

RAVENSEFT INDUSTRIAL ESTATES LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 1997



RAVENSEFT INDUSTRIAL ESTATES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 1997

The directors submit their report with the financial statements for the year to 31 March 1997.

RESULTS FOR THE YEAR AND DIVIDEND

The results are set out in the Profit and Loss Account on page 6.

An interim dividend of £7,000 was paid during the year and the directors now recommend the payment of a final dividend of £4,819,197 making a total dividend of £4,826,197 for the year ended 31 March 1997.

PRINCIPAL ACTIVITIES AND PROPERTY PORTFOLIO REVIEW

During the year the Company has continued its business of industrial and warehouse property investment and development throughout the United Kingdom. There will be no change in the Company's principal activities in the foreseeable future.

The Company has continued with the policy of acquiring investments with potential for good growth or redevelopment while disposing of those not fulfilling its requirements. Three new investments were acquired, adding 261,000 sq ft (24,250 sq m) to the portfolio, and three properties totalling 61,000 sq ft (5,670 sq m) were sold. The acquisitions were the M1 Distribution Centre of 141,000 sq ft (13,100 sq m) on 6.5 acres situated immediately adjacent to the Meadowhall shopping centre at Sheffield, a 45,000 sq ft (4,180 sq m) unit at Brackmills, Northampton and a further part of Albany Park, Frimley where the Company now owns some 206,000 sq ft (19,140 sq m) close to its retail warehouse unit let to Do It All.

Many of the Company's investments have potential for redevelopment to provide more valuable alternative uses. Examples are Maskew Avenue, Peterborough and Bath Road, Slough. Also it is hoped in due course to redevelop for retail warehousing a further 25,000 sq ft (2,320 sq m) of industrial units at the Blackpool estate.

At Banbury, close to the building let to McGregor Cory for pharmaceutical distribution, the Company has acquired 14 acres of land and secured detailed planning consent for 240,000 sq ft (22,300 sq m) of high bay distribution warehousing. It is hoped that development will commence before December this year.

The Company is pursuing enquiries for Phase I of the high bay warehouse distribution centre at Tamworth, which is already built, and Phase II where construction work has not yet started. Work will start at sites at Welwyn Garden City and Hayes as and when justified by occupational demand.

Planning decisions are awaited for a 120,000 sq ft (11,150 sq m) retail park at the Company's holding at Maskew Avenue, Peterborough.

RAVENSEFT INDUSTRIAL ESTATES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 1997 (CONTINUED)

DIRECTORS

The following were directors during the year:

Sir Peter Hunt, BSc FRICS (Chairman)

J Maynard (Managing Director)

I J Henderson, BSc FRICS

R D S Nevett, FRICS

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

Sir Peter Hunt and I J Henderson are directors of Land Securities PLC, the ultimate holding company, and their interests in that company are as shown in its Report and Financial Statements for the year ended 31 March 1997. The ultimate holding company's registers of directors' 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 interests of the other directors 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 3.

Interest in Ordinary shares	Beneficial		Non-beneficial	
	31 March 1997	31 March 1996	31 March 1997	31 March 1996
J Maynard	20,884	19,885	2,290	3,673
R D S Nevett	6,221	10,468	-	-

RAVENSEFT INDUSTRIAL ESTATES LIMITED
 REPORT OF THE DIRECTORS
 FOR THE YEAR ENDED 31 MARCH 1997 (CONTINUED)

DIRECTORS (continued)

Options over Ordinary Shares

	No. of Options at 1 April 1996	Exercised during year			Options at 31 March 1997		
		No.	Exercise Price (pence)	Market Price on exercise (pence)	No.	Exercise Price (pence)	Exercisable Dates
J Maynard	13,500	13,500	429.9	794.5	-	-	-
	6,500	-	-	-	6,500	556.8	1/1992 - 1/1999
	15,800	-	-	-	15,800	503.7	1/1993 - 1/2000
	6,300	-	-	-	6,300	529.0	1/1994 - 1/2001
	11,250	-	-	-	11,250	618.6	8/1997 - 8/2004
	3,422	-	-	-	3,422	504.0	7/2000
R D S Nevett	6,000	-	-	-	6,000	556.8	1/1992 - 1/1999
	10,300	-	-	-	10,300	503.7	1/1993 - 1/2000
	4,700	-	-	-	4,700	529.0	1/1994 - 1/2001
	7,750	-	-	-	7,750	618.6	8/1997 - 8/2004
	7,631	-	-	-	7,631	436.3*	7/1997 - 7/2002

* Weighted average exercise price.

The range of the closing middle market prices for Land Securities shares during the year was 608p to 798p.

No options lapsed during the year.

The share options are held under the 1984 Executive Share Option Scheme, except for those shown in bold which are held under the 1983 and 1993 Savings Related Share Option Schemes. The executive share option scheme expired on 24 April 1995. No options were granted to the directors during the year under the 1993 Savings Related Scheme.

Options granted under the savings related schemes are exercisable at prices between 401p and 504p per share after five or seven years from date of grant.

RAVENSEFT INDUSTRIAL ESTATES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 1997 (CONTINUED)

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 affairs of the Company as at the end of the financial year and of its profit or loss for that period and 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.

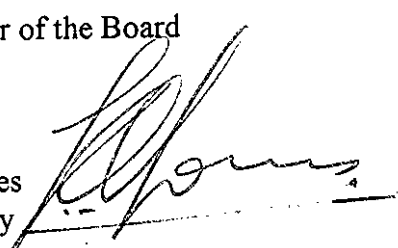
AUDITORS

In accordance with Section 384(1) Companies Act 1985, a resolution will be put to the members at the Annual General Meeting to re-appoint the auditors, Price Waterhouse.

Registered Office
5 Strand
London WC2N 5AF

By Order of the Board

L A Jones
Secretary



21 May 1997

Registered in England and Wales
Company No. 444531

AUDITORS' REPORT TO THE MEMBERS OF RAVENSEFT INDUSTRIAL ESTATES LIMITED

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention as modified by the revaluation of properties and the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 4 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 of whether the accounting policies are appropriate to the circumstances of the Company, 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 affairs of the Company at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors
Southwark Towers
32 London Bridge Street
London
SE1 9SY

21 May 1997

RAVENSEFT INDUSTRIAL ESTATES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997

	Notes	1997	1996
GROSS PROPERTY INCOME	2	<u>£31,995,447</u>	<u>£28,740,901</u>
NET RENTAL INCOME	2	30,317,472	27,149,300
Property management and administration expenses	3	<u>(1,718,195)</u>	<u>(1,667,892)</u>
OPERATING PROFIT		28,599,277	25,481,408
Profit on sales/transfers of properties		<u>51,209</u>	<u>214,518</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		28,650,486	25,695,926
Interest receivable	4	15,530	15,903
Interest payable	4	<u>(23,808,551)</u>	<u>(20,709,568)</u>
Revenue profit		<u>4,806,256</u>	<u>4,787,743</u>
Profit on sales/transfers of properties		<u>51,209</u>	<u>214,518</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,857,465	5,002,261
Taxation on:			
Revenue profit		<u>(31,268)</u>	<u>130,020</u>
Profit on sales/transfers of properties		<u>-</u>	<u>-</u>
Taxation	5	<u>(31,268)</u>	<u>130,020</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		4,826,197	5,132,281
Dividends	6	<u>(4,826,197)</u>	<u>(5,132,281)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		-	-
BALANCE BROUGHT FORWARD		<u>1,282,837</u>	<u>1,282,837</u>
BALANCE CARRIED FORWARD		<u>£1,282,837</u>	<u>£1,282,837</u>

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

The notes on pages 9 to 15 form an integral part of these financial statements.

RAVENSEFT INDUSTRIAL ESTATES LIMITED

BALANCE SHEET - 31 MARCH 1997

	Notes	1997	1996
FIXED ASSETS			
Tangible assets			
Properties	7	<u>335,803,000</u>	<u>315,030,000</u>
CURRENT ASSETS			
Debtors falling due within one year	8	4,000,862	3,049,383
Debtors falling due after more than one year	8	283,274	280,062
CREDITORS falling due within one year	9	<u>(261,814,720)</u>	<u>(249,463,878)</u>
NET CURRENT LIABILITIES		<u>(257,530,584)</u>	<u>(246,134,433)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		78,272,416	68,895,567
CREDITORS falling due after more than one year	10	<u>(2,841)</u>	<u>(2,841)</u>
		<u><u>£78,269,575</u></u>	<u><u>£68,892,726</u></u>
CAPITAL AND RESERVES			
Called up share capital	11	563,333	563,333
Share premium account		59,916	59,916
Revaluation reserve	12	26,992,614	18,901,270
Other reserves	13	49,370,875	48,085,370
Profit and loss account		<u>1,282,837</u>	<u>1,282,837</u>
EQUITY SHAREHOLDERS' FUNDS		<u><u>£78,269,575</u></u>	<u><u>£68,892,726</u></u>

DIRECTORS

Sir Peter Hunt

J Maynard

The financial statements on pages 6 to 15 were approved by the Directors on 21 May 1997.

RAVENSEFT INDUSTRIAL ESTATES LIMITED

OTHER PRIMARY STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	1997	1996
Profit on ordinary activities after taxation (page 6)		4,826,197	5,132,281
Unrealised surplus/(deficit) on valuation of properties	12	9,376,849	(15,353,194)
Total gains and losses recognised since last financial statements		<u>£14,203,046</u>	<u>£(10,220,913)</u>

NOTE OF HISTORICAL PROFITS AND LOSSES

		1997	1996
Profit on ordinary activities before taxation (page 6)		4,857,465	5,002,261
Valuation surplus of previous years realised on sales/transfers of properties	13	<u>1,285,505</u>	<u>3,175,771</u>
Historical cost profit on ordinary activities before taxation		6,142,970	8,178,032
Taxation	5	<u>(31,268)</u>	<u>130,020</u>
Historical cost profit on ordinary activities after taxation		6,111,702	8,308,052
Dividends	6	<u>(4,826,197)</u>	<u>(5,132,281)</u>
Retained historical cost profit for the year		<u>£1,285,505</u>	<u>£3,175,771</u>

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

		1997	1996
Profit on ordinary activities after taxation (page 6)		4,826,197	5,132,281
Dividends	6	<u>(4,826,197)</u>	<u>(5,132,281)</u>
Retained profit for the financial year (page 6)		-	-
Surplus/(deficit) on valuation of properties	12	<u>9,376,849</u>	<u>(15,353,194)</u>
Opening equity shareholders' funds		9,376,849	(15,353,194)
		<u>68,892,726</u>	<u>84,245,920</u>
Closing equity shareholders' funds		<u>£78,269,575</u>	<u>£68,892,726</u>

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention modified by the revaluation of properties and in accordance with applicable accounting standards. Compliance with SSAP 19 "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and amortisation. An explanation of this departure is given in (d) below.

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

a) Profit and loss account and other primary statements

The profit on ordinary activities before taxation is arrived at after taking into account income and outgoings on all properties, including those under development and, in accordance with FRS3 "Reporting Financial Performance", profits and losses on sales of properties calculated by comparing net sales proceeds with book values.

Realised surpluses and deficits relating to previous years on properties sold during the year are taken to other reserves.

Unrealised capital surpluses and deficits arising on valuation of properties are taken to revaluation reserve.

b) Taxation

Tax on capital gains arising on sales of properties is charged against the profits realised.

No provision is made for taxation which would become payable under present legislation in the event of future sales of the properties at the amounts at which they are stated in the financial statements. However an estimate of the potential liability is shown in Note 5.

c) Properties

Properties are included in the financial statements at open market values based on the latest professional valuation. At 31 March 1997 a valuation was carried out by Knight Frank. The valuation included all properties for which there were unconditional contracts to purchase but excluded those for which there were unconditional contracts for sale.

Additions to properties include costs of a capital nature only; interest and other costs in respect of developments and refurbishments are treated as revenue expenditure and written off as incurred.

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (CONTINUED)

1. ACCOUNTING POLICIES (continued)

d) Depreciation and amortisation

In accordance with SSAP 19, no depreciation or amortisation is provided in respect of freehold or leasehold properties held on leases having more than 20 years unexpired. This departure from the requirements of the Companies Act 1985, for all properties to be depreciated, is, in the opinion of the directors, necessary for the financial statements to give a true and fair view in accordance with applicable accounting standards, as properties are included in the financial statements at their open market value.

The effect of depreciation and amortisation on value is already reflected annually in the valuation of properties and the amount attributed to this factor by the valuers cannot reasonably be separately identified or quantified. Had the provisions of the Act been followed, net assets would not have been affected but revenue profits would have been reduced for this and earlier years.

2. NET RENTAL INCOME	1997	1996
Rental income	30,621,239	27,371,742
Service charges and other recoveries	1,374,208	1,369,159
Gross property income	31,995,447	28,740,901
Ground rents payable	(2,898)	(3,109)
Other property outgoings	(1,675,077)	(1,588,492)
	(1,677,975)	(1,591,601)
	<u>£30,317,472</u>	<u>£27,149,300</u>

Other property outgoings are costs incurred in the direct maintenance and upkeep of investment properties. Void costs, which include those relating to empty properties pending redevelopment and refurbishment, costs of investigating potential development schemes which are not proceeded with, and costs in respect of outside staff directly responsible for property services, are also included.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (CONTINUED)

Property management and administration expenses consist of all costs of managing the portfolio, together with costs of rent reviews and renewals, relettings of properties and management services as explained in Note (a) below. No staff costs or overheads are capitalised.

The Company had no employees during the year. Management services were provided to the Company throughout the period by Land Securities Properties Limited, which is a group undertaking.

The directors of the Company receive emoluments from Land Securities Properties Limited for their services to the Group. These emoluments consist of a basic salary, profit related pay, and a bonus of 6% of salary payable under the annual bonus scheme, pension contribution, car and medical benefits and the value of shares allocated under the 1989 Land Securities Profit Sharing Scheme. The proportion of their emoluments which relates to the management of the affairs of the Company amounts to approximately £87,000 (1996: £75,000).

Administration expenses include auditors' remuneration of £9,275 (1996: £8,900).

No fees were paid to the auditors during the year in respect of non-audit work (1996: £Nil)

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RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (CONTINUED)

5. TAXATION	<u>1997</u>	<u>1996</u>
The taxation (charge)/credit is made up as follows:		
Revenue profit at the Corporation Tax rate of 33% (1996: 33%)	(1,586,065)	(1,579,955)
Tax allowances on expenditure relating to properties	1,529,014	1,392,075
Other adjustments	<u>4,836</u>	<u>2,138</u>
	(52,215)	(185,742)
Adjustments relating to previous years	<u>20,947</u>	<u>315,762</u>
Taxation on revenue profit	(31,268)	130,020
Taxation arising on sales/transfers of properties	<u>-</u>	<u>-</u>
	<u>£(31,268)</u>	<u>£130,020</u>

No capital gains tax (1996: £Nil) would become payable in the event of sales of the properties at the amounts at which they are stated in Note 7.

6. DIVIDENDS

	<u>1997</u>	<u>1996</u>
Interim paid	7,000	6,475
Proposed final	<u>4,819,197</u>	<u>5,125,806</u>
	<u>£4,826,197</u>	<u>£5,132,281</u>

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (CONTINUED)

7. PROPERTIES

	Freehold	Leasehold		Total
		Over 50 years to run	Under 50 years to run	
At 1 April 1996: at valuation	310,955,000	4,020,000	55,000	315,030,000
Additions	17,500,083	-	-	17,500,083
Sales	(1,540,000)	-	-	(1,540,000)
Transfers to group undertakings	(4,563,932)	-	-	(4,563,932)
	322,351,151	4,020,000	55,000	326,426,151
Surplus on valuation	9,316,849	60,000	-	9,376,849
At 31 March 1997: at valuation	<u>£331,668,000</u>	<u>£4,080,000</u>	<u>£55,000</u>	<u>£335,803,000</u>

8. DEBTORS

	1997	1996
Falling due within one year		
Trade debtors	2,082,160	1,993,667
Taxation recoverable	63,879	-
Capital debtors	611,121	70,796
Other debtors	987,341	861,566
Prepayments and accrued income	256,361	123,354
	<u>£4,000,862</u>	<u>£3,049,383</u>
Falling due after more than one year		
Capital debtors	<u>£283,274</u>	<u>£280,062</u>

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (CONTINUED)

9. CREDITORS falling due within one year	1997	1996
Amount owed to a group undertaking	248,417,799	235,756,050
Taxation	-	59,730
Proposed dividend	4,819,197	5,125,806
Capital creditors	325,083	354,556
Other creditors	847,958	1,010,697
Accruals and deferred income	7,404,683	7,157,039
	<u>£261,814,720</u>	<u>£249,463,878</u>

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

10. CREDITORS falling due after more than one year	1997	1996
Other creditors	<u>£2,841</u>	<u>£2,841</u>

11. CALLED UP SHARE CAPITAL	1997	1996
Authorised: 3,750,000 Ordinary shares of 20p each	<u>£750,000</u>	<u>£750,000</u>
Allotted and fully paid: 2,816,667 Ordinary Shares of 20p each	<u>£563,333</u>	<u>£563,333</u>

12. REVALUATION RESERVE	
At 1 April 1996	18,901,270
Surplus on valuation of properties (Note 7)	9,376,849
Realised on sales/transfers of properties (Note 13)	<u>(1,285,505)</u>
At 31 March 1997	<u>£26,992,614</u>

13. OTHER RESERVES	
At 1 April 1996	48,085,370
Valuation surplus of previous years realised on sales/transfers of properties (Note 12)	<u>1,285,505</u>
At 31 March 1997	<u>£49,370,875</u>

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (CONTINUED)

14. COMMITMENTS FOR FUTURE CAPITAL EXPENDITURE

	<u>1997</u>	<u>1996</u>
Under contract	268,427	204,687
Board authorisation not contracted	<u>3,015,697</u>	<u>6,344,577</u>
	<u>£3,284,124</u>	<u>£6,549,264</u>

15. CONTINGENT LIABILITIES

A substantial number of the Company's properties are charged as security for debenture stocks of its ultimate parent company.

16. 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.

17. 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.

18. PARENT COMPANY

Ravenseft Properties Limited, a company registered in England and Wales, is the parent company. Land Securities PLC, which is registered in England and Wales, is the ultimate parent company and is the largest and smallest parent company of the group to consolidate these financial statements.

Consolidated financial statements for the year ended 31 March 1997 for Land Securities PLC can be obtained from the Secretary, 5 Strand, London WC2N 5AF.