

# Group key performance indicators

Over the medium-term we aim to consistently beat our benchmarks. Difficulties in the global financial markets and in parts of the real estate sector have impacted valuation levels in both the direct investment and equity markets. These pressures have affected our performance for the year although, relative to our TPR benchmark the Group has, again, outperformed.

## Total Shareholder Return (TSR)\*



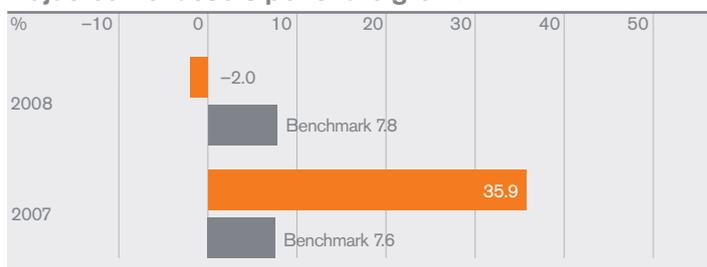
**The measure and benchmark**  
TSR is the most direct way of measuring the increase in shareholder value during the year.

TSR of the Group is benchmarked against the TSR of the FTSE 350 Real Estate Index as this is the most relevant group of comparable companies over the year.

**Commentary**  
The TSR of Group outperformed the FTSE 350 Real Estate index by 1.8 percentage points although in absolute terms it was -30.4%. Turbulence in the credit markets impacted our sector more than others so the Group TSR underperformed the wider FTSE 250 by 18.2 percentage points.

For the year to 31 March 2007 the Group's TSR outperformed the benchmark by 38.9 percentage points and over the five years to 31 March 2008 shareholders by 30.7 percentage points.

## Adjusted net assets per share growth\*

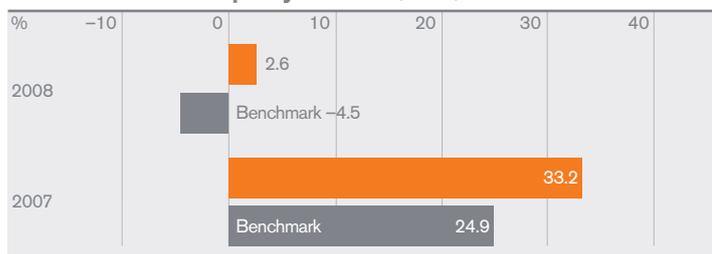


**The measure and benchmark**  
Adjusted net assets per share growth is the traditional industry measure of the success in creating value at a balance sheet level because it captures changes in the valuation of the portfolio and the effect of the capital structure of the Group.

We compare the growth in net assets per share with the increase in the retail price index (RPI) plus a hurdle of up to 12% over a three year period.

**Commentary**  
Net assets per share declined by 2% over the year as adverse market movements reduced the portfolio valuation in the second half. Our RPI benchmark stayed at broadly the same level of last year causing a 9.8 percentage point relative underperformance for the year. For the five years to March 2008 the Group's net assets per share has grown by a compound 20.1% pa compared the benchmark of 7.6% pa.

## Portfolio Total Property Return (TPR)\*

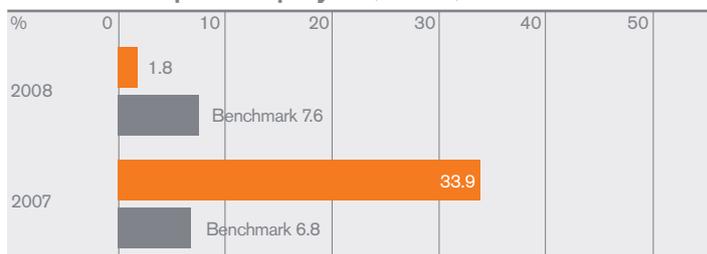


**The measure and benchmark**  
TPR is calculated from capital growth in the portfolio plus net rental income derived from holding these properties plus profit on sale of disposals expressed as a percentage return on the period's opening value.

The Group's portfolio TPR is compared to a universe of over £25 billion of similar assets included in the IPD central London benchmark. This is an independent index and is the most appropriate way of benchmarking asset level returns against comparable buildings in our market.

**Commentary**  
The Group generated a portfolio TPR of 2.6% in the year whereas the benchmark produced a return of minus 4.5%. This out performance placed the Group in the top quintile of portfolios in the IPD universe. Over the last five years the Group's portfolio TPR has consistently exceeded this benchmark.

## Return on Capital Employed (ROCE)\*



**The measure and benchmark**  
ROCE is measured as reported profit before financing costs plus revaluation surplus on development property divided by the opening gross capital. This measure illustrates the level of value creation from operating activities compared to the capital base of the business.

The ROCE is best compared against the Group's weighted average cost of capital which we calculate at 7.6% at March 2008.

**Commentary**  
ROCE for the year was 1.8%, which is below the Group's WACC. The underperformance for the year is due to the second half valuation falls. Our ROCE is unlikely to outperform the benchmark if investment markets remain challenging. Over the five years to March 2008 the Group's excess return compared to its WACC is 60%.

\*Year to 31 March