Half-yearly Report for the six months ended 30 September 2010

Thursday 11 November 2010

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Forward-looking statements

This document may contain certain “forward-looking statements” with respect to Land Securities Group PLC’s financial condition, results of operations and business, and certain of Land Securities Group PLC’s plans and objectives with respect to these items.

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.

There are a number of 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 regulatory and competition frameworks in which the Group operates; changes in the markets from which the Group raises finance; the impact of legal or other proceedings against or which affect the Group; and changes in interest and exchange rates.

Any written or verbal forward-looking statements, made in this document 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. Land Securities Group PLC does not intend to update any forward-looking statements.

Half-yearly financial results for the six months to 30 September 2010

"We entered the year with a clear plan. The first half has seen us deliver on that plan, building momentum across the business. Our focus on development is already driving returns through valuation gains and profits on sales. We are seeing a willingness of companies to commit to new space across our business that is slightly ahead of our expectations and we are confident in our ability to continue to exploit the opportunities we have created across our portfolio."

Results summary

	30 September 2010	31 March 2010	Change
Valuation surplus (1)	£314.1m	N/A	Up 3.4%
Basic NAV per share	795p	750p	Up 6.0%
Adjusted diluted NAV per share (2)	737p	691p	Up 6.7%
Adjusted Gearing (1)	67.0%	72.1%	N/A
	Six months ended 30 September 2010	**Six months ended 30 September 2009**	**Change**
Profit/(loss) before tax	£455.3m	£(4.6)m	N/A
Revenue profit	£135.9m	£128.4m	Up 5.8%
Basic EPS	59.54p	1.58p	N/A
Adjusted diluted EPS	18.49p	16.89p	Up 9.5%
Dividend	14.00p	14.00p	-

(1) Including share of joint ventures

(2) Our key valuation measure

Financial highlights:

- Valuation surplus of 3.4% or £314.1m since March 2010
- Rental values up 1.1% across the total like-for-like portfolio since March 2010
- Outperformed IPD Quarterly Universe by 0.8%
- Completed disposals totalling £459.8m at an average of 5.7% above March 2010 valuations
- Acquisitions totalled £174.0m and expenditure on developments and refurbishments totalled £127.0m
- Group LTV ratio including share of joint ventures reduced to 42.1% (43.5% at 31 March 2010)
- Average debt maturities extended from 11.8 years in March 2010 to 11.9 years

Commenting on the results, Land Securities Chief Executive Francis Salway said:

"Our results reflect the benefit of moves we have made to position the business for the recovery in the market. We have committed significant capital to developments and it is already driving returns with a valuation uplift on our development programme of just under 10% in the six months.

"In London, we believe that developing in a supply-constrained market is a highly attractive opportunity. We were the first to start a large development programme in London, and we have been the first to take profits from it. We have the finance, the schemes and expertise to start additional projects in London in 2011. As the first half demonstrated with the sale of Park House and the valuation gains on our development assets, our development activity is already driving returns.

"In Retail, we have commenced developments selectively when supported by retailers through pre-lettings. And we see further opportunities in this area, particularly in edge-of-town locations targeted by supermarkets and other retailers.

"All our activity is underpinned by a focus on income and we managed void levels down further in our Retail Portfolio. We have also met with considerable success on asset management lettings in London since the half-year date.

"Market conditions in our sectors are slightly more favourable than we expected at this point, with low gilt yields supporting buying interest from investors and the growth plans of large companies generating take-up of space. We are nevertheless alive to the potential impact of tax increases and public sector job cuts, and we maintain our medium term view of a recovery in property values, albeit interspersed with ripples."

Key themes:

Development

- Since January 2010, committed to start projects with total development costs of over £1bn
- Trinity Leeds development commenced, and now 50% let or in solicitors' hands
- Joint venture formed with Canary Wharf Group to develop 20 Fenchurch Street, EC3
- One New Change, EC4 opened on 28 October with the retail element now fully let
- 40 residential units at Wellington House, SW1 pre-sold, representing 68% of the units
- Three further developments identified to start in London in 2011:
  - 123 Victoria Street, SW1
  - 110 Cannon Street, EC4
  - 60 Ludgate Hill and 30 Old Bailey, EC4
- Developments already making a significant contribution to returns – with a valuation gain on our development programme of just under 10% in the six month period

Income

- 'John Lewis at home' to open shops in Exeter and Chester
- 25,150 sq m of space agreed to be let to Primark in three transactions
- Major lettings to News International for 6,500 sq m at Thomas More Square, E1 (now 99% let)
- Extended lease agreed with Bain & Co to double their floor space at 40 Strand, WC2
- £22.9m of lettings agreed and £18.2m in solicitors' hands
- Voids in like-for-like portfolio up slightly at 5.9% (5.4% March 2010) as buildings in London are vacated prior to redevelopment. Like-for-like shopping centre and retail warehouse voids down at 4.9% (5.5% March 2010)

Recycling capital

- Forward sale of Park House, W1 to Barwa Real Estate for an initial consideration of £250m for the one acre site, all of the construction costs and a contingent profit share on completion
- Total sales of £459.8m (including Park House, W1) at an average of 5.7% above March 2010 valuation
- £174.0m of acquisitions, mainly the O2 Centre, NW3 and a 50% stake in Westgate Centre, Oxford
- £127.0m of development and refurbishment expenditure in the period
- Positive yield differential between purchases and sales, with an average yield on purchases of 5.8% and on sales of 2.9%
- More buying opportunities expected in H2 and 2011/12 and planning to continue to recycle capital through selective sales

Chief Executive's Statement

"Our plans to invest in development projects for delivery in 2012/13 are being realised, and we are already seeing higher returns from this activity with the value of our development programme increasing by just under 10% in the first six months of our financial year."

Francis Salway

Chief Executive

• Over £1bn committed to development since January 2010
• Completion of One New Change, EC4 with the retail element now fully let
• Sale of Park House, W1 demonstrates discipline on capital recycling
• Outperformance against IPD

Our performance

Our actions in the first six months of the financial year have added to the substantial momentum building within Land Securities. We have followed through on our stated intention to start a substantial development programme for delivery of projects in the very best locations in 2012/13. We have also continued to demonstrate our capability to secure key lettings which enhance value, ranging from our second and third lettings for 'John Lewis at home' stores to agreeing an extended lease to Bain & Co in London to double their floor space.

As a result of our success on leasing, we have reduced void levels on our like-for-like shopping centre and retail warehouse portfolio from 5.5% to 4.9%. On our London Portfolio, headline void levels increased from 5.3% to 6.9%, but underlying voids fell from 4.3% to 3.8% after adjustment for properties intentionally vacated prior to redevelopment.

Our pre-tax profit for the six month period was £455.3m, which includes a revaluation surplus of £314.1m. Revenue profit, which is our measure of underlying pre-tax profit, was £135.9m, up 5.8% on the prior period. The valuation surplus of £314.1m represents a 3.4% increase in the value of investment properties since March, and this contributed to the growth in adjusted diluted net assets per share to 737 pence at 30 September 2010, up 6.7% over the six month period. Our adjusted diluted earnings per share were up 9.5% over the prior period to 18.49 pence, and we have confirmed the second quarter's dividend at the same level as the first quarter's at 7.0p per share.

The six month valuation increase on our portfolio of 3.4% reflected a combination of a 1.1% increase in rental values on our like-for-like investment properties, 20 basis points of further hardening of equivalent yields and the strong contribution of our development programme which delivered a 9.6% valuation surplus.

In terms of the relative performance of our property assets, our portfolio delivered an ungeared total property return of 6.5%, outperforming the IPD Quarterly Universe which delivered a 5.6% total return. This relative outperformance was driven primarily by the valuation increase on our development assets together with our sector focus on some of the better performing areas of the market, namely London offices and retail.

A two-stage recovery

A year ago, we set out our belief that there would be two stages to the recovery in commercial property values. We predicted that stage one would be characterised by yield repricing, and we expected this to be followed by growth in rental values - with the possibility of a time gap or hiatus between the two stages. The market has developed in line with this view. Initial yield repricing has taken place and the recent trend of rising capital values is flattening out.

Meanwhile, occupier demand from large corporates has improved a little ahead of our expectations, and we are now seeing improved leasing activity and an upward movement in rental values for London offices. So, certain sectors of the market have now entered the second stage of recovery.

As the trends in rental values are at different stages in the cycle in our two core sectors, we have responded by taking slightly differentiated approaches to development in London and Retail. In the capital, we are confident of enjoying rental value growth during the construction period, so we are starting developments on a speculative basis to allow us to secure leases at higher rents around the time of scheme completion. For retail property, the dynamics are improving, but we expect the resumption of rental value growth to come later and to be at more moderate levels. As a consequence, we are mitigating risk by taking developments forward once they are grounded on substantial pre-lettings. For example, in July 2010 we announced the start of the Trinity development in Leeds city centre, having achieved a pre-let occupancy level of more than 40%. This reflects both the very strong relationships we have with leading retailers and our unrivalled track record in city-centre retail development. We are also delivering a number of smaller retail developments pre-let to supermarket operators.

Development strategy reflects an accelerated cycle

The unparalleled speed with which the industry moved into its recent downturn has been mirrored by the rate of recovery we have seen over the last 15 months. The pace of change in the commercial property cycle has accelerated. We identified this dynamic early, and we are now moving faster than ever to position the business ahead of changing conditions, particularly the move towards supply-constrained conditions for premium office space in London. We were first to restart major development in London and, significantly, we were the first to take profits from development – selling Park House, W1 for a record price of £242m per acre. And we are likely to be amongst the first to complete a development programme in the capital. We have also been quick off the mark with retail development, but we have only started construction when supported by pre-lettings.

Our first mover approach is enabling us to recycle capital in pursuit of high value opportunities. It is also enabling us to take advantage of competitive construction pricing. Our ability to start development ahead of others springs not only from having sites ready with planning consent, but also from our strong balance sheet, and a flexible debt structure. As we raise debt centrally on our balance sheet, we are able to fund developments at a time when project-specific finance is very difficult to obtain. This is a substantial advantage.

While starting development early is very important, it is also critical that we anticipate the needs of future occupiers and buyers. The development and sale of Park House, W1 illustrates our capabilities in this regard. By designing and securing consent for such an attractive scheme, we have been able to secure an early buyer and transform a dormant site into realised capital returns. We then moved on quickly to conclude a joint venture agreement with Canary Wharf Group for the development of the 37 storey office tower building at 20 Fenchurch Street, EC3 in the City. Our disciplined and decisive approach to development and capital recycling will continue.

Elsewhere in London, we were required to provide 59 units of residential property at Wellington House, SW1 in connection with an office development at 62 Buckingham Gate, SW1. We started demolition in spring 2010 and have already pre-sold just under 70% of the residential units at prices ahead of those targeted in our initial appraisal.

Our work in preparing planning applications for further potential projects in London is progressing well, and we expect to start three further developments in London in 2011.

Lettings

The company's leasing capabilities were underlined in October 2010 with the successful opening of One New Change, EC4. The retail element of this exceptional scheme is now fully let. The office element is currently 38% let. With supply constraints for premium office space becoming evident, we will continue to take a patient approach towards securing lease agreements on the offices on attractive terms.

Across our portfolio, we have continued to secure good lettings to leading retailers who act as a major draw to shoppers. Having opened the first 'John Lewis at home' shop for the John Lewis Partnership in Poole in 2009, we recently announced two more shops for 'John Lewis at home' in Exeter and Chester. We have also agreed three new transactions with Primark, including plans to create a £15m expansion of the Bridges Centre in Sunderland, to accommodate a three-storey 5,550 sq m Primark anchor store.

Acquisitions and sales

During the six months we acquired four properties, including two small development sites. The two sizeable acquisitions were in the retail sector. In April we completed the purchase of The O2 Centre, NW3, for £125.9m. This 10.5 acre site occupies a prime position in North London, benefiting from an affluent London catchment and excellent transport links. In May 2010, we bought a 50% stake in the Westgate Centre, Oxford, for just over £28m. Both are attractive assets with excellent potential for value creation through active asset management or development.

We expect a greater volume of acquisition opportunities to appear as we move through the remaining months of the year and into 2011, as bank loan defaults and loan maturity dates cause more properties and sites to be marketed for sale.

Our disciplined management of capital means that we have focused not only on new development commitments and acquisitions, but also on capital rotation through disposals. Over the period, we made sales of £459.8m at an average of 5.7% above the March 2010 valuation. We had a positive yield differential between purchases and sales, with an average yield on purchases of 5.8% and on sales of 2.9%.

Changes to the Board and Senior Management

In August 2010, Simon Palley joined the Board as a non-executive director. Simon has had a successful and broad ranging career in investment banking, consulting and private equity, rising to be Managing Partner at BC Partners, one of the leading private equity firms in Europe. In November 2010, Adrian de Souza joined us from SABMiller plc to take up the newly formed post of Group General Counsel and Company Secretary.

Outlook and priorities

Our outlook reflects not only the planned public sector cutbacks but, importantly, also the fact that indicators from the private sector are running slightly ahead of our expectations. Investor demand for good quality property continues to be strong in an environment of continuing low interest rates and low gilt yields. And large corporates are using their strengthened balance sheets to plan for growth and future investment, which is turning into requirements for new floorspace. So, we maintain our medium term view of an increase in property values but interspersed with ripples. We believe any ripples are more likely to occur in sectors with weaker occupier demand, and we are reassured by the relative strength of our own core sectors of focus, which are London offices and good quality retail properties.

Naturally, we are watching the Government's evolving spending plans carefully and assessing the impact of the recent Comprehensive Spending Review. We expect the retrenchment to be spread evenly amongst public sector employees across the country, but the effects are likely to be greater in the regions, where public sector employment is a higher proportion of total employment. It is therefore helpful that 62% of our portfolio is located in London, where we have both office and retail assets, and a greater diversity of prospective occupiers.

Looking ahead, our strong balance sheet, talented team, excellent portfolio and deep relationships give us a strong foundation for growth. Given this, our priorities remain clear. We will continue to lead on speculative development in London to ensure we capture rental growth in a rising market. We will continue to secure substantial pre-lettings for our retail developments by tailoring our activities to meet the demands of successful growing retailers. And we will continue to increase occupancy levels, both to enhance the value of our assets and to boost earnings through higher rents and lower outgoings on vacant space. Through these actions, we will keep building our momentum as we move through the second half of the financial year and into 2011.

London Portfolio

Performance highlights

- Park House, W1 development forward sold to Barwa Real Estate for initial consideration of £250m for the site, all of the construction costs and a contingent profit share on completion
- One New Change, EC4 opened on 28 October with the retail element now fully let
- Joint venture formed with Canary Wharf Group to develop 20 Fenchurch Street, EC3
- Three further developments identified to start in 2011 for delivery into a supply-constrained market
- 40 of the 59 residential units at Wellington House, SW1 pre-sold
- £11.2m of lettings in the period with a further £7.2m in solicitors' hands

Our market

Despite recent uncertainties around the economic environment and financial markets, London continues to be a target for overseas property investors.

Sustained occupational demand for offices in London, combined with a reduced construction pipeline, have meant that occupiers now have less choice. As a result, rental value growth is returning to the market. Over the medium term the outlook for the London office market is positive as the limited supply of new developments coming on stream will coincide with a higher than normal level of lease expiries due from 2013, particularly in the City.

Our strategy

We expect to see rising levels of demand over the medium term, so we are focused on maximising potential returns as we move through the rental cycle. Our priority is to develop space appropriate for its market at the right time in the cycle so that we meet occupiers' needs in a supply-constrained environment. We intend to be an early cycle player so we gain the benefit of competitive construction costs, rising rental values and a liquid market in which to make sales, as and when appropriate.

Performance

The market has performed broadly in line with the outlook we gave in May and we have seen both rental value growth as vacancy rates fall and capital growth as global investors continue to look to invest in the London market.

The revaluation of our London Portfolio has resulted in a valuation surplus for the six month period of 4.1% overall, with West End offices up 1.8%, City offices up 4.6% and Central London retail up 9.1%. Over the same period, rental values in our like-for-like portfolio increased by 3.1% for City offices, 1.6% for West End offices and 0.8% for Central London retail.

On the basis of ungeared total property returns over the six month period, our London Portfolio underperformed the sector benchmark in the IPD Quarterly Universe by 1.4%. Our London retail outperformed IPD by 2.3% and our offices in the City and Mid-town performed broadly in line, but our West End offices underperformed the benchmark largely as a result of our relatively high exposure to the Victoria office market where rental value growth typically emerges slightly later in the cycle than other West End locations.

Like-for-like voids across our London Portfolio were 6.9% at September 2010 compared to 5.3% at March 2010. The increase in the headline void rate is attributable to properties being vacated prior to redevelopment, as at

Ludgate Hill in the City. If these properties are excluded, the underlying void rate fell from 4.3% in March to 3.8% in September.

Net rental income

Table 1: Net rental income – London Portfolio

	30 September 2010 £m	30 September 2009 £m	Change £m
Like-for-like investment properties	118.4	118.0	0.4
Proposed development properties	2.6	5.0	(2.4)
Completed developments	16.4	13.5	2.9
Acquisitions since 1 April 2009	0.1	-	0.1
Sales since 1 April 2009	0.2	7.8	(7.6)
Ongoing developments	1.7	(1.1)	2.8
Non-property related income	1.4	1.4	-
Net rental income	**140.8**	**144.6**	**(3.8)**

Compared to the prior period, net rental income declined by £3.8m to £140.8m, largely as a result of the investment properties we sold last year which included Portman House, W1, and 1 Wood Street, EC2. As expected, net rental income from proposed developments was also lower as leases expired, notably at 123 Victoria Street, SW1, in preparation for redevelopment. Ongoing developments, mainly Dashwood House, EC2, saw net rental income increase by £2.8m on the back of new lettings, while lettings and a one-off rent adjustment at New Street Square, EC4 were behind the £2.9m increase in completed developments.

Asset management

Over half the London Portfolio comprises Grade A assets, such as Cardinal Place, SW1, Bankside 2 & 3, SE1, Dashwood House, EC2, and Times Square and New Street Square, both EC4. Excluding Queen Anne's Gate, SW1 where the income is predetermined throughout the term, the average office rent for this segment of the portfolio at £44 per sq ft is well positioned for growth, and the properties have a weighted average unexpired lease term of over 12 years.

Around a fifth of our portfolio is made up of smaller mid quality buildings with identified asset management opportunities to drive rental growth. The average office rent for this part of the portfolio is £32 per sq ft with lease lengths generally of shorter duration. In a number of these assets we have been successful in driving rental growth through leasing activity. Thomas More Square, E1 is now 99% let with News International occupying 23,860 sq m.

At the east end of Oxford Street, W1 our Oriana joint venture has entered into a conditional agreement to lease with Primark for 13,100 sq m which would help transform the retail appeal of this end of the street and have a positive effect on our nearby holdings. Since the half year, at 40 Strand, W1 we took a 4,720 sq m lease surrender from an occupier and let 8,730 sq m in a new lease to Bain & Co, doubling their presence in the building. At Harbour Exchange, E14 Telecity have entered into a new overriding lease for 24,270 sq m, conditional on planning. These three transactions total £15.5m of rent (our share), are 27% ahead of the 31 March 2010 rental value, and have a weighted average lease length of 26 years.

Our London Portfolio has traditionally had a relatively high exposure to Government, local Government and the Metropolitan Police through its substantial holdings in Victoria. Over the last few years this has been significantly reduced through sales and now redevelopment. Our developments at Wellington House, SW1 and 62 Buckingham Gate, SW1 are both former Government buildings, as are two of our near term prospects, 123 Victoria Street, SW1 and 60 Ludgate Hill, EC4.

Our main exposure to Government now comes through three holdings: Kingsgate House, SW1 a 18,680 sq m office building in Victoria where we intend to submit a planning application for a 35,880 sq m mixed-use development shortly; Eland House, SW1, which has seen denser occupation as other buildings have been vacated as part of Government consolidation of space and where the Secretary of State for Communities and Local Government has a lease with an earliest expiry date of 2016; and Queen Anne's Gate, SW1, which houses the Ministry of Justice under a lease until 2026 and from which we extracted virtually all our capital through a bond issue last year.

Sales and acquisitions

The major sale in the period was the forward sale of our mixed-use development at Park House, W1 to Barwa Real Estate for an initial consideration of £250m for the site of which £25m is deferred until practical completion. While we will manage the project and are entitled to an additional profit share on completion, Barwa will be responsible for all of the construction costs. The sale enabled us to realise the majority of our profit ahead of schedule and recycle the capital into our development programme.

Since the half year, we have sold a 50% share in our site at 20 Fenchurch Street, EC3, which is covered below in the context of the development joint venture.

There were no purchases in the period as the influx of overseas capital into the investment market continued to make value difficult to find relative to our extensive organic development opportunities.

Development and planning

Just over a quarter of the assets in our London Portfolio are development prospects and are either on site, in design or with planning consent. These opportunities in the portfolio mean the business is well placed to take advantage of the forecast supply-constrained market conditions. This view on the market led to our committing to start a number of our development projects this year.

We made good progress with our exciting retail and office development at One New Change, EC4 during the year and practical completion of the scheme was reached in early October, on time and to budget. The shopping centre opened for trading on 28 October and the retail units are now fully let. 10,660 sq m of offices have been handed over to K&L Gates for fit out, and we have agreed terms to let 18% of the remaining 20,180 sq m.

62 Buckingham Gate, SW1, will provide 23,450 sq m of office accommodation with street level shops and restaurants. Demolition work has completed and ground works are now underway with the scheme aimed for delivery in the spring of 2013.

Wellington House, SW1, will provide 59 residential units scheduled for delivery in July 2012. Already 40 units have been pre-sold for £49.3m which is equivalent to £1,325 per sq ft. The interest has reinforced our belief that residential development will continue to be an important part of the Land Securities central London offer going forward.

Since 30 September, we have formed a joint venture with Canary Wharf Group to take forward the development of 20 Fenchurch Street, EC3. The existing property is currently a cleared site with planning permission for a 63,790 sq m building providing 34 office floors ranging in size from 1,320 sq m to 2,570 sq m. There will also be a three storey sky garden at the top of the building. Work on site has already started with completion to the ground floor level planned for February 2012. Construction of the superstructure will follow, with completion of the project anticipated in the spring of 2014.

In addition to these, we plan to start further schemes in 2011.

At 123 Victoria Street, SW1 (formerly Ashdown House) we have submitted a planning application for the comprehensive refurbishment of this 21,370 sq m property to reposition it correctly for the market for delivery in late 2012 when there are limited development completions due in the West End.

110 Cannon Street, EC4 is currently home to K&L Gates who will vacate the building to move into our One New Change development in May 2011. A planning application to refurbish the 7,010 sq m building has been submitted and we will start on site when K&L Gates vacate in order to deliver the completed space back into the City market in mid 2012.

60 Ludgate Hill and 30 Old Bailey, EC4 are two neighbouring buildings where we have an existing planning consent for the development of a single building. During the period we have been revising our plans and now aim to submit a further application to the City Corporation for two buildings with an aggregate area in excess of 28,000 sq m more suited to the market. The earliest we could start on site is August 2011 for delivery of the completed buildings in early 2014.

We continue to work on our consented schemes at Arundel Great Court, WC2, and Victoria Transport Interchange, SW1, where the earliest start on site would be late 2012.

In addition we will be busy with our extensive pipeline of organic development opportunities during the remainder of the year and expect to submit planning applications for developments at Shoe Lane, EC4 and Kingsgate House, SW1, as well as working up plans for Portland House, SW1 and 20 Eastbourne Terrace, W2.

Looking ahead

The outlook for rents in the London office market is positive with vacancy rates peaking at lower levels than in 2003 and a limited supply of new developments coming on stream. We aim to build on our success in the first half where we were the first to start developments in London and the first to take profits through the sale of Park House. We have an attractive mix of high quality assets with strong revenue streams, a smaller proportion of other properties with a clear asset management plan to drive rental growth and a pipeline of projects to add significant floor space through development into a forecast supply-constrained market.

We outline our development pipeline in Table 2.

Table 2: London development pipeline at 30 September 2010

Property	Description of use	Ownership interest %	Size sq m	Planning status	Letting status %	Net income/ ERV £m	Estimated/ actual completion date	Total development cost to date £m	Forecast total development cost £m
Developments completed									
Dashwood House, EC2	Office	100	14,110		89%	6.7	Oct 2008	113	113
	Retail		710		100%				
30 Eastbourne Terrace, W2	Office	100	4,470		63%	1.8	May 2009	31	31
Developments approved and in progress									
One New Change, EC4	Office	100	30,840		38%	27.6	Oct 2010	476	542
	Retail		19,900		99%				
62 Buckingham Gate, SW1	Office	100	23,450		-	17.2	Apr 2013	60	185
	Retail		1,540		-				
Proposed developments									
110 Cannon Street, EC4*	Office	100	6,890		-	n/a	2012	n/a	n/a
	Retail		120						
123 Victoria Street, SW1 (formally Ashdown House)	Office	100	18,750	AS	-	n/a	2012	n/a	n/a
	Retail		2,620						
20 Fenchurch Street, EC3**	Office	100	61,660	PR	-	n/a	2014	n/a	n/a
	Retail		2,130						

Floor areas shown above represent the full scheme whereas the cost represents our share of costs. Letting % is measured by ERV and shows letting status at 30 September 2010. Trading property development schemes are excluded from the development pipeline. Cost figures for proposed schemes are not given as these could still be subject to material change prior to final approval.

Planning status for proposed developments

AS – Application Submitted
PR – Planning Received

Total development cost (£m)

Total development cost refers to the book value of the land 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.

Net income/ERV

Net income/ERV represents headline annual rent payable on let units plus ERV at 30 September 2010 on unlet units.

* Planning application submitted in October 2010
**Our ownership interest post 30 September 2010 is 50%

Retail Portfolio

Performance highlights

- Trinity Leeds development has started, and is now 50% let or in solicitors' hands. Delivery in spring 2013
- £174.0m of acquisitions at an average yield of 5.8%
- 'John Lewis at home' to open in Chester and Exeter
- £210.6m of sales at 8.8% above March valuation at an average yield of 6.1%
- £11.7m of lettings in the period with a further £11.0m in solicitors' hands

Our market

Retail sales have been resilient during the period, and an increasing number of retailers now have requirements for additional floorspace, particularly for larger stores and out of town space. Although the spate of retailer insolvencies of 2009 has abated, there is still a relatively high level of available space nationally. So overall rental growth trends are likely to remain flat in the near term.

The investment market for retail property has continued to be firm with relatively few assets coming to the market and strong demand for quality assets from a wide range of investors. Towards the end of the period we started to see evidence of more shopping centres being brought to the market, which may present us with further attractive buying opportunities.

We have a clear view on how the market is evolving as consumer trends change and the impact of online shopping and other technologies take effect. While the internet will attract customer spend, consumers continue to value the immediacy, convenience and community offered by physical shops together with the ability to see, feel and take home products. These advantages mean bricks and mortar shops have a vital role to play in the retail mix.

While online shopping may increase competition for some retailers, we also believe the growth of multi-channel retailing, digital marketing and mobile technology will create new opportunities for retailers with access to high quality retail floor space. Over time the potential casualties of the structural changes are likely to be shops in medium sized towns where there is a low quality offer and poor facilities, especially those located close to larger, competing centres. Rental recovery is likely to reflect these trends, becoming polarised across UK towns and cities according to the level of vacancies and the attraction of individual assets.

Our strategy

Our strategy has remained clear, consistent and in tune with evolving retail trends. We work hard to ensure our centres provide shoppers with convenience, great leisure experiences and a breadth of successful retail brands. We continue to develop our retail portfolio so major brands can provide attractive and convenient options for shoppers. We look to improve assets, raising them up the retail hierarchy and positioning them to become dominant in their catchment.

Performance

The market has shown a slight increase in the level of demand for new space over the first half of the year, but the overall environment remains tough with relatively little competitive bidding for units across the portfolio. Although the leasing market has been challenging, we have benefited from our close relationships with major retailers, evidenced by our success in securing 157 new lettings.

The revaluation of our Retail Portfolio has resulted in a valuation surplus for the six month period of 2.7% overall, with shopping centres and shops up 2.5% and retail warehouses and food stores up 2.3%. The hotel portfolio let to Accor increased in value by 6.8%. Rental values on our like-for-like portfolio over the six months increased by 0.2% for our shopping centres and shops but reduced by 1.0% for our retail warehouses and food stores.

In terms of the relative performance of the portfolio, as measured by ungeared total returns, we outperformed the sector benchmark in the IPD Quarterly Universe by 0.3%. Our shopping centres outperformed the IPD sector benchmark by 0.5% and our retail warehouses were 0.2% lower than the sector benchmark.

Voids across our like-for-like shopping centre and retail warehouse portfolios were 4.9% at September 2010 compared to 5.5% at March 2010. Within the void space, we have 1.7% subject to temporary lettings and on a further 0.9% we have terms agreed for re-letting. Units in administration across the portfolio were 0.8%, down from 1.9% in March.

Net rental income

Table 3: Net rental income – Retail Portfolio

	30 September 2010 £m	30 September 2009 £m	Change £m
Like-for-like investment properties	116.4	109.5	6.9
Proposed development properties	(0.1)	-	(0.1)
Ongoing developments	4.9	6.1	(1.2)
Completed developments	6.9	6.5	0.4
Acquisitions since 1 April 2009	4.0	0.1	3.9
Sales since 1 April 2009	4.6	23.8	(19.2)
Non-property related income	2.0	2.0	-
Net rental income	**138.7**	**148.0**	**(9.3)**

Net rental income in the Retail Portfolio declined by £9.3m overall compared with the prior period as a result of last year's sales programme, which led to a £19.2m reduction in net rental income. Helping to cushion the decline from disposals was an increase in income from our like-for-like portfolio and acquisitions. Net rental income on our like-for-like investment properties increased on the back of rent reviews in the retail warehouse portfolio, letting activities across the portfolio and reduced bad debt costs. Our acquisition of the O2 Centre, NW3 and the 50% interest in the Westgate Centre, Oxford, together contributed an additional £3.9m of rental income.

Asset management

Our close relationships with retailers have allowed us to continue to improve many of our shopping centres and retail parks through asset management initiatives. We have agreed two further lettings to John Lewis for their 'at home' format. They will take a 5,570 sq m shop at our Greyhound retail park in Chester. Our experience of the John Lewis impact on the Commerce Centre in Poole, Dorset suggests their presence will bring further asset management opportunities to the park. In Exeter, John Lewis will open their first city centre 'at home' format in the 6,570 sq m former Debenhams store. This will further enhance the city's popularity as a shopping destination following our development of the Princesshay scheme in 2007.

We have also agreed to introduce Primark into two more locations within our portfolio. We are constructing a 6,500 sq m store for them in Phase 1 of the Almondvale Shopping Centre and have submitted a planning application on a 5,550 sq m store for our Bridges shopping centre in Sunderland. This will further enhance the fashion offer of the Bridges which in the past year has attracted Bank, Blue Inc and Schuh to go alongside existing retailers such as Top Shop, H&M, New Look and River Island.

Our White Rose centre in Leeds hosted the first stores to trade under our Brand Empire initiative with Grupo Cortefiel when women'secret opened in September and Springfield opened in October. Further stores have since opened in Livingston, Cardiff and One New Change in London. Trading has been slightly behind initial expectations as the brands have launched into a market where the established retailers are discounting heavily.

Supermarket operators continue to target additional floorspace and we will shortly complete new and extended stores for Sainsbury's in Livingston and Lincoln respectively. The Lincoln development is the first store to be completed as part of the Harvest joint venture set up with Sainsbury's in 2007, and we are also close to satisfying all of the conditions before starting the development of an extended Sainsbury's store and a Premier Inn hotel on Garratt Lane in Wandsworth.

Sales and acquisitions

We have actively recycled our capital in the six months, exiting three assets and buying two schemes.

We acquired The O2 Centre, Finchley Road, NW3, for £125.9m in April with an initial yield in excess of 6%. The 10.5 acre site is in an excellent location and has the potential for asset management activity and longer term development opportunities.

In May we bought a 50% stake in the Westgate Centre, Oxford in partnership with The Crown Estate for just over £28m with a yield of 6.75%. We aim to enhance the shopping experience in the short term through asset management while the prospects for a commercially viable development are assessed.

We sold two assets from the Metro Fund which is held 50/50 with Delancey. The sale of the N1 shopping centre in Islington completed in July for £56.0m (our share) and Notting Hill Gate exchanged in September and completed in October for £65.5m (our share). The two sales enabled us to repay relatively expensive debt within the fund.

The third sale was the Stratford shopping centre and associated office buildings for £91.5m at a combined yield of 6.6%. Our decision to sell reflected specific competitive risks emerging in this location.

These three property sales achieved prices which, on average, were 8.8% above March 2010 valuation figures.

Development and planning

Across the market as a whole, we sense a high degree of caution towards large scale retail development schemes and our commitment to the Trinity Leeds scheme remains the only large retail development project to start on site across the UK.

Our decision to start the Trinity Leeds redevelopment reflects the quality of the site in a top 5 city and our success on pre-lettings. The scheme is now 45.4% let with a further 4.7% in solicitors' hands. Lettings completed to date include Next, Top Shop, River Island, Cult and Hollister. The 70,000 sq m scheme benefits from having a number of entrances to prime pitch and is surrounded by anchor stores which are already trading in or around the site; these include House of Fraser, Debenhams and Marks & Spencer on Briggate and Boots, H&M and Bhs in the existing Leeds Shopping Plaza. This development consolidates prime pitch in the city, increases the range of retail brands in the city centre and is already supported by the city's car parking and transport infrastructure.

We have also made good progress on our Atlas development site in Glasgow, resolving the remaining ownership issues on the site and commencing discussions with major retailers on the largest units fronting onto Buchanan Street. On our proposals for an extension to our Buchanan Galleries Centre in Glasgow, which is located opposite the Atlas site, we have initiated discussions with the Council over both a revised planning approach to the scheme and the possible use of Tax Increment Financing to support the project and its contribution to public amenities.

We believe that prime city centre retail developments can continue to offer attractive returns if supported by retailers through significant pre-lettings.

Looking ahead

We have a clear plan to operate successfully in an evolving market and we have proved our ability to execute this plan through our leasing achievements and the development starts in the first six months of the year. Looking forward, we anticipate a wider range of buying opportunities and the potential to take forward other asset management and development opportunities within our portfolio.

We outline our development pipeline in Table 4.

Table 4: Retail development pipeline at 30 September 2010

Property	Description of use	Ownership interest %	Size sq m	Planning status	Letting status %	Net income/ ERV £m	Estimated/ actual completion date	Total development cost to date £m	Forecast total development cost £m
SHOPPING CENTRES AND SHOPS									
Developments completed									
St David's 2, Cardiff	Retail	50	89,900		76	15.0	Oct 2009	328	360
	Residential		16,500						
The Elements, Livingston	Retail	100	32,000		88	7.8	Oct 2008	166	166
	Leisure		5,670						
Developments approved and in progress									
Trinity Leeds	Retail	100	70,000		43	28.0	Feb 2013	91	350
Proposed developments									
The Atlas Site, Glasgow	Residential		4,180						
	Retail	100	10,660	PR	-	n/a	2013	n/a	n/a
RETAIL WAREHOUSES AND FOOD STORES									
Developments approved and in progress									
Almondvale South Retail Park, Livingston	Food store	100	8,360		100	1.6	Dec 2010	13	16
Lindis Retail Park, Lincoln	Food store	50	10,870		100	1.1	Nov 2010	12	16
Proposed development									
Garratt Lane, Wandsworth, SW18	Food store	50	9,850	MG	83	n/a	2013	n/a	n/a

Floor areas shown above represent the full scheme whereas the cost represents our share of costs. Letting % is measured by ERV and shows letting status at 30 September 2010. Trading property development schemes are excluded from the development pipeline. Cost figures for proposed schemes are not given as these could still be subject to material change prior to final approval.

Planning status for proposed developments

PR – Planning Received
MG – Minded to Grant

Total development cost (£m)

Total development cost refers to the book value of the land 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. The figures for total development costs include expenditure on the residential elements of St David's 2, Cardiff (£23.5m).

Net income/ERV

Net income/ERV represents headline annual rent payable on let units plus ERV at 30 September 2010 on unlet units.

Financial Review

Headline results

The Group's profit before tax was £455.3m, compared to a loss of £4.6m for the six months ended 30 September 2009. Revenue profit, our measure of underlying profit before tax, was £135.9m, up 5.8% on the comparable period.

Basic earnings per share were 59.54p compared to 1.58p for the same period last year. Adjusted diluted earnings per share were 18.49p (2009: 16.89p), up 9.5% compared to the previous year.

The combined portfolio increased in value from £9.54bn to £9.70bn, including a valuation surplus of £314.1m or 3.4%. Net assets per share increased by 45p from 750p at the end of March 2010 to 795p in September 2010, with adjusted diluted net assets per share increasing by 6.7% from 691p at March 2010 to 737p.

Profit before tax

The largest driver behind the improvement in the profit before tax was the valuation surplus on our combined portfolio of £314.1m (2009: £117.8m deficit), which represents a 3.4% increase over the market value of our properties at 31 March 2010. Of the increase, £199.4m arose in the London Portfolio and £114.7m in Retail. Further information relating to our valuation gains is given in the individual London and Retail business reviews.

Revenue profit

Revenue profit is our measure of the underlying pre-tax profit of the Group, which we use internally to assess our income performance. It includes the pre-tax results of our joint ventures but excludes capital and other one-off items.

Table 5 shows the composition of our revenue profit including the contributions from London and Retail.

Table 5: Revenue profit

	Retail Portfolio £m	London Portfolio £m	30 September 2010 £m	Retail Portfolio £m	London Portfolio £m	30 September 2009 £m	Change £m
Gross rental income*	155.0	150.3	305.3	163.6	162.0	325.6	(20.3)
Net service charge expense	(1.9)	(2.0)	(3.9)	(2.9)	(3.1)	(6.0)	2.1
Direct property expenditure (net)	(14.4)	(7.5)	(21.9)	(12.7)	(14.3)	(27.0)	5.1
Net rental income	**138.7**	**140.8**	**279.5**	**148.0**	**144.6**	**292.6**	**(13.1)**
Indirect costs	(12.9)	(8.6)	(21.5)	(12.4)	(11.2)	(23.6)	2.1
Segment profit before interest	**125.8**	**132.2**	**258.0**	**135.6**	**133.4**	**269.0**	**(11.0)**
Group services expenses (net)			(16.4)			(16.6)	0.2
Net interest – Group and joint ventures			(105.7)			(124.0)	18.3
Revenue profit			**135.9**			**128.4**	**7.5**

*Includes finance lease interest, net of ground rents payable

Revenue profit increased by £7.5m from £128.4m in the prior period to £135.9m for the six months ended 30 September 2010. This increase was mainly due to net interest costs, which were £18.3m lower than the comparable period, partially offset by a £13.1m reduction in net rental income. The reduction in interest costs resulted from the cancellation of interest rate swaps last year and a lower average debt balance following the sale of a number of investment properties in 2009, including Portman House, W1 and our interest in Bullring, Birmingham. The lower net rental income was entirely due to the sale of investment properties which led to a £26.8m reduction in net rental income. This was partially offset by income from new acquisitions, a £3.2m reduction in the bad debt charge, and an increase in net rental income on our development and like-for-like portfolios. Further information on the net rental income performance of the London and Retail Portfolios is given in their respective business reviews.

Looking ahead into the second half of the financial year, it is unlikely that our revenue profit will be as strong as the first half owing to some items relating to development activity and the timing of income flows. As part of our future development programme, some £4.0m of income from 123 Victoria Street, SW1, and Old Bailey, EC4, will not recur as these properties are emptied in readiness for redevelopment. Coming out of development, we have One New Change, EC4 which completed in October with the office space yet to be fully let. Here we see a shortfall in the second half of approximately £8.0m at the revenue profit level compared to the first half as new rental income is more than offset by the cessation of capitalised interest and as we incur void and marketing costs. Over time, however, this shortfall is expected to reverse as we lease up the remaining office space.

Earnings per share

Basic earnings per share were 59.54p, compared to 1.58p for the six months ended 30 September 2009, the improvement being predominantly due to the valuation surplus on the investment property portfolio (36.9p per share compared to a loss last year of 11.9p per share).

In the same way that we adjust profit before tax to remove capital and one-off items to give revenue profit, we also report an adjusted earnings per share figure. Adjusted diluted earnings per share increased by 9.5% from 16.89p for the six months ended 30 September 2009 to 18.49p per share for the current period. This was mainly due to the increase in revenue profit and a £4.7m improvement in trading property profits, predominantly related to profits from the sale of apartments within our developments in the current period compared to a loss related to Wilton Plaza, SW1 in the prior period. These increases were partly offset by the impact of additional shares due to the scrip dividend scheme.

Total dividend

We will be paying a second interim dividend of 7.0p per share on 10 January 2011 to shareholders on the Register of members on 3 December 2010. Taken together with the first interim dividend of 7.0p, paid on 25 October 2010, this makes a first half dividend of 14.0p per share and is consistent with our expectation outlined in May that we would maintain this year’s dividend at 28p per share.

Shareholders continue to have the opportunity to participate in the scrip dividend scheme introduced last year and receive their dividend in the form of Land Securities shares (a scrip dividend alternative) as opposed to cash. The take up for the dividends paid on 1 April 2010 and 30 July 2010 was 41% and 19% respectively, resulting in a cash saving of £31.9m. The take up for the dividend paid on 25 October 2010 was 35%.

All of the dividends paid and payable in respect of the financial year ended 31 March 2011 comprise Property Income Distributions (PID) from REIT qualifying activities to the extent that these dividends are paid in cash. The calculation price for the scrip dividend alternative in respect of the second interim dividend will be announced on 8 December 2010, and the latest date for election will be 15 December 2010. PIDs are subject to 20% withholding tax for relevant shareholders. Scrip dividends may not currently be treated as qualifying towards the Group PID requirement and are not subject to 20% withholding tax.

Net assets

At 30 September 2010, our net assets per share were 795p, an increase of 45p or 6.0% compared to the year ended 31 March 2010. The increase in our net assets was primarily driven by the increase in value of our investment property portfolio.

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 include our debt at its nominal value. At 30 September 2010, adjusted diluted net assets per share were 737p, an increase of 46p or 6.7% from 31 March 2010.

Table 6 summarises the main differences between net assets and our adjusted measure of net assets together with the key movements over the year.

Table 6: Net assets attributable to owners of the Parent

	Six months ended 30 September 2010 £m	Year ended 31 March 2010 £m
Net assets at the beginning of the period	**5,689.9**	**4,823.5**
Adjusted earnings	141.0	257.8
Valuation surplus on investment properties	314.1	863.8
Net impairment of development land and infrastructure	0.2	(13.5)
Profits/(losses) on investment property disposals	16.4	(24.5)
Other	(17.9)	5.3
Profit after tax attributable to owners of the Parent	453.8	1,088.9
Dividends	(74.6)	(217.9)
Other reserve movements	4.3	(4.6)
Net assets at the end of the period	**6,073.4**	**5,689.9**
Mark-to-market on interest-rate swaps	37.8	37.3
Debt adjusted to nominal value	(477.9)	(486.0)
Adjusted net assets at the end of the period	**5,633.3**	**5,241.2**

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

Net pension deficit

The Group operates a defined benefit pension scheme which is closed to new members. At 30 September 2010 the scheme was in a net deficit position of £7.2m compared to a deficit of £6.5m at 31 March 2010. The change is primarily due to the reduction in corporate bond yields lowering the discount rate from 5.6% to 5.1%, which increased the liabilities of the scheme by more than the return on the scheme's assets. This has been partially offset by additional employer contributions agreed as part of the triennial funding review concluded in January 2010.

Cash flow, net debt and gearing

During the six months, net debt remained broadly unchanged, increasing by £12.4m to £3,275.8m. Net cash inflow from operations was impacted by a £60.7m protective payment to HMRC in respect of prior year matters. Proceeds from the disposal of investment properties generated £331.0m mainly from the sale of Park House, W1 and The Mall, Stratford. Acquisitions in the period totalled £145.2m, principally the O2 Centre, Finchley Road, NW3. Capital expenditure in the six months on developments and refurbishments totalled £114.1m with One New Change, London, EC4, accounting for the majority of the expenditure.

We invested a net £21.0m in our joint ventures, consisting mainly of the acquisition of our 50% share in the Westgate Centre, Oxford, for £28m and £5.6m of loan advances to St David's, Cardiff. These payments were offset by distributions received from the Metro partnership, following the sale of the N1 shopping centre, Islington.

Table 7: Cash flow and net debt

	Six months ended 30 September 2010 £m	Year ended 31 March 2010 £m
Operating cash inflow after interest and tax	21.1	179.3
Dividends paid	(73.7)	(217.9)
Non-current assets:		
Acquisitions	(145.2)	(46.8)
Disposals	331.0	847.8
Capital expenditure	(114.1)	(219.6)
	71.7	581.4
Deferred consideration from the disposal of Trillium	-	25.0
Loans advanced to third parties	-	(33.3)
Joint ventures and associates	(21.0)	(65.2)
Divestment of a joint venture (Bullring)	-	209.8
Fair value of interest-rate swaps	(3.3)	7.0
Other movements	(7.2)	(25.9)
(Increase)/decrease in net debt	**(12.4)**	**660.2**
Net debt at the beginning of the period	(3,263.4)	(3,923.6)
Net debt at the end of the period	**(3,275.8)**	**(3,263.4)**

Our interest cover, excluding our share of joint ventures, has increased from 1.92 times in the prior period to 2.09 times for the six months ended 30 September 2010. Under the rules of the REIT regime, we need to maintain an interest cover in the exempt business of at least 1.25 times to avoid paying tax. As calculated under the REIT regulations, our interest cover of the exempt business for the six months to 30 September 2010 was 1.95 times.

Gearing has reduced from 57.4% at 31 March 2010 to 53.9% at 30 September 2010. The reduction is principally due to the marginal increase in net debt being more than offset by the increase in net assets. Details of the Group's gearing are set out in Table 8, which also shows the impact of joint venture debt, although the lenders to our joint ventures have no recourse to the Group for repayment.

Adjusted gearing, which recognises the nominal value of our debt, reduced from 72.1% at 31 March 2010 to 67.0% at 30 September 2010. Adjusted gearing including our share of joint ventures reduced from 80.2% to 73.7% over the same period. In common with other property companies, we also show LTV ratios.

Table 8: Gearing

	30 September 2010 %	31 March 2010 %
Gearing – on book value of balance sheet debt	53.9	57.4
Adjusted gearing*	67.0	72.1
Adjusted gearing* – as above plus notional share of joint venture debt	73.7	80.2
Group LTV	43.5	44.8
Group LTV – as above plus notional share of joint venture debt	42.1	43.5
Security Group LTV	41.4	45.5

* Book value of balance sheet debt increased to recognise nominal value of debt on refinancing in 2004 divided by adjusted net asset value.

Financing strategy

The Group monitors and adjusts its capital structure with a view to promoting the long-term success of the business and maintaining sustainable returns for shareholders. A key element of the Group's capital structure is that the majority of our borrowings are secured against a large pool of our assets (the Security Group). This enables us to raise long-term debt in the bond market as well as shorter-term flexible bank facilities, both at competitive rates.

In addition, the Group holds a number of assets outside the Security Group structure (in the ''Non-restricted Group''). These assets are typically our joint venture interests or other assets on which we have raised separate, specific finance. By having both the Security Group and the Non-restricted Group, and considerable freedom to move assets between the two, we are able to raise the most appropriate finance for the specific asset or joint venture.

Financing and capital

At 30 September 2010, our IFRS net debt (including joint ventures) amounted to £3,709.5m (£3,752.3m at 31 March 2010). Adjusted net debt, which includes our joint ventures and the nominal value of our debt but excludes the mark-to-market on our swaps, was £4,149.6m (31 March 2010: £4,201.0m). During the half year, we arranged a new four year bilateral financing of £100m, renegotiated pricing on our existing bilateral facilities and bought back £254m of bonds due in March 2013. Consequently, cash and committed but undrawn facilities at 30 September 2010 were £2,322.4m (£2,447.0m at 31 March 2010). In the Security Group, £3,418.7m of net borrowings were secured against £8,250.9m of assets, giving a Security Group LTV ratio of 41.4%.

The weighted average duration of the Group's debt (including joint ventures) is 11.9 years with a weighted average cost of debt of 5.3%.

Hedging

We use derivative products to manage our interest-rate exposure, and have a hedging policy which requires at least 80% of our existing debt plus increases in debt associated with net committed capital expenditure to be hedged for the coming five years. Specific interest-rate hedges are also used within our joint ventures to hedge the interest exposure on limited-recourse debt. At 30 September 2010, Group debt (including joint ventures) was 97.5% hedged.

Taxation

As a consequence of the Group's conversion to REIT status, income and capital gains from our qualifying property rental business are now exempt from UK corporation tax. No tax charge arises in the period (2009: £17.8m credit, net of £2.2m deferred tax charge) and no prior year corporation tax adjustments have been recognised (2009: £20m credit). During the period, we made a protective payment of £60.7m to HMRC in respect of prior year matters. There is no impact on the income statement as these matters were fully provided for at the time.

Principal risks and uncertainties

The principal risks facing the Group for the remaining months of the financial year are broadly consistent with those outlined on pages 36 and 37 of the 2010 Annual Report. The risks include property investment risks (volatility of property values and illiquidity of assets), financial risks (including liquidity risk due to unavailability of credit facilities) and development risks (size of development pipeline and associated leasing risk).

Statement of directors' responsibilities

The Directors confirm that the condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union and that the half-yearly report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the 2010 Annual Report.

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

The Board of Directors

Alison Carnwath*, Chairman	Francis Salway, Chief Executive
David Rough*	Martin Greenslade
Bo Lerenius*	Richard Akers
Sir Stuart Rose*	Robert Noel
Sir Christopher Bland*	
Kevin O'Byrne*	
Chris Bartram*	
Simon Palley* (appointed 1 August 2010)	

* Non-executive Directors

By order of the Board
Adrian de Souza
Secretary
10 November 2010

Independent review report to Land Securities Group PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2010, which comprises the unaudited consolidated income statement, unaudited consolidated statement of comprehensive income, unaudited consolidated balance sheet, unaudited consolidated statement of changes in equity, unaudited consolidated statement of cash flows and related notes. 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.

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 Services Authority.

As disclosed in note 1, the annual 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. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 2010 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 Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
London
10 November 2010

Notes:

1. The maintenance and integrity of the Land Securities Group PLC website 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 Half-yearly Report since it was initially presented on the website.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Financial Statements

Unaudited consolidated income statement for the six months ended 30 September 2010

	Notes	Six months ended 30 September 2010 £m	2009 £m	Year to 31 March 2010 £m
Group revenue	4	**360.9**	418.7	833.4
Costs		**(144.3)**	(200.3)	(392.5)
		216.6	218.4	440.9
Profit/(loss) on disposal of investment properties	3	**14.2**	(18.6)	(32.5)
Net surplus/(deficit) on revaluation of investment properties	3	**281.2**	(89.8)	746.0
Impairment charge on trading properties	3	**(2.9)**	(9.3)	(10.6)
Operating profit		**509.1**	100.7	1,143.8
Interest expense	5	**(108.9)**	(134.2)	(248.9)
Interest income	5	**12.0**	19.8	29.8
Fair value movement on interest-rate swaps	5	**(3.3)**	10.9	7.0
		408.9	(2.8)	931.7
Share of the profit/(loss) of joint ventures (post-tax)	10	**46.4**	(1.8)	137.6
Profit/(loss) before tax		**455.3**	(4.6)	1,069.3
Income tax		**-**	17.8	23.1
Profit for the period		**455.3**	13.2	1,092.4
Attributable to:				
Owners of the Parent		**453.8**	11.9	1,088.9
Non-controlling interests		**1.5**	1.3	3.5
Profit for the period		**455.3**	13.2	1,092.4
Earnings per share attributable to the owners of the Parent (pence) [(1)]				
Basic earnings per share	7	**59.54**	1.58	144.04
Diluted earnings per share	7	**59.50**	1.58	143.96

(1) Adjusted earnings per share is given in note 7.

Unaudited consolidated statement of comprehensive income for the six months ended 30 September 2010

	Six months ended 30 September 2010 £m	2009 £m	Year to 31 March 2010 £m
Profit for the period	**455.3**	13.2	1,092.4
Other comprehensive income consisting of:			
Actuarial losses on defined benefit pension schemes	**(2.8)**	(11.7)	(15.2)
Deferred tax credit on actuarial losses on defined benefit pension schemes	**-**	1.9	1.9
Fair value movement on interest-rate swaps treated as cash flow hedges – joint ventures	**4.7**	2.7	2.6
Other comprehensive income/(expense) for the period	**1.9**	(7.1)	(10.7)
Total comprehensive income for the period	**457.2**	6.1	1,081.7
Attributable to:			
Owners of the Parent	**455.7**	4.8	1,078.2
Non-controlling interests	**1.5**	1.3	3.5
Total comprehensive income for the period	**457.2**	6.1	1,081.7

Unaudited consolidated balance sheet at 30 September 2010

	Notes	30 September 2010 £m	31 March 2010 £m
Non-current assets			
Investment properties	9	**8,226.2**	8,044.3
Other property, plant and equipment		**10.0**	12.8
Net investment in finance leases		**114.9**	115.4
Loan investments		**85.9**	84.3
Receivables		**33.2**	-
Investments in joint ventures	10	**859.9**	787.8
Total non-current assets		**9,330.1**	9,044.6
Current assets			
Trading properties and long-term development contracts	11	**125.0**	87.9
Derivative financial instruments	14	**0.3**	1.0
Trade and other receivables		**324.4**	334.4
Monies held in restricted accounts and deposits	12	**35.0**	95.6
Cash and cash equivalents	13	**28.7**	159.4
Total current assets		**513.4**	678.3
Total assets		**9,843.5**	9,722.9
Current liabilities			
Short-term borrowings and overdrafts	15	**(55.3)**	(308.6)
Derivative financial instruments	14	**-**	(1.1)
Trade and other payables		**(370.9)**	(395.5)
Provisions		**(0.7)**	(1.5)
Current tax liabilities		**(51.1)**	(111.0)
Total current liabilities		**(478.0)**	(817.7)
Non-current liabilities			
Borrowings	15	**(3,280.8)**	(3,209.7)
Derivative financial instruments	14	**(3.7)**	-
Pension deficit		**(7.2)**	(6.5)
Total non-current liabilities		**(3,291.7)**	(3,216.2)
Total liabilities		**(3,769.7)**	(4,033.9)
Net assets		**6,073.8**	5,689.0
Equity			
Capital and reserves attributable to the owners of the Parent			
Ordinary shares		**77.0**	76.5
Share premium		**785.4**	785.3
Capital redemption reserve		**30.5**	30.5
Share-based payments		**6.1**	6.0
Retained earnings		**5,178.4**	4,798.5
Own shares		**(4.0)**	(6.9)
Equity attributable to the owners of the Parent		**6,073.4**	5,689.9
Non-controlling interests		**0.4**	(0.9)
Total equity		**6,073.8**	5,689.0

Unaudited consolidated statement of changes in equity at 30 September 2010

	Attributable to the owners of the Parent								
	Ordinary shares	Share premium	Capital redemption reserve	Share-based payments	Retained earnings (1)	Own shares	Total	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 April 2009	76.2	785.2	30.5	8.1	3,935.9	(12.4)	4,823.5	(3.3)	4,820.2
Profit for the financial period	-	-	-	-	11.9	-	11.9	1.3	13.2
Other comprehensive income:									
Actuarial loss on pension scheme	-	-	-	-	(9.8)	-	(9.8)	-	(9.8)
Fair value movement on interest-rate swaps treated as cash flow hedges	-	-	-	-	2.7	-	2.7	-	2.7
Total comprehensive income for the period ended 30 September 2009	-	-	-	-	4.8	-	4.8	1.3	6.1
Transactions with owners:									
Fair value of share-based payments	-	-	-	3.9	-	-	3.9	-	3.9
Transfer of shares to employees on exercise of share schemes	-	-	-	-	(4.2)	4.2	-	-	-
Release on exercise/forfeiture of share options	-	-	-	(7.8)	7.8	-	-	-	-
Dividends to owners of the Parent	-	-	-	-	(129.8)	-	(129.8)	-	(129.8)
Distribution paid to non-controlling interests	-	-	-	-	-	-	-	(0.4)	(0.4)
Total transactions with owners of the Parent	-	-	-	(3.9)	(126.2)	4.2	(125.9)	(0.4)	(126.3)
At 30 September 2009	76.2	785.2	30.5	4.2	3,814.5	(8.2)	4,702.4	(2.4)	4,700.0
Profit for the financial period	-	-	-	-	1,077.0	-	1,077.0	2.2	1,079.2
Other comprehensive income:									
Actuarial loss on pension scheme	-	-	-	-	(3.5)	-	(3.5)	-	(3.5)
Fair value movement on interest-rate swaps treated as cash flow hedges	-	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Total comprehensive income for the period ended 31 March 2010	-	-	-	-	1,073.4	-	1,073.4	2.2	1,075.6
Transactions with owners:									
Exercise of options	-	0.1	-	-	-	-	0.1	-	0.1
New share capital subscribed	0.3	17.3	-	-	-	-	17.6	-	17.6
Transfer to retained earnings in respect of shares issued in lieu of cash dividend	-	(17.3)	-	-	17.3	-	-	-	-
Fair value of share-based payments	-	-	-	2.1	-	-	2.1	-	2.1
Transfer of shares to employees on exercise of share schemes	-	-	-	-	(1.3)	1.3	-	-	-
Release on exercise/forfeiture of share options	-	-	-	(0.3)	0.3	-	-	-	-
Dividends to owners of the Parent	-	-	-	-	(105.7)	-	(105.7)	-	(105.7)
Distributions paid to non-controlling interests	-	-	-	-	-	-	-	(0.7)	(0.7)
Total transactions with owners of the Parent	0.3	0.1	-	1.8	(89.4)	1.3	(85.9)	(0.7)	(86.6)
At 31 March 2010	**76.5**	**785.3**	**30.5**	**6.0**	**4,798.5**	**(6.9)**	**5,689.9**	**(0.9)**	**5,689.0**
Profit for the financial period	-	-	-	-	453.8	-	453.8	1.5	455.3
Other comprehensive income:									
Actuarial loss on pension scheme	-	-	-	-	(2.8)	-	(2.8)	-	(2.8)
Fair value movement on interest-rate swaps treated as cash flow hedges	-	-	-	-	4.7	-	4.7	-	4.7
Total comprehensive income for the period ended 30 September 2010	-	-	-	-	455.7	-	455.7	1.5	457.2
Transactions with owners:									
Exercise of options	-	0.1	-	-	-	-	0.1	-	0.1
New share capital subscribed	0.5	31.4	-	-	-	-	31.9	-	31.9
Transfer to retained earnings in respect of shares issued in lieu of cash dividend	-	(31.4)	-	-	31.4	-	-	-	-
Fair value of share-based payments	-	-	-	2.5		-	2.5	-	2.5
Transfer of shares to employees on exercise of share schemes	-	-	-	-	(3.1)	3.1	-	-	-
Release on exercise/forfeiture of share options	-	-	-	(2.4)	2.4	-	-	-	-
Dividends to owners of the Parent	-	-	-	-	(106.5)	-	(106.5)	-	(106.5)
Distributions paid to non-controlling interests	-	-	-	-	-	-	-	(0.2)	(0.2)
Own shares acquired	-	-	-	-	-	(0.2)	(0.2)	-	(0.2)
Total transactions with owners of the Parent	0.5	0.1	-	0.1	(75.8)	2.9	(72.2)	(0.2)	(72.4)
At 30 September 2010	**77.0**	**785.4**	**30.5**	**6.1**	**5,178.4**	**(4.0)**	**6,073.4**	**0.4**	**6,073.8**

(1) Included within retained earnings are cumulative losses in respect of cash flow hedges (interest rate swaps) of £9.8m (30 September 2009: £14.4m, 31 March 2010: £14.5m).

Unaudited consolidated statement of cash flows for the six months ended 30 September 2010

Statement of cash flows	Notes	Six months ended 30 September 2010 £m	Six months ended 30 September 2009 £m	Year to 31 March 2010 £m
Net cash generated from operations				
Cash generated from operations	16	**188.6**	217.2	427.0
Interest paid		**(110.8)**	(131.7)	(243.1)
Interest received		**5.8**	11.2	16.2
Employer contributions to pension scheme		**(2.6)**	(2.0)	(7.3)
Corporation tax paid		**(59.9)**	(11.3)	(13.5)
Net cash inflow from operations		**21.1**	83.4	179.3
Cash flows from investing activities				
Investment property development expenditure		**(79.7)**	(67.8)	(166.4)
Acquisition of investment properties		**(145.2)**	(34.2)	(46.8)
Other investment property related expenditure		**(32.8)**	(43.5)	(50.7)
Capital expenditure on properties		**(257.7)**	(145.5)	(263.9)
Disposal of non-current investment properties		**331.0**	511.6	847.8
Net proceeds on properties		**73.3**	366.1	583.9
Net expenditure on non-property related non-current assets		**(1.6)**	(0.8)	(2.5)
Net cash inflow from capital expenditure		**71.7**	365.3	581.4
Receipts in respect of receivable finance leases		**3.5**	3.5	6.9
Loans advanced to third parties		**-**	-	(33.3)
Investment in joint ventures		**(32.0)**	(1.9)	(8.2)
Divestment of joint ventures		**-**	209.8	209.8
Net loans from/(to) joint ventures		**2.6**	(39.1)	(63.9)
Distributions from joint ventures		**8.4**	2.9	6.9
Deferred consideration from the disposal of Trillium		**-**	-	25.0
Net cash received from investing activities		**54.2**	540.5	724.6
Cash flows from financing activities				
Proceeds from new loans (net of finance fees)		**80.0**	363.0	351.6
Repayment of loans		**(258.2)**	(1,780.1)	(2,306.2)
Termination of interest-rate swaps		**-**	(74.5)	(104.9)
Decrease/(increase) in monies held in restricted accounts and deposits		**60.6**	(89.1)	(65.7)
Decrease in finance leases payable		**(14.5)**	(2.9)	(9.1)
Dividends paid to owners of the Parent		**(73.7)**	(129.8)	(217.9)
Distributions paid to non-controlling interests		**(0.2)**	(0.4)	(1.1)
Net cash outflow from financing activities		**(206.0)**	(1,713.8)	(2,353.3)
Decrease in cash and cash equivalents for the period		**(130.7)**	(1,089.9)	(1,449.4)
Cash and cash equivalents at the beginning of the period		**159.4**	1,608.8	1,608.8
Cash and cash equivalents at the end of the period	13	**28.7**	518.9	159.4

Notes to the Financial Statements

1. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 September 2010 has been prepared on a going concern basis and in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim financial reporting' as adopted by the European Union.

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 2010 were approved by the Board of Directors on 18 May 2010 and delivered to the Registrar of Companies. The report of the auditors 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 annual financial statements for the year ended 31 March 2010, which have been prepared in accordance with IFRSs as adopted by the European Union.

This condensed consolidated interim financial information was approved for issue on 11 November 2010.

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 notes 2 and 3 of the Group's Annual Report for the year ended 31 March 2010.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no Accounting Standards or interpretations that have been adopted that have had a material impact on the Group's financial statements.

The following Accounting Standards or interpretations are effective for the financial year beginning 1 April 2010 but do not have a material impact on the Group:

IFRS 2 (amendment) 'Share-based payments – Group cash settled share-based payment transactions
IFRS 3 (revised) 'Business Combinations'
IAS 27 (revised) 'Consolidated and Separate Financial Statements'
IAS 32 (amendment) 'Classification of Rights'
IAS 39 (amendment) 'Financial Instruments: Recognition and Measurement: - Eligible hedged items'
IFRIC 17 'Distribution of Non-cash Assets to Owners'
IFRIC 18 'Transfer of Assets from Customers'
Annual Improvements 2009

The following Accounting Standards or interpretations which are not yet effective or have not yet been endorsed by the EU, and are not expected to have a material impact, have not been early adopted by the Group:

IAS 24 (amendment) 'Related Party disclosures'
IFRS 7 (amendment) 'Financial Instruments: Disclosures on derecognition'
IFRS 9 'Financial Instruments'
IFRIC 14 (amendment) IAS19 'Prepayments of a minimum funding requirement'
IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'
Annual Improvements 2010

3. Segmental information

Management has determined the Group's operating segments based on the reports reviewed by the Senior Management Board ("SMB"), which consists of the four executive directors, to make strategic decisions.

All the Group's operations are in the UK and are organised into two business segments against which the Group reports its segmental information, being Retail Portfolio and London Portfolio. The London Portfolio includes all our London offices and Central London retail (excluding assets held in the Metro Shopping Fund LP joint venture) and the Retail Portfolio includes all our shopping centres, shops, retail warehouse properties, the Accor hotel portfolio and assets held in retail joint ventures, excluding Central London retail.

The information and reports reviewed by the SMB are prepared on a combined portfolio basis, which includes the Group's share of joint ventures on a proportionately consolidated basis and, as such, the following segmental information has been prepared and presented on a proportionately consolidated basis.

The Group's primary measure of underlying profit before tax is Revenue profit. This measure seeks to show the profit arising from ongoing operations and as such removes all items of a capital nature (e.g. valuation movements and profit/(loss) on disposal of investment properties) and one-off or exceptional items. Segment profit is the lowest level to which the profit arising from the ongoing 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 are not specific to a particular segment.

3. Segmental information continued

The segmental information provided to the SMB for the reportable segments for the six months ended 30 September 2010 is as follows:

	Six months ended 30 September 2010								
	Retail Portfolio			London Portfolio			Total		
Revenue profit	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
Rental income	125.1	35.0	160.1	145.7	5.0	150.7	270.8	40.0	310.8
Finance lease interest	1.2	0.2	1.4	1.9	-	1.9	3.1	0.2	3.3
Rents payable	(5.2)	(1.3)	(6.5)	(2.3)	-	(2.3)	(7.5)	(1.3)	(8.8)
Gross rental income	121.1	33.9	155.0	145.3	5.0	150.3	266.4	38.9	305.3
Service charge income	15.3	4.5	19.8	21.0	0.1	21.1	36.3	4.6	40.9
Service charge expense	(15.8)	(5.9)	(21.7)	(23.0)	(0.1)	(23.1)	(38.8)	(6.0)	(44.8)
Net service charge expense	(0.5)	(1.4)	(1.9)	(2.0)	-	(2.0)	(2.5)	(1.4)	(3.9)
Other property related income	4.5	0.4	4.9	8.1	-	8.1	12.6	0.4	13.0
Direct property expenditure	(13.3)	(6.0)	(19.3)	(15.4)	(0.2)	(15.6)	(28.7)	(6.2)	(34.9)
Net rental income	111.8	26.9	138.7	136.0	4.8	140.8	247.8	31.7	279.5
Indirect property expenditure	(11.4)	(1.4)	(12.8)	(8.0)	(0.1)	(8.1)	(19.4)	(1.5)	(20.9)
Depreciation	(0.1)	-	(0.1)	(0.5)	-	(0.5)	(0.6)	-	(0.6)
Segment profit before interest	100.3	25.5	125.8	127.5	4.7	132.2	227.8	30.2	258.0
Joint venture net interest expense	-	(12.1)	(12.1)	-	(5.1)	(5.1)	-	(17.2)	(17.2)
Segment profit/(loss)	100.3	13.4	113.7	127.5	(0.4)	127.1	227.8	13.0	240.8
Group services – income							1.6	-	1.6
Group services – expense							(18.0)	-	(18.0)
Group services – eliminate non-revenue profit income							-	-	-
Interest expense							(108.9)	-	(108.9)
Interest income							12.0	-	12.0
Eliminate effect of bond exchange de-recognition							8.1	-	8.1
Eliminate debt restructuring charges							0.3	-	0.3
Revenue profit							122.9	13.0	135.9

Included within rents payable is finance lease interest payable of **£1.1m** (30 September 2009: £1.1m, 31 March 2010: £2.3m) and **£0.6m** (30 September 2009: £0.8m, 31 March 2010: £1.5m) respectively for Retail Portfolio and London Portfolio.

	Six months ended 30 September 2010								
	Retail Portfolio			London Portfolio			Total		
Reconciliation to profit before tax	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
Segment profit before interest	100.3	25.5	125.8	127.5	4.7	132.2	227.8	30.2	258.0
Trading properties sale proceeds	1.4	8.3	9.7	(0.1)	3.1	3.0	1.3	11.4	12.7
Costs of sales of trading properties	(1.4)	(6.8)	(8.2)	1.3	(2.9)	(1.6)	(0.1)	(9.7)	(9.8)
Profit on disposal of trading properties	-	1.5	1.5	1.2	0.2	1.4	1.2	1.7	2.9
Long-term development contract income	-	-	-	35.2	-	35.2	35.2	-	35.2
Long-term development contract expenditure	-	-	-	(31.2)	-	(31.2)	(31.2)	-	(31.2)
Profit on long-term development contracts	-	-	-	4.0	-	4.0	4.0	-	4.0
	100.3	27.0	127.3	132.7	4.9	137.6	233.0	31.9	264.9
Investment property disposal proceeds	100.4	119.3	219.7	248.1	-	248.1	348.5	119.3	467.8
Carrying value of investment property disposals (including lease incentives)	(90.0)	(117.1)	(207.1)	(244.3)	-	(244.3)	(334.3)	(117.1)	(451.4)
Profit on disposal of investment properties	10.4	2.2	12.6	3.8	-	3.8	14.2	2.2	16.4
Net surplus on revaluation of investment properties	88.3	26.4	114.7	192.9	6.5	199.4	281.2	32.9	314.1
Impairment release/(charge) on trading properties	-	1.9	1.9	(2.9)	1.2	(1.7)	(2.9)	3.1	0.2
	199.0	57.5	256.5	326.5	12.6	339.1	525.5	70.1	595.6
Group services – income							1.6	-	1.6
Group services – expense							(18.0)	-	(18.0)
Operating profit							509.1	70.1	579.2
Interest expense							(108.9)	(17.2)	(126.1)
Interest income							12.0	-	12.0
Fair value movement on interest-rate swaps							(3.3)	(4.2)	(7.5)
Joint venture tax adjustment							-	(0.3)	(0.3)
Joint venture net liabilities adjustment							-	(2.0)	(2.0)
Profit before tax							408.9	46.4	455.3

The Group's financial performance does not suffer from seasonal fluctuations.

3. Segmental information continued

Revenue profit	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
									Six months ended 30 September 2009
Rental income	132.6	36.6	169.2	158.6	5.2	163.8	291.2	41.8	333.0
Finance lease interest	1.2	0.2	1.4	1.9	-	1.9	3.1	0.2	3.3
Rents payable	(6.7)	(0.3)	(7.0)	(3.7)	-	(3.7)	(10.4)	(0.3)	(10.7)
Gross rental income	127.1	36.5	163.6	156.8	5.2	162.0	283.9	41.7	325.6
Service charge income	16.2	5.5	21.7	15.9	0.1	16.0	32.1	5.6	37.7
Service charge expense	(17.8)	(6.8)	(24.6)	(18.9)	(0.2)	(19.1)	(36.7)	(7.0)	(43.7)
Net service charge expense	(1.6)	(1.3)	(2.9)	(3.0)	(0.1)	(3.1)	(4.6)	(1.4)	(6.0)
Other property related income (1)	3.6	0.1	3.7	9.9	0.1	10.0	13.5	0.2	13.7
Direct property expenditure	(11.8)	(4.6)	(16.4)	(23.9)	(0.4)	(24.3)	(35.7)	(5.0)	(40.7)
Net rental income	117.3	30.7	148.0	139.8	4.8	144.6	257.1	35.5	292.6
Indirect property expenditure (1)	(10.4)	(1.6)	(12.0)	(9.9)	(0.1)	(10.0)	(20.3)	(1.7)	(22.0)
Depreciation (1)	(0.3)	(0.1)	(0.4)	(1.3)	0.1	(1.2)	(1.6)	-	(1.6)
Segment profit before interest	106.6	29.0	135.6	128.6	4.8	133.4	235.2	33.8	269.0
Joint venture net interest expense	-	(10.9)	(10.9)	-	(5.1)	(5.1)	-	(16.0)	(16.0)
Segment profit/(loss)	106.6	18.1	124.7	128.6	(0.3)	128.3	235.2	17.8	253.0
Group services – income							2.0	-	2.0
Group services – expense							(18.9)	-	(18.9)
Group services – eliminate non-revenue profit income							0.3	-	0.3
Interest expense							(134.2)	-	(134.2)
Interest income							19.8	-	19.8
Eliminate effect of bond exchange de-recognition							6.4	-	6.4
Eliminate debt restructuring charges							-	-	-
Revenue profit							110.6	17.8	128.4

Reconciliation to profit before tax	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
									Six months ended 30 September 2009
Segment profit before interest	106.6	29.0	135.6	128.6	4.8	133.4	235.2	33.8	269.0
Trading properties sale proceeds	6.2	5.3	11.5	1.2	2.9	4.1	7.4	8.2	15.6
Costs of sales of trading properties	(5.0)	(4.5)	(9.5)	(5.2)	(2.7)	(7.9)	(10.2)	(7.2)	(17.4)
Profit/(loss) on disposal of trading properties	1.2	0.8	2.0	(4.0)	0.2	(3.8)	(2.8)	1.0	(1.8)
Long-term development contract income	-	-	-	69.4	-	69.4	69.4	-	69.4
Long-term development contract expenditure	-	-	-	(66.5)	-	(66.5)	(66.5)	-	(66.5)
Profit on long-term development contracts	-	-	-	2.9	-	2.9	2.9	-	2.9
	107.8	29.8	137.6	127.5	5.0	132.5	235.3	34.8	270.1
Investment property disposal proceeds	255.3	213.8	469.1	292.4	-	292.4	547.7	213.8	761.5
Carrying value of investment property disposals (including lease incentives)	(263.5)	(205.5)	(469.0)	(302.8)	-	(302.8)	(566.3)	(205.5)	(771.8)
(Loss)/profit on disposal of investment properties	(8.2)	8.3	0.1	(10.4)	-	(10.4)	(18.6)	8.3	(10.3)
Net (deficit)/surplus on revaluation of investment properties	(104.6)	(36.7)	(141.3)	14.8	8.7	23.5	(89.8)	(28.0)	(117.8)
Impairment charge on trading properties	-	(2.9)	(2.9)	(9.3)	-	(9.3)	(9.3)	(2.9)	(12.2)
	(5.0)	(1.5)	(6.5)	122.6	13.7	136.3	117.6	12.2	129.8
Group services – income							2.0	-	2.0
Group services – expense							(18.9)	-	(18.9)
Operating profit							100.7	12.2	112.9
Interest expense							(134.2)	(16.0)	(150.2)
Interest income							19.8	-	19.8
Fair value movement on interest-rate swaps							10.9	1.4	12.3
Joint venture tax adjustment							-	(0.3)	(0.3)
Joint venture net liabilities adjustment							-	0.9	0.9
Profit before tax							(2.8)	(1.8)	(4.6)

(1) In line with internal management information, the cost and income of Group services has not been allocated across the Retail Portfolio and London Portfolio business segments, instead being disclosed as single line items. This represents a change from the segmental information presented in the 2009 Half-yearly Report in which elements of Group services were allocated across the segments within 'Indirect property expenditure', 'Depreciation' and 'Other property related income'.

3. Segmental information continued									Year ended 31 March 2010
		Retail Portfolio			London Portfolio				Total
Revenue profit	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
Rental income	255.6	68.1	323.7	304.7	10.4	315.1	560.3	78.5	638.8
Finance lease interest	2.3	0.5	2.8	3.6	-	3.6	5.9	0.5	6.4
Rents payable	(12.3)	(1.3)	(13.6)	(6.4)	-	(6.4)	(18.7)	(1.3)	(20.0)
Gross rental income	245.6	67.3	312.9	301.9	10.4	312.3	547.5	77.7	625.2
Service charge income	32.3	9.2	41.5	45.3	0.2	45.5	77.6	9.4	87.0
Service charge expense	(34.3)	(10.7)	(45.0)	(49.7)	(0.2)	(49.9)	(84.0)	(10.9)	(94.9)
Net service charge expense	(2.0)	(1.5)	(3.5)	(4.4)	-	(4.4)	(6.4)	(1.5)	(7.9)
Other property related income	9.2	1.0	10.2	12.8	-	12.8	22.0	1.0	23.0
Direct property expenditure	(28.6)	(11.8)	(40.4)	(32.0)	(0.4)	(32.4)	(60.6)	(12.2)	(72.8)
Net rental income	224.2	55.0	279.2	278.3	10.0	288.3	502.5	65.0	567.5
Indirect property expenditure	(20.8)	(3.7)	(24.5)	(19.1)	(0.1)	(19.2)	(39.9)	(3.8)	(43.7)
Depreciation	(0.4)	-	(0.4)	(1.6)	-	(1.6)	(2.0)	-	(2.0)
Segment profit before interest	203.0	51.3	254.3	257.6	9.9	267.5	460.6	61.2	521.8
Joint venture net interest expense	-	(22.4)	(22.4)	-	(10.2)	(10.2)	-	(32.6)	(32.6)
Segment profit/(loss)	203.0	28.9	231.9	257.6	(0.3)	257.3	460.6	28.6	489.2
Group services – income							13.4	-	13.4
Group services – expense							(39.4)	-	(39.4)
Group services – eliminate non-revenue profit income							(9.7)	-	(9.7)
Interest expense							(248.9)	-	(248.9)
Interest income							29.8	-	29.8
Eliminate effect of bond exchange de-recognition							13.8	-	13.8
Eliminate debt restructuring charges							3.6	-	3.6
Revenue profit							223.2	28.6	251.8

									Year ended 31 March 2010
		Retail Portfolio			London Portfolio				Total
Reconciliation to profit before tax	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
Segment profit before interest	203.0	51.3	254.3	257.6	9.9	267.5	460.6	61.2	521.8
Trading properties sale proceeds	10.0	6.7	16.7	3.5	5.6	9.1	13.5	12.3	25.8
Costs of sales of trading properties	(8.1)	(5.8)	(13.9)	(5.8)	(5.3)	(11.1)	(13.9)	(11.1)	(25.0)
Profit/(loss) on disposal of trading properties	1.9	0.9	2.8	(2.3)	0.3	(2.0)	(0.4)	1.2	0.8
Long-term development contract income	-	-	-	140.7	-	140.7	140.7	-	140.7
Long-term development contract expenditure	-	-	-	(134.0)	-	(134.0)	(134.0)	-	(134.0)
Profit on long-term development contracts	-	-	-	6.7	-	6.7	6.7	-	6.7
	204.9	52.2	257.1	262.0	10.2	272.2	466.9	62.4	529.3
Investment property disposal proceeds	410.8	213.6	624.4	408.7	-	408.7	819.5	213.6	1,033.1
Carrying value of investment property disposals (including lease incentives)	(434.1)	(205.6)	(639.7)	(417.9)	-	(417.9)	(852.0)	(205.6)	(1,057.6)
(Loss)/profit on disposal of investment properties	(23.3)	8.0	(15.3)	(9.2)	-	(9.2)	(32.5)	8.0	(24.5)
Net surplus on revaluation of investment properties	341.5	100.3	441.8	404.5	17.5	422.0	746.0	117.8	863.8
Impairment (charge)/release on trading properties	-	(4.0)	(4.0)	(10.6)	1.1	(9.5)	(10.6)	(2.9)	(13.5)
	523.1	156.5	679.6	646.7	28.8	675.5	1,169.8	185.3	1,355.1
Group services – income							13.4	-	13.4
Group services – expense							(39.4)	-	(39.4)
Operating profit							1,143.8	185.3	1,329.1
Interest expense							(248.9)	(32.6)	(281.5)
Interest income							29.8	-	29.8
Fair value movement on interest-rate swaps							7.0	(1.4)	5.6
Joint venture tax adjustment							-	2.0	2.0
Joint venture net liabilities adjustment							-	(15.7)	(15.7)
Profit before tax							931.7	137.6	1,069.3

3. Segmental information continued									Six months ended 30 September 2010
	Retail Portfolio			London Portfolio			Total		
Balance sheet	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
Investment properties	3,342.2	966.2	4,308.4	4,884.0	199.5	5,083.5	8,226.2	1,165.7	9,391.9
Other property, plant and equipment	3.4	-	3.4	6.6	-	6.6	10.0	-	10.0
Net investment in finance leases	48.2	8.4	56.6	66.7	-	66.7	114.9	8.4	123.3
Trading properties and long-term development contracts	0.6	28.4	29.0	124.4	18.0	142.4	125.0	46.4	171.4
Trade and other receivables	167.4	163.2	330.6	190.2	4.3	194.5	357.6	167.5	525.1
Share of joint venture cash	-	28.5	28.5	-	8.0	8.0	-	36.5	36.5
Joint venture net liabilities adjustment	-	-	-	-	-	-	-	-	-
Segment assets	3,561.8	1,194.7	4,756.5	5,271.9	229.8	5,501.7	8,833.7	1,424.5	10,258.2
Unallocated:									
Cash and cash equivalents							28.7	-	28.7
Monies held in restricted accounts							35.0	-	35.0
Derivative financial instruments							0.3	-	0.3
Loan investments							85.9	-	85.9
Pension surplus							-	-	-
Deferred tax assets							-	-	-
Joint venture liabilities							-	(564.6)	(564.6)
Total assets							8,983.6	859.9	9,843.5
Trade and other payables	(105.6)	(72.3)	(177.9)	(146.3)	(19.3)	(165.6)	(251.9)	(91.6)	(343.5)
Share of joint venture borrowings	-	(309.4)	(309.4)	-	(163.6)	(163.6)	-	(473.0)	(473.0)
Segment liabilities	(105.6)	(381.7)	(487.3)	(146.3)	(182.9)	(329.2)	(251.9)	(564.6)	(816.5)
Unallocated:									
Borrowings							(3,336.1)	-	(3,336.1)
Derivative financial instruments							(3.7)	-	(3.7)
Current tax liabilities							(51.1)	-	(51.1)
Trade and other payables							(119.0)	-	(119.0)
Pension deficit							(7.2)	-	(7.2)
Provisions							(0.7)	-	(0.7)
Joint venture liabilities to assets							-	564.6	564.6
Total liabilities							(3,769.7)	-	(3,769.7)
Other segment items									
Capital expenditure	29.4	11.8	41.2	84.7	1.1	85.8	114.1	12.9	127.0

3. Segmental information continued

Year ended 31 March 2010

Balance sheet	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
Investment properties	3,167.9	1,035.2	4,203.1	4,876.4	191.9	5,068.3	8,044.3	1,227.1	9,271.4
Other property, plant and equipment	4.5	-	4.5	8.3	-	8.3	12.8	-	12.8
Net investment in finance leases	48.3	8.6	56.9	67.1	-	67.1	115.4	8.6	124.0
Trading properties and long-term development contracts	2.0	15.0	17.0	85.9	17.8	103.7	87.9	32.8	120.7
Trade and other receivables	163.2	91.1	254.3	171.2	2.1	173.3	334.4	93.2	427.6
Share of joint venture cash	-	18.6	18.6	-	8.4	8.4	-	27.0	27.0
Joint venture net liabilities adjustment	-	2.0	2.0	-	-	-	-	2.0	2.0
Segment assets	3,385.9	1,170.5	4,556.4	5,208.9	220.2	5,429.1	8,594.8	1,390.7	9,985.5
Unallocated:									
Cash and cash equivalents							159.4	-	159.4
Monies held in restricted accounts							95.6	-	95.6
Derivative financial instruments							1.0	-	1.0
Loan investments							84.3	-	84.3
Pension surplus							-	-	-
Deferred tax assets							-	-	-
Joint venture liabilities							-	(602.9)	(602.9)
Total assets							8,935.1	787.8	9,722.9
Trade and other payables	(106.3)	(70.1)	(176.4)	(160.0)	(13.7)	(173.7)	(266.3)	(83.8)	(350.1)
Share of joint venture borrowings	-	(354.8)	(354.8)	-	(164.3)	(164.3)	-	(519.1)	(519.1)
Segment liabilities	(106.3)	(424.9)	(531.2)	(160.0)	(178.0)	(338.0)	(266.3)	(602.9)	(869.2)
Unallocated:									
Borrowings							(3,518.3)	-	(3,518.3)
Derivative financial instruments							(1.1)	-	(1.1)
Current tax liabilities							(111.0)	-	(111.0)
Trade and other payables							(129.2)	-	(129.2)
Pension deficit							(6.5)	-	(6.5)
Provisions							(1.5)	-	(1.5)
Joint venture liabilities to assets							-	602.9	602.9
Total liabilities							(4,033.9)	-	(4,033.9)
Other segment items									
Capital expenditure	40.4	93.2	133.6	133.2	1.4	134.6	173.6	94.6	268.2

4. Group revenue	Six months ended 30 September 2010 £m	2009 £m	Year to 31 March 2010 £m
Rental income (excluding adjustment for lease incentives)	**262.7**	279.0	544.9
Adjustment for lease incentives	**8.1**	12.2	15.4
Rental income	**270.8**	291.2	560.3
Service charge income	**36.3**	32.1	77.6
Other property related income	**12.6**	13.5	22.0
Trading property sales proceeds	**1.3**	7.4	13.5
Long-term development contract income	**35.2**	69.4	140.7
Finance lease interest	**3.1**	3.1	5.9
Other income	**1.6**	2.0	13.4
	360.9	418.7	833.4

5. Net interest expense	Six months ended 30 September 2010 £m	2009 £m	Year to 31 March 2010 £m
Interest expense			
Bond and debenture debt	**(104.7)**	(97.4)	(200.9)
Bank borrowings	**(4.1)**	(34.7)	(42.7)
Other interest payable	**(0.5)**	(0.7)	(2.1)
Amortisation of bond exchange de-recognition	**(8.1)**	(6.4)	(13.8)
Interest on pension scheme liabilities	**(4.1)**	(3.6)	(7.2)
	(121.5)	(142.8)	(266.7)
Interest capitalised in relation to properties under development	**12.6**	8.6	17.8
Total interest expense	**(108.9)**	(134.2)	(248.9)
Interest income			
Short-term deposits	**0.3**	7.7	8.5
Interest received on loan investments	**3.2**	1.5	3.7
Other interest receivable	**2.0**	0.2	0.9
Interest receivable from joint ventures	**2.2**	7.1	10.1
Expected return on pension scheme assets	**4.3**	3.3	6.6
Total interest income	**12.0**	19.8	29.8
Fair value movement on interest-rate swaps	**(3.3)**	10.9	7.0
Net interest expense	**(100.2)**	(103.5)	(212.1)

Included within rents payable (note 3) is finance lease interest payable of **£1.7m** (30 September 2009: £1.9m, 31 March 2010: £3.8m).

6. Dividends

Ordinary dividends paid	Payment date	Restated (1) Per share pence	Actual Per share pence	Six months ended 30 September 2010 £m	2009 £m	Year to 31 March 2010 £m
For the year ended 31 March 2009:						
Third interim	24 April 2009	14.9	16.5	-	76.8	76.8
Final	24 July 2009	7.0	7.0	-	53.0	52.9
For the year ended 31 March 2010:						
First interim	23 October 2009	7.0	7.0	-	-	52.9
Second interim	15 January 2010	7.0	7.0	-	-	52.9
Third interim	1 April 2010	7.0	7.0	**53.1**	-	-
Final	30 July 2010	7.0	7.0	**53.4**	-	-
Gross dividend				**106.5**	129.8	235.5

(1) The restated dividend per share represents the theoretical dividend per share that would have been paid had the bonus shares inherent in the 2009 rights issue been in existence at the relevant dividend dates.

The Board has proposed a second interim dividend of **7.0p** per share (2009: 7.0p), which will be a 100% PID and results in a further distribution of **£53.5m** (2009: £52.9m). It will be paid on 10 January 2011 to shareholders who are on the Register of members on 3 December 2010. The second interim dividend is in addition to the first interim dividend of **7.0p** or **£53.5m** paid on 25 October 2010 (2009: 7.0p or £52.9m).

The Company operates a scrip dividend scheme which provides shareholders with the option to receive their dividend in shares as opposed to cash. Shares issued in lieu of dividends during the period totalled **£31.9m** (30 September 2009: £nil, 31 March 2010: £17.6m). The difference between the gross dividend of £106.5m and the amount reported in the consolidated cash flow for the period of £73.7m is the shares issued in lieu of dividends (£31.9m) and the timing of the payment of the related withholding tax payments (£0.9m).

All of the dividends paid and payable comprise PIDs to the extent that these dividends are paid in cash. Scrip dividends may not currently be treated as qualifying towards the Group PID requirement.

7. Earnings per share

Management has chosen to disclose adjusted earnings per share in order to provide an indication of the Group's underlying business performance. Accordingly, it excludes the effect of all exceptional items, debt and other restructuring charges, and other items of a capital nature (other than trading properties and long-term contract profits) as indicated above. An EPRA measure has been included to assist comparison between European property companies. 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 2010 £m	2009 £m	Year to 31 March 2010 £m
Profit for the financial period attributable to the owners of the Parent	**453.8**	11.9	1,088.9
Net (surplus)/deficits on revaluation on investment properties – Group	**(281.2)**	89.8	(746.0)
Net (surplus)/deficits on revaluation on investment properties – joint ventures	**(32.9)**	28.0	(117.8)
(Profit)/loss on investment property disposals after current and deferred tax – Group	**(14.2)**	18.6	32.5
(Profit)/loss on investment property disposals after current and deferred tax – joint ventures	**(2.2)**	(8.3)	(8.0)
Net impairment charge/(release) of development land and infrastructure (1) – Group	**2.9**	9.3	10.6
Net impairment charge/(release) of development land and infrastructure (1) – joint ventures	**(3.1)**	2.9	2.9
Fair value movement on interest-rate swaps – Group	**3.3**	(10.9)	(7.0)
Fair value movement on interest-rate swaps – joint ventures	**4.2**	(1.4)	1.4
Adjustment due to net liabilities on joint ventures (2)	**2.0**	(0.9)	15.7
Non-revenue tax adjustment	**-**	(17.8)	(23.1)
Eliminate effect of revenue arising on restructuring of Trinity Leeds financing	**-**	-	(9.7)
EPRA adjusted earnings attributable to the owners of the Parent	**132.6**	121.2	240.4
Eliminate effect of debt restructuring charges (net of taxation)	**0.3**	-	3.6
Eliminate effect of bond exchange de-recognition	**8.1**	6.4	13.8
Adjusted earnings attributable to the owners of the Parent	**141.0**	127.6	257.8

(1) The impairment in relation to the development land and infrastructure programmes within trading properties has been removed from both our and the EPRA's adjusted earnings due to the long-term nature of these programmes.

(2) The adjustment to net liabilities on joint ventures is the result of valuation deficits in the prior period, partially reversed by surpluses in the current period.

7. Earnings per share continued	Six months ended 30 September 2010 Number million	2009 Number million	Year to 31 March 2010 Number million
Weighted average number of ordinary shares	**768.5**	761.9	762.5
Effect of weighted average number of treasury shares	**(5.9)**	(5.9)	(5.9)
Effect of weighted average number of own shares	**(0.4)**	(0.7)	(0.6)
Weighted average number of ordinary shares for calculating basic earnings per share	**762.2**	755.3	756.0
Dilutive effect of share options for diluted earnings per share	**0.5**	0.2	0.4
Weighted average number of ordinary shares for calculating diluted earnings per share	**762.7**	755.5	756.4
Dilutive effect of share options for adjusted diluted earnings per share	**-**	-	-
Weighted average number of ordinary shares for calculating adjusted diluted earnings per share	**762.7**	755.5	756.4

	Six months ended 30 September 2010 Pence	2009 Pence	Year to 31 March 2010 Pence
Basic earnings per share	**59.54**	1.58	144.04
Diluted earnings per share	**59.50**	1.58	143.96
Adjusted earnings per share	**18.50**	16.89	34.10
Adjusted diluted earnings per share	**18.49**	16.89	34.08
EPRA adjusted earnings per share	**17.40**	16.05	31.80

8. Net assets per share	30 September 2010 £m	31 March 2010 £m
Net assets attributable to the owners of the Parent	**6,073.4**	5,689.9
Cumulative fair value movements on interest-rate swaps – Group	**3.4**	0.1
Cumulative fair value movements on interest-rate swaps – joint ventures	**34.4**	37.2
EPRA adjusted net assets	**6,111.2**	5,727.2
Reverse bond exchange de-recognition adjustment	**(477.9)**	(486.0)
Adjusted net assets attributable to the owners of the Parent	**5,633.3**	5,241.2
Reinstate bond exchange de-recognition adjustment	**477.9**	486.0
Cumulative fair value movements on interest-rate swaps – Group	**(3.4)**	(0.1)
Cumulative fair value movements on interest-rate swaps – joint ventures	**(34.4)**	(37.2)
Excess of fair value of debt over book value (note 15)	**(754.7)**	(476.5)
EPRA triple net assets	**5,318.7**	5,213.4

	30 September 2010 Number million	31 March 2010 Number million
Number of ordinary shares in issue	769.8	764.6
Number of treasury shares	(5.9)	(5.9)
Number of own shares	(0.3)	(0.5)
Number of ordinary shares used for calculating basic net assets per share	763.6	758.2
Dilutive effect of share options	0.6	0.6
Number of ordinary shares used for calculating diluted net assets per share	764.2	758.8

8. Net assets per share continued	30 September 2010 Pence	31 March 2010 Pence
Net assets per share	**795**	750
Diluted net assets per share	**795**	750
Adjusted net assets per share	**738**	691
Adjusted diluted net assets per share	**737**	691
EPRA measure – adjusted diluted net assets per share	**800**	755
EPRA measure – diluted triple net assets per share	**696**	687

Adjusted net assets per share excludes mark-to-market adjustments on financial instruments used for hedging purposes and the bond exchange de-recognition adjustment as management consider that 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 owners of the Parent is more indicative of underlying performance.

9. Investment properties

	Portfolio management £m	Development programme £m	Total £m
Net book value at 1 April 2009	7,215.4	714.0	7,929.4
Developments transferred from the development programme into portfolio management	411.4	(411.4)	-
Property acquisitions	0.3	-	0.3
Capital expenditure	52.2	42.0	94.2
Capitalised interest	1.1	6.2	7.3
Disposals	(554.9)	-	(554.9)
Surrender premiums received	(8.7)	-	(8.7)
Depreciation	(0.9)	-	(0.9)
Transfer from trading properties	3.3	-	3.3
Valuation deficit	(67.3)	(22.5)	(89.8)
Net book value at 30 September 2009	7,051.9	328.3	7,380.2
Developments transferred from the development programme into portfolio management	86.7	(86.7)	-
Properties transferred from portfolio management into the development programme	(237.9)	237.9	-
Property acquisitions	13.0	-	13.0
Capital expenditure	(1.5)	80.9	79.4
Capitalised interest	(0.4)	9.3	8.9
Disposals	(269.6)	-	(269.6)
Surrender premiums received	(1.3)	-	(1.3)
Depreciation	0.1	-	0.1
Transfers to trading properties	(2.2)	-	(2.2)
Valuation surplus	616.3	219.5	835.8
Net book value at 31 March 2010	7,255.1	789.2	8,044.3
Developments transferred from portfolio management into the development programme	(79.5)	79.5	-
Property acquisitions	145.2	-	145.2
Capital expenditure	36.0	78.1	114.1
Capitalised interest	-	12.3	12.3
Disposals	(92.1)	(241.5)	(333.6)
Depreciation	(0.3)	-	(0.3)
Transfers to trading properties	-	(37.0)	(37.0)
Valuation surplus	191.7	89.5	281.2
Net book value at 30 September 2010	**7,456.1**	**770.1**	**8,226.2**

9. Investment properties continued

The following table reconciles the net book value of the investment properties to the market value. The components of the reconciliation are included within their relevant balance sheet headings.

	Portfolio management £m	Development programme £m	Total investment properties £m
Net book value at 31 March 2010	7,255.1	789.2	8,044.3
Plus: tenant lease incentives	167.4	4.5	171.9
Less: head leases capitalised	(50.6)	(2.0)	(52.6)
Plus: properties treated as finance leases	121.8	-	121.8
Market value at 31 March 2010 – Group	7,493.7	791.7	8,285.4
Market value at 31 March 2010 – plus: share of joint ventures (note 10)	1,063.8	191.2	1,255.0
Market value at 31 March 2010 – Group and share of joint ventures	8,557.5	982.9	9,540.4
Net book value at 30 September 2010	**7,456.1**	**770.1**	**8,226.2**
Plus: amount included in prepayments in respect of lease incentives	174.4	7.1	181.5
Less: head leases capitalised	(38.5)	(1.4)	(39.9)
Plus: properties treated as finance leases	121.7	5.2	126.9
Market value at 30 September 2010 – Group	**7,713.7**	**781.0**	**8,494.7**
Market value at 30 September 2010 – plus: share of joint ventures (note 10)	**1,005.7**	**197.6**	**1,203.3**
Market value at 30 September 2010 – Group and share of joint ventures	**8,719.4**	**978.6**	**9,698.0**

The net book value of leasehold properties where head leases have been capitalised is **£901.1m** at 30 September 2010 (31 March 2010: £1,044.0m).

The fair value of the Group's investment properties at 30 September 2010 has been arrived at on the basis of a valuation carried out at that date by Knight Frank LLP, external valuers. The valuation by Knight Frank LLP, which conforms to Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors and with IVA 1 of the International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties. Investment properties include capitalised interest of **£172.8m** at 30 September 2010 (31 March 2010: £160.5m). The average rate of capitalisation is **5.2%** (2009: 4.1%). The historical cost of investment properties is **£6,785.3m** at 30 September 2010 (31 March 2010: £6,877.8m).

The current value of investment properties, including joint ventures, in respect of proposed developments is **£267.5m** (31 March 2010: £336.2m). Developments are transferred out of the development programme when physically complete and 95% let, or two years after completion, whichever is earlier.

The Group has outstanding capital commitments of **£200.8m** at 30 September 2010 (31 March 2010: £75.4m).

10. Investments in joint ventures

The Group's significant joint ventures are described below:

Name of joint venture	Percentage owned	Business segment	Year end date	Joint venture partners
The Scottish Retail Property Limited Partnership	50.0%	Retail Portfolio	31 March	The British Land Company PLC
Metro Shopping Fund Limited Partnership	50.0%	Retail Portfolio	31 March	Delancey Real Estate Partners Limited
Buchanan Partnership	50.0%	Retail Portfolio	31 December	The Henderson UK Shopping Centre Fund
St. David's Limited Partnership	50.0%	Retail Portfolio	31 December	Capital Shopping Centres PLC
Bristol Alliance Limited Partnership	50.0%	Retail Portfolio	31 December	Hammerson plc
The Harvest Limited Partnership	50.0%	Retail Portfolio	31 March	J Sainsbury plc
The Oriana Limited Partnership	50.0%	London Portfolio	31 March	Frogmore Real Estate Partners Limited Partnership
Westgate Oxford Alliance Limited Partnership	50.0%	Retail Portfolio	31 March	The Crown Estate Commissioners
The Martineau Galleries Limited Partnership [(1)]	33.3%	Retail Portfolio	31 December	Hammerson plc Pearl Group Limited
The Ebbsfleet Limited Partnership [(1)]	50.0%	London Portfolio	31 March	Lafarge Cement UK PLC
Millshaw Property Co. Limited [(1)]	50.0%	Retail Portfolio	31 March	Evans Property Group Limited
The Martineau Limited Partnership [(1)]	33.3%	Retail Portfolio	31 December	Hammerson plc Pearl Group Limited
Hungate (York) Regeneration Limited [(1)]	33.3%	Retail Portfolio	30 June	Crosby Land Lease PLC Evans Property Group Limited
Countryside Land Securities (Springhead) Limited [(1)]	50.0%	London Portfolio	30 September	Countryside Properties PLC
Fen Farm Developments Limited [(1)]	50.0%	Retail Portfolio	31 March	Economic Zones World
The Empress State Limited Partnership [(1)]	50.0%	London Portfolio	31 December	Capital & Counties PLC
HNJV Limited [(1)]	50.0%	London Portfolio	31 March	Places for People Group Limited

[(1)] Included within Other

10. Investments in joint ventures continued

Financial information of Group's share of joint ventures
Six months ended and as at 30 September 2010

Income statement	The Scottish Retail Property Limited Partnership £m	Metro Shopping Fund Limited Partnership £m	Buchanan Partnership £m	St. David's Limited Partnership £m	The Bull Ring Limited Partnership £m	Bristol Alliance Limited Partnership £m	The Harvest Limited Partnership £m	The Oriana Limited Partnership £m	Westgate Oxford Alliance Limited Partnership £m	Other £m	Total £m
Rental income	3.4	6.2	4.8	7.1	-	9.6	2.4	1.5	0.8	4.2	40.0
Finance lease interest	-	-	0.1	-	-	0.1	-	-	-	-	0.2
Rents payable	0.1	-	-	(1.0)	-	(0.3)	-	-	(0.1)	-	(1.3)
	3.5	6.2	4.9	6.1	-	9.4	2.4	1.5	0.7	4.2	38.9
Service charge income	0.5	1.2	0.3	1.1	-	1.1	-	0.1	0.2	0.1	4.6
Service charge expense	(0.7)	(1.5)	(0.3)	(1.8)	-	(1.2)	-	(0.1)	(0.2)	(0.2)	(6.0)
Net service charge expense	(0.2)	(0.3)	-	(0.7)	-	(0.1)	-	-	-	(0.1)	(1.4)
Other property related income	0.1	0.1	-	0.2	-	-	-	-	-	-	0.4
Direct property expenditure	(0.7)	(0.7)	(0.6)	(2.1)	-	(1.6)	(0.1)	(0.2)	-	(0.2)	(6.2)
Net rental income	2.7	5.3	4.3	3.5	-	7.7	2.3	1.3	0.7	3.9	31.7
Trading properties sale proceeds	-	-	-	6.7	-	-	-	-	-	4.7	11.4
Cost of sales of trading properties	-	-	-	(5.4)	-	-	-	-	-	(4.3)	(9.7)
Profit on disposal of trading properties	-	-	-	1.3	-	-	-	-	-	0.4	1.7
Indirect property expenditure	(0.2)	(0.4)	(0.1)	(0.4)	-	(0.2)	(0.1)	(0.1)	-	-	(1.5)
	2.5	4.9	4.2	4.4	-	7.5	2.2	1.2	0.7	4.3	31.9
Investment property disposal proceeds	-	119.3	-	-	-	-	-	-	-	-	119.3
Carrying value of investment property disposals	-	(117.1)	-	-	-	-	-	-	-	-	(117.1)
Profit on disposal of investment properties	-	2.2	-	-	-	-	-	-	-	-	2.2
Net (deficit)/surplus on revaluation of investment properties	(1.0)	1.7	6.0	10.5	-	1.2	6.9	4.2	0.9	2.5	32.9
Impairment release on trading properties	-	-	-	-	-	-	-	-	-	3.1	3.1
Operating profit	1.5	8.8	10.2	14.9	-	8.7	9.1	5.4	1.6	9.9	70.1
Net interest expense	(1.6)	(7.1)	(2.1)	(3.2)	-	-	(1.5)	(2.6)	-	(3.3)	(21.4)
(Loss)/profit before tax	(0.1)	1.7	8.1	11.7	-	8.7	7.6	2.8	1.6	6.6	48.7
Income tax	-	(0.2)	-	-	-	-	-	-	-	(0.1)	(0.3)
	(0.1)	1.5	8.1	11.7	-	8.7	7.6	2.8	1.6	6.5	48.4
Net liabilities adjustment (2)	-	-	-	-	-	-	-	-	-	(2.0)	(2.0)
Share of (loss)/profit after tax	(0.1)	1.5	8.1	11.7	-	8.7	7.6	2.8	1.6	4.5	46.4
Net investment											
At 1 April 2010	30.2	31.0	122.1	173.6	-	287.2	80.7	14.8	-	48.2	787.8
Cash contributed	-	-	1.0	-	-	-	2.0	-	29.0	-	32.0
Distributions	-	(7.4)	(1.0)	-	-	-	-	-	-	-	(8.4)
Fair value movement on cash flow hedges taken to the statement of comprehensive income	0.3	4.9	-	-	-	-	(0.5)	-	-	-	4.7
Capital advances	-	-	-	5.6	-	-	-	-	-	-	5.6
Capital repayments	-	-	-	-	-	(6.3)	-	-	-	(1.9)	(8.2)
Share of (loss)/profit of joint ventures after tax	(0.1)	1.5	8.1	11.7	-	8.7	7.6	2.8	1.6	4.5	46.4
At 30 September 2010	30.4	30.0	130.2	190.9	-	289.6	89.8	17.6	30.6	50.8	859.9
Balance sheet											
Investment properties (1)	97.4	103.7	124.9	225.1	-	272.1	92.8	100.1	29.7	119.9	1,165.7
Current assets	4.5	74.1	7.6	33.9	-	30.3	46.1	4.2	2.0	56.1	258.8
	101.9	177.8	132.5	259.0	-	302.4	138.9	104.3	31.7	176.0	1,424.5
Current liabilities	(4.4)	(6.8)	(2.3)	(29.6)	-	(9.9)	(1.4)	(8.5)	(1.0)	(27.7)	(91.6)
Non-current liabilities	(67.1)	(141.0)	-	(38.5)	-	(2.9)	(47.7)	(78.2)	(0.1)	(97.5)	(473.0)
	(71.5)	(147.8)	(2.3)	(68.1)	-	(12.8)	(49.1)	(86.7)	(1.1)	(125.2)	(564.6)
Net assets	30.4	30.0	130.2	190.9	-	289.6	89.8	17.6	30.6	50.8	859.9
Capital commitments	0.2	0.3	0.1	7.3	-	4.7	0.8	2.9	-	0.2	16.5
Market value of investment properties (1)	98.7	104.3	130.0	236.3	-	289.3	93.7	100.3	30.0	120.7	1,203.3
Net (debt)/cash	(64.9)	(135.9)	1.1	(30.5)	-	4.2	(46.0)	(74.1)	1.4	(88.9)	(433.6)

(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.
(2) Joint ventures with net liabilities are carried at zero value in the balance sheet where there is no commitment to fund the deficit and any distributions are included in the consolidated income statement for the year.

10. Investments in joint ventures continued

Financial information of Group's share of joint ventures
Six months ended and as at 30 September 2009

Income statement	The Scottish Retail Property Limited Partnership £m	Metro Shopping Fund Limited Partnership £m	Buchanan Partnership £m	St. David's Limited Partnership £m	The Bull Ring Limited Partnership £m	Bristol Alliance Limited Partnership £m	The Harvest Limited Partnership £m	The Oriana Limited Partnership £m	Westgate Oxford Alliance Limited Partnership £m	Other £m	Total £m
Rental income	3.7	6.3	4.3	2.8	7.1	9.1	2.5	1.8	-	4.2	41.8
Finance lease interest	-	0.1	-	-	-	0.1	-	-	-	-	0.2
Rents payable	-	-	-	-	-	(0.3)	-	-	-	-	(0.3)
	3.7	6.4	4.3	2.8	7.1	8.9	2.5	1.8	-	4.2	41.7
Service charge income	0.6	1.2	0.3	0.3	1.4	1.6	0.1	0.1	-	-	5.6
Service charge expense	(1.0)	(1.5)	(0.3)	(0.5)	(1.5)	(1.7)	(0.1)	(0.2)	-	(0.2)	(7.0)
Net service charge expense	(0.4)	(0.3)	-	(0.2)	(0.1)	(0.1)	-	(0.1)	-	(0.2)	(1.4)
Other property related income	0.1	-	-	-	-	-	-	0.1	-	-	0.2
Direct property expenditure	(0.3)	(0.3)	(0.8)	(0.3)	(1.1)	(1.5)	-	(0.4)	-	(0.3)	(5.0)
Net rental income	3.1	5.8	3.5	2.3	5.9	7.3	2.5	1.4	-	3.7	35.5
Trading properties sale proceeds	-	-	-	-	-	-	-	-	-	8.2	8.2
Cost of sales of trading properties	-	-	-	-	-	-	-	-	-	(7.2)	(7.2)
Profit on disposal of trading properties	-	-	-	-	-	-	-	-	-	1.0	1.0
Indirect property expenditure	(0.2)	(0.5)	-	(0.1)	(0.1)	(0.2)	(0.3)	(0.1)	-	(0.2)	(1.7)
	2.9	5.3	3.5	2.2	5.8	7.1	2.2	1.3	-	4.5	34.8
Investment property disposal proceeds	0.1	-	-	-	212.9	0.8	-	-	-	-	213.8
Carrying value of investment property disposals	-	-	-	-	(205.0)	(0.5)	-	-	-	-	(205.5)
Profit on disposal of investment properties	0.1	-	-	-	7.9	0.3	-	-	-	-	8.3
Net (surplus)/deficit on revaluation of investment properties	(3.7)	-	(7.8)	(21.6)	-	(4.1)	2.5	6.0	-	0.7	(28.0)
Impairment of trading properties	-	-	-	-	-	-	-	-	-	(2.9)	(2.9)
Operating (loss)/profit	(0.7)	5.3	(4.3)	(19.4)	13.7	3.3	4.7	7.3	-	2.3	12.2
Net interest expense	(1.7)	(5.3)	(2.0)	(0.3)	-	-	(1.6)	(1.5)	-	(2.2)	(14.6)
(Loss)/profit before tax	(2.4)	-	(6.3)	(19.7)	13.7	3.3	3.1	5.8	-	0.1	(2.4)
Income tax	-	(0.2)	-	-	-	-	-	-	-	(0.1)	(0.3)
	(2.4)	(0.2)	(6.3)	(19.7)	13.7	3.3	3.1	5.8	-	-	(2.7)
Net liability adjustment	-	(1.1)	-	-	-	-	-	-	-	2.0	0.9
Share of (loss)/profit after tax	(2.4)	(1.3)	(6.3)	(19.7)	13.7	3.3	3.1	5.8	-	2.0	(1.8)
Net investment											
At 1 April 2009	17.5	-	114.4	240.6	202.8	244.2	65.9	7.1	-	38.3	930.8
Cash contributed	1.0	-	0.5	-	-	-	-	-	-	0.4	1.9
Distributions	-	-	(1.5)	-	-	-	-	-	-	(1.4)	(2.9)
Fair value movement on cash flow hedges taken to equity	0.5	1.3	-	-	-	-	0.8	-	-	0.1	2.7
Disposals	-	-	-	-	(208.8)	-	-	-	-	-	(208.8)
Capital advances	-	-	-	43.9	-	8.6	-	-	-	-	52.5
Capital repayments	-	-	-	-	(7.7)	(3.3)	-	-	-	-	(11.0)
Share of (loss)/profit of joint ventures after tax	(2.4)	(1.3)	(6.3)	(19.7)	13.7	3.3	3.1	5.8	-	2.0	(1.8)
At 30 September 2009	16.6	-	107.1	264.8	-	252.8	69.8	12.9	-	39.4	763.4
Balance sheet											
Investment properties	82.6	171.8	105.0	182.5	-	236.2	74.3	90.3	-	110.7	1,053.4
Current assets	6.1	7.6	5.5	148.4	-	27.9	44.8	2.8	-	53.1	296.2
	88.7	179.4	110.5	330.9	-	264.1	119.1	93.1	-	163.8	1,349.6
Current liabilities	(4.7)	(6.1)	(3.4)	(29.9)	-	(8.4)	(3.1)	(5.2)	-	(29.5)	(90.3)
Non-current liabilities	(67.4)	(188.7)	-	(36.2)	-	(2.9)	(46.2)	(75.0)	-	(98.1)	(514.5)
	(72.1)	(194.8)	(3.4)	(66.1)	-	(11.3)	(49.3)	(80.2)	-	(127.6)	(604.8)
Net liabilities adjustment	-	15.4	-	-	-	-	-	-	-	3.2	18.6
Net assets	16.6	-	107.1	264.8	-	252.8	69.8	12.9	-	39.4	763.4
Capital commitments	0.2	0.4	0.3	17.8	-	7.5	0.2	-	-	1.1	27.5
Market value of investment properties	84.0	173.0	107.5	182.5	-	251.5	75.0	90.5	-	111.0	1,075.0
Net (debt)/cash	(64.7)	(184.1)	0.5	(33.9)	-	3.4	(45.3)	(74.0)	-	(93.6)	(491.7)

10. Investments in joint ventures continued

Financial information of Group's share of joint ventures
Year ended and as at 31 March 2010

Income statement	The Scottish Retail Property Limited Partnership £m	Metro Shopping Fund Limited Partnership £m	Buchanan Partnership £m	St. David's Limited Partnership £m	The Bull Ring Limited Partnership £m	Bristol Alliance Limited Partnership £m	The Harvest Limited Partnership £m	The Oriana Limited Partnership £m	Westgate Oxford Alliance Limited Partnership £m	Other £m	Total £m
Rental income	7.5	11.8	8.6	8.6	7.1	17.9	4.8	3.4	-	8.8	78.5
Finance lease interest	-	0.1	0.1	-	-	0.3	-	-	-	-	0.5
Rents payable	(0.1)	-	-	(0.6)	-	(0.5)	-	-	-	(0.1)	(1.3)
	7.4	11.9	8.7	8.0	7.1	17.7	4.8	3.4	-	8.7	77.7
Service charge income	1.2	2.4	0.5	1.2	1.4	2.1	0.2	0.2	-	0.2	9.4
Service charge expense	(1.1)	(2.8)	(0.6)	(1.7)	(1.5)	(2.5)	(0.1)	(0.2)	-	(0.4)	(10.9)
Net service charge income/(expense)	0.1	(0.4)	(0.1)	(0.5)	(0.1)	(0.4)	0.1	-	-	(0.2)	(1.5)
Other property related income	0.3	0.2	-	-	-	0.5	-	-	-	-	1.0
Direct property expenditure	(2.3)	(1.1)	(1.2)	(1.9)	(1.1)	(3.8)	(0.2)	(0.4)	-	(0.2)	(12.2)
Net rental income	5.5	10.6	7.4	5.6	5.9	14.0	4.7	3.0	-	8.3	65.0
Trading properties sale proceeds	-	-	-	-	-	-	-	-	-	12.3	12.3
Cost of sales of trading properties	-	-	-	-	-	-	-	-	-	(11.1)	(11.1)
Profit on disposal of trading properties	-	-	-	-	-	-	-	-	-	1.2	1.2
Indirect property expenditure	(0.4)	(0.8)	(0.1)	(1.6)	(0.1)	(0.3)	-	(0.1)	-	(0.4)	(3.8)
	5.1	9.8	7.3	4.0	5.8	13.7	4.7	2.9	-	9.1	62.4
Investment property disposal proceeds	-	-	-	-	212.8	0.8	-	-	-	-	213.6
Carrying value of investment property disposals	-	-	-	-	(205.1)	(0.5)	-	-	-	-	(205.6)
Profit on disposal of investment properties	-	-	-	-	7.7	0.3	-	-	-	-	8.0
Net surplus on revaluation of investment properties	9.5	45.1	5.7	2.5	-	27.0	11.1	9.6	-	7.3	117.8
Impairment of trading properties	-	-	-	-	-	-	-	-	-	(2.9)	(2.9)
Operating profit	14.6	54.9	13.0	6.5	13.5	41.0	15.8	12.5	-	13.5	185.3
Net interest expense	(3.3)	(10.6)	(3.9)	(3.3)	-	-	(3.1)	(4.8)	-	(5.0)	(34.0)
Profit before tax	11.3	44.3	9.1	3.2	13.5	41.0	12.7	7.7	-	8.5	151.3
Income tax	-	(0.6)	-	-	-	-	-	-	-	2.6	2.0
	11.3	43.7	9.1	3.2	13.5	41.0	12.7	7.7	-	11.1	153.3
Net liabilities adjustment	-	(16.5)	-	-	-	-	-	-	-	0.8	(15.7)
Share of profit after tax	11.3	27.2	9.1	3.2	13.5	41.0	12.7	7.7	-	11.9	137.6

Net investment	The Scottish Retail Property Limited Partnership £m	Metro Shopping Fund Limited Partnership £m	Buchanan Partnership £m	St. David's Limited Partnership £m	The Bull Ring Limited Partnership £m	Bristol Alliance Limited Partnership £m	The Harvest Limited Partnership £m	The Oriana Limited Partnership £m	Westgate Oxford Alliance Limited Partnership £m	Other £m	Total £m
At 1 April 2009	17.5	-	114.4	240.6	202.8	244.2	65.9	7.1	-	38.3	930.8
Cash contributed	1.2	2.5	2.0	-	-	-	2.1	-	-	0.4	8.2
Distributions	-	(1.1)	(3.4)	-	-	-	-	-	-	(2.4)	(6.9)
Fair value movement on cash flow hedges taken to equity	0.2	2.4	-	-	-	-	-	-	-	-	2.6
Disposals	-	-	-	-	(208.6)	-	-	-	-	-	(208.6)
Capital advances	-	-	-	75.3	-	12.1	-	-	-	-	87.4
Capital repayments	-	-	-	(145.5)	(7.7)	(10.1)	-	-	-	-	(163.3)
Share of profits of joint ventures after tax	11.3	27.2	9.1	3.2	13.5	41.0	12.7	7.7	-	11.9	137.6
At 31 March 2010	30.2	31.0	122.1	173.6	-	287.2	80.7	14.8	-	48.2	787.8

Balance sheet	The Scottish Retail Property Limited Partnership £m	Metro Shopping Fund Limited Partnership £m	Buchanan Partnership £m	St. David's Limited Partnership £m	The Bull Ring Limited Partnership £m	Bristol Alliance Limited Partnership £m	The Harvest Limited Partnership £m	The Oriana Limited Partnership £m	Westgate Oxford Alliance Limited Partnership £m	Other £m	Total £m
Investment properties	96.3	217.0	118.6	230.7	-	268.9	83.3	94.9	-	117.4	1,227.1
Current assets	6.4	7.6	6.9	6.8	-	29.5	45.7	2.9	-	55.8	161.6
	102.7	224.6	125.5	237.5	-	298.4	129.0	97.8	-	173.2	1,388.7
Current liabilities	(4.9)	(5.9)	(3.4)	(26.5)	-	(8.3)	(1.2)	(6.1)	-	(27.5)	(83.8)
Non-current liabilities	(67.6)	(187.7)	-	(37.4)	-	(2.9)	(47.1)	(76.9)	-	(99.5)	(519.1)
	(72.5)	(193.6)	(3.4)	(63.9)	-	(11.2)	(48.3)	(83.0)	-	(127.0)	(602.9)
Net liabilities adjustment	-	-	-	-	-	-	-	-	-	2.0	2.0
Net assets	30.2	31.0	122.1	173.6	-	287.2	80.7	14.8	-	48.2	787.8
Capital commitments	0.1	0.4	-	12.8	-	3.9	0.1	-	-	0.3	17.6
Market value of investment properties	97.6	218.3	122.5	233.0	-	286.5	84.1	95.0	-	118.0	1,255.0
Net (debt)/cash	(64.2)	(183.0)	0.8	(34.4)	-	3.2	(45.8)	(74.1)	-	(91.4)	(488.9)

11. Trading properties and long-term development contracts

	30 September 2010			31 March 2010		
	Cost	**Impairment provision**	**Realisable value**	Cost	Impairment provision	Realisable value
	£m	**£m**	**£m**	£m	£m	£m
Trading properties:						
Development land and infrastructure	**209.8**	**(105.1)**	**104.7**	170.1	(102.6)	67.5
Other trading properties	**16.0**	**(0.7)**	**15.3**	16.8	(0.3)	16.5
Long-term development contracts	**5.0**	**-**	**5.0**	3.9	-	3.9
	230.8	**(105.8)**	**125.0**	190.8	(102.9)	87.9

The realisable value of the Group's trading properties at 30 September 2010 has been arrived at on the basis of a valuation carried out at that date by Knight Frank LLP, external valuers.

12. Monies held in restricted accounts and deposits

	30 September 2010	31 March 2010
	£m	£m
Cash at bank and in hand	**27.0**	87.5
Short-term deposits	**6.0**	6.0
Liquidity funds	**2.0**	2.1
	35.0	95.6

Monies held in restricted accounts and deposits represents cash held by the Group in accounts with conditions attached that restricts the use of these monies by the Group and, as such, does not meet the definition of cash and cash equivalents as defined in IAS 7 'Statement of Cash Flows'. Holding cash in restricted accounts does not prevent the Group from optimising returns by putting these monies on short-term deposit.

The credit quality of monies held in restricted accounts and deposits can be assessed by reference to external credit ratings of the counterparty.

	30 September 2010	31 March 2010
	£m	£m
Counterparties with external credit ratings		
AAA	**1.9**	2.1
AA	**16.3**	76.7
A+	**10.8**	10.8
A	**6.0**	6.0
	35.0	95.6

13. Cash and cash equivalents

	30 September 2010	31 March 2010
	£m	£m
Cash at bank and in hand	**22.6**	17.7
Short-term deposits	**6.1**	11.8
Liquidity funds	**-**	129.9
	28.7	159.4

Liquidity funds

The liquidity funds held at 31 March 2010 were AAA rated cash-investment funds with constant net asset values, offering the Group same day access to the funds deposited. As at 31 March 2010, these investments yielded a return of between **0.3%** and **0.6%.**

Short-term deposits

The effective interest rate on short-term deposits was **0.3%** at 30 September 2010 (31 March 2010: 0.3%) and had an average maturity of **1 day** (31 March 2010: 1 day).

The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings of the counterparty where the accounts or deposit is placed.

	30 September 2010	31 March 2010
	£m	£m
Counterparties with external credit ratings		
AAA	**-**	129.9
AA	**9.3**	7.1
A+	**19.4**	22.4
	28.7	159.4

14. Derivative financial instruments	30 September 2010		31 March 2010	
	Assets	**Liabilities**	Assets	Liabilities
	£m	**£m**	£m	£m
Interest-rate swaps (non-designated)	**0.3**	**(3.7)**	1.0	(1.1)

Non-designated derivatives are classified as assets or liabilities.

Interest-rate swaps

The Group uses interest-rate swaps to manage its exposure to interest-rate movements on its interest-bearing loans and investments. The fair value of these contracts is recorded in the balance sheet and is determined by discounting future cash flows at the prevailing market rates at the balance sheet date.

The change in fair value of the contracts that are not designated as hedging instruments is taken to the income statement. For contracts that are designated as cash flow hedges the change in the fair value of the contracts is recognised in the statement of other comprehensive income. There was no ineffectiveness to be recognised from the designated cash flow hedges. The deferred asset or liability assumed is released to the income statement during the term of each relevant swap.

At the balance sheet date, the notional amount of outstanding derivative financial instruments was as follows:

	30 September 2010	31 March 2010
	£m	£m
Interest-rate swaps	**320.0**	570.0

Valuation hierarchy

Interest-rate swaps are the only financial instruments which are carried at fair value. The table below shows the interest-rate swaps carried at fair value by valuation method.

	30 September 2010				31 March 2010			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Asset	**-**	**0.3**	**-**	**0.3**	-	1.0	-	1.0
Liabilities	**-**	**(3.7)**	**-**	**(3.7)**	-	(1.1)	-	(1.1)

Note:

Level 1: valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 2: valued using techniques based on information that can be obtained from observable market data.

Level 3: valued using techniques incorporating information other than observable market data as at least one input to the valuation cannot be based on observable market data.

Credit quality

The credit quality of the interest-rate swap assets can be assessed by reference to external credit ratings of the counterparty.

	30 September 2010	31 March 2010
	£m	£m
Counterparties with external credit ratings		
AA	**0.3**	0.6
A+	**-**	0.4
	0.3	1.0

15. Borrowings

30 September 2010	Secured/ unsecured	Fixed/ floating	Effective interest rate %	Nominal/ notional value £m	Fair value £m	Book value £m
Short-term borrowings and overdrafts						
Sterling						
Bank overdrafts	Unsecured	Floating	-	-	-	-
4.625 per cent MTN due 2013	Secured	Fixed	4.9	46.2	46.5	46.2
5.253 per cent QAG Bond	Secured	Fixed	5.3	8.7	9.8	8.7
Amounts payable under finance leases		Fixed	7.3	0.4	0.4	0.4
Total short-term borrowings and overdrafts				**55.3**	**56.7**	**55.3**
Non-current borrowings						
Sterling						
5.292 per cent MTN due 2015	Secured	Fixed	5.3	391.5	421.2	391.2
4.875 per cent MTN due 2019	Secured	Fixed	5.0	400.0	435.6	397.2
5.425 per cent MTN due 2022	Secured	Fixed	5.5	255.3	276.6	254.7
4.875 per cent MTN due 2025	Secured	Fixed	4.9	300.0	309.1	297.5
5.391 per cent MTN due 2026	Secured	Fixed	5.4	210.7	224.7	209.9
5.391 per cent MTN due 2027	Secured	Fixed	5.4	610.8	656.2	608.5
5.376 per cent MTN due 2029	Secured	Fixed	5.4	317.6	335.8	316.2
5.396 per cent MTN due 2032	Secured	Fixed	5.4	322.8	341.9	321.1
5.125 per cent MTN due 2036	Secured	Fixed	5.1	500.0	510.9	498.6
Bond exchange de-recognition adjustment	Secured	Fixed		-	-	(477.9)
				3,308.7	3,512.0	2,817.0
5.253 per cent QAG Bond	Secured	Fixed	5.3	344.4	387.9	344.3
Syndicated bank debt	Secured	Floating	LIBOR + margin	80.0	80.0	80.0
Bilateral facilities	Secured	Floating	LIBOR + margin	-	-	-
Amounts payable under finance leases		Fixed	7.3	39.5	54.2	39.5
Total non-current borrowings				**3,772.6**	**4,034.1**	**3,280.8**
Total borrowings				**3,827.9**	**4,090.8**	**3,336.1**

Medium term notes (MTN)

The MTN are secured on the fixed and floating pool of assets of the Security Group. Debt investors benefit from security over a pool of investment properties and the Group's investment in the Bristol Alliance Limited Partnership, which total £8.3bn at 30 September 2010 (31 March 2010: £7.8bn). The secured debt structure has a tiered operating covenant regime which gives the Group substantial flexibility when the loan to value and interest cover in the Security Group are less than 65% and more than 1.45 times respectively. If these limits are exceeded the operating environment becomes more restrictive with provisions to encourage the reduction in gearing. The interest rate is fixed until the expected maturity, being two years before the legal maturity date for each MTN, whereupon the interest rate for the last two years is LIBOR plus a step-up margin. The effective interest rate includes the amortisation of issue costs. The MTN are listed on the Irish Stock Exchange and their fair values are based on their respective market prices.

The 4.625 per cent MTN due 2013 has been classed as a short-term borrowing as it is anticipated that the monies will be repaid within 12 months.

Syndicated bank debt

At 30 September 2010 the Group had a £1.5bn authorised credit facility with a maturity of August 2013, which was £80.0m drawn. This facility is committed and is secured on the assets of the Security Group.

Bilateral facilities

Committed Bilateral facilities totalling £750.0m are available to the Group and are secured on the assets of the Security Group. These facilities mature between April 2014 and November 2014.

QAG Bond

On 29 July 2009, the Group issued a £360.3m bond secured on the rental cash flows from the commercial lease with the UK Government over Queen Anne's Gate, London, SW1. The QAG Bond is a fully amortising bond with a final maturity in February 2027 and a fixed interest rate of 5.253%.

Fair values

The fair values of any floating rate financial liabilities are assumed to be equal to their nominal value.

15. Borrowings continued						31 March 2010
	Secured/ unsecured	Fixed/ floating	Effective interest rate %	Nominal/ notional value £m	Fair value £m	Book value £m
Short-term borrowings and overdrafts						
Sterling						
Bank overdrafts	Unsecured	Floating	-	-	-	-
4.625 per cent MTN due 2013	Secured	Fixed	4.7	300.0	305.2	299.9
5.253 per cent QAG Bond	Secured	Fixed	5.3	8.2	8.6	8.2
Amounts payable under finance leases		Fixed	6.9	0.5	0.5	0.5
Total short-term borrowings and overdrafts				308.7	314.3	308.6
Non-current borrowings						
Sterling						
5.292 per cent MTN due 2015	Secured	Fixed	5.3	391.5	412.6	391.1
4.875 per cent MTN due 2019	Secured	Fixed	5.0	400.0	409.8	397.0
5.425 per cent MTN due 2022	Secured	Fixed	5.5	255.3	256.9	254.7
4.875 per cent MTN due 2025	Secured	Fixed	4.9	300.0	280.5	297.4
5.391 per cent MTN due 2026	Secured	Fixed	5.4	210.7	206.2	209.9
5.391 per cent MTN due 2027	Secured	Fixed	5.4	611.0	596.6	608.6
5.376 per cent MTN due 2029	Secured	Fixed	5.4	317.9	307.8	316.5
5.396 per cent MTN due 2032	Secured	Fixed	5.4	322.8	312.0	321.1
5.125 per cent MTN due 2036	Secured	Fixed	5.1	500.0	464.4	498.6
Bond exchange de-recognition adjustment	Secured	Fixed		-	-	(486.0)
				3,309.2	3,246.8	2,808.9
5.253 per cent QAG Bond	Secured	Fixed	5.3	348.9	366.0	348.7
Syndicated bank debt	Secured	Floating	LIBOR + margin	-	-	-
Bilateral facilities	Secured	Floating	LIBOR + margin	-	-	-
Amounts payable under finance leases		Fixed	6.9	52.1	67.7	52.1
Total non-current borrowings				3,710.2	3,680.5	3,209.7
Total borrowings				4,018.9	3,994.8	3,518.3

Reconciliation of the movement in borrowings	30 September 2010 £m	31 March 2010 £m
At the beginning of the period	**3,518.3**	5,450.6
Decrease in overdraft	**-**	(0.3)
Repayment of loans	**(258.2)**	(2,306.2)
Proceeds from new loans	**80.0**	360.2
Capitalisation of finance fees	**-**	(0.2)
Amortisation of finance fees	**0.6**	5.7
Amortisation of bond exchange de-recognition adjustment	**8.1**	13.8
Net movement in finance lease obligations	**(12.7)**	(5.3)
At the end of the period	**3,336.1**	3,518.3

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 MTN with higher nominal values. The new MTN did not meet the IAS39 requirement to be substantially different from the debt that it 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 MTN. The amortisation is charged to net interest expenses in the income statement.

16. Cash flow from operating activities	Six months ended 30 September 2010	2009	Year to 31 March 2010
Reconciliation of operating profit to net cash inflow from operating activities:	£m	£m	£m
Cash generated from operations			
Operating profit	**509.1**	100.7	1,143.8
Adjustments for:			
Depreciation	**4.8**	3.1	4.8
(Profit)/loss on disposal of investment properties	**(14.2)**	18.6	32.5
Net valuation (surplus)/deficit on investment properties	**(281.2)**	89.8	(746.0)
Impairment of trading properties	**2.9**	9.3	10.6
Share-based payment charge	**2.5**	3.9	6.0
Pension scheme charge	**0.7**	0.5	1.0
	224.6	225.9	452.7
Changes in working capital:			
Decrease/(increase) in trading properties and long-term development contracts	**1.0**	(2.5)	10.1
Increase in receivables	**(19.6)**	(56.0)	(30.0)
(Decrease)/increase in payables and provisions	**(17.4)**	49.8	(5.8)
Net cash generated from operations	**188.6**	217.2	427.0

17. Related party transactions

Joint ventures

As disclosed in note 10, the Group has investments in a number of joint ventures. Details of transactions and balances between the Group and its joint ventures are disclosed as follows:

	Year ended 30 September 2010 and at 30 September 2010				Year ended 31 March 2010 and at 31 March 2010			
	Revenues	Net investments into joint ventures	Loans to joint ventures	Amounts owed to joint ventures	Revenues	Net investments into joint ventures	Loans to joint ventures	Amounts owed to joint ventures
	£m	£m	£m	£m	£m	£m	£m	£m
The Scottish Retail Property Limited Partnership	**0.3**	**-**	**1.0**	**(0.2)**	0.7	1.2	1.2	-
Metro Shopping Fund Limited Partnership	**0.1**	**(7.4)**	**1.0**	**-**	0.4	1.4	0.5	(0.8)
Buchanan Partnership	**2.1**	**-**	**0.5**	**-**	4.3	(1.4)	0.8	-
St. David's Limited Partnership	**0.7**	**5.6**	**18.3**	**(0.1)**	8.2	(70.2)	17.7	(0.4)
The Martineau Galleries Limited Partnership	**0.1**	**-**	**0.1**	**-**	0.2	(2.3)	0.3	-
The Bull Ring Limited Partnership	**-**	**-**	**-**	**-**	-	(7.7)	-	-
Bristol Alliance Limited Partnership	**0.5**	**(6.3)**	**5.6**	**-**	1.1	2.0	5.4	-
The Martineau Limited Partnership	**-**	**-**	**-**	**-**	-	-	-	-
A2 Limited Partnership	**-**		**-**	**-**	-	(0.1)	-	-
Parc Tawe I Unit Trust	**-**	**-**	**-**	**-**	-	-	-	-
Hungate (York) Regeneration Limited	**-**	**-**	**-**	**-**	-	-	-	-
Countryside Land Securities (Springhead) Limited	**-**	**(1.9)**	**0.9**	**-**	-	0.4	0.8	-
Investors in the Community	**-**	**-**	**-**	**-**	-	-	-	-
The Ebbsfleet Limited Partnership	**-**	**-**	**0.2**	**-**	-	-	0.2	-
The Harvest Limited Partnership	**0.2**	**2.0**	**0.4**	**(43.0)**	0.3	2.1	0.7	(43.2)
The Oriana Limited Partnership	**0.1**	**-**	**6.5**	**(0.1)**	0.2	-	4.0	-
Westgate Oxford Alliance Limited Partnership	**0.2**	**29.0**	**0.2**	**(0.3)**	-	-	-	-
Millshaw Property Co. Limited	**-**	**-**	**-**	**(11.6)**	-	-	-	(11.4)
Fen Farm Developments Limited	**-**	**-**	**13.9**	**-**	0.1	-	12.7	-
The Empress State Limited Partnership	**-**	**-**	**0.1**	**-**	-	-	0.1	-
HNJV Limited	**-**	**-**	**2.7**	**-**	-	-	2.1	-
	4.3	**21.0**	**51.4**	**(55.3)**	15.5	(74.6)	46.5	(55.8)

Further detail of the above transactions and balances can be seen in note 10.

17. Related party transactions continued

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the applicable categories specified in IAS 24 'Related Party Disclosures'

	Six months ended 30 September		Year to 31 March
	2010	2009	2010
	£m	£m	£m
Short-term employee benefits	**1.6**	1.1	5.0
Post-employment benefits	**0.2**	0.2	0.4
Share-based payments	**1.0**	1.7	3.2
	2.8	3.0	8.6

Business analysis

Proportionately consolidated summary financial information

Table 9: Consolidated income statement

	Six months ended 30 September 2010			Six months ended 30 September 2009		
	Group (excl. joint ventures)	Joint ventures	Total	Group (excl. joint ventures)	Joint ventures	Total
	£m	£m	£m	£m	£m	£m
Revenue	360.9	56.6	417.5	418.7	56.0	474.7
Costs	(144.3)	(24.7)	(169.0)	(200.3)	(21.2)	(221.5)
	216.6	31.9	248.5	218.4	34.8	253.2
Profit/(loss) on disposal of investment properties	14.2	2.2	16.4	(18.6)	8.3	(10.3)
Net surplus/(deficit) on revaluation of investment properties	281.2	32.9	314.1	(89.8)	(28.0)	(117.8)
Impairment of trading properties	(2.9)	3.1	0.2	(9.3)	(2.9)	(12.2)
Operating profit	509.1	70.1	579.2	100.7	12.2	112.9
Net interest expense	(96.9)	(17.2)	(114.1)	(114.4)	(16.0)	(130.4)
Fair value movement on interest-rate swaps	(3.3)	(4.2)	(7.5)	10.9	1.4	12.3
Profit/(loss) before tax	408.9	48.7	457.6	(2.8)	(2.4)	(5.2)
Income tax	-	(0.3)	(0.3)	17.8	(0.3)	17.5
	408.9	48.4	457.3	15.0	(2.7)	12.3
Adjustment due to net liabilities	-	(2.0)	(2.0)	-	0.9	0.9
Profit/(loss) for the period from continuing operations	408.9	46.4	455.3	15.0	(1.8)	13.2

Table 10: Consolidated balance sheet

	At 30 September 2010			At 31 March 2010		
	Group (excl. joint ventures)	Joint ventures	Total	Group (excl. joint ventures)	Joint ventures	Total
	£m	£m	£m	£m	£m	£m
Investment properties	8,226.2	1,165.7	9,391.9	8,044.3	1,227.1	9,271.4
Other property, plant and equipment	10.0	-	10.0	12.8	-	12.8
	8,236.2	1,165.7	9,401.9	8,057.1	1,227.1	9,284.2
Net debt	(3,275.8)	(433.6)	(3,709.3)	(3,263.4)	(488.9)	(3,752.3)
Investment in joint ventures	859.9	(859.9)	-	787.8	(787.8)	-
Other net assets	253.5	127.8	381.2	107.5	49.6	157.1
Unadjusted net assets	6,073.8	-	6,073.8	5,689.0	-	5,689.0
Non-controlling interests	(0.4)	-	(0.4)	0.9	-	0.9
EPRA adjustments	37.8	-	37.8	37.3	-	37.3
EPRA adjusted net assets	6,111.2	-	6,111.2	5,727.2	-	5,727.2
Reverse bond exchange de-recognition adjustment	(477.9)	-	(477.9)	(486.0)	-	(486.0)
Adjusted net assets attributable to owners of the Parent	5,633.3	-	5,633.3	5,241.2	-	5,241.2
Gearing	53.9%		61.1%	57.4%		66.0%
Adjusted gearing (excluding Joint ventures)	67.0%			72.1%		
Adjusted gearing (including Joint ventures)			73.7%			80.2%

Table 11: Reconciliation of net book value of the investment properties to the market value

	At 30 September 2010			At 31 March 2010		
	Group (excl. joint ventures)	Joint ventures	Total	Group (excl. joint ventures)	Joint ventures	Total
	£m	£m	£m	£m	£m	£m
Net book value	8,226.2	1,165.7	9,391.9	8,044.3	1,227.1	9,271.4
Plus: amount included in prepayments in respect of lease incentives	181.5	34.2	215.7	171.9	24.5	196.4
Less: head leases capitalised	(39.9)	(4.9)	(44.8)	(52.6)	(4.9)	(57.5)
Plus: properties treated as finance leases	126.9	8.3	135.2	121.8	8.3	130.1
Market value	8,494.7	1,203.3	9,698.0	8,285.4	1,255.0	9,540.4

Table 12: Top 10 property holdings

Total value £3.6bn
(36.9% of combined portfolio)
Values in excess of £230m

Name	Principal occupiers	Ownership interest (%)	Floor area (000 sq ft)	Passing rent* (£m)	Let by income (%)	Weighted average unexpired lease term (yrs)
Cardinal Place, SW1	Microsoft Wellington Management	100	Retail: 83 Office: 563	31	100	7.5
New Street Square, EC4	Deloitte Taylor Wessing	100	Retail: 19 Offices: 674	24	100	12.8
Queen Anne's Gate, SW1	Government	100	Offices: 354	27	100	16.1
One New Change, EC4	Development	100	Retail: 214 Offices: 331	n/a	n/a	n/a
White Rose Centre, Leeds	Sainsbury's Debenhams M&S Primark	100	Retail: 680	27	98	8.6
Cabot Circus, Bristol	House of Fraser Harvey Nichols H&M	50	Retail / Leisure: 1,200	20	97	10.5
Gunwharf Quays, Portsmouth	Vue Cinema M&S Nike Gap	100	Retail / Leisure: 444	19	99	7.4
Bankside 2&3, SE1	Royal Bank of Scotland	100	Retail: 38 Offices: 378	17	100	16.7
Piccadilly Circus, W1	Boots Barclays	100	Retail: 53 Offices: 16	12	95	4.1
St David's, Cardiff	John Lewis New Look H&M	50	Retail: 1,400	14	80	8.4

* Group share

Table 13: Top 12 occupiers

	Current gross rent roll* %
Central Government**	7.8
Accor Hotels	4.3
Royal Bank of Scotland	2.9
Deloitte	2.6
Sainsbury's	1.9
DSG	1.5
Bank of New York Mellon	1.5
Arcadia Group	1.4
Boots	1.3
Lloyds Banking Group	1.1
Next	1.1
Metropolitan Police	1.0
Percentage of total portfolio	28.4

* Includes share of joint venture properties.

** Current gross rent roll excluding Queen Anne's Gate, SW1 is 3.6%.

Table 14: % Portfolio by value and number of property holdings at 30 September 2010

£m	Value %	Number of properties
0 – 9.99	2.9	103
10 – 24.99	5.0	30
25 – 49.99	10.9	32
50 – 99.99	18.0	24
100 – 149.99	16.5	13
150 – 199.99	5.3	3
200 +	41.4	12
Total	100.0	217

Includes share of joint venture properties.

Table 15: Combined portfolio value by location

	Shopping centres and shops %	Retail warehouses %	Offices %	Other %	Total %
Central inner and outer London	13.4	0.2	43.5	4.7	61.8
South East and Eastern	3.4	4.4	0.1	1.6	9.5
Midlands	1.2	0.9	-	0.5	2.6
Wales and South West	7.1	0.7	-	0.1	7.9
North, North West, Yorkshire and Humberside	7.5	2.8	0.2	0.7	11.2
Scotland and Northern Ireland	4.9	1.7	-	0.4	7.0
Total	37.5	10.7	43.8	8.0	100.0

% figures calculated by reference to the combined portfolio value of £9.5bn.

Table 16: Average rents at 30 September 2010

	Average rent £/sq m	Average ERV £/sq m
Retail		
Shopping centres and shops	n/a	n/a
Retail warehouses and food stores	208	201
Offices		
London office portfolio	395	370

Average rent and estimated rental value have not been provided where it is considered that the figures would be potentially misleading (i.e. where there is a combination of analysis on rents on an overall and Zone A basis in the retail sector or where there is a combination of uses, or small sample sizes). This is not a like-for-like analysis with the previous year. Excludes properties in the development programme and voids.

Table 17: Like-for-like reversionary potential at 30 September 2010

Reversionary potential	30 September 2010 % of rent roll	31 March 2010 % of rent roll
Gross reversions	5.9	6.3
Over-rented*	(11.0)	(11.6)
Net reversionary potential**	(5.1)	(5.3)

The reversion is calculated with reference to the gross secure rent roll after the expiry of rent free periods on those properties which fall under the like-for-like definition as set out in the notes to the combined portfolio analysis. Reversionary potential excludes additional income from the letting of voids. Of the over-rented income, £20.0m is subject to a lease expiry or break clause in the next five years.

* Over-renting excluding Queen Anne's Gate, SW1 is (8.7)% of rent roll (compared to (9.8)% at 31 March 2010).

** Net reversionary potential excluding Queen Anne's Gate, SW1 is (2.8)% of rent roll (compared to (3.2)% at 31 March 2010).

Table 18: Six months performance relative to IPD
Ungeared total returns – period to 30 September 2010

	Land Securities %	IPD %
Retail – Shopping centres	6.6	6.0
Retail – Retail warehouses	5.3	5.5
Central London offices*	6.4	8.3
Total portfolio	6.5	5.6

IPD Quarterly Universe
*Central London defined as West End, City, Mid-town and Inner London regions.

Table 19: Combined portfolio analysis
The like-for-like-portfolio

	Market value (1)		Valuation surplus (2)		Rental income (3)			Annualised rental income (4)	Annualised net rent (5)		Net estimated rental value (6)	
	30 Sept 2010	31 March 2010	Surplus/ (deficit)	Surplus/ (deficit)	30 Sept 2010	31 March 2010	30 Sept 2009	30 Sept 2010	30 Sept 2010	31 March 2010	30 Sept 2010	31 March 2010
	£m	£m	£m	%	£m	£m	£m	£m	£m	£m	£m	£m
Shopping centres and shops												
Shopping centres and shops	**1,786.1**	1,728.1	**49.4**	**2.9**	**74.2**	73.2	74.4	**140.9**	**132.6**	136.4	**143.5**	143.6
Central London shops	**735.1**	701.6	**32.0**	**4.6**	**17.5**	18.3	17.7	**36.1**	**36.7**	36.1	**43.0**	41.7
	2,521.2	2,429.7	**81.4**	**3.4**	**91.7**	91.5	92.1	**177.0**	**169.3**	172.5	**186.5**	185.3
Retail warehouses												
Retail warehouses and food stores	**1,113.2**	1,089.2	**18.4**	**1.7**	**35.5**	31.7	33.4	**72.1**	**72.0**	70.5	**72.3**	72.9
Total retail	**3,634.4**	3,518.9	**99.8**	**2.9**	**127.2**	123.2	125.5	**249.1**	**241.3**	243.0	**258.8**	258.2
London offices												
West End	**1,643.0**	1,623.7	**17.1**	**1.1**	**56.9**	56.7	55.9	**107.3**	**111.5**	113.8	**96.9**	95.2
City	**442.9**	418.3	**17.1**	**4.0**	**15.4**	17.1	19.9	**27.6**	**27.4**	36.1	**35.9**	35.2
Mid-town	**286.9**	279.1	**4.0**	**1.9**	**10.0**	10.0	10.4	**20.0**	**19.8**	19.6	**24.7**	24.0
Inner London	**684.0**	674.8	**7.6**	**1.2**	**24.9**	24.5	23.5	**47.3**	**48.1**	48.5	**44.0**	42.7
Total London offices	**3,056.8**	2,995.9	**45.8**	**1.6**	**107.2**	108.3	109.7	**202.2**	**206.8**	218.0	**201.5**	197.1
Rest of UK	**39.7**	40.8	**(2.5)**	**(6.0)**	**1.6**	1.7	1.6	**3.5**	**3.5**	3.5	**4.2**	4.3
Total offices	**3,096.5**	3,036.7	**43.3**	**1.5**	**108.8**	110.0	111.3	**205.7**	**210.3**	221.5	**205.7**	201.4
Other	**723.6**	684.1	**30.4**	**4.4**	**22.8**	24.3	21.6	**47.6**	**47.8**	47.3	**47.9**	46.8
Like-for-like portfolio (11)	**7,454.5**	7,239.7	**173.5**	**2.5**	**258.8**	257.5	258.4	**502.4**	**499.4**	511.8	**512.4**	506.4
Proposed developments (12)	**267.5**	252.1	**1.8**	**0.7**	**5.1**	5.8	7.7	**7.5**	**7.7**	13.3	**14.1**	13.9
Completed developments (13)	**821.1**	774.5	**38.4**	**5.4**	**25.9**	22.0	22.1	**39.8**	**40.5**	38.1	**50.7**	50.2
Acquisitions (14)	**176.3**	8.4	**7.4**	**4.4**	**5.0**	-	0.1	**10.1**	**9.6**	0.1	**10.9**	0.1
Sales and restructured interests (15)	**-**	462.9	**-**	**-**	**6.5**	11.6	39.9	**-**	**-**	12.6	**-**	43.1
Development programme (16)	**978.6**	802.8	**84.2**	**9.6**	**12.8**	12.0	8.1	**28.9**	**23.0**	22.7	**106.8**	89.9
Combined portfolio	**9,698.0**	9,540.4	**305.3**	**3.4**	**314.1**	308.9	336.3	**588.7**	**580.2**	598.6	**694.9**	703.6
Surplus on investment property reclassified as trading			**8.8**	**31.2**								
Properties treated as finance leases					**(3.3)**	(3.1)	(3.3)					
Combined portfolio			**314.1**	**3.4**	**310.8**	305.8	333.0					

Total portfolio analysis

	30 Sept 2010	31 March 2010	Surplus/ (deficit)	Surplus/ (deficit)	30 Sept 2010	31 March 2010	30 Sept 2009	30 Sept 2010	30 Sept 2010	31 March 2010	30 Sept 2010	31 March 2010
	£m	£m	£m	%	£m	£m	£m	£m	£m	£m	£m	£m
Shopping centres and shops												
Shopping centres and shops	**2,567.0**	2,460.3	**61.2**	**2.5**	**100.3**	98.3	109.1	**189.0**	**178.7**	181.2	**220.6**	205.1
Central London shops	**929.1**	991.3	**77.0**	**9.1**	**21.1**	21.5	22.6	**39.8**	**39.9**	42.3	**56.6**	69.8
	3,496.1	3,451.6	**138.2**	**4.2**	**121.4**	119.8	131.7	**228.8**	**218.6**	223.5	**277.2**	274.9
Retail warehouses												
Retail warehouses and food stores	**1,185.2**	1,150.7	**25.5**	**2.3**	**36.9**	33.6	39.2	**75.0**	**74.0**	73.7	**76.3**	76.3
Total retail	**4,681.3**	4,602.3	**163.7**	**3.7**	**158.3**	153.4	170.9	**303.8**	**292.6**	297.2	**353.5**	351.2
London offices												
West End	**1,791.7**	1,883.8	**22.5**	**1.3**	**58.4**	59.3	64.1	**107.5**	**111.6**	119.4	**121.0**	135.6
City	**899.9**	786.0	**39.5**	**4.6**	**19.2**	20.7	27.3	**33.9**	**31.5**	40.0	**65.4**	64.7
Mid-town	**846.1**	794.5	**42.2**	**6.3**	**26.9**	23.5	25.3	**42.0**	**42.2**	41.0	**55.9**	54.9
Inner London	**684.0**	684.3	**7.6**	**1.2**	**25.3**	24.9	24.0	**47.3**	**48.1**	49.1	**44.0**	43.5
Total London offices	**4,221.7**	4,148.6	**111.8**	**2.9**	**129.8**	128.4	140.7	**230.7**	**233.4**	249.5	**286.3**	298.7
Rest of UK	**39.7**	46.7	**(2.5)**	**(6.0)**	**1.7**	1.9	2.1	**3.5**	**3.5**	3.5	**4.2**	5.6
Total offices	**4,261.4**	4,195.3	**109.3**	**2.8**	**131.5**	130.3	142.8	**234.2**	**236.9**	253.0	**290.5**	304.3
Other	**755.3**	742.8	**32.3**	**4.5**	**24.3**	25.2	22.6	**50.7**	**50.7**	48.4	**50.9**	48.1
Combined portfolio	**9,698.0**	9,540.4	**305.3**	**3.4**	**314.1**	308.9	336.3	**588.7**	**580.2**	598.6	**694.9**	703.6
Surplus on investment property reclassified as trading			**8.8**	**31.2**								
Properties treated as finance leases					**(3.3)**	(3.1)	(3.3)					
Combined portfolio			**314.1**	**3.4**	**310.8**	305.8	333.0					
Represented by:												
Investment portfolio	**8,494.7**	8,285.4	**281.2**	**3.5**	**273.9**	271.9	294.3	**516.2**	**510.1**	525.6	**611.4**	612.7
Share of joint ventures	**1,203.3**	1,255.0	**32.9**	**2.9**	**40.2**	37.0	42.0	**72.5**	**70.1**	73.0	**83.5**	90.9
Combined portfolio	**9,698.0**	9,540.4	**314.1**	**3.4**	**314.1**	308.9	336.3	**588.7**	**580.2**	598.6	**694.9**	703.6

Table 19: Combined portfolio analysis continued
The like-for-like-portfolio

	Gross estimated rental value (7)		Net initial yield (8)		Equivalent yield (9)		Voids (by ERV) (10)	
	30 Sept 2010	31 March 2010	30 Sept 2010	31 March 2010	30 Sept 2010	31 March 2010	30 Sept 2010	31 March 2010
	£m	£m	%	%	%	%	%	%
Shopping centres and shops								
Shopping centres and shops	**153.3**	153.5	**6.2**	6.3	**6.6**	6.8	**7.0**	8.1
Central London shops	**43.4**	42.4	**4.6**	4.9	**5.3**	5.5	**6.0**	6.1
	196.7	195.9	**5.7**	5.9	**6.2**	6.4	**6.8**	7.7
Retail warehouses								
Retail warehouses and food stores	**72.8**	73.4	**5.8**	5.8	**6.1**	6.3	**1.9**	1.9
Total retail	**269.5**	269.3	**5.7**	5.9	**6.2**	6.4	**5.5**	6.1
London offices								
West End	**97.5**	96.0	**6.2**	6.2	**6.1**	6.1	**3.9**	4.2
City	**36.7**	36.2	**5.5**	7.1	**6.7**	6.9	**26.2**	12.7
Mid-town	**25.4**	24.7	**6.2**	6.2	**6.9**	7.0	**2.0**	2.4
Inner London	**44.8**	43.0	**6.5**	6.7	**6.2**	6.2	**2.5**	3.0
Total London offices	**204.4**	199.9	**6.2**	6.5	**6.3**	6.3	**7.3**	5.3
Rest of UK	**4.3**	4.3	**7.8**	7.9	**9.2**	9.0	**11.6**	16.3
Total offices	**208.7**	204.2	**6.2**	6.5	**6.3**	6.4	**7.4**	5.5
Other	**48.0**	46.9	**6.5**	6.7	**6.7**	6.9	**1.5**	0.9
Like-for-like portfolio (11)	**526.2**	520.4	**6.0**	6.2	**6.3**	6.4	**5.9**	5.4
Proposed developments (12)	**14.1**	13.9	**4.4**	6.4	**6.6**	7.1	**44.0**	14.4
Completed developments (13)	**52.0**	51.5	**4.5**	4.5	**5.7**	5.9	**1.9**	2.3
Acquisitions (14)	**11.7**	0.3	**5.6**	-	**5.9**	-	**3.4**	-
Sales and restructured interests (15)	**-**	44.0	**-**	5.0	**-**	6.6	**-**	65.7
Development programme (16)	**109.6**	92.2	**1.6**	1.8	**6.0**	6.4	**45.3**	46.1
Combined portfolio	**713.6**	722.3	**5.4**	5.7	**6.2**	6.4	**12.3**	14.2

Total portfolio analysis

	Gross estimated rental value (7)		Net initial yield (8)		Equivalent yield (9)	
	30 Sept 2010	31 March 2010	30 Sept 2010	31 March 2010	30 Sept 2010	31 March 2010
	£m	£m	%	%	%	%
Shopping centres and shops						
Shopping centres and shops	**233.5**	218.4	**5.7**	5.8	**6.6**	6.8
Central London shops	**57.7**	70.8	**4.1**	4.5	**5.3**	5.5
	291.2	289.2	**5.3**	5.4	**6.2**	6.5
Retail warehouses						
Retail warehouses and food stores	**76.8**	76.8	**5.6**	5.8	**6.1**	6.2
Total retail	**368.0**	366.0	**5.3**	5.5	**6.2**	6.4
London offices						
West End	**121.7**	136.3	**5.9**	6.0	**6.2**	6.2
City	**66.2**	65.8	**3.4**	4.7	**6.2**	6.6
Mid-town	**57.6**	56.3	**4.6**	4.7	**5.8**	6.1
Inner London	**44.8**	43.8	**6.5**	6.7	**6.2**	6.3
Total London offices	**290.3**	302.2	**5.3**	5.6	**6.1**	6.3
Rest of UK	**4.3**	5.7	**7.7**	6.9	**9.1**	9.1
Total offices	**294.6**	307.9	**5.3**	5.7	**6.1**	6.3
Other	**51.0**	48.4	**6.5**	6.7	**6.7**	6.9
Combined portfolio	**713.6**	722.3	**5.4**	5.7	**6.2**	6.4

Represented by:						
Investment portfolio	**627.0**	628.4	**5.4**	5.8	**6.2**	6.4
Share of joint ventures	**86.6**	93.9	**4.8**	4.8	**6.1**	6.3
Combined portfolio	**713.6**	722.3	**5.4**	5.7	**6.2**	6.4

Notes:

1. The market value figures include the Group's share of joint ventures, and is determined by the Group's valuers, in accordance with the RICS Valuation Standards.
2. The valuation surplus is stated after adjusting for the effect of SIC 15 under IFRS.
3. Rental income - refer to glossary.
4. Annualised rental income is annual 'rental income' as at the balance sheet date of 30 September 2010, but with car park and commercialisation income included on a net basis (after deduction of outgoings).
5. Annualised net rent is annual cash rent, after the deduction of ground rents, as at the balance sheet date. It includes units in administration where leases have not yet been disclaimed, but it excludes the value of voids and current rent free periods.
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.
8. Net initial yield - refer to glossary.
9. Equivalent yield - refer to glossary.
10. Voids - refer to glossary.
11. The like-for-like portfolio includes all properties which have been in the portfolio since 1 April 2009 but excluding those which were acquired, sold or included in the development programme at any time during that period. Capital expenditure on refurbishments, acquisitions of headleases and similar capital expenditure has been allocated to the like-for-like portfolio in preparing this table.
12. Proposed developments – refer to glossary.
13. Completed developments represent those properties previously included in the development programme, which have been transferred from the development programme since 1 April 2009.
14. Includes all properties acquired in the period since 1 April 2009.
15. Includes all properties sold in the period since 1 April 2009.
16. The development programme consists of authorised and committed developments, projects under construction and developments which have reached practical completion within the last 2 years but are not yet 95% let.

Table 20: Income statement – Rental income reconciliation

	Retail Portfolio £m	London Portfolio £m	Other £m	Six months ended 30 September 2010 £m	Retail Portfolio £m	London Portfolio £m	Other £m	Six months ended 31 March 2010 £m	Retail Portfolio £m	London Portfolio £m	Other £m	Six months ended 30 September 2009 £m
Combined portfolio (per Table 19)	158.3	129.8	26.0	314.1	153.4	128.4	27.1	308.9	170.9	140.7	24.7	336.3
Central London shops (excluding Metro Shopping Fund LP)	(19.4)	19.4	-	-	(20.4)	20.4	-	-	(21.0)	21.0	-	-
Inner London offices (including Metro Shopping Fund LP)	0.3	(0.3)	-	-	0.3	(0.3)	-	-	0.3	(0.3)	-	-
Rest of UK offices	1.7	-	(1.7)	-	1.9	-	(1.9)	-	2.1	-	(2.1)	-
Other	20.5	3.8	(24.3)	-	20.6	4.6	(25.2)	-	18.4	4.2	(22.6)	-
	161.4	152.7	-	314.1	155.8	153.1	-	308.9	170.7	165.6	-	336.3
Less finance lease adjustment	(1.4)	(1.9)	-	(3.3)	(1.4)	(1.7)	-	(3.1)	(1.4)	(1.9)	-	(3.3)
Total rental income for combined portfolio	160.0	150.8	-	310.8	154.4	151.4	-	305.8	169.3	163.7	-	333.0

Table 21: Market value reconciliation

	Retail Portfolio £m	London Portfolio £m	Other £m	30 September 2010 £m	Retail Portfolio £m	London Portfolio £m	Other £m	31 March 2010 £m	Retail Portfolio £m	London Portfolio £m	Other £m	30 September 2009 £m
Combined portfolio (per Table 19)	4,681.3	4,221.7	795.0	9,698.0	4,602.3	4,148.6	789.5	9,540.4	4,099.7	3,845.7	755.4	8,700.8
Central London shops (excluding Metro Shopping Fund LP)	(929.1)	929.1	-	-	(939.2)	939.2	-	-	(870.0)	870.0	-	-
Inner London offices (including Metro Shopping Fund LP)	2.2	(2.2)	-	-	11.9	(11.9)	-	-	10.0	(10.0)	-	-
Rest of UK offices	39.7	-	(39.7)	-	46.7	-	(46.7)	-	49.6	-	(49.6)	-
Other	601.1	154.2	(755.3)	-	544.0	198.8	(742.8)	-	510.6	195.2	(705.8)	-
Per business unit	4,395.2	5,302.8	-	9,698.0	4,265.7	5,274.7	-	9,540.4	3,799.9	4,900.9	-	8,700.8

Table 22: Gross estimated rental value reconciliation

	Retail Portfolio £m	London Portfolio £m	Other £m	Six months ended 30 September 2010 £m	Retail Portfolio £m	London Portfolio £m	Other £m	Six months ended 31 March 2010 £m	Retail Portfolio £m	London Portfolio £m	Other £m	Six months ended 30 September 2009 £m
Combined portfolio (per Table 19)	368.0	290.3	55.3	713.6	366.0	302.2	54.1	722.3	356.9	281.1	53.8	691.8
Central London shops (excluding Metro Shopping Fund LP)	(57.7)	57.7	-	-	(67.5)	67.5	-	-	(49.6)	49.6	-	-
Inner London offices (including Metro Shopping Fund LP)	-	-	-	-	0.8	(0.8)	-	-	0.8	(0.8)	-	-
Rest of UK offices	4.3	-	(4.3)	-	5.7	-	(5.7)	-	6.2	-	(6.2)	-
Other	42.4	8.6	(51.0)	-	39.7	8.7	(48.4)	-	39.6	8.0	(47.6)	-
Per business unit	357.0	356.6	-	713.6	344.7	377.6	-	722.3	353.9	337.9	-	691.8

Table 23: Lease lengths

	Unexpired lease term at 30 Sept 2010			
	Like-for-like portfolio		Like-for-like portfolio, completed developments and acquisitions	
	Median years	Mean years	Median years	Mean years
Shopping centres and shops				
Shopping centres and shops	6.3	7.6	6.9	8.2
Central London shops	4.2	6.3	4.3	6.4
	5.9	7.3	6.4	7.8
Retail warehouses				
Retail warehouses and food stores	9.3	10.4	9.3	10.4
Total retail	7.0	8.2	7.4	8.5
London offices				
West End	6.0	9.1	6.0	9.1
City	4.1	6.1	4.1	6.1
Mid-town	2.8	8.1	12.1	11.1
Inner London	8.6	9.3	8.6	9.3
Total London offices	5.8	8.6	6.3	9.2
Rest of UK	2.4	3.2	2.4	3.2
Total offices	5.7	8.6	6.3	9.1
Other	8.1	10.7	8.1	10.7
Total	**6.8**	**8.6**	**7.5**	**9.0**

Total investment portfolio:		
Like-for-like portfolio	6.8	8.6
Completed developments	12.6	12.0
Acquisitions	13.0	14.0
Proposed developments	2.3	6.6
Total investment portfolio	**7.4**	**8.9**

Table 24: Development pipeline financial summary

	Cumulative movements on the development programme to 30 September 2010						Total scheme details				
	Market value at start of scheme £m	Capital expenditure incurred to date £m	Capitalised interest to date £m	Valuation surplus / (deficit) to date [1] £m	Disposals, SIC15 rent and other adjustments £m	Market value at 30 September 2010 £m	Estimated total capital expenditure [4] £m	Estimated total capitalised interest £m	Estimated total development cost [2] £m	Net Income / ERV [3] £m	Valuation surplus / (deficit) for period ended 30 September 2010 [1] £m
Development programme transferred or sold											
Shopping centres and shops	-	-	-	-	-	-	-	-	-	-	-
Retail warehouses and food stores	-	-	-	-	-	-	-	-	-	-	-
London Portfolio	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Development programme completed, approved or in progress											
Shopping centres and shops	105.5	453.1	26.2	(210.3)	(2.0)	372.5	722.3	47.4	875.2	50.8	10.6
Retail warehouses and food stores	24.1	3.2	-	16.1	0.7	44.1	7.6	-	31.7	2.7	5.3
London Portfolio	232.9	393.7	55.6	(129.2)	9.0	562.0	570.3	68.3	871.5	53.3	68.3
	362.5	850.0	81.8	(323.4)	7.7	978.6	1,300.2	115.7	1,778.4	106.8	84.2
	Movement on proposed developments for the period ended 30 September 2010										
Proposed developments											
Shopping centres and shops	12.5	12.1	-	(4.6)	-	20.0	30.5	5.2	55.7	4.4	(4.6)
Retail warehouses and food stores	22.7	0.1	-	1.7	0.3	24.8	11.0	-	35.8	1.2	1.7
London Portfolio	216.6	1.5	-	4.7	(0.1)	222.7	455.0	34.2	711.9	57.9	4.7
	251.8	13.7	-	1.8	0.2	267.5	496.5	39.4	803.4	63.5	1.8

Notes:

(1) Includes profit realised on the disposal of property.

(2) Includes the property at the market valuation 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 2010 is included in the estimated total cost. Estimated total development cost includes the cost of residential properties for shopping centres and shops of £23.5m in the development programme and £7.8m for proposed developments. Allowances for rent-free periods are excluded from cost.

(3) Net headline annual rental payable on let units plus net ERV at 30 September 2010 on unlet units.

(4) For proposed development properties the estimated total capital expenditure represents the outstanding costs required to complete the scheme as at 30 September 2010.

Glossary

Adjusted earnings per share (EPS)
Earnings per share based on revenue profit plus profits/(losses) on trading properties and long-term development contracts all after tax.

Adjusted net asset value (NAV) per share
NAV per share adjusted to add back the adjustment arising from the de-recognition of the bond exchange, together with cumulative mark-to-market adjustment arising on interest-rate swaps and similar instruments.

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 is our wholly-owned investment property portfolio combined with our share of the properties held in joint ventures. Unless stated these are the pro-forma numbers we use when discussing the investment property business.

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 2009.

Development pipeline
The Group's development programme together with any proposed schemes that are not yet included in the development programme but which are more likely to proceed than not.

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

Development surplus
Excess of latest valuation over the total development cost (TDC).

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

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.

Equivalent yield
Calculated by the Group's 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 disregarding potential changes in market rents. The calculation assumes rent is received annually in arrears.

Gross estimated rental value (ERV)
The estimated market rental value of lettable space as determined biannually by the Group's valuers for all properties except ongoing developments where the Group estimates the gross rental value.

Exceptional item
An item of income or expense that is deemed to be sufficiently material, either by its size or nature, to require separate disclosure.

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

Gearing (net)
Total borrowings, including bank overdrafts, less short-term deposits, corporate bonds and cash, at book value, plus cumulative mark-to-market adjustment on financial derivatives as a percentage of total equity.

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

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

Investment portfolio
The investment portfolio comprises the Group's wholly-owned investment properties together with the properties held for development.

Joint venture
An entity in which the Group holds an interest on a long-term basis and is jointly controlled by the Group and one or more venturers under a contractual arrangement whereby decisions on financial and operating policies essential to the operation, performance and financial position of the venture require each joint venturer 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, under IFRS, the value of the rent-free period 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.

Like-for-like portfolio
The like-for-like portfolio includes all properties which have been in the portfolio since 1 April 2009, but excluding those which are acquired, sold or included in the development programme at any time during the period.

Loan-to-value (LTV)
Group LTV is the ratio of the sum of investment properties, net investment in finance leases and trading properties of both the Group and joint ventures to net debt, including joint ventures, 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.

London Portfolio
This business includes all London offices and Central London retail, but excludes those assets held in the Metro Shopping Fund LP.

Market value
Market value is determined by the Group's 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.

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.

Estimated net rental income is 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.

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 full planning consent, including detailed design, external appearance and landscaping before a project can proceed. An outline planning permission will lapse if full planning permission is not granted within three years.

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.

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 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.

Retail Portfolio
This business includes our shopping centres, shops, retail warehouse properties and assets held in retail joint ventures but not Central London retail.

Return on average capital employed
Group profit before interest, plus joint venture profit before tax, divided by the average capital employed (defined as shareholders' funds plus 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 surpluses, mark-to-market adjustments 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, debt restructuring charges and any exceptional items.

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
Land Securities offers its shareholders the opportunity to receive dividends in the form of shares instead of cash. This is known as a Scrip dividend.

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

Topped-up net initial yield
Net initial yield topped up for leases still in a rent-free period at the contracted rents per annum.

Total business return
Dividend per share, plus the increase 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 development cost (TDC)
All capital expenditure on a project including the opening book value of the property on commencement of development, together with capitalised interest.

Total property return
Valuation surplus, 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 investment property portfolio.

Total shareholder return
The growth in value of a shareholding over a specified year, 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 of up to 12 months 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.

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.