

no hot air

Corporate Responsibility – Progress Report 2004



Land Securities' approach to corporate responsibility reporting

Land Securities has previously reported on its environmental performance and has now broadened its reporting to address the full corporate responsibility ("CR") agenda, the principles of which have been applied across the whole of the business for many years.

In developing this report Land Securities has referred to best practice reporting and guidelines from organisations such as the Global Reporting Initiative ("GRI") and Business in the Community ("BitC"). This report takes note of BitC's reporting categories of Community, Environment, Marketplace and Workplace but reports through a stakeholder/interest group structure as this better reflects the range of issues for a property business. This also reflects the management structure in place around these issues with clear responsibility for each group defined at board level.

The data in this report runs to the end of March 2004, with the exception of the employee statistics which are at December 2004.

Key stakeholders/interest groups:

Investors

Land Securities has a shareholder base of approximately 33,000. A large proportion of this number are institutions based in the City. Communication with all shareholders, both institutional and private, and potential investors is constantly under review in order to ensure its effectiveness.

Occupiers, clients and their customers

Land Securities provides accommodation to a wide range of occupiers in its investment portfolio and clients of its property outsourcing business.

Employees

Land Securities employs nearly 2,000 people in the business. Their well-being and professional development is central to the Group's strategy and it is constantly aiming to improve standards.

Suppliers, advisors and agents

The Group recognises that it has a responsibility and an opportunity to influence suppliers and all business partners in the way in which they carry out their business. This helps to ensure high standards are maintained and that all areas of risk are managed effectively.

Community

Buildings and development work can transform communities for the better. There are numerous stakeholders within communities, ranging from government to local residents, with whom the Group works.

Environment

The Group has direct impacts on the built and surrounding environment through the development of new sites or buildings. It also has a major role to play in ensuring its existing buildings and those of its clients are managed to good environmental standards.

This progress report provides an update on our corporate responsibility activities carried out in 2004 including the environmental targets set to 31 March 2004. A full report on the delivery of our targets to March 31 2005 will be published in late 2005.

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We aspire to be a leader of good practice within the UK property industry and we endeavour to live up to this vision through all our business activities, particularly those related to corporate responsibility.

I would like to welcome you to our Corporate Responsibility Progress Report 2004. I am pleased with the steady progress we are making across the business as we continue to integrate corporate responsibility into our day-to-day activities. This progress is recognised by our continued inclusion in the FTSE4Good and the Dow Jones Sustainability Indices and is reported on in this 2004 update.

We manage all areas of our business with a view to minimising the negative impacts of our activities and benefiting from the positive aspects of what we do. Our environmental activities provide a strong platform from which we can demonstrate our leadership credentials. We received third party endorsements from both the Property Environment Group, where we were market leader in their annual index, and the Green Apple Association from whom we received seven awards this year.

Our activities are governed by our core principles of sound management, financial stability and the creation of attractive, sustainable returns for our shareholders.

These principles are the foundation upon which we operate as a business. As a business we continue to grow and improve on our performance year on year.



Francis Salway
Group Chief Executive

Company profile and business principles

We have been at the forefront of the UK's commercial property industry for over 60 years. Today, the Group maintains its market leading position as the UK's largest quoted property company by providing commercial accommodation and property services to more than 2,000 companies and other organisations.

key economic performance indicators

£8.6bn (£8.4bn: 2003)
investment and operating properties

£1,481m (£1,240m: 2003)
gross property income

£762m (£626m: 2003)
cost of goods, materials, services purchased

£80m (£75m: 2003)
cost of staff remuneration (excluding joint ventures)

£85m (£90m: 2003)
tax charge for the year

£173.2m (£167.4m: 2003)
total dividend payment

awards

AWARD CATEGORY	AWARD RECEIVED
CORPORATE AWARDS 2004	
'Property Week's' Office Developer of the year	Winner
Financial News Award for Securitisation Issue of the Year 2004	Winner

The Group's objective is to create attractive, sustainable returns for its shareholders through its activities, which include property investment, development and property outsourcing. We hold a market leading position in three areas of the UK commercial property market:

- Retail
- London offices and
- Property outsourcing

Our £8.1 billion investment portfolio includes more than 810,000 m² of office space in Central London and substantial retail holdings in Oxford Street and Tottenham Court Road. In addition we own 18 shopping centres and 25 retail parks located across the UK. We have a substantial development programme with a number of projects in progress; these include regeneration schemes in historic British cities, two major retail-led urban regeneration schemes and five London developments. We are also masterplanning one of Europe's largest regeneration schemes in Kent Thameside.

We lead the market in property outsourcing where, through Land Securities Trillium, we provide accommodation and property-related services to the Department for Work and Pensions ("DWP"), the BBC, Norwich Union, Barclays and through a joint venture, Telereal, to BT.

As a leading property company the Group is active in developing industry standards and practices through our involvement with industry and other organisations. We aim to seek continuous improvement for both the Group and the property industry as a whole and when necessary to engage with Government on its legislative agenda.

Land Securities Group PLC – Business principles

Land Securities' vision is to be recognised as the UK's leading property company. We want to achieve our objective and vision within a framework of high standards that takes account of the needs of all of our stakeholders and our impact on the environment and communities in which we operate. These are the principles that define the way we go about our business:

BUSINESS ETHICS The reputation of the Group, and the trust and confidence of those with whom we deal, is vital to realising our vision. We aim to maintain the highest ethical standards in the conduct of our business and will not tolerate any behaviour or practice that compromises our integrity. Our objectives for the way in which we manage our responsibilities under Corporate Responsibility are set out in our business ethics policy.

CORE VALUES All our employees should believe in and uphold our core values in striving to achieve our vision. These embody the way in which we work with and treat each other, as well as how we behave towards everyone else that we do business with. Our core values are: Integrity, Respect for the Individual, Customer Service, Excellence and Innovation.

HEALTH AND SAFETY We shall take all reasonable steps to secure the health, safety and well-being of all employees and anyone else who may be materially affected by our business activities, in accordance with our duties under the Health and safety at Work Act 1974 and all other relevant legislation.

ENVIRONMENT AND BIODIVERSITY We will take all reasonable steps to meet our obligations under environmental legislation and to avoid or minimise any harm to the environment. We will strive to meet good practice in non-regulated areas, integrating biodiversity considerations into our activities, working in partnership with clients, agents, contractors and other suppliers.

EQUAL OPPORTUNITIES We are committed to providing equal opportunities to all our employees, whether full-time, part-time, temporary, secondees, or job applicant, regardless of age, gender, disability, marital status, sexual orientation, religion, race, colour, creed, ethnic origin or national origin.

HUMAN RIGHTS We care about human rights in our workplaces, and we will strive to meet the designated requirements.

For more details of the Group's activities please visit its website: www.landsecurities.com

As a “responsible corporate citizen” Land Securities recognises the positive impact its business activities can have on the communities within which we operate. We also recognise the strong links between managing our activities well and good financial performance.

The Group has a balanced scorecard which outlines objectives and targets relating to both the financial and non financial aspects of measuring our business. It covers five areas: financial; customer; innovation; process and learning and growth. This works in parallel with the Group’s business plan and every six months we update our people on progress and future targets.

At the end of this review we provide an interim update on the CR targets set for the period to March 2005. We are making good progress on many fronts and throughout this review we provide details of specific activities. We were pleased to maintain our membership of FTSE4Good and the Dow Jones Sustainability Index. As an organisation we participated in the development of the London Stock Exchange on-line CR system and believe that this tool should provide a useful one-stop resource for the many ratings agencies requiring information and we would encourage them to make full use of this tool.

At the Group level we have reviewed the Board responsibilities for each of our core stakeholder groups to reflect our new structure and the new appointments to the Board. These are detailed in the table below. At the same time we decided to merge the CR Committee and Implementation team and invite new members onto the Committee. This new format ensures that we have a representative range of employees on the Committee, people who can both help set the CR agenda and ensure that we achieve our targets.

During the period we communicated to all employees our new statement of Business Principles and Business Ethics as well as providing to them a copy of our first Corporate Responsibility report. We also for the first time, as part of our internal audit process asked our Senior Management Group (approx 40 people) to confirm to us that they were satisfied no infringement of the Business Ethics policy had taken place within their own area of the business for the period from 31 March 2004 to 30 September 2004. This verification process will be carried out every six months. We have also reviewed our whistle-blowing and gifts policy and will be communicating the new policies to employees in the first quarter of 2005.

During the period we also chaired a construction and property industry committee, jointly run by CIRIA and Upstream, and funded jointly by the DTI and a number of property and construction companies. The committee’s aim was to help the industry and socially responsible investors reach a common understanding of the most relevant sustainability risks and opportunities faced by property and construction companies. Given the inherent differences in these companies the guide identifies a process to assist, prioritise and manage the issues relevant to individual businesses’ activities. The report was published in February 2005. A number of investors informed the committee on the investment process, especially in the context of socially responsible investment funds to assist the development of the report.

KEY STAKEHOLDER GROUP/ AREA OF RESPONSIBILITY	DELIVERY MECHANISMS	BOARD MEMBER/ SENIOR EXECUTIVE
Occupiers, clients and their customers	Customer satisfaction initiatives	Chief Executive, Land Securities Trillium Managing Director, Retail Managing Director, London Portfolio
Shareholders and other investors	Investor relations programme	Group Chief Executive Group Finance Director
Employees	HR management	Group Chief Executive
Suppliers, advisors, contractors and consultants	Procurement	Chief Operating Officer
Government	Lobbying and NGO relationship building processes but no political donations	Group Chief Executive
Community	Community engagement initiatives	Group Chief Executive
Health and safety	Group-wide policies, training, management systems and audits	Chief Executive, Land Securities Trillium
Environment	Group-wide policies, training, management systems and audits	Chief Operating Officer
Corporate Governance, business ethics, compliance and verification	Processes and audit	Entire Board

Key portfolio statistics:*

- Responsible for 10 million m² of property across the UK
- Providing 1.5% of the UK’s retail floor space
- Accommodating 2.5% of the UK’s office workforce
- Receiving 300 million shopper visits per annum

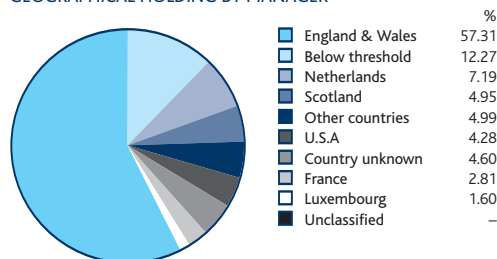
*Based on Land Securities’ estimates.

Investor relations

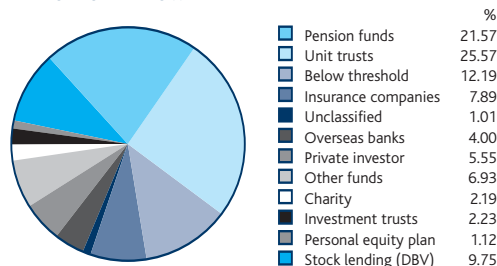
Land Securities is committed to maintaining best practice in its pro-active investor and media communication programmes. By two-way communication with its existing and potential investors and commentators the Group seeks to forge long term relationships based on mutual understanding and trust.

shareholder analysis

GEOGRAPHICAL HOLDING BY MANAGER



TYPE OF FUND BY OWNER



These analyses represent 100% of the register. 'BELOW THRESHOLD' represents the proportion of the register not analysed. 'UNCLASSIFIED' represents holdings where account designations are insufficient to provide accurate allocations and may therefore cover a number of different holding types.

awards

AWARD CATEGORY	AWARD RECEIVED
IR AWARDS 2004	
Best in sector	Winner
Most progress in IR	Highly Commended
Best use of virtual conferencing	Highly Commended
Best board communications	Highly Commended
Best results meetings and analyst briefings	Highly Commended
Grand prix for best overall investor relations	Highly Commended
Best disclosure practice	Highly Commended
BDO Stoy Hayward	
Best Property Report and Accounts	Winner
European Public Real Estate Association	
Award for best Report and Accounts	Winner
PROSHARE AWARDS	
Best website for private investors	Highly Commended

During the year the Group's Investor relations ("IR") activity included regular financial presentations, site visits and meetings with key audiences, including institutional equity and debt holders, private shareholders and both equity and debt analysts. Our activities are conducted to provide a clear, honest and accurate picture of the Group's performance and future prospects, while remaining within the constraints imposed to ensure the protection of price sensitive information.

We believe in providing equal disclosure for all, and this year's IR programme has been expanded to include private client broker communication and non-transaction related communication with debt analysts and investors. We also held our first socially responsible investor site visit to Canterbury last year and we intend to build our communication activities with socially responsible investors in the coming financial year.

The effectiveness of our communication programme is monitored directly through feedback to the company, nominations for IR industry awards and indirectly through third party perception audits, which are commissioned every two years. The last audit was conducted by Makinson Cowell in July 2003 and we will be conducting a further audit in 2005.

We continue to run an active communication programme with a wide range of media, ensuring that news and comment is delivered through the national, trade and local press.

We consider our website to be an important medium for the timely and efficient dissemination of information to all stakeholders to which end the website was relaunched in November 2004. Over the coming 12 months we will be enhancing the new site, in particular we will be looking to use the website to improve the way in which this tool can be used to communicate our corporate responsibility activities.

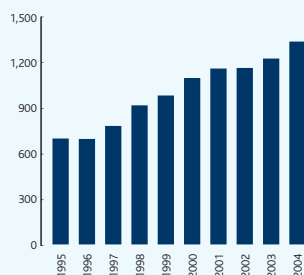
ANALYSIS OF INVESTOR MEETINGS

	EQUITY	DEBT	PCB*
One-to-one meetings	69	18	36
Group/other	2	5	-
Investor day (59 people)	1	-	-
Total	72	23	36

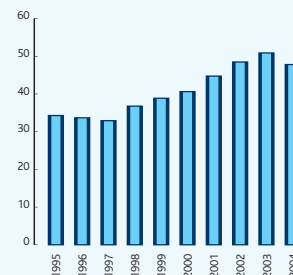
*PCB = Private client brokers

how we did

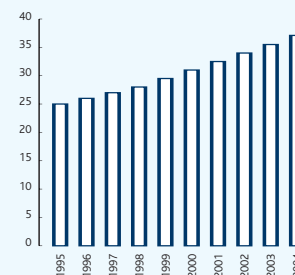
LONG TERM TRACK RECORD



ADJUSTED DILUTED NET ASSETS PER SHARE (p)*



ADJUSTED DILUTED EARNINGS PER SHARE (p)*



DIVIDENDS PER SHARE (p)

*These figures exclude the results of fixed asset property sales after tax and, for 2001 thereafter, bid costs, exceptional items and the effects of adopting FRS19.

Land Securities has more than 2,000 occupiers across its office and retail properties and five property outsourcing clients. With over 300 million customer visits being made each year to our retail properties and the management of office accommodation for over 350,000 people, customer service is important to all our business activities.

Occupiers, clients and their customers

Occupiers, clients and their customers

In 2004, Land Securities continued its annual survey of investment portfolio occupiers and property outsourcing clients. Overall the results were good, showing improvements in many areas.

Shopping centres overview

Our annual shopping centre survey, carried out independently, is conducted across our retail customer base. As well as surveying the retail occupiers at 11 shopping centres we also conduct our survey with the retailers' property managers at head office, thus ensuring that we understand retailer requirements at a local, regional and national level.

CUSTOMER SATISFACTION SURVEYS

OBJECTIVE	RESULT 2002	RESULT 2003	RESULT 2004	TARGET
Understanding retailer needs	3.26	3.71	3.66	3.80
Communication	3.49	3.92	3.94	3.90
Willingness to recommend	80%	89%	97%	92%
Responsiveness	N/A	3.90	4.07	3.80*
Overall satisfaction	3.71	3.81	3.77	3.75*

Key findings

- Improvements in core values of customer service and innovation.
- Significant improvement in responsiveness of property management.
- Facilities services and amenities continue to maintain a high standard with increases in maintenance and security.
- Increase in perception of value for money for marketing activity.

Central London managed offices

Our annual London office survey, carried out independently, is conducted across a range of office occupiers. Given the nature of office occupation this may be an occupiers' facilities manager or property manager or an individual business' director.

CUSTOMER SATISFACTION SURVEYS

OBJECTIVE	RESULT 2002	RESULT 2003	RESULT 2004	TARGET
Understanding customer needs	3.42	3.37	3.66	3.45
Communication	3.46	3.57	3.68	3.65
Willingness to recommend	74%	89%	94%	92%
Responsiveness	N/A	3.67	3.48	3.80*
Overall satisfaction	3.50	3.53	3.70	3.75*

Scale 1=very poor 2=poor 3=average 4=good 5=excellent *=by 2006

Key findings

- Evidence of improved customer satisfaction mainly linked to increased communication by property management.
- Progress in demonstrating understanding of occupier needs.
- Service levels across portfolio are inconsistent and faster response is seen as a priority.
- Building security and heating ventilation and air conditioning continue to be the prime concerns of many occupiers.
- Efforts being made to change to a service culture are beginning to be recognised by occupiers.

Property outsourcing

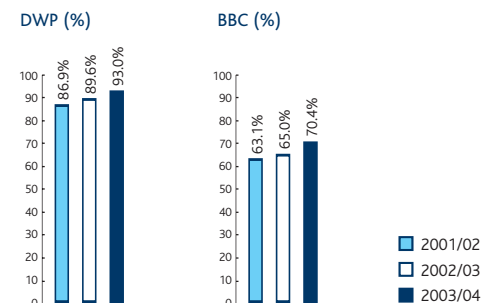
Through Land Securities Trillium, the Group manages extensive outsourced property portfolios providing accommodation to more than 300,000 office occupants. Customer satisfaction plays a major role in ensuring the success of these contracts and customer service surveys are undertaken regularly to monitor performance in this area.

We completed the third annual DWP customer satisfaction survey to assess their level of satisfaction. The overall satisfaction rating of 93% was an improvement of almost 4% on last year's result of 89.6%. The latest BBC survey showed an increase of 5% on the previous year, the greatest increase in satisfaction to date.

We believe that there is a direct correlation between customer satisfaction and the levels of performance penalties we incur, which have decreased as customer satisfaction levels increase.

how we did

PERFORMANCE MEASURES CUSTOMER SATISFACTION



awards

AWARD CATEGORY	AWARD RECEIVED
BIFM AWARDS 2004	
Facilities Manager of the year	Winner
PREMISES AND FACILITIES MANAGEMENT INNOVATION PARTNERSHIP AWARD	
Aegis Team	Winner
BCSC AWARD	
Gold and Supreme Gold	Winner – The Bullring Shopping Centre, Birmingham, recognising the project as outstanding in relation to all the schemes submitted this year
Gold	Winner – White Rose Shopping Centre, Leeds

Health and safety

key performance indicators

201 (368:2003)
health and safety audits undertaken

112 (143:2003)
employees attended NEBOSH and IOSH training

No fines (no fines:2003)
for incidents of health and safety non-compliance

Zero (one:2003)
prohibition notices served

187 (168:2003)
RIDDOR injuries

Zero (zero:2003)
work-related fatalities among direct employees

Land Securities is committed to ensuring that all reasonable measures are taken to secure the health, safety and well-being of all its employees and anyone else who may be materially affected by or connected with its business activities, including contractors, customers and members of the public.

Land Securities approach

We produce a formal health and safety plan annually in the form of measurable objectives. Our progress towards achieving these objectives is reviewed by the Board on a quarterly basis and the key achievements reported in our annual report.

We restructured the corporate health and safety team to better suit the needs of the business and during the year recruited four additional full-time health and safety professionals bringing our current team to a total of 16 full-time staff.

During the year we have continued our work towards OHSAS 18001 certification and we anticipate accreditation by December 2005.

Legislative changes

Following the launch of Control of Asbestos at Work Regulations we invested heavily in surveying for asbestos across the business. We are now in the process of establishing a Corporate Asbestos Management team to manage the results of the surveys in line with legislative requirements.

We expect to be faced with a number of legislative changes during the coming year in the areas of construction, working at heights and fire safety, which are likely to bring about some procedural changes within the organisation. These are, however, unlikely to have any major financial impact. The business is aware of the implications and we are already working towards compliance.

Health and safety training

Land Securities is committed to ensuring both operational and non-operational staff are competent for the roles they are performing. During the year we trained a total of 112 staff on IOSH and NEBOSH courses and now have in excess of 250 staff trained to this standard. We also commenced a programme of health and safety training for 350 of our senior managers. Health and safety is also included in the two-day induction course for new starters.

Accident reporting

We use various databases to record and analyse accident data across the business and in this reporting period we recorded a total of 187 RIDDOR reportable accidents. This shows an increase over last year, mainly due to the additional contracts and properties we are now responsible for managing. These occurrences are in the main attributable to third parties (contractors, service partners, client's employees and members of the public) as accidents involving our own employees are very low.

Key performance indicators

The key performance indicator for health and safety on the balance scorecard is to ensure health and safety Improvement and Prohibition notices are maintained at levels below five per annum. We have received none in this reporting period although we have been issued with two noise abatement notices.

Risk assessment and audits

As part of our offer to clients and occupiers, Land Securities continues to be heavily engaged in the conducting of risk assessments and audits across our investment and development portfolios as well as those on the BBC, DWP and Norwich Union portfolios. The number of audits carried out each year is determined by factors such as review dates and new properties added to the portfolio. As a result we conducted 201 individual audit and risk assessment reviews, in the year to March 2004, lower than in the prior year but in line with our targets for the health and safety programme for the period.

Land Securities employs nearly 2,000 people across the UK, responsible for the management of its property portfolio, development and delivery of accommodation and services across its property outsourcing activities. The Group's main objective in relation to its employees is to become the 'employer of choice' in the quoted property sector.

Land Securities aims to create an environment where innovation and creativity are rewarded and career paths are clearly defined. The Group links its reward structure to performance and provides its people with opportunities for personal and professional development.

Human resource management

In its dealings with employees Land Securities will:

- Actively engage with employees through an open communication process.
- Recruit and develop the people and skills to succeed in tomorrow's market and provide a pro-active training and development programme for all employees.
- Support employees in their own efforts in community work.
- Not tolerate any sexual, physical or mental harassment.

Employee communication

Land Securities recognises the importance of providing employees with a continual and consistent flow of information. Our internal communication programme offers employees presentations on business activity and planning, management and team away days and regular news publications including an e-magazine and environmental newsletter. The intranet, which has enhanced our communication with employees, especially our remote workers, was updated and relaunched in 2004 with specific improvement made to the news function.

We held our third Group-wide annual employee survey and obtained an excellent response rate of just under 92%. The feedback received showed that our employees feel positive about Land Securities as an organisation. In particular, we exceeded the ETSM benchmark in: fair reward for work done; information flow from senior management; being a good employer and satisfaction with benefits and we scored top marks for 'culture and values'.

Training and development

Our training budget increased by over 50% to £552 per head in 2004, reflecting the emphasis placed on developing our employees. This year we have expanded 'Personal Development Plans' across the Group to ensure

we have a framework to maximise employee potential to help them achieve their own aims and the company's business objectives.

We also introduced a work shadow programme, to share ideas, knowledge and experience between business units. It provides individuals with the chance to have hands-on learning with colleagues from other parts of the business and broadens understanding of how the Group functions, including different roles and methods of problem solving.

Values into action

We continue the Values into Action awards programme, recognising and rewarding those employees and suppliers who demonstrate our core values in the workplace. We received 210 "VIA" nominations in 2004 from which 43 awards were given.

Ideas into action

The Ideas into Action programme was launched to encourage employees to suggest ideas that might improve business practices or results and to reward creativity and innovation throughout the company. Since its introduction in 2003 we have received 413 ideas, 36 of which received an award and 18 of which were implemented across the Group.

Employee-volunteering scheme

We introduced an employee-volunteering scheme in 2004 which offered matched time off for charity work. A number of our teams have also been busy working on specific projects in their local areas as described on page 9.

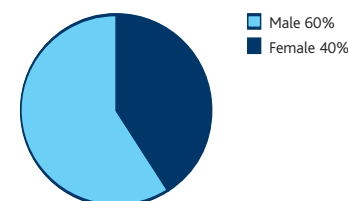
Business exchange forum

Business exchange forums are being introduced across the Group in advance of the new regulations being implemented in regard to workplace consultation. We believe this ensures that we maintain our commitment to be a leader in respect to human resource policies on employee engagement and involvement strategies.

key performance indicators

The following figures have been calculated based on total staff across the Group, in total 1,578 employees as of 1 December 2004, excluding employees transferred from BT.

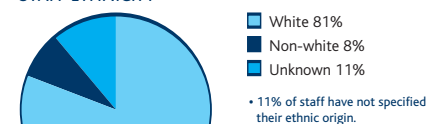
GENDER



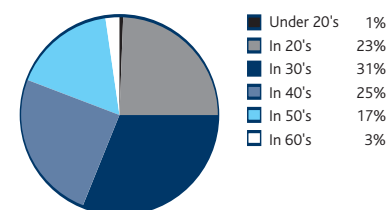
MANAGEMENT GENDER



STAFF ETHNICITY



AGE SPLIT



Suppliers

Our relationships with suppliers, advisors and agents are based on mutual trust and shared values. We recognise the benefits of sound partnerships and the important part they play in delivering effective property solutions to our wide range of customers.

Procurement and supply chain management

One of the issues facing organisations is supply chain management and procurement processes. The Land Securities procurement team has been asked to review our supplier tender documentation and guidelines to reflect our growing focus on supply chain management in respect to Corporate Responsibility. The team will be developing CR standards for inclusion in the tender process together with guidelines for engaging with suppliers on these issues. The main areas that we will cover, in addition to environment which already forms part of the tendering process for major contracts, will be employee and labour relations and supply chain management.

When developing property our environmental management system requires our procurement processes to consider relevant environmental aspects, for example energy efficiency, life cycle impacts, and end of life disposal. We are also conscious of the broader social aspects, both in terms of materials and the supply chain. Together with British Land, we set up a small working group that also included Canary Wharf, PruPim, Bovis Lend Lease and several contractors, which has developed construction procurement guidelines which we are now adopting.

Of particular concern is the purchase of timber and products containing or made of wood. The DWP has a requirement for all timber used on their premises to be legally logged and have a certificate of sustainability. Together with our service partners, we are developing a process to ensure that the DWP requirement is met, and to work towards ensuring that the certification is reliable.

Investing in our suppliers

Across our property outsourcing contracts we are responsible for providing services to some 300,000 office occupants. These services are provided through a network of 14 service partners who provide building maintenance, catering, security, facilities management, cleaning and furniture and these partners employ some 11,000 people on our behalf.

Ensuring that we provide our property outsourcing clients with appropriate levels of customer service is paramount to the success of this business and we work closely with our service partners on all aspects of service delivery and assist our partners with training initiatives for their employees. The training covers customer service, security and health and safety.

Sharing knowledge

In addition to sharing expertise and knowledge with third parties we also wanted to help improve the property and building industries' response to CR. In conjunction with British Nuclear Fuel Limited, Lloyds TSB and TNT, we sponsored a study and report by the Ashridge Centre for Business and Society, into how business can make CR work in practice. The report was published in November 2004.

With 18 shopping centres, 25 retail parks and some 810,000 m² of Central London office space across our investment property business and some 8,400 buildings in our property outsourcing business the impact of our activities is substantial. Our scale enables us to become involved in a wide range of community initiatives across the UK.

Investment property business

We made good progress within the investment property business to achieve our targets. We appointed external arts consultants and approved a brief for the creation of a public arts strategy. We believe that we have now established a robust public consultation strategy on our developments, achieving community support for planning and redevelopment. This was particularly evident at Cardiff and Bristol, where we achieved outline planning in less than 12 months, with strong support from our local constituencies. We also produced voluntary environmental impact assessments for all our new development projects as described in the Environment section of this report.

Retail

We reviewed the White Rose numeracy pack however we have broadened our horizons and in conjunction with Arts and Kids we are looking to develop a children and arts programme which we will be rolling out across the majority of our shopping centres. This will include the provision of an education pack for schools together with an exhibition to be held at the local shopping centre. We are most excited by the prospects for this programme, which we will run in 2005.

We are pleased with the Study Support Centre at White Rose, where 500 children have benefited from the activities we offer. Ideally we would like to open additional facilities at other shopping centres, like Stratford, however, many of these do not have appropriate space available.

We have 15 car parks with secure car parking awards and are seeking accreditation for our car park at Canterbury. Our review of parent-child car parking schemes showed that the ratio of spaces ranged from 0% to 3.6%. We are investigating whether or not a standard ratio is both feasible and deliverable. We also have shop mobility schemes at ten of our centres, with other centres having mobility schemes nearby.

London portfolio

As a major developer in Central London, we are committed to working in partnership with local stakeholders. Consultation and community liaison is integral to pre-planning submission strategy and continues right through the implementation and completion of our schemes. We appointed a Community Liaison Officer within the London Portfolio who has specific responsibility for our Central

London schemes. This role was initially created under the Section 106 planning agreement provisions for Bankside123.

Our community programmes include liaising and providing information through regular newsletters and meetings as well as hosting community events such as the Nelson Square Centenary Celebrations last July. Last year we were the major sponsor of a Snow Slide at Southwark Council's annual Frost Fair on Bankside. We launched the Land Securities Capital Commitment Fund to provide grants of up to £5,000 to community and voluntary groups in the Bankside area, primarily for projects focussed on children, young people and education.

We will also be opening a cultural and community space at our new development in Victoria, reflecting our desire for community involvement in the arts.

We continue to support, with supplier Bovis Lend Lease, the Tree House Trust while it builds its new school. The children are now settled in temporary accommodation at the new Greenfield site in Muswell Hill. The second phase of the project is to look at providing further advice and support in the development of a permanent purpose built learning centre for 80 children with autism.

Land Securities Trillium

We continue our involvement in a range of projects that focus on developing an educational support network as well as developing our internal employee-volunteering scheme.

Through work shadow projects and training support we are improving the management skills of both our employees and school teachers at local schools such as St Anne's in Whitechapel, and De Stafford College of Technology in Croydon. We have also been involved in developing the school's internet site and embarking on new projects that look at maximising school facilities and unused space for educational use.

Under the employee-volunteering scheme launched in April 2004, a number of our teams have been busy working on specific projects in their local areas. For example, the Customer Service Centre and Procurement teams have helped clear bushes and debris from the Stratford Greenway bridle path in Warwickshire and landscape a local pensioner's garden in Aylesbury as part of their team development away day aimed at local employee involvement.

NGOs and industry bodies supported by Land Securities:

- Arts and Business
- Association of Town Centre Management
- British Council for Offices
- British Council of Shopping Centres
- British Institute of Facilities Management
- British Property Federation
- British Quality Foundation
- British Retail Consortium
- British Urban Regeneration Association
- Business in the Community
- Civic Trust
- Earthwatch
- Employers Forum on Disability
- English Heritage
- English Historic Towns Forum
- Environment Council
- Institute of Customer Service
- Investment Property Databank
- Investment Property Forum
- London Chamber of Commerce
- London First
- Trucost
- UK Business Council for Sustainable Development

Land Securities' corporate sponsorships:

- Christmas Presence
- Land Securities Trillium Reading University Fellow of Estate Management
- National Gallery
- Playtex Moonwalk
- Regent's Park theatre
- Times 100 Education case studies

The majority of Land Securities sponsorships is carried out locally through shopping centres and development activities where it has the greatest benefit to communities.

LAND SECURITIES CHARITABLE DONATIONS

During the year ended 31 March 2004 charitable donations amounted to £804,000. This amount included £635,800 paid to charitable trusts investigating sites of considerable archaeological importance. There were no contributions of a political nature during the year.

Environment

We make continuous improvements across all areas in regard to our environmental activities. Following the Group's restructuring, Mark Collins, Chief Operating Officer, has taken over as Chairman of the Corporate Environment Group.

The Land Securities Trillium environmental panel remains unchanged and two new panels have been created – to represent our own head office premises and also a combined panel for our Retail and London Portfolio businesses.

Environmental programme and structure

We continue to receive recognition of the effectiveness of our Environmental programme from various external organisations. Upstream, in its annual Environmental survey of the UK property industry, ranked us first in sector. The Business in the Environment survey, which covers FTSE350 companies, saw us achieve our best ever result, a score of 95%, not only ranking us first in sector but also in their exclusive "Premier League" of companies.

We have adopted a new corporate Environmental Management System ("EMS"), which is built around a series of operating procedures designed to ensure that environmental factors are considered at all times. The system also provides guidance on legislation and offers a range of training options designed to provide continual improvement. We have already provided bespoke training sessions to all operational teams to ensure good understanding and effective implementation of the EMS across the business.

EXTERNAL BENCHMARKING

	2003 SCORE	2004 RANK	2004 SCORE
BiE Index	78.5%	1st*	95.1%
PEG Survey	76.0%	1st	79.0%

*BiE, first in sector. Also ranked "Premier League" overall.

We are seeking certification to the new British Standard, BS8555 across the Group with the exception of the contract with the DWP, which is separately certified. The phased approach offered by the BS8555 standard, together with its requirements for demonstrating achievements, fits well with the structure of our business activities. Our DWP activities now include the former Employment Services estate and Land Securities Trillium has expanded its existing EMS across the entire contract. We are confident that the DWP re-certification process due in May 2005 will see ISO14001 accreditation extended across the whole portfolio.

Our Biodiversity management programme enables us to quickly and simply evaluate the biodiversity significance

and potential of every site that we manage, including those in the Land Securities Trillium contracts. We have surveyed over 2,000 sites so far. This programme earned us the Business and Biodiversity Benchmark Standard, awarded by the UK Wildlife Trusts. We are one of just 11 organisations to have been awarded the standard so far, and the only property company. We have also recently trained several members of staff in species recognition and how to enhance biodiversity.

Development activity

We have seen consistently high BREEAM ratings for our development schemes and have introduced EcoHomes as a requirement for our residential projects. We have also produced our first two internal environmental assessments, for significant projects that fall outside the scope of the regulations for statutory environmental assessments.

BREEAM ASSESSMENTS TABLE

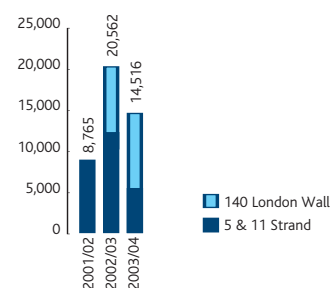
	CERTIFICATED
Concorde Way	Good (Sep 04)
White City Retail units H,I,J	Very Good (May 04)
Commerce Way	Very Good (Oct 03)
BBC N&S Perimeter Offices	Very Good (Apr 03)
	PRE-CERTIFICATION AUDITS
Cardinal Place	Very Good (Feb 04)
Bankside 123	Very Good (Mar 04)

awards

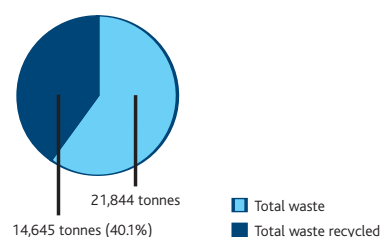
AWARD CATEGORY	AWARD RECEIVED
GREEN APPLE AWARDS 2004	
Environment Awards for Commerce and Industry	Regional Bronze awarded to Land Securities shopping centre Waste Management activities
Environment Awards for Commerce and Industry	Regional Bronze awarded to Land Securities Trillium BBC Waste Management activities
Environment Awards for Biodiversity	National Green Champions awarded to Land Securities for its Biodiversity management
Environment Awards for Food and Drink	National Gold awarded to Land Securities Trillium BBC Fair Trade Catering
Environment Awards for Food and Drink	National Green Champions for Land Securities Trillium DWP Sustainable Catering
Environment Awards for Property	National Gold awarded for Land Securities Power and Energy Management
Environment Awards for Property	National Silver awarded for Land Securities Virtual Meetings
LET'S RECYCLE.COM AWARDS	
High Street Recycling Champions 2004	Awarded for Excellence in Recycling and Waste Management – 'The Bridges'
UK WILDLIFE TRUSTS AWARD	
Land Securities	Business and Biodiversity Benchmark received following Land Securities progress in 2004

how we did

PAPER USAGE AT HEAD OFFICE PER CAPITA PAPER USAGE



RECYCLING WASTE SUMMARY 2003/04



PAPER USAGE

	5 & 11 Strand 2001/02	5 & 11 Strand 2002/03	5 & 11 Strand 2003/04	140 London Wall 2002/03	140 London Wall 2003/04
Reams of A3 used	132	298	262	225	128
Reams of A4 used	5,065	7,150	3,234	5,055	6,093
Sheets of A4 Equivalent used	2,664,500	3,873,000	1,879,000	2,753,500	3,174,500
Staffing Levels	304	305	345	350*	350
Per Capita Usage	8,765	12,698	5,446	7,864	9,070

*All staffing levels are averaged over the year, the figure for London Wall is complicated by hot desking and home working.

Recycling and waste management

As a result of our Environmental programme we received seven Green Apple Awards in November 2004 including "National Champion" in two categories. The Bridges Shopping Centre, Sunderland, was also named "High Street Recycling Champion" in the Awards for Excellence in Recycling and Waste Management.

All but one of our shopping centres now run centrally managed recycling schemes and in 2003/04 all but one significantly increased their rate of recycling. We produce a league table showing how each centre is faring, with a trophy to each year's league "winner", and this competition has undoubtedly contributed to the widespread improvement. Several of our centres have won awards for their waste management systems and two of them have even topped the 50% mark in at least one quarter. We enhanced the schemes run in our head office premises at 5/11 Strand and 140 London Wall and we continue to explore opportunities to implement schemes in managed offices.

Despite the addition of many more new properties under the extended PRIME contract, recycling levels for DWP are still at the 55% mark. The amount of waste recycled is increasing and the challenge now is to work with DWP to bring about further waste minimisation. The long term target is for 80% recycling by weight.

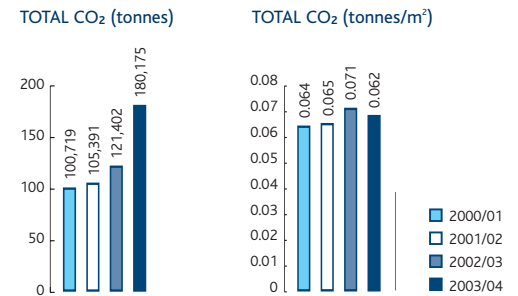
We faced some difficult choices at the BBC. Its recycling level was around 22% due to inherent efficiencies in the system run by the waste contractor. After switching contractors and introducing "back of house" segregation, recycling levels initially fell to just 18%. We have run a major awareness programme on a site-by-site basis, including "Big Bin Days", and this has driven the level up to 30% with the trend still rising towards an eventual goal of 50% recycling.

RECYCLING WASTE SUMMARY

		2002/03 tonnes	2003/04 tonnes
Shopping centres	Total Waste	8,898	10,083
	Recycled Waste	1,040	2,030
Managed offices	Total Waste	21	95
	Recycled Waste	21	47
DWP	Total Waste	17,480	20,798
	Recycled Waste	10,413	11,339
BBC	Total Waste	3,591	5,513
	Recycled Waste	915	1,229
Totals	Total Waste	29,990	36,489
	Recycled Waste	12,389	14,645

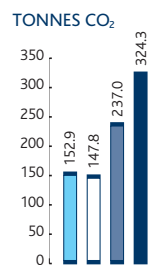
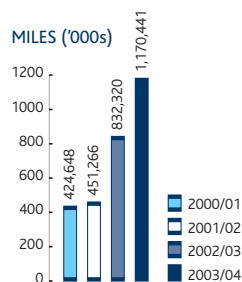
For the first time we have started to capture total waste arisings in offices, as well as the recycled amounts. The DWP figure now includes the former ES buildings. Total recycling at shopping centres has risen from around 11% to over 20%.

LAND SECURITIES TRILLIUM UTILITIES CONSUMPTION AND GREENHOUSE GAS EMISSIONS

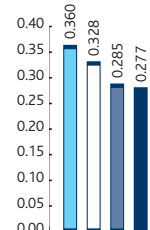


how we did

COMPANY CAR MILEAGE



KgCO₂/MILE



From 2002/03 the figures include Land Securities Trillium and also include staff who use private vehicles on company business. We are developing procedures to improve the data capture for this information, which is incomplete (56% of company car drivers). Driver numbers rose significantly in 2003/04 following the commencement of new contracts won by Land Securities Trillium.

Environmental innovation

Successful Environmental management requires a genuine culture change within an organisation. We are making real progress here and detail below several examples of innovation:

- The catering team in Land Securities Trillium has encouraged genuinely innovative ideas from their contractors. Coffee grounds are recycled for composting and waste catering oils are also recycled to form bio-diesel fuels.
- For Environment Day 2004 we ran a spectacles recycling scheme, in conjunction with Lions International. Collections took place at head office, shopping centres and across PRIME and BBC, collecting over 3,700 pairs for re-use in less-developed countries.
- The winner of our Environment Day competition won a trip with Earthwatch, to study dolphins off the Spanish coast, and she has given a presentation to colleagues about her experiences.
- Unwanted furniture and office equipment is being sold for use as TV/film props to prevent unnecessary waste creation and landfill usage.
- The first few steps have been taken towards waste minimisation. Where possible, printers have been set to default to double-sided and at London Wall staff no longer use plastic cups and have been provided with permanent water bottles. All staff have been issued with a refillable "pen for life", eliminating the need for disposable bios.

UTILITIES CONSUMPTION AND GREENHOUSE GAS EMISSIONS

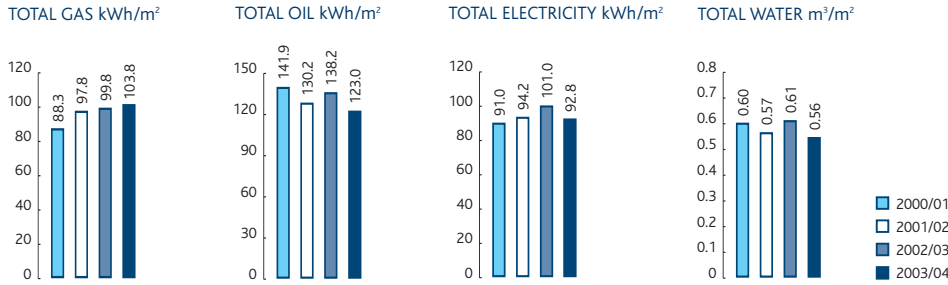
	2001/02	2002/03	2003/04
Area (m ²)	1,622,861	1,700,000	2,923,963
Electricity (kWh)	122,000,000	164,865,460	267,519,676
Gas (kWh)	247,819,149	237,607,201	314,364,395
Oil (kWh)	23,381,342	21,456,112	21,650,098
Total Energy (kWh)	393,200,491	423,928,773	603,534,169
CO₂ EMISSIONS			
Electricity	52,460	70,892	115,033
Gas	47,086	45,145	59,729
Oil (kWh)	5,845	5,364	5,413
Total CO₂ (tonnes)	105,391	121,402	180,175
Tonnes/m²	0.065	0.071	0.062

CO₂ emissions

Land Securities is the only property company with a multi-site portfolio taking part in the UK Emissions Trading Scheme. Having beaten our CO₂ emissions reduction target by 6% in 2002, we did even better in 2003, beating our target by over 13%, or approximately 2,500 tonnes of CO₂. This has earned us around £20,000 (less audit fees) and has provided a useful insight into the workings of a tradable permit scheme. This focus on improved energy efficiency complements the Spend To Save programme being carried out by Land Securities Trillium across the DWP estate and the work done in partnership with the Carbon Trust for our Investment portfolio, in particular a Carbon Management Programme that focused on seven major London offices.

Although the Government has closed the MACC2 scheme, we continue to work towards our declared target of a 10% average reduction in emissions by 2010 and in 2003/04 saw a 4% decrease compared to the previous year.

LAND SECURITIES MANAGED INVESTMENT PORTFOLIO
UTILITIES CONSUMPTION



UTILITIES CONSUMPTIONS

	NON AIR-CONDITIONED OFFICES			AIR-CONDITIONED OFFICES			RETAIL		
	2001/02	2002/03	2003/04	2001/02	2002/03	2003/04	2001/02	2002/03	2003/04
Area (m²)	87,311	87,311	37,089	234,330	231,692	271,474	437,263	377,835	270,784
Gas used (kWh)	16,001,230	10,489,775	4,408,340	45,742,943	48,230,051	46,717,696	12,444,687	10,851,365	9,036,041
kWh/m²	183.27	120.14	118.86	195.21	208.16	172.09	28.46	28.72	33.37
Area (m²)	26,347	27,900	32,620	11,008	11,008	11,008	none	none	none
Oil used (kWh)	4,016,044	4,153,582	4,186,857	846,859	1,224,063	1,179,200	none	none	none
kWh/m²	152.43	148.87	128.35	76.93	111.20	107.12	none	none	none
Area (m²)	114,767	100,308	127,347	251,436	251,651	243,844	825,878	747,263	689,289
Electricity used (kWh)	8,114,784	7,085,556	8,004,399	79,998,653	76,036,029	60,459,558	24,156,310	27,854,734	29,958,203
kWh/m²	70.71	70.64	62.86	318.17	302.15	247.94	29.24	37.28	43.46
Area (m²)	111,027	103,750	90,931	238,467	238,467	228,572	386,724	402,625	433,026
Water used (kWh)	103,750	140,979	87,553	229,538	233,378	241,177	84,681	79,103	93,607
m³/m²	0.93	1.36	0.96	0.96	0.98	1.06	0.22	0.20	0.22

This data refers to buildings operated by LS Portfolio Management, and includes all energy usage where Land Securities has responsibility for the accounts. In some buildings this includes electricity under the control of tenants within their own demises.

Areas

The floor area used for normalisation purposes is the net lettable floor area, but this is not an exact figure as the net lettable floor areas can change in an individual building during the course of the year.

Confidence

- Land Securities believes that the utilities usage figures:
 - cover more than 95% of the investment portfolio and are accurate to within +/-5%
 - cover more than 95% of the property outsourcing portfolio and are accurate to within +/-10%

UK EMISSIONS TRADING SCHEME

	2002	2003	
Baseline Emissions	25,643	19,536	tonnes CO ₂
Target	25,390	19,340	tonnes CO ₂
Actual Emissions	23,691	16,714	tonnes CO ₂

data verified by ERM

This is a voluntary scheme, set up by the UK government, and we are one of 34 organisations to be participating. It is a five-year scheme, running from 2000 to December 2005, with baseline emissions levels established using data for the period 1997 to 2000. We have entered our complete portfolio of managed offices into the scheme.

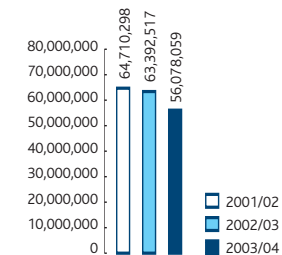
GREENHOUSE GAS EMISSIONS

	2001/02	2002/03	2003/04
FUEL	Kg CO ₂	Kg CO ₂	Kg CO ₂
Electricity	49,398,689	48,829,580	43,305,750
Gas	14,095,883	13,218,526	11,430,795
Oil	1,215,726	1,344,411	1,341,514
Total	64,710,298	63,392,517	56,078,059
	Kg CO ₂ /m²	Kg CO ₂ /m²	Kg CO ₂ /m²
Electricity	41.44	44.42	40.84
Gas	18.57	18.97	19.73
Oil	32.55	34.55	30.75
Total	32.54	34.55	33.31

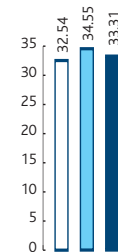
how we did

LAND SECURITIES MANAGED INVESTMENT PORTFOLIO
GREENHOUSE GAS EMISSIONS

TOTAL Kg CO₂ PRODUCED



TOTAL Kg CO₂/m²



CONVERSION FACTORS

Electricity: 1 kWh = 0.44kg of CO₂
(Official conversion factor is now 0.43, but 0.44 is used for consistency)
Gas: 1 kWh = 0.19kg of CO₂
Oil: 1 kWh = 0.25kg of CO₂

Environmental targets review

Environmental targets summary

22 targets set
18 achieved
3 remain ongoing
1 is not appropriate

ENVIRONMENTAL TARGETS TO 31 MARCH 2004		PROGRESS
→ Built environment	• Submit all new major office developments for BREEAM assessment with a target of 'very good', and to submit all new industrial and retail warehouse premises and major office refurbishments for assessment, with a target of 'good'	Achieved
	• Produce voluntary 'environmental statements' for internal use for all developments with construction costs in excess of £5 million	Not appropriate
	• Continue to monitor and report on the progress of the Cardinal Place development, with respect to environmental policy and objectives	Ongoing
	• Monitor and report on the progress of the Bristol-Broadmead development, with respect to the agreed environmental objectives of the project	Achieved
	• Implement the agreed procedures for reviewing the compliance of principal construction contractors and service providers in relation to the company's environmental objectives, with audits of at least 30% of all new developments and of refurbishment projects valued in excess of £5 million	Achieved
	• Explore and implement ways of improving the environmental performance of the Group's shopping centres against the benchmarks set in 2002	Achieved
→ Environment management	• Continue helping BRE to develop a BREEAM assessment for shopping centres	Achieved
	• Communicate biodiversity policy to senior managers in all business units	Achieved
	• Complete environmental audits at 90% of managed industrial estates by April 2004	Achieved
→ Energy management and conservation	• Increase the proportion of waste that we recycled at managed premises by 10% in relative terms	Achieved
	• Introduce recycling into at least two additional managed properties	Achieved
	• Reduce the per capita consumption of paper in 140 London Wall, 5 Strand and 11 Strand by 5% by April 2004, compared to 2002/03	Achieved
	• Carry out energy audits at a further 10 managed properties during 2003/04	Achieved
	• Satisfy the corporate declaration under MACC2 to reduce average CO ₂ emissions by 10% by 2010, compared to 1999/2000	Ongoing
	• Satisfy the company's voluntary obligations under the UK Carbon Emissions Trading Scheme	Achieved and ongoing
	• Survey the demand amongst tenants for buying electricity generated from renewable sources and maximise the Group's procurement opportunities accordingly, subject to market conditions	Achieved
	• Introduce photovoltaic technology at a managed retail park	50% achieved and ongoing
	• Continue exploring the feasibility of using a fuel-cell as a source of energy within buildings	Achieved
	• Investigate the feasibility and application of wind power generation to the PRIME estate	Achieved
	• Provide a minimum of 150 man-hours of targeted environmental training to staff during 2003/04	Achieved
→ Sustainable development	• Investigate applicable guidelines and standards for sourcing construction materials in a sustainable manner	Achieved
	• Commission research by Cambridge University into socio-economic, environmental and community related aspects of sustainable development, in the context of the Group's Kent Thameside project	Achieved

CORPORATE RESPONSIBILITY TARGETS SET FOR 31 MARCH 2005		PROGRESS
STAKEHOLDER GROUP		
SUPPLIERS		
	• Develop and agree a Group-wide procedure for the incorporation of minimum CR standards into Land Securities' procurement policy	In progress

Corporate responsibility targets review

CORPORATE RESPONSIBILITY TARGETS SET FOR 31 MARCH 2005 (CONTINUED)		PROGRESS
STAKEHOLDER GROUP		
CORPORATE		
	<ul style="list-style-type: none"> • Become a member of AccountAbility • Develop CR policies, objectives and targets and report on CR activities • Introduce a Group CR implementation panel • Develop and maintain the intranet to communicate CR across the organisation • Identify top three key leading CR indices and maintain above average performance in each • Develop an online standard community proforma for employees to record key aspects of community initiatives • Develop and communicate Group-wide criteria for donations and sponsorship and communicate across Group (in relation to the monies currently expended through community initiatives) 	<p>Not appropriate</p> <p>Achieved</p> <p>Reviewed and revised structure introduced</p> <p>In progress</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p>
INVESTORS		
	<ul style="list-style-type: none"> • Carry out a survey of investors to judge effectiveness of IR programme 	Achieved 2003. In progress 2005
CLIENTS AND OCCUPIERS		
	<ul style="list-style-type: none"> • Achieve the targets set out under the Group's three year balanced scorecard covering customer needs, relationship management and reputation 	In progress
EMPLOYEES		
→ Employee survey*	<ul style="list-style-type: none"> • Out-perform the Expert Training Systems' ("ETS") benchmark on employee satisfaction (overall average score of 37 other participating companies) • Improve the overall Group's score against the question "I am rewarded fairly for the work I do" to an average of 2.7 	<p>ETS benchmark 2.88, Land Securities 2.94</p> <p>Land Securities 2.65</p>
→ Training and development	<ul style="list-style-type: none"> • Ensure that personal development plans are in place for all managers • Ensure that each employee benefits from three days training and development per annum 	<p>Achieved</p> <p>Achieved</p>
→ Equal Opportunities	<ul style="list-style-type: none"> • Become involved with (or sign up to) one high profile business-led campaign related to equal opportunities and workforce diversity in order to raise internal awareness of potential opportunities 	Achieved
→ Corporate governance	<ul style="list-style-type: none"> • Review obligations and procedures covered by the company's gift policy (covering both gifts sent to, and received from, external parties) and implement the policy across the Group • Review obligations and procedures covered by the company's whistle-blowing policy and implement the policy across the Group 	<p>Achieved</p> <p>Achieved</p>
→ Homeworking	<ul style="list-style-type: none"> • Increase the proportion of Land Securities employees who have access to homeworking facilities, as appropriate 	Achieved
→ Payroll-giving	<ul style="list-style-type: none"> • Review the existing payroll-giving schemes and re-launch across the organisation 	In progress
→ Community	<ul style="list-style-type: none"> • Develop the Land Securities Trillium Foundation to incorporate Land Securities Group 	In progress
→ Employee-volunteering	<ul style="list-style-type: none"> • Introduce an employee-volunteering scheme across the entire Group allowing all employees to become involved in a community related initiative during company time 	Achieved
COMMUNITY		
→ Retail and mixed use development projects >25,000m ²	<ul style="list-style-type: none"> • Implement school liaison programme • Introduce Community relations managers • Plan and initiate a public art strategy 	<p>In progress</p> <p>Achieved on major schemes</p> <p>In progress</p>
→ Shopping centre initiatives	<ul style="list-style-type: none"> • Review the White Rose Numeracy Packs with a view to introducing similar schemes at additional three shopping centres • Review study learning centre at White Rose and investigate potential for introduction at a further centre • Seek accreditation by the Association of Chief Police Officers to a Secure Car Park award at one shopping centre car park • Undertake a review of the demand for Shopmobility as a customer service at all those shopping centres which do not currently offer it and, for those that do, introduce liaison groups made up of disabled shoppers and centre staff • Undertake a review of the number of parent-child car parking spaces available at each of the shopping centres in the portfolio with a view to setting a company standard across all centres 	<p>Reviewed (see page 9) and in progress</p> <p>Reviewed (see page 9)</p> <p>Achieved</p> <p>In progress</p> <p>Achieved</p>
→ Development initiatives	<ul style="list-style-type: none"> • Establish a robust public consultation strategy on all major developments in order to achieve community support for planning and redevelopment • Produce comprehensive and fully audited Environmental Impact Assessments which incorporate environmental, social and economic issues on all major development projects in support of the planning application process 	<p>In progress</p> <p>Achieved</p>

*New appropriate measures of employee satisfaction to be identified

Jargon buster

Biological diversity – Biodiversity

Conservation of biodiversity involves the management of human interactions with genes, species, and ecosystems so as to provide the maximum benefit to the present generation while maintaining their potential to meet the needs and aspirations of future generations; encompasses elements of saving, studying, and using biodiversity.

BREEAM – Building Research Establishment Environmental Assessment Method

Launched in 1990. BREEAM is the world's most widely used means of reviewing and improving the environmental performance of buildings and offers best practice in environmental design and management. www.bre.co.uk

British Council for Offices

Established to research, develop and communicate best practice in all aspects of the office sector. www.bco.org.uk

British Council for Shopping Centres

Established in 1983 to provide an organisation for those engaged in shopping and shopping centre development and management. www.bscsc.org.uk

British Property Federation

The property industry's main lobbying organisation; its strategy is to identify those aspects of the Government agenda where the property industry could make a real difference. www.bpf.propertymall.com

Business Improvement Districts

BIDs are specifically identified areas where a local partnership works together to deliver improvements to their working and living environment and are based on an equitable and sustainable funding stream derived from all key interests within an area. However the UK legislation currently in Parliament will enable an additional local rates levy to be raised on commercial property occupiers only.

Business in the Environment

A part of Business in the Community, BiE works with companies to recognise the business benefits of effective environmental management and improved environmental performance. www.business-in-environment.org.uk

CIC – Construction Industry Council

Represents over 500,000 professionals working for, and in association with, the construction industry and more than 25,000 construction firms. It is the representative forum for the industry's professional bodies, research organisations and specialist trade associations.

CIRIA

Leading provider of performance improvement products and services in the construction and related provider industries. www.ciria.org.uk

Combined Code

This Code supersedes and replaces the Combined Code issued by the Hampel Committee on Corporate Governance in June 1998. It derives from a review of the role and effectiveness of non-executive directors by Derek Higgs and a review of audit committees by a group led by Sir Robert Smith.

CSC – Customer service centre

Call centre for use by property outsourcing and Landflex clients and their customers.

DWP – Department for Work and Pensions

Responsible for the Government's welfare reform agenda. It delivers support and advice through a modern network of services to people of working age, employers, pensioners, families and children and disabled people. www.dwp.gov.uk

EMS – Environmental management system

An EMS is a continual cycle of planning, implementing, reviewing and improving the processes and actions that an organisation undertakes to meet its business and environmental goals.

ETSM benchmark

The ETSM benchmarks are based on data compiled from over 60 Employee Surveys carried out by Expert Training System over the last two years. (The total number of responses to individual questions stored in the ETSM databank is over 930,000 with over 55,000 respondents from 63 surveys).

FRS19

Accounting for deferred taxation arising from capital allowances on investment properties.

FSC – Forest Stewardship Council

FSC is an international, non-governmental organisation dedicated to promoting responsible management of the world's forests. www.fsc-uk.demon.co.uk

Health and safety audits

All companies undergo an audit of health, safety and environmental programmes to assess compliance to regulatory requirements and companies' policies.

Investors in People

Investors in People UK was established in 1993 to provide national ownership of the Investors in People Standard and is responsible for its promotion and branding, quality assurance and development.

IOSH – The Institute of Occupational Safety and Health

The main Institute for health and safety professionals, entry to which is usually via the NEBOSH training courses.

ISO 14001

ISO 14001 is the international standard for certification of Environmental Management Systems. Reviewed regularly by accredited auditors, it gives assurance that organisations are implementing procedures to minimise environmental risk and harm. www.iso.ch/iso/en/ISOOnline.frontpage

MACC2 – Make a Corporate Commitment

MACC2 is the UK Government's Making a Corporate Commitment campaign, a voluntary approach to encourage businesses to reduce their environmental impacts. Land Securities has made a commitment to reduce emissions of Carbon Dioxide.

NEBOSH – The National Examining Board in Occupational Safety and Health

This forms the examination Board for entry into IOSH and develop (not run) both professional and non-professional H&S training courses.

NGOs – Non-governmental organisations

A non-governmental organisation (NGO) is any group which is organised on a local, national or international level. Driven by people with a common interest, NGOs bring concerns to Corporates and Government, advocate and monitor policies and encourage participation in matters of local, regional and national interest. Some are organised around specific issues, such as human rights, environment or health.

OHSAS 18001

Occupational health and safety system that enables integration with other management system standards.

PEG – Property Environment Group

The Property Environment Group assists its members in the challenging task of improving their environmental performance – by providing them with the necessary information, tools, training and contacts.

PFM – Premises and Facilities Management

PRIME

In 1998, the Department of Work and Pensions signed an agreement, transferring the ownership and management of almost all its estate to LST. The agreement is known as the PRIME agreement (Private sector Resource Initiative for the Management of the Estate). The portfolio included 650 properties, covering 1.6 million m².

PWC – PricewaterhouseCoopers

RIDDOR – Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
Covers the statutory reporting of the same to the appropriate enforcing authority.

Royal Institute of Chartered Surveyors

RICS is the worldwide property organisation, with over 110,000 members globally, dedicated to promoting excellence and safeguarding public interest in all property related matters.

Section 106

This is a legal agreement under section 106 of the Town and Country Planning Act 1990. It is required to bind an applicant to the provision of planning obligations sought by the local planning authority in association with the development of the land to which a planning application relates. Section 106 agreements typically cover planning obligations such as the provision of affordable housing and payments of any sort towards employment training or open space provision, for example.

Secured Parking Status

To be awarded Secured Car Park status owners and operators must meet a stringent set of standards, including good design and management, an effective level of CCTV facilities, additional security guards, better lighting, secured fencing, comprehensive signage, and improved disabled parking.

Shopmobility

The schemes aim to promote equality of access and to encourage independence of people with disabilities (permanent or temporary), through the provision of mobility equipment such as scooters, wheelchairs and power chairs.

Town Centre Management

The Association for Town Centre Management is dedicated to helping town and city centres realise their natural roles both as prosperous locations for business and investment, and as focal points for vibrant, inclusive communities.

WWF 95+ Group

The World Wildlife Fund 95+ Group has become widely recognised as a highly successful partnership between WWF and business promoting and progressing responsible management of the world's forests.

CR Progress Report 2004

Statement from advisors

PROGRESS AGAINST THE 2003-2004 ENVIRONMENTAL TARGETS

Scope and methodology:

The purpose of this statement from Upstream is to provide stakeholders with third party verification of the level of Land Securities' achievement against the environmental targets set for 2003/04.

It does not seek to provide verification of the company's progress against the wider social and economic targets listed in this report since these relate to 2004/05. It also does not act as verification of the accuracy and completeness of all the data presented against Key Performance Indicators (KPIs) and the various case studies included in the report.

Achievement against the environmental targets was evaluated on the basis of:

- Documentary evidence and data provided against each target.
- Discussions with key staff with environmental responsibility to clarify details of environmental management activities and evaluate procedures.

Opinion and commentary:

On the basis of the above, Upstream draws the following conclusions:

- The environmental targets agreed for 2003/2004 were comprehensive and progressive, covering a broad range of environmental impacts arising from design and construction, management and supply chain. The targets were appropriately challenging without being unrealistic.
- Out of a total of 22 environmental targets, 19 have been 100% achieved by the company (86%); one became not applicable due to the nature of developments undertaken during the year.
- Two targets remain ongoing.
- Land Securities' target under MACC2 is not due for completion until 2010. Although the MACC2 Government scheme has since ceased to exist, it is Upstream's understanding that Land Securities remains committed to achieving its carbon reduction targets agreed under the original scheme.
- The target to introduce photovoltaic technology at a managed retail park has not been fully achieved since the refurbishment is not yet complete but it appears that the installation of photovoltaic has been approved.

- It is encouraging to note that Land Securities remains committed to exploring the feasibility of innovative solutions such as fuel-cell technology to power lighting devices at certain buildings.

WIDER COMMENTARY ON CR STRATEGY AND PROGRESS

Following the publication of its first comprehensive CR Report in March 2004, it is important to consider this report published by Land Securities one year later as more of a CR Update than a full report. As such, this 2005 CR Update does not provide a final assessment of progress against the environmental and CR targets for the period ending March 2005, since work to achieve some of these is still underway. Upstream, therefore, looks forward to the publication of Land Securities' full CR Report in December 2005 which will serve to realign the environmental efforts with wider stakeholder programmes.

In relation to the wider CR initiatives, it would appear that considerable progress has already been made since the publication of the first CR Report in 2004. In particular, it is encouraging to note that Land Securities is successfully embedding CR responsibilities amongst staff at all levels of the organisation. This is reflected in the expansion of duties of the CR Committee to encompass implementation and delivery of CR objectives.

In future years, once the consolidation of policies has been successfully achieved, it will be important for the company to identify a small number of key CR priorities and set more specific targets for practical improvement against these.

Land Securities has continued to study the broader implications of sustainable development by commissioning Cambridge University to research socio-economic, environmental and community issues. It has also played a leading role in the development and application of sustainability guidelines in the sourcing and procurement of construction materials and in supporting research linking sustainability criteria with mainstream property valuation techniques applied by surveyors. All such efforts demonstrate a genuine commitment by the company to progress understanding of sustainable development within the property industry and to position itself as a leading player in this field.

Julie Hirigoyen
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Land Securities would be pleased to receive your feedback or comments on any of the information contained in this report. Please contact:

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