Annual results for the year ended 31 March 2013

Wednesday, 15 May 2013

Forward-looking statements

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

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

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

Annual results for the year ended 31 March 2013

"We have delivered a strong set of financial results with a 4.6% increase in net asset value and dividend growth of 2.8%. Our strategy to focus on developing early in the cycle led to success at Trinity Leeds and Buchanan Street, Glasgow which both opened their doors close to fully let in March. In London, 20 Fenchurch Street is now 56% pre-let or in solicitors' hands, a year ahead of completion, demonstrating clear demand for the right space in the right location. In addition, our relentless asset management has reduced voids even further, helping to achieve outperformance for our shareholders.

"Our development window remains open. A strong balance sheet combined with discipline in recycling capital allow us to take advantage of that window, as shown by our announcement today to commit, with our partner CPPIB, to the £768m first phase of Victoria Circle, a mixed-use development in London's West End.

"While the trading environment remains tough for retailers, we continue to see appetite for the right space in the right location. Our digital proposition, combined with more leisure across our retail assets, means we are providing customers with the full experience they want, increasing dwell time and average spend.

"There has been no let up in the pace of our activity in the new financial year and I am confident of delivering success," said Land Securities' Chief Executive Robert Noel.

Results summary

	31 March 2013	31 March 2012	Change
Valuation surplus (1)	£217.5m	£190.9m	2.0%
Basic NAV per share	959p	921p	Up 4.1%
Adjusted diluted NAV per share (2)	903p	863p	Up 4.6%
Group LTV ratio (1)	36.9%	38.0%	
Profit before tax	£533.0m	£515.7m	Up 3.4%
Revenue profit (1)	£290.7m	£299.4m	Down 2.9%
Basic EPS	68.4p	67.5p	Up 1.3%
Adjusted diluted EPS	36.8p	38.5p	Down 4.4%
Dividend	29.8p	29.0p	Up 2.8%

1. Including our proportionate share of subsidiaries and joint ventures
2. Our key valuation measure

A year of action……..

- £31.7m of development lettings
- £26.4m of investment lettings, 3.1% ahead of ERV (excludes pre-development properties)
- Sales of £65.9m including Cathedral Plaza, Worcester
- Acquisitions of £529.4m including X-Leisure and The Printworks, Manchester
- Development and refurbishment expenditure of £356.5m
- 86,600 sq m of retail space completed at Trinity Leeds and Buchanan Street, Glasgow
- 20 Fenchurch Street, EC3, now 56% pre-let or in solicitors' hands
- Over 100,000 sq m of further development committed in six schemes

………..delivering results

- Ungeared total property return 7.8%, outperforming IPD Quarterly Universe at 3.2%
- Total business return (dividends and adjusted diluted NAV growth) of 8.0%
- Combined portfolio valued at £11.45bn, with a valuation surplus of 2.0% in the year
- Properties in the development programme up 16.8%
- Revenue profit at £290.7m, down 2.9% due to sales last year
- Voids in the like-for-like portfolio reduced to 2.0% from 2.8% at 31 March 2012

Strong financial structure

- Group LTV ratio at 36.9%, based on adjusted net debt of £4.29bn
- Weighted average maturity of debt at 9.7 years
- Weighted average cost of debt at 4.9%
- Cash and undrawn facilities of £1.0bn
- Recommended increase in final dividend to 7.6p (from 7.4p)

Chairman's message

The Company had a good year. Despite dreary economic conditions, we achieved a strong set of results, with our Total Property Return of 7.8% outperforming the IPD Quarterly Universe by 4.4%. The other key measures of performance, revenue profit and adjusted net asset value per share, were ahead of market expectations and we delivered a Total Shareholder Return of 19.1%. We aim to deliver a progressive dividend and we are recommending a final dividend of 7.6p, taking the total for the year to 29.8p, up 2.8%.

Our results were driven by our own actions rather than a rising market. We were the first property company to restart development following the downturn and this activity continues to bear fruit. Our schemes are well matched to occupier demand, borne out by our high level of leasing activity. Trinity Leeds shopping centre opened close to full occupancy, and 20 Fenchurch Street, EC3, at 56% pre-let or in solicitors' hands is ahead of schedule. Our regeneration of Victoria, SW1, has continued apace: 62 Buckingham Gate reaches practical completion in May; construction is underway at The Zig Zag Building and Kings Gate; and we have committed to start construction of Victoria Circle in June following completion of the demolition phase.

At the start of the year Robert Noel took over as Chief Executive. His thorough understanding of the business enabled him to hit the ground running. He has set high expectations and has created strong forward momentum from which our business will benefit in the future. I would like to thank all of our staff for their individual and collective contributions over the last 12 months.

During the year we consulted with shareholders on new proposals for executive remuneration. Our objective was to simplify remuneration policy, further aligning management rewards to shareholder returns. Our plans included proposals to address general shareholder concerns over 'discretionary' and 'additional' bonuses for management, with a shift towards longer term incentives and greater emphasis on Total Shareholder Return. We explained our plans to around half of our share register, invited feedback and acted on what we heard. The subsequent proposals received support from 98.3% of those who voted at the AGM.

This consultation exercise underlines the importance the Board places on understanding your views. Investor road shows enabled us to talk with more than 40% of our shareholders by ownership, after each of the annual and half yearly results. We also held an annual investor conference at which major shareholders met management below Executive Director level. Our AGM is an opportunity for all shareholders to express their opinions. It is noteworthy that the character of our shareholder register has changed significantly since the Company's conversion to REIT status in 2007. Today 23% of our shareholders are based in North America – a three-fold increase over five years – and specialist real estate investors now represent some 30% of our register.

Our markets continue to evolve at some speed. Your Board constantly challenges itself and management on the effects of changing customer demands. The experience around the boardroom table means we are equipped to respond to new trends. Over the last 12 months we have invested time developing the skills of the Directors at our Board strategy day and Board development sessions. An external review of Board effectiveness was also undertaken. I want to thank our Directors for their commitment and contribution this year.

Along with remuneration policy, key Board agenda issues included the purchase of a controlling stake in X-Leisure; the commitment to our Victoria Circle, SW1 development; and our five-year forecast and budget for the business. There were no changes to the Board during the year although we do expect to make a Non-executive appointment over the next 12 months as part of succession planning for the Board. We retain our diversity target of 25% female Board representation by 2015.

It is important that the Company maintains good relationships with those who affect, and are affected by, what we do. Our teams go to great lengths to support the local areas in which we operate, developing partnerships with community groups and councils that can make a lasting difference to people's lives. We are particularly involved in creating local job and apprenticeship opportunities. This year the Company started to record the full socio-economic effect of our development schemes, and we intend to share the results with local authorities. We also support Central Government in their efforts to boost economic activity and employment.

Land Securities takes a lead on addressing long-term issues relevant to our industry. For example, changing environmental regulation will have a substantial impact on property owners and occupiers over coming years. We are helping to inform government decision-making in this area. We are also giving close attention to environmental issues in our business planning and the way we design our buildings. Any other approach would be shortsighted.

Moving forward, we will continue to rely on our own actions not the market to generate good returns and shareholder value. In both London and Retail our teams will work to meet demand from successful businesses that require new and better space. Development is likely to remain the best route to superior returns.

In short, the Company has performed well. Everyone here is clear on the plan for the year ahead and we are getting on with it.

Alison Carnwath
Chairman

Chief Executive's statement

We went into the year with a clear plan. In London, we prioritised development over property investment, as we continued to believe this would generate substantially higher returns at this point in the cycle. In Retail, we focused on delivering our big schemes, increasing our exposure to the leisure sector and finding new ways to respond to retailers' changing needs.

Pursuit of these objectives meant it was an extremely busy year across the business. We completed 142,520 sq m of new office, retail and residential developments, including 2km of shop frontage. We worked to secure lettings, fill voids, reduce costs and add new schemes to our development programme, proving that modern, efficient buildings can succeed in a subdued leasing market. Each day we attracted close to a million visitors to our shopping centres. We significantly increased our investment in leisure. And we maintained a strong balance sheet through our financial discipline.

This activity led to robust financial and operational results. Total Business Return was 8.0%. Revenue profit at £290.7m and adjusted diluted earnings per share at 36.8p were better than we expected at the beginning of the year. And we managed our void levels well, reducing them from 2.8% to 2.0% on a like-for-like basis.

We achieved this strong performance in spite of a difficult economic backdrop. The UK cannot decide whether it is in recession or not. Employment growth is weak. Caution reigns. Ongoing issues in the eurozone haven't helped. The world is an uncertain place, so we are relying on our own efforts to create value.

Pressing ahead in London

Although demand in the capital has been held back by weak business confidence, so has supply. Our view has not changed since my statement to you last year: low levels of development, high numbers of lease expiries from 2013 and evolving occupier needs mean the market will not have enough of the right product. Now is the time to be building and delivering efficient and technically resilient space that meets the needs of today's occupiers. At 20 Fenchurch Street, EC3, for example, 56% of the space is now pre-let or in solicitors' hands – one year ahead of completion – and our average rent is over £60 per sq ft. Occupiers are recognising the financial and social benefits of the building's efficient floorplates, along with its remarkable views and facilities. We understand how to design and deliver for our market and we know how to fill our buildings.

Development is about timing. Looking at all of the schemes we have started and completed in London since 2010, 91% of the floorspace had been let or sold by 31 March 2013. We were right to press ahead with speculative construction, and we are right to keep building today. Construction costs have remained at attractive levels but will increase rapidly with a sustained upswing in activity. We remain vigilant.

Victoria takes shape

Given these market dynamics, we are moving at pace in Victoria, SW1. Cardinal Place is thriving. The Wellington House apartments were all sold by completion. 123 Victoria Street was completed in August 2012 and is 78% let. There is strong interest at 62 Buckingham Gate, although we would like to have let it faster. The Zig Zag Building is on schedule for completion in January 2015. Our residential scheme at Kings Gate is due to complete at the same time and 59 of the 100 apartments have already been pre-sold. And we have committed to 67,500 sq m of retail, residential and office space at our Victoria Circle joint venture.

In the past, people would only go to Victoria if they had to. We are transforming the area into one of the capital's most desirable places to live, work and play. By the end of this decade we plan to have delivered over 210,000 sq m of new office, retail and residential space since recommencing development in 2010.

Winners and losers in retail

Turning to retail, the market remains tough with the consumer still under pressure. People are generally making fewer visits to shops but spending more time when there. They demand convenience or a great shopping experience – preferably both. Retailers and properties unable to meet those expectations are suffering. Destination shopping centres and convenient edge-of-town retail parks are well placed to compete and we are prioritising those assets.

Online continues to impact physical retailing, but we are also seeing and addressing opportunities to integrate these channels through click and collect, new formats for online retailers, and new uses of mobile and social media.

As we have said for some time, the changes sweeping through retail are creating winners and losers. We saw several high profile retailers fail this year. We have seen others expand. Our established relationships with occupiers have enabled us to anticipate insolvencies and re-let space promptly. Retail like-for-like voids at the year end were 2.9%, down from 3.3%.

New openings, new acquisitions

We had a busy March. Trinity Leeds opened on the 21st, 95% let or in solicitors' hands. We then opened our shops at 185-221 Buchanan Street, Glasgow, on the 22nd. The scheme is fully let. The early success of these developments demonstrates that – despite the clouds over the retail sector – there is demand for well designed, well located space that matches the expectations of consumers, retailers and the local community.

We continue to improve the portfolio, investing in our winning assets and selling others. Recent disposals have included secondary assets in Worcester, Welwyn Garden City and Liverpool.

Leisure is an increasingly important part of the mix and we took action during the year to increase our activity in this area. We acquired The Cornerhouse in Nottingham and The Printworks in Manchester – the latter a swiftly executed transaction that shows the value of a smart team and a strong balance sheet. We increased our interest in the X-Leisure Unit Trust to 59.4% and acquired 100% of the management company. This gives us exposure to 16 leisure assets across the UK and we have welcomed a first class management team into the business.

From sound foundations to sustainable returns

While we are pushing ahead with development we are doing so from strong financial footings. We are keeping our net debt relatively constant by funding developments and acquisitions from sales. Our balance sheet gives us flexibility should difficult conditions prevail and opportunities arise.

Our goal is to create attractive and sustainable returns for shareholders. First and foremost, we must ensure we create and run properties that appeal to today's occupiers. But we must also address long-range issues such as our impact on communities and the environment, so we meet future regulations and society's changing expectations. Across London, we are creating jobs and making a substantial contribution to UK plc. This includes collaborating with partners to help people into work. So far 199 people have secured jobs through our London Employment Strategy. The majority are individuals who are furthest from the jobs market: young people, long-term unemployed and ex-offenders. At Trinity Leeds, over 200 people have received training or work experience through the project, and 80 have progressed into permanent employment, a good illustration of what our development activity can bring to local economies.

An approach that is both responsive and responsible makes us a more successful business. From local communities to planning departments, we want people to be pleased it's Land Securities investing in their neighbourhood.

Our outlook

We move into a new financial year with an optimism tempered by caution. In London, we expect the occupational market to be busier, but take-up to remain below the long run average. We remain confident we will continue to gain a good share of lettings through the quality of our buildings. Overall, the retail market will remain challenging, but the response to structural change will continue to separate successful retailers – and property assets – from the rest.

In these mixed conditions it will be smart real estate thinking that creates value. By translating our clear plan into sound property decisions on every asset, day after day, we will continue to be successful.

Robert Noel
Chief Executive

Financial review

Overview and headline results

Over the full year, valuation increases of £217.5m (including our proportionate share of subsidiaries and joint ventures) helped us deliver a profit before tax for the year ended 31 March 2013 of £533.0m, compared to £515.7m for the previous year. Basic earnings per share were 68.4p compared to 67.5p for the year ended 31 March 2012. However, underlying earnings were down slightly; revenue profit was £290.7m compared to £299.4m last year and adjusted diluted earnings per share declined from 38.5p to 36.8p this year.

Our combined portfolio increased in value from £10.33bn to £11.45bn as a result of acquisitions, further investment in our development programme and our valuation surplus of £217.5m. Net assets per share increased by 38p from 921p at 31 March 2012 to 959p at 31 March 2013. Adjusted diluted net assets per share were up by 4.6% over the year, increasing from 863p at 31 March 2012 to 903p. The 40p increase in adjusted diluted net assets per share together with the 29.4p dividend paid in the year represents an 8.0% total return from the business.

A number of the measures we use internally to assess the performance of the business include the results of our joint ventures on a proportionate basis. Having increased our interest in the X-Leisure Unit Trust ('X-Leisure') during the year to 59.4%, X-Leisure is now accounted for as a subsidiary. Accordingly, we now also adjust these performance measures to exclude the non-owned element of our subsidiaries and refer to these measures as being on a proportionate basis.

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 subsidiaries and joint ventures on a proportionate basis, but excludes capital and other one-off items. A reconciliation of revenue profit to our IFRS profit before tax is given in note 2 to the financial statements.

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

Table 1: Revenue profit

	Retail Portfolio £m	London Portfolio £m	31 March 2013 £m	Retail Portfolio £m	London Portfolio £m	31 March 2012 £m	Change £m
Gross rental income*	313.8	276.1	589.9	312.9	293.2	606.1	(16.2)
Net service charge expense	(2.5)	0.3	(2.2)	(2.8)	(2.5)	(5.3)	3.1
Direct property expenditure (net)	(30.6)	(9.4)	(40.0)	(26.4)	(1.7)	(28.1)	(11.9)
Net rental income	280.7	267.0	547.7	283.7	289.0	572.7	(25.0)
Indirect costs	(23.4)	(16.9)	(40.3)	(28.1)	(17.7)	(45.8)	5.5
Segment profit before interest	**257.3**	**250.1**	**507.4**	**255.6**	**271.3**	**526.9**	**(19.5)**
Unallocated expenses (net)			(36.5)			(40.1)	3.6
Net interest – Group			(149.2)			(155.5)	6.3
Net interest – joint ventures			(31.0)			(31.9)	0.9
Revenue profit			**290.7**			**299.4**	**(8.7)**

* Includes finance lease interest, net of ground rents payable.

Revenue profit decreased by £8.7m from £299.4m last year to £290.7m. As anticipated in the Financial Review last year, the fall in revenue profit was due to a reduction in non-recurring income, the impact of selling investment properties ahead of finding attractive buying opportunities and the loss of income at Kingsgate House, SW1, a property we demolished this year for redevelopment. These items were also behind the £25.0m reduction in net rental income, partly offset by new income from completed developments and our acquisition of leisure assets. Further information on the net rental income performance of the London and Retail portfolios is given in the respective business reviews.

The indirect costs of London and Retail and net unallocated expenses need to be considered together as, in total, they represent the net indirect expenses of the Group including joint ventures. In total, net indirect expenses were £76.8m compared to £85.9m last year. The £9.1m reduction in these costs is primarily due to staff reductions, some expenditure being deferred into next year and Brand Empire closure costs of £2.7m having been incurred in the prior year.

Our total cost ratio, which is calculated with reference to our gross rental income and includes both direct and indirect costs, was up slightly at 19.7% (2012: 19.2%) due to lower rental income following disposals. Direct costs were £8.8m higher than last year due to increased provisions against tenant incentives and the prior year benefitting from non-recurring items, the largest of which was the release against costs of £5.8m of dilapidation provisions. Total costs were down slightly on last year at £119.0m (2012: £119.3m) with the reduction in net indirect expenses offsetting the increase in direct costs.

Valuation surplus and disposal profits

A key component of our pre-tax profit is the movement in the values of our investment properties and any profits or losses on disposals. Over the course of the year, the valuation increase on our combined portfolio was £217.5m, up 2.0%. We made a small net loss on the disposal of investment properties of £1.6m (2012: profit of £46.4m) and we recorded a net gain on disposal of trading properties of £38.0m, up from £5.2m last year. The profit on sale of trading properties includes £20.7m on the sale of all the residential units at Wellington House, SW1, following practical completion in October 2012 and £15.4m in contingent sale proceeds on land at Bankside, SE1, sold for residential development in 2005.

A breakdown of the valuation surplus by category is shown in table 2 below.

Table 2: Valuation analysis

	Market value 31 March 2013 £m	Valuation surplus %	Rental value change* %	Net initial yield %	Equivalent yield %	Movement in equivalent yield bps
Shopping centres and shops	2,384.4	(3.2)	(5.1)	6.4	6.3	(3.0)
Retail warehouses and food stores	1,093.4	(6.1)	(2.2)	5.5	5.9	31.0
Leisure and hotels	450.8	0.7	0.3	6.7	6.7	(12.0)
London offices	3,656.0	2.4	1.3	5.1	5.5	(7.0)
Central London shops	842.4	8.4	2.2	4.2	5.3	(24.0)
Other (Retail and London)	100.4	(2.4)	(6.2)	4.1	5.0	(47.0)
Total like-for-like portfolio	**8,527.4**	**(0.1)**	**(1.5)**	**5.5**	**5.8**	**(5.0)**
Proposed developments	123.6	3.7	n/a	-	n/a	n/a
Completed developments	759.3	3.3	1.4	3.8	5.2	(8.0)
Acquisitions	593.1	(2.2)	n/a	5.8	6.7	n/a
Development programme	1,443.0	16.8	n/a	0.7	5.3	n/a
Total combined portfolio	**11,446.4**	**2.0**	**(1.3)**	**4.7**	**5.7**	**(3.0)**

*Rental value change excludes units materially altered during the year and Queen Anne's Gate, SW1

In aggregate, the like-for-like portfolio saw a 0.1% decline in value over the year to March 2013, driven by a reduction in rental values of 1.5% with little change in yields.

Shopping centres and shops declined in value by 3.2%, largely due to a 5.1% fall in rental values as the occupational market weakened. Values in retail warehouses and food stores were down by 6.1% due to a combination of rental value decline and outward movement in equivalent yields, particularly for larger lot sizes. London offices reported a 2.4% valuation surplus, driven by rental value growth and lower yields at Mid-town and City properties. Central London shops saw an 8.4% valuation surplus as equivalent yield compression of 24 basis points was augmented by a 2.2% increase in rental values.

Outside the like-for-like portfolio, proposed developments were up 3.7% due to design changes and lower than expected construction costs following receipt of tenders. Completed developments rose in value by 3.3%, driven by yield compression and rental value increases on the back of lettings.

Purchase costs accounted for the 2.2% valuation decline of acquisitions while the development programme was up by 16.8% as risk reduced on some of our major schemes through pre-letting and construction progress.

Earnings per share

Basic earnings per share were 68.4p, compared to 67.5p last year, an increase of 1.3% reflecting the small increase in profit after tax, partly offset by the impact of additional shares issued under the scrip dividend scheme.

In a similar way that we adjust profit before tax to remove capital and one-off items to give revenue profit, we also report an adjusted earnings per share figure. Adjusted diluted earnings per share decreased by 4.4% from 38.5p last year to 36.8p per share this year. This was mainly due to the decrease in revenue profit, together with a small impact from the additional shares issued under the scrip dividend scheme.

Total dividend

We are recommending a final dividend payment of 7.6p per share. Taken together with the three quarterly dividends of 7.4p, our full year dividend will be 29.8p per share (2012: 29.0p) or £232.4m (2012: £225.5m).

Shareholders continue to have the opportunity to participate in our scrip dividend scheme and receive their dividend in the form of Land Securities shares (a scrip dividend alternative) as opposed to cash. The average take-up for the four dividends paid during the year was 21.8%. This resulted in the issue of 6.6m new shares at between 726p and 811p per share and £50.4m of cash being retained in the business. However, in line with our approach outlined last year to buy back shares issued at a material discount in connection with the scrip dividend, we bought back 4.6m shares at a cost of £34.4m at between 713p and 774p.

All of the cash dividends paid and payable in respect of the financial year ended 31 March 2013 comprise Property Income Distributions (PID) from REIT qualifying activities. In contrast to the cash dividends, none of the scrip dividends paid to date have been PIDs and therefore they have not been subject to the 20% withholding tax requirement which applies to PIDs for certain classes of shareholders. The latest date for election for the non-PID scrip dividend alternative in respect of the final dividend will be 24 June 2013 and the calculation price will be announced on 2 July 2013.

Looking ahead, there is a limit to the amount of non-PID scrip dividends we can pay due to the REIT requirement to distribute 90% of our earnings (calculated on a tax basis) as a PID. As a result, we may need to suspend our scrip dividend or offer it in the form of a PID dividend. Any changes will be communicated to shareholders in advance.

Net assets

At 31 March 2013, our net assets per share were 959p, an increase of 38p or 4.1% from 31 March 2012. The increase in our net assets was primarily driven by the increase in value of our investment properties, profits on disposal of trading properties and our adjusted earnings, partly offset by the dividends we paid.

In common with other property companies, we calculate an adjusted measure of net assets which we believe better reflects the underlying net assets attributable to shareholders. Our adjusted net assets are lower than our reported net assets primarily due to an adjustment to include our debt at its nominal value. At 31 March 2013, adjusted diluted net assets per share were 903p per share, an increase of 40p or 4.6% from 31 March 2012.

Table 3 summarises the main differences between net assets and our adjusted measure of net assets together with the key movements over the year.

Table 3: Net assets attributable to owners of the Parent

	Year ended 31 March 2013 £m	Year ended 31 March 2012 £m
Net assets at the beginning of the year	**7,155.4**	6,811.5
Adjusted earnings	**288.2**	298.3
Valuation surplus on investment properties	**217.5**	190.9
(Loss)/ profit on disposal of investment properties	**(1.6)**	46.4
Profit on disposal of trading properties	**38.0**	5.2
Other	**(9.1)**	(17.9)
Profit after tax attributable to owners of the Parent	**533.0**	522.9
Cash dividends	**(178.4)**	(154.8)
Purchase of own shares and treasury shares	**(34.9)**	(18.5)
Other reserve movements	**11.6**	(5.7)
Net assets at the end of the year	**7,486.7**	7,155.4
Fair value of interest-rate swaps	**24.5**	20.8
Debt adjusted to nominal value	**(432.8)**	(450.9)
Adjusted net assets at the end of the year	**7,078.4**	6,725.3

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

Cash flow

A summary of the Group's cash flow and movement in net debt for the year is set out in Table 4 below.

Table 4: Cash flow and net debt

	Year ended 31 March 2013 £m	Year ended 31 March 2012 £m
Net cash inflow from operations	**246.7**	254.1
Dividends paid	**(178.3)**	(153.1)
Non-current assets:		
Acquisitions	**(243.9)**	(107.3)
Disposals	**509.9**	513.7
Capital expenditure	**(277.0)**	(307.0)
	(11.0)	99.4
Loans repaid by third parties	**0.8**	22.8
Joint ventures	**(119.6)**	(45.5)
Business combination	**(404.3)**	-
Fair value movement of interest-rate swaps	**(1.6)**	(4.5)
Purchase of own shares	**(34.9)**	(18.5)
Other movements	**(13.2)**	(24.3)
(Increase) / decrease in net debt	**(515.4)**	130.4
Net debt at the beginning of the year	**(3,183.2)**	(3,313.6)
Net debt at the end of the year	**(3,698.6)**	(3,183.2)

The main cash flow items are typically operating cash flows, the dividends we pay and the capital transactions we undertake. Operating cash inflow after interest and tax was £246.7m for the year ended 31 March 2013, down slightly on the £254.1m received last year following asset disposals. We spent £243.9m acquiring new assets, including The Printworks in Manchester and The Cornerhouse in Nottingham, and we invested £277.0m in our portfolio as capital expenditure. This net investment was broadly funded by proceeds from disposals including Arundel Great Court, WC2, 50% of Victoria Circle, SW1 and St John's Centre, Liverpool. We invested a further £119.6m in our joint ventures primarily to fund our developments at Victoria Circle, SW1 and 20 Fenchurch Street, EC3.

The £404.3m business combination relates to the cost of acquiring further units in X-Leisure, all of its £280.6m underlying net debt, as well as 100% of its management company.

Net debt and gearing

As a result of the cash flows described above and, in particular, the inclusion of 100% of the X-Leisure net debt, our net debt increased by £515.4m to £3,698.6m. Adjusted net debt, which is presented on a proportionate basis and includes the nominal value of our debt but excludes the mark-to-market on our swaps, was up £308.8m at £4,290.2m (31 March 2012: £3,981.4m).

Since our general approach on capital transactions is for asset disposals to fund our capital expenditure and acquisitions, we would expect our adjusted net debt to be relatively stable over time. This is not a strict target and the strength of our balance sheet allows us to take advantage of opportunities as they arise. This year, we saw an opportunity to increase our exposure to leisure assets through acquisitions, which led to the £308.8m increase in adjusted net debt. In contrast, last year's adjusted net debt declined by £204.5m as we sold some secondary assets but saw fewer investment opportunities.

Table 5 below sets out various measures of our gearing.

Table 5: Gearing

	31 March 2013 %	31 March 2012 %
Adjusted gearing* – on a proportionate basis	**60.6**	59.2
Group LTV	**40.2**	40.4
Group LTV – on a proportionate basis	**36.9**	38.0
Security Group LTV	**37.7**	37.6

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

Despite the increase in debt compared to last year, our LTV measures are broadly unchanged 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). We focus most on Group LTV, presented on a proportionate basis. This LTV measure declined from 38.0% at March 2012 to 36.9% at March 2013, which is in line with our strategy at this stage in the property cycle of allowing gearing to decline as property values rise.

The small rise in our Security Group LTV to 37.7% (2012: 37.6%) is a result of increasing the funding to our joint ventures using cheaper Group facilities in place of separate, standalone finance.

Our interest cover, excluding our share of joint ventures, has reduced from 2.5 times in 2012 to 2.4 times in 2013. Under the rules of the REIT regime, we need to maintain an interest cover in the exempt business of at least 1.25 times to avoid paying tax. As calculated under the REIT regulations, our interest cover of the exempt business for the year to 31 March 2013 was 2.1 times.

Financing structure and strategy

The total capital of the Group consists of shareholders' equity, non-controlling interests and adjusted net debt. Since IFRS requires us to state a large part our net debt at below its nominal value, we view our capital structure on a basis which adjusts for this. Table 6 below outlines our main sources of capital. Further details are given in notes 14 and 15 to the financial statements.

Table 6: Financing structure

	2013				2012		
	Group	Adjustment for proportionate share	Joint ventures	Combined	Group	Joint ventures	Combined
	£m	£m	£m	£m	£m	£m	£m
Bond debt	**3,353.8**	-	-	3,353.8	3,363.5	-	3,363.5
Bank borrowings	**801.7**	(122.5)	340.1	1,019.3	300.0	393.4	693.4
Amounts payable under finance leases	**28.7**	(1.9)	4.5	31.3	23.3	4.5	27.8
Less: cash and restricted deposits	**(72.6)**	11.4	(53.0)	(114.2)	(59.2)	(44.1)	(103.3)
Adjusted net debt	**4,111.6**	(113.0)	291.6	4,290.2	3,627.6	353.8	3,981.4
Non-controlling interests	**-**	-	-	-	0.2	-	0.2
Adjusted equity attributable to owners of the Parent	**7,070.0**	-	8.4	7,078.4	6,711.0	14.3	6,725.3
Total adjusted equity	**7,070.0**	-	8.4	7,078.4	6,711.2	14.3	6,725.5
Total capital	**11,181.6**	(113.0)	300.0	11,368.6	10,338.8	368.1	10,706.9

In general, we follow a secured debt strategy as we believe that this gives the Group and joint ventures better access to borrowings and at lower cost. Other than our finance leases, all our borrowings at 31 March 2013 were secured.

A key element of the Group's capital structure is that the majority of our borrowings are secured against a large pool of our assets (the Security Group). This enables us to raise long-term debt in the bond market as well as shorter-term flexible bank facilities, both at competitive rates. In addition, the Group holds a number of assets outside the Security Group structure (in the Non-Restricted Group). These assets are typically our joint venture interests, our interest in X-Leisure or other properties on which we have separate, asset-specific finance. By having both the Security Group and the Non-Restricted Group, and considerable freedom to move assets between the two, we are able to raise the most appropriate finance for each specific asset or joint venture.

Importantly, we can use borrowings raised against the Security Group to fund expenditure on both acquisitions and developments. At a time when finance to fund capital expenditure on speculative developments remains scarce, this gives the Group a considerable advantage in being able to develop at this point in the cycle.

During the year, in the Security Group, we extended a £135m bilateral revolving credit facility, which was due to expire in November 2014, to March 2018 and marginally improved the headline pricing to Libor +120 basis points. This facility extends our pool of committed facilities beyond that of the £1,085m revolving credit facility which has an expiry date of December 2016. We also successfully charged our equity interest in the Victoria Circle partnership in the year. Introducing this asset into the Security Group is important as its value will grow as we invest significantly in the redevelopment of Victoria Circle, SW1.

In the Non-Restricted Group, our Oriana joint venture with Frogmore entered into a new £195m four year investment and development facility. The facility replaced an existing £144m loan due to mature on 30 May 2013 and importantly provides a £25m development commitment to part fund our planned phase two development at the eastern end of Oxford Street.

The weighted average duration of the Group's debt (on a proportionate basis) is 9.7 years with a weighted average cost of debt of 4.9%.

Hedging

We use derivative products to manage our interest-rate exposure, and have a hedging policy which generally requires at least 80% of our existing debt plus increases in debt associated with net committed capital expenditure to be at fixed interest rates for the coming five years. Specific interest-rate hedges are also used within our joint ventures to fix the interest exposure on limited-recourse debt. At 31 March 2013, Group debt (on a proportionate basis) was 90.7% fixed (2012: 94.8%) and the notional amount of outstanding interest-rate swaps at 31 March 2013 was £1,230.4m.

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 arose in respect of the current year (2012: £8.0m tax credit). At 31 March 2013 the Group held a provision of £21.3m (2012: £21.3m) for interest on overdue tax in relation to a dispute with HMRC, which has now been resolved. The liability will be settled during 2013/14.

Net pension surplus

The Group operates a defined benefit pension scheme which is closed to new members. At 31 March 2013, the scheme was in a net surplus position of £5.9m compared to a deficit of £2.4m at 31 March 2012. The change is primarily due to a £30.4m increase in the value of the scheme's assets as a result of the return from scheme investments.

Martin Greenslade
Chief Financial Officer

Retail Portfolio

Highlights

- Valuation deficit of 1.5%
- Investment lettings of £14.6m, 0.3% above ERV (excludes pre-development properties)
- Like-for-like voids down from 3.3% to 2.9%
- Development lettings of £11.0m
- 86,600 sq m of retail space completed at Trinity Leeds and Buchanan Street, Glasgow
- Acquisitions of £501.5m, including The Cornerhouse, Nottingham, The Printworks Manchester and X-Leisure.

How we create value

We aim to deliver growing rental income streams, higher asset values and future development opportunities by:

- Owning and creating assets able to thrive in a fast-changing retail environment
- Developing assets that can transform undervalued areas into thriving destinations
- Acting decisively to crystallise value and recycle capital
- Using asset management expertise to make locations more attractive to shoppers and retailers
- Forming close relationships with retailers and local authorities, so we can respond to stakeholders' changing needs

Progress against our objectives for 2012/13

Objective		Progress
Outperform IPD sector benchmark	—	The portfolio outperformed its IPD sector benchmark by 2.7%.
Protect occupancy by dealing effectively with retailer administrations	—	31 March 2013 voids lower at 2.9%. Units in administration unchanged at 2.3%.
Progress development lettings at Trinity Leeds; 185-221 Buchanan Street, Glasgow; Bishop Centre, Taplow; Peterborough; Derby; and Selly Oak	—	Letting levels at these schemes at 31 March 2013: Trinity Leeds 89%; 185-221 Buchanan Street, Glasgow, 99%; Bishop Centre, Taplow 76% pre-let; Peterborough 0%; Derby 0%; and, Selly Oak 39% pre-let.
Schemes completed on time and to budget at Trinity Leeds and 185-221 Buchanan Street Glasgow (excluding residential element of Buchanan Street, Glasgow, which was not due to complete during the year)	—	Both achieved.
Commence out-of-town developments at Crawley, Taplow, Derby and Chadwell Heath	—	All achieved except Derby, where we changed our strategy for the asset during the year and we are refurbishing the existing park.
Enter into a development agreement with Oxford City Council for Westgate Centre, Oxford	—	Not achieved but achieved since the year end.
Submit planning applications at Exeter and three new sites secured in our out-of-town pipeline	—	We deferred the Exeter application to extend our pre-application consultations. We secured 4 sites in our out-of-town pipeline.

Our market

The retail market continues to reflect an uncertain national economy and straitened circumstances for many consumers. This, together with continuing structural change has impacted on retailer demand, caused a number of major retailers to enter into administration, and resulted in falling capital and rental values. Investment volumes in retail property have been at historically low levels reflecting this uncertainty, although prime assets both in and out of town have attracted strong interest when brought to the market.

The sector continues to see a rapid change in consumer behaviour. Shoppers are making fewer trips but spending more per trip. In many centres, footfall is down but sales are up. People are increasingly looking for more convenient ways to shop. They expect more from the time they spend shopping and this is driving a long-term structural shift in retailing activity away from smaller towns and high streets towards larger shopping centres and edge-of-town locations and away from weaker retailers to the bigger brands who have invested in omni-channel. Consumers are increasingly using their mobile devices to check prices and look for offers when visiting shops. They demand a connected environment which makes the information they want accessible. Leisure is an ever more important part of the retail mix, with consumers looking to visit cafés, restaurants, cinemas and other entertainment venues along with shopping for products.

In this fast-changing market, there continues to be demand from strong retailers for the right space in the right locations. Consumer weakness is holding back rental values, but we see opportunities to create value through asset management and development activity which is well matched to shoppers' expectations and requirements. It is clear that the most successful retail property owners will be those that enable retailers to respond to consumer trends in smart, efficient and innovative ways.

Our strategy

We aim to create value by providing our customers with new or more efficient space that helps drive their profits. We look to improve our assets, raising them up the retail hierarchy and improving their appeal relative to the competition. We constantly look for ways to reduce voids, using our established relationships with retailers to anticipate administrations early and secure new occupiers swiftly. We will continue to identify properties for sale in order to recyle capital into new opportunities.

We are focused on owning and developing dominant or destination centres in thriving locations. We are developing our edge-of-town and out-of-town assets in response to growing demand for convenience from shoppers and new formats from retailers. We are also increasing the proportion of leisure in our retail assets reflecting increasing consumer demand for experiences and investing in standalone leisure assets based on strong property fundamentals, our established relationships with operators and the resilience of the sector to structural change.

We aim to be at the forefront of digitising retail environments and helping retailers to pursue multi-channel strategies. We were the first to commit to free wifi in our centres, introduce Google product search and to trial Amazon lockers. We will continue to experiment with new ideas that have the potential to improve customer experience and help retailers connect profitably with their shoppers. Through our work on Trinity Leeds, we will be assessing the wider potential of our new Customer Relationship Management system, a navigation app, and the use of interactive screens.

Our performance

The portfolio produced an ungeared total property return of 4.6%, outperforming its sector benchmark in the IPD Quarterly Universe by 2.7%. Our shopping centres outperformed the IPD sector benchmark by 3.0%. Retail warehouses outperformed the sector benchmark by 0.6%.

The portfolio was valued at £5,348.0m at 31 March 2013, up £596.8m over the year, following a year of significant net investment, slightly offset by a 1.5% overall valuation decrease. Shopping centres and shops were down 0.4%.

Retail warehouses and food stores were down 4.8%. Leisure and hotels were down 0.2%. Rental values on our like-for-like portfolio (excluding units materially altered during the year) were down by 5.1% for our shopping centres and shops, and down by 2.2% for our retail warehouses and food stores reflecting difficult market conditions.

Despite a number of retailer insolvencies, we reduced voids across our like-for-like portfolio from 3.3% at March 2012 to 2.9% at March 2013. 1.1% of these are subject to temporary lettings. Units in administration were 2.3%, unchanged from March 2012.

Footfall in our shopping centre portfolio was down 2.6% in the year ended 31 March 2013. The national benchmark was down 3.7% over the same period. Our measured same store like-for-like sales were up 0.8%, while the BRC benchmark was up 0.4%. Our same centre sales, taking into account new lettings and tenant changes, were up 3.7%. Our measured retailers' rent/sales ratio was 10.2%. Total occupancy costs (including rent, rates, service charges and insurance) represented 17.9% of sales.

Net rental income decreased by £3.0m from £283.7m to £280.7m (see table 7). The reduction is primarily due to the cessation of income on properties sold last year, notably St John's Centre, Liverpool and Corby Town Centre, which has not been fully offset by the additional £10.2m of income from acquisitions. Within the like-for-like portfolio, higher costs associated with tenant failures, including Clinton Cards, Comet, HMV and Dreams were only partly offset by reduced void related costs, as we increased occupancy levels compared to last year.

Table 7: Net rental income

	31 March 2013 £m	31 March 2012 £m	Change £m
Like-for-like investment properties	248.8	250.3	(1.5)
Proposed developments	-	-	-
Development programme	4.3	4.6	(0.3)
Completed developments	9.3	7.4	1.9
Acquisitions since 1 April 2011	11.5	1.3	10.2
Sales since 1 April 2011	2.5	16.1	(13.6)
Non-property related income	4.3	4.0	0.3
Net rental income	**280.7**	**283.7**	**(3.0)**

Our key asset activity — at a glance

How we turned a clear plan for every asset into action during the year.

Acquisitions and sales

Acquisitions in the period totalled £501.5m at an average yield of 6.0%. In line with our plan to increase our exposure to leisure, our most significant acquisitions in the year were all leisure assets.

- The Cornerhouse, Nottingham

Acquired for £50.0m, this 20,900 sq m asset is anchored by a 14-screen cinema and includes 11 restaurants, two bars, a nightclub and a casino.

- The Printworks, Manchester

Acquired for £93.8m, the city's dominant leisure destination attracts around eight million visitors each year.

- X-Leisure

During the year we acquired a further 47.4% equity interest in the X-Leisure Unit Trust and 100% in X-Leisure Limited, the management company of the fund, for £128.2m. The transaction provides us with exposure to 16 leisure assets across the UK, and takes our interest in the fund to 59.4%. Our share of the underlying assets at 31 March 2013 was £351.1m.

We also made a further £43.3m of other acquisitions including the freehold of the O2 Centre, Finchley Road, and the Boar Lane car park in Leeds.

Sales during the year were £56.2m including the sale of Cathedral Plaza, Worcester, our share of the BHS store at St David's, Cardiff and the partial sale of Bridgewater Park, NI. Since the year end we have sold Clayton Square, Liverpool and a small asset at Stonehills, Welwyn Garden City.

Asset management

This was a very busy year for our asset management teams as they worked to improve space and introduce new formats.

- Debenhams

In September, we opened a 5,800 sq m department store for Debenhams at the Ravenside Retail Park in Chesterfield. We also entered into an agreement for lease for a 7,600 sq m Debenhams department store at Southside, Wandsworth, which is part of our Metro joint venture with Delancey.

- John Lewis Partnership

We enabled John Lewis to open its first flexible format department shop in October. Located in Exeter and occupying 10,080 sq m over five floors, the store offers the full John Lewis range by combining physical and online retailing.

- Primark

In October we also opened a 6,500 sq m store for Primark at Westwood Cross, Thanet, adding to an exciting fashion offer at the centre. In November, we opened a 5,550 sq m store for Primark at The Bridges, Sunderland, creating a major new anchor for the centre.

- Kingsmead, Bath

The opening of Frankie & Benny's during the year took this 8,400 sq m leisure and restaurant complex to 100% let. We have also forward purchased a 108-bedroom Premier Inn hotel next to the centre which is due to be completed in October 2013.

- The O2 Centre, Finchley Road

During the year we reconfigured space with lettings to Oliver Bonas, Paperchase and Bo Concept. We also increased the first floor restaurant space, and Vue Cinemas added four new screens. Having also acquired the freehold interest, we are now looking at more extensive development options.

- Nene Valley Retail Park, Northampton

We lengthened income through lease restructuring, taking the average unexpired lease term on the park from 3.5 years to 8.5 years.

- Bexhill Retail Park

We secured planning permission for a 4,920 sq m M&S store at this park. Works are due to complete in August 2013.

- Ravenside Retail Park, Chesterfield

We achieved planning consent for the construction of an additional 2,460 sq m of floorspace in two new stores, which we pre-let to Asda Living and Hobbycraft. Works are due to complete in September.

- Accor Hotel Portfolio

We are engaging with Accor to discuss strategy in relation to the break options they have on these leases in 2019. This will enable us to plan our exit from this non-core part of our portfolio over time.

Development and planning

Building on our early mover advantage, we pushed forward with development based on strong pre-lettings.

- Trinity Leeds

The scheme opened on schedule, to budget and 95% let or in solicitors' hands. Occupiers include M&S, Primark, Apple, Superdry, Hollister, Next, River Island, H&M, Topshop/Topman, Urban Outfitters and Victoria's Secret.

- 185-221 Buchanan Street, Glasgow

The scheme opened on schedule, to budget and is now fully let. The retail element of the scheme includes Forever 21, Paperchase, Gap, Fat Face and Watches of Switzerland.

- Whalebone Lane, Chadwell Heath

In March we started work to refurbish and upgrade a unit previously let to B&Q. The store is pre-let to Asda. We have also let an adjacent 1,223 sq m store to B&M Stores.

- Crawley

We started development of a 7,000 sq m supermarket, which is pre-let to Morrisons, along with 600 sq m of restaurant space and a 110-bedroom Travelodge hotel. The scheme is 94% pre-let.

- Bishop Centre, Taplow

In September we secured full planning consent for the redevelopment of the existing site. We have committed to the new 12,260 sq m development, which is 76% pre-let to Tesco, TK Maxx, Nike, Frankie & Benny's and Costa.

- Buchanan Galleries, Glasgow

Since the year end we have signed M&S as the anchor tenant and secured outline planning permission for a 43,100 sq m extension to the scheme with an improved public realm and a link into Queen Street station.

- Westgate Centre, Oxford

With our joint venture partner, the Crown Estate, we have exchanged a conditional agreement for lease with anchor tenant, John Lewis, and entered into a development agreement with Oxford City Council. This provides the opportunity to develop a scheme of approximately 72,000 sq m in an undersupplied retail location.

Our outlook

We expect the retail market to remain tough, but with increasing opportunities for us as we move swiftly to address evolving consumer and retailer demand. The quality of our portfolio, the relationships we have with retailers and our ability to develop new and better space in the best locations will be increasingly important. Our strong balance sheet enables us to progress transactions and developments when others can't.

Our asset management teams will remain extremely busy as they look to maximise occupancy and returns through proactive initiatives. We will continue to time and de-risk our developments with care, in line with market dynamics. Overall, we see increasing distance between the best retail assets, with their ability to meet people's desire for convenience and great shopping experiences, and the rest. We expect that our responsive approach to multi-channel retailing, leisure, food and beverage and digitally enhanced retailing will help set us apart. Our portfolio and strategy are well matched to the market we see ahead.

Key objectives for 2013/14

- Outperform our IPD sector benchmark
- Complete the letting of Trinity Leeds
- Progress pre-lettings at Buchanan Galleries, Glasgow
- Submit planning application for Westgate Centre, Oxford
- Achieve pre-lettings on our out-of-town development programme and progress planning applications
- Achieve planning permission for the Selly Oak development in partnership with Sainsbury's
- Complete developments at Crawley and Chadwell Heath
- Sale of specific assets to fund our investment activity

Table 8: Retail development pipeline at 31 March 2013

Property	Description of use	Ownership interest %	Size sq m	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									
Trinity Leeds	Retail	100	75,900	89	435	29.9	Feb 2013	333	377
Developments approved or in progress									
185-221 Buchanan Street, Glasgow	Retail	100	10,700	99	83	4.7	Mar 2013	48	60
	Residential		4,200				Sept 2013		
Whalebone Lane, Chadwell Heath	Retail	100	5,700	100	19	1.3	Aug 2013	14	18
Crawley	Retail	100	11,000	94	18	2.6	Nov 2013	17	38
Bishop Centre, Taplow	Retail	100	9,390	76	24	2.7	Mar 2014	20	39

Floor areas and letting status shown above represent the full scheme whereas all other figures represent our proportionate share. Letting % is measured by ERV and shows letting status at 31 March 2013. Trading property development schemes are excluded from the development pipeline. Cost figures given for proposed schemes could still be subject to material change prior to final approval.

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 31 March 2013, interest was capitalised on the land cost at Trinity Leeds, 185-221 Buchanan Street, Glasgow and Crawley. The figures for total development costs include expenditure on the residential element of 185-221 Buchanan Street, Glasgow of £12.9m.

Net income/ERV

Net income/ERV represents net headline annual rent on let units plus ERV at 31 March 2013 on unlet units.

London Portfolio

Highlights

- Valuation surplus of 5.4%
- Investment lettings of £11.8m, 6.8% ahead of ERV (excludes pre-development properties)
- Like-for-like voids down from 2.3% to 1.0%
- Development lettings of £20.7m
- 20 Fenchurch Street, EC3, now 56% pre-let or in solicitors' hands
- Over £700m of development committed at The Zig Zag Building, Kings Gate and Victoria Circle, all SW1

How we create value

We aim to deliver growing rental income streams and higher asset values over the long term by:

- Owning and creating high quality products that meet customers' changing needs
- Developing assets early in the cycle to maximise returns
- Acting decisively to crystallise value and recycle capital
- Being inventive and energetic in the way we manage our assets
- Combining our strong reputation and local knowledge to unlock opportunity

Progress against our objectives for 2012/13

Objective		Progress
Outperform IPD sector benchmark	—	The portfolio outperformed its IPD sector benchmark by 0.1%.
Progress development lettings at One New Change, EC4; 123 Victoria Street, SW1; 62 Buckingham Gate, SW1; and 20 Fenchurch Street, EC3	—	Lettings levels at these schemes at 31 March 2013: One New Change: 100%; 123 Victoria Street: 78%; 62 Buckingham Gate: 0%; 20 Fenchurch Street: 51%.
Practical completion on time and to budget at Wellington House, SW1, and 123 Victoria Street, SW1	—	Both schemes completed to budget. Completion of Wellington House delayed by two months.
Progress on time and to budget at 62 Buckingham Gate, SW1, and 20 Fenchurch Street, EC3	—	Both schemes are on time and to budget.
Demolition of Kingsgate House, SW1, and commencement of demolition at Victoria Circle, SW1	—	Kingsgate House demolished by November, with The Zig Zag Building and Kings Gate now under construction; demolition commenced at Victoria Circle, SW1, in October.
Submission of planning applications at Portland House, SW1, and Oxford House, W1	—	Both applications submitted during the year.

Our market

The occupational market was similar to last year, with relatively subdued take-up for new and second-hand office space. Take-up in central London for the 12 months to 31 March 2013 totalled 0.9m sq m compared to the 10 year average rate of 1.1m sq m. Although overall take-up has been sluggish, there have been pockets of activity where occupiers are willing to move and pay for the right space as evidenced in our portfolio in deals at 20 Fenchurch Street, EC3 and 123 Victoria Street, SW1.

Low business confidence remained a key factor in subduing demand but, as last year, it also served to limit the supply of new space being developed. CB Richard Ellis estimate that just 1.8m sq m of office space will be developed or extensively refurbished in the four years between 2013 and 2016; this works out at less than 0.5m sq m of space per annum. Furthermore, of the 1.8m sq m of space estimated to be developed, 0.9m sq m is under construction and of this, 0.3m sq m is already pre-let. This leaves just 0.6m sq m that is under construction and available.

Low development activity is keeping vacancy rates low. Across central London, as at 31 March 2013, the vacancy rate stood at 7.8% compared to an average vacancy rate of 8.1% over the last 10 years. Not enough of the right space is being built. The development pipeline, including newly completed space currently available, provides just over two years supply, based upon the 10 year average rate of take-up of new space. This means occupiers looking to move in 2014/15 need to be looking for space now. This has extended our window for development, and we have committed to further projects with more in the pipeline.

Despite the flat conditions of the office rental market, London’s enduring qualities as a leading financial and commercial centre continue to attract inward investment. According to CB Richard Ellis, central London office transactions totalled £13.3bn over the 12 months to 31 March 2013, the most since the 12 months to 31 March 2008. Overseas investors accounted for over 40% of all transactions. In addition, increased demand for central London homes means the residential market has also remained strong.

Our strategy

Our priorities are to develop first class office, retail and residential space in central London and to strengthen income streams through smart, rigorous asset management.

We work to maximise returns through the cycle. As early-cycle developers, we gain the benefits of competitive construction costs and rising rental values. Across the portfolio, we have a clear plan for every asset. We do not hesitate to realise and recycle the value in an asset if a more attractive opportunity appears. We manage the balance between development and property investment carefully, with a current emphasis on development as it has the potential to deliver greater returns at this point in the cycle. Our development programme is well timed, well managed, and well matched to the market conditions we see ahead. Where necessary, we establish partnerships that enable us to de-risk and enhance the way we deliver major developments.

It is important that we keep anticipating and responding to the ever-evolving needs and expectations of today’s occupiers in the way we plan, design, build and manage our buildings. We also work to form close relationships, which are built on trust, within the communities in which we operate so that our commercial endeavours are supported.

Our performance

The portfolio produced an ungeared total property return of 10.5%, which outperformed the sector benchmark (central and inner London) in the IPD Quarterly Universe by 0.1%.

The London Portfolio was valued at £6,098.4m at 31 March 2013. This produced a valuation surplus for the year of 5.4%. West End offices were up 6.2%. Mid-town offices were up 4.8%. City offices were up 5.4%. Central London shops were up 7.1%. Within these figures, properties within the development programme produced a surplus of 18.2%, while proposed developments were up by 3.7%.

Rental values in our like-for-like portfolio (excluding units materially altered during the year) increased by 1.5%. Across the portfolio, the increases were 1.1% for West End offices, 1.6% for City offices, 1.2% for Mid-town offices and 2.2% for central London shops. Like-for-like voids were 1.0%, compared to 2.3% at March 2012. Void levels on the like-for-like central London shops were 0.8% (2012: 1.2%) and London offices were 1.1% (2012: 2.5%).

Net rental income decreased by £22.0m to £267.0m (see table 9). The reduction is driven almost entirely by the impact of properties sold in the last two years, most notably Eland House and properties sold to our Victoria Circle joint venture, both SW1. Net rental income from the development programme and proposed developments has also reduced, driven by vacant possession at Kingsgate House and Victoria Circle, respectively. Income from like-for-like properties benefits from the completion of the refurbishment at 40 Strand, WC2 in the prior year.

Table 9: Net rental income

	31 March 2013 £m	31 March 2012 £m	Change £m
Like-for-like investment properties	235.5	226.2	9.3
Proposed developments	1.6	4.8	(3.2)
Development programme	4.5	15.0	(10.5)
Completed developments	20.1	16.1	4.0
Acquisitions since 1 April 2011	-	-	-
Sales since 1 April 2011	0.8	22.4	(21.6)
Non-property related income	4.5	4.5	-
Net rental income	**267.0**	**289.0**	**(22.0)**

Our key asset activity — at a glance

How we turned a clear plan for every asset into action during the year.

Acquisitions and sales

With strong competition for assets and the relative attraction of our development programme driving up values, we opted to take a disciplined approach, making small, strategic acquisitions to support our schemes.

- 6 Castle Lane, SW1

We purchased this asset for £10.1m. It increases our options for the delivery of our masterplan for Victoria.

- 19-23 Shaftesbury Avenue, W1

This £25.8m purchase completed our ownership of the entire freehold island site behind Piccadilly Lights, W1 and has opened up a number of significant reconfiguration options.

- Wellington House, SW1

All of the 59 apartments were sold on completion for £90.4m.

Asset management

Smart asset management is providing us with the strong and reliable revenues we need to complement our activity.

City and Mid-town:

- One New Change, EC4

Following new lettings to CBREi, bwin, Panmure Gordon and Dealogic, the scheme is fully let. New retail lettings – including to Boots and Bang & Olufsen – have been achieved ahead of ERV.

- Times Square, EC4

The asset is fully let following 4,800 sq m of lettings to Research Now and NICE.

- 47 Mark Lane, EC3

We restructured leases with AXA Insurance UK, securing an additional five years of income, and completed a letting to Jubilee Insurance Services.

- 38-48 Southwark Bridge Road, SE1

We took a surrender of the headlease allowing the undertenant to simultaneously extend its lease by 5 years. We have subsequently sold the asset crystallising an 18.5% uplift in value.

- Red Lion Court, SE1

Due to expire in 2015, we restructured Lloyds Banking Group's lease securing their occupation until a minimum of 2020.

West End:

- Victoria Circle, SW1

Ahead of demolition works, we secured vacant possession of 170 leasehold interests on time and below cost estimates.

- Oriana, W1

At our joint venture with Frogmore, Primark opened its new flagship store and we achieved planning consent for a further 8,440 sq m of flagship and residential space.

- Cardinal Place, SW1

We strengthened income, completing lease restructures, securing additional lettings and settling an outstanding rent review.

- Oxford House, W1

With the office income due to expire while we explore a conversion to residential, we have maximised income through a 4,120 sq m short term letting to Publicis.

- Piccadilly Lights, W1

We have completed lease renewals at two advertising screens ahead of ERV and introduced Jamie's Italian to Sherwood Street. Following our purchase of 19-23 Shaftesbury Avenue, we have let virtually all of the space on short term leases and plans are underway to remodel three flagship stores and introduce a further advertising screen.

- 7 Soho Square, W1

Due to expire in 2013, we restructured Trip Advisor's lease, securing the building's largest tenant through the Crossrail works period.

Development and planning

Our commitment to developing early in the cycle drove a busy year of activity across London, from Victoria to the City.

- 123 Victoria Street, SW1

Practical completion was achieved in August 2012 and the building is 78% let.

- 62 Buckingham Gate, SW1

This 24,160 sq m office and 1,450 sq m retail development completes in May and is 10% pre-let.

- 20 Fenchurch Street, EC3

This world-class 62,940 sq m office building is 56% pre-let or in solicitors' hands – a full year ahead of completion. Lettings have been ahead of our expectations in terms of rental level, lease length and incentives.

- Kings Gate, SW1 (trading property)

This prime residential development will comprise 100 private apartments over 14 storeys, providing 10,120 sq m of contemporary space. 59 of the 100 apartments have already been pre-sold with completion scheduled for January 2015.

- The Zig Zag Building, SW1

The scheme comprises a 20,910 sq m office and retail building. Construction started in November with practical completion scheduled for January 2015.

- Victoria Circle, SW1

Phase 1 will provide a spectacular 67,500 sq m mix of retail, residential, office and public amenity space. Demolition work started in October and completion of the scheme is due in April 2016.

- 1 & 2 New Ludgate, EC4

We completed demolition during the year. A construction contract is fully tendered and completion of this 35,210 sq m proposed development of high quality office, restaurant and retail accommodation will be 23 months from commitment to build.

- 1 New Street Square, EC4

Demolition started in March 2013 and the earliest completion date for this extension to our successful New Street Square campus is July 2016. Our success at New Street Square gives us confidence in the prospects for this scheme, when delivered.

Our outlook

The fundamental drivers of supply and demand described earlier are set to remain in place over the short term. Although we expect demand to increase, it will remain below the long term average. However, supply of new space is set to remain relatively restricted. London continues to attract property investors from overseas.

Looking at longer-term dynamics, the office market is changing. Modern occupiers are increasingly looking for their new space to accommodate more people while providing excellent facilities and cost-effective services in a great location. Floor plans must respond to greater use of open plan working and more flexible meeting areas. Technical resilience in the lift capacity, power supplies, heating, cooling, lighting and environmental performance are increasingly important factors. As we move forward, the most successful schemes and assets will be those that are well placed to meet the efficiency demands and quality expectations of occupiers.

We will not rely on the market for growth. Value creation will come from well-timed development and active asset management. We continue to believe that delivering developments early in the cycle is preferable, and that the opportunity to generate strong returns from office, retail and residential development remains.

Key objectives for 2013/14

- Outperform our IPD sector benchmark
- Complete the letting of 123 Victoria Street, SW1
- Progress development lettings at 62 Buckingham Gate, SW1, 20 Fenchurch Street, EC3 and 1&2 New Ludgate, EC4
- Demolition of 1 New Street Square, EC4
- Obtain planning permission at Portland House, SW1 and Oxford House, W1
- Progress on time and to budget at The Zig Zag Building, Kings Gate, Victoria Circle, all SW1 and 20 Fenchurch Street, EC3
- Sale of specific assets to fund our investment activity

Table 10: London development pipeline at 31 March 2013

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										
123 Victoria Street, SW1*	Office	100	18,490		74	228	13.8	Aug 2012	155	155
	Retail		2,620		100					
Developments approved or in progress										
62 Buckingham Gate, SW1	Office	100	24,160		-	253	17.8	May 2013	163	177
	Retail		1,450		-					
20 Fenchurch Street, EC3	Office	50	62,940		51	183	21.1	Apr 2014	147	239
	Retail		1,180		-					
The Zig Zag Building, SW1**	Office	100	17,450		-	88	15.6	Jan 2015	71	181
	Retail		4,150		16					
Victoria Circle Phase 1, SW1	Office	50	44,620		-	112	20.0	Apr 2016	98	384
	Retail		7,420		-					
	Residential		15,460		-					
Proposed developments										
1 & 2 New Ludgate, EC4	Office	100	32,180	PR	-	n/a	n/a	2015	n/a	n/a
	Retail		3,030		-					
1 New Street Square, EC4	Office	100	24,490	PR	-	n/a	n/a	2016	n/a	n/a
	Retail		460		-					

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

** Includes retail within Kings Gate, SW1

Developments let and transferred or sold

One New Change, EC4	Office	100	31,990		100	504	27.3	Oct 2010	529	529
	Retail		20,160		99					

Where the property is not 100% owned, floor areas and letting status shown above represent the full scheme whereas all other figures represent our proportionate share. Letting % is measured by ERV and shows letting status at 31 March 2013. Trading property development schemes (e.g. Kings Gate, 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 31 March 2013, the only property on which interest was capitalised on the land cost was Victoria Circle Phase 1, SW1. The figures for total development costs include expenditure on the residential elements of Victoria Circle Phase 1, SW1 (£133.4m).

Net income/ERV

Net income/ERV represents net headline annual rent on let units plus ERV at 31 March 2013 on unlet units.

Table 11: Trading property development schemes

Property	Description of use	Ownership interest %	Size sq m	Number of units	Sales exchanged by unit %	Estimated/ actual completion date	Total development costs to date* £m	Forecast total development cost* £m
Wellington House, SW1	Residential	Sold	6,130	59	100	Oct 2012	n/a	n/a
Kings Gate, SW1	Residential	100	10,120	100	53	Jan 2015	57	161

* residential TDC excludes any estimated tax on disposal

Our principal risks and how we manage them

Our Board recognises the importance of identifying and actively monitoring the full range of financial and non-financial risks facing the business. By regularly reviewing the risk appetite of the business, the Board ensures that the risk exposure remains appropriate at any point in the cycle. Whilst responsibility for risk management clearly rests with the Board, the management of risk is embedded as part of our everyday business activities and culture and all our employees are responsible for maintaining the control framework.

Importantly the Board perceives risk not only as having a potential negative influence on the business but also as an opportunity that can be a source of financial outperformance.

For effective risk management it is necessary that the identification, assessment and management of known and emerging risks form part of a dynamic process.

We manage risk by operating a 'Three lines of defence' risk and control model. The first line lies with operational management implementing and maintaining effective internal controls. They are supported by a number of oversight functions which form the second line. Internal Audit serves as the third line, tasked with reviewing controls and risk management procedures, identifying areas for improvement and reporting to senior management and the Audit Committee. Due to its independence and objectivity, Internal Audit is able to provide reliable assurance on the effectiveness of the overall governance, risk management and internal control processes.

The tables below show the principal risks and uncertainties facing the business, the Board's view on how they have changed over the year, the processes by which we aim to manage them and which of our strategic objectives they impact.

Change from last year

△ **Increased**

◇ **No change**

▽ **Reduced**

Principal goal and objectives

Our overall goal is to provide attractive and sustainable total returns for our shareholders by being at the forefront of meeting the space requirements of our customers. To deliver that strategy, we have set ourselves seven fundamental objectives:

1. Deliver sustainable long-term shareholder returns
2. Maximise the returns from the investment portfolio
3. Manage our balance sheet effectively
4. Maximise development performance
5. Ensure high levels of customer satisfaction
6. Attract, develop, retain and motivate high performance individuals
7. Continually improve sustainability performance

Financial

Risk description	Impact	Mitigation	Change from 2011/12
Liability structure • Lack of availability of bank funding.	• Increased cost of borrowing. • Limits ability to meet existing debt maturities and fund forward cash requirements.	• £1.1bn revolving credit facility in place, which matures in 2016 and a £135m bilateral facility which matures in March 2015. • 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 31 March 2013 is 9.7 years; • Modest gearing (Security Group LTV at 31 March 2013 of 37.7%).	1 3 Despite continuing uncertainty in both the financial sector and the eurozone, the cost and availability of medium and long term facilities have improved.
• Liability structure is unable to adapt to changing asset strategy or property value.	• Reduced financial and operational flexibility; missed business opportunities and higher cost of financing.	• The Group's Asset and Liability Committee meets three times a year to monitor both sides of the balance sheet and recommend strategy to the Board; • We manage the business within an inner gearing range of 35% to 45% LTV in normal market conditions; • Security Group structure allows assets to be sold and ability to raise new debt; • Our principal debt funding structure benefits from financial default only being triggered at 1 times Security Group ICR (currently 4.1 times) or 100% Security Group LTV (currently 37.7%); • At less than 1.45 times ICR or greater than 65% LTV, a persuasive covenant regime applies which is designed to preserve cash for the potential protection of lenders and encourage the business to reduce debt. • The existing revolving credit facility provides flexibility as it allows debt to be drawn in certain circumstances even when the Security Group LTV exceeds 65%.	1 3

Property Investment

Risk description	Impact	Mitigation	Change from 2011/12
Customers • Increased pressure on consumer spending.	• Shift in customer demand with consequent impact on new lettings, renewal of existing leases and rental growth. • Retail tenants unable to meet existing rental commitments.	• Large and diversified tenant base (our largest retail tenant, Arcadia, represents only 2.3% of rents); • Of our income 62.8% is derived from tenants who make less than a 1% contribution to rent roll; • High quality property portfolio, of which 58.9% is located in London; • Target for maximum percentage of leases subject to expiry in any one year; • Experienced leasing team; • Active development programme to maintain a modern portfolio well suited to occupier requirements; • Strong relationships with occupiers; • Variety of asset types and, for the Retail Portfolio, geographic spread.	1 2 5 Trading conditions continue to be very difficult for tenants, particularly within the retail sector, resulting in a number of tenant failures.
Market cyclicality • Volatility and speed of change of asset valuations and market conditions.	• Reduces liquidity and relative property performance.	• Large multi-asset portfolio; • Monitor asset concentration (our largest asset is only 5.9% of the total portfolio); • Average investment property lot size of £67.3m; • Generally favour full control and ownership of assets (14.0% of assets currently in joint ventures); • Average unexpired lease term of 9.1 years with a maximum of 11.0% of gross rental income expiring or subject to break clauses in any single year).	1 2

Risk description	Impact	Mitigation	Change from 2011/12
Acquisitions • Inability to acquire new assets to replace properties that have been sold or are in the process of being redeveloped.	• Reduction in revenue profits.	• Experienced investment team • Integrated portfolio and investment management teams; • Ability to control level of property sales; • Risk analysis of speculative development pipeline on capital and income basis; • Strategy of flexing size of development programme according to the outlook for the market cycle.	1 2 3 Although the risk is not considered to have changed from the prior year there remains a lack of attractively priced assets in both the London and Retail sectors. Despite this, we have broadly balanced sales with development expenditure and acquisitions, increasing the proportion of leisure within our business in line with our strategy.

Development

Risk description	Impact	Mitigation	Change from 2011/12
Development • Occupiers reluctant to enter into commitments to take new space in our developments.	• Negative valuation movements. • Reduction in income.	• The impact of failing to lease the un-let element of our development programme must not exceed the Group's retained earnings; • Proportion of capital employed in development programme (based on total costs to completion) will not exceed 20% of our total capital employed, save that where a material part of the development programme is pre-let, this proportion can rise to 25%; • Monitor the level of committed future capital expenditure on our development programme relative to the level of our un-drawn debt facilities; • Monitor market cycle and likely tenant demand before committing to new developments; • Risk analysis of speculative development pipeline on capital and income basis; • Strategy of flexing size of development programme according to the outlook for the market cycle.	1 2 3 4 Difficult trading conditions continue to affect tenant appetite to take on new space, particularly within the retail sector. Despite this our development programme continues to attract good quality tenants with Trinity Leeds 89% let prior to opening, 20 Fenchurch Street 51% pre-let ahead of its April 2014 completion and 62 Buckingham Gate now 10% pre-let.

People

Risk description	Impact	Mitigation	Change from 2011/12
People • Inability to attract, retain and develop the right people.	• Lack the skills necessary to deliver the business objectives.	• Competitive remuneration plans. • Appropriate mix of insourcing and outsourcing. • Clear employee objectives and development plans. • Annual employee engagement survey. • Succession planning and talent management.	1 6 Stable senior management team with clear evidence of employee progress.

Regulatory

Risk description	Impact	Mitigation	Change from 2011/12
Health and safety • Accidents causing injury to employees, contractors, tenants and visitors to our properties.	• Criminal/civil proceedings and resultant reputational damage.	• Board responsibility for health and safety; • Quarterly Board reporting; • Dedicated specialist personnel; • Annual cycle of health and safety audits; • Established policy and procedures including ISO 18001 certification.	1 5
Environment • Properties do not comply with legislation or meet customer expectations.	• Increased cost base. • Inability to attract or retain tenants.	• Board responsibility for environment; • Dedicated specialist personnel; • Established policy and procedures including ISO 14001 certified environmental management system; • Active involvement in legislative working parties; • Active environmental programme addressing key areas of energy and waste.	1 5 7 Continuing investment and focus on energy and waste management across the portfolio.

Statement of directors' responsibilities in respect of the annual report and the financial statements

The Annual Report 2013 contains the following statements regarding responsibility for the financial statements and business reviews included therein.

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit and loss of the Group and Company for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' responsibility statement

Each of the Directors, whose names and functions are listed below, confirm that:

- to the best of their knowledge, the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- to the best of their knowledge, the management reports (which are incorporated into the Report of the Directors) contained in the Annual Report include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

A copy of the financial statements of the Group is placed on the Company's website. The Directors are responsible for the maintenance and integrity of statutory and audited information on the Company's website at www.landsecurities.com. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Alison Carnwath, Chairman
Kevin O'Byrne, Senior Independent Director*
David Rough*
Sir Stuart Rose*
Chris Bartram*
Simon Palley*
Stacey Rauch*

Robert Noel, Chief Executive
Martin Greenslade, Chief Financial Officer
Richard Akers, Executive Director

*Non-executive Directors

By order of the Board

Adrian de Souza
Group General Counsel and Company Secretary
14 May 2013

Financial Statements

Income statement for the year ended 31 March 2013	Notes	Group 2013 £m	Group 2012 £m
Group revenue [1]	3	**736.6**	671.5
Costs		**(290.7)**	(239.6)
		445.9	431.9
(Loss)/profit on disposal of investment properties		**(3.1)**	45.4
Profit on disposal of other investments		**1.6**	-
Net surplus on revaluation of investment properties	8	**196.7**	169.8
Release of impairment/(impairment charge) on trading properties	10	**7.1**	(2.0)
Operating profit		**648.2**	645.1
Interest expense	4	**(201.6)**	(201.1)
Interest income	4	**32.5**	26.2
Fair value movement on interest-rate swaps	4	**(1.6)**	(4.5)
Movement on redemption liability		**(4.5)**	-
Net gain on business combination	13	**1.4**	-
		474.4	465.7
Share of post-tax profit from joint ventures	9	**58.6**	52.2
Impairment of investment in joint ventures	9	**-**	(2.2)
Profit before tax		**533.0**	515.7
Income tax		**-**	8.0
Profit for the financial year		**533.0**	523.7
Attributable to:			
Owners of the Parent		**533.0**	522.9
Non-controlling interests		**-**	0.8
Profit for the financial year		**533.0**	523.7
Earnings per share attributable to the owners of the Parent (pence)			
Basic earnings per share	6	**68.4**	67.5
Diluted earnings per share	6	**68.1**	67.4

1. Group revenue excludes the share of joint ventures' revenue of **£108.6m** (2012: £121.4m).

Statement of comprehensive income for the year ended 31 March 2013	Notes	Group 2013 £m	Group 2012 £m
Profit for the financial year		**533.0**	523.7
Other comprehensive income consisting of:			
Actuarial gains/(losses) on defined benefit pension scheme		**3.9**	(16.1)
Share of joint ventures' fair value movement on interest-rate swaps treated as cash flow hedges	9	**(0.9)**	4.9
Revaluation of other investments	13	**2.3**	-
Recycling of revaluation of other investments to the income statement	13	**(2.3)**	-
Other comprehensive income/(expense) for the financial year		**3.0**	(11.2)
Total comprehensive income for the financial year		**536.0**	512.5
Attributable to:			
Owners of the Parent		**536.0**	511.7
Non-controlling interests		**-**	0.8
Total comprehensive income for the financial year		**536.0**	512.5

Balance sheets at 31 March 2013

		Group		Company	
		2013	2012	**2013**	2012
	Notes	**£m**	£m	**£m**	£m
Non-current assets					
Investment properties	8	**9,651.9**	8,453.2	**-**	-
Other property, plant and equipment		**8.3**	8.8	**-**	-
Net investment in finance leases		**188.0**	185.0	**-**	-
Loan investments		**50.0**	50.8	**-**	-
Investments in joint ventures	9	**1,301.0**	1,137.6	**-**	-
Investments in subsidiary undertakings		**-**	-	**6,180.7**	6,177.8
Other investments		**-**	32.3	**-**	-
Trade and other receivables		**10.6**	-	**-**	-
Pension surplus		**5.9**	-	**-**	-
Total non-current assets		**11,215.7**	9,867.7	**6,180.7**	6,177.8
Current assets					
Trading properties and long-term development contracts	10	**152.8**	133.1	**-**	-
Trade and other receivables		**344.8**	759.6	**21.8**	15.8
Monies held in restricted accounts and deposits	11	**30.9**	29.5	**-**	-
Cash and cash equivalents	12	**41.7**	29.7	**0.1**	0.2
Total current assets		**570.2**	951.9	**21.9**	16.0
Total assets		**11,785.9**	10,819.6	**6,202.6**	6,193.8
Current liabilities					
Borrowings	14	**(436.2)**	(10.8)	**-**	-
Trade and other payables		**(364.3)**	(361.3)	**(609.3)**	(691.5)
Provisions		**(7.0)**	(8.6)	**-**	-
Derivative financial instruments		**(9.1)**	-	**-**	-
Current tax liabilities		**(21.2)**	(21.6)	**-**	-
Total current liabilities		**(837.8)**	(402.3)	**(609.3)**	(691.5)
Non-current liabilities					
Borrowings	14	**(3,315.2)**	(3,225.1)	**-**	-
Derivative financial instruments		**(10.7)**	(6.5)	**-**	-
Pension deficit		**-**	(2.4)	**-**	-
Trade and other payables		**(17.4)**	(27.7)	**-**	-
Redemption liability		**(118.1)**	-	**-**	-
Total non-current liabilities		**(3,461.4)**	(3,261.7)	**-**	-
Total liabilities		**(4,299.2)**	(3,664.0)	**(609.3)**	(691.5)
Net assets		**7,486.7**	7,155.6	**5,593.3**	5,502.3
Equity					
Capital and reserves attributable to the owners of the Parent					
Ordinary shares		**79.2**	78.5	**79.2**	78.5
Share premium		**787.6**	786.2	**787.6**	786.2
Capital redemption reserve		**30.5**	30.5	**30.5**	30.5
Merger reserve		**-**	-	**373.6**	373.6
Share-based payments		**6.8**	6.8	**6.8**	6.8
Retained earnings		**6,590.3**	6,271.2	**4,315.6**	4,226.7
Own shares		**(7.7)**	(17.8)	**-**	-
Equity attributable to the owners of the Parent		**7,486.7**	7,155.4	**5,593.3**	5,502.3
Non-controlling interests		**-**	0.2	**-**	-
Total equity		**7,486.7**	7,155.6	**5,593.3**	5,502.3

The financial statements were approved by the Board of Directors on 14 May 2013 and were signed on its behalf by:

R M Noel **M F Greenslade**

Directors

Statement of changes in equity

Group

	Attributable to owners of the Parent								
	Ordinary shares	Share premium	Capital redemption reserve	Share-based payments	Retained earnings [1]	Own shares	Total	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 April 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 year ended 31 March 2012	-	-	-	-	522.9	-	522.9	0.8	523.7
Other comprehensive income:									
Actuarial loss on pension scheme	-	-	-	-	(16.1)	-	(16.1)	-	(16.1)
Share of joint ventures' fair value movement on interest-rate swaps treated as cash flow hedges	-	-	-	-	4.9	-	4.9	-	4.9
Total comprehensive income for the year ended 31 March 2012	-	-	-	-	511.7	-	511.7	0.8	512.5
Transactions with owners:									
Exercise of options	-	0.7	-	-	-	-	0.7	-	0.7
New share capital subscribed	0.9	65.7	-	-	-	-	66.6	-	66.6
Transfer to retained earnings in respect of shares issued in lieu of cash dividends	-	(65.7)	-	-	65.7	-	-	-	-
Fair value of share-based payments	-	-	-	4.8	-	-	4.8	-	4.8
Release on exercise/forfeiture of share options	-	-	-	(5.2)	5.2	-	-	-	-
Settlement and transfer of shares to employees on exercise of share options	-	-	-	-	(4.3)	4.3	-	-	-
Dividends to owners of the Parent	-	-	-	-	(221.4)	-	(221.4)	-	(221.4)
Distribution paid to non-controlling interests	-	-	-	-	-	-	-	(1.4)	(1.4)
Acquisition of own shares	-	-	-	-	-	(18.5)	(18.5)	-	(18.5)
Total transactions with owners of the Parent	0.9	0.7	-	(0.4)	(154.8)	(14.2)	(167.8)	(1.4)	(169.2)
At 31 March 2012	78.5	786.2	30.5	6.8	6,271.2	(17.8)	7,155.4	0.2	7,155.6
Profit for the year ended 31 March 2013	**-**	**-**	**-**	**-**	**533.0**	**-**	**533.0**	**-**	**533.0**
Other comprehensive income:									
Actuarial gain on pension scheme	**-**	**-**	**-**	**-**	**3.9**	**-**	**3.9**	**-**	**3.9**
Share of joint ventures' fair value movement on interest-rate swaps treated as cash flow hedges	**-**	**-**	**-**	**-**	**(0.9)**	**-**	**(0.9)**	**-**	**(0.9)**
Revaluation of other investments	**-**	**-**	**-**	**-**	**2.3**	**-**	**2.3**	**-**	**2.3**
Recycling of revaluation of other investments to the income statement	**-**	**-**	**-**	**-**	**(2.3)**	**-**	**(2.3)**	**-**	**(2.3)**
Total comprehensive income for the year ended 31 March 2013	**-**	**-**	**-**	**-**	**536.0**	**-**	**536.0**	**-**	**536.0**
Transactions with owners:									
Exercise of options	**0.1**	**1.4**	**-**	**-**	**-**	**-**	**1.5**	**-**	**1.5**
New share capital subscribed	**0.6**	**49.8**	**-**	**-**	**-**	**-**	**50.4**	**-**	**50.4**
Transfer to retained earnings in respect of shares issued in lieu of cash dividend	**-**	**(49.8)**	**-**	**-**	**49.8**	**-**	**-**	**-**	**-**
Purchase of treasury shares	**-**	**-**	**-**	**-**	**(34.4)**	**-**	**(34.4)**	**-**	**(34.4)**
Fair value of share-based payments	**-**	**-**	**-**	**2.9**	**-**	**-**	**2.9**	**-**	**2.9**
Release on exercise/forfeiture of share options	**-**	**-**	**-**	**(2.9)**	**2.9**	**-**	**-**	**-**	**-**
Settlement and transfer of shares to employees on exercise of share options	**-**	**-**	**-**	**-**	**(7.3)**	**10.6**	**3.3**	**-**	**3.3**
Dividends to owners of the Parent	**-**	**-**	**-**	**-**	**(228.8)**	**-**	**(228.8)**	**-**	**(228.8)**
Unpaid dividends refunded	**-**	**-**	**-**	**-**	**0.9**	**-**	**0.9**	**-**	**0.9**
Transfer to redemption liability	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(0.2)**	**(0.2)**
Acquisition of own shares	**-**	**-**	**-**	**-**	**-**	**(0.5)**	**(0.5)**	**-**	**(0.5)**
Total transactions with owners of the Parent	**0.7**	**1.4**	**-**	**-**	**(216.9)**	**10.1**	**(204.7)**	**(0.2)**	**(204.9)**
At 31 March 2013	**79.2**	**787.6**	**30.5**	**6.8**	**6,590.3**	**(7.7)**	**7,486.7**	**-**	**7,486.7**

1. Included within retained earnings are cumulative losses in respect of cash flow hedges (interest rate swaps) of **£3.9m** (2012: £3.0m).

Statement of changes in equity — Company

	Ordinary shares £m	Share premium £m	Capital redemption reserve £m	Merger reserve [1] £m	Share-based payments £m	Retained earnings £m	Total £m
At 1 April 2011	77.6	785.5	30.5	373.6	7.2	4,505.7	5,780.1
Loss for the year ended 31 March 2012	-	-	-	-	-	(29.1)	(29.1)
Exercise of options	-	0.7	-	-	-	-	0.7
New share capital subscribed	0.9	65.7	-	-	-	-	66.6
Transfer to retained earnings in respect of shares issued in lieu of cash dividend	-	(65.7)	-	-	-	65.7	-
Fair value of share-based payments	-	-	-	-	4.8	-	4.8
Transfer of treasury shares from group undertakings	-	-	-	-	-	(99.4)	(99.4)
Release on exercise/forfeiture of share options	-	-	-	-	(5.2)	5.2	-
Dividends	-	-	-	-	-	(221.4)	(221.4)
At 31 March 2012	78.5	786.2	30.5	373.6	6.8	4,226.7	5,502.3
Profit for the year ended 31 March 2013	**-**	**-**	**-**	**-**	**-**	**298.5**	**298.5**
Exercise of options	**0.1**	**1.4**	**-**	**-**	**-**	**-**	**1.5**
New share capital subscribed	**0.6**	**49.8**	**-**	**-**	**-**	**-**	**50.4**
Transfer to retained earnings in respect of shares issued in lieu of cash dividend	**-**	**(49.8)**	**-**	**-**	**-**	**49.8**	**-**
Fair value of share-based payments	**-**	**-**	**-**	**-**	**2.9**	**-**	**2.9**
Purchase of treasury shares	**-**	**-**	**-**	**-**	**-**	**(34.4)**	**(34.4)**
Release on exercise/forfeiture of share options	**-**	**-**	**-**	**-**	**(2.9)**	**2.9**	**-**
Dividends	**-**	**-**	**-**	**-**	**-**	**(228.8)**	**(228.8)**
Unclaimed dividends refunded	**-**	**-**	**-**	**-**	**-**	**0.9**	**0.9**
At 31 March 2013	**79.2**	**787.6**	**30.5**	**373.6**	**6.8**	**4,315.6**	**5,593.3**

1. The merger reserve arose on 6 September 2002 when the Company acquired 100% of the issued share capital of Land Securities PLC. The merger reserve represents the excess of the cost of acquisition over the nominal value of the shares issued by the Company to acquire Land Securities PLC. The merger reserve does not represent a realised or distributable profit.

Statements of cash flows for the year ended 31 March 2013			Group		Company
		2013	2012	2013	2012
	Notes	£m	£m	£m	£m
Net cash generated from operations					
Cash generated from operations	16	**345.0**	399.1	**-**	-
Interest paid		**(175.6)**	(164.4)	**-**	-
Interest received		**10.3**	27.1	**-**	-
Employer contributions to defined benefit pension scheme		**(4.7)**	(4.9)	**-**	-
Acquisition of trading properties		**(7.2)**	-	**-**	-
Capital expenditure on trading properties		**(25.4)**	(16.7)	**-**	-
Disposal of trading properties		**104.4**	19.4	**-**	-
Corporation tax paid		**(0.1)**	(5.5)	**-**	-
Net cash inflow from operations		**246.7**	254.1	**-**	-
Cash flows from investing activities					
Investment property development expenditure		**(208.8)**	(158.8)	**-**	-
Acquisition of investment properties and other investments		**(243.9)**	(107.3)	**-**	-
Acquisition of subsidiary undertaking (net of cash acquired)	13	**(86.8)**	-	**-**	-
Other investment property related expenditure		**(66.2)**	(145.9)	**-**	-
Disposal of investment properties		**509.9**	513.7	**-**	-
Expenditure on non-property related non-current assets		**(2.0)**	(2.3)	**-**	-
Receipts in respect of finance lease receivables		**-**	1.1	**-**	-
Disposal of other investments		**3.0**	-	**-**	-
Loans repaid by third parties		**0.8**	22.8	**-**	-
Cash contributed to joint ventures	9	**(3.9)**	(21.1)	**-**	-
Loan advances to joint ventures	9	**(159.1)**	(66.5)	**-**	-
Loan repayments by joint ventures	9	**12.8**	18.0	**-**	-
Distributions from joint ventures	9	**30.6**	24.1	**-**	-
Net cash (outflow)/inflow from investing activities		**(213.6)**	77.8	**-**	-
Cash flows from financing activities					
Cash received on issue of shares arising from exercise of share options		**4.7**	0.7	**-**	-
Purchase of own shares and treasury shares		**(34.9)**	(18.5)	**-**	-
Proceeds from new loans (net of finance fees)		**200.6**	288.1	**-**	-
Repayment of loans	14	**(10.9)**	(461.0)	**(0.1)**	-
(Increase)/ decrease in monies held in restricted accounts and deposits	11	**(1.4)**	5.6	**-**	-
Decrease in finance leases payable		**(0.1)**	(0.2)	**-**	-
Dividends paid to owners of the Parent	5	**(178.3)**	(153.1)	**-**	-
Distributions paid by subsidiary undertakings		**(0.8)**	(1.4)	**-**	-
Net cash outflow from financing activities		**(21.1)**	(339.8)	**(0.1)**	-
Increase/(decrease) in cash and cash equivalents for the year		**12.0**	(7.9)	**(0.1)**	-
Cash and cash equivalents at the beginning of the year		**29.7**	37.6	**0.2**	0.2
Cash and cash equivalents at the end of the year	12	**41.7**	29.7	**0.1**	0.2

The Company cash flow statement excludes transactions, including the payment of dividends, that are settled on the Company's behalf by other group undertakings.

Notes to the Financial Statements

1. Basis of preparation

These financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared in Pounds Sterling (rounded to the nearest hundred thousand), which is the presentation currency of the Group (Land Securities Group PLC and all of its subsidiary undertakings), and under the historical cost convention as modified by the revaluation of land and buildings, available-for-sale investments, derivative financial instruments and financial assets and liabilities held for trading.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Land Securities Group PLC has not presented its own statement of comprehensive income (and separate income statement), as permitted by Section 408 of Companies Act 2006. The profit for the year of the Company, dealt with in its financial statements, was **£298.5m** (2012: a loss of £29.1m).

The results shown for the year ended 31 March 2013 are unaudited. The financial information contained in this announcement does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. Statutory accounts of the Company in respect of the year ended 31 March 2012, upon which the Company's auditors have given a report which was unqualified and did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006, have been delivered to the Registrar of Companies.

2. 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 three Executive Directors.

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

The information and reports reviewed by the SMB are prepared on a combined portfolio basis, which includes the Group's share of joint ventures and non-wholly owned subsidiaries 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 and profit/(loss) on disposal of investment properties) and one-off or exceptional items. It includes the pre-tax results of subsidiaries and joint ventures on a proportionately consolidated basis. Segment profit is the lowest level to which the profit arising from the ongoing operations of the Group is analysed between the two segments. The Group manages its financing structure, with the exception of joint ventures, on a pooled basis and, as such, debt facilities and interest charges are not specific to a particular segment.

The segmental information provided to senior management for the reportable segments for the year ended 31 March 2013 is as follows:

2. Segmental information continued

Group	Retail Portfolio			London Portfolio			Year ended 31 March 2013 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	256.0	66.9	322.9	253.6	16.5	270.1	509.6	83.4	593.0
Finance lease interest	1.9	0.5	2.4	9.1	-	9.1	11.0	0.5	11.5
Gross rental income (before rents payable)	257.9	67.4	325.3	262.7	16.5	279.2	520.6	83.9	604.5
Rents payable [1]	(9.4)	(2.1)	(11.5)	(3.1)	-	(3.1)	(12.5)	(2.1)	(14.6)
Gross rental income (after rents payable)	248.5	65.3	313.8	259.6	16.5	276.1	508.1	81.8	589.9
Service charge income	34.9	10.1	45.0	37.1	0.6	37.7	72.0	10.7	82.7
Service charge expense	(36.4)	(11.1)	(47.5)	(36.7)	(0.7)	(37.4)	(73.1)	(11.8)	(84.9)
Net service charge expense	(1.5)	(1.0)	(2.5)	0.4	(0.1)	0.3	(1.1)	(1.1)	(2.2)
Other property related income	11.4	1.2	12.6	17.7	0.1	17.8	29.1	1.3	30.4
Direct property expenditure	(31.1)	(12.1)	(43.2)	(26.2)	(1.0)	(27.2)	(57.3)	(13.1)	(70.4)
Net rental income	227.3	53.4	280.7	251.5	15.5	267.0	478.8	68.9	547.7
Indirect property expenditure	(20.5)	(2.8)	(23.3)	(15.3)	(0.7)	(16.0)	(35.8)	(3.5)	(39.3)
Depreciation	(0.1)	-	(0.1)	(0.9)	-	(0.9)	(1.0)	-	(1.0)
Segment profit before interest	206.7	50.6	257.3	235.3	14.8	250.1	442.0	65.4	507.4
Joint venture net interest expense	-	(16.4)	(16.4)	-	(14.6)	(14.6)	-	(31.0)	(31.0)
Segment profit	206.7	34.2	240.9	235.3	0.2	235.5	442.0	34.4	476.4
Group services – income							3.8	-	3.8
– expense							(40.3)	-	(40.3)
Interest expense							(199.8)	-	(199.8)
Interest income							32.5	-	32.5
Eliminate effect of bond exchange de-recognition							18.1	-	18.1
Revenue profit							256.3	34.4	290.7

1. Included within rents payable is finance lease interest payable of **£1.7m** (2012: £1.5m) and **£0.4m** (2012: £0.6m) for the Retail and London portfolios, respectively.

Group	Retail Portfolio			London Portfolio			Year ended 31 March 2013 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	206.7	50.6	257.3	235.3	14.8	250.1	442.0	65.4	507.4
Trading properties sale proceeds	-	4.6	4.6	106.7	4.7	111.4	106.7	9.3	116.0
Carrying value of trading properties disposals	-	(4.0)	(4.0)	(69.3)	(4.7)	(74.0)	(69.3)	(8.7)	(78.0)
Profit on disposal of trading properties	-	0.6	0.6	37.4	-	37.4	37.4	0.6	38.0
Long-term development contract income	-	3.1	3.1	-	-	-	-	3.1	3.1
Long-term development contract expenditure	-	(3.1)	(3.1)	0.1	-	0.1	0.1	(3.1)	(3.0)
Profit on long-term development contracts	-	-	-	0.1	-	0.1	0.1	-	0.1
	206.7	51.2	257.9	272.8	14.8	287.6	479.5	66.0	545.5
Investment property disposal proceeds	40.9	15.6	56.5	4.9	4.5	9.4	45.8	20.1	65.9
Carrying value of investment property disposals (including lease incentives)	(46.4)	(14.1)	(60.5)	(2.5)	(4.5)	(7.0)	(48.9)	(18.6)	(67.5)
(Loss)/profit on disposal of investment properties	(5.5)	1.5	(4.0)	2.4	-	2.4	(3.1)	1.5	(1.6)
Net surplus/(deficit) on revaluation of investment properties	(48.8)	(30.9)	(79.7)	245.8	51.4	297.2	197.0	20.5	217.5
Impairment release/(charge) on trading properties	-	(0.2)	(0.2)	7.1	(3.8)	3.3	7.1	(4.0)	3.1
	152.4	21.6	174.0	528.1	62.4	590.5	680.5	84.0	764.5
Group services – income							3.8	-	3.8
– expense							(40.3)	-	(40.3)
Profit on disposal of other investments							1.6	-	1.6
Adjustment to include subsidiaries at 100%[2]							2.6	0.5	3.1
Operating profit							648.2	84.5	732.7
Interest expense							(201.6)	(31.0)	(232.6)
Interest income							32.5	-	32.5
Fair value movement on interest-rate swaps							(1.6)	4.8	3.2
Movement on redemption liability							(4.5)	-	(4.5)
Net gain on business combination							1.4	-	1.4
Joint ventures net liability adjustment							-	0.3	0.3
Profit before tax							474.4	58.6	533.0

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

2. Segmental information continued

Group									Year ended 31 March 2012
	Retail Portfolio			London Portfolio			Total		
Revenue profit	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
Rental income	255.9	66.1	322.0	279.5	11.7	291.2	535.4	77.8	613.2
Finance lease interest	2.1	0.4	2.5	6.2	-	6.2	8.3	0.4	8.7
Gross rental income (before rents payable)	258.0	66.5	324.5	285.7	11.7	297.4	543.7	78.2	621.9
Rents payable (1)	(9.5)	(2.1)	(11.6)	(4.2)	-	(4.2)	(13.7)	(2.1)	(15.8)
Gross rental income (after rents payable)	248.5	64.4	312.9	281.5	11.7	293.2	530.0	76.1	606.1
Service charge income	33.9	8.4	42.3	42.8	0.3	43.1	76.7	8.7	85.4
Service charge expense	(34.5)	(10.6)	(45.1)	(45.3)	(0.3)	(45.6)	(79.8)	(10.9)	(90.7)
Net service charge expense	(0.6)	(2.2)	(2.8)	(2.5)	-	(2.5)	(3.1)	(2.2)	(5.3)
Other property related income	12.8	1.2	14.0	19.0	-	19.0	31.8	1.2	33.0
Direct property expenditure	(29.8)	(10.6)	(40.4)	(19.8)	(0.9)	(20.7)	(49.6)	(11.5)	(61.1)
Net rental income	230.9	52.8	283.7	278.2	10.8	289.0	509.1	63.6	572.7
Indirect property expenditure	(23.6)	(2.3)	(25.9)	(16.7)	(0.6)	(17.3)	(40.3)	(2.9)	(43.2)
Depreciation	(2.2)	-	(2.2)	(0.4)	-	(0.4)	(2.6)	-	(2.6)
Segment profit before interest	205.1	50.5	255.6	261.1	10.2	271.3	466.2	60.7	526.9
Joint venture net interest expense	-	(21.2)	(21.2)	-	(10.7)	(10.7)	-	(31.9)	(31.9)
Segment profit	205.1	29.3	234.4	261.1	(0.5)	260.6	466.2	28.8	495.0
Group services – income							3.9	-	3.9
– expense							(44.0)	-	(44.0)
– eliminate non-revenue profit income							-	-	-
Interest expense							(201.1)	-	(201.1)
Interest income							26.2	-	26.2
Eliminate effect of bond exchange de-recognition							16.6	-	16.6
Eliminate debt restructuring charges							2.8	-	2.8
Revenue profit							270.6	28.8	299.4

1. Included within rents payable is finance lease interest payable of £1.5m and £0.6m for the Retail and London portfolios, respectively.

Group									Year ended 31 March 2012
	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	205.1	50.5	255.6	261.1	10.2	271.3	466.2	60.7	526.9
Trading properties sale proceeds	0.9	26.2	27.1	7.1	5.2	12.3	8.0	31.4	39.4
Carrying value of trading properties disposals	(0.6)	(23.4)	(24.0)	(5.2)	(5.0)	(10.2)	(5.8)	(28.4)	(34.2)
Profit on disposal of trading properties	0.3	2.8	3.1	1.9	0.2	2.1	2.2	3.0	5.2
Long-term development contract income	-	1.9	1.9	7.4	-	7.4	7.4	1.9	9.3
Long-term development contract expenditure	-	(1.9)	(1.9)	(3.8)	-	(3.8)	(3.8)	(1.9)	(5.7)
Profit on long-term development contracts	-	-	-	3.6	-	3.6	3.6	-	3.6
	205.4	53.3	258.7	266.6	10.4	277.0	472.0	63.7	535.7
Investment property disposal proceeds	255.1	26.8	281.9	706.3	-	706.3	961.4	26.8	988.2
Carrying value of investment property disposals (including lease incentives)	(235.1)	(25.8)	(260.9)	(680.9)	-	(680.9)	(916.0)	(25.8)	(941.8)
Profit on disposal of investment properties	20.0	1.0	21.0	25.4	-	25.4	45.4	1.0	46.4
Net surplus/(deficit) on revaluation of investment properties	6.1	(11.6)	(5.5)	163.7	32.7	196.4	169.8	21.1	190.9
Impairment (charge)/release on trading properties	-	(0.9)	(0.9)	(2.0)	0.8	(1.2)	(2.0)	(0.1)	(2.1)
	231.5	41.8	273.3	453.7	43.9	497.6	685.2	85.7	770.9
Group services – income							3.9	-	3.9
– expense							(44.0)	-	(44.0)
Operating profit							645.1	85.7	730.8
Interest expense							(201.1)	(31.9)	(233.0)
Interest income							26.2	-	26.2
Fair value movement on interest-rate swaps							(4.5)	(0.9)	(5.4)
Impairment of investment in joint ventures							(2.2)	-	(2.2)
Joint venture tax adjustment							-	(0.3)	(0.3)
Joint venture net liabilities adjustment							-	(0.4)	(0.4)
Profit before tax							463.5	52.2	515.7

2. Segmental information continued

Group – Balance sheet (Year ended 31 March 2013)	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	4,290.9	978.1	5,269.0	5,139.6	587.6	5,727.2	9,430.5	1,565.7	10,996.2
Other property, plant and equipment	2.0	-	2.0	6.3	-	6.3	8.3	-	8.3
Net investment in finance leases	29.4	4.8	34.2	151.6	-	151.6	181.0	4.8	185.8
Trading properties and long-term development contracts	-	8.8	8.8	152.8	12.0	164.8	152.8	20.8	173.6
Trade and other receivables	106.2	50.9	157.1	249.7	5.7	255.4	355.9	56.6	412.5
Share of joint venture cash	-	37.5	37.5	-	15.5	15.5	-	53.0	53.0
Joint venture net liabilities adjustment	-	-	-	-	0.3	0.3	-	0.3	0.3
Segment assets	4,428.5	1,080.1	5,508.6	5,700.0	621.1	6,321.1	10,128.5	1,701.2	11,829.7
Unallocated:									
Cash and cash equivalents							30.6	-	30.6
Monies held in restricted accounts							30.9	-	30.9
Loan investments							50.0	-	50.0
Pension surplus							5.9	-	5.9
Adjustment for proportionate share of subsidiary assets							239.0	12.0	251.0
Joint venture liabilities							-	(412.2)	(412.2)
Total assets							10,484.9	1,301.0	11,785.9
Trade and other payables	(127.9)	(29.8)	(157.7)	(145.4)	(29.0)	(174.4)	(273.3)	(58.8)	(332.1)
Provisions	(1.1)	(0.4)	(1.5)	(5.9)	-	(5.9)	(7.0)	(0.4)	(7.4)
Redemption liability	(115.4)	-	(115.4)	(2.7)	-	(2.7)	(118.1)	-	(118.1)
Share of joint venture borrowings	-	(200.9)	(200.9)	-	(152.1)	(152.1)	-	(353.0)	(353.0)
Segment liabilities	(244.4)	(231.1)	(475.5)	(154.0)	(181.1)	(335.1)	(398.4)	(412.2)	(810.6)
Unallocated:									
Borrowings							(3,627.0)	-	(3,627.0)
Derivative financial instruments							(16.1)	-	(16.1)
Current tax liabilities							(21.2)	-	(21.2)
Trade and other payables							(98.9)	-	(98.9)
Adjustment for proportionate share of subsidiary liabilities							(137.6)	-	(137.6)
Joint venture liabilities to assets							-	412.2	412.2
Total liabilities							(4,299.2)	-	(4,299.2)
Other segment items									
Capital expenditure	162.2	(1.8)	160.4	115.4	80.7	196.1	277.6	78.9	356.5

Group – Balance sheet (Year ended 31 March 2012)	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	3,672.4	1,004.1	4,676.5	4,780.8	449.3	5,230.1	8,453.2	1,453.4	9,906.6
Other property, plant and equipment	2.5	-	2.5	6.3	-	6.3	8.8	-	8.8
Net investment in finance leases	33.0	8.3	41.3	152.0	-	152.0	185.0	8.3	193.3
Trading properties and long-term development contracts	-	7.7	7.7	133.1	15.3	148.4	133.1	23.0	156.1
Trade and other receivables	222.0	96.8	318.8	537.6	3.6	541.2	759.6	100.4	860.0
Share of joint venture cash	-	21.3	21.3	-	22.8	22.8	-	44.1	44.1
Segment assets	3,929.9	1,138.2	5,068.1	5,609.8	491.0	6,100.8	9,539.7	1,629.2	11,168.9
Unallocated:									
Cash and cash equivalents							29.7	-	29.7
Monies held in restricted accounts							29.5	-	29.5
Loan investments							50.8	-	50.8
Other investments							32.3	-	32.3
Joint venture liabilities							-	(491.6)	(491.6)
Total assets							9,682.0	1,137.6	10,819.6
Trade and other payables	(96.5)	(66.2)	(162.7)	(138.1)	(12.6)	(150.7)	(234.6)	(78.8)	(313.4)
Provisions	(0.6)	(0.6)	(1.2)	(8.0)	-	(8.0)	(8.6)	(0.6)	(9.2)
Share of joint venture borrowings	-	(263.4)	(263.4)	-	(148.8)	(148.8)	-	(412.2)	(412.2)
Segment liabilities	(97.1)	(330.2)	(427.3)	(146.1)	(161.4)	(307.5)	(243.2)	(491.6)	(734.8)
Unallocated:									
Borrowings							(3,235.9)	-	(3,235.9)
Derivative financial instruments							(6.5)	-	(6.5)
Pension deficit							(2.4)	-	(2.4)
Current tax liabilities							(21.6)	-	(21.6)
Trade and other payables							(154.4)	-	(154.4)
Joint venture liabilities to assets							-	491.6	491.6
Total liabilities							(3,664.0)	-	(3,664.0)
Other segment items									
Capital expenditure	133.0	14.0	147.0	151.3	31.3	182.6	284.3	45.3	329.6

3. Group revenue	2013 £m	Group 2012 £m
Rental income (excluding adjustment for lease incentives)	**494.2**	520.7
Adjustment for lease incentives	**19.2**	14.7
Rental income	**513.4**	535.4
Service charge income	**72.9**	76.7
Other property related income	**28.8**	31.8
Trading property sales proceeds	**106.7**	8.0
Long-term development contract income	**-**	7.4
Finance lease interest	**11.0**	8.3
Other income	**3.8**	3.9
	736.6	671.5

Revenue includes proceeds on the sale of trading properties, which in the year ended 31 March 2013 includes proceeds on the sale of Wellington House of **£90.4m** and an estimate of the probable amounts due on the profit share in respect of land sold in 2005 (Bankside 4) of **£15.4m**.

4. Net interest expense	2013 £m	Group 2012 £m
Interest expense		
Bond and debenture debt	**(177.3)**	(177.8)
Bank borrowings	**(18.3)**	(13.0)
Other interest payable	**(0.8)**	(0.6)
Amortisation of bond exchange de-recognition	**(18.1)**	(16.6)
Interest on pension scheme liabilities	**(7.8)**	(8.0)
	(222.3)	(216.0)
Interest capitalised in relation to properties under development	**20.7**	14.9
Total interest expense	**(201.6)**	(201.1)
Interest income		
Short-term deposits	**0.6**	0.4
Interest received on loan investments	**2.3**	3.8
Other interest receivable	**5.4**	7.4
Interest receivable from joint ventures	**15.6**	5.5
Expected return on pension scheme assets	**8.6**	9.1
Total interest income	**32.5**	26.2
Fair value movement on interest-rate swaps	**(1.6)**	(4.5)
Net interest expense	**(170.7)**	(179.4)

Included within rents payable (note 2) is finance lease interest payable of £2.1m (2012: £2.1m).

5. Dividends			Group and Company	
		Actual		
		per share	**2013**	2012
Ordinary dividends paid	Payment date	pence	**£m**	£m
For the year ended 31 March 2011:				
Third interim	26 April 2011	7.0	**-**	53.9
Final	28 July 2011	7.2	**-**	55.6
For the year ended 31 March 2012:				
First interim	24 October 2011	7.2	**-**	55.8
Second interim	9 January 2012	7.2	**-**	56.1
Third interim	26 April 2012	7.2	**56.1**	-
Final	26 July 2012	7.4	**57.5**	-
For the year ended 31 March 2013:				
First interim	12 October 2012	7.4	**57.6**	-
Second interim	10 January 2013	7.4	**57.6**	-
Gross dividend			**228.8**	221.4

The Board has proposed a final quarterly dividend for the year ended 31 March 2013 of **7.6p** per share (2012: 7.4p), which will be 100% PID, to the extent it is paid in cash, and result in a further estimated distribution of **£59.4m** (2012: £57.5m). It will be paid on 19 July 2013 to shareholders who are on the Register of Members on 21 June 2013. The final dividend is in addition to the third quarterly interim dividend of **7.4p** or **£57.8m** paid on 17 April 2013 (2012: 7.2p or £56.1m). The total dividend paid and proposed in respect of the year ended 31 March 2013 is **29.8p** (2012: 29.0p).

The Company operates a scrip dividend scheme which provides shareholders with the opportunity to receive their dividend in shares as opposed to cash. Shares issued in lieu of dividends during the year, all of which were non-PID distributions, totalled **£50.4m** (2012: £66.6m). The difference between the gross dividend of **£228.8m** and the amount reported in the consolidated cash flow for the year of **£178.3m** is the shares issued in lieu of dividends (£50.4m), the timing of the payment of the related withholding tax (£0.8m) and unpaid dividends refunded during the year (£0.9m).

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 under the scrip 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 to a particular dividend will apply will be announced prior to the relevant ex-dividend date. The scrip dividend alternative for the proposed final quarterly dividend will be a non-PID.

6. Earnings per share		Group
	2013	2012
	£m	£m
Profit for the financial year attributable to the owners of the Parent	**533.0**	522.9
Fair value movement on redemption liability	**4.5**	-
Net surplus on revaluation of investment properties – Group	**(197.0)**	(169.8)
– Joint ventures	**(20.5)**	(21.1)
Loss/(profit) on disposal of investment properties – Group	**3.1**	(45.4)
– Joint ventures	**(1.5)**	(1.0)
Impairment (release)/charge on trading properties – Group	**(7.1)**	2.0
– Joint ventures	**4.0**	0.1
Profit on disposal of trading properties – Group	**(37.4)**	(2.2)
– Joint ventures	**(0.6)**	(3.0)
Fair value movement on interest-rate swaps – Group	**1.6**	4.5
– Joint ventures	**(4.8)**	0.9
Impairment of investment in joint ventures	**-**	2.2
Joint venture net liabilities adjustment (1)	**(0.3)**	0.4
Profit on disposal of other investments	**(1.6)**	-
Net gain on business combination	**(1.4)**	-
Adjustment for proportionate share of earnings	**(3.8)**	-
EPRA adjusted earnings attributable to the owners of the Parent	**270.2**	290.5
Tax adjustments related to prior periods – Group	**-**	(8.0)
Eliminate profit on long-term development contracts – Group (2)	**(0.1)**	(3.6)
Eliminate debt restructuring charges and other interest items – Group	**-**	2.8
Eliminate amortisation of bond exchange de-recognition – Group	**18.1**	16.6
Adjusted earnings attributable to the owners of the Parent	**288.2**	298.3

1. Joint ventures with net liabilities are carried at zero value in the balance sheet where there is no commitment to fund the deficit.
2. The profit on long-term development contracts has been removed from our adjusted earnings due to the long-term, capital nature of these programmes.

6. Earnings per share continued

	2013 million	2012 million
Weighted average number of ordinary shares	**789.1**	781.5
Weighted average number of treasury shares	**(8.7)**	(5.9)
Weighted average number of own shares	**(1.5)**	(1.4)
Weighted average number of ordinary shares - basic earnings per share	**778.9**	774.2
Dilutive effect of share options	**3.4**	1.7
Weighted average number of ordinary shares - diluted earnings per share	**782.3**	775.9

	2013 Pence	2012 Pence
Basic earnings per share	**68.4**	67.5
Diluted earnings per share	**68.1**	67.4
Adjusted earnings per share	**37.0**	38.5
Adjusted diluted earnings per share	**36.8**	38.5
EPRA adjusted diluted earnings per share	**34.5**	37.4

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.

7. Net assets per share

	Group 2013 £m	2012 £m
Net assets attributable to the owners of the Parent	**7,486.7**	7,155.4
Fair value of interest-rate swaps – Group	**16.1**	6.5
– Joint ventures	**8.4**	14.3
EPRA adjusted net assets	**7,511.2**	7,176.2
Reverse bond exchange de-recognition adjustment	**(432.8)**	(450.9)
Adjusted net assets attributable to the owners of the Parent	**7,078.4**	6,725.3
Reinstate bond exchange de-recognition adjustment	**432.8**	450.9
Fair value of interest-rate swaps – Group	**(16.1)**	(6.5)
– Joint ventures	**(8.4)**	(14.3)
Excess of fair value of debt over book value (note 14)	**(1,111.8)**	(860.9)
EPRA triple net assets	**6,374.9**	6,294.5

	2013 million	2012 million
Number of ordinary shares in issue	**792.1**	785.1
Number of treasury shares	**(10.5)**	(5.9)
Number of own shares	**(1.1)**	(2.3)
Number of ordinary shares - basic net assets per share	**780.5**	776.9
Dilutive effect of share options	**3.2**	2.6
Number of ordinary shares - diluted net assets per share	**783.7**	779.5

	2013 Pence	2012 Pence
Net assets per share	**959**	921
Diluted net assets per share	**955**	918
Adjusted net assets per share	**907**	866
Adjusted diluted net assets per share	**903**	863
EPRA measure – adjusted diluted net assets per share	**958**	921
– diluted triple net assets per share	**813**	808

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.

8. Investment properties

Group	Portfolio management £m	Development programme £m	Total £m
Net book value at 1 April 2011	8,028.0	861.0	8,889.0
Property acquisitions	69.7	-	69.7
Issue of finance lease	(89.7)	-	(89.7)
Capital expenditure	140.2	141.8	282.0
Capitalised interest	1.8	11.7	13.5
Disposals	(863.5)	(32.3)	(895.8)
Depreciation	(0.1)	-	(0.1)
Transfer from trading properties	14.8	-	14.8
Valuation surplus	95.6	74.2	169.8
Net book value at 31 March 2012	**7,396.8**	**1,056.4**	**8,453.2**
Property acquisitions	**237.7**	**7.6**	**245.3**
Acquisition of finance lease	**1.1**	**-**	**1.1**
Capital expenditure	**32.9**	**244.9**	**277.8**
Capitalised interest	**0.6**	**18.3**	**18.9**
Disposals	**(48.5)**	**-**	**(48.5)**
Disposal of finance lease (leasehold)	**2.0**	**-**	**2.0**
Net movement in finance leases	**10.7**	**-**	**10.7**
Depreciation	**(0.3)**	**-**	**(0.3)**
Acquired in business combination – property acquisition (note 13)	**540.3**	**-**	**540.3**
– acquisition of finance lease (note 13)	**4.7**	**-**	**4.7**
Transfer to trading properties	**(50.0)**	**-**	**(50.0)**
Transfers from the development programme into portfolio management	**462.7**	**(462.7)**	**-**
Transfers from portfolio management into the development programme	**(87.9)**	**87.9**	**-**
Valuation surplus	**22.7**	**174.0**	**196.7**
Net book value at 31 March 2013	**8,525.5**	**1,126.4**	**9,651.9**

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 2012	7,396.8	1,056.4	8,453.2
Plus: tenant lease incentives	181.1	23.6	204.7
Less: head leases capitalised	(22.0)	(1.3)	(23.3)
Plus: properties treated as finance leases	197.4	7.8	205.2
Market value at 31 March 2012 – Group	7,753.3	1,086.5	8,839.8
– Joint ventures (note 9)	1,389.2	101.6	1,490.8
– Group and share of joint ventures	9,142.5	1,188.1	10,330.6
Net book value at 31 March 2013	**8,525.5**	**1,126.4**	**9,651.9**
Plus: tenant lease incentives	**228.8**	**9.2**	**238.0**
Less: head leases capitalised	**(28.7)**	**-**	**(28.7)**
Plus: properties treated as finance leases	**200.1**	**11.9**	**212.0**
Market value at 31 March 2013 – Group	**8,925.7**	**1,147.5**	**10,073.2**
– Adjustment for non-wholly owned subsidiaries(1)	**(240.0)**	**-**	**(240.0)**
– Joint ventures (note 9)	**1,317.7**	**295.5**	**1,613.2**
– Group on a proportionate basis	**10,003.4**	**1,443.0**	**11,446.4**

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

The net book value of leasehold properties where head leases have been capitalised is £947.3m (2012: £885.7m).

The fair value of the Group's investment properties at 31 March 2013 has been arrived at on the basis of a valuation carried out at that date by Knight Frank LLP and Jones Lang LaSalle, external valuers. The valuation by Knight Frank LLP and Jones Lang LaSalle, which conform to Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors and with IVA 1 of the International Valuation Standards, were arrived at by reference to market evidence of transaction prices for similar properties. Investment properties include capitalised interest of £208.8m (2012: £189.9m). The average rate of interest capitalisation for the year is 5.0% (2012: 5.0%). The historical cost of investment properties is £7,003.5m (2012: £6,006.5m).

The current value of investment properties, including joint ventures, in respect of proposed developments is £123.6m (2012: £212.6m). Developments are transferred out of the development programme when physically complete and 95% let, or two years after practical completion, whichever is earlier. The only scheme transferred out of the development programme during the year was One New Change, EC4.

9. Investments in joint ventures

The Group's joint ventures are described below:

Name of joint venture	Percentage owned	Business segment	Year end date	Joint venture partners
20 Fenchurch Street Limited Partnership	50.0%	London Portfolio	31 March	Canary Wharf Group 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	Intu Properties 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
The Scottish Retail Property Limited Partnership (1)	50.0%	Retail Portfolio	31 March	The British Land Company PLC
Westgate Oxford Alliance Limited Partnership (1)	50.0%	Retail Portfolio	31 March	The Crown Estate Commissioners
The Martineau Galleries Limited Partnership (1)	33.3%	Retail Portfolio	31 December	Hammerson plc Pearl Group Limited
The Martineau Limited Partnership (1) (3)	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
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
Victoria Circle Limited Partnership (1)	50.0%	London Portfolio	31 March	Canada Pension Plan Investment Board
The Empress State Limited Partnership (1)	50.0%	London Portfolio	31 December	Capital & Counties Properties PLC
HNJV Limited (1) (3)	50.0%	London Portfolio	31 March	Places for People Group Limited
Fen Farm Developments Limited (1) (2)	50.0%	Retail Portfolio	31 March	Economic Zones World
West India Quay Unit Trust (1)	50.0%	Retail Portfolio	31 December	Schroder Exempt Property Unit Trust

1. Included within Other in subsequent tables.
2. Disposed of in the year to 31 March 2012.
3. Dissolved in the year to 31 March 2013.

9. Investments in joint ventures continued

Year ended 31 March 2013

Income statement	20 Fenchurch Street 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	0.1	6.8	8.9	17.2	18.4	4.1	7.1	21.1	83.7
Finance lease interest	-	-	0.1	-	0.3	-	-	0.1	0.5
Gross rental income (before rents payable)	0.1	6.8	9.0	17.2	18.7	4.1	7.1	21.2	84.2
Rents payable	-	-	-	(1.2)	(0.6)	-	-	(0.3)	(2.1)
Gross rental income (after rents payable)	0.1	6.8	9.0	16.0	18.1	4.1	7.1	20.9	82.1
Service charge income	-	1.6	1.3	2.4	2.4	0.1	0.3	2.6	10.7
Service charge expense	-	(1.8)	(1.4)	(2.9)	(2.5)	(0.1)	(0.2)	(2.9)	(11.8)
Net service charge expense	-	(0.2)	(0.1)	(0.5)	(0.1)	-	0.1	(0.3)	(1.1)
Other property related income	-	0.2	-	0.3	0.3	0.1	-	0.4	1.3
Direct property expenditure	(0.1)	(0.8)	(0.9)	(3.9)	(3.9)	(0.3)	(0.1)	(3.1)	(13.1)
Net rental income	**-**	**6.0**	**8.0**	**11.9**	**14.4**	**3.9**	**7.1**	**17.9**	**69.2**
Indirect property expenditure	(0.1)	(0.4)	-	(0.6)	(0.5)	(0.5)	(0.4)	(1.0)	(3.5)
Segment profit/(loss) before interest	**(0.1)**	**5.6**	**8.0**	**11.3**	**13.9**	**3.4**	**6.7**	**16.9**	**65.7**
Net interest expense (1)	(4.5)	(3.2)	(4.1)	(5.3)	-	(1.4)	(4.5)	(13.0)	(36.0)
Capitalised interest	2.4	-	-	-	-	-	-	2.6	5.0
Segment profit/(loss)	**(2.2)**	**2.4**	**3.9**	**6.0**	**13.9**	**2.0**	**2.2**	**6.5**	**34.7**
Segment profit/(loss) before interest	(0.1)	5.6	8.0	11.3	13.9	3.4	6.7	16.9	65.7
Trading properties sale proceeds	-	-	-	3.7	-	-	-	5.6	9.3
Carrying value of trading properties disposals	-	-	-	(3.1)	-	-	-	(5.6)	(8.7)
Profit on disposal of trading properties	-	-	-	0.6	-	-	-	-	0.6
Long-term development contract income	-	-	-	-	-	3.1	-	-	3.1
Long-term development contract expenditure	-	-	-	-	-	(3.1)	-	-	(3.1)
Profit on long-term development contracts	-	-	-	-	-	-	-	-	-
Investment property disposal proceeds	-	-	-	15.4	-	-	4.5	0.2	20.1
Carrying value of investment property disposals	-	-	-	(14.1)	-	-	(4.5)	-	(18.6)
Profit on disposal of investment properties	-	-	-	1.3	-	-	-	0.2	1.5
Net surplus/(deficit) on revaluation of investment properties	23.1	(6.3)	-	8.1	(17.9)	(1.4)	7.3	7.8	20.7
Impairment charge on trading properties	-	-	-	(0.1)	-	-	-	(3.9)	(4.0)
Operating profit/(loss)	**23.0**	**(0.7)**	**8.0**	**21.2**	**(4.0)**	**2.0**	**14.0**	**21.0**	**84.5**
Net interest expense	(2.1)	(3.2)	(4.1)	(4.4)	-	(1.4)	(3.4)	(7.6)	(26.2)
Profit/(loss) before tax	**20.9**	**(3.9)**	**3.9**	**16.8**	**(4.0)**	**0.6**	**10.6**	**13.4**	**58.3**
Income tax	-	-	-	-	-	-	-	-	-
	20.9	**(3.9)**	**3.9**	**16.8**	**(4.0)**	**0.6**	**10.6**	**13.4**	**58.3**
Net liabilities adjustment (2)	-	-	-	-	-	-	-	0.3	0.3
Share of post tax profit/(loss)	**20.9**	**(3.9)**	**3.9**	**16.8**	**(4.0)**	**0.6**	**10.6**	**13.7**	**58.6**

1. Excludes fair value movements 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 year.

9. Investments in joint ventures continued

Year ended 31 March 2012

Income statement	20 Fenchurch Street 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	0.1	7.2	9.2	16.1	18.7	4.2	3.7	18.6	77.8
Finance lease interest	-	-	0.1	-	0.2	-	-	0.1	0.4
Gross rental income (before rents payable)	0.1	7.2	9.3	16.1	18.9	4.2	3.7	18.7	78.2
Rents payable	-	-	-	(1.3)	(0.6)	-	-	(0.2)	(2.1)
Gross rental income (after rents payable)	0.1	7.2	9.3	14.8	18.3	4.2	3.7	18.5	76.1
Service charge income	-	1.2	1.1	2.2	2.1	0.2	0.1	1.8	8.7
Service charge expense	-	(2.0)	(1.1)	(2.9)	(2.5)	(0.1)	(0.2)	(2.1)	(10.9)
Net service charge expense	-	(0.8)	-	(0.7)	(0.4)	0.1	(0.1)	(0.3)	(2.2)
Other property related income	-	0.2	-	0.3	0.3	-	-	0.4	1.2
Direct property expenditure	(0.4)	(0.7)	(1.1)	(4.1)	(2.6)	(0.4)	(0.5)	(1.7)	(11.5)
Net rental income	(0.3)	5.9	8.2	10.3	15.6	3.9	3.1	16.9	63.6
Indirect property expenditure	(0.1)	(0.3)	(0.1)	(0.5)	(0.4)	(0.2)	(0.3)	(1.0)	(2.9)
Segment profit/(loss) before interest	(0.4)	5.6	8.1	9.8	15.2	3.7	2.8	15.9	60.7
Net interest expense (1)	(1.4)	(4.7)	(4.1)	(7.3)	-	(1.8)	(4.9)	(8.5)	(32.7)
Capitalised interest	0.7	-	-	-	-	-	-	0.1	0.8
Segment profit/(loss)	(1.1)	0.9	4.0	2.5	15.2	1.9	(2.1)	7.5	28.8
Segment profit/(loss) before interest	(0.4)	5.6	8.1	9.8	15.2	3.7	2.8	15.9	60.7
Trading properties sale proceeds	-	-	-	7.1	-	-	-	24.3	31.4
Carrying value of trading properties disposals	-	-	-	(6.2)	-	-	-	(22.2)	(28.4)
Profit on disposal of trading properties	-	-	-	0.9	-	-	-	2.1	3.0
Long-term development contract income	-	-	-	-	-	1.9	-	-	1.9
Long-term development contract expenditure	-	-	-	-	-	(1.9)	-	-	(1.9)
Profit on long-term development contracts	-	-	-	-	-	-	-	-	-
Investment property disposal proceeds	-	-	-	0.6	-	26.2	-	-	26.8
Carrying value of investment property disposals	-	(0.2)	-	(0.4)	-	(25.4)	-	0.2	(25.8)
Profit/(loss) on disposal of investment properties	-	(0.2)	-	0.2	-	0.8	-	0.2	1.0
Net surplus/(deficit) on revaluation of investment properties	13.4	(0.6)	1.3	2.5	(8.6)	0.1	14.4	(1.4)	21.1
Impairment (charge)/release on trading properties	-	-	-	(1.6)	-	-	-	1.5	(0.1)
Operating profit	13.0	4.8	9.4	11.8	6.6	4.6	17.2	18.3	85.7
Net interest expense	(0.7)	(4.7)	(4.1)	(9.6)	-	(3.8)	(3.0)	(6.9)	(32.8)
Profit before tax	12.3	0.1	5.3	2.2	6.6	0.8	14.2	11.4	52.9
Income tax	-	(0.3)	-	-	-	-	-	-	(0.3)
	12.3	(0.2)	5.3	2.2	6.6	0.8	14.2	11.4	52.6
Net liabilities adjustment (2)	-	-	-	-	-	-	-	(0.4)	(0.4)
Share of post tax profit /(loss)	12.3	(0.2)	5.3	2.2	6.6	0.8	14.2	11.0	52.2

9. Investments in joint ventures continued

Net investment	20 Fenchurch Street 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 2011	70.5	25.6	135.9	144.2	296.8	95.1	47.6	123.9	939.6
Cash contributed	0.1	16.8	0.8	-	-	0.3	-	3.1	21.1
Property and other contributions	-	-	-	0.1	-	-	14.2	85.2	99.5
Distributions	-	(0.6)	(3.3)	-	(17.0)	-	-	(3.2)	(24.1)
Fair value movement on cash flow hedges taken to comprehensive income	-	1.0	-	-	-	2.1	-	1.8	4.9
Disposals	-	-	-	-	-	-	-	(1.9)	(1.9)
Loan advances	18.7	-	-	19.0	1.0	3.0	-	24.8	66.5
Loan repayments	-	-	-	(18.0)	-	-	-	-	(18.0)
Share of post tax profit/(loss)	12.4	(0.2)	5.3	2.2	6.6	0.8	14.2	10.9	52.2
Impairment of investment	-	-	-	-	-	-	-	(2.2)	(2.2)
At 31 March 2012	**101.7**	**42.6**	**138.7**	**147.5**	**287.4**	**101.3**	**76.0**	**242.4**	**1,137.6**
Cash contributed	**-**	**1.5**	**0.3**	**-**	**-**	**-**	**-**	**2.1**	**3.9**
Property and other contributions	**0.1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**
Distributions	**-**	**(0.7)**	**(4.7)**	**-**	**(14.7)**	**-**	**-**	**(10.5)**	**(30.6)**
Acquired in business combination	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**29.0**	**29.0**
Fair value movement on cash flow hedges taken to comprehensive income	**-**	**(2.5)**	**-**	**-**	**-**	**0.8**	**-**	**0.8**	**(0.9)**
Loan advances	**52.9**	**-**	**-**	**26.7**	**-**	**2.0**	**1.1**	**76.4**	**159.1**
Loan repayments	**-**	**-**	**-**	**(4.9)**	**-**	**-**	**(5.6)**	**(2.3)**	**(12.8)**
Loan settled through equity	**-**	**-**	**-**	**-**	**-**	**(43.0)**	**-**	**-**	**(43.0)**
Share of post tax profit/(loss)	**20.9**	**(3.9)**	**3.9**	**16.8**	**(4.0)**	**0.6**	**10.6**	**13.7**	**58.6**
At 31 March 2013	**175.6**	**37.0**	**138.2**	**186.1**	**268.7**	**61.7**	**82.1**	**351.6**	**1,301.0**

Balance sheet at 31 March 2013									
Investment properties [1]	183.1	106.6	136.0	253.2	257.2	72.0	160.4	409.0	1,577.5
Current assets	2.9	5.3	4.4	36.2	21.3	13.4	9.3	42.9	135.7
	186.0	111.9	140.4	289.4	278.5	85.4	169.7	451.9	1,713.2
Current liabilities	(10.4)	(3.1)	(2.2)	(7.8)	(7.2)	(3.1)	(3.1)	(88.3)	(125.2)
Non-current liabilities	-	(71.8)	-	(95.5)	(2.6)	(20.6)	(84.5)	(12.3)	(287.3)
	(10.4)	(74.9)	(2.2)	(103.3)	(9.8)	(23.7)	(87.6)	(100.6)	(412.5)
Net liabilities adjustment [2]	-	-	-	-	-	-	-	0.3	0.3
Net assets	**175.6**	**37.0**	**138.2**	**186.1**	**268.7**	**61.7**	**82.1**	**351.6**	**1,301.0**
Market value of investment properties [1]	**183.1**	**107.5**	**137.5**	**264.7**	**271.7**	**72.9**	**163.5**	**412.3**	**1,613.2**
Net (debt)/cash	**2.9**	**(68.6)**	**2.3**	**(74.5)**	**(0.1)**	**(15.6)**	**(78.5)**	**(67.9)**	**(300.0)**

Balance sheet at 31 March 2012									
Investment properties [1]	101.6	109.1	132.8	266.0	275.4	73.5	150.7	344.3	1,453.4
Current assets	1.3	5.9	8.2	22.4	23.3	52.4	3.7	58.6	175.8
	102.9	115.0	141.0	288.4	298.7	125.9	154.4	402.9	1,629.2
Current liabilities	(1.2)	(3.4)	(2.3)	(45.0)	(8.7)	(3.5)	(2.7)	(15.5)	(82.3)
Non-current liabilities	-	(69.0)	-	(95.9)	(2.6)	(21.1)	(75.7)	(145.0)	(409.3)
	(1.2)	(72.4)	(2.3)	(140.9)	(11.3)	(24.6)	(78.4)	(160.5)	(491.6)
Net assets	**101.7**	**42.6**	**138.7**	**147.5**	**287.4**	**101.3**	**76.0**	**242.4**	**1,137.6**
Market value of investment properties [1]	**98.2**	**110.0**	**138.0**	**278.1**	**290.0**	**74.3**	**151.1**	**351.1**	**1,490.8**
Net (debt)/cash	**1.3**	**(65.2)**	**1.9**	**(92.3)**	**0.7**	**(19.4)**	**(72.6)**	**(122.5)**	**(368.1)**

1. The difference between the book value and the market value is the amount included in prepayments in respect of lease incentives, head leases capitalised and properties treated as finance leases.
2. Joint ventures with net liabilities are carried at zero value in the balance sheet where there is no commitment to fund the deficit and any distributions are included in the consolidated income statement for the year.

10. Trading properties and long-term development contracts

	Trading properties			Group
	Development land and infrastructure £m	Other £m	Long-term development contracts £m	Total £m
At 1 April 2011	107.6	15.5	6.2	129.3
Transfer between categories	(39.7)	39.7	-	-
Capital expenditure	2.2	20.6	-	22.8
Capitalised interest	0.8	0.6	-	1.4
Transfer to investment properties	-	(14.8)	-	(14.8)
Disposals	(0.9)	(4.9)	-	(5.8)
Impairment provision	(2.0)	-	-	(2.0)
Contract costs deferred	-	-	2.2	2.2
At 31 March 2012	**68.0**	**56.7**	**8.4**	**133.1**
Acquisitions	**7.1**	**-**		**7.1**
Capital expenditure	**3.1**	**17.1**	**-**	**20.2**
Capitalised interest	**0.9**	**0.9**	**-**	**1.8**
Transfer from investment properties	**-**	**50.0**		**50.0**
Disposals	**-**	**(67.5)**	**-**	**(67.5)**
Impairment release	**7.1**	**-**	**-**	**7.1**
Contract costs deferred	**-**	**-**	**1.0**	**1.0**
At 31 March 2013	**86.2**	**57.2**	**9.4**	**152.8**

The realisable value of the Group's trading properties at 31 March 2013 has been based on a valuation carried out at that date by Knight Frank LLP, external valuers. The cumulative impairment provision at 31 March 2013 in respect of Development land and infrastructure was £103.4m (31 March 2012: £110.5m); and in respect of Other was £0.3m (31 March 2012: £0.3m).

Long-term development contracts	Group	
	2013 £m	2012 £m
Income statement:		
Contract revenue recognised as revenue in the year	**-**	7.4
Contract expenditure recognised as costs in the year	**0.1**	(3.8)
	0.1	3.6
Balance sheet:		
Contract costs incurred and recognised profits (less recognised losses) to date	**9.4**	8.4
Balance at the end of the year	**9.4**	8.4

11. Monies held in restricted accounts and deposits

	Group	
	2013 £m	2012 £m
Cash at bank and in hand	**7.4**	7.2
Short-term deposits	**23.5**	22.3
	30.9	29.5

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 where the account or deposit is placed.

	Group	
	2013 £m	2012 £m
Counterparties with external credit ratings		
AAA	**-**	-
AA	**-**	-
A+	**7.4**	23.5
A	**23.5**	4.0
BBB+	**-**	2.0
	30.9	29.5

12. Cash and cash equivalents	Group		Company	
	2013	2012	**2013**	2012
	£m	£m	**£m**	£m
Cash at bank and in hand	**17.4**	11.5	**0.1**	0.2
Short-term deposits	**24.3**	1.0	**-**	-
Liquidity funds	**-**	17.2	**-**	-
	41.7	29.7	**0.1**	0.2

Liquidity funds

The liquidity funds are AAA rated cash-investment funds with constant net asset values, offering the Group same day access to the funds deposited. These investments yielded an average return of **0.5%** in the year ended 31 March 2013 (2012: an average return of 0.6%).

Short-term deposits

The effective interest rate on short-term deposits was **0.3%** at 31 March 2013 (2012: 0.4%) and had an average maturity of **2 days** (2012: 2 days).

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

		Group
	2013	2012
	£m	£m
Counterparties with external credit ratings		
AAA	**-**	17.2
AA	**-**	-
AA-	**19.5**	-
A+	**6.1**	1.6
A	**16.1**	8.7
A-	**-**	2.2
	41.7	29.7

13. Business combinations

On 16 January 2013 the Group acquired 322m units in the X-Leisure Unit Trust (X-Leisure) from Capital & Regional Units Limited and AREA (X-L) Limited, representing a 42% holding . Prior to the acquisition, the Group held 92.5m units in X-Leisure (a 12% holding), which was recorded within other investments. As a result of this transaction, the Group's holding in X-Leisure increased to 54%. The acquisition increases the proportion of leisure assets in the Group's business in line with the Group's strategic objectives for the Retail Portfolio.

X-Leisure owns 99.9% of the X-Leisure Limited Partnership, with the remaining 0.1% ownership being with X-Leisure (GP) Limited. On the same day, the Group acquired 100% of both X-Leisure (GP) Limited and X-Leisure Limited (previously owned 50% by Capital & Regional Property Management Limited and 50% by AREA (X-L) Management Limited.)

The acquisition of additional units in X-Leisure, together with the acquisition of X-Leisure (GP) Limited and X-Leisure Limited resulted in the Group obtaining control of X-Leisure from 16 January 2013. The transaction has therefore been accounted for as a business combination, achieved in stages.

The fair value of the consideration paid to acquire the 42% holding was £112.0m, being the cash consideration. The previously held interest has been measured at fair value at acquisition date. As a result of this, a gain of £2.3m has been recognised in other comprehensive income and recycled to the income statement.

13. Business combinations continued

The fair value of the assets and liabilities acquired is set out in the table below:

	Fair Value £m
Assets	
Investment property	545.0
Investment in joint venture	29.0
Finance lease receivable	18.4
Cash	25.2
Trade and other receivables	6.0
Total assets	**623.6**
Liabilities	
Borrowings	(305.8)
Trade and other payables	(7.1)
Accruals and deferred income	(22.0)
Derivative financial instruments	(11.7)
Total liabilities	**(346.6)**
Net assets	**277.0**
Fair value of previously held interest	32.9
Redemption liability	129.7
Fair value of consideration paid	112.0
Gain on acquisition of subsidiary	**2.4**

The fair value of the consideration, the redemption liability and the previously held interest are less than the value of the identifiable assets and, as a result, a gain of £2.4m has been recognised in the income statement on acquisition within net gain on business combination. Also included within this line are transaction related costs of £3.3m and the gain on the revaluation of the previously held investment of £2.3m. The gain on bargain purchase of £2.4m reflects the discount achieved on the purchase of the units, together with the impact of the net fair value adjustments recorded on acquisition.

The fair value of trade and other receivables is £6.0m and includes trade receivables with a fair value of £2.7m. The gross contractual amount for trade receivables due is £3.9m, of which £1.2m is expected to be uncollectible.

In March 2013, the Group acquired a further 5% holding in X-Leisure for £16.3m, increasing the Group's total holding to 59%.

Pro forma information

During the year the acquired companies contributed £10.7m to the revenue of the Group and £4.9m to the profit for the year. The pro forma consolidated results of the Group, as if the acquisitions had been made on 1 April 2012, would show an increase to revenue of £39.2m and an increase to profit after taxation of £14.7m.

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

14. Borrowings

	Secured/ unsecured	Fixed/floating	Effective interest rate %	Nominal/ notional value £m	Fair value £m	Group 2013 Book value £m
Current borrowings						
Sterling						
5.292 per cent MTN due 2015	Secured	Fixed	5.3	122.7	125.1	122.7
5.253 per cent QAG Bond	Secured	Fixed	5.3	11.8	14.3	11.8
Syndicated bank debt	Secured	Floating	LIBOR + margin	264.8	264.8	264.8
Bilateral facilities	Secured	Floating	LIBOR + margin	35.7	37.0	36.9
Total current borrowings				**435.0**	**441.2**	**436.2**
Non-current borrowings						
Sterling						
4.875 per cent MTN due 2019	Secured	Fixed	5.0	400.0	458.9	397.8
5.425 per cent MTN due 2022	Secured	Fixed	5.5	255.3	307.1	254.7
4.875 per cent MTN due 2025	Secured	Fixed	4.9	300.0	357.7	297.7
5.391 per cent MTN due 2026	Secured	Fixed	5.4	210.7	254.0	210.0
5.391 per cent MTN due 2027	Secured	Fixed	5.4	608.6	744.0	606.3
5.376 per cent MTN due 2029	Secured	Fixed	5.4	317.6	384.8	316.1
5.396 per cent MTN due 2032	Secured	Fixed	5.4	322.7	392.9	320.9
5.125 per cent MTN due 2036	Secured	Fixed	5.1	500.0	596.5	498.6
Bond exchange de-recognition adjustment						(432.8)
				2,914.9	3,495.9	2,469.3
5.253 per cent QAG Bond	Secured	Fixed	5.3	317.2	384.1	317.2
Syndicated bank debt	Secured	Floating	LIBOR + margin	330.0	330.0	330.0
Bilateral facilities	Secured	Floating	LIBOR + margin	170.0	170.0	170.0
Amounts payable under finance leases	Unsecured	Fixed	7.3	28.7	42.0	28.7
Total non-current borrowings				**3,760.8**	**4,422.0**	**3,315.2**
Total borrowings				**4,195.8**	**4,863.2**	**3,751.4**

Medium term notes (MTNs)

The MTNs 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, development properties and the Group's investment in the Bristol Alliance Limited Partnership, the Westgate Oxford Alliance Limited Partnership and the Victoria Circle Limited Partnership, valued at **£9.3bn** at 31 March 2013 (2012: £8.8bn). The Group's investment in the Victoria Circle Limited Partnership was charged to the Security Group in the year ended 31 March 2013. 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 (see note 15). 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 MTNs are listed on the Irish Stock Exchange and their fair values are based on their respective market prices.

Syndicated bank debt

At 31 March 2013 the Group had a **£1.085bn** authorised credit facility with a maturity of December 2016, which was **£330.0m** drawn. This facility is committed and is secured on the assets of the Security Group.

Also included are bank facilities of **£293.4m**, arising on the acquisition of X-Leisure. Undrawn facilities at 31 March 2013 were **£28.6m** and the facilities mature in December 2013 and March 2014.

Bilateral facilities

At 31 March 2012 the Group had a £135.0m facility with a maturity of November 2014, which was undrawn. In March 2013, the borrowing under this facility was repaid and the facility cancelled in full. At the same time a new facility for the same amount was entered into, which matures in March 2018. The new facility was **£95.0m** drawn at 31 March 2013. A further committed bilateral facility of **£165.0m**, maturing in May 2014, is available to the Group and was **£75.0m** drawn at 31 March 2013 (2012: £nil). The bilateral facilities are secured on the assets of the Security Group.

Also included in bilateral facilities is a **£36.9m** facility arising on the acquisition of X-Leisure. The facility was fully drawn at 31 March 2013 and matures in June 2013.

14. Borrowings continued

Queen Anne's Gate 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 (QAG). The QAG Bond is a fully amortising bond with a final maturity in February 2027 and a fixed interest rate of 5.253% per annum. At 31 March 2013 the bond had an amortised book value of £329.0m (2012: £339.4m).

Fair values

The fair values of any floating rate financial liabilities are assumed to be equal to their nominal value, but adjusted for the effect of exit fees payable on redemption.

						Group 2012
	Secured/ unsecured	Fixed/floating	Effective interest rate %	Nominal/ notional value £m	Fair value £m	Book value £m
Current borrowings						
Sterling						
5.253 per cent QAG Bond	Secured	Fixed	5.3	10.5	12.2	10.5
Amounts payable under finance leases	Unsecured	Fixed	7.8	0.3	0.3	0.3
Total current borrowings				**10.8**	**12.5**	**10.8**
Non-current borrowings						
Sterling						
5.292 per cent MTN due 2015	Secured	Fixed	5.3	122.7	127.8	122.7
4.875 per cent MTN due 2019	Secured	Fixed	5.0	400.0	442.4	397.4
5.425 per cent MTN due 2022	Secured	Fixed	5.5	255.3	290.9	254.7
4.875 per cent MTN due 2025	Secured	Fixed	4.9	300.0	328.4	297.5
5.391 per cent MTN due 2026	Secured	Fixed	5.4	210.7	236.4	209.9
5.391 per cent MTN due 2027	Secured	Fixed	5.4	608.8	689.2	606.4
5.376 per cent MTN due 2029	Secured	Fixed	5.4	317.6	356.9	316.1
5.396 per cent MTN due 2032	Secured	Fixed	5.4	322.7	359.4	320.9
5.125 per cent MTN due 2036	Secured	Fixed	5.1	500.0	537.0	498.5
Bond exchange de-recognition adjustment				-	-	(450.9)
				3,037.8	3,368.4	2,573.2
5.253 per cent QAG Bond	Secured	Fixed	5.3	329.0	380.5	328.9
Syndicated bank debt	Secured	Floating	LIBOR + margin	300.0	300.0	300.0
Bilateral facilities	Secured	Floating	LIBOR + margin	-	-	-
Amounts payable under finance leases	Unsecured	Fixed	7.8	23.0	35.4	23.0
Total non-current borrowings				**3,689.8**	**4,084.3**	**3,225.1**
Total borrowings				**3,700.6**	**4,096.8**	**3,235.9**

Reconciliation of the movement in borrowings		Group
	2013 £m	2012 £m
At the beginning of the year	**3,235.9**	3,384.3
Repayment of loans	**(10.9)**	(461.0)
Acquired in business combination (note 13)	**305.8**	-
Proceeds from new loans	**200.8**	300.0
Amortisation of finance fees	**1.0**	1.1
Amortisation of bond exchange de-recognition adjustment	**18.1**	16.6
Net movement in finance lease obligations	**0.7**	(5.1)
At the end of the year	**3,751.4**	3,235.9

Bond exchange de-recognition

On 3 November 2004, a debt refinancing was completed resulting in the Group exchanging all of its outstanding bond and debenture debt for new MTNs with higher nominal values. The new MTNs did not meet the IAS 39 requirement to be substantially different from the debt that 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 MTNs. The amortisation is charged to net interest expenses in the income statement.

15. Financial risk management

Introduction

A review of the Group's objectives, policies and processes for managing and monitoring risk is set out in the "Financial review" and "Our principal risks and how we manage them". This note provides further detail on financial risk management and includes quantitative information on specific financial risks.

The Group is exposed to a variety of financial risks: market risks (principally interest-rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise the potential adverse effects of these on the Group's financial performance and includes the use of derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by Group Treasury under policies approved by the Board of Directors.

Capital structure

The capital structure of the Group consists of shareholders' equity and net borrowings, including cash held on deposit. The type and maturity of the Group's borrowings are analysed further in note 14 and the Group's equity is analysed into its various components in the Statement of changes in equity. Capital is managed so as to promote the long-term success of the business and to maintain sustainable returns for shareholders.

The Group's strategy is to maintain an appropriate net debt to total equity ratio (gearing) and loan-to-value ratio (LTV) to ensure that asset level performance is translated into enhanced returns for shareholders whilst maintaining an appropriate risk reward balance to accommodate changing financial and operating market cycles. As the Group came out of the last property downturn, its objective was to see rising asset values reduce gearing and LTV ratios. The following table details a number of the Group's key metrics in relation to managing its capital structure.

							Group
				2013			2012
	Group	Adjustment for non-wholly owned subsidiaries[1]	Joint ventures	Combined	Group	Joint ventures	Combined
	£m	£m	£m	£m	£m	£m	£m
Property portfolio							
Market value of investment properties	**10,073.2**	**(240.0)**	**1,613.2**	**11,446.4**	8,839.8	1,490.8	10,330.6
Trading properties and long-term contracts	**152.8**	**-**	**20.8**	**173.6**	133.1	23.0	156.1
	10,226.0	**(240.0)**	**1,634.0**	**11,620.0**	8,972.9	1,513.8	10,486.7
Net debt							
Borrowings	**3,751.4**	**(124.4)**	**344.6**	**3,971.6**	3,235.9	397.9	3,633.8
Cash and cash equivalents	**(41.7)**	**11.4**	**(53.0)**	**(83.3)**	(29.7)	(41.4)	(71.1)
Monies held in restricted accounts and deposits	**(30.9)**	**-**	**-**	**(30.9)**	(29.5)	(2.7)	(32.2)
Fair value of interest-rate swaps	**19.8**	**(3.7)**	**8.4**	**24.5**	6.5	14.3	20.8
Net debt	**3,698.6**	**(116.7)**	**300.0**	**3,881.9**	3,183.2	368.1	3,551.3
Less: Fair value of interest-rate swaps	**(19.8)**	**3.7**	**(8.4)**	**(24.5)**	(6.5)	(14.3)	(20.8)
Reverse bond exchange de-recognition (note 14)	**432.8**	**-**	**-**	**432.8**	450.9	-	450.9
Adjusted net debt	**4,111.6**	**(113.0)**	**291.6**	**4,290.2**	3,627.6	353.8	3,981.4
Adjusted total equity							
Total equity	**7,486.7**			**7,486.7**	7,155.6		7,155.6
Fair value of interest-rate swaps	**19.8**	**(3.7)**	**8.4**	**24.5**	6.5	14.3	20.8
Reverse bond exchange de-recognition (note 14)	**(432.8)**			**(432.8)**	(450.9)		(450.9)
Adjusted total equity	**7,073.7**	**(3.7)**	**8.4**	**7,078.4**	6,711.2	14.3	6,725.5
Gearing	**49.4%**			**51.8%**	44.5%		49.6%
Adjusted gearing	**58.1%**			**60.6%**	54.1%		59.2%
Loan to value - Group	**40.2%**			**36.9%**	40.4%		38.0%
Loan to value - Security Group	**37.7%**				37.6%		
Weighted average cost of debt	**4.9%**			**4.9%**	5.0%		5.0%

1. This represents the 40.6% interest in X-Leisure which we do not own, but is consolidated in the Group numbers.

15. Financial risk management continued

The following table summarises the Group's financial assets and liabilities into the categories required by IFRS 7, 'Financial Instruments, Disclosure':

		Group
	2013	2012
	£m	£m
Available for sale financial assets	**-**	32.3
Loans and receivables	**405.4**	810.4
Financial liabilities at amortised cost	**(4,133.1)**	(3,624.9)
Net financial liabilities at fair value through profit and loss	**(19.8)**	(6.5)
Other	**(118.1)**	-
	(3,865.6)	(2,788.7)

Financial risk factors

(i) Credit risk

The Group's principal financial assets are cash and cash equivalents, trade and other receivables, finance lease receivables, amounts due from joint ventures, loans to third parties and commercial property backed loan notes. Further details concerning the credit risk of counterparties is provided in the note that specifically relates to each type of asset.

Bank and financial institutions

One of the principal credit risks of the Group arises from financial derivative instruments and deposits with banks and financial institutions. In line with the policy approved by the Board of Directors, where the Group manages the deposit only independently-rated banks and financial institutions with a minimum rating of A- are accepted. Group Treasury currently performs a weekly review of the credit ratings of all its financial institution counterparties. Furthermore, Group Treasury ensures that funds deposited with a single financial institution remain within the Group's policy limits.

Trade receivables

Trade receivables are presented in the balance sheet net of allowances for doubtful receivables. Impairment is made where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables concerned. The balance is low relative to the scale of the balance sheet and, owing to the long-term nature and diversity of the Group's tenancy arrangements, the credit risk of trade receivables is considered to be low. Furthermore, a credit report is obtained from an independent rating agency prior to the inception of a lease with a new counterparty. This report is used to determine the size of the deposit that is required from the tenant at inception. In general these deposits represent between three and six months' rent.

Finance lease receivables

This balance relates to amounts receivable from tenants in respect of tenant finance leases. This is not considered a significant credit risk as the tenants are generally of good financial standing.

Loans to third parties

A loan maturing in 2035 was made to Semperian PPP (formerly Trillium Investment Partners LP) as part of the disposal of the Trillium business. This loan is not considered a significant credit risk as it is repayable from dividends from investments in government infrastructure projects.

(ii) Liquidity risk

The Group actively maintains a mixture of notes with final maturities between 2015 and 2036, and medium-term committed bank facilities that are designed to ensure that the Group has sufficient available funds for its operations and its committed capital expenditure programme.

15. Financial risk management continued

Management monitors the Group's available funds as follows:

					Group
	March 2013	December 2012	September 2012	June 2012	March 2012
	£m	£m	£m	£m	£m
Cash and cash equivalents	**41.7**	43.1	19.3	31.5	29.7
Undrawn committed credit lines	**913.6**	1,010.0	1,130.0	1,025.0	1,085.0
Available funds	**955.3**	1,053.1	1,149.3	1,056.5	1,114.7
As a proportion of drawn debt	**23.0%**	28.1%	31.7%	28.3%	30.3%

The Group's core financing structure is in the Security Group, although the remaining Non-Restricted Group may also secure independent funding.

Security Group

The Group's principal financing arrangements utilise the credit support of a ring-fenced group of assets (the Security Group) that comprises the majority of the Group's investment property portfolio. These arrangements operate in ''tiers'' determined by LTV and Interest cover ratio (ICR). This structure is most flexible at lower tiers (with a lower LTV and a higher ICR) and allows property acquisitions, disposals and developments to occur with relative freedom. In higher tiers, the requirements become more prescriptive. No financial covenant default is triggered until the applicable LTV exceeds 100% or the ICR is less than 1.0x.

As at 31 March 2013, the reported LTV for the Security Group was **37.7%** (2012: 37.6%), meaning that the Group was operating in Tier 1 and benefited from maximum operational flexibility.

Management monitors the key covenants attached to the Security Group on a monthly basis, including LTV, ICR, sector and regional concentration and disposals.

Non-Restricted Group

The Non-Restricted Group obtains funding when required from a combination of inter-company loans from the Security Group, equity and external bank debt. Bespoke credit facilities are established with banks when required for the Non-Restricted Group projects and joint ventures, usually on a limited-recourse basis.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the expected maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group				2013
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£m	£m	£m	£m
Borrowings (excluding finance lease liabilities)	**625.4**	**264.8**	**981.8**	**4,429.2**
Finance lease liabilities	**2.2**	**2.2**	**6.7**	**259.1**
Derivative financial instruments	**9.1**	**7.9**	**2.8**	**-**
Trade payables	**6.6**	**-**	**-**	**-**
Capital payables	**32.5**	**-**	**-**	**-**
Redemption liability	**-**	**118.1**	**-**	**-**
	675.8	**393.0**	**991.3**	**4,688.3**

Group				2012
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£m	£m	£m	£m
Borrowings (excluding finance lease liabilities)	193.2	313.5	862.3	4,623.8
Finance lease liabilities	2.1	3.6	3.5	203.5
Derivative financial instruments	-	-	6.5	-
Trade payables	7.4	-	-	-
Capital payables	48.1	-	-	-
	250.8	317.1	872.3	4,827.3

15. Financial risk management continued

(iii) Market risk

The Group is exposed to market risk through interest rates and availability of credit.

Interest rates

The Group uses derivative products to manage its interest-rate exposure, and has a hedging policy that generally requires at least 80% of its existing debt plus increases in debt associated with net committed capital expenditure to be at fixed interest rates for the coming five years. Due to a combination of factors, principally the high level of certainty required under IAS 39 'Financial Instruments: Recognition and Measurement', hedging instruments used in this context do not qualify for hedge accounting. Specific interest-rate hedges are also used within our joint ventures to fix the interest rate exposure on limited-recourse debt. Where specific hedges are used in geared joint ventures to fix the interest exposure on limited-recourse debt, these may qualify for hedge accounting.

At 31 March 2013, the Group (including joint ventures) had **£1.2bn** (2012: £0.6bn) of interest rate swaps in place, and its net debt was **90.7%** fixed (2012: 94.8%). Based on the Group's debt balances at 31 March 2013, a 1% increase in interest rates would increase the net interest payable in the income statement by **£5.0m** (2012: £3.0m). The sensitivity has been calculated by applying the interest rate change to the variable rate borrowings, net of interest-rate swaps and cash and cash equivalents.

Foreign exchange

Foreign-exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency.

The Group does not normally enter into any foreign-currency transactions as it is UK based. However, where significant committed expenditure in foreign currencies is identified, it is the Group's policy to hedge 100% of that exposure by entering into forward purchases of foreign currency to fix the Sterling value. Therefore the Group's foreign-exchange risk is low.

The Group had no foreign-currency exposure at 31 March 2013 or at 31 March 2012.

Financial maturity analysis

The interest rate profile of the Group's undiscounted borrowings, after taking into account the effect of the interest-rate swaps, are set out below:

						Group
			2013			2012
	Fixed rate	**Floating rate**	**Total**	Fixed rate	Floating rate	Total
	£m	**£m**	**£m**	£m	£m	£m
Sterling	**3,395.3**	**800.5**	**4,195.8**	3,400.6	300.0	3,700.6

The expected maturity profiles of the Group's borrowings are as follows:

						Group
			2013			2012
	Fixed rate	**Floating rate**	**Total**	Fixed rate	Floating rate	Total
	£m	**£m**	**£m**	£m	£m	£m
One year or less, or on demand	**134.5**	**300.5**	**435.0**	10.8	-	10.8
More than one year but not more than two years	**13.2**	**75.0**	**88.2**	8.7	-	8.7
More than two years but not more than five years	**48.7**	**425.0**	**473.7**	165.7	300.0	465.7
More than five years	**3,198.9**	**-**	**3,198.9**	3,215.4	-	3,215.4
	3,395.3	**800.5**	**4,195.8**	3,400.6	300.0	3,700.6

The expected maturity profiles of the Group's derivative instruments are as follows:

		Group
	2013	2012
	£m	£m
One year or less, or on demand	**296.8**	-
More than one year but not more than two years	**220.0**	-
More than two years but not more than five years	**500.0**	220.0
	1,016.8	220.0

15. Financial risk management continued

Valuation hierarchy

Interest-rate swaps, the redemption liability and other investments are the only financial instruments which are carried at fair value. The table below shows the aggregate assets and liabilities carried at fair value by valuation method:

								Group
				2013				2012
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Assets	**-**	**-**	**-**	**-**	-	32.3	-	32.3
Liabilities	**-**	**(137.9)**	**-**	**(137.9)**	-	(6.5)	-	(6.5)

Note:
Level 1: valued using unadjusted quoted prices in active markets for identical financial instruments.
Level 2: valued using techniques based on information that can be obtained from observable market data.
Level 3: valued using techniques incorporating information other than observable market data.

16. Cash flow from operating activities

		Group		Company
	2013	2012	**2013**	2012
Reconciliation of operating profit to net cash inflow from operating activities:	**£m**	£m	**£m**	£m
Cash generated from operations				
Operating profit/(loss)	**648.2**	645.1	**328.0**	(11.9)
Adjustments for:				
Depreciation	**2.6**	4.6	**-**	-
Loss/(profit) on disposal of investment properties	**3.1**	(45.4)	**-**	-
Profit on disposal of trading properties	**(37.4)**	(2.2)	**-**	-
Profit on disposal of other investments	**(1.6)**	-	**-**	-
Net valuation surplus on investment properties	**(196.7)**	(169.8)	**-**	-
Impairment (release)/charge on trading properties	**(7.1)**	2.0	**-**	-
Share-based payment charge	**2.9**	4.8	**-**	-
Defined benefit pension scheme charge	**1.1**	1.0	**-**	-
	415.1	440.1	**328.0**	(11.9)
Changes in working capital:				
Increase in long-term development contracts	**(1.0)**	(2.2)	**-**	-
(Increase)/decrease in receivables	**(48.0)**	5.5	**-**	-
(Decrease)/increase in payables and provisions	**(21.1)**	(44.3)	**(328.0)**	11.9
Net cash generated from operations	**345.0**	399.1	**-**	-

Business analysis

Table 12: EPRA performance measures

	Definition for EPRA measure	Notes	31 March 2013 Land Securities Measure	31 March 2013 EPRA Measure	31 March 2012 Land Securities Measure	31 March 2012 EPRA Measure
Adjusted earnings	Recurring earnings from core operational activity	6	**£288.2m**	**£270.2m** [(1)]	£298.3m	£290.5m [(1)]
Adjusted earnings per share	Adjusted diluted earnings per weighted number of ordinary shares	6	**36.8p**	**34.5p** [(1)]	38.5p	37.4p [(1)]
Adjusted net assets	Net asset value adjusted to exclude fair value movements on interest rate swaps	7	**£7,078.4m**	**£7,511.2** [(2)]	£6,725.3m	£7,176.2m [(2)]
Adjusted net assets per share	Adjusted diluted net assets per share	7	**903p**	**958p** [(2)]	863p	921p [(2)]
Triple net assets	Adjusted net assets amended to include the fair value of financial instruments and debt	7	**£6,374.9m**	**£6,374.9m**	£6,294.5m	£6,294.5m
Triple net assets per share	Diluted triple net assets per share	7	**813p**	**813p**	808p	808p
Net Initial Yield (NIY)	Annualised rental income less non-recoverable costs as a % of market value plus assumed purchasers' costs [(3)]		**4.7%**	**5.5%**	4.8%	5.4%
Topped-up NIY	NIY adjusted for rent free periods [(3)]		**5.3%**	**5.8%**	5.2%	5.7%
Voids/Vacancy Rate	ERV of vacant space as a % of ERV of combined portfolio excluding the development programme [(4)]		**2.0%**	**2.3%**	2.8%	3.6%

Refer to notes 6 and 7 and table 20 for further analysis.

1. EPRA adjusted earnings and EPRA adjusted earnings per share include the effect of bond exchange de-recognition charges of £18.1m (2012: £16.6m), profit on long-term development contracts of £0.1m (2012: £3.6m) and in 2012 non-revenue profit debt restructuring charges of £2.8m and non-revenue tax adjustments of £8.0m.
2. EPRA adjusted net assets and adjusted diluted net assets per share include the bond exchange de-recognition adjustment of £432.8m (2012:£450.9m).
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 13: Reconciliation of net book value of the investment properties to the market value

	As at 31 March 2013 Group (excl. Joint ventures) £m	Adjustment for proportionate share[(1)] £m	Joint ventures £m	Total £m	As at 31 March 2012 Group (excl. Joint ventures) £m	Joint ventures £m	Total £m
Net book value	**9,651.9**	**(233.2)**	**1,577.5**	**10,996.2**	8,453.2	1,453.4	9,906.6
Plus: tenant lease incentives	**238.0**	**(0.2)**	**35.5**	**273.3**	204.7	33.8	238.5
Less: head leases capitalised	**(28.7)**	**1.9**	**(4.6)**	**(31.4)**	(23.3)	(4.5)	(27.8)
Plus: properties treated as finance leases	**212.0**	**(8.5)**	**4.8**	**208.3**	205.2	8.1	213.3
Market value	**10,073.2**	**(240.0)**	**1,613.2**	**11,446.4**	8,839.8	1,490.8	10,330.6

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

Table 14: Top 10 property holdings

Total value £4.32bn
(38% 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 M&S	100	Retail Office Other	9,300 51,500 500	34.7	98	5.8
New Street Square, EC4	Deloitte Taylor Wessing	100	Retail Office	2,100 62,300	32.3	100	10.5
One New Change, EC4	K&L Gates CME H&M Next Topshop	100	Retail Office Other	20,200 32,000 2,300	17.9	100	9.8
Queen Anne's Gate, SW1	Central Government	100	Office	32,900	28.7	100	13.6
Trinity Leeds	H&M Topshop Next Primark River Island	100	Retail Other	63,000 12,900	9.9	89	12.5
Gunwharf Quays, Portsmouth	Vue Cinema M&S Nike Gap Ted Baker	100	Retail Office Other	31,300 2,800 24,300	22.5	100	7.6
Piccadilly Lights, W1	Hyundai Barclays Boots	100	Retail Office Other	6,400 2,400 1,300	12.9	94	3.3
White Rose Centre, Leeds	Sainsbury's Debenhams M&S Primark H&M	100	Retail	65,000	20.7	99	7.9
Bankside 2&3, SE1	Royal Bank of Scotland	100	Retail Office Other	3,200 35,200 270	16.3	100	14.2
Cabot Circus, Bristol	House of Fraser Harvey Nichols H&M Next Topshop	50	Retail Other	114,200 8,800	18.7	94	8.5

1. Group share

Table 15: Top 12 occupiers

	% of Group rent [1]
Central Government (including Queen Anne's Gate, SW1) [2]	5.2
Accor	5.1
Royal Bank of Scotland	2.7
Deloitte	2.7
Arcadia Group	2.3
Sainsbury's	1.9
Bank of New York Mellon	1.5
Primark	1.5
Boots	1.5
Next	1.4
Taylor Wessing	1.4
Dixons Retail	1.3
	28.5

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

Table 16: % Portfolio by value and number of property holdings at 31 March 2013

£m	Value %	Number of properties
0 – 9.99	2.0	57
10 – 24.99	4.5	30
25 – 49.99	6.9	24
50 – 99.99	17.0	26
100 – 149.99	13.2	12
150 – 199.99	10.2	7
200 +	46.2	14
Total	100.0	170

On a proportionate basis.

Table 17: Combined portfolio value by location at 31 March 2013

	Shopping centres and shops %	Retail warehouses %	Offices %	Hotel, leisure, residential & other %	Total %
Central, inner and outer London	12.3	0.3	42.6	3.9	59.1
South East and Eastern	4.4	4.5	-	2.2	11.1
Midlands	-	1.3	-	0.9	2.2
Wales and South West	7.1	0.6	-	0.2	7.9
North, North West, Yorkshire and Humberside	8.2	2.4	0.1	2.0	12.7
Scotland and Northern Ireland	5.4	1.2	-	0.4	7.0
Total	37.4	10.3	42.7	9.6	100.0

% figures calculated by reference to the combined portfolio value of £11.45bn.

Table 18: Like-for-like reversionary potential

Reversionary potential	**31 March 2013 % of rent**	31 March 2012 % of rent
Gross reversions	**8.4**	8.4
Over-rented	**(7.0)**	(5.5)
Net reversionary potential	**1.4**	2.9

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.

Table 19: One year performance relative to IPD Ungeared total returns – year to 31 March 2013

	Land Securities %	IPD [1] %
Retail – Shopping centres	5.4	2.4
– Retail warehouses	1.1 [2]	0.5
Central London shops	12.5	15.1
Central London offices	10.2 [3]	9.6
Total portfolio [4]	7.8	3.2

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

Table 20: Combined portfolio analysis
Like-for-like segmental analysis

	Market value [1]		Valuation movement [2]		Rental income [3]		Annualised rental income [4]	Annualised net rent [5]		Net estimated rental value [6]	
	31 March 2013	31 March 2012	**Surplus/ (deficit)**	**Surplus/ (deficit)**	**31 March 2013**	31 March 2012	**31 March 2013**	**31 March 2013**	31 March 2012	**31 March 2013**	31 March 2012
	£m	£m	**£m**	**%**	**£m**	£m	**£m**	**£m**	£m	£m	£m
Retail Portfolio											
Shopping centres and shops	**2,384.4**	2,450.6	**(78.5)**	**(3.2%)**	**182.4**	185.4	**183.6**	**174.9**	172.0	**169.0**	178.5
Retail warehouses and food stores	**1,093.4**	1,152.3	**(70.6)**	**(6.1%)**	**67.5**	64.9	**68.4**	**67.5**	65.0	**70.0**	70.4
Leisure and hotels	**450.8**	447.6	**3.2**	**0.7%**	**32.0**	30.8	**31.8**	**31.8**	30.9	**31.8**	31.7
Other	**31.6**	38.6	**(5.5)**	**(14.9%)**	**4.4**	4.1	**3.7**	**3.6**	4.2	**4.2**	4.8
Total Retail Portfolio	**3,960.2**	4,089.1	**(151.4)**	**(3.7%)**	**286.3**	285.2	**287.5**	**277.8**	272.1	**275.0**	285.4
London Portfolio											
West End	**1,492.0**	1,469.5	**18.9**	**1.3%**	**88.2**	84.6	**87.6**	**84.3**	84.3	**77.8**	77.1
City	**507.6**	483.5	**18.7**	**3.9%**	**26.6**	25.7	**24.5**	**23.6**	23.8	**31.6**	30.9
Mid-town	**885.8**	848.9	**37.7**	**5.3%**	**41.5**	37.9	**43.4**	**41.2**	40.1	**48.7**	48.2
Inner London	**770.6**	769.0	**1.3**	**0.2%**	**49.0**	52.5	**47.5**	**45.7**	45.7	**47.3**	46.7
Total London offices	**3,656.0**	3,570.9	**76.6**	**2.4%**	**205.3**	200.7	**203.0**	**194.8**	193.9	**205.4**	202.9
Central London shops	**842.4**	771.4	**64.7**	**8.4%**	**38.7**	34.3	**39.2**	**38.9**	35.0	**50.0**	50.1
Other	**68.8**	61.5	**3.1**	**4.9%**	**2.0**	2.1	**2.0**	**2.0**	2.0	**2.1**	2.1
Total London Portfolio	**4,567.2**	4,403.8	**144.4**	**3.5%**	**246.0**	237.1	**244.2**	**235.7**	230.9	**257.5**	255.1
Like-for-like portfolio [10]	**8,527.4**	8,492.9	**(7.0)**	**(0.1%)**	**532.3**	522.3	**531.7**	**513.5**	503.0	**532.5**	540.5
Proposed developments [3]	**123.6**	106.8	**4.4**	**3.7%**	**2.3**	3.5	**-**	**-**	3.2	**-**	3.7
Completed developments [3]	**759.3**	726.4	**22.9**	**3.3%**	**36.6**	32.4	**34.4**	**32.0**	28.8	**42.3**	42.2
Acquisitions [11]	**593.1**	30.2	**(12.9)**	**(2.2%)**	**13.6**	1.4	**39.0**	**36.9**	1.9	**41.6**	1.8
Sales and restructured interests [12]	**-**	54.0	**-**	**-**	**4.0**	39.2	**-**	**-**	3.1	**-**	3.2
Development programme [13]	**1,443.0**	920.3	**204.1**	**16.8%**	**15.7**	23.1	**32.8**	**13.7**	14.2	**129.2**	101.1
Combined portfolio	**11,446.4**	10,330.6	**211.5**	**2.0%**	**604.5**	621.9	**637.9**	**596.1**	554.2	**745.6**	692.5
Surplus on investment property reclassified as trading			**6.0**	**13.3%**							
Properties treated as finance leases					**(11.5)**	(8.7)					
Combined portfolio			**217.5**	**2.0%**	**593.0**	613.2					

Total portfolio analysis

	31 March 2013	31 March 2012	**Surplus/ (deficit)**	**Surplus/ (deficit)**	**31 March 2013**	31 March 2012	**31 March 2013**	**31 March 2013**	31 March 2012	**31 March 2013**	31 March 2012
	£m	£m	**£m**	**%**	**£m**	£m	**£m**	**£m**	£m	£m	£m
Retail Portfolio											
Shopping centres and shops	**3,161.3**	3,014.7	**(11.8)**	**(0.4%)**	**207.3**	218.6	**222.4**	**199.7**	193.7	**220.6**	229.8
Retail warehouses and food stores	**1,183.0**	1,230.1	**(59.4)**	**(4.8%)**	**69.2**	69.8	**69.9**	**68.8**	67.9	**78.1**	74.2
Leisure and hotels	**968.8**	467.8	**(2.1)**	**(0.2%)**	**44.2**	31.7	**69.8**	**67.8**	32.2	**69.2**	32.9
Other	**34.9**	38.6	**(6.4)**	**(15.5%)**	**4.6**	4.4	**3.7**	**3.6**	4.1	**4.3**	4.7
Total Retail Portfolio	**5,348.0**	4,751.2	**(79.7)**	**(1.5%)**	**325.3**	324.5	**365.8**	**339.9**	297.9	**372.2**	341.6
London Portfolio											
West End	**2,065.0**	1,819.9	**117.9**	**6.2%**	**92.4**	104.8	**92.5**	**84.5**	86.6	**137.0**	111.9
City	**1,115.5**	981.9	**54.7**	**5.4%**	**41.1**	41.9	**37.9**	**33.4**	31.4	**70.7**	70.1
Mid-town	**917.1**	875.3	**36.1**	**4.8%**	**44.8**	43.4	**43.4**	**41.2**	43.3	**48.7**	51.6
Inner London	**770.6**	769.0	**1.3**	**0.2%**	**49.1**	52.5	**47.5**	**45.7**	45.7	**47.3**	46.7
Total London offices	**4,868.2**	4,446.1	**210.0**	**4.9%**	**227.4**	242.6	**221.3**	**204.8**	207.0	**303.7**	280.3
Central London shops	**1,110.8**	1,007.2	**73.2**	**7.1%**	**48.6**	48.1	**48.8**	**49.4**	46.4	**67.2**	66.5
Other	**119.4**	126.1	**8.0**	**7.4%**	**3.2**	6.7	**2.0**	**2.0**	2.9	**2.5**	4.1
Total London Portfolio	**6,098.4**	5,579.4	**291.2**	**5.4%**	**279.2**	297.4	**272.1**	**256.2**	256.3	**373.4**	350.9
Combined portfolio	**11,446.4**	10,330.6	**211.5**	**2.0%**	**604.5**	621.9	**637.9**	**596.1**	554.2	**745.6**	692.5
Surplus on investment property reclassified as trading			**6.0**	**13.3%**							
Properties treated as finance leases					**(11.5)**	(8.7)					
Combined portfolio			**217.5**	**2.0%**	**593.0**	613.2					
Represented by:											
Investment portfolio	**9,845.0**	8,839.8	**197.0**	**2.1%**	**520.6**	543.7	**557.6**	**515.1**	472.5	**622.8**	582.8
Share of joint ventures	**1,601.4**	1,490.8	**20.5**	**1.3%**	**83.9**	78.2	**80.3**	**81.0**	81.7	**122.8**	109.7
Combined portfolio	**11,446.4**	10,330.6	**217.5**	**2.0%**	**604.5**	621.9	**637.9**	**596.1**	554.2	**745.6**	692.5

Table 20: Combined portfolio analysis continued
Like-for-like segmental analysis

	Gross estimated rental value [7]		Net initial yield [8]		Equivalent yield [9]		Voids (by ERV) [3]	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012	**31 March 2013**	31 March 2012	**31 March 2013**	31 March 2012
	£m	£m	**%**	%	**%**	%	**%**	%
Retail Portfolio								
Shopping centres and shops	**179.5**	189.0	**6.4%**	6.0%	**6.3%**	6.4%	**3.6%**	4.1%
Retail warehouses and food stores	**70.6**	70.9	**5.5%**	5.0%	**5.9%**	5.6%	**1.1%**	1.7%
Leisure and hotels	**31.8**	31.7	**6.7%**	6.8%	**6.7%**	6.8%	**-**	-
Other	**4.3**	4.9	**7.5%**	9.1%	**10.1%**	10.0%	**25.6%**	16.3%
Total Retail Portfolio	**286.2**	296.5	**6.2%**	5.8%	**6.3%**	6.2%	**2.9%**	3.3%
London Portfolio								
West End	**77.8**	77.1	**5.2%**	5.4%	**5.5%**	5.5%	**1.7%**	2.3%
City	**31.8**	31.3	**4.7%**	4.3%	**5.5%**	5.6%	**0.3%**	3.2%
Mid-town	**49.8**	49.2	**4.4%**	4.5%	**5.1%**	5.3%	**0.8%**	4.3%
Inner London	**48.2**	47.5	**5.7%**	5.6%	**5.9%**	5.8%	**0.8%**	0.6%
Total London offices	**207.6**	205.1	**5.1%**	5.1%	**5.5%**	5.6%	**1.1%**	2.5%
Central London shops	**50.3**	50.4	**4.2%**	4.1%	**5.3%**	5.5%	**0.8%**	1.2%
Other	**2.1**	2.1	**2.5%**	2.7%	**2.6%**	2.9%	**-**	4.8%
Total London Portfolio	**260.0**	257.6	**4.9%**	4.9%	**5.4%**	5.5%	**1.0%**	2.3%
Like-for-like portfolio [10]	**546.2**	554.1	**5.5%**	5.3%	**5.8%**	5.9%	**2.0%**	2.8%
Proposed developments [3]	**-**	3.8	**0.0%**	2.9%	**n/a**	n/a	**n/a**	n/a
Completed developments [3]	**43.7**	43.3	**3.8%**	3.2%	**5.2%**	5.3%	**n/a**	n/a
Acquisitions [11]	**41.9**	2.0	**5.8%**	5.8%	**6.7%**	n/a	**n/a**	n/a
Sales and restructured interests [12]	**-**	3.9	**4.7%**	4.8%	**n/a**	n/a	**n/a**	n/a
Development programme [13]	**129.3**	101.2	**0.7%**	0.9%	**5.3%**	5.3%	**n/a**	n/a
Combined portfolio	**761.1**	708.3	**4.7%**	4.8%	**5.7%**	n/a	**n/a**	n/a

Total portfolio analysis

	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£m	£m	**%**	%
Retail Portfolio				
Shopping centres and shops	**232.4**	241.4	**5.4%**	5.4%
Retail warehouses and food stores	**78.7**	74.5	**5.2%**	4.9%
Leisure and hotels	**69.3**	32.9	**6.4%**	6.8%
Other	**4.5**	4.7	**6.8%**	9.1%
Total Retail Portfolio	**384.9**	353.5	**5.6%**	5.4%
London Portfolio				
West End	**137.0**	112.2	**3.8%**	4.4%
City	**71.0**	70.8	**3.0%**	2.9%
Mid-town	**49.8**	53.3	**4.3%**	4.8%
Inner London	**48.2**	47.5	**5.7%**	5.6%
Total London offices	**306.0**	283.8	**4.0%**	4.3%
Central London shops	**67.7**	66.9	**4.0%**	4.0%
Other	**2.5**	4.1	**1.4%**	1.3%
Total London Portfolio	**376.2**	354.8	**3.9%**	4.2%
Combined portfolio	**761.1**	708.3	**4.7%**	4.8%
Represented by:				
Investment portfolio	**636.2**	597.0	**4.7%**	4.8%
Share of joint ventures	**124.9**	111.3	**4.8%**	4.5%
Combined portfolio	**761.1**	708.3	**4.7%**	4.8%

Notes:

1. The market value figures, on a proportionate basis, are determined by the Group's external valuers.
2. The valuation movement is stated after adjusting for the effect of SIC 15 under IFRS.
3. Refer to glossary for definition.
4. Annualised rental income is annual 'rental income' (as defined in the glossary) at the balance sheet date, except that car park and commercialisation income are included on a net basis (after deduction for operational outgoings). Annualised rental income includes temporary lettings.
5. Annualised net rent is annual cash rent, after the deduction of ground rents, as at the balance sheet date. It is calculated with the same methodology as annualised rental income but is stated net of ground rent and before 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 for definition. The figure for proposed developments relates to the existing buildings and not the schemes proposed.
8. Net initial yield - refer to glossary for definition. This calculation includes all properties including those sites with no income.
9. Equivalent yield – refer to glossary for definition. Proposed developments are excluded from the calculation of equivalent yield on the combined portfolio.
10. The like-for-like portfolio – refer to glossary for definition. Capital expenditure on refurbishments, acquisitions of head leases and similar capital expenditure has been allocated to the like-for-like portfolio in preparing this table.
11. Includes all properties acquired since 1 April 2011.
12. Includes all properties sold since 1 April 2011.
13. The development programme - refer to glossary for definition. Net initial yield figures are only calculated for properties in the development programme that have reached practical completion.

Table 21: Lease lengths

	Unexpired lease term at 31 March 2013	
	Like-for-like portfolio Mean (1) years	Like-for-like portfolio, completed developments and acquisitions Mean (1) Years
Shopping centres and shops		
Shopping centres and shops	8.0	7.9
Retail warehouses and food stores	8.7	8.8
Leisure and hotels	6.5	9.7
Total Retail Portfolio	7.9	8.4
London offices		
West End	8.7	8.7
City	6.8	8.2
Mid-town	11.4	11.4
Inner London	10.8	10.8
Total London offices	9.5	9.6
Central London shops	9.2	9.1
Total London Portfolio	9.8	9.8
Combined portfolio	**8.8**	**9.1**

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

Table 22: Development pipeline financial summary

	Cumulative movements on the development programme to 31 March 2013						Total scheme details (1)				
	Market value at start of scheme	Capital expenditure incurred to date	Capitalised interest to date	Valuation surplus / (deficit) to date (2)	Disposals, SIC15 rent and other adjustments	Market value at 31 March 2013	Estimated total capital expenditure (3)	Estimated total capitalised interest	Estimated total development cost (4)	Net Income / ERV (5)	Valuation surplus / (deficit) for year ended 31 March 2013 (2)
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Developments let and transferred or sold											
Shopping centres and shops	-	-	-	-	-	-	-	-	-	-	-
Retail warehouses and food stores	-	-	-	-	-	-	-	-	-	-	-
London Portfolio	135.0	341.1	52.6	(60.1)	35.1	503.7	341.1	52.6	528.7	27.3	14.0
	135.0	341.1	52.6	(60.1)	35.1	503.7	341.1	52.6	528.7	27.3	14.0
Developments after practical completion, approved or in progress											
Shopping centres and shops	97.5	260.4	23.5	125.8	10.8	518.0	316.1	23.5	437.1	34.6	60.9
Retail warehouses and food stores	33.5	16.4	0.1	10.5	0.2	60.7	59.3	1.9	94.7	6.6	10.5
London Portfolio	373.5	294.5	16.3	218.9	(38.9)	864.3	701.9	60.0	1,135.4	88.3	138.7
	504.5	571.3	39.9	355.2	(27.9)	1,443.0	1,077.3	85.4	1,667.2	129.5	210.1
	Movement on proposed developments for the year to 31 March 2013										
Proposed developments											
Shopping centres and shops	-	-	-	-	-	-	-	-	-	-	-
Retail warehouses and food stores	-	-	-	-	-	-	-	-	-	-	-
London Portfolio	106.8	12.6	0.1	4.4	(0.3)	123.6	287.5	16.9	428.0	36.1	4.4
	106.8	12.6	0.1	4.4	(0.3)	123.6	287.5	16.9	428.0	36.1	4.4

Notes:

1. Total scheme details exclude properties sold in the year.
2. Includes profits realised on the disposal of investment properties and any surplus or deficit on investment properties transferred to trading.
3. For proposed development properties the estimated total capital expenditure represents the outstanding costs required to complete the scheme as at 31 March 2013.
4. Includes the property at its market value at the start of the financial year in which the property was added to the development programme together with estimated capitalised interest. For proposed development properties, the market value of the property at 31 March 2013 is included in the estimated total cost. Estimated total development cost includes the cost of residential properties in the development programme (£12.9m for shopping centres and shops and £133.4m for the London Portfolio). Estimated costs for proposed schemes could still be subject to material change prior to final approval.
5. Net headline annual rent on let units plus net ERV at 31 March 2013 on unlet units.

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, the adjustment arising from the de-recognition of the bond exchange and amounts payable under finance leases. It generally includes the net debt of subsidiaries and joint ventures on a proportionate basis.

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

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

BREEAM
Building Research Establishment's Environmental Assessment Method.

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

Completed developments
Completed developments consist of those properties previously included in the development programme, which have been transferred from the development programme since 1 April 2011.

Development pipeline
The development programme together with proposed developments.

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

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

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

EPRA
European Public Real Estate Association.

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

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

ERV - Gross estimated rental value
The estimated market rental value of lettable space as determined biannually by the Group's external valuers.

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 de-recognition, capitalised interest and interest on the pension scheme assets and liabilities). The calculation excludes joint ventures.

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

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

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

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

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

Like-for-like portfolio
The like-for-like portfolio includes all properties which have been in the portfolio since 1 April 2011, but excluding those which are acquired, sold or included in the development pipeline at any time since that date.

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

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

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

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

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 and void rates.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Revenue profit
Profit before tax, excluding profits on the sale of non-current assets and trading properties, profits on long-term development contracts, valuation movements, fair value movements on interest-rate swaps and similar instruments used for hedging purposes, the adjustment to interest payable resulting from the amortisation of the bond exchange de-recognition, 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 Security Group are mortgaged for the benefit of lenders. It has the flexibility to raise a variety of different forms of finance.

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

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

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

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

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

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

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

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

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

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

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.