PRELIMINARY ANNOUNCEMENT

3 June 2015

WORKSPACE GROUP PLC
FINAL RESULTS

WORKSPACE GROUP PLC

GROWTH THROUGH PERFORMANCE

HIGHLIGHTS

Financial Performance

- Profit before tax up 43% to £360.0m (2014: £252.5m)
- Adjusted trading profit after interest up 30% to £26.6m (2014: £20.5m)
- EPRA net asset value per share up 42% to £7.03 (2014: £4.96)
- Adjusted underlying earnings per share up 24% to 17.2p (2014: 13.9p)
- Final dividend per share increased by 15% to 8.15p (2014: 7.09p)
- Total dividend for the year up 13% to 12.04p (2014: 10.63p)

Operating Performance

- Total net rental income up 15% to £57.7m (March 2014: £50.3m)
- Total rent roll up 19% to £69.4m (March 2014: £58.3m)
- Like-for-like rent roll up 18% to £46.5m (March 2014: £39.5m)
- Like-for-like rent per sq. ft. up 16% to £18.37 (March 2014: £15.87)
- Like-for-like occupancy 92.2% (March 2014: 91.4%)

Property Valuation

- Underlying property valuation up 30% (£328m) in year to £1,423m
- Total property return of 37% (March 2014: 35%)
- Like-for-like capital value per sq. ft. at £280 (March 2014: £213)
- Like-for-like initial yield of 5.4% (March 2014: 6.3%)

Asset Management Activity

- Two new and two refurbished business centres opened and letting well
- Fourteen further refurbishment and redevelopment projects underway
- Five properties acquired in the financial year at a total cost of £80m
- Ten non-core industrial properties sold during the year for £44m
- Contracts exchanged for two further property acquisitions since the year end for £51m

Financing

- Successful share placing in November 2014 raising gross proceeds of £96.5m
- Settlement of the Glebe proceeds share agreement for £30m in December 2014
- Undrawn facilities and cash at 31 March 2015 of £140m (March 2014: £72m)
- Loan to value at 19% (March 2014: 31%)

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

"Workspace has been extremely active across all parts of the business over the last twelve months and this is reflected in another exceptional year of both operational performance and financial results. Demand from customers for the space and connectivity we provide within our high quality properties remains strong, with our in-house marketing resource reporting both enquiry levels and lettings up year on year. This, coupled with the continued acceleration of our redevelopment and refurbishment plans and extensive portfolio management efforts, has translated into high rental and capital value growth, unlocking further value for our shareholders.

To meet the strong demand we have experienced, as well as the new and refurbished space that we are launching across our existing portfolio, we have also expanded our footprint by acquiring five properties over the financial year, which all fit well within our core strategy. We continue to seek out further acquisition opportunities across London where we can add value, leverage our operational platform and drive strong returns. More recently, we announced the acquisition of a converted warehouse style office building in Clerkenwell an area we know very well, and have today announced the acquisition of an attractive Art-Deco building in Islington.

Workspace is firmly establishing itself as the home to new and growing companies across the capital and is in a great position to benefit from the continuing change and growth that is taking place across the city. London's economy continues to thrive, boosted by the contribution from its new and growing companies, and we don't see that momentum slowing any time soon. Given this context, with the Company in a strong financial position and with customers becoming increasingly aware of our brand and unique proposition, I see significant potential for further growth across the business."

-Ends -

For media and investor enquiries, please contact:

Workspace Group PLC Jamie Hopkins, Chief Executive Officer Graham Clemett, Chief Financial Officer Clare Dundas, Head of Corporate Communications	020 7138 3300
Bell Pottinger Victoria Geoghegan Nick Lambert Elizabeth Snow	020 3772 2562

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 is home to 4,000 new and growing companies in some 90 properties across London
- 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 3rd June 2015 at 09:30. 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.
www.emincote.com/webcasts/default.asp?Event=workspace003

Conference call details:
Dial in: + 44 20 3059 8125
Passcode: Workspace

CHAIRMAN’S STATEMENT

In a year of good performance across the property sector, Workspace has again outperformed. Workspace is benefiting from its focus on new and growing companies in London and a long-term strategy of redevelopment and refurbishment combined with active portfolio management and targeted acquisitions. This momentum is reflected in our revenues and profits which have again grown strongly. Group net rental income was £57.7 million, an increase of 15%, profit before tax was £360.0 million, an increase of 43%, and EPRA NAV per share was £7.03, an increase of 42%.

Considering these strong results and the company's future prospects, the Board is recommending an increase in the final dividend by 15% to 8.15p to be paid on 9 August 2015. This represents an increase in the total dividend for the year of 13% to 12.04p.

During the year we acquired five properties, helping us to expand our portfolio in our target areas such as London’s Midtown, and we will continue to search for and execute transactions that we believe will provide strong, long-term shareholder returns. We also agreed terms for the cancellation of the Glebe proceed share agreement with the former lenders to the Glebe portfolio which we acquired in 2009. This concludes the integration of the portfolio that has delivered substantial returns since its acquisition.

In November, we were grateful for the strong support of investors in successfully completing a £96.5 million share placing. This will allow us to move more quickly to extend our refurbishment pipeline and take advantage of acquisition opportunities.

Throughout all of this, the Board continued to support Jamie and the team in executing our strategic plans with strong governance sitting at the heart of our approach. During the year, Bernard Cragg retired as Non-Executive Director and we welcomed the arrival of Stephen Hubbard to the Board. Stephen is currently Chairman of CBRE UK and we are already benefiting from his wealth of experience.

We aim to support not only our customers but also the wider communities around us and we remain alive to our responsibilities. Nowhere is that more evident than in our goal to reduce energy usage in all of our buildings and it is pleasing to note that we have reduced overall energy consumption by 9% over the last two years.

All of the achievements we report this year are of course a reflection of the hard work and dedication of our employees and I would like to thank them once again for their expertise and commitment which is growing our business and further strengthening our presence.

Looking forward, I believe we have the right strategy to cement our position as the home to new and growing companies across London, and deliver superior value to shareholders.

CHIEF EXECUTIVE OFFICER'S STATEMENT

We know that the new and growing companies (”NGCs”) that sit at the heart of London's economic success story look for more than just space on their path for growth. As a result, our strategy of providing a compelling combination of the right buildings in the right locations and offering the right services, is resonating strongly with customers.

The success of our approach, to be a home for NGCs in London, and the acceleration of a long-term programme of focused refurbishment and redevelopment activity is reflected in the strong performance we've delivered over the last year, with rent roll up by 19% and the value of our portfolio increasing by 30%.

London's business community is evolving rapidly and we are seeing increased demand from our core NGC customer base for space and connectivity beyond established locations. We are meeting this demand and have grown our footprint through the acquisition of new buildings and redevelopment of existing properties and we continue to see huge potential in other hotspots. We are creating a wider range of options for our customers and this will help drive our future growth.

Our customers are also changing the way they work, seeking to create environments around them where their business needs and their lifestyle aspirations are fully merged. From full technological connectivity in state of the art offices, to community cafés, cycle stores and showers, we are providing what these businesses need to be truly at home in their surroundings. In addition, we provide opportunities for our customers to engage and trade with each other, enabling their businesses to grow faster within the Workspace environment.

We are able to react to evolving trends and requirements quickly thanks to the unique, first-hand knowledge we gain through our direct, daily interaction with customers. Across London, our centre hosts spend time getting to know our customers and ensure that they are surrounded by the resources and services they need to be successful. This ethos is shared throughout Workspace in all of our highly experienced teams who work hard to support both our buildings and our customers.

The growing profile of the Workspace brand plays an essential role, too. As a business that is open, friendly and directly engaged with customers and one that is actively managing our portfolio of buildings, we are increasingly being seen as a highly differentiated landlord.

Our thriving NGC customers sit at the heart of the London economy and by supporting them and being alive to their changing needs in such a dynamic market, Workspace is becoming their home.

BUSINESS REVIEW

LIKE-FOR-LIKE PORTFOLIO

The like-for-like portfolio comprises properties which have not been impacted over the last 24 months by either major refurbishment or redevelopment activity. They represent the majority (67%) of the Group's rent roll.

Like-for-like rent roll growth has been strong with rent roll up 17.7% (£7.0m) to £46.5m in the year. The majority of the increase has come from pricing with like-for-like rent per sq. ft. up 15.8% to £18.37.

Like-for-like properties	**31 Mar 2015**	31 Dec 2014	30 Sep 2014	30 June 2014	31 Mar 2014
Number of properties	**42**	42	42	42	42
Occupancy	**92.2%**	92.6%	90.6%	91.5%	91.4%
Rent roll	**£46.5m**	£44.7m	£42.1m	£41.3m	£39.5m
Rent per sq. ft.	**£18.37**	£17.76	£16.99	£16.54	£15.87

A breakdown of the like-for-like growth by property type is set out below:

	Rent Roll		Rent per sq. ft.	
	March 2015	March 2014	**March 2015**	March 2014
Business centres	**£41.3m**	£34.9m	**£21.98**	£18.87
Industrial estates	**£5.2m**	£4.6m	**£8.01**	£7.19
Total/Average	**£46.5m**	£39.5m	**£18.37**	£15.87

The business centres, which now represent 89% of the like-for-like rent roll, have seen the strongest pricing increases in the year with rent per sq. ft. up 16.5% to £21.98. This compares to an 11.4% increase in rent per sq. ft. at the industrial estates to £8.01.

COMPLETED PROJECTS

Completed projects comprise of properties with new and upgraded space that have been delivered from our refurbishment and redevelopment programmes. Highlights during the year include:

- The successful letting-up of the new business centres in Bethnal Green (Pill Box – opened February 2014) and Islington (ScreenWorks – opened June 2014). Both reached 90% occupancy levels within nine months at pricing levels well ahead of initial expectations.

- Completion in January 2015 of the extensive refurbishment and addition of two floors at the Metal Box Factory on Bankside. We have seen very strong demand for the new space at this thriving location, with occupancy reaching 84% by the end of March 2015.

- We opened The Light Bulb in March 2015, a new business centre in Wandsworth Town Centre. By the end of April 2015 the centre was already 25% occupied with a further 13% under offer.

Completed projects	No of Projects	Rent roll at 31 March 2015	Rent roll at 31 March 2014
Refurbishments	5	£6.1m	£2.7m
Redevelopments	2	£2.1m	-
Total	7	£8.2m	£2.7m

The rent roll of completed projects has increased by £5.5m over the year to 31 March 2015. If all the buildings were 90% let at latest estimated rental values the rent would be £11.3m, £3.1m higher than the March 2015 rent roll.

PROJECTS UNDERWAY

We have a pipeline of properties that are at varying stages of refurbishment and redevelopment. This ranges from those at the planning stage, to those where we are vacating customers, through to properties where new space is under construction.

Projects underway	No of Projects	Rent roll at 31 March 2015	Rent roll at 31 March 2014
Refurbishment	8	£7.5m	£8.2m
Redevelopment	6	£0.3m	£1.9m
Total	14	£7.8m	£10.1m

During refurbishment projects there will usually be some reduction in the rent roll in those areas affected by the works; although on some larger projects we may need to completely vacate the property. The reduction in rent roll in the year of £0.7m includes the vacation of all customers at Hatton Square Business Centre ahead of the commencement of this major refurbishment project. Based on latest estimated rental values and assuming 90% occupancy the rent roll of the eight refurbishments when they have been completed would be £16.9m, £9.4m higher than the rent at 31 March 2015.

Redevelopment projects require complete vacant possession ahead of sale. During the year, the biggest reduction in rent roll was £1.1m at the Biscuit Factory where we are progressively vacating the part of the site that we have contracted to sell to Grosvenor for a residential redevelopment. Based on latest estimated rental values and assuming 90% occupancy, the rent roll of the new business space being returned to us at these redevelopments would be £3.1m, £2.8m higher than the rent at 31 March 2015.

TOTAL PORTFOLIO

Overall occupancy was 88.7% at 31 March 2015 (31 March 2014: 85.8%). Our total rent roll has increased over the year by 19% to £69.4m (31 March 2014: £58.3m) as detailed below:

	£m
Rent roll at 31 March 2014	58.3
Like-for-like portfolio	7.0
Completed projects	5.5
Projects underway	(2.3)
Acquisitions in the year	3.0
Disposals in the year	(2.1)
Rent roll at 31 March 2015	**69.4**

ENQUIRIES AND LETTINGS

Enquiries are an important indicator of the strength of customer demand and have been consistently high at an average of 1,222 per month, compared to 1,063 per month in the prior year. We have seen a similarly high level of completed lettings which averaged 109 per month (2014: 85 per month). Continued strong levels of enquiries and lettings are being seen in the first quarter of the current financial year.

	Quarter Ended			
Average number per month	**31 March 2015**	31 Dec 2014	30 Sept 2014	30 June 2014
Enquiries	**1,232**	1,141	1,294	1,222
Lettings	**120**	105	108	104

PROFIT PERFORMANCE

Adjusted trading profit after interest for the year is £26.6m, up 30% compared to the prior year. The prior year trading profit excludes the exceptional finance costs of £1.9m associated with the refinancing of the debt facilities which was completed in July 2013.

£m	**31 March 2015**	31 March 2014
Net rental income – underlying	**54.4**	47.7
Net rental income – acquisitions	**2.2**	0.3
Net rental income – disposals	**1.1**	2.3
Joint venture income	**1.2**	1.1
Administrative expenses – underlying	**(10.5)**	(9.9)
Administrative expenses – share related incentives	**(3.3)**	(2.5)
Net finance costs	**(18.5)**	(18.5)
Adjusted trading profit after interest	**26.6**	20.5

Total net rental income for the year was up 15% (£7.4m) to £57.7m with underlying net rental income up 14% (£6.7m) to £54.4m. This reflects income growth of 18% (£5.7m) at like-for-like properties and growth of £2.3m from completed refurbishments offset by a reduction of income of £1.3m at properties being refurbished or redeveloped.

The acquisitions in the current and prior year have contributed £1.9m to net rental income growth with a reduction in net rental income from disposals of £1.2m, largely from the ten industrial properties sold mid-year.

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

Underlying administrative expenses have increased by 6% (£0.6m) in the year due to an increase of 4 in average head-office headcount to 85 and overall salary and bonus increase averaging 5%.

Share related incentive costs have increased by £0.8m (32%) due to higher than expected vesting levels as a result of the strong share price performance.

Net finance costs, excluding exceptional costs, have remained flat year on year. The average level of debt (excluding cash) over the year was £328m (2014: £332m) and average interest cost was 5.2% (2014: 5.3%), this excludes the amortisation of fees running at 0.2% p.a.

Profit before tax has increased by 43% (£107.5m) in the year to £360.0m.

£m	**31 March 2015**	31 March 2014
Adjusted trading profit after interest	**26.6**	20.5
Exceptional finance costs	**-**	(1.9)
Change in fair value of investment properties	**318.0**	221.9
Other Items	**15.4**	12.0
Profit before tax	**360.0**	252.5
Adjusted underlying earnings per share	**17.2p**	13.9p

The change in fair value of investment properties of £318.0m reflects the increase in the total CBRE valuation in the year of £328.1m, adjusted for £10.1m of overage income now classified as deferred consideration within trade and other receivables.

Other items for the year include profit on sale of investment properties of £0.3m, the change in the fair value of deferred consideration and overage payments of £10.1m and our share of the increase in valuation and property disposal profits relating to the BlackRock Workspace JV of £7.2m, offset by a £2.2m reduction in fair value of derivative financial instruments.

DIVIDEND

The Board has proposed a final dividend of 8.15 pence per share an increase of 15% on the prior year (2014: 7.09 pence), which will be paid on 7 August 2015 to shareholders on the register at 10 July 2015. This dividend will be paid as a normal dividend (non-PID). The total dividend for the year is 12.04 pence, a 13% increase overall on the prior year (2014: 10.63 pence), which is covered 1.4 times by adjusted underlying earnings per share.

PROPERTY VALUATION

At 31 March 2015 the wholly owned portfolio was independently valued by CBRE at £1,423m, an underlying increase of 30% (£328m) in the full year, with an increase of 14% (£171m) in the second half of the year. The main movements in the valuation are set out below:

	£m
Valuation at 31 March 2014	1,078
Revaluation surpluses:	
• 6 months to 30 September 2014	157
• 6 months to 31 March 2015	171
Capital expenditure	38
Acquisitions	80
Property disposals	(44)
Capital receipts	(57)
Valuation at 31 March 2015	**1,423**

The total Workspace property return for the year was 36.7% (March 2014: 34.7%). This compares to a total property return of 17.1% (March 2014: 13.6%) for the IPD Quarterly Universe.

Set out below is a summary of the revaluation surplus and valuation at 31 March 2015 by property type:

£m	Revaluation surplus	Valuation
Like-for-like Properties	177	768
Completed Projects	59	179
Refurbishments	28	177
Redevelopments	50	197
Acquisitions	3	102
Disposals	11	-
Total	**328**	**1,423**

The 30% (£177m) increase in value of the like-for-like properties came from an uplift in rental pricing (representing 59% of the uplift) and a tightening in valuation yields (representing 41% of the uplift).

Like-for-Like Properties	31 March 2015	31 March 2014
ERV per sq. ft.	£20.24	£17.24
Rent per sq. ft.	£18.37	£15.87
Equivalent Yield	6.5%	7.2%
Net Initial Yield	5.4%	6.3%
Capital Value per sq. ft.	£280	£213

The uplift of 49% (£59m) in value of completed projects reflects the very strong pricing levels that have been achieved at these properties, well ahead of initial expectations when the buildings opened.

Completed Projects	31 March 2015
ERV per sq. ft.	£24.24
Rent per sq. ft.	£18.59
Capital Value per sq. ft.	£344

We have also seen an uplift of 19% (£28m) in the value of refurbishments underway. Expectations for the pricing levels that can be achieved at these properties have been raised in light of the pricing levels achieved at the recently completed schemes.

The uplift of 34% (£50m) in the value of redevelopment projects is a combination of the:

- Increase in residential land values reflected in both schemes with planning that have been sold in the year and those at the planning stage of £26m;
- Uplift in the value of business space being returned to Workspace of £12m; and
- Increase in the estimated overage due to Workspace of £12m.

The £11m revaluation surplus on disposals arises from the uplift in value of these properties reported in the first half of the financial year which were subsequently sold in the second half of the year.

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 during the last financial year:

- In April 2014, we acquired 12-13 Greville Street, EC1N for £2.3m. This building is adjacent to our existing property at 14 Greville Street and we are now progressing with plans for a new business centre on the combined site which will benefit from the opening of the new Crossrail station at Farringdon.

- In May 2014, we completed on the purchase of Vestry Street Studios, N1 for £12.6m at a net initial yield of 4.1% off an average rent of £23 per sq. ft. This Shoreditch warehouse of 23,000 sq. ft. complements our cluster of buildings in the Old Street/Shoreditch area.

- In November 2014, we acquired 160 Fleet Street, EC4 for £29.7m. This 54,000 sq.ft property in Midtown was acquired out of administration at a capital value of £549 per sq.ft and is only 48% let at a net initial yield of 3.7%.

- In January 2015, we acquired Edinburgh House, SE11 for £25.3m. This prominent 68,000 sq.ft property in Kennington is fully let to the Metropolitan Police Authority at a rent of £22 per sq.ft and was acquired at a capital value of £370 per sq. ft. and an initial yield of 5.2%.

- In January 2015, we also acquired Peer House, WC1 for £6.1m. This property adjoins our existing property at 60 Gray's Inn Road, WC1 in Midtown and is fully let off a low average rent of £21 per sq.ft. It was acquired at a capital value of £605 per sq. ft. and a net initial yield of 3.3%.

We continue to search for further acquisition opportunities with two further properties acquired since the year end. On 27 May 2015 we announced that we had exchanged contracts for the purchase of 25 & 28 Easton Street, WC1 for £16.6m at a capital value of £794 per sq. ft. We have today announced the exchange of contracts for the purchase of Angel House, EC1 for £34.0m at a capital value of £738 per sq. ft. These two properties are well located in Clerkenwell and Islington respectively and complement our existing cluster of buildings in these vibrant areas of London.

DISPOSALS

In October 2014 we completed the sale of a portfolio of ten non-core industrial estates for £44m, an £11m premium to their book value at March 2014. The properties generally represent good quality but small industrial estates, where the opportunity for Workspace to add premium operational or brand value is limited. The valuation of the seven remaining non-core properties at 31 March 2015 stands at £20m (March 2014: £53m).

REFURBISHMENT ACTIVITY

We continue to pursue opportunities to upgrade and add additional space at our properties. We are making good progress with three schemes completing during the last financial year delivering 141,000 sq. ft. of new and upgraded space and a further three delivering 162,000 sq. ft. of space expected to complete this year.

A summary of the refurbishment programme is set out below:

Projects	Number	Capex spent	Capex to spend	Refurbished and New Space
Completed	5	£32m	-	218,000 sq. ft.
Underway	8	£17m	£88m	372,000 sq. ft.

Design stage	6	-	£77m	399,000 sq. ft.
Total	19	£49m	£165m	989,000 sq. ft.

We would expect the remaining capital expenditure on these refurbishment projects to be relatively evenly phased over the next 3 to 4 years.

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. Our model is to use our expertise and knowledge to obtain a mixed use planning consent at one of our properties 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.

It has been a busy and successful year for redevelopment, and highlights include:

- Delivery of two new business centres in Islington (ScreenWorks) and Wandsworth (The Light Bulb) at no cost to Workspace.
- Planning consent in April 2014 for the second phase of the redevelopment at The Light Bulb, SW18 for 77 residential units and 18,000 sq. ft. of commercial space.
- Sale of the second phase of the redevelopment at Bow Enterprise Park, E3 of 160 residential units to Peabody in April 2014 in return for £11m in cash and 3,000 sq. ft. of new industrial space.
- Agreement in May 2014 of the contract for sale of 148 residential units at The Faircharm, SE8 to London & Quadrant in return for £10m in cash and a new 52,000 sq. ft. business centre.
- Contract for sale with Telford Homes in September 2014 for the first phase of redevelopment at Poplar, E14 of 170 residential units for £16m and 8,000 sq. ft. of new industrial space.
- Planning consent in February 2015 at Arches Business Centre, UB2 for 110 residential units.

A summary of the contracted redevelopments where we have signed deals with residential developers are set out below:

Contracted Projects	Number	Residential Units	Cash received	Cash to come	Overage to come	New Business space
Completed	2	281	£5m	-	£13m	114,000 sq. ft.
Underway	6	1,690	£74m	£31m	£5m	180,000 sq. ft.
Total	8	1,971	£79m	£31m	£18m	294,000 sq. ft.

- The timing of cash receipts is dependent on when we obtain vacant possession or is often paid on a staged basis. £55m of cash was received during the last year, £28m is expected to be received in the current financial year and the balance over the following two financial years.

- We will receive 180,000 sq. ft. of new space on the contracted for sale schemes underway, 70,000 sq. ft. is expected to be delivered in the current financial year and the balance during the following two years.

- On a number of the sales we have overage clauses that entitle Workspace to additional payments if private residential sales exceed certain pre-agreed price levels. As at March 2015 the expected cash proceeds from overage was valued by CBRE at £18m of which £14m is expected to be received in the current financial year.

In addition to the contracted redevelopments detailed above, we have four properties with planning consent for a total of 539 residential units which will be marketed and sold in due course. We are also progressing discussions with planners on mixed-use planning schemes on a further six properties for 1,067 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 remaining low at £0.3m (March 2014: £0.2m).

A summary of the movements in cash flow are set out below:

	£m
Net cash from operations	36
Dividends paid	(17)
Capital expenditure	(37)
Property acquisitions	(80)
Property disposals	44
Capital receipts	55
Distributions from joint ventures	3
Net proceeds from share placement	94
Settlement of Glebe proceeds share	(30)
Net movement in year	68
Debt at 31 March 2014 (net of cash)	(338)
Debt at 31 March 2015 (net of cash)	**(270)**

FINANCING

At 31 March 2015 the Group had £410m of committed facilities with an average period to maturity of 5.8 years and the earliest maturity in June 2018. Details are set out 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 debt	£150m	June 2018
Total facilities	**£410m**	
Undrawn facilities (including cash)	**£140m**	

The Private Placement notes comprise $100m dollar (£64.5m) 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%. The UK Fund has provided a ten year floating rate facility which amortises by 50% (£22.5m) at the end of year nine. A seven year Retail Bond (listed on ORB) was issued in October 2012 and carries a coupon of 6.0%. The five year bank facilities are provided by three UK clearing banks (RBS, HSBC and Santander) at a floating rate over LIBOR. The bank term facilities of £50m and UK Fund Facility of £45m are hedged at a rate of 1.9% for five years to June 2018.

In November 2014, we successfully completed a share placing issuing 14.6m new shares (representing approximately 9.99% of the issued share capital prior to the placing) at £6.60 per share raising gross proceeds of £96.5m. The proceeds are being used to extend and accelerate our refurbishment pipeline and take advantage of acquisition opportunities.

At 31 March 2015, overall loan to value was 19% and interest cover (based on net rental income) was 3.2 times, giving us good headroom on all of bank, placement notes and bond covenants.

NET ASSETS

Net assets increased in the year by £420m to £1,146m, the most significant items being the £328m increase in the value of our investment portfolio and the share placing that raised a net £94m. EPRA net asset value per share at 31 March 2015 was £7.03 (2014: £4.96), an increase of 42% in the year.

The main movements in net asset value per share in the year are set out below:

	£
At 31 March 2014	4.96
Property valuation surplus	2.01
Trading profit after interest	0.16
Dividends paid in year	(0.10)
Glebe proceeds share payment	(0.12)
Share placement	0.13
Other	(0.01)
At 31 March 2015	**7.03**

GLEBE PROCEEDS SHARE AGREEMENT (‘GPSA’)

In December 2014, we successfully agreed the termination of the GPSA with the former lenders to the Glebe joint venture in return for a cash payment of £30m. The maximum that could have been payable under the GPSA was £48m.

BLACKROCK WORKSPACE PROPERTY TRUST (‘BLACKROCK JV’)

We have a 20.1% interest in the BlackRock JV for which we also act as property manager receiving management and potentially performance fees. The BlackRock JV has continued to perform well during the year with underlying rent roll growth of 16% (£1.0m) excluding disposals and occupancy improving to 93.9%. The property valuation has increased by 37% (excluding capital expenditure and disposals) to £133m at 31 March 2015.

Two properties were sold during the financial year for £13.2m, £6.1m ahead of the 31 March 2014 valuation. In April 2015, the BlackRock JV exchanged for sale a further four properties for £32.1m, a 4% premium to their 31 March 2015 valuation. The sale of these properties is due to complete in June 2015.

KEY PROPERTY STATISTICS

	Quarter ended 31 March 2015	Quarter ended 31 December 2014	Quarter ended 30 September 2014	Quarter ended 30 June 2014	Quarter ended 31 March 2014
Workspace Group Portfolio					
Property valuation	**£1,423m**	-	£1,230m	-	£1,078m
Number of estates	**75**	73	84	84	83
Lettable floorspace (million sq. ft.)	**4.2**	4.0	4.4	4.5	4.5
Number of lettable units	**4,525**	4,511	4,720	4,681	4,653
ERV	**£90.3m**	-	£79.7m	-	£75.4m
Cash rent roll of occupied units	**£69.4m**	£64.4m	£61.3m	£61.0m	£58.3m
Average rent per sq. ft.	**£18.79**	£17.97	£16.29	£15.73	£15.12
Overall occupancy	**88.7%**	88.9%	86.0%	85.7%	85.8%
Like-for-like lettable floor space (million sq. ft.)	**2.7**	2.7	2.7	2.7	2.7
Like-for-like cash rent roll	**£46.5m**	£44.7m	£42.1m	£41.3m	£39.5m
Like-for-like average rent per sq. ft.	**£18.37**	£17.76	£16.99	£16.54	£15.87
Like-for-like occupancy	**92.2%**	92.6%	90.6%	91.5%	91.4%
BlackRock Workspace Property Trust					
Property valuation	**£133m**	£126m	£117m	£111m	£104m
Number of estates	**12**	12	12	13	14
Lettable floorspace (million sq. ft.)	**0.5**	0.5	0.5	0.5	0.5
ERV	**£8.9m**	£8.6m	£8.4m	£8.4m	£8.5m
Cash rent roll of occupied units	**£7.1m**	£6.7m	£6.2m	£6.2m	£6.4m
Average rent per sq. ft.	**£16.13**	£16.17	£14.40	£14.84	£14.66
Overall occupancy	**93.9%**	88.9%	92.2%	89.1%	87.7%

Note:

The like-for-like portfolio statistics reported for the year as set out above have been restated for the following:

- Four refurbished properties have been transferred into this category as the refurbishments were completed more than two years ago. These properties had a rent roll of £5.6m at 31 March 2015.
- Twelve properties have been transferred out of the like-for-like category as we are now progressing with significant refurbishment or redevelopment activity at these sites. These properties had a rent roll of £9.1m at March 2015.
- Ten light industrial properties were sold in October 2014 with a rent roll of £2.1m.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2015

	Note	**2015 £m**	2014 £m
Revenue	1	**83.6**	73.6
Direct costs	1	**(25.9)**	(23.3)
Net rental income	1	**57.7**	50.3
Administrative expenses	2	**(13.8)**	(12.4)
Trading profit excluding share of joint ventures		**43.9**	37.9
Profit on disposal of investment properties	3(a)	**0.3**	1.6
Other income	3(b)	**10.1**	4.2
Change in fair value of investment properties	10	**318.0**	221.9
Operating profit	2	**372.3**	265.6
Finance income	4	**0.1**	0.1
Finance costs	4	**(18.6)**	(18.6)
Exceptional finance costs	4	**-**	(1.9)
Total finance costs		**(18.6)**	(20.5)
Change in fair value of derivative financial instruments	4	**(2.2)**	2.2
Gains from share in joint ventures	12(a)	**8.4**	5.1
Profit before tax		**360.0**	252.5
Taxation	6	**(0.1)**	(0.1)
Profit for the year after tax		**359.9**	252.4
Attributable to:			
– Owners of the parent		**350.9**	241.4
– Non-controlling interests	19	**9.0**	11.0
		359.9	252.4
Basic earnings per share (pence)	8	**231.4p**	166.8p
Diluted earnings per share (pence)	8	**227.4p**	163.3p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

	Note	**2015 £m**	2014 £m
Profit for the financial year		**359.9**	252.4
Items that may be classified subsequently to profit or loss:			
Change in fair value of derivative financial instruments (cash flow hedge)	16(f)	**(0.3)**	(2.9)
Total comprehensive income for the year		**359.6**	249.5
Attributable to:			
– Owners of the parent		**350.6**	238.5
– Non-controlling interests	19	**9.0**	11.0
		359.6	249.5

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2015

	Note	**2015 £m**	2014 £m
Non-current assets			
Investment properties	10	**1,408.9**	1,068.3
Intangible assets		**0.4**	0.4
Property, plant and equipment	11	**2.0**	2.0
Investment in joint ventures	12(a)	**28.6**	23.1
Other investments	12(b)	**1.0**	-
Trade and other receivables	13	**8.7**	11.2
Derivative financial instruments	16(f)	**0.3**	-
		1,449.9	1,105.0
Current assets			
Trade and other receivables	13	**18.9**	7.1
Cash and cash equivalents	14	**42.6**	3.7
Corporation tax asset		**-**	0.3
Assets held for sale	10	**0.3**	-
		61.8	11.1
Total assets		**1,511.7**	1,116.1
Current liabilities			
Trade and other payables	15	**(45.4)**	(36.0)
		(45.4)	(36.0)
Non-current liabilities			
Borrowings	16(a)	**(317.4)**	(335.8)
Derivative financial instruments	16(e) & (f)	**(2.6)**	(7.2)
Other non-current liabilities	18	**-**	(11.0)
		(320.0)	(354.0)
Total liabilities		**(365.4)**	(390.0)
Net assets		**1,146.3**	726.1
Shareholders' equity			
Share capital	20	**161.1**	145.6
Share premium	20	**136.8**	58.2
Investment in own shares	22	**(8.8)**	(8.9)
Other reserves	21	**15.7**	14.0
Retained earnings		**841.5**	517.2
Total shareholders' equity		**1,146.3**	726.1
Non-controlling interests	19	**-**	–
Total equity		**1,146.3**	726.1
EPRA net asset value per share	9	**£7.03**	**£4.96**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2015

		Attributable to owners of the Parent							
	Note	Share capital £m	Share premium £m	Investment in own shares £m	Other reserves £m	Retained earnings £m	Total Shareholders' Equity £m	Non-controlling interests £m	Total Equity £m
Balance at 31 March 2013		144.9	58.8	(8.9)	15.3	290.3	500.4	–	500.4
Profit for the year		**–**	**–**	**–**	**–**	**241.4**	**241.4**	**11.0**	**252.4**
Change in fair value of derivatives	21	**–**	**–**	**–**	**(2.9)**	**–**	**(2.9)**	**–**	**(2.9)**
Total comprehensive income		**–**	**–**	**–**	**(2.9)**	**241.4**	**238.5**	**11.0**	**249.5**
Transactions with owners:									
Share issues	20	**0.7**	**(0.6)**	**–**	**–**	**–**	**0.1**	**–**	**0.1**
Dividends paid	7	**–**	**–**	**–**	**–**	**(14.5)**	**(14.5)**	**–**	**(14.5)**
Distributions	18 & 19	**–**	**–**	**–**	**–**	**–**	**–**	**(11.0)**	**(11.0)**
Share based payments		**–**	**–**	**–**	**1.6**	**–**	**1.6**	**–**	**1.6**
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	21	**–**	**–**	**–**	**(0.3)**	**–**	**(0.3)**	**–**	**(0.3)**
Total comprehensive income		**–**	**–**	**–**	**(0.3)**	**350.9**	**350.6**	**9.0**	**359.6**
Transactions with owners:									
Share issues	20	**15.5**	**78.6**	**0.1**	**–**	**–**	**94.2**	**–**	**94.2**
Dividends paid	7	**–**	**–**	**–**	**–**	**(16.6)**	**(16.6)**	**–**	**(16.6)**
Reclassification	19	**–**	**–**	**–**	**–**	**–**	**–**	**11.0**	**11.0**
Acquisition of non-controlling interests	19	**–**	**–**	**–**	**–**	**(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**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2015

	Note	**2015 £m**	2014 £m
Cash flows from operating activities			
Cash generated from operations	17	**54.3**	43.0
Interest received		**0.1**	0.1
Interest paid		**(18.5)**	(17.4)
Tax refunded		**0.2**	0.4
Net cash inflow from operating activities		**36.1**	26.1
Cash flows from investing activities			
Purchase of investment properties		**(79.7)**	(19.2)
Capital expenditure on investment properties		**(35.8)**	(28.9)
Proceeds from disposal of investment properties (net of sale costs)		**99.4**	29.1
Purchase of intangible assets		**(0.3)**	(0.1)
Purchase of property, plant and equipment		**(0.7)**	(0.9)
Capital distributions from joint ventures	12	**2.0**	1.6
Purchase of investments		**(1.0)**	-
Movement in funding balances with joint ventures		**0.2**	(0.5)
Distributions received from joint ventures	12	**1.1**	1.1
Net cash outflow from investing activities		**(14.8)**	(17.8)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**96.7**	0.1
Fees paid on share issue		**(2.6)**	-
Finance costs for new/amended borrowing facilities		**-**	(3.5)
Settlement and re-couponing of derivative financial instruments		**-**	(8.5)
Repayment of bank borrowings	16	**(30.0)**	(280.0)
Drawdown of bank borrowings		**-**	80.0
Drawdown of other borrowings		**-**	202.5
Inflow on bank facility rental income accounts		**-**	7.4
Acquisition of non-controlling interests	19	**(30.0)**	-
Dividends paid	7	**(16.5)**	(14.4)
Net cash inflow/(outflow) from financing activities		**17.6**	(16.4)
Net increase/(decrease) in cash and cash equivalents		**38.9**	(8.1)
Cash and cash equivalents at start of year	17	**3.7**	11.8
Cash and cash equivalents at end of year	17	**42.6**	3.7

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 2015 and 31 March 2014.

Full Financial Statements for the year ended 31 March 2014 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 2014, with exception of the following:

Standard or interpretation	Content
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosures of interest in other entities
Amendment: IFRS 10, 11 and 12	On transition guidance
Amendment: IFRS10, 12 and IAS 27	Consolidation and investment entities
IAS 27 (revised)	Separate financial statements
IAS 28 (revised)	Associates and joint ventures
Amendment: IAS 32	Financial instruments: presentation, on offsetting financial assets and liabilities
Amendment: IAS 36	Impairment of assets
Amendment: IAS 39	Financial instruments: recognition and measurement, on novation of derivatives and hedge accounting

IFRS resulted in additional disclosures on joint ventures.

The other 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

	2015			2014		
	Revenue £m	**Direct costs £m**	**Net rental income £m**	Revenue £m	Direct costs £m	Net rental income £m
Rental income	**63.8**	**(2.3)**	**61.5**	55.3	(1.5)	53.8
Service charges	**15.3**	**(17.8)**	**(2.5)**	14.2	(16.3)	(2.1)
Empty rates and other non recoverables	**-**	**(2.8)**	**(2.8)**	-	(2.2)	(2.2)
Services, fees, commissions and sundry income	**4.5**	**(3.0)**	**1.5**	4.1	(3.3)	0.8
	83.6	**(25.9)**	**57.7**	73.6	(23.3)	50.3

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.

The segmental information has been reclassified to reflect the underlying nature of the balances. Comparatives have been reclassified accordingly.

2. OPERATING PROFIT

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

	2015 £m	2014 £m
Depreciation[1]	**0.7**	0.6
Staff costs (including share based costs)[1]	**15.3**	13.9
Repairs and maintenance expenditure on investment properties	**3.5**	3.3
Trade receivables impairment (see note 13)	**0.3**	0.2
Amortisation of intangibles	**0.2**	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.

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

	2015 £m	2014 £m
Depreciation[1]	**0.7**	0.6
Staff costs (including share based costs)[1]	**15.3**	13.9
Repairs and maintenance expenditure on investment properties	**3.5**	3.3
Trade receivables impairment (see note 13)	**0.3**	0.2
Amortisation of intangibles	**0.2**	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.

Auditors' remuneration: **Services provided by the Company's auditors and its associates**	**2015 £000**	2014 £000
Audit fees:		
Audit of parent company and consolidated financial statements	**143**	136
Audit of subsidiary financial statements	**31**	30
	174	166
Fees for other services:		
Audit related assurance services	**138**	34
Tax advisory, tax compliance and legal services	**20**	108
	158	142

	2015 £m	2014 £m
Total administrative expenses are analysed below:		
Staff costs	**6.8**	6.6
Cash settled share based costs	**1.3**	0.9

Equity settled share based costs	**2.0**	1.6
Other	**3.7**	3.3
	13.8	12.4

3(a). PROFIT ON DISPOSAL OF INVESTMENT PROPERTIES

	2015 £m	2014 £m
Proceeds from sale of investment properties (net of sale costs)	**99.0**	30.6
Book value at time of sale (note 10)	**(98.7)**	(29.0)
Pre-tax profit on sale	**0.3**	1.6

£1.5m (2014: £2.9m) of the proceeds for the year were in the form of deferred consideration, of which £1.5m is outstanding at 31 March 2015 (31 March 2014: £2.9m) and is included in the Consolidated Balance Sheet under non-current and current trade and other receivables.

3(b). OTHER INCOME

	2015 £m	2014 £m
Change in fair value of deferred consideration	**10.1**	4.2

The value of deferred consideration (cash and overage) from the sale of investment properties has been re-valued by CBRE Limited at 31 March 2015 and 31 March 2014. The amounts receivable are included in the Consolidated Balance Sheet under non-current and current trade and other receivables (see note 13).

4. FINANCE INCOME AND COSTS

	2015 £m	2014 £m
Interest income on bank deposits	**0.1**	0.1
Finance income	**0.1**	0.1
Interest payable on bank loans and overdrafts	**(3.6)**	(6.3)
Interest payable on other borrowings	**(14.7)**	(11.8)
Amortisation of issue costs of borrowings	**(0.8)**	(1.1)
Interest payable on finance leases	**(0.3)**	(0.2)
Interest capitalised on property refurbishments (note 10)	**0.8**	0.8
Foreign exchange (losses)/gains on financing activities	**(7.2)**	4.3
Cash flow hedge – transfer from equity	**7.2**	(4.3)
Finance costs – underlying	**(18.6)**	(18.6)
Issue costs written off on re-financing (exceptional)	**–**	(1.9)
Total finance costs	**(18.6)**	(20.5)
Change in fair value of financial instruments through the income statement	**(2.2)**	2.2
Net finance costs	**(20.7)**	(18.2)

Exceptional finance costs for the year ended 31 March 2014 of £1.9m related to the write off of unamortised issue costs on bank facilities that were refinanced in the year.

5. EMPLOYEES AND DIRECTORS

Staff costs for the Group during the year were:	**2015 £m**	2014 £m
Wages and salaries	**11.2**	10.4
Social security costs	**1.3**	1.2
Other pension costs (see note 28)	**0.7**	0.6
Cash settled share based costs (see note 24)	**1.3**	0.9
Equity settled share based costs (see note 24)	**2.0**	1.6
	16.5	14.7

The above are gross of costs capitalised of £1.2m (2014: £0.8m)

The monthly average number of people employed during the year was:	**2015 Number**	2014 Number
Head office staff (including Directors)	**85**	81
Estates and property management staff	**114**	106
	199	187

6. TAXATION

	2015 £m	2014 £m
Current tax:		
UK corporation tax	**-**	–
Adjustments to tax in respect of previous periods	**0.1**	0.1
Total taxation charge	**0.1**	0.1

The tax on the Group's profit for the year differs from the standard applicable corporation tax rate in the UK of 21% (2014: 23%). The differences are explained below:

	2015 £m	2014 £m
Profit on ordinary activities before taxation	**360.0**	252.5
Adjust gains from share in joint ventures	**(8.4)**	(5.1)
	351.6	247.4
Tax at standard rate of corporation tax in the UK of 21% (2014: 23%)	**73.8**	56.9
Effects of:		
REIT exempt income	**(5.8)**	(4.8)
Changes in fair value not subject to tax as a REIT	**(66.3)**	(51.6)
Share scheme adjustments	**(0.7)**	(1.1)
Other income	**0.2**	(0.9)
Adjustments to tax in respect of previous periods	**0.1**	0.1
Losses carried forward previously unrecognised	**(1.2)**	1.5
Total taxation charge	**0.1**	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. The Group estimates that as the majority of its future profits will be exempt from tax, it will have a very low tax charge.

The Group currently has unrecognised tax losses carried forward of £3.6m (2014: £5.3m) calculated at a corporation tax rate of 20% (2014: 21%) which is the rate substantively enacted at the Balance Sheet date.

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

	2015 £m	2014 £m
Deferred tax assets:		
- Deferred tax to be recovered within 12 months	**2.3**	-
Deferred tax liabilities:		
- Deferred tax liabilities to be recovered within 12 months	**(2.3)**	-
Deferred tax (net)	**-**	-

The movement in deferred income taxes 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 April 2014	**-**	-
Charged to income statement	**2.3**	2.3
At March 2015	**2.3**	2.3

Deferred tax assets	**Tax losses £m**	Total £m
At April 2014	**-**	-
Credited to income statement	**(2.3)**	(2.3)
At 31 March 2015	**(2.3)**	(2.3)

7. DIVIDENDS

Ordinary dividends paid	Payment date	Per share	**2015 £m**	2014 £m
For the year ended 31 March 2013:				
Final dividend	August 2013	6.45p	**–**	9.3
For the year ended 31 March 2014:				
Interim dividend	February 2014	3.54p	**–**	5.2
Final dividend	August 2014	7.09p	**10.3**	-
For the year ended 31 March 2015:				
Interim dividend	February 2015	3.89p	**6.3**	-
Dividends for the year			**16.6**	14.5
Timing difference on payment of withholding tax			**(0.1)**	(0.1)
Dividends cash paid			**16.5**	14.4

In addition the Directors are proposing a final dividend in respect of the financial year ended 31 March 2015 of 8.15 pence per ordinary share which will absorb an estimated £13.1m of revenue reserves and cash. If approved by the shareholders at the AGM, it will be paid on 7 August 2015 to shareholders who are on the register of members on 10 July 2015. 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:	**2015 £m**	2014 £m
Basic and diluted earnings (attributable to owners of the parent)	**350.9**	241.4
Change in fair value of investment property	**(318.0)**	(221.9)
Adjustment for non-controlling interests share of change in fair value of investment property	**3.7**	11.0
Profit/(loss) on disposal of investment properties	**(0.3)**	(1.6)
Movement in fair value of derivative financial instruments	**2.2**	(2.2)
Group's share of EPRA adjustments of joint ventures	**(9.3)**	(4.0)
EPRA adjusted earnings	**29.2**	22.7
Adjustment for non-trading items:		
Group's share of joint ventures other expenses	**2.1**	-
Other income	**(10.1)**	(4.2)
Exceptional finance costs	**-**	1.9
Non-controlling interests (less adjustment above)	**5.3**	-
Taxation	**0.1**	0.1
Adjusted underlying earnings	**26.6**	20.5

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) and an underlying earnings measure with additional company adjustments for non-trading items.

Number of shares used for calculating earnings per share:	**2015 Number**	2014 Number
Weighted average number of shares (excluding own shares held in trust)	**151,635,965**	144,705,947
Dilution due to share option schemes	**2,649,360**	3,122,782
Weighted average number of shares for diluted earnings per share	**154,285,325**	147,828,729

In pence:	**2015**	2014
Basic earnings per share	**231.4p**	166.8p
Diluted earnings per share	**227.4p**	163.3p
EPRA earnings per share[1]	**18.9p**	15.4p

Adjusted underlying earnings per share[1]	**17.2p**	13.9p

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:	**2015 £m**	2014 £m
Net assets at end of year (basic)	**1146.3**	726.1
Derivative financial instruments at fair value	**2.3**	7.2
EPRA net assets	**1148.6**	733.3

Number of shares used for calculating net assets per share:	**2015 Number**	2014 Number
Shares in issue at year-end	**161,107,649**	145,616,695
Less own shares held in trust at year-end	**(114,354)**	(157,846)
Number of shares for calculating basic net assets per share	**160,993,295**	145,458,849
Dilution due to share option schemes	**2,462,487**	2,526,414
Number of shares for calculating diluted adjusted net assets per share	**163,455,782**	147,985,263

	2015	2014
EPRA net assets per share	**£7.03**	£4.96

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

	2015 £m	2014 £m
Balance at 1 April	**1,068.3**	825.9
Purchase of investment properties	**80.0**	19.0
Acquisition of finance leases	**3.6**	-
Capital expenditure	**37.2**	29.7
Capitalised interest on refurbishments (note 4)	**0.8**	0.8
Disposals during the year	**(98.7)**	(29.0)
Change in fair value of investment properties	**318.0**	221.9
Balance at 31 March	**1,409.2**	1,068.3
Less: classified as held for sale	**(0.3)**	-
Total investment properties	**1,408.9**	1,068.3

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

Capitalised interest is included at a rate of capitalisation of 5.2% (2014: 5.1%). The total amount of capitalised interest included in investment properties is £5.8m (2014: £5.0m).

The change in fair value of investment properties is recognised in the Consolidated Income Statement.

Investment property includes buildings under finance leases of which the carrying amount is £7.1m (2014: £3.5m). Investment property finance lease commitment details are shown in note 16(h).

VALUATION

The Group's investment properties are held at fair value and were revalued at 31 March 2015 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 (Estimated rental values) 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:

	2015 £m	2014 £m
Total per CBRE valuation report	**1,423.4**	1,078.0
Deferred consideration on sale of property	**(21.3)**	(13.2)
Assets held for sale	**(0.3)**	-
Head leases treated as finance leases under IAS 17	**7.1**	3.5
Total investment properties per balance sheet	**1,408.9**	1,068.3

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	768	1	£5-£81	£20	5.0%-9.0%	6.5%
Completed projects (refurbishments)	179	1	£8-£51	£24	6.1%-6.7%	6.0%
Refurbishments	177	2	£19-£55	£34	5.5%-7.3%	6.1%
Redevelopments	176	2	£9-£30	£20	6.0%-10.0%	6.7%

Other	102	1	£30-£53	£41	5.4%-6.5%	6.2%
Head leases	7	n/a				
Total	1,409					

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	+77/-77	-29/+31
Completed projects (refurbishments)	+18/-18	-7/+8
Refurbishments	+23/-23	-9/+10
Redevelopments	+9/-9	-4/+4
Other	+10/-10	-4/+4

11. PROPERTY, PLANT AND EQUIPMENT

Cost or valuation	Equipment and fixtures £m	Total £m
Balance at 31 March 2013	6.3	6.3
Additions during the year	0.9	0.9
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**
Accumulated depreciation		
Balance at 31 March 2013	4.6	4.6
Charge for the year	0.6	0.6
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**
Net book amount at 31 March 2015	**2.0**	**2.0**
Net book amount at 31 March 2014	2.0	2.0

12(a). JOINT VENTURES

The Group's investment in joint ventures represents:

	2015 £m	2014 £m
Balance at 1 April	**23.1**	20.7
Capital distributions	**(2.0)**	(1.6)
Loans to joint ventures	**0.2**	-
Share of gains	**8.4**	5.1
Income distributions received	**(1.1)**	(1.1)
Balance at 31 March	**28.6**	23.1

The Group has the following joint ventures:

	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

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 Annual Report and Accounts.

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.

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	**2015 £m**	2014 £m
Investment properties	**139.7**	108.0
Cash and cash equivalents	**8.0**	6.7
Other current assets	**1.5**	0.7
Current liabilities	**(14.5)**	(3.8)
Net assets	**134.7**	111.6

Income statements of joint ventures	**2015 £m**	2014 £m
Revenue	**9.8**	**8.7**
Direct costs	**(3.0)**	**(2.8)**
Net rental income	**6.8**	**5.9**
Administrative expenses	**(1.9)**	**(1.2)**
Other expenses	**(10.2)**	**-**
Profit on disposal of investment properties	**5.7**	**1.4**
Change in fair value of investment properties	**36.6**	**17.9**
Profit before tax	**37.0**	**24.0**
Taxation	**-**	**-**
Profit after tax	**37.0**	**24.0**

The information above has been adjusted where necessary for 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	**2015 £m**	2014 £m
Opening net assets 1 April	**111.6**	**100.5**
Profit for the period	**37.0**	**24.0**
Capital distributions	**(10.0)**	**(8.2)**
Income distributions	**(4.3)**	**(4.7)**
Loans to joint ventures	**0.4**	**-**
Closing net assets 31 March	**134.7**	**111.6**
Group's interest	**29.1**	**23.6**
Unrealised surplus on sale of properties to joint ventures	**(0.5)**	**(0.5)**
Carrying amount	**28.6**	**23.1**

12(b). OTHER INVESTMENTS

During the year the Group purchased 10% of the share capital of Mailstorage Ltd for £1.0m.

13. TRADE AND OTHER RECEIVABLES

Non-current trade and other receivables	2015 £m	2014 £m
Deferred consideration on sale of investment property:		
Balance at 1 April	**11.2**	6.1
Additions (cash receivable)	**1.5**	0.9
Less: classified as current	**(14.1)**	-
Change in fair value (see note 3(b))	**10.1**	4.2
Balance at 31 March	**8.7**	11.2

The non-current receivables relate to deferred consideration (cash and overage) arising on the sale of investment properties. The conditional value of the portion of the receivable that relates to overage is held at fair value through profit and loss - £7.2m (2014: £10.2m). 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 profit of £10.1m (31 March 2014: £4.2m) (see note 3 (b)).

Current trade and other receivables	2015 £m	2014 £m
Trade receivables	**2.8**	2.3
Less provision for impairment of receivables	**(0.4)**	(0.3)
Trade receivables – net	**2.4**	2.0
Prepayments and accrued income	**2.4**	2.8
Amounts due from related parties (see note 25)	**-**	0.3
Deferred consideration on sale of investment property	**14.1**	2.0
	18.9	7.1

Receivables at fair value:
Included within deferred consideration on sale of investment property is £13.1m (2014: £nil) 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

	2015 £m	2014 £m
Cash at bank and in hand	**40.3**	2.0
Restricted cash – tenants' deposit deeds	**2.3**	1.7
	42.6	3.7

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.

15. TRADE AND OTHER PAYABLES

	2015 £m	2014 £m
Trade payables	**3.9**	4.4
Other tax and social security payable	**3.9**	2.5
Tenants' deposit deeds (see note 14)	**2.3**	1.7
Tenants' deposits	**13.3**	10.1
Accrued expenses	**18.8**	14.3
Amounts due to related parties (see note 25)	**0.4**	0.3
Deferred income – rent and service charges	**2.8**	2.7
	45.4	36.0

There is no material difference between the above amounts and their fair values due to the short-term nature of the payables.

16. BORROWINGS

(a) BALANCES

	2015 £m	2014 £m
Non-current		
Bank loans (unsecured)	**48.8**	78.3
6% Retail Bond (unsecured)	**56.8**	56.6
5.6% Senior US Dollar Notes 2023 (unsecured)	**67.6**	60.4
5.53% Senior Notes 2023 (unsecured)	**83.7**	83.7
Senior Floating Rate Notes 2020 (unsecured)	**9.0**	9.0
Other term loan (unsecured)	**44.4**	44.3
Finance lease obligations	**7.1**	3.5
	317.4	335.8

(b) NET DEBT

	2015 £m	2014 £m
Borrowings per (a) above	**317.4**	335.8
Adjust for:		
Finance leases	**(7.1)**	(3.5)
Cost of raising finance	**3.0**	3.8
Foreign exchange differences	**(3.3)**	3.9
	310.0	340.0
Cash at bank and in hand (note 14)	**(40.3)**	(2.0)
Net Debt	**269.7**	338.0

At 31 March 2015 the Group had £100m (2014: £70m) of undrawn bank facilities and £40.3m of unrestricted cash (2014: £2m). £30m of bank borrowings were repaid during the year.

(c) MATURITY

	2015 £m	2014 £m
Repayable between three years and four years	**50.0**	–
Repayable between four years and five years	**57.5**	80.0
Repayable in five years or more	**202.5**	260.0
	310.0	340.0
Cost of raising finance	**(3.0)**	(3.8)
Foreign exchange differences and hedge adjustment	**3.3**	(3.9)
	310.3	332.3
Finance leases		
Repayable in five years or more	**7.1**	3.5
	317.4	335.8

(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
Term loan	50.0	LIBOR +2.5%	Quarterly	June 2018
Revolver loan	-	LIBOR +2.3%	Monthly	June 2018

6% Retail Bond	57.5	6.0%	Half Yearly	October 2019
	310.0			

(e) DERIVATIVE FINANCIAL INSTRUMENTS

The following derivative financial instruments are held:

	Amount	Rate payable (or cap strike rate) (%)	Term/expiry
Interest rate swap	£95m	1.87%	June 2018
Cash flow hedge – cross currency swap	\$100m/£64.5m	5.66%	June 2023

The interest rate swap is treated as a financial instrument at fair value with changes in value dealt with in the Consolidated Income Statement during each reporting year.

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 equity.

(f) FINANCIAL INSTRUMENTS AND FAIR VALUES

	2015 Book Value £m	2015 Fair Value £m	2014 Book Value £m	2014 Fair Value £m
Financial liabilities held at amortised cost				
Bank loans	**48.8**	**48.8**	**78.3**	**78.3**
6% Retail Bond	**56.8**	**62.1**	**56.6**	**60.5**
Private Placement Notes	**160.3**	**160.3**	**153.1**	**153.1**
Other term loan	**44.4**	**44.4**	**44.3**	**44.3**
Finance lease obligations	**7.1**	**7.1**	**3.5**	**3.5**
	317.4	**322.7**	**335.8**	**339.7**
Financial liabilities at fair value through profit or loss				
Derivative financial instruments:				
Interest rate swaps	**2.6**	**2.6**	**0.5**	**0.5**
Financial (assets)/liabilities at fair value through equity				
Derivative financial instruments:				
Cash flow hedge – derivatives used for hedging	**(0.3)**	**(0.3)**	**6.7**	**6.7**
	2.3	**2.3**	**7.2**	**7.2**
Financial assets at fair value through profit or loss				
Deferred consideration (see note 13)	**20.3**	**20.3**	**10.2**	**10.2**

The fair value of the Retail Bond has been established from the quoted market price at 31 March 2015 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 loss of £2.2m (2014: profit of £2.2m).

The total change in fair value of derivative financial instruments recorded in other comprehensive income was a loss of £0.3m (2014: £2.9m).

(g) FINANCIAL INSTRUMENTS BY CATEGORY

Assets		**2015 £m**	2014 £m
a)	**Derivatives used for hedging**		
	Derivative financial instruments	**0.3**	-
b)	**Assets at value through profit or loss**		
	Financial assets at fair value through profit or loss	**20.3**	10.2
c)	**Loans and receivables**		
	Cash and cash equivalents	**42.6**	3.7
	Trade and other receivables excluding prepayments[1]	**4.9**	5.3
		47.5	9.0
	Total	**68.1**	19.2

Liabilities		**2015 £m**	2014 £m
a)	**Liabilities at fair value through profit or loss**		
	Derivative financial instruments	**2.6**	0.5
b)	**Derivatives used for hedging**		
	Derivative financial instruments	**-**	6.7
c)	**Other financial liabilities at amortised cost**		
	Borrowings (excluding finance leases)	**310.3**	332.3
	Finance lease liabilities	**7.1**	3.5
	Trade and other payables excluding non-finance liabilities[2]	**38.7**	30.8
		356.1	366.6
	Total	**358.7**	373.8

1.Trade and other receivables exclude prepayments of £2.4m (2014: £2.8m) and non-cash deferred consideration of £20.3m (2014: £10.2m)
2.Trade and other payables exclude other tax and social security of £3.9m (2014: £2.5m) and deferred income of £2.8m (2014: £2.7m)

(h) FINANCE LEASES

Finance lease liabilities are in respect of leased investment property.

Minimum lease payments under finance leases fall due as follows:	**2015 £m**	2014 £m
Within one year	**0.5**	0.2
Between two and five years	**1.8**	1.0
Beyond five years	**49.3**	21.0
	51.6	22.2
Future finance charges on finance leases	**(44.5)**	(18.7)
Present value of finance lease liabilities	**7.1**	3.5

£3.6m of finance leases were acquired in the year (see note 10).

17. NOTES TO CASH FLOW STATEMENT

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

	2015 £m	2014 £m
Profit before tax	**360.0**	252.5
Depreciation	**0.7**	0.6
Amortisation of intangibles	**0.2**	0.2
Profit on disposal of investment properties	**(0.3)**	(1.6)
Other income	**(10.1)**	(4.2)
Net gain from change in fair value of investment property	**(318.0)**	(221.9)
Equity settled share based payments	**2.0**	1.6
Change in fair value of financial instruments	**2.2**	(2.2)
Finance income	**(0.1)**	(0.1)

Finance expense	**18.6**	20.5
Gains from share in joint ventures	**(8.4)**	(5.1)
Changes in working capital:		
(Increase) in trade and other receivables	**(0.1)**	(0.4)
Increase in trade and other payables	**7.6**	3.1
Cash generated from operations	**54.3**	43.0

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

	2015 **£m**	2014 £m
Cash at bank and in hand	**40.3**	2.0
Restricted cash – tenants' deposit deeds	**2.3**	1.7
	42.6	3.7

18. OTHER NON-CURRENT LIABILITIES

	2015 **£m**	2014 £m
Amount payable re proceeds share agreement	**–**	11.0

This liability was reclassified during the year (see note 19).

19. 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 are 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.

The total valuation of the Glebe portfolio at the date of settlement was £222m (31 March 2014: £217m). While a number of the assets had residential redevelopment potential a substantial part of the portfolio comprised of investment properties that Workspace had no plans to sell. The value of the properties with redevelopment potential which management considered probable to be sold for cash was £93m at the date of settlement (31 March 2014: £107m). Total proceeds including cash received to date from disposals of £45m (31 March 2014: £14m) would therefore be £138m (31 March 2014: £121m). It was estimated that net proceeds after costs that would be realised was £131m (31 March 2014: £114m). As a result, the amount attributable to the former lenders (after deducting Workspace's priority return) increased by £9m to £20m at the date of settlement (31 March 2014: £11m). On settlement, the Group derecognised non-controlling interests of £20m and recorded a decrease in equity attributable to owners of the parent of £10m.

In the prior year, the Group was in discussions with the FRC Conduct Committee regarding the accounting for the GPSA. An alternative view of the measurement basis for NCI would be to attribute the maximum amount that would be payable if all of the properties were sold at their carrying value at the balance sheet date. The amounts that would then be recognised as NCI would have been a maximum of £48m as noted above. Management did not believe this approach to be appropriate. In managements view, the measurement basis adopted best reflects the commercial objectives and economic substance of the GPSA, in particular that no amounts should be attributed to NCI for proceeds that are highly unlikely to arise.

Distribution of amounts payable under the GPSA was recognised as a liability when it was considered that a contractual obligation was established. At 31 March 2014, we considered there to be a contractual obligation once a redevelopment contract had been exchanged with a third party. During the year, the Directors further considered the point at which a contractual obligation to pay a distribution arises. At the point of exchange, there are often still a number of conditions to be satisfied before completion of the contract. The Directors therefore revised the application of this policy such that a liability was only recognised when the Group had an unconditional legal obligation to make a distribution to the NCI that was no longer at its discretion, in accordance with the requirements of IAS 32 'Financial Instruments: Presentation'. This is usually on completion of the redevelopment contract. Other amounts attributable to the GPSA were classified as NCI in the balance sheet. Had this principle been applied at 31 March 2014 non-current liabilities would have been reported as being £nil rather than £11m and NCI would have been reported as £11m rather than £nil. The Directors considered this adjustment to be insufficiently material to warrant a prior year adjustment. The Group therefore reclassified the liability to equity during the year. The reclassification has no impact on EPRA NAV or the income statement.

As noted above, during the year an agreement was reached with the former lenders to terminate the GPSA. At the settlement date no amounts were recognised as a liability as there was no contractual obligation to pay a distribution at that time.

Having adopted the accounting policies for the GPSA described above, the discussions with the FRC Conduct Committee were concluded in November 2014.

20. SHARE CAPITAL AND SHARE PREMIUM

	2015 Number	2014 Number
Issued: Fully paid ordinary shares of £1 each	**161,107,649**	145,616,695

	2015 £m	2014 £m
Issued: Fully paid ordinary shares of £1 each	**161.1**	145.6

Movements in share capital were as follows:	**2015 Number**	2014 Number
Number of shares at 1 April	**145,616,695**	144,936,155
Issue of shares	**15,490,954**	680,540
Number of shares at 31 March	**161,107,649**	145,616,695

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 also issued 863,462 (2014: 680,540 shares) shares during the year to satisfy the exercise of share options.

	Share Capital		Share Premium	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Balance at 1 April	**145.6**	144.9	**58.2**	58.8
Issue of shares	**15.5**	0.7	**78.6**	(0.6)
Balance at 31 March	**161.1**	145.6	**136.8**	58.2

21. OTHER RESERVES

	Equity settled share based payments £m	Merger reserve £m	Hedging reserve £m	Total £m
Balance at 31 March 2013	6.6	8.7	–	15.3
Share based payments	1.6	–	–	1.6
Change in fair value of derivative financial instruments (cash flow hedge)	–	–	(2.9)	(2.9)
Balance at 31 March 2014	8.2	8.7	(2.9)	14.0
Share based payments	2.0	**–**	**–**	2.0
Change in fair value of derivative financial instruments (cash flow hedge)	**–**	**–**	(0.3)	(0.3)
Balance at 31 March 2015	**10.2**	**8.7**	**(3.2)**	**15.7**

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 but 33,740 shares were transferred to employees on the exercise of share options. At 31 March 2015 the number of shares held by the Trust totalled 75,226 (2014: 108,966). At 31 March 2015 the market value of these shares was £0.6m (2014: £0.6m) compared to a nominal value of £0.1m (2014: £0.1m).

The Company has also established an employee Share Incentive Plan (SIP) which is governed by HMRC rules. 51,800 shares were purchased for the Plan in 2013 at a cost of £0.2m. These are being held in a separate trust.

	2015 £m	2014 £m

Balance at 1 April	**8.9**	8.9
Shares issued from the Trust	**(0.1)**	–
Balance at 31 March	**8.8**	8.9

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

	2015 £m	2014 £m
Funding of joint venture	**-**	3.3
Purchases, construction or redevelopment of investment property	**42.3**	8.9

24. POST BALANCE SHEET EVENTS

In April 2015 the BlackRock joint venture exchanged contracts for the sale of 4 properties for a cash consideration of £32.1m, in line with their March 2015 valuations.

Clyde House, SL6 was sold for a cash consideration of £0.3m in May 2015, in line with its March 2015 valuation.

In May 2015 the Group exchanged contracts for the purchase of 25 & 28 Easton Street, WC1 for a cash consideration of £16.6m.

In June 2015 the Group exchanged contracts for the purchase of Angel House, EC1 for a cash consideration of £34m.

RESPONSIBILITY STATEMENT

The 2015 Annual Report, which will be issued mid-June 2015, contains a responsibility statement in compliance with DTR 4.1.12. This states that on 2 June 2015, 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 2015 Annual Report. A list of current Directors is maintained on the Group's website: www.workspace.co.uk.