Company No. 4165951

LS SWANSEA LIMITED
(FORMERLY SHELFCO (2397) LIMITED)
REPORT AND FINANCIAL STATEMENTS

PERIOD FROM 28 FEBRUARY 2005 TO 31 MARCH 2006

Directors' Report for thirteen months ended 31 March 2006

The directors submit their report with the financial statements for thirteen months to 31 March 2006.

CHANGE OF ACCOUNTING REFERENCE DATE

During the period the company changed its reporting date from 28 February to 31 March. These financial statements have been prepared for the thirteen months ended 31 March 2006.

CHANGE OF NAME

On 11 October 2005 the company changed its name from Shelfco (2397) Limited to LS Swansea Limited.

RESULTS FOR THE PERIOD AND DIVIDEND

The results are set out in the profit and loss account on page 3.

The directors do not recommend the payment of a dividend for the period ended 31 March 2006 (2005: £Nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

During the period the Company acquired a 50% share of The Parc Tawe 1 Unit Trust from LXB Properties (Parc Tawe 1) Limited. Its principal activity is investment in a unit trust and no changes are anticipated in the foreseeable future. On the 11 August 2006 LXB Properties sold its share of the unit trust to Hammerson PLC. Dormant accounts were produced for the period ended 28 February 2005.

DIRECTORS

The directors who held office during the period and at the date of this report unless otherwise stated were:

Land Securities Management Services Limited (appointed 11 October 2005)
Mikjon Ltd (resigned 11 October 2005)

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

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the auditors are unaware and each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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.

Registered Office
5 Strand
London WC2N 5AF

By order of the Board
P M Dudgeon
Secretary
29 January 2007

Registered in England and Wales
Company No. 4165951

Directors' Responsibilities for thirteen months ended 31 March 2006

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.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

Independent Auditors' Report to the Members of LS Swansea Limited for thirteen months ended 31 March 2006

We have audited the financial statements of LS Swansea for thirteen months ended 31 March 2006 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985.
- the information in the directors report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
29 January 2007

Profit and loss account for thirteen months ended 31 March 2006

	Notes	13 months ended 31 March 2006 £'000	Year ended 28 February 2005 £'000
Distributions from unit trust		**413**	-
Administration expenses	2	**(168)**	-
Profit before interest and taxation		**245**	-
Interest receivable and similar income	3	**4**	-
Interest payable and similar charges	4	**(530)**	-
Loss on ordinary activities before taxation		**(281)**	-
Taxation	5	**69**	-
Retained loss for the financial period		**(212)**	-

The loss for the financial period 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 2006

	Notes	31 March 2006 £'000	28 February 2005 £'000
Fixed assets			
Tangible assets			
Investment in a unit trust	6	**24,405**	-
		24,405	-
Current assets			
Debtors	7	**76**	
Cash at bank and in hand		**1,198**	
		1,274	
Creditors falling due within one year	8	**(10,460)**	-
Net current liabilities		**(9,186)**	-
Total assets less current liabilities		**15,219**	-
Creditors falling due after one year	9	**(15,431)**	-
Net liabilities		**(212)**	-
Capital and reserves			
Called up share capital	10	**-**	-
Profit and loss account	11	**(212)**	-
Equity shareholder's funds		**(212)**	-

For and on behalf of Land Securities Management Services Limited
Director

The financial statements on pages 3 to 8 were approved by the directors on 29 January 2007.

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) Taxation
In accordance with FRS16 'Current Taxation', taxation arising on the sales of properties is charged to the profit and loss account in respect of the excess of net sale proceeds over book value and to the statement of total recognised gains and losses in respect of prior year revaluation surpluses realised on those sales.

No provision is made for the taxation which would become payable under present legislation if the Company's properties were sold at the amounts at which they are carried in the financial statements.

In accordance with FRS19 'Deferred Tax':

(i) deferred tax is recognised in full in respect of transactions or events that have taken place by the balance sheet date and which could give the Company an obligation to pay more or less tax in the future.

(ii) deferred tax is not recognised on revaluation gains and losses where these are not taken to the profit and loss account.

(iii) full provision is made for timing differences which, in the Company's case, arise primarily from capital allowances and industrial building allowances and the capitalisation and timing of recognition of certain interest payable. Following the sale or demolition of a property, any deferred tax provision not crystallised is released to the profit and loss account.

(b) Investment in a unit trust
The Company's investment in a unit trust is carried at cost less provision for permanent diminution in value.

2. Administration expenses

a) Management services
The Company had no employees during the period. 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 received no emoluments from Land Securities Properties Limited for their services to the Company (28 February 2005: £Nil).

c) 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 £1400 (28 February 2005: £Nil). In addition to the fees for the audit, £Nil (28 February 2005: £Nil) was payable to the auditors for compliance and certification work.

3. Interest receivable and similar income

	13 months ended 31 March 2006 £'000	Year ended 28 February 2005 £'000
Other	**4**	-

4. Interest payable and similar charges

	13 months ended 31 March 2006 £'000	Year ended 28 February 2005 £'000
On an amount owed to a group undertaking	**190**	-
Other	**340**	-
	530	-

5. Taxation

	13 months ended 31 March 2006 £'000	Year ended 28 February 2005 £'000
Analysis of tax credit for the period		
Corporation tax on loss for the period	(69)	-
Tax credit for the period	(69)	-

Factors affecting the tax charge for the period
The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30% (2005: 30%).
The differences are explained below:

	13 months ended 31 March 2006 £'000	Year ended 28 February 2005 £'000
Loss on ordinary activities before taxation	(281)	-
Tax at 30%	(84)	-
Non-taxable income	(124)	-
Share of corporation tax arising from unit trust	139	-
Current tax	(69)	-

6. Investment in a unit trust

	£'000
At 1 March 2005	-
Cost of investment	24,405
At 31 March 2006	24,405

The Company owns 50% of the Parc Tawe 1 Limited Unit Trust which draws up accounts to 31 December. The Parc Tawe I Unit Trust is a joint venture between LS Swansea Limited and LXB Properties (Parc Tawe I) Limited, which owns and manages The Parc Tawe 1 Unit Trust. On the 11 August 2006 LXB Properties (Parc Tawe 1) Limited sold its 50% share to Hammerson PLC.

7. Debtors

	31 March 2006 £'000	28 February 2005 £'000
Taxation	7	-
Corporation tax	69	-
	76	-

8. Creditors falling due within one year

	31 March 2006 £'000	28 February 2005 £'000
Amount owed to a group undertaking	9,558	-
Accruals and deferred income	303	-
Other creditors	599	-
	10,460	-

9. Borrowings

	31 March 2006 £'000	28 February 2005 £'000
Bank facility due 2010		
Nominal value	**15,550**	-
Unamortised issue costs	**(119)**	-
Book Value	**15,431**	-

The bank facility is jointly held between LS Swansea and LXB Properties Limited. It has a maximum borrowing limit of £35.1m (£17.55m each) and is due in November 2010. The current drawings are £31.1m (£15.55m each). Interest rates are based on three month LIBOR and there is an associated swap for £15.5m fixing the interest rate at 4.658%.

Financial risk management

Financial risk factors

The company's debt funding exposes it to a variety of financial risks that include the effects of the changes in liquidity and interest rates.

Credit risk

The company's principle financial asset is cash at bank which is held in a joint account with the unit trust partner. It has negligible credit risk as this balance is small in comparison with the assets of the company.

Interest rate risk

The company has negligible interest rate risk as there is an interest rate swap which effectively fixes circa 90% of the company's debt if at full utilisation.

Liquidity risk

Any future funding requirements can be covered by borrowing to the full capacity on the bank loan or borrowings from other group undertakings.

10. Called up share capital

	Authorised		Allotted and fully paid	
	31 March 2006 No.	28 February 2005 No.	**31 March 2006 £**	28 February 2005 £
Ordinary shares of £1.00 each	**25,000**	25,000	**1**	1

11. Reserves

	Called up Share Capital £'000	Profit and Loss Account £'000	Total £'000
At 1 March 2005	-	-	-
Retained loss for the period	-	(212)	(212)
At 31 March 2006	**-**	**(212)**	**(212)**

12. 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.

13. 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.

14. Parent company

The immediate parent company is LS Swansea Investments Limited.

The ultimate parent company at 31 March 2006 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 2006 for Land Securities Group PLC can be obtained from the Secretary, 5 Strand, London WC2N 5AF.

15. 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.