

Registered Number 05163698

LS PROPERTY FINANCE COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

Strategic Report for the year ended 31 March 2017

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

RESULTS FOR THE YEAR

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

REVIEW OF THE BUSINESS

The Company operates primarily 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.

During the year, the Company's committed facilities were increased by £75m to £1,940m (31 March 2016: £1,865m). A £435m syndicated debt facility with expected maturity 14 June 2021 and a £125m bilateral debt facility with expected maturity 31 January 2021 were arranged during the year. These were offset by the cancellation of £350m of bilateral facilities on 14 June 2016 and the cancellation of a £135m bilateral facility on 24 November 2016. In addition to this, the £1,380m syndicated facility was extended to 25 March 2022.

During the year, a fellow subsidiary company of the Land Securities Group issued £400m 1.974% medium term notes due in 2026 and £300m 2.399% medium term notes due in 2031, the proceeds of which were loaned to the company and are recognised within non-current loans due to group undertakings. Interest on the loans mirror the interest on the related medium-term notes and the loans are repayable when the loans to which they relate are to be repaid. The equivalent amounts have been loaned to another fellow subsidiary company and are recognised within non-current loans due from group undertakings.

The company generated sufficient interest during the year to cover interest payable resulting in a small surplus.

KEY PERFORMANCE INDICATORS

The directors assess the performance of the Company by reference to the surplus of interest receivable over interest payable from loans to / from the Group's subsidiary undertakings less any allowance for impairment on these loans charged to the income statement during the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk facing the Company is that poor performance of the Group's subsidiary undertakings might have a material impact on the recovery of loans repayable to the Company by these entities. The Company's performance during the year indicates a satisfactory performance of the Group's subsidiary undertakings.

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 and interest rates.

The Company uses interest-rate swaps and similar instruments (forward rate agreements, forward starting swaps, etc) to manage its interest rate exposure.

The Company's principal financial assets are cash and inter-company loans and are deemed to have limited credit risk. This credit risk is limited because the company entered into an agreement with another group subsidiary to ensure sufficient funds are available to meet the external obligations when these arise. The credit risk on derivative financial instruments is limited due to the Company's policy of monitoring counterparty exposures. The carrying amounts of the assets best represent the maximum credit risk.

At 31 March 2017, the Company had £1.815bn of committed revolving credit facilities which mature between June 2021 and March 2022 and a bilateral facility totalling £125.0m which matures in January 2021. 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.

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

Registered Office
100 Victoria Street
London
SW1E 5JL



By order of the Board
E Miles, for and on behalf of LS Company Secretaries Limited,
Company Secretary
15 November 2017

Registered in England and Wales
Registered number: 05163698

Directors' Report for the year ended 31 March 2017

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

PRINCIPAL ACTIVITY

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

DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 31 March 2017 (2016: £Nil).

CORPORATE GOVERNANCE

The Company is a wholly owned subsidiary of Land Securities Group PLC ("Land Securities Group") which beneficially holds 100% of the ordinary share capital of the Company (refer to notes 15 and 18). The Company's risk management framework is applied through the Land Securities Group's Risk Management Process, which covers the risk management and internal control system. Details of the Process can be found in the consolidated financial statements for the year ended 31 March 2017, available on the Group's website.

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

POST BALANCE SHEET EVENTS

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

GOING CONCERN

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

DIRECTORS

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

M R Wood	
M F Greenslade	
M P Cadwaladr	
J Gillard	
M R Worthington	(appointed 1 July 2016)
C M Gill	(resigned 14 July 2016)

FINANCIAL RISK MANAGEMENT

The financial risk management objective and policies are disclosed in the strategic report and in Note 15 to the financial statements.

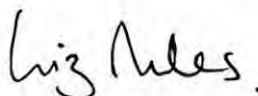
INDEMNITY

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.



By order of the Board
E Miles, for and on behalf of LS Company Secretaries Limited,
Company Secretary
15 November 2017

Registered Office
100 Victoria Street
London
SW1E 5JL

Registered and domiciled in England and Wales
Registered number: 05163698

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 Auditor's Report to the Members of LS Property Finance Company Limited for the year ended 31 March 2017

We have audited the financial statements of LS Property Finance Company Limited for the year ended 31 March 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 18. 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

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

17 November 2017

Income Statement for the year ended 31 March 2017
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	Notes	2017 £'000	2016 £'000
Interest income	5	158,097	209,150
Interest expense	5	(158,072)	(209,126)
Profit before tax		25	24
Income tax	6	(5)	(5)
Profit for the financial year		20	19

Statement of comprehensive income for the year ended 31 March 2017

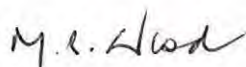
	2017 £'000	2016 £'000
Profit for the financial year	20	19
Other comprehensive profit for the financial year	-	-
Total comprehensive income for the financial year	20	19

All amounts are derived from continuing activities.

Balance Sheet as at 31 March 2017

	Notes	31 March 2017 £'000	31 March 2016 £'000
Non-current assets			
Loans due from Group undertakings	7	3,258,759	2,935,784
Total non-current assets		3,258,759	2,935,784
Current assets			
Trade and other receivables	8	21,189	18,635
Amounts due from Group undertakings	9	-	24,160
Cash at bank and on hand		57,434	11,593
Total current assets		78,623	54,388
Total assets		3,337,382	2,990,172
Current liabilities			
Trade and other payables	10	(27,157)	(19,435)
Amounts due to Group undertakings	11	(46,595)	-
Derivative financial instruments	13	-	(729)
Total current liabilities		(73,752)	(20,164)
Non-current liabilities			
Borrowings	12	(55,000)	(430,000)
Loans due to Group undertakings	12	(3,203,759)	(2,505,784)
Derivative financial instruments	13	(1,809)	(31,182)
Total non-current liabilities		(3,260,568)	(2,966,966)
Total liabilities		(3,334,320)	(2,987,130)
Net assets		3,062	3,042
Equity			
Capital and reserves			
Ordinary shares	15	-	-
Retained earnings		3,062	3,042
Total Equity		3,062	3,042

The financial statements on pages 5 to 12 were approved by the Board of Directors on 15 November 2017 and were signed on its behalf by:



M R Wood
Director

Statement of changes in equity

	Ordinary shares £'000	Retained earnings £'000	Total £'000
At 1 April 2015	-	3,023	3,023
Profit and total comprehensive income for the year ended 31 March 2016	-	19	19
At 31 March 2016	-	3,042	3,042
Profit and total comprehensive income for the year ended 31 March 2017	-	20	20
At 31 March 2017	-	3,062	3,062

1. Basis of preparation

These financial statements have been prepared on a going concern basis and in accordance with applicable law and United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The results of the Company are included in the consolidated financial statements of Land Securities Group PLC which are available from 100 Victoria Street, London, SW1E 5JL. The financial statements are prepared in Sterling and are rounded to the nearest thousand pounds (£'000). The Company is a private company limited by shares and is incorporated, domiciled and registered in England and Wales (Registered number: 05163698). The Company's registered office address is 100 Victoria Street, London, SW1E 5JL. The nature of the Company's operations is set out in the Strategic Report on page 1.

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

- (a) the requirements of IAS 7 'Statement of Cash Flows';
- (b) the requirements of paragraph 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'; and
- (c) the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

2. Significant accounting policies

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

The accounting policies and methods of computation used remain unchanged from the previous year and no new or amended accounting standards effective during the year have had an effect on the Company.

(a) Cash and cash equivalents

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

(b) Interest-rate swaps

The Company uses interest-rate swaps to manage its market 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 fair value of interest-rate swaps is based on counterparty or market quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments at the measurement date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. Derivatives that do not qualify for hedge accounting: the gain or loss on derivatives that do not qualify for hedge accounting, and the non-qualifying element of derivatives that do qualify for hedge accounting, are recognised immediately in the income statement.

(c) 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.

(d) Intercompany loans

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

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

(e) Interest receivable and interest payable

Interest payable on borrowings is recognised on an accruals basis by applying the effective interest rate which takes account of the amortisation of finance costs over the term of the borrowings. Intercompany interest receivable and interest payable are recognised on an accruals basis on the corresponding intercompany loans by applying the effective interest rate which takes account of the amortisation of finance income or finance costs over the term of the loans to which they relate.

(f) Impairment

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. For financial assets carried at amortised cost, the Company assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

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

(g) Income taxation

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

3. Critical accounting judgements and key areas of estimation uncertainty

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

Loans to Group undertakings

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

4. Management and administrative expenses

(a) Management services

The Company had no employees during the year (2016: None).

(b) Directors' emoluments

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

(c) Auditor's remuneration

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

5. Net interest income

	2017 £'000	2016 £'000
Interest expense		
Bank borrowings	(6,250)	(10,885)
Amortisation of issue costs	-	(163)
Other interest payable	(5,863)	(6,945)
Fair value losses on interest-rate swaps	(8,322)	(10,665)
Interest payable on loans from Group undertakings	(136,629)	(153,921)
Recharge of premium payable on redemption of medium term notes	-	(26,212)
Issue costs written off	(1,008)	(335)
Total interest expense	(158,072)	(209,126)
Interest income		
Interest receivable on loans to Group undertakings	158,094	182,783
Recharge of premium payable on redemption of medium term notes	-	26,212
Other interest income	3	155
Total interest income	158,097	209,150
Net interest income	25	24

6. Income tax

	2017 £'000	2016 £'000
Current tax		
Income tax on profit for the year	5	5
Total income tax charge in the income statement	5	5

Factors affecting the tax charge for the year

The current income tax charge for the year equates to (2016: equates to) the standard rate of corporation tax in the UK of 20% (2016: 20%).

Profit before tax	25	24
Profit before tax multiplied by the rate of corporation tax in the UK of 20% (2016: 20%)	5	5
Total income tax charge in the income statement (as above)	5	5

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

7. Loans due from Group undertakings

	2017 £'000	2016 £'000
Loans due from fellow subsidiary undertaking	3,258,759	2,935,784
Total loans due from Group undertakings and fellow subsidiaries	3,258,759	2,935,784

The Loans due from Group undertakings are wholly due from Land Securities (Finance) Limited and mirror fixed rate medium term notes with maturities between 2022-2036 and syndicated/ bilateral debt with maturities between 2021-2022. The fair value of Loans due from Group undertakings at 31 March 2017 of £4,025.0m (2016: £3,507.0m), is the same as the fair values of the associated medium term notes and syndicated/ bilateral debt.

Loans due from Group undertakings are repayable when the loans to which they relate are to be repaid. Interest on the fixed rate medium term notes is charged at fixed rates of between 1.974% and 5.396% on the related notes plus 0.01%. For further information refer to note 12. Interest on the syndicated/ bilateral debt is charged at LIBOR + margin plus 0.01%.

8. Trade and other receivables

	2017 £'000	2016 £'000
Prepayments and accrued income	21,104	18,431
Current tax assets	85	204
Total current trade and other receivables	21,189	18,635

9. Amounts due from Group undertakings

	2017 £'000	2016 £'000
Amounts due from fellow subsidiary undertaking	-	24,160
	-	24,160

The amounts due from Group undertakings are interest free, repayable on demand with no fixed repayment date.

10. Trade and other payables

	2017 £'000	2016 £'000
Accruals	27,145	19,435
Other payables	12	-
Total current trade and other payables	27,157	19,435

11. Amounts due to Group undertakings

	2017 £'000	2016 £'000
Amounts due to fellow subsidiary undertaking	46,595	-
	46,595	-

The amounts due to Group undertakings are interest free, repayable on demand with no fixed repayment date.

12. Loans and Borrowings

	Effective interest rate	Nominal/ notional value	Fair value	2017 Book value	Nominal/ notional value	Fair value	2016 Book value
	%	£'000	£'000	£'000	£'000	£'000	£'000
Non-current borrowings							
Syndicated bank debt	LIBOR + margin	55,000	55,000	55,000	430,000	430,000	430,000
Total borrowings		55,000	55,000	55,000	430,000	430,000	430,000
Loans due to fellow subsidiary undertakings		3,213,979	3,969,956	3,203,759	2,514,430	3,077,025	2,505,784
Total non-current loans due to fellow subsidiary undertakings		3,213,979	3,969,956	3,203,759	2,514,430	3,077,025	2,505,784

Interest on the amounts due to fellow subsidiary undertakings mirror the related fixed rate medium term notes charged at fixed rates of between 1.974% and 5.369%. The related fixed rate medium term notes have maturities between 2022-2036. Loans due to fellow subsidiary undertakings are repayable when the loans to which they relate are to be repaid.

Syndicated and bilateral bank debt

	Maturity as at 31 March 2017	2017 £'000	Authorised 2016 £'000	2017 £'000	Drawn 2016 £'000	2017 £'000	Undrawn 2016 £'000
Syndicated debt	2021-22	1,815,000	1,380,000	55,000	430,000	1,760,000	950,000
Bilateral debt	2021	125,000	485,000	-	-	125,000	485,000
		1,940,000	1,865,000	55,000	430,000	1,885,000	1,435,000

During the year, the Company's committed facilities were increased by £75m to £1,940m (31 March 2016: £1,865m). A £435m syndicated debt facility with expected maturity 14 June 2021 and a £125m bilateral debt facility with expected maturity 31 January 2021 were arranged during the year. These were offset by the cancellation of £350m of bilateral facilities on 14 June 2016 and the cancellation of a £135m bilateral facility on 24 November 2016.

In addition to this, the £1,380m syndicated facility was extended to 25 March 2022.

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

	2017				2016			
	Loans due to fellow subsidiary undertakings £'000	Borrowings £'000	Derivatives £'000	Total £'000	Loans due to fellow subsidiary undertakings £'000	Borrowings £'000	Derivatives £'000	Total £'000
Less than one year	147,799	542	829	149,170	132,730	5,317	732	138,779
Between 1 and 2 years	147,799	542	1,509	149,850	132,730	5,317	3,304	141,351
Between 2 and 5 years	671,070	56,201	1,069	728,340	639,706	445,877	20,466	1,106,049
Over five years	3,708,578	-	(1,784)	3,706,794	3,063,616	-	9,801	3,073,417
	4,675,246	57,285	1,623	4,734,154	3,968,782	456,511	34,303	4,429,596

13. Derivatives

Fair value of derivative financial instruments	2017 £'000	2016 £'000
Current liabilities	-	729
Non-current liabilities	1,809	31,182
	1,809	31,911
Notional amount	2017 £'m	2016 £'m
Interest-rate swaps	400	580
	400	580

Valuation hierarchy

The fair values of the financial instruments have been determined by reference to relevant market prices, where available. The fair values of the Company's outstanding interest-rate swaps have been estimated by calculating the present value of future cash flows, using appropriate market discount rates. These valuation techniques fall within level 2, as defined by IFRS 13. The interest rate swaps have a maturity date of April 2023 and have fixed interest rates of between 0.77% and 1.1135%.

14. 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, it has limited credit risk. This credit risk is limited because the company entered into an agreement with another group subsidiary to ensure sufficient funds are available to meet the external obligations when these arise.

Interest rate risk

The Company has limited interest rate risk as most loans have fixed interest. The company uses derivative financial instruments to manage its interest rate exposure.

Liquidity risk

The Company actively maintains a mixture of facilities with final maturities between 2021 and 2022. Any short-term liquidity requirement is minimal and funding requirements can be covered by the committed facilities held by other Group companies.

Foreign currency risk

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

Sensitivity analysis

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

15. Ordinary share capital

	2017 Number	Issued 2016 Number	Allotted and fully paid 2017 £	2016 £
Ordinary shares of £1.00 each	100	100	100	100

16. Capital management

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

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 wholly owned subsidiaries.

18. Parent company

The immediate parent company is Land Securities PLC.

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

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