

Appendix



Revenue profit

Year ended 31.03.07 £m		Year ended 31.03.08 £m	change %
1,979.1	Profit / (loss) before tax	(888.8)	
	Adjustments:		
(1,382.7)	Revaluation (surpluses) / deficits on investment properties	1,304.5	
-	Demerger costs	9.8	
(13.6)	Trading property profits	(11.1)	
(14.3)	Long-term development contract profits	(2.0)	
(176.3)	Other items	(33.3)	
392.2	Revenue profit	379.1	-3.3

Revenue profit

	Year ended 31.03.08				
	Retail Portfolio £m	London Portfolio £m	Other inv. portfolio £m	Property outsourcing £m	Total £m
Net rental income	263.1	329.7	9.6	584.4	1,186.8
Net service cost	(17.4)	(19.3)	(0.4)	(403.6)	(440.7)
Indirect costs	(34.8)	(34.6)	(4.4)	(51.7)	(125.5)
Long-term contract profits	-	-	2.0	-	2.0
Trading property profits	0.4	1.1	1.3	-	2.8
Segment profit	211.3	276.9	8.1	129.1	625.4
Segment profit – joint ventures	54.9	1.2	8.2	0.1	64.4
Combined operating profit	266.2	278.1	16.3	129.2	689.8
Unallocated expenses					(13.0)
Net interest - Group					(264.7)
- joint ventures					(19.9)
Trading property sales - Group					(2.8)
- joint venture					(8.3)
Long-term development contract profits					(2.0)
Revenue profit					379.1

EPS reconciliation

	Year ended 31.03.08			
	Pre-tax profit measure £m	Taxation £m	Earnings measure £m	Diluted earnings per share (pence)
Reported results	(888.8)	10.5	(878.3)	(188.80)p
Adjustment for accretive share options	-	-	-	0.44p
Revaluation surpluses net of deferred tax - Group	1,170.3	-	1,170.3	250.98p
- joint ventures	134.2	-	134.2	28.78p
Fixed asset property disposals	(68.3)	0.5	(67.8)	(14.54)p
Mark-to-market adjustment on interest rate swaps	22.4	-	22.4	4.80p
Prior year non-revenue tax adjustments	-	(16.2)	(16.2)	(3.47)p
Eliminate effect of bond exchange de-recognition	7.6	-	7.6	1.63p
Refinancing charges	1.9	-	1.9	0.41p
Joint venture tax adjustment	3.1	(3.1)	-	-
Demerger costs	9.8	(2.9)	6.9	1.48p
	392.2	11.2	381.0	81.71p
Trading properties – profits on sale	(11.1)			
Long-term development contract income	(2.0)			
Revenue profit	379.1			

Adjusted net asset value

Year ended 31.03.07 £m		Year ended 31.03.08 £m
7,493.9	Net assets at start of period	10,791.3
3,528.3	Profit / (loss) after tax	(830.8)
(223.0)	Dividends paid	(308.4)
(7.9)	Other	(69.2)
10,791.3	Basic net asset value per balance sheet	9,582.9
	Adjustments:	
(23.6)	mark-to-market on interest rate hedges	12.7
(519.1)	bond exchange	(511.5)
10,248.6	Adjusted net asset value	9,084.1
2297p	Diluted NAV per share	2064p
2181p	Adjusted diluted NAV per share	1956p
	Change in period	-10.3%

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Tax charge

Year ended 31.03.07 £m		Year ended 31.03.08 £m
1,979.1	Profit / (loss) before tax	(888.8)
593.7	Taxation @ 30%	(266.7)
(12.8)	Net tax (credit) / charge arising on property disposals	6.3
(44.2)	Joint venture accounting	0.9
0.5	Prior year adjustments (current and deferred)	(20.8)
315.0	Real Estate Investment Trust conversion charge	-
(2,309.2)	Deferred tax released on conversion to REIT	-
(100.1)	Exempt (profit) / loss	250.0
7.9	Other	19.8
(1,549.2)	Tax credits for year	(10.5)

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REIT balance of business

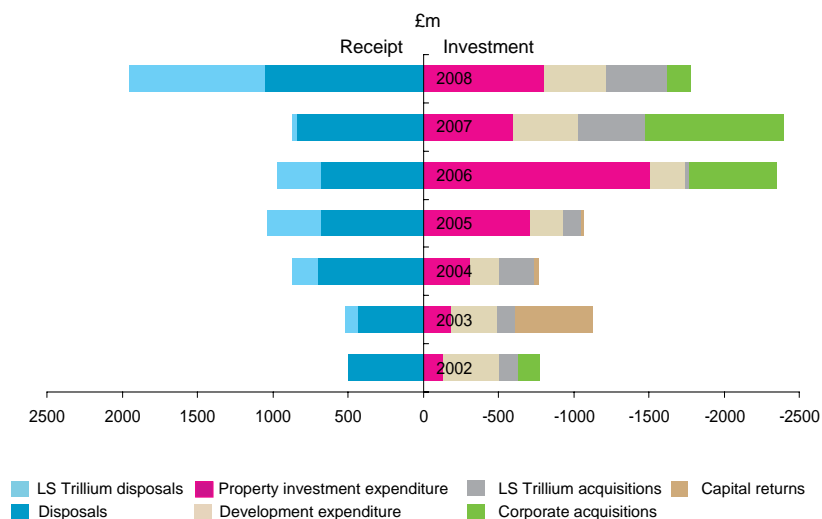
	Year ended 31.03.08			Year ended 31.03.07		
	exempt £m	residual £m	adjusted results £m	exempt £m	residual £m	adjusted results £m
Group revenue	1,358.1	314.7	1,672.8	1,294.1	428.6	1,722.7
Cost	(727.6)	(268.4)	(996.0)	(685.5)	(389.6)	(1,075.1)
Operating profit	630.5	46.3	676.8	608.6	39.0	647.6
Interest expense	(279.4)	(42.0)	(321.4)	(250.3)	-	(250.3)
Interest income	-	5.4	5.4	-	3.9	3.9
Profit before tax	351.1	9.7	360.8	358.3	42.9	401.2
Balance of business	97.3%	2.7%		89.3%	10.7%	

Cashflow and debt

	Year ended:	
	31.03.08 £m	31.03.07 £m
Opening net debt	(5,087.9)	(3,685.9)
Operating cash (outflow) / inflow after interest and tax	(0.8)	361.5
Dividends paid	(308.4)	(223.0)
Property acquisitions	(722.6)	(523.7)
Property Partnerships	(240.4)	(434.8)
Development/refurbishment capital expenditure	(530.3)	(532.6)
Acquisition of PPP investments from AMEC and others (2007: SMIF and IIC)	(311.2)	(919.0)
Other capital expenditure	(15.4)	(18.8)
Total capital expenditure	(1,819.9)	(2,428.9)
Disposals (including TIP)	1,946.6	869.8
Joint ventures	(0.2)	50.0
Other cash movements and non-cash movements	(113.9)	(31.4)
Closing net debt	(5,384.5)	(5,087.9)
Gearing – on book value of balance sheet debt	56.2%	47.1%
Adjusted gearing ⁽¹⁾	64.9%	54.7%
Adjusted gearing ⁽¹⁾ – including notional share of joint ventures	67.6%	58.8%
Interest cover (excluding joint ventures)	1.93x	2.43x

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

Capital management



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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	(218.7)	218.7	-
Transfers from development	1,491.5	(1,491.5)	-
Acquisitions	714.2	0.2	714.4
Capitalised interest	1.4	43.7	45.1
Capital expenditure	117.5	467.3	584.8
Disposals	(1,105.6)	(2.2)	(1,107.8)
Transfers to joint ventures / trading properties	(228.2)	(17.4)	(245.6)
Depreciation	(2.9)	-	(2.9)
Valuation deficit	(1,038.3)	(107.1)	(1,145.4)
Book value at 31 March 2008	10,338.3	1,396.0	11,734.3
Lease related adjustments			262.5
Open market value at 31 March 2008			11,996.8

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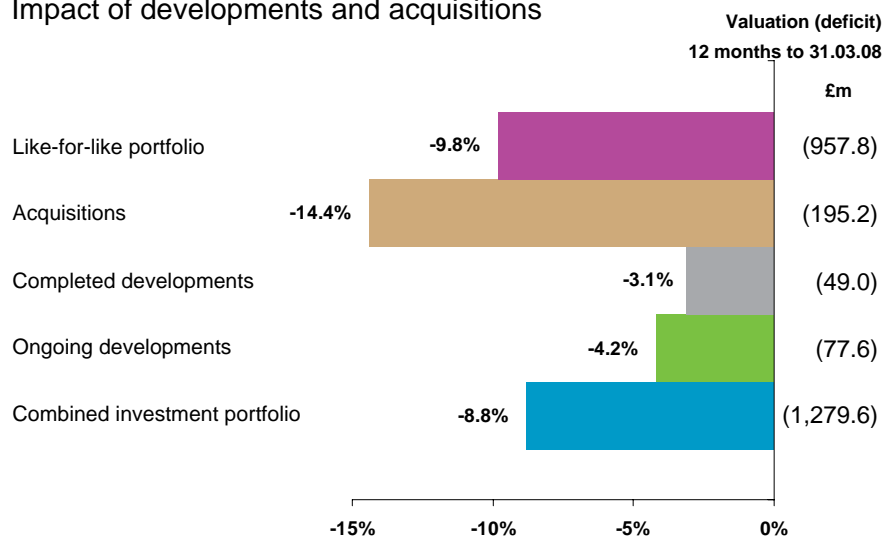
Key drivers of valuation change

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

Lakeview Court, SW1	+	19.6%	Yield shift recognising redevelopment potential
Piccadilly Circus, W1	+	15.2%	Rental value improvement
Allington House, SW1	+	13.9%	Yield shift recognising redevelopment potential
Selborne House, SW1	+	12.1%	Potential redevelopment value recognised
New Scotland Yard, SW1	+	5.9%	Rent review concluded
Empress State Building, SW6	+	4.6%	Profit overage release
Portland House, SW1	+	4.3%	Rental value improvement
Bankside 2&3, SE1	+	3.7%	Development
New Street Square, EC4	+	3.0%	Development
Queen Anne's Gate, SW1	+	2.8%	Development

Portfolio valuation results

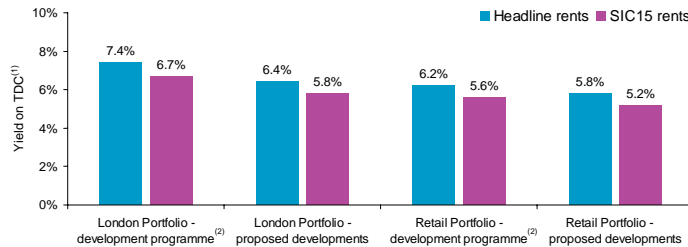
Impact of developments and acquisitions



Strongest contribution from developments

Development contribution

Income growth and valuation surplus – development pipeline



	London Portfolio – development programme	London Portfolio – proposed developments	Retail Portfolio – development programme ⁽²⁾	Retail Portfolio – proposed developments
TDC ⁽¹⁾	£1,600m	£1,075m	£769m	£502m
Nominal equivalent yield	5.0%	5.4%	5.3%	5.3%
Valuation surplus / (deficit) crystallised to date	£213m	n/a	£(31)m	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

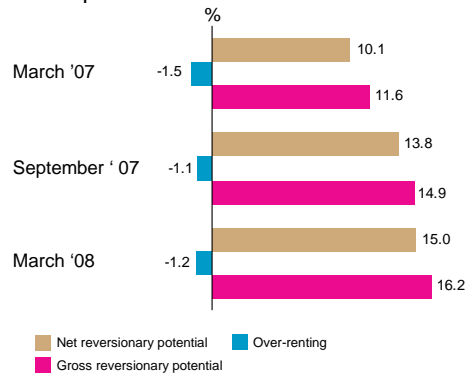
6.4% headline yield / 5.8% P&L yield on total development cost of £3.9bn

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Reversionary potential

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

Total portfolio



By sector

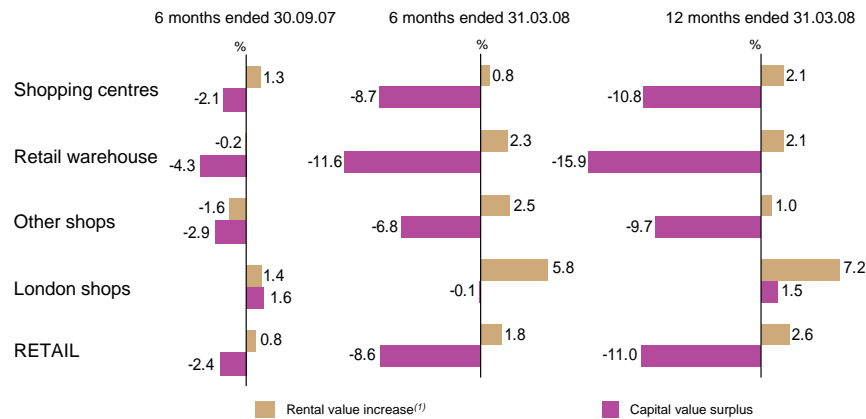


Over-rented income subject to a lease expiry or break clause over the next five years is £4.5m

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Retail like-for-like portfolio

Like-for-like portfolio value at 31.03.08: £5,317.6m



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London office like-for-like portfolio

Like-for-like portfolio value at 31.03.08: £3,302.4m



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Rent reviews and lease expiries and breaks ⁽¹⁾

Retail Portfolio

	Outstanding £m	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	Total 2008-12 £m
Rents passing from leases subject to review	38.9	56.8	39.5	39.0	43.2	178.5
Projected rent after review at current ERV	46.8	64.2	44.3	41.2	44.0	193.7
Potential rent increases	7.9	7.4	4.8	2.2	0.8	15.2

	Outstanding £m	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	Total 2008-12 £m
Rents passing from leases subject to expiries or review	12.2	14.5	12.1	13.3	19.2	59.1
Current ERV	14.8	17.0	13.4	13.4	19.7	63.5
Potential rent increases	2.6	2.5	1.3	0.1	0.5	4.4

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

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Rent reviews and lease expiries and breaks ⁽¹⁾

London Portfolio

	Outstanding £m	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	Total 2008-12 £m
Rents passing from leases subject to review	31.3	54.5	25.1	55.1	21.1	155.8
Projected rent after review at current ERV	36.3	62.2	33.7	66.2	25.8	187.9
Potential rent increases	5.0	7.7	8.6	11.1	4.7	32.1

	Outstanding £m	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	Total 2008-12 £m
Rents passing from leases subject to expiries or review	8.0	24.9	24.3	25.8	33.2	108.2
Current ERV	10.7	33.7	26.8	28.1	38.1	126.7
Potential rent increases	2.7	8.8	2.5	2.3	4.9	18.5

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

(2): Includes lease expiries/breaks on pre-development properties totalling £2.2m in 2008/09; £1.1m in 2009/10; £7.9m in 2010/11; £0.1m in 2011/12; (the definition here for pre-development properties includes where planning applications have been submitted)

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Rent reviews and lease expiries and breaks ⁽¹⁾

London City offices

	Outstanding £m	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	Total 2008-12 £m
Rents passing from leases subject to review	2.8	15.4	1.9	2.9	3.0	23.2
Projected rent after review at current ERV	3.0	15.4	2.1	3.1	3.8	24.4
Potential rent increases	0.2	0.0	0.2	0.2	0.8	1.2

	Outstanding £m	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	Total 2008-12 £m
Rents passing from leases subject to expiries or review	0.6	1.8	7.4	13.3	4.5	27.0
Current ERV	0.4	2.3	7.7	13.6	4.8	28.4
Potential rent increases	(0.2)	0.5	0.3	0.3	0.3	1.4

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

(2): Includes lease expiries/breaks on pre-development properties totalling £0.2m in 2009/10; £6.1m in 2010/11; (the definition here for pre-development properties includes where planning applications have been submitted)

Unexpired lease term

Like-for-investment portfolio

	Median years	Mean years
Shopping centres and shops		
Shopping centres	7.2	8.5
Central London shops	4.4	5.7
Other in town shops	5.7	8.2
Retail warehouse		
Parks	12.5	11.9
Other (including food superstores)	14.1	18.2
Offices		
West End	4.0	7.1
City	2.8	5.0
Midtown	4.4	7.8
Inner London	8.0	8.6
Rest of UK	1.7	3.3
Other	11.6	15.4
TOTAL LIKE-FOR-LIKE PORTFOLIO	6.6	8.6

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	15.8		2.9%
Unavailable to let (being refurbished)	0.8		0.1%
Pre-development voids	3.9		0.7%
	<u>20.5</u>	594.7	<u>3.4%</u>
Non like-for-like items:			
Acquisitions	7.4	674.8	1.1%
Completed and 95% let developments	2.2	773.6	0.3%
Completed developments not yet 95% let	0.5	775.6	0.1%
Developments to complete in 2008/09	28.8	859.1	3.3%
Developments to complete in 2009/10 or later	67.6	938.0	7.2%
	<u>127.0</u>		<u>13.5%</u>

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Lettings

	Development ft ²	Non-development ft ²	Total ft ²
Retail Portfolio	598,300	644,200	1,242,500
London Portfolio	827,900	728,300	1,556,200
Land Securities Trillium	-	645,900 ⁽¹⁾	645,900
	<u>1,426,200</u>	<u>2,018,400</u>	<u>3,444,600</u>

Notes:

(1) Includes surrenders

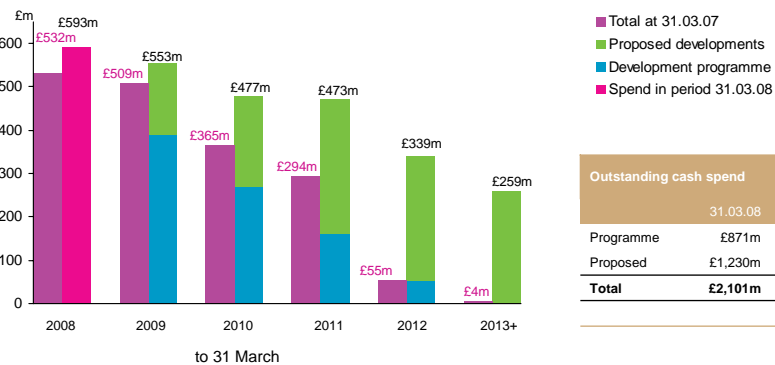
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Development pipeline

	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 / (deficit) to 31.03.08
	£m	£m	£m	£m	£m	%	£m
London Portfolio							
Dev. programme	1,600	593	536	123	111	42%	213
Proposed dev.	1,075	976	642 ⁽⁴⁾	84	76	-	n/a
Retail Portfolio							
Dev. programme	769	277	247	48	43	42%	(31)
Proposed dev.	502	254	288	31	28	-	n/a
TOTAL							
Dev. programme	2,369	870	783	171	154	42%	182
Proposed dev.	1,577	1,230	930	115	104	-	n/a

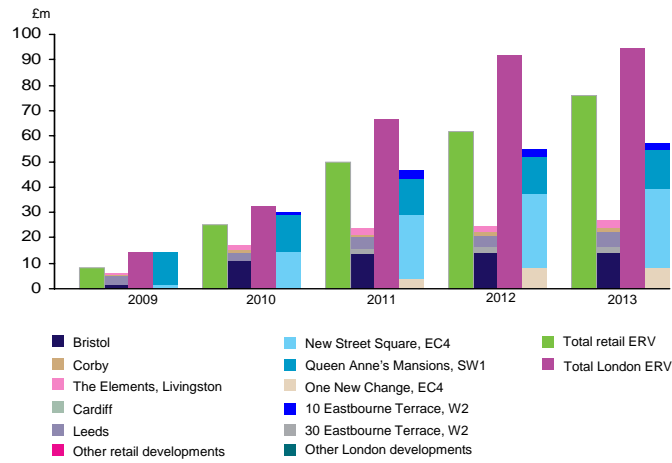
- (1) Total Development Cost outstanding comprises capital expenditure, capitalised interest less future residential proceeds
(2) Rents secured on lettings and ERV of vacant space – net of ground rents
(3) % let based on cash net rental income
(4) Includes the setting off of residential proceeds from Arundel Great Court

Development Estimated future spend



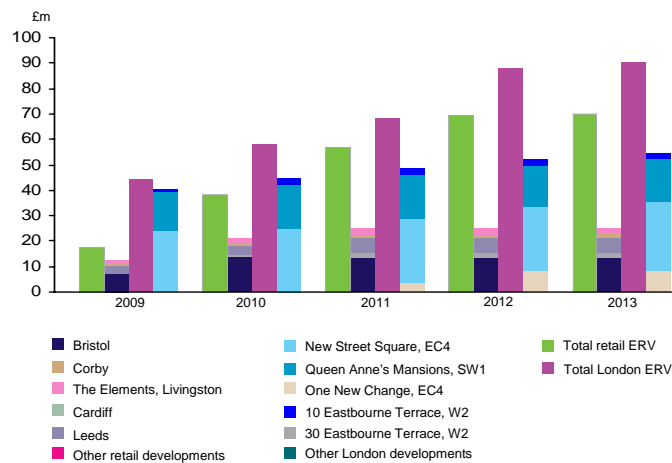
Excludes Kent Thameside and interest

Development – contracted rental income cash income



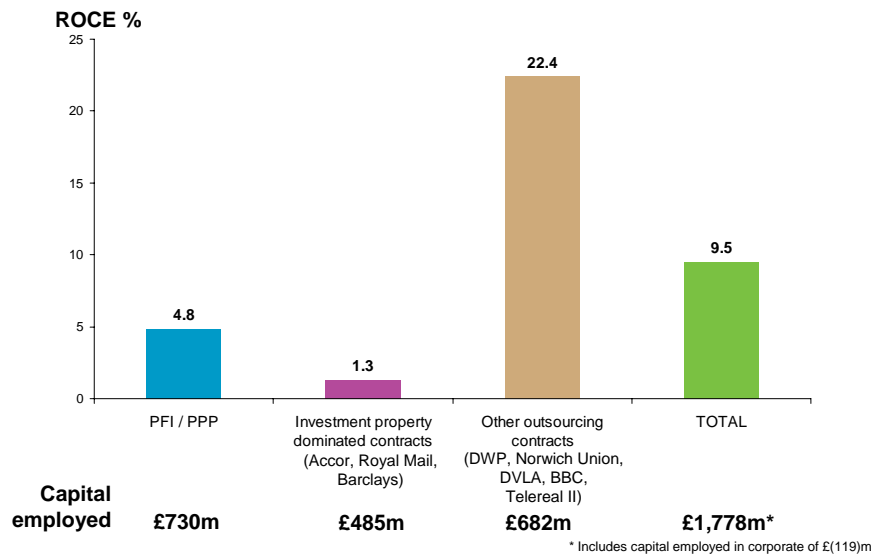
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Development – contracted rental income SIC15 income



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Land Securities Trillium



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Department for Work and Pension

Leaseholds – rent review risk

- Annual average increase in rents on 2007/08 review settlements 1.4% pa
- Annual average RPI over equivalent period 3.2% pa

Leaseholds (with flexibility allowance) – managing vacated space

- Vacant leasehold – March 2008 1.59 million ft²
- Vacation notices on leasehold space served by March 2008 for use in 2008/09 0.62 million ft²
- Additional leasehold space (with flexibility allowance) to be vacated*

c. 1.1 million ft ²
c. 3.3 million ft²
- Average cost of leasehold space vacated £15 per ft²

* Free vacations only

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DWP floor space and vacation allowance

	000m ²
Freehold/valuable leasehold	805.0
Leasehold	1,427.3
Total floor space	2,232.3
Vacation allowance:	
allowance used to date (vacated)	491.9*
available allowance (31 March 2008)	64.9*
notice received for use (not vacated)	(25.3)*
	39.6*
future allowance (not yet accrued)	164.4*

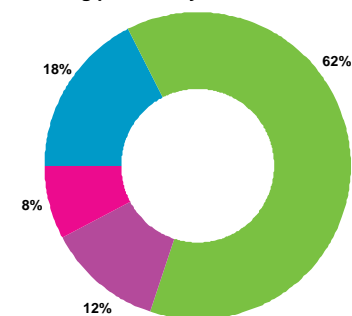
* Does not include Core vacations / vacation allowance

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Land Securities Trillium: portfolio analysis

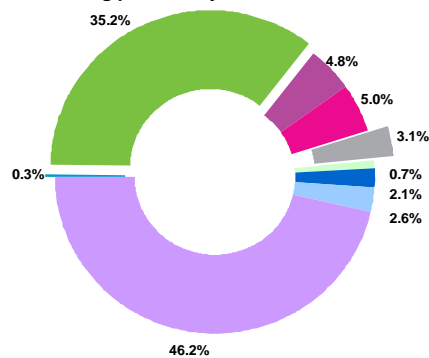
Analysis by floor area

Existing portfolio by use



Education Office
Other Health

Existing portfolio by client



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

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