

Registered Number 03196199

BLUECO LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JULY 2014 TO 31 MARCH 2015

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## Strategic Report for the 9 months to 31 March 2015

The directors present their strategic report with audited financial statements of the Company for the 9 months to 31 March 2015.

### RESULTS FOR THE PERIOD

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

During the 9 months to 31 March 2015 the Company adopted Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

### REVIEW OF THE BUSINESS

In October 2014 the Company acquired the beneficial interest in the Bluewater Shopping Centre from Greenhithe Investment Limited and commenced operations as a property investment company.

### KEY PERFORMANCE INDICATORS

The directors assess the performance of the Company by reference to the valuation surplus / deficit upon revaluation of the Company's investment properties and profit before tax.

### CREDITOR PAYMENT POLICY

Land Securities Properties Limited, a fellow group undertaking, manages payments to suppliers for the Land Securities Group. The Company agrees the terms and conditions under which business transactions with its suppliers are conducted. It is policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions. Trade creditors at 31 March 2015 were equivalent to 28 days of purchases during the year ended on that date.

### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk facing the Company is that poor performance of the investment property might have a material impact on the asset valuation and rental income in the financial statements. The Company's performance during the 9 months to 31 March 2015 indicates a satisfactory performance of the investment property held.

### FINANCIAL RISK MANAGEMENT

The Company is exposed to liquidity risk, credit risk and interest rate risk. Given the absence of external borrowings in the Company, these risks are not considered material.

While the Company has minimal short term liquidity requirements, any funding requirements could be covered by committed facilities held by other group companies.

The Company's principal financial assets are trade and other debtors, and therefore the credit risk it faces is primarily attributable to its trade debtors. The amounts presented in the Balance Sheet are net of doubtful debts. An allowance for impairment is made where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the debtors concerned.

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  
5 Strand  
London  
WC2N 5AF



By order of the Board  
L Miller, for and on behalf of LS Company Secretaries Limited,  
Company Secretary  
3 December 2015

Registered in England and Wales  
Registered number: 03196199

## Directors' Report for the 9 months to 31 March 2015

The directors present their report with audited financial statements of the Company for the 9 months to 31 March 2015.

### PRINCIPAL ACTIVITY

The Company has continued its business of property investment in the United Kingdom.

### DIVIDEND

The directors do not recommend the payment of a final dividend for 9 months to 31 March 2015 (Year to 30 June 2014: £810,000) in addition to the dividend in specie of £Nil (Year to 30 June 2014: £67,672,262), creating a total dividend of £Nil (Year to 30 June 2014: £68,482,262).

### GOING CONCERN

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Land Securities Group PLC. The directors have received confirmation that Land Securities Group PLC intends to support the Company for at least one year after these financial statements are approved by the Board.

### POST BALANCE SHEET EVENT

On the 28 September 2015, the company issued an additional 189,999,990 ordinary shares at par to immediate parent company Greenhithe Holdings Limited.

### DIRECTORS

The directors who held office during the 9 months to 31 March 2015 and up to the date of this report unless otherwise stated were:

C M Gill	(resigned 16 January 2015)
D Don-Wauchope	
Land Securities Management Services Limited	(appointed 15 July 2014)
LS Director Limited	(appointed 15 July 2014)
G B Sherwin	(resigned 16 January 2015)
A M De Souza	(resigned 16 January 2015)

### INDEMNITY

The Company has made qualifying third party indemnity provisions for the benefit of the respective directors which were in place throughout the 9 months to 31 March 2015 and which remain in place at the date of this report.

### AUDITOR

Following the resignation of KPMG LLP as auditor on 25 November 2015, Ernst & Young LLP were appointed as auditor to the company.

### 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  
L Miller, for and on behalf of LS Company Secretaries Limited,  
Company Secretary  
3 December 2015

Registered and domiciled in England and Wales  
Registered number: 03196199

**Directors' Responsibilities for the 9 months to 31 March 2015****STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report and 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 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;
- 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 Blueco Limited for the 9 months to 31 March 2015

We have audited the financial statements of Blueco Limited for the 9 months to 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 20. 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 auditor

As explained more fully in the Directors' Responsibilities Statement 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 period 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.

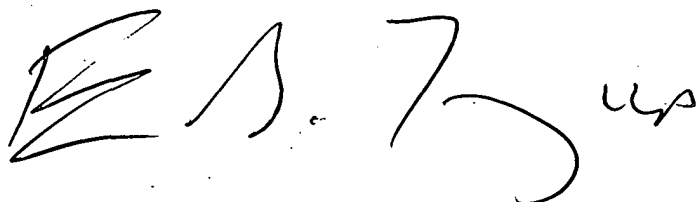
### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic and the 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  
3 December 2015

<b>Income Statement for the 9 months to 31 March 2015</b>
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	Notes	9 months to 31 March 2015 £'000	Year to 30 June 2014 £'000
Revenue: Gross property income	4	13,654	694,153
Net rental income	4	10,350	417,553
Property management and administrative expenses	5	-	(11,022)
Net deficit on revaluation of investment properties	9	(1,925)	-
<b>Operating profit</b>		<b>8,425</b>	<b>406,531</b>
Interest income	6	3	117
Interest expense	6	(2)	(4,266)
<b>Profit before tax</b>		<b>8,426</b>	<b>402,382</b>
Income tax	8	(1)	(90,525)
<b>Profit for the financial period attributable to owners of the Parent</b>		<b>8,425</b>	<b>311,857</b>

<b>Statement of comprehensive income for the year ended 31 March 2015</b>
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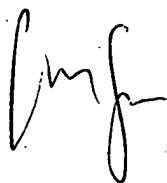
	9 months to 31 March 2015 £'000	Year to 30 June 2014 £'000
<b>Profit for the financial period attributable to owners of the Parent</b>	<b>8,425</b>	<b>311,857</b>
Other comprehensive income for the financial period	-	-
<b>Total comprehensive income for the financial period attributable to owners of the Parent</b>	<b>8,425</b>	<b>311,857</b>

<b>Balance Sheet as at 31 March 2015</b>
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	Notes	31 March 2015 £'000	30 June 2014 £'000	30 June 2013 £'000
<b>Fixed Assets</b>				
<b>Tangible Assets</b>				
Investment properties	9	632,357	-	-
Debtors		-	-	7,892
		<u>632,357</u>	<u>-</u>	<u>7,892</u>
<b>Current assets</b>				
Stock: Trading properties	10	-	-	273,201
Debtors	11	687,538	684,126	1,160
Cash at bank and in hand		7,988	-	35,187
		<u>695,526</u>	<u>684,126</u>	<u>309,548</u>
<b>Creditors: amounts falling due within one year</b>	12	(952,251)	(316,919)	(193,608)
<b>Net current (liabilities) / assets</b>		<u>(256,725)</u>	<u>367,207</u>	<u>115,940</u>
<b>Net assets</b>		<u>375,632</u>	<u>367,207</u>	<u>123,832</u>
<b>Capital and reserves</b>				
Called up share capital	13	60,000	60,000	60,000
Retained earnings		315,632	307,207	63,832
<b>Total shareholder's funds</b>		<u>375,632</u>	<u>367,207</u>	<u>123,832</u>

The financial statements on pages 5 to 14 were approved by the Board of Directors on 3 December 2015 and were signed on its behalf by:

For and on behalf of LS Director Limited  
C M Gill



<b>Statement of changes in equity</b>
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	Notes	Ordinary shares £'000	Retained earnings £'000	Total £'000
At 1 July 2013		60,000	63,832	123,832
Profit for the year ended 30 June 2014		-	311,857	311,857
Total comprehensive income for the year ended 30 June 2014		-	311,857	311,857
Transactions with owners:				
Dividends	7	-	(68,482)	(68,482)
At 30 June 2014		60,000	307,207	367,207
Profit for the 9 months to 31 March 2015		-	8,425	8,425
Total comprehensive income for the 9 months to 31 March 2015		-	8,425	8,425
At 31 March 2015		60,000	315,632	375,632



## 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 modified to include the revaluation of investment properties. 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 IFRS to FRS101 for all periods presented. There were no 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:

- (a) the requirements of IFRS 7 'Financial Instruments: Disclosures'; <sup>[1]</sup>
- (b) the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement'; <sup>[1]</sup>
- (c) 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';
  - ii. paragraph 73(e) of IAS 16 'Property, Plant and Equipment';
  - iii. paragraph 118(e) of IAS 38 'Intangible Assets';
  - iv. paragraphs 76 and 79(d) of IAS 40 'Investment Property';
- (d) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 'Presentation of Financial Statements';
- (e) the requirements of IAS 7 'Statement of Cash Flows';
- (f) the requirements of paragraph 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- (g) 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; and
- (h) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 'Impairment of Assets'. <sup>[1]</sup>

1. The equivalent disclosures are included in the consolidated financial statements of Land Securities Group PLC, in which the entity is consolidated.

## 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) Segmental reporting

The Company's activities consist solely of property investments in the United Kingdom.

### (b) Investment properties

Investment properties are those properties, either owned by the Company or where the Company is a lessee under a finance lease, that are held either to earn rental income or for capital appreciation, or both. In addition, properties held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment properties are measured initially at cost, including related transaction costs. After initial recognition at cost, investment properties are carried at their fair values based on market value determined by professional independent valuers at each reporting date. The difference between the fair value of an investment property at the reporting date and its carrying amount prior to re-measurement is included in the income statement as a valuation surplus or deficit. Properties are treated as acquired at the point when the Company assumes the significant risks and returns of ownership and as disposed when these are transferred to the buyer. This generally occurs on unconditional exchange, except where completion is expected to occur significantly after exchange. Additions to investment properties consist of costs of a capital nature and, in the case of investment properties under development, capitalised interest. Certain internal staff and associated costs directly attributable to the management of major schemes during the construction phase are also capitalised.

When the Company begins to redevelop an existing investment property for continued future use as an investment property, the property remains an investment property and is accounted for as such. When the Company begins to redevelop an existing investment property with a view to sell, the property is transferred to trading properties and held as a current asset. The property is re-measured to fair value as at the date of the transfer with any gain or loss being taken to the income statement. The re-measured amount becomes the deemed cost at which the property is then carried in trading properties.

Borrowing costs associated with direct expenditure on properties (both trading and investment) under development or undergoing major refurbishment are capitalised. The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of land or property acquired specifically for redevelopment in the short-term but only where activities necessary to prepare the asset for redevelopment are in progress.

## 2. Significant accounting policies (continued)

### (c) Other property, plant and equipment

This category comprises computers, motor vehicles, furniture, fixtures and fittings and improvements to Company offices. These assets are stated at cost less accumulated depreciation and are depreciated to their residual value on a straight-line basis over their estimated useful lives of between two and five years.

The residual values and useful lives of all property, plant and equipment are reviewed, and adjusted if appropriate, at least at each financial year end.

### (d) Investment in a joint venture

Investments in a joint venture are carried at cost, less any repayment of joint venture capital and provision for impairment in value.

### (e) Investment in subsidiary undertaking

Investments in subsidiary undertaking are stated at cost in the Company's balance sheet, less any provision for impairment in value.

### (f) Other investments

Other investments are available-for-sale financial assets and are held at fair value. Changes to fair value are recorded within other comprehensive income.

### (g) Trading properties and long-term development contracts

Trading properties are those properties held for sale or those being developed with a view to sell and are shown at the lower of cost and net realisable value. Proceeds received on the sale of trading properties are recognised within Revenue.

Revenue on long-term development contracts is recognised according to the stage reached in the contract by reference to the value of work completed using the percentage of completion method. An appropriate estimate of the profit attributable to work completed is recognised once the outcome of the contract can be estimated reliably. The gross amount due from customers for contract work is shown as a receivable. The gross amount due comprises costs incurred plus recognised profits less the sum of recognised losses and progress billings. Where the sum of recognised losses and progress billings exceeds costs incurred plus recognised profits, the amount is shown as a liability.

### (h) Trade and other receivables

Trade and other receivables are recognised initially at fair value, subsequently at amortised cost and, where relevant, adjusted for the time value of money. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables concerned. If collection is expected in more than one year, they are classified as non-current assets.

### (i) 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.

### (j) Provisions

A provision is recognised in the balance sheet when the Company has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where relevant, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### (k) Revenue

Rental income from investment property leased out under an operating lease is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are an integral part of the net consideration for the use of the property and are therefore recognised on the same straight-line basis. Service charges and other recoveries are recorded as income in the periods in which they are earned.

When property is let under a finance lease, the Company recognises a receivable at an amount equal to the net investment in the lease at inception of the lease. Rentals received are accounted for as repayments of principal and finance income as appropriate. Finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining net investment in the finance lease. Contingent rents, being lease payments that are not fixed at the inception of a lease, for example turnover rents, are recorded as income in the periods in which they are earned.

### (l) Expenses

Property and contract expenditure is expensed as incurred with the exception of expenditure on long-term development contracts (see (g) above).

Rental payments made under an operating lease are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are an integral part of the net consideration for the use of the property and also recognised on a straight-line basis.

Minimum lease payments payable on finance leases and operating leases accounted for as finance leases under IAS 40 are apportioned between finance expense and reduction of the outstanding liability. Finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining liability. Contingent rents (as defined in (k) above) are charged as an expense in the periods in which they are incurred.

## 2. Significant accounting policies (continued)

### (m) Impairment

The carrying amounts of the Company's non-financial assets, other than investment properties (see (b) above), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. The value in use is determined as the net present value of the future cash flows expected to be derived from the asset, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the amount that would have been determined, net of applicable depreciation, if no impairment loss had been recognised.

### (n) Interest

Interest is accounted for on an accruals basis.

### (o) Income taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the tax payable on the taxable income for the period 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.

No provision is made for temporary differences (i) arising on the initial recognition of assets or liabilities, other than on a business combination, that affect neither accounting nor taxable profit and (ii) relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

### (p) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

*Company is the lessee*

i) Operating lease – leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

ii) Finance lease – leases of assets where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised within investment properties at the commencement of the lease at the lower of the fair value of the property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. The finance charges are charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The investment properties acquired under finance leases are subsequently carried at their fair value.

*Company is the lessor*

i) Operating lease – properties leased out to tenants under operating leases are included in investment properties in the balance sheet.

ii) Finance lease – when assets are leased out under a finance lease, the present value of the minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method before tax, which reflects a constant periodic rate of return. Where only the buildings element of a property lease is classified as a finance lease, the land element is shown within operating leases.

### (q) 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.

### 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 consolidated financial statements. These judgements involve assumptions or estimates in respect of future events. Actual results may differ from these estimates.

#### (a) Investment property valuation

The Company uses the valuation performed by its external valuer, CBRE LLP, as the fair value of its investment properties.

The valuation of the Company's property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental revenues from that particular property. As a result, the valuations the Company places on its property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction flow in the property market.

The investment property valuation contains a number of assumptions upon which CBRE LLP has based its valuation of the Company's properties as at 31 March 2015. The assumptions on which the valuations have been based include, but are not limited to, matters such as the tenure and tenancy details for the properties, ground conditions at the properties, the structural condition of the properties, prevailing market yields and comparable market transactions. These assumptions are market standard and accord with the RICS Valuation Standards. However, if any assumptions made by the property valuer prove to be false, this may mean that the value of the Company's properties differs from their valuation, which could have a material effect on the Company's financial condition.

#### (b) Trade and other receivables

The Company is required to judge when there is sufficient objective evidence to require the impairment of individual trade receivables. 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. Revenue

	9 months to 31 March 2015 £'000	Year to 30 June 2014 £'000
Rental income (excluding adjustment for lease incentives)	10,719	25,795
Adjustment for lease incentives	898	-
<b>Rental income</b>	<b>11,617</b>	<b>25,795</b>
Trading property sales proceeds	-	668,358
Service charge income	1,932	-
Other property related income	105	-
<b>Gross property income</b>	<b>13,654</b>	<b>694,153</b>
Other direct property or contract expenditure	(3,304)	-
Trading stock cost of sales	-	(276,600)
<b>Net rental income</b>	<b>10,350</b>	<b>417,553</b>

Other direct property or contract expenditure are costs incurred in the direct maintenance and upkeep of investment properties. Void costs, which include costs relating to empty properties pending redevelopment and refurbishment, costs of investigating potential development schemes which are not proceeded with, and costs in respect of housekeepers and outside staff directly responsible for property services, are also included.

### 5. Property management and administrative expenses

Property management and administrative expenses consist of all costs of managing the property, together with the costs of rent reviews and renewals, re-lettings of the property and management services as explained in note (a) below. No staff costs or overheads are capitalised.

#### (a) Management services

The Company had no employees during the 9 months to 31 March 2015 (Year to 30 June 2014: None). Management services were provided to the Company throughout the 9 months to 31 March 2015 by Land Securities Properties Limited, which is a Group undertaking, and amount to £Nil (Year to 30 June 2014: £Nil).

#### (b) Directors' remuneration

The directors of the Company received no emoluments for the 9 months to 31 March 2015 from Land Securities Properties Limited for their services to the Company. The amounts allocated to services for this Company for the 9 months to 31 March 2015 were £Nil (Year to 30 June 2014: £Nil).

#### (c) Auditor remuneration

The Group auditor's remuneration is borne by Land Securities Properties Limited. The proportion of the remuneration for the 9 months to 31 March 2015 which relates to the Company amounts to £17,000 (Year to 30 June 2014: £17,000). The auditor received no remuneration for non-audit services provided to the Company during the 9 months to 31 March 2015 (Year to 30 June 2014: £Nil).

## 6. Net interest income / (expense)

	9 months to 31 March 2015 £'000	Year to 30 June 2014 £'000
<b>Interest expense</b>		
Bank borrowings	-	(2,036)
Other interest payable	(2)	(2,230)
<b>Total interest expense</b>	<b>(2)</b>	<b>(4,266)</b>
<b>Interest income</b>		
Other interest receivable	3	117
<b>Total interest income</b>	<b>3</b>	<b>117</b>
<b>Net interest income / (expense)</b>	<b>1</b>	<b>(4,149)</b>

## 7. Dividends

	9 months to 31 March 2015 £ per share	Year to 30 June 2014 £ per share	9 months to 31 March 2015 £'000	Year to 30 June 2014 £'000
Ordinary	-	1.14	-	68,482
	-	1.14	-	68,482

## 8. Income tax

	31 March 2015 £'000	30 June 2014 £'000
<b>Current tax</b>		
Income tax on profit for the period	1	90,536
Adjustment in respect of prior years	-	(11)
<b>Total income tax charge in the income statement</b>	<b>1</b>	<b>90,525</b>
<b>Factors affecting the tax charge for the period</b>		
The tax for the period is lower (2014: lower than) than the standard rate of corporation tax in the UK of 21% (2014: 22.5%). The differences are explained below:		
Profit before tax	8,426	402,382
Profit before tax multiplied by the rate of corporation tax in the UK of 21% (2014: 22.5%)	1,769	90,536
Effects of:		
Adjustments in respect of prior periods	-	(11)
Exempt property rental profits in the period ended 31 March 2015 / 30 June 2014	(1,364)	-
Exempt property revaluation gains in the period ended 31 March 2015 / 30 June 2014	(404)	-
<b>Total income tax charge in the income statement (as above)</b>	<b>1</b>	<b>90,525</b>

Land Securities Group PLC is a Real Estate Investment Trust (REIT). As a result the Company does not pay UK corporation tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains of the Company continue to be subject to corporation tax as normal.

## 9. Investment properties

	£'000
Additions	634,282
Deficit on revaluation of investment properties	(1,925)
<b>Net book value at 31 March 2015</b>	<b>632,357</b>

On 3 October 2015, the Company acquired a 30% share in the Bluewater Centre for a fair value consideration of £634,155,300 from Group company, Greenhithe Investments Limited.

The historical cost of the investment properties is £634,282,438 (30 June 2014: £Nil). The difference between the carrying amount and historical cost is £1,925,250. The valuations are prepared by CBRE LLP, independent valuers in accordance with, RICS valuation standards.

The above investment properties act as security against listed debt recognised within a fellow Land Securities Group PLC subsidiary.

## 10. Trading properties and long-term development contracts

	31 March 2015 £'000	30 June 2014 £'000
Opening net book value	-	273,201
Capital expenditure	-	3,052
Disposals	-	(276,253)
At 31 March / 30 June	-	-

## 11. Trade and other receivables

	31 March 2015 £'000	30 June 2014 £'000
Trade receivables	2,824	-
Less: allowance for doubtful accounts	(304)	-
Net trade receivables	2,520	-
Other receivables	813	-
Prepayments and accrued income	2,078	-
Social security and other taxes	-	792
Loans to Group undertakings	682,127	683,334
<b>Total current trade and other receivables</b>	<b>687,538</b>	<b>684,126</b>

The unsecured loan to the Group undertaking was interest free, repayable on demand with no fixed repayment date.

## 12. Trade and other payables

	31 March 2015 £'000	30 June 2014 £'000
Trade payables	150	-
Capital payables	132	-
Other payables	191	-
Accruals and deferred income	8,061	169
Current tax liabilities	689	788
Social security and other taxes	994	-
Loans from Group undertakings	942,034	315,962
<b>Total current trade and other payables</b>	<b>952,251</b>	<b>316,919</b>

The unsecured loan from the Group undertaking is interest free, repayable on demand with no fixed repayment date.

Capital payables represent amounts due under contracts to purchase properties, which were unconditionally exchanged at the year end, and for work completed on investment properties but not paid for at the year end. Deferred income principally relates to rents received in advance.

## 13. Ordinary share capital

	31 March 2015 Number	Issued 30 June 2014 Number	Allotted and fully paid 31 March 2015 £'000	30 June 2014 £'000
Ordinary shares of £1.00 each	60,000,010	60,000,010	60,000	60,000

## 14. Post balance sheet event

On the 28 September 2015, the company issued an additional 189,999,990 ordinary shares at par to immediate parent company Greenhithe Holdings Limited.

## 15. Contingencies

The Company has contingent liabilities in respect of legal claims, guarantees, and warranties arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

## 16. Cash flow statement exemption

The Company is a wholly owned subsidiary of Land Securities Group PLC which prepares a consolidated cash flow statement. The Company has therefore elected to make use of the exemption provided in FRS 101 not to produce its own cash flow statement.

## 17. 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 entities that are part of the Group.

## 18. Operating lease arrangements

The Company earns rental income by leasing its investment and operating properties to tenants under non-cancellable operating leases.

At the balance sheet date, the Company had contracted with tenants to receive the following future minimum lease payments:

	31 March 2015 £'000	30 June 2014 £'000
<b>Operating leases which expire:</b>		
Not later than one year	7,989	-
Later than one year but not more than five years	27,749	-
More than five years	29,944	-
	<u>65,682</u>	<u>-</u>

## 19. Parent company

The immediate parent company is Greenhithe Holdings Limited, a Company registered in Jersey.

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.

## 20. Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Land Securities Group PLC. The directors have received confirmation that Land Securities Group PLC intends to support the Company for at least one year after these financial statements are approved by the Board.