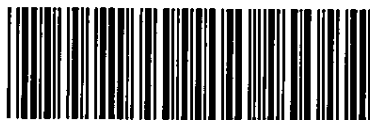


Registered Number 4165951

LS SWANSEA LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

WEDNESDAY



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COMPANIES HOUSE

Director's Report for the year ended 31 March 2008

The director submits its report with the audited financial statements of the Company for the year ended 31 March 2008

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

RESULTS FOR THE YEAR AND DIVIDEND

The results are set out in the profit and loss account on page 4

The director does not recommend the payment of a dividend for the year ended 31 March 2008 (2007 £Nil)

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company has continued to hold a 50% share in The Parc Tawe 1 Unit Trust. The Company disposed of its share in the unit trust on 17 April 2008 and became dormant on that date.

GOING CONCERN

The director believes that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Land Securities Group PLC. The director has received confirmation that Land Securities Group PLC intends to support the Company for at least one year after these financial statements are signed.

POST BALANCE SHEET EVENTS

The Company sold its 50% share in The Parc Tawe 1 Unit Trust on 17 April 2008 for a consideration of £19,758,884.

DIRECTOR

The director who held office during the year and at the date of this report was

Land Securities Management Services Limited

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information of which the auditors are unaware and the director has taken all reasonable steps to make itself 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.



By order of the Board
P M Dudgeon
Company Secretary
24 September 2008

Registered Office
5 Strand
London WC2N 5AF

Registered in England and Wales
Registered number 4165951

Director's Responsibilities for the year ended 31 March 2008**Statement of director's responsibilities in respect of the Annual Report and the financial statements**

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The director confirms that it has complied with the above requirements in preparing the financial statements.

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

| |
|---|
| Independent Auditors' Report to the Members of LS Swansea Limited for the year ended 31 March 2008 |
|---|

We have audited the financial statements of LS Swansea Limited for the year ended 31 March 2008 which comprise the profit and loss account, the reconciliation of movements in shareholder's deficit, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of director and auditors

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

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, other than the Company and the Company's members as a body, 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 whether in our opinion the information given in the Director's Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 director's remuneration and other transactions is not disclosed.

We read the Director's 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 judgements made by the director 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 2008 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Director's Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
24 September 2008

Profit and loss account for the year ended 31 March 2008

| | Notes | 2008 £'000 | 2007 £'000 |
|--|-------|----------------|----------------|
| Distributions from a unit trust | | 1,456 | 572 |
| Administrative expenses | 2 | (1,335) | - |
| Operating profit | | 121 | 572 |
| Interest receivable and similar income | 3 | 10 | 24 |
| Interest payable and similar charges | 4 | (1,215) | (1,226) |
| Loss on ordinary activities before taxation | | (1,084) | (630) |
| Taxation | 5 | (11) | (474) |
| Loss on ordinary activities after taxation | | (1,095) | (1,104) |

Reconciliation of movements in shareholder's deficit for the year ended 31 March 2008

| | 2008 £'000 | 2007 £'000 |
|--|----------------|----------------|
| Loss on ordinary activities after taxation | (1,095) | (1,104) |
| Net change in shareholder's deficit | (1,095) | (1,104) |
| Opening shareholder's deficit | (1,148) | (44) |
| Closing shareholder's deficit | (2,243) | (1,148) |

All amounts arise 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 as at 31 March 2008

| | Notes | 2008 £'000 | 2007 £'000 |
|---|-------|---------------|---------------|
| Fixed assets | | | |
| Investments – Participating interests | | | |
| Investment in a unit trust | 6 | 19,759 | 21,006 |
| Current assets | | | |
| Cash at bank and in hand | | 1,473 | - |
| Creditors amounts falling due within one year | 7 | (7,993) | (6,697) |
| Net current liabilities | | (6,520) | (6,697) |
| Total assets less current liabilities | | 13,239 | 14,309 |
| Creditors amounts falling due after more than one year | 8 | (15,482) | (15,457) |
| Net liabilities | | (2,243) | (1,148) |
| Capital and reserves | | | |
| Called up share capital | 9 | - | - |
| Profit and loss account | 10 | (2,243) | (1,148) |
| Shareholder's deficit | | (2,243) | (1,148) |

For and on behalf of Land Securities Management Services Limited
C M Gill



The financial statements on pages 4 to 9 were approved by the director on 24 September 2008

1 Accounting policies

The financial statements have been prepared on the going concern basis in accordance with applicable United Kingdom 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) Distributions from a unit trust

Distributions received from a unit trust are recognised in the period in which the distributions are approved

(b) Interest

Interest is accounted for on an accruals basis

(c) Taxation

Taxation is charged at the corporation tax rate of 30%

(d) Investments a unit trust

The Company's investment a unit trust is carried at cost less provision for permanent impairment in value

(e) Impairment of assets

Assets are reviewed annually for impairment Where impairment exists the asset is written down to its net realisable value

2 Administrative expenses

(a) Management services

The Company had no employees during the year (2007 None) Management services were provided to the Company throughout the year by Land Securities Properties Limited, which is a group undertaking

(b) Director's emoluments

The director of the Company received no emoluments from Land Securities Properties Limited for its services to the Company (2007 £Nil) which were of negligible value

(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 £1,470 (2007 £1,400)

(d) Provision for permanent impairment in value

An impairment of £1,247,723 (2007 £nil) in respect of the Company's investment in a unit trust has been recognised in the profit and loss account for the year

3 Interest receivable and similar income

| | 2008 £'000 | 2007 £'000 |
|--------|---------------|---------------|
| Sundry | 10 | 24 |

4 Interest payable and similar charges

| | 2008 £'000 | 2007 £'000 |
|--|---------------|---------------|
| On an amount owed to a group undertaking | 344 | 360 |
| Bank loan interest (net of interest receivable / payable on interest rate swaps) | 871 | 866 |
| | 1,215 | 1,226 |

5 Taxation

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| Analysis of tax charge for the year | | |
| Corporation tax on loss for the year | (315) | (228) |
| Real Estate Investment Trust entry charge | - | 437 |
| Share of corporation tax arising from a limited partnership | 326 | 265 |
| Tax charge for the year | 11 | 474 |
| Factors affecting the tax charge for the year | | |
| The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 30% (2007 30%) | | |
| The differences are explained below | | |
| Loss on ordinary activities before taxation | (1,084) | (630) |
| Loss on ordinary activities multiplied by the standard rate in the UK at 30% (2007 30%) | (325) | (189) |
| Effect of | | |
| Non-taxable income | (62) | (171) |
| Adjustments in respect of prior years | - | 50 |
| Real Estate Investment Trust entry charge | - | 437 |
| Exempt property rental profits in the year ended 31 March 2008 / three months ended 31 March 2007 | 72 | (6) |
| Share of corporation tax arising from a limited partnership | 326 | 353 |
| Current tax | 11 | 474 |

Land Securities Group PLC elected for group Real Estate Investment Trust ('REIT') status with effect from 1 January 2007. As a result the Company no longer pays UK corporation tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains of the Company continue to be subject to corporation tax as normal. On entering the REIT regime an entry charge equal to 2% of the aggregate market value of the properties associated with the qualifying rental business was payable.

For the year ended 31 March 2009 the basic rate of corporation tax will be 28%, a reduction of 2% from the current year.

6 Investment in a unit trust

| | |
|---------------------------------------|---------------|
| | £'000 |
| At 1 April 2007 | 21,006 |
| Provision following impairment review | (1,247) |
| At 31 March 2008 | 19,759 |

The director believes that the carrying value of the investment is supported by its underlying net assets.

The Company owns 50% of The Parc Tawe 1 Unit Trust which draws up accounts to 31 December. The Parc Tawe 1 Unit Trust is a joint venture between LS Swansea Limited and Hammerson (Parc Tawe) Limited.

7 Creditors amounts falling due within one year

| | 2008 £'000 | 2007 £'000 |
|------------------------------------|---------------|---------------|
| Amount owed to a group undertaking | 6,941 | 5,841 |
| Corporation tax | 52 | 474 |
| Other creditors | 851 | 247 |
| Accruals and deferred income | 149 | 135 |
| | 7,993 | 6,697 |

The unsecured loan from the group undertaking is repayable on demand with no fixed repayment date. Interest is charged at 5.5% per annum (2007 5.5%).

8 Creditors amounts falling due after more than one year

| | 2008 £'000 | 2007 £'000 |
|------------------------------------|---------------|---------------|
| Bank facility due 2010 | 15,550 | 15,550 |
| Unamortised issue costs | (68) | (93) |
| Book value of bank facility | 15,482 | 15,457 |

The bank facility is jointly held between LS Swansea Limited and Hammerson (Parc Tawe) 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 plus a margin of 0.7% and there is an associated interest rate swap for £15.5m at a rate of 4.658%.

Financial risk management

Financial risk factors

The Company's debt financing exposes it to a variety of financial risks. The main risks arising include credit risk, liquidity risk and market risk, the latter in respect of interest rates.

The exposure to each risk, how it arises and policies for managing each risk for the year are summarised below.

Credit risk

The Company's principal 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.

Liquidity risk

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

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.

9 Called up share capital

| | Authorised 2008 No | 2007 No | Allotted and fully paid 2008 £ | 2007 £ |
|-------------------------------|--------------------------|------------|--------------------------------------|-----------|
| Ordinary shares of £1.00 each | 25,000,000 | 25,000,000 | 1 | 1 |

10 Reserves

| | Called up Share Capital £'000 | Profit and Loss Account £'000 | Total £'000 |
|-----------------------------|--|--|----------------|
| At 1 April 2007 | - | (1,148) | (1,148) |
| Loss for the financial year | - | (1,095) | (1,095) |
| At 31 March 2008 | - | (2,243) | (2,243) |

11 Post balance sheet event

On 17 April 2008, LS Swansea Limited disposed of its 50% share in the Parc Tawe 1 Unit Trust for a consideration of £19,758,884.

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 2008 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 2008 for Land Securities Group PLC can be obtained from the Company Secretary, 5 Strand, London WC2N 5AF. This is the largest and smallest Group to include these accounts in its consolidated financial statements

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