PRELIMINARY ANNOUNCEMENT

8 June 2016

WORKSPACE GROUP PLC
FINAL RESULTS

WORKSPACE GROUP PLC

STRONG PERFORMANCE FROM ACTIVE ASSET MANAGEMENT AND CAPITAL RECYCLING

Highlights

Financial Performance

- Profit before tax up 8.7% to £391.3m (2015: £360.0m)
- Trading profit after interest up 65% to £43.9m (2015: £26.6m)
- EPRA net asset value per share up 31.3% to £9.23 (2015: £7.03)
- Adjusted underlying earnings per share up 55.8% to 26.8p (2015: 17.2p)
- Final dividend per share increased by 25% to 10.19p (2015: 8.15p)
- Total dividend per share up 25% to 15.05p (2015: 12.04p)

Operating Performance

- Total net rental income up 28.4% to £74.1m (31 March 2015: £57.7m)
- Total rent roll up 12.7% to £78.2m (31 March 2015: £69.4m)
- Like-for-like rent roll up 15.4% to £48.8m (31 March 2015: £42.3m)
- Like-for-like rent per sq. ft. up 16.4% to £22.37 (31 March 2015: £19.22)
- Like-for-like occupancy 90.7% (31 March 2015: 91.8%)

Property Valuation

- Underlying property valuation up 20.9% (£308m) to £1,779m (31 March 2015: £1,423m)
- Like-for-like capital value per sq. ft. up 20.1% to £359 (31 March 2015: £299)
- Like-for-like initial yield of 5.0% (31 March 2015: 5.3%) and equivalent yield of 6.4% (31 March 2015: 6.5%)

Active Asset Management

- Capital recycling with five properties acquired for £101m and eleven industrial properties sold for £95m
- Planning consents achieved for three mixed-use redevelopments and two major refurbishments in Shoreditch and Hoxton
- Three refurbishments and one redevelopment completed in the year.

Financing

- Amendment and extension of bank facilities completed in June 2015 with maturity extended from June 2018 to June 2020. Extension by a further year to June 2021 agreed in June 2016
- Average cost of debt 5.1% (31 March 2015: 5.4%)
- Undrawn bank facilities and cash available of £134m (31 March 2015: £140m) at a marginal cost of 1.8%
- Loan to value at 16% (31 March 2015: 19%)

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

"Workspace continues to build momentum and has delivered a very strong financial performance, driven by income and capital growth. This underpins the confidence we have in our business model and progressive dividend policy going forward.

It's been another very active year, in which we have continued to intensively manage our existing portfolio to create value through our refurbishment and redevelopment programme. We have also recycled capital by disposing of our industrial portfolio and reinvesting in targeted acquisitions to drive incremental returns for shareholders.

We are aware of the uncertainty caused by the upcoming EU referendum but remain confident in the resilience of our customer base and business model. We look forward to continuing to execute our strategy and the business remains in good financial shape to take advantage of our pipeline of redevelopment and refurbishment opportunities, as well as targeted acquisitions that meet our investment criteria."

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Notes to Editors

About Workspace Group PLC:

- Workspace is a FTSE250 Property Company and has been listed on the London Stock Exchange since 1993
- Workspace provides the right properties to attract its customers and the right services to retain them and help them grow their businesses
- Workspace is growing through deep market knowledge, operational excellence and strong customer relationships
- For more information on Workspace, please 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 8th June 2016 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/workspace005

Conference call details:

Dial in:	+44 20 3059 8125
Passcode:	Workspace

CHAIRMAN'S STATEMENT

The last few years have seen Workspace develop a very clear strategy of providing a home for New and Growing Companies ("NGCs") in London and intensively managing the buildings in which our customers work. This approach continues to prove successful and has resulted in another year of strong revenue growth and record profit. Group net rental income was £74.1m, an increase of 28.4%, profit before tax was £391.3m, up 8.7% over last year, and EPRA NAV per share was £9.23, an increase of 31.3%.

Reflecting the continued momentum in income generation thanks to these strong results, the Board is recommending an increase in the final dividend to 10.19p per share. This represents an increase in the total dividend for the year of 25% to 15.05p per share.

Having a clear strategy is one thing, but our ability to deliver it operationally is the real key to our success. In our case, from the Asset Management teams with their understanding of individual customer needs, to the deep expertise and market knowledge in our Development and Investment teams, our people work together with a single-minded focus on delivering for our customers. On behalf of the Board, I would like to thank them for the expertise and dedication that continues to bring our strategy to life and produce such outstanding results.

This deep well of expertise has helped us remain alive to the changing needs of our customers and the way in which working in London is evolving. We are seeing continued strong demand from NGCs for office space in different areas and in different sizes, and are delighted with the pace of letting up at our new or upgraded business centres. Therefore, we are adding judiciously to our portfolio and have been disposing of light industrial assets, recycling capital into business centres where we can add more value.

Of course, as we grow and widen our presence across London, we do so with recognition of the role we must play in the local community. We work hard to look at ways in which our presence can benefit those around us and we are proud of the way in which, for example, our annual *Inspiresme Week* enables us to connect our customers and their businesses with the local young people who will be core to the future economic success of London.

That the UK's capital city is robust and growing healthily is not in doubt. The outcome of the EU referendum and the appointment of the new London mayor will provide new challenges and opportunities to its future. As home to New and Growing Companies, I believe that we have the right strategy to continue to be responsive to the Capital's evolution and, in playing our part in support of these customers, continue to provide exceptional value to all of our stakeholders.

CHIEF EXECUTIVE OFFICER'S STATEMENT

It is an extremely exciting time to be a New and Growing Company in London. Huge leaps in technology, improved transportation links and new neighbourhoods of economic growth are all acting as catalysts for entrepreneurship. Beyond that, the way in which these companies want to work is driving a raft of new expectations and requirements when it comes to finding a home for their businesses.

Against that backdrop, our strategy of owning our own unique buildings and digital infrastructure, while having direct customer relationships and providing flexible leases and the right lifestyle facilities is proving immensely popular and differentiating us from others in the market. Our strong results this year, with trading profit after interest up 65% to £43.9m and rent roll up 12.7%, are testament to our approach and our commitment to delivering superior shareholder returns over the long term.

Across London we are seeing activity spread from traditional working hubs to new areas and we have been acting quickly to add to our portfolio of properties to support businesses in these new locations. For example, this year we gained planning consents for two major refurbishments to create brand new business centres in Hoxton and Shoreditch and we completed five acquisitions, adding to existing clusters of properties and increasing our footprint in areas with regeneration potential.

Owning iconic buildings is only part of the story. Today I'm often asked about how technology and innovation is affecting property and work space and I answer that they are driving significant changes to demand for services and facilities that must be reflected quickly. Thanks to our uniquely close dialogue with customers, we understand what's needed and our rolling refurbishment and redevelopment programme helps keep us at the forefront in addressing this evolution, adding new facilities and diversifying our portfolio in response.

We have found that by far the most common requirement for customers is access to business-class connected services, intelligent building-wide Wi-Fi and a secure, super-fast and resilient network. Investing in these areas is an essential cornerstone of our strategy, helping us to provide not only what customers want today but also to be prepared for the next wave of changes and needs in the future.

We know how important our customer relationships are, both in terms of responding to day-to-day requirements in our business centres and in acting to anticipate new demands. We spend time on research, gathering data and insight in addition to the feedback we receive in our regular conversations with customers and satisfaction surveys.

Keeping Workspace, our buildings and our customers aligned like this will ensure that we continue to strengthen our reputation as the home to New and Growing Companies across London.

BUSINESS REVIEW

RENT ROLL PERFORMANCE

It has been another year of strong performance and intense activity across the Group with total rent roll up 12.7% (£8.8m) in the year to £78.2m.

	£m
Rent roll at 31 March 2015	69.4
Like-for-like portfolio	6.5
Completed projects	6.1
Projects underway	(0.3)
Acquisitions	1.3
Disposals	(4.8)
Rent roll at 31 March 2016	**78.2**

Continued growth in like-for-like rent roll has been complemented by the significant increases in rent at recently opened buildings which are letting-up at pace. We are also accelerating our project activity which has had a small adverse impact on rent in the year. There is a reduction in rent roll from the disposal of industrial estates completed during the year. However, this has been offset by the increase in rent roll at the properties we have acquired in recent years. Further details on rent roll growth by category are set out below:

<u>Like-for-Like Portfolio</u>

The like-for-like portfolio represents 62% of the Group's total rent roll as at 31 March 2016. It comprises properties which have not been impacted over the last 24 months by either major refurbishment or redevelopment activity. Prior period comparatives have been restated for the industrial properties sold during the year, and properties transferred to and from the refurbishment and redevelopment categories.

The like-for-like rent roll has continued to grow strongly, up 15.4% (£6.5m) in the year to £48.8m. The rental growth has come from the increases achieved in pricing with occupancy stable (averaging 91% through the year). Like-for-like rent per sq. ft. is up 16.4% to £22.37 in the year to 31 March 2016.

Like-for-like properties	**31 Mar 2016**	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Number of properties	**36**	36	36	36	36
Occupancy	**90.7%**	91.3%	91.1%	90.4%	91.8%
Rent roll	**£48.8m**	£47.1m	£46.2m	£44.7m	£42.3m
Rent per sq. ft.	**£22.37**	£21.67	£21.31	£20.57	£19.22

Rent roll growth in the second half of the year was 5.6% compared to 9.2% in the first half. The first half included a very strong first quarter of growth of 5.7%, growth in the subsequent three quarters has averaged 3.0%.

If all the like-for-like properties were at 90% occupancy at the estimated rental values at 31 March 2016, the rent roll would be £56.9m, £8.1m higher than the rent roll at 31 March 2016.

Completed Projects

This category comprises the six refurbishment and redevelopment projects completed within the last 24 months.

	Rent increase in year	Occupancy at 31 March 2016
Metal Box Factory	£2.0m	88%
The Light Bulb	£1.1m	91%
Cargo Works	£1.1m	92%
Vox Studios	£0.7m	73%
The Print Rooms	£1.0m	75%
Grand Union Studios	£0.2m	30%
Total	£6.1m	76%

The refurbishment of Metal Box Factory, Bankside and the opening of the new business centre, The Light Bulb in Wandsworth Town Centre completed in the previous financial year. The upgrade of Cargo Works, Waterloo completed in April 2015. We have seen strong growth in rents each year at these buildings as the new and upgraded space has been let, and they are now reaching stabilised occupancy levels.

The refurbishment of both Vox Studios, Vauxhall and The Print Rooms, Southwark completed in January 2016. Demand has been strong at these properties with overall occupancy reaching 79% by the end of May 2016. Grand Union Studios, a new business centre in Ladbroke Grove, opened in March 2016. Again, demand has been very strong and occupancy had reached 50% by the end of May 2016.

If all six buildings were at 90% occupancy at the estimated rental values at 31 March 2016, the rent roll would be £19.4m, £6.1m higher than the 31 March 2016 rent roll.

Projects Underway

We are currently underway on four refurbishments at an estimated total cost of £85m. This comprises The Record Hall in Hatton Garden, Holywell Centre in Shoreditch and Cremer Business Centre in Hoxton. In each case, the existing buildings are being demolished and replaced by new business centres. We are also refurbishing and adding new space at Barley Mow Centre, Chiswick.

The rent roll at 31 March 2016 at these refurbishments was £2.4m, down £0.4m in the year as we obtained vacant possession at Holywell Centre ahead of demolition. There will be a further rent roll reduction of £0.7m in the current year as we obtain vacant possession at Cremer Business Centre. The short-term reduction in rent and income we are seeing at these properties will be replaced in due course by a significant uplift in rent as the buildings are completed and let. Assuming 90% occupancy at the estimated rental values at 31 March 2016 the rent roll at these four buildings would be £10.5m.

There are currently five mixed-use redevelopment projects underway. The buildings have been vacated and sold to residential developers for a consideration comprising of cash and, at two properties, new business centres (which will be built at no cost to Workspace). At the estimated rental values at 31 March 2016, and assuming 90% occupancy of the new business space, the rent roll would be £2.2m (31 March 2016: £nil).

Acquisitions and Disposals

Acquisitions are held separately from our like-for-like category until we have at least twelve months of stabilised performance history following any planned repositioning. During the year, we have acquired five properties for £101m with a rent roll at 31 March 2016 of £2.1m.

There was a net reduction of £0.8m in rent roll at four properties acquired in previous financial years. Growth of £0.8m in rent roll at 60 Grays Inn Road, Holborn and 160 Fleet Street, Midtown following successful upgrade and refurbishment programmes, was offset by the reduction of £1.5m in rent at Edinburgh House, Vauxhall where we have now obtained vacant possession ahead of a planned major refurbishment, with a surrender premium received of £5.4m.

We completed the sale of eleven industrial properties during the year for £95m, with rent roll at the time of disposal of these properties of £5.4m. These disposals are in line with our strategy to dispose of industrial estates, recycling capital into targeted acquisitions where we can add more value. As at 31 March 2016 we only had two industrial estates remaining in our like-for-like portfolio, valued at £43m.

ENQUIRIES AND LETTINGS

Enquiry levels have been consistently high averaging 1,029 per month in the year with a good lettings momentum in the fourth quarter of the year. There are fluctuations from quarter to quarter linked to the timing of marketing initiatives, particularly around the launch of new space and acquisitions.

	Quarter Ended				
Average number per month	**31 Mar 2016**	31 Dec 2015	30 Sept 2015	30 Jun 2015	31 Mar 2015
Enquiries	**1,070**	994	1,034	1,020	1,232
Lettings	**116**	73	108	102	120

Good levels of enquiries and lettings have continued into the current financial year, with enquiries averaging 1,047 per month and lettings 111 per month to the end of May 2016. We would expect to see some reduction in activity levels in June 2016 ahead of the EU referendum.

PROFIT PERFORMANCE

Trading profit after interest for the year (which includes our share of the trading profit of joint ventures after interest) is £43.9m, up 65% compared to the prior year.

£m	**31 March 2016**	31 March 2015
Net rental income	**74.1**	57.7
Joint venture income	**1.3**	1.2
Administrative expenses	**(14.6)**	(13.8)
Net finance costs	**(16.9)**	(18.5)
Adjusted trading profit after interest	**43.9**	26.6

Net rental income increased by 28% (£16.4m) in the year to £74.1m with the two key drivers of organic income growth being the growth in rents at like-for-like properties from increases in pricing and at completed projects from the letting up of new and upgraded space.

£m	Growth in Year	**31 March 2016**
Like-for-like properties	8.0	**44.0**
Completed projects	4.8	**10.1**
Refurbishments in progress	0.8	**8.0**
Redevelopments in progress	0.1	**3.0**
Acquisitions	2.9	**4.8**
Disposals	(0.2)	**4.2**
Total net rental income	16.4	**74.1**

Joint venture income represents our share of net rental income less associated administrative expenses, primarily from the BlackRock Workspace Property Trust (BWPT) in which we have a 20.1% interest.

Administration costs are up 5.8% (£0.8m) in the year. Underlying costs (excluding share based costs) are up 12.4% (£1.3m) to £11.8m. There is an increase in head office headcount of seven in the year to 92 associated with higher levels of marketing and project activity, and increases in salaries averaging 4.5%. Share based costs are reduced by 15.2% (£0.5m) to £2.8m, due to the decline in share price in the second half of the financial year.

Net finance costs have reduced by £1.6m (8.6%) in the year. Average borrowings over the year were £9m lower than in the prior year with the average interest rate reduced from 5.4% to 5.1%. The marginal cost of undrawn facilities at 31 March 2016 was 1.8%.

Total profit before tax reported for the year is £391.3m, 8.7% higher than the profit reported in the prior year.

£m	**31 March 2016**	31 March 2015
Adjusted trading profit after interest	**43.9**	26.6
Change in fair value of investment properties	**296.6**	318.0
Other income	**39.0**	10.1
Other items	**11.8**	5.3
Profit before tax	**391.3**	360.0
Adjusted underlying earnings per share	**26.8p**	17.2p

The reported change in fair value of investment properties of £296.6m reflects the increase in the CBRE valuation in the year of £307.8m, adjusted for overage and other property assets that are reclassified in the accounts as deferred consideration.

Other income includes the change in fair value of deferred consideration (cash and overage) of £9.5m, and a lease surrender premium of £5.4m. It also includes the estimated performance fee payable to Workspace of £24.1m from BWPT in relation to the conclusion of the BlackRock Workspace joint venture's five year term.

Other items include the profit on disposal of investment properties of £8.1m and gains from share in joint ventures (excluding trading items) of £2.9m.

DIVIDEND

Our dividend policy is based on the growth in trading profits taking into account the distribution requirements that we have as a Real Estate Investment Trust. For the current year, the Board has proposed a final dividend of 10.19 pence per share, an increase of 25% on the prior year (2015: 8.15 pence), which will be paid on 5 August 2016 to shareholders on the register at 8 July 2016. This dividend will be paid as a Property Income Distribution.

PROPERTY VALUATION

At 31 March 2016, the wholly owned portfolio was independently valued by CBRE at £1,779m, an underlying increase of 20.9% (£308m) in the year. The main movements in the valuation over the year are set out below:

	£m
Valuation at 31 March 2015	1,423
Revaluation uplift to 30 September 2015	143
Revaluation uplift to 31 March 2016	165
Capital expenditure	56
Acquisitions	107
Property disposals	(85)
Capital receipts	(30)
Valuation at 31 March 2016	**1,779**

We saw a revaluation uplift of 9.6% (£143m) in the first half of the year and an increase of 10.2% (£165m) in the second half. The increase in the second half is despite the adverse impact of the increase in stamp duty introduced in March 2016.

Set out below is a summary of the full year revaluation uplift and valuation at 31 March 2016 by property type:

£m	No of Properties	Revaluation uplift	Valuation
Like-for-like Properties	36	130	864
Completed Projects	6	93	316
Refurbishments	7	25	192
Redevelopments	11	45	186
Acquisitions	9	(2)	194
Overage	-	10	27
Disposals	-	7	-
Total	**69**	**308**	**1,779**

<u>Like-For-Like Properties</u>

The 18% (£130m) increase in value of the like-for-like properties came from an uplift in rental pricing (representing 63% of the total increase) and a 0.3% reduction in net initial yield (representing 37% of the increase).

	31 March 2016	31 March 2015	Change
Estimated Rental Value (ERV) per sq. ft.	**£26.29**	£21.79	+21%
Rent per sq. ft.	**£22.37**	£19.22	+16%
Equivalent Yield	**6.4%**	6.5%	-0.1%
Net Initial Yield	**5.0%**	5.3%	-0.3%
Capital Value per sq. ft.	**£359**	£299	+20%

We have seen a significant re-assessment in ERV estimates at our like-for-like properties with the growth in ERV per sq. ft. at 21% well ahead of the growth in rent per sq. ft. of 16%. As a result, the equivalent yield of our like-for-like is reduced by 0.1% in the year compared to the 0.3% reduction in net initial yield.

Completed Projects

The significant uplift of 42% (£93m) in value of completed projects reflects the pricing levels that have been achieved at these properties since launch. These rental levels are ahead of original expectations and previous CBRE rental value estimates. The largest increases in value over the year have been at:

- Vox Studios, up £26m
- Metal Box Factory, up £24m
- Grand Union Studios, up £14m
- The Print Rooms, up £13m

The overall valuation metrics for completed projects are set out below:

	31 March 2016
ERV per sq. ft.	**£49.07**
Rent per sq. ft.	**£39.40**
Equivalent Yield	**6.1%**
Net Initial Yield	**3.8%**
Capital Value per sq. ft.	**£705**

Refurbishments

We have seen an uplift of 15% (£25m) in the value of the refurbishments pipeline as a result of planning consents achieved and an uplift in pricing expectations. This is in light of the pricing levels achieved at recently completed and comparable properties in these locations.

Redevelopments

The uplift of 32% (£45m) in the value of redevelopment projects reflects increases in the values of properties where we have obtained mixed use planning consents. This includes:

- Rainbow Industrial Estate, up £14m
- The Lightbulb (Phase 2), up £7m
- The Biscuit Factory, up £6m
- Marshgate Business Centre, up £4m

Overage

Pricing evidence from residential sales has resulted in an uplift in the expected overage we may receive at a number of our contracted residential schemes, namely a £4m uplift at Bow Enterprise Park (Phase 1), £3m uplift at Poplar Business Park (Phase 1) and £3m uplift at Grand Union Studios.

ACQUISITIONS

We have continued to successfully identify and acquire complementary properties in our target locations across London where we can add value and leverage our operational platform to deliver strong returns, with five properties acquired in this financial year:

- In June 2015, we acquired 25/28 Easton Street, WC1 for £16.6m at a capital value of £794 per sq. ft. The property is well located in Clerkenwell close to Exmouth market and complements our existing cluster of buildings in this popular Midtown area. The converted warehouse style offices, with net lettable area of 21,000 sq.ft, comprises basement, ground and three upper floors with potential for extension in due course. It was acquired from Amnesty International, and will be reconfigured as a multi-let business centre at the conclusion of a two year leaseback to Amnesty International.

- In June 2015, we acquired Angel House, EC1 for £34.0m at a capital value of £738 per sq.ft and a net initial yield of 3.7% off a low average passing rent of £29 per sq. ft. This attractive Art-Deco building extends to five floors providing 46,000 sq. ft. of net lettable space and is well located for Angel, Old Street and King's Cross St Pancras stations with six other Workspace buildings nearby. It offers excellent potential for repositioning to capture rental uplift in due course. In January 2016, we obtained vacant possession of the first floor which is currently being refurbished.

- In October 2015, we acquired the former Mecca Bingo site in Garratt Lane, Wandsworth for £26.1m. This site, which comprises a vacant 43,000 sq. ft. bingo hall and 200 space car park has been a long-term land assembly target for Workspace. It adjoins Riverside, an existing 100,000 sq. ft. office and workshop building. We are currently in discussion with the planners for a major mixed use redevelopment and in the interim period have let the entire site to a trampoline operator.

- In October 2015, we acquired Alexandra House, N22 for £14.0m. This 55,000 sq. ft. office building is currently let to the London Borough of Haringey at a low passing rent of £10 per sq. ft. with a rent review currently underway. The property was purchased at a capital value of £255 per sq. ft and at an initial yield of 3.7%.

- In October 2015, we acquired Cannon Wharf business centre, in Surrey Quays, SE8. This newly built 33,500 sq. ft. property was purchased for £10.4m at a capital value of £310 per sq. ft. Occupancy had reached 38% by the end of May 2016.

DISPOSALS

In November 2015, we sold Leyton Industrial Estate, E10 for £23m. This 135,500 sq. ft. industrial estate was sold at a premium of 25% to the March 2015 valuation (in line with the September 2015 valuation) at a net initial yield of 4.8%.

In December 2015, we sold a portfolio of three light industrial properties in Park Royal, NW10 for £7.0m. These properties were sold at a net initial yield of 4.9% and a 16% premium to the September 2015 valuation.

In March 2016, we sold a portfolio of five industrial properties for £64m comprising 396,000 sq. ft. of lettable space. The portfolio was sold at a 12% premium to the September 2015 valuation and at a net initial yield of 5.4% and capital value of £171 per sq.ft.

During the year we also disposed of our 50% stake in Enterprise Hayes LLP for £3.1m and two small properties in Maidenhead and Park Royal for £0.6m.

REFURBISHMENT ACTIVITY

It has been another active year with an acceleration in the level of capital expenditure across a range of properties. We completed the upgrade of Cargo Works, Waterloo, in April 2015 and launched the new and upgraded space at Vox Studios, Vauxhall, and The Print Rooms, Southwark, in January 2016. We obtained planning permission for the construction of new business centres at the Holywell Centre, Shoreditch in June 2015 and Cremer Business Centre, Hoxton in October 2015. The two new business centres will deliver 108,000 sq. ft. of new space at an estimated cost of £50m.

A summary of the current status of the refurbishment programme is set out below:

Projects	Number	Capex spent	Capex to spend	Refurbished and New Space (sq. ft.)
Completed (current year)	3	£29m	Nil	165,000
Underway	4	£15m	£70m	239,000
Starting in 2016/17	2	-	£11m	179,000
Design stage	6	-	£91m	386,000
Total	15	£44m	£172m	969,000

We would expect the remaining capital expenditure on the refurbishment projects detailed above to be incurred relatively evenly (subject to planning on some of the design stage schemes) over the next three years.

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 current status of contracted redevelopments is set out below:

	Number	Residential Units	Cash Received	Cash to Come	Estimated Overage to Come	New Space (sq. ft.)
Completed	2	354	£6m	Nil	£16m	117,000
Underway	5	1,545	£96m	£7m	£11m	84,000
Total	7	1,899	£102m	£7m	£27m	201,000

We expect to receive the majority of the outstanding cash and overage on these contracted schemes over the next 18 months.

In addition to the above, we have seven schemes with mixed use planning consents for 1,059 residential units and 182,000 sq. ft. of new business centre space that are not yet contracted for sale. This includes three planning consents obtained over the last year:

- We received planning permission in June 2015 for the redevelopment of Lombard House, Croydon for a mixed use scheme comprising 96 residential units and 23,000 sq. ft. of light industrial space.
- In September 2015 we received planning consent at Rainbow Industrial Estate, Raynes Park for a mixed use redevelopment comprising 224 residential units and 37,000 sq. ft. of new commercial and light industrial space.
- In December 2015 we received planning consent at Marshgate Business Centre, Stratford for a mixed use redevelopment comprising 200 residential units and a new 34,000 sq. ft. business centre.

We also have a further two properties where discussions are well advanced with planners for mixed use redevelopments for 240 residential units and are in early discussions with the planners on two further mixed use schemes for 650 residential units.

CASH FLOW

The Group generates strong operating cash flow in line with trading profit, with good levels of cash collection and bad debts low at £0.2m (2015: £0.2m). A summary of the movements in cash flow are set out below:

	£m
Net cash from operations after interest	49
Dividends paid	(21)
Capital expenditure	(57)
Property acquisitions	(107)
Property disposals	93
Capital receipts	30
Distributions and proceeds from joint ventures	9
Other items	(2)
Net movement in year	(6)
Debt at 31 March 2015 (net of cash)	(270)
Debt at 31 March 2016 (net of cash)	**(276)**

FINANCING

The Group has £410m of committed facilities as detailed below:

	Facility	Maturity
Private placement notes	£148.5m	June 2023
Private placement notes	£9m	June 2020
UK fund	£45m	June 2022/2023
Retail bond	£57.5m	October 2019
Bank facilities	£150m	June 2021
Total facilities	**£410m**	

The Private Placement notes comprise $100m (£64.5m) of US dollar ten year notes, £84m of Sterling ten 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 ten year fixed rate notes is 5.6%. A UK Fund has provided a ten year floating rate facility which reduces by 50% (£22.5m) at the end of year nine. A seven year £57.5m Retail Bond (listed on ORB) was issued in October 2012 and carries a coupon of 6.0%.

On 30 June 2015, we agreed terms with our three existing relationship banks to amend and extend our bank debt facilities. The existing £50m term loan and £100m revolver facilities were replaced by a new £150m revolver facility with the maturity extended from June 2018 to June 2020. The revised terms also provided for the potential extension of the revolver facility for a further two one year terms to June 2022 and a potential increase in the quantum of the facility from £150m to £250m. We also cancelled £95m of short term interest rate hedges out to June 2018 at a cost of £2.1m.

In June 2016 we exercised the option for the first extension of the maturity term of our £150m revolver facility by a year to June 2021. Following this extension, the average maturity of our facilities on a proforma basis as at 31 March 2016, was 5.9 years (31 March 2015: 5.8 years).

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 2016, 50% of our debt facilities are at fixed rates, representing 69% of our debt on a drawn basis.

At 31 March 2016, undrawn facilities (including cash) were £134m, loan to value was 16% (31 March 2015: 19%) and interest cover (based on net rental income) was 4.5 times, giving us good headroom on all of bank, placement notes and bond covenants.

NET ASSETS

Net assets increased in the year by £372m to £1,518m, the most significant item being the £308m increase in the value of our investment portfolio. EPRA net asset value per share at 31 March 2016 was £9.23 (31 March 2015: £7.03), an increase of 31.3% in the period.

	£
At 31 March 2015	7.03
Property valuation surplus	1.88
Trading profit after interest	0.27
Joint venture performance fee	0.15
Dividends paid in year	(0.13)
Other	0.03
At 31 March 2016	**9.23**

BLACKROCK WORKSPACE PROPERTY TRUST ('BLACKROCK JV')

We have a 20.1% interest in the Blackrock JV for which we act as a property manager. It continued to perform well during the year with underlying rent roll growth of 31% (£1.5m) excluding disposals. The property valuation has increased by 27% (excluding capital expenditure and disposals) to £131m at 31 March 2016. Four industrial estates were sold in June 2015 for £32.1m at a net initial yield of 6.8%.

The five year term of the Blackrock JV came to an end in February 2016 and we have agreed with our partner, the Blackrock Property Fund, to sell the remaining eight properties to bring the joint venture to a conclusion. The sales process is underway and in May 2016 we sold Chandelier Building, Old Oak Common for £13.2m (a surplus of £1.8m to its valuation at 31 March 2016) at a net initial yield of 4.5%.

Based on the returns achieved over the life of the Blackrock JV, a performance fee could be payable to Workspace. Using the valuation of the properties at 31 March 2016 and the returns achieved over the last five years, this fee is estimated at £24.1m. In accordance with IFRS recognition rules, this fee has been recognised in the income statement for the year.

KEY PROPERTY STATISTICS

	Quarter ended 31 March 2016	Quarter ended 31 Dec 2015	Quarter ended 30 Sept 2015	Quarter ended 30 June 2015	Quarter ended 31 March 2015
Workspace Group Portfolio					
Property valuation	**£1,779m**	-	£1,631m	-	£1,423m
Number of estates	**69**	77	75	76	75
Lettable floorspace (million sq. ft.)	**3.8**	4.2	4.2	4.2	4.2
Number of lettable units	**4,554**	4,725	4,663	4,613	4,525
ERV	**£114.0m**	-	£98.1m	-	£90.3m
Cash rent roll of occupied units	**£78.2m**	£80.8m	£79.0m	£75.6m	£69.4m
Average rent per sq. ft.	**£24.32**	£22.39	£21.11	£20.19	£18.79
Overall occupancy	**85.8%**	85.8%	89.8%	89.5%	88.7%
Like-for-like lettable floor space (million sq. ft.)	**2.4**	2.4	2.4	2.4	2.4
Like-for-like cash rent roll	**£48.8m**	£47.1m	£46.2m	£44.7m	£42.3m
Like-for-like average rent per sq. ft.	**£22.37**	£21.67	£21.31	£20.57	£19.22
Like-for-like occupancy	**90.7%**	91.3%	91.1%	90.4%	91.8%
BlackRock Workspace Property Trust					
Property valuation	**£131m**	-	£119m	-	£133m
Number of estates	**8**	8	8	8	12
Lettable floorspace (million sq. ft.)	**0.3**	0.3	0.3	0.3	0.5
ERV	**£7.9m**	-	£7.3m	-	£8.9m
Cash rent roll of occupied units	**£6.3m**	£5.9m	£5.6m	£5.1m	£7.1m
Average rent per sq. ft.	**£23.01**	£22.03	£20.49	£19.21	£16.13
Overall occupancy	**95.8%**	93.9%	96.5%	92.2%	93.9%

Note:
The like-for-like category has been restated for the following:
- Disposals completed during the year
- The inclusion of Screenworks, Islington, The Pill Box, Bethnal Green and Vestry Street Studios, Old Street
- The exclusion of The Leathermarket, Bermondsey which is subject to an extensive refurbishment

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	**2016 £m**	2015 £m
Revenue	1	**101.2**	83.6
Direct costs	1	**(27.1)**	(25.9)
Net rental income	1	**74.1**	57.7
Administrative expenses	2	**(14.6)**	(13.8)
Trading profit excluding share of joint ventures		**59.5**	43.9
Profit on disposal of investment properties	3(a)	**8.1**	0.3
Loss on disposal of joint ventures	3(b)	**(0.1)**	–
Other income	3(c)	**39.0**	10.1
Change in fair value of investment properties	10	**296.6**	318.0
Operating profit	2	**403.1**	372.3
Finance income	4	**0.1**	0.1
Finance costs	4	**(17.0)**	(18.6)
Change in fair value of derivative financial instruments	16(f)	**0.9**	(2.2)
Gains from share in joint ventures	12(a)	**4.2**	8.4
Profit before tax		**391.3**	360.0
Taxation	6	**(2.4)**	(0.1)
Profit for the year after tax		**388.9**	359.9
Attributable to:			
– Owners of the parent		**388.9**	350.9
– Non-controlling interests	18	**–**	9.0
		388.9	359.9
Basic earnings per share (pence)	8	**240.3p**	231.4p
Diluted earnings per share (pence)	8	**237.3p**	227.4p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	**2016 £m**	2015 £m
Profit for the financial year		**388.9**	359.9
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)	**1.4**	(0.3)
Total comprehensive income for the year		**390.3**	359.6
Attributable to:			
– Owners of the parent		**390.3**	350.6
– Non-controlling interests	18	**–**	9.0
		390.3	359.6

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2016

	Notes	2016 £m	2015 £m
Non-current assets			
Investment properties	10	**1,749.4**	1,408.9
Intangible assets		**0.6**	0.4
Property, plant and equipment	11	**2.0**	2.0
Investment in joint ventures	12(a)	**22.3**	28.6
Other investments	12(b)	**4.2**	1.0
Trade and other receivables	13	**14.2**	8.7
Derivative financial instruments	16(e) & (f)	**3.9**	0.3
		1,796.6	1,449.9
Current assets			
Trade and other receivables	13	**52.0**	18.9
Cash and cash equivalents	14	**27.8**	42.6
Assets held for sale	10	**–**	0.3
		79.8	61.8
Total assets		**1,876.4**	1,511.7
Current liabilities			
Trade and other payables	15	**(48.4)**	(45.4)
Deferred tax	6	**(1.1)**	–
		(49.5)	(45.4)
Non-current liabilities			
Borrowings	16(a)	**(309.3)**	(317.4)
Derivative financial instruments	16(e) & (f)	**–**	(2.6)
		(309.3)	(320.0)
Total liabilities		**(358.8)**	(365.4)
Net assets		**1,517.6**	1,146.3
Shareholders' equity			
Share capital	19	**162.4**	161.1
Share premium	19	**135.9**	136.8
Investment in own shares		**(8.9)**	(8.8)
Other reserves		**19.0**	15.7
Retained earnings		**1,209.2**	841.5
Total shareholders' equity		**1,517.6**	1,146.3
EPRA net asset value per share	9	**£9.23**	£7.03

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

		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	Non-controlling interests £m	Total equity £m
Balance at 31 March 2014		145.6	58.2	(8.9)	14.0	517.2	726.1	-	726.1
Profit for the year		-	-	-	-	350.9	350.9	9.0	359.9
Change in fair value of derivatives		-	-	-	(0.3)	-	(0.3)	-	(0.3)
Total comprehensive income		-	-	-	(0.3)	350.9	350.6	9.0	359.6
Transactions with owners:									
Share issues	19	15.5	78.6	0.1	-	-	94.2	-	94.2
Dividends paid	7	-	-	-	-	(16.6)	(16.6)	-	(16.6)
Reclassification		-	-	-	-	-	-	11.0	11.0
Acquisition of non-controlling interest	18	-	-	-	-	(10.0)	(10.0)	(20.0)	(30.0)
Share based payments		-	-	-	2.0	-	2.0	-	2.0
Balance at 31 March 2015		161.1	136.8	(8.8)	15.7	841.5	1,146.3	-	1,146.3
Profit for the year		-	-	-	-	**388.9**	**388.9**	-	**388.9**
Change in fair value of derivatives		-	-	-	1.4	-	**1.4**	-	**1.4**
Total comprehensive income		-	-	-	1.4	**388.9**	**390.3**	-	**390.3**
Transactions with owners:									
Share issues	19	**1.3**	**(0.9)**	-	-	(0.1)	**0.3**	-	**0.3**
Own shares purchase (net)		-	-	(0.1)	-	-	**(0.1)**	-	**(0.1)**
Dividends paid	7	-	-	-	-	**(21.1)**	**(21.1)**	-	**(21.1)**
Share based payments		-	-	-	**1.9**	-	**1.9**	-	**1.9**
Balance at 31 March 2016		**162.4**	**135.9**	**(8.9)**	**19.0**	**1,209.2**	**1,517.6**	-	**1,517.6**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	**2016 £m**	2015 £m
Cash flows from operating activities			
Cash generated from operations	17	**67.6**	54.3
Interest received		**0.1**	0.1
Interest paid		**(17.9)**	(18.5)
Tax refunded		**–**	0.2
Net cash inflow from operating activities		**49.8**	36.1
Cash flows from investing activities			
Purchase of investment properties		**(107.4)**	(79.7)
Capital expenditure on investment properties		**(55.4)**	(35.8)
Proceeds from disposal of investment properties (net of sale costs)		**123.0**	99.4
Purchase of intangible assets		**(0.4)**	(0.3)
Purchase of property, plant and equipment		**(0.8)**	(0.7)
Capital distributions from joint ventures	12(a)	**6.3**	2.0
Proceeds from disposal of joint ventures		**3.1**	–
Other income (overage receipts)		**0.7**	–
Purchase of investments		**(1.7)**	(1.0)
Movement in funding balances with joint ventures		**0.2**	0.2
Income distributions from joint ventures	12(a)	**1.2**	1.1
Net cash outflow from investing activities		**(31.2)**	(14.8)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital	19	**0.3**	96.7
Fees paid on share issue		**–**	(2.6)
Finance costs for new/amended borrowing facilities		**(1.0)**	–
Settlement and re-couponing of derivative financial instruments		**(1.7)**	–
Repayment of bank borrowings	16(b)	**(10.0)**	(30.0)
Own shares purchase (net)		**(0.1)**	–
Acquisition of non-controlling interests	18	**–**	(30.0)
Dividends paid	7	**(20.9)**	(16.5)
Net cash (outflow) / inflow from financing activities		**(33.4)**	17.6
Net (decrease) / increase in cash and cash equivalents		**(14.8)**	38.9
Cash and cash equivalents at start of year	17	**42.6**	3.7
Cash and cash equivalents at end of year	17	**27.8**	42.6

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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 2016 and 31 March 2015.

Full Financial Statements for the year ended 31 March 2015 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 2015, with exception of the following:

Standard or interpretation	Content
Annual improvements 2012	Changes to IFRS 2/IFRS 3/IFRS 8/IFRS 13/IAS 16/IAS 37/IAS 39
Annual improvements 2013	Changes to IFRS 1/IFRS 3/IFRS 13/IAS 40

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

	2016			2015		
	Revenue £m	**Direct costs £m**	**Net rental income £m**	Revenue £m	Direct costs £m	Net rental income £m
Rental income	**79.6**	**(1.9)**	**77.7**	63.8	(2.3)	61.5
Service charges	**16.3**	**(18.5)**	**(2.2)**	15.3	(17.8)	(2.5)
Empty rates and other non recoverables	**–**	**(3.6)**	**(3.6)**	–	(2.8)	(2.8)
Services, fees, commissions and sundry income	**5.3**	**(3.1)**	**2.2**	4.5	(3.0)	1.5
	101.2	**(27.1)**	**74.1**	83.6	(25.9)	57.7

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:

	2016 £m	2015 £m
Depreciation[1]	**0.8**	0.7
Staff costs (including share based costs)[1] (note 5)	**16.2**	15.3
Repairs and maintenance expenditure on investment properties	**2.9**	3.5
Trade receivables impairment	**0.2**	0.3
Amortisation of intangibles	**0.3**	0.2
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.

	2016 £m	2015 £m
Total administrative expenses are analysed below:		
Staff costs	**7.5**	6.8
Cash settled share based costs	**0.9**	1.3
Equity settled share based costs	**1.9**	2.0
Other	**4.3**	3.7
	14.6	13.8

3(a). Profit on disposal of investment properties

	2016 £m	2015 £m
Proceeds from sale of investment properties (net of sale costs)	**122.7**	99.0
Book value at time of sale (including assets held for sale)	**(115.0)**	(98.7)
Profit on disposal	**7.7**	0.3
Realisation of profits on sale of properties out of joint ventures (note 12(a))	**0.4**	_–
	8.1	0.3

£0.4m (2015: £nil) above relates to previously unrealised profits from the sale of property by the Group to joint ventures.

£1.5m (2015: £1.5m) of the proceeds for the year were in the form of deferred consideration, of which the full amount is outstanding at 31 March 2016 (31 March 2015: £1.5m) and is included in the Consolidated Balance Sheet under non-current and current trade and other receivables.

3(b). Loss on disposal of joint ventures

	2016 £000	2015 £000
Proceeds from disposal of joint ventures	**3.1**	_
Carrying value at time of disposal (note 12(a))	**(3.2)**	_
Loss on disposal	**(0.1)**	_

3(c). Other income

	2016 £m	2015 £m
Joint venture performance fee	**24.1**	-
Change in fair value of deferred consideration	**9.5**	10.1
Lease surrender premium	**5.4**	-
	39.0	10.1

The Group as property manager to the BlackRock Workspace Property Trust joint venture is due 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 has 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 a fee was estimated at £24.1m. In accordance with IAS18 recognition rules this has been recognised as income for the 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 2016 and 31 March 2015. The amounts receivable are included in the Consolidated balance sheet under non-current and current trade and other receivables (note 13).

The lease surrender premium is in respect of an amount received from a tenant in order to break their lease.

4. Finance income and costs

	2016 £m	2015 £m
Interest income on bank deposits	**0.1**	0.1
Finance income	**0.1**	0.1
Interest payable on bank loans and overdrafts	**(2.7)**	(3.6)
Interest payable on other borrowings	**(13.9)**	(14.7)
Amortisation of issue costs of borrowings	**(0.8)**	(0.8)
Interest payable on finance leases	**(0.5)**	(0.3)

Interest capitalised on property refurbishments (note 10)	**0.9**	0.8
Foreign exchange (losses)/gains on financing activities	**(2.2)**	(7.2)
Cash flow hedge – transfer from equity	**2.2**	7.2
Finance costs	**(17.0)**	(18.6)

5. Employees and directors

Staff costs for the Group during the year were:	**2016 £m**	2015 £m
Wages and salaries	**12.8**	11.2
Social security costs	**1.4**	1.3
Other pension costs	**0.8**	0.7
Cash settled share based costs	**0.9**	1.3
Equity settled share based costs	**1.9**	2.0
	17.8	16.5
Less costs capitalised	**(1.6)**	(1.2)
	16.2	15.3

The monthly average number of people employed during the year was:	**2016 Number**	2015 Number
Head office staff (including Directors)	**92**	85
Estates and property management staff	**119**	114
	211	199

6. Taxation

	2016 £m	2015 £m
Current tax:		
UK corporation tax	**1.3**	–
Adjustments to tax in respect of previous periods	**–**	0.1
	1.3	0.1
Deferred tax:		
On origination and reversal of temporary differences	**1.1**	–
	1.1	–
Total taxation charge	**2.4**	0.1

The tax on the Group's profit for the year differs from the standard applicable corporation tax rate in the UK of 20% (2015: 21%). The differences are explained below:

	2016 £m	2015 £m
Profit on ordinary activities before taxation	**391.3**	360.0
Adjust gains from share in joint ventures	**(4.2)**	(8.4)
	387.1	351.6
Tax at standard rate of corporation tax in the UK of 20% (2015: 21%)	**77.4**	73.8
Effects of:		
REIT exempt income	**(10.3)**	(5.8)
Changes in fair value not subject to tax as a REIT	**(59.3)**	(66.3)
Change in fair value of derivatives not subject to tax	**(0.5)**	-
Share based payment adjustments	**(3.0)**	(0.7)
Other income	**0.2**	0.2
Adjustments to tax in respect of previous periods	**–**	0.1
Losses carried forward previously unrecognised	**0.3**	(1.2)
Losses brought forward	**(2.4)**	-
Total taxation charge	**2.4**	**0.1**

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. A substantial amount of other income has been recorded this year (note 3(c)). £30.7m (2015: £6.7m) of this income is subject to tax and so the Group has a higher tax charge than in previous years. 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 as part of Finance Bill 2015 on 26 October 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The Group currently has unrecognised tax losses carried forward of £1.4m (2015: £3.6m) calculated at a corporation tax rate of 19% (2015: 20%).

The analysis of deferred tax assets and liabilities is as follows:

	2016 £m	2015 £m
Deferred tax assets:		
– Deferred tax to be recovered within 12 months	**3.1**	2.3
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered within 12 months	**(4.2)**	(2.3)
Deferred tax liabilities (net)	**(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 2014	**–**	**–**
Charged to income statement	**2.3**	**2.3**
At 1 March 2015	**2.3**	**2.3**
Charged to income statement	**1.9**	**1.9**
At 31 March 2016	**4.2**	**4.2**

Deferred tax assets	**Expenses (share-based payment) £m**	**Tax losses £m**	**Total £m**
At 1 April 2014	**–**	**–**	**–**
Credited to income statement	**–**	**(2.3)**	**(2.3)**
At 1 March 2015	**–**	**(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)**

7. Dividends

Ordinary dividends paid	Payment date	Per share	**2016 £m**	2015 £m
For the year ended 31 March 2014:				
Final dividend	August 2014	7.09p	**–**	10.3
For the year ended 31 March 2015:				
Interim dividend	February 2015	3.89p	**–**	6.3
Final dividend	August 2015	8.15p	**13.2**	–
For the year ended 31 March 2016:				
Interim dividend	February 2016	4.86p	**7.9**	–
Dividends for the year			**21.1**	16.6
Timing difference on payment of withholding tax			**(0.2)**	(0.1)
Dividends cash paid			**20.9**	16.5

In addition the Directors are proposing a final dividend in respect of the financial year ended 31 March 2016 of

10.19 pence per ordinary share which will absorb an estimated £16.5m of revenue reserves and cash. If approved by the shareholders at the AGM, it will be paid on 5 August 2016 to shareholders who are on the register of members on 8 July 2016. 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:	2016 £m	2015 £m
Basic and diluted earnings (attributable to owners of the parent)	**388.9**	350.9
Change in fair value of investment properties	**(296.6)**	(318.0)
Adjustments for non-controlling interests share of change in fair value of investment property	**–**	3.7
Profit on disposal of investment properties	**(8.1)**	(0.3)
Loss on disposal of joint ventures	**0.1**	–
Movement in fair value of derivative financial instruments	**(0.9)**	2.2
Group's share of EPRA adjustments of joint ventures	**(5.6)**	(9.3)
EPRA adjusted earnings	**77.8**	29.2
Adjustment for non-trading items:		
Group's share of joint ventures other expenses	**2.7**	2.1
Other income (note 3(c))	**(39.0)**	(10.1)
Non-controlling interest (less adjustment above)	**–**	5.3
Taxation	**2.4**	0.1
Adjusted underlying earnings	**43.9**	26.6

Earnings have been adjusted and calculated on a diluted basis to derive an earnings per share measure as defined by the European Public Real Estate Association (EPRA) and an underlying earnings measure. Adjusted underlying earnings represents trading profits after interest, including trading profits of joint ventures.

Number of shares used for calculating earnings per share:	2016 Number	2015 Number
Weighted average number of shares (excluding own shares held in trust)	**161,843,774**	151,635,965
Dilution due to share option schemes	**2,018,833**	2,649,360
Weighted average number of shares for diluted earnings per share	**163,862,607**	154,285,325

In pence:	2016	2015
Basic earnings per share	**240.3p**	231.4p
Diluted earnings per share	**237.3p**	227.4p
EPRA earnings per share[1]	**47.5p**	18.9p
Adjusted underlying earnings per share[1]	**26.8p**	17.2p

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:	2016 £m	2015 £m
Net assets at end of year (basic)	**1,517.6**	1,146.3
Derivative financial instruments at fair value	**(3.9)**	2.3
EPRA net assets	**1,513.7**	1,148.6

Number of shares used for calculating net assets per share:	2016 Number	2015 Number
Shares in issue at year-end	**162,404,600**	161,107,649
Less own shares held in trust at year-end	**(122,362)**	(114,354)
Number of shares for calculating basic net assets per share	**162,282,238**	160,993,295
Dilution due to share option schemes	**1,673,407**	2,462,487
Number of shares for calculating diluted adjusted net assets per share	**163,955,645**	163,455,782

	2016	2015
EPRA net assets per share	**£9.23**	£7.03

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

	2016 £m	2015 £m
Balance at 1 April	**1,408.9**	1,068.3
Purchase of investment properties	**107.4**	80.0
Acquisition of finance leases	**–**	3.6
Capital expenditure	**54.3**	37.2
Capitalised interest on refurbishments (note 4)	**0.9**	0.8
Disposals during the year	**(114.7)**	(98.7)
Change in fair value of investment properties	**296.6**	318.0
Balance at 31 March	**1,753.4**	1,409.2
Less: classified as assets held for sale	**–**	(0.3)
Less: classified as trade and other receivables	**(4.0)**	–
Total investment properties	**1,749.4**	1,408.9

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 4.8% (2015: 5.2%). The total amount of capitalised interest included in investment properties is £6.7m (2015: £5.8m).

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

Valuation

The Group's investment properties are held at fair value and were revalued at 31 March 2016 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:

	2016 £m	2015 £m
Total per CBRE valuation report	**1,778.6**	1,423.4
Deferred consideration on sale of property	**(36.3)**	(21.3)
Assets held for sale	**–**	(0.3)
Head leases treated as finance leases under IAS 17	**7.1**	7.1
Total investment properties per balance sheet	**1,749.4**	1,408.9

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	864	1	£7 - £83	£26	4.5% - 8.2%	6.4%
Completed projects	316	1	£28 - £65	£49	5.2% - 6.4%	6.1%
Refurbishments	192	2	£20 - £63	£44	5.3% - 7.0%	5.6%
Redevelopments	176	2	£15 - £35	£26	5.0% - 7.0%	6.4%
Other	194	1	£16 - £56	£38	2.5% - 7.0%	5.2%
Head leases	7	n/a				
Total	1,749					

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	+86/-86	-32/+35
Completed projects (refurbishments)	+32/-32	-12/+14
Refurbishments	+24/-24	-11/+15
Redevelopments	+12/-12	-5/+5
Other	+19/-19	-9/+10

11. Property, plant and equipment

Cost or valuation	Equipment and fixtures £m	Total £m
Balance at 31 March 2014	7.2	7.2
Additions during the year	0.7	0.7
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**

Accumulated depreciation		
Balance at 31 March 2014	5.2	5.2
Charge for the year	0.7	0.7
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**
Net book amount at 31 March 2016	**2.0**	**2.0**
Net book amount at 31 March 2015	2.0	2.0

12(a). Investment in joint ventures

The Group's investment in joint ventures represents:

	2016 £m	2015 £m
Balance at 1 April	**28.6**	23.1
Capital distributions received†	**(6.3)**	(2.0)
(Repayment)/payment of loans to joint ventures	**(0.2)**	0.2
Share of gains	**4.2**	8.4
Income distributions received†	**(1.2)**	(1.1)
Disposal of joint ventures (note 3(b))	**(3.2)**	–
Realisation of profits on sale of properties out of joint ventures (note 3(a))	**0.4**	–
Balance at 31 March	**22.3**	28.6

† 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
Enterprise House Investments LLP*	Polar Properties Limited	April 2012	50%	Equity
Generate Studio Limited	Whitebox Creative Limited	February 2014	50%	Equity

*The Company sold its share in this joint venture in July 2015.

BlackRock Workspace Property Trust is 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. The Group holds a 20.1% interest however strategic decisions are taken with the agreement of both parties and no one party has control on their own. The Group is also 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 was established to obtain mixed use planning consent and redevelop Enterprise House, Hayes, UB3 for new residential and commercial space. The Group sold its share in this joint venture in July 2015.

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 sheets of joint ventures	2016 £m	2015 £m
Investment properties	**130.6**	139.7
Cash and cash equivalents	**6.3**	8.0
Other current assets	**1.8**	1.5
Current liabilities	**(27.8)**	(14.5)
Net assets	**110.9**	134.7

The net assets of BlackRock Workspace Property Trust included above are £110.5m (2015: £127.9m).

Income statements of joint ventures	2016 £m	2015 £m
Revenue	**9.5**	9.8
Direct costs	**(2.9)**	(3.0)
Net rental income	**6.6**	6.8
Administrative expenses	**(1.8)**	(1.9)
Other expenses	**(13.9)**	(10.2)
Profit on disposal of investment properties	**0.8**	5.7
Change in fair value of investment properties	**27.5**	36.6
Profit before tax	**19.2**	37.0
Taxation	**(0.1)**	–
Profit after tax	**19.1**	37.0

The profit after tax of BlackRock Workspace Property Trust included above is £18.9m (2015: £34.4m).

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	2016 £m	2015 £m
Opening net assets 1 April	**134.7**	111.6
Profit for the period	**19.1**	37.0
Capital distributions	**(31.5)**	(10.0)
Income distributions	**(4.7)**	(4.3)
Loans to joint ventures	**(0.4)**	0.4
Disposal of joint ventures	**(6.3)**	–
Closing net assets 31 March	**110.9**	134.7
Group's interest	**22.4**	29.1
Unrealised surplus on sale of properties to joint ventures	**(0.1)**	(0.5)
Carrying amount	**22.3**	28.6

12(b). Other investments

The Group holds the following investments:

	2016 £m	2015 £m
9% of share capital of Mailstorage Ltd	**1.2**	1.0
10% of share capital of The Excell Group plc	**3.0**	–
	4.2	1.0

13. Trade and other receivables

Non-current trade and other receivables	2016 £m	2015 £m
Prepayments and accrued income	**7.2**	–
Deferred consideration on sale of investment properties (see below)	**7.0**	8.7
	14.2	8.7

Deferred consideration on sale of investment properties:	**2016 £m**	2015 £m
Balance at 1 April	**8.7**	11.2
Additions (cash receivable)	**1.6**	1.5
Less: classified as current	**(12.8)**	(14.1)
Change in fair value (note 3(c))	**9.5**	10.1
Balance at 31 March	**7.0**	8.7

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 – £4.0m (2015: £7.2m). 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 was a gain of £9.5m (31 March 2015: £10.1m) (note 3(c)).

Current trade and other receivables	**2016 £m**	2015 £m
Trade receivables	**3.4**	2.8
Less provision for impairment of receivables	**(0.4)**	(0.4)
Trade receivables – net	**3.0**	2.4
Prepayments and accrued income	**19.7**	2.4
Deferred consideration on sale of investment properties	**29.3**	14.1
	52.0	18.9

Accrued income (non-current and current) includes £24.1m (2015: £nil) in respect of a performance fee for the BlackRock Workspace Property Trust joint venture (note 3(c)).

Receivables at fair value:
Included within deferred consideration on sale of investment properties is £29.3m (2015: £13.1m) of overage which is held at fair value through profit and loss. The amount is receivable within the following 12 months and has therefore 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

	2016 £m	2015 £m
Cash at bank and in hand	**24.5**	40.3
Restricted cash – tenants' deposit deeds	**3.3**	2.3
	27.8	42.6

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

	2016 £m	2015 £m
Trade payables	**3.7**	3.9
Other tax and social security payable	**0.5**	3.9
Corporation tax payable	**1.3**	-
Tenants' deposit deeds (note 14)	**3.3**	2.3
Tenants' deposits	**16.0**	13.3
Accrued expenses	**20.3**	18.8
Amounts due to related parties	**0.4**	0.4
Deferred income – rent and service charges	**2.9**	2.8
	48.4	45.4

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

	2016 £m	2015 £m
Non-current		
Bank loans (unsecured)	**38.3**	48.8
6% Retail Bond (unsecured)	**56.9**	56.8
5.6% Senior US Dollar Notes 2023 (unsecured)	**69.7**	67.6
5.53% Senior Notes 2023 (unsecured)	**83.8**	83.7
Senior Floating Rate Notes 2020 (unsecured)	**9.0**	9.0
Other term loan (unsecured)	**44.5**	44.4
Finance lease obligations	**7.1**	7.1
	309.3	317.4

(b) Net Debt

	2016 £m	2015 £m
Borrowings per (a) above	**309.3**	317.4
Adjust for:		
Finance leases	**(7.1)**	(7.1)
Cost of raising finance	**3.2**	3.0
Foreign exchange differences	**(5.4)**	(3.3)
	300.0	310.0
Cash at bank and in hand (note 14)	**(24.5)**	(40.3)
Net Debt	**275.5**	269.7

At 31 March 2016 the Group had £110m (2015: £100m) of undrawn bank facilities and £24.5m of unrestricted cash (2015: £40.3m). £10m of bank borrowings were repaid during the year.

(c) Maturity

	2016 £m	2015 £m
Repayable between three years and four years	**57.5**	50.0
Repayable between four years and five years	**49.0**	57.5
Repayable in five years or more	**193.5**	202.5
	300.0	310.0
Cost of raising finance	**(3.2)**	(3.0)
Foreign exchange differences	**5.4**	3.3
	302.2	310.3
Finance leases		
Repayable in five years or more	**7.1**	7.1
	309.3	317.4

(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
Other term loan	22.5	LIBOR +3.5%	Quarterly	May 2022
	22.5	LIBOR +3.5%	Quarterly	May 2023
Revolver loan	40.0	LIBOR +1.65%	Monthly	June 2020
6% Retail Bond	57.5	6.0%	Half Yearly	October 2019
	300.0			

In June 2015 the existing £50m term loan and £100m revolver facilities were replaced by a new £150m revolver facility with the maturity extended from June 2018 to June 2020 and with reduced rates. The revised terms also provided for the potential extension of the revolver facility for a further two one year terms to June 2022 and a potential increase in the quantum of the facility from £150m to £250m.

(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 £95m (1.87%) interest rate swap to June 2018 was broken in June 2015 with a cash payment of £1.7m. This was valued as a £2.6m liability at 31 March 2015.

The Group has entered into 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

	2016 Book Value £m	**2016 Fair Value £m**	2015 Book Value £m	2015 Fair Value £m
Financial liabilities held at amortised cost				
Bank loans	**38.3**	**38.3**	48.8	48.8
6% Retail Bond	**56.9**	**59.7**	56.8	62.1
Private Placement Notes	**162.5**	**162.5**	160.3	160.3
Other term loan	**44.5**	**44.5**	44.4	44.4
Finance lease obligations	**7.1**	**7.1**	7.1	7.1
	309.3	**312.1**	317.4	322.7
Financial liabilities at fair value through profit or loss				
Derivative financial instruments:				
Interest rate swaps	**–**	**–**	2.6	2.6
Financial (assets)/liabilities at fair value through other comprehensive income				
Derivative financial instruments:				
Cash flow hedge – derivatives used for hedging	**(3.9)**	**(3.9)**	(0.3)	(0.3)
	(3.9)	**(3.9)**	2.3	2.3
Financial assets at fair value through profit or loss				
Deferred consideration	**33.3**	**33.3**	20.3	20.3

The fair value of the Retail Bond has been established from the quoted market price at 31 March 2016 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 the income statement was a £0.9m profit (2015: loss of £2.2m). This is net of £1.7m (2015: £nil) cash paid to break the interest rate swap.
The total change in fair value of derivative financial instruments recorded in other comprehensive income was a £1.4m profit (2015: loss of £0.3m).

17. Notes to cash flow statement

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

	2016 £m	2015 £m
Profit before tax	**391.3**	360.0
Depreciation	**0.8**	0.7
Amortisation of intangibles	**0.3**	0.2
Profit on disposal of investment properties	**(8.1)**	(0.3)
Loss on disposal of joint ventures	**0.1**	–
Other income	**(33.6)**	(10.1)
Net gain from change in fair value of investment property	**(296.6)**	(318.0)
Equity settled share based payments	**1.9**	2.0
Change in fair value of financial instruments	**(0.9)**	2.2
Finance income	**(0.1)**	(0.1)
Finance expense	**17.0**	18.6
Gains from share in joint ventures	**(4.2)**	(8.4)
Changes in working capital:		
Increase in trade and other receivables	**(0.5)**	(0.1)
Increase in trade and other payables	**0.2**	7.6
Cash generated from operations	**67.6**	54.3

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

	2016 £m	2015 £m
Cash at bank and in hand	**24.5**	40.3
Restricted cash – tenants' deposit deeds	**3.3**	2.3
	27.8	42.6

18. Non-controlling interests

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 the Glebe Proceeds Share Agreement (GPSA).

The GPSA provided for the former lenders to Workspace Glebe to share in net cash proceeds from disposals from the Glebe property portfolio once Workspace received its priority return. The priority return was £92m. For proceeds up to £170m the lenders' share (after deducting Workspace's priority return) was 50%, from £170m up to £200m it was 30% and nil thereafter. The maximum payable under the GPSA was capped at £48m. All disposals were at the option of Workspace and there were no time limits.

In measuring the amount attributable to NCI, the Group took into account the likelihood that a property would be sold and that a payment may be made. On this basis, the Group attributed amounts to NCI when it considered it probable that it would sell the relevant properties. No amounts were attributed to NCI in relation to properties that the Group had no intention of selling.

In December 2014 an agreement was reached with the former lenders to terminate the GPSA for a cash settlement of £30m. On settlement, the Group derecognised non-controlling interests of £20m and recorded a decrease in equity attributable to owners of the parent of £10m.

Profit and comprehensive income attributable to NCI was £nil (2015: £9.0m).

19. Share capital and share premium

	2016 Number	2015 Number
Issued: Fully paid ordinary shares of £1 each	**162,404,600**	161,107,649

	2016 £m	2015 £m
Issued: Fully paid ordinary shares of £1 each	**162.4**	161.1

Movements in share capital were as follows:	2016 Number	2015 Number
Number of shares at 1 April	**161,107,649**	145,616,695
Issue of shares	**1,296,951**	15,490,954
Number of shares at 31 March	**162,404,600**	161,107,649

On 12 November 2014 the Group undertook a placement of 14,627,492 shares at 660p per share raising £94.0m net of expenses.

The Group issued 1,296,951 (2015: 863,462 shares) shares during the year to satisfy the exercise of share options.

	Share Capital		Share Premium	
	2016 £m	**2015 £m**	**2016 £m**	**2015 £m**
Balance at 1 April	**161.1**	**145.6**	**136.8**	**58.2**
Issue of shares	**1.3**	**15.5**	**(0.9)**	**78.6**
Balance at 31 March	**162.4**	**161.1**	**135.9**	**136.8**

20. Capital commitments

At the year end the estimated amounts of contractual commitments for future capital expenditure not provided for were:

	2016 £m	2015 £m
Construction or redevelopment of investment property	**18.8**	42.3

21. Post balance sheet events

In June 2016 the Group exercised the option for the first extension of the maturity term of the £150m revolver facility for a year to June 2021.

Responsibility Statement

The 2016 Annual Report, which will be issued mid-June 2016, contains a responsibility statement which states that on 7 June 2016, 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 7 June 2016 and signed on its behalf by

J Hopkins
G Clemett
Directors