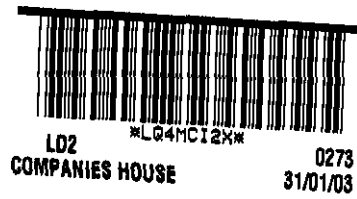


LAND SECURITIES TRADING LIMITED
REPORT AND FINANCIAL STATEMENTS
31 MARCH 2002



LAND SECURITIES TRADING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2002

The directors present their report and the audited financial statements for the year ended 31 March 2002.

RESULTS FOR THE YEAR AND DIVIDEND

The results are set out in the Profit and Loss Account on page 5.

The directors recommend that £3,663,881 be paid as a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

On 9 April 2001 the Company changed its name from The Kennet Centre (Newbury) (No.2) Limited, which was dormant for the year ended 31 March 2001, to Land Securities Trading Limited. At the same time it began trading as a property dealing company. There will be no change in this activity in the foreseeable future.

DIRECTORS

The directors who held office during the year were:

N W Johnson
A R Strange
P J J Cleary (appointed 12 April 2001)
M J McGuinness (appointed 12 April 2001)
R D S Nevett (appointed 12 April 2001)
F W Salway (appointed 8 July 2002)
M R Griffiths (appointed 12 April 2001 ; resigned 8 July 2002)

The interest of the directors in the shares of the Company were nil throughout the year.

At 31 March 2002, F W Salway and M R Griffiths were directors of Land Securities PLC, the ultimate parent company, and their interests in that company are shown in its Report and Financial Statements for the year ended 31 March 2002. The ultimate parent company's register of director's share and debenture interests and holdings of options, which are open to inspection at its registered office, contain full details of their shareholdings and share options.

The beneficial interests of N W Johnson, A R Strange, P J Cleary, M J McGuinness and R D S Nevett in the shares of Land Securities PLC and their holdings of options over shares in that company are as set out below and on page 2.

Interest in	31 March 2002	31 March 2001
Ordinary Shares		
N W Johnson	3,285	3,307
A R Strange	18,023	15,740
P J J Cleary	6,064	4,109 *
M J McGuinness	7,485	5,525 *
R D S Nevett	15,071	13,079 *
* at date of appointment		

LAND SECURITIES TRADING LIMITED
 DIRECTORS' REPORT
 FOR THE YEAR ENDED 31 MARCH 2002 (CONTINUED)
 DIRECTORS (continued)

Options over Ordinary Shares

	Granted during year		Exercised during year		Options at 31 March 2002			
	No. of Options at 1 April	No.	Grant Price (pence)	Exercise Price (pence)	Market Price on Exercise (pence)	No.	Exercise Price (pence)	Exercisable dates
N W Johnson	20,000	8,500	869.0	-	778.0	28,500	834.6 *	09/2003 - 07/2011
	3,414	142	713.0	(800)	487.0	2,756	664.6 *	07/2002 - 07/2006
A R Strange	36,750	15,500	869.0	-	831.0	52,250	789.2 *	07/1997 - 07/2011
	2,381	271	713.0	(320)	487.0	2,332	683.6 *	07/2003 - 07/2005
P J J Cleary	31,750	15,000	869.0	(11,750)	882.5	35,000	841.0 *	07/2003 - 07/2011
	2,335	-	-	-	618.6	2,335	696.5 *	07/2002 - 07/2003
R D S Neveitt	25,000	20,500	869.0	-	-	45,500	842.1 *	09/2003 - 07/2011
	5,236	-	-	-	-	5,236	582.8 *	07/2002 - 07/2007
M J McGuinness	29,250	15,500	869.0	-	-	44,750	795.3 *	07/1997 - 07/2011
	1,640	-	-	-	-	1,640	736.0	07/2003

* weighted average exercise price

The range of the closing middle market prices for Land Securities shares during the year was 762p to 929.5p. The middle market price at 31 March 2002 was 893p. Four directors exercised options during the year. No options lapsed during the year.

Share options at 1 April or at date of appointment are held under the 1984 Executive Share Option Scheme which expired on 24 April 1995, except for those shown in bold which are held under the 1983 and 1993 Savings Related Share Option Schemes. Options were granted under the Land Securities PLC 2000 Executive Share Option Scheme introduced during the year.

Options granted under the savings related schemes are exercisable at prices between 504p and 736p per share after three, five and seven years from date of grant.

LAND SECURITIES TRADING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2002

DIRECTORS' RESPONSIBILITIES

The directors are required by company law to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Company as at the end of the financial year and of its profit or loss for that year and which comply with the Companies Act 1985.

The directors are responsible for ensuring that applicable accounting standards have been followed and that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements.

It is also the responsibility of the directors to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for maintaining proper accounting records so as to enable them to comply with company law. The directors have general responsibilities for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution will be put to the members at the Annual General Meeting to reappoint the auditors, PricewaterhouseCoopers.

By Order of the Board

P M Dudgeon,
Secretary



Registered Office
5 Strand
London WC2N 5AF

6 December 2002

Registered in England and Wales
Company No. 3934761

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LAND SECURITIES TRADING LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 8 and 9.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

This opinion has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2002 and of its profits for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

London

6 December 2002

LAND SECURITIES TRADING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2002

	<u>Notes</u>	<u>2002</u> £	<u>2001</u> £
GROSS PROPERTY INCOME	2	31,031,387	-
OPERATING INCOME	2	5,146,376	-
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION	2	5,146,376	-
Income from shares in group undertakings		177,957	-
Interest receivable and similar income	4	1,944	-
Interest payable and similar charges	5	-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,326,277	-
Taxation	6	(1,662,396)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,663,881	-
Equity dividend		(3,663,881)	-
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		-	-
BALANCE BROUGHT FORWARD		-	-
BALANCE CARRIED FORWARD		-	-

All income was derived from within the United Kingdom from continuing operations. No operations were discontinued during the year.

The notes on pages 8 to 14 form an integral part of these financial statements.

LAND SECURITIES TRADING LIMITED

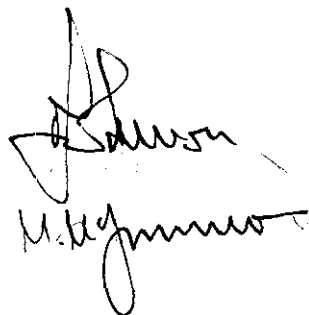
BALANCE SHEET-31 MARCH 2002

	<u>Notes</u>	<u>2002</u> £	<u>2001</u> £
FIXED ASSETS			
Investments in group undertakings	8	101	-
CURRENT ASSETS			
Stocks	7	27,245,975	-
Debtors falling due within one year	9	15,580,255	2
		42,826,230	2
CREDITORS falling due within one year	10	(42,708,429)	-
NET CURRENT ASSETS		117,801	2
TOTAL ASSETS LESS CURRENT LIABILITIES		117,902	2
Creditors falling due after more than one year			
Provisions for liabilities and charges	11	(117,900)	-
		2	2
CAPITAL AND RESERVES			
Called up share capital	12	2	2
Profit and loss account		-	-
EQUITY SHAREHOLDERS' FUNDS		2	2

DIRECTORS

N W Johnson

M J McGuinness



The financial statements on pages 5 to 14, were approved by the directors on 6 December 2002

LAND SECURITIES TRADING LIMITED

OTHER PRIMARY STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

	<u>2002</u>	<u>2001</u>
	£	£
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		
Profit on ordinary activities after taxation (page 5)	3,663,881	-
Total gains and losses recognised since last financial statements	<u>3,663,881</u>	<u>-</u>
NOTE OF HISTORICAL COST PROFITS AND LOSSES		
Profit on ordinary activities before taxation (page 5)	5,326,277	-
Historical cost profit on ordinary activities before taxation	<u>5,326,277</u>	<u>-</u>
Taxation (Note 6)	(1,662,396)	-
Equity dividend (page 5)	<u>(3,663,881)</u>	<u>-</u>
Retained historical cost profit/(loss) for the year	<u>-</u>	<u>-</u>
RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS		
Profit on ordinary activities after taxation (page 5)	3,663,881	-
Equity dividend (page 5)	(3,663,881)	-
Retained profit for the financial year (page 5)	-	-
Opening equity shareholders' funds	<u>2</u>	<u>2</u>
Closing equity shareholders' funds	<u>2</u>	<u>2</u>

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention, as modified by the revaluation of investments in group undertakings.

The significant accounting policies adopted by the Company are set out below.

a) Stocks

Stocks, which comprise trading properties, are carried at the lower of cost and net realisable value.

b) Gross Property Income

The Company's gross properties income comprises rental income, service charges and other recoveries from tenants of its properties and proceeds of sales of trading properties.

c) Taxation

In accordance with FRS 16 'Current Taxation', taxation attributable to sales of properties is charged to the profit and loss account and to the statement of total recognised gains and losses as appropriate.

FRS19 "Deferred Tax" requires that deferred tax is recognised in full in respect of transactions or events that have taken place by the balance sheet date and which would give the Company an obligation to pay more or less tax in the future. However, FRS19 requires that deferred tax is not recognised on revaluation gains or losses where these are not taken to the profit and loss account. The Company's accounting policy had been to account for deferred tax to the extent that liabilities or assets were expected to be payable or receivable in the foreseeable future. In accordance with FRS19, the Company has now changed its policy to make full provision for timing differences which, in the Company's case, arise due to capitalisation of interest. Following the sale or demolition of a property, any deferred tax provisions not required will be released to the profit and loss account.

d) Capitalisation of interest

Interest associated with direct expenditure on properties under development is capitalised. The rate used is the Company's pre-tax weighted average costs of borrowings or, if appropriate, the rate on specific associated borrowings. Interest is capitalised as from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended, however, if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site or property if it was acquired specifically for redevelopment in the short term. Interest is not capitalised on the acquisition cost of properties previously held as investments, or on refurbishment projects.

e) Investments in group undertakings

The Company's investments in the shares of group undertakings are stated at directors' valuation on a basis which takes account of the net assets of the group undertakings at 31 March 2002, which will include, where applicable, the professional valuation of the properties. Surpluses and deficits arising from the director's valuation are taken to revaluation reserve.

2. OPERATING INCOME

	<u>2002</u>	<u>2001</u>
	£	£
Rental income	239,499	-
Proceeds of sales of trading properties	30,791,888	-
Gross property income	<u>31,031,387</u>	<u>-</u>
Cost of sales of trading properties	(25,839,301)	-
Other property outgoings	(27,298)	-
Administration costs	(18,412)	-
	<u>(25,885,011)</u>	<u>-</u>
Operating income	<u>5,146,376</u>	<u>-</u>
Profit on ordinary activities before interest and taxation	<u>5,146,376</u>	<u>-</u>

Other property outgoings are costs incurred in the direct maintenance and upkeep of the properties. Void costs, which include those relating to empty properties pending sale, are also included.

3. ADMINISTRATION EXPENSES AND MANAGEMENT CHARGES

a) Management services

The Company does not employ staff. Management services were provided to the Company throughout the year by Land Securities Properties Limited, which is a group undertaking.

b) Directors' emoluments

The directors of the Company receive emoluments from Land Securities Properties Limited for their services to the Group. No proportion of their emoluments relates to the management of the affairs of the Company.

c) Auditors' remuneration

No fees (2001: £Nil) were paid to the auditors during the year in respect of audit or non-audit work.

4. INTEREST RECEIVABLE

	<u>2002</u>	<u>2001</u>
	£	£
Sundry	1,944	-
	<u>1,944</u>	<u>-</u>

5. INTEREST PAYABLE

	<u>2002</u>	<u>2001</u>
	£	£
On amount owed to group undertaking	393,000	-
	<u>393,000</u>	<u>-</u>
Less : Capitalised as costs of properties under development	(393,000)	-
	<u>-</u>	<u>-</u>

6. TAXATION

	<u>2002</u>	<u>2001</u>
	£	£
Current tax		
Corporation Tax rate on revenue profit for the year at 30% (2001 :30%):	1,544,496	-
Deferred Tax charge for the year	117,900	-
	<u>1,662,396</u>	<u>-</u>

Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30% (2001 30%)

The differences are explained below:

Profit on ordinary activities before taxation (Page 5)	5,148,319	-
Profit on ordinary activity multiplied by the standard rate of corporation tax at 30%	1,544,496	-
Other items	117,900	-
Current taxation on revenue profit	<u>1,662,396</u>	<u>-</u>

7. STOCKS

	<u>2002</u>	<u>2001</u>
	£	£
Stocks:		
At 31 March 2002	<u>27,245,975</u>	<u>-</u>

8. INVESTMENTS IN GROUP UNDERTAKINGS

	<u>2002</u>	<u>2001</u>
	£	£
Shares:		
At 1 April 2001	-	-
At costs	101	-
	<hr/>	<hr/>
At 31 March 2002	<u>101</u>	<u>-</u>

The shares in group undertakings are stated in accordance with the accounting policy explained in Note 1(e)

The group undertakings of the Company, each of which is incorporated in the United Kingdom are:

	<u>Principal country of operation</u>	<u>Nature of business</u>	<u>% of Share capital</u>
Whitecliff Investments Limited	England	Investment holding	100%
Whitecliff Properties Limited	England	Investment holding	100%

In the opinion of the directors the value of the Company's investments in its group undertakings is not less than the amount at which they are stated in the balance sheet.

9. DEBTORS falling due within one year

	<u>2002</u>	<u>2001</u>
	£	£
Trade debtors	176,437	-
Amounts owed by a group undertaking	-	2
Dividends receivable from subsidiaries	177,958	-
Property sales debtors	1,548,985	-
Capital Debtors	11,086	-
Other debtors	301,919	-
Prepayments and accrued income	13,363,870	-
	<hr/>	<hr/>
	<u>15,580,255</u>	<u>2</u>

10. CREDITORS falling due within one year

	<u>2002</u>	<u>2001</u>
	£	£
Amounts owed to a group undertaking	31,565,602	-
Taxation	1,544,496	-
Proposed dividend	3,663,881	-
Accruals and deferred income	5,914,309	-
Other creditors	20,141	-
	<u>42,708,429</u>	<u>-</u>

The amount owed to a group undertaking has no fixed repayment date.

11. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation :	<u>2002</u>	<u>2001</u>
	£	£
At 1 April 2001	-	-
Charge for year	117,900	-
As at 31 March 2002	<u>117,900</u>	<u>-</u>

12. CALLED UP SHARE CAPITAL

	<u>2002</u>	<u>2001</u>
	£	£
Authorised:		
1,000 Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid:		
2 Ordinary Shares of £1 each	<u>2</u>	<u>2</u>

13. CASH FLOW STATEMENT EXEMPTION

The Company is a wholly owned subsidiary of Land Securities PLC which prepares a consolidated cash flow statement. The Company has therefore elected to make use of the exemption provided in Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements" not to produce its own cash flow statement.

14. RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of Land Securities PLC and has taken advantage of the exemption provided in paragraph 3(c) of Financial Reporting Standard 8 "Related Party Disclosures" not to make disclosure of transactions with other entities that are part of the group.

15. PARENT COMPANY

Ravenseft Properties Limited and Land Securities Properties Limited, companies registered in England & Wales, are the immediate parent companies. The ultimate parent company at 31 March 2002 was Land Securities PLC, which is registered in England and Wales and is the largest and smallest parent company of the group to consolidate these financial statements. From 6 September 2002 the ultimate parent company, through a scheme of arrangement, is now Land Securities Group PLC (see Note 16).

Consolidated financial statements for the year ended 31 March 2002 for Land Securities PLC can be obtained from the Secretary, 5 Strand, London WC2 5AF.

16. POST BALANCE SHEET EVENTS

On 6 September 2002 the entire share capital of Land Securities PLC, the previous ultimate parent company, was acquired by Land Securities Group PLC under a court-approved scheme of arrangement (see Note 15).