

Business Analysis

Investment Portfolio

The investment properties in our Retail Portfolio and London Portfolio business units make up our Investment Portfolio. The Investment Portfolio includes a pro-rata share of our property joint ventures, but excludes investment properties within our property outsourcing business, Trillium.

The market value of the investment property interests in the Investment Portfolio totalled £12,117.9m at 30 September 2008 (31 March 2008: £13,586.7m). The aggregate of the market values of those investment properties held by the Group, excluding joint ventures and Trillium, as at 30 September 2008 was £10,531.0m (31 March 2008: £11,996.8m).

The valuation of the freehold and leasehold investment properties in the Investment Portfolio at 30 September 2008 was undertaken by Knight Frank LLP as External Valuer. The valuations were in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards and the International Valuation Standards. The valuation of each property was on the basis of market value, subject to the assumptions that investment properties would be sold subject to any existing leases and that properties held for development would be sold with vacant possession in existing condition. The External Valuer's opinion of market value was primarily derived using recent comparable market transactions on arm's length terms.

There follows a number of tables which give further detail of the underlying performance of the combined portfolio:

Table 11: Top 12 property holdings

Total value £4.0bn
(32.9% of combined portfolio)
Values in excess of £230m

Cardinal Place, SW1
New Street Square, EC4
50 Queen Anne's Gate, SW1
White Rose Centre, Leeds
Bristol city centre
Princesshay, Exeter
Bullring, Birmingham
Almondvale Centre, Livingston
Portland House, SW1
Bankside 2&3, SE1
Gunwharf Quays, Portsmouth
Park House, W1

Table 12: Top 12 occupiers

| | Current gross rent roll % |
|-------------------------------|---------------------------------|
| Central Government | 9.6 |
| Royal Bank of Scotland | 2.7 |
| Deloitte | 2.3 |
| Metropolitan Police Authority | 1.9 |
| Arcadia Group | 1.7 |
| Boots | 1.4 |
| DSG | 1.4 |
| Mellon Bank | 1.3 |
| Marks & Spencer | 1.2 |
| J Sainsbury | 1.2 |
| Argos and Homebase | 1.1 |
| Eversheds | 1.1 |
| Total | 26.9 |

Includes share of joint venture properties.

Table 13: % Portfolio by value and number of property holdings at 30 September 2008

| £m | Value % | Number of properties |
|--------------|--------------|-------------------------|
| 0 – 9.99 | 1.7 | 64 |
| 10 – 24.99 | 4.1 | 30 |
| 25 – 49.99 | 11.3 | 36 |
| 50 – 99.99 | 15.4 | 27 |
| 100 – 149.99 | 14.5 | 15 |
| 150 – 199.99 | 13.0 | 9 |
| 200 + | 40.0 | 16 |
| Total | 100.0 | 197 |

Includes share of joint venture properties.

Table 14: Combined portfolio value by location

| | Shopping centres and shops % | Retail warehouses % | Offices % | Other % | Total % |
|---|---------------------------------|------------------------|--------------|------------|--------------|
| Central inner and outer London | 8.5 | 0.6 | 47.3 | 1.6 | 58.0 |
| South East and Eastern | 5.9 | 3.0 | - | 0.6 | 9.5 |
| Midlands | 3.3 | 1.5 | - | - | 4.8 |
| Wales and South West | 6.9 | 1.2 | 0.1 | - | 8.2 |
| North, North West, Yorkshire and Humberside | 7.8 | 5.3 | 0.2 | 0.3 | 13.6 |
| Scotland and Northern Ireland | 3.8 | 1.4 | - | 0.7 | 5.9 |
| Total | 36.2 | 13.0 | 47.6 | 3.2 | 100.0 |

% figures calculated by reference to the combined portfolio value of £12.1bn.

Table 15: Average rents at 30 September 2008

| | Average rent £/sq m | Average ERV £/sq m |
|--|------------------------|-----------------------|
| Retail | | |
| Shopping centres and shops | N/A | N/A |
| Retail warehouses (including supermarkets) | 200 | 214 |
| Offices | | |
| London office portfolio | 347 | 385 |

Average rent and estimated rental value have not been provided where it is considered that the figures would be potentially misleading (i.e. where there is a combination of analysis on rents on an overall and Zone A basis in the retail sector or where there is a combination of uses, or small sample sizes). This is not a like-for-like analysis with the previous year. Excludes properties in the development programme and voids.

Table 16: Like-for-like reversionary potential at 30 September 2008

| | 30 September 2008 % of rent roll | 31 March 2008 % of rent roll |
|----------------------------|-------------------------------------|---------------------------------|
| Reversionary potential | | |
| Gross reversions | 12.1 | 15.6 |
| Over-rented | (1.6) | (1.1) |
| Net reversionary potential | 10.5 | 14.5 |

The reversion is calculated with reference to the gross secure rent roll after the expiry of rent free periods on those properties which fall under the like-for-like definition as set out in the notes to the combined portfolio analysis. Reversionary potential excludes additional income from the letting of voids. Of the over-rented income, £3.5m is subject to a lease expiry or break clause in the next five years.

Table 17: One year performance relative to IPD**Ungearred total returns – period to 30 September 2008**

| | Land Securities % pa | IPD % pa |
|---------------------------|-------------------------|--------------|
| Retail – Shopping centres | (10.4) | (7.9) |
| Retail warehouses | (12.9) | (8.3) |
| Central London offices* | (10.2) | (9.8) |
| Total portfolio | (9.8) | (7.6) |

IPD Quarterly Universe

*Central London defined as West End, City, Mid-town and Inner London regions.

Table 18: Combined portfolio analysis

The like-for-like-portfolio

| | Open market value ⁽⁷⁾ | | | Valuation surplus ⁽¹⁾ | | Gross rental income | | | Annual net rent ⁽⁸⁾ | | Annual estimated rental value ⁽⁹⁾ | |
|---|----------------------------------|------------------------|-----------------------|----------------------------------|-----------------------------|-----------------------|------------------------|-----------------------|--------------------------------|------------------------|--|------------------------|
| | 30 Sept 2008 £m | 31 March 2008 £m | 30 Sept 2007 £m | Surplus / (deficit) £m | Surplus / (deficit) % | 30 Sept 2008 £m | 31 March 2008 £m | 30 Sept 2007 £m | 30 Sept 2008 £m | 31 March 2008 £m | 30 Sept 2008 £m | 31 March 2008 £m |
| Shopping centres and shops | | | | | | | | | | | | |
| Shopping centres | 2,522.7 | 2,935.9 | 3,189.2 | (436.3) | (14.9) | 94.4 | 98.0 | 92.7 | 173.4 | 171.7 | 191.3 | 193.7 |
| Central London shops | 703.6 | 716.9 | 708.1 | (16.8) | (2.3) | 16.8 | 16.3 | 16.2 | 34.0 | 31.5 | 41.2 | 39.9 |
| Other in-town shops | 186.8 | 206.1 | 219.1 | (19.8) | (9.6) | 5.8 | 6.4 | 5.9 | 10.8 | 10.6 | 13.5 | 13.2 |
| | 3,413.1 | 3,858.9 | 4,116.4 | (472.9) | (12.3) | 117.0 | 120.7 | 114.8 | 218.2 | 213.8 | 246.0 | 246.8 |
| Retail warehouses | | | | | | | | | | | | |
| Retail parks | 1,240.2 | 1,436.5 | 1,634.6 | (209.6) | (14.6) | 37.7 | 37.1 | 35.3 | 73.8 | 73.7 | 82.9 | 83.5 |
| Other | 178.4 | 199.0 | 221.4 | (21.9) | (12.3) | 5.5 | 6.0 | 5.5 | 11.5 | 12.0 | 13.5 | 13.7 |
| | 1,418.6 | 1,635.5 | 1,856.0 | (231.5) | (14.3) | 43.2 | 43.1 | 40.8 | 85.3 | 85.7 | 96.4 | 97.2 |
| Total retail | 4,831.7 | 5,494.4 | 5,972.4 | (704.4) | (12.9) | 160.2 | 163.8 | 155.6 | 303.5 | 299.5 | 342.4 | 344.0 |
| London offices | | | | | | | | | | | | |
| West End | 1,546.3 | 1,730.3 | 1,889.1 | (185.7) | (10.8) | 47.5 | 48.4 | 47.1 | 93.0 | 92.6 | 110.8 | 118.2 |
| City | 646.4 | 797.9 | 975.6 | (163.3) | (20.2) | 18.6 | 18.7 | 17.8 | 36.1 | 36.2 | 38.1 | 39.5 |
| Mid-town | 590.7 | 708.2 | 811.9 | (110.7) | (17.3) | 17.7 | 20.7 | 19.8 | 32.6 | 42.0 | 51.2 | 52.5 |
| Inner London | 263.6 | 289.3 | 315.7 | (25.9) | (9.0) | 8.4 | 7.8 | 8.0 | 16.7 | 16.2 | 19.8 | 18.8 |
| Total London offices | 3,047.0 | 3,525.7 | 3,992.3 | (485.6) | (14.0) | 92.2 | 95.6 | 92.7 | 178.4 | 187.0 | 219.9 | 229.0 |
| Rest of UK | 56.8 | 67.1 | 66.6 | (10.1) | (15.0) | 0.7 | 0.7 | 0.7 | 1.8 | 1.9 | 2.3 | 2.2 |
| Total offices | 3,103.8 | 3,592.8 | 4,058.9 | (495.7) | (14.0) | 92.9 | 96.3 | 93.4 | 180.2 | 188.9 | 222.2 | 231.2 |
| Other | 346.8 | 392.3 | 429.0 | (44.0) | (11.4) | 9.0 | 8.8 | 8.7 | 21.5 | 21.2 | 23.9 | 23.2 |
| Like-for-like portfolio² | 8,282.3 | 9,479.5 | 10,460.3 | (1,244.1) | (13.3) | 262.1 | 268.9 | 257.7 | 505.2 | 509.6 | 588.5 | 598.4 |
| Completed developments³ | 1,649.2 | 1,809.5 | 1,829.4 | (182.9) | (10.3) | 48.9 | 40.8 | 19.5 | 78.1 | 59.5 | 101.6 | 103.3 |
| Total | 9,931.5 | 11,289.0 | 12,289.7 | (1,427.0) | (12.8) | 311.0 | 309.7 | 277.2 | 583.3 | 569.1 | 690.1 | 701.7 |
| Acquisitions ⁴ | 593.4 | 484.2 | 230.9 | (110.7) | (15.6) | 18.0 | 15.0 | 4.0 | 36.1 | 26.8 | 51.1 | 39.5 |
| Sales and restructured interests ⁵ | - | 280.0 | 1,124.3 | - | - | 4.8 | 19.9 | 39.8 | - | 16.2 | - | 19.4 |
| Total development programme ⁶ | 1,593.0 | 1,533.5 | 1,398.3 | (185.4) | (10.6) | 13.3 | 14.1 | 7.8 | 16.9 | 9.5 | 157.8 | 138.8 |
| Combined portfolio | 12,117.9 | 13,586.7 | 15,043.2 | (1,723.1) | (12.7) | 347.1 | 358.7 | 328.8 | 636.3 | 621.6 | 899.0 | 899.4 |
| Properties treated as finance leases | | | | | | (5.5) | (5.8) | (5.5) | | | | |
| Combined portfolio as stated in the income statement | | | | | | 341.6 | 352.9 | 323.3 | | | | |

Total portfolio analysis

| | | | | | | | | | | | | |
|---|-----------------|-----------------|-----------------|------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Shopping centres and shops | | | | | | | | | | | | |
| Shopping centres | 3,311.7 | 3,731.7 | 3,919.1 | (575.3) | (14.9) | 102.5 | 109.8 | 103.5 | 193.3 | 184.8 | 259.2 | 240.9 |
| Central London shops | 1,084.8 | 1,060.8 | 1,267.3 | (9.8) | (0.9) | 21.6 | 23.5 | 24.4 | 44.3 | 41.5 | 77.0 | 73.8 |
| Other in-town shops | 246.5 | 256.7 | 278.7 | (29.7) | (10.6) | 9.3 | 7.7 | 8.6 | 16.3 | 13.0 | 20.0 | 18.4 |
| | 4,643.0 | 5,049.2 | 5,465.1 | (614.8) | (11.8) | 133.4 | 141.0 | 136.5 | 253.9 | 239.3 | 356.2 | 333.1 |
| Retail warehouses | | | | | | | | | | | | |
| Retail parks | 1,329.7 | 1,554.9 | 1,769.7 | (247.3) | (15.8) | 39.5 | 39.2 | 36.7 | 76.5 | 77.2 | 88.4 | 89.8 |
| Other | 244.7 | 248.9 | 357.7 | (23.2) | (9.4) | 8.5 | 11.0 | 9.3 | 16.7 | 17.1 | 19.5 | 18.8 |
| | 1,574.4 | 1,803.8 | 2,127.4 | (270.5) | (15.0) | 48.0 | 50.2 | 46.0 | 93.2 | 94.3 | 107.9 | 108.6 |
| Total retail | 6,217.4 | 6,853.0 | 7,592.5 | (885.3) | (12.6) | 181.4 | 191.2 | 182.5 | 347.1 | 333.6 | 464.1 | 441.7 |
| London offices | | | | | | | | | | | | |
| West End | 2,512.4 | 2,745.6 | 2,889.4 | (279.3) | (10.2) | 70.9 | 65.9 | 62.2 | 140.8 | 124.1 | 179.1 | 186.4 |
| City | 1,008.6 | 1,155.5 | 1,439.3 | (208.1) | (17.3) | 27.3 | 27.7 | 24.9 | 50.9 | 50.9 | 84.3 | 86.2 |
| Mid-town | 1,104.0 | 1,272.0 | 1,398.9 | (188.5) | (15.7) | 29.7 | 30.1 | 22.6 | 42.5 | 50.4 | 84.4 | 88.9 |
| Inner London | 763.4 | 950.9 | 1,131.7 | (103.6) | (12.2) | 26.1 | 28.6 | 22.4 | 29.4 | 35.1 | 58.5 | 65.5 |
| Total London offices | 5,388.4 | 6,124.0 | 6,859.3 | (779.5) | (13.0) | 154.0 | 152.3 | 132.1 | 263.6 | 260.5 | 406.3 | 427.0 |
| Rest of UK | 68.1 | 78.5 | 81.9 | (11.1) | (13.4) | 0.7 | 1.1 | 1.1 | 1.8 | 2.3 | 2.4 | 2.8 |
| Total offices | 5,456.5 | 6,202.5 | 6,941.2 | (790.6) | (13.0) | 154.7 | 153.4 | 133.2 | 265.4 | 262.8 | 408.7 | 429.8 |
| Other | 444.0 | 531.2 | 509.5 | (47.2) | (9.7) | 11.0 | 14.1 | 13.1 | 23.8 | 25.2 | 26.2 | 27.9 |
| Combined portfolio | 12,117.9 | 13,586.7 | 15,043.2 | (1,723.1) | (12.7) | 347.1 | 358.7 | 328.8 | 636.3 | 621.6 | 899.0 | 899.4 |
| Properties treated as finance leases | | | | | | (5.5) | (5.8) | (5.5) | | | | |
| Combined portfolio as stated in the income statement | | | | | | 341.6 | 352.9 | 323.3 | | | | |
| Represented by: | | | | | | | | | | | | |
| Investment portfolio | 10,531.0 | 11,996.8 | 13,550.1 | (1,516.7) | (12.9) | 313.8 | 325.0 | 296.4 | 542.4 | 541.7 | 750.3 | 768.7 |
| Share of joint ventures | 1,586.9 | 1,589.9 | 1,493.1 | (206.4) | (11.6) | 33.3 | 33.7 | 32.4 | 93.9 | 79.9 | 148.7 | 130.7 |
| Combined portfolio | 12,117.9 | 13,586.7 | 15,043.2 | (1,723.1) | (12.7) | 347.1 | 358.7 | 328.8 | 636.3 | 621.6 | 899.0 | 899.4 |

Table 18: Combined portfolio analysis continued

The like-for-like portfolio

| | Gross income yield ⁽¹⁰⁾ | | Equivalent yield ⁽¹¹⁾ | | Annual gross estimated rental value ⁽¹²⁾ | | | 30 Sept 2008 % | Voids (by ERV) ⁽¹³⁾ | | Lease length at 30 September 2008 ⁽¹⁴⁾ | |
|--|------------------------------------|-----------------------|----------------------------------|-----------------------|---|------------------------|-----------------------|----------------------|--------------------------------|-----------------------|--|---------------------|
| | 30 Sept 2008 % | 31 March 2008 % | 30 Sept 2008 % | 31 March 2008 % | 30 Sept 2008 £m | 31 March 2008 £m | 30 Sept 2007 £m | | 30 Sept 2008 % | 31 March 2008 % | 30 Sept 2007 % | Median years (i) |
| Shopping centres and shops | | | | | | | | | | | | |
| Shopping centres | 6.9 | 5.8 | 6.5 | 5.7 | 201.6 | 204.4 | 202.5 | 5.7 | 4.7 | 4.8 | 7.2 | 8.1 |
| Central London shops | 4.8 | 4.4 | 5.2 | 5.0 | 41.5 | 40.1 | 38.0 | 4.8 | 8.5 | 5.3 | 5.3 | 6.5 |
| Other in-town shops | 5.8 | 5.1 | 6.3 | 5.6 | 14.2 | 13.9 | 13.5 | 8.3 | 9.8 | 6.1 | 7.5 | 8.8 |
| Retail warehouses | 6.4 | 5.5 | 6.2 | 5.5 | 257.3 | 258.4 | 254.0 | 5.7 | 5.6 | 4.9 | 6.9 | 7.8 |
| Retail parks | 6.0 | 5.1 | 6.4 | 5.5 | 83.5 | 84.3 | 82.7 | 1.1 | 2.2 | 2.4 | 12.0 | 11.3 |
| Other | 6.4 | 6.0 | 5.9 | 5.4 | 13.6 | 13.8 | 13.2 | - | 4.8 | 5.0 | 14.3 | 17.9 |
| Total retail | 6.0 | 5.2 | 6.3 | 5.5 | 97.1 | 98.1 | 95.9 | 1.0 | 2.6 | 2.8 | 12.7 | 12.2 |
| Total retail | 6.3 | 5.5 | 6.2 | 5.5 | 354.4 | 356.5 | 349.9 | 4.4 | 4.7 | 4.3 | 8.5 | 9.1 |
| London offices | | | | | | | | | | | | |
| West End | 6.0 | 5.4 | 6.5 | 5.9 | 111.4 | 118.7 | 109.8 | 5.5 | 1.3 | 1.2 | 4.4 | 8.2 |
| City | 5.6 | 4.5 | 6.9 | 6.3 | 40.2 | 41.6 | 47.2 | 3.4 | 3.3 | 18.4 | 2.8 | 4.2 |
| Mid-town | 5.5 | 5.9 | 7.4 | 6.2 | 51.7 | 53.0 | 51.4 | 27.3 | 6.5 | 6.5 | 6.3 | 9.3 |
| Inner London | 6.3 | 5.6 | 7.1 | 6.1 | 19.8 | 18.8 | 18.0 | 0.9 | 1.5 | 1.2 | 6.0 | 6.2 |
| Total London offices | 5.9 | 5.3 | 6.8 | 6.1 | 223.1 | 232.1 | 226.4 | 9.7 | 2.9 | 6.0 | 4.6 | 7.4 |
| Rest of UK | 3.2 | 2.8 | 8.0 | 6.9 | 2.4 | 2.3 | 2.3 | 18.7 | 11.8 | 8.5 | 3.4 | 2.6 |
| Total offices | 5.8 | 5.3 | 6.8 | 6.1 | 225.5 | 234.4 | 228.7 | 9.8 | 3.0 | 6.0 | 4.6 | 7.4 |
| Other | 6.2 | 5.4 | 6.7 | 6.2 | 24.0 | 23.2 | 23.2 | 1.5 | 1.7 | 1.9 | 4.6 | 11.2 |
| Like-for-like portfolio² | 6.1 | 5.4 | 6.5 | 5.8 | 603.9 | 614.1 | 601.8 | 6.3 | 3.9 | 4.9 | 6.7 | 8.6 |
| Completed developments³ | 4.7 | 3.3 | 6.1 | 5.6 | 102.5 | 104.3 | 99.7 | 1.3 | 2.5 | 6.7 | 14.0 | 13.5 |
| Total | 5.9 | 5.0 | 6.4 | 5.7 | 706.4 | 718.4 | 701.5 | 5.6 | 3.7 | 5.2 | 8.0 | 9.4 |
| Acquisitions ⁴ | 6.1 | 5.5 | 6.6 | 5.8 | 51.6 | 39.8 | 22.8 | 14.1 | 10.5 | 15.6 | 11.4 | 10.8 |
| Sales and restructured interests ⁵ | - | - | - | - | - | 19.5 | 64.1 | n/a | n/a | n/a | n/a | n/a |
| Total development programme ⁶ | 1.1 | 0.6 | 5.8 | 5.4 | 158.8 | 139.5 | 147.5 | n/a | n/a | n/a | n/a | n/a |
| Combined portfolio | 5.3 | 4.6 | 6.4 | 5.7 | 916.8 | 917.2 | 935.9 | n/a | n/a | n/a | n/a | n/a |

Total portfolio analysis

| Shopping centres and shops | | | | | Notes | 8. Annual net rent is annual cash rents in payment at 30 September 2008 after deduction of ground rents. It excludes the value of voids and current rent free periods. |
|-------------------------------|-----|-----|-----|-----|--|--|
| Shopping centres | 5.8 | 5.0 | 6.4 | 5.6 | | |
| Central London shops | 4.1 | 3.9 | 5.2 | 5.0 | 2. The like-for-like portfolio includes all properties which have been in the portfolio since 1 April 2007 but excluding those which were acquired, sold or included in the development programme at any time during that period. Capital expenditure on refurbishments, acquisitions of headleases and similar capital expenditure has been allocated to the like-for-like portfolio in preparing this table. Changes in valuation from period-to-period reflect this capital expenditure as well as the disclosed valuation surpluses. | |
| Other in-town shops | 6.6 | 5.1 | 6.2 | 5.5 | 3. Completed developments represent those properties previously included in the development programme, which have been completed, let and removed from the development programme since 1 April 2007. | |
| Total | 5.5 | 4.7 | 6.1 | 5.5 | 4. Includes all properties acquired in the period since 1 April 2007. | |
| Retail warehouses | | | | | 5. Includes all properties sold (other than directly out of the development programme), or where the ownership interest has been restructured, in the period since 1 April 2007. | |
| Retail parks | 5.8 | 5.0 | 6.4 | 5.6 | 6. Ongoing developments are properties in the development programme and Kent Thameside. They exclude completed developments as defined in note 3 above. | |
| Other | 6.8 | 6.9 | 5.9 | 5.4 | 7. The open market value figures include the Group's share of the various joint ventures but exclude properties owned by Trillium. | |
| Total retail | 5.9 | 5.2 | 6.4 | 5.5 | | |
| London offices | 5.6 | 4.9 | 6.2 | 5.5 | | |
| West End | 5.6 | 4.5 | 6.4 | 5.9 | | |
| City | 5.0 | 4.4 | 6.8 | 6.2 | | |
| Mid-town | 3.8 | 4.0 | 6.6 | 5.8 | | |
| Inner London | 3.9 | 3.7 | 6.7 | 6.0 | | |
| Total London offices | 4.9 | 4.3 | 6.6 | 5.9 | | |
| Rest of UK | 2.6 | 2.9 | 8.0 | 7.0 | | |
| Total offices | 4.9 | 4.2 | 6.6 | 6.0 | | |
| Other | 5.4 | 4.7 | 7.0 | 6.0 | | |
| Combined portfolio | 5.3 | 4.6 | 6.4 | 5.7 | | |
| Represented by: | | | | | | |
| Investment portfolio | 5.2 | 4.5 | 6.4 | 5.8 | | |
| Share of joint ventures | 5.9 | 5.0 | 6.0 | 5.4 | | |
| Combined portfolio | 5.3 | 4.6 | 6.4 | 5.7 | | |

8. Annual net rent is annual cash rents in payment at 30 September 2008 after deduction of ground rents. It excludes the value of voids and current rent free periods.
9. Annual net estimated rental value includes vacant space, rent frees and future estimated rental values for properties in the development programme and is calculated after deducting expected ground rents.
10. The gross income yield represents the annual cash net rent expressed as a percentage of the market value ignoring costs of purchase or sale.
11. The net nominal equivalent yield has been calculated on the gross outlays for a purchase of the property (including purchase costs) and assuming that rent is received annually in arrears.
12. Annual gross estimated rental value is calculated in the same way as net estimated rental value before the deduction of ground rents.
13. Voids represent all unlet space in the properties, including voids where refurbishment work is being carried out and voids in respect of pre-development properties. Voids are calculated based on their gross estimated rental value as defined in 12 above.
14. The definition for the figures in each column is: Median is the number of years until half of income is subject to lease expiry/break clauses. Mean is the rent-weighted average remaining term on leases subject to lease expiry/break clauses.

Table 19: Income statement – gross rental income reconciliation

| | Retail Portfolio £m | London Portfolio £m | Other £m | Six months ended 30 September 2008 £m | Retail Portfolio £m | London Portfolio £m | Other £m | Six months ended 31 March 2008 £m | Retail Portfolio £m | London Portfolio £m | Other £m | Six months ended 30 September 2007 £m |
|---|------------------------|------------------------|-------------|--|------------------------|------------------------|-------------|--------------------------------------|------------------------|------------------------|-------------|--|
| Combined portfolio (per Table 18) | 181.4 | 154.0 | 11.7 | 347.1 | 191.2 | 152.3 | 15.2 | 358.7 | 182.5 | 132.1 | 14.2 | 328.8 |
| Central London shops (excluding Metro Shopping Fund LP) | (20.3) | 20.3 | - | - | (22.1) | 22.1 | - | - | (23.2) | 23.2 | - | - |
| Inner London offices in Metro Shopping Fund LP | 0.4 | (0.4) | - | - | 0.4 | (0.4) | - | - | 0.4 | (0.4) | - | - |
| Rest of UK offices | 0.7 | - | (0.7) | - | 1.1 | - | (1.1) | - | 1.1 | - | (1.1) | - |
| Allocation of other | 6.0 | 5.0 | (11.0) | - | 6.0 | 8.1 | (14.1) | - | 5.4 | 7.7 | (13.1) | - |
| | 168.2 | 178.9 | - | 347.1 | 176.6 | 182.1 | - | 358.7 | 166.2 | 162.6 | - | 328.8 |
| Less finance lease adjustment | (1.7) | (3.8) | - | (5.5) | (1.6) | (4.2) | - | (5.8) | (1.7) | (3.8) | - | (5.5) |
| Total rental income per financial statements | 166.5 | 175.1 | - | 341.6 | 175.0 | 177.9 | - | 352.9 | 164.5 | 158.8 | - | 323.3 |

Table 20: Open market value reconciliation

| | Retail Portfolio £m | London Portfolio £m | Other £m | Six months ended 30 September 2008 £m | Retail Portfolio £m | London Portfolio £m | Other £m | Six months ended 31 March 2008 £m | Retail Portfolio £m | London Portfolio £m | Other £m | Six months ended 30 September 2007 £m |
|---|------------------------|------------------------|-------------|--|------------------------|------------------------|-------------|--------------------------------------|------------------------|------------------------|-------------|--|
| Combined portfolio (per Table 18) | 6,217.4 | 5,388.4 | 512.1 | 12,117.9 | 6,853.0 | 6,124.0 | 609.7 | 13,586.7 | 7,592.5 | 6,859.3 | 591.4 | 15,043.2 |
| Central London shops (excluding Metro Shopping Fund LP) | (1,037.2) | 1,037.2 | - | - | (1,009.8) | 1,009.8 | - | - | (1,213.9) | 1,213.9 | - | - |
| Inner London offices in Metro Shopping Fund LP | 15.3 | (15.3) | - | - | 18.0 | (18.0) | - | - | 15.9 | (15.9) | - | - |
| Rest of UK offices | 68.1 | - | (68.1) | - | 78.5 | - | (78.5) | - | 81.9 | - | (81.9) | - |
| Allocation of other | 259.1 | 184.9 | (444.0) | - | 295.9 | 235.3 | (531.2) | - | 306.7 | 202.8 | (509.5) | - |
| Per segments | 5,522.7 | 6,595.2 | - | 12,117.9 | 6,235.6 | 7,351.1 | - | 13,586.7 | 6,783.1 | 8,260.1 | - | 15,043.2 |

Table 21: Gross estimated rental value reconciliation

| | Retail Portfolio £m | London Portfolio £m | Other £m | Six months ended 30 September 2008 £m | Retail Portfolio £m | London Portfolio £m | Other £m | Six months ended 31 March 2008 £m | Retail Portfolio £m | London Portfolio £m | Other £m | Six months ended 30 September 2007 £m |
|---|---------------------------|---------------------------|-------------|--|---------------------------|---------------------------|-------------|--|---------------------------|---------------------------|-------------|--|
| Combined portfolio (per Table 18) | 481.7 | 405.0 | 30.1 | 916.8 | 455.1 | 431.2 | 30.9 | 917.2 | 461.9 | 442.5 | 31.5 | 935.9 |
| Central London shops (excluding Metro Shopping Fund LP) | (79.8) | 79.8 | - | - | (70.9) | 70.9 | - | - | (62.9) | 62.9 | - | - |
| Inner London offices in Metro Shopping Fund LP | 1.0 | (1.0) | - | - | 1.0 | (1.0) | - | - | 1.0 | (1.0) | - | - |
| Rest of UK offices | 3.7 | - | (3.7) | - | 2.9 | - | (2.9) | - | 3.6 | - | (3.6) | - |
| Allocation of other | 16.7 | 9.7 | (26.4) | - | 16.8 | 11.2 | (28.0) | - | 17.1 | 10.8 | (27.9) | - |
| Per segments | 423.3 | 493.5 | - | 916.8 | 404.9 | 512.3 | - | 917.2 | 420.7 | 515.2 | - | 935.9 |

Table 22: Development pipeline financial summary

| Cumulative movements on the development programme to 30 September 2008 | | | | | | | Total scheme details | | | | Valuation surplus / (deficit) for six months ended 30 September 2008 ⁽¹⁾ | |
|--|--|------------------------------------|--|---|---|--|--|---|---------------------------------------|-----|---|--|
| Market value at start of scheme £m | Capital expenditure incurred to date £m | Capitalised interest to date £m | Revaluation surplus / (deficit) to date ⁽¹⁾ £m | Disposals, SIC15 rent and other adjustments £m | Market value at 30 September 2008 £m | Estimated total capital expenditure ⁽⁴⁾ £m | Estimated total capitalised interest £m | Estimated total cost excluding residential ⁽²⁾ £m | Net Income / ERV ⁽³⁾ £m | | | |
| Development programme transferred or sold | | | | | | | | | | | | |
| London Portfolio | 16 | 159 | 11 | 70 | 1 | 257 | 159 | 11 | 186 | 17 | (10) | |
| Development programme completed, approved or in progress | | | | | | | | | | | | |
| Shopping centres and shops | 52 | 530 | 34 | (103) | 1 | 514 | 713 | 47 | 775 | 47 | (78) | |
| Retail warehouses | 12 | 2 | - | (4) | - | 10 | 7 | - | 19 | 1 | (2) | |
| London Portfolio | 442 | 505 | 44 | 27 | 51 | 1,069 | 995 | 100 | 1,428 | 105 | (106) | |
| | 506 | 1,037 | 78 | (80) | 52 | 1,593 | 1,715 | 147 | 2,222 | 153 | (186) | |
| Movement on proposed developments for the six months ended 30 September 2008 | | | | | | | | | | | | |
| Proposed developments | | | | | | | | | | | | |
| Shopping centres and shops | 207 | 15 | 5 | (69) | (3) | 155 | 250 | 35 | 440 | 30 | (69) | |
| Retail warehouses | 6 | - | - | (2) | - | 4 | 4 | - | 8 | 1 | (2) | |
| London Portfolio | 427 | 8 | 1 | (114) | - | 322 | 1,199 | 155 | 1,286 | 97 | (114) | |
| | 640 | 23 | 6 | (185) | (3) | 481 | 1,453 | 190 | 1,734 | 128 | (185) | |

Notes:

- Includes profit realised on the disposal of property.
- Includes the property at the market valuation at the start of the financial year in which the property was added to the Development Programme together with estimated capitalised interest. For Proposed Development properties, the market value of the property at 30 September 2008 is included in the estimated total cost. Estimated total cost is stated net of the cost of residential properties for Shopping Centres and shops of £37m for developments in progress. The London Portfolio developments in progress and proposed developments are stated net of the cost of residential properties of £109m and £390m respectively. Allowances for rent free periods are excluded from cost.
- Net headline annual rental payable on let units plus net ERV at 30 September 2008 on unlet units.
- For Proposed Development properties the estimated total capital expenditure represents the outstanding costs required to complete the scheme as at 30 September 2008 together with pre-development costs incurred prior to that date if the benefit of that expenditure has been excluded from the valuation as at 30 September 2008. Such pre-development costs are included in the accounts as prepayments and are not included in the property additions.

Trillium

Table 23: Trillium contract analysis

| Six months ended 30 September 2008 | | | | | | | | | |
|---|--------------|---------------|-------------|-------------------------|-------------|---------------------------|----------------------|----------------------|----------------|
| Contract | DWP | Norwich Union | DVLA | Barclays ⁽¹⁾ | Telereal II | Royal Mail ⁽²⁾ | Accor ⁽³⁾ | Other ⁽⁴⁾ | Total |
| Contract length term (years) | 20.0 | 25.0 | 20.0 | 20.0 | 4.5 | 15.0 | 84.0 | | |
| Expiry date | Mar 2018 | Jun 2029 | Mar 2025 | Dec 2024 | Mar 2010 | Mar 2022 | Mar 2091 | | |
| Income statement | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Unitary charge | 254.3 | 7.7 | 5.4 | 0.2 | - | 1.9 | 14.8 | 4.4 | 288.7 |
| Third party (sublet) income | 7.0 | 0.4 | - | 0.8 | - | 1.5 | - | 1.6 | 11.3 |
| Capital projects | 16.7 | 0.2 | 3.6 | - | - | - | - | 2.6 | 23.1 |
| Other revenue | 16.0 | 0.5 | 0.7 | - | 21.0 | - | - | 3.0 | 41.2 |
| Finance lease income | - | 4.4 | 2.2 | - | - | - | - | 0.1 | 6.7 |
| Gross property income | 294.0 | 13.2 | 11.9 | 1.0 | 21.0 | 3.4 | 14.8 | 11.7 | 371.0 |
| Rents payable | (84.4) | (2.1) | (1.0) | - | - | - | - | (0.1) | (87.6) |
| Service partners (maintenance, facilities, etc) | (68.8) | (1.8) | (2.7) | - | - | (0.1) | - | (0.5) | (73.9) |
| Life cycle maintenance costs | (8.2) | (0.9) | (0.2) | - | - | - | (0.1) | - | (9.4) |
| Capital projects | (15.8) | (0.2) | (3.3) | - | - | - | - | (2.1) | (21.4) |
| Other costs, including overheads | (41.7) | (1.1) | (1.8) | - | (14.5) | (5.9) | (0.3) | (24.0) | (89.3) |
| Bid costs | - | - | - | - | - | - | - | (11.8) | (11.8) |
| Depreciation | (15.9) | (0.5) | - | - | - | - | - | (0.2) | (16.6) |
| Underlying operating profit / (loss) | 59.2 | 6.6 | 2.9 | 1.0 | 6.5 | (2.6) | 14.4 | (27.0) | 61.0 |
| Profit / (loss) on disposal of non-current assets | 3.1 | - | - | - | - | - | - | (0.9) | 2.2 |
| Goodwill impairment | - | - | - | - | - | - | - | (147.6) | (147.6) |
| Net (deficit) / surplus on revaluation of investment properties | - | - | - | (3.0) | - | (11.4) | (34.6) | 3.0 | (46.0) |
| Segment profit / (loss) | 62.3 | 6.6 | 2.9 | (2.0) | 6.5 | (14.0) | (20.2) | (172.5) | (130.4) |
| Capital expenditure | | | | | | | | | |
| Life cycle maintenance costs capitalised | (3.8) | - | - | - | - | - | (0.1) | - | (3.9) |
| Estates costs capitalised | (6.5) | - | - | - | - | - | - | (0.2) | (6.7) |
| Book value of assets at 30 September 2008 | | | | | | | | | |
| Investment in associates | - | - | - | - | - | - | - | 55.2 | 55.2 |
| Investment properties | - | - | - | 19.0 | - | 78.4 | 412.4 | 18.7 | 528.5 |
| Operating properties | 476.7 | 43.5 | - | - | - | - | - | 0.8 | 521.0 |
| Net investment in finance leases | - | 102.6 | 67.4 | - | - | - | - | 31.1 | 201.1 |

Notes:

1. Barclays sale and leaseback terms include a tenant break clause in December 2014, with annual breaks until expiry.
2. Royal Mail sale and leaseback terms include 12 tenants who have a break clause in March 2012 and 164 tenants with a break clause in March 2017.
3. Accor sale and leaseback terms include a tenant break clause every 12 years with the first in 2019.
4. Other includes new business and corporate overheads, SPVs, Fund management, and ex DWP properties.

Table 24: Trillium contract analysis at 30 September 2008

| Floor space (000sq m) | DWP | Norwich Union | DVLA | Barclays | Telereal II | Royal Mail | Accor | Total |
|------------------------------------|----------------|---------------|-------------|-------------|-------------|--------------|--------------|----------------|
| Client occupied | 1,824.1 | 107.0 | 16.2 | 11.4 | - | 92.7 | 230.0 | 2,281.4 |
| Third party (sublet) | 134.4 | 5.2 | - | 20.8 | - | 96.0 | - | 256.4 |
| Vacant | 204.1 | 1.7 | - | 2.1 | - | 45.9 | - | 253.8 |
| Total | 2,162.6 | 113.9 | 16.2 | 34.3 | - | 234.6 | 230.0 | 2,791.6 |
| Freeholds / valuable leaseholds | 782.0 | 38.9 | - | 11.3 | - | 128.1 | - | 960.3 |
| Leaseholds | 1,380.6 | 75.0 | 16.2 | 23.0 | - | 106.5 | 230.0 | 1,831.3 |
| Total | 2,162.6 | 113.9 | 16.2 | 34.3 | - | 234.6 | 230.0 | 2,791.6 |
| Estate managed but not transferred | 65.2 | 8.7 | 90.5 | - | 150.0 | - | - | 314.4 |

Table 25: Trillium vacation allowance and portfolio activity – DWP

| Floor space (000sq m) | 30 September | | | | | 31 March |
|------------------------------------|----------------|--------------|------------|----------|---------------|----------------|
| | 2008 | Acquisitions | Vacations* | Lettings | Disposals | 2008 |
| Client occupied | 1,824.1 | 9.2 | (70.2) | - | - | 1,885.1 |
| Third party (sublet) | 134.4 | - | (14.7) | 29.9 | - | 119.2 |
| Vacant | 204.1 | - | 84.9 | (29.9) | (78.9) | 228.0 |
| Total | 2,162.6 | 9.2 | - | - | (78.9) | 2,232.3 |
| Freeholds / valuable leaseholds | 782.0 | 6.2 | - | - | (29.2) | 805.0 |
| Leaseholds | 1,380.6 | 3.0 | - | - | (49.7) | 1,427.3 |
| Total | 2,162.6 | 9.2 | - | - | (78.9) | 2,232.3 |
| Estate managed but not transferred | 65.2 | 1.0 | (0.3) | - | - | 64.5 |

* Includes core vacations

| | 30 September 2008 | 31 March 2008 |
|---------------------------------|----------------------|------------------|
| Vacation allowance used to date | 510.3 | 491.9 |
| Available allowance | 79.5 | 64.9 |
| Future allowance * | 98.7 | 131.6 |

* The future allowance relates to the period commencing 1 April 2009.

Table 26: Trillium portfolio activity – Barclays

| Floor space (000sq m) | 30 September | | | | | 31 March |
|---------------------------------|--------------|--------------|-----------|----------|--------------|-------------|
| | 2008 | Acquisitions | Vacations | Lettings | Disposals | 2008 |
| Client occupied | 11.4 | - | - | - | - | 11.4 |
| Third party (sublet) | 20.8 | - | - | 3.0 | - | 17.8 |
| Vacant | 2.1 | - | - | (3.0) | (1.6) | 6.7 |
| Total | 34.3 | - | - | - | (1.6) | 35.9 |
| Freeholds / valuable leaseholds | 11.3 | - | - | - | - | 11.3 |
| Leaseholds | 23.0 | - | - | - | (1.6) | 24.6 |
| Total | 34.3 | - | - | - | (1.6) | 35.9 |

Table 27: Trillium portfolio activity – Royal Mail

| Floor space (000sq m) | 30 September | | | | | 31 March |
|---------------------------------|--------------|--------------|-----------|----------|--------------|--------------|
| | 2008 | Acquisitions | Vacations | Lettings | Disposals | 2008 |
| Client occupied | 92.7 | - | - | - | - | 92.7 |
| Third party (sublet) | 96.0 | - | (4.4) | 8.5 | - | 91.9 |
| Vacant | 45.9 | - | 4.4 | (8.5) | (6.8) | 56.8 |
| Total | 234.6 | - | - | - | (6.8) | 241.4 |
| Freeholds / valuable leaseholds | 128.1 | - | - | - | - | 128.1 |
| Leaseholds | 106.5 | - | - | - | (6.8) | 113.3 |
| Total | 234.6 | - | - | - | (6.8) | 241.4 |

Table 28: Trillium number of people by occupation

| At 30 September 2008 | Total |
|-------------------------------------|------------|
| Asset management | 114 |
| Call centre | 59 |
| Capital projects | 146 |
| Quality assurance | 28 |
| Facilities management | 368 |
| Human resources / Finance | 174 |
| Business development and commercial | 107 |
| Total | 996 |