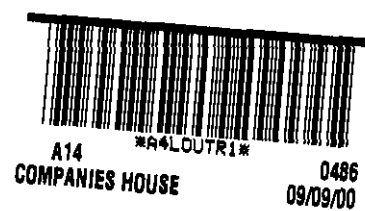


RAVENSEFT INDUSTRIAL ESTATES LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2000



RAVENSEFT INDUSTRIAL ESTATES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2000

The directors submit their report with the financial statements for the year to 31 March 2000.

RESULTS FOR THE YEAR AND DIVIDEND

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

An interim dividend of £30,427,013 was paid during the year and the directors now recommend the payment of a final dividend of £20,279,497 making a total of £50,706,510 for the year.

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.

Total returns from this sector have been good, mainly due to the hardening of investment yields. In areas of restricted land supply, buoyant demand has produced strong rental growth but elsewhere rental performance has been modest.

The Company continues to rationalise the portfolio with the objective of increasing the average lot size and focusing mainly on the South East where the best returns are anticipated. Last year 9,060 m² (97,500 ft²) of older, smaller properties were sold.

During the year the Company let 13,170 m² (141,800 ft²) at Tamworth and 17,110 m² (184,200 ft²) at Banbury where there is a further 11,130 m² (119,800 ft²) available for letting. The combined holdings at these locations comprise 61,860 m² (665,900 ft²) of high bay warehousing.

The portfolio will be enlarged by the development programme of 54,300 m² (584,500 ft²) which is either under construction or planned. In February the Company began a phased development of a 9 acre site at Cardiff, within the Bay Regeneration Area, to provide 14,120 m² (152,000 ft²) of industrial and warehousing space. Since the year end work has started on a 12,960 m² (139,500 ft²) high bay warehouse at Welwyn Garden City, pre-let to WT Foods, where there is a further 2.5 acres of land at the front of the site still to be developed. Contracts were exchanged with Kodak in September for the purchase of 13.5 acres at Hemel Hempstead and outline planning permission has been obtained for the development of 23,230 m² (250,000 ft²) of industrial warehouse units due to commence later this year.

The Company anticipates future development opportunities where it has secured options over several parcels of land and is seeking planning permissions for commercial development. These include two sites totalling 20 acres close to Heathrow and 300 acres in a joint venture with Gazeley Properties adjacent to the M1 at Milton Keynes.

RAVENSEFT INDUSTRIAL ESTATES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2000

The Company believes that its portfolio, which is predominantly located in the South East, will benefit from the continuing strong demand from the service sector and restrained supply resulting from land shortages. It is difficult to predict the effects of e-commerce but it is likely that the importance of fulfilling customer delivery expectations will create new demand for depots to service highly populated urban areas.

YEAR 2000

The actions taken by the Company to ensure Year 2000 compliance were successful and no problems were encountered.

DIRECTORS

The following were directors during the year:

J Maynard (retired 12 November 1999)
I J Henderson, BSc FRICS
M R Griffiths, FRICS
K Redshaw, BSc FRICS
R D S Nevett, FRICS
D P Wynne, MLet BSc ARICS (appointed 1 April 1999)

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 parent company, and their interests in that company are shown in its Report and Financial Statements for the year ended 31 March 2000. The ultimate parent 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 beneficial 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	31 March 2000	31 March 1999
R D S Nevett	12,960	10,332
D P Wynne	4,144	3,269*

* At date of appointment

RAVENSEFT INDUSTRIAL ESTATES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2000 (CONTINUED)

DIRECTORS (continued)

Options over Ordinary Shares		Granted during year		Exercised/lapsed during year		Options at 31 March 2000	
No. of Options at 1 April or date of Appointment		No.	Grant Price (Pence)	No.	Exercise/ Lapsed (L) Price (Pence)	Market Price on Exercise (Pence)	Exercise Price (Pence)
R D S Nevett	3,481	-	-	-	-	-	560.0 *
D P Wynne	2,100	2,057	656.0	(1,416)	487.0	831.0	618.1 *
	529			(529) (L)	736.0		
		968	697.0	(968) (L)	697.0		

* weighted average exercise price

The range of the closing middle market prices for Land Securities shares during the year was 626.5p to 925.5p. The middle market price at 31 March 2000 was 749p.

Three directors, including the highest paid, exercised options during the year.

The share options are held under the 1983 and 1999 Savings Related Share Option Schemes.

Options granted under the savings related schemes are exercisable at prices between 476p and 736p after three, five or seven years from the date of grant.

RAVENSEFT INDUSTRIAL ESTATES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2000

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, PricewaterhouseCoopers.

Registered Office
5 Strand
London WC2N 5AF

By Order of the Board


P M Dudgeon
Secretary

24 May 2000

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 historic cost convention (as modified by the revaluation of properties) and the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 misstatements 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 of 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 the 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 2000 and of its profit 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

24 May 2000

RAVENSEFT INDUSTRIAL ESTATES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2000

	Notes	<u>2000</u> £	<u>1999</u> £
GROSS PROPERTY INCOME	2	33,972,959	32,349,440
NET RENTAL INCOME	2	31,920,834	30,715,007
Property management and administration expenses	3	(2,499,453)	(2,354,853)
OPERATING PROFIT		29,421,381	28,360,154
Profit on sales/transfers of properties		413,422	666,603
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		29,834,803	29,026,757
Interest receivable	4	21,128	23,005
Interest payable	5	(2,302,347)	(2,927,663)
Revenue profit		27,140,162	25,455,496
Profit on sales/transfers of properties		413,422	666,603
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		27,553,584	26,122,099
Taxation on:			
Revenue profit		(7,248,362)	(6,957,709)
Sales/transfers of properties		(25,725)	(39,282)
Taxation	6	(7,274,087)	(6,996,991)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		20,279,497	19,125,108
Equity dividends	7	(50,706,510)	(19,125,108)
RETAINED LOSS FOR THE FINANCIAL YEAR		(30,427,013)	-

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 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible assets			
Properties	8	432,461,500	400,384,500
CURRENT ASSETS			
Debtors falling due within one year	9	4,527,080	3,868,722
Debtors falling due after one year	9	572,633	528,400
CREDITORS falling due within one year	10	(102,985,745)	(68,734,261)
NET CURRENT LIABILITIES		(97,886,032)	(64,337,139)
TOTAL ASSETS LESS CURRENT LIABILITIES		334,575,468	336,047,361
CREDITORS falling due after more than one year	11	(2,841)	(2,841)
		334,572,627	336,044,520
CAPITAL AND RESERVES			
Called up share capital	12	200,563,333	200,563,333
Share premium account	13	59,916	59,916
Revaluation reserve	13	109,660,881	81,678,958
Other reserves	13	23,005,660	52,459,476
Profit and loss account	13	1,282,837	1,282,837
EQUITY SHAREHOLDERS' FUNDS		334,572,627	336,044,520

DIRECTORS

M R Griffiths

K Redshaw

The financial statements on pages 6 to 15 were approved by the directors on 24 May 2000

RAVENSEFT INDUSTRIAL ESTATES LIMITED

OTHER PRIMARY STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000

	<u>2000</u> £	<u>1999</u> £
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		
Profit on ordinary activities after taxation (page 6)	20,279,497	19,125,108
Unrealised surplus on valuation of properties (Note 13)	29,019,694	18,462,279
Taxation on valuation surpluses realised on sales/ transfers of properties (Note 13)	(64,574)	-
Total gains and losses recognised since last financial statements	<u>49,234,617</u>	<u>37,587,387</u>
NOTE OF HISTORICAL COST PROFITS AND LOSSES		
Profit on ordinary activities before taxation (page 6)	27,553,584	26,122,099
Valuation surplus of previous years realised on sales/transfers of properties (Note 13)	1,037,771	3,606,341
Historical cost profit on ordinary activities before taxation	28,591,355	29,728,440
Taxation (Note 6)	(7,274,087)	(6,996,991)
Equity dividends (page 6)	(50,706,510)	(19,125,108)
Retained historical cost (loss)/profit for the year	<u>(29,389,242)</u>	<u>3,606,341</u>
RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS		
Profit on ordinary activities after taxation (page 6)	20,279,497	19,125,108
Equity dividends (page 6)	(50,706,510)	(19,125,108)
Retained loss for the financial year (page 6)	(30,427,013)	-
Unrealised surplus on valuation of properties (Note 13)	29,019,694	18,462,279
Taxation on valuation surpluses realised on sales/ transfers of properties (Note 13)	(64,574)	-
Opening equity shareholders' funds	<u>336,044,520</u>	<u>317,582,241</u>
Closing equity shareholders' funds	<u>334,572,627</u>	<u>336,044,520</u>

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).

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 and 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

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.

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 6.

c) Properties

Properties are included in the financial statements at open market values based on the latest professional valuation. At 31 March 2000 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 2000

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	2000 £	1999 £
Rental income	32,193,935	30,886,605
Service charges and other recoveries	1,779,024	1,462,835
Gross property income	33,972,959	32,349,440
Ground rents payable	(364)	(481)
Other property outgoings	(2,051,761)	(1,633,952)
	(2,052,125)	(1,634,433)
	31,920,834	30,715,007

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.

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.

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000

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 allotted under the 1989 and 1999 Land Securities Profit Sharing Schemes. The proportion of their emoluments which relates to the management of the affairs of the Company amounts to approximately £187,000 (1999: £108,000).

c) Auditors' remuneration

The Group's auditors' remuneration is borne by Land Securities Properties Limited. The proportion of the remuneration which relates to the Company amounts to £10,100 (1999: £9,765).

No fees (1999: £Nil) were paid to the auditors during the year in respect of non-audit work.

4. INTEREST RECEIVABLE

	<u>2000</u>	<u>1999</u>
	£	£
Sundry	21,128	23,005

5. INTEREST PAYABLE

	<u>2000</u>	<u>1999</u>
	£	£
On amount owed to a group undertaking	2,302,347	2,927,663

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000

6. TAXATION

	<u>2000</u>	<u>1999</u>
	£	£
The taxation charge is made up as follows:		
Revenue profit at the Corporation Tax rate of 30% (1999: 31%)	8,142,049	7,891,204
Tax allowances on expenditure relating to properties	(893,905)	(981,624)
Other adjustments	(13,569)	(2,442)
	<u>7,234,575</u>	<u>6,907,138</u>
Adjustments relating to previous years	13,787	50,571
	<u>7,248,362</u>	<u>6,957,709</u>
Taxation on revenue profit	7,248,362	6,957,709
Taxation arising on sales/transfers of properties	25,725	39,282
	<u><u>7,274,087</u></u>	<u><u>6,996,991</u></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 8 is in the region of £18,000,000 (1999: £11,000,000).

7. EQUITY DIVIDENDS

	<u>2000</u>	<u>1999</u>
	£	£
Interim paid	30,427,013	7,875
Proposed final	20,279,497	19,117,233
	<u><u>50,706,510</u></u>	<u><u>19,125,108</u></u>

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000

8. PROPERTIES

	Freehold	Leasehold over 50 years to run	Leasehold under 50 years to run	Total
	£	£	£	£
At 1 April 1999: at valuation	395,894,500	4,430,000	60,000	400,384,500
Additions	15,354,106	-	-	15,354,106
Transfers to group undertakings	(3,430,000)	(670,000)	-	(4,100,000)
Sales	(6,376,800)	(1,760,000)	(60,000)	(8,196,800)
	401,441,806	2,000,000	-	403,441,806
Unrealised surplus on valuation	28,894,694	125,000	-	29,019,694
At 31 March 2000: at valuation	430,336,500	2,125,000	-	432,461,500

9. DEBTORS

Falling due within one year

	2000 £	1999 £
Trade debtors	1,729,783	1,949,038
Property sales debtors	1,185,500	-
Capital debtors	368,911	360,610
Other debtors	817,448	1,014,022
Prepayments and accrued income	425,438	545,052
	4,527,080	3,868,722

Falling due after more than one year

Capital debtors	572,633	528,400
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RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000

10. CREDITORS falling due within one year

	<u>2000</u>	<u>1999</u>
	£	£
Capital creditors	10,685,918	836,215
Amount owed to a group undertaking	56,329,208	33,721,389
Taxation	7,203,485	6,828,442
Proposed dividend	20,279,497	19,117,233
Other creditors	803,060	644,210
Accruals	7,684,577	7,586,772
	<u>102,985,745</u>	<u>68,734,261</u>

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

11. CREDITORS falling due after more than one year

	<u>2000</u>	<u>1999</u>
	£	£
Deferred income	2,841	2,841

12. CALLED UP SHARE CAPITAL

	<u>2000</u>	<u>1999</u>
	£	£
Authorised, allotted and fully paid: 1,002,816,665 Ordinary Shares of 20p each	200,563,333	200,563,333

13. RESERVES

	Share Premium Account	Revaluation Reserve	Other Reserves	Profit and Loss Account
	£	£	£	£
At 1 April 1999	59,916	81,678,958	52,459,476	1,282,837
Loss for the year	-	-	-	(30,427,013)
Unrealised surplus on valuation of properties (Note 8)	-	29,019,694	-	-
Realised on sales/transfers of properties	-	(1,037,771)	1,037,771	-
Transfer to retained profit	-	-	(30,427,013)	30,427,013
Taxation on valuation surpluses realised on sales/transfers of properties	-	-	(64,574)	-
At 31 March 2000	<u>59,916</u>	<u>109,660,881</u>	<u>23,005,660</u>	<u>1,282,837</u>

RAVENSEFT INDUSTRIAL ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000

14. COMMITMENTS FOR FUTURE CAPITAL EXPENDITURE

	<u>2000</u>	<u>1999</u>
	£	£
Under contract	3,627,574	2,171,951
Board authorisation not contracted	22,747,936	711,285
	<u>26,375,510</u>	<u>2,883,236</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 and group undertakings.

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 statements.

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

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 2000 for Land Securities PLC can be obtained from the Secretary, 5 Strand, London WC2N 5AF.