

Appendix



Consolidated income statement

	Six months ended 30.09.08			Year ended 31.03.08		
	Group (excl. JVs) £m	JVs and Associates £m	Total £m	Group (excl. JVs) £m	JVs and Associates £m	Total £m
Revenue	761.6	39.3	800.9	1,561.2	112.7	1,673.9
Costs	(623.9)	(15.2)	(639.1)	(958.6)	(48.8)	(1,007.4)
	137.7	24.1	161.8	602.6	63.9	666.5
Profit / (loss) on disposal of non-current properties	1.5	1.9	3.4	75.4	(7.1)	68.3
Net deficit on revaluation of investment properties	(1,562.7)	(206.4)	(1,769.1)	(1,170.3)	(134.2)	(1,304.5)
Operating loss	(1,423.5)	(180.4)	(1,603.9)	(492.3)	(77.4)	(569.7)
Net interest expense	(119.4)	(13.0)	(132.4)	(295.0)	(21.0)	(316.0)
Loss before tax	(1,542.9)	(193.4)	(1,736.3)	(787.3)	(98.4)	(885.7)
Income tax (expense) / credit	(2.9)	(0.9)	(3.8)	10.5	(3.1)	7.4
Loss for the period from continuing activities	(1,545.8)	(194.3)	(1,740.1)	(776.8)	(101.5)	(878.3)

Consolidated balance sheet

	At 30.09.08			At 31.03.08		
	Group £m	JVs and Associates £m	Total £m	Group £m	JVs and Associates £m	Total £m
Investment properties	10,834.7	1,575.6	12,410.3	12,296.7	1,579.0	13,875.7
Other tangible fixed assets	590.3	-	590.3	618.4	-	618.4
	11,425.0	1,575.6	13,000.6	12,915.1	1,579.0	14,494.1
Net debt	(5,209.4)	(369.9)	(5,579.3)	(5,384.5)	(253.5)	(5,638.0)
Investments in joint ventures*	1,320.6	(1,320.6)	-	1,410.6	(1,410.6)	-
Other net assets	167.9	114.9	282.8	641.7	85.1	726.8
Unadjusted net assets	7,704.1	-	7,704.1	9,582.9	-	9,582.9
EPRA adjustments	12.3	-	12.3	12.7	-	12.7
EPRA adjusted net assets	7,716.4	-	7,716.4	9,595.6	-	9,595.6
Reverse bond exchange de-recognition adjustment	(505.6)	-	(505.6)	(511.5)	-	(511.5)
Adjusted net assets attributable to equity shareholders	7,210.8	-	7,210.8	9,084.1	-	9,084.1
Gearing	67.6%		72.4%	56.2%		58.8%
Adjusted gearing (excluding JVs)	79.3%			64.9%		
Adjusted gearing (including JVs)			84.4%			67.7%

* Excludes investments in associates of £50.2m (31 March 2008: £68.3m)

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Underlying operating profit by segment

Six months ended 30.09.07 £m		Six months ended 30.09.08 £m	Change %
Property investment excluding joint ventures			
99.1	Retail Portfolio	102.7	+3.6
132.6	London Portfolio	143.8	+8.4
57.8	Property Partnerships excluding joint venture	61.0	+5.5
1.0	Long-term contracts and trading property profits	2.2	
290.5	Segment operating profit	309.7	
(6.2)	Less: unallocated expenses	(8.0)	
284.3	Underlying operating profit	301.7	+6.1
Joint venture underlying operating profit / (loss)			
27.5	Retail Portfolio	23.9	-13.1
-	London Portfolio	2.5	
0.1	Property Partnerships (IIC)	(0.3)	
27.6		26.1	

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Revenue profit

Six months ended 30.09.07 £m		Six months ended 30.09.08 £m	change %
365.2	Profit / (loss) before tax	(1,737.2)	
	Adjustments:		
(122.0)	Revaluation (surpluses) / deficits on investment properties	1,769.1	
-	Demerger costs	16.4	
-	Goodwill impairment	147.6	
(71.7)	Fixed asset property gain	(3.4)	
(8.2)	Trading property profits	(0.6)	
(1.0)	Long-term development contract profits	(1.7)	
10.5	Other items	5.6	
172.8	Revenue profit	195.8	+13.3

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Revenue profit

	Six months ended 30 September 2008			
	Retail Portfolio £m	London Portfolio £m	Trillium £m	Total £m
Net rental income	132.0	172.4	271.6	576.0
Net service cost	(10.2)	(8.9)	(185.6)	(204.7)
Indirect costs	(19.1)	(19.7)	(25.0)	(63.8)
Long-term contract profits	-	1.7	-	1.7
Trading property profits / (losses)	0.8	(0.3)	-	0.5
Segment profit	103.5	145.2	61.0	309.7
Segment profit / (loss) – joint ventures	23.9	2.5	(0.3)	26.1
Combined operating profit	127.4	147.7	60.7	335.8
Unallocated expenses				(8.0)
Net interest - Group				(118.5)
- joint ventures				(11.2)
Trading property sales - Group				(0.5)
- joint venture				(0.1)
Long-term development contract profits				(1.7)
Revenue profit				195.8

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EPS reconciliation

	Six months ended 30 September 2008			
	Pre-tax profit measure £m	Taxation £m	Earnings measure £m	Diluted earnings per share (pence)
Reported results	(1,737.2)	(2.9)	(1,740.1)	(375.10)p
Adjustment for accretive share options	-	-	-	0.48p
Revaluation surpluses net of deferred tax - Group	1,562.7	-	1,562.7	336.43p
- joint ventures	206.4	-	206.4	44.43p
Fixed asset property disposals	(3.4)	-	(3.4)	(0.73)p
Mark-to-market adjustment on interest rate swaps	(0.9)	-	(0.9)	(0.19)p
Goodwill impairment	147.6	-	147.6	31.77p
Eliminate effect of bond exchange de-recognition	5.9	-	5.9	1.27p
Debt restructuring credits	(0.3)	-	(0.3)	(0.06)p
Joint venture tax adjustment	0.9	(0.9)	-	-
Demerger costs	16.4	-	16.4	3.53p
	198.1	(3.8)	194.3	41.83p
Trading properties – profits on sale	(0.6)			
Long-term development contract income	(1.7)			
Revenue profit	195.8			

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Adjusted net asset value

Six months ended 30.09.07 £m		Six months ended 30.09.08 £m
10,791.3	Net assets at start of period	9,582.9
367.0	Profit / (loss) after tax	(1,725.4)
(159.5)	Dividends paid	(148.8)
(75.8)	Other	(4.6)
10,923.0	Basic net asset value per balance sheet	7,704.1
	Adjustments:	
(14.5)	mark-to-market on interest rate hedges	12.3
(516.8)	bond exchange	(505.6)
10,391.7	Adjusted net asset value	7,210.8
2351p	Diluted NAV per share	1659p
2236p	Adjusted diluted NAV per share	1552p
2.5%	Change in period	-20.7%

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Tax charge

Six months ended 30.09.07 £m		Six months ended 30.09.08 £m
365.2	Profit / (loss) before tax	(1,737.2)
109.6	Taxation @ 30% / 28%	(486.4)
-	Net tax charge arising on property disposals	0.9
-	Goodwill impairment	41.3
7.1	Joint venture accounting	-
1.2	Prior year adjustments (current and deferred)	(1.2)
12.6	Non-allowable expenses and non-taxable items	11.8
(122.3)	Exempt (profit) / loss	436.5
8.2	Tax expense for the period	2.9

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REIT balance of business

	Six months ended 30.09.08			Six months ended 30.09.07		
	exempt £m	residual £m	adjusted results £m	exempt £m	residual £m	adjusted results £m
Group revenue	684.7	116.2	800.9 ⁽¹⁾	659.9	147.7	807.6
Cost	(365.0)	(124.5)	(489.5)	(325.9)	(161.6)	(487.5)
Operating profit	319.7	(8.3)	311.4	334.0	(13.9)	320.1
Interest expense	(135.3)	-	(135.3)	(147.5)	-	(147.5)
Interest income	-	2.9	2.9	-	1.9	1.9
Profit before tax	184.4	(5.4)	179.0	186.5	(12.0)	174.5
Balance of business	103.0% ⁽³⁾	(3.0)%		106.9% ⁽²⁾	(6.9)%	

- (1) Gross of Joint Ventures' income
(2) 92.5% if interest on assets held for sale ignored
(3) 99.4% if interest on assets held for sale ignored

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Cashflow and debt

	Six months ended:	
	30.09.08 £m	30.09.07 £m
Opening net debt	(5,384.5)	(5,087.9)
Operating cash inflow / (outflow) after interest and tax	96.0	(230.2)
Dividends paid	(148.8)	(159.5)
Property acquisitions	(32.4)	(552.7)
Property Partnerships	(21.5)	(188.8)
Development/refurbishment capital expenditure	(212.2)	(318.9)
Acquisition of PPP investments	-	(67.0)
Other capital expenditure	(4.7)	(5.3)
Total capital expenditure	(270.8)	(1,132.7)
Disposals	347.4	861.3
Joint ventures	163.2	(29.8)
Other cash movements and non-cash movements	(11.9)	(85.6)
Closing net debt	(5,209.4)	(5,864.4)
Gearing – on book value of balance sheet debt	67.6%	56.2%
Adjusted gearing ⁽¹⁾	79.3%	64.9%
Adjusted gearing ⁽¹⁾ – including notional share of joint ventures	84.4%	67.7%
Interest cover (excluding joint ventures)	2.14x	1.93x

1) Book value of balance sheet debt increased to recognise nominal value of debt on refinancing in 2004 divided by adjusted net asset value

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Investment portfolio valuation movements Excluding share of joint ventures

	Investment portfolio £m	Development programme £m	Total £m
Open market value at 1 April 2008	10,578.5	1,418.3	11,996.8
Lease related adjustments	(240.2)	(22.3)	(262.5)
Book value at 1 April 2008	10,338.3	1,396.0	11,734.3
Transfers from development	256.2	(256.2)	-
Acquisitions	93.4	-	93.4
Capitalised interest	6.1	13.5	19.6
Capital expenditure	63.0	147.2	210.2
Disposals (including surrender premiums)	(46.7)	-	(46.7)
Transfers to joint ventures	(186.3)	-	(186.3)
Depreciation	(1.6)	-	(1.6)
Valuation deficit	(1,381.1)	(135.6)	(1,516.7)
Book value at 30 September 2008	9,141.3	1,164.9	10,306.2
Lease related adjustments			224.8
Open market value at 30 September 2008			10,531.0

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Key drivers of valuation change

Top 10 performing properties over £50m – by % revaluation changes

Piccadilly Circus, W1	+ 5.2 %	Rental value improvement
Park House, W1	+ 4.6%	Development
New Scotland Yard, SW1	- 1.6%	Long lease on high quality covenant
Queen Anne's Gate, SW1	- 3.5%	Long government lease with annual uplift
Kingsgate House, SW1	- 6.4%	All leases shortening near pre-development period
Cabot Circus, Bristol	- 6.7%	Development
Westminster City Hall, SW1	- 7.1%	Long lease on high quality covenant
Empress State Building, SW6	- 7.3%	Annual RPI indexed uplifts
St John's, Liverpool	- 8.3%	Development potential
The Mall, Stratford	- 8.5%	Development potential

Investment portfolio activity

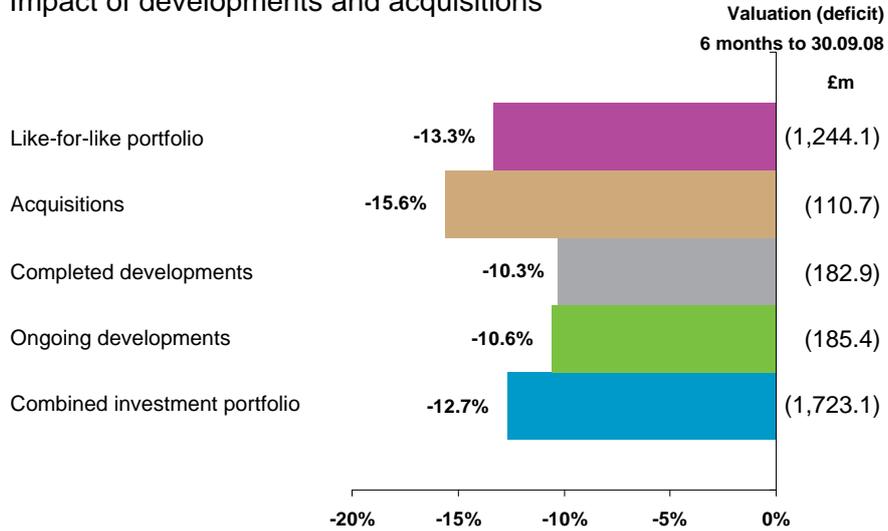
	Retail Portfolio £m	London Portfolio £m	Total £m
Investment acquisitions	81.3 *	30.3 *	111.6
Investment sales	(29.7)*	(151.8)*	(181.5)
Net acquisitions / (sales)	51.6	(121.5)	(69.9)
Development programme	105.5	125.4	230.9
Other capital expenditure	43.8	26.1	69.9
Total net investment	200.9	30.0	230.9

* Based on the net effect of asset transfers into Joint Ventures



Portfolio valuation results

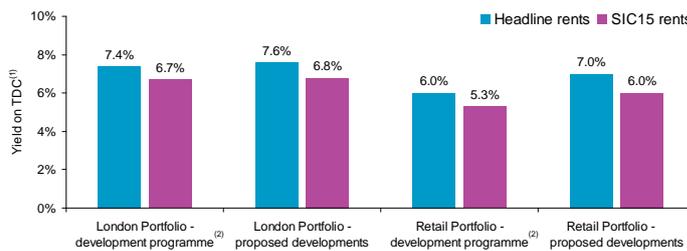
Impact of developments and acquisitions



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Development contribution

Income growth and valuation surplus – development pipeline



	London Portfolio – development programme	London Portfolio – proposed developments	Retail Portfolio – development programme	Retail Portfolio – proposed developments
TDC ⁽¹⁾	£1,428m	£ 1,286m	£794m	£448m
Nominal equivalent yield	5.1%	5.7%	5.9%	5.8%
Valuation surplus / (deficit) crystallised to date	£27m	n/a	£(107)m	n/a

(1) Total development cost (TDC) – includes land and capitalised interest, but shown after deduction of residential costs
(2) Ongoing development programme only

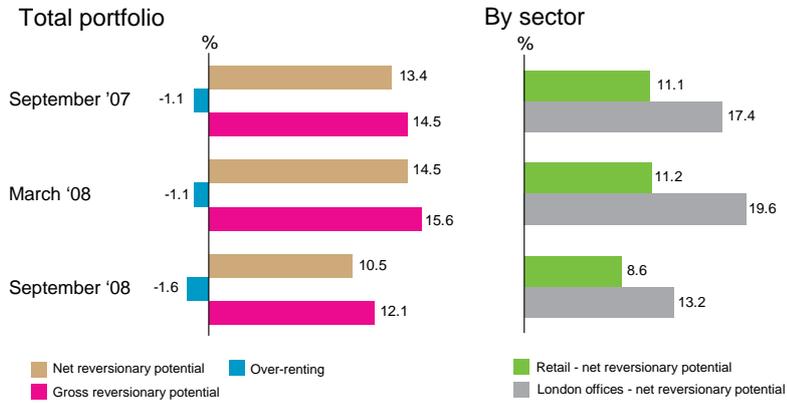
7.1% headline yield / 6.3% P&L yield on total development cost of £4.0bn

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Reversionary potential

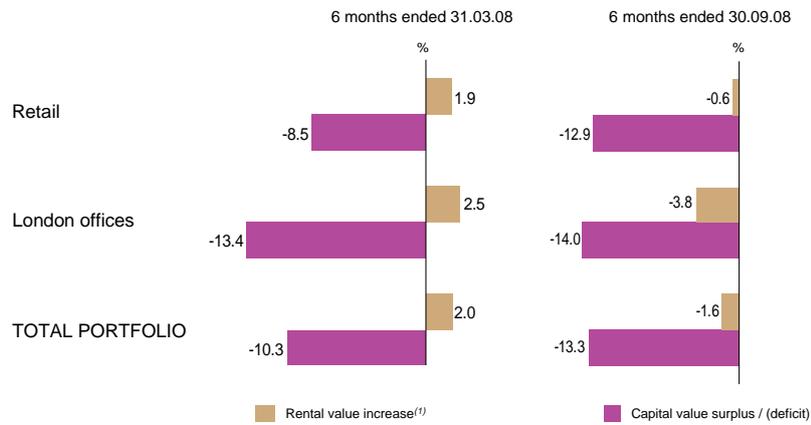
Like-for-like investment portfolio – ignoring reversions on voids



Like-for-like portfolio

Rental and capital value trends

Like-for-like portfolio value at 30.09.08: £8,282.3m



(1) Rental value growth figures exclude units materially altered during the year

Retail like-for-like portfolio

Like-for-like portfolio value at 30.09.08: £4,831.7m

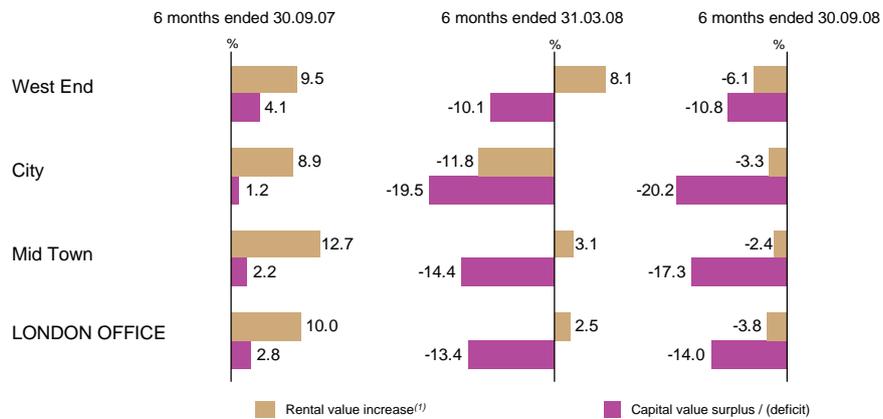


(1) Rental value growth figures exclude units materially altered during the year

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London office like-for-like portfolio

Like-for-like portfolio value at 30.09.08: £3,047.0m



(1) Rental value growth figures exclude units materially altered during the year

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Rent reviews and lease expiries and breaks ⁽¹⁾

Retail Portfolio

	Outstanding £m	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	Total 2008-12 £m
Rents passing from leases subject to review	52.4	26.0	42.2	39.6	45.8	153.6
Projected rent after review at current ERV	60.7	28.3	46.0	41.9	46.3	162.5
Potential rent increases	8.3	2.3	3.8	2.3	0.5	8.9

	Outstanding £m	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	Total 2008-12 £m
Rents passing from leases subject to expiries or breaks	15.5	10.5	14.0	16.6	18.1	59.2
Current ERV	17.0	12.2	15.4	16.9	18.8	63.3
Potential rent increases	1.5	1.7	1.4	0.3	0.7	4.1

(1): This is not a forecast and takes no account of increases or decreases in rental values before the relevant review dates.

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Rent reviews and lease expiries and breaks ⁽¹⁾

London Portfolio

	Outstanding £m	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	Total 2008-12 £m
Rents passing from leases subject to review	30.9	24.0	37.4	57.8	20.6	139.8
Projected rent after review at current ERV	32.2	26.9	42.2	64.7	24.6	158.4
Potential rent increases	1.3	2.9	4.8	6.9	4.0	18.6

	Outstanding £m	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	Total 2008-12 £m
Rents passing from leases subject to expiries or breaks	8.2	10.4	31.4	25.5	21.0	88.3
Current ERV	10.3	13.7	32.8	27.6	21.8	95.9
Potential rent increases	2.1	3.3	1.4	2.1	0.8	7.6

(1): This is not a forecast and takes no account of increases or decreases in rental values before the relevant review dates.

(2): Includes lease expiries/breaks on pre-development properties totalling £2.2m in 2008/09; £9.4m in 2009/10; £8.1m in 2010/11; £0.1m in 2011/12, (the definition here for pre-development properties includes where planning applications have been submitted)

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Rent reviews and lease expiries and breaks ⁽¹⁾

London City offices

	Outstanding £m	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	Total 2008-12 £m
Rents passing from leases subject to review	11.9	4.3	4.4	2.9	2.6	14.2
Projected rent after review at current ERV	11.7	4.0	3.8	3.1	3.7	14.6
Potential rent increases	(0.2)	(0.3)	(0.6)	0.2	1.1	0.4

	Outstanding £m	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	Total 2008-12 £m
Rents passing from leases subject to expiries or breaks	0.2	1.3	7.6	13.3	4.3	26.5
Current ERV	0.3	1.5	7.5	13.1	4.7	26.8
Potential rent increases	0.1	0.2	(0.1)	(0.2)	0.4	0.3

(1): This is not a forecast and takes no account of increases or decreases in rental values before the relevant review dates.

(2): Includes lease expiries/breaks on pre-development properties totalling £3.2m in 2009/10; £6.1m in 2009/10 (the definition here for pre-development properties includes where planning applications have been submitted)

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Unexpired lease term

Like-for-like investment portfolio

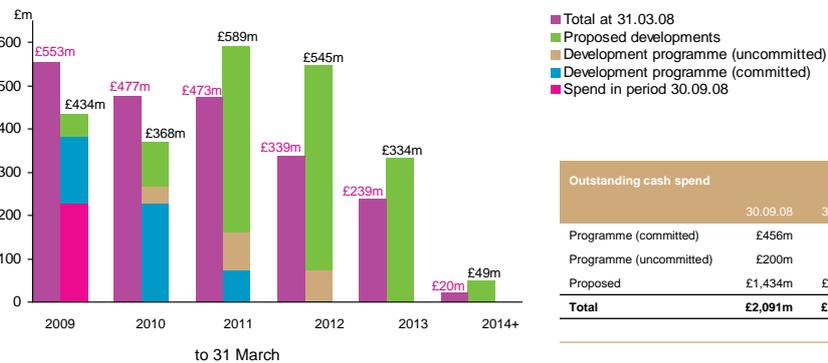
	Median years	Mean years
Shopping centres and shops		
Shopping centres	7.2	8.1
Central London shops	5.3	6.5
Other in town shops	7.5	8.8
Retail warehouse		
Parks	12.0	11.3
Other (including food superstores)	14.3	17.9
Offices		
West End	4.4	8.2
City	2.8	4.2
Midtown	6.3	9.3
Inner London	6.0	6.2
Rest of UK	3.4	2.6
Other	4.6	11.2
TOTAL LIKE-FOR-LIKE PORTFOLIO	6.7	8.6

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Analysis of voids

	Gross ERV of voids £m	Cumulative total portfolio ERV £m	Void as proportion of cumulative total gross ERV %
Like-for-like:			
Available to let	22.8	566.1	4.0
Unavailable to let (being refurbished)	1.3	567.4	0.2
Pre-development voids	14.1	604.0	2.3
	<u>38.2</u>		<u>6.3</u>
Non like-for-like items:			
Acquisitions	7.3	655.6	1.1
Completed and 95% let developments	1.3	758.1	0.2
Completed developments not yet 95% let	5.7	815.3	0.7
Developments to complete in 2008/09	10.5	834.1	1.3
Developments to complete in 2009/10 or later	68.0	916.9	7.4
	<u>131.0</u>		<u>14.3</u>

Development Estimated future spend



Outstanding cash spend		
	30.09.08	31.03.08
Programme (committed)	£456m	£671m
Programme (uncommitted)	£200m	£200m
Proposed	£1,434m	£1,230m
Total	£2,091m	£2,101m

Excludes Kent Thameside and interest

DWP floor space and vacation allowance

	000m ²
Freehold / valuable leasehold	782.0
Leasehold	<u>1,380.6</u>
Total floor space	<u>2,162.6</u>
Vacation allowance:	
allowance used to date (vacated)	510.3
available allowance (30 September 2008)	79.5
notice received for use (not vacated)*	<u>(12.4)</u>
	<u>577.4</u>
future allowance (not yet accrued)	98.7

* Does not include Core vacations / vacation allowance