Total returns to shareholders, the increase in net assets plus the dividend, grew significantly this year, both pre and post the exceptional charge and the impact of the re-imposition of Stamp Duty on disadvantaged areas:

Adjusted diluted:	**March 2005**	March 2004
Total return	**+16.6**	+14.1%
Pre-exceptional and Stamp Duty	**+22.4**	+14.1%

The performance in the year builds on our **strong record of value creation**, with total returns of 14.7% per annum and 12.6% per annum over the last three and five years, outperforming the average of our major peers by 48% and 31% over those periods. We have also generated shareholder returns above the average of our major peers and above the FTSE Real Estate Index over the three and five years.

Cash flows

Net cash flow from operating activities has grown strongly, reflecting growing rents and the effects of consolidating the former BL Universal JV for a full year. A reduced level of cash dividend received from JVs against the particularly high 2004 receipts and an extra interest payment due to the timing of the Broadgate refinancing have led to the £34 million reduction in pre investment and financing cash flows. Notwithstanding this reduction cash dividends paid during the year have been covered over 1.6 times. The increased investment and development cash flows in the year represent the Group's significant net investment in assets, these investments being principally financed by increased borrowings.

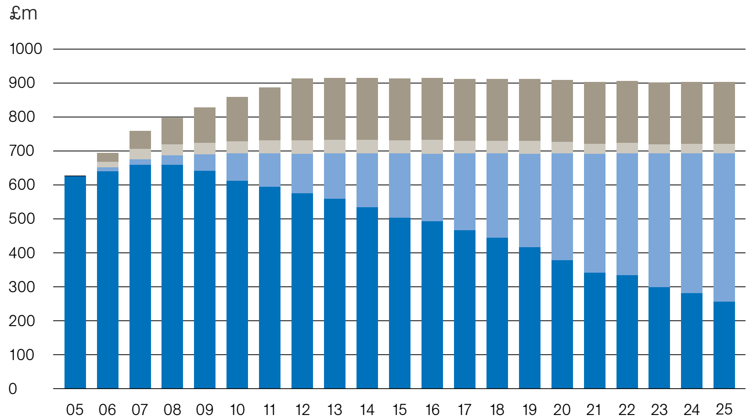
	March 2005 £m	March 2004 £m
Net cash flow from operating activities	**462.2**	381.4
Net cash flow after JV dividends, interest, tax and working capital movements	**125.2**	163.1
Net investment cash flows	**(526.5)**	(185.6)
Financing	**440.0**	136.5
Dividends	**(76.6)**	(67.0)

Strong contracted income growth

Our cash flow is generated from the rental income profile of our portfolio. Annualised net rents, including our share of joint ventures, were £625.6 million at the year end. This income is generated from long leases to strong tenants, with a weighted average unexpired lease term of 15.9 years. The resulting cash flow is robust and long term: 69.8% (2004: 72.1%) of the current rent roll remains in place in ten years' time, March 2015.

Income quality has been measured by IPD using the Experian Stress Score and shows 88% of our current rental income is receivable from tenants rated negligible, low and low/medium risk.

Rental income profile (assuming no rental value growth)
as at 31 March 2005



- **Annualised net rents** of £625.6m at 31 March 2005 are shown to decrease on the first to occur of lease expiry or tenant's break. Annualised net rents are increased for the contracted reversions of £66.9m receivable over the next five years.
- **Renewal of leases on expiry or break.** Leases are assumed to renew on the date of expiry/break at the present annualised net rent*.
- **Reversionary income** (5 years) of £103.5m is based upon estimated rental values (ERV) by our external valuers at 31 March 2005. Reversions have been reduced for the contracted reversions of £66.9m as the rent is received over the next five years*.
- **Development programme committed and prospective** when completed and let has an estimated rent at 31 March 2005 of £182.4m*, assumed to be realised evenly over the next seven years.

The graph provides a snapshot of committed income and estimated income based on ERV at 31 March 2005, including our share of joint ventures. Upward only rent reviews across the portfolio protect rental income from falling below passing rent (prior to expiry/break).

In addition, no account is taken of future acquisitions, disposals, expenditures or other events. Rental income will be affected by such transactions and future opportunities; the graph is not a forecast.

Annualised net rents are gross rents plus, where rent reviews are outstanding, any increases to estimated rental value (as determined by the Group's external valuers), less any ground rents payable under head leases.

* No rental value growth is assumed

Strong growth in rental income is expected within the next five years from the existing portfolio and from the committed development programme. At current market rental values, without projecting any growth or inflation, this would add a further £134.8 million per annum. Some £90.4 million of this cash flow growth is already contracted as at March 2005, being £66.9 million from expiry of rent free periods and minimum rental uplifts, plus £23.5 million from pre-let agreements on developments. There is also further potential for income growth from the development prospects.

Rental growth – £90.4m contracted

	Total £m	**of which contracted £m**
Annualised net rents, 31 March 2005	625.6	625.6
Reversion*, 5 years	103.5	66.9
Committed developments†	31.3	23.5
Development prospects†	151.1	
Total	911.5	**716.0**

* includes rent reviews, expiry of rent free periods, lease break/expiry and letting of vacant space at ERV (as determined by external valuers)

† to achieve income from developments the Group will incur construction and associated costs, which are not shown here – further details are set out in the Development Programme.