LandSecurities

Half-yearly results for the six months ended 30 September 2013

Tuesday, 12 November 2013

Forward-looking statements

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

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

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

Half-yearly results for the six months ended 30 September 2013

12 November 2013

“Disciplined and efficient execution of our strategy is the theme of Land Securities’ half-yearly results. This is a business in full delivery mode, producing good results for shareholders today - revenue profit up 8.9% and adjusted NAV up 3.8% - and establishing a strong base for future outperformance.

“Our core markets, Retail and London, are driven by different dynamics and our strategies reflect the differences. In Retail, we have kept voids low, sold assets in non-core locations and recycled the capital into leisure as consumer demand for experiences grows. At the same time we are planning next generation retail parks and shopping centres.

“In London, our focus is on development. We are transforming Victoria and this is being recognised by occupiers. 123 Victoria Street is now 86% let and 62 Buckingham Gate is 57% let with 10% in solicitors’ hands. At 20 Fenchurch Street, our landmark tower in the City, we have continued to attract new tenants and the building is now 56% pre-let, with a further 20% in solicitors’ hands. Despite the solar glare issue of the summer, occupiers have not been blinded to the efficiency and location of the building. We are close to resolving the issue and it will not delay occupation nor inflate budgeted cost. And, since March, we have committed to £691m of further developments in central London.

“We are maintaining our balance sheet discipline, basing our decisions on property fundamentals and remain confident in our strategy,” said Chief Executive Robert Noel.

Results summary

	30 September 2013	31 March 2013	Change
Valuation surplus (1)	£209.8m	n/a	Up 1.9%
Basic NAV per share	994p	959p	Up 3.6%
Adjusted diluted NAV per share (2)	937p	903p	Up 3.8%
Group LTV ratio (1)	37.0%	36.9%	
	6 months ended 30 September 2013	**6 months ended 30 September 2012**	**Change**
Profit before tax	£397.9m	£131.4m	
Revenue profit (1)	£156.5m	£143.7m	Up 8.9%
Basic EPS	50.8p	16.8p	
Adjusted diluted EPS	19.9p	18.4p	Up 8.2%
Dividend	15.2p	14.8p	Up 2.7%

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

Delivering…

- £15.4m of development lettings with a further £4.7m in solicitors' hands
- £13.7m of investment lettings
- Acquisitions of £210.2m
- Development and refurbishment expenditure of £158.7m
- Sales of £310.8m
- Committed to new developments with total development costs of £691m
- Progressing plans for further major developments in London, Glasgow, Oxford and Guildford

…and performing…

- Ungeared total property return 4.7%
- Total business return (dividends and adjusted diluted NAV growth) of 5.4%
- Combined portfolio valued at £11.76bn, with a valuation surplus of 1.9% in the period
- Revenue profit £156.5m, up 8.9%
- Profit before tax £397.9m
- Like-for-like portfolio voids low at 2.1% (31 March 2013: 2.0%)

…with a robust financial structure

- Group LTV ratio at 37.0%, based on adjusted net debt of £4.4bn
- Weighted average maturity of debt at 9.1 years
- Weighted average cost of debt at 4.8%
- Cash and undrawn facilities of £1.1bn, with £350m of new facilities arranged in the period
- First half dividend of 15.2p per share, up 2.7%

Chief Executive's statement

Land Securities' clear plan remains unchanged. We are delivering on our strategy to develop in London early in the cycle, raise the quality of our retail assets, and expand into the leisure sector. In the process we are maintaining a broadly neutral position on net debt, with developments and acquisitions funded by disposals of assets less well equipped for change in our customers' requirements. This approach recognises that we operate in a total return market and aims to reduce our financial gearing as we move through the cycle.

During the period our total property return was 4.7%, slightly underperforming the IPD Quarterly Universe at 4.9%. Revenue profit was £156.5m, up 8.9% compared with the first half of last year, and the Group's combined portfolio produced a valuation surplus of 1.9%. Adjusted diluted NAV per share was up 34p at 937p and LTV increased to 37.0%, up 0.1%. The second quarterly dividend is 7.6p, making the first half dividend 15.2p. The total business return for the six months was 5.4%.

Capital expenditure on developments and refurbishments was £158.7m, with the bulk invested in our major London projects – The Zig Zag Building, Kings Gate and Nova, Victoria, all SW1, 20 Fenchurch Street, EC3 and 1 & 2 New Ludgate, EC4, where construction commenced in August. These developments are well-located and will provide fabulous, efficient and technically resilient space. As the developments will complete over the next two and a half years into a market which lacks comparable space, we are confident that they will deliver good returns for shareholders. The occupier interest in 123 Victoria Street and 62 Buckingham Gate, our most recently completed London assets, both in SW1, has been reassuring. These buildings have helped improve both the physical environment and rental tone of Victoria and we expect this improvement to continue as we transform the area.

In our Retail Portfolio, the recently completed Trinity Leeds is performing strongly as a destination for shoppers and retailers, reinforcing our view that prime centres can still be created profitably in the right locations. We are currently working on plans for new destinations in Glasgow, Oxford and Guildford. Our immediate development programme is focused on retail warehouse schemes which satisfy changes in retailer and consumer demands and are largely grounded on pre-lets. We continued our push into the leisure sector by increasing our stake in the X-Leisure fund to 95%, and this was achieved without paying a premium. Land Securities is now a major leisure landlord with significant exposure to a sector with strong occupational demand.

On the asset management side of the business, we have continued to maintain low voids in Retail and restructure leases to lengthen income in London. Our success is based on sound knowledge of our customers and our ability to execute quickly and efficiently. Our objective is to understand our markets and the property business better than our competition and act accordingly.

Looking forward to the second half of the year, our relentless focus on delivery will continue. Although there is improvement in the UK economy, headwinds persist in retail property as we believe the consumer, with lower real income and faced with rising non-discretionary expenditure, will remain under pressure. With an increasing population and healthy demand in all sectors, we view London property as distinct, although not divorced, from the overall UK economy.

Due to the highly competitive market, it is likely that sales of assets will exceed capital expenditure and acquisitions in the second half. While this will strengthen our balance sheet further, it is likely that revenue profit will be slightly lower than in the first half as we lose income from sales. With strong interest in our London developments, we expect to continue to deliver lettings ahead of our original expectations.

We are maintaining our balance sheet discipline, basing our decisions on property fundamentals and we remain confident in our strategy.

Robert Noel
Chief Executive

Financial review

Overview and headline results

Over the six months ended 30 September 2013, a valuation surplus of £209.8m (including our proportionate share of subsidiaries and joint ventures) helped us deliver a profit before tax of £397.9m, compared with £131.4m for the same period last year. Basic earnings per share were 50.8p compared with 16.8p. Underlying earnings were also up; revenue profit was £156.5m compared with £143.7m and adjusted diluted earnings per share improved to 19.9p from 18.4p in the comparative period.

Our combined portfolio increased in value from £11.45bn at 31 March 2013 to £11.76bn as a result of net capital investment and our valuation surplus of £209.8m. Net assets per share increased by 35p from 959p at 31 March 2013 to 994p at 30 September 2013. Adjusted diluted net assets per share were up by 3.8% over the six months, increasing from 903p at 31 March 2013 to 937p. This 34p increase in adjusted diluted net assets per share together with the dividend paid in the period represents a 5.4% total business return in the six month period.

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

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 3 to the financial statements.

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

Table 1: Revenue profit

	Retail Portfolio £m	London Portfolio £m	30 September 2013 £m	Retail Portfolio £m	London Portfolio £m	30 September 2012 £m	Change £m
Gross rental income*	178.9	133.9	312.8	148.2	138.5	286.7	26.1
Net service charge expense	(1.9)	0.6	(1.3)	(0.6)	(0.4)	(1.0)	(0.3)
Direct property expenditure (net)	(13.1)	(3.0)	(16.1)	(14.2)	(1.4)	(15.6)	(0.5)
Net rental income	163.9	131.5	295.4	133.4	136.7	270.1	25.3
Indirect costs	(13.0)	(8.6)	(21.6)	(11.7)	(8.2)	(19.9)	(1.7)
Segment profit before interest	**150.9**	**122.9**	**273.8**	**121.7**	**128.5**	**250.2**	**23.6**
Unallocated expenses (net)			(18.8)			(16.7)	(2.1)
Net interest – Group			(86.6)			(75.2)	(11.4)
Net interest – joint ventures			(11.9)			(14.6)	2.7
Revenue profit			**156.5**			**143.7**	**12.8**

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

Revenue profit increased by £12.8m from £143.7m in the comparative period to £156.5m in the six months ended 30 September 2013. The 8.9% increase was mainly due to higher net rental income, which was up £25.3m, partly offset by higher interest costs. The increase in net rental income is due to the acquisition of a controlling interest in X-Leisure since the comparative period and the completion in March 2013 of two developments, Trinity Leeds and 185-221 Buchanan Street, Glasgow. Further information on the net rental income performance of the London and Retail portfolios is given in the respective business reviews.

The indirect costs of London and Retail and net unallocated expenses need to be considered together as, collectively, they represent the net indirect expenses of the Group including joint ventures. In total, net indirect expenses were £40.4m compared with £36.6m in the comparative period. The £3.8m increase in these costs is primarily due to the acquisition of the X-Leisure management company and an increased charge for share-based payments.

Our net interest expense has increased by £8.7m in part due to higher average debt balances, but also reflecting an end to capitalised interest on our completed developments. The comparative period also benefitted from non-recurring interest income of £2.5m arising on deferred consideration for disposals made in 2011/12 and earlier years.

Since the period end, we have sold our remaining interests in Bankside 1, 2 & 3, SE1 and our 50% interest in Bon Accord and St Nicholas Centre in Aberdeen for £409m. As a result, we expect revenue profit to be slightly lower in the second half as lost income from these disposals is only partly offset by reduced interest costs.

Valuation surplus and disposal profits

The movement in the values of our investment properties and any profits or losses on disposals are key components of our pre-tax profit. Over the period, the valuation surplus on our combined portfolio was £209.8m, or 1.9%. We made a profit on the disposal of investment properties and joint ventures of £24.9m, up from £1.8m in the same period last year.

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

Table 2: Valuation analysis

	Market value 30 September 2013	Valuation surplus	Rental value change*	Net initial yield	Equivalent yield	Movement in equivalent yield
	£m	%	%	%	%	bps
Shopping centres and shops	2,578.3	-	0.3	6.1	6.2	(4)
Retail warehouses and food stores	1,108.4	(2.0)	(1.0)	5.6	5.9	-
Leisure and hotels	487.2	3.4	-	6.4	6.4	(25)
London offices	3,514.4	1.7	0.4	4.9	5.3	(12)
Central London shops	833.8	8.4	1.0	3.8	5.2	(13)
Other (Retail and London)	102.2	1.2	1.7	3.9	5.0	(32)
Total like-for-like portfolio	**8,624.3**	**1.4**	**0.2**	**5.3**	**5.7**	**(9)**
Proposed developments	60.2	0.2	n/a	1.3	n/a	n/a
Completed developments	599.0	2.1	(0.3)	3.9	4.9	(6)
Acquisitions	787.2	0.1	n/a	5.8	6.6	n/a
Development programme	1,687.6	5.4	n/a	1.0	5.2	n/a
Total combined portfolio	**11,758.3**	**1.9**	**0.3**	**4.6**	**5.7**	**(10)**

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

In aggregate, the like-for-like portfolio saw values rise by 1.4% for the period to 30 September 2013, driven by a combination of increased rental values of 0.2% and equivalent yield compression of 9 basis points.

Shopping centres were unchanged over the period while central London shops increased in value by 8.4% primarily driven by yield compression of 13 basis points and the impact of reconfiguring retail units and the introduction of a new advertising screen at Piccadilly Lights, W1. Retail warehouses and food stores were down 2.0% due to declining rental values and lower demand for large lot sizes, with yields broadly unchanged. Leisure and hotels reported a 3.4% valuation surplus as equivalent yields reduced by 25 basis points. London offices were 1.7% higher, primarily due to lower yields at West End, Mid-town and City properties.

Outside the like-for-like portfolio, completed developments increased in value by 2.1% due to yield compression, while the development programme was up 5.4% following continued construction and pre-letting progress on our major schemes.

Earnings per share

Basic earnings per share were 50.8p, compared with 16.8p for the same period last year, the increase reflecting the valuation surplus in the six months to 30 September 2013 compared with a small deficit in the comparative period.

Similar to the adjustments we make to profit before tax, which remove capital and one-off items to give revenue profit, we also report adjusted earnings per share figures. Adjusted diluted earnings per share increased by 8.2% from 18.4p in the comparative period to 19.9p per share this half year. This was due to the increase in revenue profit, partly offset by a small impact from the additional shares issued under the scrip dividend scheme.

Total dividend

We will be paying a second quarterly dividend of 7.6p per share on 9 January 2014. Taken together with the first quarterly dividend of 7.6p paid on 11 October 2013, our first half dividend will be 15.2p per share (six months ended 30 September 2012: 14.8p) or £119.2m (six months ended 30 September 2012: £115.2m).

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. All of the cash dividends paid and payable in respect of the six months ended 30 September 2013 comprise Property Income Distributions (PID) from REIT qualifying activities. In contrast to the cash dividends, none of the scrip dividends have been PIDs. The latest date for election for the non-PID scrip dividend alternative in respect of the second interim dividend will be 9 December 2013 and the calculation price will be announced on 17 December 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 expect to suspend our scrip dividend after the third interim dividend has been paid in April 2014 and introduce a Dividend Reinvestment Plan (DRIP). Any changes will be communicated to shareholders in advance.

Net assets

At 30 September 2013, our net assets per share were 994p, an increase of 35p or 3.6% from 31 March 2013. The increase in our net assets was primarily driven by the increase in value of our investment properties, profits on disposal of investment properties and our adjusted earnings, partly offset by the dividends we paid.

In common with other property companies, we calculate an adjusted measure of net assets which we believe better reflects the underlying net assets attributable to shareholders. Our adjusted net assets are lower than our reported net assets primarily due to an adjustment to include our debt at its nominal value. At 30 September 2013, adjusted diluted net assets per share were 937p per share, an increase of 34p or 3.8% from 31 March 2013.

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

Table 3: Net assets

	Six months ended 30 September 2013 £m	Year ended 31 March 2013 £m
Net assets at the beginning of the period	7,486.7	7,155.4
Adjusted earnings	156.2	288.2
Valuation surplus on investment properties	209.8	217.5
Profit/(loss) on disposal of investment properties	20.6	(1.6)
Profit on disposal of investments in joint ventures	4.3	-
Profit on disposal of trading properties	0.3	38.0
Other	6.7	(9.1)
Profit after tax	397.9	533.0
Cash dividends	(86.6)	(178.4)
Purchase of own shares and treasury shares	(9.4)	(34.9)
Other reserve movements	8.6	11.6
Net assets at the end of the period	7,797.2	7,486.7
Fair value of interest-rate swaps	9.4	24.5
Debt adjusted to nominal value	(423.2)	(432.8)
Adjusted net assets at the end of the period	7,383.4	7,078.4

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

Net debt and gearing

Over the six months, our net debt increased by £86.7m to £3,785.3m. The main elements behind this increase are set out in our statement of cash flows. Operating cash inflow after interest and tax was £63.0m, slightly lower than the £66.5m received in the comparative period as increased cash flow from operations was more than offset by the timing of interest payments. We spent £123.2m on acquisitions in the period, primarily the purchase of a further 35.6% of the units in X-Leisure together with the cash payment for the 5% interest acquired in March. Capital expenditure was £126.6m, largely relating to our wholly owned developments in Victoria, and we contributed a net £31.9m to our joint ventures to fund developments at 20 Fenchurch Street, EC3 and Nova, Victoria, SW1. Offsetting these investments in our portfolio were sales proceeds of £172.2m, primarily from Oxford House, W1 and 38-48 Southwark Bridge Road, SE1 and £52.8m from the sale of our 50% interest in Empress State Building, SW6.

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 £131.1m at £4,421.3m (31 March 2013: £4,290.2m).

A reconciliation between net debt and adjusted net debt is given in note 15 to the financial statements. The greater increase in adjusted net debt over the period is due to our increased ownership of non-wholly owned entities and the impact of this on our proportionate share of their underlying debt.

Since the period end we have made two significant disposals at Bankside, SE1 and Aberdeen. Together, these sales will reduce adjusted net debt by £409m.

Table 4 below sets out various measures of our gearing.

Table 4: Gearing

	30 September 2013	31 March 2013
	%	%
Adjusted gearing* – on a proportionate basis	**59.9**	60.6
Group LTV	**40.5**	40.2
Group LTV – on a proportionate basis	**37.0**	36.9
Security Group LTV	**38.4**	37.7

* 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 gearing 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 increased marginally from 36.9% at 31 March 2013 to 37.0% at 30 September 2013. Our strategy at this stage in the property cycle of allowing gearing to decline as property values rise remains unchanged.

Our Security Group LTV rose to 38.4% (31 March 2013: 37.7%) as a result of increasing the funding to our joint ventures and the acquisition of additional units in X-Leisure.

Financing

The total capital of the Group consists of shareholders' equity and adjusted net debt. Since IFRS requires us to state a large part of our net debt at below its nominal value, we view our capital structure on a basis which adjusts for this. Details of our main sources of capital are given in notes 13 and 15 to the financial statements.

During the period, we refinanced a £165m bilateral revolving credit facility that was due to expire in May 2014, replacing it with a £250m facility maturing in September 2018 at a marginally improved headline price of LIBOR +120 basis points. This brings to £385m the total pool of committed facilities which extend beyond December 2016, the expiry date of our £1,085m revolving credit facility. In addition, we also agreed a new £100m bilateral revolving credit facility which matures in August 2016 at a headline price of LIBOR +115 basis points.

The weighted average duration of the Group's debt (on a proportionate basis) is 9.1 years with a weighted average cost of debt of 4.8%, and 89.4% at fixed interest rates. At 30 September 2013, we had £1.1bn of undrawn available facilities and available cash.

Taxation

As a consequence of the Group's REIT status, income and capital gains from our qualifying property rental business are exempt from UK corporation tax. No tax charge arose in the period (six months ended 30 September 2012: no charge). At 30 September 2013, the Group held a provision of £21.3m (31 March 2013: £21.3m) for interest due on a historical tax item. This liability will be settled in the second half of the year.

Martin Greenslade
Chief Financial Officer

Retail Portfolio

Highlights

- Valuation marginally ahead of 31 March 2013
- Investment lettings of £11.5m, 2.3% above ERV
- Like-for-like voids up from 2.9% to 3.0%
- Like-for-like units in administration down from 2.2% to 1.1%
- Development lettings of £1.4m, with a further £3.2m of pre-lets on uncommitted schemes
- £275.2m of acquisitions and development expenditure
- £66.5m of disposals

Market and strategy

The overall retail market has delivered mixed signals during the period. Consumer confidence in the economy for the next 12 months has improved and sentiment about making major purchases is at its highest level since 2007. However, this improved sentiment is countered by the fact that households are unlikely to be any better off in the short term due to rising non-discretionary costs such as energy and the fact that real earnings are still at year 2000 levels. Although the improved level of confidence has positively impacted on the occupational market with a greater number of retailers prepared to take new space, this has yet to translate into widespread rental growth. The investment market remains stable with a limited amount of stock being brought to the market by vendors and a significant amount of demand for all types of retail and leisure property.

We are also seeing a polarisation between the retailers who are strong and have invested in omni-channel and those that have not. By location, there has been a shift of consumer expenditure from secondary centres to prime centres. However, the categorisation between prime and secondary has become more complicated and is now influenced by asset management, targeted marketing and the experience being delivered, as well as the traditional elements of scale, accessibility and quality of environment.

Given this context, our strategy remains consistent. We continue to recycle capital by selling assets that are in non-core locations or which do not meet our performance targets and using the capital to invest in property which can provide better returns and transition the portfolio to more resilient, higher quality assets. Our strategy is to identify winning locations and actively manage our assets for growth. We are working up a significant development pipeline in city centres – Glasgow, Oxford and Guildford, each of which has the qualitative attributes for development. In the short term, we have an active development programme for retail warehouses to deliver additional returns and drive growth. We have also been diversifying into leisure, both standalone and within shopping centres, to balance the challenges of structural change in the retail sector.

Performance

The portfolio was valued at £5,567.9m at 30 September 2013, with a small valuation surplus in the period. Shopping centres and shops were up 0.2%. Retail warehouses and food stores were down 1.8%. Leisure and hotels were up 1.4%. In on our like-for-like portfolio (excluding units materially altered during the year) rental values were up by 0.3% for our shopping centres and shops, in line with last year for leisure and hotels and down by 1.0% for our retail warehouses and food stores, reflecting the continuing difficult market conditions during the period. The portfolio produced an ungeared total property return of 3.1%, in line with its sector benchmark in the IPD Quarterly Universe.

We have delivered a strong leasing performance with investment lettings of £11.5m compared with the prior period of £8.0m. The period was notable for a large reduction in like-for-like units in administration from 2.2% to 1.1% helped by the re-letting of HMV stores and remaining Comet stores. Voids increased marginally from 2.9% to 3.0%. Temporary lettings increased from 1.1% to 1.3%.

Our same centre sales, taking into account new lettings and tenant changes, were up 3.1% on the same period in the prior year. Footfall in our shopping centre portfolio was down 3.3% in the six months ended 30 September 2013. The national benchmark was down 1.8% over the same period.

Net rental income increased by £30.5m, from £133.4m to £163.9m. The increase is largely due to our development programme, combined with income from acquisitions we made in the second half of last year, notably our interest in X-Leisure and The Printworks, Manchester. The development programme has contributed an additional £10.9m of income, primarily due to the impact of opening Trinity Leeds in March 2013. The £2.6m increase within like-for-like is largely as a result of new lettings and lower bad debts.

Table 5: Net rental income

	30 September 2013 £m	30 September 2012 £m	Change £m
Like-for-like investment properties	**128.4**	125.8	2.6
Proposed developments	**-**	-	-
Development programme	**12.1**	1.2	10.9
Completed developments	**2.1**	-	2.1
Acquisitions since 1 April 2012	**16.5**	1.1	15.4
Sales since 1 April 2012	**1.1**	3.6	(2.5)
Non-property related income	**3.7**	1.7	2.0
Net rental income	**163.9**	**133.4**	**30.5**

Acquisitions and sales

Our only significant acquisition during the period was an additional 35.6% interest in the X-Leisure Unit Trust for a cash consideration of £104.0m, taking Land Securities' ownership to 95%. The additional interest represents £208.1m of underlying assets. The deal follows the acquisition in January this year of a controlling stake in X-Leisure, the UK's largest leisure fund, with assets valued at £592m as at 30 September 2013 and annualised net rental income of £39.3m.

We made a number of disposals during the period – The Designer Outlet Centre, Livingston; Clayton Square, Liverpool; Stonehills & Howardsgate, Welwyn Garden City; Whalebone Lane, Chadwell Heath – which together raised £66.5m. Since 30 September 2013 we have announced the sale of the Bon Accord and St Nicholas Centre in Aberdeen, held in a joint venture with British Land, for £94.4m (our share).

Asset management

We continue to focus on asset management to reduce voids and satisfy the change in retailer requirements for new units and different formats and in particular the strong demand from food and beverage operators. In our retail warehouse portfolio we have completed extensions at Bexhill Retail Park and Ravenside Retail Park, Chesterfield and in shopping centres we are progressing with the expansion of Southside Shopping Centre, Wandsworth including a new Debenhams store. Within our leisure portfolio, we have completed and opened the redevelopment of vacant space at Xscape, Milton Keynes to provide a casino, a bowling alley and additional restaurants, and are on site to deliver a store for Aldi at Cardigan Fields, Leeds. Asset management initiatives remain hard to execute and we were disappointed to have been refused planning permission for a new store for Next at Kingsway West Retail Park, Dundee and to have had our application for expansion of the White Rose Centre, Leeds deferred.

Development and planning

At Trinity Leeds we are now 96% let or in solicitors' hands and on 17 October we opened Trinity Kitchen, our street food concept, which has seen very strong trade since opening. The new 107,000 sq ft Primark store has been handed over for fit-out and is scheduled to open on 3 December. This, together with the attraction of Trinity Kitchen, will assist in the leasing of the remaining few units in the scheme. At Buchanan Gardens, Glasgow, our residential scheme above 185-221 Buchanan Street, we have pre-sold 16 of the 49 apartments being developed. Completion of this scheme has moved to December 2013 due to construction delays to the fit out.

We completed the development of the Asda store at Whalebone Lane, Chadwell Heath and subsequently sold it. Construction continues at Crawley which is due to complete on schedule this month, but the start on site at Taplow has been delayed by four months and this development is now scheduled to complete in July 2014.

During the period we submitted a planning application for the development of Ealing Filmworks, a cinema-led leisure, retail and residential scheme. In addition, following our pre-let to John Lewis announced in May, we submitted a planning application for our redevelopment of the Westgate Centre, Oxford, in our joint venture with The Crown Estate.

In October, we achieved a resolution to grant planning permission for a 363,000 sq ft scheme in Selly Oak, in our joint venture with Sainsbury's. In Maidstone, we have now submitted our planning application having secured pre-lets to Debenhams and Waitrose.

Looking ahead

Although there is a more stable economic outlook with improved consumer confidence, structural changes will continue to impact the sector, notably: an increased emphasis on omni-channel; shopper convenience; new retail formats; and leisure. We have altered the balance of our portfolio to meet these trends and will continue with this approach. We have established a competitive advantage with our acquisition of a stand-alone leisure portfolio and this, together with our development capability and plans both in town and out-of-town, gives us confidence that we will deliver good returns for shareholders.

Table 6: Retail development pipeline at 30 September 2013

Property	Description of use	Ownership interest %	Size sq ft	Letting status %	Market value £m	Net income/ ERV £m	Estimated/ actual completion date	Total development costs to date £m	Forecast total development cost £m
Developments after practical completion									
Trinity Leeds	Retail	100	817,000	94	465	29.5	Feb 2013	355	376
Developments approved or in progress									
Crawley	Retail	100	118,400	94	33	2.6	Nov 2013	30	39
Bishop Centre, Taplow	Retail	100	101,000	77	26	2.7	July 2014	22	39
Developments let and transferred or sold									
185-221 Buchanan Street, Glasgow	Retail	100	115,200	99	88	4.7	Mar 2013	46	50
Chadwell Heath, Whalebone Lane	Retail	Sold	48,100	n/a	n/a	n/a	n/a	n/a	n/a

Where the property is not 100% owned, floor areas and letting status shown above represent the full scheme whereas all other figures represent our proportionate share. Letting % is measured by ERV and shows letting status at 30 September 2013. Trading property development schemes are excluded from the development pipeline.

Total development cost

Refer to glossary for definition. Of the properties in the development pipeline at 30 September 2013, the only property on which interest was capitalised on the land cost was Crawley.

Net income/ERV

Net income/ERV represents net headline annual rent on let units plus net ERV at 30 September 2013 on unlet units.

Table 7: Trading property development schemes

Property	Description of use	Ownership interest %	Size sq ft	Number of units	Sales exchanged by unit %	Estimated/ actual completion date	Total development costs to date £m	Forecast total development cost £m
Buchanan Gardens, Glasgow	Residential	100	45,200	49	10	Dec 2013	8	10

London Portfolio

Highlights

- Valuation surplus of 3.7%
- Investment lettings of £2.3m, 5.2% below ERV, 0.6% above ERV excluding pre-development properties
- Development lettings of £10.8m
- Like-for-like voids down from 1.0% to 0.9%
- £93.7m of development and refurbishment expenditure
- £244.3m of disposals
- Committed to new developments with total development costs of £691m

Market and strategy

Occupier markets in the capital behaved broadly as anticipated during the period. The market has been busier, with increased business confidence leading to more enquiries for new space and higher take-up while vacancy rates remain low, particularly for Grade A space. Occupier requirements are also changing with employers requiring more efficiency and technical resilience from their buildings and employees demanding better working environments as the boundaries between work and other activities become increasingly blurred. London is now undersupplied in this type of space and this supply and demand imbalance is set to favour Land Securities' early development strategy. Consequently, during the period we committed to two further major speculative office schemes; the £384m (our share) first phase of Nova, Victoria, SW1 in our joint venture with Canada Pension Plan Investment Board and the £256m scheme at 1 & 2 New Ludgate, EC4.

London continues to attract capital from a broad range of investors and there is strong demand, with a number of large acquisitions transacted during the period and in progress. In the face of this highly competitive investment market, we have maintained our emphasis on development as we believe it will drive higher total returns. In addition, we have taken advantage of current demand to sell some properties which we do not believe will deliver sufficiently attractive returns from the price obtained.

Performance

The London Portfolio was valued at £6,190.4m at 30 September 2013, with a valuation surplus for the six months of 3.7%. West End Offices were up 3.4%; Mid-town offices were up 1.4%; City offices were up 5.0%; and central London shops were up 6.9%. Within these figures, properties in the development programme produced a surplus of 7.6%, while proposed developments were up by 0.2%. The portfolio produced an ungeared total property return of 6.2%, underperforming its sector benchmark in the IPD Quarterly Universe at 7.7%.

Rental values in our like-for-like portfolio (excluding units altered during the year) increased by 0.5%. Across the portfolio, West End offices fell by 0.2%, City offices increased by 0.9%, Mid-town offices increased by 0.4% and central London shops increased by 1.0%.

We kept like-for-like void levels low, at 1.1% for London offices compared with 1.0% at 31 March 2013. There were no like-for-like voids in central London shops compared with 0.4% at 31 March 2013. We raised the average unexpired lease length on the like-for-like London office portfolio from 9.5 years to 9.6 years. We delivered investment lettings of £2.3m, with a further £0.2m in solicitors' hands and restructured £15.6m of leases, principally at Piccadilly Lights, W1 and Cardinal Place, SW1. For development properties we secured lettings of £10.8m, with a further £3.6m in solicitors' hands.

Net rental income decreased by £5.2m from £136.7m to £131.5m. The change is primarily due to like-for-like properties which are £4.3m adverse as a result of a prior period surrender receipt at Cardinal Place, SW1 and increased feasibility costs in the six months to September 2013. Sales are £2.8m adverse due to lost rental income from sold properties, most notably 38-48 Southwark Bridge Road, SE1, and the Empress State Building, SW6. Proposed developments are £1.2m adverse reflecting vacant possession achieved at 1 New Street Square, EC4. This is partly offset by favourable variances on the development programme and completed developments, driven by lettings achieved since 30 September 2012 at 123 Victoria Street, SW1 and One New Change, EC4.

Table 8: Net rental income

	30 September 2013 £m	30 September 2012 £m	Change £m
Like-for-like investment properties	**108.3**	112.6	(4.3)
Proposed developments	**0.2**	1.4	(1.2)
Development programme	**4.2**	2.8	1.4
Completed developments	**11.4**	9.7	1.7
Acquisitions since 1 April 2012	**0.4**	0.1	0.3
Sales since 1 April 2012	**4.5**	7.3	(2.8)
Non-property related income	**2.5**	2.8	(0.3)
Net rental income	**131.5**	**136.7**	**(5.2)**

Acquisitions and sales

While there were no significant acquisitions in the period, we spent £93.7m on development and refurbishment projects in London. We made disposals of £244.3m, including our share of the Empress State Building, SW6, and Oxford House, W1, both to special purchasers, and 38-48 Southwark Bridge Road, SE1. Since 30 September we have taken advantage of the current market liquidity to sell Bankside 1, 2 & 3, SE1, a large leasehold asset predominantly let to RBS, for £315.0m, reflecting a net initial yield of 5.2%.

Asset management

We continue to focus on asset management to restructure leases and take advantage of market opportunities to add value. At Piccadilly Lights, W1, we concluded agreements with Barclays, Boots and Gap to reconfigure their retail units and grant new leases, at the same time freeing up space for an additional digital advertising screen. The combined effect was to raise rental values by £2.4m. We will complete the reconfiguration work in May 2014. At Cardinal Place, SW1, we have agreed to extend leases of 112,800 sq ft of space with a rent roll of £6.6m, lengthening the weighted average unexpired lease terms from 5.2 years to 11.3 years. Disappointingly, at Thomas More Square, E1, News UK announced its intention to vacate 191,800 sq ft of space by September 2014 and we now expect to carry out a refurbishment of this space prior to re-letting.

Development and planning

We continue to make good progress in the construction and leasing of our developments.

123 Victoria Street, SW1, is now 86% let. 62 Buckingham Gate, SW1, which had lettings of 10% in solicitors' hands at 31 March 2013, is now 57% let, with a further 10% in solicitors' hands.

At schemes on site, 20 Fenchurch Street, EC3 is now 56% pre-let with a further 20% in solicitors' hands. During the period, a seasonal solar glare issue arose on the southern façade. A solution is in the final stages of design and implementation will commence shortly. It is expected that the cost will sit comfortably within unutilised scheme contingency and will not result in us having to increase our forecast total development cost. Handover of the pre-let office floors is expected to be on schedule for April 2014, with completion of the roof garden in June 2014. Kings Gate and The Zig Zag Building, SW1 are now due to complete in February and March 2015 respectively following a delay to the UKPN substation installation and a design change to improve the building at Kings Gate, where 72 of the 100 apartments have now been pre-sold.

In May, we announced our commitment to the first phase of Nova, Victoria, SW1, in joint venture with Canada Pension Plan Investment Board. The first phase will comprise 480,000 sq ft of office accommodation, 80,000 sq ft of retail/restaurant space and 170 residential apartments. The £384m (our share) scheme is due to complete in the second quarter of 2016. In June we committed to the speculative development of 1 & 2 New Ludgate, EC4 comprising two distinct buildings united by a new public piazza. Together they comprise 346,000 sq ft of office accommodation and 32,000 sq ft of restaurant and retail facilities with completion scheduled for April 2015. We have also commenced demolition of Phase II of our Oriana scheme, Oxford Street, W1, in joint venture with Frogmore. The scheme comprises 71,000 sq ft of retail space, 65% of which has been pre-let to Schuh and Primark, and 18 residential apartments.

In addition, we gained planning permission to redevelop Oxford House, W1 (subsequently sold) and to convert Portland House, SW1 from office to residential use. Vacant possession will become available in 2015 and detailed design is now underway.

Looking ahead

Our current committed development programme extends to mid-2016 and we are content with its duration and scale. It is likely that we will also commit to develop 1 New Street Square, EC4, and 20 Eastbourne Terrace, W2, though we have yet to make a final decision. Both of these schemes would also complete by mid-2016. Our asset management programme is highly active. The focus of our capital investment is likely to remain confined to our development programme rather than acquisitions and so we are set to be net sellers in London this year. Overall, we are confident of achieving the majority of our objectives for the year and that our strategy of recycling capital into early development in London will deliver good total returns for shareholders.

Table 9: London development pipeline at 30 September 2013

Property	Description of use	Ownership interest %	Size sq ft	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	200,100		74	242	13.9	Aug 2012	154	154
	Retail		28,200		100					
62 Buckingham Gate, SW1	Office	100	259,700		52	291	18.3	May 2013	177	177
	Retail		15,200		-					
Developments approved or in progress										
20 Fenchurch Street, EC3	Office	50	677,500		56	230	21.2	Jun 2014	172	239
	Retail		13,200		67					
The Zig Zag Building, SW1**	Office	100	187,800		-	103	15.5	Mar 2015	84	181
	Retail		43,100		16					
1 & 2 New Ludgate, EC4	Office	100	345,600		-	113	21.3	Apr 2015	104	256
	Retail		32,400		-					
Nova, Victoria, SW1 - Phase I	Office	50	480,300		-	142	20.0	Apr 2016	118	384
	Retail		79,900		-					
	Residential		166,400		-					
Oriana, W1 - Phase II	Retail	50	70,600		22	43	3.1	Jul 2016	32	51
	Residential		20,200		-					
Proposed developments										
20 Eastbourne Terrace, W2	Office	100	94,700	PR	-	n/a	n/a	2016	n/a	n/a
1 New Street Square, EC4	Office	100	266,200	PR	-	n/a	n/a	2016	n/a	n/a
	Retail		4,700		-					

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

** Includes retail within Kings Gate, SW1.

Where the property is not 100% owned, floor areas and letting status shown above represent the full scheme whereas all other figures represent our proportionate share. Letting % is measured by ERV and shows letting status at 30 September 2013. Trading property development schemes are excluded from the development pipeline.

Planning status for proposed developments

PR – Planning received

Total development cost

Refer to glossary for definition. Of the properties in the development pipeline at 30 September 2013, the only property on which interest was capitalised on the land cost was Nova, Victoria, SW1 - Phase I. The figures for total development cost include expenditure on the residential elements of Nova, Victoria, SW1 - Phase I (£133.4m) and Oriana, W1 - Phase II (£11.3m).

Net income/ERV

Net income/ERV represents net headline annual rent on let units plus net ERV at 30 September 2013 on unlet units.

Table 10: Trading property development schemes

Property	Description of use	Ownership interest %	Size sq ft	Number of units	Sales exchanged by unit %	Estimated completion date	Total development costs to date £m	Forecast total development cost £m
Kings Gate, SW1	Residential	100	108,900	100	69	Feb 2015	70	161

Principal risks and uncertainties

The principal risks of the business are set out on pages 32-35 of the 2013 Annual Report alongside their potential impact and related mitigations. These risks fall into five categories: people, financial (including liability structure), regulatory (including health and safety and environment), property investment (including customers, market cyclicality and acquisitions) and development. The Board has reviewed the principal risks in the context of the second half of the current financial year.

The Board believes there has been no material change to the risks outlined in the Annual Report and that the existing mitigation measures within the business remain relevant for the risks highlighted.

Statement of Directors' responsibilities

The Directors confirm to the best of their knowledge that the condensed interim financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report herein includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7 (R) and 4.2.8 (R), namely:

- an indication of important events that have occurred during the six months ended 30 September 2013 and their impact on the condensed interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- any material related party transactions in the six months ended 30 September 2013 and any material changes in the related party transactions described in the last Annual Report.

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

Alison Carnwath*, Chairman

Robert Noel, Chief Executive

Martin Greenslade, Chief Financial Officer

Richard Akers, Executive Director

David Rough*

Sir Stuart Rose*

Kevin O'Byrne*

Chris Bartram*

Simon Palley*

Stacey Rauch*

*Non-executive Directors

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

By order of the Board

Adrian de Souza
Group General Counsel and Company Secretary
11 November 2013

Independent review report to Land Securities Group PLC

Introduction

We have been engaged by the Company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 September 2013 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes to the financial statements 1-18. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP, London
11 November 2013

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

Financial Statements

Unaudited income statement	Notes	Six months ended 30 September 2013 £m	2012 £m
Group revenue	4	**347.8**	303.6
Costs		**(116.7)**	(102.4)
		231.1	201.2
Profit on disposal of investment properties	3	**19.7**	1.8
Profit on disposal of investments in joint ventures	3	**4.3**	-
Net surplus/(deficit) on revaluation of investment properties	9	**166.0**	(4.2)
Impairment (charge)/release on trading properties	3	**(0.8)**	3.1
Operating profit		**420.3**	201.9
Interest expense	5	**(112.8)**	(94.1)
Interest income	5	**12.9**	10.1
Fair value movement on interest-rate swaps	5	**12.1**	(1.6)
Fair value movement on redemption liabilities	14	**(3.7)**	-
Net gain on business combination	14	**5.0**	-
		333.8	116.3
Share of post-tax profit from joint ventures	10	**64.1**	15.1
Profit before tax		**397.9**	131.4
Income tax		**-**	-
Profit for the period		**397.9**	131.4
Attributable to:			
Owners of the Parent		**397.9**	131.1
Non-controlling interests		**-**	0.3
Profit for the period		**397.9**	131.4
Earnings per share attributable to the owners of the Parent (pence)			
Basic earnings per share	7	**50.8**	16.8
Diluted earnings per share	7	**50.6**	16.8

Unaudited statement of comprehensive income	Notes	Six months ended 30 September 2013 £m	2012 £m
Profit for the period		**397.9**	131.4
Items that may be subsequently reclassified to the income statement:			
Share of joint ventures' fair value movement on interest-rate swaps treated as cash flow hedges	10	**2.9**	(1.2)
Items that will not be subsequently reclassified to the income statement:			
Actuarial losses on defined benefit pension scheme		**(0.7)**	(4.1)
Other comprehensive income/(expense) for the period		**2.2**	(5.3)
Total comprehensive income for the period		**400.1**	126.1
Attributable to:			
Owners of the Parent		**400.1**	125.8
Non-controlling interests		**-**	0.3
Total comprehensive income for the period		**400.1**	126.1

Unaudited balance sheet	Notes	30 September 2013 £m	31 March 2013 £m
Non-current assets			
Investment properties	9	**9,759.5**	9,651.9
Other property, plant and equipment		**7.7**	8.3
Net investment in finance leases		**192.3**	188.0
Loan investments		**50.0**	50.0
Investments in joint ventures	10	**1,351.5**	1,301.0
Trade and other receivables		**29.0**	10.6
Pension surplus		**7.2**	5.9
Total non-current assets		**11,397.2**	11,215.7
Current assets			
Trading properties and long-term development contracts	11	**174.8**	152.8
Trade and other receivables		**398.1**	344.8
Monies held in restricted accounts and deposits	12	**14.5**	30.9
Cash and cash equivalents	12	**43.8**	41.7
Total current assets		**631.2**	570.2
Total assets		**12,028.4**	11,785.9
Current liabilities			
Borrowings	13	**(400.6)**	(436.2)
Trade and other payables		**(322.9)**	(364.3)
Provisions		**(5.8)**	(7.0)
Derivative financial instruments		**(4.1)**	(9.1)
Current tax liabilities		**(20.5)**	(21.2)
Total current liabilities		**(753.9)**	(837.8)
Non-current liabilities			
Borrowings	13	**(3,435.3)**	(3,315.2)
Derivative financial instruments		**(3.6)**	(10.7)
Trade and other payables		**(21.0)**	(17.4)
Redemption liabilities	14	**(17.4)**	(118.1)
Total non-current liabilities		**(3,477.3)**	(3,461.4)
Total liabilities		**(4,231.2)**	(4,299.2)
Net assets		**7,797.2**	7,486.7
Equity			
Capital and reserves attributable to the owners of the Parent			
Ordinary shares		**79.6**	79.2
Share premium		**787.9**	787.6
Capital redemption reserve		**30.5**	30.5
Share-based payments		**6.4**	6.8
Retained earnings		**6,900.0**	6,590.3
Own shares		**(7.2)**	(7.7)
Total equity		**7,797.2**	7,486.7

Unaudited statement of changes in equity

	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 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 financial period	-	-	-	-	131.1	-	131.1	0.3	131.4
Other comprehensive income:									
Share of joint ventures' fair value movement on interest-rate swaps treated as cash flow hedges	-	-	-	-	(1.2)	-	(1.2)	-	(1.2)
Actuarial loss on pension scheme	-	-	-	-	(4.1)	-	(4.1)	-	(4.1)
Total comprehensive income for the six months ended 30 September 2012	-	-	-	-	125.8	-	125.8	0.3	126.1
Transactions with owners:									
Exercise of options	-	1.2	-	-	-	-	1.2	-	1.2
Dividends to owners of the Parent	0.4	-	-	-	(91.2)		(90.8)	-	(90.8)
Fair value of share-based payments	-	-	-	1.8	-	-	1.8	-	1.8
Release on exercise/forfeiture of share options	-	-	-	(3.5)	3.5	-	-	-	-
Settlement and transfer of shares to employees on exercise of share options net of proceeds	-	-	-	-	(6.9)	9.4	2.5	-	2.5
Distribution paid to non-controlling interests	-	-	-	-	-	-	-	(0.4)	(0.4)
Acquisition of own shares and treasury shares	-	-	-	-	(23.1)	(0.7)	(23.8)		(23.8)
Total transactions with owners of the Parent	0.4	1.2	-	(1.7)	(117.7)	8.7	(109.1)	(0.4)	(109.5)
At 30 September 2012	78.9	787.4	30.5	5.1	6,279.3	(9.1)	7,172.1	0.1	7,172.2
At 1 April 2013	**79.2**	**787.6**	**30.5**	**6.8**	**6,590.3**	**(7.7)**	**7,486.7**	-	**7,486.7**
Profit for the financial period	-	-	-	-	397.9	-	397.9	-	397.9
Other comprehensive income:									
Share of joint ventures' fair value movement on interest-rate swaps treated as cash flow hedges	-	-	-	-	2.9	-	2.9	-	2.9
Actuarial loss on pension scheme	-	-	-	-	(0.7)	-	(0.7)	-	(0.7)
Total comprehensive income for the six months ended 30 September 2013	-	-	-	-	400.1	-	400.1	-	400.1
Transactions with owners:									
Exercise of options	-	0.7	-	-	-	-	0.7	-	0.7
Dividends to owners of the Parent	0.4	(0.4)	-	-	(86.6)	-	(86.6)	-	(86.6)
Fair value of share-based payments	-	-	-	2.8	-	-	2.8	-	2.8
Release on exercise/forfeiture of share options	-	-	-	(3.2)	3.2	-	-	-	-
Settlement and transfer of shares to employees on exercise of share options net of proceeds	-	-	-	-	(6.7)	9.6	2.9	-	2.9
Acquisition of own shares and treasury shares	-	-	-	-	(0.3)	(9.1)	(9.4)	-	(9.4)
Total transactions with owners of the Parent	0.4	0.3	-	(0.4)	(90.4)	0.5	(89.6)	-	(89.6)
At 30 September 2013	**79.6**	**787.9**	**30.5**	**6.4**	**6,900.0**	**(7.2)**	**7,797.2**	-	**7,797.2**

Unaudited statement of cash flows		Six months ended 30 September	
		2013	2012
	Notes	**£m**	£m
Net cash generated from operations			
Cash generated from operations	16	**214.9**	139.5
Interest paid		**(145.0)**	(79.6)
Interest received		**6.3**	4.1
Employer contributions to defined benefit pension scheme		**(2.4)**	(2.2)
Capital expenditure on trading properties		**(14.4)**	(13.7)
Disposal of trading properties		**4.3**	18.5
Corporation tax paid		**(0.7)**	(0.1)
Net cash inflow from operations		**63.0**	66.5
Cash flows from investing activities			
Investment property development expenditure		**(78.6)**	(114.0)
Acquisition of investment properties and other investments		**(3.5)**	(73.7)
Other investment property related expenditure		**(46.9)**	(28.4)
Disposal of investment properties		**172.2**	396.6
Expenditure on non-property related non-current assets		**(1.1)**	(1.1)
Receipts in respect of finance lease receivables		**-**	0.2
Loans repaid by third parties		**-**	0.8
Disposal of investments in joint ventures		**52.8**	-
Cash contributed to joint ventures	10	**(1.7)**	(1.4)
Loan advances to joint ventures	10	**(47.5)**	(116.8)
Loan repayments by joint ventures	10	**4.7**	3.2
Distributions from joint ventures	10	**12.6**	13.1
Net cash inflow from investing activities		**63.0**	78.5
Cash flows from financing activities			
Cash received on issue of shares arising from exercise of share options		**3.6**	3.7
Purchase of own shares and treasury shares		**(9.4)**	(19.8)
Increase in investment in subsidiary undertaking (X-Leisure)		**(119.7)**	-
Proceeds from new loans (net of finance fees)		**204.9**	35.0
Repayment of loans	13	**(132.6)**	(85.2)
Decrease in monies held in restricted accounts and deposits	12	**16.4**	2.2
Dividends paid to owners of the Parent	6	**(86.7)**	(90.9)
Distributions by subsidiary undertakings		**(0.4)**	(0.4)
Net cash outflow from financing activities		**(123.9)**	(155.4)
Increase/(decrease) in cash and cash equivalents for the period		**2.1**	(10.4)
Cash and cash equivalents at the beginning of the period		**41.7**	29.7
Cash and cash equivalents at the end of the period	12	**43.8**	19.3

Notes to the Financial Statements

1. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 September 2013 has been prepared on a going concern basis and in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union (EU). In order to satisfy themselves that the Group has adequate resources to continue in operational existence for the foreseeable future, the Directors have reviewed an 18 month forecast extracted from the Group's current five year plan, which includes assumptions about future trading performance, valuation projections and debt requirements. This, together with available market information and experience of the Group's property portfolio and markets, has given the Directors sufficient confidence to adopt the going concern basis in preparing the financial statements.

The condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2013 were approved by the Board of Directors on 14 May 2013 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. The condensed consolidated interim financial information has been reviewed, not audited.

The condensed consolidated interim financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2013, which have been prepared in accordance with IFRSs as adopted by the EU.

This condensed consolidated interim financial information was approved for issue on 11 November 2013.

2. Significant accounting policies

Except as described below, the condensed consolidated interim financial information has been prepared on the basis of the accounting policies, significant judgements, key assumptions and estimates as set out in notes 2 and 3 of the Group's annual financial statements for the year ended 31 March 2013. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no accounting standards or interpretations that have been adopted since 1 April 2013 which have had a material impact on the Group's financial statements. Below are details of the two most significant changes adopted since 1 April 2013:

IAS 19 (revised) 'Employee Benefits' (IAS 19R). The Group has implemented the revised standard and has calculated a net interest charge for the current year. The corresponding balances in the prior year have been re-presented to align the presentation by netting the interest on pension scheme liabilities and expected return on pension scheme assets, but have not been adjusted as the impact is not considered to be material.

IFRS 13 'Fair Value Measurement'. The Group has implemented the revised fair value measurement principles from 1 April 2013. The disclosure requirements have been applied as they are applicable to the information presented in the condensed consolidated financial information for the six months ended 30 September 2013. Additional disclosure, including disclosure in respect of the Group's investment property portfolio, will be presented in the Group's annual financial statements for the year ended 31 March 2014.

The following accounting standards or interpretations were also effective for the financial year beginning 1 April 2013 but have not had a material impact on the Group's financial statements:

IAS 1 'Financial Statements Presentation – Presentation of Items of Other Comprehensive Income – Amendments to IAS 1'
IFRS 1 'Government Loans – Amendments to IFRS 1'
IFRS 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7'

The following IFRS accounting standards and interpretations have been issued but are not yet effective. None of these standards or interpretations have been early adopted by the Group. The Group is in the process of assessing the impact of these new standards and interpretations on its financial reporting.

IAS 27 (revised) 'Separate Financial Statements'
IAS 28 (revised) 'Investments in Associates and Joint Ventures'
IAS 32 'Offsetting Financial Assets and Financial Liabilities' - Amendments to IAS 32
IFRS 9 'Financial Instruments'
IFRS 10 'Consolidated Financial Statements'
IFRS 11 'Joint Arrangements'
IFRS 12 'Disclosure of Interests in Other Entities'

3. Segmental information

Management has determined the Group's operating segments based on the information reviewed by the Senior Management Board ("SMB") to make strategic decisions. During the six months, the SMB consisted 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 and shops, hotels and leisure assets, retail warehouse properties and assets held in retail joint ventures, excluding central London shops.

The information and reports reviewed by the SMB (and therefore included within this segmental information note) are prepared on a proportionate basis, which includes the Group's share of joint ventures on a line by line basis, and is adjusted to exclude the non-owned elements of the Group's subsidiaries. This is in contrast to the Group's statutory financial statements, where the Group's interest in joint ventures is presented as one line on the income statement and balance sheet, and all subsidiaries are consolidated at 100%.

The Group's primary measure of underlying profit before tax is revenue profit. This measure seeks to show the profit arising from on-going operations and as such removes all items of a capital nature (e.g. valuation movements and profit/(loss) on disposal of investment properties) and one-off or exceptional items. Segment profit is the lowest level to which the profit arising from the on-going operations of the Group is analysed between the two segments. The Group manages its financing structure, with the exception of joint ventures, on a pooled basis and, as such, almost all debt facilities and interest charges are not specific to a particular segment.

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

3. Segmental information continued

Six months ended 30 September 2013

Revenue profit	Retail Portfolio Group £m	Retail Portfolio Joint ventures £m	Retail Portfolio Total £m	London Portfolio Group £m	London Portfolio Joint ventures £m	London Portfolio Total £m	Total Group £m	Total Joint ventures £m	Total Total £m
Rental income	150.4	33.0	183.4	125.4	5.8	131.2	275.8	38.8	314.6
Finance lease interest	0.8	0.1	0.9	4.5	-	4.5	5.3	0.1	5.4
Gross rental income (before rents payable)	151.2	33.1	184.3	129.9	5.8	135.7	281.1	38.9	320.0
Rents payable [1]	(4.6)	(0.8)	(5.4)	(1.8)	-	(1.8)	(6.4)	(0.8)	(7.2)
Gross rental income (after rents payable)	146.6	32.3	178.9	128.1	5.8	133.9	274.7	38.1	312.8
Service charge income	20.2	4.4	24.6	18.4	0.1	18.5	38.6	4.5	43.1
Service charge expense	(21.4)	(5.1)	(26.5)	(17.8)	(0.1)	(17.9)	(39.2)	(5.2)	(44.4)
Net service charge (expense)/income	(1.2)	(0.7)	(1.9)	0.6	-	0.6	(0.6)	(0.7)	(1.3)
Other property related income	7.6	0.6	8.2	8.6	0.1	8.7	16.2	0.7	16.9
Direct property expenditure	(15.9)	(5.4)	(21.3)	(11.4)	(0.3)	(11.7)	(27.3)	(5.7)	(33.0)
Net rental income	137.1	26.8	163.9	125.9	5.6	131.5	263.0	32.4	295.4
Indirect property expenditure	(11.5)	(1.4)	(12.9)	(7.7)	(0.2)	(7.9)	(19.2)	(1.6)	(20.8)
Depreciation	(0.1)	-	(0.1)	(0.7)	-	(0.7)	(0.8)	-	(0.8)
Segment profit before interest	125.5	25.4	150.9	117.5	5.4	122.9	243.0	30.8	273.8
Joint venture net interest expense	-	(7.7)	(7.7)	-	(4.2)	(4.2)	-	(11.9)	(11.9)
Segment profit	125.5	17.7	143.2	117.5	1.2	118.7	243.0	18.9	261.9
Group services – income							1.7	-	1.7
– expense							(20.5)	-	(20.5)
Interest expense							(99.5)	-	(99.5)
Interest income							12.9	-	12.9
Revenue profit							137.6	18.9	156.5

1. Included within rents payable is finance lease interest payable of £1.0m and £0.2m for the Retail and London portfolios, respectively.

Reconciliation of revenue profit to profit before tax	Total Group £m	Total Joint ventures £m	Total Total £m
Revenue profit	137.6	18.9	156.5
Capital transactions and revaluation			
Profit on disposal of investment properties	19.7	0.9	20.6
Profit on disposal of investments in joint ventures	4.3	-	4.3
Net surplus on revaluation of investment properties	168.2	41.6	209.8
Impairment charge on trading properties	(0.8)	(0.8)	(1.6)
Profit on disposal of trading properties	-	0.3	0.3
Net gain on business combination	5.0	-	5.0
Net interest income and expense			
Fair value movement on interest-rate swaps	12.1	3.5	15.6
Amortisation of bond exchange de-recognition adjustment	(9.6)	-	(9.6)
Adjustment to include net interest expense of subsidiaries at 100%[2]	(3.7)	-	(3.7)
Non-revenue profit net interest expense	(1.2)	3.5	2.3
Other			
Fair value movement on redemption liabilities	(3.7)	-	(3.7)
Joint venture tax adjustment	-	(0.5)	(0.5)
Joint venture net liabilities adjustment	-	(0.3)	(0.3)
Adjustment to include subsidiaries at 100%[2]	4.7	0.5	5.2
Profit before tax	333.8	64.1	397.9

2. This represents the difference between the proportionate share of non-wholly owned subsidiaries, which is included in revenue profit, and the 100% share that is consolidated in the Group's income statement. A reconciliation from the Group's income statement to the financial information presented in this note is given in table 20 in the Business Analysis section.

3. Segmental information continued — **Six months ended 30 September 2012**

Revenue profit	Retail Portfolio Group £m	Retail Portfolio Joint ventures £m	Retail Portfolio Total £m	London Portfolio Group £m	London Portfolio Joint ventures £m	London Portfolio Total £m	Total Group £m	Total Joint ventures £m	Total Total £m
Rental income	121.0	32.3	153.3	126.6	9.1	135.7	247.6	41.4	289.0
Finance lease interest	0.9	0.2	1.1	4.5	-	4.5	5.4	0.2	5.6
Gross rental income (before rents payable)	121.9	32.5	154.4	131.1	9.1	140.2	253.0	41.6	294.6
Rents payable [1]	(5.0)	(1.2)	(6.2)	(1.7)	-	(1.7)	(6.7)	(1.2)	(7.9)
Gross rental income (after rents payable)	116.9	31.3	148.2	129.4	9.1	138.5	246.3	40.4	286.7
Service charge income	15.5	5.0	20.5	19.2	0.6	19.8	34.7	5.6	40.3
Service charge expense	(15.6)	(5.5)	(21.1)	(19.6)	(0.6)	(20.2)	(35.2)	(6.1)	(41.3)
Net service charge expense	(0.1)	(0.5)	(0.6)	(0.4)	-	(0.4)	(0.5)	(0.5)	(1.0)
Other property related income	5.6	0.5	6.1	8.6	0.2	8.8	14.2	0.7	14.9
Direct property expenditure	(14.8)	(5.5)	(20.3)	(9.4)	(0.8)	(10.2)	(24.2)	(6.3)	(30.5)
Net rental income	107.6	25.8	133.4	128.2	8.5	136.7	235.8	34.3	270.1
Indirect property expenditure	(10.2)	(1.4)	(11.6)	(7.6)	(0.2)	(7.8)	(17.8)	(1.6)	(19.4)
Depreciation	(0.1)	-	(0.1)	(0.4)	-	(0.4)	(0.5)	-	(0.5)
Segment profit before interest	97.3	24.4	121.7	120.2	8.3	128.5	217.5	32.7	250.2
Joint venture net interest expense	-	(8.5)	(8.5)	-	(6.1)	(6.1)	-	(14.6)	(14.6)
Segment profit	97.3	15.9	113.2	120.2	2.2	122.4	217.5	18.1	235.6
Group services – income							1.3	-	1.3
– expense							(18.0)	-	(18.0)
Interest expense							(85.3)	-	(85.3)
Interest income							10.1	-	10.1
Revenue profit							125.6	18.1	143.7

1. Included within rents payable is finance lease interest payable of £0.9m and £0.2m for the Retail and London portfolios, respectively.

Reconciliation of revenue profit to profit before tax	Total Group £m	Total Joint ventures £m	Total Total £m
Revenue profit	125.6	18.1	143.7
Capital transactions and revaluation			
Profit on disposal of investment properties	1.8	-	1.8
Net deficit on revaluation of investment properties	(4.2)	(6.7)	(10.9)
Impairment release on trading properties	3.1	0.9	4.0
Profit on disposal of trading properties	0.4	0.6	1.0
Net interest income and expense			
Fair value movement on interest-rate swaps	(1.6)	2.2	0.6
Amortisation of bond exchange de-recognition adjustment	(8.8)	-	(8.8)
Non-revenue profit interest expense	(10.4)	2.2	(8.2)
Profit before tax	116.3	15.1	131.4

4. Group revenue	Six months ended 30 September 2013 £m	2012 £m
Rental income (excluding adjustment for lease incentives)	**269.3**	241.3
Adjustment for lease incentives	**15.2**	6.3
Rental income	**284.5**	247.6
Service charge income	**40.6**	34.7
Other property related income	**15.5**	14.2
Trading property sales proceeds	**-**	0.4
Finance lease interest	**5.5**	5.4
Other income	**1.7**	1.3
	347.8	303.6

5. Net interest expense	Six months ended 30 September 2013 £m	2012 Re-presented £m
Interest expense		
Bond and debenture debt	**(88.5)**	(88.9)
Bank borrowings	**(17.1)**	(7.1)
Other interest payable	**(0.6)**	(0.3)
Amortisation of bond exchange de-recognition adjustment	**(9.6)**	(8.8)
	(115.8)	(105.1)
Interest capitalised in relation to properties under development	**3.0**	11.0
Total interest expense	**(112.8)**	(94.1)
Interest income		
Short-term deposits	**0.1**	0.1
Interest received on loan investments	**1.4**	1.3
Other interest receivable	**0.6**	3.9
Interest receivable from joint ventures	**10.6**	4.4
Net pension interest	**0.2**	0.4
Total interest income	**12.9**	10.1
Fair value movement on interest-rate swaps	**12.1**	(1.6)
Net interest expense	**(87.8)**	(85.6)

Included within rents payable is finance lease interest payable of £1.1m (2012: £0.9m). The Group has changed the calculation and presentation of pension interest following the adoption of IAS 19R. In accordance with IAS 19R, pension interest for the current year has been calculated and presented on a net basis. The corresponding balances in the prior year have been re-presented to align the presentation but have not been adjusted as the impact is not considered to be material.

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

Reconciliation of net interest expense to interest included in revenue profit	Six months ended 30 September 2013 £m	2012 £m
Total interest expense per the income statement	**(112.8)**	(94.1)
Amortisation of bond exchange de-recognition adjustment	**9.6**	8.8
Adjustment for proportionate share of net interest expense (1)	**3.7**	-
Group interest expense included in revenue profit	**(99.5)**	(85.3)
Total interest income per the income statement	**12.9**	10.1
Joint venture net interest expense	**(11.9)**	(14.6)
Net interest expense included in revenue profit	**(98.5)**	(89.8)

1. This represents the difference between the proportionate share of net interest expense of the Group's non-wholly owned subsidiaries, which is included in revenue profit, and the 100% share that is consolidated in the Group's income statement.

6. Dividends		Dividend	Six months ended 30 September	
		per share	**2013**	2012
Ordinary dividends paid	Payment date	pence	**£m**	£m
For the year ended 31 March 2012:				
Third interim	26 April 2012	7.2	**-**	56.1
Final	26 July 2012	7.4	**-**	57.5
For the year ended 31 March 2013:				
Third interim	17 April 2013	7.4	**57.8**	-
Final	19 July 2013	7.6	**59.4**	-
Dividends settled in shares			**(30.6)**	(22.8)
Dividends in statement of changes in equity			**86.6**	90.8
Timing difference relating to payment of withholding tax			**0.1**	0.1
Dividends in cash flow statement			**86.7**	90.9

The Board has proposed a second interim dividend of **7.6p** per share (2012: 7.4p), which will be 100% PID, to the extent it is paid in cash. It will be paid on 9 January 2014 to shareholders who are on the Register of Members on 6 December 2013. The second interim dividend is in addition to the first interim dividend of **7.6p,** or **£59.6m,** paid on 11 October 2013 (2012: 7.4p or £57.6m).

The company operates a scrip dividend scheme which provides shareholders with the opportunity to receive their dividend in shares as opposed to cash. All of the cash dividends paid and payable in respect of the six months ended 30 September 2013 comprise PIDs from REIT qualifying activities. In contrast to the cash dividends, none of the scrip dividends have been PIDs. The latest date for election for the non-PID scrip dividend alternative in respect of the second interim dividend will be 9 December 2013 and the calculation price will be announced on 17 December 2013.

7. Earnings per share	Six months ended 30 September 2013 £m	2012 £m
Profit for the financial period attributable to the owners of the Parent	**397.9**	131.1
Net (surplus)/deficit on revaluation of investment properties	**(209.8)**	10.9
Profit on disposal of investment properties	**(20.6)**	(1.8)
Profit on disposal of investments in joint ventures	**(4.3)**	-
Impairment charge/(release) on trading properties	**1.6**	(4.0)
Profit on disposal of trading properties	**(0.3)**	(1.0)
Fair value movement on interest-rate swaps	**(15.6)**	(0.6)
Fair value movement on redemption liabilities	**3.7**	-
Net gain on business combination	**(5.0)**	-
Joint venture tax adjustment	**0.2**	-
Joint venture net liabilities adjustment (1)	**0.3**	-
Adjustment for proportionate share of earnings (2)	**(1.5)**	-
EPRA adjusted earnings attributable to the owners of the Parent	**146.6**	134.6
Eliminate amortisation of bond exchange de-recognition adjustment – Group	**9.6**	8.8
Adjusted earnings attributable to the owners of the Parent	**156.2**	143.4

1. The adjustment to net liabilities on joint ventures is the result of valuation deficits in previous years reversed by surpluses in the current year.
2. This represents the difference between the proportionate share of earnings of non-wholly owned subsidiaries, which is included in adjusted earnings, and the 100% share which is consolidated in the Group's income statement.

	Six months ended 30 September 2013 Million	2012 Million
Weighted average number of ordinary shares	**794.4**	787.3
Weighted average number of treasury shares	**(10.5)**	(7.3)
Weighted average number of own shares	**(1.0)**	(1.9)
Weighted average number of ordinary shares - basic earnings per share	**782.9**	778.1
Dilutive effect of share options	**3.4**	3.0
Weighted average number of ordinary shares - diluted earnings per share	**786.3**	781.1

	Six months ended 30 September 2013 Pence	2012 Pence
Basic earnings per share	**50.8**	16.8
Diluted earnings per share	**50.6**	16.8
Adjusted earnings per share	**20.0**	18.4
Adjusted diluted earnings per share	**19.9**	18.4
EPRA adjusted earnings per share	**18.7**	17.2
EPRA adjusted diluted earnings per share	**18.6**	17.2

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

8. Net assets per share

	30 September 2013 £m	31 March 2013 £m
Net assets	**7,797.2**	7,486.7
Fair value of interest-rate swaps – Group	**7.7**	16.1
– Joint ventures	**1.7**	8.4
EPRA adjusted net assets	**7,806.6**	7,511.2
Reverse bond exchange de-recognition adjustment	**(423.2)**	(432.8)
Adjusted net assets	**7,383.4**	7,078.4
Reinstate bond exchange de-recognition adjustment	**423.2**	432.8
Fair value of interest-rate swaps – Group	**(7.7)**	(16.1)
– Joint ventures	**(1.7)**	(8.4)
Excess of fair value of debt over book value (note 13)	**(904.0)**	(1,111.8)
EPRA triple net assets	**6,893.2**	6,374.9

	30 September 2013 Million	31 March 2013 Million
Number of ordinary shares in issue	**795.8**	792.1
Number of treasury shares	**(10.5)**	(10.5)
Number of own shares	**(0.9)**	(1.1)
Number of ordinary shares - basic net assets per share	**784.4**	780.5
Dilutive effect of share options	**3.5**	3.2
Number of ordinary shares - diluted net assets per share	**787.9**	783.7

	30 September 2013 Pence	31 March 2013 Pence
Net assets per share	**994**	959
Diluted net assets per share	**990**	955
Adjusted net assets per share	**941**	907
Adjusted diluted net assets per share	**937**	903
EPRA measure – adjusted diluted net assets per share	**991**	958
– diluted triple net assets per share	**875**	813

Adjusted net assets per share excludes fair value adjustments on financial instruments used for hedging purposes and the bond exchange de-recognition adjustment, as management consider this to better represent 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 is more indicative of underlying performance.

9. Investment properties

The fair value of the Group’s investment properties at 30 September 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 valuations 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 £210.4m (31 March 2013: £208.8m). The average rate of interest capitalisation for the period is 5.0% (31 March 2013: 5.0%). The historical cost of investment properties is £6,859.6m (31 March 2013: £7,003.5m). The net book value of leasehold properties where head leases have been capitalised is £950.8m (31 March 2013: £947.3m).

The current value of investment properties, including joint ventures, in respect of proposed developments is £60.2m (31 March 2013: £123.6m). Developments are transferred out of the development programme when physically complete and 95% let, or two years after practical completion, whichever is earlier. The schemes transferred out of the development programme during the period were Whalebone Lane, Chadwell Heath and 185-221 Buchanan Street, Glasgow. The scheme transferred into the development programme during the period was 1&2 New Ludgate, EC4.

In October 2013, the Group agreed the sale of its remaining interests in Bankside 1, 2 & 3, SE1, for a total consideration of £315.0m. The transaction is expected to complete in December 2013.

9. Investment properties continued	Portfolio management £m	Development programme £m	Group Total £m
Net book value at 1 April 2012	7,396.8	1,056.4	8,453.2
Property acquisitions	67.6	6.4	74.0
Acquisition of finance lease	1.1	-	1.1
Capital expenditure	18.1	120.4	138.5
Capitalised interest	0.7	9.2	9.9
Depreciation	(0.2)	-	(0.2)
Transfers from the development programme into portfolio management	462.7	(462.7)	-
Transfers from portfolio management into the development programme	(101.9)	101.9	-
Valuation (deficit)/surplus	(75.4)	71.2	(4.2)
Net book value at 30 September 2012	7,769.5	902.8	8,672.3
Property acquisitions	170.1	1.2	171.3
Capital expenditure	14.8	124.5	139.3
Capitalised interest	(0.1)	9.1	9.0
Disposals	(48.5)	-	(48.5)
Disposal of finance lease	2.0	-	2.0
Net movement in finance leases	10.7	-	10.7
Depreciation	(0.1)	-	(0.1)
Acquired in business combination – property acquisition	540.3	-	540.3
– acquisition of finance lease	4.7	-	4.7
Transfers from the development programme into portfolio management	14.0	(14.0)	-
Transfer to trading properties	(50.0)	-	(50.0)
Valuation surplus	98.1	102.8	200.9
Net book value at 31 March 2013	**8,525.5**	**1,126.4**	**9,651.9**
Property acquisitions	**1.7**	**-**	**1.7**
Acquisition of finance lease	**1.5**	**-**	**1.5**
Capital expenditure	**44.4**	**71.6**	**116.0**
Capitalised interest	**0.4**	**1.2**	**1.6**
Disposals	**(172.5)**	**-**	**(172.5)**
Disposal of finance lease	**(0.1)**	**-**	**(0.1)**
Net movement in finance leases	**(0.8)**	**-**	**(0.8)**
Transfers from the development programme into portfolio management	**100.7**	**(100.7)**	**-**
Transfers from portfolio management into the development programme	**(92.2)**	**92.2**	**-**
Transfer to trading properties	**(5.8)**	**-**	**(5.8)**
Valuation surplus	**117.2**	**48.8**	**166.0**
Net book value at 30 September 2013	**8,520.0**	**1,239.5**	**9,759.5**

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 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 10)	1,317.7	295.5	1,613.2
– Group on a proportionate basis	10,003.4	1,443.0	11,446.4
Net book value at 30 September 2013	**8,520.0**	**1,239.5**	**9,759.5**
Plus: tenant lease incentives	**235.8**	**21.1**	**256.9**
Less: head leases capitalised	**(30.1)**	**-**	**(30.1)**
Plus: properties treated as finance leases	**203.1**	**11.9**	**215.0**
Market value at 30 September 2013 – Group	**8,928.8**	**1,272.5**	**10,201.3**
– Adjustment for non-wholly owned subsidiaries[1]	**(29.4)**	**-**	**(29.4)**
– Joint ventures (note 10)	**1,171.3**	**415.1**	**1,586.4**
– Group on a proportionate basis	**10,070.7**	**1,687.6**	**11,758.3**

1. This represents the difference between the proportionate share of the market value of properties held by non-wholly owned subsidiaries which is included in the combined portfolio and the 100% share that is consolidated in the Group's balance sheet.

10. 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
Victoria Circle Limited Partnership	50.0%	London Portfolio	31 March	Canada Pension Plan Investment Board
Metro Shopping Fund Limited Partnership	50.0%	Retail Portfolio	31 March	Delancey Real Estate Partners Limited
Buchanan Partnership	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) (2)	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) (4)	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
The Empress State Limited Partnership (1) (4)	50.0%	London Portfolio	31 December	Capital & Counties Properties PLC
HNJV Limited (1) (5)	50.0%	London Portfolio	31 March	Places for People Group Limited
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 subsequent to 30 September 2013
3. Dissolved in the year to 31 March 2013
4. Disposed of in the six months to 30 September 2013
5. Disposed of in the year ended 31 March 2013

10. Investments in joint ventures continued

Six months ended 30 September 2013

Income statement	20 Fenchurch Street Limited Partnership £m	Victoria Circle Limited Partnership £m	Metro Shopping Fund Limited Partnership £m	Buchanan Partnership £m	St. David's Limited Partnership £m	Bristol Alliance Limited Partnership £m	The Harvest Limited Partnership £m	The Oriana Limited Partnership £m	Other £m	Total £m
Rental income	-	-	3.5	4.3	8.5	8.6	2.0	3.3	9.0	39.2
Finance lease interest	-	-	-	-	-	0.1	-	-	-	0.1
Gross rental income (before rents payable)	-	-	3.5	4.3	8.5	8.7	2.0	3.3	9.0	39.3
Rents payable	-	-	-	-	(0.4)	(0.3)	-	-	(0.1)	(0.8)
Gross rental income (after rents payable)	-	-	3.5	4.3	8.1	8.4	2.0	3.3	8.9	38.5
Service charge income	-	-	0.7	0.5	1.1	1.0	-	0.1	1.1	4.5
Service charge expense	-	-	(0.9)	(0.6)	(1.3)	(1.2)	-	(0.1)	(1.1)	(5.2)
Net service charge expense	-	-	(0.2)	(0.1)	(0.2)	(0.2)	-	-	-	(0.7)
Other property related income	0.1	-	-	-	0.2	0.2	-	-	0.2	0.7
Direct property expenditure	-	(0.2)	(0.2)	(0.6)	(1.5)	(1.5)	(0.2)	(0.1)	(1.4)	(5.7)
Net rental income/(expense)	0.1	(0.2)	3.1	3.6	6.6	6.9	1.8	3.2	7.7	32.8
Indirect property expenditure	-	-	(0.2)	-	(0.3)	(0.2)	(0.2)	(0.2)	(0.5)	(1.6)
Segment profit/(loss) before interest (1)	0.1	(0.2)	2.9	3.6	6.3	6.7	1.6	3.0	7.2	31.2
Net interest expense (2)	(4.2)	(3.2)	(1.7)	(2.1)	(2.2)	-	(0.7)	(1.9)	(1.3)	(17.3)
Capitalised interest	2.3	3.1	-	-	-	-	-	-	-	5.4
Segment profit/(loss) (1)	(1.8)	(0.3)	1.2	1.5	4.1	6.7	0.9	1.1	5.9	19.3
Profit on disposal of investment properties	-	-	-	-	-	-	0.8	-	0.1	0.9
Net surplus/(deficit) on revaluation of investment properties	21.3	5.7	2.0	-	2.0	(2.9)	(1.2)	17.3	(2.5)	41.7
Impairment charge on trading properties	-	-	-	-	(0.2)	-	-	-	(0.6)	(0.8)
Profit on disposal of trading properties	-	-	-	-	0.2	-	-	-	0.1	0.3
Fair value movement on interest rate swaps	-	-	-	-	0.8	-	-	1.2	1.5	3.5
Profit before tax	19.5	5.4	3.2	1.5	6.9	3.8	0.5	19.6	4.5	64.9
Income tax	-	-	(0.2)	-	(0.2)	-	-	-	(0.1)	(0.5)
	19.5	5.4	3.0	1.5	6.7	3.8	0.5	19.6	4.4	64.4
Net liabilities adjustment (3)	-	-	-	-	-	-	-	-	(0.3)	(0.3)
Share of post-tax profit	19.5	5.4	3.0	1.5	6.7	3.8	0.5	19.6	4.1	64.1

Six months ended 30 September 2012

Income statement	20 Fenchurch Street Limited Partnership £m	Victoria Circle 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	-	1.8	3.3	4.2	8.1	9.1	2.0	3.6	9.3	41.4
Finance lease interest	-	-	-	0.1	-	0.1	-	-	-	0.2
Gross rental income (before rents payable)	-	1.8	3.3	4.3	8.1	9.2	2.0	3.6	9.3	41.6
Rents payable	-	-	-	-	(0.6)	(0.3)	-	-	(0.3)	(1.2)
Gross rental income (after rents payable)	-	1.8	3.3	4.3	7.5	8.9	2.0	3.6	9.0	40.4
Service charge income	-	0.5	0.8	0.7	1.2	1.3	-	0.1	1.0	5.6
Service charge expense	-	(0.5)	(0.8)	(0.8)	(1.4)	(1.2)	-	(0.1)	(1.3)	(6.1)
Net service charge (expense)/income	-	-	-	(0.1)	(0.2)	0.1	-	-	(0.3)	(0.5)
Other property related income	-	0.1	0.1	-	0.1	0.1	-	-	0.3	0.7
Direct property expenditure	(0.1)	(0.6)	(0.4)	(0.5)	(1.7)	(1.8)	(0.1)	(0.1)	(1.0)	(6.3)
Net rental income/(expense)	(0.1)	1.3	3.0	3.7	5.7	7.3	1.9	3.5	8.0	34.3
Indirect property expenditure	-	(0.2)	(0.2)	-	(0.3)	(0.3)	(0.2)	0.1	(0.5)	(1.6)
Segment profit/(loss) before interest	(0.1)	1.1	2.8	3.7	5.4	7.0	1.7	3.6	7.5	32.7
Net interest expense (2)	(1.6)	(0.5)	(1.7)	(2.1)	(2.7)	-	(0.7)	(2.5)	(3.6)	(15.4)
Capitalised interest	0.8	-	-	-	-	-	-	-	-	0.8
Segment profit/(loss)	(0.9)	0.6	1.1	1.6	2.7	7.0	1.0	1.1	3.9	18.1
Net surplus/(deficit) on revaluation of investment properties	12.9	4.4	(3.8)	(6.5)	0.5	(12.0)	(0.5)	0.2	(1.9)	(6.7)
Impairment release on trading properties	-	-	-	-	-	-	-	-	0.9	0.9
Profit on disposal of trading properties	-	-	-	-	0.3	-	-	-	0.3	0.6
Fair value movement on interest rate swaps	-	-	-	-	(0.4)	-	-	1.4	1.2	2.2
Profit/(loss) before tax	12.0	5.0	(2.7)	(4.9)	3.1	(5.0)	0.5	2.7	4.4	15.1
Income tax	-	-	-	-	-	-	-	-	-	-
Share of post-tax profit/(loss)	12.0	5.0	(2.7)	(4.9)	3.1	(5.0)	0.5	2.7	4.4	15.1

1. Segment profit reported here differs from the segment note (note 3) as the segment note includes an adjustment for the proportionate share of earnings in respect of an investment in a joint venture held by one of the Group's non-wholly owned subsidiaries. A reconciliation from the Group's income statement to the amounts presented in the segment note is included in table 20 in the Business Analysis section.
2. Excludes fair value movements on interest-rate swaps.
3. Joint ventures with net liabilities are carried at zero value in the balance sheet where there is no commitment to fund the deficit. Where this is the case distributions are included in the consolidated income statement for the period.

10. Investments in joint ventures continued

Net investment	20 Fenchurch Street Limited Partnership £m	Victoria Circle 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 2012	101.7	102.5	42.6	138.7	147.5	287.4	101.3	76.0	139.9	1,137.6
Cash contributed	-	-	-	0.1	-	-	-	-	1.3	1.4
Property and other contributions	0.1	-	-	-	-	-	-	-	-	0.1
Distributions	-	-	-	(2.5)	-	(4.5)	-	-	(6.1)	(13.1)
Fair value movement on cash flow hedges taken to comprehensive income	-	-	(2.4)	-	-	-	0.3	-	0.9	(1.2)
Loan advances	20.9	2.1	-	-	26.6	-	2.0	0.8	64.4	116.8
Loan repayments	-	-	-	-	(0.8)	-	-	-	(2.4)	(3.2)
Loan settlement through equity	-	-	-	-	-	-	(43.0)	-	-	(43.0)
Share of post-tax profit/(loss)	12.0	5.0	(2.7)	(4.9)	3.1	(5.0)	0.5	2.7	4.4	15.1
At 30 September 2012	134.7	109.6	37.5	131.4	176.4	277.9	61.1	79.5	202.4	1,210.5
Cash contributed	-	-	1.5	0.2	-	-	-	-	0.8	2.5
Distributions	-	-	(0.7)	(2.2)	-	(10.2)	-	-	(4.4)	(17.5)
Acquired in business combination	-	-	-	-	-	-	-	-	29.0	29.0
Fair value movement on cash flow hedges taken to comprehensive income	-	-	(0.1)	-	-	-	0.5	-	(0.1)	0.3
Loan advances	32.0	9.4	-	-	0.1	-	-	0.3	0.5	42.3
Loan repayments	-	-	-	-	(4.1)	-	-	(5.6)	0.1	(9.6)
Share of post-tax profit/(loss)	8.9	7.5	(1.2)	8.8	13.7	1.0	0.1	7.9	(3.2)	43.5
At 31 March 2013	**175.6**	**126.5**	**37.0**	**138.2**	**186.1**	**268.7**	**61.7**	**82.1**	**225.1**	**1,301.0**
Cash contributed	**-**	**-**	**-**	**0.1**	**-**	**-**	**-**	**-**	**1.6**	**1.7**
Property and other contributions	**0.1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**
Distributions	**-**	**-**	**-**	**(1.9)**	**-**	**(6.2)**	**-**	**-**	**(4.5)**	**(12.6)**
Fair value movement on cash flow hedges taken to comprehensive income	**-**		**2.5**	**-**	**-**	**-**	**0.4**	**-**	**-**	**2.9**
Loan advances	**25.8**	**17.8**	**-**	**-**	**-**	**-**	**2.2**	**-**	**1.7**	**47.5**
Loan repayments	**-**	**-**	**-**	**-**	**(4.7)**	**-**	**-**	**-**	**-**	**(4.7)**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(48.5)**	**(48.5)**
Share of post-tax profit	**19.5**	**5.4**	**3.0**	**1.5**	**6.7**	**3.8**	**0.5**	**19.6**	**4.1**	**64.1**
At 30 September 2013	**221.0**	**149.7**	**42.5**	**137.9**	**188.1**	**266.3**	**64.8**	**101.7**	**179.5**	**1,351.5**

Balance sheet at 30 September 2013	20 Fenchurch Street Limited Partnership £m	Victoria Circle 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
Investment properties (1)	229.5	156.0	110.3	136.2	255.2	254.3	71.1	178.8	163.3	1,554.7
Current assets	2.5	2.6	5.1	4.1	20.8	21.9	17.4	13.3	33.3	121.0
	232.0	158.6	115.4	140.3	276.0	276.2	88.5	192.1	196.6	1,675.7
Current liabilities	(11.0)	(8.8)	(3.5)	(2.4)	(8.3)	(7.3)	(3.3)	(6.9)	(6.1)	(57.6)
Non-current liabilities	-	(0.1)	(69.4)	-	(79.6)	(2.6)	(20.4)	(83.5)	(11.0)	(266.6)
	(11.0)	(8.9)	(72.9)	(2.4)	(87.9)	(9.9)	(23.7)	(90.4)	(17.1)	(324.2)
Net assets	**221.0**	**149.7**	**42.5**	**137.9**	**188.1**	**266.3**	**64.8**	**101.7**	**179.5**	**1,351.5**
Market value of investment properties (1)	**229.5**	**156.0**	**111.3**	**137.5**	**266.2**	**267.7**	**72.1**	**181.8**	**164.3**	**1,586.4**
Net (debt)/cash	**2.4**	**2.5**	**(67.9)**	**1.7**	**(73.9)**	**1.5**	**(14.8)**	**(78.4)**	**(7.5)**	**(234.4)**

Balance sheet at 31 March 2013	20 Fenchurch Street Limited Partnership £m	Victoria Circle 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
Investment properties (1)	183.1	130.0	106.6	136.0	253.2	257.2	72.0	160.4	279.0	1,577.5
Current assets	2.9	3.8	5.3	4.4	36.2	21.3	13.4	9.3	39.1	135.7
	186.0	133.8	111.9	140.4	289.4	278.5	85.4	169.7	318.1	1,713.2
Current liabilities	(10.4)	(7.2)	(3.1)	(2.2)	(7.8)	(7.2)	(3.1)	(3.1)	(81.1)	(125.2)
Non-current liabilities	-	(0.1)	(71.8)	-	(95.5)	(2.6)	(20.6)	(84.5)	(12.2)	(287.3)
	(10.4)	(7.3)	(74.9)	(2.2)	(103.3)	(9.8)	(23.7)	(87.6)	(93.3)	(412.5)
Net liabilities adjustment (2)	-	-	-	-	-	-	-	-	0.3	0.3
Net assets	**175.6**	**126.5**	**37.0**	**138.2**	**186.1**	**268.7**	**61.7**	**82.1**	**225.1**	**1,301.0**
Market value of investment properties (1)	**183.1**	**130.0**	**107.5**	**137.5**	**264.7**	**271.7**	**72.9**	**163.5**	**282.3**	**1,613.2**
Net (debt)/cash	**2.9**	**3.8**	**(68.6)**	**2.3**	**(74.5)**	**(0.1)**	**(15.6)**	**(78.5)**	**(71.7)**	**(300.0)**

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. Where this is the case distributions are included in the consolidated income statement for the period.

11. Trading properties and long-term development contracts

	Trading properties			Group
	Development land and infrastructure £m	Residential £m	Long-term development contracts £m	Total £m
At 1 April 2012	68.0	56.7	8.4	133.1
Capital expenditure	1.6	7.5	-	9.1
Capitalised interest	0.4	0.7	-	1.1
Impairment release	3.1	-	-	3.1
Contract costs deferred	-	-	0.8	0.8
At 30 September 2012	73.1	64.9	9.2	147.2
Acquisitions	7.1	-	-	7.1
Capital expenditure	1.5	9.6	-	11.1
Capitalised interest	0.5	0.2	-	0.7
Transfer from investment properties	-	50.0	-	50.0
Disposals	-	(67.5)	-	(67.5)
Impairment release	4.0	-	-	4.0
Contract costs deferred	-	-	0.2	0.2
At 31 March 2013	**86.2**	**57.2**	**9.4**	**152.8**
Capital expenditure	**2.1**	**13.0**	**-**	**15.1**
Capitalised interest	**0.4**	**1.0**	**-**	**1.4**
Transfer from investment properties	**-**	**5.8**	**-**	**5.8**
Impairment provision	**(0.8)**	**-**	**-**	**(0.8)**
Contract costs deferred	**-**	**-**	**0.5**	**0.5**
At 30 September 2013	**87.9**	**77.0**	**9.9**	**174.8**

Trading properties are carried at the lower of cost and net realisable value. The realisable value of the Group's trading properties at 30 September 2013 has been based on a valuation carried out at that date by Knight Frank LLP, external valuers. The cumulative impairment provision at 30 September 2013 in respect of Development land and infrastructure was £104.2m (31 March 2013: £103.4m); and in respect of Residential was £0.3m (31 March 2013: £0.3m).

12. Cash and cash equivalents and monies held in restricted accounts and deposits

At 30 September 2013, the Group held cash and cash equivalents of £43.8m (31 March 2013: £41.7m) and monies held in restricted accounts and deposits (restricted cash) of £14.5m (31 March 2013: £30.9m). The movement in restricted cash in the period reflects the release from restricted cash of deposits previously held in respect of a historical tax item with HMRC.

13. Borrowings

30 September 2013	Secured/ unsecured	Fixed/floating	Effective interest rate %	Nominal/ notional value £m	Fair value £m	Book value £m
Current borrowings						
Sterling						
5.292 per cent MTN due 2015	Secured	Fixed	5.3	122.7	123.4	122.7
5.253 per cent QAG Bond	Secured	Fixed	5.3	12.5	14.3	12.5
Syndicated bank debt	Secured	Floating	LIBOR + margin	265.4	265.4	265.4
Total current borrowings				**400.6**	**403.1**	**400.6**
Non-current borrowings						
Sterling						
4.875 per cent MTN due 2019	Secured	Fixed	5.0	400.0	446.7	398.0
5.425 per cent MTN due 2022	Secured	Fixed	5.5	255.3	294.5	254.8
4.875 per cent MTN due 2025	Secured	Fixed	4.9	300.0	333.5	297.8
5.391 per cent MTN due 2026	Secured	Fixed	5.4	210.7	241.6	210.0
5.391 per cent MTN due 2027	Secured	Fixed	5.4	608.6	702.0	606.3
5.376 per cent MTN due 2029	Secured	Fixed	5.4	317.6	365.2	316.2
5.396 per cent MTN due 2032	Secured	Fixed	5.4	322.7	372.8	321.0
5.125 per cent MTN due 2036	Secured	Fixed	5.1	500.0	564.5	498.6
Bond exchange de-recognition adjustment						(423.2)
				2,914.9	**3,320.8**	**2,479.5**
5.253 per cent QAG Bond	Secured	Fixed	5.3	310.7	356.3	310.7
Syndicated bank debt	Secured	Floating	LIBOR + margin	380.0	380.0	380.0
Bilateral facilities	Secured	Floating	LIBOR + margin	235.0	235.0	235.0
Amounts payable under finance leases	Unsecured	Fixed	7.0	30.1	44.7	30.1
Total non-current borrowings				**3,870.7**	**4.336.8**	**3,435.3**
Total borrowings				**4,271.3**	**4,739.9**	**3,835.9**

Medium term notes (MTN)

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, together valued at **£9.5bn** at 30 September 2013 (31 March 2013: £9.3bn). 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. At 30 September 2013, the Group was comfortably within these limits. If these limits are exceeded the operating environment becomes more restrictive with provisions to encourage the reduction in gearing. The interest rate on the MTNs 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 30 September 2013, the Group had a **£1.085bn** authorised credit facility with a maturity of December 2016, which was **£380.0m** drawn (31 March 2013: £330.0m). This facility is committed and is secured on the assets of the Security Group.

At 30 September 2013, the Group also had syndicated bank debt facilities of **£278.4m**, arising on the acquisition of X-Leisure in the prior year. The facilities were **£265.4m** drawn at 30 September 2013 (31 March 2013: £264.8m). The original maturity dates of the facilities were December 2013 and March 2014. However the facilities were cancelled and repaid in full in October 2013.

Bilateral facilities

At 31 March 2013 the Group had a **£165.0m** facility with a maturity of May 2014. In September 2013, the facility was cancelled and repaid in full (£90.0m). At the same time a new facility for **£250.0m** was entered into, which matures in September 2018. This facility was **£90.0m** drawn at 30 September 2013.

A further committed bilateral facility for **£100.0m** with a maturity of August 2016 was entered into in August 2013. This facility was **£30.0m** drawn at 30 September 2013. The committed bilateral facility existing at 31 March 2013 of **£135.0m** with a maturity of March 2018 was **£115.0m** drawn at 30 September 2013 (31 March 2013: £95.0m). The bilateral facilities of **£36.9m** held at 31 March 2013, which arose on the acquisition of X-Leisure, were repaid in full at maturity in June 2013.

All current bilateral facilities are secured on the assets of the Security Group.

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 30 September 2013 the bond had an amortised book value of **£323.3m** (31 March 2013: £329.0m).

13. Borrowings continued

Fair values

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

	Secured/ unsecured	Fixed/floating	Effective interest rate %	Nominal/ notional value £m	Fair value £m	Book value £m
						31 March 2013
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**

Reconciliation of the movement in borrowings	30 September 2013 £m	31 March 2013 £m
At the beginning of the period	**3,751.4**	3,235.9
Repayment of loans	**(132.6)**	(10.9)
Acquired in business combination	**-**	305.8
Proceeds from new loans	**205.5**	200.8
Amortisation of finance fees	**0.6**	1.0
Amortisation of bond exchange de-recognition adjustment	**9.6**	18.1
Net movement in finance lease obligations	**1.4**	0.7
At the end of the period	**3,835.9**	3,751.4

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.

14. Redemption liabilities	30 September 2013 £m	31 March 2013 £m
Opening balance at beginning of period	**118.1**	-
Transferred from non-controlling interest	**-**	0.2
Transfer from other creditors	**-**	0.9
Acquired in a business combination	**-**	129.7
Utilisation	**(104.0)**	(16.1)
Dividends paid	**(0.4)**	(0.8)
Fair value movement in redemption liabilities	**3.7**	4.2
Closing balance at end of period	**17.4**	118.1

The redemption liabilities are carried at fair value. The fair value of each component of the redemption liability is determined as the present value of the amount the Group would be required to pay to settle the liabilities (an exit price). The terms of each arrangement are different, but generally the fair value is calculated by reference to a metric within the underlying subsidiary's financial statements, typically net assets or the investment property valuation. These inputs are not based on observable market data, and therefore the redemption liabilities are considered to fall within Level 3 of the fair value hierarchy, as determined in IFRS 13, Fair Value Measurement.

In September 2013 the Group acquired an additional 35.6% holding in the X-Leisure Unit Trust (X-Leisure) for £104.0m, increasing the Group's holding from 59.4% to 95.0%. This has resulted in a partial utilisation of the redemption liability. The remaining redemption liability in respect of X-Leisure reflects the put option that remains in connection with the 5.0% of units in X-Leisure not held by the Group. The Group has reassessed the fair value of certain assets recognised as part of the business combination resulting in the recognition of an increase to the net gain on business combination of £5.0m in the current period.

15. Analysis of net debt and equity	30 September 2013				31 March 2013			
	Group £m	Adjustment for non-wholly owned subsidiaries[1] £m	Joint ventures £m	Combined £m	Group £m	Adjustment for non-wholly owned subsidiaries[1] £m	Joint ventures £m	Combined £m
Property portfolio								
Market value of investment properties	**10,201.3**	**(29.4)**	**1,586.4**	**11,758.3**	10,073.2	(240.0)	1,613.2	11,446.4
Trading properties and long-term contracts	**174.8**	**-**	**20.6**	**195.4**	152.8	-	20.8	173.6
	10,376.1	**(29.4)**	**1,607.0**	**11,953.7**	10,226.0	(240.0)	1,634.0	11,620.0
Net debt								
Borrowings	**3,835.9**	**(13.4)**	**263.8**	**4,086.3**	3,751.4	(124.4)	344.6	3,971.6
Cash and cash equivalents	**(43.8)**	**1.2**	**(31.1)**	**(73.7)**	(41.7)	11.4	(53.0)	(83.3)
Monies held in restricted accounts and deposits	**(14.5)**	**-**	**-**	**(14.5)**	(30.9)	-	-	(30.9)
Fair value of interest-rate swaps	**7.7**	**(0.2)**	**1.7**	**9.2**	19.8	(3.7)	8.4	24.5
Net debt	**3,785.3**	**(12.4)**	**234.4**	**4,007.3**	3,698.6	(116.7)	300.0	3,881.9
Less: Fair value of interest-rate swaps	**(7.7)**	**0.2**	**(1.7)**	**(9.2)**	(19.8)	3.7	(8.4)	(24.5)
Reverse bond exchange de-recognition (note 13)	**423.2**	**-**	**-**	**423.2**	432.8	-	-	432.8
Adjusted net debt	**4,200.8**	**(12.2)**	**232.7**	**4,421.3**	4,111.6	(113.0)	291.6	4,290.2
Adjusted total equity								
Total equity	**7,797.2**			**7,797.2**	7,486.7			7,486.7
Fair value of interest-rate swaps	**7.7**	**-**	**1.7**	**9.4**	19.8	(3.7)	8.4	24.5
Reverse bond exchange de-recognition (note 13)	**(423.2)**	**-**	**-**	**(423.2)**	(432.8)	-	-	(432.8)
Adjusted total equity	**7,381.7**	**-**	**1.7**	**7,383.4**	7,073.7	(3.7)	8.4	7,078.4
Gearing	**48.5%**			**51.4%**	49.4%			51.8%
Adjusted gearing	**56.9%**			**59.9%**	58.1%			60.6%
Loan to value - Group	**40.5%**			**37.0%**	40.2%			36.9%
Loan to value - Security Group	**38.4%**				37.7%			
Weighted average cost of debt	**4.8%**			**4.8%**	4.9%			4.9%

1. This represents the 5.0% (31 March 2013: 40.6%) interest in X-Leisure which we do not own but is consolidated in the Group's balance sheet.

16. Cash flow from operating activities

Reconciliation of operating profit to net cash generated from operations	Six months ended 30 September 2013 £m	2012 £m
Operating profit	**420.3**	201.9
Adjustments for:		
Depreciation	**1.6**	1.2
Profit on disposal of investment properties	**(19.7)**	(1.8)
Profit on disposal of trading properties	**-**	(0.4)
Profit on disposal of investments in joint ventures	**(4.3)**	-
Net valuation (surplus)/deficit on investment properties	**(166.0)**	4.2
Impairment charge/(release) on trading properties	**0.8**	(3.1)
Share-based payment charge	**2.8**	1.8
Defined benefit pension scheme charge	**0.6**	0.5
	236.1	204.3
Changes in working capital:		
Increase in long-term development contracts	**(0.5)**	(0.8)
Increase in receivables	**(42.3)**	(67.2)
Increase in payables and provisions	**21.6**	3.2
Net cash generated from operations	**214.9**	139.5

17. Related party transactions

As disclosed in note 10, the Group has investments in a number of joint ventures. During the period, the Group has made further loan advances to 20 Fenchurch Street Limited Partnership of £25.8m and Victoria Circle Limited Partnership of £17.8m.

During the period, the Group received interest income of £4.1m from 20 Fenchurch Street Limited Partnership and £3.2m from Victoria Circle Limited Partnership.

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

18. Post balance sheet events

In October 2013, the Group agreed the sale of its remaining interests in Bankside 1, 2 & 3, SE1 for total consideration of £315.0m. The transaction is expected to complete in December 2013. The Group also agreed the sale of its investment in the Scottish Retail Property Partnership Limited for £94.4m (our share), which will complete in November 2013. The sales price for both assets was broadly in line with the 30 September 2013 valuation.

Business analysis

Table 11: EPRA performance measures

	Definition for EPRA measure	Notes	30 September 2013 Land Securities Measure	EPRA Measure
Adjusted earnings	Recurring earnings from core operational activity	7	**£156.2m**	**£146.6m**[(1)]
Adjusted earnings per share	Adjusted earnings per weighted number of ordinary shares	7	**20.0p**	**18.7p**[(1)]
Adjusted diluted earnings per share	Adjusted diluted earnings per weighted number of ordinary shares	7	**19.9p**	**18.6p**[(1)]
Adjusted net assets	Net asset value adjusted to exclude fair value movements on interest-rate swaps	8	**£7,383.4m**	**£7,806.6m**[(2)]
Adjusted net assets per share	Adjusted diluted net assets per share	8	**937p**	**991p**[(2)]
Triple net assets	Adjusted net assets amended to include the fair value of financial instruments and debt	8	**£6,893.2m**	**£6,893.2m**
Triple net assets per share	Diluted triple net assets per share	8	**875p**	**875p**
Net Initial Yield (NIY)	Annualised rental income less non-recoverable costs as a % of market value plus assumed purchasers' costs [(3)]		**4.6%**	**5.4%**
Topped-up NIY	NIY adjusted for rent free periods [(3)]		**5.3%**	**5.7%**
Voids/Vacancy Rate	ERV of vacant space as a % of ERV of combined portfolio excluding the development programme [(4)]		**2.1%**	**2.1%**
Cost ratio	Total costs as a percentage of gross rental income (including direct vacancy costs) [(5)]		**18.1%**	**18.5%**
	Total costs as a percentage of gross rental income (excluding direct vacancy costs) [(5)]		**n/a**	**16.4%**

Refer to notes 7 and 8 and table 17 for further analysis.

1. EPRA adjusted earnings and EPRA adjusted earnings per share include the effect of bond exchange de-recognition charges of £9.6m.
2. EPRA adjusted net assets and adjusted diluted net assets per share include the bond exchange de-recognition adjustment of £423.2m.
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.
5. The EPRA cost ratio is calculated based on gross rental income after rents payable, whereas our measure is based on gross rental income before rents payable. We do not calculate a cost ratio excluding direct vacancy costs as we do not consider this to be helpful.

Table 12: Top 12 occupiers at 30 September 2013

	% of Group rent [(1)]
Central Government (including Queen Anne's Gate, SW1) [(2)]	5.0
Accor	4.8
Royal Bank of Scotland	2.8
Deloitte	2.7
Arcadia Group	2.0
Sainsbury's	1.9
Bank of New York Mellon	1.7
Primark	1.5
Boots	1.4
Next	1.3
Taylor Wessing	1.3
Dixons Retail	1.2
	27.6

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

Table 13: Top 10 property holdings at 30 September 2013

Total value £4.1bn
(34% of combined portfolio)

Name	Principal occupiers	Ownership interest (%)		Floor area (sq ft)	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	100,000 554,000 6,000	36.0	97	6.4
New Street Square, EC4	Deloitte Taylor Wessing	100	Retail Office	22,000 671,000	32.3	100	10.1
One New Change, EC4	K&L Gates CME H&M Topshop Next	100	Retail Office Other	199,000 345,000 20,000	22.8	100	9.5
Trinity Leeds	H&M Topshop Next Primark River Island	100	Retail Other	678,000 139,000	14.9	94	12.2
Queen Anne's Gate, SW1	Central Government	100	Office	324,000	29.2	100	13.1
Piccadilly Lights, W1	Hyundai Barclays Boots	100	Retail Office Other	69,000 25,000 14,000	12.5	99	3.9
Gunwharf Quays, Portsmouth	Vue Cinema M&S Nike Gap Ted Baker	100	Retail Office Other	336,000 30,000 261,000	23.2	99	7.3
White Rose Centre, Leeds	Sainsbury's Debenhams M&S Primark H&M	100	Retail	699,000	21.5	100	7.8
Bankside 2&3, SE1	Royal Bank of Scotland	100	Retail Office Other	35,000 379,000 3,000	16.3	100	13.7
62 Buckingham Gate, SW1	Schlumberger Rolls Royce World Fuel Services	100	Retail Office	15,000 260,000	-	50	9.7

1. On a proportionate basis.

Table 14: Combined portfolio value by location at 30 September 2013

	Shopping centres and shops %	Retail warehouses %	Offices %	Hotels, leisure, residential & other %	Total %
Central, inner and outer London	13.4	0.1	41.8	4.1	59.4
South East and East	4.3	4.5	-	3.1	11.9
Midlands	-	1.2	-	1.0	2.2
Wales and South West	5.8	0.6	-	0.3	6.7
North, North West, Yorkshire and Humberside	8.1	2.5	0.1	2.4	13.1
Scotland and Northern Ireland	5.0	1.1	-	0.6	6.7
Total	36.6	10.0	41.9	11.5	100.0

% figures calculated by reference to the combined portfolio value of £11.8bn.

Table 15: Like-for-like reversionary potential

Reversionary potential	**30 September 2013 % of rent**	31 March 2013 % of rent
Gross reversions	**7.9**	8.3
Over-rented	**(6.9)**	(7.0)
Net reversionary potential	**1.0**	1.3

The reversion is calculated with reference to the gross secure rent roll after the expiry of rent free periods on those properties which fall under the like-for-like definition as set out in the notes to the combined portfolio analysis. Reversionary potential excludes additional income from the letting of voids and the expiry of rent free periods.

Table 16: Performance relative to IPD
Total property returns – period to 30 September 2013

	Land Securities %	IPD (1) %
Retail – Shopping centres	3.1	3.1
– Retail warehouses	1.7 (2)	3.2
Central London shops	11.0	9.3
Central London offices	5.5 (3)	7.4
Total portfolio (4)	4.7	4.9

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

Table 17: Combined portfolio analysis
Like-for-like segmental analysis

	Market value [1]		Valuation movement [2]		Rental income [3]		Annualised rental income [4]	Annualised net rent [5]		Net estimated rental value [6]	
	30 September 2013	31 March 2013	Surplus/ (deficit)	Surplus/ (deficit)	30 September 2013	30 September 2012	30 September 2013	30 September 2013	31 March 2013	30 September 2013	31 March 2013
	£m	£m	£m	%	£m	£m	£m	£m	£m	£m	£m
Retail Portfolio											
Shopping centres and shops	**2,578.3**	2,573.9	**(1.0)**	**-**	**95.1**	94.0	**192.6**	**184.5**	182.5	**178.9**	178.1
Retail warehouses and food stores	**1,108.4**	1,121.2	**(21.9)**	**(2.0%)**	**34.6**	34.1	**69.0**	**67.2**	68.8	**71.1**	71.6
Leisure and hotels	**487.2**	471.0	**16.1**	**3.4%**	**16.5**	16.4	**33.1**	**33.1**	33.2	**33.0**	33.0
Other	**32.0**	31.6	**0.1**	**0.3%**	**2.2**	1.9	**3.6**	**3.4**	3.6	**4.2**	4.4
Total Retail Portfolio	**4,205.9**	4,197.7	**(6.7)**	**(0.2%)**	**148.4**	146.4	**298.3**	**288.2**	288.1	**287.2**	287.1
London Portfolio											
West End	**1,475.1**	1,441.6	**30.6**	**2.2%**	**41.3**	44.0	**85.2**	**82.6**	81.9	**74.1**	74.2
City	**523.0**	507.6	**14.8**	**3.0%**	**13.2**	13.5	**26.1**	**25.8**	23.6	**31.9**	31.6
Mid-town	**901.2**	885.8	**13.2**	**1.7%**	**21.1**	20.2	**43.7**	**41.2**	41.2	**48.8**	48.7
Inner London	**615.1**	621.6	**(6.3)**	**(1.3%)**	**19.0**	19.3	**37.6**	**39.1**	36.2	**39.3**	39.3
Total London offices	**3,514.4**	3,456.6	**52.3**	**1.7%**	**94.6**	97.0	**192.6**	**188.7**	182.9	**194.1**	193.8
Central London shops	**833.8**	776.5	**64.3**	**8.4%**	**17.9**	18.1	**36.5**	**36.1**	36.1	**48.6**	46.4
Other	**70.2**	68.9	**1.0**	**1.5%**	**0.9**	1.0	**1.9**	**1.9**	2.0	**2.1**	2.1
Total London Portfolio	**4,418.4**	4,302.0	**117.6**	**3.0%**	**113.4**	116.1	**231.0**	**226.7**	221.0	**244.8**	242.3
Like-for-like portfolio [10]	**8,624.3**	8,499.7	**110.9**	**1.4%**	**261.8**	262.5	**529.3**	**514.9**	509.1	**532.0**	529.4
Proposed developments [3]	**60.2**	55.3	**0.1**	**0.2%**	**0.4**	1.8	**0.7**	**0.8**	0.7	**1.4**	1.4
Completed developments [3]	**599.0**	586.8	**11.8**	**2.1%**	**13.7**	10.4	**27.1**	**24.9**	18.6	**31.2**	31.4
Acquisitions [11]	**787.2**	564.6	**0.7**	**0.1%**	**19.6**	1.7	**55.7**	**52.5**	34.9	**54.8**	39.5
Sales and restructured interests [12]	**-**	284.7	**-**	**-**	**5.2**	12.5	**-**	**-**	19.5	**-**	19.7
Development programme [13]	**1,687.6**	1,455.3	**85.3**	**5.4%**	**19.3**	5.7	**41.4**	**21.7**	13.3	**148.4**	124.2
Combined portfolio	**11,758.3**	11,446.4	**208.8**	**1.9%**	**320.0**	294.6	**654.2**	**614.8**	596.1	**767.8**	745.6
Surplus on investment property reclassified as trading			**1.0**	**20.8%**							
Properties treated as finance leases					**(5.4)**	(5.6)					
Combined portfolio			**209.8**	**1.9%**	**314.6**	289.0					

Total portfolio analysis

	30 September 2013	31 March 2013	Surplus/ (deficit)	Surplus/ (deficit)	30 September 2013	30 September 2012	30 September 2013	30 September 2013	31 March 2013	30 September 2013	31 March 2013
	£m	£m	£m	%	£m	£m	£m	£m	£m	£m	£m
Retail Portfolio											
Shopping centres and shops	**3,155.4**	3,161.3	**5.6**	**0.2%**	**112.7**	100.4	**223.5**	**203.9**	199.7	**215.5**	220.5
Retail warehouses and food stores	**1,172.8**	1,183.0	**(21.0)**	**(1.8%)**	**34.6**	34.2	**71.0**	**69.2**	68.8	**76.4**	78.1
Leisure and hotels	**1,204.7**	968.8	**16.8**	**1.4%**	**34.7**	17.9	**85.6**	**82.6**	67.8	**84.4**	69.2
Other	**35.0**	34.9	**-**	**-**	**2.3**	1.9	**3.6**	**3.4**	3.6	**4.2**	4.4
Total Retail Portfolio	**5,567.9**	5,348.0	**1.4**	**-**	**184.3**	154.4	**383.7**	**359.1**	339.9	**380.5**	372.2
London Portfolio											
West End	**2,151.8**	2,065.1	**69.4**	**3.4%**	**46.8**	47.0	**98.8**	**85.9**	84.5	**135.6**	137.0
City	**1,209.9**	1,115.5	**55.6**	**5.0%**	**21.1**	20.7	**41.9**	**40.6**	33.4	**90.8**	70.7
Mid-town	**934.9**	917.1	**10.9**	**1.4%**	**21.4**	22.7	**43.7**	**41.1**	41.2	**48.8**	48.7
Inner London	**615.1**	770.6	**(6.3)**	**(1.3%)**	**21.8**	24.4	**37.6**	**39.1**	45.7	**39.3**	47.3
Total London offices	**4,911.7**	4,868.3	**129.6**	**2.9%**	**111.1**	114.8	**222.0**	**206.7**	204.8	**314.5**	303.7
Central London shops	**1,142.8**	1,110.8	**73.7**	**6.9%**	**23.7**	24.0	**46.6**	**47.1**	49.4	**70.3**	67.2
Other	**135.9**	119.3	**4.1**	**3.2%**	**0.9**	1.4	**1.9**	**1.9**	2.0	**2.5**	2.5
Total London Portfolio	**6,190.4**	6,098.4	**207.4**	**3.7%**	**135.7**	140.2	**270.5**	**255.7**	256.2	**387.3**	373.4
Combined portfolio	**11,758.3**	11,446.4	**208.8**	**1.9%**	**320.0**	294.6	**654.2**	**614.8**	596.1	**767.8**	745.6
Surplus on investment property reclassified as trading			**1.0**	**20.8%**							
Properties treated as finance leases					**(5.4)**	(5.6)					
Combined portfolio			**209.8**	**1.9%**	**314.6**	289.0					
Represented by:											
Investment portfolio	**10,173.4**	9,845.0	**168.2**	**5.9%**	**281.1**	253.0	**580.2**	**540.4**	515.1	**648.7**	622.8
Share of joint ventures	**1,584.9**	1,601.4	**41.6**	**2.7%**	**38.9**	41.6	**74.0**	**74.4**	81.0	**119.1**	122.8
Combined portfolio	**11,758.3**	11,446.4	**209.8**	**1.9%**	**320.0**	294.6	**654.2**	**614.8**	596.1	**767.8**	745.6

Table 17: Combined portfolio analysis continued
Like-for-like segmental analysis

	Gross estimated rental value (7)		Net initial yield (8)		Equivalent yield (9)		Voids (by ERV) (3)	
	30 September 2013	31 March 2013	30 September 2013	31 March 2013	30 September 2013	31 March 2013	30 September 2013	31 March 2013
	£m	£m	%	%	%	%	%	%
Retail Portfolio								
Shopping centres and shops	**190.4**	189.8	**6.1%**	6.2%	**6.2%**	6.2%	**4.0%**	3.6%
Retail warehouses and food stores	**71.8**	72.3	**5.6%**	5.5%	**5.9%**	5.9%	**0.8%**	1.1%
Leisure and hotels	**33.0**	33.0	**6.4%**	6.7%	**6.4%**	6.7%	**-**	-
Other	**4.2**	4.5	**7.1%**	7.5%	**10.1%**	10.1%	**21.4**	24.4
Total Retail Portfolio	**299.4**	299.6	**6.0%**	6.0%	**6.2%**	6.2%	**3.0%**	2.9%
London Portfolio								
West End	**74.1**	74.2	**5.0%**	5.2%	**5.3%**	5.4%	**2.0%**	1.3%
City	**32.1**	31.8	**4.7%**	4.7%	**5.4%**	5.5%	**-**	0.3%
Mid-town	**50.0**	49.8	**4.4%**	4.4%	**5.0%**	5.1%	**0.2%**	0.8%
Inner London	**40.1**	39.7	**5.7%**	5.5%	**5.9%**	5.9%	**1.5%**	1.0%
Total London offices	**196.3**	195.5	**4.9%**	5.0%	**5.3%**	5.5%	**1.1%**	1.0%
Central London shops	**48.9**	46.8	**3.8%**	4.3%	**5.2%**	5.3%	**-**	0.4%
Other	**2.1**	2.1	**2.4%**	2.6%	**2.7%**	2.7%	**-**	-
Total London Portfolio	**247.3**	244.4	**4.7%**	4.8%	**5.3%**	5.4%	**0.9%**	0.9%
Like-for-like portfolio (10)	**546.7**	544.0	**5.3%**	5.4%	**5.7%**	5.8%	**2.1%**	2.0%
Proposed developments (3)	**1.5**	1.5	**1.3%**	1.2%	**n/a**	n/a	**n/a**	n/a
Completed developments (3)	**31.7**	31.8	**3.9%**	2.8%	**4.9%**	5.0%	**n/a**	n/a
Acquisitions (11)	**55.1**	39.7	**5.8%**	5.8%	**6.6%**	n/a	**n/a**	n/a
Sales and restructured interests (12)	**-**	19.7	**0.0%**	6.1%	**n/a**	n/a	**n/a**	n/a
Development programme (13)	**148.4**	124.4	**1.0%**	0.7%	**5.2%**	5.3%	**n/a**	n/a
Combined portfolio	**783.4**	761.1	**4.6%**	4.7%	**5.7%**	n/a	**n/a**	n/a

Total portfolio analysis

	30 September 2013	31 March 2013	30 September 2013	31 March 2013
	£m	£m	%	%
Retail Portfolio				
Shopping centres and shops	**227.1**	232.4	**5.5%**	5.4%
Retail warehouses and food stores	**77.1**	78.7	**5.3%**	5.2%
Leisure and hotels	**84.7**	69.3	**6.3%**	6.4%
Other	**4.2**	4.5	**6.8%**	6.8%
Total Retail Portfolio	**393.1**	384.9	**5.6%**	5.6%
London Portfolio				
West End	**135.6**	137.0	**3.6%**	3.8%
City	**91.3**	71.0	**3.2%**	3.0%
Mid-town	**50.0**	49.8	**4.2%**	4.3%
Inner London	**40.1**	48.2	**5.7%**	5.7%
Total London offices	**317.0**	306.0	**3.9%**	4.0%
Central London shops	**70.8**	67.7	**3.7%**	4.0%
Other	**2.5**	2.5	**1.2%**	1.5%
Total London Portfolio	**390.3**	376.2	**3.8%**	3.9%
Combined portfolio	**783.4**	761.1	**4.6%**	4.7%
Represented by:				
Investment portfolio	**662.5**	636.2	**4.7%**	4.7%
Share of joint ventures	**120.9**	124.9	**4.1%**	4.4%
Combined portfolio	**783.4**	761.1	**4.6%**	4.7%

Notes:

1. The market value figures are determined by the Group's external valuers.
2. The valuation movement is stated after adjusting for the effect of SIC 15 under IFRS.
3. Refer to glossary for definition.
4. Annualised rental income is annual 'rental income' (as defined in the glossary) at the balance sheet date, except that car park and commercialisation income are included on a net basis (after deduction for operational outgoings). Annualised rental income includes temporary lettings.
5. Annualised net rent is annual cash rent, after the deduction of ground rents, as at the balance sheet date. It is calculated with the same methodology as annualised rental income but is stated net of ground rent and before SIC15 adjustments.
6. Net estimated rental value is gross estimated rental value, as defined in the glossary, after deducting expected ground rents.
7. Gross estimated rental value (ERV) - refer to glossary for definition. The figure for proposed developments relates to the existing buildings and not the schemes proposed.
8. Net initial yield - refer to glossary for definition. This calculation includes all properties including those sites with no income.
9. Equivalent yield – refer to glossary for definition. Proposed developments are excluded from the calculation of equivalent yield on the combined portfolio.
10. The like-for-like portfolio – refer to glossary for definition. Capital expenditure on refurbishments, acquisitions of head leases and similar capital expenditure has been allocated to the like-for-like portfolio in preparing this table.
11. Includes all properties acquired since 1 April 2012.
12. Includes all properties sold since 1 April 2012.
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 18: Lease lengths

	Unexpired lease term at 30 September 2013	
	Like-for-like portfolio Mean [1] years	Like-for-like portfolio, completed developments and acquisitions Mean [1] Years
Retail Portfolio		
Shopping centres and shops	7.8	7.8
Retail warehouses and food stores	8.6	8.6
Leisure and hotels	6.3	10.0
Total Retail Portfolio	7.8	8.5
London Portfolio		
West End	9.1	9.1
City	6.1	7.5
Mid-town	11.0	11.0
Inner London	11.6	11.6
Total London offices	9.6	9.6
Central London shops	9.6	9.3
Total London Portfolio	9.9	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 19: Development pipeline financial summary

	Cumulative movements on the development programme to 30 September 2013						Total scheme details [1]				
	Market value at start of scheme	Capital expenditure incurred to date	Capitalised interest to date	Valuation surplus to date [2]	Disposals, SIC15 rent and other adjustments	Market value at 30 September 2013	Estimated total capital expenditure [3]	Estimated total capitalised interest	Estimated total development cost [4]	Net Income / ERV [5]	Valuation surplus for the six months ended 30 September 2013 [2]
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Developments let and transferred or sold											
Shopping centres and shops	12.5	37.3	2.8	37.9	(3.0)	87.5	34.4	2.8	49.7	4.7	4.6
Retail warehouses and food stores	13.0	3.9	-	7.1	(24.0)	-	-	-	-	-	2.0
London Portfolio	-	-	-	-	-	-	-	-	-	-	-
	25.5	41.2	2.8	45.0	(27.0)	87.5	34.4	2.8	49.7	4.7	6.6
Developments after practical completion, approved or in progress											
Shopping centres and shops	85.0	250.0	19.9	94.8	15.3	465.0	271.3	19.9	376.2	29.5	2.3
Retail warehouses and food stores	20.5	30.9	1.0	6.5	-	58.9	56.2	1.6	78.3	5.3	1.1
London Portfolio	496.1	372.4	22.9	300.6	(28.3)	1,163.7	873.7	72.2	1,442.0	113.3	81.9
	601.6	653.3	43.8	401.9	(13.0)	1,687.6	1,201.2	93.7	1,896.5	148.1	85.3
	Movement on proposed developments for the period to 30 September 2013										
Proposed developments											
Shopping centres and shops	-	-	-	-	-	-	-	-	-	-	-
Retail warehouses and food stores	-	-	-	-	-	-	-	-	-	-	-
London Portfolio	55.2	4.7	0.2	0.1	-	60.2	167.5	8.7	236.4	20.0	0.1
	55.2	4.7	0.2	0.1	-	60.2	167.5	8.7	236.4	20.0	0.1

Notes:

1. Total scheme details exclude properties sold in the year.
2. Includes profit realised on the disposal of investment properties and any surplus or deficit on investment properties transferred to trading.
3. For proposed development properties the estimated total capital expenditure represents the outstanding costs required to complete the scheme as at 30 September 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 30 September 2013 is included in the estimated total cost. Estimated total development cost includes the cost of residential properties in the development programme (£144.7m for the London Portfolio). Estimated costs for proposed schemes could still be subject to material change prior to final approval.
5. Net headline annual rent on let units plus net ERV at 30 September 2013 on un-let units.

Table 20: Reconciliation of segment reporting to statutory reporting

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

£m	Group income statement	Joint ventures[1]	Proportionate share of earnings[2]	Proportionately consolidated group income statement	Revenue profit	Non-revenue profit items
Rental income	284.5	39.2	(9.1)	**314.6**	314.6	-
Finance lease interest	5.5	0.1	(0.2)	**5.4**	5.4	-
Gross rental income (before rents payable)	**290.0**	**39.3**	**(9.3)**	**320.0**	**320.0**	**-**
Rents payable	(6.5)	(0.8)	0.1	**(7.2)**	(7.2)	-
Gross rental income (after rents payable)	**283.5**	**38.5**	**(9.2)**	**312.8**	**312.8**	**-**
Service charge income	40.6	4.5	(2.0)	**43.1**	43.1	-
Service charge expense	(41.4)	(5.2)	2.2	**(44.4)**	(44.4)	-
Net service charge (expense)/ income	(0.8)	(0.7)	0.2	**(1.3)**	(1.3)	-
Other property related income	15.5	0.7	0.7	**16.9**	16.9	-
Direct property expenditure	(28.0)	(5.7)	0.7	**(33.0)**	(33.0)	-
Net rental income	**270.2**	**32.8**	**(7.6)**	**295.4**	**295.4**	**-**
Indirect expenses	(40.8)	(1.6)	0.3	**(42.1)**	(42.1)	-
Other income	1.7	-	-	**1.7**	1.7	-
	231.1	**31.2**	**(7.3)**	**255.0**	**255.0**	**-**
Profit on disposal of investment properties	19.7	0.9	-	**20.6**	-	20.6
Profit on disposal of investments in joint ventures	4.3	-	-	**4.3**	-	4.3
Net surplus on revaluation of investment properties	166.0	41.7	2.1	**209.8**	-	209.8
Impairment charge on trading properties	(0.8)	(0.8)	-	**(1.6)**	-	(1.6)
Profit on disposal of trading properties	-	0.3	-	**0.3**	-	0.3
Operating profit	**420.3**	**73.3**	**(5.2)**	**488.4**	**255.0**	**233.4**
Interest expense	(112.8)	(11.9)	3.7	**(121.0)**	(111.4)	(9.6)
Interest income	12.9	-	-	**12.9**	12.9	-
Fair value movement on interest rate swaps	12.1	3.5	(3.7)	**11.9**	-	11.9
Fair value movement on redemption liabilities	(3.7)	-	-	**(3.7)**	-	(3.7)
Net gain on business combination	5.0	-	-	**5.0**	-	5.0
	333.8	**64.9**	**(5.2)**	**393.5**	**156.5**	**237.0**
Share of post- tax profit from joint ventures	64.1	(64.1)	-	**-**	-	-
Net liabilities adjustment	-	(0.3)	-	**(0.3)**	-	(0.3)
Profit before tax	**397.9**	**0.5**	**(5.2)**	**393.2**	**156.5**	**236.7**
Income tax	-	(0.5)	-	**(0.5)**	-	(0.5)
Profit for the period	**397.9**	**-**	**(5.2)**	**392.7**	**156.5**	**236.2**

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

Glossary

Adjusted earnings per share (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 2012.

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 2012, 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 redevelopment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.