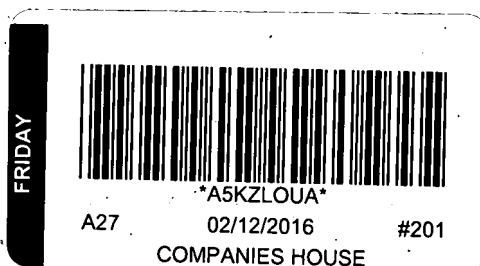


Workspace Holdings Limited

Company registration number - 03729646

Annual report and financial statements

For the year ended 31 March 2016



Workspace Holdings Limited

Directors' report for the year ended 31 March 2016

The directors present their report and the audited financial statements of Workspace Holdings Limited (the 'Company') for the year ended 31 March 2016.

Principal activities

Workspace Holdings Limited is a UK incorporated and domiciled intermediate holding company. At the year end it did not hold any investments.

The Company is a wholly owned subsidiary of Workspace Group PLC and a member of a Group Real Estate Investment Trust (REIT) whereby no tax is payable on the Group's property rental business.

Results and dividends

The Company's profit on ordinary activities before taxation for the year to 31 March 2016 is £81,366 (2015: loss of £6,980,980).

An interim dividend of £nil was paid during the year (2015: £180,000,000).

The directors do not recommend a final dividend for the financial year (2015: £nil)

Future developments

The directors are reviewing the future activities of the Company and do not intend to liquidate the Company in the foreseeable future.

On 23 June 2016, the United Kingdom (UK) voted to leave the European Union (EU). It is difficult to predict the long term implications of the UK's decision on the Company as this will depend on the specific results of the withdrawal negotiations. The outcome of the referendum has contributed to considerable currency and stock market volatility however Management are confident that they have risk management procedures in place to monitor the situation and they do not foresee a significant impact on the trading viability of the Company.

Directors

The following directors served during the financial year and up to the date of signing these financial statements:

G C Clemett
J P Hopkins

Financial risk management

The directors of Workspace Group PLC manage the Group's financial risk and financial instruments on a group basis. Disclosures relating to the Group's financial instruments can be found in notes 16 and 17 of the Group's Annual Report. The Company itself has limited exposure to risks arising from financial instruments having no external borrowings or financial investments at the year end.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Workspace Holdings Limited

Directors' report for the year ended 31 March 2016 (continued)

Directors' indemnities

As permitted by the Parent Company's Articles of Association, the directors have the benefit of an indemnity provision which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Disclosure of information to auditors

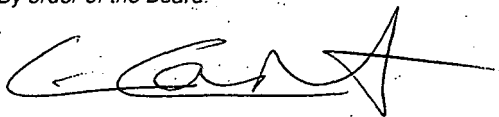
In accordance with section 418 of the Companies Act 2006, the directors who held office at the date of approval of this report confirm that, so far as they are aware there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to have been reappointed in accordance with section 487 of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the Board:

A handwritten signature in black ink, appearing to read 'C Carfora', with a stylized flourish at the end.

C Carfora
Company secretary

September 2016

Workspace Holdings Limited

Independent auditors' report to the members of Workspace Holdings Limited

Report on the financial statements

Our opinion

In our opinion, Workspace Holding Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 March 2016;
- the Profit and loss account for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic report.

We have no exceptions to report arising from this responsibility.

Workspace Holdings Limited

Independent auditors' report to the members of Workspace Holdings Limited continued

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Sonia Copeland (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

30 September 2016

Workspace Holdings Limited

Profit and loss account for the year ended 31 March 2016

	Note	Year ended 31 March 2016	Year ended 31 March 2015
		£	£
Interest receivable and similar income	2	81,366	8,099
Interest payable and similar charges	3	-	(6,989,079)
Profit/(loss) on ordinary activities before taxation	4	81,366	(6,980,980)
Tax on profit/(loss) on ordinary activities	6	-	2,109,950
Profit/(loss) and total comprehensive income for the financial year		81,366	(4,871,030)

All amounts above relate to continuing operations.

There were no other comprehensive income, other than the profit for the financial year.

The notes on pages 8 to 10 form part of these financial statements.

Workspace Holdings Limited

Balance sheet as at 31 March 2016

	Note	2016 £	2015 £
Current assets			
Debtors	8	2,883,613	2,802,247
Net current assets		2,883,613	2,802,247
Total assets less current liabilities		2,883,613	2,802,247
Net assets		2,883,613	2,802,247
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account		2,883,611	2,802,245
Total shareholders' funds		2,883,613	2,802,247

The notes on pages 8 to 10 form part of these financial statements.

The financial statements on pages 5 to 10 were approved by the Board on 30 September 2016 and signed on its behalf by:



G C Clemett
Director

Workspace Holdings Limited

Company registration number - 03729646

Workspace Holdings Limited

Statement of changes in equity for the year ended 31 March 2016

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
Balance at 1 April 2014	2	187,673,275	187,673,277
Loss for the financial year	-	(4,871,030)	(4,871,030)
Dividends paid (note 7)	-	(180,000,000)	(180,000,000)
Balance at 31 March 2015	2	2,802,245	2,802,247
Profit for the financial year	-	81,366	81,366
Balance at 31 March 2016	2	2,883,611	2,883,613

Workspace Holdings Limited

Notes to the financial statements for the year ended 31 March 2016

1 Accounting policies

(a) Basis of accounting

In the year ended 31 March 2016, the Company changed its accounting framework to FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. Adoption of FRS 101 this year has meant that the prior year financial statements prepared under old UK GAAP have had to be restated. The date of transition to FRS 101 is deemed to be 1 April 2014.

There has been no change in the results or financial position of the Company for the year ended 31 March 2015 as a result of the adoption of FRS 101 and hence no reconciliation of profit or loss or reconciliation of equity has been prepared.

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006.

In preparing the financial statements the Company has taken advantage of the following disclosure exemptions conferred by FRS 101:

- a) The requirements of IAS 7 to provide a Statement of cash flows for the year;
- b) The requirements of IAS 1 to provide a statement of compliance with IFRS;
- c) The requirements of IAS 1 to disclose information on the management of capital;
- d) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose new IFRS's that have been issued but are not yet effective;
- e) The requirements of paragraph 17 of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- f) The requirements of IFRS 7 on financial instruments disclosures; and
- g) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs.

The above disclosure exemptions are allowed because equivalent disclosures are included in the Group consolidated financial statements of Workspace Group PLC into which the Company is consolidated.

(b) Significant judgements, key assumptions and estimates

The preparation of financial statements in conformity with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006 requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Not all of these accounting policies require management to make subjective or complex judgements. Management do not consider there to be any significant judgements within the accounting policies applied in the Company's financial statements.

The principal accounting policies, which have been applied consistently throughout the financial year, are set out below:

(c) Trade and other debtors

Trade and other debtors are recognised at cost and subsequently measured at cost less provision for impairment where it is established there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the debtor. Any provision is charged to the profit and loss account.

(d) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Workspace Holdings Limited

Notes to the financial statements for the year ended 31 March 2016

2 Interest receivable and similar income

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Interest receivable on loan to parent company	81,366	8,099
	81,366	8,099

Interest receivable on the loan with the parent company is on an arm's length basis at an average rate of 4.9% (2015: 5.4%).

3 Interest payable and similar charges

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Interest payable on loan from ultimate parent company	-	6,989,079
	-	6,989,079

Interest payable on the loan with the ultimate parent company and the Company's subsidiary is on an arm's length basis at an average rate of 4.9% (2015: 5.4%).

4 Profit/(loss) on ordinary activities before taxation

Auditors' remuneration (audit services only) has been borne by a fellow subsidiary. This amounted to £2,100 (2015: £2,000).

The Company has no employees (2015: none).

5 Directors' emoluments

The emoluments of the directors are paid by other Group companies which makes no recharge to the Company. The directors are also directors of the other Group companies and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the other Group companies.

6 Tax on profit/(loss) on ordinary activities

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Current tax:		
UK corporation tax on profit/(loss) for the financial year	-	(1,466,369)
Adjustments in respect of prior years	-	(643,581)
Tax on profit/(loss) on ordinary activities	-	(2,109,950)

The tax assessed for the year is lower (2015: higher) than the standard rate of corporation tax in the UK - 20% (2015: 21%). The differences are explained below:

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Profit/(loss) on ordinary activities before taxation	81,366	(6,980,980)
Profit/(loss) on ordinary activities at standard rate of corporation tax in the UK of 20% (2015: 21%)	16,273	(1,466,006)
Capital gains group election	514,553	(363)
Utilisation of losses	(530,826)	-
Adjustments in respect of prior years	-	(643,581)
Total tax charge/(credit)	-	(2,109,950)

The UK corporation tax rate was 20% from 1 April 2015 and this has been reflected in the financial statements. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

The Company has £0.7m (2015: £1.3m) tax losses carried forward measured at 19% (2015: 20%). These have not been recognised as a deferred tax asset as they are unlikely to be utilised in the foreseeable future.

Workspace Holdings Limited

Notes to the financial statements for the year ended 31 March 2016

7 Dividends

	Year ended 31 March 2016	Year ended 31 March 2015
	£	£
Equity - ordinary		
Interim paid: £nil (2015: £90,000,000) per £1 share	-	180,000,000
	-	180,000,000

8 Debtors

	2016 £	2015 £
Amounts owed by group undertakings (parent company)	2,802,247	692,175
Amounts owed by group undertakings (fellow subsidiaries)	81,366	122
Corporation tax (group relief receivable)	-	2,109,950
	2,883,613	2,802,247

Amounts owed by group undertakings are unsecured and repayable on demand. Amounts owed by the parent company is a loan and is subject to interest at an average rate of 4.9% (2015: 5.4%). All other amounts are interest free.

9 Called up share capital

	2016 £	2015 £
Allotted and fully paid: 2 (2015: 2) ordinary shares of £1 each	2	2

10 Ultimate parent company

The ultimate and immediate parent company and ultimate controlling party is Workspace Group PLC a company incorporated in the UK and registered in England and Wales which heads the smallest and largest group to consolidate these financial statements. The Registered Office of the ultimate parent company is the same as that of the Company which is Chester House, Kennington Park, 1-3 Brixton Road, London, SW9 6DE. Copies of the consolidated financial statements which are reported under IFRS ("International Financial Reporting Standards") and incorporate the results of the Company may be obtained at that address.

11 Related party transactions

The Company has taken advantage of the disclosure exemption under FRS 101 not to disclose related transactions between wholly owned group undertakings, which would otherwise qualify as related parties (IAS 24 Related Party Disclosures). The Company had no other transactions with related parties during the year.

12 Post balance sheet events

On 23 June 2016, the United Kingdom (UK) voted to leave the European Union (EU). It is difficult to predict the long term implications of the UK's decision on the Company as this will depend on the specific results of the withdrawal negotiations. The outcome of the referendum has contributed to considerable currency and stock market volatility however Management are confident that they have risk management procedures in place to monitor the situation and they do not foresee a significant impact on the trading viability of the Company.