PRELIMINARY ANNOUNCEMENT

11 June 2013

WORKSPACE GROUP PLC
FINAL RESULTS

WORKSPACE RESULTS REFLECT SUCCESSFUL GROWTH STRATEGY

Workspace Group PLC ("Workspace"), London's leading provider of space to new and growing companies, announces its results for the year ended 31 March 2013.

Strong Financial Performance

- Profit before tax up 58% to £76.4m (2012: £48.5m)
- Trading profit after interest up 12% to £17.9m (2012: £16.0m)
- EPRA net asset value per share increased by 13% to £3.48 (March 2012: £3.08)
- Total dividend for year up 10% to 9.67p per share (2012: 8.79p), final dividend of 6.45p proposed (2012: 5.86p)

Continued Momentum in Operating Performance

- Like-for-like rent roll up 9% in year to £45.5m. Total rent roll £52.7m (March 2012: £50.2m)
- Like-for-like occupancy up by 2.1% to 89.8% (March 2012: 87.7%)
- Strong levels of demand, enquiries averaging 1,037 per month (2012: 1,009)

Growth and Outperformance in Capital Values

- Underlying valuation increase of 8% (2012: 5%) to £830m (March 2012: £760m)
- Investment net initial yield 7.3% (March 2012: 7.2%)
- Total Property return of 13.8% compared to 3.2% for IPD Universe

Significant Activity and Asset Management

- Four refurbishment projects completed (91,000 sq.ft.) with a further four projects (212,000 sq.ft.) underway
- Four mixed use redevelopment projects underway with residential development partners delivering 693 residential units and Workspace receiving 189,000 sq.ft. of new business space, £22m cash and overage
- A further two mixed use planning consents achieved since the year end for 948 residential units and 112,000 sq.ft. of new business space.
- £13m from disposal of non-core properties with a further three properties under offer
- £29m of property acquisitions completed in BlackRock Workspace joint venture

Strong and Flexible Financial Base

- Refinance of bank debt facilities announced today
- All facilities (£410m) will now be provided on an unsecured basis
- Over 60% of funding from non-bank sources
- Average maturity of facilities will increase to 7.8 years (March 2012: 3.2 years)
- Loan-to-to value ratio of 40% (March 2012: 41%)

Commenting, Jamie Hopkins, Chief Executive of Workspace said:

"This strong set of results reflects our strategy of owning the right properties, which we intensively manage to drive occupancy and rent, while growing the capital value of our portfolio through an energetic programme of repositioning, refurbishing and redevelopment.

We are also in the unique position of dealing directly with our customers across London, listening to them and offering them the future services they need. In this way we are becoming an essential partner, enabling their businesses to grow faster and, in turn, positioning us as the leading provider of space, environment and communities for these new and growing companies"

\- Ends -

Date: 11 June 2013
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There will be a results presentation to analysts and investors hosted by the Workspace Management Team at 0930 on Tuesday 11 June. The venue for the presentation is the London Stock Exchange, 10 Paternoster Square, London EC4M 7LS. There is also a conference call facility in conjunction with the presentation.

CHAIRMAN'S STATEMENT

Workspace had a successful year, sticking resolutely to our strategy of driving value by growing income through increased rent and occupancy while adding to the value of our assets through focused refurbishment and redevelopment. I am pleased to report that this has delivered a strong set of results for the year.

Our CEO, Jamie Hopkins, has brought a renewed energy to bear which has resulted in a clear focus on our priorities, driving our performance and moving the company back into the FTSE250. We achieved strong growth in revenue and trading profit for the year. Group net rental income was £47.1m, an underlying increase of 6%, trading profit after interest was £17.9m, an increase of 12%, and EPRA NAV per share was £3.48, an increase of 13%.

Based on these results and the company's future prospects, the Board is recommending the payment of a final dividend of 6.45p per share (a total of 9.67p for the year) to be paid on 2 August 2013, an increase of 10% on last year. This is in line with our progressive dividend policy.

During the year we continued to deploy the funds raised in our 2011 rights issue. We executed a focused capital expenditure programme to refurbish and extend existing assets and create buildings that suit our strategy whilst disposing of those that don't. The result is an integrated portfolio of core buildings that we actively manage, increasing rental values.

We also refined our debt profile, lengthening the terms and diversifying the sources of funding. The successful refinance announced today alongside the retail bond issued earlier in the year will have a significant positive impact on the flexibility of our operational capabilities.

Throughout the year, our Board has played an active role in helping guide the company and we remain committed to a strong succession approach. John Bywater's retirement as a Non-Executive Director will occur in July this year and he leaves with our thanks for his long-standing contribution over the last nine years. Joining us, we welcome Chris Girling and Damon Russell. Chris has a strong background in finance and management while Damon brings a wealth of experience across the telecommunications, internet, digital and media sectors. Ensuring the long-term strength of our Board is a priority and we will be making a further Non-Executive Director appointment in due course.

We are also aware of our wider responsibilities in the communities where we work, as well as being conscious of our environmental impact and we remain committed to strong health and safety and energy sustainability principles. We are proud that we have once again been included in the FTSE4Good Index and that we have recently been awarded the BiTC Community Mark. We will continue to do the right things by all of our stakeholders.

The company is working hard so that our customers and our employees flourish, our communities and environment stay vibrant and our shareholders are rewarded for their support. The achievements during the year are many and I would particularly like to thank our Workspace employees for delivering another strong performance.

The Board and I believe that we are clear on our objectives, have the right strategy and team in place to achieve them and, as a result, are ideally positioned to take advantage of the strength of the London economy. The businesses we host are critical in driving the UK's growth and by serving them with focus and energy we are confident that we will maintain our strong business momentum.

CHIEF EXECUTIVE OFFICER'S STRATEGIC REVIEW

New and growing companies are the engine of growth for the whole country. Our strategy of focusing our resources on supporting these companies continued to pay off and this, coupled with the quality and location of the assets we own, has helped us to report like-for-like growth of 9% in our rent roll and an 8% uplift to the capital value of our portfolio.

Overlaid on our deep understanding of London commercial real estate is a detailed appreciation of the essential attributes of support that help our customers' businesses be successful; from the right technology and services, to flexibility of environment, these fast-moving companies need more than just space. We are alive to that and last year we developed our customer relationships and grew the number of new lettings by understanding and meeting this need.

All of this was achieved by remaining true to the four long-term strategic priorities that underpin everything we do.

WE OWN THE RIGHT PROPERTIES THAT ARE TAILORED TO MEET OUR CUSTOMERS' NEEDS AND WE INTENSIVELY MANAGE THEM TO DRIVE OCCUPANCY AND RENTS.

This year saw us drive forward a number of new projects across our portfolio from full building refurbishments and extensions through to new floors and the modernisation of reception areas. At all times we keep as many existing customers in situ as possible while working on the buildings. Many of those customers who do have to move out are keen to return once the projects are complete or we attempt to offer them an alternative solution within our extensive portfolio.

More broadly, everyone in our business from our central marketing and lettings teams through to our staff on site are motivated to increase occupancy and rent wherever possible across our portfolio.

WE MAXIMISE THE VALUE OF OUR LONDON-BASED PROPERTY PORTFOLIO AND ITS WIDER OPPORTUNITIES FOR REPOSITIONING AND REDEVELOPING.

Planning consents progressed strongly resulting in short term capital gains as well as longer term income growth potential. Grand Union, Kensington, was a good example where we obtained planning permission for 145 residential units alongside a brand new tailor-made business centre on an existing industrial site. We will start to market this business centre to customers upon completion at the beginning of 2015.

Reflecting our focused portfolio management approach, we also made some disposals, removing properties which were no longer aligned to our strategic objectives.

WE UNDERSTAND OUR CUSTOMERS AND ENHANCE OUR BRAND BY RESPONDING TO THEIR NEEDS.

A true differentiator for Workspace is the way in which we interact directly with our customers all of the time - we don't rely on agents or intermediaries - and this allows us to work in true partnership with them and have a stronger understanding of where future demand lies. This has helped us as, amongst other things, we rollout more of our co-working Club Workspace sites and continue to develop our digital platform, where already we are receiving almost 40,000 visits a month to our website.

WE WORK SUSTAINABLY AS PART OF EVERYDAY BUSINESS FOR US, OUR CUSTOMERS AND OUR PARTNERS.

Promoting entrepreneurship and lowering carbon footprints are no longer mutually exclusive goals as more and more business is transacted digitally and we work hard to ensure we remain at the forefront in environmental and sustainability practice. Elsewhere, working alongside London's Mayor in our InspiresMe programme to encourage today's school children to aspire to be tomorrow's entrepreneur was one example of the depth of our involvement in the local community.

We also know how important it is that our employees feel fully engaged in what we are doing so this year we launched a Share Incentive Plan to help them benefit from the future success of the company. This culture of ownership is creating an even stronger focus on the link between us, our properties and our customers.

As our understanding of our customers deepens and our engagement with them broadens, it is clear that demand is evolving into what we see as the next generation of work space. Customers are relying increasingly on digital platforms and scalability, but in addition they also value the creative interaction that comes with being part of physical business communities. Listening to them, we are putting in place superior telecoms infrastructure and services on the same flexible terms as our leases. We are also facilitating access to cloud computing, we are bringing customers together at organised events that result in networking and inter-trading and we are broadening our footprint for the smaller entrepreneurs with Club Workspace.

These and other new initiatives are establishing us as an essential partner to our customers, enabling their businesses to grow faster and, in turn, positioning us as the leading provider of space, environment and communities tailored to the needs of these new and growing companies.

Looking forward, I see our target customer base continuing to grow. Whether they are labelled "new and growing companies", the "TMT" sector or "SMEs", we do all we can to position ourselves as the landlord of choice for this tenant type. We have an experienced and talented team at Workspace and a very clear and focused strategy for growth. Our assets are of quality and character, relevant to the modern needs of today and extremely well positioned to benefit from the increasing migration of occupiers across London.

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 3% on the prior year to an average of 1,037 per month, and new lettings running at an average of 84 per month (2012: 82 per month). Good levels of enquiries and lettings have continued into the first quarter of the current financial year.

	Quarter Ended			
Average number per month	March 2013	Dec 2012	Sept 2012	June 2012
Enquiries	1,107	964	1,026	1,050
Lettings	104	79	70	84

The like-for-like property portfolio, which excludes properties impacted by refurbishment or redevelopment, has seen both occupancy and rents improve strongly over the year reflecting the consistent high level of customer demand. Occupancy improved by 2.1% to 89.8% and rent per square foot is up by 6.6%. This has produced a strong growth in like-for-like rent roll of 9.1% (2012: 4.7%).

Like-for-Like properties	**31 March 2013**	30 September 2012	31 March 2012
Number	**68**	68	68
Occupancy	**89.8%**	89.0%	87.7%
Rent roll	**£45.5m**	£43.1m	£41.7m
Rent per sq. ft.	**£13.75**	£13.12	£12.90

Overall occupancy is 87.0% at March 2013 (March 2012: 85.3%) and cash rent roll has increased to £52.7m (March 2012: £50.2m). The strong growth in like-for-like rent roll has been off-set by the net loss of income at properties where we are undertaking refurbishment and redevelopment activity and property disposals made during the year:

£m	
Rent Roll at 31 March 2012	50.2
Like-for- like rent roll growth	3.8
Rent reduction on redevelopment and refurbishment underway	(0.9)
Increase in rent from newly refurbished space	0.6
Rent roll on property disposals	(1.0)
Rent Roll at 31 March 2013	52.7

The contracted rent roll is £2.3m higher than the cash rent roll at £55.0m at March 2013. This relates primarily to stepped rent increases and rent free periods, with around 75% expected to convert to cash rent roll in the next year.

PROFIT BEFORE TAX

£m	**31 March 2013**	31 March 2012
Net rental income – underlying	**46.5**	43.7
Net rental income – disposals	**0.6**	1.1
Joint venture income	**1.1**	0.5
Administrative expenses	**(11.0)**	(10.2)
Net finance costs	**(19.3)**	(19.1)
Trading Profit after Interest	**17.9**	16.0
Change in fair value of investment properties	**59.0**	35.6
Other Items	**(0.5)**	(3.1)
Profit before Tax	**76.4**	48.5
EPRA earning per share	**12.2p**	11.9p

The improving levels of occupancy and pricing have translated into a good growth in income with underlying net rental income up 6% (£2.8m) in the year to £46.5m. The growth in net rental income at like-for-like properties of 9% (£3.4m) and new income from completed refurbishments of £0.3m is offset by income reduction of £0.9m at properties currently being refurbished and redeveloped.

Joint venture (JV) income represents our 20.1% share of net rental income from the properties in the BlackRock Workspace JV. Income has grown as properties have been acquired by the JV with the initial investment phase completed in October 2012. The portfolio comprised of 16 properties with a rent roll of £7.0m at March 2013.

Administrative expenses have increased by 8% (£0.8m) in the year. Long term incentive plan costs have increased by £0.8m as a result of the improved share price performance alongside a £0.2m increase in salary and bonus costs offset by net savings of £0.2m in other cost categories.

Net finance costs increased by £0.2m with net debt increasing by £14m to £328m over the year as a result of increased capital expenditure but the weighted average interest cost fell by 0.1% to 5.0% (2012: 5.1%).

Trading profit after interest is up 12% in the year to £17.9m reflecting the strong growth in rental income.

Profit before tax is up 58% to £76.4m with the improved trading performance supplemented by an underlying increase of 8% (£59.0m) in the property valuation.

EPRA earnings per share has increased by 3% to 12.2p, lagging the growth in trading profit following the Rights Issue which was completed in July 2011.

DIVIDEND

The Board has proposed a final dividend of 6.45 pence per share, (2012: 5.86 pence) which will be paid on 2 August 2013 to shareholders on the register at 12 July 2013. This dividend will be paid as a normal dividend (non-PID). The total dividend for the year is 9.67p, a 10% increase on the prior year, which is covered 1.26 times by EPRA earnings per share.

PROPERTY VALUATION

At 31 March 2013 the wholly owned portfolio was independently valued by CBRE at £830m, an underlying increase of 8% (£59m) in the year. The main elements of the increase in the valuation over the year are set out below:

	£m
Valuation at 31 March 2012	760
Property Disposals	(15)
Capital expenditure	30
Revaluation surpluses:	
6 Months to September 2012	18
6 Months to March 2013	41
Capital Receipts	(4)
Valuation at 31 March 2013	**830**

A more detailed analysis of our properties at 31 March 2013 is set out below.

	Core			**Other**
	Like-for-Like	**Refurbishment**	**Redevelopment**	**Like-for-Like**
No of properties	47	8	10	21
Valuation	£509m	£110m	£155m	£56m
Revaluation surplus	£36m	£4m	£20m	(£1m)
Rent roll yield	7.8%	4.4%	2.5%	7.6%

Workspace delivered a total property return over the year of 13.8%, well ahead of the IPD Universe (Quarterly) at 3.2%. This strong performance came from

- a £36m uplift in value at the core like-for-like properties from driving increases in occupancy and rent roll (which is up 10% in the year) with no benefit from movement in valuation yield, offset by a marginal fall of £1m in the value of other like-for-like properties; and

- a £24m uplift in value from our refurbishment and redevelopment activity, mainly in the second half of the year. There was a £6m increase at each of Grand Union Centre, W10 and Bow Enterprise Park, E3 following the signing of development agreements in October 2012. There was also an £8m increase at Tower Bridge Business Complex, SE16 ahead of achieving planning consent at this site (subsequently achieved in May 2013) with a further uplift in valuation expected in the current financial year.

The Other property category represents generally good quality but small properties, primarily industrial estates, where the opportunity for Workspace to add premium operational or brand value is limited.

During the year we realised £13m from the disposal of six non core properties at a loss of £2m compared to book value at March 2012. A further three properties are currently under offer for £8m in line with their book values at March 2013.

The net initial and equivalent yields of our portfolio as reported by CBRE are set out below:

	Net initial yield		Equivalent yield	
At 31 March	**2013**	**2012**	**2013**	**2012**
Like-for-Like Properties	7.3%	7.2%	8.1%	8.3%
Refurbishment/Redevelopment	5.3%	6.6%	8.1%	8.9%
Total	6.9%	7.1%	8.1%	8.4%

The total net initial yield is impacted by the declining yield at refurbishment and redevelopment properties where we are running down income. The like-for-like (investment) net initial yield has softened marginally to 7.3%.

Total Estimated Rental Value (ERV) of the overall portfolio at March 2013 is £67.4m (March 2012: £65.4m). The ERV of the like-for-like portfolio is £51.3m up 4.0% in the year (March 2012: £49.3m). Capital value per sq. ft. is £177 up from £152 at March 2012.

REFURBISHMENT ACTIVITY

During the year we completed four refurbishments:

- 49,000 sq. ft. refurbishment and two storey roof extension at Canalot Studios (cost: £5m)
- 7,000 sq.ft. side extension at Whitechapel (cost: £2m)
- 9,000 sq.ft. roof extension to Chester House at Kennington Park (cost: £2m)
- 27,000 sq.ft. of new industrial buildings at Leyton, E10 (cost: £3m)

We have seen good progress with the letting up of the space at these schemes at pricing levels ahead of our expectations when these projects were approved. The rent roll at these four properties at 31 March 2013 was £0.7m. We would expect to achieve an uplift in rent roll of £1.2m to £1.9m at current estimated rents once these schemes reach 90% occupancy.

Refurbishment is underway at a further four properties:

	Estimated Cost	Expected Completion	Upgraded Area (sq. ft.)	New Area (sq. ft.)
Westminster (Phase I), SE11	£2m	H1 2013	6,000	5,000
Exmouth House, EC1	£4m	H1 2013	52,000	5,000
The Pill Box, E2	£9m	H1 2014	-	42,000
Metal Box Factory, SE1	£15m	H2 2014	82,000	20,000

These properties were valued at £49m at March 2013 with rent roll of £1.9m. £11m of the total estimated capital expenditure of £30m has been incurred on these projects to date. We expect to achieve an uplift in rent roll of £3.3m to £5.2m, at current estimated rents, once these schemes are completed and have reached 90% occupancy.

REDEVELOPMENT ACTIVITY

Many of 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. We obtain mixed use planning consent and then agree terms with a residential developer to undertake the construction at no cost to Workspace. We generally receive back new commercial space together with a combination of cash and overage in return for the sale of the residential component to the developer.

In October 2012 we announced that we had exchanged contracts for the redevelopment of Grand Union, W10 and the first phase of Bow Enterprise, E3:

- At Grand Union we will receive back on completion of the redevelopment a new 60,000 sq.ft. business centre together with £5.9m of cash that will be paid over the development period together with overage on the private residential component.

- At Bow Enterprise we received £11.5m of cash in April 2013 having achieved vacant possession of the site in 6 months, and on completion of the redevelopment we will receive 15,000 sq. ft. of new industrial space and overage on the private residential component.

We have now signed development agreements for four redevelopment schemes for a total of 693 residential units as detailed below:

	Developer	Expected Completion	Residential Units	Commercial Area (sq. ft.)	Cash	Other
Wandsworth, SW18	Mount Anvil	H2 2014	209	53,000	-	Overage
ScreenWorks, N5	Taylor Wimpey	H1 2014	72	61,000	£5m	Overage
Grand Union, W10	Taylor Wimpey	H1 2015	145	60,000	£6m	Overage
Bow (Phase 1), E3	Peabody	H2 2015	267	15,000	£11m	Overage

On these four schemes Workspace will receive a total of 189,000 sq. ft. of new business space, cash of £22m and overage on the residential component of the schemes. These properties were valued at £73m at March 2013 with rent roll of £0.3m which will fall to zero during redevelopment. At current estimated rents and 90% occupancy we would expect the new business space to deliver £3.8m of rent roll.

In May 2013 we received planning consent for a further two mixed use redevelopments:

- At Tower Bridge Business Complex, SE16 we secured planning on the northern part of this large 12 acre site for 800 residential units and 60,000 sq.ft. of new business space.

- At Faircharm Estate, SE8 we secured planning for 148 residential units and 52,000 sq.ft. of new business space.

These two properties, together with Bow (Phase 2), E3 where we have already obtained planning consent for 290 residential units and 30,000 sq.ft. of business space were valued at £43m at 31 March 2013 with rent roll of £1.8m.

CASHFLOW AND FINANCING

Our customer payment profile and cash collection statistics are strong with bad debts in the year of £0.3m (2012: £0.4m). Net debt has increased by £14m to £328m over the year due to an acceleration in capital expenditure on refurbishment projects. A summary of the movements in cashflow are set out below:

	£m
Net cash from operations	22
Dividends paid	(13)
Capital expenditure	(29)
Property disposals/capital receipts	17
Investment in joint ventures	(8)
Retail bond issue	58
Net repayment of bank borrowings	(58)
Other	(3)
Net movement in year	(14)
Net debt at 31 March 2012	(314)
Net debt at 31 March 2013	(328)

At 31 March 2013 the Group had £383m of committed facilities with an average period to maturity of 2.9 years and the earliest maturity in June 2015. Details are set out below:

	Committed Facilities	**Drawn Amount**	**Maturity**
RBS/HSBC Club (secured)	£125m	£80m	Jun 2015
Bayern Club (secured)	£200m	£200m	Jun 2015
Retail Bond (unsecured)	£58m	£58m	Oct 2019
Total	£383m	£338m	

At 31 March 2013 there were £45m of available facilities and £10m in cash deposits. Overall loan to value was 40% with good headroom on all of bank and bond covenants.

Our interest rate hedging is structured to maintain a stable interest rate over the medium term. At 31 March we had £210m of fixed rate hedges at 2.9% out to June 2015, alongside the fixed 6% Retail Bond out to October 2019. The weighted average interest rate on debt in the year was 5.0% (2012: 5.1%).

During the year we have focused on diversifying our funding, extending the maturity profile and moving progressively to an unsecured basis to provide operational flexibility.

In October 2012 we raised £57.5m from an unsecured Retail Bond issue with a 6.0% coupon and a maturity date of October 2019. The proceeds were used to repay secured bank borrowings.

On 11 June 2013 we announced the refinancing of the Group's remaining bank facilities through a combination of:

- the issue of £157.5m of unsecured private placement notes, £148.5m with a 10 year maturity and £9m with a 7 year maturity;
- unsecured debt of £45m provided by a UK Fund with a 9/10 year maturity; and
- £150m of unsecured 5 year bank debt provided by our core relationship banks, comprising RBS, HSBC and Santander.

With effect from 1 July 2013 these new unsecured facilities will replace the existing secured bank facilities. Details on a proforma basis of the Group's facilities from 1 July 2013 are set out below:

	Facility	**Maturity**
Private Placement notes	£148.5m	June 2023
UK Fund	£45m	June 2022/23
Private Placement notes	£9m	June 2020
Retail Bond	£57.5m	October 2019
Bank debt	£150m	June 2018
Total	£410m	

The refinance extends the weighted average maturity of our debt at 31 March 2013 from 2.9 years to 7.8 years. Following the refinance we expect the weighted average interest rate on our debt (based on the drawn debt at 31 March 2013) to be around 5.4%. It will be necessary to amend/cancel existing interest rate hedges at an estimated cost of around £10m.

EPRA NET ASSET VALUE PER SHARE

EPRA net asset value per share at 31 March 2013 was £3.48 (2012: £3.08), an increase of 13% in the year with the main movements in net asset value per share highlighted below:

EPRA NAV per share	**£**
At 31 March 2012	3.08
Property valuation surplus	0.40
Trading profit after interest	0.12
Dividends paid in year	(0.09)
Other	(0.03)
At 31 March 2013	**3.48**

BLACKROCK WORKSPACE PROPERTY TRUST (BLACKROCK JV)

We have a 20.1% interest in BlackRock JV for which we also act as property manager receiving management and performance fees. It was initially seeded with eight properties sold by Workspace to the JV in February 2011 for £35m. The fund has acquired a further eight properties to complete the initial investment phase (allowing for the future capital expenditure). As at 31 March 2013 the valuation of these properties stood at £96m, with an underlying increase in the valuation of 5% (£3m) in the year.

Subsequent to the year end, Cam Road, Stratford was sold for £7.6m, a £0.6m surplus to its book value at March 2013. It is intended to reinvest the proceeds in further property acquisitions.

PRINCIPAL RISKS

Risk management is an integral part of the 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. Details of the principal strategic risks and the mitigating activities in place to reduce these risks are set out below.

Risk	Change from last year	Mitigating activity
Financing Reduced availability and cost of bank financing results in inability to meet business plans or satisfy liabilities.	Reduced	• 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.
Property Valuation Value of our properties declining as a result of macroeconomic environment, external market, or internal management factors.	No Change	• 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.
Occupancy Demand by businesses for space declining as a result of social, economic or competitive factors.	No Change	• Weekly monitoring of occupancy levels, demand, pricing and reasons for customers vacating at each property. • 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.
London Changes in the political, infrastructure and environmental dynamics of London lead to reduced demand for space from businesses.	No Change	• Regular monitoring of the London economy, research reports and the commissioning of relevant research. • Regular meetings with the GLA and London Boroughs.

Development Impact to underlying income and capital performance due to adverse planning rulings, construction cost and timing overrun or lack of demand for developments.	No Change	• 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.

KEY PROPERTY STATISTICS

	Quarter ended 31 March 2013	Quarter ended 31 December 2012	Quarter ended 30 September 2012	Quarter ended 30 June 2012	Quarter ended 31 March 2012
Workspace Group Portfolio					
Property valuation	**£830m**	£799m	£781m	£773m	£760m
Number of estates	**86**	90	90	91	92
Lettable floorspace (million sq. ft.)†	**4.7**	4.8	4.8	4.9	5.0
Number of lettable units	**4,626**	4,607	4,639	4,643	4,668
ERV	**£67.4m**	£66.7m	£65.3m	£65.1m	£65.4m
Cash rent roll of occupied units	**£52.7m**	£51.0m	£50.5m	£50.5m	£50.2m
Average rent per sq. ft.	**£12.98**	£12.33	£12.30	£12.02	£11.79
Overall occupancy	**87.0%**	87.0%	84.6%	85.5%	85.3%
Like-for-like lettable floor space (million sq. ft.)†	**3.7**	3.7	3.7	3.7	3.7
Like-for-like cash rent roll	**£45.5m**	£43.8m	£43.1m	£42.6m	£41.7m
Like-for-like average rent per sq. ft.	**£13.75**	£13.22	£13.12	£13.02	£12.90
Like-for-like occupancy	**89.8%**	89.9%	89.0%	88.6%	87.7%

BlackRock Workspace Property Trust					
Property Valuation	**£96m**	£94m	£77m	£69m	£62m
Number of estates	**16**	16	13	12	11
Lettable floorspace (million sq. ft.)†	**0.5**	0.5	0.5	0.5	0.4
ERV	**£8.4m**	£8.4m	£6.9m	£6.2m	£5.5m
Cash rent roll of occupied units	**£7.0m**	£7.0m	£5.3m	£4.7m	£4.7m
Average rent per sq. ft.	**£14.20**	£14.47	£13.07	£11.36	£11.82
Overall occupancy	**90.4%**	88.4%	89.3%	88.5%	89.8%

† Excludes storage space

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH

	Notes	**2013 £m**	2012 £m
Revenue	1	**69.5**	67.3
Direct costs	1	**(22.4)**	(22.5)
Net rental income	1	**47.1**	44.8
Administrative expenses	2	**(11.0)**	(10.2)
		36.1	34.6
(Loss)/profit on disposal of investment properties	3	**(2.2)**	0.9
Loss on disposal of property, plant and equipment		**-**	(0.1)
Change in fair value of investment properties	10	**59.0**	35.6
Operating profit	2	**92.9**	71.0
Finance income	4	**0.2**	0.2
Finance costs	4	**(19.5)**	(19.3)
Change in fair value of derivative financial instruments	4	**1.1**	(4.6)
Gains from share in joint ventures	12	**1.7**	1.2
Profit before tax		**76.4**	48.5
Taxation	6	**-**	0.5
Profit for the year after tax and attributable to owners of the parent		**76.4**	49.0
Basic earnings per share (pence)	8	**53.3p**	36.3p
Diluted earnings per share (pence)	8	**52.1p**	35.5p
EPRA earnings per share (pence)	8	**12.2p**	11.9p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH

	2013 £m	2012 £m
Profit for the financial year	**76.4**	49.0
Total comprehensive income attributable to owners of the parent	**76.4**	49.0

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH

	Notes	**2013 £m**	2012 £m
Non-current assets			
Investment properties	10	**825.9**	759.3
Intangible assets		**0.5**	0.3
Property, plant and equipment	11	**1.7**	1.1
Investment in joint ventures	12	**20.7**	12.3
Trade and other receivables	13	**6.1**	4.6
		854.9	777.6
Current assets			
Trade and other receivables	13	**13.0**	10.6
Cash and cash equivalents	14	**11.8**	26.5
Corporation tax asset		**0.8**	0.6
		25.6	37.7
Current liabilities			
Derivative financial instruments	16(d) & (e)	**(11.1)**	(14.2)
Trade and other payables	15	**(31.3)**	(27.5)
		(42.4)	(41.7)
Net current liabilities		**(16.8)**	(4.0)
Non-current liabilities			
Borrowings	16(a)	**(337.7)**	(337.3)
Other non-current liabilities	19	**-**	(0.9)
		(337.7)	(338.2)
Net assets		**500.4**	435.4
Shareholders' equity			
Ordinary shares	20	**144.9**	144.1
Share premium		**58.8**	59.2
Investment in own shares	22	**(8.9)**	(8.7)
Other reserves	21	**15.3**	13.9
Retained earnings		**290.3**	226.9
Total shareholders' equity		**500.4**	435.4
EPRA net asset value per share	9	**£3.48**	£3.08

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		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 £m
Balance at 1 April 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
Own shares purchase	22	–	–	(0.7)	–	–	(0.7)
Dividends paid	7	–	–	–	–	(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
Profit for the year		–	–	–	–	76.4	76.4
Total comprehensive income		–	–	–	–	76.4	76.4
Transactions with owners:							
Share issues	20	0.8	(0.4)	–	–	–	0.4
Own shares purchase	22	–	–	(0.2)	–	–	(0.2)
Dividends paid	7	–	–	–	–	(13.0)	(13.0)
Share based payments		–	–	–	1.4	–	1.4
Balance at 31 March 2013		144.9	58.8	(8.9)	15.3	290.3	500.4

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH

	Notes	**2013 £m**	2012 £m
Cash flows from operating activities			
Cash generated from operations	17	**38.6**	35.8
Interest received		**0.3**	0.1
Interest paid		**(16.6)**	(18.5)
Tax paid		**(0.2)**	(0.1)
Net cash inflow from operating activities		**22.1**	17.3
Cash flows from investing activities			
Capital expenditure on investment properties		**(27.3)**	(18.3)
Proceeds from disposal of investment properties (net of sale costs)		**16.7**	8.8
Purchase of intangible assets		**(0.3)**	(0.1)
Purchase of property, plant and equipment		**(1.0)**	(0.7)
Proceeds from disposal of property, plant and equipment (net of sale costs)		**-**	3.8
Investment in joint ventures	12	**(7.7)**	(4.8)
Movement in short-term funding balances with joint ventures		**-**	(0.1)
Distributions received from joint ventures	12	**0.9**	0.4
Net cash outflow from investing activities		**(18.7)**	(11.0)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**0.4**	66.3
Fees paid on share issue		**-**	(3.3)
Finance costs for new/amended borrowing facilities	18	**(1.1)**	(2.2)
Settlement and re-couponing of derivative financial instruments		**(2.1)**	(1.3)
Repayment of bank borrowings		**(68.0)**	(25.5)
Drawdown of bank borrowings		**10.0**	-
Retail bond issue	18	**57.5**	-
Payment of priority fee		**(0.9)**	-
Outflow on bank facility rental income accounts		**(0.7)**	(1.7)
Own shares purchase		**(0.2)**	(0.7)
Dividends paid	7	**(13.0)**	(10.5)
Net cash (outflow)/inflow from financing activities		**(18.1)**	21.1
Net (decrease)/increase in cash and cash equivalents		**(14.7)**	27.4
Cash and cash equivalents at start of year	17	**26.5**	(0.9)

Cash and cash equivalents at end of year	17	**11.8**	26.5

NOTES TO THE FINANCIAL STATEMENTS

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 2013 and 31 March 2012.

Full Financial Statements for the year ended 31 March 2012 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 2012, with exception of the following which have had no effect on the financial statements: amendment to IFRS7 (Financial instruments: disclosures on transfers of financial assets).

Financial Statements for the year ended 31 March 2013 were approved by the Board of Directors on 11 June 2013 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

	2013			2012		
	Revenue £m	**Direct costs £m**	**Net rental income £m**	Revenue £m	Direct costs £m	Net rental income £m
Rental income	**51.4**	**(0.2)**	**51.2**	50.2	(0.1)	50.1
Service charges	**14.1**	**(16.0)**	**(1.9)**	13.7	(16.2)	(2.5)
Empty rates and other non recoverables	**0.4**	**(3.4)**	**(3.0)**	0.6	(4.1)	(3.5)
Services, fees, commissions and sundry income	**3.6**	**(2.8)**	**0.8**	2.8	(2.1)	0.7
	69.5	**(22.4)**	**47.1**	67.3	(22.5)	44.8

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:

	2013 £m	2012 £m
Depreciation[1,2]	**0.4**	0.4
Staff costs (including share based costs)[1,2]	**11.9**	10.7
Repairs and maintenance expenditure on investment properties[1]	**3.3**	3.2
Trade receivables impairment	**0.3**	0.4
Amortisation of intangibles[2]	**0.1**	0.1
Operating lease rentals payable[1]	**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:	2013 £m	2012 £m
Staff costs	**6.0**	5.8
Cash settled share based costs	**0.4**	0.2
Equity settled share based costs	**1.4**	0.8
Other	**3.2**	3.4
	11.0	10.2

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

	2013 £m	2012 £m
Proceeds from sale of investment properties (net of sale costs)	**19.6**	8.8
Book value at time of sale	**(21.7)**	(7.6)
	(2.1)	1.2
Unrealised profit on sale of properties to joint ventures	**(0.1)**	–
Revaluation of deferred consideration	**–**	(0.3)
Pre-tax (loss)/profit on sale	**(2.2)**	0.9

£6.2m (2012: £nil) of the proceeds for the year were in the form of deferred consideration of which £2.9m is outstanding at 31 March 2013 and is included in the Consolidated Balance Sheet under non-current and current trade and other receivables.

4. FINANCE INCOME AND COSTS

	2013 £m	2012 £m
Interest income on bank deposits	**0.2**	0.2
Finance income	**0.2**	0.2
Interest payable on bank loans and overdrafts	**(17.9)**	(18.3)
Amortisation of issue costs of bank loans	**(2.0)**	(1.2)
Interest payable on finance leases	**(0.2)**	(0.2)
Capitalised interest on property refurbishments	**0.6**	0.4
Finance costs	**(19.5)**	(19.3)
Change in fair value of financial instruments through the income statement	**1.1**	(4.6)
Net finance costs	**(18.2)**	(23.7)

5. EMPLOYEES AND DIRECTORS

Staff costs for the Group during the year were:	**2013 £m**	2012 £m
Wages and salaries	**8.6**	8.3
Social security costs	**1.0**	1.0
Defined contribution pension plan costs	**0.5**	0.4
Cash settled share based costs	**0.4**	0.2
Equity settled share based costs	**1.4**	0.8
	11.9	10.7

The monthly average number of people (including Executive Directors) employed during the year was:	**2013 Number**	2012 Number
Executive Directors	**2**	2
Head office staff	**68**	66
Estates and property management staff	**100**	96
	170	164

6. TAXATION

	2013 £m	2012 £m
Current tax:		
UK corporation tax	**(0.2)**	(0.5)
Adjustments to tax in respect of previous periods	**0.2**	–
Total taxation charge/(credit)	**-**	(0.5)

The tax on the Group's profit for the period differs from the standard applicable corporation tax rate in the UK (24%). The differences are explained below:

	2013 £m	2012 £m
Profit on ordinary activities before taxation	**76.4**	48.5
Adjust gains from share in joint ventures	**(1.7)**	(1.2)
	74.7	47.3
Tax at standard rate of corporation tax in the UK of 24% (2012: 26%)	**17.9**	12.3
Effects of:		
REIT exempt income	**(2.8)**	(3.8)
Changes in fair value not subject to tax as a REIT	**(14.4)**	(8.0)
Chargeable gains adjustments	**-**	0.8
Share scheme adjustments	**(0.1)**	0.2
Contaminated land relief	**(0.3)**	(0.5)
Adjustments to tax in respect of previous periods	**0.2**	–
Losses brought forward	**(0.5)**	(1.5)
Total taxation charge/(credit)	**-**	(0.5)

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 £4.2m (2012: £4.4m) of tax losses carried forward calculated at a corporation tax rate of 23% (2012: 24%) which is the rate substantively enacted at the Balance Sheet date. These have not been recognised as an asset as they are unlikely to be utilised in the foreseeable future. Further reductions, already announced, in the main rate of corporation tax to 21% by 1 April 2014 and 20% by 1 April 2015 are expected to be enacted in the future. If the 20% rate had been applied to tax losses at the Balance Sheet date it would have reduced losses by £0.5m.

7. DIVIDENDS

Ordinary dividends paid	Payment date	Per share	**2013 £m**	2012 £m
For the year ended 31 March 2011:				
Final dividend	August 2011	5.33p	**-**	6.3
For the year ended 31 March 2012:				
Interim dividend	February 2012	2.93p	**-**	4.2
Final dividend	August 2012	5.86p	**8.4**	-
For the year ended 31 March 2013:				
Interim dividend	February 2013	3.22p	**4.6**	-
Dividends for the year			**13.0**	10.5

In addition the Directors are proposing a final dividend in respect of the financial year ended 31 March 2013 of 6.45p per ordinary share which will absorb an estimated £9.3m of revenue reserves and cash. If approved by the shareholders at the AGM, it will be paid on 2 August 2013 to shareholders who are on the register of members on 12 July 2013. The dividend will be paid as a normal distribution (non – PID).

8. EARNINGS PER SHARE

Earnings used for calculation of earnings per share:	2013 £m	2012 £m
Basic and diluted earnings	**76.4**	49.0
Change in fair value of investment property	**(59.0)**	(35.6)
Loss/(profit) on disposal of investment properties	**2.2**	(0.9)
Loss on disposal of property, plant and equipment	**-**	0.1
Movement in fair value of derivative financial instruments	**(1.1)**	4.6
Group's share of EPRA adjustments of joint ventures	**(0.6)**	(0.7)
EPRA adjusted earnings	**17.9**	16.5

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).

Number of shares used for calculating earnings per share:	2013 Number	2012 Number
Weighted average number of shares (excluding own shares held in trust)	**143,404,929**	134,902,483
Dilution due to share option schemes	**3,351,045**	3,183,215
Weighted average number of shares for diluted earnings per share	**146,755,974**	138,085,698

In pence:	2013	2012
Basic earnings per share	**53.3p**	36.3p
Diluted earnings per share	**52.1p**	35.5p
EPRA earnings per share	**12.2p**	11.9p

9. NET ASSETS PER SHARE

Net assets used for calculating net assets per share:	2013 £m	2012 £m
Net assets at end of year (basic)	**500.4**	435.4
Derivative financial instruments at fair value	**11.1**	14.2
EPRA net assets	**511.5**	449.6

Number of shares used for calculating net assets per share:	2013 Number	2012 Number
Shares in issue at year-end	**144,936,155**	144,091,418
Less own shares held in trust at year-end	**(1,270,602)**	(1,218,802)
Number of shares for calculating basic net assets per share	**143,665,553**	142,872,616
Dilution due to share option schemes	**3,448,522**	3,304,176
Number of shares for calculating diluted adjusted net assets per share	**147,114,075**	146,176,792

	2013	2012

EPRA net assets per share	**£3.48**	£3.08

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.

10. INVESTMENT PROPERTIES

	2013 £m	2012 £m
Balance at 1 April	**759.3**	713.4
Capital expenditure	**28.7**	17.5
Capitalised interest on refurbishments (note 4)	**0.6**	0.4
Disposals during the year	**(21.7)**	(7.6)
Change in fair value of investment properties	**59.0**	35.6
Balance at 31 March	**825.9**	759.3

Capitalised interest is included at a rate of capitalisation of 5.0% (2012: 5.2%). The total amount of capitalised interest included in investment properties is £4.2m (2012: £3.6m).

Investment property includes buildings under finance leases of which the carrying amount is £3.5m (2012: £3.5m). Investment property finance lease commitment details are shown in note 16(f).

VALUATION
The Group's investment properties were revalued at 31 March 2013 by the external valuer, CBRE Limited, a firm of independent qualified valuers. The valuation is on the basis of market value, by reference to recent market evidence of transactions for similar properties and is 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:

	2013 £m	2012 £m
Total per CBRE valuation report	**829.9**	760.4
Deferred consideration on sale of property (note 13)	**(7.5)**	(4.6)
Head leases treated as finance leases under IAS 17	**3.5**	3.5
Total investment properties per balance sheet	**825.9**	759.3

11. PROPERTY, PLANT AND EQUIPMENT

	Owner occupied land £m	Owner occupied buildings £m	Equipment and fixtures £m	Total £m
Cost or valuation				
Balance at 1 April 2011	2.9	1.0	4.5	8.4
Additions during the year	–	–	0.9	0.9
Disposals during the year	(2.9)	(1.0)	(0.1)	(4.0)
Balance at 31 March 2012	–	–	5.3	5.3
Additions during the year	–	–	1.0	1.0

Balance at 31 March 2013	**–**	**–**	**6.3**	**6.3**

Accumulated depreciation				
Balance at 1 April 2011	–	–	3.8	3.8
Charge for the year	–	–	0.4	0.4
Balance at 31 March 2012	–	–	4.2	4.2
Charge for the year	–	–	0.4	0.4
Balance at 31 March 2013	**–**	**–**	**4.6**	**4.6**
Net book amount at 31 March 2013	**–**	**–**	**1.7**	**1.7**
Net book amount at 31 March 2012	–	–	1.1	1.1

12. JOINT VENTURES

The Group's investment in joint ventures represents:

	31 March 2013 £m	**31 March 2012 £m**
Balance at 1 April	**12.3**	6.7
Cash investment	**7.7**	4.8
Unrealised surplus on sale of properties to joint venture	**(0.1)**	–
Share of gains	**1.7**	1.2
Distributions received	**(0.9)**	(0.4)
Balance at 31 March	**20.7**	12.3

The Group has the following joint ventures:

	Partner	**Established**	**Ownership**
BlackRock Workspace Property Trust	BlackRock UK Property Fund	February 2011	20.1%
Enterprise House Investments LLP	Polar Properties Ltd	April 2012	50%

BlackRock Workspace Property Trust is a Jersey property unit trust whose aim is to build a £100m fund of office and industrial property in and around London. The Group holds a 20.1% interest but is property manager with significant delegated powers including responsibility for asset management and recommending acquisitions and disposals. As a result there is shared control and so the joint venture has been equity accounted in the consolidated financial statements.

Enterprise House Investments LLP has been established to obtain mixed use planning consent and redevelop Enterprise House, Hayes, UB3 for new residential and commercial space. The Group sold this property to the joint venture in April 2012.

The Group’s share of the joint ventures assets and liabilities is shown below:

	31 March 2013 £m	31 March 2012 £m
Investment properties	**20.8**	12.4
Current assets	**1.2**	0.7
Current liabilities	**(0.8)**	(0.4)
Net assets	**21.2**	12.7
Unrealised surplus on sale of properties to joint venture	**(0.5)**	(0.4)
Investment in joint venture	**20.7**	12.3

The Group’s share of the joint ventures revenues and expenses is shown below:

	Year ended 31 March 2013 £m	Year ended 31 March 2012 £m
Revenue	**1.7**	0.9
Direct costs	**(0.5)**	(0.3)
Net rental income	**1.2**	0.6
Administrative expenses	**(0.1)**	(0.1)
Change in fair value of investment properties	**0.6**	0.7
Profit before tax	**1.7**	1.2
Taxation	**–**	–
Profit after tax	**1.7**	1.2

13. TRADE AND OTHER RECEIVABLES

Non-current trade and other receivables	**2013 £m**	2012 £m
Deferred consideration on sale of investment property	**6.1**	4.6

The non-current receivable relates to deferred consideration arising on the sale of investment properties. The value of this receivable has been fair valued by CBRE Limited on the basis of market value as at 31 March 2013, using appropriate discount rates, and will be revalued on a regular basis. The change in value is charged/credited to the operating profit in the income statement.

Current trade and other receivables	**2013 £m**	2012 £m
Trade receivables	**2.5**	2.5
Less provision for impairment of receivables	**(0.4)**	(0.6)
Trade receivables – net	**2.1**	1.9
Prepayments and accrued income	**2.1**	2.0
Bank facility rental income accounts	**7.4**	6.7
Deferred consideration on sale of investment property	**1.4**	-
	13.0	10.6

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:

	2013 £m	2012 £m
Balance at 1 April	**0.6**	0.5
Provision for receivables impairment	**0.3**	0.4
Receivables written off during the year	**(0.5)**	(0.3)
Balance at 31 March	**0.4**	0.6

As at 31 March 2013, the ageing of trade receivables past due but not impaired was as follows:

	Total 2013 £m	**Impaired 2013 £m**	**Not impaired 2013 £m**	Total 2012 £m	Impaired 2012 £m	Not impaired 2012 £m
Up to 3 months past due	**2.1**	**(0.1)**	**2.0**	1.8	(0.2)	1.6
3 to 6 months past due	**0.1**	**(0.1)**	**-**	0.3	(0.1)	0.2
Over 6 months past due	**0.3**	**(0.2)**	**0.1**	0.4	(0.3)	0.1
	2.5	**(0.4)**	**2.1**	2.5	(0.6)	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

	2013 £m	2012 £m
Cash at bank and in hand	**10.1**	24.5
Restricted cash – tenants' deposit deeds	**1.7**	2.0
	11.8	26.5

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

	2013 **£m**	2012 £m
Trade payables	**2.1**	1.9
Other tax and social security payable	**1.5**	1.5
Tenants' deposit deeds (see note 14)	**1.7**	2.0
Tenants' deposits	**8.7**	8.0
Accrued expenses and deferred income	**14.0**	10.4
Amounts due to related parties	**0.5**	0.5
Deferred income - rent and service charges	**2.8**	3.2
	31.3	27.5

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

	2013 **£m**	2012 £m
Current		
Bank loans and overdrafts due within one year or on demand (secured)	–	–
	–	–
Non-current		
Bank loans (secured)	**277.8**	333.8
6% Retail bond (unsecured)	**56.4**	–
Finance lease obligations (part secured)	**3.5**	3.5
	337.7	337.3
	337.7	337.3

The secured loans and overdraft facility are secured on investment properties with balance sheet values totalling £652.4m (2012: £741.1m).

(B) MATURITY

	2013 **£m**	2012 £m
Repayable between two years and three years	**280.0**	68.0
Repayable between three years and four years	**–**	270.0
Repayable in five years or more	**57.5**	–
	337.5	338.0
Less cost of raising finance	**(3.3)**	(4.2)
	334.2	333.8
Finance leases		
Repayable in five years or more	**3.5**	3.5
	337.7	337.3

(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)	80.0	LIBOR +2.5%	Quarterly	June 2015
6% Retail bond	57.5	6%	Half Yearly	October 2019

(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*	140.0	3.23%	3 month LIBOR	June 2015
Interest rate swap	40.0	2.46%	3 month LIBOR	June 2015
Interest rate swap	30.0	2.03%	3 month LIBOR	June 2015
Interest rate cap	7.0	5.00%	–	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

	2013 Book Value £m	**2013 Fair Value £m**	2012 Book Value £m	2012 Fair Value £m
Financial liabilities not at fair value through profit or loss				
Bank loans	**277.8**	**277.8**	333.8	333.8
6% Retail bond	**56.4**	**59.0**	–	–
Finance lease obligations	**3.5**	**3.5**	3.5	3.5
	337.7	**340.3**	337.3	337.3
Financial liabilities at fair value through profit or loss				
Derivative financial instruments:				
Liabilities	**11.1**	**11.1**	14.2	14.2

The total change in fair value of derivative financial instruments recorded in the income statement was a profit of £1.1m (2012: loss of £4.6m). This is net of £2.1m (2012: £1.3m) paid in the year to settle/re-coupon some instruments.

The fair value of the Retail bond has been established from the quoted market price at 28 March 2013 and is thus a Level 1 valuation as defined by IFRS7.

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 as defined by IFRS 7. The total fair value calculated equates to 7.5p per share (31 March 2012: 9.7p).

The different levels of valuation hierarchy as defined by IFRS 7 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.

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

Minimum lease payments under finance leases fall due as follows:	**2013 £m**	2012 £m
Within one year	**0.2**	0.2
Between two and five years	**0.9**	0.9
Beyond five years	**21.5**	21.5
	22.6	22.6
Future finance charges on finance leases	**(19.1)**	(19.1)
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:

	2013 £m	2012 £m
Profit before tax	**76.4**	48.5
Depreciation	**0.4**	0.4
Amortisation of intangibles	**0.1**	0.1
Loss/(profit) on disposal of investment properties	**2.2**	(0.9)
Loss on disposal of property, plant and equipment	**-**	0.1
Net gain from change in fair value of investment property	**(59.0)**	(35.6)
Equity settled share based payments	**1.4**	0.8
Change in fair value of financial instruments	**(1.1)**	4.6
Finance income	**(0.2)**	(0.2)
Finance expense	**19.5**	19.3
Gains from share in joint ventures	**(1.7)**	(1.2)
Changes in working capital:		
(Increase) in trade and other receivables	**(0.5)**	(0.7)
Increase in trade and other payables	**1.1**	0.6
Cash generated from operations	**38.6**	35.8

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

	2013 £m	2012 £m
Cash at bank and in hand	**10.1**	24.5
Restricted cash – tenants' deposit deeds	**1.7**	2.0
	11.8	26.5

18. ANALYSIS OF MOVEMENT IN CASH AND CASH EQUIVALENTS AND BORROWINGS

	At 1 April 2012 £m	Cash flow £m	Non-cash items £m	**At 31 March 2013 £m**
Cash at bank and in hand	24.5	(14.4)	–	**10.1**
Restricted cash – tenants' deposit deeds	2.0	(0.3)	–	**1.7**
	26.5	(14.7)	–	**11.8**
Bank loans	(338.0)	58.0	–	**(280.0)**
6% Retail bond	-	(57.5)	–	**(57.5)**
Less cost of raising finance	4.2	1.1	(2.0)	**3.3**
Finance lease obligations	(3.5)	–	–	**(3.5)**
	(337.3)	1.6	(2.0)	**(337.7)**
Total	(310.8)	(13.1)	(2.0)	**(325.9)**

19. OTHER NON-CURRENT LIABILITIES

	2013 £m	2012 £m
Bank priority fee	–	0.9

This fee was paid to Bank of Scotland in March 2013 on the repayment of the associated loan.

20. SHARE CAPITAL

	2013 Number	2012 Number
Issued: Fully paid ordinary shares of £1 each	**144,936,155**	144,091,418

	2013 £m	2012 £m
Issued: Fully paid ordinary shares of £1 each	**144.9**	144.1

Movements in share capital were as follows:	**2013 Number**	2012 Number
Number of shares at 1 April	**144,091,418**	1,152,731,338
Issue of shares	**844,737**	288,182,842
Share consolidation	–	(1,296,822,762)
Number of shares at 31 March	**144,936,155**	144,091,418

	£m	£m
Balance at 1 April	**144.1**	115.3
Issue of shares	**0.8**	28.8
Balance at 31 March	**144.9**	144.1

21. OTHER RESERVES

	Owner occupied property £m	Equity settled share based payments £m	Merger reserve £m	Total £m
Balance at 1 April 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
Share based payments	–	1.4	–	1.4
Balance at 31 March 2013	**–**	**6.6**	**8.7**	**15.3**

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 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 Executive Share Option Scheme 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. No shares were purchased for the Trust during the year. At 31 March 2013 the number of shares held by the Trust totalled 1,218,802 (2012: 1,218,802). At 31 March 2013 the market value of these shares was £4.2m (2012: £2.9m) compared to a nominal value of £1.2m (2012: £1.2m).

The Company has also established in the year an employee Share Incentive Plan (SIP) which is governed by HMRC rules. 51,800 shares were purchased for the Plan at a cost of £0.2m. These are being held in a separate trust.

	2013 £m	2012 £m
Balance at 1 April	**8.7**	8.0
Acquisition of ordinary shares	**0.2**	0.7
Balance at 31 March	**8.9**	8.7

23. CONTINGENT LIABILITY

In December 2009 Workspace acquired full control of its former Workspace Glebe joint venture. The purchase was satisfied by a cash payment of £15m and a debt facility of £68m provided by the former lenders to the joint venture, with further amounts potentially payable under a proceed share arrangement.

The proceed share provides for the former lenders to Workspace Glebe to share in net cash proceeds from disposals from the Glebe property portfolio once Workspace has received its priority return. The priority return at 31 March 2013 is £92m. For proceeds up to £170m the lenders share is 50%, from £170m up to £200m it is 35% and nil thereafter. The maximum payable under this proceed share is £48m. All disposals are at the option of Workspace and there are no time limits. Cumulative cash proceeds from disposals to date are £nil.

The total valuation of the Glebe portfolio at 31 March 2013 was £164m (March 2012: £136m). While a number of the assets have residential redevelopment potential a substantial part of the portfolio is comprised of investment properties that Workspace has no current plans to sell. These are currently valued at £81m. Properties with redevelopment potential are currently valued at £83m. If the redevelopment properties were sold for cash at the March 2013 valuation, there would be no liability under the proceed share. In the unlikely scenario that all the properties in the Glebe portfolio were sold there would be a potential liability net of costs of £32m (31 March 2012: £22m).

24. POST BALANCE SHEET EVENTS

In April 2013 the Group completed the sale of Phase 1 of the redevelopment of Bow Enterprise Park to Peabody Enterprises for consideration comprising £11.5m in cash, 15,000 sq. ft. of new industrial space and overage on the residential component.

In May 2013 the Group secured two major mixed use planning permissions at Faircharm and Tower Bridge Business Complex. The former is for a mixed use redevelopment of 148 apartments and 52,000 sq.ft. of new business space and the latter is for 800 residential units and 60,000 sq.ft. of new business space.

On 11 June 2013 the Group announced the refinancing of £325m of bank debt currently provided by the RBS and Bayern Clubs. On 1 July 2013 the existing secured bank debt will be replaced by £352.5m of unsecured debt provided by the issue of £157.5m of private placement notes, £45m provided by a UK Fund and £150m of new bank debt.

RESPONSIBILITY STATEMENT

The 2013 Annual Report, which will be issued at the end of June 2013, contains a responsibility statement in compliance with DTR 4.1.12. This states that on 11 June 2013, 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 will be listed in the Group's 2013 Annual Report. A list of current Directors is maintained on the Group's website: www.workspacegroupplc.co.uk.