

Business analysis

In this section we provide information about our major investment properties, development programme and property outsourcing contracts to help you understand more about our business activities. A detailed list of our major property holdings can be found on our website.

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Investment Portfolio

The investment properties in our Retail Portfolio and London Portfolio business units make up the majority of 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 £13,586.7m at 31 March 2008 (31 March 2007: £14,752.5m). The aggregate of the market values of those investment properties held by the Group, excluding joint ventures and Trillium, as at 31 March 2008 was £11,996.8m (31 March 2007: £13,114.8m).

The valuation of the freehold and leasehold investment properties in the Investment Portfolio at 31 March 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:

£13,586.7m

Market value of investment property interests in the Investment Portfolio

Table 65

Long-term performance relative to IPD.

Ungeared total returns – periods to 31 March 2008

	Land Securities % pa	IPD % pa
5 years	13.0	10.7
10 years	11.2	10.5

Source: IPD Quarterly Universe

Table 66

One year performance relative to IPD.

Ungeared total returns – year to 31 March 2008

	Land Securities % pa	IPD % pa
Retail – Shopping centres	(3.7)	(8.0)
Retail warehouses	(10.6)	(15.3)
Central London offices*	(1.4)	(5.4)
Total portfolio	(3.2)	(9.1)

Source: IPD Quarterly Universe

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

Top 12 properties



Cardinal Place, SW1
Landmark offices, with ground floor retail anchored by Marks & Spencer.



New Street Square, EC4
Innovative offices around a public square, with retail and restaurants.



50 Queen Anne's Gate, SW1
Refurbished former Home Office building now occupied by Ministry of Justice.



White Rose, Leeds
Award-winning shopping centre with more than 100 stores.



Almondvale Centre, Livingston
Unique retail destination in the heart of the town centre.



Cabot Circus, Bristol
High quality retail development due for full completion autumn 2008.

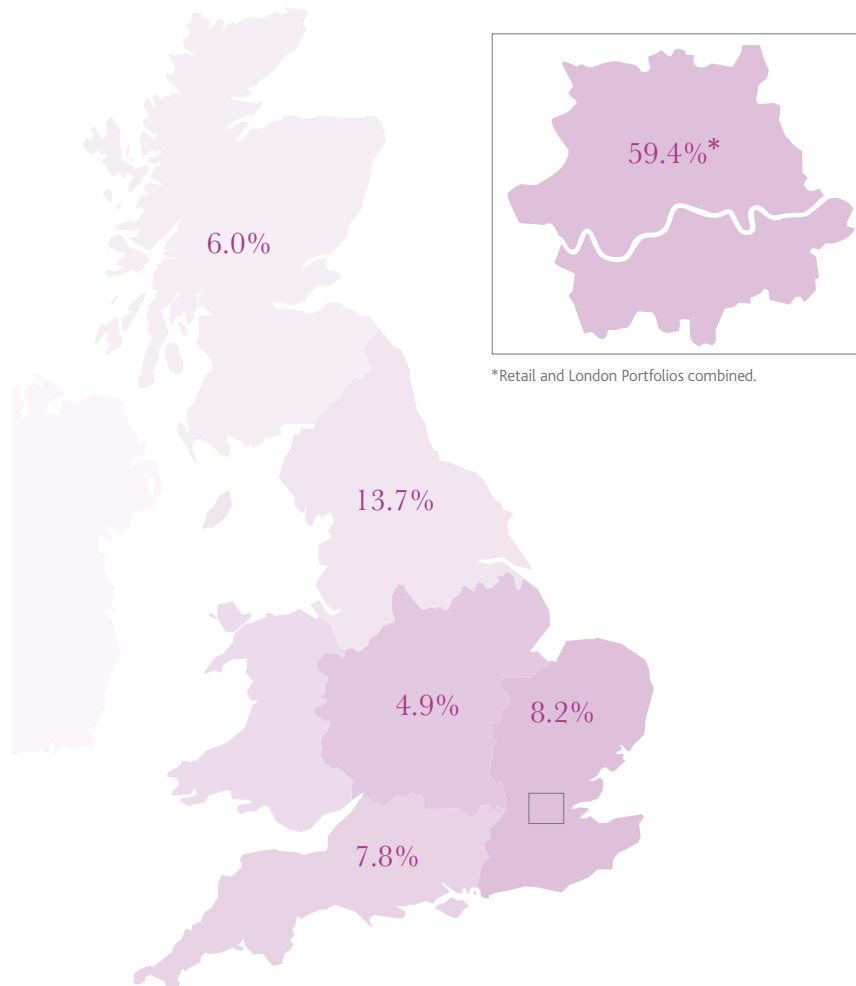
Table 67

Combined portfolio value by location

	Shopping centres and shops %	Retail warehouses %	Offices %	Other %	Total %
Central, inner and outer London	9.0	0.8	48.0	1.6	59.4
South East and Eastern	4.6	2.9	–	0.7	8.2
Midlands	3.5	1.4	–	–	4.9
Wales and South West	6.3	1.4	0.1	–	7.8
North, North West, Yorkshire and Humberside	7.8	5.4	0.2	0.3	13.7
Scotland and Northern Ireland	3.9	1.5	–	0.6	6.0
Total	35.1	13.4	48.3	3.2	100.0

% figure calculated by reference to the combined portfolio value of £13.6bn

Combined portfolio value by location



£6.2bn

Total Retail Portfolio

£7.3bn

Total London Portfolio

Table 68

% Portfolio by value and number of property holdings at 31 March 2008

£m	Value %	Number of properties
0 – 9.99	1.5	56
10 – 24.99	2.7	24
25 – 49.99	9.3	34
50 – 99.99	17.8	34
100 – 149.99	11.8	13
150 – 199.99	11.2	9
200 +	45.7	20
Total	100.0	190

Includes share of joint venture properties

Table 69

Average rents at 31 March 2008

	Average rent £/m ²	Average ERV £/m ²
Retail		
Shopping centres and shops	n/a	n/a
Retail warehouses (including supermarkets)	193	212
Offices		
London office portfolio	338	405

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.



Bullring, Birmingham
An iconic shopping location, this partnership development has led the city's retail renaissance (one-third ownership).



Princesshay, Exeter
Award-winning mixed-use development based around a vibrant piazza.



Portland House, SW1
Offices in Victoria let to American Express, Government and others.



Bankside 2&3, SE1
Contemporary office space in thriving Southbank.



Gunwharf Quays, Portsmouth
Historic harbour hosts designer outlets, bars, restaurants, cinema and Bowlplex.



Times Square, EC4
We now hold a 95% interest in this substantial City office asset.

Table 70
Valuation and rental income summary

	Open market value at 31/03/08 £m	Open market value at 31/03/07 £m	Valuation surplus ¹ %	Rental income for the year ended 31/03/08 £m	Rental income for the year ended 31/03/07 £m	Rental income change %
Shopping centres and shops	3,019.2	3,345.3	(10.8)	196.8	187.1	5.2
Retail warehouses	1,604.3	1,900.8	(15.9)	83.2	78.4	6.1
London retail	694.1	673.8	1.5	31.5	32.2	(2.2)
London Offices	3,302.4	3,512.8	(8.5)	180.8	177.9	1.6
Other	429.2	443.0	(3.9)	16.6	15.9	4.4
Like-for-like investment portfolio ²	9,049.2	9,875.7	(9.8)	508.9	491.5	3.5
Completed developments	1,580.9	1,463.4	(3.1)	61.5	29.8	n/a
Acquisitions	1,164.8	636.8	(14.4)	51.1	19.1	n/a
Disposals and restructured interests	–	1,445.0	–	44.1	112.7	n/a
Development programme ³	1,791.8	1,331.6	(4.2)	21.9	26.6	(17.7)
Combined portfolio	13,586.7	14,752.5	(8.8)	687.5	679.7	1.1
Adjustment for finance leases				(11.5)	(12.6)	
Combined portfolio as stated in the income statement ⁴				676.0	667.1	

1. The valuation surplus and rental income value are stated after adjusting for the effect of spreading rents and rent free periods over the duration of leases in accordance with IFRS but before restating for finance leases.
2. Properties that have been in the combined portfolio for the whole of the current and previous financial periods.
3. Development programme comprising projects that have been completed but less than 95% let, developments on site, committed developments (approved projects with the building contract let), and authorised developments (projects approved by the Board but for which the contract has not yet been let).
4. The combined portfolio includes our proportionate share of the assets and rental income of our joint ventures.

Table 71
Top six performing properties over £50m

Retail

Property name	% Valuation surplus/ (deficit)	Description
Princesshay, Exeter	4.9	Completed development
Bristol Alliance	2.2	Reduced development risk as scheme nears completion
Oasis Retail Park, Corby	0.7	Rental value increase offset by adverse yield shift
N1, Islington	(2.0)	Rental value increase offset by adverse yield shift
Howard Centre, Welwyn Garden City	(3.8)	Rental value increase offset by adverse yield shift
The Mall, Stratford	(5.0)	Rental value increase offset by adverse yield shift

London

Property name	% Valuation surplus/ (deficit)	Description
Lakeview Court, SW1	19.6	Yield shift recognising redevelopment potential
Piccadilly Circus Lights, W1	19.6	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, SW6	4.6	Profit overage release

Table 72
Top 12 occupiers

	Current gross rent roll %
Central Government	9.7
Deloitte	4.1
Royal Bank of Scotland	3.1
Metropolitan Police Authority	2.9
Arcadia Group	1.8
J Sainsbury	1.6
DSG	1.5
Boots	1.5
Mellon Bank	1.4
Marks & Spencer	1.3
Argos and Homebase	1.2
Eversheds	1.2
Total	31.3

Includes share of joint venture properties

Table 73
Like-for-like reversionary potential at 31 March 2008

	31/03/08 % of rent roll	31/03/07 % of rent roll
Reversionary potential		
Gross reversions	16.2	11.6
Over-rented	(1.2)	(1.5)
Net reversionary potential	15.0	10.1

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, £4.5m is subject to a lease expiry or break clause in the next five years.

Combined portfolio analysis

The like-for-like portfolio²

	Open Market Value ¹		Valuation Surplus ⁷		Gross Rental Income		Annual Net Rent ⁸		Annual Net Estimated Rental Value ⁹	
	31/03/08 £m	31/03/07 £m	Surplus/ (deficit) £m	Surplus/ (deficit) %	31/03/08 £m	31/03/07 £m	31/03/08 £m	31/03/07 £m	31/03/08 £m	31/03/07 £m
Shopping centres and shops										
Shopping centres	2,793.6	3,096.1	(335.2)	(10.8)	183.6	174.5	171.8	170.0	193.2	191.7
Central London shops	694.1	673.8	10.0	1.5	31.5	32.2	30.1	29.1	37.9	33.0
Other in-town shops	225.6	249.2	(24.3)	(9.7)	13.2	12.6	12.0	11.9	14.3	14.2
	3,713.3	4,019.1	(349.5)	(8.7)	228.3	219.3	213.9	211.0	245.4	238.9
Retail warehouses										
Retail parks	1,415.7	1,686.3	(265.6)	(15.9)	73.1	69.2	74.7	71.8	84.2	82.9
Other	188.6	214.5	(30.1)	(15.3)	10.1	9.2	9.3	8.2	11.0	10.5
	1,604.3	1,900.8	(295.7)	(15.9)	83.2	78.4	84.0	80.0	95.2	93.4
Total retail	5,317.6	5,919.9	(645.2)	(11.0)	311.5	297.7	297.9	291.0	340.6	332.3
London offices										
West End	1,730.3	1,799.2	(99.4)	(5.4)	95.5	92.6	92.6	87.1	117.8	99.3
City	600.6	695.9	(148.3)	(19.8)	32.8	33.9	31.4	29.4	35.1	37.4
Mid-town	491.4	530.2	(33.6)	(7.4)	26.6	26.2	27.3	25.5	33.7	28.9
Inner London	480.1	487.5	(13.9)	(3.0)	25.9	25.2	27.5	15.1	32.7	26.7
Total London offices	3,302.4	3,512.8	(295.2)	(8.5)	180.8	177.9	178.8	157.1	219.3	192.3
Rest of UK	68.6	74.9	(2.5)	(3.5)	1.9	1.9	1.8	1.8	2.3	2.4
Total offices	3,371.0	3,587.7	(297.7)	(8.4)	182.7	179.8	180.6	158.9	221.6	194.7
Other	360.6	368.1	(14.9)	(4.0)	14.7	14.0	15.2	14.4	16.8	16.2
Like-for-like portfolio²	9,049.2	9,875.7	(957.8)	(9.8)	508.9	491.5	493.7	464.3	579.0	543.2
Completed developments³	1,580.9	1,463.4	(49.0)	(3.1)	61.5	29.8	60.9	16.7	97.8	87.5
Total	10,630.1	11,339.1	(1,006.8)	(8.8)	570.4	521.3	554.6	481.0	676.8	630.7
Acquisitions ⁴	1,164.8	636.8	(195.2)	(14.4)	51.1	19.1	61.0	28.5	79.7	35.6
Sales and restructured interests ⁵	–	1,445.0	–	–	44.1	112.7	–	68.3	–	85.1
Total development programme ⁶	1,791.8	1,331.6	(77.6)	(4.2)	21.9	26.6	9.4	6.7	163.8	164.5
Combined portfolio	13,586.7	14,752.5	(1,279.6)	(8.8)	687.5	679.7	625.0	584.5	920.3	915.9
Properties treated as finance leases					(11.5)	(12.6)				
Combined portfolio as stated in the income statement					676.0	667.1				

Total portfolio analysis

Shopping centres and shops										
Shopping centres	3,702.4	4,157.9	(415.9)	(10.2)	211.4	217.7	190.1	200.9	263.6	288.1
Central London shops	1,060.8	1,236.0	(25.2)	(2.3)	48.1	53.3	41.5	48.0	73.8	71.2
Other in-town shops	284.9	359.9	(28.8)	(9.2)	18.0	18.0	15.1	16.5	20.7	22.6
	5,048.1	5,753.8	(469.9)	(8.6)	277.5	289.0	246.7	265.4	358.1	381.9
Retail warehouses										
Retail parks	1,554.9	1,872.7	(285.5)	(15.7)	78.4	82.8	79.2	79.4	91.9	93.5
Other	248.9	434.2	(40.2)	(15.1)	17.8	16.6	15.1	16.8	16.7	21.8
	1,803.8	2,306.9	(325.7)	(15.6)	96.2	99.4	94.3	96.2	108.6	115.3
Total retail	6,851.9	8,060.7	(795.6)	(10.5)	373.7	388.4	341.0	361.6	466.7	497.2
London offices										
West End	2,745.6	2,721.3	(93.2)	(3.3)	128.2	128.7	124.1	97.8	186.4	168.8
City	1,155.5	1,200.4	(239.5)	(17.3)	52.5	60.4	50.9	38.1	86.2	87.0
Mid-town	1,272.0	1,253.3	(76.7)	(6.1)	52.8	37.2	50.4	40.0	88.9	77.4
Inner London	950.9	927.9	(27.1)	(2.9)	51.0	35.5	35.1	24.0	65.5	57.2
Total London offices	6,124.0	6,102.9	(436.5)	(6.9)	284.5	261.8	260.5	199.9	427.0	390.4
Rest of UK	79.6	90.1	(2.0)	(2.3)	2.3	2.7	1.8	3.0	2.3	4.1
Total offices	6,203.6	6,193.0	(438.5)	(6.8)	286.8	264.5	262.3	202.9	429.3	394.5
Other	531.2	498.8	(45.5)	(8.1)	27.0	26.8	21.7	20.0	24.3	24.2
Combined portfolio	13,586.7	14,752.5	(1,279.6)	(8.8)	687.5	679.7	625.0	584.5	920.3	915.9
Properties treated as finance leases					(11.5)	(12.6)				
Combined portfolio as stated in the income statement					676.0	667.1				
Represented by:										
Investment portfolio	11,996.8	13,114.8	(1,145.4)	(8.9)	621.4	612.1	541.7	509.2	781.3	791.0
Share of joint ventures	1,589.9	1,637.7	(134.2)	(7.8)	66.1	67.6	83.3	75.3	139.0	124.9
Combined portfolio	13,586.7	14,752.5	(1,279.6)	(8.8)	687.5	679.7	625.0	584.5	920.3	915.9

Combined portfolio analysis continued

The like-for-like portfolio²

	Gross Income Yield ¹⁰		Equivalent Yield ¹¹		Annual Gross Estimated Rental Value ¹²		Voids (by ERV) ¹³		Lease Length at 31/03/08 ¹⁴	
	31/03/08 %	31/03/07 %	31/03/08 %	31/03/07 %	31/03/08 £m	31/03/07 £m	31/03/08 %	31/03/07 %	Median years(i)	Mean years(ii)
Shopping centres and shops										
Shopping centres	6.2	5.5	5.7	5.1	204.0	199.7	4.6	4.5	7.2	8.5
Central London shops	4.3	4.3	5.0	4.8	38.2	35.6	8.3	3.3	4.4	5.7
Other in-town shops	5.3	4.8	5.6	4.9	15.0	14.9	6.9	3.6	5.7	8.2
	5.8	5.3	5.6	5.0	257.2	250.2	5.3	4.3	6.5	8.0
Retail warehouses										
Retail parks	5.3	4.3	5.5	4.6	85.0	83.6	1.5	1.7	12.5	11.9
Other	5.0	3.8	5.3	4.5	11.0	10.5	7.8	7.8	14.1	18.2
	5.2	4.2	5.5	4.6	96.0	94.1	2.3	2.4	13.0	12.8
Total retail	5.6	4.9	5.5	4.9	353.2	344.3	4.4	3.8	8.2	9.5
London offices										
West End	5.4	4.8	5.9	5.0	118.2	99.8	1.3	2.4	4.0	7.1
City	5.2	4.2	6.4	4.9	37.2	39.3	3.0	20.3	2.8	5.0
Mid-town	5.6	4.8	6.0	5.0	34.2	29.4	3.0	2.6	4.4	7.8
Inner London	5.7	3.1	6.3	5.1	32.7	26.7	0.8	0.4	8.0	8.6
Total London offices	5.4	4.5	6.1	5.0	222.3	195.2	1.8	5.7	4.5	7.0
Rest of UK	2.6	2.4	7.0	6.7	2.4	2.5	19.9	14.7	1.7	3.3
Total offices	5.4	4.4	6.1	5.0	224.7	197.7	2.0	5.9	4.5	7.0
Other	4.2	3.9	5.9	5.7	16.8	16.2	2.2	2.2	11.6	15.4
Like-for-like portfolio²	5.5	4.7	5.8	5.0	594.7	558.2	3.4	4.5	6.6	8.6
Completed developments³	3.9	1.1	5.6	4.6	98.8	87.9	2.3	30.9	12.9	13.2
Total	5.2	4.2	5.7	4.9	693.5	646.1	3.3	8.1	7.8	9.3
Acquisitions ⁴	5.2	4.5	6.0	4.9	80.1	35.7	9.3	9.1	8.9	13.0
Sales and restructured interests ⁵	–	–	–	–	n/a	n/a	n/a	n/a	n/a	n/a
Total development programme ⁶	0.5	0.5	5.5	–	n/a	n/a	n/a	n/a	n/a	n/a
Combined portfolio	4.6	4.0	5.7	5.0	n/a	n/a	n/a	n/a	n/a	n/a

Total portfolio analysis

Shopping centres and shops				
Shopping centres	5.1	4.8	5.6	5.0
Central London shops	3.9	3.9	5.0	4.8
Other in-town shops	5.3	4.6	5.5	5.0
	4.9	4.6	5.5	5.0
Retail warehouses				
Retail parks	5.1	4.2	5.6	4.6
Other	6.1	3.9	5.4	4.5
	5.2	4.2	5.5	4.6
Total retail	5.0	4.5	5.5	4.9
London offices				
West End	4.5	3.6	5.9	4.9
City	4.4	3.2	6.2	5.0
Mid-town	4.0	3.2	5.8	5.0
Inner London	3.7	2.6	6.0	5.2
Total London offices	4.3	3.3	5.9	5.0
Rest of UK	2.3	3.3	7.0	6.9
Total offices	4.2	3.3	6.0	5.0
Other	4.1	4.0	6.0	5.6
Combined portfolio	4.6	4.0	5.7	5.0
Represented by:				
Investment portfolio	4.5	3.9	5.8	5.0
Share of joint ventures	5.2	4.6	5.4	4.8
Combined portfolio	4.6	4.0	5.7	5.0

Notes:

- The open market value figures include the Group's share of the various joint ventures but exclude properties owned by Trillium.
- The like-for-like portfolio includes all properties which have been in the portfolio since 1 April 2006 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.
- Completed developments represent those properties previously included in the development programme, which have been completed, let and removed from the development programme in the period since 1 April 2006.
- Includes all properties acquired in the period since 1 April 2006.
- 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 2006.
- Ongoing developments are properties in the development programme and Kent Thameside. They exclude completed developments as defined in note 3 above.
- The valuation surplus and rental income values are stated after adjusting for the effect of SIC 15 under IFRS, but before restating for finance leases.
- Annual net rent is annual cash rents in payment at 31 March 2008 after deduction of ground rents. It excludes the value of voids and current rent-free periods.
- 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.
- The gross income yield represents the annual cash net rent expressed as a percentage of the market value ignoring costs of purchase or sale.
- 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.
- Annual gross estimated rental value is calculated in the same way as net estimated rental value before the deduction of ground rents.
- 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 note 12 above.
- 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.

Combined portfolio reconciliation

	Retail Portfolio £m	London Portfolio £m	Other investment portfolio £m	Total 31/03/08 £m	Retail Portfolio £m	London Portfolio £m	Other investment portfolio £m	Total 31/03/07 £m
Income statement – gross rental income reconciliation								
Combined portfolio	373.7	284.5	29.3	687.5	388.4	261.8	29.5	679.7
Central London shops (excluding Metro Shopping Fund LP)	(45.4)	45.4	–	–	(50.9)	50.9	–	–
Inner London offices in Metro Shopping Fund LP	0.8	(0.8)	–	–	0.8	(0.8)	–	–
Rest of UK offices	2.3	–	(2.3)	–	2.7	–	(2.7)	–
Allocation of other	7.9	9.5	(17.4)	–	10.3	7.8	(18.1)	–
	339.3	338.6	9.6	687.5	351.3	319.7	8.7	679.7
Less: finance lease adjustment	(3.4)	(8.1)	–	(11.5)	(4.5)	(8.1)	–	(12.6)
Per business unit	335.9	330.5	9.6	676.0	346.8	311.6	8.7	667.1

Open market value reconciliation

Combined portfolio	6,851.9	6,124.0	610.8	13,586.7	8,060.7	6,102.9	588.9	14,752.5
Central London shops (excluding Metro Shopping Fund LP)	(1,009.8)	1,009.8	–	–	(1,182.6)	1,182.6	–	–
Inner London offices in Metro Shopping Fund LP	20.0	(20.0)	–	–	21.0	(21.0)	–	–
Rest of UK offices	79.6	–	(79.6)	–	90.1	–	(90.1)	–
Allocation of other	244.9	237.3	(482.2)	–	237.0	196.8	(433.8)	–
Per business unit	6,186.6	7,351.1	49.0	13,586.7	7,226.2	7,461.3	65.0	14,752.5

Gross estimated rental value reconciliation

Combined portfolio	480.1	431.2	26.7	938.0	511.9	394.5	28.4	934.8
Central London shops (excluding Metro Shopping Fund LP)	(70.9)	70.9	–	–	(70.8)	70.8	–	–
Inner London offices in Metro Shopping Fund LP	1.0	(1.0)	–	–	1.0	(1.0)	–	–
Rest of UK offices	2.4	–	(2.4)	–	4.2	–	(4.2)	–
Allocation of other	9.4	11.2	(20.6)	–	9.6	10.4	(20.0)	–
Per business unit	422.0	512.3	3.7	938.0	455.9	474.7	4.2	934.8

Development pipeline financial summary

	Cumulative movements on the development programme to 31/03/08					Total scheme details					Valuation surplus/(deficit) for year ended 31/03/08 ¹ £m
	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, SIC 15 rent and other adjustments £m	Market value at 31/03/08 £m	Estimated total capital expenditure ⁴ £m	Estimated total capitalised interest £m	Estimated total cost less proceeds ² £m	Net income/ERV ³ £m	
Development programme transferred or sold											
Shopping centres and shops	58	186	18	37	(20)	279	190	18	237	15	14
Retail warehouses	31	77	3	(3)	5	113	77	3	111	7	(9)
London Portfolio	137	479	43	437	65	1,161	481	43	661	62	(48)
	226	742	64	471	50	1,553	748	64	1,009	84	(43)
Development programme completed, in progress or approved											
Shopping centres and shops	57	431	22	(29)	1	482	702	48	750	47	(54)
Retail warehouses	12	–	–	(2)	–	10	6	–	18	1	(2)
London Portfolio	458	562	44	213	22	1,299	1,155	117	1,600	119	(22)
	527	993	66	182	23	1,791	1,863	165	2,368	167	(78)
Movement on proposed developments for the year ended 31/03/08											
Proposed developments											
Shopping centres and shops	157	88	1	(52)	13	207	250	35	492	30	(52)
Retail warehouses	6	–	–	–	–	6	4	–	10	1	–
London Portfolio	471	51	–	(97)	2	427	976	134	1,075	84	(97)
	634	139	1	(149)	15	640	1,230	169	1,577	115	(149)

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 31 March 2008 is included in the estimated total cost. Estimated total cost is stated net of residential and other proceeds for shopping centres and shops of £29m on the 'transferred or sold' schemes and £57m for developments in progress. The London Portfolio developments in progress and proposed developments are stated net of residential proceeds of £130m and £468m respectively. Allowances for rent-free periods are excluded from cost.
- Net headline annual rental payable on let units plus net ERV at 31 March 2008 on unlet units.
- For proposed development properties the estimated total capital expenditure represents the outstanding costs required to complete the scheme as at 31 March 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 31 March 2008. Such pre-development costs are included in the accounts as prepayments and are not included in the property additions.

Trillium contract analysis

Year ended 31/03/08	Contract									
	DWP	BBC	Norwich Union	DVLA	Barclays ¹	Telereal II	Royal Mail ²	Accor ³	Other ⁴	Total
Contract length										
Term (years)	20.0	5.0	25.0	20.0	20.0	4.5	15.0	84.0		
Expiry date	Mar 2018	Jun 2006	Jun 2029	Mar 2025	Dec 2024	Mar 2010	Mar 2022	Mar 2091		
Income statement	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Unitary charge	532.5	–	14.0	8.8	0.6	–	3.8	28.2	9.4	597.3
Third party (sublet) income	10.4	–	0.9	–	1.6	–	2.6	–	2.0	17.5
Capital projects	65.7	0.7	0.2	6.9	–	–	–	–	1.1	74.6
Other revenue	19.5	0.9	0.8	1.7	–	44.0	–	–	4.7	71.6
Finance lease income	–	–	7.5	2.9	–	–	–	–	–	10.4
Gross property income	628.1	1.6	23.4	20.3	2.2	44.0	6.4	28.2	17.2	771.4
Rents payable	(169.1)	–	(4.0)	(2.0)	–	–	–	–	–	(175.1)
Service partners (maintenance, facilities etc)	(164.7)	2.7	(3.8)	(4.7)	–	–	(0.1)	–	(1.0)	(171.6)
Life cycle maintenance costs	(22.3)	–	(1.7)	(0.3)	–	–	–	(0.4)	–	(24.7)
Capital projects	(63.2)	–	(0.2)	(6.2)	–	–	–	–	(0.8)	(70.4)
Other costs, including overheads	(79.2)	4.9	(1.8)	(3.4)	(0.3)	(28.5)	(2.2)	(0.7)	(39.4)	(150.6)
Bid costs	–	–	–	–	–	–	–	–	(11.9)	(11.9)
Depreciation	(35.3)	–	(0.8)	–	–	–	–	–	(1.9)	(38.0)
Underlying operating profit/(loss)	94.3	9.2	11.1	3.7	1.9	15.5	4.1	27.1	(37.8)	129.1
Profit on sale of non-current assets	16.0	2.0	–	–	–	–	0.1	–	–	18.1
Net (deficit)/surplus on revaluation of investment properties	–	–	–	–	(5.9)	–	(7.8)	(13.0)	1.8	(24.9)
Segment profit/(loss)	110.3	11.2	11.1	3.7	(4.0)	15.5	(3.6)	14.1	(36.0)	122.3
Capital expenditure										
Life cycle maintenance costs capitalised	(17.0)	–	(0.8)	–	–	–	–	–	–	(17.8)
Estates costs capitalised	(10.3)	–	–	–	–	–	–	–	(0.2)	(10.5)
Book value of assets at 31 March 2008										
Investment in an associate	–	–	–	–	–	–	–	–	73.5	73.5
Investment properties	–	–	–	–	22.0	–	89.8	435.9	14.7	562.4
Net investment in finance leases	–	–	100.0	54.1	–	–	–	–	21.6	175.7
Operating properties	500.6	–	43.7	–	–	–	–	–	0.5	544.8

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 tenancies which have a break clause in March 2012 and a further 164 tenancies 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, bid costs, SPVs and management income.

Trillium contract analysis at 31 March 2008

	DWP	Norwich Union	DVLA	Barclays	Telereal II	Royal Mail	Accor	Total
Floor space (000m²)								
Client occupied	1,885.1	107.0	16.2	11.4	–	92.7	230.0	2,342.4
Third party (sublet)	119.2	5.2	–	17.8	–	91.9	–	234.1
Vacant	228.0	1.7	–	6.7	–	56.8	–	293.2
Total	2,232.3	113.9	16.2	35.9	–	241.4	230.0	2,869.7
Freeholds/valuable leaseholds	805.0	38.9	–	11.3	–	128.1	–	983.3
Leaseholds	1,427.3	75.0	16.2	24.6	–	113.3	230.0	1,886.4
Total	2,232.3	113.9	16.2	35.9	–	241.4	230.0	2,869.7
Estate managed but not transferred	64.5	8.7	85.9	–	150.0	–	–	309.1

Trillium vacation allowance and portfolio activity – DWP

Floor space (000m ²)	31/03/07	Acquisitions	Vacations*	Lettings	Disposals	31/03/08
Client occupied	1,996.0	51.4	(153.4)	–	(8.9)	1,885.1
Third party (sublet)	81.0	–	(1.8)	48.7	(8.7)	119.2
Vacant	244.2	–	155.2	(48.7)	(122.7)	228.0
Total	2,321.2	51.4	–	–	(140.3)	2,232.3
Freeholds/valuable leaseholds	840.0	12.3	–	–	(47.3)	805.0
Leaseholds	1,481.2	39.1	–	–	(93.0)	1,427.3
Total	2,321.2	51.4	–	–	(140.3)	2,232.3
Estate managed but not transferred	78.7	–	(14.2)	–	–	64.5

*Includes core vacations.

	31/03/07	31/03/08
Vacation allowance used to date	392.7	491.9
Available allowance	130.5	64.9
Future allowance*	164.4	131.6

*The future allowance relates to the period commencing from 1 April following the year end.

Trillium portfolio activity – Barclays

Floor space (000m ²)	31/03/07	Acquisitions	Vacations*	Lettings	Disposals	31/03/08
Client occupied	11.4	–	–	–	–	11.4
Third party (sublet)	18.1	–	(1.4)	1.6	(0.5)	17.8
Vacant	7.5	–	1.4	(1.6)	(0.6)	6.7
Total	37.0	–	–	–	(1.1)	35.9
Freeholds/valuable leaseholds	11.3	–	–	–	–	11.3
Leaseholds	25.7	–	–	–	(1.1)	24.6
Total	37.0	–	–	–	(1.1)	35.9

*Includes lease surrenders, lease expiries and disposals.

Trillium portfolio activity – Royal Mail

Floor space (000m ²)	31/03/07	Acquisitions	Vacations	Lettings	Disposals	31/03/08
Client occupied	92.7	–	–	–	–	92.7
Third party (sublet)	94.1	–	(11.9)	9.7	–	91.9
Vacant	68.5	–	11.9	(9.7)	(13.9)	56.8
Total	255.3	–	–	–	(13.9)	241.4
Freeholds/valuable leaseholds	128.5	–	–	–	(0.4)	128.1
Leaseholds	126.8	–	–	–	(13.5)	113.3
Total	255.3	–	–	–	(13.9)	241.4