Half-yearly results for the six months ended 30 September 2011

Thursday, 10 November 2011

Forward-looking statements

These half-yearly results, our Annual Report and the Land Securities' website may contain certain "forward-looking statements" with respect to Land Securities Group PLC and the Group's financial condition, results of operations and business, and certain of Land Securities Group PLC and the Group's plans, objectives, goals and expectations 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 these half-yearly results or made subsequently, which are attributable to Land Securities Group PLC or any other member of the Group or persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. Each forward-looking statement speaks only as of the date of these half-yearly results or on the date the forward-looking statement is made. Land Securities Group PLC does not intend to update any forward-looking statements.

Half-yearly results for the six months ended 30 September 2011

"Our continuing progress in this more challenging environment is the result of a clear strategic direction and an unrelenting focus on operations at every level."

Results summary

	30 September 2011	31 March 2011	Change
Valuation surplus (1)	£211.5m	N/A	2.1%
Basic NAV per share	920p	885p	Up 4.0%
Adjusted diluted NAV per share (2)	863p	826p	Up 4.5%
Group LTV ratio (1)	37.7%	39.0%	
	Six months ended 30 September 2011	**Six months ended 30 September 2010**	**Change**
Profit before tax	£378.9m	£455.3m	Down 16.8%
Revenue profit (1)	£159.3m	£135.9m	Up 17.2%
Basic EPS	50.0p	59.5p	Down 16.0%
Adjusted diluted EPS (3)	20.5p	17.6p	Up 16.5%
Dividend	14.4p	14.0p	Up 2.9%

1. Including share of joint ventures
2. Our key valuation measure
3. Now excludes profits on disposal of trading properties and long-term development contracts. The comparative has been adjusted accordingly.

Financial highlights

- Valuation surplus of 2.1% or £211.5m since March 2011
- Property sales of £195.6m at an average of 10.2% above March 2011 valuations
- Adjusted diluted NAV per share up 4.5% since March 2011
- Outperformed IPD Quarterly Universe by 1.0%
- Revenue profit of £159.3m, including some £13m of non-recurring items, up 17.2% on the six months ended 30 September 2010
- Rental values up 1.6% across the like-for-like portfolio since March 2011
- Group LTV ratio including share of joint ventures down to 37.7% (39.0% at 31 March 2011)

Lettings and income generation

- Voids in the total like-for-like portfolio reduced to 3.4% (4.1% at 31 March 2011), of which 0.8% is subject to temporary lettings
    - Retail Portfolio like-for-like voids reduced from 4.7% to 3.6%
    - London Portfolio like-for-like voids reduced from 3.4% to 3.3%
- Units in administration remain unchanged at 0.4%
    - Retail Portfolio units in administration up from 0.6% to 0.7%
    - London Portfolio units in administration down from 0.2% to 0.1%

- £22.6m investment lettings across the portfolio. Lettings at 5.8% above ERV (excluding turnover lettings)
  - Investment lettings in the Retail Portfolio at 2.9% above ERV (excluding turnover lettings)
  - Investment lettings in the London Portfolio at 7.7% above ERV
- Weighted average unexpired lease term across the like-for-like portfolio, completed developments and acquisitions of 8.9 years

Well positioned development programme

- Developments continuing to contribute positively to returns – with a valuation surplus of 6.6% in the six month period
- Of the £1.6bn of developments started since January 2010, already over 50% de-risked through site sales, pre-lettings and residential sales
- £3.9m of development lettings and a further £3.3m in solicitors' hands in the period
- 110 Cannon Street, EC4, development site sold for total consideration of £48.5m crystallising early virtually all of our anticipated development surplus
- Garratt Lane, Wandsworth supermarket and development site sold by Harvest joint venture for £25.7m (our share) ahead of work starting on site
- 58 out of 59 residential apartments at Wellington House, SW1 now pre-sold
- Trinity Leeds development letting progress to plan with 54.0% pre-let and a further 6.7% in solicitors' hands
- 185-221 Buchanan Street, Glasgow letting progress ahead of plan with 73.5% pre-let and a further 17.2% in solicitors' hands
- On site with 78,390 sq m (our economic share) of development schemes in London
- Planning consent obtained for 35,020 sq m at 30 Old Bailey and 60 Ludgate Hill, EC4, and resolution to grant consent obtained for 54,900 sq m at 1 New Street Square, EC4 and Kingsgate House, SW1
- Progress on a 113,000 sq m pipeline (our economic share) of retail schemes creating smaller occupier-led development opportunities, with four planning applications already submitted for food stores

Well placed with low balance sheet gearing

- Group LTV ratio including share of joint ventures down to 37.7% (39.0% at 31 March 2011)
- Average debt maturities at 11.0 years
- Positive discussions on refinancing of revolving credit facility
- Capacity to invest in acquisition opportunities

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

"Our continuing progress in the period reflects our focus on operations at every level. We have reduced vacancy rates, secured lettings above estimated rental value and achieved sales above the March 2011 valuation. Revenue profit has increased and our balance sheet is stronger, with lower gearing and capacity to invest in acquisition opportunities as and when they arise.

"We are operating in a challenging environment and we expect pressures in managing occupancy rates to continue. However, we have been encouraged by our first half performance and by both the number of enquiries on our development schemes in London in the last quarter and also our progress on pre-letting our retail developments. Our strong balance sheet and excellent customer relationships give us confidence in our ability to respond and adapt to evolving market conditions.

"We have a pipeline of opportunities within the portfolio to grow shareholder returns allied with a strong balance sheet to withstand economic fluctuations. We are alive to the potential effects of economic uncertainty and changeable sentiment in the capital markets. We have consistently stated that we did not expect to see a straight-line recovery in our market and we see no reason to adjust this outlook. We also believe that market uncertainty may well generate buying opportunities, as the balance between buyers and sellers shifts for some property types."

Chief Executive's Statement

Overview

We have made sound progress against our objectives in an increasingly challenging environment. This is the result of a clear strategic direction and an unrelenting focus on operations at every level.

Through our actions we have reduced vacancy rates, secured lettings above estimated rental values and achieved sales at prices above the March 2011 valuation. Revenue profit has increased and our balance sheet is stronger. Our gearing has reduced further and now stands at 37.7% loan-to-value, giving us capacity to finance opportunities as and when they arise.

Performance

Our pre-tax profit for the six month period was £378.9m, which includes a valuation surplus of £211.5m. Revenue profit, which is our measure of underlying pre-tax profit, was up 17.2% on the same period last year at £159.3m, including some £13m of non-recurring items. Our adjusted diluted earnings per share were up 16.5% over the comparative period to 20.5p, and we have confirmed the second quarter's dividend at the same level as the first quarter's at 7.2p per share.

The valuation surplus of £211.5m in the six months represents a 2.1% increase in the value of our portfolio since March 2011. Properties in our development programme again made a strong positive contribution to valuation performance, showing a surplus of 6.6% as compared to 1.5% on the balance of the portfolio. The overall valuation surplus contributed to growth in adjusted diluted net assets per share to 863p at 30 September 2011, up 4.5% over the six month period.

In terms of the relative performance of our property assets, our portfolio delivered an ungeared total property return of 4.9%, outperforming the IPD Quarterly Universe, which delivered a 3.9% total return. This outperformance reflected our high exposure to both office and retail properties in London, and also the strong positive valuation surplus on our development programme.

Development, lettings and capital recycling

Since January 2010, we have initiated a £1.6bn development programme that spans our London and Retail Portfolios. I am pleased to report that we have already achieved excellent site sales, pre-lettings and residential sales covering more than 50% of this programme – well ahead of our original plans. During the first six months of the year we sold 110 Cannon Street, EC4, shortly after start of construction, crystallising early virtually all of our anticipated development surplus - as we did on Park House in Oxford Street, W1 in 2010. We have made good progress on our retail development at 185-221 Buchanan Street, Glasgow, which is now 73.5% pre-let by income with a further 17.2% in solicitors' hands. And we have achieved planning permission for an 8,400 sq m letting to Primark at Trinity Leeds. The Leeds scheme is now 54.0% pre-let with a further 6.7% in solicitors' hands.

We have also seen active demand for space in our investment portfolio, with a total of £22.6m of lettings over the six months and a further £3.2m in solicitors' hands. Our success on lettings has further reduced the void levels across our like-for-like portfolio from 4.1% in March 2011 to 3.4% in September.

Property sales during the six months totalled £195.6m at 10.2% above March 2011 valuation, at an average yield of 4.3%. The proceeds were recycled into acquisitions, development and other capital expenditure. Total property acquisitions were £57.0m at an average yield of 3.3% consisting predominantly of vacant site-assembly assets within Victoria, SW1, and the purchase of the 8,400 sq m Kingsmead leisure and restaurant complex in Bath. Development and other capital expenditure was £134.8m.

Customers

In the context of ongoing economic uncertainty and widespread commercial caution, we are benefiting from the financial strength of our main customer community – large corporates. Many of these businesses reorganised successfully during the downturn, are performing well in the current challenging conditions and have demonstrated a willingness to invest in their businesses. This is flowing through into occupational requirements, both in London offices and in retail.

In London, the breadth and quality of our portfolio is well matched to the needs of corporate customers. We have been encouraged by the number of enquiries since June 2011. We believe this reflects growing recognition from companies with office requirements that the choice of new buildings is limited as a consequence of the reduction in development activity during and since the downturn.

In Retail, the companies that have focused successfully on operational excellence while strengthening their balance sheets are well positioned to grow. As a result, we have seen continued demand from a number of major supermarket operators, department stores and some high street fashion brands. In response, we have brought forward a new initiative that supports those retailers looking to expand through big box retail developments in edge-of-town and out-of-town locations. This initiative has already produced a potential 113,000 sq m pipeline (our economic share) of new schemes, and we will look to take these opportunities forward as and when appropriate levels of pre-lettings are in place.

We believe that many of the most successful bricks and mortar retailers are well placed to compete successfully in the area of online retailing. We also believe that some online retailers see growth opportunities in physical retailing. We are alive to this dynamic and in recent months we have housed a short-term sales and marketing initiative for Ocado and installed Amazon collection lockers at a number of our properties.

Community

Our active approach to investing in the wider community continues to help drive our business. In London, we have focused our activities on employment, bringing together partners in the public and private sectors to ring-fence jobs and offer training opportunities in construction across a range of our development projects. In Retail, teams at our centres have focused on helping to address local issues, including employment across the construction and retail supply chains. At Trinity Leeds, we have worked with 38 local businesses to generate local employment opportunities and to create apprenticeships.

This activity is much more than a 'nice thing to do'. It helps build strong communities in and around our office buildings and shopping centres. It makes us a better business with closer ties to customers and local communities which in turn we believe adds value to our assets and motivates our employees.

Board Appointment

We have today announced that Stacey Rauch will join the Board as a non-executive director on 1 January 2012. Stacey Rauch is a Director Emeritus of McKinsey & Company from which she retired in September 2010. Whilst at McKinsey, she was a founding partner of their New Jersey office in the United States and included a wide range of retailers, apparel wholesalers and consumer goods manufacturers amongst her clients. She currently holds non-executive directorships with two US retailers.

Outlook

We are alive to the potential effects of economic uncertainty and changeable sentiment in capital markets. We have consistently stated that we did not expect to see a straight-line recovery in our market, rather that it would be interspersed with ripples and we see no reason to adjust this outlook.

Our strong balance sheet and excellent customer relationships give us confidence in our ability to respond and adapt to evolving market conditions. We also believe that market uncertainty may well generate buying opportunities, as the balance between buyers and sellers shifts for some property types. We will continue to be patient on acquisitions, but we are well placed to act as and when attractive, or attractively priced, assets become available.

Throughout the second half of the year we will continue to work to deliver tangible returns for our shareholders from our development activities. We will make acquisitions as and when we spot good opportunities. We will also keep the same intensity of focus on the actions that ultimately drive our earnings and our performance – managing occupancy levels, increasing net rental income and letting up our developments. These engines of growth can provide Land Securities with sustainable momentum through uncertain conditions.

London Portfolio

Highlights

- Valuation surplus on the London Portfolio of 2.9% since March 2011
- £93.9m of property sales completed at 15.6% ahead of the 31 March 2011 valuation, including 110 Cannon Street, EC4 sold during the course of construction
- £13.7m of investment lettings in the period at 7.7% ahead of ERV, with a further £0.5m in solicitors' hands
- Voids stable at 3.3% (3.4% at 31 March 2011) or 2.7% (2.8% at 31 March 2011) excluding pre-development properties
- Weighted average unexpired lease term on the London Portfolio increased from 8.9 to 9.1 years
- Committed to the development of 20 Fenchurch Street, EC3, in joint venture with Canary Wharf Group
- Ongoing developments at 62 Buckingham Gate, Wellington House (trading property) and 123 Victoria Street, all SW1, on schedule and to budget
- Planning consent achieved and demolition underway at 30 Old Bailey and 60 Ludgate Hill, EC4; and resolutions to grant consent achieved at 1 New Street Square, EC4 and Kingsgate House, SW1

Our market

Over the last few months, the dynamics of our market have shifted. In May, we expected to see relatively limited supply of new office space over the next few years with demand at around long term average levels. Today, we expect that new supply may be even more limited than previously forecast, but demand may also be more muted.

Last year, take up of offices in central London was higher than the long term average but has moved below the long term average this year, with occupiers taking longer in their decision making. We continue to believe that there will be demand for new office space as a significant number of leases come up for renewal, and we are encouraged by the levels of interest currently being shown in our schemes.

Supply of new office developments is now estimated to be significantly lower than the levels forecast earlier this year. For example, of the 1,013,000 sq m forecast by CB Richard Ellis in April 2011 to be completed in central London in 2013 and 2014, they now believe only 715,000 sq m will be completed in that period, a reduction of 30%. Lack of availability of development finance remains the most significant hurdle for developers.

The property investment market has remained competitive. A number of owners are seeking to take advantage of this through sales with the result that there is now more choice for investors, particularly in the City. Given the relative attractions of allocating capital to opportunities within our portfolio, we will maintain our disciplined approach to buying.

Our strategy

We remain focused on maximising potential returns as we move through the cycle. Developing first class space in central London combined with a focus on strengthening income streams through rigorous asset management remain our priorities. We are comfortable being early cycle developers as we gain the benefit of competitive construction costs, with rising rental values and a liquid market in which to make sales if, as expected, our developments are delivered into a supply-constrained market. In addition, with our development pipeline, we strive to secure planning consents to maintain optionality whilst maximising income in the meantime.

Performance

Our London Portfolio, valued at £5.9bn at 30 September 2011, produced a valuation surplus for the six months of 2.9%. West End offices were up 2.9%, City offices were up 3.1% and central London shops were up 2.4%. Rental values in our like-for-like portfolio increased by 0.5% for West End offices, 1.5% for City offices and 1.0% for central London retail.

Our London Portfolio produced an ungeared total property return of 5.7%, underperforming the sector benchmark of the IPD Quarterly Universe by 1.1%. Having outperformed the benchmark by 10.3% in the year ended 31 March 2011, our central London retail properties underperformed the benchmark by 1.8%. Our office properties underperformed by 1.0%.

Like-for-like voids across our London offices remained unchanged from 31 March 2011 at 3.0%. Some of this space is attributable to properties remaining vacant as we plan redevelopments, such as at 20 Eastbourne Terrace, W2; Victoria Circle, SW1; Arundel Great Court, WC2; and, Portland House, SW1. If these pre-development properties are excluded, the underlying void rate in like-for-like London office properties would be 2.2%. Void levels on the like-for-like central London retail assets increased to 5.0% (4.5% at 31 March 2011). This would have been 1.4% if the now unconditional letting to Primark on Oxford Street, W1 had completed by 30 September 2011.

Table 1: Net rental income

	30 September 2011 £m	30 September 2010 £m	Change £m
Like-for-like investment properties	133.8	130.0	3.8
Proposed developments	0.6	1.3	(0.7)
Development programme	8.6	0.7	7.9
Completed developments	3.2	2.0	1.2
Acquisitions since 1 April 2010	-	-	-
Sales since 1 April 2010	4.4	5.4	(1.0)
Non-property related income	2.2	1.4	0.8
Net rental income	**152.8**	**140.8**	**12.0**

Net rental income increased by £12.0m to £152.8m. The like-for-like portfolio benefited from a £4.8m surrender premium received in relation to Harbour Exchange, E14, and the release of £2.6m of surplus dilapidation provisions. Ignoring these non-recurring items, the small decline in underlying net rental income in the like-for-like portfolio was largely due to the cessation of rent as refurbishment takes place at 40 Strand, WC2, which is pre-let to Bain & Co. The development programme contributed an additional £7.9m, mainly due to lettings at One New Change, EC4. The reduction in income from properties we sold was largely offset by the release of £3.2m of dilapidation provisions no longer required on those properties.

Asset management

We have continued to focus on day to day asset management initiatives to lengthen and strengthen our income and over 50,000 sq m of portfolio space has been let or restructured in the six months to 30 September 2011. New lettings have been completed at 7.7% above the 31 March 2011 rental values and the weighted average unexpired lease term across the London like-for-like portfolio, completed developments and acquisitions increased from 8.9 years to 9.1 years.

Key highlights have been:

- Piccadilly Circus, W1

The open market letting to Hyundai doubled the previous rent of the old Sanyo advertising sign on the world famous Piccadilly Lights.

- Harbour Exchange, E14

Telecity have more than doubled their space to 24,280 sq m in a 30 year deal, and British American Tobacco plc (BAT) have agreed a ten year lease on 5,440 sq m of space. The deal sees BAT exit 2,410 sq m at Arundel Great Court, WC1 ahead of our proposed redevelopment of that property.

- Oxford Street, W1

The Oriana joint venture has pre-let a new 13,100 sq m store to Primark, which has now become unconditional, with the new store expected to open in June 2012.

- 40 Strand, WC2

Refurbishment works are underway with completion expected for March 2012 on the 8,730 sq m of refurbished office space. This has been pre-let to Bain & Co on a new 15 year lease, doubling its presence in the building.

- 14/22 Southwark Bridge Road, SE1

A restructured 10 year lease with Motability for 5,190 sq m.

- 47 Mark Lane, EC3

Three separate lettings, totalling 3,540 sq m, mean this building is now fully let.

- Holborn Gate, WC1

A restructured lease with Good Relations for 3,900 sq m.

Sales and acquisitions

We continue to look to recycle capital and to take profits from our development programme when the opportunity arises. We made £93.9m of disposals during the six months, at an average yield of 3.1%, with proceeds exceeding the March 2011 valuation by 15.6% in aggregate.

Key transactions during the first six months were:

- City Forum, EC1

This proposed residential development was sold for £40.8m in June 2011 as part of our focus on concentrating on development schemes within our core geographical market.

- 110 Cannon Street, EC4

This 6,810 sq m development was sold in June 2011, during the course of construction, crystallising early virtually all of our anticipated development surplus.

- Victoria Circle, SW1

As part of our site assembly of Victoria Circle, we acquired two buildings at 166-172 Victoria Street, SW1 and 81-85 Buckingham Gate, SW1 for a total consideration of £15.2m.

Development and planning

Development progress during the six months included:

- One New Change, EC4

Opened in October 2010, this retail and office development is currently 84% let. During the period we let the 6th floor and the office element is now 75% let at an average rent of £57.50 per sq ft. One floor of the scheme remains unlet and we have several enquiries for this space.

- 123 Victoria Street, SW1

This 21,110 sq m development of repositioned office space and retail shops is progressing well and on schedule to complete in June 2012, when there will be few office completions in the West End.

- Wellington House, SW1 (trading property)

We have now pre-sold 58 of the 59 residential apartments for a total of £85.4m at an average selling price of £1,400 per sq ft. The scheme is on schedule to complete in July next year.

- 62 Buckingham Gate, SW1

Construction is well underway on the 23,450 sq m of office accommodation and 1,540 sq m of retail that this development will bring to the heart of Victoria. The scheme is on time and to budget for delivery in spring 2013.

- 20 Fenchurch Street, EC3

Work on site at this joint venture project with Canary Wharf Group continues, with a commitment to deliver the scheme in spring 2014. Of the new office towers planned for the City, we expect our building to be the first to complete and that the supply of office space around this time will not be as great as some forecasts predict.

We also have a number of schemes where planning has been secured and we are maintaining flexibility on timing, while working to maximise income in the interim:

- 30 Old Bailey and 60 Ludgate Hill, EC4

Planning permission has been granted and demolition started on site in preparation for delivery of two buildings totalling 35,020 sq m. This mixed use development will comprise a two building scheme of high quality office, restaurant and retail accommodation.

- Kingsgate House, SW1

Earlier this month Westminster City Council resolved to grant planning consent for our plans to redevelop Kingsgate House into 31,230 sq m of contemporary office, residential and retail accommodation.

- Victoria Circle, SW1

Compulsory purchase powers were confirmed by the Planning Inspector last month and we are now taking forward our search for a joint venture partner. Bordered by Victoria Street, Bressenden Place and Buckingham Palace Road, this will be a transformational 88,180 sq m mixed use development for the West End.

- 1 New Street Square, EC4

In early October a resolution to grant planning consent was secured from the City Corporation for a 23,670 sq m office development. The existing buildings are leased until December 2012.

Other development projects in the course of design include:

- 20 Eastbourne Terrace, W2

We are working on plans for the 7,700 sq m final phase of this regeneration project. The proposed Crossrail station works in the Paddington area are likely to impact the delivery timing of this scheme.

- Arundel Great Court, WC2

We have completed negotiations with existing occupiers and the freeholder and are in detailed design. The earliest we can start a phased demolition is mid 2012 with an earliest completion of the new development of 61,700 sq m of prime office, retail and residential accommodation in late 2015.

- Portland House, SW1

We continue to work up plans for the extension and conversion of this 29,490 sq m office tower into residential apartments.

Looking ahead

The key drivers of supply and demand for new offices remain broadly consistent with those set out in 2010 when we first restarted our development programme:

- High levels of lease expiries from 2013 combined with a significant amount of existing building stock coming to the end of its economic life;
- Prospective occupiers using the end of leases to rationalise estates and move to buildings which are fit for today's corporate requirements, particularly in terms of operational efficiency, sustainability and staff recruitment and retention; and
- Limited supply of new space due to the general development hiatus since the beginning of the downturn.

While current conditions point to lower levels of take up and are impacting the time that it takes for decisions to be made, the dynamics outlined above are still applicable. We are encouraged by the interest in our three remaining speculative schemes on site at 20 Fenchurch Street, EC3, 123 Victoria Street, SW1 and 62 Buckingham Gate, SW1. However, we remain alive to changes in the market and will continue to manage our development programme and future pipeline actively, as we did with the sales of Park House, W1 last year and, more recently, 110 Cannon Street, EC4.

We outline our development pipeline in Table 2

Table 2: London development pipeline at 30 September 2011

Property	Description of use	Ownership interest %	Size sq m	Planning status	Letting status %	Market value £m	Net income/ ERV £m	Estimated/ actual completion date	Total development costs to date £m	Forecast total development cost £m
Developments after practical completion										
One New Change, EC4	Office	100	31,740		75	475	27.6	Oct 2010	533	533
	Retail		20,630		100					
Developments approved or in progress										
123 Victoria Street, SW1*	Office	100	18,490		-	129	13.2	Jun 2012	104	155
	Retail		2,620		100					
62 Buckingham Gate, SW1	Office	100	23,450		-	117	17.2	Apr 2013	83	180
	Retail		1,540		-					
20 Fenchurch Street, EC3	Office	50	63,240		-	86	21.1	Apr 2014	77	246
	Retail		1,340		-					
Proposed developments										
30 Old Bailey & 60 Ludgate Hill, EC4	Office	100	32,290	PR	-	n/a	n/a	2013/2014	n/a	n/a
	Retail		2,730		-					

*Office refurbishment only, however, figures provided are for the property as a whole including the retail element.

Developments let and transferred or sold

110 Cannon Street, EC4	Office	sold	6,660		n/a	n/a	n/a	n/a	n/a	n/a
	Retail		150							

Where the property is not 100% owned, floor areas shown above represent the full scheme whereas all other figures represent our proportionate share. Letting % is measured by ERV and shows letting status at 30 September 2011. Trading property development schemes (e.g. Wellington House, SW1) are excluded from the development pipeline.

Planning status for proposed developments

PR – Planning received

Total development cost

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, being the Group's borrowing costs associated with direct expenditure on the property under development. Interest is also capitalised on the purchase cost of land or property where it is acquired specifically for redevelopment. Of the properties in the development pipeline at 30 September 2011, the only property on which interest was capitalised on the land cost was One New Change, EC4.

Net income/ERV

Net income/ERV represents net headline annual rent on let units plus ERV at 30 September 2011 on unlet units.

Retail Portfolio

Highlights

- Valuation surplus on the Retail Portfolio of 1.1% since March 2011
- Continued positive contribution to performance from developments, up 7.3% over the six months to 30 September 2011
- £101.7m of property sales completed at 5.8% ahead of the 31 March 2011 valuation
- £8.9m of investment lettings completed, with a further £2.6m in solicitors' hands. Completed lettings at 2.9% above ERV (excluding turnover lettings)
- Trinity Leeds development letting progress on plan with 54.0% pre-let and a further 6.7% in solicitors' hands
- 185-221 Buchanan Street, Glasgow lettings progress ahead of plan with 73.5% pre-let and a further 17.2% in solicitors' hands
- Like-for-like portfolio voids reduced from 4.7% to 3.6%, of which 1.5% are subject to temporary lettings
- Units in administration up slightly from 0.6% at 31 March 2011 to 0.7% at 30 September 2011
- Four planning applications submitted for food stores in the retail warehouse portfolio

Our market

Despite the uncertainty in the consumer economy we have seen resilient demand for space within our portfolio. Stronger retailers have continued to take new space to grow market share with a preference for larger stores and out-of-town locations.

However, the retail property market still faces short and medium term challenges. Consumer weakness is holding back rental growth in the short term, and structural change brought on by the internet is altering retailer requirements for the longer term. No sub-sector will be immune to these trends but we do believe that individual assets which are actively managed will be able to deliver outperformance.

We remain of the view that successful retail assets will be those reflecting the retailers' focus on profitability. So while bigger destinations are likely to do better than the overall market because of the scale of the retail and leisure offer, we believe the upper quartile of secondary centres may well outperform prime assets through having similar rental growth but a higher yield. Retailers continue to be drawn to less expensive space that consistently trades well. For example, Gunwharf Quays, Portsmouth has shown sustained demand through the downturn. This focus on profitability places an emphasis on asset managers to continually review their asset's attraction to the consumer.

Some of the opportunities that the internet evolution is creating within the retail property sector are beginning to emerge. Multi-channel retailing is seeing many retailers now transacting on the internet and fulfilling orders through their physical stores. We believe this will provide sustained demand for property, although there will be implications around accessibility, configuration and size of units. This is creating opportunities for us, with changing requirements often leading to new asset management initiatives and development opportunities.

In the investment market we have seen a slight increase in the number of assets being brought to the market, although we continue to see a good variety of purchasers for both prime and secondary assets. Towards the end of the period, investors have been less certain and transactions have taken longer to conclude. We expect to see the investment market continue in this vein and the take up of secondary assets will be dependent on the availability of debt finance.

Our strategy

Meeting the space requirements of retailers drives our approach to the management of our retail property assets. We aim to provide retailers with new or more efficient space to drive their own profits, and through that, we will create value across both asset management and development activities. Over the last year, it has been our focus on customer requirements and the stronger retailers' desire for growth through new space that has enabled us to restart retail developments before others, having first secured significant pre-lettings.

At the same time, we are committed to active recycling of capital, buying and selling assets to ensure we are investing in those properties with the greatest opportunity for improvement and for growth through active management.

Performance

Our Retail Portfolio, valued at £4.9bn at 30 September 2011, produced a valuation surplus for the six months of 1.1% overall, with shopping centres and shops up 1.3% and retail warehouses and food stores up 0.7%. Included within these figures for our shopping centres and shops are our current development projects which performed well with a valuation surplus of 7.3%. Our portfolio of Accor hotels showed a valuation surplus of 4.0% reflecting positive income growth. Rental values on our like-for-like portfolio were flat for our shopping centres and shops, and increased by 2.1% for our retail warehouses and food stores.

Overall, our Retail Portfolio produced an ungeared total property return of 4.1%, outperforming the sector benchmark in the IPD Quarterly Universe by 1.3%. Our shopping centres outperformed the IPD sector benchmark by 1.2% and our retail warehouses underperformed by 0.2%, with the balance of the outperformance provided largely by the Accor hotel portfolio.

Voids across our like-for-like Retail Portfolio reduced from 4.7% at March 2011 to 3.6% at September, of which 1.5% are subject to temporary lettings. Units in administration across the portfolio were 0.7%, up slightly from 0.6% in March 2011. The overall rise in our level of occupancy is important as it improves our resilience to the increased risk of retailer insolvencies.

We also measure underlying performance indicators including footfall, retailer sales and retailers' rent/sales ratio. Footfall in our shopping centre portfolio in the period was down 0.2% on the same period in the prior year against the national benchmark which was down 1.7%. Our measured same store VAT exclusive like-for-like sales were down 2.6%, against the British Retail Consortium (BRC) benchmark, which was down 1.4% on a VAT inclusive basis, implying outperformance by our centres on a VAT equivalent basis. Our same centre sales, taking into account new lettings and tenant changes, were up 4.1% on a VAT exclusive basis. Our measured retailers' rent/sales ratio for the year ended 30 September 2011 was 9.4%. Total occupancy costs (including rent, rates, service charge and insurance) represented 15.4% of sales.

Table 3: Net rental income

	30 September 2011 £m	30 September 2010 £m	Change £m
Like-for-like investment properties	118.9	119.9	(1.0)
Proposed developments	0.8	1.4	(0.6)
Development programme	5.3	3.3	2.0
Completed developments	1.4	0.5	0.9
Acquisitions since 1 April 2010	9.9	3.9	6.0
Sales since 1 April 2010	2.6	7.7	(5.1)
Non-property related income	2.0	2.0	-
Net rental income	**140.9**	**138.7**	**2.2**

Net rental income increased by £2.2m to £140.9m. There was little overall change in the like-for-like portfolio as the comparative period benefited from the collection of debts for which provision had previously been made. The development programme contributed an additional £2.0m mainly as a result of new lettings at Cardiff. Net rental income on acquisitions grew by £6.0m, primarily due to Overgate, Dundee, but this was largely offset by the impact of properties we sold.

Sales and acquisitions

We continued to recycle our capital. Six assets were sold in the period for a total of £101.7m, on average 5.8% above the March 2011 valuation, and at a yield of 5.3%. Our acquisitions totalled £31.6m yielding 5.7%.

Key sales during the six months were:

- Garratt Lane, Wandsworth

In April our Harvest joint venture with Sainsbury's completed the £25.7m (our share) sale of the existing 7,300 sq m Sainsbury's store in Wandsworth to PRUPIM, acting on behalf of the M&G Secured Property Income Fund. The Harvest Partnership has been retained by the purchaser to manage the future development of the property.

- Food stores at Grimsby and Swindon

We sold two food stores in the period at Grimsby and Swindon for £25.8m and £30.2m respectively. These assets had been under offer at the time of the previous valuation.

- Lord Street, Liverpool

This small parade of high street shops was sold in August for £19.1m.

Since 30 September, we have completed the sale of our shopping centre holdings in Corby for £67.8m, in line with the March 2011 valuation. The proceeds are net of agreed deductions, mainly for car park works.

Acquisitions in the period included:

- Kingsmead Centre, Bath

In August we acquired an 8,400 sq m leisure and restaurant complex in the heart of Bath for £20.0m. The centre houses the only multiplex cinema in the city. The acquisition further strengthens our excellent relationships with leisure operators across our portfolio.

We also made several smaller acquisitions associated with asset management initiatives at existing centres, as well as a site on behalf of the Harvest joint venture and an opportunistic purchase of the St John's Centre in Preston for £5.4m.

Asset management

While we continue to see demand from retailers for new space, the environment remains tough with relatively little competitive bidding for units across the portfolio. Although leasing remains challenging, we have continued to focus on keeping close to our customers and utilising our asset management skills to drive new lettings in the year. We have made good progress in delivering the three Primark stores we agreed in the last financial year. The 6,500 sq m store at Almondvale Shopping Centre, Livingston was handed over on 28 August 2011 and is expected to open in December 2011. Works are underway for a 6,500 sq m store at Westwood Cross, Thanet, and a 5,550 sq m store at our Bridges shopping centre in Sunderland. In addition Primark are to take an 8,400 sq m store at Trinity Leeds.

In July, John Lewis announced that its proposed 'at home' shop in Exeter would be enlarged to become the first of its new flexible format department stores and occupy all 11 floors of the Sidwell Street site with the selling space covering 10,000 sq m. We also handed over their 'at home' shop at the Greyhound Retail Park in Chester on 4 July 2011 and it opened on 28 September 2011.

A 2,300 sq m extension of the Lakeside Retail Park was started in the period with two retailers, CSL and Mamas & Papas, already committed to taking 1,800 sq m of the scheme. At the Peel Centre, Bracknell we secured fashion brands New Look and JD Sports to take 700 sq m and 400 sq m units, respectively. Here we have also downsized a Halfords store to provide space for Poundland and Maplin Electronics.

We concluded a letting to Debenhams for a 3,000 sq m store on the Ravenside Retail Park, close to the centre of Chesterfield, subject to planning permission. They will be the latest addition to the 9,600 sq m park joining existing occupiers such as Next, Currys and Pets at Home. The new store will replace the recently demolished Focus unit and is expected to open in autumn 2012.

Development and planning

There is very little large-scale retail development underway in the UK and, following the opening of Westfield, Stratford City, our Trinity Leeds scheme is now the only large retail development under construction. Letting progress at this scheme continues in line with our expectations with the scheme now 54.0% pre-let and 6.7% in solicitors' hands, by income. Interest remains strong in the scheme reflecting Leeds' position as a top five city.

At 185-221 Buchanan Street, Glasgow, construction is about to start and the scheme is already 73.5% pre-let with a further 17.2% in solicitors' hands. Both Trinity Leeds and this development reflect our policy of only taking forward developments when we have sufficient commitments from retailers to back the scheme.

In tune with the interest we are seeing from retailers for the right space in the right location we have also identified a 113,000 sq m pipeline (our economic share) of smaller development opportunities for food and fashion retailers, predominantly in edge-of-town locations. The opportunities range from extensions and reconfigurations of existing assets to identified potential new site acquisitions. We have already submitted planning applications at the Bishop Centre, Taplow and at Crawley. We have also submitted applications for food stores on sites in Peterborough and Chadwell Heath. In addition, we have made some small scale acquisitions of land interests to help progress further opportunities in our Harvest joint venture with Sainsbury's.

At St David's 2 in Cardiff, our joint venture with Capital Shopping Centres, we have seen continued interest from retailers as the centre attracts significant footfall. It is now 93.2% let or in solicitors' hands with The North Face and Vans now open in the scheme, and Gilly Hicks due to open shortly.

Looking ahead

Consumer behaviour is changing, not just with the growth of online shopping, but also through social networking and mobile technology which has the capacity to provide much more information to consumers while they are in shopping centres. This will contribute to the on-going disparity of performance between winners and losers in terms of retailers, locations and property assets. We understand these dynamics and our strategy is well-matched to the changes taking place.

The retail outlook remains challenging and, in the absence of market-wide rental value growth, the onus is on property owners to actively manage assets to create value. It is clear that with the larger than anticipated fall in household disposable income, pressures on retail sales have increased and there is a greater risk of insolvency amongst retailers. Fundamental to our approach to mitigating this will be the quality of our portfolio and our close relationships with retailers and leisure operators. We seek to understand their changing needs and requirements and plan our asset initiatives and developments accordingly. We also anticipate that the uncertainty in capital markets may generate some attractive buying opportunities.

We outline our development pipeline in Table 4.

Table 4: Retail development pipeline at 30 September 2011

Property	Description of use	Ownership interest %	Size sq m	Planning status	Letting status %	Market value £m	Net income/ ERV £m	Estimated/ actual completion date	Total development costs to date £m	Forecast total development cost £m
Developments after practical completion										
St David's 2, Cardiff	Retail	50	89,900		87	227	14.9	Oct 2009	353	360
Developments approved or in progress										
Trinity Leeds	Retail	100	75,900		54	200	28.7	Feb 2013	158	358
185-221 Buchanan Street, Glasgow	Retail Residential	100	10,800 3,700		67	47	4.8	Mar 2013	29	60
Proposed developments										
Meteor Centre, Derby	Food store	100	17,300	RG	-	n/a	n/a	2013	n/a	n/a

Developments let and transferred or sold

Garratt Lane, Wandsworth [1]	Food store Leisure	Sold	16,510 5,670	n/a	n/a	n/a	n/a	n/a	n/a	n/a

1. Sale completed on 10 May 2011.

Where the property is not 100% owned, floor areas shown above represent the full scheme whereas all other figures represent our proportionate share. Letting % is measured by ERV and shows letting status at 30 September 2011. Trading property development schemes are excluded from the development pipeline.

Planning status for proposed developments

RG – Resolution to grant

Total development cost

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, being the Group's borrowing costs associated with direct expenditure on the property under development. Interest is also capitalised on the purchase cost of land or property where it is acquired specifically for redevelopment. Of the properties in the development pipeline at 30 September 2011, interest was capitalised on the land cost at Trinity Leeds, 185-221 Buchanan Street, Glasgow and St David's 2, Cardiff. The figures for total development costs include expenditure on the residential elements of 185-221 Buchanan Street, Glasgow (£11.7m).

Net income/ERV

Net income/ERV represents net headline annual rent on let units plus ERV at 30 September 2011 on unlet units.

Financial review

Overview and headline results

The Group's profit before tax was £378.9m, compared to £455.3m for the six months ended 30 September 2010. Revenue profit was £159.3m, up 17.2% on the comparable period.

Basic earnings per share were 50.0p compared to 59.5p for the same period last year. Adjusted diluted earnings per share was 20.5p (2010: 17.6p), up 16.5% compared to the comparative period. We have made a minor change to our calculation of adjusted earnings and adjusted earnings per share. Further details are given in the Earnings per share section.

The combined portfolio increased in value from £10.56bn to £10.81bn, including a valuation surplus of £211.5m or 2.1%. Net assets per share increased by 35p from 885p at the end of March 2011 to 920p in September 2011, with adjusted diluted net assets per share increasing by 4.5% from 826p at March 2011 to 863p.

Profit before tax

The largest driver behind the reduction in profit before tax is the lower valuation surplus on our combined portfolio of £211.5m (2010: £314.1m). The surplus represents a 2.1% increase over the six month period. Of the increase, £158.1m arose in the London Portfolio and £53.4m in Retail. Further information relating to our valuation gains is given in the individual business reviews for the London and Retail Portfolios.

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, consolidated on a line by line basis, but excludes capital items.

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

Table 5: Revenue profit

	30 September 2011			30 September 2010			
	Retail Portfolio £m	London Portfolio £m	Total £m	Retail Portfolio £m	London Portfolio £m	Total £m	Change £m
Gross rental income*	156.1	153.0	309.1	155.0	150.3	305.3	3.8
Net service charge expense	(1.6)	(1.8)	(3.4)	(1.9)	(2.0)	(3.9)	0.5
Direct property (expenditure)/ income (net)	(13.6)	1.6	(12.0)	(14.4)	(7.5)	(21.9)	9.9
Net rental income	140.9	152.8	293.7	138.7	140.8	279.5	14.2
Indirect costs	(12.6)	(8.5)	(21.1)	(12.9)	(8.6)	(21.5)	0.4
Segment profit before interest	**128.3**	**144.3**	**272.6**	**125.8**	**132.2**	**258.0**	**14.6**
Unallocated expenses (net)			(18.8)			(16.4)	(2.4)
Net interest – Group			(78.4)			(88.5)	10.1
Net interest – joint ventures			(16.1)			(17.2)	1.1
Revenue profit			**159.3**			**135.9**	**23.4**

* Includes finance lease interest, net of ground rents payable

Revenue profit increased by £23.4m from £135.9m in the comparable period to £159.3m for the six months ended 30 September 2011. This 17.2% increase was mainly due to net rental income, which was £14.2m higher than the comparable period, together with an £11.2m reduction in net interest costs. The increase in net rental income was driven by a number of non-recurring items, totalling some £13m. These include the receipt of a £4.8m surrender premium, the release of £5.8m of dilapidation provisions that were no longer required and a £1.2m receipt for outstanding rent reviews in the Group's previously held interest in the Bullring, Birmingham. Lower net interest costs are primarily due to the buyback of medium term notes in June and December 2010. Further information on the net rental income performance of the London and Retail Portfolios is given in their respective business reviews.

In the second half of the financial year, revenue profit is expected to be lower than in the first half as it is highly unlikely that, elsewhere in our portfolio, we will see the same level of non-recurring items as outlined above. It should also be recognised that our revenue profit is sensitive to the timing of acquisitions and sales of investment properties, as the difference between our short term borrowing costs and the yield on such properties can be as high as 5.0%.

Earnings per share

Basic earnings per share were 50.0p, compared to 59.5p for the six months ended 30 September 2010, the reduction being predominantly due to the lower valuation surplus on the combined property portfolio (27.4p per share compared to 41.2p per share in the comparable period).

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. Our calculation of adjusted earnings and adjusted earnings per share has been changed in the period to exclude the profit on disposal of trading properties and profit on long-term development contracts. In the future we expect these items to become larger but to occur less frequently, in particular where they relate to the sale of residential units. This would result in fluctuations to adjusted earnings and adjusted earnings per share if not excluded. We have amended prior period numbers so that all periods are presented on a consistent basis.

Adjusted diluted earnings per share increased by 16.5% from 17.6p for the six months ended 30 September 2010 to 20.5p per share for the current period, the improvement being due to the increase in revenue profit, slightly offset by the impact of additional shares due to take up of the scrip dividend.

Total dividend

We will be paying a second quarterly dividend of 7.2p per share on 9 January 2012 to shareholders on the Register of members on 2 December 2011. Taken together with the first quarterly dividend of 7.2p, paid on 24 October 2011, this makes a first half dividend of 14.4p per share.

Shareholders continue to have the opportunity to participate in the scrip dividend scheme 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 26 April 2011 and 28 July 2011 was 36.4% and 40.6% respectively, resulting in a cash saving of £42.5m. The take up for the dividend paid on 24 October 2011 was 23.9%.

All of the cash dividends paid and payable in respect of the six months ended 30 September 2011 comprise Property Income Distributions (PID) from REIT qualifying activities, while all of the scrip dividends paid or payable in respect of the same period are non-PIDs. The latest date for election to participate in the scrip dividend alternative in respect of the second interim dividend will be 5 December 2011 and the calculation price will be announced on 13 December 2011.

Net assets

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 2011 £m	Year ended 31 March 2011 £m
Net assets at the beginning of the period	6,811.5	5,689.9
Adjusted earnings	158.4	271.4
Valuation surplus on investment properties	211.5	908.8
Impairment (charge)/release on trading properties	(0.7)	0.7
Profits on investment property disposals	25.4	79.3
Debt restructuring	-	(22.0)
Other	(8.3)	3.4
Profit after tax attributable to owners of the Parent	386.3	1,241.6
Dividends payable	(109.5)	(213.6)
Dividends in scrip form	42.5	70.8
Other reserve movements	(16.6)	22.8
Net assets at the end of the period	7,114.2	6,811.5
Mark-to-market on interest rate swaps	25.0	22.7
Debt adjusted to nominal value	(459.4)	(467.5)
Adjusted net assets at the end of the period	6,679.8	6,366.7

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

At 30 September 2011, our net assets per share were 920p, an increase of 35p or 4.0% compared to 31 March 2011. The increase in our net assets in the period 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 2011, adjusted diluted net assets per share were 863p per share, an increase of 37p or 4.5% from 31 March 2011.

Net pension surplus

The Group operates a defined benefit pension scheme which is closed to new members. At 30 September 2011 the scheme was in a net surplus position of £2.6m compared to a surplus of £8.7m at 31 March 2011. The change is primarily due to a £3.3m decline in the value of the scheme's assets, together with the reduction in corporate bond yields lowering the discount rate from 5.7% to 5.3%.

Cash flow, net debt and gearing

The main cash flow items are typically operating cashflows, the dividends we paid and the capital transactions we undertook.

Operating cash flows for the six months ended 30 September 2011 were £99.2m, compared with £21.1m for the comparable period last year, the increase being driven by lower net interest paid in the period and the non-recurrence of tax payments made in the six months ended 30 September 2010.

While not a rigid target, our aim for the year is that the amount we spend on acquisitions and capital expenditure broadly matches the receipts from property disposals. By the half year, our capital activity was in line with this aim.

Disposals in the period, including 110 Cannon Street, EC4 and City Forum, EC1 generated receipts of £185.2m. We spent £171.4m on assets: acquisitions cost £55.6m, with the largest being the Kingsmead Centre, Bath; and capital expenditure totalled £115.8m, principally on our developments at Trinity Leeds, Buckingham Gate, SW1 and 123 Victoria Street, SW1.

A summary of the cash flow and the movement in net debt for the six months is set out in Table 7 below.

Table 7: Cash flow and net debt

	Six months ended 30 September 2011 £m	Year ended 31 March 2011 £m
Operating cash inflow after interest and tax	99.2	153.5
Dividends paid	(66.9)	(143.0)
Non-current assets:		
Acquisitions	(55.6)	(371.3)
Disposals	185.2	535.0
Capital expenditure	(115.8)	(226.1)
	13.8	(62.4)
Loans repaid by third parties	1.4	16.2
Net cash inflow from joint ventures	4.9	4.5
Fair value movement in interest rate swaps	(3.9)	(1.9)
Purchase of own shares	(14.8)	-
Other movements	(23.7)	(17.1)
Decrease/(increase) in net debt	10.0	(50.2)
Net debt at the beginning of the period	(3,313.6)	(3,263.4)
Net debt at the end of the period	(3,303.6)	(3,313.6)

As a result of the cash flows described above, our IFRS net debt decreased by £10.0m to £3,303.6m. The reduction in borrowings in our joint ventures led to a fall of £33.3m in our IFRS net debt (including joint ventures) to £3,707.8m (31 March 2011: £3,741.1m). Adjusted net debt, which includes our joint ventures and the nominal value of debt but excludes the mark to market on our swaps, was down £43.7m at £4,142.2m (31 March 2011: £4,185.9m).

Table 8 below sets out various measures of our gearing.

Table 8: Gearing

	30 September 2011 %	31 March 2011 %
Adjusted gearing* – including notional share of joint venture debt	62.0	65.7
Group LTV	39.3	40.5
Group LTV – as above plus notional share of joint venture debt	37.7	39.0
Security Group LTV	38.4	40.1

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

All of our gearing measures have declined since 31 March 2011 largely as a result of the increase in the value of our assets. The measure most widely used in our industry is loan-to-value (LTV) with our focus being on Group LTV including our notional share of joint venture debt, despite the fact that lenders to our joint ventures have no recourse to the Group for repayment.

Our interest cover, excluding share of joint ventures, has increased from 2.09 times in the comparative period to 2.70 in the six months to 30 September 2011, predominantly due to lower interest costs following the buy back of bonds in June and December 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, the interest cover of our exempt business for the six months ended 30 September 2011 was 1.93 times.

Financing structure and strategy

The total capital of the Group consists of total equity and net debt. Since IFRS requires us to state a large part of our net debt at below its nominal value, we view our capital structure on a basis which adjusts for this. Table 9 outlines the main sources of capital. Further details are given in note 15 to the financial statements.

Table 9: Financing structure

	30 September 2011			31 March 2011		
	Group £m	**Joint ventures £m**	**Combined £m**	Group £m	Joint ventures £m	Combined £m
Bond debt	**3,367.9**	**-**	**3,367.9**	3,395.4	-	3,395.4
Bank borrowings	**410.0**	**413.9**	**823.9**	428.0	438.0	866.0
Amounts payable under finance leases	**28.3**	**4.6**	**32.9**	28.4	4.6	33.0
Less: cash and restricted deposits	**(49.1)**	**(33.4)**	**(82.5)**	(72.7)	(35.8)	(108.5)
Adjusted net debt	**3,757.1**	**385.1**	**4,142.2**	3,779.1	406.8	4,185.9
Non-controlling interests	**0.4**	**-**	**0.4**	0.8	-	0.8
Adjusted equity attributable to owners of the Parent	**6,660.7**	**19.1**	**6,679.8**	6,346.0	20.7	6,366.7
Total adjusted equity	**6,661.1**	**19.1**	**6,680.2**	6,346.8	20.7	6,367.5
Total capital	**10,418.2**	**404.2**	**10,822.4**	10,125.9	427.5	10,553.4

In general, we follow a secured debt strategy as we believe this gives the Group and joint ventures better access to long-term borrowings and at a lower cost. Other than our finance leases, all of our borrowings at 30 September 2011 were secured, with a weighted average duration (including joint ventures) of 11.0 years and a weighted average cost of 4.9%.

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.

We have recently begun discussions with a number of banks regarding a new facility to replace our £1,500m revolving credit facility which we put in place in 2006 and expires in August 2013. As part of these discussions we may also replace some or all of our £700m of bilateral facilities. In recent months, bank lending capacity has reduced and funding costs have increased. However, we are confident from discussions with our main lenders that we will be able to arrange a new facility which is sufficient for our requirements.

At 30 September 2011, we had drawn £410m of funds under our revolving credit facility, with no drawings under any of our bilateral facilities. Together with some joint venture facilities, this resulted in us having £1,871.1m of available funds at 30 September 2011, compared with £1,870.3m at 31 March 2011. The outstanding capital expenditure on our committed development programme was £577.5m at 30 September 2011.

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 2011, Group debt was 91.8% hedged. As all of our bond debt is issued at fixed rates, we only have a limited amount of outstanding interest rate swaps at 30 September 2011 (£403.4m notional amount including our share of joint ventures).

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 but we have released provisions of £8.0m which were created in prior periods and are no longer required as the relevant uncertainties have now been cleared (30 September 2010: £nil).

Principal risks and uncertainties

The principal risks of the business are set out on pages 41 - 43 of the 2011 Annual Report alongside their potential impact and related mitigations. These risks fall into four categories: financial, property investment, development and people. The Board has reviewed the principal risks in the context of the second half of the current financial year.

Of the areas of risk outlined in the Annual Report, the Board believes that three have subsequently increased (outlined below). The Board is already taking these increased risks into account in its decisions, and considers that the ongoing actions being taken by management, together with the existing mitigation measures within the business, remain relevant for the risks highlighted.

Financial risk – liability structure

In recent months, bank lending capacity and funding margins have been negatively impacted by concerns over the exposure of certain banks to heavily indebted Eurozone countries and the possibility of contagion in the wider market. This is likely to reduce lending capacity and increase margins for borrowers.

We have access to different sources of finance with most of our funding on a long-term basis and with a spread of maturity dates. The weighted average life of our debt at 30 September 2011 is 11.0 years. Our attractiveness to lenders is enhanced by relatively low gearing (Security Group LTV at 30 September 2011 of 38.4%) and by providing security over our assets, which is reinforced by our AA credit rating.

We are planning to refinance our £1,500m revolving credit facility, which matures in August 2013 (£410m drawn at 30 September 2011). Despite the increased risk outlined above, we are in constructive talks on our refinancing plans and remain confident that we will be able to arrange a new facility sufficient for our requirements. Further discussion on this issue is provided in the Financial Review section of this report.

Property investment risk – customers

Increased pressure on consumer spending is resulting in more difficult trading conditions for tenants in the retail sector, increasing the risk that some may be unable to meet rental commitments. The Board remains of the view that the Group’s large and diversified tenant base, the quality of our retail properties and the experience of our leasing team will help mitigate the impact of any increase in tenant default. The Retail section of this report provides further discussion of this issue.

Development risk – development pipeline

With the ongoing uncertainty over the economic outlook, there is an increased risk that potential occupiers will be reluctant to enter into commitments to take new space in our developments. The Board remains of the view that it is prudent to ensure that the proportion of capital employed in the development programme does not exceed 20% of our total capital employed, unless a material part of the programme is pre-let, when it can rise to 25%. We continue to consider the market cycle and likely tenant demand before committing to new developments. The London and Retail sections of this report provide further details of our development programme and the extent to which it has already been pre-let.

Statement of directors' responsibilities

The Directors confirm that this consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management 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
- any material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

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

Alison Carnwath*, Chairman	Francis Salway, Chief Executive
David Rough*	Martin Greenslade
Sir Stuart Rose*	Richard Akers
Kevin O'Byrne*	Robert Noel
Chris Bartram*	
Simon Palley*	

* Non-executive Directors

Sir Christopher Bland and Bo Lerenius, both non-executive Directors, resigned from the Board of Directors at the Annual General Meeting on 21 July 2011.

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

By order of the Board
Adrian de Souza
Group General Counsel and Company Secretary
9 November 2011

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 2011, which comprises the unaudited consolidated income statement, unaudited 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 2011 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
9 November 2011

Notes:

1. The maintenance and integrity of the Land Securities 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 financial statements since they were initially presented on the website.

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

Financial Statements

Unaudited consolidated income statement for the six months ended 30 September 2011

	Notes	Six months ended 30 September 2011 £m	2010 £m
Group revenue [(1)]	4	**339.0**	360.9
Costs		**(114.8)**	(144.3)
		224.2	216.6
Profit on disposal of investment properties	3	**24.4**	14.2
Net surplus on revaluation of investment properties	3	**172.3**	281.2
Impairment charge on trading properties	3	**(1.6)**	(2.9)
Operating profit		**419.3**	509.1
Interest expense	5	**(99.3)**	(108.9)
Interest income	5	**12.8**	12.0
Fair value movement on interest rate swaps	5	**(3.9)**	(3.3)
		328.9	408.9
Share of the profit of joint ventures (post-tax)	10	**50.0**	46.4
Profit before tax		**378.9**	455.3
Income tax		**8.0**	-
Profit for the period		**386.9**	455.3
Attributable to:			
Owners of the Parent		**386.3**	453.8
Non-controlling interests		**0.6**	1.5
Profit for the period		**386.9**	455.3
Earnings per share attributable to the owners of the Parent (pence)			
Basic earnings per share	7	**50.0**	59.5
Diluted earnings per share	7	**49.9**	59.5

1. Group revenue excludes the share of joint ventures' income of **£50.2m** (30 September 2010: £56.6m).

Unaudited consolidated statement of comprehensive income for the six months ended 30 September 2011

	Notes	Six months ended 30 September 2011 £m	2010 £m
Profit for the period		**386.9**	455.3
Other comprehensive income consisting of:			
Actuarial losses on defined benefit pension scheme		(8.6)	(2.8)
Share of joint ventures' fair value movement on interest rate swaps treated as cash flow hedges	10	3.9	4.7
Other comprehensive (expense)/income for the period		**(4.7)**	1.9
Total comprehensive income for the period		**382.2**	457.2
Attributable to:			
Owners of the Parent		381.6	455.7
Non-controlling interests		0.6	1.5
Total comprehensive income for the period		**382.2**	457.2

Unaudited consolidated balance sheet at 30 September 2011

	Notes	30 September 2011 £m	31 March 2011 £m
Non-current assets			
Investment properties	9	**9,018.9**	8,889.0
Other property, plant and equipment		**9.8**	11.3
Net investment in finance leases		**202.7**	116.8
Loan investments		**71.9**	72.2
Investments in joint ventures	10	**988.7**	939.6
Other investments		**1.8**	1.8
Trade and other receivables		**78.8**	77.0
Pension surplus		**2.6**	8.7
Total non-current assets		**10,375.2**	10,116.4
Current assets			
Trading properties and long-term development contracts	11	**139.7**	129.3
Trade and other receivables		**328.0**	352.5
Monies held in restricted accounts and deposits	12	**30.1**	35.1
Cash and cash equivalents	13	**19.0**	37.6
Total current assets		**516.8**	554.5
Total assets		**10,892.0**	10,670.9
Current liabilities			
Borrowings	14	**(10.1)**	(33.0)
Trade and other payables		**(385.3)**	(423.2)
Provisions		**(5.9)**	(7.4)
Current tax liabilities		**(25.6)**	(35.5)
Total current liabilities		**(426.9)**	(499.1)
Non-current liabilities			
Borrowings	14	**(3,336.7)**	(3,351.3)
Derivative financial instruments		**(5.9)**	(2.0)
Trade and other payables		**(7.9)**	(6.2)
Total non-current liabilities		**(3,350.5)**	(3,359.5)
Total liabilities		**(3,777.4)**	(3,858.6)
Net assets		**7,114.6**	6,812.3
Equity			
Capital and reserves attributable to the owners of the Parent			
Ordinary shares		**78.1**	77.6
Share premium		**786.0**	785.5
Capital redemption reserve		**30.5**	30.5
Share-based payments		**6.8**	7.2
Retained earnings		**6,229.4**	5,914.3
Own shares		**(16.6)**	(3.6)
Equity attributable to the owners of the Parent		**7,114.2**	6,811.5
Non-controlling interests		**0.4**	0.8
Total equity		**7,114.6**	6,812.3

Unaudited consolidated statement of changes in equity

	Attributable to owners of the Parent								
	Ordinary shares £m	Share premium £m	Capital redemption reserve £m	Share-based payments £m	Retained earnings [1] £m	Own shares £m	Total £m	Non-controlling interest £m	Total equity £m
At 1 April 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)
Share of joint ventures' fair value movement on interest rate swaps treated as cash flow hedges	-	-	-	-	4.7	-	4.7	-	4.7
Total comprehensive income for the six months 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 dividends	-	(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 options	-	-	-	-	(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)
Distribution paid to non-controlling interests	-	-	-	-	-	-	-	(0.2)	(0.2)
Acquisition of own shares	-	-	-	-	-	(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
Profit for the financial period	-	-	-	-	787.8	-	787.8	1.0	788.8
Other comprehensive income:									
Actuarial profit on pension scheme	-	-	-	-	13.8	-	13.8	-	13.8
Share of joint ventures' fair value movement on interest rate swaps treated as cash flow hedges	-	-	-	-	7.7	-	7.7	-	7.7
Total comprehensive income for the six months ended 31 March 2011	-	-	-	-	809.3	-	809.3	1.0	810.3
Transactions with owners:									
Exercise of options	-	0.1	-	-	-	-	0.1	-	0.1
New share capital subscribed	0.6	38.3	-	-	-	-	38.9	-	38.9
Transfer to retained earnings in respect of shares issued in lieu of cash dividends	-	(38.3)	-	-	38.3	-	-	-	-
Fair value of share-based payments	-	-	-	1.3	-	-	1.3	-	1.3
Settlement and transfer of shares to employees on exercise of share options	-	-	-	-	(4.8)	0.4	(4.4)	-	(4.4)
Release on exercise/forfeiture of share options	-	-	-	(0.2)	0.2	-	-	-	-
Dividends to owners of the Parent	-	-	-	-	(107.1)	-	(107.1)	-	(107.1)
Distribution paid to non-controlling interests	-	-	-	-	-	-	-	(0.6)	(0.6)
Total transactions with owners of the Parent	0.6	0.1	-	1.1	(73.4)	0.4	(71.2)	(0.6)	(71.8)
At 31 March 2011	**77.6**	**785.5**	**30.5**	**7.2**	**5,914.3**	**(3.6)**	**6,811.5**	**0.8**	**6,812.3**
Profit for the financial period	**-**	**-**	**-**	**-**	**386.3**	**-**	**386.3**	**0.6**	**386.9**
Other comprehensive income:									
Actuarial loss on pension scheme	**-**	**-**	**-**	**-**	**(8.6)**	**-**	**(8.6)**	**-**	**(8.6)**
Share of joint ventures' fair value movement on interest rate swaps treated as cash flow hedges	**-**	**-**	**-**	**-**	**3.9**	**-**	**3.9**	**-**	**3.9**
Total comprehensive income for the six months ended 30 September 2011	**-**	**-**	**-**	**-**	**381.6**	**-**	**381.6**	**0.6**	**382.2**
Transactions with owners:									
Exercise of options	**-**	**0.5**	**-**	**-**	**0.1**	**-**	**0.6**	**-**	**0.6**
New share capital subscribed	**0.5**	**42.0**	**-**	**-**	**-**	**-**	**42.5**	**-**	**42.5**
Transfer to retained earnings in respect of shares issued in lieu of cash dividends	**-**	**(42.0)**	**-**	**-**	**42.0**	**-**	**-**	**-**	**-**
Fair value of share-based payments	**-**	**-**	**-**	**2.3**	**-**	**-**	**2.3**	**-**	**2.3**
Transfer of shares to employees on exercise of share options	**-**	**-**	**-**	**-**	**(1.8)**	**1.8**	**-**	**-**	**-**
Release on exercise/forfeiture of share options	**-**	**-**	**-**	**(2.7)**	**2.7**	**-**	**-**	**-**	**-**
Dividends to owners of the Parent	**-**	**-**	**-**	**-**	**(109.5)**	**-**	**(109.5)**	**-**	**(109.5)**
Distribution paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1.0)**	**(1.0)**
Acquisition of own shares	**-**	**-**	**-**	**-**	**-**	**(14.8)**	**(14.8)**	**-**	**(14.8)**
Total transactions with owners of the Parent	**0.5**	**0.5**	**-**	**(0.4)**	**(66.5)**	**(13.0)**	**(78.9)**	**(1.0)**	**(79.9)**
At 30 September 2011	**78.1**	**786.0**	**30.5**	**6.8**	**6,229.4**	**(16.6)**	**7,114.2**	**0.4**	**7,114.6**

1. Included within retained earnings are cumulative losses in respect of cash flow hedges (interest rate swaps) of **£4.0m** (30 September 2010: £15.6m, 31 March 2011: £7.9m).

Unaudited consolidated statement of cash flows for the six months ended 30 September 2011

	Notes	Six months ended 30 September 2011 £m	2010 £m
Cash flows from operating activities			
Net cash generated from operations	16	**189.3**	188.6
Interest paid		**(93.4)**	(110.8)
Interest received		**6.9**	5.8
Employer contributions to defined benefit pension scheme		**(2.5)**	(2.6)
Corporation tax paid		**(1.1)**	(59.9)
Net cash inflow from operations		**99.2**	21.1
Cash flows from investing activities			
Investment property development expenditure		**(65.3)**	(79.7)
Acquisition of investment properties		**(55.6)**	(145.2)
Other investment property related expenditure		**(50.5)**	(32.8)
Capital expenditure on properties		**(171.4)**	(257.7)
Disposal of investment properties		**185.2**	331.0
Net proceeds on properties		**13.8**	73.3
Expenditure on other property, plant and equipment		**-**	(1.6)
Net cash inflow from capital related items		**13.8**	71.7
(Payments)/receipts in respect of receivable finance leases		**(14.5)**	3.5
Loans repaid by third parties		**1.4**	-
Investment in joint ventures		**(2.1)**	(32.0)
Loans to joint ventures and cash contributed		**(10.4)**	(5.6)
Repayment of loans made to joint ventures		**10.0**	8.2
Distributions from joint ventures		**7.4**	8.4
Net cash inflow from investing activities		**5.6**	54.2
Cash flows from financing activities			
Cash received on issue of shares arising from exercise of share options		**0.5**	-
Purchase of own shares		**(14.8)**	-
Proceeds from new loans (net of finance fees)		**-**	80.0
Repayment of loans	14	**(46.1)**	(258.2)
Decrease in monies held in restricted accounts and deposits	12	**5.0**	60.6
Decrease in finance leases payable		**(0.1)**	(14.5)
Dividends paid to owners of the Parent	6	**(66.9)**	(73.7)
Distributions paid to non-controlling interests		**(1.0)**	(0.2)
Net cash outflow from financing activities		**(123.4)**	(206.0)
Decrease in cash and cash equivalents for the period		**(18.6)**	(130.7)
Cash and cash equivalents at the beginning of the period		**37.6**	159.4
Cash and cash equivalents at the end of the period	13	**19.0**	28.7

Notes to the Financial Statements

1. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 September 2011 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 (EU). In order to satisfy themselves that the Group has adequate resources to continue in operational existence for the foreseeable future the Directors have reviewed an 18 month forecast extracted from the Group's current five year plan, which includes assumptions about future trading performance, valuation projections and debt requirements. This, together with available market information and experience of the Group's property portfolio and markets, has given them sufficient confidence to adopt the going concern basis in preparing the financial statements.

The condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2011 were approved by the Board of Directors on 17 May 2011 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 2011, which have been prepared in accordance with IFRSs as adopted by the EU.

This condensed consolidated interim financial information was approved for issue on 9 November 2011.

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 2011. 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 since 1 April 2011 which have had a material impact on the Group's financial statements. The following accounting standards or interpretations were effective for the financial year beginning 1 April 2011 but have not had a material impact on the Group:

- IAS 24 (amendment) 'Related Party Disclosures'
- IFRS 1 (amendment) 'First Time Adoption of International Financial Reporting Standards'
- IFRIC 14 (amendment) IAS19 'Prepayments of a Minimum Funding Requirement'
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'
- Annual Improvements 2010

The following IFRS accounting standards and interpretations have been issued but are not yet effective, or have not yet been adopted by the EU. None of these standards or interpretations have been early adopted by the Group. The Group is in the process of assessing the impact of these new standards and interpretations on its financial reporting. The two standards which may have a material impact on the Group's financial reporting are IFRS 11, 'Joint Arrangements' and IFRS 12 'Disclosure of interests in other entities'.

- IAS 1 (amendment) 'Presentation of Financial Statements'
- IAS 12 (amendment) 'Income Taxes'
- IAS 19 (amendment) 'Employee Benefits'
- IAS 27 (revised) 'Separate Financial Statements'
- IAS 28 (revised) 'Investments in Associates and Joint Ventures'
- IFRS 7 (amendment) 'Financial Instruments: Disclosures on De-recognition'
- IFRS 9 'Financial Instruments' on 'Classification and Measurement' of Financial Assets and Liabilities
- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- IFRS 13 'Fair Value Measurements'
- Annual Improvements 2011

3. Segmental information

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

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 Limited Partnership 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. The following segmental information is therefore 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, profit/(loss) on disposal of investment and trading properties) and one-off or exceptional items. Segment profit is the lowest level to which the profit arising from the on-going operations of the Group is analysed between the two segments. The Group manages its financing structure, with the exception of joint ventures, on a pooled basis and, as such, debt facilities and interest charges are not specific to a particular segment.

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

3. Segmental information continued

The segmental information provided to the SMB for the reportable segments for the six months ended 30 September 2011 is as follows:

	Six months ended 30 September 2011								
	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	128.1	32.9	161.0	148.0	5.2	153.2	276.1	38.1	314.2
Finance lease interest	1.2	0.2	1.4	1.8	-	1.8	3.0	0.2	3.2
Gross rental income (before rents payable)	129.3	33.1	162.4	149.8	5.2	155.0	279.1	38.3	317.4
Rents payable [1]	(5.4)	(0.9)	(6.3)	(2.0)	-	(2.0)	(7.4)	(0.9)	(8.3)
Gross rental income (after rents payable)	123.9	32.2	156.1	147.8	5.2	153.0	271.7	37.4	309.1
Service charge income [2]	16.5	3.6	20.1	22.5	0.1	22.6	39.0	3.7	42.7
Service charge expense	(16.7)	(5.0)	(21.7)	(24.3)	(0.1)	(24.4)	(41.0)	(5.1)	(46.1)
Net service charge expense	(0.2)	(1.4)	(1.6)	(1.8)	-	(1.8)	(2.0)	(1.4)	(3.4)
Other property related income [2]	6.6	0.5	7.1	12.2	-	12.2	18.8	0.5	19.3
Direct property expenditure	(15.5)	(5.2)	(20.7)	(10.2)	(0.4)	(10.6)	(25.7)	(5.6)	(31.3)
Net rental income	114.8	26.1	140.9	148.0	4.8	152.8	262.8	30.9	293.7
Indirect property expenditure [2]	(11.7)	(0.9)	(12.6)	(8.0)	(0.3)	(8.3)	(19.7)	(1.2)	(20.9)
Depreciation	-	-	-	(0.2)	-	(0.2)	(0.2)	-	(0.2)
Segment profit before interest	103.1	25.2	128.3	139.8	4.5	144.3	242.9	29.7	272.6
Joint venture net interest expense	-	(10.8)	(10.8)	-	(5.3)	(5.3)	-	(16.1)	(16.1)
Segment profit	103.1	14.4	117.5	139.8	(0.8)	139.0	242.9	13.6	256.5
Group services – income [2]							1.7	-	1.7
– expense [2]							(20.5)	-	(20.5)
Interest expense							(99.3)	-	(99.3)
Interest income							12.8	-	12.8
Eliminate effect of bond exchange de-recognition							8.1	-	8.1
Revenue profit							145.7	13.6	159.3

1. Included within rents payable is finance lease interest payable of **£0.7m** (30 September 2010: £1.1m) and **£0.3m** (30 September 2010: £0.6m) respectively for Retail Portfolio and London Portfolio.
2. Indirect property expenditure, group services expense and depreciation together comprise the administration costs of the business. In relation to some of these, the Group receives fee income from joint ventures and third parties for work on asset, property and development management, as well as corporate services. These fees are included in service charge income, other property related income and group services income. Net administration costs (after deducting related income) amounted to £31.4m (30 September 2010: £31.3m).

	Six months ended 30 September 2011								
	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	103.1	25.2	128.3	139.8	4.5	144.3	242.9	29.7	272.6
Trading properties sale proceeds	-	3.7	3.7	-	3.2	3.2	-	6.9	6.9
Costs of sales of trading properties	-	(3.5)	(3.5)	-	(3.0)	(3.0)	-	(6.5)	(6.5)
Profit on disposal of trading properties	-	0.2	0.2	-	0.2	0.2	-	0.4	0.4
Long-term development contract income	-	0.8	0.8	0.4	-	0.4	0.4	0.8	1.2
Long-term development contract expenditure	-	(0.8)	(0.8)	(0.3)	-	(0.3)	(0.3)	(0.8)	(1.1)
Profit on long-term development contracts	-	-	-	0.1	-	0.1	0.1	-	0.1
	103.1	25.4	128.5	139.9	4.7	144.6	243.0	30.1	273.1
Investment property disposal proceeds	75.2	26.5	101.7	93.9	-	93.9	169.1	26.5	195.6
Carrying value of investment property disposals (including lease incentives)	(64.7)	(25.5)	(90.2)	(80.0)	-	(80.0)	(144.7)	(25.5)	(170.2)
Profit on disposal of investment properties	10.5	1.0	11.5	13.9	-	13.9	24.4	1.0	25.4
Net surplus on revaluation of investment properties	39.7	13.7	53.4	132.6	25.5	158.1	172.3	39.2	211.5
Impairment (charge)/ release on trading properties	-	(0.3)	(0.3)	(1.6)	1.2	(0.4)	(1.6)	0.9	(0.7)
	153.3	39.8	193.1	284.8	31.4	316.2	438.1	71.2	509.3
Group services – income							1.7	-	1.7
– expense							(20.5)	-	(20.5)
Operating profit							419.3	71.2	490.5
Interest expense							(99.3)	(16.1)	(115.4)
Interest income							12.8	-	12.8
Fair value movement on interest rate swaps							(3.9)	(4.4)	(8.3)
Joint venture tax adjustment							-	(0.3)	(0.3)
Joint venture net liabilities adjustment							-	(0.4)	(0.4)
Profit before tax							328.9	50.0	378.9

3. Segmental information continued									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
Gross rental income (before rents payable)	126.3	35.2	161.5	147.6	5.0	152.6	273.9	40.2	314.1
Rents payable [1]	(5.2)	(1.3)	(6.5)	(2.3)	-	(2.3)	(7.5)	(1.3)	(8.8)
Gross rental income (after rents payable)	121.1	33.9	155.0	145.3	5.0	150.3	266.4	38.9	305.3
Service charge income [2]	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 [2]	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 [2]	(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	100.3	13.4	113.7	127.5	(0.4)	127.1	227.8	13.0	240.8
Group services – income [2]							1.6	-	1.6
– expense [2]							(18.0)	-	(18.0)
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 and other interest items							0.3	-	0.3
Revenue profit							122.9	13.0	135.9

1. Included within rents payable is finance lease interest payable of £1.1m and £0.6m respectively for Retail Portfolio and London Portfolio.
2. Indirect property expenditure, group services expense and depreciation together comprise the administration costs of the business. In relation to some of these, the Group receives fee income from joint ventures and third parties for work on asset, property and development management, as well as corporate services. These fees are included in service charge income, other property related income and group services income. Net administration costs (after deducting related income) amounted to £31.3m.

									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
– 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

3. Segmental information continued

30 September 2011

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	3,787.7	1,025.9	4,813.6	5,231.2	338.2	5,569.4	9,018.9	1,364.1	10,383.0
Other property, plant and equipment	4.2	-	4.2	5.6	-	5.6	9.8	-	9.8
Net investment in finance leases	35.5	8.4	43.9	167.2	-	167.2	202.7	8.4	211.1
Trading properties and long-term development contracts	0.6	28.1	28.7	139.1	15.3	154.4	139.7	43.4	183.1
Trade and other receivables	110.6	101.3	211.9	296.2	5.5	301.7	406.8	106.8	513.6
Share of joint venture cash	-	24.8	24.8	-	8.5	8.5	-	33.3	33.3
Segment assets	**3,938.6**	**1,188.5**	**5,127.1**	**5,839.3**	**367.5**	**6,206.8**	**9,777.9**	**1,556.0**	**11,333.9**
Unallocated:									
Cash and cash equivalents							19.0	-	19.0
Monies held in restricted accounts and deposits							30.1	-	30.1
Loan investments							71.9	-	71.9
Other investments							1.8	-	1.8
Pension surplus							2.6	-	2.6
Joint venture liabilities							-	(567.3)	(567.3)
Total assets							**9,903.3**	**988.7**	**10,892.0**
Trade and other payables	(119.9)	(104.5)	(224.4)	(154.8)	(22.5)	(177.3)	(274.7)	(127.0)	(401.7)
Provisions	(0.3)	(0.6)	(0.9)	(5.6)	-	(5.6)	(5.9)	(0.6)	(6.5)
Share of joint venture borrowings	-	(279.5)	(279.5)	-	(160.2)	(160.2)	-	(439.7)	(439.7)
Segment liabilities	**(120.2)**	**(384.6)**	**(504.8)**	**(160.4)**	**(182.7)**	**(343.1)**	**(280.6)**	**(567.3)**	**(847.9)**
Unallocated:									
Borrowings							(3,346.8)	-	(3,346.8)
Derivative financial instruments							(5.9)	-	(5.9)
Current tax liabilities							(25.6)	-	(25.6)
Trade and other payables							(118.5)	-	(118.5)
Joint venture liabilities to assets							-	567.3	567.3
Total liabilities							**(3,777.4)**	**-**	**(3,777.4)**
Other segment items									
Capital expenditure	65.0	12.0	77.0	48.4	9.4	57.8	113.4	21.4	134.8

31 March 2011

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	3,696.4	1,024.8	4,721.2	5,192.6	303.2	5,495.8	8,889.0	1,328.0	10,217.0
Other property, plant and equipment	5.1	-	5.1	6.2	-	6.2	11.3	-	11.3
Net investment in finance leases	53.8	8.4	62.2	63.0	-	63.0	116.8	8.4	125.2
Trading properties and long-term development contracts	0.6	30.9	31.5	128.7	15.3	144.0	129.3	46.2	175.5
Trade and other receivables	110.4	99.5	209.9	319.1	4.8	323.9	429.5	104.3	533.8
Share of joint venture cash	-	27.6	27.6	-	8.2	8.2	-	35.8	35.8
Joint venture net liabilities adjustment	-	0.4	0.4	-	-	-	-	0.4	0.4
Segment assets	3,866.3	1,191.6	5,057.9	5,709.6	331.5	6,041.1	9,575.9	1,523.1	11,099.0
Unallocated:									
Cash and cash equivalents							37.6	-	37.6
Monies held in restricted accounts and deposits							35.1	-	35.1
Loan investments							72.2	-	72.2
Other investments							1.8	-	1.8
Pension surplus							8.7	-	8.7
Joint venture liabilities							-	(583.5)	(583.5)
Total assets							9,731.3	939.6	10,670.9
Trade and other payables	(108.2)	(99.1)	(207.3)	(200.2)	(20.3)	(220.5)	(308.4)	(119.4)	(427.8)
Provisions	(0.3)	(0.8)	(1.1)	(7.1)	-	(7.1)	(7.4)	(0.8)	(8.2)
Share of joint venture borrowings	-	(304.4)	(304.4)	-	(158.9)	(158.9)	-	(463.3)	(463.3)
Segment liabilities	(108.5)	(404.3)	(512.8)	(207.3)	(179.2)	(386.5)	(315.8)	(583.5)	(899.3)
Unallocated:									
Borrowings							(3,384.3)	-	(3,384.3)
Derivative financial instruments							(2.0)	-	(2.0)
Current tax liabilities							(35.5)	-	(35.5)
Trade and other payables							(121.0)	-	(121.0)
Joint venture liabilities to assets							-	583.5	583.5
Total liabilities							(3,858.6)	-	(3,858.6)
Other segment items									
Capital expenditure	62.8	44.8	107.6	188.3	11.1	199.4	251.1	55.9	307.0

4. Group revenue	Six months ended 30 September 2011 £m	2010 £m
Rental income (excluding adjustment for lease incentives)	**267.4**	262.7
Adjustment for lease incentives	**8.7**	8.1
Rental income	**276.1**	270.8
Service charge income	**39.0**	36.3
Other property related income	**18.8**	12.6
Trading property sales proceeds	**-**	1.3
Long-term development contract income	**0.4**	35.2
Finance lease interest	**3.0**	3.1
Other income	**1.7**	1.6
	339.0	360.9

5. Net interest expense	Six months ended 30 September 2011 £m	2010 £m
Interest expense		
Bond and debenture debt	**(89.0)**	(104.7)
Bank borrowings	**(4.0)**	(4.1)
Other interest payable	**(0.3)**	(0.5)
Amortisation of bond exchange de-recognition	**(8.1)**	(8.1)
Interest on pension scheme liabilities	**(4.0)**	(4.1)
	(105.4)	(121.5)
Interest capitalised in relation to properties under development	**6.1**	12.6
Total interest expense	**(99.3)**	(108.9)
Interest income		
Short-term deposits	**0.2**	0.3
Interest received on loan investments	**2.4**	3.2
Other interest receivable	**3.0**	2.0
Interest receivable from joint ventures	**2.7**	2.2
Expected return on pension scheme assets	**4.5**	4.3
Total interest income	**12.8**	12.0
Fair value movement on interest rate swaps	**(3.9)**	(3.3)
Net interest expense	**(90.4)**	(100.2)

All interest expense and interest income is included within Revenue profit, with the exception of the amortisation of the bond exchange de-recognition adjustment, the fair value movement on interest rate swaps and any interest income or expense that is considered to be one-off or exceptional. In the six months ended 30 September 2010, £0.3m of interest included within bond and debenture debt interest payable was considered to be exceptional and therefore excluded from Revenue profit.

Included within rents payable (note 3) is finance lease interest payable of **£1.0m** (2010: £1.7m). Included within Group revenue (note 4) is finance lease interest receivable of **£3.0m** (2010: £3.1m).

6. Dividends

Ordinary dividends paid	Payment date	Pence per share	Six months ended 30 September 2011 £m	2010 £m
For the year ended 31 March 2010:				
Third interim	1 April 2010	7.0	-	53.1
Final	30 July 2010	7.0	-	53.4
For the year ended 31 March 2011:				
Third interim	26 April 2011	7.0	**53.9**	-
Final	28 July 2011	7.2	**55.6**	-
Gross dividend			**109.5**	106.5

The Board has proposed a second interim dividend of **7.2p** per share (2010: 7.0p), which will be 100% PID to the extent it is paid in cash and 100% non-PID if taken in scrip form. The proposed dividend is expected to result in a further distribution of **£56.0m** (2010: £53.7m). It will be paid on 9 January 2012 to shareholders who are on the Register of Members on 2 December 2011. The second interim dividend is in addition to the first interim dividend of **7.2p** or **£55.8m** paid on 24 October 2011 (2010: 7.0p or £53.5m).

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 £42.5m (2010: £31.9m). A further £13.5m of shares were issued in lieu of dividends on 24 October 2011 in respect of the first interim dividend. The difference between the gross dividend of £109.5m and the amount reported in the consolidated cash flow for the period of £66.9m is the shares issued in lieu of dividends (£42.5m) and the payment of the related withholding tax (£0.1m).

A cash dividend may be paid as a PID, a non-PID, or a mixture of the two. Following the enactment of the Finance (No.3) Act 2010, the issue of ordinary shares in lieu of a cash dividend can also qualify as a PID, a non-PID, or a mixture of the two. Confirmation of whether PID or non-PID treatment will apply will be announced prior to the relevant ex-dividend date.

7. Earnings per share

	Six months ended 30 September 2011 £m	2010 £m
Profit for the financial period attributable to the owners of the Parent	**386.3**	453.8
Net surplus on revaluation of investment properties – Group	**(172.3)**	(281.2)
– Joint ventures	**(39.2)**	(32.9)
Profit on investment property disposals after current and deferred tax – Group	**(24.4)**	(14.2)
– Joint ventures	**(1.0)**	(2.2)
Net impairment charge/(release) on trading properties – Group (note 11)	**1.6**	2.9
– Joint ventures	**(0.9)**	(3.1)
Profit on disposal of trading properties – Group	**-**	(1.2)
– Joint ventures	**(0.4)**	(1.7)
Fair value movement on interest rate swaps – Group	**3.9**	3.3
– Joint ventures	**4.4**	4.2
Adjustment due to net liabilities on joint ventures (2)	**0.4**	2.0
EPRA adjusted earnings attributable to the owners of the Parent	**158.4**	129.7
Tax adjustment related to prior periods - Group	**(8.0)**	-
Eliminate profit on long-term development contracts - Group (1)	**(0.1)**	(4.0)
Eliminate effect of debt restructuring charges and other interest items - Group	**-**	0.3
Eliminate effect of bond exchange de-recognition - Group	**8.1**	8.1
Adjusted earnings attributable to the owners of the Parent	**158.4**	134.1

1. The impairment of long-term development contracts has been removed from our 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 previous years, partially reversed by surpluses in the current period.

Our calculation of adjusted earnings and adjusted earnings per share has been changed in the period to exclude the profit on disposal of trading properties and profit on long-term development contracts. In the future we expect these items to become larger but occur less frequently, in particular where they relate to the sale of residential units. This would result in fluctuations to adjusted earnings and adjusted earnings per share if not excluded. We have amended prior period numbers so that all periods are presented on a consistent basis.

	Six months ended 30 September 2011 Number million	2010 Number million
Weighted average number of ordinary shares	**779.1**	768.5
Effect of weighted average number of treasury shares	**(5.9)**	(5.9)
Effect of weighted average number of own shares	**(0.7)**	(0.4)
Weighted average number of ordinary shares for calculating basic earnings per share	**772.5**	762.2
Dilutive effect of share options on diluted earnings per share	**1.0**	0.5
Weighted average number of ordinary shares for calculating adjusted diluted earnings per share	**773.5**	762.7

	Six months ended 30 September 2011 Pence	2010 Pence
Basic earnings per share	**50.0**	59.5
Diluted earnings per share	**49.9**	59.5
Adjusted earnings per share	**20.5**	17.6
Adjusted diluted earnings per share	**20.5**	17.6
EPRA adjusted earnings per share	**20.5**	17.0

EPRA revised their calculation of adjusted earnings in October 2010 to exclude profit on disposal of trading properties. Prior period EPRA adjusted earnings and EPRA adjusted earnings per share have been presented based on the revised recommendations. The EPRA measure has been disclosed here and in table 10 to assist comparison between European property companies.

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 debt and other restructuring charges, non-recurring items and other items of a capital nature. We believe our measure of adjusted diluted earnings per share is more appropriate than the EPRA measure in the context of our business.

8. Net assets per share	**30 September 2011 £m**	31 March 2011 £m
Net assets attributable to the owners of the Parent	**7,114.2**	6,811.5
Cumulative fair value movements on interest rate swaps – Group	**5.9**	2.0
– Joint ventures	**19.1**	20.7
EPRA adjusted net assets	**7,139.2**	6,834.2
Reverse bond exchange de-recognition adjustment	**(459.4)**	(467.5)
Adjusted net assets attributable to the owners of the Parent	**6,679.8**	6,366.7
Reinstate bond exchange de-recognition adjustment	**459.4**	467.5
Cumulative fair value movements on interest rate swaps – Group	**(5.9)**	(2.0)
– Joint ventures	**(19.1)**	(20.7)
Excess of fair value of debt over book value (note 14)	**(805.7)**	(558.7)
EPRA triple net assets	**6,308.5**	6,252.8

	30 September 2011 Number million	31 March 2011 Number million
Ordinary shares in issue	**781.4**	775.9
Treasury shares	**(5.9)**	(5.9)
Own shares	**(2.1)**	(0.3)
Ordinary shares used for calculating basic net assets per share	**773.4**	769.7
Dilutive effect of share options	**0.6**	0.9
Ordinary shares used for calculating diluted net assets per share	**774.0**	770.6

	30 September 2011 Pence	31 March 2011 Pence
Net assets per share	**920**	885
Diluted net assets per share	**919**	884
Adjusted net assets per share	**864**	827
Adjusted diluted net assets per share	**863**	826
EPRA measure – adjusted diluted net assets per share	**922**	887
– diluted triple net assets per share	**815**	812

Adjusted net assets per share excludes fair value adjustments on financial instruments used for hedging purposes and the bond exchange de-recognition adjustment as management consider 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 the 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 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)
Transfer 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
Developments transferred from the development programme into portfolio management	259.3	(259.3)	-
Properties transferred from portfolio management into the development programme	(130.7)	130.7	-
Property acquisitions	219.4	11.9	231.3
Capital expenditure	45.5	91.5	137.0
Capitalised interest	-	3.6	3.6
Disposals	(221.8)	-	(221.8)
Depreciation	(0.2)	-	(0.2)
Valuation surplus	400.4	112.5	512.9
Net book value at 31 March 2011	**8,028.0**	**861.0**	**8,889.0**
Property acquisitions	**54.5**	**-**	**54.5**
Capital expenditure	**57.7**	**55.7**	**113.4**
Capitalised interest	**0.5**	**5.1**	**5.6**
Disposals	**(93.6)**	**(32.3)**	**(125.9)**
Depreciation	**(0.3)**	**-**	**(0.3)**
Transfer to finance leases	**(89.7)**	**-**	**(89.7)**
Valuation surplus	**115.2**	**57.1**	**172.3**
Net book value at 30 September 2011	**8,072.3**	**946.6**	**9,018.9**

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 £m
Net book value at 31 March 2011	8,028.0	861.0	8,889.0
Plus: tenant lease incentives	183.9	10.3	194.2
Less: head leases capitalised	(27.1)	(1.3)	(28.4)
Plus: properties treated as finance leases	130.9	5.2	136.1
Market value at 31 March 2011 – Group	8,315.7	875.2	9,190.9
– Joint ventures (note 10)	1,160.2	207.8	1,368.0
Market value at 31 March 2011 – Group and share of joint ventures	9,475.9	1,083.0	10,558.9
Net book value at 30 September 2011	**8,072.3**	**946.6**	**9,018.9**
Plus: tenant lease incentives	**185.3**	**17.3**	**202.6**
Less: head leases capitalised	**(27.0)**	**(1.3)**	**(28.3)**
Plus: properties treated as finance leases	**210.8**	**5.9**	**216.7**
Market value at 30 September 2011 – Group	**8,441.4**	**968.5**	**9,409.9**
– Joint ventures (note 10)	**1,090.5**	**313.0**	**1,403.5**
Market value at 30 September 2011 – Group and share of joint ventures	**9,531.9**	**1,281.5**	**10,813.4**

The net book value of leasehold properties where head leases have been capitalised is **£954.7m** at 30 September 2011 (31 March 2011: £942.4m).

The fair value of the Group's investment properties at 30 September 2011 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. Fixed asset properties include capitalised interest of **£182.0m** at 30 September 2011 (31 March 2011: £176.4m). The average rate of interest capitalisation is **5.0%** (2010: 5.2%). The historical cost of investment properties is **£6,770.6m** at 30 September 2011 (31 March 2011: £6,767.6m).

The current value of investment properties, including joint ventures, in respect of proposed developments is **£103.8m** at 30 September 2011 (31 March 2011: £170.5m). Developments are transferred out of the development programme when physically complete and 95% let, or two years after practical completion, whichever is earlier. No schemes were transferred out of the development programme in the six months ended 30 September 2011.

The Group has outstanding capital commitments of **£148.2m** at 30 September 2011 (31 March 2011: £157.8m).

10. Investments in joint ventures

The Group's joint ventures are listed 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 (1)	50.0%	Retail Portfolio	31 March	The Crown Estate Commissioners
20 Fenchurch Street Limited Partnership (1)	50.0%	London Portfolio	31 March	Canary Wharf Group plc
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 Lend 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

Six months ended 30 September 2011

Income statement	The Scottish Retail Property Limited Partnership £m	Metro Shopping Fund Limited Partnership £m	Buchanan Partnership £m	St. David's Limited Partnership £m	Bristol Alliance Limited Partnership £m	The Harvest Limited Partnership £m	The Oriana Limited Partnership £m	Other £m	Total £m
Rental income	3.5	3.4	4.9	7.8	9.4	2.1	1.6	5.4	38.1
Finance lease interest	-	-	0.1	-	0.1	-	-	-	0.2
Gross rental income (before rents payable)	3.5	3.4	5.0	7.8	9.5	2.1	1.6	5.4	38.3
Rents payable	0.1	-	-	(0.6)	(0.3)	-	-	(0.1)	(0.9)
Gross rental income (after rents payable)	3.6	3.4	5.0	7.2	9.2	2.1	1.6	5.3	37.4
Service charge income	0.4	0.4	0.5	0.9	1.0	0.1	0.1	0.3	3.7
Service charge expense	(0.6)	(0.9)	(0.6)	(1.3)	(1.1)	-	(0.1)	(0.5)	(5.1)
Net service charge expense	(0.2)	(0.5)	(0.1)	(0.4)	(0.1)	0.1	-	(0.2)	(1.4)
Other property related income	0.1	0.2	-	0.1	0.1	-	-	-	0.5
Direct property expenditure	(0.5)	(0.1)	(0.7)	(1.9)	(1.4)	(0.1)	-	(0.9)	(5.6)
Net rental income	**3.0**	**3.0**	**4.2**	**5.0**	**7.8**	**2.1**	**1.6**	**4.2**	**30.9**
Indirect property expenditure	(0.2)	(0.2)	-	(0.1)	(0.2)	(0.1)	(0.3)	(0.1)	(1.2)
Segment profit before interest	**2.8**	**2.8**	**4.2**	**4.9**	**7.6**	**2.0**	**1.3**	**4.1**	**29.7**
Net interest expense [(1)]	(1.6)	(2.5)	(2.0)	(3.6)	-	(1.1)	(2.6)	(2.7)	(16.1)
Segment profit/(loss)	**1.2**	**0.3**	**2.2**	**1.3**	**7.6**	**0.9**	**(1.3)**	**1.4**	**13.6**
Segment profit before interest	2.8	2.8	4.2	4.9	7.6	2.0	1.3	4.1	29.7
Trading properties sale proceeds	-	-	-	3.0	-	-	-	3.9	6.9
Cost of sales of trading properties	-	-	-	(2.8)	-	-	-	(3.7)	(6.5)
Profit on disposal of trading properties	-	-	-	0.2	-	-	-	0.2	0.4
Long-term development contract income	-	-	-	-	-	0.8	-	-	0.8
Long-term development contract expenditure	-	-	-	-	-	(0.8)	-	-	(0.8)
Profit on long-term development contracts	-	-	-	-	-	-	-	-	-
Investment property disposal proceeds	-	-	-	-	-	26.2	-	0.3	26.5
Carrying value of investment property disposals	-	-	-	-	-	(25.4)	-	(0.1)	(25.5)
Profit on disposal of investment properties	-	-	-	-	-	0.8	-	0.2	1.0
Net (deficit)/surplus on revaluation of investment properties	(1.7)	2.2	-	10.4	1.9	1.9	11.2	13.3	39.2
Impairment (charge)/release on trading properties	-	-	-	(1.1)	-	-	-	2.0	0.9
Operating profit	**1.1**	**5.0**	**4.2**	**14.4**	**9.5**	**4.7**	**12.5**	**19.8**	**71.2**
Net interest expense	(1.6)	(2.5)	(2.0)	(6.4)	-	(3.1)	(2.1)	(2.8)	(20.5)
(Loss)/ profit before tax	**(0.5)**	**2.5**	**2.2**	**8.0**	**9.5**	**1.6**	**10.4**	**17.0**	**50.7**
Income tax	-	-	-	(0.3)	-	-	-	-	(0.3)
	(0.5)	2.5	2.2	7.7	9.5	1.6	10.4	17.0	50.4
Net liabilities adjustment [(2)]	-	-	-	-	-	-	-	(0.4)	(0.4)
Share of (losses)/ profits post tax	**(0.5)**	**2.5**	**2.2**	**7.7**	**9.5**	**1.6**	**10.4**	**16.6**	**50.0**

1. Excludes fair value movement on interest rate swaps.
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 period.

10. Investments in joint ventures continued

Six months ended 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	Bristol Alliance Limited Partnership £m	The Harvest Limited Partnership £m	The Oriana Limited Partnership £m	Other £m	Total £m
Rental income	3.4	6.2	4.8	7.1	9.6	2.4	1.5	5.0	40.0
Finance lease interest	-	-	0.1	-	0.1	-	-	-	0.2
Gross rental income (before rents payable)	3.4	6.2	4.9	7.1	9.7	2.4	1.5	5.0	40.2
Rents payable	0.1	-	-	(1.0)	(0.3)	-	-	(0.1)	(1.3)
Gross rental income (after rents payable)	3.5	6.2	4.9	6.1	9.4	2.4	1.5	4.9	38.9
Service charge income	0.5	1.2	0.3	1.1	1.1	-	0.1	0.3	4.6
Service charge expense	(0.7)	(1.5)	(0.3)	(1.8)	(1.2)	-	(0.1)	(0.4)	(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**	**4.6**	**31.7**
Indirect property expenditure	(0.2)	(0.4)	(0.1)	(0.4)	(0.2)	(0.1)	(0.1)	-	(1.5)
Segment profit before interest	**2.5**	**4.9**	**4.2**	**3.1**	**7.5**	**2.2**	**1.2**	**4.6**	**30.2**
Net interest expense [1]	(1.6)	(4.8)	(2.1)	(2.1)	-	(1.5)	(2.4)	(2.7)	(17.2)
Segment profit/(loss)	**0.9**	**0.1**	**2.1**	**1.0**	**7.5**	**0.7**	**(1.2)**	**1.9**	**13.0**
Segment profit before interest	2.5	4.9	4.2	3.1	7.5	2.2	1.2	4.6	30.2
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
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	3.4	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**	**11.5**	**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**	**8.2**	**48.7**
Income tax	-	(0.2)	-	-	-	-	-	(0.1)	(0.3)
	(0.1)	1.5	8.1	11.7	8.7	7.6	2.8	8.1	48.4
Net liabilities adjustment [2]	-	-	-	-	-	-	-	(2.0)	(2.0)
Share of (losses)/ profits post tax	**(0.1)**	**1.5**	**8.1**	**11.7**	**8.7**	**7.6**	**2.8**	**6.1**	**46.4**

10. Investments in joint ventures continued

Net investment	The Scottish Retail Property Limited Partnership £m	Metro Shopping Fund Limited Partnership £m	Buchanan Partnership £m	St. David's Limited Partnership £m	Bristol Alliance Limited Partnership £m	The Harvest Limited Partnership £m	The Oriana Limited Partnership £m	Other £m	Total £m
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 comprehensive income	0.3	4.9	-	-	-	(0.5)	-	-	4.7
Loan advances	-	-	-	5.6	-	-	-	-	5.6
Loan repayments	-	-	-	-	(6.3)	-	-	(1.9)	(8.2)
Share of (losses)/profits post tax	(0.1)	1.5	8.1	11.7	8.7	7.6	2.8	6.1	46.4
At 30 September 2010	30.4	30.0	130.2	190.9	289.6	89.8	17.6	81.4	859.9
Cash contributed	0.5	2.2	0.3	-	-	-	-	46.3	49.3
Other contributions	-	-	-	-	-	-	-	0.4	0.4
Distributions	-	(13.6)	(2.6)	-	-	-	-	(1.0)	(17.2)
Fair value movement on cash flow hedges taken to comprehensive income	1.9	4.3	-	-	-	1.4	-	0.1	7.7
Loan advances	-	-	-	2.6	-	-	-	9.1	11.7
Loan repayments	-	-	-	(56.2)	(13.5)	-	-	-	(69.7)
Share of profits post tax	3.6	2.7	8.0	6.9	20.7	3.9	30.0	21.7	97.5
At 31 March 2011	**36.4**	**25.6**	**135.9**	**144.2**	**296.8**	**95.1**	**47.6**	**158.0**	**939.6**
Cash contributed	**1.5**	**-**	**0.3**	**-**	**-**	**0.3**	**-**	**-**	**2.1**
Other contributions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**
Distributions	**-**	**-**	**(1.5)**	**-**	**(5.0)**	**-**	**-**	**(0.9)**	**(7.4)**
Fair value movement on cash flow hedges taken to comprehensive income	**0.5**	**1.7**	**-**	**-**	**-**	**1.7**	**-**	**-**	**3.9**
Loan advances	**-**	**-**	**-**	**2.4**	**1.0**	**1.2**	**-**	**5.8**	**10.4**
Loan repayments	**-**	**-**	**-**	**(10.0)**	**-**	**-**	**-**	**-**	**(10.0)**
Share of (losses)/profits post tax	**(0.5)**	**2.5**	**2.2**	**7.7**	**9.5**	**1.6**	**10.4**	**16.6**	**50.0**
At 30 September 2011	**37.9**	**29.8**	**136.9**	**144.3**	**302.3**	**99.9**	**58.0**	**179.6**	**988.7**

Balance sheet at 30 September 2011									
Investment properties [1]	99.5	112.1	132.3	274.7	284.1	73.3	143.8	244.3	1,364.1
Current assets	5.5	6.4	8.0	30.0	28.4	49.4	3.8	60.4	191.9
	105.0	118.5	140.3	304.7	312.5	122.7	147.6	304.7	1,556.0
Current liabilities	(3.3)	(88.7)	(3.4)	(64.0)	(7.6)	(1.3)	(12.5)	(32.6)	(213.4)
Non-current liabilities	(63.8)	-	-	(96.4)	(2.6)	(21.5)	(77.1)	(92.5)	(353.9)
	(67.1)	(88.7)	(3.4)	(160.4)	(10.2)	(22.8)	(89.6)	(125.1)	(567.3)
Net liabilities adjustment [2]	-	-	-	-	-	-	-	-	-
Net assets	**37.9**	**29.8**	**136.9**	**144.3**	**302.3**	**99.9**	**58.0**	**179.6**	**988.7**
Capital commitments	**1.1**	**0.3**	**0.2**	**2.1**	**1.0**	**0.2**	**2.2**	**0.8**	**7.9**
Market value of investment properties [1]	**101.4**	**113.0**	**138.0**	**287.8**	**299.5**	**74.1**	**143.9**	**245.8**	**1,403.5**
Net (debt)/cash	**(62.1)**	**(80.7)**	**1.6**	**(90.2)**	**4.4**	**(18.5)**	**(73.6)**	**(85.1)**	**(404.2)**

Balance sheet at 31 March 2011									
Investment properties [1]	98.9	109.3	132.2	255.5	281.5	96.7	129.8	224.1	1,328.0
Current assets	7.3	6.2	7.5	39.4	25.8	45.6	3.6	59.3	194.7
	106.2	115.5	139.7	294.9	307.3	142.3	133.4	283.4	1,522.7
Current liabilities	(5.3)	(4.4)	(3.8)	(57.3)	(7.9)	(0.8)	(8.6)	(32.0)	(120.1)
Non-current liabilities	(64.5)	(85.5)	-	(93.4)	(2.6)	(46.4)	(77.2)	(93.8)	(463.4)
	(69.8)	(89.9)	(3.8)	(150.7)	(10.5)	(47.2)	(85.8)	(125.8)	(583.5)
Net liabilities adjustment [2]	-	-	-	-	-	-	-	0.4	0.4
Net assets	**36.4**	**25.6**	**135.9**	**144.2**	**296.8**	**95.1**	**47.6**	**158.0**	**939.6**
Capital commitments	**3.2**	**0.4**	**0.1**	**4.4**	**2.1**	**-**	**1.9**	**1.0**	**13.1**
Market value of investment properties [1]	**101.0**	**110.0**	**138.0**	**268.1**	**297.9**	**97.7**	**129.8**	**225.5**	**1,368.0**
Net (debt)/cash	**(62.5)**	**(83.1)**	**2.1**	**(79.9)**	**1.5**	**(45.3)**	**(73.7)**	**(86.6)**	**(427.5)**

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 period.

11. Trading properties and long-term development contracts

	Trading properties			
	Development land and infrastructure	Other	Long-term development contracts	Total
	£m	£m	£m	£m
At 1 April 2010	67.5	16.5	3.9	87.9
Capital expenditure	2.5	0.5	-	3.0
Capitalised interest	0.3	-	-	0.3
Transfer from investment properties	37.0	-	-	37.0
Disposals	-	(1.4)	-	(1.4)
Impairment provision	(2.6)	(0.3)	-	(2.9)
Contract costs deferred	-	-	1.1	1.1
At 30 September 2010	104.7	15.3	5.0	125.0
Capital expenditure	1.2	(0.2)	-	1.0
Capitalised interest	0.5	-	-	0.5
Impairment provision	1.2	0.4	-	1.6
Contract costs deferred	-	-	1.2	1.2
At 31 March 2011	**107.6**	**15.5**	**6.2**	**129.3**
Capital expenditure	**8.1**	**2.4**	**-**	**10.5**
Capitalised interest	**0.5**	**-**	**-**	**0.5**
Impairment provision	**(1.6)**	**-**	**-**	**(1.6)**
Contract costs deferred	**-**	**-**	**1.0**	**1.0**
At 30 September 2011	**114.6**	**17.9**	**7.2**	**139.7**

The realisable value of the Group's trading properties at 30 September 2011 has been based on a valuation carried out at that date by Knight Frank LLP, external valuers. The cumulative impairment provision at 30 September 2011 on development land and infrastructure was **£110.1m** (31 March 2011:£108.5m, of which £4.2m is fully impaired); other was **£0.3m** (31 March 2011:£0.3m).

12. Monies held in restricted accounts and deposits	30 September 2011	31 March 2011
	£m	£m
Cash at bank and in hand	**12.9**	11.9
Short-term deposits	**-**	6.0
Liquidity funds	**17.2**	17.2
	30.1	35.1

Monies held in restricted accounts and deposits represent cash held by the Group in accounts with conditions that restrict 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 2011	31 March 2011
	£m	£m
Counterparties with external credit ratings		
AAA	**17.2**	17.2
AA	**-**	-
A+	**12.9**	11.9
A	**-**	6.0
	30.1	35.1

13. Cash and cash equivalents	30 September 2011 £m	31 March 2011 £m
Cash at bank and in hand	**19.0**	13.6
Short-term deposits	**-**	24.0
	19.0	37.6

Short-term deposits

The effective interest rate on short-term deposits was **0.3%** at 30 September 2011 (31 March 2011: 0.3%) and had an average maturity of **two** days (31 March 2011: one day).

The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings of the counterparty.

	30 September 2011 £m	31 March 2011 £m
Counterparties with external credit ratings		
AA	**7.2**	5.1
A+	**11.8**	32.5
	19.0	37.6

14. Borrowings	Secured/ unsecured	Fixed/ floating	Effective interest rate %	30 September 2011 Nominal/ notional value £m	Fair value £m	Book value £m
Current borrowings						
Sterling						
5.253 per cent QAG Bond	Secured	Fixed	5.3	**9.9**	**11.0**	**9.9**
Amounts payable under finance leases		Fixed	7.4	**0.2**	**0.2**	**0.2**
Total current borrowings				**10.1**	**11.2**	**10.1**
Non-current borrowings						
Sterling						
5.292 per cent MTN due 2015	Secured	Fixed	5.3	**122.7**	**129.8**	**122.6**
4.875 per cent MTN due 2019	Secured	Fixed	5.0	**400.0**	**439.7**	**397.2**
5.425 per cent MTN due 2022	Secured	Fixed	5.5	**255.3**	**287.3**	**254.7**
4.875 per cent MTN due 2025	Secured	Fixed	4.9	**300.0**	**321.9**	**297.5**
5.391 per cent MTN due 2026	Secured	Fixed	5.4	**210.7**	**234.5**	**209.9**
5.391 per cent MTN due 2027	Secured	Fixed	5.4	**608.9**	**678.7**	**606.3**
5.376 per cent MTN due 2029	Secured	Fixed	5.4	**317.6**	**350.4**	**316.0**
5.396 per cent MTN due 2032	Secured	Fixed	5.4	**322.7**	**352.4**	**320.8**
5.125 per cent MTN due 2036	Secured	Fixed	5.1	**500.0**	**525.3**	**498.6**
Bond exchange de-recognition adjustment				**-**	**-**	**(459.4)**
				3,037.9	**3,320.0**	**2,564.2**
5.253 per cent QAG Bond	Secured	Fixed	5.3	**334.5**	**371.3**	**334.4**
Syndicated bank debt	Secured	Floating	LIBOR+margin	**410.0**	**410.0**	**410.0**
Bilateral facilities	Secured	Floating	LIBOR+margin	**-**	**-**	**-**
Amounts payable under finance leases		Fixed	7.4	**28.1**	**40.0**	**28.1**
Total non-current borrowings				**3,810.5**	**4,141.3**	**3,336.7**
Total borrowings				**3,820.6**	**4,152.5**	**3,346.8**

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 both the Bristol Alliance Limited Partnership and the Westgate Oxford Alliance Limited Partnership, which totals **£8.9bn** at 30 September 2011 (31 March 2011: £8.7bn). 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 was classified as a current borrowing at 31 March 2011 as it was fully repaid on 3 May 2011.

14. Borrowings continued

Syndicated bank debt

At 30 September 2011 the Group had a **£1.5bn** (31 March 2011: £1.5bn) authorised credit facility with a maturity of August 2013, which was **£410.0m** drawn (31 March 2011: £428.0m). This facility is committed and is secured on the assets of the Security Group.

Bilateral facilities

Committed Bilateral facilities totalling **£700.0m** on 30 September 2011 (31 March 2011: £700.0m) are available to the Group and are secured on the assets of the Security Group. These facilities mature between April and November 2014. No drawings were made under these facilities at 30 September 2011 or 31 March 2011.

Queen Anne's Gate (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%. At 30 September 2011, the bond had an amortised book value of **£344.3m** (31 March 2011: £348.7m).

Fair values

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

					31 March 2011	
	Secured/ unsecured	Fixed/ floating	Effective interest rate %	Nominal/ notional value £m	Fair value £m	Book value £m
Current borrowings						
Sterling						
4.625 per cent MTN due 2013	Secured	Floating	LIBOR+margin	23.5	23.5	23.5
5.253 per cent QAG Bond	Secured	Fixed	5.3	9.3	9.9	9.3
Amounts payable under finance leases		Fixed	7.4	0.2	0.2	0.2
Total current borrowings				**33.0**	**33.6**	**33.0**
Non-current borrowings						
Sterling						
5.292 per cent MTN due 2015	Secured	Fixed	5.3	122.7	129.9	122.6
4.875 per cent MTN due 2019	Secured	Fixed	5.0	400.0	417.5	397.0
5.425 per cent MTN due 2022	Secured	Fixed	5.4	255.3	267.0	254.6
4.875 per cent MTN due 2025	Secured	Fixed	4.9	300.0	295.3	297.4
5.391 per cent MTN due 2026	Secured	Fixed	5.4	210.7	215.1	209.8
5.391 per cent MTN due 2027	Secured	Fixed	5.4	608.9	623.6	606.3
5.376 per cent MTN due 2029	Secured	Fixed	5.4	317.6	322.9	316.0
5.396 per cent MTN due 2032	Secured	Fixed	5.4	322.8	325.3	320.9
5.125 per cent MTN due 2036	Secured	Fixed	5.1	500.0	485.2	498.6
Bond exchange de-recognition adjustment				-	-	(467.5)
				3,038.0	3,081.8	2,555.7
5.253 per cent QAG Bond	Secured	Fixed	5.3	339.5	359.5	339.4
Syndicated bank debt	Secured	Floating	LIBOR+margin	428.0	428.0	428.0
Bilateral facilities	Secured	Floating	LIBOR+margin	-	-	-
Amounts payable under finance leases		Fixed	7.4	28.2	40.1	28.2
Total non-current borrowings				**3,833.7**	**3,909.4**	**3,351.3**
Total borrowings				**3,866.7**	**3,943.0**	**3,384.3**

Reconciliation of the movement in borrowings	**30 September 2011**	31 March 2011
	£m	£m
At the beginning of the period	**3,384.3**	3,518.3
Repayment of loans	**(46.1)**	(556.0)
Proceeds from new loans	**-**	428.0
Amortisation of finance fees	**0.6**	(0.3)
Amortisation of bond exchange de-recognition adjustment	**8.1**	18.5
Net movement in finance lease obligations	**(0.1)**	(24.2)
At the end of the period	**3,346.8**	3,384.3

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 expense in the income statement.

15. Analysis of net debt and equity	30 September 2011			31 March 2011		
	Group	Joint ventures	Combined	Group	Joint ventures	Combined
	£m	£m	£m	£m	£m	£m
Property portfolio						
Market value of investment properties	**9,409.9**	**1,403.5**	**10,813.4**	9,190.9	1,368.0	10,558.9
Trading properties and long-term contracts	**139.7**	**43.4**	**183.1**	129.3	46.2	175.5
	9,549.6	**1,446.9**	**10,996.5**	9,320.2	1,414.2	10,734.4
Net debt						
Borrowings	**3,346.8**	**418.5**	**3,765.3**	3,384.3	442.6	3,826.9
Cash and cash equivalents	**(19.0)**	**(30.7)**	**(49.7)**	(37.6)	(33.2)	(70.8)
Monies held in restricted accounts and deposits	**(30.1)**	**(2.7)**	**(32.8)**	(35.1)	(2.6)	(37.7)
Derivative financial instruments	**5.9**	**19.1**	**25.0**	2.0	20.7	22.7
Net debt	**3,303.6**	**404.2**	**3,707.8**	3,313.6	427.5	3,741.1
Less: derivative financial instruments	**(5.9)**	**(19.1)**	**(25.0)**	(2.0)	(20.7)	(22.7)
Reverse bond exchange de-recognition (note 14)	**459.4**	**-**	**459.4**	467.5	-	467.5
Adjusted net debt	**3,757.1**	**385.1**	**4,142.2**	3,779.1	406.8	4,185.9
Adjusted total equity						
Total equity	**7,114.6**		**7,114.6**	6,812.3		6,812.3
Derivative financial instruments	**5.9**	**19.1**	**25.0**	2.0	20.7	22.7
Reverse bond exchange de-recognition (note 14)	**(459.4)**		**(459.4)**	(467.5)		(467.5)
Adjusted total equity	**6,661.1**	**19.1**	**6,680.2**	6,346.8	20.7	6,367.5
Gearing	**46.4%**		**52.1%**	48.6%		54.9%
Adjusted gearing	**56.4%**		**62.0%**	59.5%		65.7%
Loan to value - Group	**39.3%**		**37.7%**	40.5%		39.0%
Loan to value - Security Group	**38.4%**			40.1%		
Weighted average cost of debt	**4.8%**		**4.9%**	4.7%		4.9%

16. Cash flows from operating activities	Six months ended 30 September	
	2011	2010
Reconciliation of operating profit to net cash generated from operations:	**£m**	£m
Cash generated from operations		
Operating profit	**419.3**	509.1
Adjustments for:		
Depreciation	**1.3**	4.8
Profit on disposal of investment properties	**(24.4)**	(14.2)
Net surplus on revaluation of investment properties	**(172.3)**	(281.2)
Impairment of trading properties	**1.6**	2.9
Share-based payment charge	**2.3**	2.5
Pension scheme charge	**0.4**	0.7
	228.2	224.6
Changes in working capital:		
(Increase)/decrease in trading properties and long-term development contracts	**(7.5)**	1.0
Decrease/ (increase) in receivables	**1.9**	(19.6)
Decrease in payables and provisions	**(33.3)**	(17.4)
Net cash generated from operations	**189.3**	188.6

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:

	Six months ended and as at 30 September 2011				Six months ended 30 September 2010 and as at 31 March 2011			
	Revenues	Net investments into joint ventures	Loans to joint ventures	Amounts owed to joint ventures	Revenues [1]	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	**0.1**	**1.5**	**0.2**	**(0.1)**	0.3	0.5	3.4	(3.1)
Metro Shopping Fund Limited Partnership	**-**	**-**	**1.1**	**-**	0.1	(18.6)	1.5	-
Buchanan Partnership	**2.1**	**(1.2)**	**0.5**	**-**	2.1	(2.3)	0.5	-
St. David's Limited Partnership	**0.7**	**(7.6)**	**17.1**	**(0.4)**	0.7	(48.0)	17.5	-
The Martineau Galleries Limited Partnership	**0.1**	**(0.5)**	**0.1**	**-**	0.1	-	-	-
Bristol Alliance Limited Partnership	**0.5**	**(4.0)**	**4.3**	**-**	0.5	(19.8)	6.0	-
20 Fenchurch Street Limited Partnership	**0.6**	**5.5**	**0.6**	**(0.1)**	-	55.3	0.1	-
Countryside Land Securities (Springhead) Limited	**-**	**0.3**	**1.0**	**-**	-	(1.9)	1.0	-
The Ebbsfleet Limited Partnership	**-**	**-**	**0.2**	**-**	-	-	0.2	-
The Harvest Limited Partnership	**0.8**	**1.5**	**1.2**	**(43.7)**	0.2	2.0	0.8	(43.6)
The Oriana Limited Partnership	**-**	**-**	**10.8**	**(0.1)**	0.1	-	6.9	-
Westgate Oxford Alliance Limited Partnership	**0.3**	**(0.4)**	**0.4**	**-**	0.2	28.1	0.6	-
Millshaw Property Co. Limited	**-**	**-**	**-**	**(12.0)**	-	-	-	(11.8)
Fen Farm Developments Limited	**-**	**-**	**16.8**	**-**	-		16.6	-
The Empress State Limited Partnership	**-**	**-**	**0.1**	**-**	-	-	0.1	-
HNJV Limited	**-**	**-**	**2.6**	**-**	-	-	2.5	-
	5.2	**(4.9)**	**57.0**	**(56.4)**	4.3	(4.7)	57.7	(58.5)

1. Revenue figures for last year are for the 6 months ended 30 September 2010.

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

Business analysis

Information in the Business Analysis section is presented in a format to assist comparison with other property companies and IPD data, although it is not consistent with the Group's reported operating segments. Tables 20 and 21 provide reconciliations for both net rental income and market values between the information presented in the Business Analysis and the reported operating segments.

Table 10: EPRA performance measures

	Definition for EPRA measure	Notes	30 September 2011 Land Securities Measure	EPRA Measure
Adjusted earnings	Recurring earnings from core operational activity	7	**£158.4m**	**£158.4m** (1)
Adjusted earnings per share	Adjusted diluted earnings per weighted number of ordinary shares	7	**20.5p**	**20.5p** (1)
Adjusted net assets	Net asset value adjusted to exclude fair value movements on interest rate swaps	8	**£6,679.8m**	**£7,139.2m** (2)
Adjusted net assets per share	Adjusted diluted net assets per share	8	**863p**	**922p** (2)
Triple net assets	Adjusted net assets amended to include the fair value of financial instruments and debt	8	**£6,308.5m**	**£6,308.5m**
Triple net assets per share	Diluted triple net assets per share	8	**815p**	**815p**
Net Initial Yield (NIY)	Annualised rental income less non-recoverable costs as a % of market value plus assumed purchasers' costs (3)		**4.9%**	**5.3%**
Topped-up NIY	NIY adjusted for rent free periods (3)		**5.4%**	**5.6%**
Voids/Vacancy Rate	ERV of vacant space as a % of ERV of combined portfolio excluding the development programme (4)		**3.4%**	**3.4%**

Refer to notes 7 and 8 and table 19 for further analysis.

1. EPRA adjusted earnings and EPRA adjusted earnings per share include the effect of bond exchange de-recognition charges of £8.1m, profit on long-term development contracts of £0.1m and non-revenue tax adjustments of £8.0m.
2. EPRA adjusted net assets and adjusted diluted net assets per share include the effect of bond exchange de-recognition of £459.4m.
3. Our NIY and Topped-up NIY relate to the combined portfolio and are calculated by our external valuers. EPRA NIY and EPRA Topped-up NIY calculations are consistent with ours, but exclude the development programme.
4. Our measure reflects voids in our like-for-like portfolio only. The EPRA measure reflects voids in the combined portfolio excluding only the development programme.

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

	As at 30 September 2011			As at 31 March 2011		
	Group (excl. Joint ventures) £m	Joint ventures £m	Total £m	Group (excl. Joint ventures) £m	Joint ventures £m	Total £m
Net book value	**9,018.9**	**1,364.1**	**10,383.0**	8,889.0	1,328.0	10,217.0
Plus: amount included in prepayments in respect of lease incentives	**202.6**	**35.5**	**238.1**	194.2	36.1	230.3
Less: head leases capitalised	**(28.3)**	**(4.6)**	**(32.9)**	(28.4)	(4.6)	(33.0)
Plus: properties treated as finance leases	**216.7**	**8.5**	**225.2**	136.1	8.5	144.6
Market value	**9,409.9**	**1,403.5**	**10,813.4**	9,190.9	1,368.0	10,558.9

Table 12: Top 10 property holdings

Total value £4.0bn
(37% of combined portfolio)

Name	Principal occupiers	Ownership interest (%)		Floor area (sq m)	Annualised net rent [1] (£m)	Let by income (%)	Weighted average unexpired lease term (yrs)
Cardinal Place, SW1	Microsoft Wellington Management	100	Retail Office	7,700 52,300	37.3	97	6.5
New Street Square, EC4	Deloitte Taylor Wessing	100	Retail Office	1,800 62,600	32.2	100	11.8
One New Change, EC4	K&L Gates CME H&M Marks & Spencer PLC Topshop	100	Retail Office	20,600 31,700	4.6	84	11.9
Queen Anne's Gate, SW1	Government	100	Office	32,800	27.8	100	15.0
White Rose Centre, Leeds	Sainsbury's Debenhams Marks & Spencer PLC Primark	100	Retail	65,000	21.3	100	7.6
Gunwharf Quays, Portsmouth	Vue Cinema Marks & Spencer PLC Nike Gap	100	Retail Office Other	31,300 2,800 24,300	20.4	99	6.5
Cabot Circus, Bristol	House of Fraser Harvey Nichols H&M	50	Retail Other	114,200 8,800	19.9	96	9.8
Bankside 2&3, SE1	Royal Bank of Scotland	100	Retail Office	3,500 35,200	16.2	100	15.7
St David's, Cardiff	John Lewis New Look H&M	50	Retail	130,100	14.9	88	8.5
Piccadilly Circus, W1	Barclays Boots TDK	100	Retail Office Other	5,200 1,500 440	13.8	94	3.4

1. Group share

Table 13: Top 12 occupiers

	% of rent [1]
Central Government (including Queen Anne's Gate,SW1) [2]	7.8
Accor Hotels	4.4
Royal Bank of Scotland	2.8
Deloitte	2.5
Arcadia Group	1.9
Sainsbury's	1.8
Bank of New York Mellon	1.5
DSG International PLC	1.5
Next	1.4
Boots	1.4
Taylor Wessing	1.3
Marks & Spencer PLC	1.2
	29.5

1. Includes share of joint ventures.
2. Rent from Central Government excluding Queen Anne's Gate, SW1 is 3.1%.

Table 14: % Portfolio by value and number of property holdings at 30 September 2011

£m	Value %	Number of properties
0 – 9.99	1.8	53
10 – 24.99	2.9	20
25 – 49.99	8.0	25
50 – 99.99	15.6	22
100 – 149.99	14.5	13
150 – 199.99	14.1	9
200 +	43.1	13
Total	100.0	155

Includes share of joint ventures.

Table 15: Combined portfolio value by location at 30 September 2011

	Shopping centres and shops %	Retail warehouses %	Offices %	Other %	Total %
Central, inner and outer London	12.9	0.4	43.0	4.8	61.1
South East and Eastern	3.1	4.5	0.1	1.5	9.2
Midlands	0.9	1.2	0.1	0.4	2.6
Wales and South West	6.7	0.6	-	0.3	7.6
North, North West, Yorkshire and Humberside	7.4	3.0	0.2	0.7	11.3
Scotland and Northern Ireland	6.1	1.8	-	0.3	8.2
Total	37.1	11.5	43.4	8.0	100.0

% figures calculated by reference to the combined portfolio value of £10.8bn.

Table 16: Average rents at 30 September 2011

	Average rent £/sq m	Average ERV £/sq m
Retail		
Shopping centres and shops	n/a	n/a
Retail warehouses and food stores	215	210
Offices		
London office portfolio	385	376

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

Reversionary potential	30 September 2011 % of rent	31 March 2011 % of rent
Gross reversions	9.4	7.9
Over-rented	(6.5)	(6.9)
Net reversionary potential	2.9	1.0

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 and the expiry of rent free periods. Of the over-rented income, £15.1m is subject to a lease expiry or break clause in the next five years.

Table 18: Six months performance relative to IPD
Ungeared total returns – period to 30 September 2011

	Land Securities %	IPD %
Retail – Shopping centres	3.6	2.4
– Retail warehouses	3.3[(1)]	3.6
Central London retail	4.7	6.7
Central London offices	5.8[(2)]	6.8
Total portfolio [(3)]	4.9	3.9

IPD Quarterly Universe

1. Including supermarkets
2. Including Inner London offices
3. Including Accor hotel portfolio and other

Table 19: Combined portfolio analysis

Like-for-like segmental analysis

	Market value (1)		Valuation surplus (2)		Rental income (3)		Annualised rental income (4)	Annualised net rent (5)		Net estimated rental value (6)	
	30 September 2011	31 March 2011	Surplus/ (deficit)	Surplus/ (deficit)	30 September 2011	31 March 2011	30 September 2011	30 September 2011	31 March 2011	30 September 2011	31 March 2011
	£m	£m	£m	%	£m	£m	£m	£m	£m	£m	£m
Shopping centres and shops											
Shopping centres and shops	**2,198.4**	2,179.1	**4.5**	**0.2**	**84.5**	83.4	**165.8**	**157.0**	155.4	**165.0**	165.0
Central London shops	**837.4**	803.2	**27.4**	**3.4**	**18.3**	17.7	**38.2**	**38.7**	36.7	**51.4**	50.9
	3,035.8	2,982.3	**31.9**	**1.1**	**102.8**	101.1	**204.0**	**195.7**	192.1	**216.4**	215.9
Retail warehouses											
Retail warehouses and food stores	**1,139.2**	1,116.2	**7.4**	**0.7**	**32.0**	31.7	**64.2**	**62.5**	64.6	**69.6**	67.7
Total retail	**4,175.0**	4,098.5	**39.3**	**1.0**	**134.8**	132.8	**268.2**	**258.2**	256.7	**286.0**	283.6
London offices											
West End	**1,716.1**	1,678.2	**37.1**	**2.3**	**55.0**	54.8	**107.5**	**106.9**	106.2	**97.3**	96.8
City	**388.3**	378.4	**9.0**	**2.4**	**12.3**	12.6	**24.6**	**22.9**	23.8	**26.4**	26.1
Mid-town	**940.5**	909.5	**21.3**	**2.7**	**21.8**	24.0	**43.9**	**46.3**	45.1	**58.1**	57.2
Inner London	**771.5**	726.2	**24.0**	**3.4**	**28.9**	24.7	**49.7**	**45.7**	48.8	**48.0**	45.4
Total London offices	**3,816.4**	3,692.3	**91.4**	**2.6**	**118.0**	116.1	**225.7**	**221.8**	223.9	**229.8**	225.5
Rest of UK	**41.1**	41.8	**(0.7)**	**(1.7)**	**1.7**	1.7	**3.5**	**3.5**	3.6	**4.2**	4.2
Total offices	**3,857.5**	3,734.1	**90.7**	**2.6**	**119.7**	117.8	**229.2**	**225.3**	227.5	**234.0**	229.7
Other	**785.5**	768.4	**17.1**	**2.2**	**22.9**	24.0	**46.7**	**46.6**	48.6	**52.3**	49.8
Like-for-like portfolio (11)	**8,818.0**	8,601.0	**147.1**	**1.8**	**277.4**	274.6	**544.1**	**530.1**	532.8	**572.3**	563.1
Proposed developments (12)	**103.8**	107.0	**(9.1)**	**(8.1)**	**1.3**	2.5	**2.3**	**2.3**	3.2	**2.3**	10.7
Completed developments (13)	**204.2**	197.5	**5.2**	**2.7**	**4.3**	4.0	**9.1**	**8.1**	3.5	**11.7**	11.5
Acquisitions (14)	**405.9**	356.4	**(8.7)**	**(2.1)**	**12.3**	7.1	**25.3**	**24.3**	22.2	**26.1**	23.4
Sales and restructured interests (15)	**-**	176.6	**-**	**-**	**2.7**	10.4	**-**	**-**	11.1	**-**	12.2
Development programme (16)	**1,281.5**	1,120.4	**77.0**	**6.6**	**19.4**	16.5	**39.8**	**25.0**	22.8	**127.1**	100.1
Combined portfolio	**10,813.4**	10,558.9	**211.5**	**2.1**	**317.4**	315.1	**620.6**	**589.8**	595.6	**739.5**	721.0
Properties treated as finance leases					**(3.2)**	(3.3)					
Combined portfolio					**314.2**	311.8					

Total portfolio analysis

	30 September 2011	31 March 2011	Surplus/ (deficit)	Surplus/ (deficit)	30 September 2011	31 March 2011	30 September 2011	30 September 2011	31 March 2011	30 September 2011	31 March 2011
	£m	£m	£m	%	£m	£m	£m	£m	£m	£m	£m
Shopping centres and shops											
Shopping centres and shops	**2,951.1**	2,851.7	**36.6**	**1.3**	**103.7**	99.1	**203.6**	**193.4**	192.5	**233.0**	233.4
Central London shops	**1,065.0**	1,015.4	**24.9**	**2.4**	**23.2**	22.7	**48.2**	**46.5**	42.7	**64.2**	63.3
	4,016.1	3,867.1	**61.5**	**1.6**	**126.9**	121.8	**251.8**	**239.9**	235.2	**297.2**	296.7
Retail warehouses											
Retail warehouses and food stores	**1,242.6**	1,299.6	**8.3**	**0.7**	**35.5**	37.1	**70.6**	**68.7**	73.1	**76.0**	78.2
Total retail	**5,258.7**	5,166.7	**69.8**	**1.4**	**162.4**	158.9	**322.4**	**308.6**	308.3	**373.2**	374.9
London offices											
West End	**1,953.8**	1,874.7	**52.5**	**2.9**	**55.8**	58.1	**109.1**	**108.0**	106.9	**126.6**	121.0
City	**981.3**	1,017.5	**28.6**	**3.1**	**22.0**	21.4	**41.2**	**26.8**	31.6	**72.5**	64.9
Mid-town	**940.5**	909.5	**21.3**	**2.7**	**21.8**	24.0	**43.9**	**46.3**	45.1	**58.1**	57.2
Inner London	**771.5**	726.2	**24.0**	**3.4**	**28.9**	24.8	**49.7**	**45.7**	48.8	**48.0**	45.4
Total London offices	**4,647.1**	4,527.9	**126.4**	**3.0**	**128.5**	128.3	**243.9**	**226.8**	232.4	**305.2**	288.5
Rest of UK	**41.3**	42.2	**(0.9)**	**(2.1)**	**1.8**	1.7	**3.6**	**3.6**	3.7	**4.3**	4.3
Total offices	**4,688.4**	4,570.1	**125.5**	**2.9**	**130.3**	130.0	**247.5**	**230.4**	236.1	**309.5**	292.8
Other	**866.3**	822.1	**16.2**	**1.9**	**24.7**	26.2	**50.7**	**50.8**	51.2	**56.8**	53.3
Combined portfolio	**10,813.4**	10,558.9	**211.5**	**2.1**	**317.4**	315.1	**620.6**	**589.8**	595.6	**739.5**	721.0
Properties treated as finance leases					**(3.2)**	(3.3)					
Combined portfolio					**314.2**	311.8					
Represented by:											
Investment portfolio	**9,409.9**	9,190.9	**172.3**	**1.9**	**279.1**	276.1	**543.6**	**513.8**	519.7	**636.0**	637.0
Share of joint ventures	**1,403.5**	1,368.0	**39.2**	**3.0**	**38.3**	39.0	**77.0**	**76.0**	75.9	**103.5**	84.0
Combined portfolio	**10,813.4**	10,558.9	**211.5**	**2.1**	**317.4**	315.1	**620.6**	**589.8**	595.6	**739.5**	721.0

Table 19: Combined portfolio analysis continued
Like-for-like segmental analysis

	Gross estimated rental value (7)		Net initial yield (8)		Equivalent yield (9)		Voids (by ERV) (10)	
	30 September 2011	31 March 2011	**30 September 2011**	31 March 2011	**30 September 2011**	31 March 2011	**30 September 2011**	31 March 2011
	£m	£m	**%**	%	**%**	%	**%**	%
Shopping centres and shops								
Shopping centres and shops	**174.7**	175.0	**6.0**	5.9	**6.3**	6.4	**4.3**	5.9
Central London shops	**51.7**	51.2	**4.1**	4.1	**5.5**	5.7	**5.0**	4.5
	226.4	226.2	**5.5**	5.5	**6.1**	6.2	**4.5**	5.6
Retail warehouses								
Retail warehouses and food stores	**70.1**	68.2	**5.1**	5.1	**5.6**	5.6	**2.9**	3.5
Total retail	**296.5**	294.4	**5.4**	5.4	**6.0**	6.0	**4.1**	5.1
London offices								
West End	**97.3**	96.8	**5.8**	6.1	**5.7**	5.9	**3.4**	3.3
City	**27.3**	26.9	**5.4**	5.3	**5.9**	6.0	**7.0**	6.3
Mid-town	**59.9**	58.8	**4.6**	4.6	**5.4**	5.5	**1.5**	1.9
Inner London	**48.8**	46.2	**5.5**	6.3	**5.9**	5.8	**1.6**	1.7
Total London offices	**233.3**	228.7	**5.4**	5.7	**5.7**	5.8	**3.0**	3.0
Rest of UK	**4.3**	4.3	**7.8**	8.1	**9.0**	9.0	**9.3**	7.0
Total offices	**237.6**	233.0	**5.4**	5.7	**5.7**	5.8	**3.1**	3.0
Other	**52.2**	49.8	**5.9**	6.2	**6.3**	6.3	**1.1**	2.8
Like-for-like portfolio (11)	**586.3**	577.2	**5.4**	5.6	**5.9**	6.0	**3.4**	4.1
Proposed developments (12)	**2.3**	10.7	**1.6**	1.9	**n/a**	n/a	**n/a**	n/a
Completed developments (13)	**11.7**	11.5	**3.7**	2.0	**5.2**	5.3	**-**	n/a
Acquisitions (14)	**27.0**	24.2	**5.0**	5.2	**5.6**	n/a	**4.7**	n/a
Sales and restructured interests (15)	**-**	12.2	**-**	6.1	**n/a**	n/a	**n/a**	n/a
Development programme (16)	**128.2**	101.6	**1.6**	1.5	**5.5**	5.5	**n/a**	n/a
Combined portfolio	**755.5**	737.4	**4.9**	5.0	**5.8**	n/a	**n/a**	n/a

Total portfolio analysis

	Gross estimated rental value (7)		Net initial yield (8)	
	30 September 2011	31 March 2011	**30 September 2011**	31 March 2011
	£m	£m	**%**	%
Shopping centres and shops				
Shopping centres and shops	**244.4**	244.9	**5.4**	5.5
Central London shops	**64.6**	64.2	**4.0**	3.8
	309.0	309.1	**5.0**	5.1
Retail warehouses				
Retail warehouses and food stores	**76.6**	78.8	**5.1**	5.0
Total retail	**385.6**	387.9	**5.0**	5.1
London offices				
West End	**126.6**	121.0	**5.1**	5.5
City	**73.4**	65.7	**2.5**	2.6
Mid-town	**59.9**	58.8	**4.6**	4.6
Inner London	**48.8**	46.2	**5.5**	6.3
Total London offices	**308.7**	291.7	**4.5**	4.8
Rest of UK	**4.4**	4.4	**7.8**	8.0
Total offices	**313.1**	296.1	**4.6**	4.8
Other	**56.8**	53.4	**5.8**	6.2
Combined portfolio	**755.5**	737.4	**4.9**	5.0

Represented by:				
Investment portfolio	**650.2**	651.6	**4.9**	5.1
Share of joint ventures	**105.3**	85.8	**4.9**	4.9
Combined portfolio	**755.5**	737.4	**4.9**	5.0

Notes:

1. The market value figures include the Group's share of joint ventures, and are determined by the Group's external 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 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.
4. Annualised rental income is annual 'rental income' (as defined in 3 above) at the balance sheet date, except that car park and commercialisation income are included on a net basis (after deduction for operational outgoings). Annualised rental income includes temporary lettings.
5. Annualised net rent is annual cash rent, after the deduction of ground rents, as at the balance sheet date. It is calculated with the same methodology as annualised rental income but is stated net of ground rent and before SIC 15 adjustments.
6. Net estimated rental value is gross estimated rental value, as defined in the glossary, after deducting expected ground rents.
7. Gross estimated rental value (ERV) - refer to glossary. The figure for proposed developments relates to the existing buildings and not to the schemes proposed.
8. Net initial yield is a calculation by the Group's external valuers as 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. This calculation is in line with EPRA guidance.
   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. This calculation includes all properties including those sites with no income.
9. Equivalent yield – refer to glossary. Proposed developments are excluded from the calculation of equivalent yield on the combined portfolio.
10. Voids - refer to glossary.
11. The like for like portfolio includes all properties which have been in the portfolio since 1 April 2010 but excluding those which were acquired, sold or included in the development programme at any time during the 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 2010.
14. Includes all properties acquired in the period since 1 April 2010.
15. Includes all properties sold in the period since 1 April 2010.
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. Yield figures are only calculated for properties in the development programme that have reached practical completion.

Table 20: Income statement – rental income reconciliation

	Retail Portfolio £m	London Portfolio £m	Other £m	Six months ended 30 September 2011 £m	Retail Portfolio £m	London Portfolio £m	Other £m	Six months ended 31 March 2011 £m
Combined portfolio	162.4	128.5	26.5	317.4	158.9	128.3	27.9	315.1
Central London shops (excluding Metro Shopping Fund LP)	(23.2)	23.2	-	-	(22.8)	22.8	-	-
Inner London offices including Metro Shopping Fund LP	-	-	-	-	0.1	(0.1)	-	-
Rest of UK offices	1.8	-	(1.8)	-	1.7	-	(1.7)	-
Other	21.4	3.3	(24.7)	-	23.0	3.2	(26.2)	-
	162.4	155.0	-	317.4	160.9	154.2	-	315.1
Less finance lease adjustment	(1.4)	(1.8)	-	(3.2)	(1.5)	(1.8)	-	(3.3)
Total rental income for combined portfolio	161.0	153.2	-	314.2	159.4	152.4	-	311.8

Table 21: Market value reconciliation

	Retail Portfolio £m	London Portfolio £m	Other £m	30 September 2011 £m	Retail Portfolio £m	London Portfolio £m	Other £m	31 March 2011 £m
Combined portfolio	5,258.7	4,647.1	907.6	10,813.4	5,166.7	4,527.9	864.3	10,558.9
Central London shops (excluding Metro Shopping Fund LP)	(1,065.0)	1,065.0	-	-	(1,015.4)	1,015.4	-	-
Inner London offices including Metro Shopping Fund LP	-	-	-	-	-	-	-	-
Rest of UK offices	41.3	-	(41.3)	-	42.2	-	(42.2)	-
Other	658.0	208.3	(866.3)	-	630.4	191.7	(822.1)	-
Per business unit	4,893.0	5,920.4	-	10,813.4	4,823.9	5,735.0	-	10,558.9

Table 22: Gross estimated rental value reconciliation

	Retail Portfolio £m	London Portfolio £m	Other £m	30 September 2011 £m	Retail Portfolio £m	London Portfolio £m	Other £m	31 March 2011 £m
Combined portfolio	385.6	308.7	61.2	755.5	387.9	291.7	57.8	737.4
Central London shops (excluding Metro Shopping Fund LP)	(64.6)	64.6	-	-	(64.2)	64.2	-	-
Inner London offices including Metro Shopping Fund LP	-	-	-	-	-	-	-	-
Rest of UK offices	4.4	-	(4.4)	-	4.4	-	(4.4)	-
Other	47.7	9.1	(56.8)	-	44.2	9.2	(53.4)	-
Per business unit	373.1	382.4	-	755.5	372.3	365.1	-	737.4

Table 23: Lease lengths

	Unexpired lease term at 30 September 2011			
	Like-for-like portfolio		Like-for-like portfolio, completed developments and acquisitions	
	Median [1] years	Mean [1] years	Median [1] years	Mean [1] Years
Shopping centres and shops				
Shopping centres and shops	6.8	8.0	6.9	8.4
Central London shops	3.8	5.3	3.8	5.4
	6.1	9.1	6.2	9.3
Retail warehouses				
Retail warehouses and food stores	9.9	9.2	10.2	9.7
Total retail	7.2	7.9	7.3	8.3
London offices				
West End	5.7	8.6	5.6	8.7
City	4.7	6.2	4.5	5.9
Mid-town	14.3	11.5	13.3	11.5
Inner London	10.4	12.1	11.4	12.1
Total London offices	8.3	9.8	8.4	10.5
Rest of UK	2.5	2.6	2.5	2.6
Total offices	8.2	9.7	7.8	10.3
Other	6.5	8.2	6.5	8.3
Total	**7.5**	**8.7**	**7.5**	**8.9**

1. Median is the number of years until half the income is subject to lease expiry/break clauses. Mean is the rent-weighted average remaining term on leases subject to lease expiry/break clauses.

Table 24: Development pipeline financial summary

	Cumulative movements on the development programme to 30 September 2011						Total scheme details[5]				
	Market value at start of scheme	Capital expenditure incurred to date	Capitalised interest to date	Valuation surplus / (deficit) to date [1]	Disposals, SIC15 rent and other adjustments	Market value at 30 September 2011	Estimated total capital expenditure [4]	Estimated total capitalised interest	Estimated total development cost [2]	Net Income / ERV [3]	Valuation surplus / (deficit) for period ended 30 September 2011 [1]
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Developments let and transferred or sold											
Shopping centres and shops	-	-	-	-	-	-	-	-	-	-	-
Retail warehouses and food stores [6]	24.8	0.1	-	-	(24.9)	-	-	-	-	-	0.6
London Portfolio	26.7	1.5	-	19.9	(48.1)	-	-	-	-	-	14.8
	51.5	1.6	-	19.9	(73.0)	-	-	-	-	-	15.4
Developments after practical completion, approved or in progress											
Shopping centres and shops	105.3	410.0	23.0	(62.8)	(1.5)	474.0	631.6	40.7	777.6	48.4	31.2
Retail warehouses and food stores	-	-	-	-	-	-	-	-	-	-	-
London Portfolio	337.6	405.6	55.2	(10.2)	19.3	807.5	703.7	72.8	1,114.1	79.1	45.8
	442.9	815.6	78.2	(73.0)	17.8	1,281.5	1,335.3	113.5	1,891.7	127.5	77.0
	Movement on proposed developments for the period to 30 September 2011										
Proposed developments											
Shopping centres and shops	-	-	-	-	-	-	-	-	-	-	-
Retail warehouses and food stores	31.8	0.1	-	(0.1)	-	31.8	21.7	1.1	54.6	3.6	(0.1)
London Portfolio	75.2	5.6	0.2	(9.0)	-	72.0	191.0	9.8	272.8	22.0	(9.0)
	107.0	5.7	0.2	(9.1)	-	103.8	212.7	10.9	327.4	25.6	(9.1)

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 2011 is included in the estimated total cost. Estimated total development cost includes the cost of residential properties for shopping centres and shops of £11.7m in the development programme. Estimated costs for proposed schemes could still be subject to material change prior to final approval.
3. Net headline annual rent on let units plus net ERV at 30 September 2011 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 2011.
5. Total scheme details exclude properties sold in the period.
6. Includes the sale of Garratt Lane, Wandsworth, a proposed development.

Glossary

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

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

Adjusted net debt
Net debt excluding cumulative fair value movements on interest rate swaps and the adjustment arising from the de-recognition of the bond exchange.

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

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 otherwise, references are to the combined portfolio when the investment property business is discussed.

Completed developments
Completed developments consist of those properties previously included in the development programme, which have been transferred from the development programme since 1 April 2010.

Development pipeline
The development programme together with proposed developments.

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.

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

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

Fair value movement
An accounting adjustment to change the book value of an asset or liability to its market value.

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

Gearing
Total borrowings, including bank overdrafts, less short-term deposits, corporate bonds and cash, at book value, plus cumulative fair value movements on financial derivatives as a percentage of total equity. For adjusted gearing, see note 15 in the financial statements.

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

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

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

Interest rate swap
A financial instrument where two parties agree to exchange an interest rate obligation for a predetermined amount of time. These are 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 and is jointly controlled by the Group and one or more partners under a contractual arrangement. Decisions on financial and operating policies essential to the operation, performance and financial position of the venture require each partner's consent.

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

LIBOR
The London Interbank Offered Rate, the interest rate charged by one bank to another for lending money.

Like-for-like portfolio
The like-for-like portfolio includes all properties which have been in the portfolio since 1 April 2010, but excluding those which are acquired, sold or included in the development pipeline at any time during the period.

Loan-to-value (LTV)
Group LTV is the ratio of adjusted net debt, including joint ventures, to the sum of investment properties, net investment in finance leases and trading properties of both the Group and 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 segment includes all London offices, central London shops and assets held in London joint ventures.

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

Mark-to-market adjustment
An accounting adjustment to change the book value of an asset or liability to its market value.

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

Net initial yield
Net initial yield is a calculation by the Group's external valuers of the yield that would be received by a purchaser, based on the Estimated Net Rental Income expressed as a percentage of the acquisition cost, being the market value plus assumed usual purchasers' costs at the reporting date. The calculation is in line with EPRA guidance.

Estimated Net Rental Income is the passing cash rent less ground rent at the balance sheet date, estimated non-recoverable outgoings and void costs including service charges, insurance costs, void rates and ground rent at the balance sheet date.

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

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

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

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

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

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

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

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

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

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

Retail Portfolio
This business segment includes our shopping centres, shops, retail warehouse properties, the Accor portfolio and assets held in retail joint ventures but not central London shops.

Retail warehouse park
A scheme of three or more retail warehouse units aggregating over 5,000m^2 with shared parking.

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 adjusted net debt).

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

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

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

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

Scrip dividend
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.

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

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

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

Total development cost (TDC)
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.

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 combined property portfolio.

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

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

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

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

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

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.