

Registered Number 05193511

LAND SECURITIES CAPITAL MARKETS PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

Strategic Report for the year ended 31 March 2017

The directors present their strategic report with audited financial statements of the Company for the year ended 31 March 2017.

RESULTS FOR THE YEAR

The results are set out in the Income Statement on page 6.

REVIEW OF THE BUSINESS

The Company has continued its business of acting as a funding vehicle for Land Securities Group PLC and its subsidiaries ("the Land Securities Group" or "the Group"). No changes in the Company's principal activity are anticipated in the foreseeable future.

The Company has £3.2bn (2016: £2.5bn) of secured medium-term notes in issue under the Multicurrency Programme for the issuance of notes. The notes are secured on a fixed and floating pool of assets held by group companies ("The Security Group") giving debt investors security over a pool of investment properties valued at £12.9bn at 31 March 2017 (2016: £12.6bn).

As part of the Group's wider strategy to reduce its weighted average cost of debt, during the year, the Group purchased £689.5m of its medium term notes (MTNs) for a premium of £136.5m. On 8 February 2017, the Group conducted a tender exercise which resulted in it buying back £634.7m of MTNs in three series for a premium of £124.4m. In addition, during the year following enquiries by bondholders the Group purchased £54.8m of MTNs in a number of ad hoc purchases for a premium of £12.1m.

The Company reclassified £689.1m of its MTNs as non-current amounts due to Group undertakings as a result of the repurchases. The remaining £0.4m of MTNs repurchased were fully cancelled. Further details are set out in note 12 to the financial statements.

In conjunction with the February 2017 tender offer, the Company issued a new £400m MTN with an expected maturity of 2024 and a £300m MTN with an expected maturity of 2029.

KEY PERFORMANCE INDICATORS

The directors assess the performance of the Company by reference to successfully raising external debt capital.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk facing the Company is that of credit risk whereby the intercompany loans issued to the Land Securities Group become irrecoverable. The solvency of the Land Securities Group is considered strong, therefore credit risk is deemed to be negligible.

FINANCIAL RISK MANAGEMENT

The Company's debt financing exposes it to a variety of financial risks that include the effects of changes in debt market prices, liquidity and interest rates.

The Company's principal financial assets are cash and inter-company loans and are deemed to have negligible credit risk.

The Company has negligible interest rate risk as all notes have fixed interest.

The Company actively maintains a mixture of notes with final maturities between 2022 and 2036. Any short-term liquidity requirement is minimal and funding requirements can be covered by committed facilities held by other group companies.

The fair value of the Company's borrowings varies according to changes in the market cost of borrowing.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided in the Group's Annual Report, which does not form part of this report

Registered Office
100 Victoria Street
London
SW1E 5JL



By order of the Board
E Miles
Secretary
26 July 2017

Registered in England and Wales
Registered number: 05193511

Directors' Report for the year ended 31 March 2017

The directors present their report with audited financial statements of the Company for the year ended 31 March 2017.

PRINCIPAL ACTIVITY

The Company operates primarily as a funding vehicle for Land Securities Group PLC and its subsidiaries. It does this by issuing debt in the market and lending the proceeds to the Group's subsidiaries. No changes in the Company's principal activity are anticipated in the foreseeable future.

DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: £Nil) in addition to the interim dividend of £9 per share creating a distribution of £450,000 (2016: £Nil).

CORPORATE GOVERNANCE

The Company is a wholly owned subsidiary of Land Securities Group PLC ("Land Securities Group") which beneficially holds 100% of the ordinary share capital of the Company (refer note 15). The Company's risk management framework is applied through the Land Securities Group's Risk Management Process, which covers the risk management and internal control system. Details of the Process can be found in the consolidated financial statements for the year ended 31 March 2017, available on the Group's website.

The Directors are responsible for implementing and monitoring the effectiveness of the Company's internal controls and risk management systems. Procedures have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records and for reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatements, errors, losses or fraud. Further details are discussed in Principal Risks and Uncertainties in the Strategic Report and in notes to the financial statements. The Directors are responsible for appointment of an independent statutory auditor, regularly evaluating the independence of the appointed auditor and monitoring the statutory audit of the annual accounts. The internal procedures allow the Company to comply with their regulatory obligations.

POST BALANCE SHEET EVENTS

There have been no significant events after the balance sheet date.

GOING CONCERN

The directors believe that preparing the accounts on the going concern basis is appropriate due to a net current asset and net asset position as at 31 March 2017 and projected positive future cash flows for at least one year after these financial statements are signed.

DIRECTORS

The directors who held office during the year and up to the date of this report were:

M R Wood	
M F Greenslade	
M P Cadwaladr	
M R Worthington	(Appointed 1 July 2016)
T J Ashby	(Appointed 1 March 2017)
M Arnaouti	(Resigned 31 March 2017)

INDEMNITY

The Company has made qualifying third party indemnity provisions for the benefit of the respective directors which were in place throughout the year and which remain in place at the date of this report.

Directors' Report for the year ended 31 March 2017 (continued)

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR

In the case of each director in office at the date the Directors' Report is approved, the following applies:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he 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 auditor is aware of that information.

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By order of the Board
E Miles
Secretary
26 July 2017

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Directors' Responsibilities for the year ended 31 March 2017**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report, the Strategic 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 United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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;
- state whether applicable Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the 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.

Independent Auditor's Report to the Members of Land Securities Capital Markets PLC for the year ended 31 March 2017

We have audited the financial statements of Land Securities Capital Markets Plc for the year ended 31 March 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Daniel Saunders (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
Statutory Auditor
London

26 July 2017

Income Statement for the year ended 31 March 2017

	Notes	2017 £'000	2016 £'000
Interest income	5	136,628	180,132
Interest expense	5	(136,377)	(179,825)
Profit before tax		251	307
Income tax	7	(50)	(61)
Profit for the financial year		201	246

Statement of comprehensive income for the year ended 31 March 2017

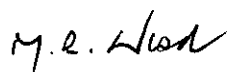
	2017 £'000	2016 £'000
Profit for the financial year	201	246
Other comprehensive income for the financial year	-	-
Total comprehensive income for the financial year	201	246

All amounts derive from continuing activities.

Balance Sheet as at 31 March 2017

	Notes	31 March 2017 £'000	31 March 2016 £'000
Non-current assets			
Loans due from Group undertakings	8	3,203,028	2,505,026
Total non-current assets		<u>3,203,028</u>	<u>2,505,026</u>
Current assets			
Trade and other receivables	9	9,773	7,713
Cash and cash equivalents		365	1,593
Total current assets		<u>10,138</u>	<u>9,306</u>
Total assets		<u>3,213,166</u>	<u>2,514,332</u>
Current liabilities			
Trade and other payables	10	(9,857)	(8,776)
Total current liabilities		<u>(9,857)</u>	<u>(8,776)</u>
Non-current liabilities			
Borrowings	11	(2,516,153)	(2,505,026)
Loans due to Group undertakings	11	(686,875)	-
Total non-current liabilities		<u>(3,203,028)</u>	<u>(2,505,026)</u>
Total liabilities		<u>(3,212,885)</u>	<u>(2,513,802)</u>
Net Assets		<u>281</u>	<u>530</u>
Equity			
Capital and reserves			
Ordinary shares	12	50	50
Retained earnings		231	480
Total Equity		<u>281</u>	<u>530</u>

The financial statements on pages 6 to 13 were approved by the Board of Directors on 26 July 2017 and were signed on its behalf by:



M R Wood
Director

Statement of changes in equity

	Notes	Ordinary shares £'000	Retained earnings £'000	Total £'000
At 1 April 2015		50	234	284
Total comprehensive income for the year ended 31 March 2016		-	246	246
At 31 March 2016		50	480	530
Total comprehensive income for the year ended 31 March 2017		-	201	201
Transactions with owners:		-	201	201
Dividends	6	-	(450)	(450)
At 31 March 2017		50	231	281

1. Basis of preparation

These financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements are prepared under the historical cost convention.

The results of the Company are included in the consolidated financial statements of Land Securities Group PLC which are available from 100 Victoria Street, London, SW1E 5JL.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2017. The financial statements are prepared in Sterling and are rounded to the nearest thousand pounds (£'000).

The Company has taken advantage of the following disclosure exemptions under FRS 101 for financial institutions:

- (a) the requirements of IAS 7 'Statement of Cash Flows';
- (b) the requirements of paragraph 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- (c) the requirements in 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.

2. Significant accounting policies

The accounting policies which follow set out those which apply in preparing the financial statements for the year ended 31 March 2017.

(a) Cash and cash equivalents

Cash and cash equivalents comprises cash balances, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or fewer.

(b) Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the income statement account over the period of the borrowings, using the effective interest method.

(c) Intercompany loans

The loans due from Group undertakings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, the loan receivable is stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the income statement account over the period of the loan receivable, using the effective interest method.

The loans due to Group undertakings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, the loan payable is stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the income statement account over the period of the loan payable, using the effective interest method.

(d) Interest receivable and interest payable

Interest payable is recognised on an accruals basis by applying the effective interest rate which takes account of the amortisation of finance costs over the term of the loan notes.

Intercompany interest receivable and interest payable are recognised on an accruals basis on the intercompany loan by applying the effective interest rate which takes account of the amortisation of finance costs over the term of the loan notes to which they relate.

(e) Impairment

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, the Company assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

(f) Income taxation

Income tax on the profit or loss for the year comprises current tax. Current tax is the tax payable on the taxable income for the year based on tax rates and laws that are enacted or substantively enacted by the balance sheet date and any adjustment in respect of previous years.

(g) Dividend distribution

Final dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

3. Critical accounting judgements and key estimation uncertainty

The Company's significant accounting policies are stated in note 2 above. Not all of these significant accounting policies require management to make difficult, subjective or complex judgements or estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements. These judgements involve assumptions or estimates in respect of future events. Actual results may differ from these estimates.

Loans due from Group undertakings

The Company is required to judge when there is sufficient objective evidence to require the impairment of loans due from Group undertakings. It does this on the basis of external evidence of the credit status of the counterparty.

4. Management and administrative expenses

(a) Management services

The Company had no employees during the year (2016: None). Management services were provided to the Company throughout the year by Land Securities Properties Limited, which is a fellow subsidiary of Land Securities Group PLC.

(b) Directors' emoluments

The directors received no remuneration for qualifying services to the Company (2016: £Nil).

(c) Auditor's remuneration

The proportion of the Group auditor's remuneration which relates to the Company amounts to **£1,700** (2016: £1,545), which is borne by Land Securities Properties Limited. The auditor received no remuneration for non-audit services provided to the Company during the year (2016: £Nil).

5. Net interest income

	2017 £'000	2016 £'000
Interest expense		
Bond and debenture debt	(128,927)	(153,613)
Redemption of medium term notes	-	(26,212)
Bond tender fees	(741)	-
Interest payable on loans due to Group undertakings	(6,709)	-
Total interest expense	(136,377)	(179,825)
Interest income		
Interest receivable on loans due from Group undertakings	135,887	153,920
Recharge of redemption of medium term notes	-	26,212
Recharge of bond tender fees	741	-
Total interest income	136,628	180,132
Net interest income	251	307

6. Dividends

	2017 £ per share	2016 £ per share	2017 £'000	2016 £'000
Ordinary – interim	9	-	450	-

7. Income tax

	2017 £'000	2016 £'000
Current tax		
Income tax on profit for the year	50	61
Total income tax charge in the income statement	50	61
Total tax charge	50	61
Factors affecting the tax charge for the year		
The current income tax charge for the year equates to (2016: equates to) the standard rate of corporation tax in the UK of 20% (2016: 20%).		
Profit before tax	251	307
Profit before tax multiplied by the rate of corporation tax in the UK of 20% (2016: 20%)	50	61
Total income tax charge in the income statement (as above)	50	61

On 26 October 2015, a reduction in the corporation tax rate was substantively enacted, reducing the tax rate from 20% to 19% effective 1 April 2017 and from 19% to 18% effective 1 April 2020.

8. Loans due from Group undertakings

	2017 £'000	2016 £'000
Loans due from Group undertakings	3,203,028	2,505,026
Total loans due from Group undertakings	3,203,028	2,505,026

The terms and conditions of loans due from Group undertakings are the same as the non-current loans due to Group undertakings and medium term notes with the exception of a slight difference in terms of interest that are considered to be insignificant. Therefore, it is considered that the fair value of loans due from Group undertakings, £3,970.0m (2016: £3,077.0m), is the same as the fair value of non-current loans and medium term notes.

9. Trade and other receivables

	2017 £'000	2016 £'000
Current tax assets	-	100
Accrued interest on intercompany loans	9,773	7,613
Total current trade and other receivables	9,773	7,713

The unsecured loans due from group undertakings is repayable when the note it relates to is repaid. Interest is charged at the interest rate on the related note plus 0.01%.

10. Trade and other payables

	2017 £'000	2016 £'000
Accruals and deferred income	9,773	7,613
Current tax liabilities	20	-
Loans due to Group undertakings	64	1,163
Total current trade and other payables	9,857	8,776

11. Borrowings

			2017			2016	
	Effective interest rate %	Nominal/ notional value £'000	Fair value £'000	Book value £'000	Nominal/ notional value £'000	Fair value £'000	Book value £'000
Non-current borrowings							
5.425 per cent MTN due 2022	5.5	46,689	52,872	46,636	255,328	291,418	254,971
4.875 per cent MTN due 2025	4.9	28,141	33,970	27,970	300,000	351,300	298,233
5.391 per cent MTN due 2026	5.4	26,868	33,472	26,802	210,675	253,906	210,103
1.974 per cent MTN due 2026	2.0	400,000	410,776	398,827	-	-	-
5.391 per cent MTN due 2027	5.4	584,748	748,916	583,094	608,261	748,830	606,371
5.376 per cent MTN due 2029	5.4	317,497	420,322	316,335	317,518	397,517	316,276
2.399 per cent MTN due 2031	2.4	300,000	313,842	298,962	-	-	-
5.396 per cent MTN due 2032	5.4	320,958	441,411	319,468	322,648	410,004	321,083
5.125 per cent MTN due 2036	5.1	500,000	689,100	498,059	500,000	624,050	497,989
Total borrowings		2,524,901	3,144,681	2,516,153	2,514,430	3,077,025	2,505,026
Non-current loans due to Group undertakings							
5.425 per cent MTN due 2022	5.5	208,639	236,267	208,406	-	-	-
4.875 per cent MTN due 2025	4.9	271,880	328,200	270,453	-	-	-
5.391 per cent MTN due 2026	5.4	183,807	228,989	183,339	-	-	-
5.391 per cent MTN due 2027	5.4	23,503	30,101	23,431	-	-	-
5.396 per cent MTN due 2032	5.4	1,249	1,718	1,246	-	-	-
Total non-current loans due to Group undertakings		689,078	825,275	686,875	-	-	-

The Company has the option to repay any of the Notes at par in the two years prior to the stated maturity date.

The maturity and repayment profile of the Company's undiscounted borrowings are set out below:

	2017 £'000	2016 £'000
Within one year	147,799	132,730
One to five years	818,869	772,436
Over five years	3,708,578	3,063,616
	4,675,246	3,968,782

Medium term notes (MTN)

The MTNs are secured on the fixed and floating pool of assets of the Security Group. Debt investors benefit from security over a pool of investment properties, development properties and the Group's investment in Westgate Oxford Alliance Limited Partnership, Nova, Victoria, the St. David's Limited Partnership and 20 Fenchurch Street Limited Partnership, in total valued at £12.9bn at 31 March 2017 (31 March 2016: £12.6bn). The secured debt structure has a tiered operating covenant regime which gives the Group substantial flexibility when the loan-to-value and interest cover in the Security Group are less than 65% and more than 1.45 times respectively. If these limits are exceeded, the operating environment becomes more restrictive with provisions to encourage a reduction in gearing. The interest rate is fixed until the expected maturity, being two years before the legal maturity date for each MTN, whereupon the interest rate for the last two years may either become LIBOR plus an increased margin (relative to that at the time of issue), or subject to a fixed coupon uplift, depending on the terms and conditions of the specific notes. The effective interest rate is based on the coupon paid and includes the amortisation of issue costs. The MTNs are listed on the Irish Stock Exchange and their fair values are based on their respective market prices.

On 8 February 2017, the Group purchased £206.1m of its 5.425% MTN due in 2022, £265.2m of its 4.875% MTN due in 2025 and £163.4m of its 5.391% MTN due in 2026 at a premium to Group of £124.4m.

Earlier in the year, the Group purchased £2.5m of its 5.425% MTN due in 2022, £6.7m of its 4.875% MTN due in 2025, £20.4m of its 5.391% MTN due in 2026, £23.5m of its 5.391% MTN due in 2027 and £1.7m of its 5.396% MTN due in 2032 at a premium to Group of £12.1m.

As a result of the Group's repurchases during the year, the Company reclassified £686.9m of its MTNs as non-current amounts due to Group undertakings. The remaining £0.4m of MTNs repurchased were fully cancelled.

On 8 February 2017, the Company issued a £400m 1.974% MTN due in 2026 and a £300m 2.399% MTN due in 2031. Costs associated with the issues of the new MTNs of £2.2m have been capitalised within non-current borrowings.

11. Borrowings (continued)

Financial risk management

Financial risk factors

The Company's debt financing exposes it to a variety of financial risks that include the effects of changes in debt market prices, liquidity and interest rates.

Credit risk

The Company's principal financial assets are cash and inter-company loans, and are deemed to have negligible credit risk. The Company's MTNs are listed on the Irish Stock Exchange.

Interest rate risk

The Company has negligible interest rate risk as all MTNs have fixed interest.

Liquidity risk

The Company actively maintains a mixture of MTNs with final maturities between 2022 and 2036. Any short-term liquidity requirement is minimal and funding requirements can be covered by committed facilities held by other group companies.

Foreign currency risk

All assets and liabilities held by the Company are denominated in pound sterling therefore there is no exposure to foreign currency risk at 31 March 2017 and 31 March 2016.

Sensitivity analysis

A sensitivity analysis has not been produced as the risks that the Company is exposed to are negligible.

Valuation hierarchy

The fair value of the MTNs is based on values using unadjusted quoted prices in active markets and therefore falls within level 1 of the valuation hierarchy, as defined by IFRS 13. For all other financial instruments, the carrying value in the balance sheet approximate their fair values.

12. Ordinary share capital

	2017 Number	Issued 2016 Number	Allotted and fully paid 2017 £	2016 £
Ordinary shares of £1.00 each	50,000	50,000	50,000	50,000

13. Capital management

The Company considers its capital to constitute Shareholders' capital and non-current loans and borrowings. The primary objective of the Company's capital management is to ensure that Company's commitments in relation to its borrowings are met on a timely basis. For this purpose, the Company has entered into an agreement with another related party to ensure sufficient funds are available to meet the external obligations when these arise.

14. Related party transactions

The Company is a wholly owned subsidiary of Land Securities Group PLC and has taken advantage of the exemption provided in FRS 101 not to make disclosure of transactions with other wholly owned subsidiaries.

The Company did not have any transactions with Key Management Personnel during the year ended 31 March 2017 (2016: £Nil).

15. Parent company

The immediate parent company is Land Securities PLC.

The ultimate parent company and controlling party at 31 March 2017 was Land Securities Group PLC, which is registered in England and Wales. This is the largest parent company of the Group to consolidate these financial statements.

Consolidated financial statements for the year ended 31 March 2017 for Land Securities Group PLC can be obtained from the Company Secretary, 100 Victoria Street, London, SW1E 5JL. This is the largest and smallest group to include these accounts in its consolidated financial statements.

16. Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to a net current asset and net asset position as at 31 March 2017 and projected positive future cash flows for at least one year after these financial statements are signed.