Development Securities PLC

(“Development Securities” or “the Company” or “the Group”)

PRELIMINARY RESULTS FOR THE YEAR ENDED 28th FEBRUARY 2014

Development Securities PLC, today reports a strong increase in year profit before tax and net asset value, principally driven by continued development and trading gains and an increase in the value of the Group’s investment portfolio. The Group’s board is recommending an increase of 33.3 per cent in the final dividend.

Development Securities is well positioned to deliver enhanced returns over the coming years, with a diversified portfolio of projects now established and good visibility on a pipeline of further investment and development opportunities.

Financial and operating highlights

- £18.7 million increase in profit before tax to £19.5 million (2013: £0.8 million)
- £10.7 million increase in EPRA Net Asset Value (NAV) to £328.3 million, equivalent to 269 pence per share, a 5.2 per cent increase before paying £5.9 million of dividends (2013: £317.6 million)
- Final dividend of 3.2 pence per share recommended (2013: 2.4 pence per share) taking the total dividend for the year to 5.6 pence per share (2013: 4.8 pence per share)
- £27.0 million of development and trading gains delivered, continuing the scale and momentum of previous years (2013: £28.1 million)
- £4.8 million increase (1.6 per cent) in value of investment portfolio including share of joint ventures (2013: £12.8 million decline). Income stable across portfolio and void rates reduced by a third to 6.3 per cent
- Significant progress made across all aspects of portfolio since 1st March 2013 including joint venture projects:
    - Disposals of real estate worth over £260 million releasing equity to be recycled into new investment and development projects
    - Twelve new acquisitions totalling £69.8 million – majority of projects in London and the South East
    - £189 million of institutional funding secured across four projects at Shepherd’s Bush Market, 12 Hammersmith Grove, Cross Quarter in Abbey Wood and Hale Barns near Manchester
    - Three major development projects in London in hand: Algarve House in Southwark, 12 Hammersmith Grove and contracts exchanged on an additional property in Central London in joint venture at a cost in excess of £75 million
- €47 million medium-term unsecured loan notes restructured in March 2014, reducing finance costs and releasing cash collateral

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

“The strong improvement in our performance during the year was driven by continued significant gains from within our development and trading portfolio and an increase in the value of our regional investment portfolio. We have an extensive portfolio of projects that is set to deliver strong gains in the coming years. With the UK economy continuing to strengthen and some enhanced liquidity returning to real estate markets outside London, we have accelerated our program of asset disposals within our investment portfolio. This will allow us to recycle capital into further investment opportunities that offer enhanced growth prospects. We are well positioned to capitalise on further opportunities in those sectors of the market that we have selected for value creation, and to deliver enhanced shareholder returns.”

	28th Feb 2014	28th Feb 2013
Profit before tax	**£19.5**	£0.8 million
Basic earnings per share	**14.9p**	2.0p
EPRA Net assets	**£328.3 million**	£317.6 million
EPRA Net assets per share	**269p**	260p
Basic Net assets	**£320.3 million**	£306.7 million
Basic Net assets per share	**262p**	251p
Dividend per share	**5.6p**	4.8p
Net debt	**£153.8 million**	£146.8 million
Gearing	**48.0%**	47.9%

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

Year at a glance

Good progress made across our portfolio to realise value and deliver strong returns

c.£260m*

of asset disposals realised

16*

planning successes across our portfolio

£189m*

of funding secured on existing schemes

c.£70m*

of new assets acquired

Six

sites under construction

*Including joint ventures and all activity to date since 1st March 2013.

Q1 FY2014

March – May 2013

- Broughton residential land sold for £11.4 million
- Planning consents secured for mixed-use developments at:
  - Atlantic Park, Devon
  - Cross Quarter, Abbey Wood
  - 399 Edgware Road, North London

Q2 FY2014

June – August 2013

- Mixed-use development opportunity acquired in Romford for £8.3 million
- The Gatefold building at The Old Vinyl Factory sold to Willmott Dixon
- 10 Hammersmith Grove achieves practical completion

Q3 FY2014

September – November 2013

- Phones 4u Arena in Manchester, held in joint venture with Patron Capital, sold for £82.1 million
- 64,800 sq. ft. office building acquired in Sevenoaks for £5.5 million
- 0.3-acre site acquired in Dublin for €2.4 million with planning consent for mixed-use development
- Option agreement secured at Algarve House, a derelict office building adjacent to Southwark underground station, for future redevelopment

Q4 FY2014

December – February 2014

- Portfolio of five office buildings in the King's Cross area of London acquired for £17.5 million
- UKTV signs as first tenant at 10 Hammersmith Grove, taking two floors of the building
- Vacant hotel building acquired in Brighton for £4.5 million and 100-year lease signed with the YHA
- £38.1 million of funding secured for development of first phase of Cross Quarter, Abbey Wood

Q1 FY2015

March – April 2014

- £14.8 million of funding secured for the development of The Square, Hale Barns, a mixed-use, retail-led scheme near Manchester
- £44.1 million of funding secured for first phase of redevelopment of Shepherd's Bush Market
- 12 Hammersmith Grove, a 167,000 sq. ft. prime office building, forward-funded by SWIP Property Trust for £92.0 million and construction commences
- Appointed as private sector partner for the development of major, 700-acre science Campus, Harwell Oxford

Chairman's Statement
On track to achieve our strategic objectives

I am pleased to report a strong set of results for your Company, with a profit before tax of £19.5 million for the year ended 28th February 2014, a significant improvement from the profit before tax of £0.8 million for the previous financial year.

Performance

After the payment of £5.9 million by way of dividends, shareholders' funds increased by £13.6 million to £320.3 million from £306.7 million as at 28th February 2013. Net assets per share ended the year at 262 pence per share compared to 251 pence per share at 28th February 2013.

Our level of net debt, excluding our share of debt within joint ventures, remained low at 48.0 per cent compared with 47.9 per cent at 28th February 2013. 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 3.2 pence per share, payable on 22nd August 2014 to shareholders on the register on 25th July 2014. This payment will bring the total dividend for the year to 5.6 pence per share, an increase of 16.7 per cent on the previous year.

The year was characterised by a high level of activity across our business as we continued to progress our strategy of creating value through regeneration. Within our development and trading portfolio, we generated further strong gains, with profits of £27.0 million realised in the year ended 28th February 2014 (28th February 2013: £28.1 million). It was also pleasing to note that our investment portfolio including our share of joint ventures increased in value by £4.8 million as compared to the fall of £12.8 million in the previous year, and we expect this performance to improve further. In addition, we have made good progress within our major developments programme, with notable activity on the edge of Central London. 12 Hammersmith Grove, Algarve House in Southwark and a further site in Central London on which we have exchanged conditional contracts, all present significant opportunities that build on our track record in delivering high quality commercial-led, mixed-use developments.

Outlook

If the present track of the UK economy proves to be sustainable, we would expect to see an increased level of development activity in the market place as vacancy rates fall further and business confidence grows to ensure that real estate retains its attraction to available UK and global liquidity. The future delivery from our project pipeline is playing into the momentum of a recovery in the UK economy. Against this backdrop, your Company will continue to search out regeneration opportunities in markets where we see both current and emerging demand and where we have development expertise and a position of strength. In addition, we will continue to search out further opportunities from within the financial sector, as banks further reduce their exposure to real estate.

Property development and investment is a complex process that requires high levels of professionalism and expertise. My colleagues, the management team and staff at Development Securities have continued to work hard and I would like to thank them for their efforts, especially as our level of activity intensifies. As ever, we will continue to manage our activities with the appropriate level of caution and risk management. We are well-positioned to capitalise on further opportunities as the cycle continues to turn in our favour.

David Jenkins
Chairman

30th April 2014

Chief Executive's Statement
Creating value through real estate regeneration

Well poised to capitalise on our Balance Sheet strength and development expertise

Our market
A year can be a long time in the fortunes of the UK economy. Twelve months ago, the outlook was uncertain as the economy struggled to generate any meaningful growth. Then, catching most people by surprise, the UK economy began to show signs of life in the second half of 2013, building investor and occupier confidence and reinforcing the upwards shift in market dynamics. This firmer growth trend, allied with a restricted supply of new development product, creates a positive outlook for the successful delivery of our existing pipeline of projects, and improves our prospects for new opportunities to be secured. It still remains to be seen how firmly and rapidly the regional investment and occupational markets continue to recover.

Our focus
We have now established a pipeline of some 40 development projects where our strategy is to create value through regeneration. The diversity and breadth of our portfolio assists us in restricting our exposure in any one project to levels proportionate to our Balance Sheet and also provides good visibility on a steady flow of future gains. Our work is presently concentrated in London and the South East, with an emphasis on residential and foodstore-led mixed-use projects where planning change of use is the key driver to value growth.

For the past few years, office development activity outside Central London has been limited. However, as upward rental pressure obliges some occupiers to seek more cost effective solutions to their requirements, office-led development activity on the edges of Central London is becoming increasingly relevant to us.

Progress in the year
The main drivers for the growth of £13.6 million in shareholders' funds were the excellent performance from our development and trading portfolio which generated gains of £27.0 million during the year (28th February 2013: £28.1 million), as well as a £4.8 million increase in the value of our investment portfolio including our share of joint venture assets. We anticipate that this performance will continue and indeed strengthen over the coming years.

Legacy assets
Like most other real estate businesses, we had some legacy assets that were caught off-balance in the downturn of 2008. Our strategy to resolve them was to seek new or improved planning consents suitable to a more subdued economic environment and changing nature of demand. During the year, we made further good progress on two of our three significant, non-income earning legacy assets. At Broughton, planning consent was received in July 2013 for 232 residential units on 19 acres of land which was subsequently sold at book value for £11.4 million. At 399 Edgware Road, we obtained a revised planning consent for a foodstore-led mixed-use scheme. We are now under offer with a funding partner to finance the development of the 80,000 sq. ft. food store, pre-let to Morrisons, which will unlock £12.5 million of positive cash flow. The other components of this scheme, with a similar end development value, will also be resolved in the near-term. The third significant legacy asset is at Curzon Street in the centre of Birmingham where our ten-acre site is directly impacted by the proposed HS2 rail project and it will be some considerable time before we will be able to monetise this asset.

Development and trading portfolio
Our current development and trading portfolio has seen a high level of activity and this part of the business continues to perform at or above expectations, with a strong pipeline of further disposals established. In April 2014, we completed the disposal of assets within the Rock portfolio and additionally have now realised all of the underlying assets within the Chrome portfolio. Both of these portfolios were acquired from financial institutions and we continue to seek further such loan portfolio acquisitions.

We were also pleased to secure institutional funding on several of our projects since the year end, allowing us to implement their delivery and monetise our position. We secured £14.8 million of funding to finance the development of The Square in Hale Barns near Manchester, £38.1 million of funding for the development of the Sainsbury's food store at Cross Quarter, Abbey Wood and £44.1 million for the first phase of development at Shepherd's Bush Market. These projects were acquired by us in a state of obsolescence or dereliction and benefitted from subsequent planning permission to facilitate the delivery of these mixed-use regeneration schemes.

The planning process remains the key enabler to successfully repositioning projects in order to realise value. It is pleasing to note that we have secured 16 planning wins in the period since 1st March 2013.

We also made a number of acquisitions during the year with a continued focus on regeneration projects. Three of these acquisitions were in or close to Greater London: a £5.5 million office building in Sevenoaks; a £17.5 million portfolio of five office buildings in North London; and an £8.3 million town centre mixed-use development opportunity in Romford. The residential element of these mixed-use projects is increasingly significant to us and, where appropriate, we are seeking planning change of use to create more residential development opportunities within our portfolio. In October 2013, we acquired our first project in Dublin, a market which we perceive to offer further opportunity for development and investment. In April 2014, we contributed £8.5 million to the restructuring of Deeley Freed, a Bristol-based property developer with an excellent reputation for high quality projects, who required assistance in reshaping its liability portfolio.

Investment portfolio

As anticipated, our regionally-biased property investment portfolio has now begun to show some positive value growth. Yields have started to compress as investor appetite for quality assets outside London has increased. This improved sentiment has resulted in a valuation uplift of £3.1 million in our directly held investment portfolio as at 28th February 2014 (28th February 2013: £16.4 million decline). Including the investment properties held within our various joint ventures, this upward revaluation increases to £4.8 million. We are hopeful that these market conditions will further strengthen through the coming year. It is pleasing to note that vacancy rates have reduced to 6.3 per cent as at 28th February 2014 (28th February 2013: 9.7 per cent). Our investment portfolio generated £15.0 million in rental income which contributes significantly to the stable cash flows of our business.

With increased liquidity and competition within the markets in which we operate, we have commenced our programme of disposals of those assets where our business plan is now complete. In October 2013, we sold The Phones 4u Arena in Manchester for £82.1 million. The value that we added to this arena during our period of ownership with our joint venture partner was considerable, with returns far exceeding our original expectations. Additionally, we sold our Waitrose-anchored scheme in Winchester for £23.3 million in March 2014, £1.3 million in excess of book value as at 28th February 2013. In April 2014, we sold £21.0 million of assets from within our investment portfolio at book value. We intend to recycle the equity released from these disposals back into the investment market in the near-term.

Major developments

In July 2013, we completed 10 Hammersmith Grove, our first large-scale office project of the current cycle, and in February this year completed the first letting of two floors to UKTV. Work has now commenced on the second and final phase of this development, 12 Hammersmith Grove, a 167,000 sq. ft. prime office building. In October 2013, we secured an option to acquire Algarve House, a vacant, derelict office building in Southwark, another strengthening market on the fringe of the Central London core. Here we are progressing the masterplan for a mixed-use regeneration scheme of some 200,000 sq. ft. In April 2014, in joint venture with a financial partner, we exchanged conditional contracts to acquire an income-generating office building for more than £75.0 million in a Central London location.

In August 2013, we received a compensation payment of £7.1 million for releasing our interest in the remaining two phases at PaddingtonCentral, the 1.2 million sq. ft. office-led mixed-use regeneration project in which we had been engaged for some 15 years.

Outside London, in March 2014 in a joint venture with Prorsus, we were appointed as the private sector partner at Harwell Oxford. Here, we will manage and further develop this internationally renowned science Campus on a 700-acre site in partnership with the Science and Technology Facilities Council and the UK Atomic Energy Authority, two Government-backed agencies.

Outlook

We remain positive about the outlook for all aspects of our business. We are well poised to capitalise on our Balance Sheet strength and development expertise, which are traditionally much in demand at this point in the cycle.

Michael Marx
Chief Executive

30th April 2014

Risks

The Group's business model is defined by the nature and extent of the risks which the Directors consider are material to the Group's strategy, size and capabilities

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

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
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.	• Higher occupier risk in existing investment properties leading to significantly reduced values. • Lack of occupier demand leading to functional obsolescence in properties. • 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.	• 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.
Scarcity of investment and development opportunities The Group's business is predominately 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 trading and development 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.

Risk	Impact	Mitigation	Risk exposure change year on year
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 competences, 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.	→
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.
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
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 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.	• 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.	→

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.	• 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.	➔ Next year it is expected growing confidence will lead to increases in orders placed, putting upwards pressure on prices.

Key
Change from last year
↑ Risk exposure increased
↓ Risk exposure reduced
➔ No significant change in risk exposure

Operating Review
Development and trading portfolio overview

This has been a year of intense activity across all aspects of our development and trading portfolio

Our markets

We have continued to progress the business plans for those assets acquired by us over the past three to four years, whilst also growing our pipeline of projects. During the year, we generated gains of £27.0 million from further asset realisations within our portfolio and with a diversified pipeline of projects now established, we expect to maintain this level of activity over the coming years. We continue to focus on structural over cyclical growth, delivering performance by the implementation of specific asset activity.

Our development and trading activity falls broadly into two categories. First, regeneration projects whereby we are able to acquire assets or land in a state of obsolescence or distress and, through redevelopment, create institutional quality assets for which demand is strong. With the yield gap between secondary and prime markets still at historically high levels, albeit starting to narrow, we see continued opportunity to generate value through this process. Our second area of focus is the acquisition of assets or portfolios from financial institutions or banks. We have now completed more than ten such transactions and we expect further activity as banks continue to seek to reduce their exposure to real estate. In both of these areas of activity, it is our ability to apply our development and asset management expertise that drives significant value, with planning change being a key catalyst for positive growth.

The last twelve months have seen a vast improvement in the prospects for the UK economy, with a positive impact on a number of the markets in which we operate. Investor appetite for residential land and developments has continued to increase as demand continues to outstrip supply. London dominates in this positive value growth but the ripple effect is starting to spread beyond central areas. We have a good pipeline of residential land and development projects and, where appropriate, we are targeting further residential-led real estate opportunities in order to increase our presence within this market.

A number of retail sub-sectors saw a decline during the year, mainly in peripheral UK locations. Outside London, retail remains a patchy sector that is trailing the recovery. The challenges that face the sector increasingly appear to be structural and less responsive to cyclical improvements in the wider economy. Within the foodstore sector, the 'race for space' amongst the biggest UK supermarket brands has halted as consumer shopping habits have continued to evolve and the big discount brands have increased their market share. All supermarkets are still looking to expand their stores in aggregate, however, the bias is now towards convenience retailing rather than large-format superstores. We are adjusting our focus accordingly and seeking further opportunities in the convenience retail sector.

During the year, we acquired our first property in Dublin, a market where transactional activity is increasing and in which we see further opportunities for investment and development.

Acquisitions

We made five acquisitions during the year within our development and trading portfolio, the full details of which are provided in the property matrix. Four of these acquisitions offer residential-led development opportunities: Romford in East London; Tubs Hill House in Sevenoaks; a portfolio of five properties in zones one and two of North London, and Percy Place in Dublin. In April 2014, we partnered with Deeley Freed, a Bristol-based property company, providing it with £8.5 million to restructure its facilities and assist in the delivery of seven of its existing projects. The company has a solid track record for delivery and an established regional presence. The majority of its projects are in provincial cities in the South West with a mix of commercial, mixed-use and foodstore-led development opportunities which will be delivered over the next three years.

Disposals

Our strategy was further validated during the year as we secured our exit from a number of projects. At The MVMNT, Greenwich, a 350,000 sq. ft. mixed-use project, Willmott Dixon and McLaren are both on site with the residential and student accommodation elements of the scheme. We also secured funding for the 106-bed hotel, pre-let to Travelodge, which is also now under construction. In late 2014, we will take delivery of the retail and leisure space on the ground floor of the residential blocks to complete the final phase of this regeneration project and early marketing has commenced.

At Rembrandt House, Watford, we completed the £5.6 million sale of part of the site to a local housebuilder with planning consent having been achieved for a 107-unit residential scheme. A 40,000 sq. ft. office building remains on the residual part of the site for which we are exploring development options.

In July 2013, we sold a site at The Old Vinyl Factory to Willmott Dixon for the development of a 132-unit residential development. In April 2014, we entered the final sign-off stage for £7.7 million of loan funding from the GLA's Growing Places Fund for the development of the 'Central Research Laboratory', an innovation hub for start-ups and SMEs which will help to further establish this significant regeneration scheme. In April 2014, we also disposed of the final assets within the Rock portfolio and concluded the sales of underlying assets within the Chrome portfolio. Both of these portfolios were acquired from banks and we have overseen their profitable disposal.

We were also pleased to secure institutional funding on three projects within our development and trading portfolio during the year, at Cross Quarter in Abbey Wood, Shepherd's Bush Market and at The Square, Hale Barns.

Planning success

Securing new or improved planning consents for the projects within our portfolio remains the key driver to growth and positive change. In this regard, we continued to make good progress, securing 16 new planning consents, a 100 per cent success rate. These include outline planning for a significant urban extension project at a 207-acre site north of Norwich, comprising 3,500 homes within a new mixed-use community. At Shepherd's Bush, we secured detailed planning consent for our regeneration project which will include 211 homes, 14,000 sq. ft. of retail space and a revitalised market at the heart of the development. Planning consents were also achieved at projects in Launceston, Barnstaple, Cross Quarter in Abbey Wood, 399 Edgware Road, Marsh Mills in Plymouth and at Atlantic Park in Devon.

Operating Review
Development and trading property portfolio

Property status key

1	2	3	4	5	6	7	8
Planning submitted	Planning secured	Acquisition	Under construction	Practical completion	Sales achieved	New lettings	Forward/grant-funded

Asset name, location	Overview	Status	Progress
Chrome portfolio, various	Acquired: August 2012 • £103.0 million real estate loan portfolio acquired in joint venture with the Pears Group. Underlying real estate comprised 65 per cent Central London residential assets with the remainder consisting of neighbourhood retail schemes anchored by Tesco convenience stores and further residential, high street retail and commercial assets	6	• Further profitable sales achieved such that 100 per cent of the portfolio has now been sold
Shepherd's Bush Market, London	Acquired: May 2010 • Six-acre development site including the existing Shepherd's Bush market • Outline planning consent secured in February 2012 for a comprehensive regeneration including: – up to 212 residential units – new retail and leisure units – a revitalised market at the heart of the scheme	2 8 4	• £44.1 million funding facility secured with Pramerica to finance the acquisition of the existing market from TfL and to complete the land assembly • Judicial review against our outline planning consent dismissed by the Court of Appeal • Detailed planning permission secured in April 2014 • CPO process to be concluded, with Inspector's report due by May 2014
Cross Quarter, Abbey Wood	Acquired: May 2011 • £85 million regeneration scheme adjacent to Abbey Wood station • Planning secured for a mixed-use regeneration project comprising: – an 81,000 sq. ft. foodstore, pre-let to Sainsbury's – 220 residential units – 5,000 sq. ft. of retail and commercial space	2 8 4	• Planning consent secured in April 2013 • £38.1 million of funding secured from Canada Life in February 2014 to finance the development of the Sainsbury's foodstore • Construction of phase one, comprising Sainsbury's foodstore and 32 residential units, underway with targeted completion in Q2 2015

Asset name, location	Overview		Progress
The Square, Hale Barns, Cheshire	Acquired: March 2010 • Retail-led mixed-use redevelopment comprising a 30,000 sq. ft. foodstore anchor pre-let to Booths, additional retail space and 24 residential units	8 4	• CPO of site concluded enabling vacant possession to be obtained • £14.8 million of funding secured in April 2014 to finance the development of the entire scheme including the residential element • Construction underway and due to complete in Q4 2014 • Marketing of retail units commenced and residential sales to launch in the summer
399 Edgware Road, London	Acquired: 2005 • Seven-acre development site in North West London which is currently vacant and derelict • Planning for a foodstore anchored mixed-use development including: – 81,000 sq. ft. Morrisons (pre-let) – 223 residential units – a new Asian foodcourt and retailing centre	2 4	• Planning consent secured in May 2013 • Under offer with a funding partner to finance the development of the Morrisons foodstore • £12.5 million of cash to be released upon funding • Demolition works commenced
The Old Vinyl Factory, Hayes	Acquired: April 2011 • 18-acre development site acquired in joint venture with Cathedral Group for £16.0 million • Planning consent secured for a £250 million regeneration scheme including: – up to 642 residential units – 550,000 sq.ft. of new commercial space – a nine-screen multiplex cinema – a central street running through the development with cafes and restaurants	8 6	• The Gatefold building, a 132-unit residential development site, sold to Willmott Dixon's private rented sector brand 'Be Here' for £4.0 million • In final sign-off stage for £7.7 million of loan funding from the GLA's 'Growing Places' fund for a new entrepreneurs' hub, the 'Central Research Laboratory'
North London office portfolio	Acquired: February 2014 • A portfolio of five office buildings in London, zones 1 and 2 acquired for £17.5 million • The offices offer a combined floor area of 66,800 sq. ft. with vacancy rates at 35 per cent and an annual income of £676,000 representing a 3.65 per cent yield	3 6 1	• Contracts exchanged in April 2014 to sell one of the office buildings to recycle equity • Planning change of use for residential-led conversion progressing on three further assets

Asset name, location	Overview		Progress
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	3 2	• Negotiations continue with current office tenants to obtain vacant possession of the building • Permitted Development Rights obtained for change of use from office to residential • A full planning application is being prepared for a residential scheme including additional floors
Tollgate House and Market Place, Romford	Acquired: July 2013 • 104,400 sq. ft. mixed-use development in Romford acquired for £8.3 million from administrators acting on behalf of Lloyds Banking Group	3 4 7	• Lettings achieved on vacant retail and leisure space taking occupancy rates across the scheme to 98 per cent • Construction of second phase of Market Place due to complete in Q2 2014 with the 22 apartments launched for sale
Kensington Church Street, London	Acquired: June 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		• Planning application to be submitted following public consultation process
Morden Wharf, Greenwich, London	Acquired: March 2012 • Part-leasehold, part-freehold, 19-acre site on the Greenwich Peninsula acquired in joint venture with Cathedral Group. The site is cleared, remediated and vacant bar an office building and two warehouses totalling c.128,000 sq. ft.		• World-class architect, OMA, appointed to design the masterplan for the scheme • Discussions with freeholder ongoing in order to facilitate the long-term development of the site
Percy Place, Dublin	Acquired: October 2013 • 0.3 acre site in a prime residential location in Dublin, acquired for €2.4 million with a local partner • Planning permission in place for a mixed-use development • The project will include: – 4,700 sq. ft. of restaurant and retail space – twelve high quality residential apartments – 6,500 sq. ft. of office space	3 7	• Pre-let agreed on restaurant unit • Construction works due to commence in Q2 2014
Rembrandt House, Watford, London	Acquired: January 2011 • 3.4-acre site comprising offices and industrial uses including a four-storey office building • Planning permission secured for a residential development of 107 units plus the refurbishment of the existing office building	6 1 2	• Consented residential site sold to a housebuilder for £5.6 million in March 2014 • Permitted Development Rights application submitted to convert the remaining office building into residential apartments

Asset name, location	Overview	Progress
Friarsgate Shopping Centre, Lichfield	Acquired: July 2011 • 395,000 sq. ft. retail-led mixed-use regeneration scheme in Lichfield city centre	• Heads of terms agreed with a national retailer for a 50,000 sq. ft. anchor store • Redesign of scheme in advanced stages which will align it with the current retail environment • Development management agreement with Local Authority extended until 2026
South Woodham Ferrers, Essex	Acquired: July 2013 • Ten-acre site in Essex with development potential for a foodstore-led development project 3 7	• Conditional contracts exchanged with current landowners to acquire the site in joint venture with a development partner • Planning application for a mixed-use development in advanced stages • Conditional pre-let signed with Sainsbury's (subject to planning) to anchor the development
Deeley Freed	Acquired: April 2014 • Partnership with leading Bristol-based developer • Medium-term finance provided to enable Deeley Freed to bring forward its existing pipeline of developments	• Pipeline includes a number of office, retail and mixed-use developments • Planning consent already secured on a number of projects with strong prospects for further planning gain and pre-lets in the near-term
Valentine's House, Ilford	Acquired: July 2011 • Mixed-use development comprising c.100 residential units and 20,000 sq. ft. of retail space 2	• Permitted Development Rights obtained for conversion of existing office building into residential space • Planning application for a c.100 unit scheme to be submitted in Q3 2014
Luneside East, Lancaster	Acquired: March 2007 • 17-acre site with outline planning for a residential-led mixed-use development comprising: – up to 350 residential units – 80,000 sq. ft. of business space – a 25,000 sq. ft. hotel – 11,000 sq. ft. of ancillary space 8 6	• £4.0 million 'Growing Places Loan' secured from the Local Enterprise Partnership to fund remediation works on site to prepare it for redevelopment. Works now complete • Contracts exchanged with a housebuilder for sale of the residential site subject to detailed planning consent. The sale will repay the grant monies and kick-start the wider redevelopment
Beyond Green, Norwich	Acquired: November 2010 • 81.5 hectare site North East of Norwich • Strategic land opportunity for primarily residential development. Land controlled by way of an option structure 2	• Outline planning consent secured for a major urban extension including 3,520 new homes • Development to be delivered over the next 15 to 20 years with a start on site anticipated in late 2015

Strategic partnerships

Barwood	Acquired: January 2010 • Joint venture operation with Barwood Group to secure land promotion and strategic land opportunities across the UK. Partnership focuses on promoting land through the planning process for primarily residential development • 26 sites currently under option across three funds	2	• Planning consent secured on five sites • 90-unit residential scheme in Kineton, Warwickshire, sold to a housebuilder
Wind farms	Acquired: August 2011 • Joint venture arrangement with Njord Energy to secure and promote five sites for medium sized, onshore wind farms	1	• First planning application submitted with three further applications to follow in Q2 2014

Operating Review
Major developments portfolio

Positioned well for the next phase

The modest size of our Balance Sheet and our risk averse approach to specific development exposures has largely precluded us from involvement in major projects in the Central London core. Instead, we have focused on locations on the edge of Central London where supply of high quality offices has been constrained, demand is credible and location fundamentals are strong. In these markets, where aggregate demand may indeed be reducing and where occupiers are more price sensitive, we are required to be discerning with regard to the product that we deliver and the specific sites we select. We are pleased to report that the delivery of premium quality office developments in these markets has proven to be a valid proposition.

In summer 2013, we completed 10 Hammersmith Grove, a 110,000 sq. ft. Grade A office building, on time and within budget. The two restaurants are let to Byron Burger and Bill's Produce and our first office letting to UKTV, who will take two floors of the building, was signed in February 2014. Our discussions with other tenants are advancing well and 80 per cent of the office space is now let or in solicitor's hands with just a floor and a half available. Average rents agreed are 15 per cent above the pro forma rent of £40 per sq. ft. In March 2014, we agreed terms with SWIP Property Trust, the institutional funder of 10 Hammersmith Grove, to forward-fund the next and final phase of this development for £92.0 million. 12 Hammersmith Grove will provide 167,000 sq. ft. of prime office space with new restaurant space and additional public realm. Construction will start imminently with completion anticipated in Q1 2016. The supply of competing office space of this quality in Hammersmith remains very limited.

Since 1st March 2013, we have secured two other major development opportunities in London. In October 2013, we secured an agreement to acquire Algarve House, a derelict office building adjacent to Southwark underground station. Our masterplan for the redevelopment of the site is advanced and we anticipate starting the public consultation process in summer 2014. In April 2014, in conjunction with a financial partner, we exchanged conditional contracts to acquire an income-producing office building at a cost in excess of £75.0 million in Central London, with potential for redevelopment on site.

In April 2014, we were selected, alongside our operating partner Prorsus, by two Government agencies, the United Kingdom Atomic Energy Authority and the Science and Technology Facilities Council as their private sector partner at Harwell Oxford. The site comprises 700 acres in total, of which approximately 30 per cent is already developed as a science Campus of international standing. Our role is to bring forward future phases of development for commercial science and research companies for whom the proximity of the Government's various large-scale facilities confer competitive advantage.

At Cambourne Business Park, we are confident that the activity levels of Cambridge city centre will now ripple towards this location. There is a case for speculative development, and we shall be embarking on a number of discussions with partners this year.

At Cambridge Science Park, we are Trinity Hall's development managers for three office and laboratory buildings totalling 133,000 sq. ft. We were delighted to start on the first laboratory and office building in January 2014, which is pre-let to the UK subsidiary of a leading Japanese pharmaceutical company.

Harwell Oxford, Cambourne and Cambridge Science Park are all located in important knowledge clusters, where the strength of occupier demand is driven by proximity to a highly educated and specialist workforce. These 'innovation' clusters are one of the success stories in office real estate markets outside London.

Slough has been slightly slower to recover as a significant office location than we had hoped, but the tide is undoubtedly on the turn and our scheme at Brunel Place of 350,000 sq. ft. of offices is looking increasingly good value when compared with Central and West London.

It was of course with some sadness that we gave up our role as developers of PaddingtonCentral as Aviva, our partner of some 15 years, exercised their right to sell the estate which we had jointly created, to British Land. Having delivered a regeneration project of some 1.2 million sq. ft. of commercial-led mixed-use regeneration, we were compensated by a payment of £7.1 million.

Operating Review
Investment portfolio

Values increase as regional investment market rebounds

Overview and performance
During the year, the value of our investment portfolio including our share of joint venture assets increased by £4.8 million as the regional investment market recovered from the decline of the previous few years. As anticipated, we are seeing a marked increase in investor appetite for the types of regional retail assets that our portfolio comprises and, as such, liquidity and competitive tension is returning to these markets. The resultant yield compression has largely accounted for the positive change in our portfolio. In addition, we continued to drive value across our portfolio through proactive asset management and enhancement, with resultant vacancy rates falling to 6.3 per cent from 9.7 per cent as at 28th February 2013. We completed £0.4 million of new lettings during the year.

With investor demand increasing, we have accelerated the disposal of a number of assets where our business plan is now complete. In October, we sold the Phones 4u Arena in joint venture with Patron Capital for £82.1 million. We also secured the sale of our office and retail scheme in Chorlton-cum-Hardy near Manchester for £10.1 million, generating gains of £1.2 million. In March 2014, we sold Weeke Shopping Centre in Winchester to an institutional fund for £23.3 million. In April 2014, we sold at book value a portfolio of investment assets comprising retail assets in Bexleyheath, Carmarthen, Crewe and Port Talbot for £21.0 million.

In February 2014, we acquired the Royal York Buildings, a former hotel in Brighton, for £4.5 million which we simultaneously let to the Youth Hostel Association on a 100 year lease, who will convert the property into a 180-bed youth hostel. The property offers further asset enhancement potential and currently generates an income return of 7.3 per cent. In April 2014, we exchanged contracts to acquire a foodstore-anchored retail centre in Armagh, Northern Ireland, for £7.4 million, a 9.1 per cent initial yield. The shopping centre offers opportunities for asset management and enhancement, with some scope for redevelopment on site.

Outlook
We continue to focus on foodstore-anchored retail investment assets in strong provincial markets, where we can add value through asset management and enhancement. With the UK economy strengthening and consumer confidence building, we anticipate further growth in our portfolio in the near-term. Where appropriate, we will seek to dispose of non-core assets in order to rationalise our portfolio and recycle our equity into further investment assets which offer stable, long-term income prospects and opportunities for value growth through asset enhancement.

Top five occupiers as at 28th February 2014

	Annual rent £'m	% of contracted rent
Waitrose	2.1	14.6
Primark Stores	0.5	3.5
Sports World	0.5	3.4
Martin McColl	0.5	3.3
Trillium Secretary of State	0.3	2.4

Operating Review
Investment property key statistics

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 2014	**202.10**	**14.14**	**42**	**£0.43m/34,597 sq.ft.**	**7.21**	**7.70**	**6.27**	**98.69**
28th February 2013	220.07	15.47	42	£0.43m/40,349 sq.ft.	7.50	7.89	9.70	96.25

*Based on the core investment property assets only.

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 2014				
Investment	**14,254**	**13**	**718**	**14,985**
Development and trading	**2,611**	**1,007**	**46**	**3,664**
Joint ventures	**803**	**555**	**1,159**	**2,517**
	17,668	**1,575**	**1,923**	**21,166**
Year ended 28th February 2013				
Investment	14,991	–	1,041	16,032
Development and trading	1,925	24	670	2,619
Joint ventures	1,140	240	1,729	3,109
	18,056	264	3,440	21,760

Completed investment portfolio – 28th February 2014

Gross rental income – tenant profile

PLC/nationals	59.5%
Local traders	21.9%
Regional multiples	14.3%
Government	3.0%
FTSE 100	1.3%

Gross rental income – lease term profile

0 - <5 years	31.8%
5 - <10 years	39.5%
10 - <15 years	11.6%
15 - <20 years	7.7%
20 years +	9.4%

Capital value – location profile

South East	51.3%
South West	20.1%
Wales	10.0%
North	9.6%
London	5.0%
Midlands	4.0%

Capital value – sector analysis

Retail	80.0%
Mixed	7.9%
Office	4.4%
Industrial	4.3%
Residential	3.4%

Operating Review
Investment property portfolio

Property status key

1	2	3	4	5	6	7	8
Planning submitted	Planning secured	Acquisition	Under construction	Practical completion	Sales achieved	New lettings	Forward-funded

Asset name, location	Overview	Status	Progress in 2014	Key Metric
Wick Lane Wharf, London	• 112-bed residential block in Hackney Wick, East London acquired in April 2012 in joint venture with Realstar Group.	6 7	• Full occupancy of rental units maintained with an average of 2.5 per cent rental increase in the year • 30 units which were surplus to the core business plan have been sold at values 14.0 per cent in excess of initial underwrite	100 per cent let
Furlong Shopping Centre, Ringwood	• 85,000 sq. ft. retail centre anchored by Waitrose in an affluent catchment area. • Key tenants: Jaeger, Hobbs, AGA, Phase Eight, Joules and Crew Clothing	7 2	• All tenants continue to trade well. Waterstones has taken an ex-Peacocks unit • Plans for extension of the scheme have been revised to include some residential units with application to be submitted later this year • New planning consent achieved for 3,000 sq. ft. of affordable retail to enhance the 'independent' offer at the centre	Shop income improved by £90,000 per annum Waitrose income increased by 2.5 per cent per annum Value increase of 5.2 per cent from 28th February 2013
Crown Glass Shopping Centre, Nailsea	• A local shopping centre in a Bristol suburb anchored by Waitrose (not in ownership) and a mixture of national multiple and local retailers. • Ownership also includes a large car park with development potential for additional retail floorspace. • Key tenants: WHSmith, JD Wetherspoon, Boots and HSBC.		• Lease regears completed with key tenants – Iceland, New Look, Superdrug and Boots – achieving longer unexpired terms	£0.2 million (24 per cent of total) of core income from national multiple retailers regeared during the year
89 - 107 Queen Street, Cardiff	• Unbroken retail parade comprising eight shop units in Central Cardiff	7	• Parade now fully let.	7.3 per cent income increase 2.8 per cent valuation increase from 28th February 2013

Asset name, location	Overview		Progress in 2014	Key Metric
Kingsland Shopping Centre, Thatcham	• 42,000 sq. ft. local shopping centre anchored by Waitrose foodstore • Key tenants: The Co-operative, Costa Coffee and Lloyds Pharmacy	7	• Waitrose lease extended by ten years to 19 years with five yearly rent reviews and fixed 2.5 per cent uplifts per annum • Refit of store now complete including new café to increase dwell time and improve footfall	10.7 per cent value increase since 28th February 2013 4.7 per cent increase in ERV
Swanley Shopping Centre, Kent	• 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/M40 motorways • Key tenants: Wilkinson, Poundland, The Co-operative, Boots, Superdrug and Holland & Barrett	7	• Car park charges introduced, significantly contributing to income and capital growth • All retail tenants continue to trade well • Redundant office space within the scheme converted into residential accommodation which is letting well	10.6 per cent value uplift since 28th February 2013 Net rent increased by £84,000 per annum
Colston Tower, Bristol	• A multi-let office and retail building in Bristol's central business district comprising: – 64,000 sq. ft. of office space – 21,600 sq. ft. of retail units		• Refurbishment and remarketing activities resulted in increased rental tone	Occupancy rate of 83 per cent
Armagh, Northern Ireland	• Contracts exchanged to acquire for £7.4 million in April 2014 • Covered town centre shopping mall anchored by a 49,000 sq. ft. Sainsbury's food store with an additional 12,000 sq. ft. of retail space across ten units • Key tenants: Burger King, New Look and United Colours of Benetton	3	• Marketing void unit to coffee operators • Development site on adjoining car park for 17,000 sq.ft. of additional retail space. Target tenants are value and convenience retailers	9.1 per cent net initial yield
Royal York Buildings, Brighton	• A Grade II-listed building in the centre of Brighton, formerly the Royal York Hotel, acquired for £4.5 million from an administrator acting on behalf of Lloyds Bank • The building comprises 45,600 sq. ft., nine serviced apartments and 3,400 sq. ft. of retail and amenity space	3 2 7	• Planning consent secured for change of use from a hotel to a youth hostel • Former hotel space let to the YHA on a 100-year lease at £200,000 per annum • Income generation opportunities being explored for vacant basement and retail space within the property	100-year lease secured with the YHA

Asset name, location	Overview		Progress in 2014	Key Metric
Atlantic Village and Atlantic Park	• 110,000 sq. ft. outlet scheme in popular tourist town anchored by ASDA (not in our ownership) • Key tenants: Nike, M&S, Gap and Holland & Barrett • Atlantic Park is a mixed-use development site opposite to Atlantic Village with the first phase of development comprising a fast-food drive through, a hotel and a restaurant	3 2	• Values and occupancy levels at Atlantic Village stabilised during the year • At Atlantic Park, land sales agreed with McDonalds and Marstons and planning consent secured for the first phase of development	Values and occupation levels stabilised

Financial Review
Review of the Year

The last year has seen an improvement in the UK economy, both in terms of GDP growth and also business sentiment as the recovery from the downturn continues. At the same time, we have seen a continued trend of overseas capital focusing on UK markets for investment and the flow of capital into the regions and more secondary assets has started to increase.

Conditions have continued to ease in the debt markets for real estate, with pressure beginning to reduce margins as banks compete for new business and also contemplate longer duration loans than has been possible for the last three years, albeit there is still a focus on higher quality sponsors and projects. To that end, it is pleasing to report that we have continued to source funding from our existing long-term banking partners for the acquisition of the Romford property in July 2013 and also the North London office portfolio of five office buildings in February 2014. We have also utilised debt from one of the newer debt fund entrants into the market with the £44.1 million facility for our joint venture at Shepherd's Bush, which has already been partially utilised to acquire the Shepherd's Bush Market in February 2014.

We have been able to acquire these exciting new opportunities to add value, whilst at the same time realising a number of projects where we have either completed our business plan or believe that we cannot achieve further significant added value going forward.

Notable disposals during the year have included the Phones 4u Arena in Manchester where, in conjunction with our joint venture partner Patron Capital, we were able to achieve a sale at £82.1 million for an asset originally acquired for £62.2 million in June 2010. This year also saw the conclusion of our 15-year involvement in the redevelopment of PaddingtonCentral, where we received a final compensation payment of £7.1 million when our partners disposed of their holding. We have also now successfully completed the disposal programme of the Chrome portfolio where all of the underlying assets have now been realised.

We have continued our process of improving the efficiency of our Balance Sheet by seeking to monetise legacy, non-income earning positions. The most significant element of this was the disposal of 19 acres of land at Broughton for £11.4 million. Good progress has also been made at 399 Edgware Road where detailed planning consent for the Morrisons food store was achieved. We have also managed to renegotiate the structure of our long dated €47 million loan notes and associated hedging arrangements, which was concluded in March 2014. The effect of this has been to release £9.7 million of non-income generating cash collateral back to the Group for investment whilst also reducing the annual finance cost to the Group going forward by £0.8 million through to the revised seven year maturity.

As at 28th February 2014, our weighted average debt maturity was 6.8 years (6.4 years including share of joint ventures), compared with 8.3 years as at 28th February 2013 (7.1 years including share of joint ventures).

As at 28th February 2014, net debt, including share of joint ventures, stood at £181.9 million, a decrease from £196.1 million at 28th February 2013. This represents gearing of 56.8 per cent, comfortably within our normal target level of 50-60 per cent, which is as expected given the number of realisations during the year. As at 30th April 2014, net debt had fallen to £193.2 million, representing gearing of 39.3 per cent.

If joint ventures are excluded, the Group's gearing was 48.0 per cent as at 28th February 2014, compared with 47.9 per cent a year earlier. The Group's overall loan-to-value ratio, calculated as net debt divided by total property assets, was 44.7 per cent (28th February 2013: 38.0 per cent).

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 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 profile.

We have 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 2014, restricted cash balances were £27.3 million (28th February 2013: £11.5 million). The increase is as a result of investment property disposals. Since the year end £9.7 million collateral has been released following the renegotiation of the €47 million loan notes and £7.8 million on substitution of an asset into a charged facility.

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 2014, the Group had £67.3 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 2014, the Group had borrowings of £221.1 million (28th February 2013: £206.0 million). Cash balances were £67.3 million (28th February 2013: £59.2 million), including amounts of £27.3 million held as restricted deposits, giving net debt of £153.8 million and gearing of 48.0 per cent (28th February 2013: £146.8 million and gearing of 47.9 per cent).

The Group's share of net debt in joint ventures was £28.1 million (28th February 2013: £49.3 million); if this is aggregated with Group balances then net debt rises to £181.9 million and gearing to 56.8 per cent (28th February 2013: £196.1 million and 63.9 per cent).

During the year, the Group, together with its joint ventures, has drawn new borrowings of £50.0 million. Included within this have been new facilities as follows:

- £8.0 million purchase and redevelopment of Romford
- £10.5 million acquisition of North London office portfolio
- £16.2 million acquisition of Shepherd's Bush Market
- £14.0 million refinancing of Wick Lane Wharf

The Group has also repaid £78.2 million of borrowings as individual assets have been disposed of, including:

- £43.5 million disposal of Phones 4u Arena in Manchester
- £31.6 million disposal of Chrome portfolio assets

Group's bank facilities

Facility type	Notes	Total facility £'000	Utilised as at 28th Feb 2014 £'000	Interest rate	Maturity	Principal financial covenants: Loan to value ratio	Interest cover ratio[1]	Minimum net worth £'000
Loans financing longer-term assets								
Term loan		3,000	3,000	Variable	08-Jul-14	–	–	–
Term loan	6	9,000	9,000	Variable	29-Jul-14	65%	150%	–
Term loan	6	5,669	5,110	Hedged	24-Nov-14	60%	150%	–
Term loan	6	1,531	1,380	Hedged	24-Nov-14	60%	150%	–
Term loan	6	6,200	5,320	Variable	12-Jul-15	80%	–	–
Term loan		1,550	1,475	Hedged	09-Aug-15	70%	120%	–
Term loan		4,500	4,087	Hedged	06-Oct-15	60%	200%	100,000
Term loan		1,500	1,500	Hedged	06-Oct-15	80%	110%	100,000
Term loan	3	14,000	14,000	Hedged	20-Oct-16	55%	140%	100,000
Revolving credit		38,000	37,713	Hedged	16-Dec-16	70%	105%	–
Term loan		57,565	53,586	Fixed	12-Mar-25	80%	110%	–
Term loan		22,470	21,113	Fixed	12-Mar-25	80%	110%	–
Loan notes	2	32,844	~32,844	Hedged	25-Oct-27	–	–	100,000
Debenture		20,000	20,000	Fixed	06-Jan-16	66%	–	–
Loans financing development and trading assets								
Revolving credit	3, 5	2,500	–	Variable	30-Mar-14	50%	150%	–
Term loan	3, 4	7,000	6,550	Hedged	30-Mar-14	50%	150%	–
Term loan	3	26,000	26,000	Hedged	23-Jun-14	60%	125%	100,000
Term loan		1,000	934	Variable	08-Feb-15	60%	–	–
Term loan	3	15,610	8,710	Variable	06-May-15	–	–	–
Term loan		10,000	7,965	Hedged	20-Jun-15	–	–	–
Term loan	6	2,500	2,367	Variable	10-Jul-15	–	–	–
Term loan	3	4,895	4,829	Hedged	12-Apr-17	50%	120%	–
Term loan		10,500	10,500	Variable	13-Feb-17	–	–	–
Term loan	3	44,145	16,164	Fixed	24-Feb-19	85%	–	–
Term loan	3	5,295	5,181	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 a cross-currency interest rate swap, such that interest rates are fixed and the Group will repay a fixed Sterling amount. The minimum net worth covenant applies to the hedge rather than the loan notes. The hedge was cancelled in March 2014 when the loan notes were refinanced.

3 Loans relating to Joint Ventures represent the total loan facility and not the Group's share.

4 This facility has since been refinanced. The new facility is £6.9 million and is repayable on 30th March 2015.

5 This facility has now expired and has not been extended.

6 This facility has been repaid since 28th February 2014.

~ Represents the amount of the Group's liability in Sterling taking account of the hedging instrument. This facility has since been refinanced.

Gross committed facilities as at 30th April 2014 total £193.2 million with a weighted average term of 6.4 years, the earliest maturity arises in June 2014. Unutilised facilities are £2.1 million.

Since 28th February 2014, the Group has successfully renegotiated the terms of its €47 million Loan Notes. The duration of the notes has been reduced, margins and hedging have been renegotiated and collateral has been released.

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 comfortably tolerable levels with 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 2014, the summary of the Group's interest rate exposure was as follows:

	Excluding share of joint ventures %	Including share of joint ventures %
Fixed rate	43.5	41.1
Floating rate, swapped into fixed	39.7	35.9
Floating rate with cap	2.5	6.5
Floating rate	14.3	16.5

The weighted average interest rate payable was 5.8 per cent, 5.7 per cent including joint ventures (28th February 2013: 5.9 per cent and 5.5 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. At 28th February 2014, the Group held a cross-currency interest rate swap, which was designated as a cash flow hedge. Movements in the foreign currency leg of this swap provided a hedge against movements in the retranslation of the €47 million loan notes. Movements in the interest rate leg have been taken to reserves. The effects of these fair value adjustments in the year ended 28th February 2014 are set out in note 11c. In March 2014, the terms of the €47 million loan notes have been substantially renegotiated and as a consequence the cross–currency interest rate swap has been terminated and alternative hedging arrangements put in place.

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 2014 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, in light of economic conditions, is heightened in all 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 14.

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. The Group's principal exposure to foreign currency movements is in the €47 million Euro-denominated loan notes and the corresponding €6.9 million security deposit. The loan notes are fully hedged to provide an effective Sterling liability. In March 2014, the Group renegotiated the €47 million loan notes and terminated the cross-currency interest rate swap. Alternative hedging arrangements have since been put in place.

Outside of the UK, the Group has now commenced business in Dublin and as such is exposed to foreign currency risk on its Euro-denominated property investments. At 28th February 2014, the Group had Euro-denominated investments of £3.2 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 2014.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set 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 11c gives further information 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 information.

Result for the year and movement in net asset value

Total comprehensive income for the year ended 28th February 2014 was a profit of £19.5 million (28th February 2013: £2.2 million). After dividend payments of £5.9 million, net asset value increased by £13.6 million to £320.3 million (28th February 2013: £306.7 million), representing an increase of eleven pence per share to 262 pence per share (28th February 2013: 251 pence per share).

The movement in net asset value may be analysed as follows, excluding revaluation movements, profit before interest and taxation for the year ended 28th February 2014 was £25.7 million (year ended 28th February 2013: £23.8 million. Net interest costs (excluding interest rate swap movements) for the year were £11.9 million (year ended 28th February 2013: £9.3 million) aggregating to a realised profit for the year of £13.8 million contrasting with the realised profit for the year to 28th February 2013 of £14.5 million.

Investment property valuation gains for the year, including our share of joint ventures, totalled £4.8 million (year ended 28th February 2013: £12.8 million write down). This has been a reflection of the gradual improvement in secondary yields as detailed below and discussed in more detail in the Operating Review.

Net rental income

Gross rental income from the investment portfolio for the year ended 28th February 2014 was £15.0 million. After direct costs of £2.6 million, the net rental income for the year was £12.4 million, which is a 2.5 per cent increase when compared to the £12.1 million for the previous year on a like for like basis.

The Group also earned net rental income of £2.8 million from the development and trading portfolio, an increase from the £1.7 million earned in the year ended 28th February 2013.

Development and trading profits

During the year under review, across its direct and joint venture holdings, the Group made development and trading profits of £27.0 million (28th February 2013: £28.1 million) including the £2.9 million performance fee from the successful realisation of the Phone 4u Arena, which is shown within our investment segment.

Development and trading profits can be analysed as follows:

	28th February 2014 £'m	28th February 2013 £'m
Development and trading segment result	**16.4**	19.7
Share of results of joint ventures	**7.5**	4.8
Provisions against legacy assets	**0.2**	2.3
Gain from financial asset	**-**	1.3
Phones 4u Arena performance fee	**2.9**	-
	27.0	28.1

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

Operating costs

Operating costs of £14.0 million for the year were seven per cent ahead of the equivalent figure of £13.0 million for the previous year.

Net finance costs

Finance costs for the year were £13.5 million, slightly higher compared to the £12.2 million for the previous year. This reflects a lower amount of interest being capitalised during the last year on development and trading properties.

Investment portfolio

During the course of the year, the investment property portfolio has decreased to £202.1 million from £220.1 million at 28th February 2013, mainly due to asset disposals.

At 28th February 2014, the valuation of the investment property portfolio increased by £4.8 million (28th February 2013: write down of £12.8 million), including our investment properties held under joint venture.

Further details of acquisitions, disposals and valuation movements are set out in note 6 to 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 of £69.3 million, the portfolio stood at £192.5 million at 28th February 2014 (28th February 2013: £153.4 million). 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 14 to the financial information summarises the position.

The current carrying values of associates and joint ventures are analysed in note 14. Notable additions to our joint venture portfolio are the acquisition of a 50 per cent share in the Shepherd's Bush Market regeneration project and Harwell Oxford.

Derivative financial instruments
The Group's Euro-denominated loan notes and the related cross-currency hedge 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 £1.7 million to £38.7 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 (formerly CTP Securities Limited) which, together with accrued interest at 28th February 2014, totals £17.0 million (28th February 2013: £15.9 million). A further £1.1 million was funded in respect of Morden Wharf, Greenwich, our joint operation with Cathedral Group.

Cash and borrowings

		28th February 2014	28th February 2013
Group net debt and gearing			
Gross debt	£m	**(221.1)**	(206.0)
Cash and cash equivalents	£m	**67.3**	59.2
Net debt	£m	**(153.8)**	(146.8)
Net assets	£m	**320.3**	306.7
Gearing	%	**48.0**	47.9
Weighted average debt maturity	years	**6.8**	8.3
Weighted average interest rate	%	**5.8**	5.9
Including joint ventures:			
Share of net debt in joint ventures	£m	**(28.1)**	(49.3)
Gearing	%	**56.8**	63.9
Weighted average debt maturity	years	**6.4**	7.1
Weighted average interest rate	%	**5.7**	5.5
Adjusted gearing	%	**39.2**	38.2

The gross debt figure includes the €47 million 2027 Unsecured Subordinated Loan Note facility, stated in Sterling at the current value of £38.7 million (28th February 2013: £40.5 million) and ignoring the hedging instrument. If these long-term loan notes are removed from borrowings, gearing falls to 39.2 per cent. This is calculated by deducting from net debt the current retranslated value of £38.7 million (28th February 2013: £40.5 million) and adding back relevant restricted cash balances of £9.7 million (28th February 2013: £10.0 million) and transaction costs of £0.9 million (28th February 2013: £0.9 million).

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 44.7 per cent (28th February 2013: 38.0 per cent).

Taxation
The net current tax charge in the Statement of Comprehensive Income was £1.1 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 £0.2 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
The Board will recommend to shareholders at the Annual General Meeting on 16th July 2014 a final dividend of 3.2 pence per share (28th February 2013: 2.4 pence per share) to be paid on 22nd August 2014 to shareholders on the register on 25th July 2014. This final dividend, amounting to £3.9million, has not been included as a liability at 28th February 2014, in accordance with IFRS. The total dividend for the year will be 5.6 pence per share (28th February 2013: 4.8 pence per share).

Earnings per share
Basic and diluted earnings per share for the year represented earnings of 14.9 pence (28th February 2013: 2.0 pence). After removing the unrealised revaluation of the investment portfolio, the gain on the disposal of trading properties and impairment of development and trading properties, the EPRA adjusted earnings per share was 7.8 pence (28th February 2013: 10.5 pence).

Performance measures
Key performance indicators are set out below:

		28th February 2014	28th February 2013
Net asset value movement	%	**4.4**	(2.1)
Gearing	%	**48.0**	47.9
Loan to value gearing	%	**44.7**	38.0
Development and trading gains	£m	**27.0**	28.1
Total shareholder return	%	**52.3**	(4.0)

Five year summary

		2014	2013	2012†	2010	2009*
Revenue	£m	**79.3**	99.7	80.0	44.4	35.1
Profit/(loss) before taxation	£m	**19.5**	0.8	(10.2)	2.6	(11.4)
Net assets	£m	**320.3**	306.7	313.2	333.1	244.0
Earnings/(loss) per share	Pence	**14.9**	2.0	(10.3)	1.7	*(16.8)
EPRA earnings/(loss) per share	Pence	**7.8**	10.5	(8.2)	(11.8)	*(20.3)
Net assets per share	Pence	**262**	251	256	272	297
EPRA net assets per share	Pence	**269**	260	262	276	301

* Restated following Placing and Rights Issue.

† 14-month period.

Consolidated Statement of Comprehensive Income

For the year ended 28th February 2014

	Notes	Year ended 28th February 2014 £'000	Year ended 28th February 2013 £'000
Revenue	2	**79,343**	99,668
Direct costs	2	**(51,544)**	(68,989)
Gross profit	2	**27,799**	30,679
Operating costs	2	**(14,029)**	(13,012)
Gain on disposal of investment properties	2	**539**	864
Gain/(loss) on revaluation of property portfolio	2	**3,109**	(16,423)
Operating profit		**17,418**	2,108
Other income		**471**	615
Share of post-tax profits of joint ventures and associates	7	**12,834**	7,682
Income from financial asset		**–**	500
(Loss)/profit from sale of investment		**(250)**	20
Profit/(loss) on sale of other plant and equipment		**34**	(13)
Profit before interest and income tax		**30,507**	10,912
Finance income	3	**2,552**	2,125
Finance costs	3	**(13,532)**	(12,245)
Profit before income tax		**19,527**	792
Income tax		**(1,288)**	1,554
Profit for the year		**18,239**	2,346
Profit attributable to:			
Owners of the Parent		**18,236**	2,421
Non-controlling interest		**3**	(75)
		18,239	2,346
OTHER COMPREHENSIVE INCOME			
Profit for the year		**18,239**	2,346
Items that may be subsequently reclassified to profit or loss:			
Gain/(loss) on valuation of cross-currency interest rate swap	11(c)	**1,798**	(1,024)
Change in value of available-for-sale financial assets		**–**	829
Currency translation differences – Group		**(104)**	–
Deferred income tax (charge)/credit		**(415)**	45
Total comprehensive income for the year		**19,518**	2,196
Attributable to:			
Owners of the Parent		**19,515**	2,271
Non-controlling interest		**3**	(75)
		19,518	2,196
Basic earnings per share attributable to the Parent*	5	**14.9p**	2.0p
Diluted earnings per share attributable to the Parent*	5	**14.9p**	2.0p

*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 2014

	Notes	28th February 2014 £'000	28th February 2014 £'000	28th February 2013 £'000	28th February 2013 £'000
Non-current assets					
Direct real estate interests					
Investment properties	6	**159,693**		220,074	
Operating property		**680**		740	
Trade and other receivables	9(a)	**7,652**		5,100	
			168,025		225,914
Indirect real estate interests					
Investments in associates	7	**4,276**		4,276	
Investments in joint ventures	7	**31,780**		40,137	
Intangible assets – goodwill		**238**		238	
Development participation rights		**–**		5,000	
Development loans to joint operations	11(a)	**19,527**		19,163	
Loans to other real estate businesses	11(a)	**8,675**		8,625	
			64,496		77,439
Other non-current assets					
Other plant and equipment		**2,797**		3,124	
Deferred income tax assets		**362**		1,757	
			3,159		4,881
Total non-current assets			**235,680**		308,234
Current assets					
Inventory – development and trading properties	8	**192,483**		153,416	
Other financial assets	11(a)	**1,700**		1,700	
Trade and other receivables	9(b)	**40,835**		21,643	
Monies held in restricted accounts and deposits		**27,263**		11,527	
Cash and cash equivalents		**40,051**		47,683	
			302,332		235,969
Investment properties held for sale	6		**42,410**		–
Total assets			**580,422**		544,203
Current liabilities					
Trade and other payables	10(b)	**(31,920)**		(24,350)	
Current income tax liabilities		**(413)**		(178)	
Borrowings	11(b)	**(24,674)**		(2,001)	
Provisions for other liabilities and charges	10(c)	**(193)**		(219)	
			(57,200)		(26,748)
Non-current liabilities					
Trade and other payables	10(a)	**(1,500)**		–	
Borrowings	11(b)	**(196,404)**		(203,980)	
Derivative financial instruments	11(c)	**(2,195)**		(3,221)	
Deferred income tax liabilities		**–**		(743)	
Provisions for other liabilities and charges	10(c)	**(2,843)**		(2,845)	
			(202,942)		(210,789)
Total liabilities			**(260,142)**		(237,537)
Net assets			**320,280**		306,666
Equity					
Share capital		**61,176**		61,176	
Share premium		**103,961**		103,961	
Other reserves		**41,021**		39,742	
Retained earnings		**114,087**		101,731	
Equity attributable to the owners of the Parent			**320,245**		306,610
Non-controlling interest			**35**		56
Total equity			**320,280**		306,666
Basic/diluted net assets per share attributable to the owners of the Parent	5		**262p/262p**		251p/251p

Approved and authorised for issue by the Board of Directors on 30th April 2014 and signed on its behalf by

M H Marx
Director

Consolidated Statement of Changes in Equity

For the year ended 28th February 2014

	Notes	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total £'000
At 1st March 2012		61,176	103,961	40,063	106,134	311,334	1,908	313,242
Profit/(loss) for the year ended 28th February 2013		–	–	–	2,421	2,421	(75)	2,346
Other comprehensive income:								
– Change in value of available-for-sale financial assets		–	–	829	–	829	–	829
– Gain on valuation of cross-currency interest rate swap	11(c)	–	–	109	–	109	–	109
– Exchange loss on valuation of cross-currency interest rate swap	11(c)	–	–	(1,133)	–	(1,133)	–	(1,133)
– Deferred income tax credited directly to equity		–	–	45	–	45	–	45
Total comprehensive (loss)/income for the year ended 28th February 2013		–	–	(150)	2,421	2,271	(75)	2,196
Share based payments		–	–	–	21	21	–	21
Purchase of treasury shares		–	–	(171)	–	(171)	–	(171)
Final dividend relating to 2012	4	–	–	–	(3,911)	(3,911)	–	(3,911)
Interim dividend relating to 2013	4	–	–	–	(2,934)	(2,934)	–	(2,934)
Total contributions by and distributions to owners of the Company		–	–	(171)	(6,824)	(6,995)	–	(6,995)
Transactions with non-controlling interest		–	–	–	–	–	(1,777)	(1,777)
Balance at 28th February 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	11(c)	–	–	73	–	73	–	73
– Exchange gain on valuation of cross-currency interest rate swap	11(c)	–	–	1,725	–	1,725	–	1,725
– Currency translation differences – Group		–	–	(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**

Consolidated Cash Flow Statement

For the year ended 28th February 2014

	Notes	**Year ended 28th February 2014 £'000**	Year ended 28th February 2013 £'000
Cash generated from operations			
Cash flows (used in)/generated from operating activities	12	**(32,527)**	36,818
Interest paid		**(12,742)**	(12,344)
Income tax paid		**(817)**	(164)
Net cash (used in)/generated from operating activities		**(46,086)**	24,310
Cash flows from investing activities			
Interest received		**405**	1,007
Proceeds on disposal of other plant and equipment		**53**	40
Proceeds on disposal of investment properties		**27,712**	295
Purchase of other plant and equipment		**(395)**	(403)
Purchase of investment properties		**(10,694)**	(2,912)
Cash outflow to joint ventures and associates		**(8,377)**	(15,728)
Cash inflow from joint ventures and associates		**33,450**	7,988
Investment in financial assets		**(3,032)**	(10,988)
Cash inflow from financial assets		**5,000**	12,989
Net cash generated from/(used in) investing activities		**44,122**	(7,712)
Cash flows from financing activities			
Dividends paid		**(5,868)**	(6,845)
Purchase of treasury shares		**–**	(171)
Repayments of borrowings		**(3,330)**	(21,167)
New bank loans raised (net of transaction costs)		**19,685**	23,259
Equity repayment from non-controlling interest		**(24)**	(1,572)
(Increase)/decrease in monies held in restricted accounts and deposits		**(15,736)**	3,068
Net cash used in financing activities		**(5,273)**	(3,428)
Net (decrease)/increase in cash and cash equivalents		**(7,237)**	13,170
Cash and cash equivalents at the beginning of the year		**47,683**	34,401
Exchange (losses)/gains on cash and cash equivalents		**(395)**	112
Cash and cash equivalents at the end of the year		**40,051**	47,683
Cash and cash equivalents comprise:			
Cash at bank and in hand		**40,051**	47,683
Bank overdrafts	11(b)	**–**	–
Cash and cash equivalents at the end of the year		**40,051**	47,683

	Notes	**28th February 2014 £'000**	28th February 2013 £'000
Net debt comprises:			
Monies held in restricted accounts and deposits		**27,263**	11,527
Cash and cash equivalents		**40,051**	47,683
Financial liabilities:			
– Current borrowings	11(b)	**(24,674)**	(2,001)
– Non-current borrowings	11(b)	**(196,404)**	(203,980)
Net debt		**(153,764)**	(146,771)

Notes to the Consolidated Financial Information

For the year ended 28th February 2014

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 year ended 28th February 2014 and 28th February 2013 but is derived from those financial statements. Statutory financial statements for 2013 have been delivered to the registrar of companies and those for 2014 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 information of the Group for the year ended 28th February 2014 comprise the results of the Company and its subsidiaries and were authorised by the Board for issue on 30th April 2014.

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 information as discussed in the Financial Review.

b) Basis of preparation

The Group's financial information has 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 information of the Group for the year ended 28th February 2014 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 information for the year ended 28th February 2014 and 28th February 2013.

The Consolidated financial information has 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 judgments and estimates

The preparation of financial information in conformity with IFRS requires management to make judgements, assumptions and estimates that affect the application of accounting policies and amounts reported in the Statement of Comprehensive Income and the Balance Sheet. Such decisions are made at the time the financial information is prepared and adopted based on the best information available. Actual outcomes may be different from initial estimates and are reflected in the financial information 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 (see note 6) or as inventory for development and trading properties (see 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 development to trading assets during the year following the completion 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 14.

The IASB has issued IFRS 10 'Consolidated Financial Statements' and IFRS 11 'Joint Arrangements', which will amend and clarify the guidance in this area, and is likely to result in some changes to the current classification. The Directors are conducting a detailed review of the new standards and their application to the Group's arrangements. Any changes in accounting policies or classifications will be adopted in accordance with the standard in the year commencing 1st March 2014.

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).

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. The development at Lawley has been classified as a construction contract (under IAS 11), whereby revenue is reported in line with construction progress.

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 approach to this valuation and the amounts affected are set out in note 6. In determining fair value, the capitalisation of net income method and the discounted cash flow method have been used, which are based upon assumptions including future rental income, anticipated maintenance costs and appropriate discount rate, and make reference to market evidence of transaction prices for similar properties.

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 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.

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.

The Group, through its subsidiaries and a joint venture, has participated in the acquisition of loan portfolios which are secured against underlying property investment or development assets. The loan portfolios are initially recognised at fair value and subsequently carried at the lower of amortised cost using the effective interest rate method and are reviewed for impairment at each reporting date. In assessing the effective interest rate applied and the recoverable amount the Group applies significant judgements in considering the realisable value of the underlying assets which secure those loans and timing of the loan repayment. This review determined that no provision for impairment is required.

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.

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 £3.2 million which are located in the Republic of Ireland. All revenue arises from continuing operations.

	Investment £'000	Development and trading £'000	Operating £'000	Total £'000
	Year ended 28th February 2014			
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 on 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)**

A summary of unallocated assets and liabilities is shown below.

	Investment £'000	Development and trading £'000	Operating £'000	Total £'000
	Year ended 28th February 2014			
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 transactions 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.

	Investment £'000	Development and trading £'000	Operating £'000	Total £'000
	Year ended 28th February 2013			
Segment revenue	16,080	79,711	3,877	99,668
Direct costs	(3,978)	(59,986)	(5,025)	(68,989)
Segment result	12,102	19,725	(1,148)	30,679
Operating costs	(4,005)	(9,007)	–	(13,012)
Gain on disposal on investment properties	864	–	–	864
Loss on revaluation of property portfolio	(16,328)	–	(95)	(16,423)
Operating (loss)/profit	(7,367)	10,718	(1,243)	2,108
Other income	465	150	–	615
Share of post-tax profits of joint ventures and associates	2,835	4,847	–	7,682
Income from financial asset	–	500	–	500
Profit on sale of investment	–	20	–	20
Unallocated loss on sale of other plant and equipment				(13)
Profit before interest and income tax				10,912
Finance income	1,023	1,102	–	2,125
Finance costs	(8,889)	(3,356)	–	(12,245)
Profit before income tax				792
Income tax				1,554
Profit for the year				2,346
Assets and liabilities				
Segment assets	268,903	237,604	4,476	510,983
Unallocated assets				33,220
Total assets				544,203
Segment liabilities	(152,365)	(73,895)	(3,526)	(229,786)
Unallocated liabilities				(7,751)
Total liabilities				(237,537)

A summary of unallocated assets and liabilities is shown below.

	Investment £'000	Development and trading £'000	Operating £'000	Total £'000
	Year ended 28th February 2013			
Other segment information				
Capital expenditure	2,409	191	156	2,756
Unallocated capital expenditure				56
Impairment of assets	–	(2,246)	–	(2,246)
Depreciation	–	(123)	(365)	(488)
Unallocated depreciation				(249)
Revenue				
Rental income	16,032	2,619	–	18,651
Serviced office income	–	–	3,877	3,877
Project management fees	–	823	–	823
Trading property sales	–	24,389	–	24,389
Other trading property income	–	2,659	–	2,659
Construction contract revenue	–	7,960	–	7,960
Development proceeds	–	27,562	–	27,562
Other property income	–	13,699	–	13,699
Other	48	–	–	48
	16,080	79,711	3,877	99,668

In the year ended 28th February 2013, one transaction with turnover totalling £12,500,000 generated in excess of 10.0 per cent of total revenue and fell within the development and trading segment.

	28th February 2014 £'000	28th February 2013 £'000
Unallocated assets can be analysed as follows:		
Other plant and equipment	**411**	626
Deferred income tax asset	**362**	1,757
Trade and other receivables	**7,912**	4,506
Cash and cash equivalents	**22,309**	26,331
	30,994	33,220

Unallocated liabilities can be analysed as follows:		
Current borrowings	**(17)**	(17)
Trade and other payables	**(4,362)**	(3,770)
Deferred income tax liability	**–**	(743)
Derivative financial instruments	**(2,195)**	(3,221)
	(6,574)	(7,751)

3 Finance income and costs

a) Finance income

	Year ended 28th February 2014 £'000	Year ended 28th February 2013 £'000
Interest receivable on loans and deposits	**1,377**	1,742
Other finance income	**222**	271
Fair value gains on financial instruments – interest rate swaps, caps and collars	**953**	–
Net foreign currency differences arising on retranslation of cash and cash equivalents	**–**	112
Total finance income	**2,552**	2,125

b) Finance costs

	Year ended 28th February 2014 £'000	Year ended 28th February 2013 £'000
Interest on bank loans and other borrowings	**(10,370)**	(9,905)
Interest on debenture	**(2,200)**	(2,200)
Amortisation of transaction costs	**(606)**	(808)
Provision: unwinding of discount	**(116)**	–
Fair value loss on financial instruments – interest rate swaps, caps and collars	**–**	(860)
Net foreign currency differences arising on retranslation of cash and cash equivalents	**(291)**	–
	(13,583)	(13,773)
Capitalised interest on development and trading properties	**51**	1,528
Total finance costs	**(13,532)**	(12,245)

Net finance costs	**(10,980)**	(10,120)

Interest was capitalised at an average rate of 5.77 per cent. Capitalised interest of £63,000 (28th February 2013: £622,000) was written off in the year. The tax treatment of capitalised interest follows the accounting treatment.

4 Dividends

	Year ended 28th February 2014 £'000	Year ended 28th February 2013 £'000
Declared and paid during the year		
Equity dividends on Ordinary shares:		
Final dividend for 2013: 2.40 pence per share (2012: 3.20 pence per share)	**2,934**	3,911
Interim dividend for 2014: 2.40 pence per share (2013: 2.40 pence per share)	**2,934**	2,934
	5,868	6,845
Proposed for approval by shareholders at the annual general meeting		
Final dividend for 2014: 3.20 pence per share (2013: 2.40 pence per share)	**3,911**	2,934

Subject to approval by shareholders, the final dividend was approved by the Board on 29th April 2014 and has not been included as a liability or deducted from retained earnings as at 28th February 2014. The final dividend is payable on 22nd August 2014 to ordinary shareholders on the register at the close of business on 25th July 2014 and will be recognised in the year ending 28th February 2015.

5 Earnings/(loss) per share and net assets per share

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) 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/(loss) per share amounts are calculated by dividing the profit/(loss) 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/(loss) after taxation excluding investment property revaluations (including valuations of joint venture investment properties), gains on disposals of investment and trading 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/(loss) per share and EPRA profit/(loss) per share is based on the following data:

	Year ended 28th February 2014 £'000	Year ended 28th February 2013 £'000
Profit		
Profit for the purpose of basic and diluted earnings per share	**18,236**	2,421
Revaluation (surplus)/deficit (including share of joint venture revaluation surplus)	**(4,824)**	12,901
Gain on disposal of investment properties	**(539)**	(864)
Gain on disposal of trading properties	**(2,502)**	(4,569)
Impairment of development and trading properties	**232**	2,246
Mark-to-market adjustment on interest rate swaps (including share of joint venture mark-to-market adjustment)	**(1,059)**	724
EPRA adjusted profit from continuing activities attributable to owners of the Company	**9,544**	12,859

	Year ended 28th February 2014 '000	Year ended 28th February 2013 '000
Number of shares		
Weighted average number of Ordinary shares for the purpose of earnings per share	**122,229**	122,270
Effect of dilutive potential Ordinary shares:		
Share options	**42**	3
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	**122,271**	122,273
Basic earnings per share (pence)	**14.9p**	2.0p
Diluted earnings per share (pence)	**14.9p**	2.0p
EPRA adjusted earnings per share (pence)	**7.8p**	10.5p
EPRA adjusted diluted earnings per share (pence)	**7.8p**	10.5p

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

	Year ended 28th February 2014			Year ended 28th February 2013		
	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	**320,245**	**122,229**	**262**	306,610	122,229	251
Cumulative mark-to-market adjustment on interest rate swaps	**8,085**			10,942		
EPRA adjusted net assets per share	**328,330**	**122,229**	**269**	317,552	122,229	260
Cumulative mark-to-market adjustment on interest rate swaps	**(8,085)**			(10,942)		
Fair value of debt	**(4,204)**			(9,897)		
EPRA adjusted triple net assets per share	**316,041**	**122,229**	**259**	296,713	122,229	243
Effect of dilutive potential Ordinary shares	**486**	**222**	**–**	1,524	557	–
Diluted net assets per share	**320,731**	**122,451**	**262**	308,134	122,786	251
EPRA diluted net assets per share	**328,816**	**122,451**	**269**	319,076	122,786	260
EPRA diluted triple net assets per share*	**316,527**	**122,451**	**259**	298,237	122,786	243

* 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 2012	228,884	9,015	237,899
Additions:			
– acquisitions	680	–	680
– capital expenditure	1,161	568	1,729
Disposals	(3,906)	–	(3,906)
Deficit on revaluation	(14,972)	(1,356)	(16,328)
At valuation 28th February 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**

Direct costs of £2,649,000 (28th February 2013: £3,978,000) arose as a result of ownership of investment properties.

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.

	28th February 2014 £'000	28th February 2013 £'000
Market value as assessed by the independent valuers or Directors	**207,551**	225,766
Amount included in prepayments and accrued income in respect of lease incentives	**(5,448)**	(5,692)
Net book amount of Investment properties – non-current assets	**159,693**	220,074
Net book amount of Investment properties – held for sale	**42,410**	–

At 28th February and 31st August each year, the Group engages external, independent and qualified valuers to determine the fair value of the Group's Investment property assets in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors. As at 28th February 2014 and at 28th February 2013, 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 £132,969,000 (28th February 2013: £190,764,000).

As at 28th February 2013, £14,625,000 of land held as investment property was valued by Colliers CRE, Chartered Surveyors.

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

Assets totalling £9,452,000 were acquired in February 2014 and are carried at cost.

£42,410,000 of assets had been contracted for sale as at 28th February 2014 and have therefore been valued at their sales price less costs to sell. These assets have been reclassified as current assets held for sale as at 28th February 2014.

Also included within Investment properties are freehold land and buildings representing investment properties under development, amounting to £17,272,000 (28th February 2013: £14,685,000), 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 £7,190,000 (28th February 2013: £7,678,000) 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.

£187,590,000 (28th February 2013: £198,170,000) of 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 2012	4,276	26,568
Additions	–	15,728
Share of profit	–	4,024
Share of revaluation surplus	–	3,522
Share of mark-to-market adjustment on interest rate swaps	–	136
Share of results	–	7,682
Transfer to subsidiary	–	(2,467)
Capital distributions	–	(7,374)
At 28th February 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**

A summary of the Group's projects in partnership and the balance sheet classification of its interests is set out in note 14.

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	
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.

In February 2014, the Group acquired an additional 17 per cent of the shares in CTP Securities Limited. The company has subsequently changed its name to Northpoint Developments Limited.

b) Investment in joint ventures

As at 28th February 2014, 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
Curzon Park Limited	50	United Kingdom	Property development	Development and trading	November 2006	28th February
Development Equity Partners Limited	50	Jersey	Property development	Development and trading	December 2011	28th February
DS Renewables LLP*	50	United Kingdom	Property development	Development and trading	May 2012	28th February
The Esplanade Partnership Limited	50	Jersey	Property trading	Development and trading	August 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
OSB (Holdco 1) Limited	50	United Kingdom	Property development	Development and trading	February 2014	28th February
Purplexed LLP	50	United Kingdom	Property development	Development and trading	April 2011	31st March
Winnebago Holdings Sarl	35	Luxembourg	Investment property	Investment	April 2012	31st December

* The company is dormant and therefore no balance sheet or income statement is presented.

In July 2013, the Group acquired a 50.0 per cent holding in Kensington & Edinburgh Estates (South Woodham Ferrers) Limited with its partner Kensington & Edinburgh Estates Limited holding the remaining 50.0 per cent of the equity. The company is registered and incorporated in the United Kingdom.

In December 2013, the Group acquired a 50.0 per cent holding in Harwell Oxford Developments Limited with its partner Harwell Oxford Partners LLP holding the remaining 50.0 per cent of the equity. The company is registered and incorporated in the United Kingdom.

In February 2014, the Group acquired a 50.0 per cent holding in OSB (Holdco 1) Limited with its partner Orion Land & Leisure Limited holding the remaining 50.0 per cent of the equity. The company is registered and incorporated in the United Kingdom.

The Group's share of net assets has been recognised as at 28th February 2014 for joint venture interests according to the holdings detailed above.

8 Inventory

Development and trading properties	Development properties £'000	Trading properties £'000	Total £'000
At 1st March 2012	71,912	83,281	155,193
Additions:			
– acquisitions	1,807	1,450	3,257
– development expenditure	26,171	2,326	28,497
– transfer from investment in joint venture	2,724	–	2,724
Disposals	(16,359)	(17,650)	(34,009)
Write down of trading properties to net realisable value	–	(2,246)	(2,246)
At 28th February 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**

Included in the above amounts are projects stated at net realisable value of £42,308,000 (28th February 2013: £42,921,000).

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 £51,000 (28th February 2013: £1,528,000) 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 £1,653,000 (28th February 2013: £1,665,000).

On 11th February 2013, the Group acquired the remaining 50.0 per cent share capital in S Harrison Developments Lichfield Limited, a company previously held as a joint venture. The cost of the inventory acquired was £2,724,000.

9 Trade and other receivables

a) Non-current	**28th February 2014 £'000**	28th February 2013 £'000
Prepayments and accrued income	**7,652**	5,100

b) Current	**28th February 2014 £'000**	28th February 2013 £'000
Trade receivables	**2,229**	2,066
Amounts due from customers for contract work	**605**	200
Other receivables	**34,227**	16,838
Other tax and social security	**1,596**	649
Prepayments and accrued income	**2,178**	1,890
	40,835	21,643

The Group has provided £183,000 (28th February 2013: £398,000) 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	**28th February 2014 £'000**	28th February 2013 £'000
Trade payables	**1,500**	–

b) Current	**28th February 2014 £'000**	28th February 2013 £'000
Trade payables	**1,042**	1,390
Amounts due to suppliers for contract work	**–**	241
Other payables	**9,331**	5,579
Other tax and social security	**394**	1,115
Accruals and deferred income	**21,153**	16,025
	31,920	24,350

c) Provisions	Onerous leases £'000	Other provisions £'000	Total £'000
At 1st March 2013	3,026	38	3,064
Charged to the Statement of Comprehensive Income	361	181	542
Credited to the Statement of Comprehensive Income	(83)	(70)	(153)
Utilised during the year	(472)	(61)	(533)
Amortisation of discount	116	–	116
At 28th February 2014	**2,948**	**88**	**3,036**

Analysis of total provisions	**28th February 2014 £'000**	28th February 2013 £'000
Non-current	**2,843**	2,845
Current	**193**	219
	3,036	3,064

Provisions of £88,000 (28th February 2013: £38,000) relate to properties and £2,948,000 (28th February 2013: £3,026,000) to onerous leases.

£1,270,000 (28th February 2013: £1,270,000) has been provided to cover the onerous liability associated with leases at four of our serviced office centres.

Three provisions of £948,000 (28th February 2013: £1,003,000), £104,000 (28th February 2013: £181,000) and £257,000 (28th February 2013: £nil)relate to onerous lease obligations entered into in 2009, 1989 and 1974 respectively.

The Group has been called as guarantor in respect of three Stead and Simpson Limited leases. £369,000 (28th February 2013: £572,000) has been provided to cover the Group's obligations.

11 Financial assets and financial liabilities

The following table is a summary of the financial assets and financial liabilities included in the Consolidated Balance Sheet:

a) Other financial assets

Non-current assets	**28th February 2014 £'000**	28th February 2013 £'000
Available-for-sale financial assets	**19,527**	24,163
Loan notes at amortised cost less impairment	**8,675**	8,625
	28,202	32,788

Available-for-sale financial assets	**28th February 2014**	28th February 2013

	£'000	£'000
Development participation rights	**–**	5,000
Development loans to joint operations	**19,527**	19,163
	19,527	24,163

Development loans to joint operations include a number of working capital and project-specific loans of £8,115,000 (28th February 2013: £7,121,000) to Northpoint Developments Limited (formerly CTP Securities 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 (28th February 2013: £208,000).

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. £6,900,000 of the loan has been repaid at the balance sheet date of which the Group's share is 50.0 per cent. To date, £2,300,000 of instalments paid by the Group has been included as an expense in the results of the joint venture. A further instalment of £1,150,000 was paid in November 2013. 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 2014, the development loan to Curzon Park is £6,150,000 (28th February 2013: £5,000,000). 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 £5,262,000 (28th February 2013: £7,042,000), in respect of projects in partnership. The loans attract fixed coupon rates of 6.0 and 8.5 per cent.

Loan notes with a carrying value of £8,425,000 were issued in November 2007 by Northpoint Developments Limited (formerly CTP Securities Limited), with a fixed term of ten years and a fixed coupon rate of 4.25 per cent. A further £200,000 interest free loan notes were acquired in 2012 and £50,000 in February 2014.

Current	**28th February 2014 £'000**	28th February 2013 £'000
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 (formerly CTP Securities 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

Current	**28th February 2014**		28th February 2013	
	£'000	**£'000**	£'000	£'000
Bank overdrafts		**–**		–
Current instalments due on bank loans	**3,476**		2,541	
Current loans maturing	**21,808**		–	
Unamortised transaction costs	**(610)**		(540)	
		24,674		2,001
		24,674		2,001

Non-current	**28th February 2014 £'000**	28th February 2013 £'000
First mortgage debenture 11% due 2016	**20,000**	20,000
Bank loans and loan notes	**178,530**	186,310
Unamortised transaction costs	**(2,126)**	(2,330)
	196,404	203,980

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***

	28th February 2014 £'000	28th February 2013 £'000
Cash flow hedge: cross-currency interest rate swap	**(1,744)**	(1,817)
Derivative financial instruments at fair value through profit or loss:		
Interest rate swaps, caps and collars	**(451)**	(1,404)
Derivative financial instruments	**(2,195)**	(3,221)

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. The cross-currency swap is used to hedge the EURIBOR interest rate exposure to a fixed rate of 7.97 per cent and Euro currency exposure from the loan notes fixed at a rate of €1.43:£1. The terms of the derivative have been negotiated to match the terms of the loan notes.

The cash flow hedge of the expected future loan note cash flows was assessed to be 100.0 per cent effective. The mark-to-market movement in the foreign currency leg of the swap of £1,725,000 gain (28th February 2013: £1,133,000 loss) has been recycled through profit or loss to offset the re-translation of the €47,000,000 loan. The mark-to-market movement on the interest leg of this swap of £1,798,000 gain (28th February 2013: £1,024,000 loss) is included within the net unrealised gain/(loss) reserve in equity. This cash flow hedge was cancelled in March 2014 following the renegotiation of the loan notes.

At 28th February 2014, 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 £59,230,000 (28th February 2013: £51,983,000). The fair value of the derivatives amounting to £451,000 is recorded as a financial liability at 28th February 2014 (28th February 2013: £1,404,000 liability) with the fair value loss taken to finance costs.

12 Note to the cash flow statement

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

	28th February 2014 £'000	28th February 2013 £'000
Profit before income tax	**19,527**	792
Adjustments for:		
Gain on disposal of investment properties	**(539)**	(864)
Net (gain)/loss on revaluation of property portfolio	**(3,109)**	16,423
Other income	**(471)**	(615)
Share of post-tax profits of joint ventures and associates	**(12,834)**	(7,682)
Income from financial asset	**–**	(500)
Loss/(profit) from sale of investment	**250**	(20)
(Profit)/loss on sale of other fixed assets	**(34)**	13
Finance income	**(2,552)**	(2,125)
Finance cost	**13,532**	12,245
Depreciation of property, plant and equipment	**768**	737
Amortisation of goodwill	**–**	1,030
Operating cash flows before movements in working capital	**14,538**	19,434
(Increase)/decrease in development and trading properties	**(38,930)**	7,566
(Increase)/decrease in receivables	**(16,018)**	10,141
Increase/(decrease) in payables	**7,911**	(703)
(Decrease)/increase in provisions	**(28)**	380
Cash flows (used in)/generated from operating activities	**(32,527)**	36,818

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 2014, such guarantees amounted to £4,708,000 (28th February 2013: £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 (28th February 2013: £279,000) with an average unexpired lease period of 4.1 years (28th February 2013: 5.1 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 £8,710,000 (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 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	**28th February 2014 £'000**	28th February 2013 £'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
Wessex Property Fund	Property investment	Investment in associates	**–**	–
Beyond Green Developments Limited	Property development	Development properties	**6,437**	6,005
Wessex Investors	Property development	Development properties	**3,818**	3,480
Grantham Associates Limited	Hotel operator	Trading property	**4,267**	4,267
Cathedral (Greenwich Beach) Limited	Property development	Financial assets	**4,433**	3,146
Cathedral (Movement, Greenwich) LLP	Property development	Financial assets	**829**	829
Northpoint Developments Limited	Property development	Financial assets	**16,990**	15,946
Curzon Park Limited	Property development	Investment in joint ventures	**–**	–
Curzon Park Limited	Property development	Financial assets	**6,150**	5,000
Orion Shepherds Bush Limited	Property development	Financial assets	**–**	3,067
Property Alliance Group	Property development	Financial assets	**1,500**	1,500
Accrue Student Housing GP Limited	Student accommodation	Investment in joint ventures	**1,601**	1,474
Development Equity Partners Limited	Property development	Investment in joint ventures	**276**	280
DS Renewables LLP	Property development	Investment in joint ventures	**–**	–
The Esplanade Partnership Limited	Property trading	Investment in joint ventures	**522**	8,006
Harwell Oxford Developments Limited	Property development	Investment in joint ventures	**6,140**	–
Kensington & Edinburgh Estates (South Woodham Ferrers) Limited	Property development	Investment in joint ventures	**163**	–
Manchester Arena Complex LP	Investment property	Investment in joint ventures	**61**	9,832
Notting Hill (Guernsey Holdco) Limited	Property development	Investment in joint ventures	**6,569**	6,653
Orion Land & Leisure Limited	Property development	Investment in joint ventures	**3,686**	–
Purplexed LLP	Property development	Investment in joint ventures	**9,332**	7,552
Winnebago Holdings Sarl	Investment property	Investment in joint ventures	**3,430**	6,340
			80,480	87,653

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

	28th February 2014 £'000	28th February 2013 £'000
Investment in associates	**4,276**	4,276
Investment in joint ventures	**31,780**	40,137
Financial assets – current	**1,700**	1,700
Financial assets – non-current	**28,202**	27,788
Development properties	**10,255**	9,485
Trading properties	**4,267**	4,267
	80,480	87,653

15 Post balance sheet events

At 28th February 2014, the Group had exchanged contracts for sale and purchase for a number of assets. All transactions have since successfully completed.

All property investment assets held for sale as at 28th February 2014 have now completed.

In March 2014, the Group acquired a 15 per cent holding in a joint venture investing in a property in London.

In March 2014, €47.0 million of loan notes were cancelled and reissued under new terms.

In April 2014, the Group exchanged contracts to acquire a shopping centre in Northern Ireland for £7.4 million.

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 deposits.