

Registered Number 5163698

LS PROPERTY FINANCE COMPANY LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

Directors' Report for the year ended 31 March 2011

The directors submit their report with the audited financial statements of the Company for the year ended 31 March 2011.

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 2011 (2010: £Nil).

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. No changes in the Company's principal activity are anticipated in the foreseeable future.

FINANCIAL RISK MANAGEMENT

The Company's debt financing and use of interest rate swaps exposes it to a variety of financial risks that include the effects of changes in liquidity, fair value of swaps, interest rates and exchange rates.

The Company uses interest rate swaps and similar instruments (forward rate agreements, forward starting swaps, etc) to manage its interest rate exposure, however there is currently no hedging in place to protect against currency gains and losses.

The Company's principal financial assets are cash and inter-company loans; it therefore has negligible credit risk. The credit risk on derivative financial instruments is limited due to the Company's policy of monitoring counterparty exposures. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

The Company has a £1.5bn committed facility due 31 August 2013 and five bilateral facilities of a total of £700.0m. This is designed to ensure that the Company has sufficient available funds to lend to other group undertakings for operations and planned future investments.

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

POST BALANCE SHEET EVENTS

On 3 May 2011, £23.5m, all of the remaining 4.625 per cent Notes due 2013 were repaid.

DIRECTORS

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

F W Salway
C M Gill
K W B Hannah
D L F Holt
S S S Leung
D Rough
S A West
M R Wood
M F Greenslade

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 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.

Registered Office
5 Strand
London
WC2N 5AF

By order of the Board
L F Turner, for and on behalf of LS Company Secretaries Limited,
Company Secretary
20 December 2011

Registered in England and Wales
Registered number: 5163698

Directors' Responsibilities for the year ended 31 March 2011**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 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.

Independent Auditors' Report to the Members of LS Property Finance Company Limited for the year ended 31 March 2011

We have audited the financial statements of LS Property Finance Company Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Reconciliation of Movements in Total Shareholder's 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 Directors' Responsibilities Statement, 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.

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 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

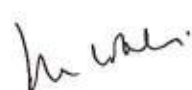
Opinion on other matter prescribed by the Companies Act 2006

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.


 John Waters (Senior Statutory Auditor)
 For and on behalf of PricewaterhouseCoopers LLP
 Chartered Accountants and Statutory Auditors
 London
 20 December 2011

Profit and Loss Account for the year ended 31 March 2011

	Notes	2011 £'000	2010 £'000
Profit before interest and taxation		-	-
Interest receivable and similar income	3	212,752	226,132
Interest payable and similar charges	4	(212,048)	(225,441)
Profit on ordinary activities before taxation		704	691
Taxation	5	(197)	(193)
Profit for the financial year		507	498

Reconciliation of Movements in Total Shareholder's Funds for the year ended 31 March 2011
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	Notes	2011 £'000	2010 £'000
Profit for the financial year		507	498
Addition to shareholder's funds		507	498
Opening shareholder's funds		1,904	1,406
Closing shareholder's funds		2,411	1,904

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.

Balance Sheet as at 31 March 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Investments			
Loan receivable	6	3,451,214	3,295,204
		<u>3,451,214</u>	<u>3,295,204</u>
Current assets			
Loans receivable	6	23,514	299,631
Debtors falling due within one year	7	37,698	48,394
Cash at bank and in hand		19,063	79,079
		<u>80,275</u>	<u>427,104</u>
Creditors: amounts falling due within one year			
Loan payable	8	(23,514)	(299,631)
Other	9	(54,350)	(125,569)
		<u>2,411</u>	<u>1,904</u>
Net current assets			
		<u>2,411</u>	<u>1,904</u>
Total assets less current liabilities		<u>3,453,625</u>	<u>3,297,108</u>
Creditors: amounts falling due after one year			
Loan payable	8	(3,023,532)	(3,295,204)
Borrowings	10	(427,682)	-
		<u>2,411</u>	<u>1,904</u>
Net assets			
		<u>2,411</u>	<u>1,904</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	2,411	1,904
		<u>2,411</u>	<u>1,904</u>
Total shareholder's funds		<u>2,411</u>	<u>1,904</u>

The financial statements on pages 4 to 8 were approved and authorised for issue by the board directors on 20 December 2011 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.

(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) Interest rate swaps

The Company uses interest rate swaps to help manage its interest rate risk, and cross-currency swaps to manage its currency risk. In accordance with its treasury policy, the Company does not hold or issue derivatives for trading purposes.

All derivatives are initially recognised at fair value at the date the derivative is entered into and are subsequently re-measured at fair value. The gains or losses on derivatives are recognised in the income statement immediately.

(c) Taxation

Taxation is charged at the corporation tax rate of 28%.

(d) Loans receivable / payable

Loan receivable / payable is recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loan receivable / payable 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 / payable, using the effective interest method.

(e) 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.

2. Management and administrative expenses

(a) Management services

The Company had no employees during the year (2010: 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 of negligible value (2010: £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 £1,596 (2010: £1,520). The auditors received no remuneration for non-audit services provided to the Company during the year (2010: £Nil).

3. Interest receivable and similar income

	2011 £'000	2010 £'000
Bank interest	350	1,191
Amortisation of bond issue gains	246	367
Fair value gains on interest rate swaps	-	5,576
On an amount owing from a group undertaking	212,122	218,998
Other interest receivable	34	-
	212,752	226,132

4. Interest payable and similar charges

	2011 £'000	2010 £'000
Borrowings	1,701	25,537
Amortisation of bond issue losses	19	159
Other financing costs	9,132	3,879
Fair value losses on interest rate swaps	954	-
On an amount owing to a group undertaking	200,242	195,866
	212,048	225,441

The interest rate swaps held by the Company do not qualify for hedge accounting, therefore, gains or losses are recognised in the Profit and Loss Account.

5. Taxation

	2011 £'000	2010 £'000
Analysis of tax charge for the year		
Corporation tax on profit for the year	197	193
Tax charge on profit on ordinary activities	197	193

Factors affecting the tax charge for the year

The current tax charge for the year equates to the standard rate of corporation tax in the UK of 28%.

6. Loans receivable

	2011 £'000	2010 £'000
Amounts owed from Land Securities (Finance) Limited:		
Amounts falling due within one year	23,514	299,631
Amounts falling due after more than one year	3,451,214	3,295,204
	3,474,728	3,594,835

The unsecured loan to the group undertaking relates to fixed rate Loan Notes and is repayable when the note it relates to is repaid. Interest is charged at the interest rate on the related note plus 0.01%.

7. Debtors

	2011 £'000	2010 £'000
Corporation tax	310	187
Other debtors	18,868	26,059
Prepayments and accrued income	18,520	22,148
	37,698	48,394

8. Loans payable

	2011 £'000	2010 £'000
Amounts owed to Land Securities Capital Markets Plc – due within one year	23,514	299,631
– due after more than one year	3,023,532	3,295,204
	3,047,046	3,594,835

The unsecured loan to the group undertaking relates to fixed rate Loan Notes and 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. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Fair value of derivative instruments	2,029	1,075
Amount owed to a group undertaking	32,878	98,417
Accruals	19,443	26,077
	54,350	125,569

10. Borrowings

	2011 £'000	2010 £'000
Unamortised issue (expenses) / gains	(318)	-
Syndicated bank debt	428,000	-
	<u>427,682</u>	<u>-</u>

At 31 March 2011, the Company has a £1.5bn authorised credit facility with a legal final maturity of August 2013, of which £428m of the facility was drawn down. The facility is committed and is secured on the assets of the Security Group. The interest rates are floating at LIBOR plus a margin between 1.25% and 1.70%.

11. Called up share capital

	Allotted and fully paid 2011 £	2010 £
Ordinary shares of £ 1.00 each	<u>100</u>	<u>100</u>

12. Reserves

	Called up Share Capital £'000	Profit and Loss Account £'000	Total £'000
At 1 April 2010	-	1,904	1,904
Profit for the financial year	-	507	507
At 31 March 2011	<u>-</u>	<u>2,411</u>	<u>2,411</u>

13. Post balance sheet event

On 3 May 2011, £23.5m, all of the remaining 4.625 per cent Notes due 2013 were repaid.

14. 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.

15. 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.

16. Parent company

The immediate parent company is Land Securities PLC.

The ultimate parent company at 31 March 2011 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 2011 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.