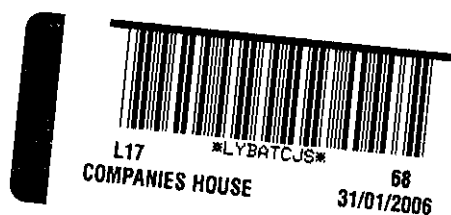


GUNWHARF QUAYS MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2005



Directors' Report for the year ended 31 March 2005

The directors submit their report with the financial statements for the year to 31 March 2005.

RESULTS FOR THE YEAR AND DIVIDEND

The results are set out in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend for the year ended 31 March 2005 (2004: £Nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company has continued its business of Managing Agents of Gunwharf Quays, a mixed use retail and leisure destination, acting as agents for Gunwharf Quays Limited. There will be no change in the Company's principal activity in the foreseeable future.

DIRECTORS

The directors who held office during the year and up to the date of this report were:

R J Akers
 P G Cottingham
 D J Owen-Ellis Clark (resigned 29 October 2004; reappointed 6 December 2004)
 M N Davidson (resigned 29 October 2004; reappointed 6 December 2004)
 Land Securities Management Services Limited (appointed 12 August 2004)

The directors had no interests in the shares of the Company throughout the year.

The beneficial interests of the directors in the shares of Land Securities Group PLC and their holdings of options over shares in that company are set out below and on page 2:

Interest in ordinary shares	31 March 2005	1 April 2004
R J Akers	7,473	5,192
P G Cottingham	3,875	2,616
<hr/>		
Interest in 'B' shares	31 March 2005	1 April 2004
R J Akers	-	1,057
P G Cottingham	-	757

GUNWHARF QUAYS MANAGEMENT LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2005 (CONTINUED)

DIRECTORS (continued)

Options over Ordinary Shares

Name	Granted during year		Exercised during year			Lapsed During the Year		Options as at 31 March 2005		
	No. of Options at 1 April	No.	Grant Price (pence)	No.	Exercise Price (pence)	Market Price on Exercise (pence)	No.	No.	Exercise Price (pence)	Exercisable dates
R Akers	54,250 2,448	11,500 747	1,159.0 957.0	(1,028)	656.0	1,284.0	65,750 2,167	65,750 2,167	890.1 797.1	09/2003 - 07/2014 07/2004 - 07/2011
P Cottingham	19,750 1,811						19,750 1,811	19,750 1,811	827.1 652.2	09/2003 - 07/2013 07/2003 - 08/2008

The range of the closing middle market prices for Land Securities shares during the year was 1050p to 1470p. The middle market price at 31 March 2005 was 1293p.

Two directors exercised options this year.

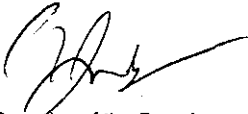
Share options at 1 April are held under the 1984 Executive Share Option Scheme which expired on 24 April 1995, except for those shown in bold which are held under the 1983 and 1993 Savings Related Share Option Schemes. Options granted during the year were under the Land Securities PLC 2000 Executive Share Option Scheme, the Land Securities Group PLC 2002 Executive Share Option Scheme, or the 1993 and 2003 Savings Related Share Option Scheme (if shown in bold).

Options granted under the savings related schemes are exercisable after three, five and seven years from date of grant and are not subject to any performance conditions.

Directors' Report for the year ended 31 March 2005 (continued)

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 LLP.



By order of the Board
P M Dudgeon
Secretary
31 January 2006

Registered Office
5 Strand
London WC2N 5AF

Registered in England and Wales
Company No. 4056213

Directors' Responsibilities for the year ended 31 March 2005**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 and 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 safe guarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Members of Gunwharf Quays Management Limited for the year ended 31 March 2005

We have audited the financial statements which comprise the profit and loss account, the balance sheet, and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

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.

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 report, including the opinion, has been prepared for and only for the company's members as a body 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 into 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 misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

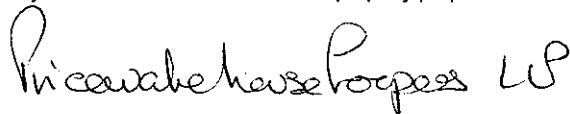
Basis of audit opinion

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 judgments 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 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 at 31 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
31 January 2006

Profit and loss account for the year ended 31 March 2005

	Notes	2005 £'000	2004 £'000
Gross property income	2	5,074	5,060
Net rental income		-	-
Property management and administration expenses	3	-	-
Operating profit	2	-	18
Taxation	6	(18)	(16)
Retained (loss) / profit for the financial year		(18)	2

The loss for the financial year arises from continuing operations. There is no difference between reported loss and historical cost loss on ordinary activities before taxation. There are no recognised gains or losses other than those shown in the profit and loss account above.

Balance sheet at 31 March 2005

	Notes	2005 £'000	2004 £'000
Current assets			
Debtors	7	3,240	1,303
Cash at bank and in hand		84	617
		<u>3,324</u>	<u>1,920</u>
Creditors falling due within one year	8	(3,358)	(1,936)
Net current liabilities		<u>(34)</u>	<u>(16)</u>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	(34)	(16)
Equity shareholder's funds		<u>(34)</u>	<u>(16)</u>

Land Securities Management Services Limited

Director

The financial statements on pages 6 to 9 were approved by the directors on 31 January 2006.

1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

(a) Gross property income

The gross property income comprises rental income, service charges and other recoveries from tenants of its investment properties.

Income is credited to the profit and loss account as space and other services are provided to customers. Gross property income includes costs recovered from tenants and outsourcing customers.

Service charges and other recoveries include income in relation to service charges and directly recoverable expenditure together with any chargeable management fee.

(b) Taxation

The tax charge is calculated using the appropriate rate of corporation tax

2. Operating profit

	2005 £'000	2004 £'000
Service charges and other recoveries	5,074	5,060
Gross property income	5,074	5,060
Property outgoing	(5,074)	(5,042)
Operating profit	-	18

3. Property management and administration expenses

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

a) Auditors' remuneration

The Groups auditors' remuneration is borne by Land Securities Properties Limited. The proportion of the remuneration which relates to the Company amounts to £Nil (2004: £Nil). In addition to the fees for the audit, £Nil (2004: £Nil) was payable to the auditors for compliance and certification work.

4. Employee cost

	2005 £'000	2004 £'000
Salaries	1,099	1,085
Social security	127	117
Pensions	38	32
	1,264	1,234

The average number of employees, excluding directors, during the year and the corresponding aggregate staff costs were:

	2005 No.	2004 No.	2005 £'000	2004 £'000
Indirect property or contract and administration	53	54	1,264	1,234
Direct property or contract services	-	-	-	-
	53	54	1,264	1,234

5. Directors emoluments

	2005 £'000	2004 £'000
Aggregate emoluments	168	134
Employers pension contributions	10	11
	178	145

The emoluments of the highest paid director were:

	2005 £'000	2004 £'000
Aggregate emoluments	104	86
Employers pension contributions	6	6
	110	92

6. Taxation

	2005 £'000	2004 £'000
Analysis of tax charge for the year		
Corporation tax on profit for the year at 30% (2004: 30%)	18	5
Adjustments to current tax in respect of prior years	-	11
Total current tax	18	16
Tax charge for the year	18	16

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% (2004: 30%).

The differences are explained below:

Profit on ordinary activities before taxation	-	18
Tax at 30%	-	5
Non-deductible expenses	18	11
Current tax	18	16

7. Debtors

	2005 £'000	2004 £'000
Other debtors	142	30
Amounts owed by a group undertaking	3,098	1,273
	3,240	1,303

8. Creditors falling due within one year

	2005 £'000	2004 £'000
Trade creditors	318	111
Taxation and other social security	964	537
Accruals and deferred income	2,066	1,288
Other	10	-
	<u>3,358</u>	<u>1,936</u>

9. Share capital

	Authorised 2005 No.	2004 No.	Allotted and fully paid 2005 £	2004 £
Ordinary shares of £1.00 each	100	100	1	1

10. Reserves

	Ordinary Shares £'000	Profit and Loss Account £'000	Total £'000
At 1 April 2004	-	(16)	(16)
Retained loss for the year	-	(18)	(18)
At 31 March 2005	<u>-</u>	<u>(34)</u>	<u>(34)</u>

11. Cash flow statement exemption

The Company is a wholly owned subsidiary of Land Securities Group 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.

12. Related party transactions

The Company is a wholly owned subsidiary of Land Securities Group 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.

13. Parent company

The ultimate parent company at 31 March 2005 was Land Securities Group PLC, which is registered in England and Wales. This is the largest parent company of the group to consolidate these financial statements.

Consolidated financial statements for the year ended 31 March 2005 for Land Securities Group PLC can be obtained from the Secretary, 5 Strand, London WC2N 5AF.

13. Financial support

The ultimate parent company has informed the Company that it is its present intention to continue to provide financial support to the Company to enable it to meet its liabilities as they fall due.