

Registered Number 5193511

LAND SECURITIES CAPITAL MARKETS PLC
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

Strategic Report for the year ended 31 March 2015

The directors present their strategic report with audited financial statements of the Company for the year ended 31 March 2015.

RESULTS FOR THE YEAR

The results are set out in the Income Statement on page 5.

During the year the Company adopted Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

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 £2.9bn (2014: £2.9bn) 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 £12.3bn at 31 March 2015 (2014: £9.7bn).

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 low.

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; it therefore has negligible credit risk. The Company's notes are listed on the Irish Stock Exchange

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 2019 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



By order of the Board
C M Gill,
Director
31 July 2015

Registered in England and Wales
Registered number: 5193511

Registered Office
5 Strand
London
WC2N 5AF

Directors' Report for the year ended 31 March 2015

The directors present their report with audited financial statements of the Company for the year ended 31 March 2015.

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 2015 (2014: £Nil) in addition to the interim dividend of £6.00 per share creating a distribution of £300,000 (2014: £400,000) paid on 30 March 2015.

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 2015 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.

DIRECTORS

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

D Rough (resigned 18 July 2014)
 M R Wood
 M F Greenslade
 C M Gill
 M P Cadwaladr

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.

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.

Registered Office
 5 Strand
 London
 WC2N 5AF



By order of the Board
 C M Gill
 Director
 31 July 2015

Registered and domiciled in England and Wales
 Registered number: 5193511

Directors' Responsibilities for the year ended 31 March 2015**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 (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 2015

We have audited the financial statements of Land Securities Capital Markets Plc for the year ended 31 March 2015 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 15. 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 3 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 Financial Statements 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 2015 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.

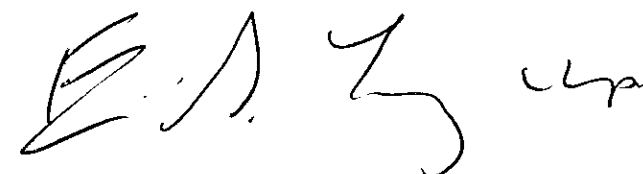
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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.



David Wilson (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
Statutory Auditor
London
31 July 2015

Income Statement for the year ended 31 March 2015
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	Notes	2015 £'000	2014 £'000
Other interest receivable and similar income	5	153,541	157,795
Interest payable and similar charges	5	(153,250)	(157,416)
Profit on ordinary activities before taxation		291	379
Taxation	7	(61)	(87)
Profit for the financial year		<u>230</u>	<u>292</u>

Statement of comprehensive income for the year ended 31 March 2015

	2015 £'000	2014 £'000
Profit for the financial year	230	292
Other comprehensive income/(expense) for the financial year	-	-
Total comprehensive income for the financial year	<u>230</u>	<u>292</u>

Balance Sheet as at 31 March 2015

	Notes	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000
Fixed asset				
Loans to group undertakings	8	2,903,600	2,902,996	2,902,169
Current assets				
Loans to group undertakings		-	-	122,699
Debtors	9	15,515	15,485	57,002
Cash at bank and in hand		1,586	1,171	1,076
		<u>17,101</u>	<u>16,656</u>	<u>180,777</u>
Creditors: amounts falling due within one year	10	(16,817)	(16,302)	(57,616)
Borrowings: amounts falling due within one year	11	-	-	(122,699)
		<u>284</u>	<u>354</u>	<u>462</u>
Net current assets				
Total assets less current liabilities		2,903,316	2,903,350	2,902,631
Borrowings: amounts falling due after more than one year	10	(2,903,600)	(2,902,996)	(2,902,169)
Net Assets		<u>284</u>	<u>354</u>	<u>462</u>
Capital and reserves				
Called up share capital	12	50	50	50
Profit and loss account		234	304	412
Total shareholder's funds		<u>284</u>	<u>354</u>	<u>462</u>

The financial statements on pages 5 to 12 were approved by the Board of Directors on 31 July 2015 and were signed on its behalf by:



C M Gill
Director

Statement of changes in equity

	Notes	Ordinary shares £'000	Retained earnings £'000	Total £'000
At 1 April 2013	1	50	412	462
Profit for the year ended 31 March 2014			292	292
Total comprehensive income for the year ended 31 March 2014		-	292	292
Transactions with owners:				
Dividends	6		(400)	(400)
At 31 March 2014		50	304	354
Profit for the year ended 31 March 2015			230	230
Total comprehensive income for the year ended 31 March 2015			230	230
Transactions with owners:				
Dividends	6		(300)	(300)
At 31 March 2015		50	234	284

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. These are the first financial statements of the Company prepared in accordance with FRS101.

The results of the Company are included in the consolidated financial statements of Land Securities Group PLC which are available from 5 Strand, London, WC2N 5AF.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2015. The financial statements are prepared in Sterling and are rounded to the nearest thousand pounds (£'000).

The company has transitioned from previously extant UKGAAP to new UKGAAP (FRS101) for all periods presented. The company has early adopted FRS 101 for the period beginning 1 April 2014. There were no material adjustments to the Financial Statements arising on the adoption of FRS101 and hence no reconciliations of equity and profit or loss have been prepared.

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

- (a) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - i. paragraph 79(a)(iv) of IAS 1 'Presentation of Financial Statements';
- (b) the requirements of IAS 7 'Statement of Cash Flows';
- (c) the requirements of paragraph 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- (d) 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 2015.

(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. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are deducted from cash and cash equivalents for the purpose of the statement of cash flows.

(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) Loan receivable

The loan receivable is 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.

(d) Interest receivable and interest payable

Interest receivable and interest payable are 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.

(e) Income taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the tax payable on the taxable income for the year and any adjustment in respect of previous years. Deferred tax is provided in full using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

2. Significant accounting policies (continued)

(f) Dividends

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.

(g) Segmental reporting

The Company's activities consist solely of providing funding to Land Securities Group PLC and its subsidiaries.

3. Critical accounting judgements and key estimations of 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.

(a) Loans to Group undertakings

The Company is required to judge when there is sufficient objective evidence to require the impairment of loans to Group undertakings. It does this on the basis of the age of the relevant receivables, external evidence of the credit status of the counterparty and the status of any disputed amounts.

4. Management and administrative expenses

(a) Management services

The Company had no employees during the year (2014: None). Management services were provided to the Company throughout the year by Land Securities Properties Limited, which is a fellow subsidiary of Land Securities Capital Markets PLC.

(b) Directors' emoluments

The directors received no remuneration for qualifying services to the Company (2014: £Nil).

(c) Auditors' remuneration

The proportion of the Group auditor's remuneration which relates to the Company amounts to £1,545 (2014: £1,471), which is borne by Land Securities Properties Limited. The auditors received no remuneration for non-audit services provided to the Company during the year (2014: £Nil).

5. Net interest (expense)/income

	2015 £'000	2014 £'000
Interest payable and similar charges		
Bond and debenture debt	(153,250)	(157,416)
Total interest expense	(153,250)	(157,416)
Other interest receivable and similar income		
Interest receivable on loans to Group undertakings	153,541	157,795
Total interest income	153,541	157,795
Net interest income	291	379

6. Dividends

	2015 £ per share	2014 £ per share	2015 £'000	2014 £'000
Ordinary -- interim	6	8	300	400

7. Income tax

	2015 £'000	2014 £'000
Current tax		
Income tax on profit for the year	61	87
Total income tax charge in the income statement	61	87
Total tax charge	61	87
Factors affecting the tax charge for the year		
The current income tax charge for the year equates to (2014: equates to) the standard rate of corporation tax in the UK of 21% (2014: 23%).		
Profit before tax	291	379
Profit before tax multiplied by the rate of corporation tax in the UK of 21% (2014: 23%)	61	87
Total income charge in the income statement (as above)	61	87

8. Loans to group undertakings

	2015 £'000	2014 £'000
Amounts owed by LS Property Finance Company Limited:		
Amounts falling due after more than one year	2,903,600	2,902,996
The unsecured loan to the group undertaking is repayable when the note it relates to is repaid. Interest is charged at the interest rate on the related note plus 0.01%.		

9. Debtors

	2015 £'000	2014 £'000
Corporation tax	100	70
Accrued income receivable from a group undertaking	15,415	15,415
	15,515	15,485

10. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Amount owed to group undertaking	1,402	887
Accruals	15,415	15,415
Total creditors amounts falling due within one year	16,817	16,302

11. Borrowings

	Effective interest rate %	Nominal/ notional value £'000	2015			2014	
			Fair value	Book value	Nominal/ notional value	Fair value	Book value
			£'000	£'000	£'000	£'000	£'000
Non-current borrowings							
4.875 per cent MTN due 2019	5	400,000	436,000	399,201	400,000	441,080	398,929
5.425 per cent MTN due 2022	5.5	255,328	298,313	254,893	255,328	290,831	254,819
4.875 per cent MTN due 2025	4.9	300,000	357,195	298,044	300,000	332,565	297,863
5.391 per cent MTN due 2026	5.4	210,675	260,057	210,047	210,675	242,866	209,993
5.391 per cent MTN due 2027	5.4	608,284	767,077	606,235	608,585	703,282	606,387
5.376 per cent MTN due 2029	5.4	317,562	410,084	316,244	317,570	366,285	316,180
5.396 per cent MTN due 2032	5.4	322,648	426,540	321,013	322,667	375,148	320,966
5.125 per cent MTN due 2036	5.1	500,000	653,450	497,923	500,000	570,250	497,859
Total borrowings		2,914,497	3,608,716	2,903,600	2,914,825	3,322,307	2,902,996

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:

	2015 £'000	2014 £'000
Less than one year	152,235	152,250
More than one year but less than two years	152,235	152,250
More than two years but no more than five years	1,065,469	829,611
More than five years	3,182,939	3,571,463
	4,552,878	4,705,574

Medium term notes (MTN)

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 £12.3bn at 31 March 2015 (2014: £9.7bn). The debt structure has a tiered covenant regime which gives substantial operational flexibility when loan to value and interest cover in The Security Group is less than 65% and more than 1.45 times, respectively. If these limits are exceeded, operational restrictions increase significantly and could act as an incentive to reduce gearing.

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 therefore has limited credit risk. The Company's notes are listed on the Irish Stock Exchange.

Interest rate risk

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

Liquidity risk

The Company actively maintains a mixture of notes with final maturities between 2019 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 2015 and 31 March 2014.

Sensitivity analysis

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

12. Ordinary share capital

	2015 Number	Issued 2014 Number	Allotted and fully paid 2015 £	2014 £
Ordinary shares of £1.00 each	50,000	50,000	50,000	50,000

13. 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 2015 (2014: nil).

14. 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 2015 and projected positive future cash flows for at least one year after these financial statements are signed.

15. Parent company

The immediate parent company is Land Securities PLC.

The ultimate parent company and controlling party at 31 March 2015 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 2015 for Land Securities Group PLC can be obtained from the Company Secretary, 5 Strand, London WC2N 5AF. This is the largest and smallest group to include these accounts in its consolidated financial statements.