(56.8)**	(55.4)
Proceeds from disposal of investment properties (net of sale costs)		**7.8**	123.0
Purchase of intangible assets		**(0.4)**	(0.4)
Purchase of property, plant and equipment		**(1.8)**	(0.8)
Capital distributions from joint ventures	12(a)	**2.7**	6.3
Proceeds from disposal of joint ventures		**18.7**	3.1
Other income (overage receipts)		**23.8**	0.7
Performance fee from joint venture		**24.5**	–
Purchase of investments		**–**	(1.7)
Movement in funding balances with joint ventures		**0.4**	0.2
Income distributions from joint ventures	12(a)	**0.6**	1.2
Net cash inflow/(outflow) from investing activities		**8.7**	(31.2)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**0.2**	0.3
Finance costs for new/amended borrowing facilities		**(0.3)**	(1.0)
Exceptional finance costs		**(0.9)**	–
Settlement and re-couponing of derivative financial instruments		**–**	(1.7)
Repayment of bank borrowings	16(b)	**(55.0)**	(10.0)
Own shares purchase (net)		**–**	(0.1)
Dividends paid	7	**(27.4)**	(20.9)
Net cash outflow from financing activities		**(83.4)**	(33.4)
Net decrease in cash and cash equivalents		**(21.3)**	(14.8)
Cash and cash equivalents at start of year	17	**27.8**	42.6
Cash and cash equivalents at end of year	17	**6.5**	27.8

Notes to the financial statements
For the year ended 31 March 2017

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 2017 and 31 March 2016.

Full Financial Statements for the year ended 31 March 2016 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 2016, with exception of the following:

- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures – amendments regarding the consolidation exemption
- Amendments to IFRS 11 Joint Arrangements – amendments regarding the accounting for acquisitions of an interest in a joint operation
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative

These standards or guidance had no material impact on the Group’s financial statements or resulted in changes to presentation and disclosure only.

1. ANALYSIS OF NET RENTAL INCOME AND SEGMENTAL INFORMATION

	2017			2016		
	Revenue £m	**Direct costs £m**	**Net rental income £m**	Revenue £m	Direct costs £m	Net rental income £m
Rental income	**86.8**	**(2.0)**	**84.8**	79.6	(1.9)	77.7
Service charges	**15.4**	**(18.5)**	**(3.1)**	16.3	(18.5)	(2.2)
Empty rates and other non-recoverables	**–**	**(4.8)**	**(4.8)**	–	(3.6)	(3.6)
Services, fees, commissions and sundry income	**6.6**	**(4.3)**	**2.3**	5.3	(3.1)	2.2
	108.8	**(29.6)**	**79.2**	101.2	(27.1)	74.1

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.

2. OPERATING PROFIT

The following items have been charged in arriving at operating profit:

	2017 £m	2016 £m
Depreciation[1]	**0.9**	0.8
Staff costs (including share based costs)[1] (note 5)	**17.1**	16.2
Repairs and maintenance expenditure on investment properties	**2.7**	2.9
Trade receivables impairment (note 13)	**0.2**	0.2
Amortisation of intangibles	**0.2**	0.3
Operating lease rentals payable	**0.1**	0.1
Audit fees payable to the Company’s auditors	**0.2**	0.2

1. Charged to direct costs and administrative expenses based on the underlying nature of the expenses.

	2017 £m	2016 £m
Total administrative expenses are analysed below:		
Staff costs	**8.3**	7.5
Cash settled share based costs	**0.4**	0.9
Equity settled share based costs	**1.9**	1.9
Other	**4.5**	4.3
	15.1	14.6

3(a). (LOSS)/PROFIT ON DISPOSAL OF INVESTMENT PROPERTIES

	2017 £m	2016 £m
Proceeds from sale of investment properties (net of sale costs)	**7.8**	122.7
Book value at time of sale (including assets held for sale)	**(8.5)**	(115.0)
(Loss)/profit on disposal	**(0.7)**	7.7
Realisation of profits on sale of properties out of joint ventures (note 12)	**0.1**	0.4
	(0.6)	8.1

£0.1m (2016: £0.4m) above relates to previously unrealised profit from the sale of property by the Group to joint ventures.

3(b). LOSS ON DISPOSAL OF JOINT VENTURES

	2017 £m	2016 £m
Proceeds from disposal of joint ventures (net of costs)	**18.7**	3.1
Carrying value at time of disposal (note 12)	**(18.9)**	(3.2)
Loss on disposal	**(0.2)**	(0.1)

3(c). OTHER INCOME

	2017 £m	2016 £m
Joint venture performance fee	**0.4**	24.1
Change in fair value of deferred consideration	**(0.5)**	9.5
Rights of light compensation	**2.2**	–
Lease surrender premium	**–**	5.4
	2.1	39.0

The Group, as property manager to the BlackRock Workspace Property Trust joint venture, received a performance fee based on the returns achieved over the five-year term of the fund. The five-year term came to an end in February 2016 and the Group agreed with its partner to sell the remaining properties to bring the joint venture to a conclusion. Based on the returns achieved over the life of the fund and the valuation at 31 March 2016 of the remaining properties the fee was estimated at £24.1m. Subsequent to the sale of the joint venture in June 2016, an additional fee of £0.4m was recognised and the total amount settled in the financial year.

The value of deferred consideration (cash and overage) from the sale of investment properties has been re-valued by CBRE Limited at 31 March 2017 and 31 March 2016. The amounts receivable are included in the Consolidated balance sheet under non-current and current trade and other receivables (note 13).

3(d). OTHER EXPENSES

	2017 £m	2016 £m
Impairment of other investments	**(1.2)**	–
	(1.2)	–

The Group has provided 100% against its investment in Mailstorage Ltd, resulting in a charge of £1.2m in the year.

4. FINANCE INCOME AND COSTS

	2017 £m	2016 £m
Interest income	**0.1**	0.1
Finance income	**0.1**	0.1
Interest payable on bank loans and overdrafts	**(1.2)**	(2.7)
Interest payable on other borrowings	**(12.8)**	(13.9)
Amortisation of issue costs of borrowings	**(0.7)**	(0.8)
Interest payable on finance leases	**(0.5)**	(0.5)
Interest capitalised on property refurbishments (note 10)	**1.5**	0.9
Foreign exchange losses	**(10.3)**	(2.2)

	2017 £m	2016 £m
Cash flow hedge – transfer from equity	**10.3**	2.2
Finance costs	**(13.7)**	(17.0)
Exceptional finance costs	**(1.4)**	–
Total finance costs	**(15.1)**	(17.0)

The exceptional finance cost of £1.4m arose on the repayment of UK fund debt in September 2016 and comprises of a £0.9m repayment fee and £0.5m unamortised finance costs.

5. EMPLOYEES AND DIRECTORS

Staff costs for the Group during the year were:	2017 £m	2016 £m
Wages and salaries	**13.9**	12.8
Social security costs	**1.7**	1.4
Other pension costs	**0.7**	0.8
Cash settled share based costs	**0.4**	0.9
Equity settled share based costs	**1.9**	1.9
	18.6	17.8
Less costs capitalised	**(1.5)**	(1.6)
	17.1	16.2

The monthly average number of people employed during the year was:	2017 Number	2016 Number
Head office staff (including Directors)	**98**	92
Estates and property management staff	**108**	119
	206	211

6. TAXATION

	2017 £m	2016 £m
Current tax:		
UK corporation tax	**0.6**	1.3
Adjustments to tax in respect of previous periods	**(0.3)**	–
	0.3	1.3
Deferred tax:		
On origination and reversal of temporary differences	**(0.2)**	1.1
	(0.2)	1.1
Total taxation charge	**0.1**	2.4

The tax on the Group's profit for the year differs from the standard applicable corporation tax rate in the UK of 20% (2016: 20%). The differences are explained below:

	2017 £m	2016 £m
Profit on ordinary activities before taxation	**88.8**	391.3
Adjust gains from share in joint ventures	**(0.1)**	(4.2)
	88.7	387.1
Tax at standard rate of corporation tax in the UK of 20% (2016: 20%)	**17.7**	77.4
Effects of:		
REIT exempt income	**(10.3)**	(10.3)
Changes in fair value not subject to tax as a REIT	**(7.9)**	(59.3)
Change in fair value of derivatives not subject to tax	**–**	(0.5)

	2017 £m	2016 £m
Share based payment adjustments	**(0.5)**	(3.0)
Overage income subject to tax when received	**1.2**	0.2
Adjustments to tax in respect of previous periods	**(0.3)**	–
Losses carried forward previously unrecognised	**–**	0.3
Utilisation of losses unrecognised brought forward	**–**	(2.4)
Other non-taxable expenses	**0.2**	–
Total taxation charge	**0.1**	2.4

The Group is a Real Estate Investment Trust ('REIT'). The Group's UK property rental business (both income and capital gains) is exempt from tax. The Group's other income is subject to corporation tax. Other income of £2.1m has been recorded this year (note 3(c)). £0.8m (2016: £30.7m) of this income is subject to tax. The Group estimates that as the majority of its future profits will be exempt from tax, it will have a very low tax charge.

Changes to the UK corporation tax rates were 'substantively enacted' and 'fully enacted' on 6 and 15 September 2016 respectively as part of the Finance Bill 2016. These changes include reductions to the main rate of corporation tax from 19% to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using the rates expected to apply to the period when the asset is realised or the liability is settled.

The Group currently has an asset in relation to unrecognised tax losses carried forward of £1.0m (2016: £1.4m) calculated at a corporation tax rate of 19% (2016: 19%).

	2017 £m	2016 £m
Deferred tax assets:		
– Deferred tax to be recovered within 12 months	**0.9**	3.1
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered within 12 months	**(1.8)**	(4.2)
Deferred tax liabilities (net)	**(0.9)**	(1.1)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities	Other income (overage receipts) £m	Total £m
At 1 April 2015	**2.3**	2.3
Charged to income statement	**1.9**	1.9
At 31 March 2016	**4.2**	4.2
Credited to income statement	**(2.4)**	(2.4)
At 31 March 2017	**1.8**	1.8

Deferred tax assets	Expenses (share based payment) £m	Tax losses £m	Total £m
At 1 April 2016	**–**	**(2.3)**	(2.3)
(Credited)/charged to income statement	**(1.1)**	**0.3**	(0.8)
At 31 March 2016	**(1.1)**	**(2.0)**	(3.1)
Charged to income statement	**0.2**	**2.0**	2.2
At 31 March 2017	**(0.9)**	**–**	(0.9)

7. DIVIDENDS

Ordinary dividends paid	Payment date	Per share	**2017 £m**	2016 £m
For the year ended 31 March 2015:				
Final dividend	August 2015	8.15p	**–**	13.2
For the year ended 31 March 2016:				
Interim dividend	February 2016	4.86p	**–**	7.9
Final dividend	August 2016	10.19p	**16.5**	–
For the year ended 31 March 2017:				
Interim dividend	February 2017	6.80p	**11.2**	–
Dividends for the year			**27.7**	21.1
Timing difference on payment of withholding tax			**(0.3)**	(0.2)
Dividends cash paid			**27.4**	20.9

In addition, the Directors are proposing a final dividend in respect of the financial year ended 31 March 2017 of 14.27 pence per ordinary share which will absorb an estimated £23.3m of revenue reserves and cash. If approved by the shareholders at the AGM, it will be paid on 7 August 2017 to shareholders who are on the register of members on 7 July 2017. The dividend will be paid as a REIT Property Income Distribution ('PID') net of withholding tax where appropriate.

8. EARNINGS PER SHARE

Earnings used for calculating earnings per share:	**2017 £m**	2016 £m
Basic and diluted earnings	**88.7**	388.9
Change in fair value of investment properties	**(39.5)**	(296.6)
Loss/(profit) on disposal of investment properties	**0.6**	(8.1)
Loss on disposal of joint ventures	**0.2**	0.1
Movement in fair value of derivative financial instruments	**–**	(0.9)
Group's share of EPRA adjustments of joint ventures	**–**	(5.6)
EPRA adjusted earnings	**50.0**	77.8
Adjustment for non-trading items:		
Group's share of joint ventures other expenses	**0.1**	2.7
Other expenses	**1.2**	–
Exceptional finance costs	**1.4**	–
Other income	**(2.1)**	(39.0)
Taxation	**0.1**	2.4
Adjusted underlying earnings	**50.7**	43.9

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').

Adjusted underlying earnings represents trading profits after interest, including trading profits of joint ventures but excluding exceptional items. Taxation in the Consolidated income statement for both years is in respect of non-trading items.

Number of shares used for calculating earnings per share:	**2017 Number**	2016 Number
Weighted average number of shares (excluding own shares held in trust)	**162,833,428**	161,843,774
Dilution due to share option schemes	**2,892,100**	2,018,833
Weighted average number of shares for diluted earnings per share	**165,725,528**	163,862,607

In pence:	**2017**	2016
Basic earnings per share	**54.5p**	240.3p
Diluted earnings per share	**53.5p**	237.3p
EPRA earnings per share[1]	**30.2p**	47.5p

In pence:	2017	2016
Adjusted underlying earnings per share[1]	**30.6p**	26.8p

1. EPRA earnings per share and adjusted underlying earnings per share are calculated on a diluted basis.

9. NET ASSETS PER SHARE

Net assets used for calculating net assets per share:	2017 £m	2016 £m
Net assets at end of year (basic)	**1,578.5**	1,517.6
Derivative financial instruments at fair value	**(12.1)**	(3.9)
EPRA net assets	**1,566.4**	1,513.7

Number of shares used for calculating net assets per share:	2017 Number	2016 Number
Shares in issue at year-end	**163,199,045**	162,404,600
Less own shares held in trust at year-end	**(118,274)**	(122,362)
Number of shares for calculating basic net assets per share	**163,080,771**	162,282,238
Dilution due to share option schemes	**1,227,537**	1,673,407
Number of shares for calculating diluted adjusted net assets per share	**164,308,308**	163,955,645

	2017	2016
EPRA net assets per share	**£9.53**	£9.23

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').

10. INVESTMENT PROPERTIES

	2017 £m	2016 £m
Balance at 1 April	**1,749.4**	1,408.9
Purchase of investment properties	**–**	107.4
Capital expenditure	**57.1**	54.3
Capitalised interest on refurbishments (note 4)	**1.5**	0.9
Disposals during the year	**(8.5)**	(114.7)
Change in fair value of investment properties	**39.5**	296.6
Balance at 31 March	**1,839.0**	1,753.4
Less: classified as trade and other receivables	**–**	(4.0)
Total investment properties	**1,839.0**	1,749.4

Investment properties represent a single class of property being business accommodation for rent in London.

Capitalised interest is included at a rate of capitalisation of 5.2% (2016: 4.8%). The total amount of capitalised interest included in investment properties is £8.2m (2016: £6.7m).

The change in fair value of investment properties is recognised in the Consolidated income statement.

Investment properties include buildings under finance leases of which the carrying amount is £7.1m (2016: £7.1m).

Valuation
The Group's investment properties are held at fair value and were revalued at 31 March 2017 by the external valuer, CBRE Limited, a firm of independent qualified valuers in accordance with the Royal Institution of Chartered Surveyors Valuation – Professional Standards 2014. All the properties are revalued at period end regardless of the date of acquisition. This includes a physical inspection of all properties, at least once a year. In line with IFRS 13, all investment properties are valued on the basis of their highest and best use. For like-for-like properties their current use equates to the highest and best use. For properties undergoing refurbishment or redevelopment, most of these are currently being used for business accommodation in their current state. However, the valuation is based on the current valuation at the balance sheet date including the impact of the potential refurbishment and redevelopment as this represents the highest and best use.

The Executive Committee and the Board both conduct a detailed review of each property valuation to ensure appropriate assumptions have been applied. Meetings are held with the valuers to review and challenge the valuations, ensuring they have considered all relevant information, and rigorous reviews are performed to ensure valuations are sensible.

The valuation of like-for-like properties (which are not subject to refurbishment or redevelopment) is based on the income capitalisation method which applies market-based yields to the Estimated Rental Values ('ERVs') of each of the properties. Yields are based on current market expectations depending on the location and use of the property. ERVs are based on estimated rental potential considering current rental streams, market comparatives, occupancy and timing of rent reviews. Whilst there is market evidence for these inputs and recent transaction prices for similar properties, there is still a significant element of estimation and judgement. As a result of adjustments made to market observable data, the significant inputs are deemed unobservable under IFRS 13.

When valuing properties being refurbished by Workspace, the residual value method is used. The completed value of the refurbishment is determined as for like-for-like properties above. Capital expenditure required to complete the building is then deducted and a discount factor is applied to reflect the time period to complete construction and allowance made for construction and market risk to arrive at the residual value of the property.

The discount factor used is the property yield that is also applied to the estimated rental value to determine the value of the completed building. Other risks such as unexpected time delays relating to planned capital expenditure are assessed on a project-by-project basis, looking at market comparable data where possible and the complexity of the proposed scheme.

Redevelopment properties are also valued using the residual value method. The completed proposed redevelopment which would be undertaken by a residential developer is valued based on the market value for similar sites and then adjusted for costs to complete, developer's profit margin and a time discount factor. Allowance is also made for planning and construction risk depending on the stage of the redevelopment. If a contract is agreed for the sale/redevelopment of the site, the property is valued based on agreed consideration.

For all methods the valuers are provided with information on tenure, letting, town planning and the repair of the buildings and sites.

An increase/decrease to ERVs will increase/decrease valuations respectively, while an increase/decrease to yields will decrease/increase valuations respectively. There are interrelationships between these inputs as they are partially determined by market conditions.

An increase/decrease in costs to complete and the discount factor will decrease/increase valuations respectively.

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:

	2017 £m	2016 £m
Total per CBRE valuation report	**1,844.0**	1,778.6
Deferred consideration on sale of property	**(12.1)**	(36.3)
Head leases treated as finance leases under IAS 17	**7.1**	7.1
Total investment properties per balance sheet	**1,839.0**	1,749.4

The Group's Investment properties are carried at fair value and under IFRS 13 are required to be analysed by level depending on the valuation method adopted. The different valuation methods are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 – Use of a model with inputs (other than quoted prices included in Level 1) that are directly or indirectly observable market data.
Level 3 – Use of a model with inputs that are not based on observable market data.

As noted in the Significant judgements, key assumptions and estimates section, property valuations are complex and involve data which is not publicly available and involves a degree of judgement. All the investment properties are classified as Level 3, due to the fact that one or more significant inputs to the valuation are not based on observable market data. If the degree of subjectivity or nature of the measurement inputs changes then there could be a transfer between Levels 2 and 3 of classification. No changes requiring a transfer have occurred during the current or previous year.

The following table summarises the valuation techniques and inputs used in the determination of the property valuation.

Key unobservable inputs:

			ERVs – per sq. ft.		Equivalent yields	
Property category	Valuation £m	Valuation technique	Range	Weighted average	Range	Weighted average
Like-for-like	1,001	1	£9 – £84	£32	5.0% – 8.0%	6.5%
Completed projects	134	1	£40 – £70	£47	5.9% – 6.8%	6.3%
Refurbishments	369	2	£14 – £80	£41	5.0% – 6.8%	5.8%
Redevelopments	196	2	£13 – £35	£23	5.4% – 7.1%	6.3%
Other	132	1	£16 – £51	£39	2.6% – 7.3%	5.1%
Head leases	7	n/a				
Total	**1,839**					

1 = Income capitalisation method.
2 = Residual value method.

Sensitivity analysis:
A +/- 10% movement in ERVs or a +/- 25 basis points movement in yields would result in the following increase/decrease in the valuation.

£m	+/- 10% in ERVs	+/- 25 bps in yields
Like-for-like	+100 / -100	-37 / +40
Completed projects (refurbishments)	+13 / -13	-5 / +6
Refurbishments	+53 / -53	-9 / +18
Redevelopments	+8 / -8	-2 / +3
Other	+13 / -13	-6 / +7

11. PROPERTY, PLANT AND EQUIPMENT

Cost or valuation	Equipment and fixtures £m	Total £m
Balance at 31 March 2015	7.9	7.9
Additions during the year	0.8	0.8
Disposals during the year	(3.6)	(3.6)
Balance at 31 March 2016	5.1	5.1
Additions during the year	1.8	1.8
Disposals during the year	(0.8)	(0.8)
Balance at 31 March 2017	**6.1**	**6.1**

Accumulated depreciation		
Balance at 31 March 2015	5.9	5.9
Charge for the year	0.8	0.8
Disposals during the year	(3.6)	(3.6)
Balance at 31 March 2016	3.1	3.1
Charge for the year	0.9	0.9
Disposals during the year	(0.8)	(0.8)
Balance at 31 March 2017	**3.2**	**3.2**

Net book amount at 31 March 2017	**2.9**	**2.9**
Net book amount at 31 March 2016	2.0	2.0

12(a). INVESTMENT IN JOINT VENTURES

The Group's investment in joint ventures represents:

	2017 £m	2016 £m
Balance at 1 April	**22.3**	28.6
Capital distributions received*	**(2.7)**	(6.3)
(Repayment)/payment of loans to joint ventures	**–**	(0.2)
Share of gains	**0.1**	4.2
Income distributions received*	**(0.6)**	(1.2)
Disposal of joint ventures (note 3(a))	**(18.9)**	(3.2)
Realisation of profits on sale of properties out of joint ventures (note 3(a))	**0.1**	0.4
Balance at 31 March	**0.3**	22.3

* Capital distributions are from proceeds on disposal of investment properties. Income distributions are from trading profits.

The Group had the following joint ventures during the year:

	Partner	Established	Ownership	Measurement method
BlackRock Workspace Property Trust*	BlackRock UK Property Fund	February 2011	20.1%	Equity
Generate Studio Limited	Whitebox Creative Limited	February 2014	50%	Equity

* The Company sold its share in this joint venture in June 2016.

BlackRock Workspace Property Trust ('BWPT') was a Jersey property unit trust established in February 2011 whose aim was to build a fund of up to £100m of office and industrial property in and around London. Prior to disposing of its share in the BWPT joint venture, the Group held a 20.1% interest. Strategic decisions were taken with the agreement of both parties and no one party had control on their own. The Group was also property manager with significant delegated powers including responsibility for asset management and recommending acquisitions and disposals. As a result there was shared control and so the joint venture was equity accounted in the Consolidated financial statements.

Generate Studio Limited is engaged in the design and project management of office fit outs and workplace consultancy both for Group properties and third parties.

The Group has no funding commitments relating to its joint ventures.

The summarised balance sheets and income statements of the joint ventures are shown below:

Balance sheet: Generate Studio Limited (2016: BWPT and Generate Limited)	**2017 £m**	2016 £m
Investment properties	**–**	130.6
Cash and cash equivalents	**0.4**	6.3
Other current assets	**0.8**	1.8
Current liabilities	**(0.6)**	(27.8)
Net assets	**0.6**	110.9

The net assets of BlackRock Workspace Property Trust included above are nil (2016: £110.5m).

Income statement of joint ventures (includes income from Generate Studio Limited and BWPT joint venture until date of sale)	**2017 £m**	2016 £m
Revenue	**4.0**	9.5
Direct costs	**(1.1)**	(2.9)
Net rental income	**2.9**	6.6
Administrative expenses	**(1.0)**	(1.8)
Other expenses	**(0.4)**	(13.9)
Profit on disposal of investment properties	**0.3**	0.8
Change in fair value of investment properties	**(1.2)**	27.5
Profit before tax	**0.6**	19.2
Taxation	**–**	(0.1)
Profit after tax	**0.6**	19.1

There are no differences in accounting policies between the Group and the joint ventures.

The reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the joint ventures is shown below:

Summarised financial information	**2017 £m**	2016 £m
Opening net assets 1 April	**110.9**	134.7
Profit for the period	**0.6**	19.1
Capital distributions	**(13.6)**	(31.5)
Income distributions	**(3.4)**	(4.7)
Loans to joint ventures	**–**	(0.4)
Disposal of joint ventures	**(93.9)**	(6.3)
Closing net assets 31 March	**0.6**	110.9
Group's interest	**0.3**	22.4
Unrealised surplus on sale of properties to joint ventures	**–**	(0.1)
Carrying amount	**0.3**	22.3

12(b). OTHER INVESTMENTS

The Group holds the following investments:

	2017 £m	2016 £m
8% of share capital of Mailstorage Ltd	**–**	1.2
10% of share capital of The Excell Group plc	**3.1**	3.0

	2017 £m	2016 £m
	3.1	4.2

The Group wrote off the investment in Mailstorage Ltd of £1.2m in the financial year (see note 3(d)).

13. TRADE AND OTHER RECEIVABLES

Non-current trade and other receivables	**2017 £m**	2016 £m
Prepayments, other receivables and accrued income	**3.0**	7.2
Deferred consideration on sale of investment properties (see below)	**4.3**	7.0
	7.3	14.2

	2017 £m	2016 £m
Deferred consideration on sale of investment properties:		
Balance at 1 April	**7.0**	8.7
(Cash received)/additions	**(1.7)**	1.6
Less: classified as current	**–**	(12.8)
Change in fair value	**(1.0)**	9.5
Balance at 31 March	**4.3**	7.0

The deferred consideration arising on the sale of investment properties relates to cash and overage. The conditional value of the portion of the receivable that relates to overage is held at fair value through profit and loss. It has been fair valued by CBRE Limited on the basis of residual value, using appropriate discount rates, and will be revalued on a regular basis. This is a Level 3 valuation of a financial asset, as defined by IFRS 13. The methodology and significant assumptions used in the valuation are consistent with those disclosed in note 10. The change in fair value recorded in the Consolidated income statement including both current and non-current elements was a loss of £0.5m (31 March 2016: £9.5m gain) (note 3(c)).

Current trade and other receivables	**2017 £m**	2016 £m
Trade receivables	**3.5**	3.4
Less provision for impairment of receivables	**(0.3)**	(0.4)
Trade receivables – net	**3.2**	3.0
Prepayments, other receivables and accrued income	**14.2**	19.7
Deferred consideration on sale of investment properties	**7.8**	29.3
	25.2	52.0

Prepayments, other receivables and accrued income (non-current and current) includes £10.8m (2016: £nil) in respect of deposits paid to acquire investment properties. In the prior year this included £24.1m in relation to the performance fee for the BlackRock Workspace Property Trust joint venture.

Receivables at fair value:
Included within deferred consideration on sale of investment properties is £9.4m (2016: £33.3m) of overage which is held at fair value through profit and loss. Where the amount is receivable within the following 12 months it has been classified from non-current to current receivables.

Receivables at amortised cost:
The remaining receivables are held at amortised cost. There is no material difference between the above amounts and their fair values due to the short-term nature of the receivables. Trade receivables are impaired when there is evidence that the amounts may not be collectable under the original terms of the receivable. All the Group's trade and other receivables are denominated in Sterling.

14. CASH AND CASH EQUIVALENTS

	2017 £m	2016 £m
Cash at bank and in hand	**2.7**	24.5
Restricted cash – tenants' deposit deeds	**3.8**	3.3
	6.5	27.8

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

15. TRADE AND OTHER PAYABLES

	2017 £m	2016 £m
Trade payables	**4.6**	3.7
Other tax and social security payable	**2.0**	0.5
Corporation tax payable	**0.3**	1.3
Tenants' deposit deeds (note 14)	**3.8**	3.3
Tenants' deposits	**18.0**	16.0
Accrued expenses	**20.2**	20.3
Amounts due to related parties	**–**	0.4
Deferred income – rent and service charges	**3.3**	2.9
	52.2	48.4

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

	2017 £m	2016 £m
Non-current		
Bank loans (unsecured)	**28.4**	38.3
6% Retail Bond (unsecured)	**57.1**	56.9
5.6% Senior US Dollar Notes 2023 (unsecured)	**80.1**	69.7
5.53% Senior Notes 2023 (unsecured)	**83.8**	83.8
Senior Floating Rate Notes 2020 (unsecured)	**9.0**	9.0
Other term loan (unsecured)	**–**	44.5
Finance lease obligations	**7.1**	7.1
	265.5	309.3

(b) Net Debt

	2017 £m	2016 £m
Borrowings per (a) above	**265.5**	309.3
Adjust for:		
Finance leases	**(7.1)**	(7.1)
Cost of raising finance	**2.3**	3.2
Foreign exchange differences	**(15.7)**	(5.4)
	245.0	300.0
Cash at bank and in hand (note 14)	**(2.7)**	(24.5)
Net Debt	**242.3**	275.5

At 31 March 2017 the Group had £120m (2016: £110m) of undrawn bank facilities and £2.7m of unrestricted cash (2016: £24.5m).

(c) Maturity

	2017 £m	2016 £m
Repayable between two years and three years	**57.5**	–
Repayable between three years and four years	**9.0**	57.5
Repayable between four years and five years	**30.0**	49.0
Repayable in five years or more	**148.5**	193.5
	245.0	300.0
Cost of raising finance	**(2.3)**	(3.2)
Foreign exchange differences	**15.7**	5.4
	258.4	302.2
Finance leases:		
Repayable in five years or more	**7.1**	7.1
	265.5	309.3

(d) Interest rate and repayment profile

	Principal at period end £m	Interest rate	Interest payable	Repayable
Current				
Bank overdraft due within one year or on demand	–	Base +2.25%	Variable	On demand
Non-current				
Private Placement Notes:				
5.6% Senior US Dollar Notes	64.5	5.6%	Half yearly	June 2023
5.53% Senior Notes	84.0	5.53%	Half yearly	June 2023
Senior Floating Rate Notes	9.0	LIBOR +3.5%	Half yearly	June 2020
Revolver loan	30.0	LIBOR +1.65%	Monthly	June 2021
6% Retail Bond	57.5	6.0%	Half yearly	October 2019
	245.0			

(e) Derivative financial instruments
The following derivative financial instruments are held:

	Amount	Rate payable (%)	Term/expiry
Cash flow hedge – cross currency swap	$100m/£64.5m	5.66%	June 2023

The Group has a cross currency swap to ensure the US Dollar liability streams generated from the US Dollar Notes are fully hedged into Sterling for the life of the transaction. Through entering into the cross currency swap the Group has created a synthetic Sterling fixed rate liability totalling £64.5m. This swap has been designated as a cash flow hedge with changes in fair value dealt with in other comprehensive income.

(f) Financial instruments and fair values

	2017 Book value £m	**2017 Fair value £m**	2016 Book value £m	2016 Fair value £m
Financial liabilities held at amortised cost				
Bank loans	**28.4**	**28.4**	38.3	38.3
6% Retail Bond	**57.1**	**61.7**	56.9	59.7
Private Placement Notes	**172.9**	**172.9**	162.5	162.5
Other term loan	**–**	**–**	44.5	44.5
Finance lease obligations	**7.1**	**7.1**	7.1	7.1
	265.5	**270.1**	309.3	312.1

Financial (assets)/liabilities at fair value through other comprehensive income

	2017 Book value £m	2017 Fair value £m	2016 Book value £m	2016 Fair value £m
Derivative financial instruments:				
Cash flow hedge – derivatives used for hedging	**(12.1)**	**(12.1)**	(3.9)	(3.9)
	(12.1)	**(12.1)**	(3.9)	(3.9)
Financial assets at fair value through profit or loss				
Deferred consideration	**9.4**	**9.4**	33.3	33.3

The fair value of the Retail Bond has been established from the quoted market price at 31 March 2017 and is thus a Level 1 valuation as defined by IFRS 13.

In accordance with IFRS 13 disclosure is required for financial instruments that are carried in the financial statements at fair value. The fair values of all the Group's financial derivatives have been determined by reference to market prices and discounted expected cash flows at prevailing interest rates and are Level 2 valuations. There have been no transfers between levels in the year.

The different levels of valuation hierarchy as defined by IFRS 13 are set out in note 10.

The total change in fair value of derivative financial instruments recorded in other comprehensive income was a £2.2m loss (2016: profit of £1.4m).

In the prior year we recognised a gain on the change in fair value of derivative financial instruments of £0.9m. This interest rate hedge was cancelled in the prior year.

17. NOTES TO CASH FLOW STATEMENT

Reconciliation of profit for the year to cash generated from operations:

	2017 £m	2016 £m
Profit before tax	**88.8**	391.3
Depreciation	**0.9**	0.8
Amortisation of intangibles	**0.2**	0.3
Loss/(profit) on disposal of investment properties	**0.6**	(8.1)
Loss on disposal of joint ventures	**0.2**	0.1
Other income	**(2.1)**	(33.6)
Other expenses	**1.2**	–
Net gain from change in fair value of investment property	**(39.5)**	(296.6)
Equity settled share based payments	**1.9**	1.9
Change in fair value of financial instruments	**–**	(0.9)
Finance income	**(0.1)**	(0.1)
Finance costs	**13.7**	17.0
Exceptional finance costs	**1.4**	–
Gains from share in joint ventures	**(0.1)**	(4.2)
Changes in working capital:		
Increase in trade and other receivables	**(2.2)**	(0.5)
Increase in trade and other payables	**4.8**	0.2
Cash generated from operations	**69.7**	67.6

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

	2017 £m	2016 £m
Cash at bank and in hand	**2.7**	24.5
Restricted cash – tenants' deposit deeds	**3.8**	3.3
	6.5	27.8

18. SHARE CAPITAL AND SHARE PREMIUM

	2017 Number	2016 Number
Issued: Fully paid ordinary shares of £1 each	**163,199,045**	162,404,600

	2017 £m	2016 £m
Issued: Fully paid ordinary shares of £1 each	**163.2**	162.4

Movements in share capital were as follows:	**2017 Number**	2016 Number
Number of shares at 1 April	**162,404,600**	161,107,649
Issue of shares	**794,445**	1,296,951
Number of shares at 31 March	**163,199,045**	162,404,600

The Group issued 794,445 shares (2016: 1,296,951 shares) during the year to satisfy the exercise of share options.

	Share Capital		Share Premium	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Balance at 1 April	**162.4**	161.1	**135.9**	136.8
Issue of shares	**0.8**	1.3	**(0.5)**	(0.9)
Balance at 31 March	**163.2**	162.4	**135.4**	135.9

19. CAPITAL COMMITMENTS

At the year end, the estimated events of contractual commitments for future capital expenditure not provided for were £27.9m (2016: £18.8m).

20. POST BALANCE SHEET EVENTS

On 6 April 2017, the Group completed the acquisition of 13-17 Fitzroy Street for £98.5m.

In May 2017, the Group announced the simultaneous exchange and completion of contracts for the disposal of Uplands Business Park in Walthamstow, E17, for £50m. The property was sold at an uplift of £10m compared to the March 2017 valuation.

On 5 June 2017, the Group exercised the option to extend the maturity term of the revolver bank facility for a year to June 2022.

Responsibility Statement

The 2016 Annual Report, which will be issued mid-June 2017, contains a responsibility statement which states that on 6 June 2017, 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 within the Annual Report, includes a fair review of the developments and performance of the business, and the position of the Group, with a description of the principle risks and uncertainties that the Group faces included in a separate section.
- The Annual Report and financial statements, taken as a whole,are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Approved by the Board on 6 June 2017 and signed on its behalf by

J Hopkins
G Clemett
Directors