



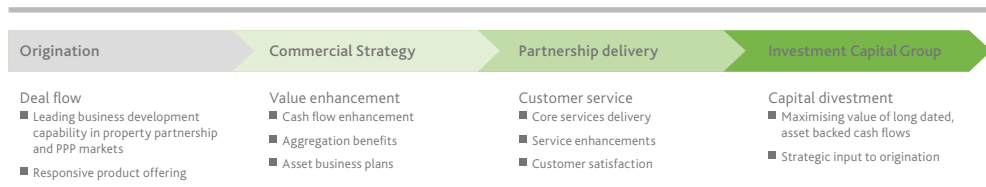
**Property Partnerships.** We take pressure off our customers so they can focus on what's really important to them.



**Part of the Land Securities Group,**  
Land Securities Trillium (LST), is one of the most established and innovative names in property partnerships. We focus on understanding our customers' business and property requirements and meeting them through excellent service and innovation. We manage and provide services to numerous commercial properties nationwide, for a growing number of companies and government departments.

Through Investors in the Community (IIC) and Secondary Market Infrastructure Fund (SMIF) we also hold a leading position in the primary and secondary Public Private Partnership (PPP) markets and will invest in new socially responsible projects such as Building Schools for the Future (BSF).

# Land Securities Trillium business model



We have integrated IIC and the management of SMIF investments into Land Securities Trillium and organised the business into four core operating areas:

## Origination

The focus is on long-term customer focused partnerships generating high quality cash flows with significant enhancement prospects through our asset management skills and the application of the economies of scale. Key areas of focus are health, education and office accommodation, but will consider assets in other sectors in the UK and Continental Europe that meet our return criteria and where we can deploy our expertise.

## Partnerships delivery

The role of partnerships delivery is to provide excellent customer service across all elements of our offering and to manage our operational risk. If achieved effectively, this leads to strong partnering relationships in which customers are keen to expand the services and risks we manage on their behalf, secure in the knowledge that we are providing high quality, value for money solutions.

## Commercial and business strategy

Commercial and business strategy has overall responsibility for the profitability of our partnership and for developing business plans across Land Securities Trillium. It owns and drives value enhancement plans which allow us to leverage our scale and achieve aggregation benefits in areas such as refinancing, insurance pooling and life cycle expenditure.

## Investment Capital Group (ICG)

ICG's principal activities are the recycling and management of equity capital utilised within Land Securities Trillium's ongoing PPP activities. ICG is committed to substantially reducing the capital invested in SMIF, while retaining a significant management role and a minority equity holding in its existing PPP portfolio.

## Recent performance

Land Securities Trillium delivered strong results for the period through its seven clients. We also continue to make good progress on potential new business, with a record pipeline and a number of opportunities at an advanced stage of development.

### Contract features

	Barclays	DVLA	DWP	Norwich Union	Telereal II
Freehold transfer	●		●	●	
Leasehold transfer	●	●	●	●	●
Development		●		●	
Estates strategy		●	●	●	
Asset management		●	●	●	
Property management	●	●		●	
Management of facilities management		●	●	●	
Delivery of facilities management			●	hard FM	
Management of capital works		●	●	●	
Delivery of capital works		●	●	●	
Flexible occupation			●	●	
Unavailability/performance penalties		●	●	●	

### Contribution to Group

	Six months ended 30/09/07 £m	Year ended 31/03/07 £m
Contract level operating profit		
– Barclays	0.9	3.3
– BBC	–	2.8
– Driver and Vehicle Licensing Agency (DVLA)	1.8	1.7
– Department for Work and Pensions (DWP)	45.2	81.0
– Norwich Union	4.8	9.2
– Telereal II	7.6	16.1
– Accor	11.6	1.5
Bid costs	(3.1)	(2.8)
Central costs	(15.4)	(14.0)
Underlying operating profit	57.8	98.8
Profit on sale of non-current properties	15.1	7.5
Net (deficit)/surplus on revaluation of investment properties	(8.8)	(13.6)
Profit on disposal of a PPP Project (Meterfit)	10.0	–
Segment profit	74.1	92.7
Share of loss from Investors in the Community (IIC) joint venture	0.1	(3.0)

### Invested and committed

# £274m

into Land Securities Trillium

### Under management

m<sup>2</sup>

# 4.8million

### Accommodation services provision

# 455,000

We provide accommodation services to some 450,000 people

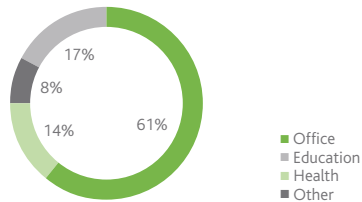
### Contribution to Group operating profit

# 19.9%

### Number of people by occupation

At 31/03/07	Total
Asset management	92
Call centre	69
Capital projects	142
Quality assurance	28
Facilities management	387
HR/finance	116
Business development and commercial	84
Total	918

### Existing portfolio by use



## Our Contracts



### DWP

In 1998, the DWP transferred the ownership and management of its estate to LST for 20 years. The original portfolio included 650 buildings covering a floor area of over 1.6million m<sup>2</sup>. In 2003, the contract was expanded to include an additional 1,100 properties covering 900,000m<sup>2</sup>.



### Norwich Union

We are providing full maintenance and repair services to 115,000m<sup>2</sup> of Norwich Union accommodation and investing £90m in the refurbishment of their headquarters. The new atrium, designed and delivered by LST, offers new facilities and a vibrant working environment for Norwich Union staff.



### DVLA

Designed by Bennetts architects, this environmentally leading development is furthering the regeneration of the Mid-town area. The scheme has pioneered many improvements and initiatives in the areas of sustainability, recycling, supply chain management and community liaison. It will welcome new occupiers such as Deloitte and Taylor Wessing upon completion in 2008.



### Barclays

Barclays transferred 50,100m<sup>2</sup> of property to LST and is free from property responsibility and risks on that portfolio. At 8 Angel Court we have achieved 100% sub-letting of all five floors since taking on the lease in 2005.



### Telereal

Following the sale of our Telereal stake LST retains leasehold risk on 50 properties including Telephone House, Brighton. LST also provides IT and helpdesk services to Telereal.



### Investors in the Community (IIC)

A 50:50 joint venture with Mill Group created in 2006. The remaining interest was purchased in IIC in February 2007. IIC currently manages on behalf of institutional investors a £650m portfolio – 17 secondary and 6 primary schools as well as 22 local authority and community health sector facilities.



### Accor Hotels

In February 2007, we agreed terms for the purchase of 30 Ibis and Novotel hotels in the UK from Accor. The current hotels, primarily in major city centre locations, are leased back to Accor for 84 years with 12 yearly tenant break clauses. The rent is set as a percentage of the hotels' turnover.



### Royal Mail

In March 2007, we completed the acquisition of a portfolio of 295 properties from Royal Mail. This includes 114 vacant, surplus leasehold properties on which we have taken full risk transfer and operational responsibility, 176 freehold properties occupied by Royal Mail under a year leaseback, and five investment properties not occupied by the Royal Mail.



Land Securities Trillium completed the acquisition of SMIF, the leading player in the secondary PPP market, in February 2007. We have equity and/or management interests in 115 projects and offer a market leading bidding and business development capability across key target sectors of community infrastructure. This includes education, health, security and general accommodation.

## Property Partnership opportunities

To remain the market leader in property partnerships, LST is positioned to grow the business through new and extended outsourcing contracts and by accessing new opportunities in the public private partnership (PPP) market.



### Building Schools for the Future (BSF)

We are currently short-listed for major BSF projects in Islington and Kent with an anticipated value of c. £500m and we will continue to seek additional opportunities in socially responsible community projects.



### Defence Training Review (DTR)

The Metrix consortium, a 50:50 joint venture between LST and QinetiQ, has been awarded preferred bidder status for Package 1 (Technical training). The largest PPP contract ever, with a £13bn training and accommodation package covering over 600,000m<sup>2</sup>.



### Northern Ireland Civil Service (NICS)

We have reached the Best and Final Offer stage of the Workplace 2010 procurement. A 20 year full property outsourcing contract involving significant new build and refurbishment across an initial estate of 270,000m<sup>2</sup> (77 properties).

