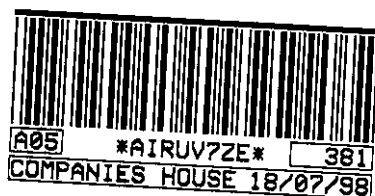


Company No. 444531

RAVENSEFT INDUSTRIAL ESTATES LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 1998



RAVENSEFT INDUSTRIAL ESTATES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 1998

The directors submit their report with the financial statements for the year to 31 March 1998.

RESULTS FOR THE YEAR AND DIVIDEND

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

An interim dividend of £7,438 was paid during the year and the directors now recommend the payment of a final dividend of £14,962,205 making a total dividend of £14,969,643 for the year ended 31 March 1998.

SHARE CAPITAL

The authorised share capital of the Company was increased from £750,000 to £200,563,333 on 30 March 1998 to facilitate the issue of 1,000,000,000 fully paid ordinary shares of 20p each and the partial repayment of the amount owed to a group undertaking.

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.

Increased tenant demand became more evident in the latter part of the year in most locations where the Company has industrial holdings. The most significant letting was of the 121,100 sq ft (11,250 sq m) warehouse distribution centre at Tamworth to UCI Logistics. At Interchange West, Sunbury the Company has agreed, subject to completion of lease documentation, to let its 51,500 sq ft (4,770 sq m) warehouse.

At Banbury, half of the 238,300 sq ft (22,140 sq m) high bay warehousing, which is being built on the land acquired last year, has been pre-let to McGregor Cory. The development is due for completion towards the end of the year.

Following the letting of Phase I at Tamworth, construction is planned to commence on a further 142,800 sq ft (13,270 sq m) unit due for completion in February 1999.

Planning permission has been obtained at Pump Lane, Hayes for three units totalling 34,000 sq ft (3,160 sq m). Construction has commenced and one unit is pre-let.

During the year some 200,000 sq ft (18,580 sq m) of industrial space which did not fulfil our investment criteria was sold.

RAVENSEFT INDUSTRIAL ESTATES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 1998 (CONTINUED)

DIRECTORS

The following were directors during the year:

Sir Peter Hunt, BSc FRICS (Chairman) (died 8 December 1997)

J Maynard (Managing Director)

I J Henderson, BSc FRICS

M R Griffiths, FRICS (appointed 9 December 1997)

K Redshaw, BSc FRICS (appointed 9 December 1997)

R D S Nevett, FRICS

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

I J Henderson, M R Griffiths and K Redshaw 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 1998. 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 1998	31 March 1997	31 March 1998	31 March 1997
J Maynard	21,591	20,884	-	2,290
R D S Nevett	7,609	6,223	-	-

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 1998 (CONTINUED)

DIRECTORS (continued)

Options over Ordinary Shares

<u>Granted during year</u>		<u>Exercised during year</u>		<u>Options at 31 March 1998</u>	
No. of Options at 1 April 1997	No.	Grant Price	No.	Exercise Price (pence)	Exercise Price (pence)
J Maynard	6,500	-	6,500	556.8	1095.1
	15,800	-	15,800	503.7	1095.1
	6,300	-	6,300	529.0	1095.1
	11,250	-	-	-	-
	3,422	-	-	11,250	618.6
				3,422	504.0
					8/1997 - 8/2004
					7/2000
R D S Nevett	6,000	-	6,000	556.8	938.0
	10,300	-	10,300	503.7	921
	4,700	-	4,700	529.0	1132.5
	7,750	-	7,750	618.6	1132.5
	7,631	1,160	3,142	401.0	925.0
				504.3 *	9/1998 - 7/2004

* weighted average exercise price

The range of the closing middle market prices for Land Securities shares during the year was 764.5p to 1155p. The middle market price at 31 March 1998 was 1058p.

Five directors exercised options during the year.

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.

RAVENSEFT INDUSTRIAL ESTATES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 1998 (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 385 Companies Act 1985, a resolution will be put to the members at the Annual General Meeting to reappoint the auditors, Price Waterhouse.

By Order of the Board



P M Dudgeon
Secretary

Registered Office
5 Strand
London WC2N 5AF

20 May 1998

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 responsibility 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 1998 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

20 May 1998

RAVENSEFT INDUSTRIAL ESTATES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1998

	Notes	1998	1997
GROSS PROPERTY INCOME	2	<u>£32,159,031</u>	<u>£31,995,447</u>
NET RENTAL INCOME	2	30,370,623	30,317,472
Property management and administration expenses	3	<u>(2,145,739)</u>	<u>(1,718,195)</u>
OPERATING PROFIT		28,224,884	28,599,277
Profit on sales/transfers of properties		<u>258,836</u>	<u>51,209</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		28,483,720	28,650,486
Interest receivable	4	32,256	15,530
Interest payable	4	<u>(8,924,833)</u>	<u>(23,808,551)</u>
Revenue profit		<u>19,332,307</u>	<u>4,806,256</u>
Profit on sales/transfers of properties		<u>258,836</u>	<u>51,209</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		19,591,143	4,857,465
Taxation on:			
Revenue profit		<u>(4,603,399)</u>	<u>(31,268)</u>
Profit on sales/transfers of properties		<u>(18,101)</u>	<u>0</u>
Taxation	5	<u>(4,621,500)</u>	<u>(31,268)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		14,969,643	4,826,197
Equity dividends	6	<u>(14,969,643)</u>	<u>(4,826,197)</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 1998

	Notes	1998	1997
FIXED ASSETS			
Tangible assets			
Properties	7	374,152,000	335,803,000
CURRENT ASSETS			
Debtors falling due within one year	8	3,477,873	4,000,862
Debtors falling due after more than one year	8	368,822	283,274
CREDITORS falling due within one year	9	(60,413,613)	(261,814,720)
NET CURRENT LIABILITIES		(56,566,918)	(257,530,584)
TOTAL ASSETS LESS CURRENT LIABILITIES		317,585,082	78,272,416
CREDITORS falling due after more than one year	10	(2,841)	(2,841)
		<u>£317,582,241</u>	<u>£78,269,575</u>
CAPITAL AND RESERVES			
Called up share capital	11	200,563,333	563,333
Share premium account		59,916	59,916
Revaluation reserve	12	66,823,020	26,992,614
Other reserves	13	48,853,135	49,370,875
Profit and loss account		1,282,837	1,282,837
EQUITY SHAREHOLDERS' FUNDS		<u>£317,582,241</u>	<u>£78,269,575</u>

DIRECTORS

I J Henderson

J Maynard

The financial statements on pages 6 to 15 were approved by the Directors on 20 May 1998.

RAVENSEFT INDUSTRIAL ESTATES LIMITED

OTHER PRIMARY STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	1998	1997
Profit on ordinary activities after taxation (page 6)		14,969,643	4,826,197
Unrealised surplus on valuation of properties	12	39,312,666	9,376,849
Total gains and losses recognised since last financial statements		<u>£54,282,309</u>	<u>£14,203,046</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

		1998	1997
Profit on ordinary activities before taxation (page 6)		19,591,143	4,857,465
Valuation (deficit)/surplus of previous years realised on sales/transfers of properties	13	(517,740)	1,285,505
Historical cost profit on ordinary activities before taxation		19,073,403	6,142,970
Taxation	5	(4,621,500)	(31,268)
Historical cost profit on ordinary activities after taxation		14,451,903	6,111,702
Equity dividends	6	(14,969,643)	(4,826,197)
Retained historical cost (loss)/profit for the year		<u>£(517,740)</u>	<u>£1,285,505</u>

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

		1998	1997
Profit on ordinary activities after taxation (page 6)		14,969,643	4,826,197
Equity dividends	6	(14,969,643)	(4,826,197)
Retained profit for the financial year (page 6)		-	-
Unrealised surplus on valuation of properties	12	39,312,666	9,376,849
		39,312,666	9,376,849
Issue of ordinary shares	11	200,000,000	-
		239,312,666	9,376,849
Opening equity shareholders' funds		78,269,575	68,892,726
Closing equity shareholders' funds		<u>£317,582,241</u>	<u>£78,269,575</u>

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998

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) on page 10.

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 has been 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 1998 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 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 1998 (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

	<u>1998</u>	<u>1997</u>
Rental income	30,743,046	30,621,239
Service charges and other recoveries	<u>1,415,985</u>	<u>1,374,208</u>
Gross property income	32,159,031	31,995,447
Ground rents payable	(1,543)	(2,898)
Other property outgoings	<u>(1,786,865)</u>	<u>(1,675,077)</u>
	<u>1,788,408</u>	<u>(1,677,975)</u>
	<u>£30,370,623</u>	<u>£30,317,472</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 housekeepers and outside staff directly responsible for property services, are also included.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998 (CONTINUED)

3. PROPERTY MANAGEMENT AND ADMINISTRATION EXPENSES

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.

a) Management services

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.

b) Directors' emoluments

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 7 1/2% 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 £94,000 (1997: £87,000).

c) Auditors' remuneration

Administration expenses include auditors' remuneration of £9,450 (1997: £9,275)

No fees were paid to the auditors during the year in respect of non-audit work (1997: £Nil).

4. INTEREST

	<u>1998</u>	<u>1997</u>
RECEIVABLE:		
Sundry	<u>£32,256</u>	<u>£15,530</u>
PAYABLE:		
On amount owed to a group undertaking	<u>£8,924,833</u>	<u>£23,808,551</u>

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998 (CONTINUED)

5. TAXATION

	1998	1997
The taxation charge is made up as follows:		
Revenue profit at the Corporation Tax rate of 31% (1997: 33%)	5,993,015	1,586,065
Tax allowances on expenditure relating to properties	(1,378,277)	(1,529,014)
Other adjustments	(2,305)	(4,836)
	4,612,433	52,215
Adjustments relating to previous years	(9,034)	(20,947)
Taxation on revenue profit	4,603,399	31,268
Taxation arising on sales/transfers of properties	18,101	-
	<u>£4,621,500</u>	<u>£31,268</u>

The amount of tax on capital gains which would become payable in the event of sales of the properties at the amounts at which they are stated in Note 7 is in the region of £7,000,000 (1997: £Nil).

6. EQUITY DIVIDENDS

	1998	1997
Interim paid	7,438	7,000
Proposed final	14,962,205	4,819,197
	<u>£14,969,643</u>	<u>£4,826,197</u>

7. PROPERTIES

	Freehold	Over 50 years Freehold	Leasehold Under 50 years to run	Total
At 1 April 1997:				
at valuation	331,668,000	4,080,000	55,000	335,803,000
Additions	2,946,334	-	-	2,946,334
Sales	(5,239,642)	(800,855)	-	(6,040,497)
Transfers from group undertakings	1,909,642	220,855	-	2,130,497
	331,284,334	3,500,000	55,000	334,839,334
Unrealised surplus on valuation	38,707,666	605,000	-	39,312,666
At 31 March 1998:				
at valuation	<u>£369,992,000</u>	<u>£4,105,000</u>	<u>£55,000</u>	<u>£374,152,000</u>

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998 (CONTINUED)

8. DEBTORS falling due within one year

	1998	1997
Trade debtors	1,814,597	2,082,160
Taxation recoverable	-	63,879
Capital debtors	539,295	611,121
Other debtors	765,296	987,341
Prepayments and accrued income	358,685	256,361
	<u>£3,477,873</u>	<u>£4,000,862</u>
Falling due after more than one year		
Capital debtors	<u>£368,822</u>	<u>£283,274</u>

9. CREDITORS falling due within one year

	1998	1997
Amount owed to a group undertaking	32,728,904	248,417,799
Taxation	4,512,556	-
Proposed dividend	14,962,205	4,819,197
Capital creditors	85,002	325,083
Other creditors	734,584	847,958
Accruals and deferred income	7,390,362	7,404,683
	<u>£60,413,613</u>	<u>£261,814,720</u>

During the year, £200,000,000 was repaid to a group undertaking. The balance has no fixed repayment date.

10. CREDITORS falling due after more than one year

	1998	1997
Other creditors	<u>£2,841</u>	<u>£2,841</u>

11. CALLED UP SHARE CAPITAL

	1998	1997
Authorised:		
1,002,816,664 Ordinary shares of 20p each	<u>£200,563,333</u>	<u>£750,000</u>
Allotted and fully paid:		
1,002,816,664 Ordinary Shares of 20p each	<u>£200,563,333</u>	<u>£563,333</u>

During the year 1,000 million ordinary shares of 20p each were subscribed for and issued at par further to the repayment of part of the amount owed to a group undertaking referred to in Note 9.

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998 (CONTINUED)

12. REVALUATION RESERVE

At 1 April 1997	26,992,614
Unrealised surplus on valuation of properties (Note 7)	39,312,666
Realised on sales of properties (Note 13)	<u>517,740</u>
At 31 March 1998	<u><u>£66,823,020</u></u>

13. OTHER RESERVES

At April 1997	49,370,875
Valuation deficit of previous years realised on sales of properties (Note 12)	<u>(517,740)</u>
At 31 March 1998	<u><u>£48,853,135</u></u>

14. COMMITMENTS FOR FUTURE CAPITAL EXPENDITURE

	<u>1998</u>	<u>1997</u>
Under contract	7,085,394	268,427
Board authorisation not contracted	<u>4,785,758</u>	<u>3,015,697</u>
	<u><u>£11,871,152</u></u>	<u><u>£3,284,124</u></u>

15. CONTINGENT LIABILITIES

A substantial number of the Company's properties are charged as security for debenture stocks and other borrowings 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.

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998 (CONTINUED)

18. 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 1998 for Land Securities PLC can be obtained from the Secretary, 5 Strand, London WC2N 5AF.