05 June 2024

WORKSPACE GROUP PLC
FULL YEAR RESULTS

STRONG INCOME AND DIVIDEND GROWTH FROM OUR FLEXIBLE OFFER AND SCALABLE PLATFORM

Workspace Group PLC ("Workspace"), London's leading owner and operator of sustainable, flexible work space today announces its results for the year to 31 March 2024. The comments in this announcement refer to the period from 1 April 2023 to 31 March 2024 unless otherwise stated.

Financial highlights: Strong rental income growth driving increase in dividend, valuation reduction from yield expansion slowing in second half

- Net rental income up 8.2% (£9.6m) to £126.2m (31 March 2023: £116.6m)
- Trading profit after interest† up 8.7% to £66.0m (31 March 2023: £60.7m)
- Total dividend per share up 8.5% to 28.0p per share (31 March 2023: 25.8p)
- Property valuation of £2,446m, an underlying[1] reduction of 3.1% (£78m) in the second half, compared to a reduction of 6.6% (£178m) in the first half
- Like-for-like portfolio valuation down 8.1% over the full year with ERV per sq. ft. up 3.4% to £49.43 and equivalent yield out 78bps to 7.0%
- Loss before tax of £192.8m (31 March 2023: £37.5m) reflecting the reduction in the property valuation
- EPRA net tangible assets per share down 13.7% from 31 March 2023 to £8.00
- Robust balance sheet with £145m of undrawn facilities and cash and LTV at 35% (31 March 2023: 33%)
- Average cost of debt over the year was 3.8% with 89% at fixed rates and a weighted average drawn debt maturity of 3.6 years as at 31 March 2024

Scalable operating platform: Supporting high level of customer demand with stable occupancy and continued pricing growth

- Active year with 1,238 lettings and 705 renewals completed with a total rental value of £53.3m, highlighting the appeal of our flexible offer
- Strong rental growth with like-for-like rent roll up 9.6% to £111.2m
- Improved pricing with like-for-like rent per sq. ft. up 10.4% to £44.27
- Like-for-like occupancy broadly stable at 88.1% (31 March 2023: 89.1%)

Significant portfolio activity and sustainability progress

- Active capital recycling with £143m of disposals exchanged or completed in the year, and a further £4.6m exchanged in April 2024
- Nine larger refurbishment projects underway delivering 390,000 sq. ft. of new and upgraded space. Further 1.0m sq. ft. of larger projects in the pipeline
- 30 smaller refurbishment and unit subdivision projects completed in year delivering strong income returns
- Excellent performance against our environmental objectives, with 11% reduction in operational energy intensity, 36% reduction in gas use and 11% increase in EPC A and B rated space to 52%

Commenting on the results, Graham Clemett, Chief Executive Officer said:

"It has been a year of continued progress at Workspace, driven by the resilience and dynamism of our 4,000 SME customers. The strong trading performance has once again been underpinned by rental growth with stable occupancy, delivering an 8.5% growth in the total dividend to shareholders of 28p per share.

We actively manage our portfolio to align our spaces with customer needs. Over the past year, we have successfully completed a wide range of projects delivering strong income returns alongside excellent progress against our 2030 environmental targets. At the same time, we are continuing with non-core disposals to further strengthen our balance sheet and invest in our value-add project activity.

Our valuation was down in the year by 9.5%, although the reduction was significantly lower in the second half. I would expect this valuation to be the low point of the current cycle given the forecast of interest rate reductions combined with our ability to continue to deliver pricing growth and value-add asset management activity.

Looking ahead, the future is bright for Workspace as London's leading provider of flexible, sustainable work space to SME's. Our scalable operating platform, combined with more than three decades of experience in the flex space, puts us in a strong position to maintain our leadership position in this growing market and continue delivering long-term income and dividend growth for our shareholders."

Summary Results

	31 March 2024	31 March 2023	Change
Financial performance			
Net rental income	**£126.2m**	£116.6m	+8.2%
Trading profit after interest†	**£66.0m**	£60.7m	+8.7%
Loss before tax	**£(192.8)m**	£(37.5)m	
Full year dividend per share	**28.0p**	25.8p	+8.5%
Valuation			
EPRA net tangible assets per share†	**£8.00**	£9.27	-13.7%
Property valuation†	**£2,446m**	£2,741m	-9.5%[1]
Financing			
Loan to value	**35%**	33%	
Undrawn bank facilities and cash	**£145m**	£148m	

† Alternative performance measure (APM). The Group uses a number of financial measures to assess and explain its performance. Some of these which are not defined within IFRS are considered APMs.
[1] Underlying change excluding capital expenditure and disposals.

For media and investor enquiries, please contact:

Workspace Group PLC 020 7138 3300
Graham Clemett, Chief Executive Officer
Dave Benson, Chief Financial Officer
Paul Hewlett, Director of Strategy & Corporate Development
Clare Marland, Head of Corporate Communications

FGS Global 020 7251 3801
Chris Ryall
Guy Lamming

Details of results presentation

Workspace will host a results presentation and Q&A for analysts and investors on Wednesday, 05 June 2024 at 8:45am. The venue for the presentation is Eventspace, at Salisbury House, 114 London Wall, EC2M 5QA.

The presentation and Q&A can also be accessed live via webcast, available at the following link:

https://secure.emincote.com/client/workspace/workspace025

Notes to Editors

About Workspace Group PLC:

Workspace is London's leading owner and operator of flexible workspace, currently managing 4.5 million sq. ft. of sustainable space at 77 locations in London and the South East.

We are home to some 4,000 of London's fastest growing and established brands from a diverse range of sectors. Our purpose, to give businesses the freedom to grow, is based on the belief that in the right space, teams can achieve more. That in environments they tailor themselves, free from constraint and compromise, teams are best able to collaborate, build their culture and realise their potential.

We have a unique combination of a highly effective and scalable operating platform, a portfolio of distinctive properties, and an ownership model that allows us to offer true flexibility. We provide customers with blank canvas space to create a home for their business, alongside leases that give them the freedom to easily scale up and down within our well-connected, extensive portfolio.

We are inherently sustainable – we invest across the capital, breathing new life into old buildings and creating hubs of economic activity that help flatten London's working map. We work closely with our local communities to ensure we make a positive and lasting environmental and social impact, creating value over the long term. Workspace was established in 1987, has been listed on the London Stock Exchange since 1993, is a FTSE 250 listed Real Estate Investment Trust (REIT) and a member of the European Public Real Estate Association (EPRA).

Workspace® is a registered trademark of Workspace Group PLC, London, UK.

LEI: 2138003GUZRFIN3UT430

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

CHIEF EXECUTIVE'S STATEMENT

We've had another year of strong trading at Workspace. Continued demand for our flexible lease offer has meant that we've been able to maintain broadly stable occupancy and increase pricing by some 10% through the year. This has involved a huge amount of customer activity with our teams completing 1,238 lettings and 705 renewals, worth £53.3m in terms of rent roll. The result is an 8% growth in net rental income delivering a 9% increase in trading profit after interest, to £66m. As a result, the Board has recommended a final dividend of 19p per share, taking the full year dividend to 28p per share, an increase of 8.5% on last year. Our ability to deliver sustainable dividend growth for shareholders remains a key focus for the Company.

Our property teams have been busy too. We're continuing to deliver three major refurbishment projects and I'm looking forward to the launch of Leroy House in Islington in September, which will be our first net zero building. Our property portfolio also offers up rich opportunities for smaller scale projects and we have completed on some 30 smaller refurbishments and upgrades over the year, which are delivering strong and immediate income returns. We've also exchanged or completed on the disposal of £143m of non-core assets as we continue to recycle capital and strengthen the balance sheet.

Our property valuation has reduced by 9.5% on an underlying basis over the year although the pace of this reduction slowed significantly in the second half. This was primarily driven by a continued outward movement in yields, with the like-for-like equivalent yield now at 7.0%. As a result, our net tangible asset value per share is down 13.7% to £8.00, which remains significantly higher than our current share price. I would expect this valuation to be the low point of the current cycle given the forecast of interest rate reductions combined with our ability to continue delivering pricing growth and value-add asset management activity.

With the Executive and senior management teams, we've spent useful time over the year on how we can deliver on our longer-term ambitions, with the vision to be the first choice in London for the brightest businesses, people and investors. We are now progressing a number of customer and technology initiatives to take forward these plans.

We describe our customers as London's brightest businesses. They are SMEs, the unsung heroes of the London and UK economy, and a large and growing part of it. Workspace has been providing space for SMEs for over 35 years and we understand what they need to grow their businesses. They need the right buildings in the right locations, true flexibility – both in their lease and how they can use the space – and a work space provider with a sustainable mindset that puts the community and the environment at the heart of its offer.

To be first choice for these businesses, we need the brightest people in the market. Our unique and valuable operating platform is a combination of these people, smart systems and actionable data and insights. On that note I want to thank all our teams for their hard work over the last year. It is no surprise that our customer satisfaction score has risen this year to 86.1%.

As I come towards the end of my tenure at Workspace, I have been reflecting on the changes I've seen over the last seventeen years. The most obvious is that the flexible model, which Workspace has pioneered since its inception in the late 1980s, has become increasingly mainstream in the real estate industry. There is undoubtedly more competition in our space but as the leading flexible brand for SMEs across London, I am confident that Workspace has a clear competitive advantage.

I am immensely proud of the distinctive culture we've cultivated at Workspace; it has made my time in the business hugely enjoyable, despite the challenges we have had to deal with over the last two decades. I have no doubt that Lawrence Hutchings, who succeeds me as Chief Executive Officer, will be a great fit for the business and that Workspace will continue to thrive under his leadership.

I wish everyone at Workspace and all our stakeholders all the best for the future. I will of course remain an invested shareholder and I look forward to watching from the sidelines as Workspace goes from strength to strength.

BUSINESS REVIEW

CUSTOMER ACTIVITY

We have seen resilient customer demand, despite the early Easter impacting enquiries in the fourth quarter, with 1,238 lettings completed in the year with a total rental value of £31.3m.

	Monthly Average					
	FY 2023/24	FY 2022/23	Q4 2023/24	Q3 2023/24	Q2 2023/24	Q1 2023/24
Enquiries	**788**	798	818	759	837	738
Viewings	**524**	518	589	488	527	491
Lettings	**103**	110	114	104	108	87

Good activity levels have continued into the first quarter of 2024/25, with 725 enquiries, 537 viewings and 92 new lettings in April 2024.

Alongside our new lettings, we have seen strong renewal activity in the year, with over 700 customers renewing for a £2.4m (12%) uplift in annual rent.

RENT ROLL

Total rent roll, representing the total annualised net rental income at a given date, was up 2.4% (£3.3m) in the year to £143.4m at 31 March 2024.

Total Rent Roll	£m
At 31 March 2023	140.1
Like-for-like portfolio	9.7
Completed projects	(0.3)
Projects underway and design stage	(0.1)
South East Office	(0.2)
Non-core	0.2
Disposals	(6.0)
At 31 March 2024	**143.4**

The total Estimated Rental Value (ERV) of the portfolio, comprising the ERV of the like-for-like portfolio and those properties currently undergoing refurbishment or redevelopment (but only including properties at the design stage and non-core properties at their current rent roll and occupancy), was £194.6m at 31 March 2024.

Like-for-like portfolio

The like-for-like portfolio represents 78% of the total rent roll as at 31 March 2024. It comprises 43 properties with stabilised occupancy excluding recent acquisitions, buildings impacted by significant refurbishment or redevelopment activity, or contracted for sale.

	Six Months Ended		
Like for Like	31 Mar 24	30 Sep 23[1]	31 Mar 23[1]
Occupancy	88.1%	88.5%	89.1%
Occupancy change[2]	(0.4%)	(0.6%)	0.6%
Rent per sq. ft.	£44.27	£42.82	£40.08
Rent per sq. ft. change	3.4%	6.8%	5.3%
Rent roll	£111.2m	£108.0m	£101.5m
Rent roll change	3.0%	6.4%	4.9%

[1] Restated for the transfer in of Castle Lane, Mare Street Studios, Westbourne Studios, Wilson Street, Lock Studios and Mirror Works and the transfer out of Poplar Business Park and Atelier House (part of Centro).
[2] Absolute change

We have continued to move pricing forward across our like-for-like portfolio with rent per sq. ft. increasing by 10.4% in the year to £44.27, with like-for-like occupancy marginally down by 1.0% to 88.1% in the year, resulting in an overall increase in like-for-like rent roll of 9.6% (£9.7m) to £111.2m.

We have seen ERV per sq. ft. increase by 3.4% in the year. If all the like-for-like properties were at 90% occupancy at the CBRE estimated rental values at 31 March 2024, the rent roll would be £126.8m, £15.6m higher than the actual rent roll at 31 March 2024.

Completed Projects

There are six projects in the completed projects category. Rent roll reduced overall by £0.3m in the year to £7.1m. An underlying increase of £0.6m in rent roll was offset by a £0.9m reduction at Evergreen Studios, Richmond, following the expiry of a short leaseback of the building by the developer.

If the buildings in this category were all at 90% occupancy at the ERVs at 31 March 2024, the rent roll would be £10.0m, an uplift of £2.9m.

Projects Underway – Refurbishments

We are currently underway on nine larger refurbishment projects that will deliver 390,000 sq. ft. of new and upgraded space. As at 31 March 2024, rent roll was £9.3m, down £0.7m in the year.

Assuming 90% occupancy at the ERVs at 31 March 2024, the rent roll at these nine buildings once they are completed would be £21.1m, an uplift of £11.8m.

Projects at Design Stage

These are properties where we are well advanced in planning a refurbishment or redevelopment that has not yet commenced. As at 31 March 2024, the rent roll at these properties was £6.2m, up £0.6m.

South East Office

As at 31 March 2024, the rent roll of the South East office portfolio, comprising nine buildings, was £6.9m, down £0.2m.

Assuming 90% occupancy (or current occupancy if higher) at the ERVs at 31 March 2024, the rent roll would be £9.7m, an uplift of £2.8m.

Non-core

As at 31 March 2024, the rent roll of the non-core portfolio was £2.7m, up £0.2m.

Disposals

During the year, there was £143m exchanged or completed sales. In aggregate, disposals have delivered £118m of proceeds (net of sales costs) in the year (including £10m for the deferred consideration of Riverside, Wandsworth), at a combined net initial yield of 5.3%.

In April, we exchanged on the sale of 20-30 Greyfriars Road, Reading and Cygnet House, Staines for a combined consideration of £4.6m, in line with the March 2024 valuation.

In May, we completed on the sale of Poplar Business Park for £21.5m which we exchanged for sale in January.

PROFIT PERFORMANCE

Trading profit after interest for the year was up 8.7% (£5.3m) on the prior year to £66.0m.

£m	**31 Mar 2024**	31 Mar 2023
Net rental income	**126.2**	116.6
Administrative expenses - underlying	**(22.0)**	(20.1)
Administrative expenses - share based costs[1]	**(3.3)**	(1.4)
Net finance costs	**(34.9)**	(34.4)
Trading profit after interest	**66.0**	60.7

[1] These relate to both cash and equity settled costs

Net rental income was up 8.2% (£9.6m) to £126.2m.

£m	**31 Mar 2024**	31 Mar 2023
Underlying rental income	**122.3**	113.1
Unrecovered service charge costs	**(4.0)**	(4.3)
Empty rates and other non-recoverable costs	**(9.5)**	(9.3)
Services, fees, commissions and sundry income	**1.4**	0.5
Underlying net rental income	**110.2**	100.0
Acquisitions	**13.4**	10.7
Disposals	**2.6**	5.9
Net rental income	**126.2**	116.6

The £9.2m increase in underlying rental income to £122.3m reflects the strong increase in average rent per sq. ft. achieved over the last year. Total net rental income also benefited from increased rents from recent acquisitions which have continued to let up well in the year.

Unrecovered service charge costs decreased by £0.3m, with the majority of service charge costs recovered from customers, despite the unusually high levels of inflation we have seen in the UK over the last year.

There was a small increase in empty rates and other non-recoverable costs which were up £0.2m to £9.5m. Net revenue from services, fees, commissions and sundry income was up by £0.9m, including increased hospitality revenue.

Underlying administrative expenses increased by £1.9m to £22.0m, reflecting the high levels of wage inflation seen in the UK in the period. Share-based costs increased by £1.9m to £3.3m driven by higher vesting levels and assumptions with the Workspace portfolio performing strongly relative to the London IPD index.

Net finance costs increased by £0.5m to £34.9m in the year reflecting the increase in SONIA over the last two years offset by a reduction in average net debt following asset disposals in the period and an increase in capitalised interest reflecting the increase in activity on major projects over the year. The average debt balance over the year was £53.0m lower than in the prior year, whilst the average interest cost increased from 3.7% to 3.8%.

Loss before tax was £192.8m compared to £37.5m in the prior year.

£m	**31 Mar 2024**	31 Mar 2023
Trading profit after interest	**66.0**	60.7
Change in fair value of investment properties	**(255.3)**	(93.1)
Loss on sale of investment properties	**(2.3)**	(0.7)
Exceptional costs	**(1.2)**	(4.3)
Other items	**-**	(0.1)
Loss before tax	**(192.8)**	(37.5)
Adjusted underlying earnings per share	**34.1p**	31.7p

The change in fair value of investment properties, including assets held for sale, was a decrease of £255.3m compared to a decrease of £93.1m in the prior year.

The loss on sale of investment properties of £2.3m was driven by costs associated with disposals in the year.

Exceptional costs include one-off items relating to the implementation of our new finance and property management system, and in the prior year relating to the acquisition and integration of McKay.

Adjusted underlying earnings per share, based on EPRA earnings adjusted for non-trading items and calculated on a diluted share basis, was up 7.6% to 34.1p. The calculation of adjusted, basic, diluted and EPRA earnings per share is shown in note 8 to the financial statements.

DIVIDEND

Our dividend policy is based on trading profit after interest, taking into account our investment and acquisition plans and the distribution requirements that we have as a REIT, with our aim being to ensure the total dividend per share in each financial year is covered at least 1.2 times by adjusted underlying earnings per share.

With the strong improvement in trading performance and confidence in the longer term prospects of the Company, the Board is recommending a final dividend of 19.0p per share, taking the full year dividend to 28.0p (2023: 25.8p), to be paid on 02 August 2024 to shareholders on the register at 05 July 2024. The dividend will be paid as a REIT Property Income Distribution (PID) net of withholding tax where appropriate.

PROPERTY VALUATION

At 31 March 2024, our property portfolio was independently valued by CBRE at £2,446m, an underlying decrease of 9.5% (£256m) in the year. The main movements in the valuation are set out below:

	£m
Valuation at 31 March 2023	2,741
Capital expenditure	71
Disposals	(110)
Underlying revaluation	(256)
Valuation at 31 March 2024	**2,446**

There was an underlying revaluation decrease of 3.1% (£78m) in the second half of the year compared to a decrease of 6.6% (£178m) in the first half. A summary of the full year valuation and revaluation movement by property type is set out below:

£m	**Valuation 31 March 2024**	Underlying revaluation decrease		
		Full Year	H2	H1
Like-for-like properties	**1,833**	162	49	113
Completed projects	**137**	19	7	12
Refurbishments	**319**	46	16	30
Redevelopments	**19**	5	1	4
South East office	**86**	14	5	9
Non-core	**52**	10	-	10
Total	**2,446**	256	78	178

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

There was an 8.1% (£162m) underlying decrease in the valuation of like-for-like properties to £1,833m. This was driven by a 78bps outward shift in equivalent yield (£233m), offset by a 3.4% increase in the ERV per sq. ft. (£71m).

ERV growth has returned to a lower, historically more normal level of annual increase, with pricing at most centres now back at or above pre-Covid levels. We saw stronger growth in ERV for smaller space, which represents the majority of our lettings activity, with an increase of 6.2% in the year for units under 1,000 sq. ft., compared to larger spaces where ERVs increased by 1.3%. This reflects our approach to implement a wide range of smaller unit refurbishments and subdivisions to align our spaces with customer demand.

	31 Mar 2024	31 Mar 2023[1]	Change
ERV per sq. ft.	**£49.43**	£47.82	3.4%
Rent per sq. ft.	**£44.27**	£40.08	10.4%
Equivalent yield	**7.0%**	6.2%	0.8%[2]
Net initial yield	**5.5%**	4.6%	0.9%[2]
Capital value per sq. ft.	**£643**	£694	(7.3)%

[1] Restated for the transfer in of Castle Lane, Mare Street, Westbourne Studios, Wilson Street, Lock Studios and Mirror Works and the transfer out of Poplar Business Park and Centro – Atelier House.
[2] Absolute change

A 2.5% increase in ERV per sq. ft. would increase the valuation of like-for-like properties by approximately £44m while a 25bps increase in equivalent yield would decrease the valuation by approximately £64m.

<u>Completed Projects</u>

There was an underlying decrease of 12.2% (£19m) in the value of the six completed projects to £137m. The overall valuation metrics for completed projects are set out below:

	31 Mar 2024
ERV per sq. ft.	**£34.69**
Rent per sq. ft.	**£29.30**
Equivalent yield	**7.3%**
Net initial yield	**4.6%**
Capital value per sq. ft.	**£431**

Current Refurbishments and Redevelopments

There was an underlying decrease of 12.6% (£46m) in the value of our current refurbishments to £319m and a reduction of 20.8% (£5m) in the value of our current redevelopments to £19m.

The decreases in respect of refurbishments largely reflected an 85bps outward movement in equivalent yield, with redevelopment valuations also impacted by a decline in expected residential values and increases in expected build costs.

South East Office

There was a 14% (£14m) underlying decrease in the valuation of the South East office portfolio to £86m with 152bps outward shift in equivalent yield, offset by a 3.5% increase in ERV per sq. ft. The overall valuation metrics are set out below:

	31 Mar 2024
ERV per sq. ft.	**£29.00**
Rent per sq. ft.	**£22.84**
Equivalent Yield	**10.4%**
Net Initial Yield	**7.9%**
Capital Value per sq. ft.	**£243**

REFURBISHMENT ACTIVITY

A summary of the status of the refurbishment pipeline at 31 March 2024 is set out below:

Projects	Number	Capex spent	Capex to spend	Upgraded and new space (sq. ft.)
Underway	9	£55m	£49m	390,000
Design stage	8	£0m	£454m	717,000
Design stage (without planning)	4	£0m	£161m	265,000

We are on-site at Leroy House, Islington, where we are delivering a refurbished and extended 58,000 sq. ft. business centre which we expect to complete in September 2024. Our adaptive re-use of the existing building creates 70% less embodied carbon compared to a new build scheme. We have also recently commenced major upgrades and extensions at Chocolate Factory, Wood Green, and at The Biscuit Factory, Bermondsey.

We obtained vacant possession of Atelier House, at the northern end of our Centro property, in December 2023, which will allow us to progress with our planned conversion of the building to a business centre.

SUSTAINABILITY

We have an inherently green property portfolio with energy intensity already 29% lower than industry best practice for net zero carbon offices. Further improving the energy efficiency of our buildings is key in helping us to achieve our target of being a net zero carbon business. The

Workspace portfolio is currently 52% EPC A and B rated, an increase of 11% in the year, and we are on track to upgrade the remainder of our portfolio to these categories by 2030. We are also targeting a reduction in Scope 1 gas emissions by a minimum of 5% each year, whilst continuing to procure 100% renewable electricity (REGO backed). In the year we also achieved a 11% reduction in operational energy intensity and a 36% reduction in gas use.

In December, we signed a Corporate Purchase Power Agreement to supply around two thirds of our electricity demand over the next 10 years from a newly constructed solar plant.

CASH FLOW

A summary of cash flows is set out below:

£m	**31 Mar 2024**	31 Mar 2023
Net cash from operations after interest†	**63**	70
Dividends paid	**(51)**	(44)
Capital expenditure	**(71)**	(60)
Purchase of investment properties	**-**	(201)
Net debt acquired	**-**	(162)
Property disposals and cash receipts	**118**	49
Other	**(12)**	4
Net movement	**47**	(344)
Opening debt (net of cash)	**(902)**	(558)
Closing debt (net of cash)	**(855)**	(902)

† *excludes £8.8m of VAT receipt (2023)/payment (2024) relating to the sale of Riverside included in 'Other'*

There is a reconciliation of net debt in note 16(b) in the financial statements.

The overall decrease of £47m in net debt reflects the disposals made in the period.

NET ASSETS

Net assets decreased in the year by £239m to £1,549m. EPRA net tangible assets (NTA) per share at 31 March 2024 was down 13.7% (£1.27) to £8.00.

EPRA NTA per share	£
At 31 March 2023	9.27
Adjusted trading profit after interest	0.34
Property valuation deficit	(1.32)
Dividends paid	(0.26)
Other	(0.03)
At 31 March 2024	**8.00**

The calculation of EPRA NTA per share is set out in note 9 of the financial statements.

TOTAL ACCOUNTING RETURN

The total accounting return for the year was (10.9)% compared to (3.8)% in the prior year ended March 2023. The total accounting return comprises the change in absolute EPRA net tangible assets per share plus dividends paid in the year as a percentage of the opening EPRA net tangible assets per share. The calculation of total accounting return is set out in note 9 of the financial statements.

FINANCING

As at 31 March 2024, the Group had £4m of available cash and £141m of undrawn facilities:

	Drawn amount £m	Facility £m	Maturity
Private placement notes	300.0	300.0	2025-2029
Green bond	300.0	300.0	2028
Secured loan	65.0	65.0	2030
Bank facilities	194.0	335.0	2026
Total	**859.0**	**1,000.0**	

The majority of the Group's debt comprises long-term fixed-rate committed facilities including a £300m green bond, £300m of private placement notes, and a £65m secured loan facility.

Shorter term liquidity and flexibility is provided by floating-rate sustainability-linked Revolving Credit Facilities (RCFs) totalling £335.0m which were £194.0m drawn as at 31 March 2024. The maturity of the bank facilities was successfully extended by a further year in November 2023 with £135m now maturing in April 2026 and £200m in December 2026. The average maturity of drawn debt at 31 March 2024 was 3.6 years (31 March 2023: 4.1 years).

In February 2024, £100m of the floating rate bank borrowings were swapped to an all in fixed rate of 6.1% for two years. At 31 March 2024, the Group's effective interest rate was 3.7% based on SONIA at 5.2%, with 89% (£765m) of the debt at fixed or hedged rates. The average interest cost of our fixed-rate borrowings was 3.3% and our un-hedged floating-rate bank borrowings had an average margin of 1.8% over SONIA. A 1% change in SONIA would change the effective interest rate by 0.1% (at current debt levels).

At 31 March 2024, loan to value (LTV) was 35% (31 March 2023: 33%) and interest cover, based on net rental income and interest paid over the last 12 month period, was 3.7 times (31 March 2023: 3.8 times), providing good headroom on all facility covenants. Our net debt to earnings ratio (calculated as net debt divided by trading profit before interest, but excluding depreciation and amortisation), improved from 9.3 times to 8.3 times during the year.

FINANCIAL OUTLOOK FOR 2024/25

Over the past year, we have seen strong rental growth driven by increased pricing and stable occupancy. Rental income in 2024/25 will be underpinned by the growth in like-for-like rent roll we have seen over the last year, with like-for-like rent roll growing by 6% in the second half of last year on an annualised basis. We continue to see good demand and expect continued growth in rent roll in 2024/25. Rental income growth will also be supported by the letting up of recently completed projects.

The high levels of inflation we have seen over the last year, which have impacted on both our service charge and administrative costs, are reducing and are expected to have less impact in the coming year, albeit wage inflation remains significantly above historic norms.

We expect capital expenditure to be maintained at a similar level to last year, around £60-70m, as we continue to progress with planned asset management projects, including the refurbishments of Leroy House, Chocolate Factory and The Biscuit Factory. This will be largely offset by recycled capital from asset disposals.

The £118m of proceeds from disposals of non-core properties received over the last year has reduced our floating-rate debt, which currently has an effective interest rate of 7%. Our average interest rate has been reduced further by the £100m of floating rate debt we have swapped to fixed at an effective rate of 6%. With planned capital expenditure largely offset by asset disposals, we expect this to result in a reduction in interest costs in the current year.

PROPERTY STATISTICS

	Half Year ended			
	31 Mar 2024	30 Sep 2023	31 Mar 2023	30 Sep 2022
Workspace Portfolio				
Property valuation	**£2,446m**	£2,505m	£2,741m	£2,863m
Number of locations	**77**	79	86	87
Lettable floorspace (million sq. ft.)	**4.5**	4.7	5.2	5.4
Number of lettable units	**4,678**	4,718	4,910	4,901
Rent roll of occupied units	**£143.4m**	£141.9m	£140.1m	£134.7m
Average rent per sq. ft.	**£38.21**	£36.81	£32.86	£30.03
Overall occupancy	**83.0%**	83.5%	81.5%	84.0%
Like-for-like number of properties	**43**	42	38	38
Like-for-like lettable floor space (million sq. ft.)	**2.9**	2.9	2.7	2.7
Like-for-like rent roll growth	**3.0%**	6.4%	3.4%	3.6%
Like-for-like rent per sq. ft. growth	**3.4%**	6.8%	5.2%	4.0%
Like-for-like occupancy movement	**(0.4%)**	(0.6%)	(0.5%)	0.1%

1) The like-for-like category has been restated in the current financial year for the transfer in of Castle Lane, Mare Street Studios, Westbourne Studios, Wilson Street, Lock Studios and Mirror Works and the transfer out of Poplar Business Park and Atelier House (part of Centro).
2) Like-for-like statistics for prior years are not restated for the changes made to the like-for-like property portfolio in the current financial year.
3) Overall rent per sq. ft. and occupancy statistics includes the lettable area at like-for-like properties and all refurbishment and redevelopment projects, including those projects recently completed and also properties where we are in the process of obtaining vacant possession.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £m	2023 £m
Revenue	1	184.3	174.2
Direct costs[1]	1	(58.1)	(57.6)
Net rental income	1	126.2	116.6
Administrative expenses	2	(25.3)	(21.5)
Trading profit		100.9	95.1
Loss on disposal of investment properties	3(a)	(2.3)	(0.7)
Other expenses	3(b)	(1.2)	(3.8)
Change in fair value of investment properties	10	(251.2)	(88.0)
Impairment of assets held for sale		(4.1)	(5.1)
Operating loss		(157.9)	(2.5)
Finance costs	4	(34.9)	(34.4)
Exceptional finance costs	4	–	(0.6)
Loss before tax		(192.8)	(37.5)
Taxation	6	0.3	(0.3)
Loss for the financial year after tax		(192.5)	(37.8)
Basic loss per share	8	(100.4p)	(19.9p)
Diluted loss per share	8	(100.4p)	(19.9p)

1. Direct costs in 2024 includes impairment of receivables of £0.8m (2023: £1.1m). See note 1 for additional information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £m	2023 £m
Loss for the financial year		(192.5)	(37.8)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of other investments		1.1	0.4
Fair value of derivative		0.2	–
Items that will not be reclassified subsequently to profit or loss:			
Pension fund movement		–	0.9
Other comprehensive income in the year		1.3	1.3
Total comprehensive loss for the year		(191.2)	(36.5)

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2024

	Notes	2024 £m	2023 £m
Non-current assets			
Investment properties	10	2,408.5	2,643.3
Intangible assets		2.2	2.0
Property, plant and equipment	11	3.0	4.4
Other investments	12	3.2	2.1
Derivative financial instruments		0.2	–
Deferred tax		0.3	–
		2,417.4	2,651.8
Current assets			
Trade and other receivables	13	36.7	45.8
Assets held for sale		65.7	123.0
Cash and cash equivalents	14	11.6	18.5
		114.0	187.3
Total assets		2,531.4	2,839.1
Current liabilities			
Trade and other payables	15	(93.0)	(107.8)
Borrowings	16(a)	–	(49.8)
		(93.0)	(157.6)
Non-current liabilities			
Borrowings	16(a)	(854.8)	(859.1)
Lease obligations	17	(34.7)	(34.7)
		(889.5)	(893.8)
Total liabilities		(982.5)	(1,051.4)
Net assets		1,548.9	1,787.7
Shareholders' equity			
Share capital	19	191.9	191.6
Share premium	19	296.6	295.5
Investment in own shares		(9.9)	(9.9)
Other reserves	20	93.0	91.0
Retained earnings		977.3	1,219.5
Total shareholders' equity		1,548.9	1,787.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

		Attributable to owners of the Parent					
	Notes	Share capital £m	Share premium £m	Investment in own shares £m	Other reserves £m	Retained earnings £m	Total share-holders' equity £m
Balance at 31 March 2022		181.1	295.5	(9.9)	32.6	1,300.3	1,799.6
Loss for the financial year		–	–	–	–	(37.8)	(37.8)
Other comprehensive income for the		–	–	–	0.4	0.9	1.3
Total comprehensive income/(loss)		–	–	–	0.4	(36.9)	(36.5)
Transactions with owners:							
Shares issued	19	10.5	–	–	56.6	–	67.1
Dividends paid	7	–	–	–	–	(43.9)	(43.9)
Share based payments		–	–	–	1.4	–	1.4
Balance at 31 March 2023		191.6	295.5	(9.9)	91.0	1,219.5	1,787.7
Loss for the financial year		–	–	–	–	(192.5)	(192.5)
Other comprehensive income for the		–	–	–	1.3	–	1.3
Total comprehensive income/(loss)		–	–	–	1.3	(192.5)	(191.2)
Transactions with owners:							
Dividends paid	7	–	–	–	–	(50.6)	(50.6)
Share based payments		0.3	1.1		0.7	0.9	3.0
Balance at 31 March 2024		191.9	296.6	(9.9)	93.0	977.3	1,548.9

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £m	2023 £m
Cash flows from operating activities			
Cash generated from operations	19	87.7	110.5
Interest paid		(33.8)	(31.7)
Net cash inflow from operating activities		53.9	78.8
Cash flows from investing activities			
Purchase of investment properties		–	(184.4)
Capital expenditure on investment properties		(71.7)	(56.2)
Proceeds from government grant		1.5	–
Proceeds from disposal of investment properties (net of sale costs)		22.3	7.1
Proceeds from disposal of assets held for sale (net of sale costs)		96.2	41.4
Purchase of intangible assets		(0.8)	(0.8)
Purchase of property, plant and equipment		(0.4)	(3.1)
Other expenses		(1.2)	(2.9)
Settlement of defined benefit pension scheme		–	(1.3)
Net cash inflow/(outflow) from investing activities		45.9	(200.2)
Cash flows from financing activities			
Finance costs for new/amended borrowing facilities		(0.8)	(1.6)
Repayment of bank borrowings and Private Placement Notes	16(h)	(211.0)	(150.0)
Draw down of bank borrowings	16(h)	156.0	286.0
Settlement of share schemes		(0.2)	–
Dividends paid	7	(50.7)	(43.5)
Net cash (outflow)/inflow from financing activities		(106.7)	90.9
Net decrease in cash and cash equivalents		(6.9)	(30.5)
Cash and cash equivalents at start of year	14	18.5	49.0
Cash and cash equivalents at end of year	14	11.6	18.5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 March 2024 or 2023 but is derived from those accounts. Statutory accounts for 2023 have been delivered to the Registrar of Companies, and those for 2024 will be delivered in due course. The auditor has reported on those accounts; their reports were i) unqualified and i i) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The accounting policies are consistent with those contained in the Group's last annual report and accounts for the year ended 31 March 2023, with exception of the following:

BASIS OF PREPARATION

These condensed financial statements are presented in Sterling, which is the Company's functional currency and the Group's presentational currency, and have been prepared and approved by the Directors on a going concern basis, in accordance with United Kingdom adopted international accounting standards.
The Directors are required to assess the appropriateness of applying the going concern basis in the preparation of the financial statements. The current macroeconomic issues have heightened concerns around the UK economy and increased the risk of an economic downturn. In this context, the Directors have fully considered the business activities and principal risks of the Company and Group.
In preparing the assessment of going concern, the Directors have reviewed a number of different scenarios over the 12-month period from the date of signing of these financial statements. These scenarios include a severe, but realistically possible, scenario which includes the following key assumptions:

A reduction in occupancy, reflecting weaker customer demand for office space.

A reduction in the pricing of new lettings, resulting in a reduction in average rent per sq. ft.

Elevated levels of counterparty risk, with bad debt significantly higher than historic levels.

Continued elevated levels of cost inflation.

SONIA rates remaining elevated, impacting the cost of variable rate borrowings.
Estimated rental value reduction in-line with the decline in average rent per sq. ft. and outward movement in investment yields resulting in a lower property valuation.

The appropriateness of the going concern basis is reliant on the continued availability of borrowings, sufficient liquidity and compliance with loan covenants. All borrowings require compliance with LTV and Interest Cover covenants. As at the tightest test date in the scenarios modelled, the Group could withstand a reduction in net rental income of 47% compared to the March 2024 Net Rental Income and a fall in the asset valuation of 41% compared to 31 March 2024 before these covenants are breached, assuming no mitigating actions are taken.

As at 31 March 2024, the Group had significant headroom with £145m of cash and undrawn facilities. The majority of the Group's debt is long-term fixed-rate committed facilities comprising a £300m Green Bond, £300m of private placement notes, and a £65m secured loan facility. Shorter-term liquidity and flexibility is provided by floating rate sustainability-linked revolving credit facilities (RCFs) totalling £335m, with £135m due in April 2026 and £200m due in December 2026. The £200m RCF also has the option to increase the facility amount by up to £100m, subject to lender consent.

For the full period of assessment under the scenarios tested, the Group maintains sufficient headroom in its cash and loan facilities. Consequently, the Directors have a reasonable expectation that the Group and Company will have adequate resources to continue in operational existence for a period of at least 12 months from the date of signing of these financial statements and therefore the Directors continue to adopt the Going Concern basis in their preparation.

CONSIDERATION OF CLIMATE CHANGE

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the risks identified in the TCFD disclosure this year. There has been no material impact identified on the financial reporting judgements and estimates. In particular, the Directors considered the impact of climate change in respect of the following areas:

The potential impact on the valuation of our investment properties due to transition risks;

Going concern and viability of the Group over the next three years;

The capital expenditure required to upgrade our assets' EPC ratings and deliver our net zero targets.
Whilst there is currently minimal medium-term impact expected from climate change, the Directors are aware of the ever-changing risks attached to climate change and will regularly assess these risks against judgements and estimates made in the preparation of the Group's financial statements.

NEW ACCOUNTING STANDARDS, AMENDMENTS AND GUIDANCE

a) During the year to 31 March 2024 the Group adopted the following accounting standards and guidance:

IAS 12 (amended)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IAS 12 (amended)	International Tax Reform (Pillar Two Model Rules)
IAS 8 (amended)	Accounting Policies, Changes in Accounting Estimates and Errors: Definition
IAS 1 (amended) and IFRS Practice	Presentation of Financial Statements and IFRS Practice Statement 2 Making
IFRS 17	Insurance Contracts
IFRS 9	Comparative Information

There was no material impact from the adoption of these accounting standards and amendments on the financial statements.

b) The following accounting standards and guidance are not yet effective but are not expected to have a significant impact on the Group's financial statements or result in changes to presentation and disclosure only. They have not been adopted early by the Group:

IAS 1 (amended)	Classification of Liabilities as Current or Non-Current; Non-Current Liabilities with Covenants; Deferral of Effective Date Amendment
IAS 7 and IFRS 7 (amended)	Supplier Finance Arrangements
IAS 21 (amended)	Lack of Exchangeability
IFRS 16 (amended)	Lease Liability in a Sale and Leaseback

1. ANALYSIS OF NET RENTAL INCOME AND SEGMENTAL INFORMATION

	2024			2023		
	Revenue £m	Direct costs[1] £m	Net rental income £m	Revenue £m	Direct costs[1] £m	Net rental income £m
Rental income	145.0	(4.9)	140.1	136.7	(4.2)	132.5
Service charges	32.6	(37.5)	(4.9)	30.0	(35.7)	(5.7)
Empty rates and other non-recoverable	–	(10.2)	(10.2)	–	(10.6)	(10.6)
Services, fees, commissions and	6.7	(5.5)	1.2	7.5	(7.1)	0.4
	184.3	(58.1)	126.2	174.2	(57.6)	116.6

1. There are two properties within the current period (prior period: none) that are non-rent producing.

Included within direct costs for rental income is a charge of £0.8m (2023: £1.0m) and within direct costs for service charges is a charge of £nil (2023: £0.1m) for expected credit losses in respect of receivables from customers in the period.

All of the properties within the portfolio are geographically close to each other and have similar economic features and risks. Management information utilised by the Executive Committee to monitor and review performance is presented as one portfolio. As a result, for the year ended 31 March 2024, management have determined that the Group operates a single operating segment providing business accommodation for rent in and around London.

2. OPERATING LOSS

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

	2024 £m	2023 £m
Depreciation[1] (note 11)	1.7	1.6
Staff costs (including share based costs)[1] (note 5)	30.5	25.3
Repairs and maintenance expenditure on investment properties	3.7	5.4
Trade receivables impairment (note 13)	0.8	1.1
Amortisation of intangibles	0.6	0.7
Audit fees payable to the Company's Auditor	0.8	0.4

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

Auditor's remuneration: services provided by the Company's Auditor and its associates	2024 £000	2023 £000
Audit fees:		
Audit of Parent Company and consolidated financial statements	507	330
Audit of subsidiary financial statements	110	40
	617	370
Fees for other services:		
Audit-related assurance services1	97	70
Total fees payable to Auditor	714	440

2. Audit-related assurance services consist of £97k for half year review (2023: £56k); and £nil for Green Bond use of Proceeds Assurance (2023: £14k).

	2024 £m	2023 £m
Total administrative expenses are analysed below:		
Staff costs	14.8	13.4
Equity-settled share based payments	3.1	1.4
Cash-settled share based payments	0.2	–
Other	7.2	6.7
Total administrative expenses	25.3	21.5

3(a). LOSS ON DISPOSAL OF INVESTMENT PROPERTIES AND ASSETS HELD FOR SALE

	2024 £m	2023 £m
Proceeds from sale of investment properties (net of sale costs)	12.3	7.0
Proceeds from sale of assets held for sale (net of sale costs)	96.2	52.1
Book value at time of sale	(110.8)	(59.8)
Loss on disposal	(2.3)	(0.7)

3(b). OTHER EXPENSES

	2024 £m	2023 £m
Change in fair value of deferred consideration	–	(0.1)
Other expenses	(1.2)	(3.7)
	(1.2)	(3.8)

The value of deferred consideration (cash and overage) from the sale of investment properties has been revalued by CBRE Limited at 31 March 2024 and 31 March 2023. This resulted in a reduction in the fair value of deferred consideration of £nil at 31 March 2024 (31 March 2023: £0.1m). The amounts receivable are included in the consolidated balance sheet under current trade and other receivables (note 13).

Other expenses include exceptional one-off costs relating to the implementation and replacement of our finance and property management system of £1.2m (2023: £1.8m). In addition, other expenses in the prior year also include exceptional one-off costs relating to the acquisition and integration of McKay Securities Limited (£1.9m), including the cost of buying out the McKay Securities Limited defined benefit pension scheme. These costs are outside the Group's normal trading activities.

4. FINANCE COSTS

	2024 £m	2023 £m
Interest payable on bank loans and overdrafts	(15.0)	(11.9)
Interest payable on other borrowings	(19.3)	(19.0)
Amortisation of issue costs of borrowings	(1.7)	(2.0)
Interest payable on leases	(2.1)	(1.9)
Interest capitalised on property refurbishments (note 10)	3.0	0.2
Interest receivable	0.2	0.2
Finance costs	(34.9)	(34.4)
Exceptional finance costs	–	(0.6)
Total finance costs	(34.9)	(35.0)

The exceptional finance costs in the prior year related to unamortised finance costs for McKay Securities Limited's previous bank loan which were written off when this was refinanced in September 2022.

All finance costs have been calculated in accordance with IFRS 9, re-estimating the cash flows based on the original effective interest rate with any adjustment being taken through the consolidated income statement.

5. EMPLOYEES AND DIRECTORS

Staff costs for the Group during the year were:	2024 £m	2023 £m
Wages and salaries	26.2	23.3
Social security costs	3.4	3.8
Other pension costs	1.3	1.0
Equity-settled share based costs	3.1	1.4
	34.0	29.5
Less costs capitalised	(3.5)	(4.2)
	30.5	25.3

The monthly average number of people employed during the year was:	2024 Number	2023 Number
Head office staff (including Directors)	166	154
Estates and property management staff	152	137
	318	291

The emoluments and pension benefits of the Directors are determined by the Remuneration Committee of the Board and are set out in detail in the Directors' Remuneration Report on pages.

Total Directors' emoluments for the financial year were £2.9m (2023: £3.0m), comprising of £2.2m (2023: £2.2m) of Directors' remuneration, £0.6m (2023: £0.7m) gain on exercise of share options and £0.1m (2023: £0.1m) of cash contributions in lieu of pension in respect of two Directors (2023: two).

6. TAXATION

	2024 £m	2023 £m
Current tax:		
UK corporation tax	–	–
Adjustments to tax in respect of previous periods	–	–
	–	–
Deferred tax:		
On origination and reversal of temporary differences	(0.3)	0.3
	(0.3)	0.3
Total taxation (credit)/ charge	(0.3)	0.3

Taxation chargeable in the year relates to income from non-REIT activities such as overage, meeting room income and utilities recharges.

The tax on the Group's loss for the year differs from the standard applicable corporation tax rate in the UK of 25% (2023: 19%). The differences are explained below:

	2024 £m	2023 £m
Loss before taxation	(192.8)	(37.5)
Tax at standard rate of corporation tax in the UK of 25% (2023: 19%)	(48.2)	(7.1)
Effects of:		
REIT exempt income	(19.2)	(12.1)
Changes in fair value not subject to tax as a REIT	63.8	17.7
Share based payment adjustments	0.5	(0.3)
Unrecognised losses carried forward	2.7	1.8
Other non-taxable expenses	0.1	0.3
Total taxation (credit)/ charge	(0.3)	0.3

The Group is a Real Estate Investment Trust ('REIT'). The Group's UK property rental business (both income and capital gains) is exempt from UK corporation tax. The Group estimates that as the majority of its future profits will be exempt from tax, future tax charges are likely to be low.

Profits arising from any residual business activities (e.g. trading activities and interest income), after the utilisation of tax losses, are subject to corporation tax at the main rate of 25% for the period (increased from 19% in the previous period).
The Group currently has an unrecognised asset in relation to tax losses from the non-REIT business carried forward of £8.9m (2023: £6.2m) calculated at a corporation tax rate of 25% (2023: 25%).

7. DIVIDENDS

	Payment date	Per share	2024 £m	2023 £m
For the year ended 31 March 2022:				
Final dividend	August 2022	14.5p	–	27.8
For the year ended 31 March 2023:				
Interim dividend	February 2023	8.4p	–	16.1
Final dividend	August 2023	17.4p	33.3	–
For the year ended 31 March 2024:				
Interim dividend	February 2024	9.0p	17.3	–
Dividends for the year			50.6	43.9
Timing difference on payment of withholding tax			0.1	(0.4)
Dividends cash paid			50.7	43.5

The Directors are proposing a final dividend in respect of the financial year ended 31 March 2024 of 19.0 pence per ordinary share, which will absorb an estimated £36.5m of retained earnings and cash. If approved by the shareholders at the AGM, it will be paid on 2 August 2024 to shareholders who are on the register of members on 5 July 2024. 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:	2024 £m	2023 £m
Basic and diluted earnings	(192.5)	(37.8)
Decrease in fair value of investment properties	251.2	88.0
Impairment of assets held for sale	4.1	5.1
Loss on disposal of investment properties	2.3	0.7
EPRA earnings	65.1	56.0
Adjustment for non-trading items:		
Other expenses	1.2	3.8
Exceptional finance costs	–	0.6
Taxation	(0.3)	0.3
Trading profit after interest	66.0	60.7

Earnings have been adjusted to derive an earnings per share measure as defined by the European Public Real Estate Association ('EPRA') and an adjusted underlying earnings per share measure.

Number of shares used for calculating earnings per share:	2024 Number	2023 Number
Weighted average number of shares (excluding own shares held in trust)	191,676,994	190,470,363
Dilution due to share option schemes	1,537,856	1,129,310
Weighted average number of shares for diluted earnings per share	193,214,850	191,599,673

In pence:	2024	2023
Basic loss per share	(100.4p)	(19.9p)
Diluted loss per share	(100.4p)	(19.9p)
EPRA earnings per share	34.0p	29.4p
Adjusted underlying earnings per share[1]	34.1p	31.7p

1. Adjusted underlying earnings per share is calculated by dividing trading profit after interest by the diluted weighted average number of shares of 193,214,850 (2023: 191,599,673).

The diluted loss per share for the period to 31 March 2024 has been restricted to a loss of 100.4p per share, as the loss per share cannot be reduced by dilution in accordance with IAS 33 Earnings per Share.

9. NET ASSETS PER SHARE AND TOTAL ACCOUNTING RETURN

Number of shares used for calculating net assets per share:	2024 Number	2023 Number
Shares in issue at year end	191,910,392	191,638,357
Less own shares held in trust at year end	(139,649)	(152,550)
Dilution due to share option schemes	1,637,759	1,201,277
Number of shares for calculating diluted adjusted net assets per share	193,408,502	192,687,084

EPRA Net Asset Value Metrics

The Group measures financial position with reference to EPRA Net Tangible Assets (NTA), Net Reinvestment Value (NRV) and Net Disposal Value (NDV).

	March 2024			March 2023		
	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
IFRS Equity attributable to shareholders	1,548.9	1,548.9	1,548.9	1,787.7	1,787.7	1,787.7
Fair value of derivative financial instruments	(0.2)	(0.2)	–	–	–	–
Intangibles per IFRS balance sheet	–	(2.2)	–	–	(2.0)	–
Excess of book value of debt over fair value	–	–	59.3	–	–	86.6
Purchasers' costs	166.4	–	–	186.4	–	–
EPRA measure	1,715.1	1,546.5	1,608.2	1,974.1	1,785.7	1,874.3
EPRA measure per share	£8.87	£8.00	£8.32	£10.24	£9.27	£9.73

Total accounting return

Total Accounting Return	2024 £	2023 £
Opening EPRA net tangible assets per share (A)	9.27	9.88
Closing EPRA net tangible assets per share	8.00	9.27
Decrease in EPRA net tangible assets per share	(1.27)	(0.61)
Ordinary dividends paid in the year	0.26	0.23
Total return (B)	(1.01)	(0.38)
Total accounting return (B/A)	(10.9%)	(3.8%)

The total accounting return for the year comprises the movement in absolute EPRA net tangible assets per share plus dividends paid in the year as a percentage of the opening EPRA net tangible assets per share. The total return for the year ended 31 March 2024 was -10.9% (31 March 2023: -3.8%).

10. INVESTMENT PROPERTIES

	2024 £m	2023 £m
Balance at 1 April	2,643.3	2,366.7
Purchase of investment properties	–	426.6
Capital expenditure	68.4	55.8
Change in value of lease obligations	–	3.7
Capitalised interest on refurbishments (note 4)	3.0	0.2
Disposals during the year	(12.5)	(5.5)
Change in fair value of investment properties	(251.2)	(88.0)
Disposed properties tenant incentives recognised in advance under IFRS 16	1.4	–
Less: Classified as assets held for sale	(43.9)	(116.2)
Balance at 31 March	2,408.5	2,643.3

Investment properties represent a single class of property, being business accommodation for rent in and around London.
Investment properties include buildings with a carrying amount of £317.2m (2023: £321.9m) for which there are lease obligations of £34.7m (2023: £34.7m). Investment property lease commitment details are shown in note 17.
During the prior period, the Group acquired McKay Securities Limited (formerly McKay Securities PLC) adding 32 properties in and around London to the portfolio.

Three of the properties classified as held for sale at the end of the prior year were not sold during the year. These are retained within current assets as they are still expected to sell within the next 12 months to 31 March 2025 and have been subject to an impairment charge of £2.6m following the valuation carried out at 31 March 2024. One of them exchanged during the year.
Six (2023: Ten) additional properties were reclassified as held for sale at year-end. Four of these properties have exchanged for sale and are likely to complete within the next 12 months. The transfer value is their year-end valuation per CBRE.

Disposed properties tenant incentives relate to disposed properties during the year, where there were tenant lease incentives accounted for under IFRS 16.

Capitalised interest is included at a rate of capitalisation of 6.8% (2023: 3.9%). The total amount of capitalised interest included in investment properties is £18.1m (2023: £15.1m).

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 2024 by the external valuer, CBRE Limited, a firm of independent qualified valuers, in accordance with the Royal Institution of Chartered Surveyors Valuation – Global Standards. All the properties are revalued at period end regardless of the date of acquisition. 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 still being used for business accommodation in their current state. However, the valuation at the balance sheet date includes 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 assess whether appropriate assumptions have been applied and that valuations are appropriate. Meetings are held with the valuers to discuss and challenge the valuations, to confirm that they have considered all relevant information.

The valuation of like-for-like properties (which are not undergoing significant 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 and market comparatives whilst also considering the occupancy and timing of rent reviews at each property. Although occupancy and rent review timings are known, and there is market evidence for transaction prices for similar properties, there is still a significant element of estimation and judgement in estimating ERVs. As a result of adjustments made to market observable data, the significant inputs are deemed unobservable under IFRS 13.

When valuing properties where Workspace is carrying out a major refurbishment, the residual value method is used. The completed value of the refurbishment is determined as for like-for-like properties above. This is then adjusted for costs to complete and developers profit margin. A discount factor is applied to reflect the time period to complete construction and make allowance 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 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.
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:

	2024 £m	2023 £m
Total per CBRE valuation report	2,446.5	2,741.1
Deferred consideration on sale of property	(0.6)	(0.5)
Head leases treated as leases under IFRS 16	34.7	34.7
Tenant incentives recognised under IFRS 16	(6.4)	(8.8)
Less: Reclassified as assets held for sale	(65.7)	(123.2)
Total investment properties per balance sheet	2,408.5	2,643.3

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 and critical 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.

CBRE have made enquiries to ascertain any sustainability factors which are likely to impact on value, consistent with the scope of their terms of engagement. Sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect the value of an asset, even if not explicitly recognised. This includes key environmental risks; such as flooding, energy efficiency, climate, design, legislation and management considerations – as well as current and historic land use. Where CBRE recognise the value impacts of sustainability, they reflect their understanding of how market participants include sustainability factors in their decisions and the consequential impact on market valuations.

The following table summarises the valuation techniques and inputs used in the determination of the property valuation at 31 March 2024.

Key unobservable inputs:

Property category	Valuation £m	Valuation technique	ERVs – per sq. ft.		Equivalent yields	
			Range	Weighted average	Range	Weighted average
Like-for-like	1,833.2	A	£24-£81	£49	4.9%-8.4%	7.0%
Completed projects	137.4	A	£25-£53	£35	6.6%-7.2%	7.3%
Refurbishments	318.5	A/B	£24-£75	£38	5.0%-9.9%	7.3%
Redevelopments	18.9	A/B	£18-£30	£19	4.8%-8.7%	7.4%
South East Office	72.2	A	£25-£40	£30	8.0%-11.4%	10.4%
Tenant incentives	(6.4)	N/A	–	–	–	–
Head leases	34.7	N/A	–	–	–	–
Total	2,408.5					

A = Income capitalisation method.

B = Residual value method.

A key unobservable input for redevelopments at planning stage and refurbishments is developer's profit. The range is 10%–19% with a weighted average of 15%.

Costs to complete is a key unobservable input for redevelopments at planning stage with a range of £273–£416 per sq. ft. and a weighted average of £325 per sq. ft.

Costs to complete are not considered to be a significant unobservable input for refurbishments due to the high percentage of costs that are fixed.

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	+183/-183	-66/+71
Completed projects	+14/-14	-5/+5
Refurbishments	+35/-35	-15/+17
Redevelopments	+0/-0	-0/+0
South East Office	+27/-27	-9/+9

The following table summarises the valuation techniques and inputs used in the determination of the property valuation at 31 March 2023.

Key unobservable inputs:

Property category	Valuation £m	Valuation technique	ERVs – per sq. ft.		Equivalent yields	
			Range	Weighted average	Range	Weighted average
Like-for-like	1,886.9	A	£21-£79	£48	5.0%-7.7%	6.2%
Completed projects	264.8	A	£24-£51	£34	5.8%-6.8%	6.5%
Refurbishments	171.9	A/B	£21-£53	£35	4.5%-6.7%	5.8%
Redevelopments	25.4	A/B	£16-£35	£28	4.8%-6.9%	5.5%
Acquisitions	268.4	A	£13-£70	£34	5.2%-10.8%	7.4%
Tenant incentives	(8.8)	N/A	–	–	–	–
Head leases	34.7	N/A	–	–	–	–
Total	2,643.3					

A = Income capitalisation method.

B = Residual value method.

A key unobservable input for redevelopments at planning stage and refurbishments is developer's profit. The range is 10%–16% with a weighted average of 13%.

Costs to complete is a key unobservable input for redevelopments at planning stage with a range of £262–£448 per sq. ft. and a weighted average of £356 per sq. ft.

Costs to complete are not considered to be a significant unobservable input for refurbishments due to the high percentage of costs that are fixed.

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	+189/-189	-76/+83
Completed projects	+27/-27	-10/+11
Refurbishments	+23/-23	-10/+11
Redevelopments	+6/-6	-3/+3
Acquisitions	+27-27	-9/+9

11. PROPERTY, PLANT AND EQUIPMENT

Cost or valuation	Equipment and fixtures £m
1 April 2022	9.5
Additions during the year	3.3
Disposals during the year	(0.3)
Balance at 31 March 2023	12.5
Additions during the year	0.5
Disposals during the year	(4.8)
Balance at 31 March 2024	8.2
Accumulated depreciation	
1 April 2022	6.6
Charge for the year	1.6
Disposals during the year	(0.1)
Balance at 31 March 2023	8.1
Charge for the year	1.7
Disposals during the year	(4.6)
Balance at 31 March 2024	5.2
Net book amount at 31 March 2024	3.0
Net book amount at 31 March 2023	4.4

12. OTHER INVESTMENTS

The Group holds the following investments:

	2024 £m	2023 £m
2.0% of share capital of Wavenet Limited	3.2	2.1
	3.2	2.1

In accordance with IFRS 9 the shares in Wavenet Limited have been valued at fair value, resulting in £1.1m movement in the financial year (2023: £0.4m), recognised in the consolidated statement of comprehensive income.

13. TRADE AND OTHER RECEIVABLES

Current trade and other receivables	2024 £m	2023 £m
Trade receivables	22.6	16.9
Less provision for impairment of receivables	(3.9)	(4.6)
Trade receivables – net	18.7	12.3
Prepayments, other receivables and accrued income	16.9	22.3
Deferred consideration on sale of investment properties	1.1	11.2
	36.7	45.8

Receivables at fair value

Included within deferred consideration on sale of investment properties is £0.6m (2023: £0.5m) of overage which is held at fair value through profit and loss. As the amounts receivable are expected within the following 12 months they have been classified as current receivables.

The deferred consideration arising on the sale of investment properties relates to cash and overage. The overage has been fair valued by CBRE Limited 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 change in fair value recorded in the consolidated income statement was £nil (31 March 2023: £0.1m decrease) (note 3(b)).

	2024 £m	2023 £m
Deferred consideration on sale of investment properties:		
Balance at 1 April	11.2	0.6
Cash received	(10.1)	–
Additions	–	10.7
Change in fair value	–	(0.1)
Balance at 31 March	1.1	11.2

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. Movements on the provision for impairment of trade receivables are shown below:

	2024 £m	2023 £m
Balance at 1 April	4.6	5.2
Increase in provision for impairment of trade receivables	0.8	1.1
Receivables written off during the year	(1.5)	(1.7)
Balance at 31 March	3.9	4.6

14. CASH AND CASH EQUIVALENTS

	2024 £m	2023 £m
Cash at bank and in hand	4.1	12.0
Restricted cash	7.5	6.5
	11.6	18.5

£6.7m (2023: £6.5m) of the restricted cash relates to tenants' deposit deeds which represent returnable cash security deposits received from tenants which are held in ring-fenced bank accounts in accordance with the terms of the individual lease contracts. The remaining balance relates to restricted cash under terms of development projects funding.

15. TRADE AND OTHER PAYABLES

	2024 £m	2023 £m
Trade payables	7.4	15.4
Other tax and social security payable	4.8	15.9
Tenants' deposit deeds	8.2	6.5
Tenants' deposits	32.0	30.5
Accrued expenses	28.5	26.1
Deferred income – rent and service charges	12.1	13.4
	93.0	107.8

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

	2024 £m	2023 £m
Current		
Bank loans (unsecured)	–	49.8
Non-current		
Bank loans (unsecured)	192.3	197.2
Other loans (secured)	64.1	63.9
3.07% Senior Notes (unsecured)	79.9	79.9
3.19% Senior Notes (unsecured)	119.9	119.8
3.6% Senior Notes (unsecured)	99.9	99.9
Green Bond (unsecured)	298.7	298.4
	854.8	859.1
Total borrowings	854.8	908.9

(b) Net debt

	2024 £m	2023 £m
Borrowings per (a) above	854.8	908.9
Adjust for:		
Cost of raising finance	4.2	5.1
	859.0	914.0
Cash at bank and in hand (note 14)	(4.1)	(12.0)
Net debt	854.9	902.0

At 31 March 2024, the Group had £141.0m (2023: £136.0m) of undrawn bank facilities, a £2.0m overdraft facility (2023: £2.0m) and £4.1m of unrestricted cash (2023: £12.0m).

(c) Maturity

	2024 £m	2023 £m
Repayable within one year	–	50.0
Repayable between one and two years	80.0	–
Repayable between two and three years	194.0	279.0
Repayable between three years and four years	420.0	–
Repayable between four years and five years	100.0	420.0
Repayable in five years or more	65.0	165.0
	859.0	914.0
Cost of raising finance	(4.2)	(5.1)
Total	854.8	908.9

(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:				
3.07% Senior Notes	80.0	3.07%	Half yearly	August 2025
3.19% Senior Notes	120.0	3.19%	Half yearly	August 2027
3.6% Senior Notes	100.0	3.60%	Half yearly	January 2029
Bank Loan	125.0	SONIA +	Monthly	December
Bank Loan	69.0	SONIA +	Monthly	April 2026
Other Loan (Secured)	65.0	4.02%	Quarterly	May 2030
Green Bond	300.0	2.25%	Yearly	March 2028
	859.0			

1. The base margin is dependent upon the LTV as reported in the client certificate, which is submitted twice a year. The base margin can be adjusted further by up to 4.5bps dependent upon achievement of three ESG-linked metrics.

(e) Derivative financial instruments

The Group uses a mixture of fixed rate and variable rate facilities to manage its interest rate exposure appropriately to provide operational and budget certainty. To manage the interest rate risk arising on variable rate debt, £100m of the debt has been swapped to fixed rate GBP using an interest rate swap.

The hedged item is designated as the variability of the cash flows of the specific debt instrument arising from future changes in the SONIA rate, which is an eligible hedged item.

Hedge effectiveness is assessed on critical terms (amount, interest rate, interest settlement dates, currency and maturity date). The critical terms of this hedging relationship perfectly matched at origination, so for the prospective assessment of effectiveness a qualitative assessment was performed. The interest rate swap creates an equal and opposite interest receipt and a fixed interest payment, therefore creating an exact offset for this transaction resulting in a net fixed interest payable. Potential sources of hedge ineffectiveness include significant change in the credit risk of either party or a reduction in the hedged item as such will impact the economic relationship between the fair value changes of the hedged item and the swap.

The effects of the interest rate swap hedging relationship is as follows:

	2024
Carrying amount of derivative	0.2
Change in fair value of designated hedging instrument	0.2
Notional amount £m	100
Rate payable (%)	4.285
Maturity	31 January 2026
Hedge ratio	1:1

(f) Financial instruments and fair values

	2024 Book value £m	2024 Fair value £m	2023 Book value £m	2023 Fair value £m
Financial liabilities held at amortised cost				
Bank loans	192.3	192.3	247.0	247.0
Other loans	64.1	61.6	63.9	63.5
Private Placement Notes	299.6	285.4	299.6	287.8
Lease obligations	34.7	34.7	34.7	34.7
Green Bond	298.7	256.1	298.4	224.0
	889.4	830.1	943.6	857.0
Financial assets at fair value through other comprehensive income				
Financial derivative	0.2	0.2	–	–
Other investments	3.2	3.2	2.1	2.1
	3.4	3.4	2.1	2.1
Financial assets at fair value through profit or loss				
Deferred consideration (including overage)	1.1	1.1	11.2	11.2
	1.1	1.1	11.2	11.2

In accordance with IFRS 13, disclosure is required for financial instruments that are carried or disclosed in the financial statements at fair value. The fair values of all the Group’s bank loans and Private Placement Notes 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.

(g) Financial instruments by category

a) Assets at fair value through profit or loss

Deferred consideration (overage)	0.6	0.5
	0.6	0.5
b) Loans and receivables		
Cash and cash equivalents	11.6	18.5
Trade and other receivables excluding prepayments[1]	27.4	31.7
	39.0	50.2
c) Assets at value through other comprehensive income		
Financial derivative	0.2	–
Other investments	3.2	2.1
	3.4	2.1
Total	43.0	52.8

Liabilities	2024 £m	2023 £m
Other financial liabilities at amortised cost		
Borrowings	854.8	908.9
Lease liabilities	34.7	34.7
Trade and other payables excluding non-financial liabilities[2]	76.1	78.5
	965.6	1,022.1

1. Trade and other receivables exclude prepayments of £5.0m (2023: £13.6m), accrued income of £3.7m (2023: £nil) and non-cash deferred consideration of £0.6m (2023: £0.5m).
2. Trade and other payables exclude other tax and social security of £4.8m (2023: £15.9m) and deferred income of £12.1m (2023: £13.4m).

(h) Changes in liabilities from financing activities

	Bank loans and borrowings £m	Lease liabilities £m
Balance at 1 April 2023	908.9	34.7
Changes from financing cash flows:		
Proceeds from bank borrowings	156.0	–
Repayment of bank borrowings	(211.0)	–
Finance costs for new/amended borrowing facilities	(0.8)	–
Total changes from cash flows	(55.8)	–
Amortisation of issue costs of borrowing	1.7	–
Total other changes	1.7	–
Balance at 31 March 2024	854.8	34.7

	Bank loans and borrowings £m	Lease liabilities £m
Balance at 1 April 2022	595.5	31.0
Changes from financing cash flows:		
Proceeds from bank borrowings	286.0	–
Repayment of bank borrowings	(150.0)	–
Finance costs for new/amended borrowing facilities	(1.6)	–
Finance costs assumed on asset acquisition	(1.6)	–
Total changes from cash flows	132.8	–
Exceptional finance costs	0.6	–
Amortisation of issue costs of borrowing	2.0	–
Debt assumed on asset acquisition	178.0	–
Changes in leases	–	3.7
Total other changes	180.6	3.7
Balance at 31 March 2023	908.9	34.7

17. LEASE OBLIGATIONS

Lease liabilities are in respect of leased investment property.

Minimum lease payments under leases fall due as follows:

	2024 £m	2023 £m
Within one year	2.1	2.1
Between one and five years	8.4	8.4
Between five and fifteen years	17.2	19.0
Beyond fifteen years	180.5	180.8
	208.2	210.3
Future finance charges on leases	(173.5)	(175.6)
Present value of lease liabilities	34.7	34.7

Following the adoption of IFRS 16, lease obligations are shown separately on the face of the balance sheet. The balance represents a non-current liability as the payment shown within one year of £2.1m (2023: £2.1m) is offset by future finance charges on leases of £2.1m (2023: £2.1m). All lease obligations are long leaseholds, therefore, the majority of the obligations fall beyond fifteen years.

18. NOTES TO CASH FLOW STATEMENT

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

	2024 £m	2023 £m
Loss before tax	(192.8)	(37.5)
Depreciation	1.7	1.6
Amortisation of intangibles	0.6	0.7
Letting fees amortisation	0.3	0.5
Loss on disposal of investment properties	2.3	0.7
Other expenses (note 3b)	1.2	3.8
Net loss from change in fair value of investment property	251.2	88.0
Impairment of assets held for sale	4.1	5.1
Equity-settled share based payments	3.3	1.4
Finance costs	34.9	34.4
Exceptional finance costs	–	0.6
Changes in working capital:		
Increase in trade and other receivables	(2.9)	(6.4)
(Decrease)/ Increase in trade and other payables	(16.2)	17.6
Cash generated from operations	87.7	110.5

For the purposes of the cash flow statement, cash and cash equivalents include restricted cash – tenants' deposit deeds (note 14).

19. SHARE CAPITAL AND SHARE PREMIUM

	2024 £m	2023 £m
Issued: Fully paid ordinary shares of £1 each	191.9	191.6

Movements in share capital were as follows:	2024 Number	2023 Number
Number of shares at 1 April	191,638,357	181,125,259
Issue of shares	272,035	10,513,098
Number of shares at 31 March	191,910,392	191,638,357

In the year, the Group issued 272,035 options in relation to share schemes with net proceeds £nil (31 March 2023: no share scheme options issued). In the prior year, the Group issued 10,513,098 shares as part of the consideration for the acquisition of McKay Securities Limited. The average share price on issue was £6.38 leading to an increase in the merger reserve of £56.6m in the period.

	Share capital		Share premium	
	2024 £m	2023 £m	2024 £m	2023 £m
Balance at 1 April	191.6	181.1	295.5	295.5
Issue of shares	0.3	10.5	1.1	–
Balance at 31 March	191.9	191.6	296.6	295.5

20. OTHER RESERVES

	Other investment reserve £m	Hedging Reserve £m	Equity-settled share based payments £m	Merger reserve £m	Total £m
Balance at 1 April 2022	–	–	23.9	8.7	32.6
Share based payments	–	–	1.4	–	1.4
Issue of shares (note 19)	–	–	–	56.6	56.6
Change in fair value	0.4	–	–	–	0.4
Balance at 31 March 2023	0.4	–	25.3	65.3	91.0
Share based payments	–	–	0.7	–	0.7
Change in fair value of other investment (note 12)	1.1	–	–	–	1.1
Change in fair value of derivative financial instruments (cash flow hedge)	–	0.2	–	–	0.2
Balance at 31 March 2024	1.5	0.2	26.0	65.3	93.0

21. CAPITAL COMMITMENTS

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

	2024 £m	2023 £m
Investment property construction	18.8	34.4

For both current and prior periods, there were no material obligations for the repair or maintenance of investment properties. All material contracts for enhancement are included in the capital commitments.

22. POST BALANCE SHEET EVENTS

The Group completed the sales of Mallard Court in April 2024 and Poplar Business Park in May 2024 for a total consideration of £25.8m, the sales price for both are in line with the 31 March 2024 valuation. In addition, Cygnet House and 20-30 Greyfriars Road have exchanged for sale in April 2024, with completion set for June 2024 and January 2025 respectively.

23. RESPONSIBILITY STATEMENT

The 2024 Annual Report, which will be issued on 13 June 2024, contains a responsibility statement which states that on 4 June 2024, 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 UK adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group.
- The Business Review contained within the Annual Report, includes as 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

l