LandSecurities

Half-yearly results
for the six months ended
30 September 2014

Tuesday, 11 November 2014

Forward-looking statements

These half-yearly results, our Annual Results, Annual Report and the Land Securities' website may contain certain "forward-looking statements" with respect to Land Securities Group PLC and the Group's financial condition, results of operations and business, and certain of Land Securities Group PLC and the Group's plans, strategy, objectives, goals and expectations with respect to these items and the economies and markets in which Land Securities operates.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "anticipates", "aims", "due", "could", "may", "should", "expects", "believes", "intends", "plans", "targets", "goal" or "estimates". By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Group's ability to control or estimate precisely. There are a number of such factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in the economies and markets in which the Group operates; changes in the legal, regulatory and competition frameworks in which the Group operates; changes in the markets from which the Group raises finance and changes in interest and exchange rates; the impact of legal or other proceedings against or which affect the Group; changes in accounting practices and interpretation of accounting standards under IFRS, and changes in our principal risks and uncertainties.

Any written or verbal forward-looking statements, made in these half-yearly results, our Annual Results, Annual Report, or the Land Securities' website or made subsequently, which are attributable to Land Securities Group PLC or any other member of the Group or persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. Each forward-looking statement speaks only as of the date of these half-yearly results, our Annual Results, Annual Report, or on the date the forward-looking statement is made. Land Securities Group PLC does not intend to update any forward-looking statements.

Half-yearly results for the six months ended 30 September 2014

11 November 2014

“During a busy six months, we have made significant progress executing our strategy to transform our Retail Portfolio and deliver our 2.9m sq ft London development programme into a supply constrained market.” said Chief Executive Robert Noel. “And our strategy is generating good results. We delivered a valuation surplus of £880.2m across the portfolio with adjusted diluted NAV up 11.5%. Revenue profit is up 8.6% with adjusted diluted earnings per share up 7.5% on the same period last year.

“We have continued to transform our shopping centre portfolio – selling in Bristol, Exeter and Sunderland and buying Bluewater, Kent and Buchanan Galleries, Glasgow. The acquisition of the Bluewater stake exemplifies the scale and pace of change and together with major assets in Glasgow, Cardiff, Oxford, Leeds, Greater London and Portsmouth, we now own a higher quality shopping centre portfolio. We believe this focus on dominance, experience and convenience will serve customers and shareholders well. At the operational level, we have continued to drive performance - actively managing our tenant mix and keeping voids low.

“In London, we are in the construction and delivery phase of our sizeable speculative development programme. During the period we secured £21.6m of development lettings with an average lease length of 19 years. 20 Fenchurch Street, EC3 is 90% let, while 1 & 2 New Ludgate, EC4 is 61% pre-let, six months ahead of practical completion. In Victoria, SW1, 123 Victoria Street is now fully let, 62 Buckingham Gate is 69% let and The Zig Zag Building is 35% pre-let, nine months before completion. Nova, the largest piece in the Victoria masterplan, is progressing well with practical completion expected in July 2016.

“Our focus remains on the continued reshaping of the Retail Portfolio along with completion of our London development programme, and funding this activity by recycling capital. Simply put, this ensures we have better assets, let on longer leases, with lower gearing, as we move through the cycle.”

Results summary

	30 September 2014	31 March 2014	Change
Valuation surplus (1)	£880.2m	n/a	Up 7.5% (2)
Basic NAV per share	1,183p	1,069p	Up 10.7%
Adjusted diluted NAV per share (3)	1,129p	1,013p	Up 11.5%
Group LTV ratio (1)	33.6%	32.5%	
	6 months ended 30 September 2014	**6 months ended 30 September 2013**	**Change**
Profit before tax	£1,031.1m	£397.9m	
Revenue profit (1)	£170.0m	£156.5m	Up 8.6%
Basic EPS	130.6p	50.8p	
Adjusted diluted EPS	21.4p	19.9p	Up 7.5%
Dividend	15.8p	15.2p	Up 3.9%

1. Including our proportionate share of subsidiaries and joint ventures.
2. The % change represents the valuation movement as a percentage of the net book value of the combined portfolio at the beginning of the period.
3. Our key valuation measure.

High levels of activity

- Sales of £185.8m during the period and £468.9m since 30 September
- Acquisitions of £697.0m during the period and £137.5m since 30 September
- 3.0m sq ft development programme
- Development and refurbishment expenditure of £220.4m [(1)]
- £21.8m of development lettings
- £10.3m of investment lettings
- Completed a sustainability strategic review

Delivering results

- Ungeared total property return 9.9%, outperforming the IPD Quarterly Universe at 9.3%
- Total business return (dividends and adjusted diluted NAV growth) of 13.0%
- Combined portfolio valued at £13.2bn, with a valuation surplus of 7.5%
- Valuation surplus on properties in the development programme of 14.0%
- Profit before tax £1,031.1m, up from £397.9m
- Revenue profit £170.0m, up 8.6%
- Voids in the like-for-like portfolio remain low at 2.6% (31 March 1.9%)
- Improved our performance against Environmental, Social and Governance (ESG) benchmarks
- Progressed 85 disadvantaged people into jobs through our London Employment Strategy

With a strong financial structure

- Group LTV ratio at 33.6%, based on adjusted net debt of £4.6bn
- Weighted average maturity of debt at 8.2 years
- Weighted average cost of debt at 4.5%
- Cash and available facilities of £0.8bn
- First half dividend of 15.8p per share, up 3.9%

1. Includes trading properties.

All measures above are presented on a proportionate basis.

Chief Executive’s statement

We are executing our strategy at pace, transforming the quality of our Retail Portfolio, delivering a sizeable development programme in London and making a positive contribution to the communities in which we operate. By funding this activity through recycling capital, our objective is to have better assets let on longer leases and lower gearing as we move through the property cycle.

We have delivered a strong financial performance; revenue profit increased by 8.6% when compared to the same period last year and our adjusted diluted NAV per share was up 116p at 1,129p – an increase of 11.5% over the first half. The second quarterly dividend is 7.9p, making the first half dividend 15.8p, up 3.9% on the same period last year. The total business return for the six months was 13.0%.

In Retail we have continued to reshape the portfolio, acting decisively in response to rapid changes in consumer behaviour, with over £1.4bn of transactions since 1 April. Our focus is on assets that offer dominance, experience and convenience.

We were delighted to acquire a 30% stake in Bluewater, Kent, along with the management rights. Bluewater is the pre-eminent shopping centre outside London. Elsewhere, since 1 April, we have sold retail assets in Sunderland, Bristol, Exeter and Hull and acquired the remaining 50% in Buchanan Galleries, Glasgow. The portfolio is now in much stronger shape. We are also working on the final details of our plans for the development of Buchanan Galleries and Westgate, Oxford.

In London, we are seeing a more confident market and have achieved good lettings. We are focussed on the delivery of our developments with 1.4m sq ft of commercial space remaining to be let and 0.1m sq ft of residential space available for sale. We will have around 5,000 people working on our sites by the end of the financial year. I’m pleased to report our highly regarded London Employment Strategy has so far enabled 511 of the capital’s most disadvantaged people to train for a trade and enter the construction industry.

20 Fenchurch Street, EC3 has gone well. The building is 90% let. 1,700 people are already in occupation and a further 2,300 will join them over the coming weeks and months. We will complete the final work on the brise soleil shading and public sky garden in the next few weeks. This scheme demonstrates the benefits of early cycle development. We procured contracts at the low point in the cost cycle and were able to market the building with relatively little competition. The fabulous, highly efficient and technically resilient space has enabled us to secure long lease lengths – the weighted average lease term to first break is 17 years – and average rents of £64 per sq ft. We expect the project to deliver a valuation surplus of over 60%.

The referendum in Scotland showed how an unexpected turn in the polls can affect market sentiment and business and political decision-making. No doubt the run up to the general election in May next year will bring similar uncertainty. However, extraordinary events aside, we do not expect to see a correction in the balance between supply and demand in London as we deliver our committed speculative schemes. With availability of office space nearing all-time lows, favourable conditions remain. In Retail, we expect consumer trends and customer demands to lead to rental growth in the best retail destinations and will continue to reshape our portfolio accordingly.

Robert Noel
Chief Executive

Financial review

Overview and headline results

Over the six months ended 30 September 2014, we delivered a profit before tax of £1,031.1m, compared with £397.9m for the same period last year, driven by a valuation surplus of £880.2m (including our proportionate share of subsidiaries and joint ventures). Basic earnings per share were 130.6p compared with 50.8p. Underlying earnings were also up; revenue profit was £170.0m compared with £156.5m in the comparative period and adjusted diluted earnings per share improved to 21.4p from 19.9p.

Our combined portfolio increased in value from £11.9bn at 31 March 2014 to £13.2bn as a result of net capital investment and our valuation surplus of £880.2m. Net assets per share increased by 10.7% to 1,183p at 30 September 2014. Adjusted diluted net assets per share were up by 11.5% over the six months, increasing from 1,013p to 1,129p. This 116p increase in adjusted diluted net assets per share together with the dividend paid in the period represents a 13.0% total business return.

Presentation of financial information

A number of our financial measures include the results of our joint ventures and subsidiaries on a proportionate basis. Measures that are described as being presented on a proportionate basis include the Group's share of joint ventures on a line by line basis, and are adjusted to exclude the non-owned elements of our subsidiaries. This is in contrast to the Group's statutory financial statements, where the Group's interest in joint ventures is presented as one line on the income statement and balance sheet, and all subsidiaries are consolidated at 100%. Joint operations are presented on a proportionate basis in all financial measures.

Revenue profit

Revenue profit is our measure of underlying pre-tax profit, which is used internally to assess the Group's income performance. It excludes all items of a capital nature, such as valuation movements and profits and losses on the disposal of investment properties, as well as one-off items. A full definition of revenue profit is given in the glossary. The main components of revenue profit are presented on a proportionate basis in the table below and a more detailed reconciliation of revenue profit to our IFRS profit before tax is included in note 3 to the financial statements.

Table 1 shows the composition of our revenue profit including the contributions from London and Retail.

Table 1: Revenue profit

	Retail Portfolio £m	London Portfolio £m	30 September 2014 £m	Retail Portfolio [(2)] £m	London Portfolio [(2)] £m	30 September 2013 £m	Change £m
Gross rental income [(1)]	185.5	135.8	321.3	179.6	133.2	312.8	8.5
Net service charge expense	(0.8)	0.7	(0.1)	(1.9)	0.6	(1.3)	1.2
Direct property expenditure (net)	(12.7)	(6.1)	(18.8)	(13.1)	(3.0)	(16.1)	(2.7)
Net rental income	172.0	130.4	302.4	164.6	130.8	295.4	7.0
Indirect costs	(13.3)	(10.2)	(23.5)	(13.0)	(8.6)	(21.6)	(1.9)
Segment profit before interest	**158.7**	**120.2**	**278.9**	**151.6**	**122.2**	**273.8**	**5.1**
Unallocated expenses (net)			(15.8)			(18.8)	3.0
Net interest – Group			(79.2)			(86.6)	7.4
Net interest – joint ventures			(13.9)			(11.9)	(2.0)
Revenue profit			**170.0**			**156.5**	**13.5**

1. Includes finance lease interest, net of rents payable.
2. The split of net rental income and segment profit before interest between the London Portfolio and the Retail Portfolio has been restated by £0.7m in the prior period to reflect the impact of properties transferred from the London Portfolio to the Retail Portfolio during the current period.

Revenue profit increased by £13.5m from £156.5m in the comparative period to £170.0m in the six months ended 30 September 2014. The 8.6% increase was mainly due to higher net rental income, which was up £7.0m, and lower interest costs. The increase in net rental income is due to the increased ownership of X-Leisure and the acquisition of Bluewater, Kent, with the benefit of development completions largely offset by prior year disposals. Further information on the net rental income performance of the London and Retail portfolios is given in the respective business reviews.

The indirect costs of London and Retail and net unallocated expenses need to be considered together as, collectively, they represent the net indirect expenses of the Group including joint ventures. In total, net indirect expenses were £39.3m compared with £40.4m in the comparative period. The £1.1m decrease in these costs is primarily due to lower staff costs partly offset by higher feasibility expenditure on properties we do not yet own.

Our net interest expense has decreased by £5.4m, primarily due to the repayment of the X-Leisure external debt in the previous year using cheaper Group facilities.

Valuation surplus and disposal profits

The movement in the values of our investment properties and any profits or losses on disposals are key components of our pre-tax profit. Over the period, the valuation surplus on our combined portfolio was £880.2m, or 7.5%. We made a profit on the disposal of investment properties and joint ventures of £38.2m (including our proportionate share of subsidiaries and joint ventures), up from £24.9m in the same period last year. A breakdown of the valuation surplus by category is shown in table 2 below.

Table 2: Valuation analysis

	Market value 30 September 2014	Valuation surplus	Rental value change [1]	Net initial yield	Equivalent yield	Movement in equivalent yield
	£m	%	%	%	%	bps
Shopping centres and shops	2,173.6	7.2	1.4	5.3	5.5	(33)
Retail warehouses and food stores	1,161.9	4.0	(1.7)	5.4	5.5	(27)
Leisure and hotels	711.2	4.6	2.5	6.1	6.1	(18)
London offices	4,047.9	8.5	4.5	4.3	4.8	(24)
Central London shops	1,126.3	6.9	1.6	3.7	4.6	(25)
Other (Retail and London)	96.0	8.5	-	1.9	3.7	(29)
Total like-for-like portfolio	**9,316.9**	**7.1**	**2.2**	**4.7**	**5.1**	**(27)**
Proposed developments	-	-	n/a	-	n/a	n/a
Completed developments	955.5	7.2	(0.2)	4.2	4.9	(30)
Acquisitions	1,281.9	2.6	n/a	4.9	5.4	n/a
Development programme	1,619.7	14.0	n/a	-	4.7	n/a
Total combined portfolio	**13,174.0**	**7.5**	**2.0**	**4.1**	**5.1**	**(36)**

1. Rental value change excludes units materially altered during the period and Queen Anne's Gate, SW1.

Over the six months to 30 September 2014, we have seen values rise and yields fall across every category of our combined portfolio as a result of strong investor demand for commercial property. Overall, values were up by 7.5%, with the like-for-like portfolio up by 7.1% driven by a combination of a 27 basis point reduction in equivalent yields and a 2.2% increase in rental values.

Our shopping centres increased in value by 7.2% predominantly due to yield compression of 33 basis points and a 1.4% increase in rental values. Our retail warehouses and food stores were up 4.0% in value as yields fell by 27 basis points. Partly offsetting this yield shift, overall rental values were down 1.7% as the occupational market remained challenging with limited demand for larger units and new lettings tending to include larger incentive packages. Leisure and hotels reported a 4.6% valuation surplus as equivalent yields reduced by 18 basis points and rental values grew by 2.5%. Consumer spending in this sector continues to increase as economic confidence grows and consumer habits change.

Strong investment demand for London offices has reduced yields by 24 basis points, with rental values also improving by 4.5%, contributing to an overall increase in value of 8.5%. The value of central London shops rose by 6.9% with a rise in rental values of 1.6%, and a 25 basis points yield reduction.

Outside the like-for-like portfolio, completed developments increased in value by 7.2% due to a 30 basis points reduction in yields, although rental values decreased marginally due to Trinity Leeds where retailer administrations have led to some lower appraised rents. Within acquisitions, the value of Bluewater, Kent was unchanged while our X-Leisure assets were up 5.4%. The development programme was up 14.0% due to continued construction and pre-letting progress on our major schemes particularly 1 & 2 New Ludgate, EC4 and The Zig Zag Building, SW1.

Earnings per share

Basic earnings per share were 130.6p, compared with 50.8p for the same period last year, primarily due to the significant increase in the valuation surplus.

Similar to the adjustments we make to profit before tax, which remove capital and one-off items to give revenue profit, we also report adjusted earnings per share figures. Adjusted diluted earnings per share increased by 7.5% from 19.9p in the comparative period to 21.4p per share as a result of the increase in revenue profit, partly offset by a small impact from the additional shares issued under the scrip dividend scheme which we operated until April 2014.

Dividend

We will be paying a second quarterly dividend of 7.9p per share on 8 January 2015 to shareholders on the register on 5 December 2014; 6.0p will be paid as a Property Income Distribution (PID) with the balance of 1.9p as an ordinary dividend. Taken together with the first quarterly dividend of 7.9p (100% PID) paid on 10 October 2014, our first half dividend will be 15.8p per share (six months ended 30 September 2013: 15.2p), or £124.8m (six months ended 30 September 2013: £119.3m).

Net assets

At 30 September 2014, our net assets per share were 1,183p, an increase of 114p or 10.7% from 31 March 2014. The increase in our net assets was primarily driven by the increase in value of our investment properties, profits on disposal of investment properties and our adjusted earnings, partly offset by the dividends we paid.

In common with other property companies, we calculate an adjusted measure of net assets which we believe better reflects the underlying net assets attributable to shareholders. Our adjusted net assets are lower than our reported net assets primarily due to an adjustment to increase our debt to its nominal value. At 30 September 2014, adjusted diluted net assets per share were 1,129p per share, an increase of 116p or 11.5% from 31 March 2014.

Table 3 summarises the differences between net assets and our adjusted measure of net assets together with the key movements in the period.

Table 3: Net assets

	Six months ended 30 September 2014 £m	Year ended 31 March 2014 £m
Net assets at the beginning of the period	**8,418.3**	7,486.7
Adjusted earnings	**170.0**	319.1
Valuation surplus on investment properties	**880.2**	763.8
Profit on disposal of investment properties	**38.2**	16.0
Profit on disposal of investments in joint ventures	**-**	2.5
(Loss)/ profit on disposal of trading properties	**(0.2)**	2.4
Impairment of goodwill	**(30.6)**	-
Other	**(26.4)**	12.8
Profit after tax	**1,031.2**	1,116.6
Cash dividends	**(101.9)**	(175.6)
Purchase of own shares and treasury shares	**(5.9)**	(16.0)
Other reserve movements	**2.9**	6.6
Net assets at the end of the period	**9,344.6**	8,418.3
Fair value of interest-rate swaps	**12.6**	3.6
Debt adjusted to nominal value	**(402.7)**	(413.2)
Adjusted net assets at the end of the period	**8,954.5**	8,008.7

To the extent tax is payable, all items are shown post-tax.

Bluewater, Kent

In June, the Group acquired a 30% interest in Bluewater, together with full asset management rights for the centre and 110 acres of surrounding land for £697.0m including business combination costs of £2.7m.

The Group has accounted for the transaction in accordance with IFRS 3 ‘Business Combinations’ and therefore applied purchase accounting. Goodwill of £36.5m arose on the transaction, primarily representing the difference between the value of the investment property as assessed by our external valuer, and the consideration paid. The difference is largely due to prospective purchasers’ costs, which are deducted by the external valuer in determining the investment property value, as well as a lower value being attributed to the 110 acres of surrounding land, where we felt it was appropriate to pay a premium for the land on the basis of its long-term potential and adjacency to the Group’s land at Ebbsfleet. The Group has considered whether this core element of goodwill is recoverable, and has concluded that it is not. £30.5m of the goodwill has therefore been written off to the income statement in the period. This left an initial balance of £6.0m of goodwill, of which £0.1m was impaired in the period. Further details on the goodwill and the assets and liabilities acquired as part of the transaction are given in note 18 to the financial statements.

The Group’s investment in Bluewater represents a joint operation. Therefore, in accordance with IFRS, the Group’s share of the results, assets and liabilities of Bluewater are included in the Group’s financial statements on a line by line basis. This is in contrast to the Group’s joint ventures, where the Group’s interest in joint ventures is presented on one line in the income statement and balance sheet.

Net debt and gearing

Over the period, our net debt increased by £769.6m to £4,100.1m. The main driver of the increase in net debt over the period is the acquisition of our 30% interest in Bluewater, Kent. Other elements behind the movement are set out in our statement of cash flows.

Operating cash inflow after interest and tax was £109.8m, higher than the £63.0m received in the same period last year primarily due to the timing of interest payments in the prior period. Capital expenditure was £132.5m, largely relating to our wholly owned developments in Victoria, and we contributed a net £98.8m to our joint ventures to fund developments at 20 Fenchurch Street, EC3 and Nova, Victoria, SW1 and enable St David's, Cardiff to repay its external debt. Offsetting these investments in our portfolio were sales proceeds of £161.9m, primarily from The Bridges, Sunderland, and we paid cash dividends of £101.9m in the period to 30 September.

Adjusted net debt, which is presented on a proportionate basis and includes the nominal value of our debt but excludes the mark-to-market on our swaps, was up £674.6m to £4,622.9m (31 March 2014: £3,948.3m). A reconciliation between net debt and adjusted net debt is given in note 14 to the financial statements.

Table 4 below sets out various measures of our gearing.

Table 4: Gearing

	30 September 2014 %	31 March 2014 %
Adjusted gearing [(1)] – on a proportionate basis	**51.6**	49.3
Group LTV	**37.5**	35.7
Group LTV – on a proportionate basis	**33.6**	32.5
Security Group LTV	**39.9**	35.5

1. Adjusted net debt divided by adjusted net asset value.

Despite an increase in our asset values, the increase in our net debt following the acquisition of Bluewater has led to a small rise in all of our gearing measures. The measure most widely used in our industry is loan-to-value (LTV). We focus most on Group LTV, presented on a proportionate basis. This LTV measure increased from 32.5% at 31 March 2014 to 33.6% at 30 September 2014. Despite the short term increase in our debt, our strategy at this stage in the property cycle of allowing gearing to decline as property values rise remains unchanged. Since 30 September 2014, we have completed the sale of 47 Mark Lane, EC3, our property interests in Bristol and our 50% stake in Princesshay, Exeter and acquired a further 50% interest in Buchanan Galleries, Glasgow. Had these transactions occurred by 30 September, our Group LTV on a proportionate basis would have been 32.0%.

Our Security Group LTV increased to 39.9% (31 March 2014: 35.5%) largely as a result of funding the acquisition of Bluewater using facilities within the Security Group. Since 30 September, the asset has been charged to the Security Group.

Financing

The total capital of the Group consists of shareholders' equity and adjusted net debt. Since IFRS requires us to state a large part of our net debt at below its nominal value, we view our capital structure on a basis which adjusts for this. Details of our main sources of capital are given in notes 14 and 15 to the financial statements.

During the period, we put in place a £500m acquisition facility to fund the investment in Bluewater, Kent, replacing an existing facility that was due to expire in September. In total we have £385m of committed facilities which extend beyond December 2016, the expiry date of our £1,085m revolving credit facility. The pricing of our facilities which fall due in more than one year range from LIBOR +83 basis points to LIBOR +120 basis points.

The weighted average duration of the Group's debt (on a proportionate basis) is 8.2 years with a weighted average cost of debt of 4.5%, and 84.1% at fixed interest rates. At 30 September 2014, we had £0.8bn of cash and available facilities. This gives the business considerable flexibility to deploy capital quickly should an acquisition opportunity arise.

Taxation

As a consequence of the Group's REIT status, income and capital gains from our qualifying property rental business are exempt from UK corporation tax. There was a tax credit of £0.1m in the period, relating to deferred tax arising on the acquisition of Bluewater, Kent (six months ended 30 September 2013: nil).

Martin Greenslade
Chief Financial Officer

Retail Portfolio

Highlights

- Valuation surplus of 5.4%
- Ungeared total property return of 8.2%
- The portfolio underperformed its IPD Quarterly Universe sector benchmark at 9.2%
- £6.4m investment lettings
- £0.2m development lettings
- Like-for-like voids were 2.4% (31 March 2014: 2.3%)
- Units in administration were 1.3% (31 March 2014: 0.7%)

We have made significant progress in reshaping our portfolio. During the reporting period and since 30 September we have sold £581.5m of weaker assets and strengthened the portfolio with the acquisition of a 30% stake in Bluewater, Kent and the remaining 50% interest in Buchanan Galleries, Glasgow.

Buy

In June we acquired a 30% stake in Bluewater, Kent for a cash consideration of £657.0m. In addition, we acquired the full asset management of the centre and 110 acres of surrounding land for £40.0m. The acquisition forms part of the strategic shift of our Retail Portfolio towards dominance, experience and convenience and brings with it management of the UK’s pre-eminent shopping centre outside London.

Since 30 September, we have increased our interest in Buchanan Galleries, Glasgow to 100% by buying the remaining 50% stake for £137.5m.

Develop

The Bishop Centre, Taplow, our 105,000 sq ft edge-of-town scheme, completed in July, is now open and 88% let. At Worcester, we will shortly be submitting a planning application for a 240,000 sq ft development which is 69% pre-let to John Lewis, M&S, Sainsbury’s and Next. At Maidstone, we were refused planning permission for a 225,000 sq ft retail park development in June and are now exploring our options for the site during the six month appeal period which ends in December.

We exchanged a development agreement with Guildford Borough Council in June and are undertaking feasibility work for a potential mixed-use scheme in the town centre. In July, outline planning permission for the potential leisure development in Ealing was granted and contracts have been exchanged with Picturehouse Cinemas to anchor the scheme. We have also made good progress on potential extensions at Buchanan Galleries, Glasgow and Westgate, Oxford. Both schemes have outline planning consent and we anticipate achieving reserved matters consent before the end of the financial year. We remain disciplined in evaluating which development schemes to pursue as the greater opportunity offered by development comes with greater risk.

Manage

- Footfall in our shopping centres was up 0.6% (national benchmark down 0.8%)
- Same store sales were up 3.7% (national benchmark up 2.7%)
- Same centre sales, taking into account new lettings and tenant changes, were up 6.9%
- Measured retailers’ rent to sales ratio was 10.9%
- Total occupancy costs (including rent, rates, service charges and insurance) represented 18.5% of sales

Innovation has been a key feature of our asset management activity over the first half of the year, with the launch of Collect+, a click and collect service for internet sales, at both Trinity Leeds and St David's in Cardiff. We also launched trials of beacon technology at both centres, which enables consumers to receive targeted location-specific retail offers directly onto their smartphones when visiting a shopping centre. The aim is to help our retailers increase in-store dwell time, footfall and customer loyalty. At the Galleria, Hatfield, we have partnered with Ocado to trial their first click and collect point in the UK. And in Lewisham, Street Feast, a pop-up street food market, attracted 3,000 customers to the Lewisham Centre every weekend throughout the summer, building on the success of our original street food concept at Trinity Leeds.

Sell

We have continued to rebalance our portfolio through selling assets that do not fit our key themes of dominance, experience and convenience. During the period we sold The Bridges, Sunderland for £152.3m and an 11.5 acre development site in Dunstable for £14.9m after securing outline planning permission for residential use. The Harvest Limited Partnership, our 50/50 joint venture with Sainsbury's, sold Priory Way, Kingston-upon-Hull for £37.3m (our share £18.6m). Since 30 September, we have sold Cabot Circus, Bristol for £267.8m and our 50% share of Princesshay, Exeter for £127.9m.

Net rental income

Table 5: Net rental income

	30 September 2014	30 September 2013 (1)	Change
	£m	£m	£m
Like-for-like investment properties	**123.8**	120.0	3.8
Proposed developments	**-**	-	-
Development programme	**0.4**	(0.1)	0.5
Completed developments	**13.7**	14.4	(0.7)
Acquisitions since 1 April 2013	**27.0**	11.6	15.4
Sales since 1 April 2013	**3.6**	15.0	(11.4)
Non-property related income	**3.5**	3.7	(0.2)
Net rental income	**172.0**	164.6	7.4

1. The split of net rental income between the London Portfolio and the Retail Portfolio has been restated by £0.7m in the prior period to reflect the impact of properties transferred from the London Portfolio to the Retail Portfolio during the current period.

Net rental income increased by £7.4m from £164.6m to £172.0m. The increase is largely due to income from acquisitions, in particular our 30% stake in Bluewater, Kent acquired at the end of June 2014 and the increase in our interest in X-Leisure in September 2013. Our like-for-like portfolio has contributed an additional £3.8m of income. This is largely due to new lettings, settlement of a number of rent reviews and lower direct property expenditure. These increases in net rental income are partially offset by our sales since March 2013. These sales include Bon Accord, Aberdeen, the Overgate Centre, Dundee and Designer Outlet Centre, Livingston, all sold in the second half of last year as well as The Bridges, Sunderland sold in the first half of this year. The £0.7m decline in net rental income from completed developments relates to Trinity Leeds where bad debts rose as a result of insolvencies.

Outlook

As signalled in May, we are seeing a rise in consumer spending in the best retail locations, a pre-requisite for rental growth. Multi-channel retailing, and the technology behind it, continues to evolve rapidly. Our view remains that this will prove to be complementary to the best retail destinations but damaging to others. Our focus will remain on ensuring we own the best retail and leisure destinations and selling those that are not.

London Portfolio

Highlights

- Valuation surplus of 9.4%
- Ungeared total property return of 11.5%
- The portfolio outperformed its IPD Quarterly Universe sector benchmark at 11.3%
- £3.9m investment lettings
- £21.6m development lettings
- Like-for-like voids were 2.7% (March 2014: 1.5%)

As we enter the busiest phase of our development activity, delivering 2.9m sq ft of space over the next 24 months, we are seeing good demand and are securing strong office and retail lettings.

Buy

There were no acquisitions in the period. Since 30 September, at 21 Moorfields, EC2, where we have an option to purchase the leasehold interest, we have agreed heads of terms with TfL, the freeholder, to re-gear the lease and enter into a development agreement on this 1.9 acre site at the western entrance to Liverpool Street Crossrail station.

Develop

In the City, 20 Fenchurch Street, EC3 was 90% let at 30 September. The average rent achieved to date is £64 per sq ft and the weighted average lease term to first break is 17 years. Work on the brise soleil and the public sky garden is almost complete and the public space and restaurants will open in January.

Our developments at 1 & 2 New Ludgate and 1 New Street Square, both EC4, located close to the future Crossrail/ Thameslink interchange, are progressing well. 1 & 2 New Ludgate is now 61% pre-let, on 20 year leases, with six months to go to completion. At 1 New Street Square, where demolition was completed in March, construction is now well underway.

Our developments in the West End are also progressing well. Construction started this month on our Oriana, W1 – Phase II retail and residential development at the east end of Oxford Street. The retail space is 64% pre-let to Schuh and Primark with delivery due in November 2016. At 20 Eastbourne Terrace, WC2, at the entrance to Paddington Crossrail station, we are on track to deliver 93,000 sq ft of space in February 2016.

In Victoria, SW1, 62 Buckingham Gate is now 69% let. The letting of this scheme has taken longer than we expected but we are achieving rental levels and lease lengths ahead of appraisal levels. At The Zig Zag Building, the superstructure has been completed and the scheme is now 35% pre-let. We have decided to fit out the office space to Category A specification and as a result the practical completion date will now be July 2015. At Kings Gate, 85 of the 100 apartments are pre-sold, at an average price of £1,708 per sq ft. Although we were not expecting to sell the upper floor apartments until after practical completion, we have recently pre-sold one penthouse apartment for £9.8m. At Nova, Victoria, construction of the two office buildings and residential space is progressing on time and to budget. 128 of the 170 apartments are pre-sold at an average price of £1,806 per sq ft. Marketing of the offices commenced last month.

Manage

Investment lettings in the period totalled £3.9m. Our voids in the like-for-like portfolio remain low, although they rose from 1.5% at 31 March to 2.7% at 30 September, in part due to the decision of News UK to vacate Thomas More Square, E1. By 30 September, we had let 50% of this space to Mitsui OSK and Ipsos Mori. The other main contributor to the increase in voids was at 5 New Street Square, EC4 where we were unable to accommodate the expansion plans of an occupier.

Sell

There were no disposals during the period. Since 30 September, we have sold 47 Mark Lane, EC3 for £73.2m, taking advantage of the strong investment market to crystallise the valuation gain created by letting and lease re-gearing activity.

Net rental income

Table 6: Net rental income

	30 September 2014 £m	30 September 2013 [1] £m	Change £m
Like-for-like investment properties	**110.8**	110.6	0.2
Proposed developments	**-**	-	-
Development programme	**9.8**	-	9.8
Completed developments	**5.5**	4.5	1.0
Acquisitions since 1 April 2013	**-**	(0.3)	0.3
Sales since 1 April 2013	**1.0**	13.6	(12.6)
Non-property related income	**3.3**	2.4	0.9
Net rental income	**130.4**	130.8	(0.4)

1. The split of net rental income between the London Portfolio and the Retail Portfolio has been restated by £0.7m in the prior period to reflect the impact of properties transferred from the London Portfolio to the Retail Portfolio during the current period.

Net rental income has decreased by £0.4m from £130.8m to £130.4m, with the loss of rental income from properties sold last year largely offset by the benefit of newly completed developments.

The sales of Bankside 2 & 3, SE1, The Empress State Building, SW6 and 3, 4 & 5 Harbour Exchange, E14 have led to a £12.6m reduction in net rental income. However, this is largely offset by £9.8m of increased income from the development programme at 62 Buckingham Gate, SW1 and 20 Fenchurch Street, EC3. In addition, the lettings achieved at 123 Victoria Street, SW1, which is now 100% let, are behind the £1.0m increase from completed developments.

Outlook

Although the political landscape is uncertain, our outlook remains unchanged from May. We still expect to see a shortage of Grade A space for at least the next two years and our focus will remain on completing and letting our committed speculative development programme in these favourable conditions.

Principal risks and uncertainties

The principal risks of the business are set out on pages 32-35 of the 2014 Annual Report alongside their potential impact and related mitigations. These risks fall into eight categories: customers; market cyclicality; acquisitions; liability structure; development; people; environment; and health and safety.

The Board has reviewed the principal risks in the context of the second half of the current financial year and believes there has been no material change to the risks outlined in the Annual Report, and that the existing mitigation measures within the business remain relevant for the risks highlighted.

Statement of Directors' Responsibilities

Each of the Directors, whose names and functions appear below, confirm to the best of their knowledge that the condensed interim financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting', as issued by the IASB and adopted by the European Union and that the interim management report herein includes a fair review of the information required by the Disclosure and Transparency Rules (DTR), namely:

- DTR 4.2.7 (R): an indication of important events that have occurred during the six month period ended 30 September 2014 and their impact on the condensed interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- DTR 4.2.8 (R): any related party transactions in the six month period ended 30 September 2014 that have materially affected, and any changes in the related party transactions described in the 2014 Annual Report that could materially affect, the financial position or performance of the enterprise during that period.

The Directors of Land Securities Group PLC as at the date of this announcement are as set out below:

Dame Alison Carnwath*, Chairman
Robert Noel, Chief Executive
Martin Greenslade, Chief Financial Officer
Kevin O'Byrne*
Chris Bartram*
Simon Palley*
Stacey Rauch*
Edward Bonham Carter*
Cressida Hogg CBE*

*Non-executive Directors

A list of the current Directors is maintained on the Land Securities Group PLC website at: www.landsecurities.com.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

By order of the Board

Adrian de Souza
Group General Counsel and Company Secretary
10 November 2014

Independent review report to Land Securities Group PLC

Introduction

We have been engaged by the Company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 September 2014 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes to the financial statements 1 to18. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority. As disclosed in note 1, the annual consolidated financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London, 10 November 2014

Notes:
1. The maintenance and integrity of the Land Securities Group PLC web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial information since it was initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements

Unaudited income statement	Notes	Six months ended 30 September 2014 Revenue profit £m	Capital and other items £m	Total £m	Six months ended 30 September 2013 Revenue profit £m	Capital and other items £m	Total £m
Revenue	4	**346.1**	**1.8**	**347.9**	337.6	10.2	347.8
Costs	5	**(115.8)**	**(4.0)**	**(119.8)**	(113.4)	(3.3)	(116.7)
		230.3	**(2.2)**	**228.1**	224.2	6.9	231.1
Profit on disposal of investment properties	3	**-**	**36.8**	**36.8**	-	19.7	19.7
Profit on disposal of investments in joint ventures	3	**-**	**-**	**-**	-	4.3	4.3
Net surplus on revaluation of investment properties	11	**-**	**788.9**	**788.9**	-	166.0	166.0
Impairment of trading properties	13	**-**	**(0.6)**	**(0.6)**	-	(0.8)	(0.8)
Operating profit		**230.3**	**822.9**	**1,053.2**	224.2	196.1	420.3
Share of post-tax profit from joint ventures	12	**18.9**	**94.5**	**113.4**	18.9	45.2	64.1
Interest income	6	**14.9**	**-**	**14.9**	12.9	12.1	25.0
Interest expense	6	**(94.1)**	**(19.4)**	**(113.5)**	(99.5)	(13.3)	(112.8)
Revaluation of redemption liabilities		**-**	**(6.3)**	**(6.3)**	-	(3.7)	(3.7)
Net gain on business combination		**-**	**-**	**-**	-	5.0	5.0
Impairment of goodwill	18	**-**	**(30.6)**	**(30.6)**	-	-	-
Profit before tax		**170.0**	**861.1**	**1,031.1**	156.5	241.4	397.9
Taxation		**-**	**0.1**	**0.1**	-	-	-
Profit for the period attributable to owners of the parent		**170.0**	**861.2**	**1,031.2**	156.5	241.4	397.9
Earnings per share attributable to owners of the parent (pence):							
Basic earnings per share	8			**130.6**			50.8
Diluted earnings per share	8			**130.1**			50.6

Unaudited statement of comprehensive income	Notes	Six months ended 30 September 2014 Total £m	Six months ended 30 September 2013 Total £m
Profit for the period attributable to owners of the parent		**1,031.2**	397.9
Items that may be subsequently reclassified to the income statement:			
Share of joint ventures' fair value movements on interest-rate swaps treated as cash flow hedges	12	**(0.2)**	2.9
Items that will not be subsequently reclassified to the income statement:			
Re-measurement losses on defined benefit pension scheme		**(0.7)**	(0.7)
Other comprehensive income for the period attributable to owners of the parent		**(0.9)**	2.2
Total comprehensive income for the period attributable to owners of the parent		**1,030.3**	400.1

Unaudited balance sheet	Notes	30 September 2014 £m	31 March 2014 £m
Non-current assets			
Investment properties	11	**11,279.3**	9,847.7
Intangible assets	18	**35.5**	-
Other property, plant and equipment		**8.5**	7.3
Net investment in finance leases		**186.0**	186.9
Loan investment		**49.7**	50.0
Investments in joint ventures	12	**1,391.0**	1,443.3
Trade and other receivables		**42.7**	34.3
Derivative financial instruments		**3.2**	5.3
Pension surplus		**2.6**	2.3
Total non-current assets		**12,998.5**	11,577.1
Current assets			
Trading properties and long-term development contracts	13	**217.1**	192.9
Trade and other receivables		**382.6**	366.3
Monies held in restricted accounts and deposits		**16.1**	14.5
Cash and cash equivalents		**22.0**	20.9
Total current assets		**637.8**	594.6
Non-current asset held for sale	17	**264.3**	-
Total assets		**13,900.6**	12,171.7
Current liabilities			
Borrowings	15	**(13.9)**	(513.2)
Trade and other payables		**(355.2)**	(319.5)
Provisions		**(2.4)**	(3.6)
Derivative financial instruments		**(1.2)**	(5.5)
Current tax liabilities		**(0.5)**	(2.9)
Total current liabilities		**(373.2)**	(844.7)
Non-current liabilities			
Borrowings	15	**(4,111.7)**	(2,849.0)
Trade and other payables		**(13.0)**	(23.6)
Derivative financial instruments		**(14.6)**	(3.5)
Redemption liabilities		**(37.6)**	(32.6)
Deferred tax	18	**(5.9)**	-
Total non-current liabilities		**(4,182.8)**	(2,908.7)
Total liabilities		**(4,556.0)**	(3,753.4)
Net assets		**9,344.6**	8,418.3
Equity			
Capital and reserves attributable to the owners of the parent			
Ordinary shares		**80.1**	79.9
Share premium		**789.3**	788.3
Capital redemption reserve		**30.5**	30.5
Share-based payments		**5.8**	6.3
Retained earnings		**8,447.0**	7,522.5
Own shares		**(8.1)**	(9.2)
Total equity		**9,344.6**	8,418.3

Unaudited statement of changes in equity

	Attributable to owners of the parent						
	Ordinary shares £m	Share premium £m	Capital redemption reserve £m	Share-based payments £m	Retained earnings £m	Own shares £m	Total equity £m
At 1 April 2013	79.2	787.6	30.5	6.8	6,590.3	(7.7)	7,486.7
Total comprehensive income for the period	-	-	-	-	400.1	-	400.1
Transactions with owners:							
Exercise of options	-	0.7	-	-	-	-	0.7
Dividends to owners of the parent	0.4	(0.4)	-	-	(86.6)	-	(86.6)
Fair value of share-based payments	-	-	-	2.8	-	-	2.8
Release on exercise of share options	-	-	-	(3.2)	3.2	-	-
Settlement and transfer of shares to employees on exercise of share options, net of proceeds	-	-	-	-	(6.7)	9.6	2.9
Acquisition of own shares and treasury shares	-	-	-	-	(0.3)	(9.1)	(9.4)
Total transactions with owners of the parent	0.4	0.3	-	(0.4)	(90.4)	0.5	(89.6)
At 30 September 2013	79.6	787.9	30.5	6.4	6,900.0	(7.2)	7,797.2
Total comprehensive income for the period	-	-	-	-	712.2	-	712.2
Transactions with owners:							
Exercise of options	-	0.7	-	-	-	-	0.7
Dividends to owners of the parent	0.3	(0.3)	-	-	(88.8)	-	(88.8)
Fair value of share-based payments	-	-	-	2.7	-	-	2.7
Release on exercise of share options	-	-	-	(2.8)	2.8	-	-
Settlement and transfer of shares to employees on exercise of share options, net of proceeds	-	-	-	-	(3.6)	5.2	1.6
Acquisition of own shares and treasury shares	-	-	-	-	(0.1)	(7.2)	(7.3)
Total transactions with owners of the parent	0.3	0.4	-	(0.1)	(89.7)	(2.0)	(91.1)
At 31 March 2014	**79.9**	**788.3**	**30.5**	**6.3**	**7,522.5**	**(9.2)**	**8,418.3**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**1,030.3**	**-**	**1,030.3**
Transactions with owners:							
Exercise of options	**-**	**1.2**	**-**	**-**	**-**	**-**	**1.2**
Dividends to owners of the parent	**0.2**	**(0.2)**	**-**	**-**	**(105.0)**	**-**	**(105.0)**
Fair value of share-based payments	**-**	**-**	**-**	**3.0**	**-**	**-**	**3.0**
Release on exercise of share options	**-**	**-**	**-**	**(3.5)**	**3.5**	**-**	**-**
Settlement and transfer of shares to employees on exercise of share options, net of proceeds	**-**	**-**	**-**	**-**	**(4.1)**	**6.8**	**2.7**
Acquisition of own shares	**-**	**-**	**-**	**-**	**(0.2)**	**(5.7)**	**(5.9)**
Total transactions with owners of the parent	**0.2**	**1.0**	**-**	**(0.5)**	**(105.8)**	**1.1**	**(104.0)**
At 30 September 2014	**80.1**	**789.3**	**30.5**	**5.8**	**8,447.0**	**(8.1)**	**9,344.6**

Unaudited statement of cash flows	Notes	Six months ended 30 September 2014 £m	2013 £m
Cash flows from operating activities			
Net cash generated from operations	10	**210.2**	214.9
Interest received		**3.4**	6.3
Interest paid		**(97.9)**	(145.0)
Employer contributions to defined benefit pension scheme		**(1.4)**	(2.4)
Capital expenditure on trading properties		**(22.9)**	(14.4)
Disposal of trading properties		**18.4**	4.3
Corporation tax paid		**-**	(0.7)
Net cash inflow from operating activities		**109.8**	63.0
Cash flows from investing activities			
Investment property development expenditure		**(109.0)**	(78.6)
Acquisition of investment properties and other investments		**(0.2)**	(3.5)
Acquisition of subsidiary undertaking (net of cash acquired)	18	**(694.3)**	-
Other investment property related expenditure		**(23.5)**	(46.9)
Disposal of investment properties		**161.9**	172.2
Expenditure on non-property related non-current assets		**-**	(1.1)
Disposal of joint ventures		**-**	52.8
Cash contributed to joint ventures	12	**(5.7)**	(1.7)
Loan advances to joint ventures	12	**(111.3)**	(47.5)
Loan repayments by joint ventures	12	**7.8**	4.7
Distributions from joint ventures	12	**10.4**	12.6
Net cash (outflow)/ inflow from investing activities		**(763.9)**	63.0
Cash flows from financing activities			
Cash received on issue of shares arising from exercise of share options		**3.9**	3.6
Purchase of own shares and treasury shares		**(5.9)**	(9.4)
Increase in investment in subsidiary undertaking (X-Leisure)		**-**	(119.7)
Proceeds from new loans (net of finance fees)	15	**768.5**	204.9
Repayment of loans	15	**(6.5)**	(132.6)
(Increase)/ decrease in monies held in restricted accounts and deposits		**(1.6)**	16.4
Dividends paid to owners of the parent	9	**(101.9)**	(86.7)
Distributions paid by non-wholly owned subsidiaries		**(1.3)**	(0.4)
Net cash inflow/ (outflow) from financing activities		**655.2**	(123.9)
Increase in cash and cash equivalents for the period		**1.1**	2.1
Cash and cash equivalents at the beginning of the period		**20.9**	41.7
Cash and cash equivalents at the end of the period		**22.0**	43.8

Notes to the Financial Statements

1. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 September 2014 has been prepared on a going concern basis and in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and IAS 34 'Interim Financial Reporting' as adopted by the European Union (EU). In order to satisfy themselves that the Group has adequate resources to continue in operational existence for the foreseeable future, the Directors have reviewed an 18 month forecast extracted from the Group's current five year plan, which includes assumptions about future trading performance, valuation projections and debt requirements. This, together with available market information and experience of the Group's property portfolio and markets, has given the Directors sufficient confidence to adopt the going concern basis in preparing the financial statements.

The condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2014 were approved by the Board of Directors on 14 May 2014 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. The condensed consolidated interim financial information has been reviewed, not audited.

The condensed consolidated interim financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2014, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs).

This condensed consolidated interim financial information was approved for issue on 10 November 2014.

Presentation of results

The Group income statement is presented in a columnar format, split into those items that relate to revenue profit and capital and other items. The total column represents the Group's results presented in accordance with IFRSs; the other columns provide additional information. This is intended to reflect the way in which the Group's senior management review the results of the business and to aid reconciliation to the segmental reporting. The Group income statement was presented in this way for the first time at March 2014. Accordingly the income statement for the period ended 30 September 2013 has been restated in the current period to be consistent with this presentation.

A number of the financial measures used internally by the Group to measure performance include the results of partly-owned subsidiaries and joint ventures on a proportionate basis. Measures that are described as being on a proportionate basis include the Group's share of joint ventures on a line by line basis and are adjusted to exclude the non-owned elements of our subsidiaries. This is in contrast to the Group's statutory financial statements, where the Group applies equity accounting to its interest in joint ventures, presenting its interest as one line on the income statement and balance sheet, and consolidating all subsidiaries at 100% with any non-owned element being adjusted as a non-controlling interest or redemption liability as appropriate. Measures described as being prepared on a proportionate basis are non-GAAP measures and therefore not presented in accordance with IFRSs.

Revenue profit is the Group's measure of underlying pre-tax profit, which is used by senior management to assess the Group's income performance. It excludes all items of a capital nature, such as valuation movements and profits and losses on the disposal of investment properties, as well as one-off items. A full definition of revenue profit is given in the glossary. The components of revenue profit are presented on a proportionate basis in note 3. Revenue profit is a non-GAAP measure.

2. Significant accounting policies

Except as described below, the condensed consolidated interim financial information has been prepared on the basis of the accounting policies, significant judgements, key assumptions and estimates as set out in the notes to the Group's annual financial statements for the year ended 31 March 2014. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following accounting standards or interpretations were effective for the financial year beginning 1 April 2014 and have been applied in preparing these interim financial statements to the extent they are relevant to the preparation of interim financial information:

- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- IAS 27 (revised) 'Separate Financial Statements'
- IAS 28 (revised) 'Investments in Associates and Joint Ventures'
- IAS 32 (amendment) 'Financial instruments: Presentation' (assets and liability offsetting)
- IAS 36 (amendment) 'Impairment of Assets'
- IAS 39 (amendment) 'Financial Instruments: Recognition and Measurement'
- Amendments to IFRS 10, IFRS 11, IFRS 12 (transition guidance)

IFRS 10 outlines the requirements for the preparation of consolidated financial statements, requiring an entity to consolidate the results of all investees it is considered to control. Control exists where an entity is exposed to variable returns and has the ability to affect those returns through its power over the investee. IFRS 11 replaced IAS 31 'Interests in Joint Ventures' and SIC 13 'Jointly Controlled Entities - Non-monetary Contributions by Venturers'. IFRS 11 defines two types of joint arrangement (joint operations and joint ventures) and specifies the accounting for each arrangement. Joint operations must be accounted for by including the owner's share of the assets, liabilities, income and expenses on a line by line basis. Joint ventures are equity accounted in accordance with IAS 28 (revised). The option previously available under IAS 31 to account for jointly controlled entities using proportionate consolidation is no longer available. The adoption of IFRS 10 and IFRS 11 has not resulted in any changes to the Group's financial position or performance.

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. As a result of the adoption of IFRS 12 the Group has amended some of its disclosure in respect of joint arrangements.

None of the other standards above have impacted the Group's reporting.

The following accounting standards and interpretations which are relevant to the Group have been issued, but are not yet effective:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'

These standards and interpretations have not been early adopted by the Group. The Group is in the process of assessing the impact of these new standards and interpretations on its financial reporting.

3. Segmental information

The Group's operations are organised into two operating segments, being the Retail Portfolio and the London Portfolio. The London Portfolio includes all our London offices and central London shops and the Retail Portfolio includes all our shopping centres and shops, excluding central London shops, hotels and leisure assets and retail warehouse properties. All of the Group's operations are in the UK.

Management has determined the Group's operating segments based on the information reviewed by senior management to make strategic decisions. During the six months, the chief operating decision maker was the Executive Committee ('ExecCom'), which comprises the Executive Directors, the managing directors of the Retail and London portfolios, the Group General Counsel and Company Secretary, and the Group HR Director. The information presented to ExecCom includes reports from all functions of the business as well as strategy, financial planning, succession planning, organisational development and Group-wide policies.

The Group's primary measure of underlying profit before tax is revenue profit (see note 1). However, segment profit is the lowest level to which the profit arising from the on-going operations of the Group is analysed between the two segments. The Group manages its financing structure, with the exception of joint ventures, on a pooled basis and, as such, debt facilities and interest charges (other than those relating to joint ventures) are not specific to a particular segment. Unallocated income and expenses ('Group services') are items incurred centrally which are neither directly attributable nor can be reasonably allocated to individual segments.

The Group's financial performance is not impacted by seasonal fluctuations.

3. Segmental information continued

Revenue profit Six months ended 30 September 2014	Retail Portfolio Group £m	Retail Portfolio Joint ventures £m	Retail Portfolio Total £m	London Portfolio Group £m	London Portfolio Joint ventures £m	London Portfolio Total £m	Total Group £m	Total Joint ventures £m	Total Total £m
Rental income	160.3	30.2	190.5	122.1	10.1	132.2	282.4	40.3	322.7
Finance lease interest	0.7	0.1	0.8	4.5	-	4.5	5.2	0.1	5.3
Gross rental income (before rents payable)	161.0	30.3	191.3	126.6	10.1	136.7	287.6	40.4	328.0
Rents payable [1]	(4.9)	(0.9)	(5.8)	(0.9)	-	(0.9)	(5.8)	(0.9)	(6.7)
Gross rental income (after rents payable)	156.1	29.4	185.5	125.7	10.1	135.8	281.8	39.5	321.3
Service charge income	22.8	4.2	27.0	18.0	1.0	19.0	40.8	5.2	46.0
Service charge expense	(23.2)	(4.6)	(27.8)	(17.1)	(1.2)	(18.3)	(40.3)	(5.8)	(46.1)
Net service charge (expense)/ income	(0.4)	(0.4)	(0.8)	0.9	(0.2)	0.7	0.5	(0.6)	(0.1)
Other property related income	8.1	0.5	8.6	7.8	0.3	8.1	15.9	0.8	16.7
Direct property expenditure	(17.2)	(4.1)	(21.3)	(13.0)	(1.2)	(14.2)	(30.2)	(5.3)	(35.5)
Net rental income	146.6	25.4	172.0	121.4	9.0	130.4	268.0	34.4	302.4
Indirect property expenditure	(12.2)	(1.0)	(13.2)	(9.1)	(0.6)	(9.7)	(21.3)	(1.6)	(22.9)
Depreciation	(0.1)	-	(0.1)	(0.5)	-	(0.5)	(0.6)	-	(0.6)
Segment profit before interest	134.3	24.4	158.7	111.8	8.4	120.2	246.1	32.8	278.9
Joint venture net interest expense	-	(5.4)	(5.4)	-	(8.5)	(8.5)	-	(13.9)	(13.9)
Segment profit	134.3	19.0	153.3	111.8	(0.1)	111.7	246.1	18.9	265.0
Group services – other income							1.8	-	1.8
– expense							(17.6)	-	(17.6)
Interest income							14.9	-	14.9
Interest expense							(94.1)	-	(94.1)
Revenue profit							151.1	18.9	170.0

1. Included within rents payable is finance lease interest payable of £0.8m and £0.2m for the Retail and London portfolios, respectively.

Reconciliation of revenue profit to profit before tax	Total Group £m	Total Joint ventures £m	Total Total £m
Revenue profit	151.1	18.9	170.0
Capital and other items			
(Loss)/ profit on disposal of trading properties	(0.4)	0.2	(0.2)
Profit on disposal of investment properties	36.8	1.4	38.2
Net surplus on revaluation of investment properties	787.3	92.9	880.2
Impairment of trading properties [2]	(0.6)	(0.4)	(1.0)
Fair value movement on interest-rate swaps	(8.9)	0.1	(8.8)
Amortisation of bond exchange de-recognition adjustment	(10.5)	-	(10.5)
Revaluation of redemption liabilities	(6.3)	-	(6.3)
Business combination costs	(2.7)	-	(2.7)
Impairment of goodwill	(30.6)	-	(30.6)
Amortisation of intangible asset	(0.4)	-	(0.4)
Adjustment for non-wholly owned subsidiaries [3]	2.9	0.3	3.2
Profit before tax	917.7	113.4	1,031.1

2. Of the impairment of trading properties of £1.0m, an impairment of £0.2m relates to the Retail Portfolio and £0.8m relates to the London Portfolio.
3. All items in the segment note are presented on a proportionate basis (see note 1). This adjustment represents the non-owned element of the Group's subsidiaries which is excluded from the numbers presented in the tables above. A reconciliation from the Group's income statement to the financial information presented in this note is given in table 16 in the Business Analysis section.

3. Segmental information continued

Revenue profit	Retail Portfolio Group (1) £m	Joint ventures £m	Total £m	London Portfolio Group (1) £m	Joint ventures £m	Total £m	Total Group £m	Joint ventures £m	Total £m
									Six months ended 30 September 2013
Rental income	151.0	33.0	184.0	124.8	5.8	130.6	275.8	38.8	314.6
Finance lease interest	0.9	0.1	1.0	4.4	-	4.4	5.3	0.1	5.4
Gross rental income (before rents payable)	151.9	33.1	185.0	129.2	5.8	135.0	281.1	38.9	320.0
Rents payable (2)	(4.6)	(0.8)	(5.4)	(1.8)	-	(1.8)	(6.4)	(0.8)	(7.2)
Gross rental income (after rents payable)	147.3	32.3	179.6	127.4	5.8	133.2	274.7	38.1	312.8
Service charge income	20.2	4.4	24.6	18.4	0.1	18.5	38.6	4.5	43.1
Service charge expense	(21.4)	(5.1)	(26.5)	(17.8)	(0.1)	(17.9)	(39.2)	(5.2)	(44.4)
Net service charge expense	(1.2)	(0.7)	(1.9)	0.6	-	0.6	(0.6)	(0.7)	(1.3)
Other property related income	7.6	0.6	8.2	8.6	0.1	8.7	16.2	0.7	16.9
Direct property expenditure	(15.9)	(5.4)	(21.3)	(11.4)	(0.3)	(11.7)	(27.3)	(5.7)	(33.0)
Net rental income	137.8	26.8	164.6	125.2	5.6	130.8	263.0	32.4	295.4
Indirect property expenditure	(11.5)	(1.4)	(12.9)	(7.7)	(0.2)	(7.9)	(19.2)	(1.6)	(20.8)
Depreciation	(0.1)	-	(0.1)	(0.7)	-	(0.7)	(0.8)	-	(0.8)
Segment profit before interest	126.2	25.4	151.6	116.8	5.4	122.2	243.0	30.8	273.8
Joint venture net interest expense	-	(7.7)	(7.7)	-	(4.2)	(4.2)	-	(11.9)	(11.9)
Segment profit	126.2	17.7	143.9	116.8	1.2	118.0	243.0	18.9	261.9
Group services – other income							1.7	-	1.7
– expense							(20.5)	-	(20.5)
Interest income							12.9	-	12.9
Interest expense							(99.5)	-	(99.5)
Revenue profit							137.6	18.9	156.5

1. The split of net rental income between the London Portfolio and the Retail Portfolio has been restated by £0.7m since the prior period to reflect the impact of properties transferred from the London Portfolio to the Retail Portfolio during the current period.
2. Included within rents payable is finance lease interest payable of £1.0m and £0.2m for the Retail and London portfolios, respectively.

Reconciliation of revenue profit to profit before tax	Total Group £m	Joint ventures £m	Total £m
Revenue profit	137.6	18.9	156.5
Capital and other items			
Profit on disposal of trading properties	-	0.3	0.3
Profit on disposal of investment properties	19.7	0.9	20.6
Profit on disposal of investments in joint ventures	4.3	-	4.3
Net surplus on revaluation of investment properties	168.2	41.6	209.8
Impairment of trading properties (3)	(0.8)	(0.8)	(1.6)
Fair value movement on interest-rate swaps	8.4	3.5	11.9
Amortisation of bond exchange de-recognition adjustment	(9.6)	-	(9.6)
Revaluation of redemption liabilities	(3.7)	-	(3.7)
Net gain on business combination	5.0	-	5.0
Joint venture net liabilities adjustment	-	(0.3)	(0.3)
Share of joint venture tax	-	(0.5)	(0.5)
Adjustment for non-wholly owned subsidiaries (4)	4.7	0.5	5.2
Profit before tax	333.8	64.1	397.9

3. Of the impairment of trading properties of £1.6m, £0.2m relates to the Retail Portfolio and £1.4m relates to the London Portfolio.
4. All items in the segment note are presented on a proportionate basis (see note 1). This adjustment represents the non-owned element of the Group's subsidiaries which is excluded from the numbers presented in the tables above.

4. Revenue

All revenue is classified within the 'Revenue profit' column of the income statement, with the exception of proceeds on the sale of trading properties and income arising on long-term development contracts, which are presented in the 'Capital and other items' column. Also included in the 'Capital and other items' column is the non-owned element of the Group's subsidiaries which is excluded from revenue profit.

	Six months ended 30 September 2014			Six months ended 30 September 2013		
	Revenue profit £m	**Capital and other items £m**	**Total £m**	Revenue profit £m	Capital and other items £m	Total £m
Rental income (excluding adjustment for lease incentives)	**273.1**	**1.4**	**274.5**	261.3	8.0	269.3
Adjustment for lease incentives	**9.3**	**0.1**	**9.4**	14.5	0.7	15.2
Rental income	**282.4**	**1.5**	**283.9**	275.8	8.7	284.5
Service charge income	**40.8**	**0.3**	**41.1**	38.6	2.0	40.6
Other property related income	**15.9**	**-**	**15.9**	16.2	(0.7)	15.5
Finance lease interest	**5.2**	**-**	**5.2**	5.3	0.2	5.5
Other income	**1.8**	**-**	**1.8**	1.7	-	1.7
	346.1	**1.8**	**347.9**	337.6	10.2	347.8

5. Costs

All costs are classified within the 'Revenue profit' column of the income statement, with the exception of the cost of sale of trading properties, costs arising on long-term development contracts, amortisation of intangible assets and business combination costs which are presented in the 'Capital and other items' column. Also included in the 'Capital and other items' column is the non-owned element of the Group's subsidiaries which is excluded from revenue profit.

	Six months ended 30 September 2014			Six months ended 30 September 2013		
	Revenue profit £m	**Capital and other items £m**	**Total £m**	Revenue profit £m	Capital and other items £m	Total £m
Rents payable	**5.8**	**-**	**5.8**	6.4	0.1	6.5
Service charge expense	**40.3**	**0.3**	**40.6**	39.2	2.2	41.4
Direct property expenditure	**30.2**	**0.2**	**30.4**	27.3	0.7	28.0
Indirect property expenditure (excluding employee costs)	**13.1**	**-**	**13.1**	11.2	0.3	11.5
Employee costs	**26.4**	**-**	**26.4**	29.3	-	29.3
Trading property disposals	**-**	**0.4**	**0.4**	-	-	-
Amortisation of intangible asset	**-**	**0.4**	**0.4**	-	-	-
Business combination costs	**-**	**2.7**	**2.7**	-	-	-
	115.8	**4.0**	**119.8**	113.4	3.3	116.7

6. Net interest expense

	Six months ended 30 September 2014 £m	2013 £m
Interest expense		
Bond and debenture debt	**(84.9)**	(88.5)
Bank borrowings	**(15.2)**	(17.1)
Other interest payable	**(0.2)**	(0.6)
Amortisation of bond exchange de-recognition	**(10.5)**	(9.6)
Fair value movement on interest-rate swaps	**(8.9)**	-
	(119.7)	(115.8)
Interest capitalised in relation to properties under development	**6.2**	3.0
Total interest expense	**(113.5)**	(112.8)
Interest income		
Short-term deposits	**-**	0.1
Interest received on loan investments	**1.4**	1.4
Other interest receivable	**0.1**	0.6
Interest receivable from joint ventures	**13.3**	10.6
Net pension interest	**0.1**	0.2
Fair value movement on interest-rate swaps	**-**	12.1
Total interest income	**14.9**	25.0
Net interest expense	**(98.6)**	(87.8)

Included within rents payable (note 3) is finance lease interest payable of **£1.0m** (2013: £1.2m).

The following table reconciles interest expense and interest income per the Group income statement to interest expense and interest income included within revenue profit (note 3):

	Six months ended 30 September 2014 £m	2013 £m
Total interest expense	**(113.5)**	(112.8)
Amortisation of bond exchange de-recognition adjustment	**10.5**	9.6
Fair value movement on interest-rate swaps	**8.9**	-
Adjustment for non-wholly owned subsidiaries (1)	**-**	3.7
	(94.1)	(99.5)
Joint venture net interest expense	**(13.9)**	(11.9)
Interest expense included in revenue profit	**(108.0)**	(111.4)
Total interest income	**14.9**	25.0
Fair value movement on interest-rate swaps	**-**	(8.4)
Adjustment for non-wholly owned subsidiaries (1)	**-**	(3.7)
Interest income included in revenue profit	**14.9**	12.9

1. This represents the non-owned element of the Group's subsidiaries which is excluded from revenue profit.

7. Net assets per share	30 September 2014 £m	31 March 2014 £m
Net assets attributable to the owners of the parent	**9,344.6**	8,418.3
Fair value of interest-rate swaps – Group	**12.6**	3.7
– Joint ventures	**-**	(0.1)
EPRA adjusted net assets	**9,357.2**	8,421.9
Reverse bond exchange de-recognition adjustment	**(402.7)**	(413.2)
Adjusted net assets attributable to the owners of the parent	**8,954.5**	8,008.7
Reinstate bond exchange de-recognition adjustment	**402.7**	413.2
Fair value of interest-rate swaps – Group	**(12.6)**	(3.7)
– Joint ventures	**-**	0.1
Excess of fair value of debt over book value (note 15)	**(957.2)**	(889.1)
EPRA triple net assets	**8,387.4**	7,529.2

	30 September 2014 million	31 March 2014 million
Number of ordinary shares in issue	**801.0**	799.2
Number of treasury shares	**(10.5)**	(10.5)
Number of own shares	**(0.8)**	(1.1)
Number of ordinary shares - basic net assets per share	**789.7**	787.6
Dilutive effect of share options	**3.4**	3.0
Number of ordinary shares - diluted net assets per share	**793.1**	790.6

	30 September 2014 pence	31 March 2014 pence
Net assets per share	**1,183**	1,069
Diluted net assets per share	**1,178**	1,065
Adjusted net assets per share	**1,134**	1,017
Adjusted diluted net assets per share	**1,129**	1,013
EPRA measure – adjusted diluted net assets per share	**1,180**	1,065
– diluted triple net assets per share	**1,058**	952

Adjusted net assets per share excludes fair value adjustments on financial instruments used for hedging purposes and the bond exchange de-recognition adjustment as management consider this better represents the expected future cash flows of the Group. EPRA measures have been included to assist comparison between European property companies. We believe our measure of adjusted net assets attributable to the owners of the parent is more indicative of underlying performance.

8. Earnings per share

Earnings per share (EPS) is the amount of post-tax profit attributable to each share.

The Group has also chosen to disclose adjusted earnings per share in order to provide an indication of the Group's underlying business performance. Adjusted earnings per share exclude items of a capital nature and one-off items. We believe our measure of adjusted diluted earnings per share is more appropriate than the EPRA measure in the context of our business.

	Six months ended 30 September	
	2014	2013
	£m	£m
Profit for the period attributable to the owners of the parent	**1,031.2**	397.9
Net surplus on revaluation of investment properties	**(880.2)**	(209.8)
Profit on disposal of investment properties	**(38.2)**	(20.6)
Profit on disposal of investments in joint ventures	**-**	(4.3)
Impairment of trading properties	**1.0**	1.6
Loss/ (profit) on disposal of trading properties	**0.2**	(0.3)
Fair value movement on interest-rate swaps	**8.8**	(11.9)
Revaluation of redemption liabilities	**6.3**	3.7
Business combination costs/ (net gain)	**2.7**	(5.0)
Impairment of goodwill	**30.6**	-
Amortisation of intangible asset	**0.4**	-
Group taxation	**(0.1)**	-
Share of joint venture tax	**-**	0.2
Joint venture net liabilities adjustment [(1)]	**-**	0.3
Adjustment for non-wholly owned subsidiaries [(2)]	**(3.2)**	(5.2)
EPRA adjusted earnings attributable to the owners of the parent	**159.5**	146.6
Eliminate amortisation of bond exchange de-recognition	**10.5**	9.6
Adjusted earnings attributable to the owners of the parent	**170.0**	156.2

1. Joint ventures with net liabilities are carried at zero value in the balance sheet where there is no commitment to fund the deficit.
2. This adjustment represents the non-owned element of the Group's subsidiaries which is excluded from adjusted earnings.

	Six months ended 30 September	
	2014	2013
	million	million
Weighted average number of ordinary shares	**800.8**	794.4
Weighted average number of treasury shares	**(10.5)**	(10.5)
Weighted average number of own shares	**(1.0)**	(1.0)
Weighted average number of ordinary shares - basic earnings per share	**789.3**	782.9
Dilutive effect of share options	**3.2**	3.4
Weighted average number of ordinary shares - diluted earnings per share	**792.5**	786.3

	Six months ended 30 September	
	2014	2013
	pence	pence
Basic earnings per share	**130.6**	50.8
Diluted earnings per share	**130.1**	50.6
Adjusted earnings per share	**21.5**	20.0
Adjusted diluted earnings per share	**21.4**	19.9
EPRA adjusted earnings per share	**20.2**	18.7
EPRA adjusted diluted earnings per share	**20.1**	18.6

9. Dividends

Ordinary dividends paid	Payment date	Pence per share	Six months ended 30 September 2014 £m	2013 £m
For the year ended 31 March 2013:				
Third interim	17 April 2013	7.4		57.8
Final	19 July 2013	7.6		59.4
For the year ended 31 March 2014:				
Third interim	**11 April 2014**	**7.6**	**59.9**	
Final	**22 July 2014**	**7.9**	**62.3**	
Gross dividends			**122.2**	117.2
Dividends settled in shares			**(17.2)**	(30.6)
Dividends in statement of changes in equity			**105.0**	86.6
Timing difference relating to payment of withholding tax			**(3.1)**	0.1
Dividends in the statement of cash flows			**101.9**	86.7

The Board has proposed a second interim dividend of **7.9p** per Ordinary share (2013: 7.6p) of which 6.0p will be paid as a PID and 1.9p as an ordinary dividend (non-PID). The second interim dividend will result in a further estimated distribution of **£62.4m** (2013: £59.7m). It will be paid on 8 January 2015 to shareholders registered at the close of business on 5 December 2014. The Company paid a first interim dividend of **7.9p** per Ordinary share, entirely as a PID, representing **£62.4m** in total (2013: 7.6p or £59.6m), on 10 October 2014.

The Company operated a scrip dividend scheme during part of the period and the scrip dividend amount of **£17.2m** (2013: £30.6m) comprised a wholly non-PID distribution. A dividend reinvestment plan (DRIP) has been introduced in place of the scrip dividend scheme.

10. Net cash generated from operations

Reconciliation of operating profit to net cash generated from operations:	Six months ended 30 September 2014 £m	2013 £m
Operating profit	**1,053.2**	420.3
Adjustments for:		
Depreciation	**1.4**	1.6
Amortisation of intangible asset	**0.4**	-
Profit on disposal of investment properties	**(36.8)**	(19.7)
Loss on disposal of trading properties	**0.4**	-
Profit on disposal of investments in joint ventures	**-**	(4.3)
Net surplus on revaluation of investment properties	**(788.9)**	(166.0)
Impairment of trading properties	**0.6**	0.8
Share-based payment charge	**3.0**	2.8
Defined benefit pension scheme charge	**0.5**	0.6
	233.8	236.1
Changes in working capital:		
Increase in long-term development contracts	**(0.4)**	(0.5)
Increase in receivables	**(11.6)**	(42.3)
(Decrease)/ increase in payables and provisions	**(11.6)**	21.6
Net cash generated from operations	**210.2**	214.9

11. Investment properties	Six months ended 30 September 2014 £m	Six months ended 31 March 2014 £m	Six months ended 30 September 2013 £m
Net book value at the beginning of the period	**9,847.7**	9,759.5	9,651.9
Acquisitions	**-**	-	1.6
Acquired in business combination	**635.8**	-	-
Capital expenditure	**139.6**	106.0	116.0
Capitalised interest	**4.5**	3.9	1.6
Disposals	**(126.1)**	(464.7)	(172.6)
Net movement in finance leases	**(11.1)**	2.4	0.8
Transfer to trading properties	**-**	-	(5.8)
Valuation surplus	**788.9**	440.6	166.0
Net book value at the end of the period	**11,279.3**	9,847.7	9,759.5

The fair value of investment properties at 30 September 2014 was determined by the Group's external valuers; Knight Frank, CBRE and JLL. The valuations are in line with RICS standards and were arrived at by reference to market evidence of transactions for similar properties. The valuations performed by the independent valuers are reviewed internally by senior management and relevant people within the London and Retail business units. This includes discussions of the assumptions used by the external valuers, as well as a review of the resulting valuations. Discussions of the valuation process and results are held between senior management, the audit committee and the external valuers on a half-yearly basis.

The market value of the Group's investment properties, as determined by the Group's external valuers, differs from the net book value presented in the balance sheet due to the Group presenting lease incentives, tenant finance leases and head leases separately. The following table reconciles the net book value of the investment properties to the market value.

	30 September 2014 £m	31 March 2014 £m
Net book value	**11,279.3**	9,847.7
Plus: tenant lease incentives	**254.0**	251.9
Less: head leases capitalised	**(19.0)**	(30.1)
Plus: properties treated as finance leases	**233.3**	219.3
Market value – Group	**11,747.6**	10,288.8
– Adjustment for non-wholly owned subsidiaries (1)	**(30.0)**	(28.4)
– Joint ventures (note 12)	**1,456.4**	1,599.0
– Combined portfolio	**13,174.0**	11,859.4

1. This represents the interest in X-Leisure which we do not own, but is consolidated in the Group numbers.

12. Joint arrangements

The Group's joint arrangements are described below:

Joint ventures	Percentage owned & voting rights	Business segment	Year end date (1)	Joint venture partners
Held at 30 September 2014				
20 Fenchurch Street Limited Partnership	50.0%	London Portfolio	31 March	Canary Wharf Group plc
Nova, Victoria (2)	50.0%	London Portfolio	31 March	Canada Pension Plan Investment Board
Metro Shopping Fund Limited Partnership	50.0%	Retail Portfolio	31 March	Delancey Real Estate Partners Limited
Buchanan Partnership (3)	50.0%	Retail Portfolio	31 December	The Henderson UK Shopping Centre Fund
St. David's Limited Partnership	50.0%	Retail Portfolio	31 December	Intu Properties plc
Bristol Alliance Limited Partnership (4)	50.0%	Retail Portfolio	31 December	Hammerson plc
The Oriana Limited Partnership	50.0%	London Portfolio	31 March	Frogmore Real Estate Partners Limited Partnership
Harvest (5) (6)	50.0%	Retail Portfolio	31 March	J Sainsbury plc
Westgate Oxford Alliance Limited Partnership (6)	50.0%	Retail Portfolio	31 March	The Crown Estate Commissioners
The Martineau Galleries Limited Partnership (6)	33.3%	Retail Portfolio	31 December	Hammerson plc Pearl Group Limited
The Ebbsfleet Limited Partnership (6)	50.0%	London Portfolio	31 March	Lafarge Cement UK PLC
Millshaw Property Co. Limited (6)	50.0%	Retail Portfolio	31 March	Evans Property Group Limited
Countryside Land Securities (Springhead) Limited (6)	50.0%	London Portfolio	30 September	Countryside Properties PLC
West India Quay Unit Trust (6)	50.0%	Retail Portfolio	31 December	Schroder Exempt Property Unit Trust
Disposed of in the year ended 31 March 2014				
The Scottish Retail Property Limited Partnership (6)	50.0%	Retail Portfolio	31 March	The British Land Company PLC
Hungate (York) Regeneration Limited (6)	33.3%	Retail Portfolio	30 June	Crosby Lend Lease PLC Evans Property Group Limited
The Empress State Limited Partnership (6)	50.0%	London Portfolio	31 December	Capital & Counties Properties PLC

Joint operations	Ownership interest	Business segment	Joint operation partners
Bluewater, Kent	30.0%	Retail Portfolio	M&G Real Estate and GIC Lend Lease Retail Partnership Hermes and Aberdeen Asset Management
Thomas More Square, E1	50.0%	London Portfolio	The Cadillac Fairview Corporation Limited
Princesshay, Exeter (3)	50.0%	Retail Portfolio	The Crown Estate Commissioners

1. The year end date shown is the accounting reference date of the joint venture. In all cases the Group's accounting is performed using financial information for the Group's own reporting period and reporting date.
2. Nova, Victoria includes the Victoria Circle Limited Partnership and Nova Residential Limited Partnership.
3. On 31 October 2014, the Group simultaneously disposed of its interest in Princesshay, Exeter and acquired the remaining 50% interest in the Buchanan Partnership. See note 17.
4. Transferred to 'Non-current asset held for sale' at 30 September 2014. On 30 October 2014, the Group disposed of its interest in the Bristol Alliance Limited Partnership. See note 17.
5. Harvest includes The Harvest Limited Partnership and Harvest Two Limited Partnership.
6. Included within Other in subsequent tables.

All of the Group's joint arrangements have their principal place of business in the United Kingdom. All of the Group's joint arrangements own and operate investment property with the exception of The Ebbsfleet Limited Partnership and Countryside Land Securities (Springhead) Limited, which hold development land as trading properties. The 20 Fenchurch Street Limited Partnership, Nova, Victoria and The Oriana Limited Partnership are also engaged in the development of investment properties. The activities of all the Group's joint arrangements are therefore strategically important to the business activities of the Group.

All joint ventures are registered in England and Wales with the exception of The Scottish Retail Property Limited Partnership, Metro Shopping Fund Limited Partnership and West India Quay Unit Trust which are registered in Jersey.

12. Joint arrangements continued

Six months ended 30 September 2014

Joint ventures Income statement	20 Fenchurch Street Limited Partnership 100% £m	Nova, Victoria 100% £m	Metro Shopping Fund Limited Partnership 100% £m	Buchanan Partnership 100% £m	St. David's Limited Partnership 100% £m	Bristol Alliance Limited Partnership 100% £m	The Oriana Limited Partnership 100% £m	Individually material JVs at LS's share 50% £m	Other LS share £m	Total LS share £m
Revenue [1]	16.4	-	8.8	9.8	21.4	21.8	6.4	42.3	5.4	47.7
Gross rental income (after rents payable)	14.2	-	6.8	8.6	16.4	18.4	6.2	35.3	4.2	39.5
Net rental income/ (expense)	13.8	(2.0)	6.6	7.0	14.0	16.0	6.0	30.7	3.7	34.4
Segment profit/ (loss) before interest	13.2	(2.2)	6.2	7.0	13.4	15.4	5.8	29.4	3.4	32.8
Interest expense	(13.2)	(0.2)	(3.4)	(4.2)	(3.6)	-	(3.4)	(14.0)	0.1	(13.9)
Revenue profit	-	(2.4)	2.8	2.8	9.8	15.4	2.4	15.4	3.5	18.9
Capital and other items										
Profit on disposal of trading properties	-	-	-	-	0.4	-	-	0.2	-	0.2
Profit on disposal of investment properties	-	-	-	-	-	-	-	-	1.4	1.4
Impairment of trading properties	-	-	-	-	(0.4)	-	-	(0.2)	(0.2)	(0.4)
Net surplus/ (deficit) on revaluation of investment properties	61.8	25.8	23.4	(1.4)	37.0	-	31.2	88.9	4.0	92.9
Fair value movement on interest-rate swaps	-	-	-	-	0.6	-	(0.4)	0.1	-	0.1
Adjustment for non-wholly owned subsidiary [2]	-	-	-	-	-	-	-	-	0.3	0.3
Profit before tax	61.8	23.4	26.2	1.4	47.4	15.4	33.2	104.4	9.0	113.4
Income tax	-	-	-	-	-	-	-	-	-	-
Post-tax profit	61.8	23.4	26.2	1.4	47.4	15.4	33.2	104.4	9.0	113.4
Other comprehensive income	-	-	(0.4)	-	-	-	-	(0.2)	-	(0.2)
Total comprehensive income	61.8	23.4	25.8	1.4	47.4	15.4	33.2	104.2	9.0	113.2
	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%			
Land Securities' share of total comprehensive income	30.9	11.7	12.9	0.7	23.7	7.7	16.6	104.2	9.0	113.2

1. Revenue includes gross rental income (before rents payable), service charge income, other property related income, trading properties disposal proceeds and income from long-term development contracts.
2. The adjustment represents the non-owned element of a Group subsidiary's investment in a joint venture which is excluded from revenue profit and the 'Net surplus/ (deficit) on revaluation of investment properties' shown in this note.

12. Joint arrangements continued

Six months ended 30 September 2013

Joint ventures Income statement	20 Fenchurch Street Limited Partnership 100% £m	Nova, Victoria 100% £m	Metro Shopping Fund Limited Partnership 100% £m	Buchanan Partnership 100% £m	St. David's Limited Partnership 100% £m	Bristol Alliance Limited Partnership 100% £m	The Oriana Limited Partnership 100% £m	Individually material JVs at LS's share 50% £m	Other LS share £m	Total LS share £m
Revenue [1]	0.2	-	8.4	9.6	21.0	19.8	6.8	32.9	14.8	47.7
Gross rental income (after rents payable)	-	-	7.0	8.6	16.2	16.8	6.6	27.6	10.5	38.1
Net rental income/ (expense)	0.2	(0.4)	6.2	7.2	13.2	13.8	6.4	23.3	9.1	32.4
Segment profit/ (loss) before interest	0.2	(0.4)	5.8	7.2	12.6	13.4	6.0	22.4	8.4	30.8
Interest expense	(3.8)	(0.2)	(3.4)	(4.2)	(4.4)	-	(3.8)	(9.9)	(2.0)	(11.9)
Revenue profit	(3.6)	(0.6)	2.4	3.0	8.2	13.4	2.2	12.5	6.4	18.9
Capital and other items										
Profit on disposal of trading properties	-	-	-	-	0.4	-	-	0.2	0.1	0.3
Profit on disposal of investment properties	-	-	-	-	-	-	-	-	0.9	0.9
Impairment of trading properties	-	-	-	-	(0.4)	-	-	(0.2)	(0.6)	(0.8)
Net surplus/ (deficit) on revaluation of investment properties	42.6	11.4	4.0	-	4.0	(5.8)	34.6	45.4	(3.8)	41.6
Fair value movement on interest-rate swaps	-	-	-	-	1.6	-	2.4	2.0	1.5	3.5
Adjustment for non-wholly owned subsidiary [2]	-	-	-	-	-	-	-	-	0.5	0.5
Profit before tax	39.0	10.8	6.4	3.0	13.8	7.6	39.2	59.9	5.0	64.9
Income tax	-	-	(0.4)	-	(0.4)	-	-	(0.4)	(0.1)	(0.5)
	39.0	10.8	6.0	3.0	13.4	7.6	39.2	59.5	4.9	64.4
Net liabilities adjustment [3]	-	-	-	-	-	-	-	-	(0.3)	(0.3)
Post-tax profit	39.0	10.8	6.0	3.0	13.4	7.6	39.2	59.5	4.6	64.1
Other comprehensive income	-	-	5.0	-	-	-	-	2.5	0.4	2.9
Total comprehensive income	39.0	10.8	11.0	3.0	13.4	7.6	39.2	62.0	5.0	67.0
	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%			
Land Securities' share of total comprehensive income	19.5	5.4	5.5	1.5	6.7	3.8	19.6	62.0	5.0	67.0

1. Revenue includes gross rental income (before rents payable), service charge income, other property related income, trading properties disposal proceeds and income from long-term development contracts.
2. The adjustment represents the non-owned element of a Group subsidiary's investment in a joint venture which is excluded from revenue profit and the 'Net surplus/ (deficit) on revaluation of investment properties' shown in this note.
3. Joint ventures with net liabilities are carried at zero value in the balance sheet where there is no commitment to fund the deficit. Where this is the case distributions are included in the consolidated income statement for the period.

12. Joint arrangements continued

Joint ventures	20 Fenchurch Street Limited Partnership	Nova, Victoria	Metro Shopping Fund Limited Partnership	Buchanan Partnership	St. David's Limited Partnership	Bristol Alliance Limited Partnership	The Oriana Limited Partnership	Individually material JVs at LS's share	Other LS share	Total LS share
	100%	100%	100%	100%	100%	100%	100%	50%		
Balance sheet at 30 September 2014	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Investment properties [1]	774.0	336.6	263.2	268.6	560.0	-	425.2	1,313.8	121.9	1,435.7
Non-current assets	**774.0**	**336.6**	**263.2**	**268.6**	**560.0**	**-**	**425.2**	**1,313.8**	**121.9**	**1,435.7**
Cash and cash equivalents	4.6	5.0	4.6	3.8	7.8	-	12.0	18.9	12.4	31.3
Other current assets	20.4	150.4	6.8	3.2	24.6	-	16.2	110.8	66.8	177.6
Current assets	**25.0**	**155.4**	**11.4**	**7.0**	**32.4**	**-**	**28.2**	**129.7**	**79.2**	**208.9**
Total assets	**799.0**	**492.0**	**274.6**	**275.6**	**592.4**	**-**	**453.4**	**1,443.5**	**201.1**	**1,644.6**
Trade and other payables and provisions	(51.8)	(46.9)	(6.0)	(4.8)	(13.4)	-	(16.0)	(69.5)	(11.1)	(80.6)
Current liabilities	**(51.8)**	**(46.9)**	**(6.0)**	**(4.8)**	**(13.4)**	**-**	**(16.0)**	**(69.5)**	**(11.1)**	**(80.6)**
Trade and other payables and provisions	-	(18.1)	-	-	-	-	-	(9.0)	-	(9.0)
Non-current financial liabilities	-	-	(143.4)	-	-	-	(167.2)	(155.3)	(8.7)	(164.0)
Non-current liabilities	**-**	**(18.1)**	**(143.4)**	**-**	**-**	**-**	**(167.2)**	**(164.3)**	**(8.7)**	**(173.0)**
Total liabilities	**(51.8)**	**(65.0)**	**(149.4)**	**(4.8)**	**(13.4)**	**-**	**(183.2)**	**(233.8)**	**(19.8)**	**(253.6)**
Net assets	**747.2**	**427.0**	**125.2**	**270.8**	**579.0**	**-**	**270.2**	**1,209.7**	**181.3**	**1,391.0**
Market value of investment properties [1]	**789.0**	**336.6**	**265.0**	**270.0**	**580.0**	**-**	**431.0**	**1,335.8**	**120.6**	**1,456.4**
Net (debt)/ cash	**4.6**	**5.0**	**(138.8)**	**3.8**	**7.8**	**-**	**(155.2)**	**(136.4)**	**3.7**	**(132.7)**

Balance sheet at 31 March 2014	20 Fenchurch Street Limited Partnership	Nova, Victoria	Metro Shopping Fund Limited Partnership	Buchanan Partnership	St. David's Limited Partnership	Bristol Alliance Limited Partnership	The Oriana Limited Partnership	Individually material JVs at LS's share	Other LS share	Total LS share
Investment properties [1]	686.8	265.2	235.4	268.0	523.2	509.2	392.0	1,439.9	131.5	1,571.4
Non-current assets	**686.8**	**265.2**	**235.4**	**268.0**	**523.2**	**509.2**	**392.0**	**1,439.9**	**131.5**	**1,571.4**
Cash and cash equivalents	3.8	13.2	8.4	1.2	12.2	4.8	12.8	28.2	8.4	36.6
Other current assets	1.0	131.6	4.8	5.2	27.0	34.2	16.0	109.9	43.3	153.2
Current assets	**4.8**	**144.8**	**13.2**	**6.4**	**39.2**	**39.0**	**28.8**	**138.1**	**51.7**	**189.8**
Total assets	**691.6**	**410.0**	**248.6**	**274.4**	**562.4**	**548.2**	**420.8**	**1,578.0**	**183.2**	**1,761.2**
Trade and other payables and provisions	(30.8)	(34.6)	(6.4)	(4.2)	(14.2)	(13.6)	(17.0)	(60.4)	(5.2)	(65.6)
Current liabilities	**(30.8)**	**(34.6)**	**(6.4)**	**(4.2)**	**(14.2)**	**(13.6)**	**(17.0)**	**(60.4)**	**(5.2)**	**(65.6)**
Trade and other payables and provisions	-	(12.8)	-	-	-	-	-	(6.4)	(1.1)	(7.5)
Non-current financial liabilities	-	-	(142.8)	-	(157.6)	(5.2)	(166.8)	(236.2)	(8.6)	(244.8)
Non-current liabilities	**-**	**(12.8)**	**(142.8)**	**-**	**(157.6)**	**(5.2)**	**(166.8)**	**(242.6)**	**(9.7)**	**(252.3)**
Total liabilities	**(30.8)**	**(47.4)**	**(149.2)**	**(4.2)**	**(171.8)**	**(18.8)**	**(183.8)**	**(303.0)**	**(14.9)**	**(317.9)**
Net assets	**660.8**	**362.6**	**99.4**	**270.2**	**390.6**	**529.4**	**237.0**	**1,275.0**	**168.3**	**1,443.3**
Market value of investment properties [1]	**687.6**	**265.2**	**237.2**	**270.0**	**544.4**	**534.6**	**398.0**	**1,468.5**	**130.5**	**1,599.0**
Net (debt)/ cash	**3.8**	**13.2**	**(134.4)**	**1.2**	**(145.2)**	**(0.2)**	**(153.8)**	**(207.7)**	**(0.5)**	**(208.2)**

1. The difference between the book value and the market value is the amount included in prepayments in respect of lease incentives, head leases capitalised and properties treated as finance leases.

12. Joint arrangements continued

Joint ventures Net investment	20 Fenchurch Street Limited Partnership 50% £m	Nova, Victoria 50% £m	Metro Shopping Fund Limited Partnership 50% £m	Buchanan Partnership 50% £m	St. David's Limited Partnership 50% £m	Bristol Alliance Limited Partnership 50% £m	The Oriana Limited Partnership 50% £m	Individually material JVs at LS's share 50% £m	Other LS share £m	Total LS share £m
At 1 April 2013	175.6	126.5	37.0	138.2	186.1	268.7	82.1	1,014.2	286.8	1,301.0
Total comprehensive income	19.5	5.4	5.5	1.5	6.7	3.8	19.6	62.0	5.0	67.0
Cash contributed	-	-	-	0.1	-	-	-	0.1	1.6	1.7
Property and other contributions	0.1	-	-	-	-	-	-	0.1	-	0.1
Distributions	-	-	-	(1.9)	-	(6.2)	-	(8.1)	(4.5)	(12.6)
Loan advances	25.8	17.8	-	-	-	-	-	43.6	3.9	47.5
Loan repayments	-	-	-	-	(4.7)	-	-	(4.7)	-	(4.7)
Disposals	-	-	-	-	-	-	-	-	(48.5)	(48.5)
At 30 September 2013	221.0	149.7	42.5	137.9	188.1	266.3	101.7	1,107.2	244.3	1,351.5
Total comprehensive income	74.7	8.7	8.0	(1.2)	12.5	8.3	16.8	127.8	4.2	132.0
Cash contributed	-	-	-	1.2	-	-	-	1.2	1.8	3.0
Distributions	-	-	(0.8)	(2.8)	-	(9.9)	-	(13.5)	(1.3)	(14.8)
Loan advances	34.7	22.9	-	-	-	-	-	57.6	12.0	69.6
Loan repayments	-	-	-	-	(5.3)	-	-	(5.3)	(0.9)	(6.2)
Disposals	-	-	-	-	-	-	-	-	(91.8)	(91.8)
At 31 March 2014	**330.4**	**181.3**	**49.7**	**135.1**	**195.3**	**264.7**	**118.5**	**1,275.0**	**168.3**	**1,443.3**
Total comprehensive income	**30.9**	**11.7**	**12.9**	**0.7**	**23.7**	**7.7**	**16.6**	**104.2**	**9.0**	**113.2**
Cash contributed	**-**	**-**	**-**	**1.1**	**-**	**-**	**-**	**1.1**	**4.6**	**5.7**
Distributions	**-**	**-**	**-**	**(1.5)**	**-**	**(8.1)**	**-**	**(9.6)**	**(0.8)**	**(10.4)**
Loan advances	**12.3**	**20.5**	**-**	**-**	**78.3**	**-**	**-**	**111.1**	**0.2**	**111.3**
Loan repayments	**-**	**-**	**-**	**-**	**(7.8)**	**-**	**-**	**(7.8)**	**-**	**(7.8)**
Transfer to non-current asset held for sale	**-**	**-**	**-**	**-**	**-**	**(264.3)**	**-**	**(264.3)**	**-**	**(264.3)**
At 30 September 2014	**373.6**	**213.5**	**62.6**	**135.4**	**289.5**	**-**	**135.1**	**1,209.7**	**181.3**	**1,391.0**

13. Trading properties and long-term development contracts

	Development land and infrastructure £m	Residential £m	Total trading properties £m	Long-term development contracts £m	Total £m
At 1 April 2013	86.2	57.2	143.4	9.4	152.8
Capital expenditure	2.1	13.0	15.1	-	15.1
Capitalised interest	0.4	1.0	1.4	-	1.4
Transfer from investment properties	-	5.8	5.8	-	5.8
Impairment provision	(0.8)	-	(0.8)	-	(0.8)
Contract costs deferred	-	-	-	0.5	0.5
At 30 September 2013	87.9	77.0	164.9	9.9	174.8
Capital expenditure	1.6	17.5	19.1	-	19.1
Capitalised interest	0.5	0.9	1.4	-	1.4
Disposals	-	(9.3)	(9.3)	-	(9.3)
Impairment release	6.1	-	6.1	-	6.1
Contract costs deferred	-	-	-	0.8	0.8
At 31 March 2014	**96.1**	**86.1**	**182.2**	**10.7**	**192.9**
Capital expenditure	**2.8**	**19.9**	**22.7**	**-**	**22.7**
Capitalised interest	**0.5**	**1.2**	**1.7**	**-**	**1.7**
Impairment provision	**(0.6)**	**-**	**(0.6)**	**-**	**(0.6)**
Contract costs deferred	**-**	**-**	**-**	**0.4**	**0.4**
At 30 September 2014	**98.8**	**107.2**	**206.0**	**11.1**	**217.1**

The cumulative impairment provision at 30 September 2014 in respect of Development land and infrastructure was **£98.7m** (31 March 2014: £98.1m); and in respect of Residential was **£0.3m** (31 March 2014: £0.3m).

14. Capital structure

	30 September 2014				31 March 2014			
	Group £m	Adjustment for non-wholly owned subsidiaries [(1)] £m	Joint ventures £m	Combined £m	Group £m	Adjustment for non-wholly owned subsidiaries [(1)] £m	Joint ventures £m	Combined £m
Property portfolio								
Market value of investment properties	**11,747.6**	**(30.0)**	**1,456.4**	**13,174.0**	10,288.8	(28.4)	1,599.0	11,859.4
Trading properties and long-term contracts	**217.1**	**-**	**100.6**	**317.7**	192.9	-	91.7	284.6
Non-current asset held for sale	**-**	**-**	**264.3**	**264.3**	-	-	-	-
Total property portfolio (a)	**11,964.7**	**(30.0)**	**1,821.3**	**13,756.0**	10,481.7	(28.4)	1,690.7	12,144.0
Net debt								
Borrowings	**4,125.6**	**-**	**166.5**	**4,292.1**	3,362.2	(0.1)	244.9	3,607.0
Monies held in restricted accounts and deposits	**(16.1)**	**-**	**-**	**(16.1)**	(14.5)	-	-	(14.5)
Cash and cash equivalents [(2)]	**(22.0)**	**-**	**(33.8)**	**(55.8)**	(20.9)	0.1	(36.6)	(57.4)
Fair value of interest-rate swaps	**12.6**	**-**	**-**	**12.6**	3.7	-	(0.1)	3.6
Net debt (b)	**4,100.1**	**-**	**132.7**	**4,232.8**	3,330.5	-	208.2	3,538.7
Less: Fair value of interest-rate swaps	**(12.6)**	**-**	**-**	**(12.6)**	(3.7)	-	0.1	(3.6)
Reverse bond exchange de-recognition (note 15)	**402.7**	**-**	**-**	**402.7**	413.2	-	-	413.2
Adjusted net debt (c)	**4,490.2**	**-**	**132.7**	**4,622.9**	3,740.0	-	208.3	3,948.3
Adjusted total equity								
Total equity (d)	**9,344.6**			**9,344.6**	8,418.3			8,418.3
Fair value of interest-rate swaps	**12.6**	**-**	**-**	**12.6**	3.7	-	(0.1)	3.6
Reverse bond exchange de-recognition (note 15)	**(402.7)**	**-**	**-**	**(402.7)**	(413.2)	-	-	(413.2)
Adjusted total equity (e)	**8,954.5**	**-**	**-**	**8,954.5**	8,008.8	-	(0.1)	8,008.7
Gearing (b/d)	**43.9%**			**45.3%**	39.6%			42.0%
Adjusted gearing (c/e)	**50.1%**			**51.6%**	46.7%			49.3%
Group LTV (c/a)	**37.5%**			**33.6%**	35.7%			32.5%
Security Group LTV	**39.9%**				35.5%			
Weighted average cost of debt	**4.5%**			**4.5%**	5.0%			5.0%

1. This represents the interest in X-Leisure which we do not own, but is consolidated in the Group numbers.
2. The cash and cash equivalents in respect of joint ventures includes £2.5m of cash in the Bristol Alliance Partnership, which was classified as a non-current asset held for sale at 30 September 2014.

15. Borrowings	Secured/ unsecured	Fixed/ floating	Effective interest rate %	30 September 2014 Nominal/ notional value £m	30 September 2014 Fair value £m	30 September 2014 Book value £m	31 March 2014 Nominal/ notional value £m	31 March 2014 Fair value £m	31 March 2014 Book value £m
Current borrowings									
Sterling									
5.253 per cent QAG Bond	Secured	Fixed	5.3	**13.9**	**16.0**	**13.9**	13.2	15.0	13.2
Bilateral facilities	Secured	Floating	LIBOR + margin	**-**	**-**	**-**	500.0	500.0	500.0
Total current borrowings				**13.9**	**16.0**	**13.9**	513.2	515.0	513.2
Non-current borrowings									
Sterling									
4.875 per cent MTN due 2019	Secured	Fixed	5.0	**400.0**	**435.7**	**398.4**	400.0	441.1	398.2
5.425 per cent MTN due 2022	Secured	Fixed	5.5	**255.3**	**290.6**	**254.8**	255.3	290.8	254.8
4.875 per cent MTN due 2025	Secured	Fixed	4.9	**300.0**	**339.6**	**298.0**	300.0	332.6	297.9
5.391 per cent MTN due 2026	Secured	Fixed	5.4	**210.7**	**248.4**	**210.0**	210.7	242.9	210.0
5.391 per cent MTN due 2027	Secured	Fixed	5.4	**608.4**	**721.4**	**606.3**	608.6	703.3	606.4
5.376 per cent MTN due 2029	Secured	Fixed	5.4	**317.5**	**379.5**	**316.2**	317.5	366.3	316.1
5.396 per cent MTN due 2032	Secured	Fixed	5.4	**322.7**	**390.8**	**321.0**	322.7	375.1	321.0
5.125 per cent MTN due 2036	Secured	Fixed	5.1	**500.0**	**597.3**	**498.7**	500.0	570.2	498.7
Bond exchange de-recognition adjustment						**(402.7)**			(413.2)
				2,914.6	**3,403.3**	**2,500.7**	2,914.8	3,322.3	2,489.9
5.253 per cent QAG Bond	Secured	Fixed	5.3	**297.0**	**342.5**	**297.0**	304.0	346.0	304.0
Syndicated bank debt	Secured	Floating	LIBOR + margin	**480.0**	**480.0**	**480.0**	15.0	15.0	15.0
Bilateral facilities	Secured	Floating	LIBOR + margin	**815.0**	**815.0**	**815.0**	10.0	10.0	10.0
Amounts payable under finance leases	Unsecured	Fixed	7.2	**19.0**	**26.0**	**19.0**	30.1	43.0	30.1
Total non-current borrowings				**4,525.6**	**5,066.8**	**4,111.7**	3,273.9	3,736.3	2,849.0
Total borrowings				**4,539.5**	**5,082.8**	**4,125.6**	3,787.1	4,251.3	3,362.2

Reconciliation of the movement in borrowings	Six months ended 30 September 2014 £m	Year ended 31 March 2014 £m
At the beginning of the period	**3,362.2**	3,751.4
Repayment of loans	**(6.5)**	(911.3)
Proceeds from new loans	**770.0**	500.0
Amortisation of finance fees	**0.5**	1.1
Amortisation of bond exchange de-recognition adjustment	**10.5**	19.6
Net movement in finance lease obligations	**(11.1)**	1.4
At the end of the period	**4,125.6**	3,362.2

Fair values

The fair values of any floating rate financial liabilities are assumed to be equal to their nominal value, but adjusted for the effect of exit fees payable on redemption. The fair values of the MTNs and the QAG Bond fall within Level 1, the syndicated and bilateral facilities fall within Level 2, and the amounts payable under finance leases fall within Level 3, as defined by IFRS 13.

Bond exchange de-recognition

On 3 November 2004, a debt refinancing was completed resulting in the Group exchanging all of its outstanding bond and debenture debt for new MTNs with higher nominal values. The new MTNs did not meet the IAS 39 requirement to be substantially different from the debt that they replaced. Consequently the book value of the new debt is reduced to the book value of the original debt by the 'bond exchange de-recognition' adjustment which is then amortised to zero over the life of the new MTNs. The amortisation is included in interest expense in the income statement.

Bilateral facilities and syndicated bank debt

In the six months ended 30 September 2014, the amounts drawn under the Group's bilateral facilities and syndicated bank debt increased by £770m, primarily to fund the acquisition of Bluewater, Kent. To increase our financial headroom following the acquisition, the £500m short-term bank facility in place at 31 March 2014 was cancelled and replaced with a facility for the same amount expiring in September 2016. The Group incurred finance fees of £1.5m in connection with the change to the facility.

16. Related party transactions

As disclosed in note 12, the Group has investments in a number of joint ventures. During the period, the Group has made further loan advances to St. David's Limited Partnership of £78.3m, 20 Fenchurch Street Limited Partnership of £12.3m and Nova, Victoria of £20.5m.

During the period, the Group recognised interest income of £6.7m from 20 Fenchurch Street Limited Partnership and £4.4m from Nova, Victoria.

There have been no other significant related party transactions during the period that require disclosure under Section 4.2.8 (R) of the Disclosure and Transparency Rules or under IAS 34 Interim Financial Reporting.

17. Events after the reporting period

On 30 October 2014, the Group disposed of its interest in the Bristol Alliance Limited Partnership for consideration of £267.8m. Contracts were exchanged for the sale in August 2014, but completion was conditional on receipt of EU merger control notification. At 30 September 2014, the Group considered completion of the sale to be highly probable, therefore the investment in the partnership with a carrying value of £264.3m was classified as a non-current asset held for sale.

On 31 October 2014, the Group disposed of its 50% interest in the Princesshay shopping centre and surrounding properties in Exeter for consideration of £127.9m, and simultaneously acquired the remaining 50% interest in the Buchanan Partnership for consideration of £137.5m. The consideration for both assets was broadly in line with their respective 30 September 2014 valuations.

18. Business combinations

On 24 June 2014, the Group acquired 100% of the ordinary share capital of Greenhithe Holdings Limited ("GHL") for a cash consideration of £694.3m from Lend Lease Bluewater Limited. The Group incurred £2.7m of business combination costs in connection with the transaction. GHL owns, through its subsidiary undertakings, a 30% interest in Bluewater, a shopping centre in Kent, full asset management rights for the centre and 110 acres of surrounding land.

The Group has accounted for the transaction in accordance with IFRS 3 'Business Combinations' and therefore applied purchase accounting. The fair values of the assets and liabilities recognised are provisional due to the timing of the transaction. On acquisition, the Group recognised an intangible asset of £30.0m, representing the estimated fair value of the management rights for the centre, together with a corresponding deferred tax liability of £6.0m. The intangible asset is being amortised over a period of 20 years.

Goodwill of £36.5m arose on the transaction, primarily representing the difference between the value of the investment property attributed by our external valuers, and the consideration paid. The difference is largely due to prospective purchasers' costs, which are deducted by the external valuer in determining the investment property value, as well as a lower value being attributed to the 110 acres of surrounding land, where management felt it was appropriate to pay a premium for the land on the basis of its long-term potential and its adjacency to the Group's land at Ebbsfleet. The Group has considered whether this core element of the goodwill is recoverable, and has concluded that it is not. The purchasers' costs could potentially be recovered if a future sale was structured through a corporate transaction, but the Group does not consider there to be sufficient certainty to deem this element of the goodwill to be recoverable. Similarly, the Group's longer term plans for the outer land and the potential synergies with the Group's existing holdings are at an early stage, making the recoverable amount uncertain at this time. £30.5m of goodwill has therefore been written off to the income statement in the period.

The remaining goodwill of £6.0m represents goodwill arising on the deferred tax liability. The deferred tax liability will be released to the income statement as the intangible asset is amortised, and the corresponding element of the goodwill will be tested for impairment. At 30 September 2014, the carrying value of both the deferred tax liability and the goodwill was £5.9m.

The fair value of the assets and liabilities recognised at the date of acquisition is set out in the table below:

	Fair value £m
Assets	
Investment property	635.8
Intangible asset	30.0
Cash	2.8
Trade and other receivables	7.7
Total assets	**676.3**
Liabilities	
Trade and other payables	(4.7)
Accruals and deferred income	(7.8)
Deferred tax	(6.0)
Total liabilities	**(18.5)**
Net assets	**657.8**
Fair value of consideration paid	694.3
Goodwill recognised	36.5
Goodwill impairment	30.5
Business combination costs	2.7
Total loss on business combination recognised in the income statement	**33.2**

The fair value of trade and other receivables is £7.7m and includes trade receivables with a fair value of £6.7m. The gross contractual amount for trade receivables due is £7.0m, of which £0.3m is expected to be irrecoverable.

The total loss recognised in the income statement in respect of the transaction is £33.2m, including £2.7m of business combination costs.

Pro forma information

Since the date of acquisition, Bluewater has contributed £8.4m to the revenue of the Group and £4.5m to the profit after tax for the period. If the acquisition had been made on 1 April 2014, revenue and profit after tax would have been higher by £8.1m and £3.5m respectively.

In calculating the pro forma information, the results of the acquired entities for the period before acquisition have been adjusted to reflect Land Securities' accounting policies and any fair value adjustments made on acquisition. The information is provided for illustrative purposes only and is not necessarily indicative of the results of the combined Group that would have occurred had the purchases actually been made at the beginning of the financial year, or indicative of future results of the combined Group.

Intangible asset and deferred tax liability

The following table shows the movement in intangible assets, together with the associated deferred tax liability:

	Goodwill £m	Other intangible asset £m	Total intangible asset £m	Deferred tax liability £m
At 1 April 2014	-	-	-	-
Arising on business combination	**36.5**	**30.0**	**66.5**	**(6.0)**
Impairment of goodwill arising on acquisition	**(30.5)**	-	**(30.5)**	-
Amortisation of intangible asset	-	**(0.4)**	**(0.4)**	-
Unwind of deferred tax liability	-	-	-	**0.1**
Impairment of goodwill on unwind of deferred tax liability	**(0.1)**	-	**(0.1)**	-
At 30 September 2014	**5.9**	**29.6**	**35.5**	**(5.9)**

Business analysis

Table 7: EPRA performance measures

	Definition for EPRA measure	Notes	30 September 2014 Land Securities Measure	EPRA Measure
Adjusted earnings	Recurring earnings from core operational activity [1]	8	**£170.0m**	**£159.5m**
Adjusted earnings per share	Adjusted earnings per weighted number of ordinary shares [1]	8	**21.5p**	**20.2p**
Adjusted diluted earnings per share	Adjusted diluted earnings per weighted number of ordinary shares [1]	8	**21.4p**	**20.1p**
Adjusted net assets	Net asset value adjusted to exclude fair value movements on interest-rate swaps [2]	7	**£8,954.5m**	**£9,357.2m**
Adjusted diluted net assets per share	Adjusted diluted net assets per share [2]	7	**1,129p**	**1,180p**
Triple net assets	Adjusted net assets amended to include the fair value of financial instruments and debt	7	**£8,387.4m**	**£8,387.4m**
Diluted triple net assets per share	Diluted triple net assets per share	7	**1,058p**	**1,058p**
Net initial yield (NIY)	Annualised rental income less non-recoverable costs as a % of market value plus assumed purchasers' costs [3]		**4.5%**	**4.7%**
Topped-up NIY	NIY adjusted for rent free periods [3]		**4.9%**	**5.0%**
Voids/ vacancy rate	ERV of vacant space as a % of ERV of combined portfolio excluding the development programme [4]		**2.6%**	**2.5%**
Cost ratio	Total costs as a percentage of gross rental income (including direct vacancy costs) [5]		**17.7%**	**18.2%**
	Total costs as a percentage of gross rental income (excluding direct vacancy costs) [5]		**n/a**	**16.8%**

Refer to notes 7, 8 and table 13 for further analysis.

1. EPRA adjusted earnings and EPRA adjusted earnings per share include the effect of bond exchange de-recognition charges of £10.5m.
2. EPRA adjusted net assets and adjusted diluted net assets per share include the bond exchange de-recognition adjustment of £402.7m.
3. Our NIY and Topped-up NIY relate to the combined portfolio, excluding properties in the development programme that have not yet reached practical completion, and are calculated by our external valuers. EPRA NIY and EPRA Topped-up NIY calculations are consistent with ours, but exclude the full development programme.
4. Our measure reflects voids in our like-for-like portfolio only. The EPRA measure reflects voids in the combined portfolio excluding only the development programme.
5. The EPRA cost ratio is calculated based on gross rental income after rents payable, whereas our measure is based on gross rental income before rents payable. We do not calculate a cost ratio excluding direct vacancy costs as we do not consider this to be helpful.

Table 8: Reconciliation of net book value of the investment properties to the market value

	As at 30 September 2014				As at 31 March 2014			
	Group (excl. joint ventures) £m	**Adjustment for proportionate share [1] £m**	**Joint ventures £m**	**Total £m**	Group (excl. joint ventures) £m	Adjustment for proportionate share [1] £m	Joint ventures £m	Total £m
Net book value	**11,279.3**	**(28.5)**	**1,434.1**	**12,684.9**	9,847.7	(27.0)	1,569.9	11,390.4
Plus: tenant lease incentives	**254.0**	**(0.3)**	**22.7**	**276.4**	251.9	(0.2)	27.9	279.6
Less: head leases capitalised	**(19.0)**	**-**	**(0.4)**	**(19.4)**	(30.1)	0.2	(3.0)	(32.9)
Plus: properties treated as finance leases	**233.3**	**(1.2)**	**-**	**232.1**	219.3	(1.4)	4.2	222.3
Market value	**11,747.6**	**(30.0)**	**1,456.4**	**13,174.0**	10,288.8	(28.4)	1,599.0	11,859.4

1. This represents the interest in X-Leisure which we do not own, but is consolidated in the Group numbers.

Table 9: Top 12 occupiers at 30 September 2014

	% of Group rent [1]
Accor	4.7
Central Government (including Queen Anne's Gate, SW1) [2]	4.7
Deloitte	2.6
Primark	2.1
Arcadia Group	1.7
Boots	1.6
Bank of New York Mellon	1.4
Sainsbury's	1.4
Taylor Wessing	1.4
Next	1.3
Cineworld	1.2
M&S	1.2
	25.3

1. On a proportionate basis.
2. Rent from Central Government excluding Queen Anne's Gate, SW1 is 0.1%.

Table 10: Development pipeline and trading property development schemes at 30 September 2014

Development pipeline

Property	Description of use	Ownership interest %	Size sq ft	Letting status %	Market value £m	Net income/ ERV £m	Estimated/ actual completion date	Total development costs to date £m	Forecast total development cost £m
Developments after practical completion									
62 Buckingham Gate, SW1	Office	100	259,400	68	358	18.8	May 2013	179	179
	Retail		15,600	100					
Bishop Centre, Taplow	Retail	100	105,500	88	52	2.7	Jul 2014	35	38
Developments approved or in progress									
20 Fenchurch Street, EC3	Office	50	673,700	90	395	21.7	Dec 2014	219	239
	Retail		13,200	71					
1 & 2 New Ludgate, EC4	Office	100	351,700	66	302	22.6	Apr 2015	196	257
	Retail		29,600	-					
The Zig Zag Building, SW1 (1)	Office	100	188,700	33	195	16.0	Jul 2015	133	176
	Retail		45,000	49					
20 Eastbourne Terrace, W2	Office	100	92,700	-	36	5.3	Feb 2016	30	66
1 New Street Square, EC4	Office	100	266,200	-	68	15.9	Jun 2016	54	176
	Retail		4,700	-					
Nova, Victoria, SW1 - Phase I	Office	50	480,300	-	156	20.0	Jul 2016	107	245
	Retail		79,900	-					
Oriana,W1 – Phase II	Retail	50	72,300	64	58	3.1	Nov 2016	34	54
	Residential		20,200	-					
Developments let and transferred or sold									
123 Victoria Street, SW1 (2)	Office	100	200,100	100	282	14.2	Aug 2012	154	154
	Retail		28,200	100					

1. Includes retail within Kings Gate, SW1.
2. Office refurbishment only. Figures provided are for the property as a whole including the retail element.

Where the property is not 100% owned, floor areas and letting status shown above represent the full scheme whereas all other figures represent our proportionate share. Letting % is measured by ERV and shows letting status at 30 September 2014. Trading property development schemes are excluded from the development pipeline.

Total development cost

Refer to glossary for definition. Of the properties in the development pipeline at 30 September 2014, the only property on which interest was capitalised on the land cost was Nova, Victoria, SW1 - Phase I. The figures for total development cost include expenditure on the residential elements of Oriana, W1 - Phase II (£14.2m).

Net income/ ERV

Net income/ ERV represents net headline annual rent on let units plus net ERV at 30 September 2014 on unlet units.

Trading property development schemes

Property	Description of use	Ownership interest %	Size sq ft	Number of units	Sales exchanged by unit %	Estimated/ actual completion date	Total development costs to date £m	Forecast total development cost £m
Kings Gate, SW1	Residential	100	108,600	100	85	Jul 2015	108	160
Nova, Victoria, SW1 – Phase I	Residential	50	166,400	170	75	Apr 2016	75	138

Table 11: Combined portfolio value by location at 30 September 2014

	Shopping centres and shops %	Retail warehouses %	Offices %	Hotels, leisure, residential & other %	Total %
Central, inner and outer London	19.5	0.2	37.1	4.0	60.8
South East and East	8.9	4.4	-	2.9	16.2
Midlands	-	1.2	-	1.0	2.2
Wales and South West	3.3	0.5	-	0.3	4.1
North, North West, Yorkshire and Humberside	7.1	2.3	-	2.5	11.9
Scotland and Northern Ireland	3.2	1.0	-	0.6	4.8
Total	**42.0**	**9.6**	**37.1**	**11.3**	**100.0**

% figures calculated by reference to the combined portfolio value of £13.2bn.

Table 12: Performance relative to IPD
Total property returns – period to 30 September 2014

	Land Securities %	IPD [(1)] %
Retail – Shopping centres	8.3	9.3
– Retail warehouses	7.6 [(2)]	8.8
Central London shops	10.3	14.6
Central London offices	11.7 [(3)]	10.7
Total portfolio [(4)]	**9.9**	**9.3**

1. IPD Quarterly Universe
2. Including supermarkets
3. Including Inner London offices
4. Including leisure, hotel portfolio and other

Table 13: Combined portfolio analysis
Like-for-like segmental analysis

	Market value [1]		Valuation movement [2]		Rental income [3]		Annualised rental income [4]	Annualised net rent [5]		Net estimated rental value [6]	
	30 September 2014	31 March 2014	Surplus/ (deficit)	Surplus/ (deficit)	30 September 2014	30 September 2013	30 September 2014	30 September 2014	31 March 2014	30 September 2014	31 March 2014
	£m	£m	£m	%	£m	£m	£m	£m	£m	£m	£m
Retail Portfolio											
Shopping centres and shops	**2,173.6**	2,020.6	**143.8**	**7.2%**	**72.8**	69.8	**141.8**	**135.4**	135.2	**137.2**	135.4
Retail warehouses and food stores	**1,161.9**	1,105.2	**44.1**	**4.0%**	**33.2**	33.6	**68.1**	**66.6**	65.7	**67.8**	68.9
Leisure and hotels	**711.2**	679.3	**31.4**	**4.6%**	**23.2**	22.6	**45.8**	**45.5**	45.5	**45.6**	44.4
Other	**35.2**	29.8	**5.1**	**17.2%**	**1.6**	1.7	**2.3**	**2.1**	2.6	**3.5**	3.5
Total Retail	**4,081.9**	3,834.9	**224.4**	**5.9%**	**130.8**	127.7	**258.0**	**249.6**	249.0	**254.1**	252.2
London Portfolio											
West End	**1,666.5**	1,550.6	**109.1**	**7.3%**	**41.4**	41.5	**82.6**	**80.8**	76.3	**80.4**	74.6
City	**1,002.9**	932.3	**73.5**	**8.3%**	**20.7**	21.1	**42.1**	**46.2**	45.3	**51.4**	50.7
Mid-town	**1,029.8**	941.7	**88.9**	**11.0%**	**21.2**	21.1	**41.9**	**45.3**	41.9	**51.1**	49.7
Inner London	**348.7**	316.2	**18.9**	**9.0%**	**10.0**	10.2	**17.9**	**18.2**	20.3	**22.2**	20.8
Total London offices	**4,047.9**	3,740.8	**290.4**	**8.5%**	**93.3**	93.9	**184.5**	**190.5**	183.8	**205.1**	195.8
Central London Shops	**1,126.3**	1,050.2	**72.4**	**6.9%**	**24.1**	20.6	**45.4**	**45.9**	45.7	**57.3**	56.4
Other	**60.8**	58.3	**2.4**	**4.1%**	**1.0**	0.6	**0.6**	**0.6**	0.6	**0.8**	0.8
Total London	**5,235.0**	4,849.3	**365.2**	**8.1%**	**118.4**	115.1	**230.5**	**237.0**	230.1	**263.2**	253.0
Like-for-like portfolio [10]	**9,316.9**	8,684.2	**589.6**	**7.1%**	**249.2**	242.8	**488.5**	**486.6**	479.1	**517.3**	505.2
Proposed developments [3]	**-**	-	**-**	**-**	**-**	-	**-**	**-**	-	**-**	-
Completed developments [3]	**955.5**	894.6	**61.1**	**7.2%**	**22.4**	20.3	**44.6**	**42.6**	31.1	**50.1**	50.2
Acquisitions [11]	**1,281.9**	611.0	**31.8**	**2.6%**	**30.1**	13.6	**74.5**	**71.9**	44.1	**78.1**	44.2
Sales and restructured interests [12]	**-**	146.7	**-**	**-**	**4.3**	33.0	**-**	**-**	14.2	**-**	11.0
Development programme [13]	**1,619.7**	1,255.6	**197.7**	**14.0%**	**12.6**	1.6	**28.8**	**2.1**	1.6	**126.0**	123.1
Combined portfolio	**13,174.0**	11,592.1	**880.2**	**7.5%**	**318.6**	311.3	**636.4**	**603.2**	570.1	**771.5**	733.7
Non-current asset held for sale [14]	**n/a**	267.3	**-**	**-**	**9.4**	8.7					
Properties treated as finance leases					**(5.3)**	(5.4)					
Combined portfolio	**13,174.0**	11,859.4	**880.2**	**7.5%**	**322.7**	314.6					

Total portfolio analysis

	30 September 2014	31 March 2014	Surplus/ (deficit)	Surplus/ (deficit)	30 September 2014	30 September 2013	30 September 2014	30 September 2014	31 March 2014	30 September 2014	31 March 2014
	£m	£m	£m	%	£m	£m	£m	£m	£m	£m	£m
Retail Portfolio											
Shopping centres and shops	**3,458.1**	2,753.1	**184.7**	**5.7%**	**99.7**	104.3	**201.5**	**195.4**	175.1	**206.1**	181.5
Retail warehouses and food stores	**1,266.8**	1,210.4	**51.7**	**4.3%**	**35.6**	34.6	**72.4**	**70.6**	68.3	**73.1**	75.1
Leisure and hotels	**1,329.2**	1,261.9	**64.3**	**5.2%**	**45.0**	35.4	**90.3**	**87.5**	87.0	**88.0**	86.2
Other	**35.1**	36.8	**5.1**	**17.0%**	**1.6**	2.0	**2.3**	**2.1**	2.6	**3.5**	3.5
Total Retail	**6,089.2**	5,262.2	**305.8**	**5.4%**	**181.9**	176.3	**366.5**	**355.6**	333.0	**370.7**	346.3
London Portfolio											
West End	**2,563.7**	2,312.8	**182.3**	**7.9%**	**51.0**	46.7	**101.8**	**88.0**	80.6	**146.7**	141.0
City	**1,674.6**	1,424.4	**175.1**	**12.1%**	**27.8**	21.1	**58.5**	**46.2**	45.3	**94.1**	90.6
Mid-town	**1,097.3**	989.6	**99.0**	**11.4%**	**21.2**	21.1	**41.9**	**45.2**	41.9	**66.9**	65.6
Inner London	**348.7**	316.2	**18.9**	**9.0%**	**10.0**	19.3	**17.9**	**18.2**	20.3	**22.2**	20.8
Total London offices	**5,684.3**	5,043.0	**475.3**	**9.9%**	**110.0**	108.2	**220.1**	**197.6**	188.1	**329.9**	318.0
Central London Shops	**1,330.6**	1,220.1	**96.2**	**7.8%**	**25.7**	26.2	**49.0**	**49.2**	48.4	**69.9**	68.4
Other	**69.9**	66.8	**2.9**	**4.3%**	**1.0**	0.6	**0.8**	**0.8**	0.6	**1.0**	1.0
Total London	**7,084.8**	6,329.9	**574.4**	**9.4%**	**136.7**	135.0	**269.9**	**247.6**	237.1	**400.8**	387.4
Combined portfolio	**13,174.0**	11,592.1	**880.2**	**7.5%**	**318.6**	311.1.3	**636.4**	**603.2**	570.1	**771.5**	733.7
Non-current asset held for sale [14]	**n/a**	267.3	**-**	**-**	**9.4**	8.7					
Properties treated as finance leases					**(5.3)**	(5.4)					
Combined portfolio	**13,174.0**	11,859.4	**880.2**	**7.5%**	**322.7**	314.6					
Represented by:											
Investment portfolio	**11,717.6**	10,260.4	**787.3**	**7.5%**	**282.4**	275.8	**572.4**	**555.5**	521.7	**676.6**	641.9
Share of joint ventures	**1,456.4**	1,599.0	**92.9**	**6.9%**	**40.3**	38.8	**64.0**	**47.7**	48.4	**94.9**	91.8
Combined portfolio	**13,174.0**	11,859.4	**880.2**	**7.5%**	**322.7**	314.6	**636.4**	**603.2**	570.1	**771.5**	733.7

Table 13: Combined portfolio analysis continued
Like-for-like segmental analysis

	Gross estimated rental value [7]		Net initial yield [8]		Equivalent yield [9]		Voids (by ERV) [3]	
	30 September 2014	31 March 2014	30 September 2014	31 March 2014	30 September 2014	31 March 2014	30 September 2014	31 March 2014
	£m	£m	%	%	%	%	%	%
Retail Portfolio								
Shopping centres and shops	**145.8**	143.8	**5.3%**	5.6%	**5.5%**	5.8%	**3.0%**	3.3%
Retail warehouses and food stores	**68.4**	69.6	**5.4%**	5.5%	**5.5%**	5.8%	**1.0%**	0.6%
Leisure and hotels	**45.6**	44.5	**6.1%**	6.3%	**6.1%**	6.3%	**0.4%**	0.4%
Other	**3.5**	3.5	**3.9%**	6.1%	**8.5%**	10.0%	**28.6%**	22.9%
Total Retail Portfolio	**263.3**	261.4	**5.4%**	5.7%	**5.6%**	5.9%	**2.4%**	2.3%
London Portfolio								
West End	**80.4**	74.6	**4.4%**	4.7%	**4.8%**	5.0%	**2.4%**	2.0%
City	**52.0**	51.2	**4.3%**	4.6%	**4.7%**	5.0%	**-**	-
Mid-town	**51.9**	50.8	**4.1%**	4.0%	**4.5%**	4.9%	**6.2%**	3.3%
Inner London	**22.2**	20.8	**4.6%**	5.6%	**5.5%**	5.9%	**8.6%**	1.4%
Total London offices	**206.5**	197.4	**4.3%**	4.6%	**4.8%**	5.0%	**3.4%**	1.8%
Central London shops	**57.8**	56.9	**3.7%**	3.9%	**4.6%**	4.9%	**0.3%**	0.5%
Other	**0.8**	0.8	**0.8%**	0.7%	**0.9%**	0.9%	**-**	-
Total London Portfolio	**265.1**	255.1	**4.1%**	4.4%	**4.7%**	4.9%	**2.7%**	1.5%
Like-for-like portfolio [10]	**528.4**	516.5	**4.7%**	5.0%	**5.1%**	5.4%	**2.6%**	1.9%
Proposed developments [3]	**-**	-	**-**	-	**n/a**	n/a	**n/a**	n/a
Completed developments [3]	**50.1**	50.2	**4.2%**	3.0%	**4.9%**	5.2%	**n/a**	n/a
Acquisitions [11]	**78.2**	44.3	**4.9%**	6.2%	**5.4%**	n/a	**n/a**	n/a
Sales and restructured interests [12]	**-**	12.5	**-**	7.7%	**n/a**	n/a	**n/a**	n/a
Development programme [13]	**126.2**	123.1	**0.0%**	0.0%	**4.7%**	5.0%	**n/a**	n/a
Combined portfolio [13]	**782.9**	746.6	**4.5%**	4.7%	**5.1%**	n/a	**n/a**	n/a

Total portfolio analysis

	30 September 2014	31 March 2014	30 September 2014	31 March 2014
	£m	£m	%	%
Retail Portfolio				
Shopping centres and shops	**214.8**	191.5	**4.9%**	5.4%
Retail warehouses and food stores	**73.7**	75.8	**5.1%**	5.1%
Leisure and hotels	**88.1**	86.3	**6.0%**	6.3%
Other	**3.5**	3.5	**3.9%**	5.0%
Total Retail Portfolio	**380.1**	357.1	**5.2%**	5.5%
London Portfolio				
West End	**146.7**	141.0	**3.2%**	3.2%
City	**94.7**	91.1	**2.6%**	3.0%
Mid-town	**67.8**	66.7	**3.8%**	3.8%
Inner London	**22.2**	20.8	**4.6%**	5.6%
Total London offices	**331.4**	319.6	**3.2%**	3.4%
Central London shops	**70.4**	68.9	**3.4%**	3.6%
Other	**1.0**	1.0	**0.7%**	0.6%
Total London Portfolio	**402.8**	389.5	**3.2%**	3.4%
Combined portfolio [13]	**782.9**	746.6	**4.5%**	4.7%
Represented by:				
Investment portfolio	**686.7**	653.6	**4.3%**	4.6%
Share of joint ventures	**96.2**	93.0	**2.7%**	2.9%
Combined portfolio [13]	**782.9**	746.6	**4.5%**	4.7%

Notes:

1. The market value figures are determined by the Group's external valuers.
2. The valuation movement is stated after adjusting for the effect of SIC 15 under IFRS.
3. Refer to glossary for definition.
4. Annualised rental income is annual 'rental income' (as defined in the glossary) at the balance sheet date, except that car park and commercialisation income are included on a net basis (after deduction for operational outgoings). Annualised rental income includes temporary lettings.
5. Annualised net rent is annual cash rent, after the deduction of ground rents, as at the balance sheet date. It is calculated with the same methodology as annualised rental income but is stated net of ground rent and before SIC15 adjustments.
6. Net estimated rental value is gross estimated rental value, as defined in the glossary, after deducting expected ground rents.
7. Gross estimated rental value (ERV) - refer to glossary for definition. The figure for proposed developments relates to the existing buildings and not the schemes proposed.
8. Net initial yield - refer to glossary for definition. This calculation includes all properties including those sites with no income.
9. Equivalent yield – refer to glossary for definition. Proposed developments are excluded from the calculation of equivalent yield on the combined portfolio.
10. The like-for-like portfolio – refer to glossary for definition. Capital expenditure on refurbishments, acquisitions of head leases and similar capital expenditure has been allocated to the like-for-like portfolio in preparing this table.
11. Includes all properties acquired since 1 April 2013.
12. Includes all properties sold since 1 April 2013.
13. The development programme - refer to glossary for definition. Net initial yield figures are only calculated for properties in the development programme that have reached practical completion.
14. As at 30 September 2014, the non-current asset held for sale has been excluded from the combined portfolio and shown separately on the balance sheet as a 'Non-current asset held for sale'.

Table 14: Lease lengths

	Weighted average unexpired lease term at 30 September 2014	
	Like-for-like portfolio Mean (1) years	Like-for-like portfolio, completed developments and acquisitions Mean (1) Years
Retail Portfolio		
Shopping centres and shops	7.2	7.7
Retail warehouses and food stores	8.5	9.1
Leisure and hotels	8.5	10.0
Total Retail Portfolio	**8.0**	**8.5**
London Portfolio		
West End	8.6	8.5
City	7.0	7.0
Mid-town	10.8	10.8
Inner London	13.9	13.9
Total London offices	**9.2**	**9.1**
Central London shops	8.7	8.4
Total London Portfolio	**9.1**	**9.0**
Combined portfolio	**8.4**	**8.8**

1. Mean is the rent-weighted average remaining term on leases subject to lease expiry/ break clauses.

Table 15: Development pipeline financial summary

	Cumulative movements on the development programme to 30 September 2014						Total scheme details [1]				
	Market value at start of scheme	Capital expenditure incurred to date	Capitalised interest to date	Valuation surplus to date [2]	Disposals, SIC15 rent and other adjustments	Market value at 30 September 2014	Estimated total capital expenditure [3]	Estimated total capitalised interest	Estimated total development cost [4]	Net Income/ ERV [5]	Valuation surplus for the six months ended 30 September 2014 [2]
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Developments let and transferred or sold											
Shopping centres and shops	-	-	-	-	-	-	-	-	-	-	-
Retail warehouses and food stores	-	-	-	-	-	-	-	-	-	-	-
London Portfolio	92.0	60.8	1.5	116.6	11.1	282.0	60.8	1.5	154.3	14.2	19.6
	92.0	60.8	1.5	116.6	11.1	282.0	60.8	1.5	154.3	14.2	19.6
Developments after practical completion, approved or in progress											
Shopping centres and shops	-	-	-	-	-	-	-	-	-	-	-
Retail warehouses and food stores	18.0	19.9	0.4	17.1	(3.4)	52.0	19.9	0.4	38.3	2.7	8.0
London Portfolio	459.4	564.2	38.0	589.2	(83.1)	1,567.7	863.7	68.9	1,392.0	123.4	189.7
	477.4	584.1	38.4	606.3	(86.5)	1,619.7	883.6	69.3	1,430.3	126.1	197.7
	Movement on proposed developments for the period to 30 September 2014										
Proposed developments											
Shopping centres and shops	-	-	-	-	-	-	-	-	-	-	-
Retail warehouses and food stores	-	-	-	-	-	-	-	-	-	-	-
London Portfolio	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-

Notes:

1. Total scheme details exclude properties sold in the period.
2. Includes profit realised on the disposal of investment properties and any surplus or deficit on investment properties transferred to trading.
3. For proposed development properties the estimated total capital expenditure represents the outstanding costs required to complete the scheme as at 30 September 2014.
4. Includes the property at its market value at the start of the financial year in which the property was added to the development programme together with estimated capitalised interest. For proposed development properties, the market value of the property at 30 September 2014 is included in the estimated total cost. Estimated total development cost includes the cost of residential properties in the development programme (£14.2m for the London Portfolio). Estimated costs for proposed schemes could still be subject to material change prior to final approval.
5. Net headline annual rent on let units plus net ERV at 30 September 2014 on unlet units.

Table 16: Reconciliation of segment reporting to statutory reporting

The table below reconciles the Group's income statement to the segment note (note 3). The Group's income statement is prepared using the equity accounting method for joint ventures and includes 100% of the results of the Group's non-wholly owned subsidiaries. The segment note is prepared on a proportionately consolidated basis and excludes the non-wholly owned share of the Group's subsidiaries. This is consistent with the financial information reviewed by management.

						30 September 2014
£m	Group income statement	Joint ventures [1]	Proportionate share of earnings [2]	Total	Revenue profit	Capital and other items
Rental income	283.9	40.3	(1.5)	322.7	322.7	-
Finance lease interest	5.2	0.1	-	5.3	5.3	-
Gross rental income (before rents payable)	**289.1**	**40.4**	**(1.5)**	**328.0**	**328.0**	**-**
Rents payable	(5.8)	(0.9)	-	(6.7)	(6.7)	-
Gross rental income (after rents payable)	**283.3**	**39.5**	**(1.5)**	**321.3**	**321.3**	**-**
Service charge income	41.1	5.2	(0.3)	46.0	46.0	-
Service charge expense	(40.6)	(5.8)	0.3	(46.1)	(46.1)	-
Net service charge (expense)/ income	0.5	(0.6)	-	(0.1)	(0.1)	-
Other property related income	15.9	0.8	-	16.7	16.7	-
Direct property expenditure	(30.4)	(5.3)	0.2	(35.5)	(35.5)	-
Net rental income	**269.3**	**34.4**	**(1.3)**	**302.4**	**302.4**	**-**
Indirect expenses	(39.5)	(1.6)	-	(41.1)	(41.1)	-
Other income	1.8	-	-	1.8	1.8	-
	231.6	**32.8**	**(1.3)**	**263.1**	**263.1**	**-**
(Loss)/ profit on disposal of trading properties	(0.4)	0.2	-	(0.2)	-	(0.2)
Profit on disposal of investment properties	36.8	1.4	-	38.2	-	38.2
Net surplus on revaluation of investment properties	788.9	93.2	(1.9)	880.2	-	880.2
Amortisation of intangible asset	(0.4)	-	-	(0.4)	-	(0.4)
Business combination costs	(2.7)	-	-	(2.7)	-	(2.7)
Impairment of trading properties	(0.6)	(0.4)	-	(1.0)	-	(1.0)
Operating profit	**1,053.2**	**127.2**	**(3.2)**	**1,177.2**	**263.1**	**914.1**
Interest expense	(104.6)	(13.9)	-	(118.5)	(108.0)	(10.5)
Interest income	14.9	-	-	14.9	14.9	-
Fair value movement on interest rate swaps	(8.9)	0.1	-	(8.8)	-	(8.8)
Revaluation of redemption liabilities	(6.3)	-	3.2	(3.1)	-	(3.1)
Impairment of goodwill	(30.6)	-	-	(30.6)	-	(30.6)
	917.7	113.4	-	1,031.1	170.0	861.1
Share of post-tax profit from joint ventures	113.4	(113.4)	-	-	-	-
Profit before tax	**1,031.1**	**-**	**-**	**1,031.1**	**170.0**	**861.1**
Income tax	0.1	-	-	0.1	-	0.1
Profit for the year	**1,031.2**	**-**	**-**	**1,031.2**	**170.0**	**861.2**

1. Reallocation of the share of post-tax profit from joint ventures reported in the Group income statement to the individual line items reported in the segment note.
2. Removal of the non-wholly owned share of results of the Group's subsidiaries. The non-wholly owned subsidiaries are consolidated at 100% in the Group's income statement, but only the Group's share is included in revenue profit reported in the segment note.

Glossary

Adjusted earnings per share (Adjusted EPS)
Earnings per share based on revenue profit after related tax.

Adjusted net asset value (Adjusted NAV) per share
NAV per share adjusted to remove the effect of the de-recognition of the 2004 bond exchange and cumulative fair value movements on interest-rate swaps and similar instruments.

Adjusted net debt
Net debt excluding cumulative fair value movements on interest-rate swaps, the adjustment arising from the de-recognition of the bond exchange and amounts payable under finance leases. It generally includes the net debt of subsidiaries and joint ventures on a proportionate basis.

Book value
The amount at which assets and liabilities are reported in the financial statements.

BREEAM
Building Research Establishment's Environmental Assessment Method.

Combined portfolio
The combined portfolio comprises the investment properties of the Group's subsidiaries, on a proportionately consolidated basis when not wholly owned, together with our share of investment properties held in our joint ventures. Unless stated otherwise, references are to the combined portfolio when the investment property business is discussed.

Completed developments
Completed developments consist of those properties previously included in the development programme, which have been transferred from the development programme since 1 April 2013.

Development pipeline
The development programme together with proposed developments.

Development programme
The development programme consists of committed developments (Board approved projects with the building contract let), authorised developments (Board approved), projects under construction and developments which have reached practical completion within the last two years but are not yet 95% let.

Diluted figures
Reported results adjusted to include the effects of potentially dilutive shares issuable under employee share schemes.

Dividend Reinvestment Plan (DRIP)
The DRIP provides shareholders with the opportunity to use future cash dividends received to purchase additional Ordinary shares in the Company immediately after the relevant dividend payment date. Full details appear on the Company's website.

Earnings per share (EPS)
Profit after taxation attributable to owners of the Parent divided by the weighted average number of ordinary shares in issue during the period.

EPRA
European Public Real Estate Association.

EPRA net initial yield
EPRA net initial yield is defined within EPRA's Best Practice Recommendations as the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property. It is consistent with the net initial yield calculated by the Group's external valuers.

Equivalent yield
Calculated by the Group's external valuers, equivalent yield is the internal rate of return from an investment property, based on the gross outlays for the purchase of a property (including purchase costs), reflecting reversions to current market rent and such items as voids and non-recoverable expenditure but ignoring future changes in capital value. The calculation assumes rent is received annually in arrears.

ERV - Gross estimated rental value
The estimated market rental value of lettable space as determined biannually by the Group's external valuers. For investment properties in the development programme, which have not yet reached practical completion, the ERV represents management's view of market rents.

Fair value movement
An accounting adjustment to change the book value of an asset or liability to its market value (see also mark-to-market adjustment).

Finance lease
A lease that transfers substantially all the risks and rewards of ownership from the lessor to the lessee.

Gearing
Total borrowings, including bank overdrafts, less short-term deposits, corporate bonds and cash, at book value, plus cumulative fair value movements on financial derivatives as a percentage of total equity. For adjusted gearing, see note 14.

Gross market value
Market value plus assumed usual purchaser's costs at the reporting date.

Head lease
A lease under which the Group holds an investment property.

Interest Cover Ratio (ICR)
A calculation of a company's ability to meet its interest payments on outstanding debt. It is calculated using revenue profit before interest, divided by net interest (excluding the mark-to-market movement on interest-rate swaps, bond exchange de-recognition, capitalised interest and interest on the pension scheme assets and liabilities). The calculation excludes joint ventures.

Interest-rate swap
A financial instrument where two parties agree to exchange an interest rate obligation for a predetermined amount of time. These are generally used by the Group to convert floating-rate debt or investments to fixed rates.

Investment portfolio
The investment portfolio comprises the investment properties of the Group's subsidiaries, on a proportionately consolidated basis where not wholly owned.

Joint venture
An entity in which the Group holds an interest and is jointly controlled by the Group and one or more partners under a contractual arrangement. Decisions on financial and operating policies essential to the operation, performance and financial position of the venture require each partner's consent.

Lease incentives
Any incentive offered to occupiers to enter into a lease. Typically the incentive will be an initial rent-free period, or a cash contribution to fit-out or similar costs. For accounting purposes the value of the incentive is spread over the non-cancellable life of the lease.

LIBOR
The London Interbank Offered Rate, the interest rate charged by one bank to another for lending money, often used as a reference rate in bank facilities.

Like-for-like portfolio
The like-for-like portfolio includes all properties which have been in the portfolio since 1 April 2013, but excluding those which are acquired, sold or included in the development pipeline at any time since that date.

Like-for-like managed properties
Properties in the like-for-like portfolio other than those in our joint ventures which we do not manage operationally.

Loan-to-value (LTV)
Group LTV is the ratio of adjusted net debt, including subsidiaries and joint ventures, to the sum of the market value of investment properties and the book value of trading properties of the Group, its subsidiaries and joint ventures, all on a proportionate basis, expressed as a percentage. For the Security Group, LTV is the ratio of net debt lent to the Security Group divided by the value of secured assets.

Market value
Market value is determined by the Group's external valuers, in accordance with the RICS Valuation Standards, as an opinion of the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing.

Mark-to-market adjustment
An accounting adjustment to change the book value of an asset or liability to its market value (see also fair value movement).

Net asset value (NAV) per share
Equity attributable to owners of the Parent divided by the number of ordinary shares in issue at the period end.

Net initial yield
Net initial yield is a calculation by the Group's external valuers of the yield that would be received by a purchaser, based on the Estimated Net Rental Income expressed as a percentage of the acquisition cost, being the market value plus assumed usual purchasers' costs at the reporting date. The calculation is in line with EPRA guidance. Estimated Net Rental Income is determined by the valuer and is based on the passing cash rent less ground rent at the balance sheet date, estimated non-recoverable outgoings and void costs including service charges, insurance costs and void rates.

Net rental income
Net rental income is the net operational income arising from the Group's properties, on an accruals basis, including rental income, finance lease interest, rents payable, service charge income and expense, other property related income, direct property expenditure and bad debts.

Outline planning consent
This gives consent in principle for a development, and covers matters such as use and building mass. Full details of the development scheme must be provided in an application for 'reserved matters approval', including detailed layout, scale, appearance, access and landscaping, before a project can proceed. An outline planning permission will lapse if the submission of 'reserved matters' have not been made within three years, or if it has not been implemented within three years or within two years of the final approval of 'reserved matters', unless otherwise expressly stated within conditions attached to the permission itself or, for any permissions granted on or before 1 October 2009, a successful application has been made to extend the time within which 'reserved matters' application can be submitted, or the overall limit for commencement of development.

Over-rented
Space where the passing rent is above the ERV.

Passing cash rent
The estimated annual rent receivable as at the reporting date which includes estimates of turnover rent and estimates of rent to be agreed in respect of outstanding rent review or lease renewal negotiations. Passing cash rent may be more or less than the ERV (see over-rented, reversionary and ERV). Passing cash rent excludes annual rent receivable from units in administration save to the extent that rents are expected to be received. Void units and units that are in a rent-free period at the reporting date are deemed to have no passing cash rent. Although temporary lets of less than 12 months are treated as void, income from temporary lets is included in passing cash rents.

Pre-let
A lease signed with an occupier prior to completion of a development.

Pre-development properties
Pre-development properties are those properties within the like-for-like portfolio which are being managed to align vacant possession within a three year horizon with a view to redevelopment.

Property income distribution (PID)
A PID is a distribution by a REIT to its shareholders paid out of qualifying profits. A REIT is required to distribute at least 90% of its qualifying profits as a PID to its shareholders.

Proposed developments
Proposed developments are properties which have not yet received final Board approval or are still subject to main planning conditions being satisfied, but which are more likely to proceed than not.

Qualifying activities/ Qualifying assets
The ownership (activity) of property (assets) which is held to earn rental income and qualifies for tax-exempt treatment (income and capital gains) under UK REIT legislation.

Real Estate Investment Trust (REIT)
A REIT must be a publicly quoted company with at least three-quarters of its profits and assets derived from a qualifying property rental business. Income and capital gains from the property rental business are exempt from tax but the REIT is required to distribute at least 90% of those profits to shareholders. Corporation tax is payable on non-qualifying activities in the normal way.

Rental value change
Increase or decrease in the current rental value, as determined by the Group's external valuers, over the reporting period on a like-for-like basis.

Rental income
Rental income is as reported in the income statement, on an accruals basis, and adjusted for the spreading of lease incentives over the term certain of the lease in accordance with SIC 15. It is stated gross, prior to the deduction of ground rents and without deduction for operational outgoings on car park and commercialisation activities.

Return on average capital employed
Group profit before interest, plus joint venture profit before interest, divided by the average capital employed (defined as shareholders' funds plus adjusted net debt).

Return on average equity
Group profit before tax plus joint venture tax divided by the average equity shareholders' funds.

Revenue profit
Profit before tax, excluding profits on the sale of non-current assets and trading properties, profits on long-term development contracts, valuation movements, fair value movements on interest-rate swaps and similar instruments used for hedging purposes, the adjustment to interest payable resulting from the amortisation of the bond exchange de-recognition adjustment, debt restructuring charges and any items of an unusual nature.

Reversionary or under-rented
Space where the passing rent is below the ERV.

Reversionary yield
The anticipated yield to which the initial yield will rise (or fall) once the rent reaches the ERV.

Scrip dividend
A scrip dividend is when shareholders are offered the opportunity to receive dividends in the form of shares instead of cash.

Security Group
Security Group is the principal funding vehicle for Land Securities and properties held in the Security Group are mortgaged for the benefit of lenders. It has the flexibility to raise a variety of different forms of finance.

Temporary lettings
Lettings for a period of one year or less. These are included within voids.

Topped-up net initial yield
Topped-up net initial yield is a calculation by the Group's external valuers. It is calculated by making an adjustment to net initial yield in respect of the annualised cash rent foregone through unexpired rent-free periods and other lease incentives. The calculation is consistent with EPRA guidance.

Total business return
Dividend paid per share, plus the change in adjusted diluted net asset value per share, divided by the adjusted diluted net asset value per share at the beginning of the year.

Total cost ratio
Total cost ratio represents all costs included within revenue profit, other than rents payable and financing costs, expressed as a percentage of gross rental income before rents payable.

Total development cost (TDC)
Total development cost refers to the book value of the site at the commencement of the project, the estimated capital expenditure required to develop the scheme from the start of the financial year in which the property is added to our development programme, together with capitalised interest, being the Group's borrowing costs associated with direct expenditure on the property under development. Interest is also capitalised on the purchase cost of land or property where it is acquired specifically for redevelopment. The TDC for trading property development schemes excludes any estimated tax on disposal.

Total property return
Valuation movement, profit/ loss on property sales and net rental income in respect of investment properties expressed as a percentage of opening book value, together with the time weighted value for capital expenditure incurred during the current year, on the combined property portfolio.

Total Shareholder Return (TSR)
The growth in value of a shareholding over a specified period, assuming that dividends are reinvested to purchase additional units of the stock.

Trading properties
Properties held for trading purposes and shown as current assets in the balance sheet.

Turnover rent
Rental income which is related to an occupier's turnover.

Voids
Voids are expressed as a percentage of ERV and represent all unlet space, including voids where refurbishment work is being carried out and voids in respect of pre-development properties. Temporary lettings for a period of one year or less are also treated as voids.

Weighted average cost of capital (WACC)
Weighted average cost of debt and notional cost of equity, used as a benchmark to assess investment returns.

Weighted average unexpired lease term
The weighted average of the unexpired term of all leases other than short-term lettings such as car parks and advertising hoardings, temporary lettings of less than one year, residential leases and long ground leases.

Yield shift
A movement (negative or positive) in the equivalent yield of a property asset.

Zone A
A means of analysing and comparing the rental value of retail space by dividing it into zones parallel with the main frontage. The most valuable zone, Zone A, is at the front of the unit. Each successive zone is valued at half the rate of the zone in front of it.