

Registered Number 5193511

LAND SECURITIES CAPITAL MARKETS PLC  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013

WEDNESDAY



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**Directors' Report for the year ended 31 March 2013**

The directors submit their report with the audited financial statements of the Company for the year ended 31 March 2013

**RESULTS FOR THE YEAR AND DIVIDEND**

The results are set out in the Profit and Loss Account on page 4

The directors do not recommend the payment of a dividend for the year ended 31 March 2013 (2012 £250,000)

**PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

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.

**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.

While the Company has minimal short-term liquidity requirements, any funding requirements would 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.

**KEY PERFORMANCE INDICATORS**

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

**DIRECTORS**

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

D Rough  
M R Wood  
M F Greenslade  
D L F Holt  
C M Gill  
D Don-Wauchope

(resigned 30 September 2012)

(appointed 30 September 2012)

**STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

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 auditors are 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 auditors are aware of that information.



By order of the Board  
A M De Souza  
Company Secretary  
24 July 2013

Registered Office  
5 Strand  
London  
WC2N 5AF

Registered in England and Wales  
Registered number 5193511

**Directors' Responsibilities for the year ended 31 March 2013****Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 UK Accounting 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.

<b>Independent Auditors' Report to the Members of Land Securities Capital Markets PLC for the year ended 31 March 2013</b>
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We have audited the financial statements of Land Securities Capital Markets PLC for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Reconciliation of Movements in Total Shareholders' Funds, the Balance Sheet and the related notes. 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).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 2 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.

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

#### **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 report and financial statements to identify material inconsistencies with the audited financial statements. 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 2013 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 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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report.



Parwinder Purewal (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
24 July 2013

**Profit and Loss Account for the year ended 31 March 2013**

	Notes	2013 £'000	2012 £'000
Interest receivable and similar income	3	159,986	159,903
Interest payable and similar charges	4	(159,698)	(159,642)
<b>Profit on ordinary activities before taxation</b>		<b>288</b>	<b>261</b>
Taxation	5	(69)	(68)
<b>Profit for the financial year</b>		<b>219</b>	<b>193</b>

**Reconciliation of Movements in Total Shareholder's Funds for the year ended 31 March 2013**

	Notes	2013 £'000	2012 £'000
Profit for the financial year		219	193
Dividends	6	-	(250)
Retained profit / (accumulated loss) for the financial year		219	(57)
<b>Addition to / (reduction from) shareholders funds</b>		<b>219</b>	<b>(57)</b>
Opening shareholder's funds		243	300
<b>Closing shareholder's funds</b>		<b>462</b>	<b>243</b>

All amounts arise from continuing operations

There is no difference between reported profit and historical cost profit on ordinary activities before taxation

There are no recognised gains or losses other than those shown in the Profit and Loss Account above

<b>Balance Sheet as at 31 March 2013</b>
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	Notes	2013 £'000	2012 £'000
<b>Fixed asset investments</b>			
Loan receivable	7	2,902,169	3,024,216
<b>Current assets</b>			
Loan receivable	7	122,699	-
Debtors	8	57,002	41,094
Cash at bank and in hand		1,076	852
		<u>180,777</u>	<u>41,946</u>
<b>Creditors amounts falling due within one year</b>	9	(57,616)	(41,703)
<b>Borrowings amounts falling due within one year</b>	10	(122,699)	-
<b>Net current assets</b>		<u>462</u>	<u>243</u>
<b>Total assets less current liabilities</b>		2,902,631	3,024,459
<b>Borrowings amounts falling due after more than one year</b>	10	(2,902,169)	(3,024,216)
<b>Net assets</b>		<u>462</u>	<u>243</u>
<b>Capital and reserves</b>			
Called up share capital	11	50	50
Profit and loss account	12	412	193
<b>Total shareholder's funds</b>		<u>462</u>	<u>243</u>

The financial statements on pages 4 to 9 were approved and authorised for issue by the board directors on 24 July 2013 and were signed on its behalf by

C M Gill  
Director



## 1 Accounting Policies

The financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with Companies Act 2006 and applicable United Kingdom accounting standards

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

### (a) Interest income and interest expense

Interest income and interest expense 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 note

### (b) Taxation

Taxation is charged at the corporation tax rate of 24% (2012 26%)

### (c) Loan receivable

Loan receivable is recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loan receivable is stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the profit and loss account over the period of the loan receivable, using the effective interest method

### (d) 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 profit and loss account over the period of the borrowings, using the effective interest method

### (e) Segmental reporting

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

## 2 Management and administrative expenses

### (a) Management services

The Company had no employees during the year (2012 None). Management services were provided to the Company throughout the year by Land Securities Properties Limited, which is a group undertaking

### (b) Directors' emoluments

The directors of the Company received no emoluments from Land Securities Properties Limited for their services to the Company. The amounts allocated to services for this Company were £Nil (2012 £Nil)

### (c) Auditors' remuneration

The Group's auditors' remuneration is borne by Land Securities Properties Limited. The proportion of the remuneration which relates to the Company amounts to £1,471 (2012 £1,636). The auditors received no remuneration for non-audit services provided to the Company during the year (2012 £Nil)

## 3 Interest receivable and similar income

	2013 £'000	2012 £'000
On an amount owing from a group undertaking	159,986	159,903

## 4. Interest payable and similar charges

	2013 £'000	2012 £'000
Interest payable on external borrowings	159,698	159,642

## 5. Taxation

	2013 £'000	2012 £'000
<b>Analysis of tax (credit) / charge for the year</b>		
Corporation tax on profit for the year	69	68
<b>Total current tax</b>	<b>69</b>	<b>68</b>
<b>Tax (credit) / charge on (loss) / profit on ordinary activities</b>	<b>69</b>	<b>68</b>
<b>Factors affecting the tax (credit) / charge for the year</b>		
The current tax (credit) / charge for the year equates (2012 equates) to the standard rate of corporation tax in the UK of 24% (2012 26%)		
(Loss) / profit on ordinary activities before taxation	288	261
(Loss) / profit on ordinary activities multiplied by the standard rate in the UK at 24% (2012 26%)	69	68
Effect of		
Expenses not deductible for tax purposes	-	-
Non-taxable income	-	-
Exempt property rental profits in the year ended 31 March 2013 / 31 March 2012	-	-
Exempt property gains in the year ended 31 March 2013 / 31 March 2012	-	-
<b>Current tax (credit) / charge for the year</b>	<b>69</b>	<b>68</b>

## 6. Dividends

	2013 £ per share	2012 £ per share	2013 £'000	2012 £'000
Ordinary - interim	-	5.00	-	250

## 7. Loan Receivable

	2013 £'000	2012 £'000
Amounts owed from LS Finance Property Company Limited		
Amounts falling due within one year	122,699	-
Amounts falling due after more than one year	2,902,169	3,024,216
	<b>3,024,868</b>	<b>3,024,216</b>

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%.

## 8 Debtors

	2013 £'000	2012 £'000
Corporation tax	133	73
Prepayments and accrued income	56,869	41,021
	<b>57,002</b>	<b>41,094</b>

## 9. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Amount owed to a group undertaking	748	682
Accruals and deferred income	56,868	41,021
	<b>57,616</b>	<b>41,703</b>



## 10. Borrowings

	2013			2012		
	Nominal value £'000	Unamortised issue expenses £'000	Book value £'000	Nominal value £'000	Unamortised issue costs £'000	Book value £'000
<b>Short-term borrowings and overdrafts</b>						
5 292 per cent Notes due 2015	122,726	(27)	122,699	-	-	-
	<b>122,726</b>	<b>(27)</b>	<b>122,699</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-current borrowings</b>						
5 292 per cent Notes due 2015	-	-	-	122,726	(6)	122,720
4 875 per cent Notes due 2019	400,000	(1,331)	398,669	400,000	(2,614)	397,386
5 425 per cent Notes due 2022	255,328	(579)	254,749	255,328	(645)	254,683
4 875 per cent Notes due 2025	300,000	(2,309)	297,691	300,000	(2,472)	297,528
5 391 per cent Notes due 2026	210,675	(732)	209,943	210,675	(780)	209,895
5 391 per cent Notes due 2027	608,638	(2,341)	606,297	608,838	(2,352)	606,486
5 376 per cent Notes due 2029	317,572	(1,458)	316,114	317,581	(1,522)	316,059
5 396 per cent Notes due 2032	322,670	(1,763)	320,907	322,688	(1,823)	320,865
5 125 per cent Notes due 2036	500,000	(2,201)	497,799	500,000	(1,406)	498,594
	<b>2,914,883</b>	<b>(12,714)</b>	<b>2,902,169</b>	<b>3,037,836</b>	<b>(13,620)</b>	<b>3,024,216</b>

Interest on all the Company's debt is charged at fixed rates and denominated in sterling

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

	2013 £'000	2012 £'000
Less than one year	122,726	-
More than one year but less than two years	-	122,726
More than two years but no more than five years	-	-
More than five years	2,914,883	2,915,110
	<b>3,037,609</b>	<b>3,037,836</b>

### 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 £9.3bn at 31 March 2013 (2012: £8.8bn). 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. When 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

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

#### Fair Value

The fair value of the Company's borrowings varies according to the changes in the market cost of borrowing. The Company's Notes are listed on the Irish Stock Exchange and their fair values are based on their respective market prices. The fair value of the Company's borrowings at 31 March 2013 was £3,621,039,527 (2012: £3,368,449,717) based on offer prices.

#### Sensitivity analysis

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

### 11. Called up share capital

	2013 Number	Issued 2012 Number	Allotted and fully paid 2013 £	2012 £
Ordinary shares of £1.00 each	50,000	50,000	50,000	50,000

### 12. Reserves

	Called up Share Capital £'000	Profit and Loss Account £'000	Total £'000
At 1 April 2012	50	193	243
Profit for the financial year	-	219	219
At 31 March 2013	50	412	462

### 13 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 Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements" not to produce its own cash flow statement.

### 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 paragraph 3(c) of Financial Reporting Standard 8 "Related Party Disclosures" not to make disclosure of transactions with other entities that are part of the group.

### 15. Parent company

The immediate parent company is Land Securities PLC.

The ultimate parent company and controlling party at 31 March 2013 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 2013 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.