

Appendix

Revenue profit

Six months ended 30.09.06 £m		Six months ended 30.09.07 £m	change %
1,178.2	Profit before tax	375.2	-68.2
	Adjustments:		
(962.4)	Revaluation gains on investment properties	(122.0)	- 87.3
(33.6)	Fixed asset property gain	(81.7)	
(8.8)	Trading property profits	(8.2)	-6.8
(9.4)	Long-term development contract profits	(1.0)	-89.4
29.1	Other items	10.5	-63.9
193.1	Revenue profit	172.8	-10.5

Revenue profit

	Six months ended 30.09.07				
	Retail Portfolio £m	London Portfolio £m	Other inv. portfolio £m	Property Partnerships £m	Total £m
Net rental income	125.5	156.5	4.8	293.7	580.5
Net service charge cost	(8.1)	(7.6)	(0.3)	(210.7)	(226.7)
Indirect costs	(18.9)	(17.3)	(2.9)	(25.2)	(64.3)
Long-term contract profits	-	-	1.0	-	1.0
Segment profit	98.5	131.6	2.6	57.8	290.5
Segment profit – joint ventures	27.6	-	8.1	0.1	35.8
Combined operating profit	126.1	131.6	10.7	57.9	326.3
Unallocated expenses					(6.2)
Net interest - Group					(127.3)
- joint ventures					(10.8)
Trading property sales (joint ventures)					(8.2)
Long-term development contract profits					(1.0)
Revenue profit					172.8

EPS reconciliation

	Six months ended 30.09.07			
	Pre-tax profit measure £m	Taxation £m	Earnings measure £m	Diluted earnings per share (pence)
Reported results	375.2	(8.2)	367.0	78.35p
Revaluation surpluses - Group	(145.5)	-	(145.5)	(31.06p)
- joint ventures	23.5	-	23.5	5.02p
Fixed asset property disposals	(81.7)	-	(81.7)	(17.44p)
Mark-to market adjustment on interest rate swaps	4.2	-	4.2	0.89p
Eliminate effect of bond exchange de-recognition	2.3	-	2.3	0.49p
Eliminate effect of debt restructuring charges	1.0	-	1.0	0.21p
Joint venture tax adjustment	3.0	(3.0)	-	-
	182.0	(11.2)	170.8	36.46p
Trading properties – profits on sale	(8.2)			
Long-term development contract income	(1.0)			
Revenue profit	172.8			

Adjusted net asset value

	Six months ended 30.09.07 £m	Six months ended 31.03.07 £m	Six months ended 30.09.06 £m
Net assets at start of period	10,791.3	8,191.7	7,493.9
Profit after tax	367.0	2,668.5	859.8
Dividends paid	(159.5)	(89.2)	(133.8)
Other	(75.8)	20.3	(28.2)
Basic net asset value per balance sheet	10,923.0	10,791.3	8,191.7
Adjustments:			
deferred tax ⁽¹⁾	-	-	2,159.2
mark-to-market on interest rate hedges	(14.5)	(23.6)	1.1
bond exchange	(516.8)	(519.1)	(369.3)
Adjusted net asset value	10,391.7	10,248.6	9,982.7
Diluted NAV per share	2349p	2297p	1740p
Adjusted diluted NAV per share	2236p	2181p	2121p
Change in period	2.5%	2.8%	10.9%

(1) Includes deferred tax on capitalised interest

Cashflow and debt

	Six months ended:		
	30.09.07 £m	31.03.07 £m	30.09.06 £m
Opening net debt	(5,087.9)	(4,100.8)	(3,685.9)
Operating cash (outflow) / inflow after interest and tax	(230.2)	187.4	174.1
Dividends paid	(159.5)	(89.2)	(133.8)
Property acquisitions	(552.7)	(50.3)	(473.4)
Property Partnerships	(259.3)	(417.0)	(43.8)
Development/refurbishment capital expenditure	(309.4)	(312.5)	(194.1)
Acquisition of SMIF and IIC	-	(919.0)	-
Other capital expenditure	(5.3)	(9.7)	(9.1)
Total capital expenditure	(1,126.7)	(1,708.5)	(720.4)
Property sales	855.3	535.6	334.2
Joint ventures	(29.8)	88.4	(38.4)
Other cash movements and non-cash movements	(85.6)	(0.8)	(30.6)
Closing net debt	(5,864.4)	(5,087.9)	(4,100.8)
Gearing – on book value of balance sheet debt	53.7%	47.1%	50.1%
Adjusted gearing ⁽¹⁾	61.4%	54.7%	46.4%
Adjusted gearing ⁽¹⁾ – including notional share of joint ventures	63.6%	58.8%	50.2%
Interest cover (excluding joint ventures)	1.82x	2.36x	2.50x

1) Book value of balance sheet debt increased to recognise nominal value of debt on refinancing in 2004 divided by adjusted net asset value

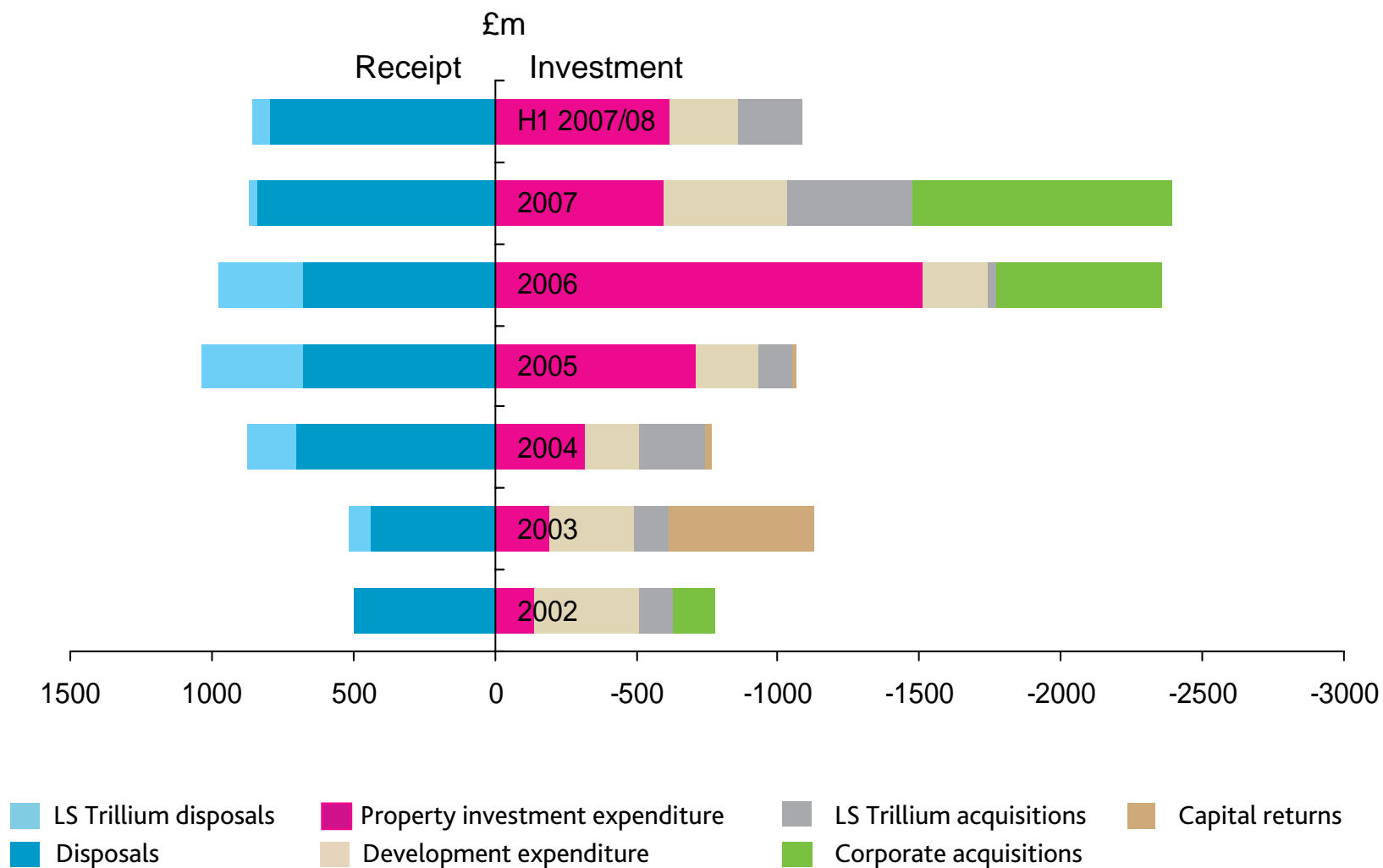
REIT balance of business tests

	Six months ended 30.09.07		
	Tax exempt business	Residual business	Adjusted results
Adjusted profit before tax (£m)	186.5	(12.0)	174.5
Balance of business – 75% profits test	106.9% ⁽¹⁾	(6.9)%	

(1) 92.5% if interest on SMIF acquisition loan ignored

	As at 30 September 2007		
	Tax exempt business	Residual business	Adjusted results
Adjusted total assets (£m)	15,696	2,112	17,808
Balance of business – 75% assets test	88.1%	11.9%	

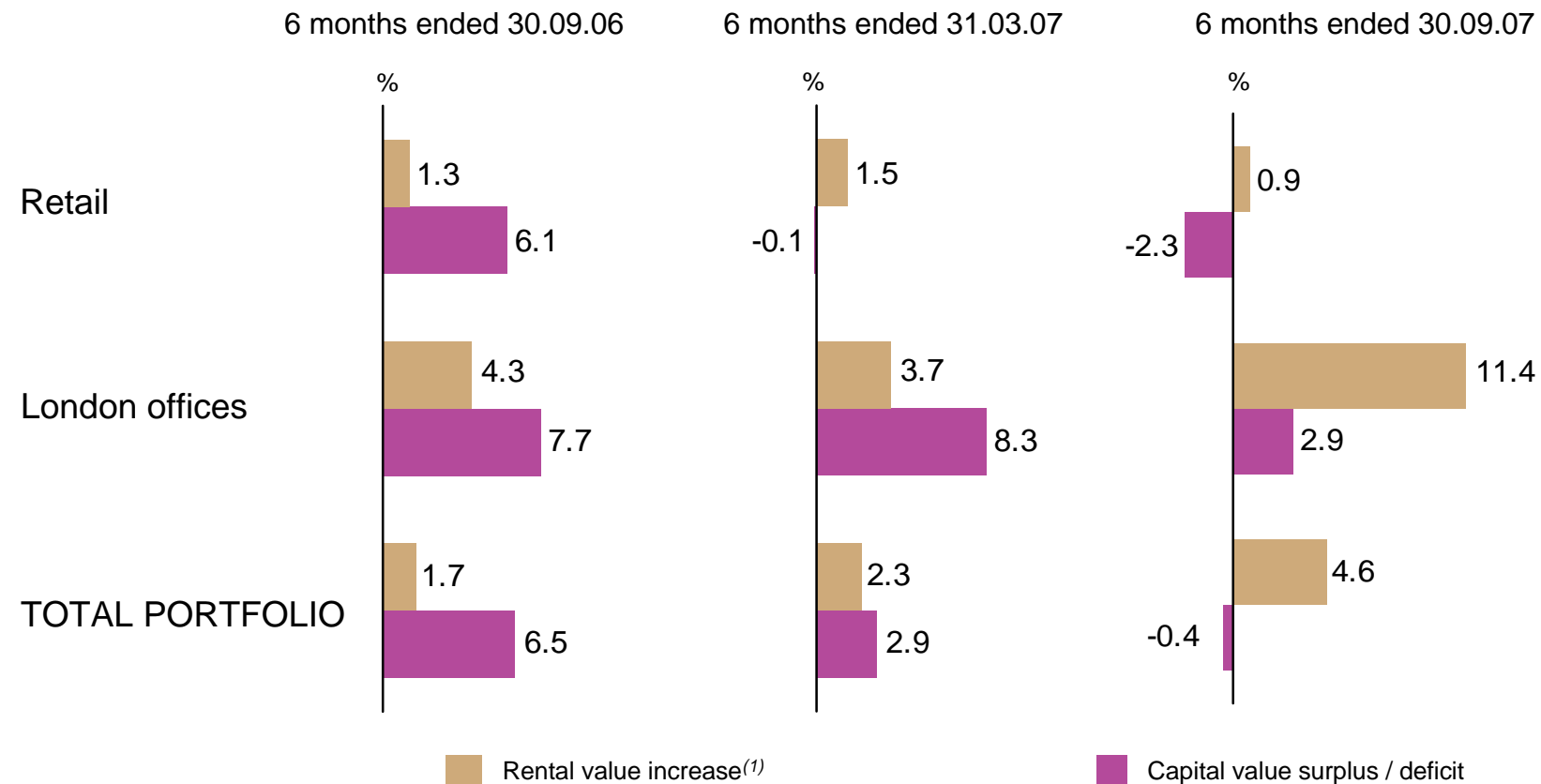
Capital management



Like-for-like portfolio

Rental and capital value trends

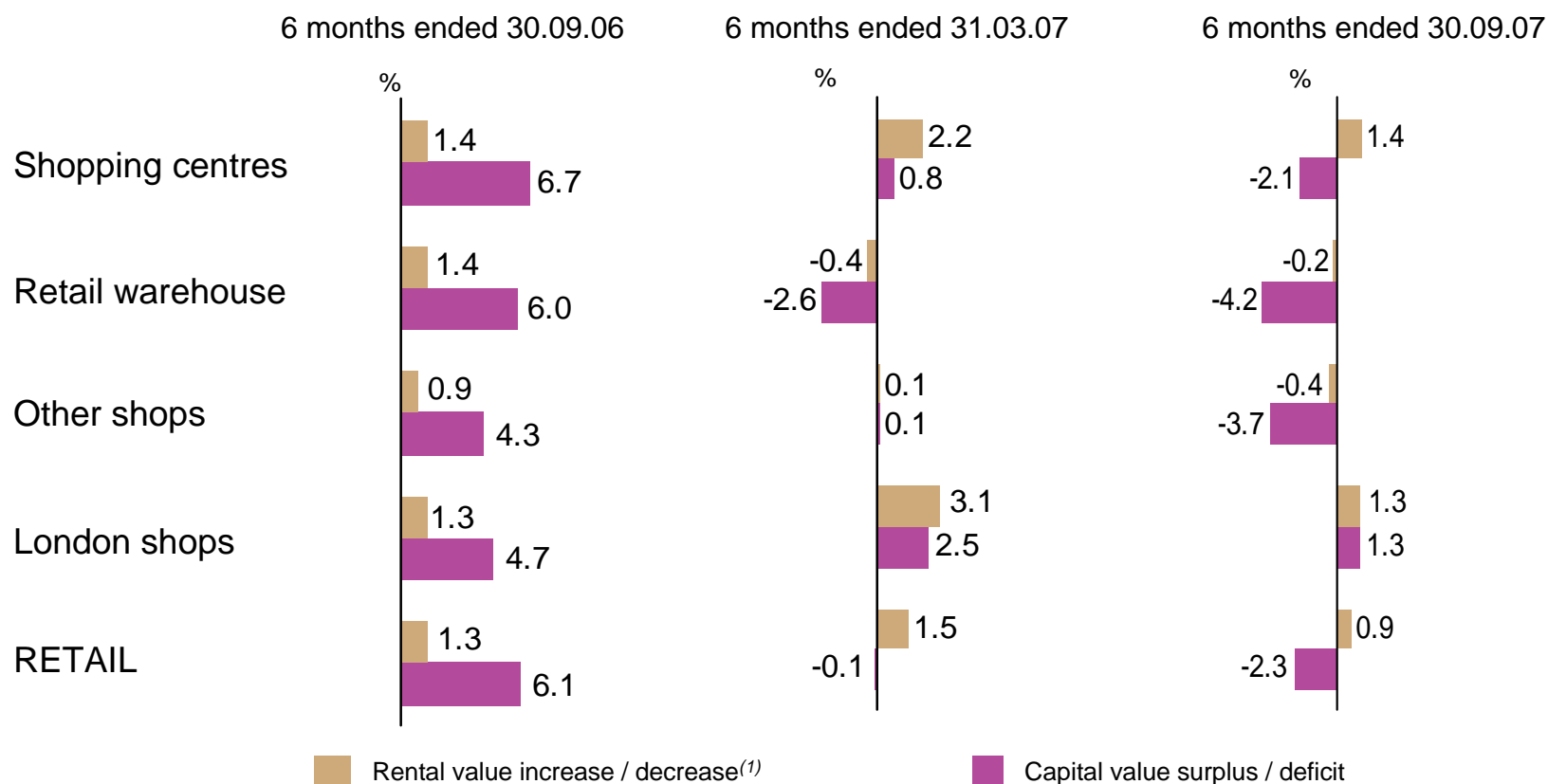
Like-for-like portfolio value at 30.09.07: £10,702.2m



(1) Rental value growth figures exclude units materially altered during the year

Retail like-for-like portfolio

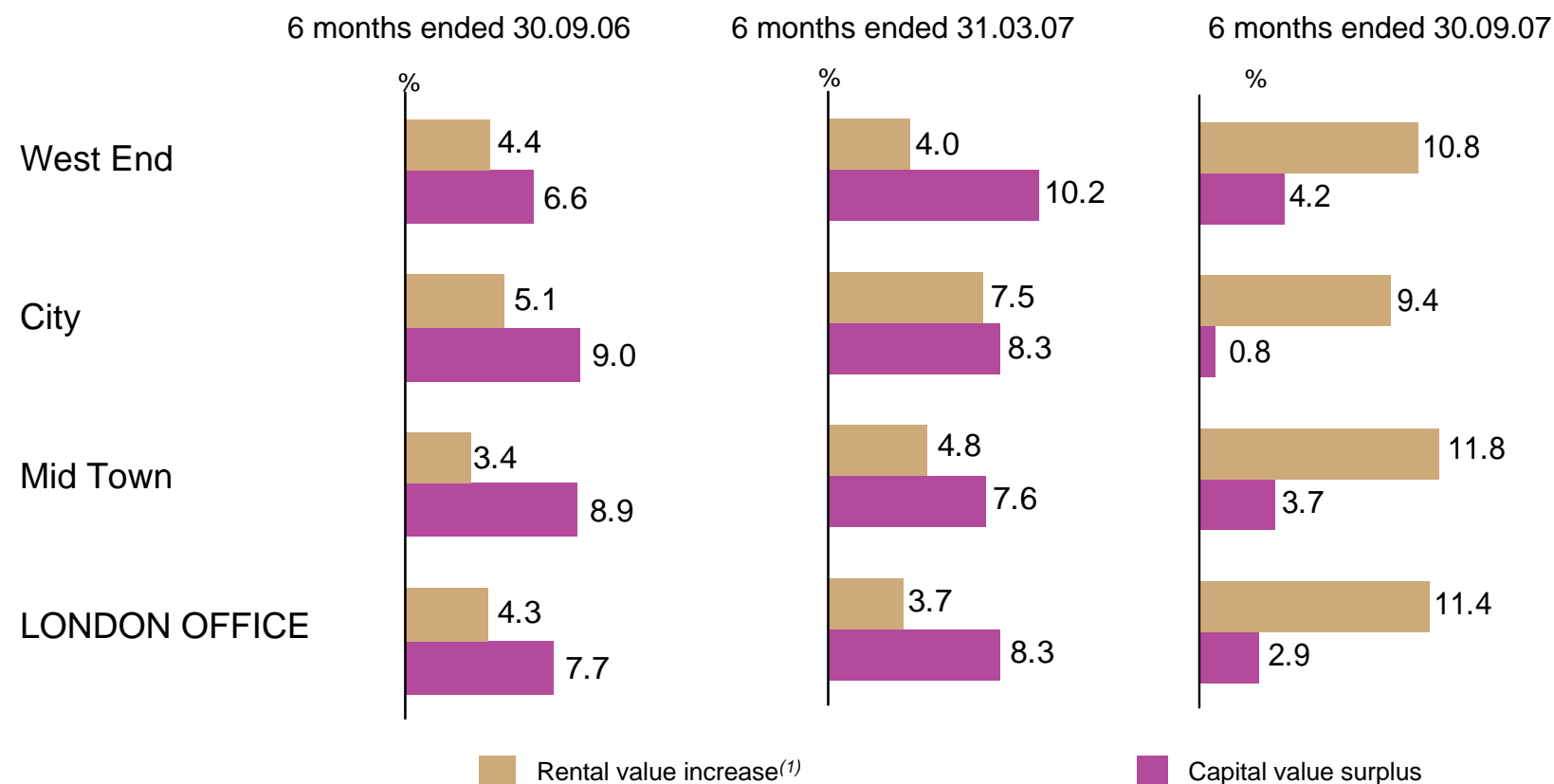
Like-for-like portfolio value at 30.09.07: £6,381.5m



(1) Rental value growth figures exclude units materially altered during the period

London office like-for-like portfolio

Like-for-like portfolio value at 30.09.07: £3,860.9m

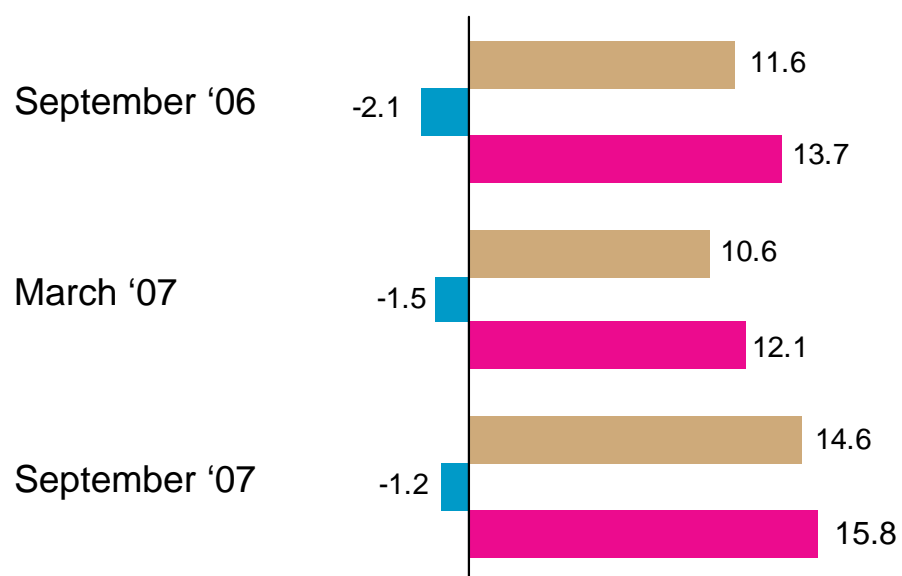


(1) Rental value growth figures exclude units materially altered during the period

Reversionary potential

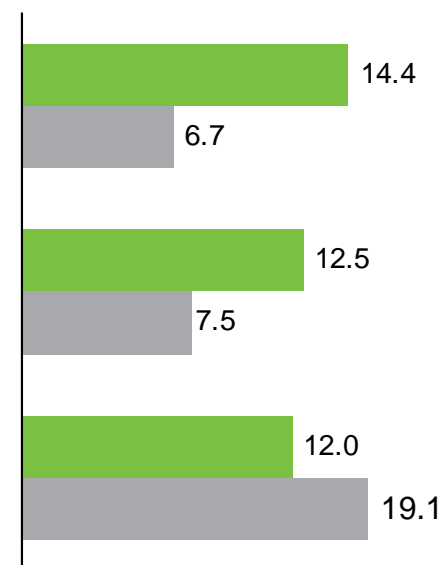
Like-for-like investment portfolio – excluding reversions on voids

Total portfolio



Net reversionary potential
Over-renting
Gross reversionary potential

By sector



Retail - net reversionary potential
London offices - net reversionary potential

Over-rented income subject to a lease expiry or break clause over the next five years is £3.6m

Investment portfolio activity

	Retail Portfolio £m	London Portfolio £m	Other £m	Total £m
Investment acquisitions	18.5	537.1	-	555.6
Investment sales	(589.1)	(333.3)	(6.7)	(929.1)
Net acquisitions/sales	(570.6)	203.8	(6.7)	(373.5)
Development and other expenditure	213.0	216.7	-	429.7
Total net (divestment) / investment	(357.6)	420.5	(6.7)	56.2



Average yield on acquisitions of 4.5% and on sales of 4.5%

Investment portfolio valuation movements

Excluding share of joint ventures

	Investment portfolio £m	Development programme £m	Total £m
Open market value at 1 April 2007	10,802.5	2,312.3	13,114.8
Lease related adjustments	(195.1)	(28.0)	(223.1)
Book value at 1 April 2007	10,607.4	2,284.3	12,891.7
Transfers into development	(21.9)	21.9	-
Transfers from development	1,230.5	(1,230.5)	-
Acquisitions	546.2	-	546.2
Capitalised interest	-	26.6	26.6
Capital expenditure	62.7	301.7	364.4
Disposals	(652.2)	-	(652.2)
Transfer to trading properties	-	(17.4)	(17.4)
Surrender premiums received	(3.3)	-	(3.3)
Depreciation	(1.5)	-	(1.5)
Valuation (deficit) / surplus	(23.0)	177.3	154.3
Book value at 30 September 2007	11,744.9	1,563.9	13,308.8
Lease related adjustments	229.6	11.7	241.3
Open market value at 30 September 2007	11,974.5	1,575.6	13,550.1

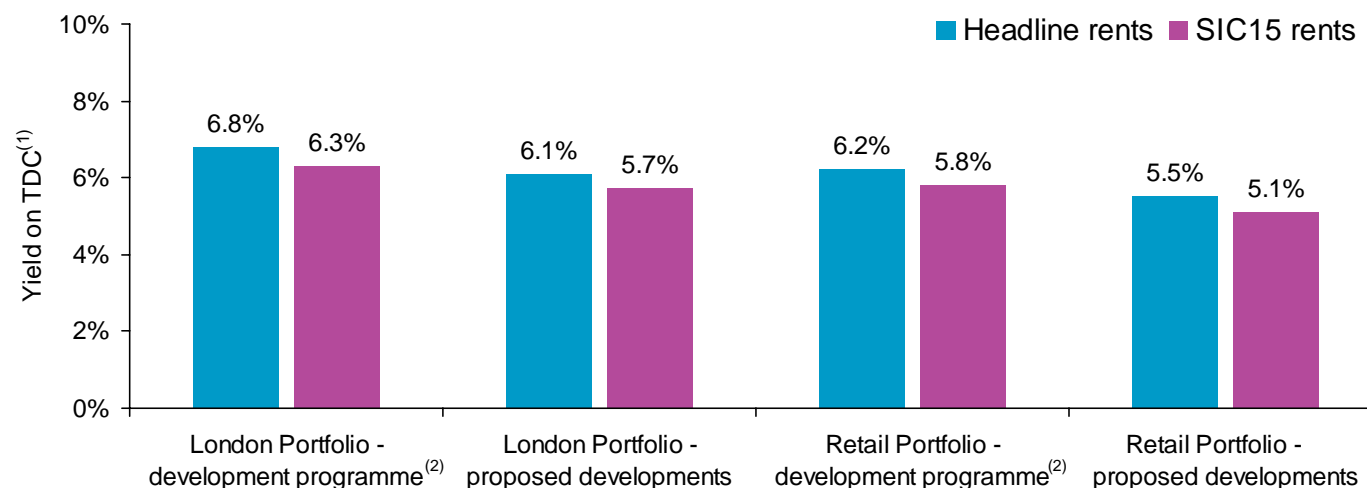
Key drivers of valuation change

Top 10 properties over £50m – by % revaluation increase

New Street Square, EC4	+	19.8%	Development
Bankside 2&3, SE1	+	15.8%	Development
140 Aldersgate, EC1	+	9.3%	Rental value growth
Selborne House, SW1	+	9.2%	Potential development opportunity
70/88 Oxford Street, W1	+	6.8%	Rental value growth
Dashwood House, EC2	+	6.4%	Development
8-9 Harbour Exchange, E14	+	6.4%	Rental value growth
Holborn Gate, WC1	+	6.3%	Rental value growth
15 Bonhill Street, EC2	+	6.0%	Rental value growth
New Scotland Yard, SW1	+	5.9%	Rental value growth

Development contribution

Income growth and valuation surplus – development pipeline



	London Portfolio – development programme	London Portfolio – proposed developments	Retail Portfolio – development programme	Retail Portfolio – proposed developments
TDC ⁽¹⁾	£1,265m	£871m	£1,070m	£515m
Nominal equivalent yield	5.2%	5.0%	5.2%	5.0%
Valuation surplus crystallised to date	£343m	n/a	£75m	n/a

(1) Total development cost (TDC) – includes land and capitalised interest, but shown after deduction of projected residential sale receipts

(2) Ongoing development programme only

6.3% headline yield / 5.9% P&L yield on total development cost of £3.7bn

Development pipeline

	Total development cost (TDC)	Capital expenditure outstanding	TDC outstanding ⁽¹⁾	Prospective cash net rental income ⁽²⁾	Prospective SIC 15 adj. net rental income	% let ⁽³⁾	Cumulative valuation surplus to 30.09.07
	£m	£m	£m	£m	£m	%	£m
London Portfolio							
Dev. Programme ⁽⁴⁾	1,265	527	581	91	81	42%	343
Proposed dev.	871	574	624	58	52	-	n/a
Retail Portfolio							
Dev. Programme ⁽⁴⁾	1,070	378	359	69	64	46%	75
Proposed dev.	511	309	332	31	28	-	n/a
TOTAL							
Dev. Programme ⁽⁴⁾	2,335	905	940	160	145	44%	418
Proposed dev.	1,382	883	956	89	80	-	n/a

(1) Total Development Cost outstanding comprises capital expenditure, capitalised interest less future residential proceeds

(2) Rents secured on lettings and ERV of vacant space – net of ground rents

(3) % let based on cash net rental income

(4) Ongoing developments only

Department for Work and Pension

Leaseholds – rent review risk

- Annual average increase in rents on 2006/07 review settlements 1.7% pa
- Annual average RPI over equivalent period 3.2% pa

Leaseholds (with flexibility allowance) – managing vacated space

- Vacant leasehold – September 2007 1.25 million ft²
 - Vacation notices on leasehold space served by September 2007 for use in 2007/08 1.09 million ft²
 - Additional surplus leasehold space to be vacated until 'catch up' of vacation entitlement in c. March 2010 c. 1.3 million ft²
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- c. 3.7 million ft²
-
- Average cost of leasehold space vacated £14 per ft²

DWP floor space and vacation allowance

000m²

Freehold/valuable leasehold	808.1
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Leasehold	1,439.9
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Total floor space	2,248.0
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Vacation allowance:

allowance used to date (vacated)	439.3
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available allowance (1 October 2007)	117.5
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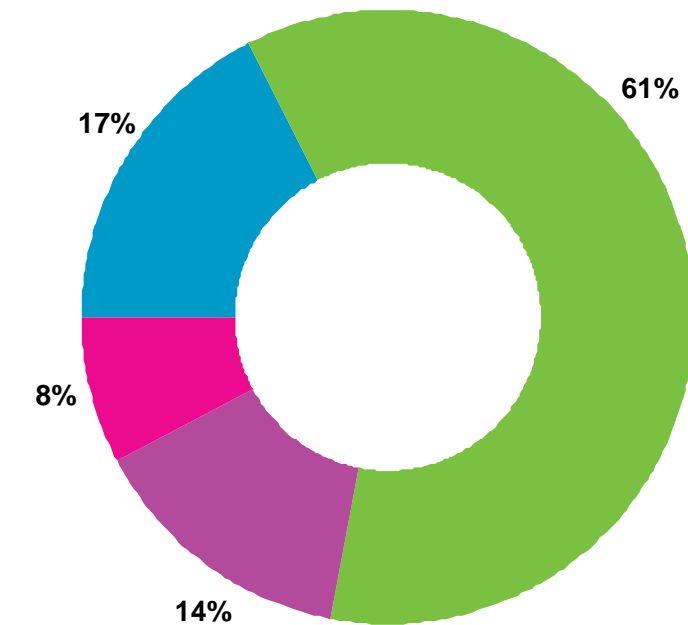
notice received for use (not vacated)	(88.3)
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29.2

future allowance (not yet accrued)	164.4
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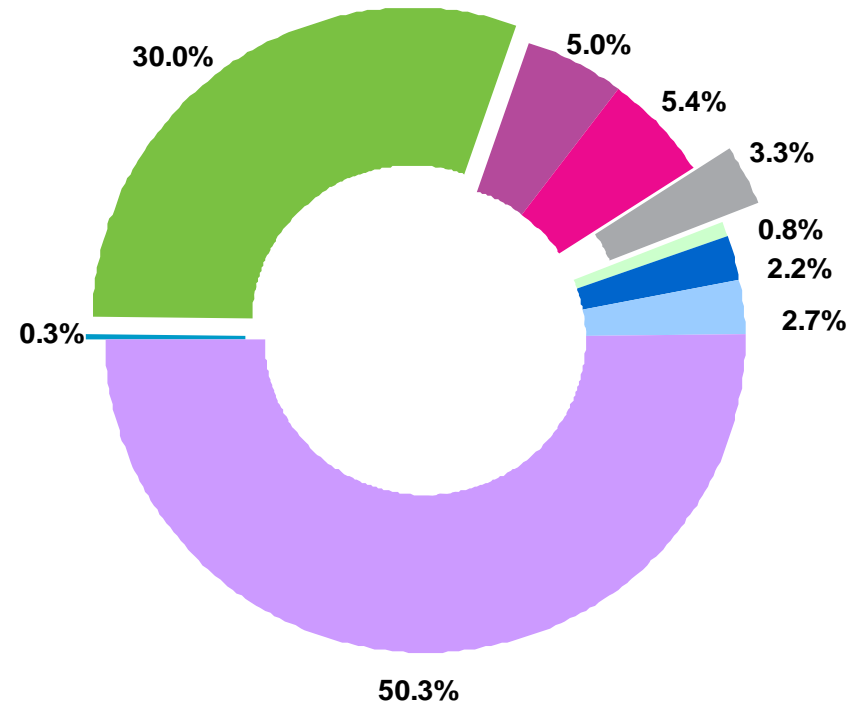
Land Securities Trillium: strategic progress

Existing portfolio by use



Education Office
Other Health

Existing portfolio by floor area



PPP Telereal II NU
Accor Barclays DWP
Royal Mail DVLA Leicester Grammar School

Rent reviews and lease expiries and breaks

Retail Portfolio

	Outstanding £m	2007/08 £m	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	Total 2007-12 £m
Rents passing from leases subject to review	18.2	49.1	51.1	40.9	36.4	33.1	228.8
Projected rent after review at current ERV	22.0	58.1	57.2	44.9	38.2	33.8	254.2
Potential rent increases	3.8	9.0	6.1	4.0	1.8	0.7	25.4

	2007/08 £m	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	Total 2007-12 £m
Rents passing from leases subject to expiries or breaks	32.9	10.9	11.2	13.8	17.7	86.5
Current ERV	35.2	12.2	11.7	13.9	18.1	91.1
Potential rent increases	2.3	1.3	0.5	0.1	0.4	4.6

Note: This is not a forecast and takes no account of increases or decreases in rental values before the relevant review dates.

Rent reviews and lease expiries and breaks

London Portfolio

	Outstanding £m	2007/08 £m	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	Total 2007-12 £m
Rents passing from leases subject to review	30.0	32.8	41.3	27.5	53.9	26.0	211.5
Projected rent after review at current ERV	32.2	38.1	44.3	33.9	62.6	28.4	239.5
Potential rent increases	2.2	5.3	3.0	6.4	8.7	2.4	28.0

	2007/08 £m	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	Total 2007-12 £m
Rents passing from leases subject to expiries or breaks	25.0	22.8	26.1	23.6	25.7	123.2
Current ERV	28.4	30.3	28.1	25.1	29.5	141.4
Potential rent increases	3.4	7.5	2.0	1.5	3.8	18.2

Note: This is not a forecast and takes no account of increases or decreases in rental values before the relevant review dates.

Unexpired lease term

Like-for-like investment portfolio

	Median years	Mean years
Shopping centres and shops		
Shopping centres	7.4	8.9
Central London shops	4.5	6.5
Other in town shops	6.4	8.8
Retail warehouse		
Parks	12.4	12.1
Other (including food superstores)	14.6	17.4
Offices		
West End	4.7	9.1
City	3.0	4.7
Midtown	4.1	8.8
Inner London	8.4	9.1
Rest of UK	1.5	6.0
Other	12.7	15.8
TOTAL LIKE-FOR-LIKE PORTFOLIO	7.2	9.3

Analysis of voids

	Gross ERV of voids £m	Cumulative total portfolio ERV £m	Voids as proportion of cumulative total gross ERV %
Like-for-like:			
Available to let	16.7		2.7%
Unavailable to let (being refurbished)	0.8		0.1%
Pre-development voids	8.8		1.4%
	26.3	631.8	4.2%
Non like-for-like items:			
Acquisitions	7.1	703.3	1.0%
Completed and 95% let developments	2.9	775.6	0.4%
Completed developments not yet 95% let	1.3	794.8	0.2%
Developments to complete in 2007/08	1.3	812.4	0.2%
Developments to complete in 2008/09 or later	89.6	939.3	9.5%
	128.5		13.7%



Lettings

	Development ft ²	Non-development ft ²	Total ft ²
Retail Portfolio	194,000	364,000	558,000
London Portfolio	655,000	328,000	983,000
Land Securities Trillium	-	279,000	279,000
	849,000	971,000	1,820,000

Retail Portfolio (excluding London retail)

As at 30 September 2007

	Investment properties ⁽²⁾ £m	Total development cost ⁽¹⁾		
		Development programme ⁽³⁾ £m	Proposed developments ⁽⁴⁾ £m	Possible developments ⁽⁵⁾ £m
Regional shopping centres	2,942.1	891.4	505.1	587.0
Other in-town shops	230.9	73.2	-	-
Retail warehousing	2,011.9	105.8	10.0	-
	5,184.9	1,070.4	515.1	587.0

(1) Land, capital expenditure and capitalised interest

(2) Excludes development programme as well as proposed and possible developments

(3) Cabot Circus Bristol, Christ Lane Cambridge, St David's Cardiff, Willow Place Corby, Edmonton Retail Park, Princesshay Exeter, The Elements Livingston, Maskew Avenue Peterborough and Poole Road Poole

(4) Leeds Trinity, Livingston Retail Park Phase IIb and Southside Phase I

(5) Aberdeen, Glasgow, Corby and Liverpool

London Portfolio (including London retail)

As at 30 September 2007

	Investment properties ⁽²⁾ £m	Total development cost ⁽¹⁾		
		Development programme ⁽³⁾ £m	Proposed developments ⁽⁴⁾	Possible developments £m
West End and Victoria	3,066.2	214.5	196.2	-
City	1,439.0	444.6	544.3	-
Midtown	571.7	410.5	-	-
Inner London	767.3	-	-	-
Central London shops	948.0	194.9	130.7	-
	6,792.2	1,264.5	871.2	-

(1) Land, capital expenditure and capitalised interest

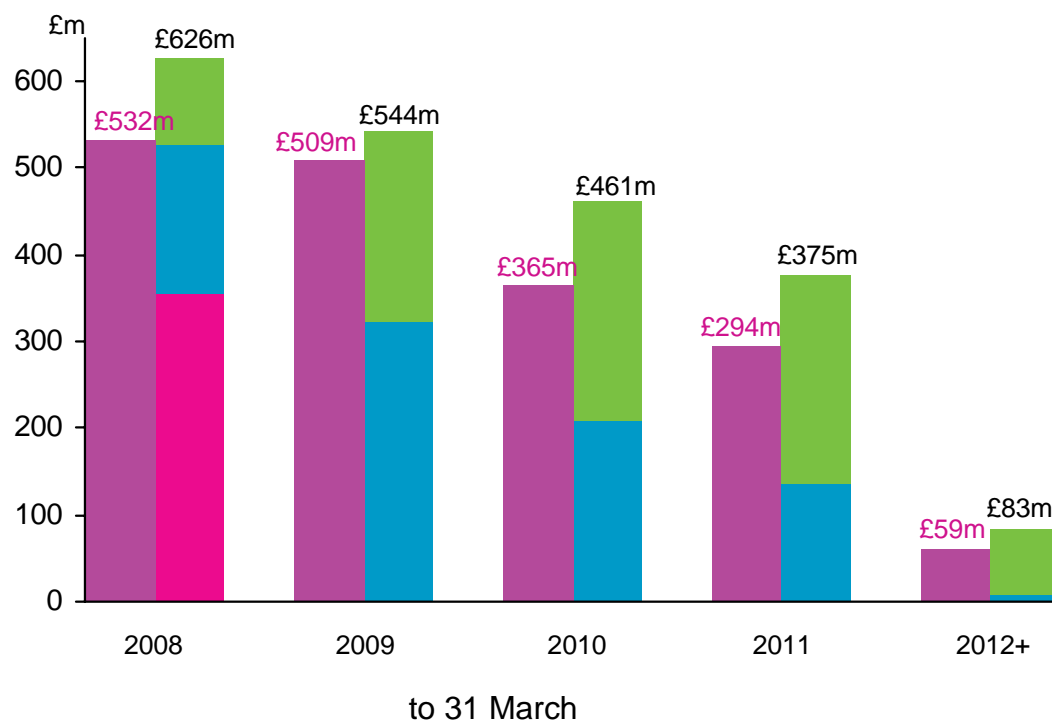
(2) Excludes development programme as well as proposed and possible developments

(3) New Street Square, Queen Anne's Gate, One New Change (offices and retail), Dashwood House, 10 Eastbourne Terrace and 30 Eastbourne Terrace

(4) Park House and 20 Fenchurch Street

Development

estimated future spend



- Total at 31.03.07
- Proposed developments
- Development programme
- Spend in period to 30.09.07

Outstanding cash spend		
	30.09.07	31.03.07
Programme	£851m	£1,162m
Proposed	£882m	£597m
Total	£1,733m	£1,759m

Excludes Kent Thameside and interest