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Land Securities Group PLC
Annual report and financial statements
for the period ended 31 March 2002

Land Securities Group PLC

Annual report and financial statements for the period ended 31 March 2002

Contents

Land Securities Group PLC

Directors' report for the period ended 31 March 2002

The directors present their report and the audited financial statements of the company for the period ended 31 March 2002.

Principal activities
During the period the company did not trade.

Review of business and future developments
The company was incorporated on 7 February 2002 and was dormant throughout the period.

Results and dividends
The company made neither a profit or loss for the period. The directors do not recommend payment of a dividend.

Post balance sheet events
At an Extraordinary General Meeting on 25 June 2002 the company changed its name from Hackplimco (No. 104) Public Limited Company to Land Securities Group PLC by special resolution.

On 3 July 2002 the company issued 50,000 Cumulative Redeemable Preference Shares of £1 each. The rights of these Preference Shares are set out in Note 6 on page 8.

Directors and their interests
The directors who held office during the period are given below:

Hackwood Directors Limited (Appointed on 7 February 2002)
Hackwood Secretaries Limited (Appointed on 7 February 2002)

The interests of the directors of the company in the shares of the company at 31 March 2002, together with their interests at 7 February 2002 (their date of appointment) were:

	Interests in ordinary shares of £1 each in the company	
	31 March 2002	**7 February 2001**
Hackwood Directors Limited	1	1
Hackwood Secretaries Limited	1	1

The directors held no options over the share capital of the company.

Other than shown in the table above, no director had any disclosable interest in the shares of the company in the period.

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Policy and practice on payment of creditors
The company had no creditors as at 31 March 2002.

Statement of directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required 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 confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 March 2002, that applicable accounting standards have been followed.

The directors are 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.

Auditors
PricewaterhouseCoopers were appointed as auditors on 3 July 2002. PricewaterhouseCoopers have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at an Extraordinary General Meeting.

By order of the Board

Hackwood Secretaries Limited
Secretary
4 July 2002

Independent auditors' report to the members of Land Securities Group PLC

We have audited the financial statements on pages 6 to 8.

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 on page 4.

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.

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.

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 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 2002 and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
4 July 2002

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Balance sheet as at 31 March 2002

	Note	2002
		£
Current assets		
Debtors – other debtors		2
Net current assets		2
Total assets less current liabilities		2
Net assets		2
Capital and reserves		
Called up share capital	4	2
Total shareholders' funds	5	2

The company was dormant from the date of incorporation to the period end and made no gains or losses in the period. Therefore the company has not produced a profit and loss account or a statement of total recognised gains and losses.

The financial statements on pages 6 to 8 were approved by the board of directors on 4 July 2002 and were signed on its behalf by:

Hackwood Secretaries Limited
Director

Land Securities Group PLC

Notes to the financial statements for the period ended 31 March 2002

1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

Basis of accounting
The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards.

2 Directors' emoluments

The directors received no emoluments for their services to the company during the period.

3 Employee information

The average monthly number of persons (excluding executive directors) employed by the company during the period was nil.

4 Called up share capital

	2002
	£
Authorised	
50,000 ordinary shares of £1 each	**50,000**
Allotted and fully paid	
2 ordinary shares of £1 each	**2**

5 Reconciliation of movements in shareholders' funds

	2002
For the period ended 31 March 2002	£
Proceeds of ordinary shares issued	**2**
Net change in shareholders' funds	**2**
Shareholders' funds as at 7 February 2002	**-**
Shareholders' funds as at 31 March 2002	**2**

6 Post balance sheet event

On 3 July 2002 the company issued 50,000 Cumulative Redeemable Preference Shares of £1 each (the "Preference Shares"). The Preference Shares are entitled to a Cumulative Preferential Dividend equal to ninety per cent of LIBOR on the paid up nominal capital (based on six month LIBOR on the first business day following the date of issue or the first business day after the preceding Dividend Period). Dividends are payable on 30 September and 31 March (the "Dividend Dates") the first of which falls on 31 March 2003.

The Preference Shares are redeemable at the amount paid up on those shares together with all arrears and accruals of dividend at the company's option on or after 30 September 2003 and at the holder's option at any Dividend Date on or after 30 September 2003 subject to any remaining Preference Shares being redeemed by the company on 30 September 2005.

On winding up the Preference Shareholders rank above ordinary shareholders and are entitled to receive their nominal paid up capital and any dividends accrued but unpaid in respect of their shares. The Preference Shares do not carry any voting rights.