Development Securities PLC
("Development Securities" or "the Company" or "the Group")

PRELIMINARY RESULTS FOR THE YEAR ENDED 28th FEBRUARY 2015

Development Securities today reports a step change in performance with a record level profit before tax and a record level of development and trading gains realised during the year

Financial highlights

- Headline profit before tax increased by 133% to £45.4 million* (2014: £19.5 million)
- Continued NAV growth – EPRA NAV per share increased by 8.4% to 284p (2014: 262p**) before payment of a £10.0 million special dividend (8.0 pence per share)
- Step change in level of development and trading gains – 69% increase to £45.7 million (2014: £27.0 million)
- £11.2 million increase (12.1%) in value of investment portfolio including share of joint ventures (2014: £4.8 million increase)
- Total dividends for the year increased to 13.9 pence per share (2014: 5.6 pence per share), comprising a recommended, increased final dividend of 3.5 pence per share (9.4% higher than 2014), interim dividend of 2.4 pence per share and special dividend of 8.0 pence per share

Operating highlights

- Cathedral Group acquisition in May 2014 has expanded portfolio of projects and is delivering value
- Management succession secured with strong leadership for the future
- Capital recycling enhances and refocuses investment portfolio
- Good visibility on significant development and trading gains in FY 2016 and beyond
- Clear focus and strategy for deployment of capital into new opportunities

Commenting on the results, Michael Marx, Chief Executive, said:

"This has been a record year for the Company, delivering the highest level of underlying profitability to date. This was largely driven by a step change in the level of development and trading gains realised, leading to a material increase in shareholder distributions. We are confident of sustaining and building on this performance in the years ahead. We have a clear strategy, a strong leadership team and good visibility on a pipeline of significant development and trading profits in the years ahead."

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A video interview with the Executive Directors will be available from 7am today at http://www.developmentsecurities.co.uk/devsecplc/en/ir/financial-reports

An analyst presentation will be held at 10.30am this morning. Dial in details as follows:

Participant dial in number: 020 3427 1915

Participant dial in code: 6965652

To download a copy of the results presentation, follow this link http://www.developmentsecurities.co.uk/devsecplc/uploads/reports/DevSec_FY2015Results_29Apr2015_Presentation.pdf

Financial Summary

	28th Feb 2015	28th Feb 2014
Headline profit before tax	**£45.4 million***	£19.5 million
Basic earnings per share	**26.8p**	14.9p
EPRA Earnings per share	**23.9p**	7.8p
EPRA Net assets (pre-special dividend)	**£355.6 million**	£320.7 million**
EPRA Net assets per share (pre-special dividend)	**284p**	262p**
Basic Net assets	**£346.4 million**	£320.3 million
Basic Net assets per share	**276p**	262p
Dividend per share	**5.9p**	5.6p
Special dividend per share	**8.0p**	-
Net debt	**£125.7 million**	£153.8 million
Gearing	**36.3%**	48.0%

*before exceptional items of £10.6m relating to termination costs of cross currency swap (£7.9m) and acquisition costs of Cathedral Group (£2.7m)

**restated after restructure of Euro loan notes, cancelling previous mark to market swap deficit

CHAIRMAN'S STATEMENT

A YEAR OF RECORD-LEVEL PERFORMANCE

Financial performance

This has been an excellent year for your Company in which the successful execution of our strategic objectives has produced a record-level of performance. I am delighted to report a headline profit before tax of £45.4 million for the year ended 28th February 2015 (2014: £19.5 million), the highest profit ever recorded by your Company. After exceptional items* of £10.6 million, the profit before tax amounted to £34.8 million. The main contributor to our overall profitability was the £45.7 million of development and trading gains realised from a number of asset disposals during the year (2014: £27.0 million), another record-level result for the business.

After the deduction of £17.0 million by way of dividends including the special dividend, shareholders' funds increased by £26.1 million (8.1 per cent) to £346.4 million from £320.3 million as at 28th February 2014. Net assets per share ended the year at 276 pence per share compared to 262 pence per share at 28th February 2014.

Our level of net debt, excluding our share of debt within joint ventures, remained low at 36.3 per cent compared with 48.0 per cent at 28th February 2014. Given the strength and stability of our Balance Sheet and our prudent business model, the Board has recommended the payment of a final dividend for the year of 3.5 pence per share, payable on 20th August 2015 to shareholders on the register on 24th July 2015. Including the special dividend paid on 7th April 2015, this final dividend will bring the total dividends paid during the year to 13.9 pence per share, more than double the amount paid in the previous year.

The special dividend of £10.0 million (8.0 pence per share) was paid out of both the strong cash flow arising from a number of land and asset sales, and from the successful monetisation of one of our remaining significant legacy assets, 399 Edgware Road. Going forward we will continue to review the efficiency of our Balance Sheet in order to maintain a disciplined capital structure and maximise returns to shareholders.

Acquisition of Cathedral Group

The acquisition of specialist regeneration developer Cathedral Group (Cathedral) in May 2014 was a strategic step change for your Company, significantly expanding our current portfolio of projects and deepening the strength and experience of our management team. Cathedral's expertise in residential-led mixed-use regeneration projects in Greater London and the South East is complementary to our own, and has expanded our capacity to build our pipeline and market share going forward. It is pleasing to note that the sale in December 2014 of the Cathedral project, Telegraph Works in Greenwich, has already contributed to our strong development and trading gains during the year.

Management changes

In February 2015, we announced that after 21 years of service on the Board, Michael Marx will stand down from his position as Chief Executive at the Annual General Meeting (AGM) on 14th July 2015. Michael will be succeeded by Matthew Weiner as Chief Executive, who has served as a Board Director for 10 years. Richard Upton, formerly Chief Executive of Cathedral and a Board Director of Development Securities, will be appointed as Deputy Chief Executive with Marcus Shepherd continuing as Finance Director. Matthew has been pivotal to the success of the business in recent years and will be supported by a strong management team. I am confident that this team is best placed to deliver the full potential of the business. Following the AGM, Michael will remain on the Board as a Non-executive Director until 29th February 2016. I would like to thank Michael for his outstanding contribution for many years as Chief Executive. Under his leadership, the Company has grown into one of the UK's leading regeneration developers.

In March 2015, Julian Barwick stepped down from the Board in order to reduce his time commitment to the business. Julian retains his position as a Director of our development subsidiary and I have no doubt that he will still contribute significantly to the business in the years ahead with a continued focus on our office-led development projects.

I am also pleased to note again the appointment of Barry Bennett to your Board, previously Chairman of Cathedral, who brings with him significant and relevant experience of residential and mixed-use development.

Outlook
The ongoing economic recovery in the UK is now beginning to manifest itself in real wage growth, job creation and reduced unemployment which I believe will continue to support the increasingly vibrant economy in Greater London and the South East. This provides a healthy backdrop for all of our activities, particularly our ability to create value through regeneration. With such a talented senior management team, a diversified portfolio of projects and deep expertise in regeneration development, we enter 2015 strongly positioned to continue to deliver enhanced shareholder value.

Finally, my thanks to our management team and staff who have continued to apply themselves wholeheartedly and with the utmost professionalism to create the significant value that we have achieved this year and that we believe we will continue to achieve in the future.

David Jenkins
Chairman
29th April 2015

*exceptional, non-recurring items relate to termination of cross currency swap and acquisition costs of Cathedral Group.

CHIEF EXECUTIVE'S STATEMENT
WELL POSITIONED TO DELIVER STRENGTHENED RETURNS

Our focus
During the year, we have seen an improved financial performance derived from the strategic direction that we set a few years ago. Our focus remains to create value through property regeneration and trading, with planning betterment providing the key to value creation in the majority of our activities. We have expanded the number of regeneration projects on which we are working and are largely focused within Greater London and the South East region where economic growth is most pronounced. Rather than invest a disproportionate amount of our resources into any one project, we have continued to limit the amount of equity invested by us into any one scheme, thus reducing specific asset pricing risk. As a consequence, deal flow and activity levels have been high and I would expect this to remain unchanged in the medium-term.

Our regeneration activities focus on mixed-use development and placemaking. It is a process whereby we can add significant value as areas of previous dereliction and neglect are radically changed into vibrant new communities with an infrastructure that creates a quality legacy for future generations. Our activities in this area of the market have been significantly enhanced through the acquisition of Cathedral Group (Cathedral), which has brought with it an increase in the number of delivery options available to us, particularly with respect to residential development activity and Public Private Partnership projects.

Our performance
During the financial year, we realised development and trading gains of £45.7 million, a record-level for your Company and the first of what we believe will be many years of heightened profitability. This included significant gains of £4.4 million arising from our main legacy asset, 399 Edgware Road. Other significant contributors to profitability were 10 Hammersmith Grove, our 110,000 sq. ft. prime office development which is now fully let and generated gains of £6.7 million, and the substantial residential development at Telegraph Works, Greenwich, one of Cathedral's projects, which realised an initial profit of £10.2 million.

As one would expect, the realisation of such significant profits, together with the monetisation of the underlying invested equity capital, has released funds for us to reinvest in new projects within

our acknowledged area of expertise. Our focus is on opportunities where we can create value through planning gain, regeneration and development. Dublin became an increasing area of interest for us as we took our expertise and experience into an international capital city where development had also been severely constrained since the financial crash and where demand is currently resurging.

Within our investment portfolio, property valuations continued to benefit from the narrowing yield spread between primary and secondary markets. During the year, we successfully recycled in excess of £60 million out of assets where we had maximised added value and reinvested this into convenience retail and alternative assets with robust long-term income streams, more resilient values and attractive income yields. Our investment portfolio is now re-established at its £200 million level.

Our market
The UK economic recovery continues, with GDP growth in the current year likely to equal or even exceed that of 2014. This stable environment is attracting not only inward migration but also a significant flow of funds from overseas investors into London and other big cities. Notwithstanding, the Government has some way yet to go in order to reduce the significant UK budget account deficit, implying that further reductions in Government expenditure are to be anticipated.

Outlook
This has been a year of standout performance for your Company with activity levels now established at an enhanced level as terms of trade remain attractive in the geographic and operational sectors in which we operate. It is especially pleasing to report that the management team has been deepened in both quality and numbers following the Cathedral acquisition. It is this management team that will deliver the promise that lies ahead and in whom I have undoubted confidence.

Michael Marx
Chief Executive
29th April 2015

RISK REVIEW

OUR BUSINESS MODEL IS DEFINED BY THE RISKS THE DIRECTORS CONSIDER MATERIAL TO OUR STRATEGY, SIZE AND CAPABILITIES

Risk management structure
The Group's risk profile is maintained under continual review by its Risk Committee, which meets quarterly, and also by the Board.

Mapping our risks
The Group categorises risks according to the likelihood of occurrence and the potential impact on the Group. The Directors consider the following to be the principal risks and uncertainties facing the Group.

These risks have been grouped as either:
External risks – whose occurrence is beyond the control of the Group; or
Business risks – which the Directors choose to manage as part of the Group's operations.

External risks

RISK	IMPACT	MITIGATION	RISK EXPOSURE CHANGE YEAR ON YEAR
a. Market risk The real estate market is closely linked with the health of the local and national economies. Lack of economic growth or recessionary conditions will translate into negative sentiment towards, and performance of, real estate.	Lack of liquidity available to prospective purchasers of completed projects may delay ability to realise planned disposals or reduce prices, leading to significantly reduced cash inflows. Higher occupier risk in existing investment properties leading to significantly reduced values. Lack of occupier demand leading to functional obsolescence in properties.	Risk averse property development strategy whereby projects are pre-funded, pre-let, or pre-sold. Long maturities of debt finance facilities. Moderate level of gearing. Regular meeting with economic forecasters to gauge economic trends.	↓ General economic conditions have improved during the year leading to either stabilisation or increase in values across most sectors, which has meant that market risk has continued to decrease.
b. Scarcity of investment and development opportunities The Group's business is predominantly transactional and requires a flow of opportunities for either development/regeneration or to acquire for long-term income and capital appreciation. The risk is that the flow of suitably priced opportunities either reduces or stops.	Inability to source new deals leads to decline in development and trading profits in future years. Higher pricing of acquisition opportunities leads to reduced ability to add value.	Flexible approach to market opportunities, seeking out sectors where value can be generated and seeking funding partners with different return requirements. Stringent deal underwriting procedures with minimum return hurdles. Maintaining broad industry contacts for acquisitions rather than being dependent upon a single source of opportunity.	→ Opportunities continue to be sourced for both development and investment which satisfy Group underwriting criteria.
c. People risk The Group's success depends on the ability and experience of its Directors and key staff.	Failure to retain key individuals or the failure to attract and retain new talent can result in the loss of core competencies, industry knowledge and networks resulting in a reduction in the number and scale of profitable opportunities.	The Group aims to motivate and reward its team appropriately and competitively, as described in the Remuneration Policy. The Board keeps the strength and depth of the team under continual review.	↓ The acquisition of Cathedral Group has expanded the talent pool.
d. Bank funding risk The pressure on a large number of traditional real estate lending banks to reduce their exposure to real estate reduces the capacity and liquidity within the lending market.	Inability to secure funding for new opportunities. Inability to refinance existing facilities leading to disposals at the wrong time in business plans and failing to maximise profits. Unpredictability in cash flows.	The Group maintains relationships with a wide range of both bank and non-bank lenders, reducing overreliance on any one partner. The Group is constantly seeking to widen its range of funding sources and liaising with new entrants into the real estate lending market.	↓ The lending market continues to see new entrants. Competitive pressures have led to a reduction in margins and an increase in maturities available.

e. Counterparty risk Transaction counterparties, be they joint venture partners, purchasers under sale contacts or banks in respect of cash deposits or derivative arrangements may either suffer or fail financially.	Failure of sales transaction counterparties may lead to an inability to produce trading profits. Failure of financial counterparties may impact on effectiveness of hedging or recoverability of deposits.	Proof of funding required prior to agreeing sales contracts. The Board regularly assesses the credit worthiness of financial counterparties prior to placing deposits and hedging transactions.	→

Business risks

RISK	IMPACT	MITIGATION	RISK EXPOSURE CHANGE YEAR ON YEAR
f. Planning risk Procuring an appropriate and valuable planning consent is often a key element of the creation of value through property development. Securing planning permission in a changing political and regulatory environment is a complex and uncertain process, with applications subject to objection from a wide range of potential stakeholders, and hence is prone to delay, modification and rejection.	Failure to secure planning consent can render a project unviable/ unprofitable and lead to the write off of considerable costs or reduced profit potential.	The Group retains a team with extensive experience of achieving planning consents and local knowledge supplemented by advisors and sector specialist partners to maximise the chance of success and reduce the risks and costs of failure. An alternative exit strategy is always considered in case of planning failure.	↑ Political risk, general election.
g. Construction risk Real estate construction is subject to the risk of cost overruns, delay and the financial failure of an appointed contractor.	Reduced profitability or potential loss on individual projects. Construction work ceasing whilst a suitable replacement contractor is found. Guarantees being called.	The Group deploys its own experienced project managers throughout the life of individual projects to ensure that costs are appropriately budgeted, timetables are adhered to and hence the impact of these risks is minimised. The Group performs appropriate pre-contract due diligence on the capabilities and financial security of its material contractors and key sub-contractors. The Group continually monitors the financial position of key contractors to anticipate financial difficulties. The Group also requires its main contractors to report on the financial position of their key sub-contractors.	↑ Several contractors are experiencing difficulties due to the impact of fixed price, low margin contracts entered into during previous years where they are now having to absorb higher material and sub-contractor costs. These positions are being regularly monitored.

Key

Change from last year: ↑ Risk exposure increased → No significant change in risk exposure ↓ Risk exposure reduced

PORTFOLIO REVIEW
DEVELOPMENT AND TRADING PORTFOLIO

Disposals
The main contributors to the £45.7 million of development and trading gains realised during the year were the following land and property disposals:

- **10 Hammersmith Grove,** a 110,000 sq. ft. town centre office building which was fully let during the year, realising a development profit of £6.7 million.
- **12 Hammersmith Grove** where we secured funding with Aberdeen Asset Management for the construction of a 167,000 sq. ft. prime office building realising a land improvement profit of £2.7 million.
- **399 Edgware Road** where we secured Aberdeen Asset Management as forward-funding partner for the foodstore and L&Q as joint venture partner for the residential element of this major mixed-use regeneration project. Both of these deals have realised profits of £4.4 million with the potential for significant further profit in the near-term.
- **Telegraph Works, Greenwich,** where our partnership with Weston Homes has realised an initial gain of £10.2 million for a residential development of 256 apartments and 16 townhouses on the Greenwich peninsula.
- **Tollgate House and Market Place, Romford,** where we fully disposed of all of the elements of this town centre mixed-use development, realising profits in the year of 3.8 million.
- **North London office portfolio** which we acquired in February 2014 and fully disposed of during the year generating profits of £6.3 million.

Acquisitions
During the year, we made six acquisitions of development and trading assets worth £160.7 million, the full details of which are disclosed in the property matrix below. Notably, we increased our presence within Dublin, acquiring four new development and trading assets: **Donnybrook House**, **Charlemont Clinic**, **Robswall** and **Burlington House**. All of these properties present opportunities for us to add value through a process of planning gain, regeneration and/or development.

Overview
We create value through regeneration, development and trading activity. During the year, we realised profits of £45.7 million (2014: £27.0 million). We are continuing to secure further opportunities to reinvest this realised equity, and terms of trade remain in our favour. Our development and trading portfolio is split into two key areas of activity, mixed-use regeneration development and trading as outlined below.

The acquisition of Cathedral Group (Cathedral) in May 2014 added nine regeneration projects to our portfolio and has enhanced our expertise within the residential-led mixed-use development space. Furthermore, the integration of Cathedral's team and our own and the knitting together of our complementary skills is presenting opportunities for us to generate additional value from within our existing portfolio and also to enhance our capacity to secure a strong pipeline of future projects.

The Cathedral team has a strong track record in both the delivery of Public Private Partnership projects and residential-led regeneration. With respect to our activity in the residential market, this is becoming an area of increased focus for us. Cathedral's expertise in this field has added greater optionality in terms of delivery, namely, it now gives us the skill set to build residential for sale on our own Balance Sheet or in partnership with more passive capital. Our view on the residential market is that the shortage of homes within our area of focus will only increase, with forecasts indicating that an additional 2.5 million homes

will be required by 2036 in the London City Region. This compares to an estimated supply of 1.5 million and a consequent shortfall of over one million homes up to 2036 or 50,000 homes per annum (Source: AECOM). Hence, we see ongoing opportunities to create value as we enable and deliver residential-led projects. Our focus remains in the price range of up to £800 per sq. ft. sales value that is affordable to both rental investors and professional couples.

Mixed-use regeneration
We create value through regeneration. We do this by acquiring secondary or tertiary assets and land, and through planning betterment and redevelopment, transitioning these assets into prime markets in which demand is strong. With the yield between secondary and prime markets still wide, we see continued opportunity to generate value through this process.

Public Private Partnership projects (PPP)
This specialist area of development is one in which Cathedral has built a strong reputation and track record that complements our own experience of working with public sector land owners and joint venture partners. The PPP model (see diagram above) applies to development opportunities where a local authority or public sector body is the land owner and we act as their development partner to deliver a shared development vision that creates regeneration, new jobs, community facilities, new homes and ultimately a strong financial return from land improvement and/or development profits. The upfront costs of securing the land for development are typically low or deferred as the public body makes the land available for development at zero or negligible cost in return for the delivery of new public amenity space at no cost to the public purse. It allows us to deliver a mixed-use development that creates vital new public facilities for the local community whilst we realise gains from the delivery of the 'private' elements of the development e.g. residential, student housing, office space. With 40 per cent of brownfield land in the UK currently owned by local authorities, we see ample opportunity to extend our pipeline of PPP projects.

Office-led development
Our portfolio of commercial office developments builds on our lengthy track record and reputation in this sector. Outside of Central London's traditional core market, the tide has undoubtedly been running against office development for some years now, with residential development dominating the market, resulting in a very tight office supply. However, as demand starts to strengthen, the supply shortage is manifesting itself in rising rents, which in turn is increasing the viability of office development in the markets in which we are particularly active.

We have seven office-led projects in Greater London, Cambridge and Dublin of which two are currently under construction. These locations offer competitive advantage and strong underlying fundamentals, namely, proximity to existing or planned transport hubs or major infrastructure networks, access to strong labour pools and tension between supply and demand. The quality of the product that we are known for sets us apart from the competition within these markets, allowing us to outperform with regard to rental values. For example, in Hammersmith, West London, our town centre office development,
10 Hammersmith Grove set a new benchmark for Hammersmith rents at around 25 per cent ahead of the previous rental peak.

Trading activities
Within our portfolio, we seek to balance our longer-term profit flows with projects that have shorter life cycles, where we can efficiently add value. During the year, we fully exited from two trading projects in Romford and in North London. Both of these projects were acquired by us where the market has mispriced value allowing us to secure favourable terms of trade. We added value to both of these projects through

a process of planning improvement and refurbishment ahead of ultimate disposal, allowing us to maximise their value and best position them for a profitable exit. We will continue to look for further trading opportunities where our size and nimble approach affords us competitive advantage. We anticipate that these opportunities will largely arise from the banks as they continue to delever and from secondary trades of individual assets from within private equity real estate portfolios.

INVESTMENT PORTFOLIO

Investment property – key statistics

	Portfolio value £m	Contracted rent £m	Number of assets held No.	New lettings in period £m/sq.ft.	Initial yield* in period %	Equivalent yield* %	Voids* %	Rate of rental collections within 30 days %
28th February 2015	**203.33**	**13.77**	**21**	**£0.29m/31,400 sq.ft.**	**6.87**	**7.38**	**4.97**	**98.89**
28th February 2014	202.10	14.14	24	£0.43m/34,597 sq.ft.	7.21	7.70	6.27	98.69

*Based on the core investment property assets only.

Overview

We maintain an investment portfolio in order to generate a stable income stream that supports the running costs of our business and provides an anchor to our development activities. The majority of our portfolio consists of convenience retail schemes (73.0 per cent of our portfolio) with 37.2 per cent of our portfolio located in the South East of England. We target higher yielding assets with strong, stable income streams where we can improve value through asset management and enhancement activities, including the potential for redevelopment.

During the year, we have continued to proactively drive value within our investment portfolio. Across our portfolio and including our share of joint venture assets, property valuations increased by £11.2 million (2014: £4.8 million). As yields within the secondary, regional markets in which we operate continue to compress, we expect this improved level of performance to continue. Void rates across our portfolio are low at 5.0 per cent (2014: 6.3 per cent) and income levels are at £13.8 million (2014: £14.1 million) as we have recycled capital within our portfolio. We have remained stable throughout the year as we have recycled capital into new assets.

Recycling capital within our portfolio

With liquidity and competitive tension increasing in the markets within which we operate, we have continued to recycle capital within our investment portfolio, disposing of mature assets and acquiring new, well-positioned investment opportunities where we see the potential to add value. Since 1st March 2014 and including joint ventures, we have disposed of seven assets totalling £60.8 million and acquired six assets totalling £65.7 million. Two of these assets (Armagh and Killingworth) benefit from a major foodstore anchor and act as the principal convenience retail destination in their locality driving footfall to the units. The overall size of our investment portfolio is now at £203.3 million (2014: £202.1 million).

Outlook

It appears that yields are unlikely to face any meaningful upward pressure in the medium-term due to the strength of investment demand, continued low base rates and the volume of capital seeking higher yielding opportunities. Hence, we anticipate positive total returns to continue over the coming years in the investment markets in which we focus. In addition, modest rental growth will continue to drive capital

values higher. These factors combine to produce a 'sweet spot' for real estate where year on year rents are rising while yields tighten. This strengthening investment market provides a positive backdrop to our investment activities and we will continue to recycle capital within our portfolio in a timely manner, focusing on higher yielding investment assets where we can drive value growth through our asset enhancement and management activities.

Top five occupiers as at 28th February 2015

	Annual rent £'m	% of contracted rent
1. Waitrose	1.5	11.1
2. Matalan	0.7	5.2
3. J Sainsbury	0.5	3.6
4. Sports Direct	0.3	2.5
5. Wilkinson	0.3	2.1

Income generating properties – Like-for-like rental income received

	Property owned throughout the year £'000	Acquisitions £'000	Disposals £'000	Total rental income £'000
				Year ended 28th February 2015
Investment	**9,605**	**1,973**	**1,143**	**12,721**
Development and trading	**1,375**	**3,260**	**192**	**4,827**
Joint ventures	**1,258**	**1,953**	**–**	**3,211**
	12,238	**7,186**	**1,335**	**20,759**
				Year ended 28th February 2014
Investment	9,449	3	5,533	14,985
Development and trading	1,779	682	1,203	3,664
Joint ventures	891	48	1,578	2,517
	12,119	733	8,314	21,166

Completed investment portfolio – 28th February 2015

Gross rental income – tenant profile

1. PLC/nationals	57.2%
2. Local traders	21.8%
3. Regional multiples	15.5%
4. FTSE 100	3.9%
5. Government	1.6%

Capital value – location profile

1. South East	37.2%
2. South West	26.5%
3. North	19.0%

4. Wales	6.5%
5. Midlands	4.4%
6. Northern Ireland	4.0%
7. London	2.4%

Gross rental income – lease term profile

1. 0 – <5 years	30.8%
2. 5 – <10 years	41.5%
3. 10 – <15 years	10.5%
4. 15 – <20 years	3.2%
5. 20 years +	14.0%

Capital value – sector analysis

1. Retail	81.9%
2. Mixed	9.1%
3. Office	4.7%
4. Residential	3.8%
5. Industrial	0.5%

DEVELOPMENT AND TRADING PORTFOLIO

MIXED-USE REGENERATION

PROPERTY	OVERVIEW	PROGRESS IN FY2015	FY2016 TARGET
CROSS QUARTER, ABBEY WOOD	**Acquired: May 2011** £85 million mixed-use regeneration scheme adjacent to Abbey Wood Crossrail station including: • an 81,000 sq. ft. foodstore, pre-let to Sainsbury's • 220 residential units (188 units previously disposed of to JV partner/landowner) • 100-key hotel **Status: Sales achieved | Under construction**	Construction of foodstore completed for Sainsbury's Residential development under construction with practical completion due in August 2015. All 32 units within this phase now pre-sold	Secure delivery option for final parcel of hotel/residential land
399 EDGWARE ROAD, LONDON	**Acquired: 2005** Significant mixed-use regeneration project on a seven-acre site in North West London including: • an 81,000 sq. ft. Morrisons supermarket (pre-let and forward-funded) • 183 residential units • 50,000 sq. ft. of restaurant and retail space **Status: Sales achieved | Under construction | Forward-funded**	£41.0 million funding agreement secured for Morrisons supermarket with clients of Aberdeen Asset Management Partnership formed with L&Q for development of residential quarter Construction of entire scheme commenced	Practical completion of Morrisons foodstore and retail space in Q3 2015 Start construction of residential quarter in Q3 2015 Tenant or owner to be secured for restaurant and retail element Commence residential pre-sales

TELEGRAPH WORKS, GREENWICH	**Acquired: May 2013** A two-acre site on the Greenwich peninsula in London with planning consent for a development of 256 apartments and 16 townhouses **Status: Acquisition | Sales achieved**	Partnership secured with Weston Homes to deliver residential quarter releasing an initial £10.2 million of profit 16 townhouses to be delivered on completion for private sale	Weston Homes to commence construction in Q1 2016
VALENTINE'S HOUSE, ILFORD	**Acquired: July 2011** 55,000 sq. ft. office building adjacent to Ilford Crossrail station **Status: Planning submitted**	Planning application submitted for a mixed-use redevelopment including 122 residential units and 20,000 sq. ft. of retail space	Obtain planning permission Commence construction in Q3 2015 Secure exit for delivery of residential element of scheme
MORDEN WHARF, GREENWICH	**Acquired: March 2012** A 19-acre development site on the Greenwich Peninsula in London with 500 metres of Thames frontage. The site is cleared and physically vacant bar an office building and two warehouses totalling c.128,000 sq. ft. **Status: Master planning**	Conditional development agreement signed with Morden College which would allow us to develop the site Discussions advanced with nearby chemical distribution company, Brenntag, to remove development restrictions linked to historic chemical 'exclusion zone'	Conclude negotiations with Brenntag Progress planning application
THE OLD VINYL FACTORY, HAYES	**Acquired: April 2011** 18-acre development site in Hayes, West London that will deliver a £250 million regeneration scheme including: • up to 642 residential units • 550,000 sq. ft. of new commercial space • a central pedestrianised street running through the development with cafes and restaurants **Status: Under construction | New lettings| Sales achieved**	Shipping Building now 85 per cent let – 25,000 sq. ft. of space let during the year Two residential sites sold for £7.9 million with consent for c.240 homes Terms agreed for the sale of a further site for a 600-pupil University Technical College specialising in music and media studies	Progress delivery programme for the Record Store building comprising 60,000 sq. ft of Grade A offices and the Central Research Laboratory Complete delivery of the site-wide infrastructure Progress design and delivery of the 'Machine Store' and 'Pressing plant' buildings for mixed residential and commercial occupation
THE SQUARE, HALE BARNS	**Acquired: March 2010** Retail-led mixed-use redevelopment comprising a 30,000 sq. ft. supermarket (pre-let to Booths), additional retail space and 24 residential units **Status: Practical completion | Sales achieved | New lettings**	Practical completion achieved in April 2015 and Booths food store now open Residential apartments launched for sale – 22 apartments under offer or exchanged at capital values 7.8% over appraisal values Retail lettings underway	Complete retail lettings and sales of apartments to fully exit the scheme

SHEPHERD'S BUSH MARKET, LONDON	**Acquired: May 2010** Major regeneration of a six-acre site in JV with Orion Land and Leisure that includes the existing Shepherd's Bush market. The mixed-use development will include: • up to 212 residential units • new retail and leisure units • a revitalised market at the heart of the scheme **Status: Under construction**	CPO confirmed by the Secretary of State which will enable us to secure vacant possession of the whole site Offsite temporary market constructed for traders to occupy during refurbishment of the current market	Secure delivery option for residential element of the scheme Open temporary market for trade Commence construction of whole scheme
AXIS TOWER, MANCHESTER	Planning consent secured for a 27-storey residential tower in Central Manchester comprising 172 units in JV with Manchester-based developer, Property Alliance Group **Status: Planning secured**	Apartments launched for pre-sale with reservations secured on over 70% of the units Planning secured	Commence construction of the residential tower
MILL GREEN DESIGNER OUTLET VILLAGE, CANNOCK	A conditional land purchase agreement has been signed with landowner, Cannock Chase District Council, to acquire a vacant 27-acre site in Cannock, near Birmingham. Plans are being progressed for a dominant designer outlet village of c. 300,000sq. ft. serving the West Midlands with up to 130 designer outlet retail units, restaurants and 2,000 car parking spaces **Status: Planning submitted**	Masterplan for development progressed in consultation with Cannock District Council and the local community Planning application submitted	Secure planning consent Commence pre-let marketing to attract occupiers
KENSINGTON CHURCH STREET, LONDON	**Acquired: 2011** One-acre gateway site in Central London including 14-storey office block, retail units and car park Acquired in joint venture with Brockton Capital **Status: Master planning**	Design development progressed in consultation with the Local Authority and local community groups Income levels maintained across office space	Submit planning application for residential-led, mixed-use redevelopment

DEVELOPMENT AND TRADING PORTFOLIO
PUBLIC PRIVATE PARTNERSHIP

PROPERTY	OVERVIEW	PROGRESS IN FY2015	FY2016 TARGET
ST MARK'S SQUARE, BROMLEY	**Acquired: September 2010** Mixed-use regeneration project next to Bromley South station in London that includes: • a nine-screen cinema • 25,000 sq. ft. of restaurant space • a 130-bed hotel • 200 private and affordable homes • a 400-space car park **Status: Acquisition | Under construction | Sales achieved | New lettings**	Construction of entire scheme underway Retail and leisure elements almost 100 per cent pre-let to a number of tenants including Vue Entertainment Limited, Premier Inn, Las Iguanas, PizzaExpress, Nando's and Prezzo 62 apartments acquired by Moat Homes Limited for affordable and private homes 64 additional apartments have exchanged contracts, these have been sold in the UK, Asia and Middle East	Continue construction process within time and budget – practical completion due in Q3 2016 Undertake phased sales process for 20 of the remaining 59 residential units
THE DEPTFORD PROJECT, LONDON	**Acquired: May 2007** A mixed-use, PPP regeneration project on a two-acre site adjacent to Deptford station in London. The development includes: • 132 residential units • 2 restaurants • refurbishment of a Grade II listed carriage ramp which includes 14 arches totalling 4,000 sq. ft. • Seven commercial units totalling 7,200 sq. ft. • a new market yard **Status: Acquisition | Under construction | Sales achieved**	Construction or entire scheme underway 121 residential units pre-sold to IPG Agreement for Lease exchanged with Peabody to manage 8 affordable units Full scale marketing of arches to secure retail tenants commenced	Fully let the commercial space by Q3 2015 Complete construction works in Q4 2015 Sell remaining 3 townhouses upon practical completion
SPIRIT OF SITTINGBOURNE	**Acquired: November 2011** Major PPP regeneration project in Sittingbourne, Kent, that will completely remodel the town centre across two phases providing: • 358 residential units • 28,300 sq. ft. of restaurant space • 42,000 sq. ft. of office space • 71,100 sq. ft. of other commercial space • extensive new public realm **Status: Acquisition | Planning secured**	Planning consent granted for Phase 1 of development Contracts exchanged for delivery and sale of 215 apartments to PRS fund	Secure prelets and forward funding agreement for commercial elements of the project Commence construction of phase 1 in Q3 2015

CIRCUS STREET, BRIGHTON	**Acquired: April 2007** A £100 million mixed-use PPP project in the centre of Brighton that has planning consent for: • 142 new homes • 450 student beds • 38,000 sq. ft. of commercial space • a new library and facility for Brighton university • a new dance studio for South East Dance **Status: Planning secured**	100% stake in project acquired following buy out of McLaren's 50% stake in March 2015 Planning consent secured for comprehensive mixed-use regeneration Detailed design underway	Secure an exit for the student accommodation and commercial elements of the project Tender and appoint main contractor for the project to start construction in Q3 2015
PRESTON BARRACKS, BRIGHTON	**Acquired: July 2014** A £150 million PPP mixed-use regeneration scheme in Brighton that will create a new gateway to the north of the city. The development will enlarge one of Moulsecoomb's university campuses providing new teaching and academic facilities. It would also deliver: • 350 private houses • 25,000 sq. ft. of retail space • a 55,000 sq. ft. commercial building for start-ups and SMEs • 500 student bed accommodation **Status: Acquisition | Master planning**	Conditional contracts exchanged with Brighton and Hove council to purchase the long leasehold for the site Professional team engaged, planning/feasibility design underway	Prepare and submit planning application by Q4 2015
ALGARVE HOUSE, SOUTHWARK	**Acquired: 2013** A mixed-use regeneration of c.225,000 sq. ft. that will transform the area above and around Southwark Underground station. The project would deliver a landmark development on a key site on Blackfriars Road **Status: Master planning**	JV agreement signed with TfL for this landmark redevelopment in March 2015 Site assembly underway	Progress site assembly Complete design of the scheme in consultation with the local community and submit planning application for redevelopment

HARWELL, OXFORD	**Acquired: 2014** Harwell is an internationally renowned science campus, spanning 700 acres and established for over 50 years as a commercial science and research cluster that benefits from over £1 billion of world-leading scientific infrastructure. In joint venture with Harwell Oxford Partners, Development Securities is in a 50:50 partnership with two Government-backed agencies to bring forward the next chapter of development at Harwell. This will include state of the art buildings for commercial science agencies and research bodies within a new mixed-use community including several hundred new homes **Status: Planning submitted | Master planning**	New building completed for Element Six, a DeBeers facility specialising in industrial diamonds Planning application submitted for two new buildings: • a quasi-industrial building of c.10,000 sq. ft. which will be pre-let to known occupiers on the campus • a 40,000 sq. ft. innovation centre which will be built speculatively • Site rebranded and marketing campaign underway to raise profile of the site within the commercial research and science market	Secure planning consent and start construction of two new buildings Bring forward master plan for first phase of residential

DEVELOPMENT AND TRADING PORTFOLIO
OFFICE-LED DEVELOPMENT

PROPERTY	OVERVIEW	PROGRESS IN FY2015	FY2016 TARGET
10 HAMMERSMITH GROVE	**Acquired: 2009** A prime, town centre office development of 110,000 sq. ft. which reached practical completion in September 2013 and is now fully let **Status: New lettings**	Public realm completed, repositioning this key town centre site and providing new public amenity space Office space fully let, setting a new rental benchmark for Hammersmith and achieving capital values 39 per cent ahead of appraisal values	
12 HAMMERSMITH GROVE	**Acquired: 2009** Following on from the success of 10 Hammersmith Grove, 12 Hammersmith Grove will complete this major town centre development, providing a further 167,000 sq. ft. of prime office space in the heart of Hammersmith **Status: Forward funded | Under construction**	£92.0 million forward-funding agreement secured with clients of Aberdeen Asset Management Construction underway with practical completion set for Q1 2016	Continue construction of the building to time and budget Commence pre-let marketing campaign to secure occupiers

BURLINGTON HOUSE, DUBLIN	**Acquired: June 2014** A 172,000 sq. ft. Grade A office development within Dublin's prime commercial core. Burlington House is one of the only new-build office developments in central Dublin, offering some of the best quality commercial space within a market where demand is very strong **Status: Acquisition | Under construction | Marketing for pre-lets**	Funding secured Demolition and enabling works complete	Main contract to be signed imminently with practical completion set for Q4 2016 Commence pre-let marketing campaign to secure occupiers
BRUNEL PLACE, SLOUGH	**Acquired: 2006** A 385,000 sq. ft. prime office development less than 100 metres from Slough railway station to be built in three separate buildings, which will act as the commercial element of the wider £400 million Heart of Slough town centre regeneration scheme **Status: Marketing for pre-lets**	Marketing suite opened as interest in commercial space in Slough improves	Secure a funding partner for the first phase of development Commence pre-let marketing campaign to secure occupiers
DONNYBROOK HOUSE, DUBLIN	**Acquired: December 2014** A vacant office property in a prominent location within Dublin 4 which benefits from existing planning consent for refurbished office space and conversion of the ground floor to retail and leisure space **Status: Acquisition | Marketing for pre-lets**	Marketing commenced to secure pre-lets for the office and retail space	Secure pre-lets and commence refurbishment works

PROPERTY	OVERVIEW	PROGRESS IN FY2015	FY2016 TARGET
CAMBRIDGE SCIENCE PARK	A 133,000 sq. ft. development on the last three undeveloped plots on the Cambridge Science Park where we are acting as development manager for Trinity Hall College, Cambridge. The development comprises three laboratory and research buildings. One building pre-let to Takeda Cambridge Limited and pre-funded by Biomed and is now under construction **Status: Marketing for pre-lets**	Construction of the Takeda building underway with practical completion anticipated in Q3 2015	Complete construction of first building Secure pre-let occupiers for next phases of development

CAMBOURNE BUSINESS PARK	A 50-acre business park, situated six miles west of Cambridge, to comprise 750,000 sq. ft. of commercial space and a new settlement of 3,300 homes. **Status: Master planning**	Discussions commenced with local authority to promote the remaining 12 acres of undeveloped land for a residential-led mixed-use phase of development	Progress planning application and secure consent for final phase of development

DEVELOPMENT AND TRADING
TRADING

PROPERTY	OVERVIEW	PROGRESS IN FY2015	FY2016 TARGET
PERCY PLACE, DUBLIN	**Acquired: October 2013** A mixed-use development in central Dublin including: • 12 new apartments • 4,700 sq. ft. of restaurant and retail space • 6,500 sq. ft. of office space **Status: Under construction**	Construction of entire scheme underway	Practical completion targeted for Q3 2015 Apartments to be sold Commercial space to be let and subsequently sold as an investment
CHARLEMONT CLINIC, DUBLIN	**Acquired: December 2014** A 0.95-acre vacant development site in Dublin 2 next to the Grand Canal **Status: Acquisition | Planning submitted**	Planning application prepared for submission for a redevelopment of the site to provide a 182-key hotel, 3 residential units extending to circa 2,800 sq. ft.	Obtain planning permission Commence pre-let or pre-sale discussions with operators
TUBS HILL HOUSE, SEVENOAKS	**Acquired: November 2013** A 64,800 sq. ft. office building acquired for £5.5 million from administrators acting on behalf of Lloyds Banking Group. The office building is 200 metres from Sevenoaks station, a prime commuter location with direct access to London **Status: Planning submitted | Sales achieved**	Planning application submitted for a residential redevelopment Sale agreed with Willmott Dixon for an £11.0 million base price with further potential payments to be realised conditional on planning being achieved	Secure planning consent and change of use for residential development and receive top up payment
ROBSWALL, NORTH DUBLIN	**Acquired: July 2014** Part of the Robswall housing and apartment scheme, a 300-home development in Malahide, an affluent coastal village 15km north of Dublin. We acquired the freehold interest in 85 units (83 retained) that are currently let on assured shorthold tenancies, with occupancy rates at 98 per cent, generating a net yield of 5.5 per cent **Status: Acquisition | Sales achieved**	Refurbishment works to residential units completed First phase of 25 apartments launched for sale to the private market 13 units sold or under offer	Complete sale of all residential units

INVESTMENT PORTFOLIO

PROPERTY	OVERVIEW	PROGRESS IN FY2015	FY2016 TARGET
FURLONG SHOPPING CENTRE, RINGWOOD	**Acquired: March 2003** 85,000 sq. ft. retail centre anchored by Waitrose in an affluent catchment area Key tenants: Jaeger, Hobbs, AGA, Fat Face, Phase Eight, Gerry Weber, Jones Bootmaker, Joules, Waterstones and Crew Clothing	New letting secured to Jones Bootmaker Waitrose introduced John Lewis click and collect to their offer Tenants are trading ahead of 2014 levels **Key metric: Annual footfall increased by 6% year on year**	Planning application for further phase of 20,000 sq. ft. retail and restaurant units and 10 flats to be submitted Waitrose rent review to be completed with anticipated uplift
THE KILLINGWORTH CENTRE, NEWCASTLE	**Acquired: December 2014** The Killingworth Centre is the principal retail destination within Killingworth, a suburban commuter town 5 miles from Newcastle City Centre. The covered shopping centre is the principal retail and leisure destination for the local community, comprising: • a 73,000 sq. ft. Morrisons foodstore (not in our ownership) • a 70,000 sq. ft. Matalan • 28 further retail units totalling 106,000 sq. ft. which are let to a range of national and local operators. Key tenants: Matalan, Poundworld, Wilkinson, Card Factory and Boots	Acquisition completed in December 2014	Secure tenants and deliver additional retail floor space facing the car park Regear those leases with upcoming expiries Introduce new retailers to broaden tenant mix
BOROUGH PARADE, CHIPPENHAM	**Acquired: September 2014** A popular local shopping centre in Chippenham, near Bristol Key tenants: Waitrose, New Look, Waterstones, Argos, Café Nero	100 per cent occupancy maintained	Maintain occupancy levels Secure occupier for vacant unit (currently let on a temporary basis) Regear those leases with upcoming expiries
CROWN GLASS SHOPPING CENTRE, NAILSEA	**Acquired: September 2009** A local shopping centre in a Bristol suburb anchored by Waitrose (not in ownership) and a mixture of national multiple and local retailers Ownership includes a large car park with development potential for additional retail floorspace Key tenants: WHSmith, JD Wetherspoon, Boots and HSBC	Conditional disposals agreed for two surplus sites, subject to planning permission Applications for 28 sheltered retirement apartments and discount foodstore, respectively, have been submitted **Key metric: 14% valuation increase**	Complete disposal of retirement living and discount foodstore sites Complete lease to coffee retailer to boost footfall and dwell time Convert surplus office space to create 7 residential units

SWANLEY SHOPPING CENTRE	**Acquired: January 2005** An 85,000 sq. ft. town centre retail scheme benefitting from a 100,000 sq. ft. ASDA opposite (not in ownership) and conveniently located off the M25/M20 motorways Key tenants: Wilkinson, Poundland, The Co-operative, Boots, Superdrug and Holland & Barrett	Scheme fully let during the year following lettings to Costa and Subway Refurbishment works to residential areas underway **Key metric: 11% valuation increase**	Consider redevelopment options for part of the site including change of use from offices to residential
THE MALL SHOPPING CENTRE, ARMAGH	**Acquired: April 2014** A covered shopping centre anchored by a 49,000 sq. ft. Sainsbury's food store alongside 12,000 sq. ft. of retail space which is 95.5% let Key tenants: Dominos, SemiChem	Planning permission granted for 18,000 sq. ft. of additional retail space on adjoining local authority land **Key metric: 96% occupancy**	Terms for acquisition of land and delivery of units being agreed with local authority Secure tenants for retail extension Commence construction of additional retail units
ROYAL YORK BUILDINGS, BRIGHTON	**Acquired: February 2014** A Grade II-listed building in the centre of Brighton comprising: • a 45,600 sq. ft. youth hostel, let to the YMCA • nine serviced apartments • 3,400 sq. ft. of retail and amenity space	Planning permission obtained to convert upper floors of building into residential accommodation YHA refurbishment completed and youth hostel opened **Key metric: 16% valuation increase since acquisition**	Market the residential units for private sale. All units to be sold by Q4 2015
WICK LANE WHARF, LONDON	**Acquired: April 2012** 112-unit residential block in Hackney Wick, East London of which 82 units are rental apartments. Held in JV with Realstar	100% occupancy maintained throughout the year with a 4% average uplift in rental values **Key metric: 30% valuation increase**	Commence disposal process of the 82 remaining units, gaining vacant possession and selling on the open market. Target to complete the disposal of these units by Q3 2016
CHILL FACTOR[e], TRAFFORD	**Acquired: January 2015** A 167,000 sq. ft. ski and activity centre in Trafford that includes the UK's longest indoor real snow ski slope as well as restaurants and retail outlets. Held in JV with Pemberstone Investments Limited Key tenants: Nando's, Snow and Rock, Evans Cycles, JD Wetherspoon	'Snow' side operating company trading ahead of original forecasts Terms agreed with tenant to take one of the two vacant retail units **Key metric: 18% projected 1 year cash on equity return**	Drive additional income through naming rights/branding/sponsorship opportunities Complete letting of vacant retail unit to maximise income

FINANCIAL REVIEW

RECORD PERFORMANCE FOR THE YEAR

Review of the Year

The past year has been one of the most significant in the history of the Group. Set against a backdrop of recovery in the UK economy, primarily in our core market of London and the South East together with improving debt markets and continued inflows of overseas capital, we have been able to deliver record levels of trading and development gains as well as announce a special dividend to distribute surplus capital back to shareholders.

The most significant event during the year was the acquisition of Cathedral Group in May 2014 for £22.9 million comprising nine projects in Greater London and the South East representing over 5 million sq. ft. of residential-led mixed use development and a 28 strong team with considerable experience in this area.

The consideration paid was structured into a number of elements. The initial consideration of £20.4 million comprised:

- £17.0 million payable upon completion of the acquisition comprising £11.0 million in cash from existing resources and £6.0 million in new Ordinary shares (Consideration Shares) at 233.5 pence per share, equating to 2.6 million shares. The Consideration Shares are locked up for a 42-month period (subject to limited customary exceptions) following completion.
- Deferred consideration of £3.4 million which will be paid in instalments of £1.2 million in May 2015, comprising £0.9 million of loan notes and £0.3 million of cash, and £2.2 million in May 2016, comprising £2.1 million loan notes and £0.1 million cash.
- £2.5 million of contingent consideration, relating to the signing of the sale and purchase agreement for the Preston Barracks project, which was paid in cash in July 2014.

In addition, contingent consideration of £4.0 million may be payable in respect of two of the projects, Preston Barracks and Morden Wharf, dependent both on the performance of these projects and the overall returns generated from across the portfolio of Cathedral projects now acquired. The Board will continue to review the likelihood of this consideration becoming payable.

The Company considered various funding options for the acquisition and decided that funding the purchase from a mixture of shares and existing cash resources would be in the best interest of shareholders.

With the two Groups combined we are now starting to see additional benefits accrue. The partial disposal of The Telegraph Works site in Greenwich has been at a higher than anticipated profit and, utilising the Group's banking relationships, we have been able to refinance the development funding at the Deptford project at a significantly lower cost, saving an estimated £0.8 million over the life of the project.

In March, we restructured our €47.0 million floating rate loan notes and associated hedging and cash collateralisation arrangements, shortening the maturity of the loan from 13 to seven years. This has reduced our combined interest, hedging and transaction costs by £0.8 million per annum. The restructure is finance cost neutral in the year to February 2015 as previously capitalised costs have been written off, with annual savings of £0.8 million delivered thereafter.

The loan restructure released cash collateral of £9.5 million. The renegotiation of the terms of these loan notes has helped to increase the efficiency of our Balance Sheet and reduce our overall finance costs going forward as well as releasing capital to reinvest in to further opportunities.

In our major development activities we have continued to produce successful returns from our schemes in Hammersmith Grove. We completed the letting of 10 Hammersmith Grove and also secured funding of £92.0 million from Aberdeen Asset Management in March 2014 to fund the build out of a further 167,000 sq. ft. at 12 Hammersmith Grove. Overall during the course of the year we have generated £9.4 million of profits and also repatriated our equity investment via the funding agreement.

In our development and trading portfolio we have successfully exited from two schemes which were acquired in the previous financial year. At Market Place Romford, after concluding our asset management programme, we disposed of the separate elements of this mixed use town centre scheme to deliver profits of approximately £3.8 million. In addition we have exited from the North London office portfolio during the course of the year generating £6.3 million of profit in less than twelve months.

By utilising our extensive contact base within the market as well as our structuring skills we continue to seek out similar opportunities to acquire assets capable of short term value enhancement through either asset management or planning betterment.

In a similar vein we have also been able to acquire a stake in a joint venture to own Chill Factor[e] and the associated retail and leisure assets. The ability to structure this complex deal means that we are in a position to bring our property expertise to a previously under-managed operational business and also produce a high level of net income return which will be beneficial to our Group profits.

We have continued to expand our activities in Dublin as we capitalise on our early mover advantage and wide contact base to source development, trading and investment opportunities. At 28th February 2015 we had £26.5 million of equity invested in seven schemes. We continue to monitor our Euro exposure on a regular basis. Our current Balance Sheet equity exposure is more than offset by our Euro denominated loan notes. Our net foreign exchange gains during the year have been £2.3 million.

As highlighted above in terms of financing, we continue our efforts to drive efficiency in our Balance Sheet and capital strategy. The restructuring of historic loans, realisation of non-income producing legacy assets such as 399 Edgware Road and release of pledged cash collateral have enabled us to generate sufficient surplus cash to pay a special dividend of £10.0 million (8.0 pence per share) in April 2015. We continue our efforts in this regard.

As at 28th February 2015, our weighted average debt maturity was 5.4 years (5.0 years including share of joint ventures), compared with 6.8 years as at 28th February 2014 (6.4 years including share of joint ventures).

As at 28th February 2015, net debt, including share of joint ventures, stood at £172.5 million, a decrease from £181.9 million at 28th February 2014. This represents gearing of 49.8 per cent, just outside our

normal target level of 50-60 per cent, which is as expected given the number of realisations during the year. As at 29th April 2015, net debt had increased to £208.9 million, representing gearing of 60.3 per cent.

If joint ventures are excluded, the Group's gearing was 36.3 per cent as at 28th February 2015, compared with 48.0 per cent a year earlier. The Group's overall loan-to-value ratio, calculated as net debt divided by total property assets, was 34.4 per cent (2014: 44.7 per cent).

As a result of the level of profits achieved during the year, the Group has been able to pay a special dividend of 8.0 pence in April 2015. After accounting for this our net asset value has increased to 276 pence per share (2014: 262 pence). Prior to this special dividend the NAV would have been 284 pence.

Capital structure and liquidity management

The Group's strategy for capital structure and liquidity management is to maintain a conservative balance between equity and debt appropriate to the nature and profile of our asset portfolio, achieving both certainty and flexibility. This takes into consideration our operational strategy and our intention for each asset, together with our expectations for the availability and cost of alternative sources of finance.

In particular we operate within a structure which limits the level of our equity exposure to any particular asset and also the level of external debt which can be applied.

Our cash resources and overall liquidity are managed at Group level, with each asset or project monitored according to its own specific risk profile.

All development and trading assets have business plans which include timetables for realisation. The Group always retains a £20.0 million cash buffer to ensure that delays in planned asset realisations do not impact upon the normal operation of the business.

Where we enter into debt facilities, secured against assets, we do so in a way that matches debt profile against asset business plan.

We have a number of long-term fixed rate debt facilities which are used to fund long-term investment assets. In respect of shorter-term trading assets, we fund these with asset specific debt which is structured to support the individual asset business plan.

Within our debt portfolio we maintain a mix of fixed and variable interest rates, with a preference for fixing of both larger and longer-term borrowings so as to significantly mitigate our interest rate risk. For shorter maturity facilities our preference is to cap our interest rates exposure rather than to fix it.

The Group does not usually take development risk on large scale major development projects. This risk is mitigated in several ways, including the completed forward sale of the land and project assets through to the contracted sale of the completed development with appropriate guarantees of completion. Where direct development is undertaken on more modest schemes, this is funded by way of Group equity and medium-term bank facilities, providing the necessary flexibility of funding for both site assembly and construction.

Investments in joint ventures and associates are funded directly with equity. Any gearing is deployed within the ventures themselves.

Responsibility for the management of cash and liquidity risk rests with the Board. The executive team has systems in place for the monitoring and management of this key area of our business. Daily review of this area is delegated to the Finance Director. The executive team consider this on a weekly basis and the Board formally reviews the position at its meetings, which occur at least eight times per year.

The principal tools utilised for the management of cash and liquidity are:

- 15-month risk-analysed cash flow forecast
- Schedule of all debt facilities and amounts drawn against them
- Summary of net debt, including derivative instruments
- Summary of current cash deposits including liquidity thereof
- Formal commentary on the above by the Finance Director prepared for each Board meeting.

Short-term liquidity requirements are fairly predictable and are managed out of existing cash resources. Cash requirements are monitored on a weekly and monthly basis. Cash buffers are retained to ease cash flow management.

Medium-term liquidity is provided through a mix of the Group's equity and its debt facilities. The Group has strong long-term relationships with a diversified range of major lenders and as such has not been restricted in its ability to raise new debt for investment, trading or development projects.

Longer-term liquidity and the Group's capital structure are reviewed on a regular basis by the Directors, taking account of relevant factors including the real estate cycle, changes in the nature and liquidity of the Group's asset portfolio, forthcoming risks and opportunities and the markets for debt and equity finance. This is formally considered at least twice a year by the Group's Risk Committee, which reports to the Board, as a part of the annual strategy review and also as appropriate at each Board meeting.

As at 28th February 2015, restricted cash balances were £19.4 million (2014: £27.3 million). The decrease is as a result of investment property acquisitions, predominantly in the second half of the year.

Cash management

Group cash resources are managed in accordance with our policy, which prioritises security, liquidity and counterparty risk ahead of absolute returns, with limits set by the Board in respect of minimum credit ratings for and maximum exposures to individual counterparties.

Cash may be invested across a range of instruments including instant access and term deposits, money market funds and commercial paper. As at 28th February 2015, the Group had £79.3 million of cash held with ten different counterparties.

Current bank facilities and borrowings

The Group's bank facilities are set out in the following table. As at 28th February 2015, the Group had borrowings of £205.0 million (2014: £221.1 million). Cash balances were £79.3 million (2014:

£67.3 million), including amounts of £19.4 million held as restricted deposits, giving net debt of £125.7 million and gearing of 36.3 per cent (2014: £153.8 million and gearing of 48.0 per cent).

The Group's share of net debt in joint ventures was £46.8 million (2014: £28.1 million); if this is aggregated with Group balances then net debt rises to £172.5 million and gearing to 49.8 per cent (2014: £181.9 million and 56.8 per cent).

During the year, the Group, together with its joint ventures, has drawn new borrowings of £185.4 million. Included within this have been new facilities as follows:

€47.0 million	refinancing of long dated Euro denominated loan notes
£10.2 million	refinancing and extension of Element Six building at Harwell (JV – 25 per cent ownership)
£57.0 million	acquisition of Becket House (JV – 15 per cent ownership)
€24.3 million	acquisition of land and housing at Robswall
€35.0 million	acquisition of Burlington House, Dublin (Associate – 20 per cent ownership)
£25.0 million	refinancing of development funding at Deptford
£10.5 million	acquisition of Chill Factor[e] (JV – 80 per cent ownership)

We have continued to expand our sources of debt to ensure that not only do we have a wide range of trusted debt providers but we can also ensure that we are not over reliant on any specific source of funding.

The Group has also repaid £106.3 million of borrowings, including joint ventures, as individual assets have been disposed of or facilities re-negotiated including:

£10.5 million	disposal of North London portfolio
£9.6 million	disposal of Romford
£9.0 million	disposal of Llanelli
£8.0 million	disposal of Bexleyheath
£5.6 million	disposal of Colston Tower
£5.1 million	disposal of Chorlton-cum-Hardy
£5.3 million	refinancing of Airport House
€47.0 million	refinancing of long dated Euro denominated loan notes

Group's bank facilities

						Principal financial highlights		
Facility type	Notes	Total facility £'000	Utilised as at 28th Feb 2015 £'000	Interest rate	Maturity	Loan to value ratio	Interest [1] cover ratio	Minimum net worth [1] £'000
Loans financing development and trading assets								
Term loan		£3,300	£3,250	Variable	31-Jul-15	–	–	–
Term loan		£1,550	£1,425	Hedged	09-Aug-15	70%	120%	–
Term loan		£5,000	£1,552	Variable	18-Dec-15	–	–	–
Term loan	3	£14,000	£14,000	Hedged	04-Aug-16	55%	140%	100,000

Revolving credit		£38,000	£29,036	Hedged	16-Dec-16	70%	105%	–
Term loan	3	£10,580	£10,580	Variable	10-Jan-20	73%	160%	–
Loan notes	2	€47,000	~£34,112	Variable	24-Apr-21	–	–	–
Term loan		£57,565	£52,192	Fixed	12-Mar-25	80%	110%	–
Term loan		£22,470	£20,536	Fixed	12-Mar-25	80%	110%	–
Debenture		£20,000	£20,000	Fixed	06-Jan-16	66%	–	–
Loans financing development and trading assets								
Term loan	4	£7,810	£7,810	Variable	31-Mar-15	–	–	–
Term loan	3	£15,610	£4,110	Variable	08-May-15	–	–	–
Term loan	3	£26,000	£26,000	Hedged	31-Dec-15	60%	125%	100,000
Term loan		£25,100	£3,982	Variable	19-Jun-16	53%	–	–
Term loan		€5,430	~£1,297	Variable	30-Jun-16	65%	–	–
Term loan	5	£9,500	£10,567	Variable	31-Mar-18	–	–	–
Term loan	5	£5,500	£5,794	Variable	31-Mar-18	–	–	–
Term loan		€24,307	~£16,533	Variable	01-Aug-18	73%	110%	–
Term loan		£24,500	-	Fixed	31-Jan-19	–	–	–
Term loan	3	£44,100	£26,556	Fixed	24-Feb-19	–	–	–
Term loan	3	£57,000	£56,525	Variable	07-Mar-19	–	–	–
Term loan	3	£10,225	£10,175	Hedged	01-Sep-21	50%	120%	–
Term loan	3	£5,295	£4,915	Variable	18-Sep-26	65%	150%	–

1 Interest cover ratios are specific to the loan and the relevant property. Minimum net worth refers to the net asset value of the Group per its latest Balance Sheet (28th February or 31st August).
2 These unsecured, variable rate loan notes are denominated in Euros, with a nominal value of €47 million. The Group has entered into an option to acquire €25,000,000 in April 2017 in order to limit its € exposure. An interest rate cap is also in place to limit the Group's exposure to movements in the EURIBOR rate.
3 Loans relating to Joint Ventures represent the total loan facility and not the Group's share.
4 This facility is currently being refinanced and will be repayable in 2018.
5 The facilities have the provision to allow interest to be rolled into the loan.
~ Represents the amount of the Group's liability in Sterling as at the balance sheet date.

Gross committed facilities as at 29th April 2015 total £223.9 million with a weighted average term of 4.9 years, the earliest maturity arises in July 2015. Unutilised facilities are £55.3 million.

The Directors keep bank covenants (typically loan to value and interest cover ratios) under review, and are content with the current position. The aim is to agree loan to value covenants at levels which provide sufficient headroom for foreseeable changes in either the general market or specific assets. We also incorporate cure mechanisms into facility agreements such that we have an appropriate opportunity to restore covenant compliance by making cash deposits or repayment as required.

Interest rate risk and hedging

As at 28th February 2015, the summary of the Group's interest rate exposure was as follows:

	Excluding share of joint ventures	Including share of joint ventures
	%	%
Fixed rate	44.6	42.5
Floating rate, swapped into fixed	14.6	12.8

Floating rate with cap	16.4	18.5
Floating rate	24.4	26.2

The weighted average interest rate payable was 5.4 per cent, 5.7 per cent including joint ventures (2014: 5.8 per cent and 5.7 per cent respectively).

Facilities with variable rates of interest, in particular longer-term facilities, expose the Group to the risk of interest rate fluctuations. This risk is constantly reviewed by the Directors who regularly consider the possibility and likely cost of extending interest rate hedging.

Currently a mix of fixed and variable rates is maintained in order to provide a degree of certainty, whilst at the same time benefiting from historically low absolute levels of rates. Longer-term facilities tend to be structured with fixed rates.

A key element in all hedging arrangements is counterparty risk, i.e. the potential failure of the counterparty to the transaction. The Group mitigates this risk by only transacting with major banks and institutions. There is currently no indication that any of the Group's hedge counterparties may be unable to settle its obligations.

Interest rate derivatives are marked-to-market in the Balance Sheet, giving rise to the risk of fair value movements in the instrument and a consequent impact on net asset value.

Development and trading portfolio

The principal financial instrument risks in these assets are the credit risk of transaction counterparties. Given the nature of these assets, the amounts owed to the Group can be significant. These arrangements are monitored very closely both before contracts are exchanged as part of our due diligence procedures and throughout the execution period.

As at 28th February 2015 the Group had no material, unsecured debtors in respect of the sales of development and trading assets.

In respect of certain transactions, the Group contracts to provide funding for the development of either individual phases or whole schemes. The Directors are satisfied that the combination of the Group's risk averse approach to development funding, its rigorous selection of development partners and its focused and active management of each project provide appropriate comfort over the risks of these financial exposures.

Investment portfolio

The principal financial instrument risk in the investment portfolio is the credit risk implicit in potential tenant failure which, over recent years has been heightened in some sectors, and most notably amongst retail tenants. The Group maintains the portfolio under continual review. The portfolio is managed by local agents, with active involvement by the Group's investment team. The Board receives at each of its meetings, analyses of tenant profile (including the concentration of credit risk, both by sector and by entity), existing and anticipated voids, overdue rents, and future and outstanding rent reviews, as well as a

formal commentary by the investment team. The current profile of the portfolio and comments on performance in the year are set out in the Operating Review.

Projects in partnership

The Group conducts a number of projects in partnership with others, where the Group brings both development expertise and funding. These interests are carried in a number of balance sheet categories, and are summarised in note 15 of the financial information.

The financial instrument risks in respect of projects in partnership are the credit risk implicit in the financial strength and integrity of the operating partner, the contractual risk in the partnership arrangements and the operating success of the venture. The Group manages these risks by securing appropriate rights in each case over the use of the Group's invested capital and by active participation in the joint strategic and operating control of the ventures.

Contingent liabilities

Contingent liabilities are described in note 13. The Directors ensure that these risks are appropriately documented and monitored, and that the risk of actual liabilities arising is restricted so far as is possible.

Foreign currency risk

The Group's operations are conducted predominantly in the UK, however the Group has continued to invest in the Republic of Ireland. The Group's principal exposure to foreign currency movements is in its €47.0 million Euro-denominated loan notes and Euro denominated property assets.

Outside of the UK, the Group conducts business activities in Dublin and as such is exposed to foreign currency risk on its Euro-denominated property investments. At 28th February 2015, the Group had Euro-denominated investments of £44.0 million. The Directors actively monitor the overall Group exposure to Euro-denominated assets and liabilities and the associated currency risk.

Maximum credit risk exposure

The Directors consider that the maximum credit risk exposure in each class of financial asset is represented by the carrying value as at 28th February 2015.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive's Statement and in the Operating Review. The financial position of the Group, its cash flows, liquidity position, borrowing facilities and financial instrument risks are described in the Financial Review, which also covers the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk. Note 11(c) of the financial information gives further details about the Group's financial instruments and hedging activities.

The Group has considerable financial resources. The Directors maintain a risk-averse capital structure, with gearing typically in the range of 50-60 per cent and long average debt maturities, with borrowings spread across a number of lenders. The Group continues to enjoy access to bank finance, as demonstrated by

loans arranged during the year. Banking covenants are regularly monitored and appropriate cure mechanisms are incorporated in facility documents.

The Directors are alert to potential liquidity risk in the Group's cash flow forecasts. The Directors keep both short- and medium-term cash flows under continual review, and moderate outflows according to the level of this uncertainty. The model preserves a cash liquidity buffer at all times, to protect against delays in asset realisations.

The Group's rental income is also subject to risk of delay or non-payment. This risk is mitigated by proactive asset management, which includes close monitoring of tenant resilience, and a strong focus on actual and potential voids.

As a consequence of the above, the Directors believe that the Group is well-placed to manage its business risks successfully. In addition, by closely monitoring the Group's forecasts and projections, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

Result for the year

Headline profit before tax for the year ended 28th February 2015 was £45.4 million (2014: £19.5 million) before non-recurring exceptional items of £10.6 million. The exceptional items relate to costs associated with the acquisition of Cathedral (£2.7 million) and the termination of the Euro denominated interest rate swap £7.9 million). After dividend payments of £17.0 million, the Group's share of net assets increased by £25.5 million to £345.7 million (2014: £320.2 million), representing an increase of 14.0 pence per share to 276 pence per share (2014: 262 pence per share).

Investment property valuation gains for the year, including our share of joint ventures, totalled £11.2 million (2014: £4.8 million). This has been a reflection of the gradual improvement in secondary yields.

Net rental income

Gross rental income from the investment portfolio for the year ended 28th February 2015 was £12.7 million. After direct costs of £2.7 million, the net rental income for the year was £10.0 million, which is an 18.9 per cent decrease when compared to the £12.3 million for the previous year on a like for like basis. A number of significant acquisitions have been made in the second half of the year which will provide a positive contribution to net rental income going forward.

The Group also earned net rental income of £2.6 million from the development and trading portfolio, a slight decrease from the £2.8 million earned in the year ended 28th February 2014.

Development and trading profits

During the year under review, across its direct and joint venture holdings, the Group made development and trading profits of £45.7 million (2014: £27.0 million).

Development and trading profits can be analysed as follows:

	2015	2014
	£m	£m
Development and trading segment result	**43.8**	16.4
Share of results of joint ventures	**(0.4)**	7.5
Provision against legacy assets	**–**	0.2
Other income	**0.4**	–
Interest from financial asset	**1.9**	–
Performance fee	**–**	2.9
	45.7	27.0

Further details of development and trading activities can be found in the Operating Review.

Operating costs

Operating costs of £17.9 million for the year were 27.4 per cent ahead of the equivalent figure of £14.0 million for the previous year. This reflects the operating costs of the Cathedral Group which was acquired in May 2014.

Net finance costs

Finance costs for the year were £12.8 million, compared to £13.5 million for the previous year. This reflects a higher amount of interest being capitalised during the last year on development and trading properties net of the impact of the restructure of the Euro denominated loan notes.

Investment portfolio

During the course of the year, the investment property portfolio has increased to £203.3 million from £202.1 million at 28th February 2014. The Group disposed of a number of investment assets during the year but following a period of reinvestment, the Group has acquired £47.6 million of new investment property assets.

At 28th February 2015, the valuation of the investment property portfolio increased by £11.2 million (2014: increase of £4.8 million), including our investment properties held under joint venture.

Further details of acquisitions, disposals and valuation movements are set out in note 6 of the financial information, and further analyses of the performance and management of the portfolio are given in the Operating Review.

Inventory – development and trading properties

After allowing for continued investment in and development of the portfolio, the portfolio stood at £217.5 million at 28th February 2015 (2014: £192.5 million). This includes £64.7 million of development assets following the acquisition of the Cathedral Group. Further details are contained within the Operating Review.

Associates and joint ventures

Reflecting our strategy of working with partners and other equity sources, investments in associates and joint ventures has continued during the year. The Group's interests in projects in partnerships are structured in a number of different accounting categorisations. Note 15 of the financial information summarises the position.

The current carrying values of associates and joint ventures are analysed in note 7.

During the year we have entered into new associate and joint venture arrangements including:

- Becket House in London, where we have a 15 per cent stake in an £87.0 million office building totalling 146,000 sq. ft. bought in conjunction with Proprium Capital Partners
- A 1.7 acre development site in Dublin with planning consent for a 172,000 sq. ft. grade A office building. The site was acquired in joint venture with Colony Capital LLC and local partners for €40.5 million with the company having a 20 per cent share
- The acquisition of Chill Factor[e] and associated retail and leisure units for £15.5 million in joint venture with Pemberstone Investments Limited, with the company having an 80 per cent property shareholding.

Derivative financial instruments

The Group's Euro-denominated loan notes and the related currency and interest rate hedges are carried as separate instruments in the Balance Sheet. During the year, Sterling strengthened against the Euro, decreasing the Sterling liability of the loan by £4.6 million to £34.1 million.

Other financial assets

Other financial assets include loans to a number of joint operations and associate companies which reflects the way in which the Group invests in these activities.

The largest loan is to Northpoint Developments Limited which, together with accrued interest at 28th February 2015, totals £18.2 million (2014: £17.0 million).

Cash and borrowings

		2015	2014
Group net debt and gearing			
Gross debt	£m	**(205.0)**	(221.1)
Cash and cash equivalents	£m	**79.3**	67.3
Net debt	£m	**(125.7)**	(153.8)
Net assets	£m	**346.4**	320.3
Gearing	%	**36.3**	48.0
Weighted average debt maturity	years	**5.4**	6.8
Weighted average interest rate	%	**5.4**	5.8
Including joint ventures:			
Share of net debt in joint ventures	£m	**(46.8)**	(28.1)
Gearing	%	**49.8**	56.8

Weighted average debt maturity	years	**5.0**	6.4
Weighted average interest rate	%	**5.7**	5.7

The gross debt figure includes the €47.0 million 2021 Unsecured Subordinated Loan Note facility, stated in Sterling at the current value of £34.1 million (2014: £38.7 million, 2027 Loan Notes).

Loan to value gearing

Net debt expressed as a proportion of total property assets (including shares of properties and net debt in all projects in partnerships) was 34.4 per cent (2014: 44.7 per cent).

Taxation

The net current tax charge in the Statement of Comprehensive Income was £4.1 million, principally in respect of tax on trading profits in excess of group relief. The Group has significant potential deferred tax asset balances and the Directors previously restricted recognition to the amount of corresponding deferred tax liabilities, as uncertain market conditions did not offer sufficient probability of profits in the foreseeable future. This year, however, the Group has recognised an additional deferred tax charge of £0.3 million on certain profits projected in future accounting periods which can be forecast with a high enough degree of certainty. The Group's deferred tax treatment falls within the criteria of IAS 12.

In conjunction with our overall business strategy, the Group pursues a tax strategy that is principled, transparent and sustainable in the long-term. The Group has established ethics regarding its tax policy which have been ratified by the Board; these include the following key points:

A commitment to ensure full compliance with all statutory obligations including full disclosure to all relevant tax authorities

Any tax planning strategy entered into is done after full consideration of the risks and those findings are recorded in any relevant structuring document

The maintenance of good relationships with tax authorities and the interaction between tax planning and the Group's wider corporate reputation

Management of tax affairs in a manner that seeks to maximise shareholder value whilst operating within the parameters of existing tax legislation.

The Group has certain operations in jurisdictions that have been dictated to us by our majority joint venture partners and under most circumstances the Group does not enjoy any fiscal advantage of being in these jurisdictions. The Group has also recently undertaken a Transfer Pricing review to ensure that all cross-border services provided are conducted at the appropriate arm's length market rate.

The suitability of our tax strategy is kept under constant review to ensure compliance with the fiscal needs of the Group and constant evolution of tax legislation.

Dividends

On 24th February 2015 the Board approved the payment of a special dividend of 8.00 pence per share to be paid on 7th April 2015 to ordinary shareholders on the register at the close of business on 6th March 2015.

The Board will recommend to shareholders at the Annual General Meeting on 14th July 2015 a final dividend of 3.5 pence per share (2014: 3.2 pence per share) to be paid on 20th August 2015 to shareholders on the register on 24th July 2015. This final dividend, amounting to £4.4 million, has not been included as a liability at 28th February 2015, in accordance with IFRS. Including the 8.0 pence per share special dividend, total dividend for the year is 13.9 pence per share (2014: 5.6 pence per share).

Earnings per share

Basic and diluted earnings per share for the year represented earnings of 26.8 pence (2014: 14.9 pence). After removing the unrealised revaluation of the investment portfolio, the gain on the disposal of investment properties and impairment of development and trading properties, the EPRA adjusted earnings per share was 23.9 pence (2014: 7.8 pence).

Performance measures

Key performance indicators are set out below:

		2015	2014
Net asset value movement	%	**8.1**	4.4
Gearing	%	**36.3**	48.0
Loan to value gearing	%	**34.4**	44.7
Development and trading gains	£m	**45.7**	27.0
Total shareholder return	%	**10.0**	6.0

Five year summary

		2015	2014	2013	2012†	2010
Revenue	£m	**203.7**	79.3	99.7	80.0	44.4
Profit/(loss) before taxation	£m	**34.8**	19.5	0.8	(10.2)	2.6
Net assets	£m	**346.4**	320.3	306.7	313.2	333.1
Earnings/(loss) per share	Pence	**26.8**	14.9	2.0	(10.3)	1.7
EPRA earnings/(loss) per share	Pence	**23.9**	7.8	10.5	(8.2)	(11.8)
Net assets per share	Pence	**276**	262	251	256	272
EPRA net assets per share	Pence	**276**	269	260	262	276

† 14-month period.

Marcus Shepherd
Finance Director
29th April 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 28th February 2015

				2015	2014
	Notes	Headline £'000	Exceptional items £'000	Total £'000	Total £'000
Revenue	2	**203,740**	**-**	**203,740**	79,343
Direct costs	2	**(150,769)**	**-**	**(150,769)**	(51,544)
Gross profit	2	**52,971**	**-**	**52,971**	27,799
Operating costs	2	**(17,868)**	**-**	**(17,868)**	(14,029)
Gain on disposal of investment properties	2	**3,843**	**-**	**3,843**	539
Gain on revaluation of property portfolio		**7,824**	**-**	**7,824**	3,109
Operating profit		**46,770**	**-**	**46,770**	17,418
Other income		**175**	**-**	**175**	471
Exceptional item					
– Acquisition costs associated with business combination	14	**-**	**(2,724)**	**(2,724)**	–
Share of post-tax profits of joint ventures and associates	7	**2,875**	**-**	**2,875**	12,834
Profit on sale of joint venture		**521**	**-**	**521**	–
Loss from sale of investment		**(86)**	**-**	**(86)**	(250)
(Loss)/profit on sale of other plant and equipment		**(20)**	**-**	**(20)**	34
Profit/(loss) before interest and income tax		**50,235**	**(2,724)**	**47,511**	30,507
Finance income	3(a)	**7,914**	**-**	**7,914**	2,552
Finance costs	3(b)	**(12,751)**	**-**	**(12,751)**	(13,532)
Exceptional item					
– Termination of cross currency interest rate swap	11(c)	**-**	**(7,917)**	**(7,917)**	-
Profit/(loss) before income tax		**45,398**	**(10,641)**	**34,757**	19,527
Income tax		**(2,410)**	**1,676**	**(734)**	(1,288)
Profit for the year		**42,988**	**(8,965)**	**34,023**	18,239
Profit attributable to:					
Owners of the Parent				**33,276**	18,236
Non-controlling interest				**747**	3
				34,023	18,239

OTHER COMPREHENSIVE INCOME

Profit for the year		**34,023**	18,239
Items that may be subsequently reclassified to profit or loss:			
Gain on valuation of cross-currency interest rate swap	11(c)	**7,647**	1,798
Currency translation differences		**(2,263)**	(104)
Deferred income tax charge		**(2,459)**	(415)

Total comprehensive income for the year	**36,948**	19,518
Attributable to:		
Owners of the Parent	**36,201**	19,515
Non-controlling interest	**747**	3
	36,948	19,518
Basic earnings per share attributable to the Parent* 5	**26.8p**	14.9p
Diluted earnings per share attributable to the Parent* 5	**26.8p**	14.9p

* Adjusted earnings per share from continuing activities is given in note 5.

All amounts in the Consolidated Statement of Comprehensive Income relate to continuing operations.

CONSOLIDATED BALANCE SHEET
As at 28th February 2015

	Notes	**£'000**	**2015 £'000**	£'000	2014 £'000
NON-CURRENT ASSETS					
Direct real estate interests					
Investment properties	6	**203,336**		159,693	
Operating property		**820**		680	
Trade and other receivables	9(a)	**4,238**		7.652	
			208,394		168,025
Indirect real estate interests					
Investments in associates	7(a)	**8,253**		4,276	
Investments in joint ventures	7(b)	**40,544**		31,780	
Intangible assets – goodwill		**2,059**		238	
Loans to joint operations and other real estate businesses	11(a)	**37,261**		28,202	
			88,117		64,496
Other non-current assets					
Other plant and equipment		**2,402**		2,797	
Deferred income tax assets		**1,588**		362	
			3,990		3,159
Total non-current assets			**300,501**		235,680
CURRENT ASSETS					
Inventory – development and trading properties	8	**217,474**		192,483	
Other financial assets	11(a)	**1,700**		1,700	
Trade and other receivables	9(b)	**44,834**		40,835	
Monies held in restricted accounts and deposits		**19,380**		27,263	
Cash and cash equivalents		**59,949**		40,051	

	Notes	£'000	2015 £'000	£'000	2014 £'000
			343,337		302,332
Investment properties held for sale	6		**–**		42,410
Total assets			**643,838**		580,422
CURRENT LIABILITIES					
Trade and other payables	10(b)	**(73,897)**		(31,920)	
Current income tax liabilities		**(2,547)**		(413)	
Borrowings	11(b)	**(36,020)**		(24,674)	
Provisions for other liabilities and charges	10(c)	**(250)**		(193)	
			(112,714)		(57,200)
NON-CURRENT LIABILITIES					
Trade and other payables	10(a)	**(9,857)**		(1,500)	
Borrowings	11(b)	**(169,012)**		(196,404)	
Derivative financial instruments	11(c)	**(21)**		(2,195)	
Deferred income tax liabilities		**(3,442)**		–	
Provisions for other liabilities and charges	10(c)	**(2,412)**		(2,843)	
			(184,744)		(202,942)
Total liabilities			**(297,458)**		(260,142)
Net assets			**346,380**		320,280
EQUITY					
Share capital		**62,529**		61,176	
Share premium		**104,094**		103,961	
Other reserves		**48,677**		41,021	
Retained earnings		**130,358**		114,087	
Equity attributable to the owners of the Parent			**345,658**		320,245
Non-controlling interest			**722**		35
Total equity			**346,380**		320,280
Basic/diluted net assets per share attributable to the owners of the Parent	5		**276p/276p**		262p/262p

Approved and authorised for issue by the Board of Directors on 29th April 2015 and signed on its behalf by

M H Marx
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 28th February 2015

	Notes	Share	Share	Other	Retained	Total	Non-	Total

		capital £'000	premium £'000	reserves £'000	earnings £'000	£'000	controlling interest £'000	equity £'000
At 1st March 2013		61,176	103,961	39,742	101,731	306,610	56	306,666
Profit for the year ended 28th February 2014		–	–	–	18,236	18,236	3	18,239
Other comprehensive income:								
– Gain on valuation of cross-currency interest rate swap		–	–	73	–	73	–	73
– Exchange gain on valuation of cross-currency interest rate swap		–	–	1,725	–	1,725	–	1,725
– Currency translation differences		–	–	(104)	–	(104)	–	(104)
– Deferred income tax charged directly to equity		–	–	(415)	–	(415)	–	(415)
Total comprehensive income for the year ended 28th February 2014		–	–	1,279	18,236	19,515	3	19,518
Share-based payments		–	–	–	(12)	(12)	–	(12)
Final dividend relating to 2013	4	–	–	–	(2,934)	(2,934)	–	(2,934)
Interim dividend relating to 2014	4	–	–	–	(2,934)	(2,934)	–	(2,934)
Total contributions by and distributions to owners of the Company		–	–	–	(5,880)	(5,880)	–	(5,880)
Transactions with non-controlling interest		–	–	–	–	–	(24)	(24)
Balance at 28th February 2014		61,176	103,961	41,021	114,087	320,245	35	320,280
Profit for the year ended 28th February 2015		–	–	–	33,276	33,276	747	34,023
Other comprehensive income:								
– Gain on valuation of cross-currency interest rate swap	11(c)	–	–	7,647	–	7,647	–	7,647
– Currency translation differences		–	–	(2,263)	–	(2,263)	–	(2,263)
– Deferred income tax charged directly to equity		–	–	(2,459)	–	(2,459)	–	(2,459)
Total comprehensive income for the year ended 28th February 2015		**–**	**–**	**2,925**	**33,276**	**36,201**	**747**	**36,948**
Acquisition of subsidiaries		1,288	–	4,725	–	6,013	–	6,013
Issue of ordinary shares		65	133	6	–	204	–	204
Share-based payments		–	–	–	(21)	(21)	–	(21)
Final dividend relating to 2014	4	–	–	–	(3,994)	(3,994)	–	(3,994)
Interim dividend relating to 2015	4	–	–	–	(2,995)	(2,995)	–	(2,995)
Special dividend 2015	4	–	–	–	(9,995)	(9,995)	–	(9,995)
Total contributions by and distributions to owners of the Company		1,353	133	4,731	(17,005)	(10,788)	–	(10,788)

Transactions with non-controlling interest	–	–	–	–	–	(60)	(60)
Balance at 28th February 2015	**62,529**	**104,094**	**48,677**	**130,358**	**345,658**	**722**	**346,380**

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 28th February 2015

	Notes	**2015 £'000**	2014 £'000
CASH GENERATED FROM OPERATIONS			
Cash flows generated from/(used in) operating activities	12	**80,155**	(32,527)
Interest paid		**(12,558)**	(12,742)
Income tax paid		**(2,376)**	(817)
Net cash generated from/(used in) operating activities		**65,221**	(46,086)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**657**	405
Proceeds on disposal of other plant and equipment		**15**	53
Proceeds on disposal of investment properties		**70,850**	27,712
Purchase of other plant and equipment		**(449)**	(395)
Purchase of investment properties		**(50,056)**	(10,694)
Acquisition of subsidiaries, net of cash and including acquisition costs		**(12,177)**	–
Cash outflow to joint ventures and associates		**(17,163)**	(8,377)
Cash inflow from joint ventures and associates		**1,450**	33,450
Investment in financial assets		**(13,512)**	(3,032)
Cash inflow from financial assets		**1,689**	5,000
Dividends received		**158**	–
Net cash (used in)/generated from investing activities		**(18,538)**	44,122
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(6,989)**	(5,868)
Issue of new shares		**204**	–
Repayments of borrowings		**(101,431)**	(3,330)
New bank loans raised (net of transaction costs)		**67,327**	19,685
Equity repayment from non-controlling interest		**(57)**	(24)
Decrease/(increase) in monies held in restricted accounts and deposits		**14,412**	(15,736)
Net cash used in financing activities		**(26,534)**	(5,273)
Net increase/(decrease) in cash and cash equivalents		**20,149**	(7,237)
Cash and cash equivalents at the beginning of the year		**40,051**	47,683
Exchange losses on cash and cash equivalents		**(251)**	(395)
Cash and cash equivalents at the end of the year		**59,949**	40,051
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash at bank and in hand		**59,949**	40,051

Bank overdrafts	11(b)	**–**	–
Cash and cash equivalents at the end of the year		**59,949**	40,051

	Notes	**2015 £'000**	2014 £'000
NET DEBT COMPRISES:			
Monies held in restricted accounts and deposits		**19,380**	27,263
Cash and cash equivalents		**59,949**	40,051
Financial liabilities:			
– Current borrowings	11(b)	**(36,020)**	(24,674)
– Non-current borrowings	11(b)	**(169,012)**	(196,404)
Net debt		**(125,703)**	(153,764)

1 Basis of preparation and accounting policies

The financial information included in the preliminary announcement does not constitute statutory financial statements of the Group for the years ended 28th February 2015 and 28th February 2014 but is derived from those financial statements. Statutory financial statements for 2014 have been delivered to the registrar of companies and those for 2015 will be delivered in due course. The auditors have reported on those financial statements; their reports were (i) unmodified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without modifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

a)

(i) General information

The Consolidated financial statements of the Group for the year ended 28th February 2015 comprise the results of Development Securities PLC and its subsidiaries and were authorised by the Board for issue on 29th April 2015.

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in the UK. The address of its registered office is Portland House, Bressenden Place, London SW1E 5DS.

(ii) Going concern

The Group adopts the going concern basis in preparing its Consolidated financial statements as discussed in the Financial Review.

b) Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union as they apply to the financial statements of the Group for the year ended 28th February 2015 and applied in accordance with the Companies Act 2006 as applicable to companies reporting under IFRS. The accounting policies which follow set out those policies which were applied consistently in preparing the financial statements for the year ended 28th February 2015 and 28th February 2014.

The Consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of investment property, operating property, available-for-sale financial assets and derivative instruments at fair value through profit and loss.

c) Critical accounting judgements and estimates

When preparing the Group financial statements, management are required to make judgements, assumptions and estimates concerning the future. These judgements and assumptions are made at the time the financial statements are prepared and adopted based on the best information available. Actual outcomes may be different from initial estimates and are reflected in the financial statements as soon as they become apparent.

Judgements other than estimates

1.1 Classification of directly owned property assets

The Group earns revenue from property development, trading and investment, and from operating serviced offices.

Property development includes the entire development process from identification of an opportunity through to construction, letting and sale of a completed scheme. This activity is undertaken both on the Group's own Balance Sheet and in partnership with institutional investors, usually via a pre-sale of the completed development.

Property trading refers to participation in the development process, where the Group acquires an interest in land and enhances the potential development, for instance by procuring or changing planning permission, before selling on to a third party to complete the development.

Property investment represents the acquisition of income-generating real estate which is held for the purposes of income and capital gain, through active asset management.

In most cases the property interest is held directly by the Group and is classified either as investment property (refer note 6) or as inventory for development and trading properties (refer note 8).

The varied nature of the Group's properties is such that a number exhibit characteristics consistent with more than one classification; also, the Directors' strategy for an asset may change during its ownership. The Directors determine the status of each asset according to their intention on acquisition. A change in classification is made only in exceptional circumstances, where the strategy has demonstrably changed for a period of over one year. One asset has been reclassified from trading to development assets during the year following the commencement of the development works.

1.2 Classification of projects in partnership

In addition to its directly owned and managed activities, the Group participates in similar activities in partnership with others, typically to access expertise in different locations or market sectors. The Group's financial participation may be by way of equity investment or loan. In each case a judgement is required as to the status of the Group's interest, as an associate, a joint venture, joint operation or a financial asset, typically focusing on the extent of control exercised by the Group.

The Group's share of control is governed and achieved by a mixture of rights set out in agreements and participation in the management of each business. The exercise of control in practice does not always follow the legal structure. The Directors have considered the position in respect of each venture, taking account of the operation in practice, and have determined the status of each accordingly.

These investments are reported under the relevant balance sheet headings, with a summary in note 15.

1.3 Acquisition of subsidiaries

The Group sometimes acquires properties through the purchase of entities which own real estate. At the time of acquisition the Group considers whether the transaction represents the acquisition of a business. In cases where the entity is capable of being operated as a business, or an integrated set of activities is acquired in addition to the property, the Group accounts for the acquisition as a business combination. When the acquisition does not represent a business, it is accounted for as the purchase of a group of assets and liabilities. In making this distinction, the Group considers the number of items of land and buildings owned by the entity, the extent of ancillary services provided by the entity, and whether the entity has its own staff to manage the property (over and above the maintenance and security of the premises).

On 19th May 2014, the Group acquired Cathedral Group (Holdings) Limited and certain other group entities (Cathedral Group), a property development group specialising in mixed-use regeneration schemes in the South East. This acquisition has been accounted for as a business combination (refer note 14).

1.4 Accounting for pre-sold development assets

Where development is undertaken on the Group's Balance Sheet under a contract for a pre-sale, a judgement is required as to whether this represents a sale of property or a contract for construction. As at 28th February 2015, the Group does not have any construction contracts (under IAS 11).

Estimates

1.5 Valuation of property assets

The key source of estimation uncertainty rests in the values of property assets, which affects several categories of asset in the Balance Sheet.

The investment property portfolio (and the operating property) are stated at fair value, which requires a number of judgements and estimates in assessing the qualities of the Group's assets relative to market transactions.

The same uncertainties affect the determination of fair value of certain available-for-sale financial instruments, with the further complexity that the value of these assets requires estimates of future construction costs, tenant demand and market yields.

The Group's development and trading properties are carried at the lower of cost and net realisable value. The determination of net realisable value relies upon similar estimates, with the added challenge, in some cases, of judgements about uncertain planning outcomes. These amounts are disclosed in note 8.

1.6 Impairment reviews

The Group's Curzon Park Limited joint venture owns a development site in Birmingham known as Curzon Street. The current proposal for the High Speed Train Link between London and Birmingham (HS2) indicates that the planned route of HS2 passes through the site, including provision for part of the prospective station. In view of this, the ultimate value of the site is uncertain. The early indications are that the impact of HS2 may restrict future development on the 10.5-acre site by approximately two thirds of its original potential. The Group has (jointly) guaranteed the liabilities of the joint venture to the bank, and hence should the value of the site (together with any compensation received) be insufficient to repay the amortising bank loan, the Group may incur further charges in respect of its obligations to the joint venture and the bank. The loan is expected to be repaid in full in May 2015. The Directors believe that the site will recover at least its carrying value in the books of the joint venture, although the interim and ultimate uses of the site and timing of its development remain unclear. The site is discussed in notes 11(a) and 13.

In view of operating losses at Executive Communication Centres (ECC), the Group's serviced office subsidiary, the Group has conducted an impairment review of its investment in the business. The review required significant judgements and estimates concerning future customer demand and competitor behaviour, as well as discount rates. The review determined that no further impairment arose during the year.

1.7 Derivative instruments

The Group is party to a number of interest rate swap and foreign currency agreements which are accounted for as derivatives and measured at fair value. The estimation of this figure is based upon market assumptions about future movements in interest and exchange rates. The estimated fair values and the movements in the year are set out in note 11(c).

2 Segmental analysis

The segmental information presented consistently follows the information provided to the Chief Operating Decision-Maker (CODM) and reflects the three sectors in which the Group operates. The CODM, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. The three operating divisions are:

- Investment – management of the Group's investment property portfolio, generating rental income and valuation surpluses from property management;
- Development and trading – managing the Group's development and trading projects. Revenue is received from project management fees, development profits and the disposal of inventory; and
- Operating – serviced office operations. Revenue is principally received from short-term licence fee income.

Unallocated assets and liabilities comprise amounts that cannot be specifically allocated to operating segments; an analysis is provided below.

These divisions are the basis on which the Group reports its primary segmental information. All operations occur and all assets are located in the United Kingdom, except assets of £44,049,000 (2014: £3,238,000) which are located in the Republic of Ireland. All revenue arises from continuing operations.

				2015
	Investment £'000	Development and trading £'000	Operating £'000	Total £'000
Segment revenue	12,891	186,523	4,326	203,740
Direct costs	(2,721)	(142,762)	(5,286)	(150,769)
Segment result	10,170	43,761	(960)	52,971
Operating costs	(7,770)	(10,098)	–	(17,868)
Gain on disposal of investment properties	3,843	–	–	3,843
Gain on revaluation of property portfolio	7,619	–	205	7,824
Operating profit/(loss)	13,862	33,663	(755)	46,770
Other income	46	129	–	175
Exceptional item				
– unallocated acquisition costs associated with business combination				(2,724)
Share of post-tax profits/(losses) of joint ventures and associates	3,225	(350)	–	2,875
Profit on sale of joint venture	–	521	–	521
Loss on sale of investment	–	(86)	–	(86)
Unallocated profit on sale of other plant and equipment				(20)
Profit before interest and income tax				47,511
Finance income	3,043	4,871	–	7,914
Finance costs	(7,015)	(5,646)	–	(12,751)
Exceptional item				
– unallocated termination of cross currency interest rate swap				(7,917)
Profit before income tax				34,757
Income tax				(734)
Profit for the year				34,023
ASSETS AND LIABILITIES				
Segment assets	230,513	351,103	4,384	586,000
Unallocated assets				57,838
Total assets				643,838
Segment liabilities	(125,106)	(144,535)	(3,298)	(272,939)
Unallocated liabilities				(24,519)
Total liabilities				(297,458)

A summary of unallocated assets and liabilities is shown below.

				2015
	Investment £'000	Development and trading	Operating £'000	Total £'000

		£'000		
OTHER SEGMENT INFORMATION				
Capital expenditure	49,317	269	103	49,689
Unallocated capital expenditure				78
Impairment of assets	–	(1,194)	–	(1,194)
Depreciation	–	(179)	(443)	(622)
Unallocated depreciation				(253)
REVENUE				
Rental income	12,721	4,827	–	17,548
Serviced office income	–	–	4,326	4,326
Project management fees	–	1,194	–	1,194
Trading property sales	–	87,484	–	87,484
Other trading property income	–	2,953	–	2,953
Development proceeds	–	90,065	–	90,065
Other	170	–	–	170
	12,891	186,523	4,326	203,740

In the year ended 28th February 2015, three projects with turnover totalling £77,804,000 generated in excess of 10.0 per cent of total revenue and fell within the development and trading segment.

				2014
	Investment £'000	Development and trading £'000	Operating £'000	Total £'000
Segment revenue	15,054	60,147	4,142	79,343
Direct costs	(2,649)	(43,723)	(5,172)	(51,544)
Segment result	12,405	16,424	(1,030)	27,799
Operating costs	(4,886)	(9,143)	–	(14,029)
Gain on disposal of investment properties	539	–	–	539
Gain on revaluation of property portfolio	3,104	–	5	3,109
Operating profit/(loss)	11,162	7,281	(1,025)	17,418
Other income	286	185	–	471
Share of post-tax profits of joint ventures and associates	5,308	7,526	–	12,834
Loss on sale of investment	–	(250)	–	(250)
Unallocated profit on sale of other plant and equipment				34
Profit before interest and income tax				30,507
Finance income	1,205	1,347	–	2,552
Finance costs	(7,698)	(5,834)	–	(13,532)
Profit before income tax				19,527
Income tax				(1,288)
Profit for the year				18,239

ASSETS AND LIABILITIES				
Segment assets	252,766	291,995	4,667	549,428
Unallocated assets				30,994
Total assets				580,422
Segment liabilities	(168,447)	(81,454)	(3,667)	(253,568)
Unallocated liabilities				(6,574)
Total liabilities				(260,142)

				2014
	Investment £'000	Development and trading £'000	Operating £'000	Total £'000
OTHER SEGMENT INFORMATION				
Capital expenditure	11,674	81	297	12,052
Unallocated capital expenditure				17
Impairment of assets	–	(232)	–	(232)
Depreciation	–	(123)	(418)	(541)
Unallocated depreciation				(227)
REVENUE				
Rental income	14,985	3,664	–	18,649
Serviced office income	–	–	4,142	4,142
Project management fees	–	566	–	566
Trading property sales	–	20,608	–	20,608
Other trading property income	–	2,846	–	2,846
Construction contract revenue	–	8,040	–	8,040
Development proceeds	–	24,423	–	24,423
Other	69	–	–	69
	15,054	60,147	4,142	79,343

In the year ended 28th February 2014, two projects with turnover totalling £20,688,000 generated in excess of 10.0 per cent of total revenue and fell within the development and trading segment.

	2015 £'000	2014 £'000
UNALLOCATED ASSETS CAN BE ANALYSED AS FOLLOWS:		
Other plant and equipment	**206**	411
Deferred income tax asset	**1,588**	362
Trade and other receivables	**10,507**	7,912
Cash and cash equivalents	**45,537**	22,309
	57,838	30,994

UNALLOCATED LIABILITIES CAN BE ANALYSED AS FOLLOWS:		
Current borrowings	**(17)**	(17)
Trade and other payables	**(11,044)**	(4,362)
Deferred income tax liability	**(3,442)**	–
Derivative financial instruments	**(21)**	(2,195)
Special dividend 2015	**(9,995)**	–
	(24,519)	(6,574)

3 Finance income and costs

a) Finance income	**2015 £'000**	2014 £'000
Interest receivable on loans and deposits	**2,771**	1,377
Other finance income	**66**	222
Fair value gains on financial instruments – interest rate swaps, caps and collars	**429**	953
Net foreign currency differences arising on retranslation of cash and cash equivalents	**4,648**	–
Total finance income	**7,914**	2,552

b) Finance costs	**2015 £'000**	2014 £'000
Interest on bank loans and other borrowings	**(10,779)**	(10,370)
Interest on debenture	**(2,200)**	(2,200)
Amortisation of transaction costs	**(1,413)**	(606)
Provision: unwinding of discount	**(94)**	(116)
Net foreign currency differences arising on retranslation of cash and cash equivalents	**–**	(291)
	(14,486)	(13,583)
Capitalised interest on development and trading properties	**1,735**	51
Total finance costs	**(12,751)**	(13,532)
Net finance costs	**(4,837)**	(10,980)

Interest was capitalised at an average rate of 5.36 per cent. Capitalised interest of £1,359,000 (2014: £63,000) was written off in the year. The tax treatment of capitalised interest follows the accounting treatment.

4 Dividends

	2015 £'000	2014 £'000
DECLARED AND PAID DURING THE YEAR		
Equity dividends on Ordinary shares:		
Final dividend for 2014: 3.20 pence per share (2013: 2.40 pence per share)	**3,994**	2,934
Interim dividend for 2015: 2.40 pence per share (2014: 2.40 pence per share)	**2,995**	2,934
Special dividend for 2015*: 8.00 pence per share (2014: nil pence per share)	**9,995**	–
	16,984	5,868

PROPOSED FOR APPROVAL BY SHAREHOLDERS AT THE ANNUAL GENERAL MEETING		
Final dividend for 2015: 3.50 pence per share (2014: 3.20 pence per share)	**4,373**	3,911

* On 24th February 2015 the Board approved the payment of a special dividend of 8.00 pence per share to be paid on 7th April 2015 to ordinary shareholders on the register at the close of business on 6th March 2015.

Subject to approval by shareholders, the final dividend was approved by the Board on 28th April 2015 and has not been included as a liability or deducted from retained earnings as at 28th February 2015. The final dividend is payable on 20th August 2015 to ordinary shareholders on the register at the close of business on 24th July 2015 and will be recognised in the year ending 29th February 2016.

5 Earnings per share and net assets per share

- Basic earnings per share amounts are calculated by dividing profit for the year attributable to owners of the Parent by the weighted average number of Ordinary shares outstanding during the year, excluding shares purchased by the Parent and held as treasury shares.
- Diluted earnings per share amounts are calculated by dividing the profit attributable to owners of the Parent by the weighted average number of Ordinary shares outstanding during the year plus the weighted average number of Ordinary shares that would be issued on the conversion of all the dilutive potential Ordinary shares into Ordinary shares.
- Basic net assets per share amounts are calculated by dividing net assets by the number of Ordinary shares in issue at the balance sheet date excluding shares purchased by the Parent and held as treasury shares.
- Diluted net assets per share amounts are calculated by dividing net assets by the number of Ordinary shares in issue at the balance sheet date plus the number of Ordinary shares that would be issued on the conversion of all the dilutive potential Ordinary shares into Ordinary shares.
- Management has chosen to disclose the European Public Real Estate (EPRA) adjusted net assets per share and earnings per share from continuing activities in order to provide an indication of the Group's underlying business performance and to assist comparison between European property companies.
- EPRA earnings is the profit after taxation excluding investment property revaluations (including valuations of joint venture investment properties), impairment of development and trading properties and mark-to-market movements of derivative financial instruments (including those of joint ventures) and intangible asset movements and their related taxation.
- EPRA net assets (EPRA NAV) are the Balance Sheet net assets excluding mark-to-market adjustment on effective cash flow hedges and related debt adjustments and deferred taxation on revaluations and diluting for the effect of those shares potentially issuable under employee share schemes.
- EPRA NAV per share is EPRA NAV divided by the number of Ordinary shares in issue at the balance sheet date.

- EPRA triple net assets is EPRA NAV adjusted to reflect the fair value of debt and derivatives and to include deferred taxation on revaluations.
- The calculation of basic and diluted earnings per share and EPRA profit per share is based on the following data:

	2015 £'000	2014 £'000
PROFIT		
Profit for the purpose of basic and diluted earnings per share	**33,276**	18,236
Revaluation surplus (including share of joint venture revaluation surplus)	**(11,200)**	(4,824)
Gain on disposal of investment properties	**(3,843)**	(539)
Gain on disposal of trading properties (see below)	**–**	(2,502)
Impairment of development and trading properties	**1,194**	232
Mark-to-market adjustment on interest rate swaps (including share of joint venture mark-to-market adjustment)	**7,548**	(1,059)
Acquisition costs in relation to business combination	**2,724**	–
EPRA adjusted profit from continuing activities attributable to owners of the Company	**29,699**	9,544

	2015 '000	2014 '000
NUMBER OF SHARES		
Weighted average number of Ordinary shares for the purpose of earnings per share	**124,271**	122,229
Effect of dilutive potential Ordinary shares:		
Share options	**51**	42
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	**124,322**	122,271
Basic earnings per share (pence)	**26.8p**	14.9p
Diluted earnings per share (pence)	**26.8p**	14.9p
EPRA adjusted earnings per share (pence)	**23.9p**	7.8p
EPRA adjusted diluted earnings per share (pence)	**23.9p**	7.8p

The Directors consider the acquisition and disposal of trading assets to be part of the core business of the Group and therefore have not adjusted profit for the gain on disposal when calculating EPRA adjusted earnings per share as at 28th February 2015. If the gain on disposal of trading assets is excluded from the calculation of EPRA earnings per share as at 28th February 2014, EPRA adjusted earnings and diluted EPRA adjusted earnings would both be 9.9 pence per share.

Net assets per share and diluted net assets per share have been calculated as follows:

			2015			2014
	Net assets £'000	**No. of shares '000**	**Net assets per share pence**	Net assets £'000	No. of shares '000	Net assets per share pence
Basic net assets per share attributable to the owners	**345,658**	**125,057**	**276**	320,245	122,229	262
Cumulative mark-to-market	**(68)**			8,085		

adjustment on interest rate swaps						
EPRA adjusted net assets per share	**345,590**	**125,057**	**276**	328,330	122,229	269
Cumulative mark-to-market adjustment on interest rate swaps	**68**			(8,085)		
Fair value of debt	**(14,714)**			(4,204)		
EPRA adjusted triple net assets per share	**330,944**	**125,057**	**265**	316,041	122,229	259
Effect of dilutive potential Ordinary shares	**300**	**336**	**–**	486	222	–
Diluted net assets per share	**345,958**	**125,393**	**276**	320,731	122,451	262
EPRA diluted net assets per share	**345,890**	**125,393**	**276**	328,816	122,451	269
EPRA diluted triple net assets per share*	**331,244**	**125,393**	**264**	316,527	122,451	259

*In calculating EPRA triple net assets per share the Directors have not included an estimate of the fair value of the development and trading portfolio given the uncertainty of the timing and amount related to future sales.

6 Investment properties

	Freehold £'000	Long leasehold £'000	Total £'000
At valuation 1st March 2013	211,847	8,227	220,074
Additions:			
– acquisitions	9,452	–	9,452
– capital expenditure	2,013	209	2,222
Disposals	(32,749)	–	(32,749)
Surplus/(deficit) on revaluation	3,176	(72)	3,104
Transferred to investment properties held for sale	(42,410)	–	(42,410)
At valuation 28th February 2014	151,329	8,364	159,693
Additions:			
– acquisitions	7,727	39,866	47,593
– capital expenditure	1,269	455	1,724
Disposals	(5,300)	(7,993)	(13,293)
Surplus/(deficit) on revaluation	8,122	(503)	7,619
At valuation 28th February 2015	**163,147**	**40,189**	**203,336**

Direct costs of £2,710,000 (2014: £2,649,000) arose as a result of ownership of investment properties.

Analysis of investment properties	**2015 £'000**	2014 £'000
Non-current	**203,336**	159,693
Current – held for sale	**–**	42,410
	203,336	202,103

Reconciliation of market value of investment properties to the net book amount

The following table reconciles the market value of investment properties to their net book amount. The components of the reconciliation are included within their relevant balance sheet heading.

	2015 £'000	2014 £'000
Market value as assessed by the independent valuers or Directors	**207,877**	207,551
Amount included in prepayments and accrued income in respect of lease incentives	**(4,541)**	(5,448)
Net book amount of Investment properties – non-current assets	**203,336**	159,693
Net book amount of Investment properties – held for sale	**–**	42,410

At 28th February and 31st August each year, the Group engages independent professionally qualified valuers who hold a recognised professional qualification and who have recent experience in the locations and segments of the investment portfolio. As at 28th February 2015 and 2014, completed Investment properties have been valued by DTZ Debenham Tie Leung, Chartered Surveyors, Savills Commercial Limited, Chartered Surveyors, GVA Grimley Limited, Commercial Property Advisers or Ryden LLP, Commercial Property Consultants at a value of £184,894,000 (2014: £132,969,000). Assets totalling £9,452,000 were acquired in February 2014 and were therefore carried at cost as at 28th February 2014. The current value equates to the highest and best use of the asset.

The valuers have consented to the use of their names in the financial information.

No assets are classified as held for sale as at 28th February 2015. As at 28th February 2014, £42,410,000 of assets had been contracted for sale and were therefore valued at their sales price less costs to sell at that date.

Also included within Investment properties are freehold land and buildings representing investment properties under development, amounting to £18,442,000 (2014: £17,272,000), which have been valued by the Directors. These properties comprise buildings and landholdings for current or future development as investment properties. This approach has been taken because the value of these properties is dependent on a detailed knowledge of the planning status, the competitive position of these assets and a range of complex project development appraisals.

Investment properties under development include £8,039,000 (2014: £7,190,000) of landholdings adjacent to retail properties within the Group's portfolio, acquired for the purpose of extending the existing shopping centres. The fair value of these properties rests in the planned extensions, and is difficult to estimate pending confirmation of designs and planning permission, and hence has been estimated by the Directors at cost as an approximation to fair value.

£190,487,000 (2014: £187,590,000) of total Investment properties are charged as security against the Group's borrowings.

7 Investments

	Investments in associates £'000	Investments in joint ventures £'000
At 1st March 2013	4,276	40,137
Additions	–	12,038
Share of profit	–	11,013

Share of revaluation surplus	–	1,715
Share of mark-to-market adjustment on interest rate swaps	–	106
Share of results	–	12,834
Capital distributions	–	(33,229)
At 28th February 2014	4,276	31,780
Additions	3,977	13,186
Acquisition via business combination	–	3,959
Share of loss	–	(443)
Share of revaluation surplus	–	3,376
Share of mark-to-market adjustment on interest rate swaps	–	(58)
Share of results	–	2,875
Disposal of joint venture	–	(9,823)
Capital distributions	–	(1,433)
At 28th February 2015	**8,253**	**40,544**

A summary of the Group's projects in partnership and the balance sheet classification of its interests is set out in note 15.

a) Investment in associates

The Group has the following interest in associates:

	% of holding	Country of incorporation	Principal activity	Reporting segment	Acquisition date	Note
Atlantic Park (Bideford) Limited	40	United Kingdom	Property development	Development and trading	September 2010	
Barwood Development Securities Limited	40	United Kingdom	Property development	Development and trading	January 2012	
Barwood Land and Estates Limited	25	United Kingdom	Property development	Development and trading	November 2009	
CDSR Burlington House Developments Limited	20	Ireland	Property development	Development and trading	July 2014	
Northpoint Developments Limited	42	United Kingdom	Property development	Development and trading	November 2007	i
Wessex Property Fund	47	Jersey	Investment property	Investment	September 2007	i

i) The investment in the associate has been fully provided against.

b) Investment in joint ventures

As at 28th February 2015, the Group has the following interests in joint ventures:

	% of holding+	Country of incorporation	Principal activity	Reporting segment	Acquisition date	Accounting reference date
Accrue Student Housing GP Limited	50	United Kingdom	Property development	Development and trading	September 2011	31st August
Becket House Unit Trust	15	Jersey	Investment property	Investment	March 2014	31st December
Cathedral (Brighton) Limited	50	United Kingdom	Property development	Development and trading	May 2014	28th February
Curzon Park Limited	50	United	Property	Development	November	28th

		Kingdom	development	and trading	2006	February
Development Equity Partners Limited	50	Jersey	Property development	Development and trading	December 2011	28th February
DSP Tirol Limited	50	United Kingdom	Investment property	Investment	January 2015	28th February
DS Renewables LLP	50	United Kingdom	Property development	Development and trading	May 2012	28th February
Harwell Oxford Developments Limited	50	United Kingdom	Property development	Development and trading	December 2013	28th February
Kensington & Edinburgh Estates (South Woodham Ferrers) Limited	50	United Kingdom	Property development	Development and trading	July 2013	28th February
Manchester Arena Complex LP	30	United Kingdom	Investment property	Investment	June 2010	28th February
Notting Hill (Guernsey Holdco) Limited	24	Guernsey	Investment property	Development and trading	June 2011	31st December
Opportunities of Sittingbourne Limited	50	United Kingdom	Property development	Development and trading	January 2015	28th February
OSB (Holdco 1) Limited	50	United Kingdom	Property development	Development and trading	February 2014	28th February
Winnebago Holdings Sarl	35	Luxembourg	Investment property	Investment	April 2012	31st December

On 19th May 2014, the Group acquired an additional 45.0 percent of the shares in Purplexed LLP as part of the Cathedral acquisition (refer note 14). Accordingly the company is now accounted for as a subsidiary with effect from that date.

On 7th March 2014, the Group acquired a 15.0 per cent holding in Becket House Unit Trust with its partner Proprium Finance Cooperatief U.A holding the remaining 85.0 per cent. The company is registered and incorporated in Jersey.

On 19th May 2014, the Group acquired a 50.0 per cent holding in Cathedral (Brighton) Limited with its partner McLaren Property Limited holding the remaining 50.0 per cent. The company is registered and incorporated in the United Kingdom.

On 22nd December 2014, the Group acquired a 50.0 per cent holding in DSP Tirol Limited with its partner Pemberstone Investments Limited holding the remaining 50.0 per cent. The company is registered and incorporated in the United Kingdom.

On 21st January 2015, the Group acquired a 50.0 per cent holding in Opportunities of Sittingbourne limited with its partner Swale Borough Council holding the remaining 50.0 per cent. The company is registered and incorporated in the United Kingdom.

Investments under joint arrangements are not always represented by an equal percentage holding by each partner. In a number of joint ventures, the Group holds a minority shareholding but has joint control and therefore the arrangement is accounted for as a joint venture.

8 Inventory

	Development properties £'000	Trading properties £'000	Total £'000
DEVELOPMENT AND TRADING PROPERTIES			
At 1st March 2013	86,255	67,161	153,416
Additions:			
– acquisitions	4,733	37,946	42,679
– development expenditure	17,822	8,840	26,662
– transfer from development to trading properties	(7,722)	7,722	–
Disposals	(14,299)	(15,743)	(30,042)
Write down of trading properties to net realisable value	(182)	(50)	(232)
At 28th February 2014	86,607	105,876	192,483
Additions:			
– acquisition of subsidiaries (refer note 14)	64,969	–	64,969
– acquisitions	8,742	33,351	42,093
– development expenditure	47,713	4,783	52,496
– transfer from trading to development properties	2,300	(2,300)	–
Disposals	(69,120)	(60,576)	(129,696)
Foreign currency differences	(1,037)	(2,640)	(3,677)
Write down of trading properties to net realisable value	(986)	(208)	(1,194)
At 28th February 2015	**139,188**	**78,286**	**217,474**

Included in the above amounts are projects stated at net realisable value of £18,720,000 (2014: £42,308,000).

Net realisable value has been estimated by the Directors, taking account of the plans for each project, the planning status and competitive position of each asset, and the anticipated market for the scheme. For material developments, the Directors have consulted with third party chartered surveyors in setting their market assumptions.

Interest of £1,735,000 (2014: £51,000) was capitalised on development and trading properties during the year. Capitalised interest included within the carrying value of such properties on the Balance Sheet is £2,029,000 (2014: £1,653,000).

9 Trade and other receivables

a) Non-current	**2015 £'000**	2014 £'000
Prepayments and accrued income	**4,238**	7,652

b) Current	2015 £'000	2014 £'000
Trade receivables	**10,302**	2,229
Amounts due from customers for contract work	**–**	605
Other receivables	**25,328**	34,227
Other tax and social security	**1,029**	1,596
Prepayments and accrued income	**8,175**	2,178
	44,834	40,835

The Group has provided £433,000 (2014: £183,000) for outstanding balances where recovery is considered doubtful. Apart from the receivables that have been provided for at the year-end, there are no other material receivables, past due but not impaired. The maximum exposure to credit risk at the reporting date is the carrying value of the receivable.

10 Trade and other payables

a) Non-current	2015 £'000	2014 £'000
Trade payables	**9,857**	1,500

b) Current	2015 £'000	2014 £'000
Trade payables	**13,711**	1,042
Other payables	**16,256**	9,331
Other tax and social security	**5,536**	394
Accruals and deferred income	**28,399**	21,153
Special dividend 2015	**9,995**	–
	73,897	31,920

c) Provisions	Onerous leases £'000	Other provisions £'000	Total £'000
At 1st March 2014	2,948	88	3,036
Charged to the income statement	490	51	541
Credited to the income statement	(188)	(81)	(269)
Utilised during the year	(696)	(44)	(740)
Amortisation of discount	94	–	94
At 28th February 2015	**2,648**	**14**	**2,662**

Analysis of total provisions	2015 £'000	2014 £'000
Non-current	**2,412**	2,843
Current	**250**	193
	2,662	3,036

Provisions of £14,000 (2014: £88,000) relate to properties and £2,648,000 (2014: £2,948,000) to onerous leases.

£1,270,000 (2014: £1,270,000) has been provided to cover the onerous liability associated with leases at three of our serviced office centres.

Four provisions of £53,000 (2014: £nil), £886,000 (2014: £948,000), £177,000 (2014: £104,000) and £257,000 (2014: £257,000) relate to onerous lease obligations entered into in 2014, 2009, 1989 and 1974 respectively.

The Group has been called as guarantor in respect of three Stead and Simpson Limited leases. £5,000 (2014: £369,000) has been provided to cover the Group's obligations.

11 Financial assets and financial liabilities
a) Other financial assets

	2015 £'000	2014 £'000
NON-CURRENT		
Available-for-sale financial assets - development loans	**28,448**	19,527
Loan notes at amortised cost less impairment	**8,813**	8,675
	37,261	28,202

Development loans include a number of working capital and project-specific loans of £9,182,000 (2014: £8,115,000) to Northpoint Developments Limited. The loans attract fixed coupon rates of between 5.0 and 13.0 per cent. Included in the above amount is an interest-free loan of £208,000 (2014: £208,000). As at 28th February 2015, the Group has made a provision of £228,000 against interest receivable in respect of these loans.

In 2010, the Group provided a £5,000,000 loan to the Curzon Park Limited joint venture in order to repay a share of its bank debt. The joint venture partner provided the equivalent amount. In October 2012, the Group, along with our joint venture partner, agreed a three-year repayment schedule in respect of the loan facility secured against the 10.5 acre site in Birmingham. £11,500,000 of the loan has been repaid at the balance sheet date of which the Group's share is 50.0 per cent. The balance of £4,110,000 is repayable in full in May 2015. Following further review, the Group considers that this amount will be recovered from Curzon Park Limited, either through the compulsory sale of land or on development of the residual land retained. As at 28th February 2015, the development loan to Curzon Park is £8,450,000 (2014: £6,150,000). The Directors will review the position at each debt repayment date to determine whether the instalments are recoverable from Curzon Park Limited in the future or whether they should be expensed in the period in which they are paid.

The Group has two funding agreements totalling £10,816,000 (2014: £5,262,000), in respect of projects in partnership. The loans attract fixed coupon rates of 6.0 and 8.5 per cent.

The Group holds loan notes with a carrying value of £8,813,000 (2014: £8,675,00), issued by Northpoint Developments Limited, with a fixed term of ten years and a fixed coupon rate of 4.25 per cent. As at

28th February 2015, the Group has made a provision of £191,000 (2014: £nil) against interest receivable in respect of these loan notes.

	2015 £'000	2014 £'000
CURRENT		
Loans and receivables:		
Northpoint Developments Limited	**200**	200
Property Alliance Group	**1,500**	1,500
	1,700	1,700

The Group has provided a short-term, non-interest-bearing loan of £200,000 to Northpoint Developments Limited and £1,500,000 to Property Alliance Group as a contribution to a prospective future project, this amount is repayable on demand.

b) Borrowings

	£'000	**2015 £'000**	£'000	2014 £'000
CURRENT				
Bank overdrafts		**–**		–
Current instalments due on bank loans	**2,818**		3,476	
Current loans maturing	**14,054**		21,808	
First mortgage debenture 11% due 2016	**20,000**		–	
Unamortised transaction costs	**(852)**		(610)	
		36,020		24,674
		36,020		24,674

	2015 £'000	2014 £'000
NON-CURRENT		
First mortgage debenture 11% due 2016	**–**	20,000
Bank loans and loan notes	**171,231**	178,530
Unamortised transaction costs	**(2,219)**	(2,126)
	169,012	196,404

Bank loans and the debenture are secured by way of mortgages and legal charges on certain properties and cash deposits held by the Group.

c) Derivative financial instruments

Assets	**2015 £'000**	2014 £'000
Derivative financial instruments at fair value through profit or loss:		
Interest rate swaps, caps and collars	**189**	23
Foreign exchange contracts	**228**	–
Derivative financial assets	**417**	23

Liabilities	2015 £'000	2014 £'000
Cash flow hedge: cross-currency interest rate swap	–	(1,744)
Derivative financial instruments at fair value through profit or loss:		
Interest rate swaps, caps and collars	**(438)**	(474)
Derivative financial liabilities	**(438)**	(2,218)
Net derivative financial liabilities	**(21)**	(2,195)

At 28th February 2015, the Group held interest rate swaps, caps and collars designated as economic hedges and not qualifying as effective hedges under IAS 39. The derivatives are used to mitigate the Group's interest rate exposure to variable rate loans of £63,148,000 (2014: £59,230,000). The fair value of the derivatives amounting to £189,000 and £438,000 are recorded as financial assets and liabilities respectively at 28th February 2015 (2014: £23,000 asset and £474,000 liability) with the fair value loss taken to finance costs.

At 28th February 2014, the Group held one cross-currency interest rate swap designated as a hedge of expected future cash flows arising from €47,000,000 variable rate loan notes issued in September 2007. This cash flow hedge was cancelled in March 2014 following the renegotiation of the loan notes. On cancellation of the hedging arrangements, the Group incurred a foreign currency translation loss of £6,012,000, and paid a termination fee of £1,035,000. The Group was also required to write off transaction costs of £870,000. The total of £7,917,000 is shown as an exceptional item in the Consolidated income statement. The unwinding of the hedging arrangements also generated a corresponding credit to Other comprehensive income of £7,647,000.

12 Note to the cash flow statement

Reconciliation of profit before income tax to net cash outflow from operating activities:

	2015 £'000	2014 £'000
Profit before income tax	**34,757**	19,527
Adjustments for:		
Gain on disposal of investment properties	**(3,843)**	(539)
Gain on revaluation of property portfolio	**(7,824)**	(3,109)
Other income	**(175)**	(471)
Share of post-tax profits of joint ventures and associates	**(2,875)**	(12,834)
Loss from sale of investment	**86**	250
Profit from sale of joint venture	**(521)**	–
Loss/(profit) on sale of other plant and equipment	**20**	(34)
Finance income	**(7,914)**	(2,552)
Finance cost	**12,751**	13,532
Exceptional item: Acquisition costs associated with business combination	**2,724**	–
Exceptional item: Termination of cross currency interest rate swap	**7,917**	–
Depreciation of property, plant and equipment	**875**	768

Amortisation of goodwill	**238**	–
Operating cash flows before movements in working capital	**36,216**	14,538
Decrease/(increase) in development and trading properties	**37,951**	(38,930)
Increase in receivables	**(10,137)**	(16,018)
Increase in payables	**16,575**	7,911
Decrease in provisions	**(450)**	(28)
Cash flows generated from/(used in) operating activities	**80,155**	(32,527)

13 Contingent liabilities

In the normal course of its development activity, the Group is required to guarantee performance bonds provided by banks in respect of certain obligations of Group companies. At 28th February 2015, such guarantees amounted to £10,129,000 (2014: £4,708,000).

The Group has provided guarantees for rent liabilities in respect of properties previously occupied by Group companies. In the event that the current tenants ceased to pay rent, the Group would be liable to cover any shortfall until the building could be re-let. The Group has made provision against crystallised liabilities in this regard. In respect of potential liabilities where no provision has been made, the annual rent-roll of the buildings benefiting from such guarantees is £279,000 (2014: £279,000) with an average unexpired lease period of 3.1 years (2014: 4.1 years).

The Group has guaranteed its 50.0 per cent share of the capital and interest payable by Curzon Park Limited, a joint venture, in respect of the company's borrowings of £4,110,000 (refer note 11(a)).

The Group has guaranteed its share of interest up to a maximum of £575,000 in respect of the £26,000,000 loan in Notting Hill (Guernsey Holdco) Limited.

14 Business combinations

On 19th May 2014, the Group acquired 100 per cent of the issued shares in Cathedral Group (Holdings) Limited, Cathedral Special Projects (Holdings) Limited and Cathedral (ESCO) Limited and 95.0 percent of the shares issued in Deadhare Limited (Cathedral Group), a property development group specialising in mixed-use regeneration schemes in the South East.

As at 28th February 2014, the balance sheet value of the Group's interest in the Cathedral Group was £13,765,000, analysed as Investment in joint venture £9,332,000 and Available-for-sale financial assets of £4,433,000.

Details of the purchase consideration, the identifiable net assets acquired and goodwill are as follows:

	£'000
Purchase consideration	
– Cash paid	11,005
– Shares	6,013
– Contingent consideration	2,500
– Deferred consideration	3,373
Total consideration transferred	22,891

Fair value of equity interest in joint venture	10,345
Fair value of interest in financial asset	4,778
Total consideration	**38,014**

Recognised amounts of identifiable assets acquired and liabilities assumed:

	Provisional fair value £'000
Cash and cash equivalents	4,080
Monies held in restricted accounts and deposits	6,529
Inventory – development and trading properties	64,969
Interest in joint ventures	3,959
Trade and other receivables	1,585
Trade and other payables	(21,323)
Borrowings	(20,687)
Net deferred tax liabilities	(3,131)
Total identifiable assets acquired	35,981
Non-controlling interest	(26)
Goodwill	2,059
Total consideration	**38,014**

The goodwill of £2,059,000 is attributable to Cathedral Group Holdings Limited's expertise and reputation and expected future profits of development projects that were acquired. None of the goodwill is expected to be deductible for tax purposes.

Acquisition-related costs of £2,724,000 have been charged to exceptional items in the Consolidated income statement for the year ended 28th February 2015.

The fair value adjustments in respect of inventory relate to specific projects that have been independently valued at the date of acquisition. The fair value has been adjusted for project specific risks and uncertainties that may impact the profit level. These adjustments are provisional and are based on management's best estimates.

The contingent consideration requirement requires the Group to pay the former owners of Cathedral Group Holdings Limited £2,500,000 on securing a named development scheme. The contingent consideration was paid in full in July 2014.

A further £4,000,000 deferred consideration is payable on completion of the Morden Wharf and Preston Barracks developments should the performance of these schemes significantly exceed the Board's expectations and overall returns from Cathedral schemes surpass pre- determined levels. No provision has currently been made for this consideration. The Board will continue to monitor the Cathedral schemes.

£1,187,000 of consideration has been deferred for one year and £2,186,000 for two years. No performance conditions are associated with payment of this consideration

The acquired business contributed revenues of £31,032,000 and a net profit of £3,551,000 to the Group for the period from 19th May 2014 to 28th February 2015. If the acquisition had occurred on 1st March 2014, consolidated revenue and consolidated loss for the year ended 28th February 2015 would have been £33,667,000 and £1,205,000 respectively.

15 Projects in partnership

The following is a summary of the Group's projects in partnership and the Balance Sheet classification of its financial interests:

Project/partner	Project activity	Accounting classification	**2015 £'000**	2014 £'000
Atlantic Park (Bideford) Limited	Strategic land investment	Investment in associates	**276**	276
Barwood Development Securities Limited	Strategic land investment	Investment in associates	**2,500**	2,500
Barwood Land and Estates Limited	Strategic land investment	Investment in associates	**1,500**	1,500
CDSR Burlington House Developments Limited	Property development	Investment in associates	**3,977**	–
Wessex Property Fund	Property investment	Investment in associates	**–**	–
Beyond Green Developments Limited	Property development	Development properties	**6,923**	6,437
Wessex Investors	Property development	Development properties	**4,752**	3,818
Grantham Associates Limited	Hotel operator	Trading property	**4,267**	4,267
Cathedral (Greenwich Beach) Limited	Property development	Financial assets	**–**	4,433
Cathedral (Movement, Greenwich) LLP	Property development	Financial assets	**1,329**	829
Northpoint Developments Limited	Property development	Financial assets	**18,195**	16,990
Curzon Park Limited	Property development	Investment in joint ventures	**–**	–
Curzon Park Limited	Property development	Financial assets	**8,450**	6,150
Deeley Freed Limited	Property development	Financial assets	**9,487**	–
Property Alliance Group	Property development	Financial assets	**1,500**	1,500
Accrue Student Housing GP Limited	Student accommodation	Investment in joint ventures	**1,766**	1,601
Becket House Unit Trust	Investment property	Investment in joint ventures	**5,897**	–
Cathedral (Brighton) Limited	Property development	Investment in joint ventures	**4,523**	–
Development Equity Partners Limited	Property development	Investment in joint ventures	**276**	276
DSP Tirol Limited	Investment property	Investment in joint ventures	**5,043**	–
DS Renewables LLP	Property development	Investment in joint ventures	**–**	–
The Esplanade Partnership Limited	Property trading	Investment in joint ventures	**–**	522
Harwell Oxford Developments Limited	Property development	Investment in joint ventures	**7,067**	6,140
Kensington & Edinburgh Estates (South Woodham Ferrers) Limited	Property development	Investment in joint ventures	**448**	163
Manchester Arena Complex LP	Investment property	Investment in joint ventures	**175**	61
Notting Hill (Guernsey Holdco) Limited	Property development	Investment in joint ventures	**7,064**	6,569
Opportunities of Sittingbourne Limited	Property development	Investment in joint ventures	**118**	–
Orion Land & Leisure Limited	Property development	Investment in joint ventures	**2,716**	3,686
Purplexed LLP	Property development	Investment in joint ventures	**–**	9,332

Winnebago Holdings Sarl	Investment property	Investment in joint ventures	**5,451**	3,430
			103,700	80,480

The aggregate amounts included within each relevant Balance Sheet account are as follows:

	2015 £'000	2014 £'000
Investment in associates	**8,253**	4,276
Investment in joint ventures	**40,544**	31,780
Financial assets – current	**1,700**	1,700
Financial assets – non-current	**37,261**	28,202
Development properties	**11,675**	10,255
Trading properties	**4,267**	4,267
	103,700	80,480

16 Post balance sheet events

As at 28th February 2015, the Group had exchanged contracts for the sale of a trading asset. This sale has since successfully completed.

As part of the acquisition of Cathedral,, the Group acquired a 50 per cent holding of Cathedral (Brighton) Limited with McLaren Property Limited holding the remaining 50 per cent. Since the year end the Group has acquired McLaren's 50 per cent holding and therefore now holds 100 per cent of Cathedral (Brighton) Limited.

Glossary

- Operating profit: stated after gain on disposal of investment properties and the revaluation of the Investment property portfolio and before the results of associates, jointly controlled entities and finance income and costs.
- IPD Index and Total Portfolio Return: total return from the completed investment property portfolio, comprising net rental income or expenditure, capital gains or losses from disposals and revaluation surpluses or deficits, divided by the average capital employed during the financial year, as defined and measured by Investment Property Databank Limited, a company that produces independent benchmarks of property returns.
- Total Shareholder Return: movement in share price over the year plus dividends paid as a percentage of the opening share price.
- Gearing: expressed as a percentage, is measured as net debt divided by total shareholders' funds.
- Adjusted gearing: expressed as a percentage, is calculated by deducting from net debt the current fair value of the subordinated loan notes and adding back relevant restricted cash balances and transaction costs.
- Loan to value gearing: expressed as a percentage of net debt as a proportion of total property assets, including shares of properties and net debt in all projects in partnership.
- Net debt: total debt less cash and short-term deposits, including cash held in restricted accounts.