Annual results for the year ended 31 March 2015

Tuesday 19 May 2015

Forward-looking statements

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

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

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

Nothing contained in these Annual Results, our Annual Report or the Land Securities website should be construed as a profit forecast or an invitation to deal in the securities of Land Securities Group PLC.

Annual results for the year ended 31 March 2015

"With record leasing levels across our London development programme, combined with a reshaped retail portfolio and continued financial discipline, we have delivered very strong results with a profit before tax of £2,416.5m and a total business return of 30.7%," said Chief Executive Robert Noel.

"In London, we reached the peak of construction activity in our development programme during the year. Our programme has been sized and timed to deliver highly efficient and technically resilient office space into a supply-constrained market. The success of the programme is increasingly evident. At 20 Fenchurch Street, the amazing Sky Garden opened to the public, and the development is now 92% let. In March, we pre-let 1 New Street Square in its entirety to Deloitte on a 20 year lease and 1 & 2 New Ludgate is already 84% let or in solicitors' hands.

"With a further 1.1m sq ft to let in our development programme, we are well positioned to benefit from the continuing supply-constrained conditions in the year ahead.

"In Retail, we took decisive action and have transformed our shopping centre portfolio, focusing our capital and expertise on those assets that fit in with our strategic themes of dominance, experience and convenience, and by selling those that do not. In line with our strategy, we acquired a 30% interest in the Bluewater shopping centre and took full ownership of Buchanan Galleries, Glasgow where we are working up our extension plans. We also committed to the redevelopment of Westgate, Oxford to provide a much-anticipated retail and leisure destination for the city. Our focus will remain on creating, owning and managing great destinations.

"We are determined to maintain our financial strength during this programme of significant investment and continued to implement our net debt neutral approach, with our development programme and acquisitions broadly matched with disposals. We are also investing to build a pipeline of future opportunities. In addition to our development plans at Westgate and Buchanan Galleries, we took advantage of a rare opportunity to acquire an important City site at an attractive price with the purchase of 21 Moorfields in February.

"Our strategy is delivering for our customers, our communities and our shareholders. Crucially, it is a strategy which recognises the cyclicality of the markets we operate in, ensuring we build a sustainable business for the long term. Looking ahead, we have a robust balance sheet and are confident our portfolios are well matched to customer demand."

Results summary

	31 March 2015	31 March 2014	Change
Valuation surplus[1]	£2,036.9m	£763.8m	Up 17.3%[2]
Basic NAV per share	1,343p	1,069p	Up 25.6%
Adjusted diluted NAV per share[3]	1,293p	1,013p	Up 27.6%
Group LTV ratio[1]	28.5%	32.5%	
Profit before tax	£2,416.5m	£1,108.9m	
Revenue profit[1]	£329.1m	£319.6m	Up 3.0%
Basic EPS	306.1p	142.3p	
Adjusted diluted EPS	41.5p	40.5p	Up 2.5%
Dividend	31.85p	30.7p	Up 3.7%

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the notes to the financial statements included within the Annual Report.
2. The % change for the valuation surplus represents the increase in value of the Combined Portfolio over the year, adjusted for net investment.
3. Our key valuation measure.

Operational excellence

- £42.6m of development lettings
- £36.8m of investment lettings
- Acquisitions of £951.4m including the managing stake in Bluewater
- Development and refurbishment expenditure(1) of £441.9m
- Disposals(1) of £1,081.2m
- Further developments committed with total development costs of £220m (our share)

Outstanding results

- Ungeared total property return 23.0%, outperforming the IPD Quarterly Universe at 17.1%
- Total business return (dividends and adjusted diluted NAV growth) of 30.7%
- Combined Portfolio valued at £14.0bn, with a valuation surplus of 17.3%
- Valuation surplus on properties in the development programme of 38.7%
- Revenue profit £329.1m, up 3.0%
- Profit before tax £2,416.5m, up from £1,108.9m
- Voids in the like-for-like portfolio up from 1.8% to 3.6%

Robust financials

- Group LTV ratio at 28.5%, based on adjusted net debt of £4.2bn
- Weighted average maturity of debt at 8.3 years
- Weighted average cost of debt at 4.5%
- Cash and available facilities of £1.4bn
- Recommended increase in final dividend to 8.15p (from 7.9p)

Looking ahead

- 1.5m sq ft being delivered in London over the next 18 months
- 1.8m sq ft of retail development opportunities including Westgate, Oxford; Buchanan Galleries, Glasgow; and Ealing Filmworks
- Plan to build 0.7m sq ft to grade at 21 Moorfields, EC2 and Nova, Victoria, SW1 - Phase II by 2017

1. Includes trading properties.

All measures above are presented on a proportionate basis, as explained in the notes to the financial statements included within the Annual Report.

Chief Executive's statement

Our results
Total business return 30.7%
Ungeared total property return 23.0%
Increase in adjusted diluted NAV per share 27.6%

Our highlights
- £42.6m of development lettings
- £36.8m of investment lettings
- Acquisitions of £951.4m including the managing stake in Bluewater
- Development and refurbishment expenditure of £441.9m
- Disposals of £1,081.2m
- Further developments committed with total development costs of £220m (our share)

With record leasing levels across our London development programme, combined with a reshaped retail portfolio and continued financial discipline, we have delivered very strong results. Revenue profit was up 3.0% to £329.1m. Adjusted diluted net asset value per share was up 27.6% to 1,293p driven by a particularly strong rise in the valuation of our assets. Our total business return – the increase in adjusted net asset value plus dividend paid per share – was 30.7%.

Land Securities' purpose is to provide the right space for our customers and our communities – helping businesses to succeed, the economy to grow and people to thrive. Our goal is to outperform our peer group in terms of total shareholder return through the property cycle. To achieve this, we need to anticipate our markets and understand customers' and communities' changing needs, then create value by taking an active approach to buying, developing, managing and selling assets.

Our markets are cyclical and changing. This was clearly illustrated over the past year as the supply-constrained conditions in London have enabled strong development lettings with rising rents, longer lease lengths and an upward swing in values. In retail markets, the rapid evolution of omni-channel retailing demonstrates the extent to which consumer behaviour is changing.

Over the last five years we have followed a clear plan to fund acquisitions and our significant push into speculative development through asset disposals rather than increased debt. This is enabling us to reduce our financial gearing and strengthen the business as we move through the cycle. In March 2010, our adjusted net debt was £4.2bn and the portfolio was valued at £9.5bn. At 31 March 2015, adjusted net debt was also £4.2bn but the portfolio is now valued at £14.0bn.

Delivering into supply-constrained conditions in London

During the year we reached the peak of our construction activity in our committed programme, just as the vacancy rate of quality office space in London was heading towards all-time lows. Our sizeable development programme is proving to be well-timed and well-executed, producing a valuation surplus for the year of 38.7% or £594.4m. Key events included the opening of 20 Fenchurch Street, EC3, which is 92% let and pre-letting the entirety of 1 New Street Square, EC4, to Deloitte. Elsewhere, we achieved significant letting progress at The Zig Zag Building, SW1, and 1 & 2 New Ludgate, EC4.

We are now focused on leasing the remaining space in our programme. At the start of the financial year we had 1.7m sq ft of committed but unlet space in the capital. At 31 March 2015 we had reduced this to 1.1m sq ft, with the total space let during the year amounting to a future rent roll of £39.7m (our share) at a weighted average lease term of 19 years. We are very confident in the prospects for this remaining space.

Navigating a changing retail market

This year we continued to sell shopping centres less well equipped for the future and to focus our capital and expertise on those that offer a great experience for customers and are dominant within their area. We sold assets in Sunderland, Bristol, Exeter and Livingston. We acquired a 30% interest in Bluewater, Kent, and the 50% we did not already own at Buchanan Galleries, Glasgow. These actions have substantially transformed our shopping centre portfolio, which is now first class.

Our retail parks trade well, have few voids and offer convenience to our customers. Following our move into the leisure sector we are continuing to invest in line with our strategic themes of dominance, experience and convenience and where we see value. In February, we committed to the redevelopment of Westgate, Oxford, a joint venture with The Crown Estate. And we are working on our plans for the extension of Buchanan Galleries, Glasgow. Both will provide standout retail and leisure destinations.

Building a sustainable business

Our strategy is designed to ensure we are a sustainable business through the market cycles, providing the right space for our customers – those who occupy or visit our properties – and our communities. In everything we do we strive to shape the future for good. By investing in the built environment we improve the public realm while enhancing the economic and social environment through employment. Our properties then help to generate and sustain local economic activity. Our shopping centres are major employers and our offices create demand for local services. In turn, a vibrant local economy and environment is more attractive to the customers who sustain our business.

Our work in Victoria, SW1, demonstrates this strategy in action. Whether it is helping disadvantaged Londoners get access to jobs, creating new public thoroughfares, or building essential power infrastructure to ensure a fast-growing neighbourhood has reliable electricity – we are investing in smart long-term initiatives that will benefit our customers and communities for years to come.

We continue to work hard to anticipate the changing needs and expectations of society, and adapt our business accordingly. We have set even higher environmental and socio-economic targets for the business, and we aim to be number one for sustainability in the listed real estate sector. We have appointed a new Director of Corporate Affairs and Sustainability to the Executive Committee to drive this agenda through the business. Across the business we are also working to ensure the culture, values and career opportunities at Land Securities attract and inspire great people, because ultimately it is our employees who transform strategy into results.

Outlook

The business is in excellent shape. Our broadly net debt neutral approach has been a bedrock of our strategy this cycle and with values having risen strongly over the last two years, we have moved into a period of lower financial and operational gearing as planned.

There remains economic and political uncertainty in Europe and elsewhere. Despite this uncertainty, we remain confident in the prospects for the 1.1m sq ft remaining to be let in our development programme in London because there is currently a significant lack of available, efficient, technically resilient space for businesses. With development starts picking up as expected, we still anticipate any development commitments beyond the current programme will be based on pre-lettings. We will continue to build our pipeline for the future and we are delighted to have acquired 21 Moorfields, EC2 – a significant development site over the western entrance of the Liverpool Street Crossrail station.

After two exceptionally active years in our Retail Portfolio, our focus on owning and managing great destinations will continue. We will recycle capital as required. Consumer spending increased during the year, which is always welcome news for retail businesses and the outlook is more positive. However, we still do not expect this to translate into rental growth across the entire sector. We have talked about winners and losers before, and it is the locations which are most in tune with shoppers' evolving tastes and needs that are set to benefit from consumer spending growth.

We go into a new financial year with a strong balance sheet. Our portfolios are well matched to customer demand, with plenty of new space to let in great locations and some fantastic new development opportunities for the future.

Robert Noel
Chief Executive

Financial review

Overview and headline results

This year we delivered a profit before tax of £2,416.5m, compared with £1,108.9m last year, driven by a valuation surplus of £2,036.9m (including our proportionate share of subsidiaries and joint ventures). Basic earnings per share were 306.1p compared with 142.3p. Underlying earnings were also up; revenue profit was £329.1m compared with £319.6m last year and adjusted diluted earnings per share improved to 41.5p from 40.5p.

Our Combined Portfolio increased in value from £11.9bn at 31 March 2014 to £14.0bn, principally as a result of our valuation surplus of £2,036.9m. Net assets per share increased by 25.6% to 1,343p at 31 March 2015. Adjusted diluted net assets per share were up by 27.6% over the year, increasing from 1,013p to 1,293p. This 280p increase in adjusted diluted net assets per share together with the dividend paid in the year represents a 30.7% total business return.

Presentation of financial information

A number of our financial measures include the results of our joint ventures and subsidiaries on a proportionate basis. Measures that are described as being presented on a proportionate basis include the Group’s share of joint ventures on a line by line basis, but 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%. Our joint operations are presented on a proportionate basis in all financial measures.

Revenue profit

Revenue profit is our measure of underlying pre-tax profit, which is used internally to assess the Group’s income performance. It excludes all items of a capital nature, such as valuation movements and profits and losses on the disposal of investment properties, as well as one-off items. A full definition of revenue profit is given in the glossary. The main components of revenue profit are presented on a proportionate basis in the table below and a more detailed reconciliation of revenue profit to our IFRS profit before tax is included in note 2 to the financial statements.

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

Table 1: Revenue profit

	Retail Portfolio	London Portfolio	31 March 2015	Retail Portfolio[2]	London Portfolio[2]	31 March 2014	Change
	£m	£m	£m	£m	£m	£m	£m
Gross rental income[1]	367.7	273.1	640.8	368.4	263.0	631.4	9.4
Net service charge expense	(2.8)	0.6	(2.2)	(3.4)	-	(3.4)	1.2
Net direct property expenditure	(25.3)	(13.8)	(39.1)	(28.5)	(5.5)	(34.0)	(5.1)
Net rental income	339.6	259.9	599.5	336.5	257.5	594.0	5.5
Indirect costs	(29.7)	(21.6)	(51.3)	(28.0)	(19.2)	(47.2)	(4.1)
Segment profit before interest	**309.9**	**238.3**	**548.2**	**308.5**	**238.3**	**546.8**	**1.4**
Net unallocated expenses			(39.4)			(36.5)	(2.9)
Net interest expense – Group			(155.4)			(168.0)	12.6
Net interest expense – joint ventures			(24.3)			(22.7)	(1.6)
Revenue profit			**329.1**			**319.6**	**9.5**

1. Includes finance lease interest, after rents payable.
2. The split of net rental income and segment profit before interest between the London Portfolio and the Retail Portfolio has been restated by £1.3m in the prior year to reflect the impact of properties transferred from the London Portfolio to the Retail Portfolio during the current year.

Revenue profit increased by £9.5m from £319.6m last year to £329.1m in the year ended 31 March 2015. The 3.0% increase was mainly due to higher net rental income, which was up £5.5m, and a decrease in net interest expense of £11.0m, offset by £7.0m of net indirect expenditure. The increase in net rental income is largely due to the acquisition of 30% of Bluewater, Kent, with the benefit of development completions largely offset by prior and current year disposals.

The assets sold during the year contributed £47.6m of net rental income to this year's results. 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 £90.7m compared with £83.7m last year. The £7.0m increase in these costs is due to a £2.8m increase in feasibility costs associated with properties we did not own during the year, principally 21 Moorfields, EC2, with the balance largely due to higher variable pay and long-term incentives. Further information on our total costs is given in table 12.

Our net interest expense has decreased by £11.0m to £179.7m, largely due to the repayment of more expensive asset specific debt with cheaper group facilities.

Valuation surplus and profits on disposal

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 year, the valuation surplus on our Combined Portfolio was £2,036.9m. We made a profit on the disposal of investment properties and joint ventures of £136.0m (on a proportionate basis), compared with £18.5m last year. The profit on disposals represented a 15.3% surplus over 31 March 2014 values and was largely attributable to The Centre, Livingston and The Bridges, Sunderland.

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

Table 2: Valuation analysis

	Market value 31 March 2015	Valuation surplus	Rental value change[1]	Net initial yield	Equivalent yield	Movement in equivalent yield
	£m	%	%	%	%	bps
Shopping centres and shops	2,025.7	19.5	0.3	4.6	4.8	(81)
Retail warehouses and food stores	1,130.8	2.2	(0.9)	5.4	5.5	(20)
Leisure and hotels	797.2	17.5	4.3	5.4	5.5	(80)
London offices	4,051.6	18.3	10.0	4.0	4.5	(52)
Central London shops	1,094.7	16.4	2.5	3.6	4.4	(55)
Other (Retail and London)	102.7	20.4	2.7	1.6	3.1	(51)
Total like-for-like portfolio	**9,202.7**	**16.0**	**4.3**	**4.3**	**4.8**	**(58)**
Proposed developments	290.0	1.0	n/a	4.7	n/a	n/a
Completed developments	962.1	14.2	(0.6)	4.1	4.7	(60)
Acquisitions	1,425.1	6.2	n/a	4.7	5.4	n/a
Development programme	2,151.5	38.7	n/a	0.2	4.4	n/a
Non-current assets held for sale	n/a	12.2	n/a	n/a	n/a	n/a
Total Combined Portfolio	**14,031.4**	**17.3**	**3.8**	**3.7**	**4.8**	**(67)**

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

Over the year to 31 March 2015, we have seen yields fall and values rise across every category of our Combined Portfolio as a result of strong investor demand for commercial property. Overall, values were up by 17.3%, with the like-for-like portfolio up by 16.0% driven by a combination of a 58 basis points reduction in equivalent yields and a 4.3% increase in rental values.

Our shopping centres increased in value by 19.5% predominantly due to yields declining by 81 basis points. Our retail warehouses and food stores were up 2.2% in value as yields reduced by 20 basis points. Partly offsetting this yield movement, overall rental values were down 0.9% as the occupational market remained challenging with limited demand for larger units. Leisure and hotels reported a 17.5% valuation surplus as equivalent yields reduced by 80 basis points and rental values grew by 4.3%. Consumer spending in this sector continues to increase as economic confidence grows and consumer behaviour evolves.

Strong investment demand for London offices has reduced yields by 52 basis points, with rental values also improving by 10.0%, contributing to an overall increase in value of 18.3%. The value of central London shops rose by 16.4% with a rise in rental values of 2.5%, and a 55 basis points yield reduction.

Outside the like-for-like portfolio, completed developments increased in value by 14.2% due to a 60 basis points reduction in yields, although rental values decreased marginally due to Trinity Leeds where retailer administrations have led to some lower appraised rents. Within acquisitions, the value of Bluewater, Kent was unchanged while our X-Leisure assets were up 9.9%. The development programme valuation surplus was 38.7% due to continued construction and pre-letting progress on our major schemes particularly 1 & 2 New Ludgate, EC4, The Zig Zag Building, SW1 and 1 New Street Square, EC4.

Earnings per share

Basic earnings per share were 306.1p, compared with 142.3p last year, primarily due to the significant increase in the valuation surplus.

Similar to the adjustments we make to profit before tax, which remove capital and one-off items to give revenue profit, we also report adjusted earnings per share figures. Adjusted diluted earnings per share increased by 2.5% from 40.5p last year to 41.5p per share this year as a result of the increase in revenue profit, partly offset by a small impact from the additional shares issued under the scrip dividend scheme which we operated until April 2014.

Total dividend

We are recommending a final quarterly dividend of 8.15p per share to be paid on 24 July 2015 entirely as a Property Income Distribution (PID) to shareholders registered at the close of business on 19 June 2015. Taken together with the three quarterly dividends of 7.9p already paid, our full year dividend will be up 3.7% at 31.85p per share (2014: 30.7p) or £251.6m (2014: £241.5m).

The Company operated a scrip dividend scheme in respect of the quarterly dividend paid in April 2014 and the scrip dividend amount of £17.2m (2014: £61.1m) comprised a wholly non-PID distribution. A dividend reinvestment plan (DRIP) was introduced in place of the scrip dividend scheme and was operated for the first time in respect of last year's final dividend paid on 22 July 2014.

For certain shareholders, it is more efficient to receive dividends as a non-PID. However, there is a limit to the amount of non-PID dividend we can pay as we are required to distribute 90% of our earnings (calculated on a tax basis) as a PID. As a result, we expect our dividends over time to comprise a mix of PID and non-PID elements. Further information on the dividends paid and payable in respect of the year is given in note 8.

Net assets

At 31 March 2015, our net assets per share were 1,343p, an increase of 274p or 25.6% from 31 March 2014. The increase in our net assets was primarily driven by the increase in value of our investment properties, profits on disposal of investment properties and our adjusted earnings, partly offset by the dividends we paid.

In common with other property companies, we calculate an adjusted measure of net assets which we believe better reflects the underlying net assets attributable to shareholders. Our adjusted net assets are lower than our reported net assets primarily due to an adjustment to increase our debt to its nominal value. At 31 March 2015, adjusted diluted net assets per share were 1,293p per share, an increase of 280p or 27.6% from 31 March 2014.

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

Table 3: Net assets

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Net assets at the beginning of the year	**8,418.3**	7,486.7
Adjusted earnings	**329.1**	319.1
Valuation surplus on investment properties	**2,036.9**	763.8
Profit on disposal of investment properties	**132.7**	16.0
Profit on disposal of investments in joint ventures	**3.3**	2.5
Profit on disposal of trading properties	**31.5**	2.4
Impairment of goodwill	**(29.7)**	-
Impairment on long-term contract	**(11.3)**	-
Fair value movement on interest-rate swaps	**(34.8)**	15.2
Other	**(40.9)**	(2.4)
Profit after tax	**2,416.8**	1,116.6
Cash dividends	**(229.4)**	(175.6)
Purchase of own shares and treasury shares	**(12.0)**	(16.0)
Other reserve movements	**12.6**	6.6
Net assets at the end of the year	**10,606.3**	8,418.3
Fair value of interest-rate exchange swaps	**39.8**	3.6
Debt adjusted to nominal value	**(391.7)**	(413.2)
Deferred tax liability	**5.8**	-
Goodwill on deferred tax liability	**(5.8)**	-
Adjusted net assets at the end of the year	**10,254.4**	8,008.7

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

Long-term contracts and trading properties

During the year the Group recognised profits of £31.5m on the disposal of trading properties, primarily due to the sale of a parcel of land at Harrow following receipt of planning permission for residential development.

In relation to our long-term contract at Lodge Hill, Chattenden, where we have been working on behalf of the Ministry of Defence to obtain the necessary permissions to enable residential development, we have recognised a loss of £11.3m due to increased uncertainty over the recoverability of our costs to date following the disappointing decision by the Secretary of State to call in the proposed scheme for public inquiry.

Bluewater, Kent

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

The Group has accounted for the transaction in accordance with IFRS 3 'Business Combinations' and therefore applied purchase accounting. Goodwill of £35.5m arose on the transaction, primarily representing the difference between the value of the investment property as assessed by our external valuer, and the consideration paid. The difference is largely due to prospective purchasers' costs, which are deducted by the external valuer in determining the investment property value, as well as a lower value being attributed to the 110 acres of surrounding land, where we felt it was appropriate to pay a premium for the land on the basis of its long-term potential and adjacency to the Group's land at Ebbsfleet. The Group has considered whether this element of goodwill is recoverable, and has concluded that it is not. £29.5m of the goodwill has therefore been written off to the income statement in the year. This left an initial balance of £6.0m of goodwill, of which £0.2m was impaired in the year. Further details on the goodwill and the assets and liabilities acquired as part of the transaction are given in note 17 to the financial statements.

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

Net debt and gearing

Over the year, our net debt increased by £470.0m to £3,800.5m. The main elements behind this increase are set out in our statement of cash flows.

Operating cash inflow after interest and tax was £233.5m, higher than the £158.6m received last year primarily due to the timing of interest payments in the prior year. We spent £805.0m on acquisitions including a 30% interest in Bluewater, Kent and our partners' 50% interests in Buchanan Galleries, Glasgow and Thomas More Square, E1. Capital expenditure was £270.3m, largely relating to our wholly owned developments in Victoria, SW1 and 1 & 2 New Ludgate, EC4, and we contributed a net £133.6m to our joint ventures to fund developments at 20 Fenchurch Street, EC3 and Nova, Victoria, SW1 and enable St David's, Cardiff to repay its external debt. Offsetting these investments in our portfolio were disposal proceeds of £741.9m, primarily from Cabot Circus, Bristol, The Centre, Livingston, The Bridges, Sunderland, and Princesshay, Exeter. We paid cash dividends of £229.4m in the year.

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 £223.4m to £4,171.7m (31 March 2014: £3,948.3m). A reconciliation between net debt and adjusted net debt is given in note 13 to the financial statements.

Table 4 below sets out various measures of our gearing.

Table 4: Gearing

	31 March 2015 %	31 March 2014 %
Adjusted gearing[1] – on a proportionate basis	**40.7**	49.3
Group LTV	**31.6**	35.7
Group LTV – on a proportionate basis	**28.5**	32.5
Security Group LTV	**31.5**	35.5

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

All our gearing measures have decreased compared to last year as the increase in the value of our assets was more than enough to offset the small rise in our adjusted net debt. 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 decreased from 32.5% at 31 March 2014 to 28.5% at 31 March 2015. This is consistent with our strategy at this stage in the property cycle of allowing gearing to decline as property values rise.

Our Security Group LTV decreased to 31.5% (31 March 2014: 35.5%) largely as a result of capital growth in the secured asset pool, partly offset by an increase in Security Group debt.

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 14 to the financial statements.

During the year, we put in place a £500m acquisition facility that expires in September 2016 to fund the investment in Bluewater, Kent, replacing an existing facility that was due to expire in September 2014. In March 2015, we replaced our £1,085m revolving credit facility with a new £1,255m facility. The new facility has a term of five years which may be extended to a maximum of seven years at the Group's request and upon approval from each participating bank. The pricing of our debt facilities, all of which fall due in more than one year, ranges from LIBOR +75 basis points to LIBOR +120 basis points. In addition, we raised £180m through the issue of unsecured Euro Commercial Paper at approximately LIBOR +20 basis points.

The weighted average duration of the Group's debt (on a proportionate basis) is 8.3 years with a weighted average cost of debt of 4.5%, with 90.9% at fixed interest rates. At 31 March 2015, we had £1.4bn of cash and available facilities. As we demonstrated with the Bluewater acquisition this year, we have considerable flexibility to deploy capital quickly should an acquisition opportunity arise.

Environmental reporting

Reduction of energy consumption within commercial properties is key to meeting the Government's carbon reduction targets. Commercial properties account for approximately 18% of the total UK energy consumption and recent legislation is aimed at driving reductions within the industry. Energy reduction is one of the areas where we can engage with our customers to ensure that our buildings are efficient.

We are reporting an overall reduction of 8% in energy consumption across our like-for-like portfolio, with the London and Retail portfolios reducing their energy consumption by 8% and 10% respectively. During the year, DEFRA issued new carbon conversion factors as a consequence of a more carbon intensive UK fuel mix, which has resulted in a marginal 1% increase in normalised equivalent CO_2 emissions from our like-for-like portfolio against our 2014 baseline (down 8% had we used 2014 carbon conversion factors).

This year we have focused our corporate targets on energy reduction. To this end, we are targeting our five highest consuming properties which collectively account for 37% and 18% of our portfolio's energy and water consumption respectively with the aim of obtaining a 15% reduction in absolute energy consumption and landlord water consumption by 2020. Customer and service partner engagement is key in meeting these goals and we are working closely with all stakeholders to ensure these targets are met.

Taxation

As a consequence of the Group's REIT status, income and capital gains from our qualifying property rental business are exempt from UK corporation tax. There was a tax credit of £0.3m in the year, £0.2m relating to deferred tax arising on the acquisition of Bluewater, Kent and £0.1m relating to prior year adjustments (31 March 2014: £7.7m).

Martin Greenslade
Chief Financial Officer

Retail Portfolio review

Highlights

- Valuation surplus of 11.1%
- £17.4m investment lettings
- £2.9m development lettings

Progress on our objectives

Objectives	Progress at 31 March 2015	Objectives for 2015/16
• Outperform IPD sector benchmark	• The total return of the Retail Portfolio was 17.7% outperforming its IPD sector benchmark at 14.7%	• Outperform IPD sector benchmark
• Complete the letting of Bishop Centre, Taplow	• 100% let	
• Progress pre-lettings at Buchanan Galleries, Glasgow and Westgate, Oxford	• Buchanan Galleries extension 36% pre-let; Westgate 29% pre-let	• Progress lettings at Buchanan Galleries and Westgate
• Achieve reserved matters consent at Buchanan Galleries, Glasgow; Westgate, Oxford; and Ealing Filmworks	• All achieved	• Resolution to grant planning consent at Worcester Woods
• Progress on conditional pre-lettings on our edge-of-town development programme	• Worcester Woods 69% pre-let; planning refused at Newnham Court, Maidstone	• Progress to time and to budget at our committed developments
• Continue the transformation of the portfolio to dominance, experience and convenience	• Acquisition of 30% interest in Bluewater, Kent and 50% of Buchanan Galleries, with disposals including Exeter, Bristol, Sunderland and Livingston	• Progress key disposals according to plan
• Expand Community Employment Programme into retail service providers	• Infrastructure established for programme in Oxford	• Implement programme at Westgate, Oxford.

At a glance

Valuations

- Valuation surplus of 11.1%
- Ungeared total property return of 17.7%
- The portfolio outperformed its IPD Quarterly Universe sector benchmark at 14.7%
- £17.4m investment lettings
- £2.9m development lettings

Voids

- Like-for-like voids were 2.7% (2014: 1.9%)
- Units in administration were 1.0% (2014: 0.6%)

Footfall and sales

- Footfall in our shopping centres was up 1.5% (national benchmark down 1.0%)
- Same store sales were up 3.3% (national benchmark up 2.3%)
- Same centre sales, taking into account new lettings and tenant changes, were up 6.3%
- Measured retailers' rent to sales ratio was 10.0%
- Total occupancy costs (including rent, rates, service charges and insurance) represented 17.3% of sales

By taking decisive action, we have transformed our shopping centre portfolio. We now have a set of prime assets well matched to the ever-changing needs of our customers and communities.

Buy

In June we acquired a 30% stake in the Bluewater shopping centre, Kent and the rights to manage the centre. We also increased our interest in Buchanan Galleries, Glasgow, to 100% by buying the 50% stake we did not already own. This demonstrates our strategy in action, shifting the portfolio towards prime assets that offer dominance, experience and convenience. Put simply, these are places where our customers most want to be.

Develop

In February, with our partners The Crown Estate, we committed to proceed with the redevelopment of Westgate, Oxford. This 800,000 sq ft centre will provide a first class retail and leisure destination, with around 100 stores, 25 restaurants, cafes and bars, a boutique cinema, roof top terrace dining, new public spaces and over 60 residential apartments. Construction started in spring 2015. This follows more than four years of complex preparation work, including extensive consultation with the local community. The centre is 29% pre-let and will be anchored by John Lewis.

In March, we secured detailed planning consent for a major extension to Buchanan Galleries, Glasgow and we continue to progress contractual arrangements.

During the year we completed The Bishop Centre, Taplow – a 105,000 sq ft scheme – which is now 100% let. At Worcester, we submitted a planning application for a 240,000 sq ft development, which is now 69% pre-let. At Ealing, we secured detailed planning consent for a 77,000 sq ft leisure scheme, which is now 29% pre-let, and 161 residential units. Disappointingly, at Maidstone, we were refused planning permission for a 225,000 sq ft retail park development and have no plans to pursue this further.

Manage

We work closely with our customers to provide them with space that meets their needs. Over the year, we worked with many of our customers who wanted to increase the size of their units in our centres. This demonstrates the high quality and appeal of our portfolio, as retailers require flagship units in the best locations to showcase their brands and appeal to their customers.

At Bluewater, Kent, for example, we are combining three units and expanding into the service yard to provide Next with a new flagship store. H&M need more space at St David's in Cardiff, and we will commence work shortly to create a new 45,000 sq ft statement store to meet their requirements. Polo Ralph Lauren also need a larger unit in Gunwharf Quays, our designer outlet centre in Portsmouth Harbour, and work is currently underway to provide them with what will be one of their largest outlet stores in Europe.

Sell

This year we made £826.3m of disposals at a surplus to the 31 March 2014 valuation of 14.3%, including The Centre and Almondvale West in Livingston; The Bridges, Sunderland; Cabot Circus, Bristol; and our 50% share of Princesshay, Exeter.

Net rental income

Table 5: Net rental income

	31 March 2015 £m	31 March 2014[1] £m	Change £m
Like-for-like investment properties	**203.4**	203.3	0.1
Proposed developments	**11.8**	7.7	4.1
Development programme	**1.6**	1.3	0.3
Completed developments	**26.2**	22.5	3.7
Acquisitions since 1 April 2013	**60.6**	30.4	30.2
Disposals since 1 April 2013	**27.5**	65.3	(37.8)
Non-property related income	**8.5**	6.0	2.5
Net rental income	**339.6**	336.5	3.1

1. The split of net rental income and segment profit before interest between the London Portfolio and the Retail Portfolio has been restated by £1.3m in the prior year to reflect the impact of properties transferred from the London Portfolio to the Retail Portfolio during the current year.

Net rental income increased by £3.1m from £336.5m to £339.6m with lost income from disposals more than offset by increases in other categories. Acquisitions contributed £30.2m of the increased rental income, primarily due to our 30% stake in Bluewater, Kent and the increase in our interest in X-Leisure in September 2013. At our completed developments, Trinity Leeds and The Bishop Centre, Taplow, income increased by £3.7m while net rental income from our like-for-like properties was virtually unchanged. Both these categories saw higher gross rental income growth offset by higher bad debt provisions, up £2.7m compared to last year, following the insolvency of a number of retailers including Paul Simon, Internacionale and Strada. Proposed developments contributed an additional £4.1m, which reflects our acquisition of the 50% of Buchanan Galleries, Glasgow that we did not already own.

These increases in net rental income are partially offset by rents on properties we sold since March 2013. These disposals include Bon Accord, Aberdeen, the Overgate Centre, Dundee, and the Designer Outlet Centre, Livingston, all sold in the second half of last year as well as The Bridges, Sunderland, The Centre and Almondvale West Retail Park, Livingston, our 50% share of Cabot Circus, Bristol and our 50% share of Princesshay, Exeter in the current year.

Outlook

With omni-channel retailing continuing to evolve, and an increasingly demanding consumer, we expect the retail environment as a whole to remain challenging. The polarisation between winning and losing locations is ongoing, with demand for retail space focusing on the best trading locations. These are the only locations, in our view, which are likely to see meaningful rental growth in the short and medium-term.

With this in mind, we will continue to be relentless in our asset management, rigorous in our investment decisions, and passionate about working with our customers to deliver the space they need. We are confident that the changes we have made to our portfolio over the past few years have positioned us well for the future.

London Portfolio review

Highlights

- Valuation surplus of 23.2%
- £19.4m investment lettings
- £39.7m development lettings

Progress on our objectives

Objectives	Progress at 31 March 2015	Objectives for 2015/16
• Outperform IPD sector benchmark	• The total return of the London Portfolio was 27.7% outperforming its IPD sector benchmark at 23.4%	• Outperform IPD sector benchmark
• Complete the letting of 62 Buckingham Gate, SW1 and 20 Fenchurch Street, EC3	• 62 Buckingham Gate 69% let and 20 Fenchurch Street 92% let	• Complete the letting of 62 Buckingham Gate, 20 Fenchurch Street, 1 & 2 New Ludgate and The Zig Zag Building
• Progress development lettings at 1 & 2 New Ludgate, EC4 and The Zig Zag Building, SW1	• 1 & 2 New Ludgate 64% let and The Zig Zag Building 34% let	• Progress development lettings at Nova, SW1
• Progress planning applications and obtain planning permission at 6 Castle Lane, SW1	• Planning submission at Piccadilly Lights, W1 delayed; planning permission at 6 Castle Lane obtained	• Progress planning applications and obtain planning permission at Nova, SW1 - Phase II, 21 Moorfields, EC2 and Harrow Phase 1A
• Progress to revised time and to budget at our committed developments	• 20 Fenchurch Street completed to time and budget. 1 & 2 New Ludgate, The Zig Zag Building, Kings Gate and Nova, SW1 on time and budget. 20 Eastbourne Terrace, W2 delayed from February 2016 to April 2016	• Progress to revised time and to budget at our committed developments
• Secure employment for 125 candidates via our Community Employment Programme	• Secured employment for 157 candidates	• Secure employment for 145 candidates
• Disposal of specific assets to fund our investment activity	• Disposals of 47 Mark Lane, EC3, 12/24 Oxford Street and 3-5 Tottenham Court Road, W1, Harrow Phase 1B post planning consent and exchanged contracts to sell Times Square, EC4	• Disposal of specific assets to fund our investment activity

At a glance

- Valuation surplus of 23.2%
- Ungeared total property return of 27.7%
- The portfolio outperformed its IPD Quarterly Universe sector benchmark at 23.4%
- £19.4m investment lettings
- £39.7m development lettings
- Like-for-like voids were 4.3% (2014: 1.6%)

We have delivered record levels of lettings in our well-timed, well-executed development programme, and made tactical acquisitions to strengthen the future pipeline. Our activity has been funded by disposals of more mature assets into a strong investment market.

Buy

At a time of high investor competition for London properties, we were delighted to make two important acquisitions. 21 Moorfields, EC2, was a rare opportunity to secure a City site at an attractive price. It sits over the future western entrance to Liverpool Street Crossrail station and will deliver over 500,000 sq ft of space. The complex, technically demanding location will require us to work in close partnership with the local community and Transport for London. We also acquired our partner's 50% interest in Thomas More Square, E1 where refurbishment of the offices, creation of new retail space and work on a redesigned public realm is now underway. This will enable us to capture greater value.

Develop

Our London development programme is firing on all cylinders with capital invested over the year of £335.6m. 20 Fenchurch Street, EC3, was 92% let at 31 March 2015 and the Sky Garden opened to the public in January 2015. We are delighted with the response from our customers and the community. The project has delivered a valuation surplus of over 90%, underlining the benefits of early cycle development.

Our mixed-use development at 1 & 2 New Ludgate, EC4, has created two exceptional buildings near the planned Crossrail/Thameslink interchange. We have worked closely with the local community, local authority partners and customers during construction to meet their needs. The development was completed last month and is already 84% let or in solicitors' hands. At nearby 1 New Street Square, EC4, we are extending our successful campus with a new building due for completion in June 2016. During the year we pre-let the entire building to Deloitte.

Our transformation of Victoria, SW1, continues at pace. 62 Buckingham Gate is 87% let or in solicitors' hands. Lettings have taken longer to secure than we expected but rents and lease lengths are ahead of appraisal levels. The Zig Zag Building is 37% pre-let or in solicitors' hands and on schedule for completion in July 2015. Within the retail element, Jamie's Italian, Mango and Iberica have taken space, which will add yet more colour to this fast-changing neighbourhood. At Kings Gate, 85 of the 100 apartments are pre-sold. Work at Nova is progressing well. 133 of the 170 apartments are pre-sold, and 12% of the office space is already in solicitors' hands. The retail space, which is 66% pre-let or in solicitors' hands, will create London's newest and most exciting restaurant quarter. And at 20 Eastbourne Terrace, W2, we are delivering 93,000 sq ft of refurbished space in early April 2016.

Manage

Voids increased from 1.6% to 4.3%. The main contributors were a digital sign at Piccadilly Lights, W1 where the lease expired just before the year end; Thomas More Square, E1, 5 New Street Square, EC4, and Holborn Gate, WC1 where we are refurbishing the space; and Portland House, SW1, a pre-development property. At both Times Square, EC4 and 130 Wood Street, EC2 we have lengthened and increased income during the year. And at Dashwood House, EC2 we have established a new benchmark rent through some surrender and re-leasing activity.

Sell

Our strategy remains unchanged: we are prepared to sell any asset at the right price, recycling capital into the development programme. This year we made disposals of £199.0m at a surplus to the 31 March 2014 valuation of 22.7%. Disposals included 47 Mark Lane, EC3 post leasing activity and our 50% interest in 12/24 Oxford Street and 3-5 Tottenham Court Road, W1 post extension of the Primark lease. Within our trading property portfolio, we sold part of our strategic landholding in Harrow post planning, for £50.0m. In addition, we exchanged contracts in March to sell Times Square, EC4, for £284.6m.

Net rental income

Table 6: Net rental income

	31 March 2015 £m	31 March 2014[1] £m	Change £m
Like-for-like investment properties	**202.2**	203.2	(1.0)
Proposed developments	**-**	-	-
Development programme	**21.2**	0.3	20.9
Completed developments	**11.4**	9.7	1.7
Acquisitions since 1 April 2013	**1.4**	-	1.4
Disposals since 1 April 2013[2]	**20.1**	39.6	(19.5)
Non-property related income	**3.6**	4.7	(1.1)
Net rental income	**259.9**	**257.5**	**2.4**

1. The split of net rental income and segment profit before interest between the London Portfolio and the Retail Portfolio has been restated by £1.3m in the prior year to reflect the impact of properties transferred from the London Portfolio to the Retail Portfolio during the current year.
2. Includes Non-current assets held for sale.

Net rental income increased by £2.4m as income from developments more than offset lost income on disposals. Net rental income on like-for-like properties declined by £1.0m; gross rental income on these properties was £6.0m higher but this was more than offset by £3.7m of development feasibility expenditure at Piccadilly Lights, W1, where the scheme was not sufficiently advanced for costs to be capitalised, £0.8m of void related costs for space which is undergoing refurbishment and a £1.7m reduction in other income where the prior period benefitted from a surrender receipt and a rights of light receipt.

The development programme is driven by new lettings at 62 Buckingham Gate, SW1 and the recognition of rent at 20 Fenchurch Street, EC3 following practical completion. Completed developments contribute a further £1.7m following lettings achieved at 123 Victoria Street, SW1. Net rental income on properties sold since 1 April 2013 declined by £19.5m largely due to the disposals in the prior year with the most significant being Bankside 2 & 3, SE1.

Non-property related income decreased by £1.1m driven by a provision against management fees in respect of our long-term contract at Lodge Hill, Chattenden.

Outlook

Our view on supply in the short-term is unchanged: there will remain a shortage of prime office space to let in London and we expect rental values to continue to rise. Our focus is on completing and letting our development programme. We have 1.1m sq ft of well-specified space to let in well-connected locations, so we have plenty of opportunity to capture rising rental values in these market conditions.

Our principal risks

Principal risks and uncertainties

The Company has identified certain principal risks and uncertainties that could prevent the Group from achieving its strategic objectives and has assessed how these risks could best be mitigated through a combination of internal controls, risk management and the purchase of insurance cover. These risks are reviewed and updated on a regular basis and were last formally assessed in March 2015.

A full description of the principal risks and uncertainties faced by the Group, together with an assessment of their impact is set out below. Our approach to the management and mitigation of these risks is included in the Company's 2015 Annual Report.

Risk description	Impact
Customers • Concerns over the economic recovery. • Pressure on consumer spending.	• Shift in customer demand with consequent impact on new lettings, renewal of existing leases and rental growth. • Retailers unable to meet existing rental commitments.
Market cyclicality • Volatility and speed of change of asset valuations and market conditions.	• Reduces liquidity and impacts relative property performance.
Acquisitions • Inability to acquire new assets to replace properties that have been sold.	• Reduction in revenue profits. • Reduction in potential future development sites.
Liability structure • Lack of availability of bank funding.	• Increased cost of borrowing. • Limits ability to refinance existing debt maturities and fund forward cash requirements.
• Liability structure is unable to adapt to changing asset strategy or property values.	• Bank debt not able to be drawn. • Unable to raise new debt or no flexible debt to repay. • Potentially constrains business decisions.
Development • Occupiers reluctant to enter into commitments to take new space in our developments. • Subcontractor failure.	• Negative valuation movements. • Reduction in income. • Delay to development increasing costs.
People • Inability to attract, retain and develop the right people.	• Lack the skills necessary to deliver the business objectives.

Risk description	Impact
Environment • Properties do not comply with legislation or meet customer expectations.	• Increased cost base. • Inability to attract or retain customers. • Premature obsolescence and loss of asset value.
Health and safety • Accidents causing injury to employees, contractors, occupiers and visitors to our properties.	• Criminal/civil proceedings and resultant reputational damage. • Delays to building projects and can restrict access to shopping centres.
• Terrorist incident at a property.	• Loss of consumer confidence with consequent impact on new lettings, renewal of existing leases and rental growth. • Loss of income.

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The Annual Report 2015 contains the following statements regarding responsibility for the financial statements and business reviews included therein.

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

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

In preparing these financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state that the Group and Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements of IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and performance; and
- prepare the Group and Company's financial statements on a going concern basis, unless it is inappropriate to do so.

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

Directors' responsibility statement under the Disclosure and Transparency Rules

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

- to the best of their knowledge, the Group financial statements, which have been prepared in accordance with IFRSs, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- to the best of their knowledge, the Company financial statements prepared in accordance with IFRSs give a true and fair view of the assets, liabilities, financial position, performance and cash flows of the Company; and
- to the best of their knowledge, the Strategic Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties faced by the Group and the Company.

Directors' responsibility statement under the UK Corporate Governance Code

Each of the Directors confirm that to the best of their knowledge, the Annual Report taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's performance, business model and strategy.

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

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

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

*Non-executive Directors

By order of the Board
Michael Arnaouti
Group Company Secretary
18 May 2015

Financial statements

Income statement	Notes	Year ended 31 March 2015 Revenue profit £m	Capital and other items £m	Total £m	Year ended 31 March 2014 Revenue profit £m	Capital and other items £m	Total £m
Revenue	3	**711.2**	**59.2**	**770.4**	693.4	23.1	716.5
Costs	4	**(258.7)**	**(47.9)**	**(306.6)**	(240.5)	(12.8)	(253.3)
		452.5	**11.3**	**463.8**	452.9	10.3	463.2
Profit on disposal of investment properties	2	**-**	**107.1**	**107.1**	-	15.6	15.6
Profit on disposal of investments in joint ventures	2	**-**	**3.3**	**3.3**	-	2.5	2.5
Net surplus on revaluation of investment properties	10	**-**	**1,770.6**	**1,770.6**	-	606.6	606.6
Release of impairment of trading properties	12	**-**	**1.9**	**1.9**	-	5.3	5.3
Operating profit		**452.5**	**1,894.2**	**2,346.7**	452.9	640.3	1,093.2
Share of post-tax profit from joint ventures	11	**32.0**	**293.8**	**325.8**	34.7	160.8	195.5
Interest income	5	**29.4**	**-**	**29.4**	25.2	12.5	37.7
Interest expense	5	**(184.8)**	**(64.6)**	**(249.4)**	(193.2)	(23.7)	(216.9)
Revaluation of redemption liabilities		**-**	**(8.5)**	**(8.5)**	-	(5.6)	(5.6)
Net gain on business combination	17	**-**	**2.2**	**2.2**	-	5.0	5.0
Impairment of goodwill	17	**-**	**(29.7)**	**(29.7)**	-	-	-
Profit before tax		**329.1**	**2,087.4**	**2,416.5**	319.6	789.3	1,108.9
Taxation		**-**	**0.3**	**0.3**	-	7.7	7.7
Profit for the financial year attributable to owners of the parent		**329.1**	**2,087.7**	**2,416.8**	319.6	797.0	1,116.6
Earnings per share attributable to owners of the parent (pence):							
Basic earnings per share	7			**306.1**			142.3
Diluted earnings per share	7			**304.7**			141.8

Statement of comprehensive income	Notes	Year ended 31 March 2015 Total £m	Year ended 31 March 2014 Total £m
Profit for the financial year attributable to owners of the parent		**2,416.8**	1,116.6
Items that may be subsequently reclassified to the income statement:			
Share of joint ventures' fair value movements on interest-rate swaps treated as cash flow hedges	11	**(1.7)**	3.5
Items that will not be subsequently reclassified to the income statement:			
Re-measurement gain/(losses) on defined benefit pension scheme		**3.7**	(7.8)
Deferred tax on re-measurement gain on defined benefit pension scheme		**(1.5)**	-
Other comprehensive income for the financial year attributable to owners of the parent		**0.5**	(4.3)
Total comprehensive income for the financial year attributable to owners of the parent		**2,417.3**	1,112.3

Balance sheets

	Notes	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Non-current assets					
Investment properties	10	**12,158.0**	9,847.7	**-**	-
Intangible assets	17	**34.7**	-	**-**	-
Other property, plant and equipment		**9.6**	7.3	**-**	-
Net investment in finance leases		**185.1**	186.9	**-**	-
Loan investment		**49.5**	50.0	**-**	-
Investments in joint ventures	11	**1,433.5**	1,443.3	**-**	-
Investments in subsidiary undertakings		**-**	-	**6,192.2**	6,186.2
Other investments		**12.8**	-	**-**	-
Trade and other receivables		**54.0**	34.3	**-**	-
Derivative financial instruments		**-**	5.3	**-**	-
Pension surplus		**7.0**	2.3	**-**	-
Total non-current assets		**13,944.2**	11,577.1	**6,192.2**	6,186.2
Current assets					
Trading properties and long-term development contracts	12	**222.3**	192.9	**-**	-
Trade and other receivables		**402.7**	366.3	**14.8**	14.2
Monies held in restricted accounts and deposits	15	**10.4**	14.5	**-**	-
Cash and cash equivalents	16	**14.3**	20.9	**0.1**	0.1
Total current assets		**649.7**	594.6	**14.9**	14.3
Non-current assets held for sale	18	**283.4**	-	**-**	-
Total assets		**14,877.3**	12,171.7	**6,207.1**	6,200.5
Current liabilities					
Borrowings	14	**(190.7)**	(513.2)	**-**	-
Trade and other payables		**(367.3)**	(319.5)	**(1,108.2)**	(823.7)
Provisions		**(2.6)**	(3.6)	**-**	-
Derivative financial instruments		**(3.8)**	(5.5)	**-**	-
Current tax liabilities		**(3.7)**	(2.9)	**-**	-
Total current liabilities		**(568.1)**	(844.7)	**(1,108.2)**	(823.7)
Non-current liabilities					
Borrowings	14	**(3,593.0)**	(2,849.0)	**-**	-
Trade and other payables		**(29.6)**	(23.6)	**-**	-
Derivative financial instruments		**(37.7)**	(3.5)	**-**	-
Redemption liabilities		**(35.3)**	(32.6)	**-**	-
Deferred tax		**(7.3)**	-	**-**	-
Total non-current liabilities		**(3,702.9)**	(2,908.7)	**-**	-
Total liabilities		**(4,271.0)**	(3,753.4)	**(1,108.2)**	(823.7)
Net assets		**10,606.3**	8,418.3	**5,098.9**	5,376.8
Equity					
Capital and reserves attributable to the owners of the parent					
Ordinary shares		**80.1**	79.9	**80.1**	79.9
Share premium		**789.4**	788.3	**789.4**	788.3
Capital redemption reserve		**30.5**	30.5	**30.5**	30.5
Merger reserve		**-**	-	**373.6**	373.6
Share-based payments		**8.7**	6.3	**8.7**	6.3
Retained earnings		**9,708.7**	7,522.5	**3,816.6**	4,098.2
Own shares		**(11.1)**	(9.2)	**-**	-
Total equity		**10,606.3**	8,418.3	**5,098.9**	5,376.8

The financial statements were approved by the Board of Directors on 18 May 2015 and were signed on its behalf by:

R M Noel **M F Greenslade**

Directors

Statement of changes in equity — Group

	Attributable to owners of the parent						
	Ordinary shares £m	Share premium £m	Capital redemption reserve £m	Share-based payments £m	Retained earnings £m	Own shares £m	Total equity £m
At 1 April 2013	79.2	787.6	30.5	6.8	6,590.3	(7.7)	7,486.7
Total comprehensive income for the year ended 31 March 2014	-	-	-	-	1,112.3	-	1,112.3
Transactions with owners:							
Exercise of options	-	1.4	-	-	-	-	1.4
Dividends to owners of the parent	0.7	(0.7)	-	-	(175.4)	-	(175.4)
Fair value of share-based payments	-	-	-	5.5	-	-	5.5
Release on exercise of share options	-	-	-	(6.0)	6.0	-	-
Settlement and transfer of shares to employees on exercise of share options, net of proceeds	-	-	-	-	(10.3)	14.8	4.5
Acquisition of own shares and treasury shares	-	-	-	-	(0.4)	(16.3)	(16.7)
Total transactions with owners of the parent	0.7	0.7	-	(0.5)	(180.1)	(1.5)	(180.7)
At 1 April 2014	**79.9**	**788.3**	**30.5**	**6.3**	**7,522.5**	**(9.2)**	**8,418.3**
Total comprehensive income for the year ended 31 March 2015	**-**	**-**	**-**	**-**	**2,417.3**	**-**	**2,417.3**
Transactions with owners:							
Exercise of options	**-**	**1.3**	**-**	**-**	**-**	**-**	**1.3**
Dividends to owners of the parent	**0.2**	**(0.2)**	**-**	**-**	**(229.8)**	**-**	**(229.8)**
Fair value of share-based payments	**-**	**-**	**-**	**6.0**	**-**	**-**	**6.0**
Release on exercise of share options	**-**	**-**	**-**	**(3.6)**	**3.6**	**-**	**-**
Settlement and transfer of shares to employees on exercise of share options, net of proceeds	**-**	**-**	**-**	**-**	**(4.7)**	**9.9**	**5.2**
Acquisition of own shares	**-**	**-**	**-**	**-**	**(0.2)**	**(11.8)**	**(12.0)**
Total transactions with owners of the parent	**0.2**	**1.1**	**-**	**2.4**	**(231.1)**	**(1.9)**	**(229.3)**
At 31 March 2015	**80.1**	**789.4**	**30.5**	**8.7**	**9,708.7**	**(11.1)**	**10,606.3**

Statement of changes in equity — Company

	Ordinary shares £m	Share premium £m	Capital redemption reserve £m	Merger reserve £m	Share-based payments £m	Retained earnings £m	Total equity £m
At 1 April 2013	79.2	787.6	30.5	373.6	6.8	4,315.6	5,593.3
Loss for the year ended 31 March 2014	-	-	-	-	-	(47.7)	(47.7)
Exercise of options	-	1.4	-	-	-	-	1.4
Dividends paid to owners of the parent	0.7	(0.7)	-	-	-	(175.4)	(175.4)
Fair value of share-based payments	-	-	-	-	5.5	-	5.5
Release on exercise of share options	-	-	-	-	(6.0)	6.0	-
Purchase of treasury shares	-	-	-	-	-	(0.3)	(0.3)
At 1 April 2014	**79.9**	**788.3**	**30.5**	**373.6**	**6.3**	**4,098.2**	**5,376.8**
Loss for the year ended 31 March 2015	**-**	**-**	**-**	**-**	**-**	**(55.4)**	**(55.4)**
Exercise of options	**-**	**1.3**	**-**	**-**	**-**	**-**	**1.3**
Dividends paid to owners of the parent	**0.2**	**(0.2)**	**-**	**-**	**-**	**(229.8)**	**(229.8)**
Fair value of share-based payments	**-**	**-**	**-**	**-**	**6.0**	**-**	**6.0**
Release on exercise of share options	**-**	**-**	**-**	**-**	**(3.6)**	**3.6**	**-**
At 31 March 2015	**80.1**	**789.4**	**30.5**	**373.6**	**8.7**	**3,816.6**	**5,098.9**

Statement of cash flows for the year ended 31 March 2015			Group		Company
		2015	2014	2015	2014
	Notes	£m	£m	£m	£m
Cash flows from operating activities					
Net cash generated from operations	9	**447.5**	430.6	**-**	-
Interest received		**8.1**	9.1	**-**	-
Interest paid		**(198.3)**	(251.4)	**-**	-
Employer contributions to defined benefit pension scheme		**(1.9)**	(4.8)	**-**	-
Capital expenditure on trading properties		**(50.7)**	(32.7)	**-**	-
Disposal of trading properties		**28.8**	21.7	**-**	-
Corporation tax paid		**-**	(13.9)	**-**	-
Net cash inflow from operating activities		**233.5**	158.6	**-**	-
Cash flows from investing activities					
Investment property development expenditure		**(196.2)**	(86.6)	**-**	-
Acquisition of investment properties and other investments		**(105.7)**	(3.7)	**-**	-
Acquisitions treated as business combinations (net of cash acquired)		**(699.3)**	-	**-**	-
Other investment property related expenditure		**(74.1)**	(135.5)	**-**	-
Disposal of investment properties		**466.7**	679.1	**-**	-
Expenditure on non-property related non-current assets		**(4.4)**	(1.6)	**-**	-
Disposal of joint ventures		**275.2**	142.8	**-**	-
Cash contributed to joint ventures	11	**(16.7)**	(4.7)	**-**	-
Loan advances to joint ventures	11	**(153.9)**	(117.1)	**-**	-
Loan repayments by joint ventures	11	**37.0**	10.9	**-**	-
Distributions from joint ventures	11	**59.7**	27.4	**-**	-
Net cash (outflow)/inflow from investing activities		**(411.7)**	511.0	**-**	-
Cash flows from financing activities					
Cash received on issue of shares arising from exercise of share options		**6.5**	6.0	**-**	-
Purchase of own shares and treasury shares		**(12.0)**	(16.0)	**-**	-
Increase in investment in subsidiary undertaking (X-Leisure)		**-**	(119.7)	**-**	-
Proceeds from new loans (net of finance fees)	14	**419.9**	496.9	**-**	-
Repayment of loans	14	**(13.6)**	(911.3)	**-**	-
Recapitalisation of non-wholly owned subsidiary		**-**	15.0	**-**	-
Decrease in monies held in restricted accounts and deposits	15	**4.1**	16.4	**-**	-
Decrease in finance leases payable		**(1.4)**	(0.1)	**-**	-
Dividends paid to owners of the parent	8	**(229.4)**	(175.6)	**-**	-
Distributions paid by non-wholly owned subsidiaries		**(2.5)**	(2.0)	**-**	-
Net cash inflow/(outflow) from financing activities		**171.6**	(690.4)	**-**	-
Decrease in cash and cash equivalents for the year		**(6.6)**	(20.8)	**-**	-
Cash and cash equivalents at the beginning of the year		**20.9**	41.7	**0.1**	0.1
Cash and cash equivalents at the end of the year	16	**14.3**	20.9	**0.1**	0.1

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

Notes to the financial statements

1. Basis of preparation and consolidation

Basis of preparation

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

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

The accounting policies are consistent with those applied in the year ended 31 March 2014, as amended to reflect the adoption of the new Standards, Amendments to Standards and Interpretations which are mandatory for the year ended 31 March 2015.

The following accounting standards or interpretations were adopted for the year ended 31 March 2015 but have not had a material impact on the Group:

- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- IAS 27 (revised) 'Separate Financial Statements'
- IAS 28 (revised) 'Investments in Associates and Joint Ventures'
- IAS 32 (amendment) 'Financial instruments: Presentation' – Offsetting financial assets and financial liabilities
- IAS 36 (amendment) 'Impairment of Assets' – Recoverable amount disclosures for non-financial assets
- IAS 39 (amendment) 'Financial Instruments: Recognition and Measurement' – Novation of derivatives and continuation of hedge accounting
- IFRIC 21 'Levies'

On 18 May 2015, the consolidated financial statements of the Group and this preliminary announcement were authorised for issue in accordance with a resolution of the Directors and will be delivered to the Registrar of Companies following the Group's Annual General Meeting. Statutory accounts for the year ended 31 March 2014 have been filed unqualified and do not contain any statement under Section 498(2) or Section 498(3) of the Companies Act 2006. The annual financial information presented in this preliminary announcement for the year ended 31 March 2015 is based on, and consistent with, the financial information in the Group's audited financial statements for the year ended 31 March 2015. The audit report on these financial statements is unqualified and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006. This preliminary announcement does not constitute statutory financial statements of the Group within the meaning of Section 235 of the Companies Act 2006. Whilst the information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of IFRSs, this announcement does not itself contain sufficient information to comply with IFRSs.

A copy of the Group's Annual Report for the year ended 31 March 2014 can be found at www.landsecurities.com/investors.

Land Securities Group PLC has not presented its own statement of comprehensive income (and separate income statement), as permitted by Section 408 of Companies Act 2006. The loss for the year of the Company, dealt with in its financial statements, was £55.4m (2014: a loss of £47.7m). The merger reserve arose on 6 September 2002 when the Company acquired 100% of the issued share capital of Land Securities PLC. The merger reserve represents the excess of the cost of acquisition over the nominal value of the shares issued by the Company to acquire Land Securities PLC. The merger reserve does not represent a realised or distributable profit. The capital redemption reserve represents the nominal value of cancelled shares.

Basis of consolidation

The consolidated financial statements for the year ended 31 March 2015 incorporate the financial statements of Land Securities Group PLC (the Company) and all its subsidiary undertakings (the Group). Subsidiary undertakings are those entities controlled by the Company. Control exists where an entity is exposed to variable returns and has the ability to affect those returns through its power over the investee.

The results of subsidiaries and joint ventures acquired or disposed of during the year are included from the effective date of acquisition or to the effective date of disposal. Accounting practices of subsidiaries and joint ventures which differ from Group accounting policies are adjusted on consolidation.

Business combinations are accounted for under the acquisition method. Any excess of the purchase price of business combinations over the fair value of the assets, liabilities and contingent liabilities acquired and resulting deferred tax thereon is recognised as goodwill. Any discount received is credited to the income statement in the year of acquisition as a 'gain on business combination'. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and any gains or losses arising from such re-measurement are recognised in the income statement.

1. Basis of preparation and consolidation continued

Joint arrangements are those entities over whose activities the Group has joint control, established by contractual agreement. Interests in joint arrangements are accounted for as either a joint venture or a joint operation as permitted by IFRS 11 'Joint Arrangements'. A joint arrangement is accounted for as a joint venture when the Group, along with the other parties that have joint control of the arrangement, have rights to the net assets of the arrangement. Joint ventures are equity accounted in accordance with IAS 28 (revised). The equity method requires the Group's share of the joint venture's post-tax profit or loss for the year to be presented separately in the income statement and the Group's share of the joint venture's net assets to be presented separately in the balance sheet. Joint ventures with net liabilities are carried at zero value in the balance sheet where there is no commitment to fund the deficit and any distributions are included in the consolidated income statement for the year.

A joint arrangement is accounted for as a joint operation when the Group, along with the parties that have joint control of the arrangement, have rights to the assets and obligations for the liabilities relating to the arrangement. Joint operations are accounted for by including the Group's share of the assets, liabilities, income and expenses on a line-by-line basis.

Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the Group's interest in the joint venture concerned. Unrealised losses are eliminated in the same way, but only to the extent that there is no evidence of impairment.

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

Revenue profit is the Group's measure of underlying pre-tax profit, which is used by senior management to assess the Group's income performance. It excludes all items of a capital nature, such as valuation movements and profits and losses on the disposal of investment properties, as well as one-off items. A full definition of revenue profit is given in the glossary. The components of revenue profit are presented on a proportionate basis in note 2. Revenue profit is a non-GAAP measure.

2. Segmental information

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

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

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

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

2. Segmental information continued

Year ended 31 March 2015

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[(1)] £m	Total Joint ventures £m	Total Total £m
Rental income	327.8	49.1	376.9	244.9	21.5	266.4	572.7	70.6	643.3
Finance lease interest	1.4	0.1	1.5	8.9	-	8.9	10.3	0.1	10.4
Gross rental income (before rents payable)	329.2	49.2	378.4	253.8	21.5	275.3	583.0	70.7	653.7
Rents payable[(2)]	(9.1)	(1.6)	(10.7)	(2.2)	-	(2.2)	(11.3)	(1.6)	(12.9)
Gross rental income (after rents payable)	320.1	47.6	367.7	251.6	21.5	273.1	571.7	69.1	640.8
Service charge income	49.6	7.1	56.7	40.1	2.6	42.7	89.7	9.7	99.4
Service charge expense	(51.6)	(7.9)	(59.5)	(39.0)	(3.1)	(42.1)	(90.6)	(11.0)	(101.6)
Net service charge (expense)/income	(2.0)	(0.8)	(2.8)	1.1	(0.5)	0.6	(0.9)	(1.3)	(2.2)
Other property related income	18.5	1.1	19.6	15.9	0.7	16.6	34.4	1.8	36.2
Direct property expenditure	(37.4)	(7.5)	(44.9)	(27.3)	(3.1)	(30.4)	(64.7)	(10.6)	(75.3)
Net rental income	299.2	40.4	339.6	241.3	18.6	259.9	540.5	59.0	599.5
Indirect property expenditure	(27.6)	(1.8)	(29.4)	(19.9)	(0.9)	(20.8)	(47.5)	(2.7)	(50.2)
Depreciation	(0.3)	-	(0.3)	(0.8)	-	(0.8)	(1.1)	-	(1.1)
Segment profit before interest	271.3	38.6	309.9	220.6	17.7	238.3	491.9	56.3	548.2
Joint venture net interest expense	-	(6.8)	(6.8)	-	(17.5)	(17.5)	-	(24.3)	(24.3)
Segment profit	271.3	31.8	303.1	220.6	0.2	220.8	491.9	32.0	523.9
Group services – other income							4.1	-	4.1
– expense							(43.5)	-	(43.5)
Interest income							29.4	-	29.4
Interest expense							(184.8)	-	(184.8)
Revenue profit							297.1	32.0	329.1

1. Group income figures shown in this column are included in note 3 and agree to the revenue figure included in the revenue profit column in the income statement.
2. Included within rents payable is finance lease interest payable of **£1.2m** and **£0.4m** for the Retail and London portfolios, respectively.

Reconciliation of revenue profit to profit before tax

Total	Group £m	Joint ventures £m	Total £m
Revenue profit	297.1	32.0	329.1
Capital and other items			
Impairment of long-term development contracts	(11.3)	-	(11.3)
Profit on disposal of trading properties	29.8	1.7	31.5
Profit on disposal of investment properties	107.1	25.6	132.7
Profit on disposal of investments in joint ventures	3.3	-	3.3
Net surplus on revaluation of investment properties	1,767.8	269.1	2,036.9
Release of impairment/(impairment) of trading properties[(3)]	1.9	(0.3)	1.6
Fair value movement on interest-rate swaps	(34.0)	(0.8)	(34.8)
Fair value movement on foreign exchange swaps	(5.1)	-	(5.1)
Foreign exchange movement on borrowings	4.9	-	4.9
Fair value movement on long-term liabilities	(4.4)	-	(4.4)
Amortisation of bond exchange de-recognition adjustment	(21.5)	-	(21.5)
Impairment of unamortised finance costs	(4.5)	(1.6)	(6.1)
Revaluation of redemption liabilities	(8.5)	-	(8.5)
Net gain on business combination	2.2	-	2.2
Business combination costs	(8.8)	-	(8.8)
Impairment of goodwill	(29.7)	-	(29.7)
Amortisation of intangible asset	(1.1)	-	(1.1)
Adjustment for non-wholly owned subsidiaries[(4)]	5.5	0.1	5.6
Profit before tax	2,090.7	325.8	2,416.5

3. The net release of impairment of trading properties of **£1.6m** relates entirely to the London Portfolio with no trading property impairment recognised in the Retail Portfolio.
4. All items in the segment note are presented on a proportionate basis (see note 1). This adjustment represents the non-owned element of the Group's subsidiaries which is excluded from the numbers presented in the tables above. Included within the **£5.6m** adjustment above is revenue of **£3.7m**, net surplus on revaluation of investment properties of **£2.8m**, joint venture profits in non-wholly owned subsidiaries of **£0.1m**, less costs of **£1.0m**.

2. Segmental information continued

Year ended 31 March 2014

Revenue profit	Retail Portfolio Group(1) £m	Retail Portfolio Joint ventures £m	Retail Portfolio Total £m	London Portfolio Group(1) £m	London Portfolio Joint ventures £m	London Portfolio Total £m	Total Group(2) £m	Total Joint ventures £m	Total Total £m
Rental income	311.9	65.6	377.5	247.3	9.3	256.6	559.2	74.9	634.1
Finance lease interest	1.8	0.2	2.0	8.9	-	8.9	10.7	0.2	10.9
Gross rental income (before rents payable)	313.7	65.8	379.5	256.2	9.3	265.5	569.9	75.1	645.0
Rents payable(3)	(9.2)	(1.9)	(11.1)	(2.5)	-	(2.5)	(11.7)	(1.9)	(13.6)
Gross rental income (after rents payable)	304.5	63.9	368.4	253.7	9.3	263.0	558.2	73.2	631.4
Service charge income	46.1	9.3	55.4	38.4	0.3	38.7	84.5	9.6	94.1
Service charge expense	(48.2)	(10.6)	(58.8)	(38.4)	(0.3)	(38.7)	(86.6)	(10.9)	(97.5)
Net service charge expense	(2.1)	(1.3)	(3.4)	-	-	-	(2.1)	(1.3)	(3.4)
Other property related income	15.6	1.0	16.6	19.8	0.4	20.2	35.4	1.4	36.8
Direct property expenditure	(35.5)	(9.6)	(45.1)	(22.3)	(3.4)	(25.7)	(57.8)	(13.0)	(70.8)
Net rental income	282.5	54.0	336.5	251.2	6.3	257.5	533.7	60.3	594.0
Indirect property expenditure	(25.5)	(2.3)	(27.8)	(17.7)	(0.6)	(18.3)	(43.2)	(2.9)	(46.1)
Depreciation	(0.2)	-	(0.2)	(0.9)	-	(0.9)	(1.1)	-	(1.1)
Segment profit before interest	256.8	51.7	308.5	232.6	5.7	238.3	489.4	57.4	546.8
Joint venture net interest expense	-	(14.0)	(14.0)	-	(8.7)	(8.7)	-	(22.7)	(22.7)
Segment profit	256.8	37.7	294.5	232.6	(3.0)	229.6	489.4	34.7	524.1
Group services – other income							3.6	-	3.6
– expense							(40.1)	-	(40.1)
Interest income							25.2	-	25.2
Interest expense							(193.2)	-	(193.2)
Revenue profit							284.9	34.7	319.6

1. The split of net rental income between the London Portfolio and the Retail Portfolio has been restated by £1.3m since the prior year to reflect the impact of properties transferred from the London Portfolio to the Retail Portfolio during the current year.
2. Group income figures shown in this column are included in note 3 and agree to the revenue figure included in the revenue profit column in the income statement.
3. Included within rents payable is finance lease interest payable of £2.0m and £0.4m for the Retail and London portfolios, respectively.

Reconciliation of revenue profit to profit before tax

Total	Group £m	Joint ventures £m	Total £m
Revenue profit	284.9	34.7	319.6
Capital and other items			
Profit on long-term development contracts	-	1.0	1.0
Profit on disposal of trading properties	1.9	0.5	2.4
Profit on disposal of investment properties	15.6	0.4	16.0
Profit on disposal of investments in joint ventures	2.5	-	2.5
Net surplus on revaluation of investment properties	608.5	155.3	763.8
Release of impairment/(impairment) of trading properties(4)	5.3	(0.3)	5.0
Fair value movement on interest-rate swaps	10.4	4.8	15.2
Amortisation of bond exchange de-recognition adjustment	(19.6)	-	(19.6)
Revaluation of redemption liabilities	(5.6)	-	(5.6)
Net gain on business combination	5.0	-	5.0
Joint venture net liabilities adjustment	-	(0.3)	(0.3)
Share of joint venture tax	-	(1.1)	(1.1)
Adjustment for non-wholly owned subsidiaries(5)	4.5	0.5	5.0
Profit before tax	913.4	195.5	1,108.9

4. Of the net release of impairment of trading properties of £5.0m, an impairment of £0.4m relates to the Retail Portfolio, and a reversal of impairment of £5.4m relates to the London Portfolio.
5. All items in the segment note are presented on a proportionate basis (see note 1). This adjustment represents the non-owned element of the Group's subsidiaries which is excluded from the numbers presented in the tables above. Included within the £5.0m adjustment above is revenue of £11.9m, joint venture profits in non-wholly owned subsidiaries of £0.5m, less a net deficit on revaluation of investment properties of £1.9m, net interest expense of £2.0m and costs of £3.5m.

3. Revenue

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

						Group
			2015			2014
	Revenue profit £m	Capital and other items £m	Total £m	Revenue profit £m	Capital and other items £m	Total £m
Rental income (excluding adjustment for lease incentives)	557.9	2.9	560.8	526.1	9.5	535.6
Adjustment for lease incentives	14.8	0.1	14.9	33.1	0.7	33.8
Rental income	572.7	3.0	575.7	559.2	10.2	569.4
Service charge income	89.7	0.7	90.4	84.5	2.1	86.6
Other property related income	34.4	-	34.4	35.4	(0.6)	34.8
Trading property sales proceeds	-	55.5	55.5	-	11.2	11.2
Finance lease interest	10.3	-	10.3	10.7	0.2	10.9
Other income	4.1	-	4.1	3.6	-	3.6
	711.2	59.2	770.4	693.4	23.1	716.5

4. Costs

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

						Group
			2015			2014
	Revenue profit £m	Capital and other items £m	Total £m	Revenue profit £m	Capital and other items £m	Total £m
Rents payable	11.3	-	11.3	11.7	0.1	11.8
Service charge expense[(1)]	90.6	0.6	91.2	86.6	2.4	89.0
Direct property expenditure[(1)]	64.7	0.4	65.1	57.8	0.8	58.6
Indirect property expenditure[(1)]	92.1	-	92.1	84.4	0.2	84.6
Impairment of long-term development contracts	-	11.3	11.3	-	-	-
Trading property disposals	-	25.7	25.7	-	9.3	9.3
Amortisation of intangible asset	-	1.1	1.1	-	-	-
Business combination costs	-	8.8	8.8	-	-	-
	258.7	47.9	306.6	240.5	12.8	253.3

1. The table above includes Group employee costs for the year of **£67.4m** (2014: £63.8m), which has been split into **£7.2m** (2014: £7.4m) within service charge expense, **£0.4m** (2014: £0.2m) within direct property expenditure and **£59.8m** (2014: £56.2m) within indirect property expenditure.

5. Net interest expense

	2015 £m	Group 2014 £m
Interest expense		
Bond and debenture debt	**(169.8)**	(174.6)
Bank borrowings	**(29.4)**	(30.0)
Amortisation of bond exchange de-recognition	**(21.5)**	(19.6)
Fair value movement on interest-rate swaps	**(34.0)**	-
Fair value movement on foreign exchange swaps	**(5.1)**	-
Foreign exchange movement on borrowings	**4.9**	-
Fair value movement on long-term liabilities	**(4.4)**	-
Impairment of unamortised finance costs	**(4.5)**	-
Other interest payable	**(0.6)**	(1.0)
	(264.4)	(225.2)
Interest capitalised in relation to properties under development	**15.0**	8.3
Total interest expense	**(249.4)**	(216.9)
Interest income		
Short-term deposits	**0.1**	0.1
Interest received on loan investments	**2.3**	2.3
Other interest receivable	**0.6**	1.4
Interest receivable from joint ventures	**26.2**	21.0
Net pension interest	**0.2**	0.4
Fair value movement on interest-rate swaps	**-**	12.5
Total interest income	**29.4**	37.7
Net interest expense	**(220.0)**	(179.2)

Included within rents payable (note 2) is finance lease interest payable of **£1.6m** (2014: £2.4m).

The following table reconciles interest expense and interest income per the Group income statement to interest expense and interest income included within revenue profit (note 2):

	2015 £m	Group 2014 £m
Total interest expense	**(249.4)**	(216.9)
Amortisation of bond exchange de-recognition adjustment	**21.5**	19.6
Fair value movement on interest-rate swaps	**34.0**	-
Fair value movement on foreign exchange swaps	**5.1**	-
Foreign exchange movement on borrowings	**(4.9)**	-
Fair value movement on long-term liabilities	**4.4**	-
Impairment of unamortised finance costs	**4.5**	-
Adjustment for non-wholly owned subsidiaries[(1)]	**-**	4.1
Group interest expense	**(184.8)**	(193.2)
Joint venture net interest expense	**(24.3)**	(22.7)
Interest expense included in revenue profit	**(209.1)**	(215.9)
Total interest income	**29.4**	37.7
Fair value movement on interest-rate swaps	**-**	(10.4)
Adjustment for non-wholly owned subsidiaries[(1)]	**-**	(2.1)
Interest income included in revenue profit	**29.4**	25.2

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

6. Net assets per share

	2015 £m	Group 2014 £m
Net assets attributable to the owners of the parent	**10,606.3**	8,418.3
Fair value of interest-rate swaps – Group	**37.7**	3.7
– Joint ventures	**2.1**	(0.1)
Deferred tax liability	**5.8**	-
Goodwill on deferred tax liability	**(5.8)**	-
EPRA adjusted net assets	**10,646.1**	8,421.9
Reverse bond exchange de-recognition adjustment	**(391.7)**	(413.2)
Adjusted net assets attributable to the owners of the parent	**10,254.4**	8,008.7
Reinstate bond exchange de-recognition adjustment	**391.7**	413.2
Fair value of interest-rate swaps – Group	**(37.7)**	(3.7)
– Joint ventures	**(2.1)**	0.1
Deferred tax liability	**(5.8)**	-
Excess of fair value of debt over book value (note 14)	**(1,161.3)**	(889.1)
EPRA triple net assets	**9,439.2**	7,529.2

	2015 million	2014 million
Number of ordinary shares in issue	**801.0**	799.2
Number of treasury shares	**(10.5)**	(10.5)
Number of own shares	**(1.0)**	(1.1)
Number of ordinary shares - basic net assets per share	**789.5**	787.6
Dilutive effect of share options	**3.7**	3.0
Number of ordinary shares - diluted net assets per share	**793.2**	790.6

	2015 pence	2014 pence
Net assets per share	**1,343**	1,069
Diluted net assets per share	**1,337**	1,065
Adjusted net assets per share	**1,299**	1,017
Adjusted diluted net assets per share	**1,293**	1,013
EPRA measure – adjusted diluted net assets per share	**1,342**	1,065
– diluted triple net assets per share	**1,190**	952

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

7. Earnings per share

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

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

		Group
	2015 £m	2014 £m
Profit for the year attributable to the owners of the parent	**2,416.8**	1,116.6
Net surplus on revaluation of investment properties	**(2,036.9)**	(763.8)
Profit on disposal of investment properties	**(132.7)**	(16.0)
Profit on disposal of investments in joint ventures	**(3.3)**	(2.5)
Release/(impairment) of trading properties	**(1.6)**	(5.0)
Profit on disposal of trading properties	**(31.5)**	(2.4)
Fair value movement on interest-rate swaps	**34.8**	(15.2)
Fair value movement on foreign exchange swaps	**5.1**	-
Foreign exchange movement on borrowings	**(4.9)**	-
Fair value movement on long-term liabilities	**4.4**	-
Revaluation of redemption liabilities	**8.5**	5.6
Business combination costs	**8.8**	-
Net gain on business combination	**(2.2)**	(5.0)
Impairment of goodwill	**29.7**	-
Amortisation of intangible asset	**1.1**	-
Impairment of unamortised finance costs	**6.1**	-
Group taxation	**(0.3)**	(7.7)
Share of joint venture tax	**-**	0.6
Joint venture net liabilities adjustment[1]	**-**	0.3
Adjustment for non-wholly owned subsidiaries[2]	**(5.6)**	(5.0)
EPRA adjusted earnings attributable to the owners of the parent	**296.3**	300.5
Eliminate:		
Impairment/(profit) on long-term development contracts[3]	**11.3**	(1.0)
Amortisation of bond exchange de-recognition	**21.5**	19.6
Adjusted earnings attributable to the owners of the parent	**329.1**	319.1

1. Joint ventures with net liabilities are carried at zero value in the balance sheet where there is no commitment to fund the deficit.
2. This adjustment represents the non-owned element of the Group's subsidiaries which is excluded from adjusted earnings.
3. The impairment/(profit) on long-term development contracts has been removed from our adjusted earnings due to the long-term, capital nature of these programmes.

	2015 million	2014 million
Weighted average number of ordinary shares	**800.9**	796.2
Weighted average number of treasury shares	**(10.5)**	(10.5)
Weighted average number of own shares	**(0.8)**	(1.1)
Weighted average number of ordinary shares - basic earnings per share	**789.6**	784.6
Dilutive effect of share options	**3.5**	2.9
Weighted average number of ordinary shares - diluted earnings per share	**793.1**	787.5

	2015 pence	2014 pence
Basic earnings per share	**306.1**	142.3
Diluted earnings per share	**304.7**	141.8
Adjusted earnings per share	**41.7**	40.7
Adjusted diluted earnings per share	**41.5**	40.5
EPRA adjusted earnings per share	**37.5**	38.3
EPRA adjusted diluted earnings per share	**37.4**	38.2

8. Dividends

Ordinary dividends paid	Payment date	Pence per share PID[1]	Non-PID[1]	Total	Group and Company 2015 £m	2014 £m
For the year ended 31 March 2013:						
Third interim	17 April 2013	7.4	-	7.4		57.8
Final	19 July 2013	7.6	-	7.6		59.4
For the year ended 31 March 2014:						
First interim	11 October 2013	7.6	-	7.6		59.6
Second interim	9 January 2014	7.6	-	7.6		59.7
Third interim	**11 April 2014**	**7.6**	**-**	**7.6**	**59.8**	
Final	**22 July 2014**	**7.9**	**-**	**7.9**	**62.4**	
For the year ended 31 March 2015:						
First interim	**10 October 2014**	**7.9**	**-**	**7.9**	**62.4**	
Second interim	**8 January 2015**	**6.0**	**1.9**	**7.9**	**62.4**	
Gross dividends					**247.0**	236.5
Dividends settled in shares					**(17.2)**	(61.1)
Dividends in statement of changes in equity					**229.8**	175.4
Timing difference relating to payment of withholding tax					**(0.4)**	0.2
Dividends in the statement of cash flows					**229.4**	175.6

1. The PID/non-PID split relates to cash dividends. All scrip dividends have been non-PID.

A third quarterly interim dividend of **7.9p** per ordinary share, or **£62.4m** in total (2014: 7.6p or £59.8m in total), was paid on 10 April 2015 as a Property Income Distribution (PID). The Board has recommended a final quarterly dividend for the year ended 31 March 2015 of **8.15p** per ordinary share (2014: 7.9p) to be paid as a PID. This final dividend will result in a further estimated distribution of **£64.4m** (2014: £62.4m). Subject to shareholders' approval at the Annual General Meeting, the final dividend will be paid on 24 July 2015 to shareholders registered at the close of business on 19 June 2015. The total dividend paid and recommended in respect of the year ended 31 March 2015 is **31.85p** (2014: 30.7p).

The Company operated a scrip dividend scheme during part of the year and the scrip dividend amount of **£17.2m** (2014: £61.1m) comprised a wholly non-PID distribution. A dividend reinvestment plan (DRIP) was introduced in place of the scrip dividend scheme and was operated for the first time in respect of last year's final dividend paid on 22 July 2014.

9. Net cash generated from operations

Reconciliation of operating profit to net cash generated from operations:	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Operating profit	**2,346.7**	1,093.2	**22.0**	22.0
Adjustments for:				
Depreciation	**2.1**	2.7	**-**	-
Amortisation of intangible asset	**1.1**	-	**-**	-
Impairment of long-term development contracts	**11.3**	-	**-**	-
Profit on disposal of trading properties	**(29.8)**	(1.9)	**-**	-
Profit on disposal of investment properties	**(107.1)**	(15.6)	**-**	-
Profit on disposal of investments in joint ventures	**(3.3)**	(2.5)	**-**	-
Net surplus on revaluation of investment properties	**(1,770.6)**	(606.6)	**-**	-
Release of impairment of trading properties	**(1.9)**	(5.3)	**-**	-
Share-based payment charge	**6.0**	5.5	**-**	-
Defined benefit pension scheme charge	**1.1**	1.0	**-**	-
	455.6	470.5	**22.0**	22.0
Changes in working capital:				
Increase in long-term development contracts	**(0.6)**	(1.3)	**-**	-
Increase/(decrease) in receivables	**5.6**	(52.9)	**-**	-
(Decrease)/increase in payables and provisions	**(13.1)**	14.3	**(22.0)**	(22.0)
Net cash generated from operations	**447.5**	430.6	**-**	-

10. Investment properties

	2015 £m	Group 2014 £m
Net book value at the beginning of the year	**9,847.7**	9,651.9
Acquisitions	**108.9**	1.6
Acquired in business combination (note 17)	**910.8**	-
Capital expenditure: Like-for-like portfolio	**72.5**	120.0
Development portfolio	**203.7**	102.0
Capitalised interest	**11.4**	5.5
Disposals	**(470.6)**	(637.3)
Net movement in finance leases	**(13.6)**	3.2
Transfer to trading properties	**-**	(5.8)
Transfer to non-current assets held for sale (note 18)	**(283.4)**	-
Valuation surplus	**1,770.6**	606.6
Net book value at the end of the year	**12,158.0**	9,847.7

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

	As at 31 March 2015				As at 31 March 2014			
	Group (excl. joint ventures) £m	**Joint ventures[1] £m**	**Adjustment for proportionate share[2] £m**	**Combined Portfolio £m**	Group (excl. joint ventures) £m	Joint ventures[1] £m	Adjustment for proportionate share[2] £m	Combined Portfolio £m
Net book value	**12,158.0**	**1,403.0**	**(31.8)**	**13,529.2**	9,847.7	1,571.4	(28.7)	11,390.4
Plus: tenant lease incentives	**251.0**	**26.5**	**(0.2)**	**277.3**	251.9	27.9	(0.2)	279.6
Less: head leases capitalised	**(16.5)**	**-**	**0.2**	**(16.3)**	(30.1)	(3.0)	0.2	(32.9)
Plus: properties treated as finance leases	**242.4**	**-**	**(1.2)**	**241.2**	219.3	4.1	(1.1)	222.3
Market value	**12,634.9**	**1,429.5**	**(33.0)**	**14,031.4**	10,288.8	1,600.4	(29.8)	11,859.4

1. Refer to note 11 for a breakdown of this amount by entity.
2. This represents the interest in X-Leisure which we do not own, but is consolidated in the Group numbers.

The net book value of leasehold properties where head leases have been capitalised is **£911.8m** (2014: £925.1m).

Investment properties include capitalised interest of **£198.2m** (2014: £214.3m). The average rate of interest capitalisation for the year is **5.0%** (2014: 5.0%). The historical cost of investment properties is **£7,185.4m** (2014: £6,579.6m).

11. Joint arrangements

The Group's joint arrangements are described below:

Joint ventures	Percentage owned & voting rights	Business segment	Year end date[1]	Joint venture partners
Held at 31 March 2015				
20 Fenchurch Street Limited Partnership	50.0%	London Portfolio	31 March	Canary Wharf Group plc
Nova, Victoria[2]	50.0%	London Portfolio	31 March	Canada Pension Plan Investment Board
Metro Shopping Fund Limited Partnership	50.0%	Retail Portfolio	31 March	Delancey Real Estate Partners Limited
St. David's Limited Partnership	50.0%	Retail Portfolio	31 December	Intu Properties plc
Westgate Oxford Alliance Limited Partnership	50.0%	Retail Portfolio	31 March	The Crown Estate Commissioners
The Oriana Limited Partnership	50.0%	London Portfolio	31 March	Frogmore Real Estate Partners Limited Partnership
Harvest[3] [4]	50.0%	Retail Portfolio	31 March	J Sainsbury plc
The Ebbsfleet Limited Partnership[4]	50.0%	London Portfolio	31 March	Lafarge Cement UK PLC
Millshaw Property Co. Limited[4]	50.0%	Retail Portfolio	31 March	Evans Property Group Limited
Countryside Land Securities (Springhead) Limited[4]	50.0%	London Portfolio	30 September	Countryside Properties PLC
West India Quay Unit Trust[4] [5]	50.0%	Retail Portfolio	31 December	Schroder Exempt Property Unit Trust

Joint operations	Ownership interest	Business segment	Joint operation partners
Bluewater, Kent	30.0%	Retail Portfolio	M&G Real Estate and GIC Lend Lease Retail Partnership Hermes and Aberdeen Asset Management

Disposed of or transferred to investments in subsidiaries in the year ended 31 March 2015			
Buchanan Partnership[6]	50.0%	Retail Portfolio	The Henderson UK Shopping Centre Fund
Princesshay, Exeter[6]	50.0%	Retail Portfolio	The Crown Estate Commissioners
Bristol Alliance Limited Partnership[7]	50.0%	Retail Portfolio	Hammerson plc
The Martineau Galleries Limited Partnership[4]	33.3%	Retail Portfolio	Hammerson plc Pearl Group Limited
Thomas More Square, E1[8]	50.0%	London Portfolio	The Cadillac Fairview Corporation Limited

Disposed of in the year ended 31 March 2014			
The Scottish Retail Property Limited Partnership[4]	50.0%	Retail Portfolio	The British Land Company PLC
Hungate (York) Regeneration Limited[4]	33.3%	Retail Portfolio	Crosby Lend Lease PLC Evans Property Group Limited
The Empress State Limited Partnership[4]	50.0%	London Portfolio	Capital & Counties Properties PLC

1. The year end date shown is the accounting reference date of the joint venture. In all cases the Group's accounting is performed using financial information for the Group's own reporting period and reporting date.
2. Nova, Victoria includes the Victoria Circle Limited Partnership and Nova Residential Limited Partnership.
3. Harvest includes The Harvest Limited Partnership and Harvest Two Limited Partnership. The Harvest Partnership disposed of its interests in Salisbury and Hull.
4. Included within Other in subsequent tables.
5. West India Quay Unit Trust is held in the X-Leisure Unit Trust (X-Leisure) in which the Group holds a 95% share.
6. On 31 October 2014, the Group simultaneously disposed of its interest in Princesshay, Exeter and acquired the remaining 50% interest in the Buchanan Partnership. See note 17.
7. On 30 October 2014, the Group disposed of its interest in the Bristol Alliance Limited Partnership.
8. On 19 November 2014, the Group acquired the remaining 50% interest in Thomas More Square, E1 from the Ontario Teachers' Pension Plan.

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

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

11. Joint arrangements continued

Year ended 31 March 2015

Joint ventures / Income statement	20 Fenchurch Street Limited Partnership 100% £m	Nova, Victoria 100% £m	Metro Shopping Fund Limited Partnership 100% £m	Buchanan Partnership[3] 100% £m	St. David's Limited Partnership 100% £m	Westgate Oxford Alliance Partnership 100% £m	Bristol Alliance Limited Partnership[4] 100% £m	The Oriana Limited Partnership 100% £m	Individually material JVs at LS's share 50% £m	Other LS share £m	Total LS share £m
Revenue[1]	37.4	0.2	17.4	11.6	42.8	4.2	25.0	12.4	75.5	8.8	84.3
Gross rental income (after rents payable)	31.0	-	14.0	10.4	33.6	3.2	21.2	12.0	62.7	6.4	69.1
Net rental income/(expense)	28.8	(2.8)	13.0	8.2	27.6	2.8	17.6	11.6	53.4	5.6	59.0
Segment profit/(loss) before interest	27.8	(3.2)	12.2	8.2	26.6	2.2	17.0	11.2	51.0	5.3	56.3
Net interest (expense)/income	(27.8)	(0.4)	(6.2)	(4.2)	(3.6)	0.2	-	(7.2)	(24.6)	0.3	(24.3)
Revenue profit	-	(3.6)	6.0	4.0	23.0	2.4	17.0	4.0	26.4	5.6	32.0
Capital and other items											
(Loss)/Profit on disposal of trading properties	-	-	-	-	(0.2)	-	-	-	(0.1)	1.8	1.7
Profit on disposal of investment properties	-	-	-	-	-	0.2	-	42.4	21.3	4.3	25.6
Impairment of trading properties	-	-	-	-	-	-	-	-	-	(0.3)	(0.3)
Net surplus on revaluation of investment properties	187.0	80.0	61.8	-	118.4	21.8	-	63.2	266.1	3.0	269.1
Fair value movement on interest-rate swaps	-	-	-	-	0.6	-	-	(2.2)	(0.8)	-	(0.8)
Impairment of unamortised finance costs	-	-	-	-	-	-	-	(3.3)	(1.6)	-	(1.6)
Adjustment for non-wholly owned subsidiary[2]	-	-	-	-	-	-	-	-	-	0.1	0.1
Profit before tax	187.0	76.4	67.8	4.0	141.8	24.4	17.0	104.1	311.3	14.5	325.8
Income tax	-	-	-	-	-	-	-	-	-	-	-
Post-tax profit	187.0	76.4	67.8	4.0	141.8	24.4	17.0	104.1	311.3	14.5	325.8
Other comprehensive income	-	-	(3.4)	-	-	-	-	-	(1.7)	-	(1.7)
Total comprehensive income	187.0	76.4	64.4	4.0	141.8	24.4	17.0	104.1	309.6	14.5	324.1
	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%			
Land Securities' share of total comprehensive income	93.5	38.2	32.2	2.0	70.9	12.2	8.5	52.1	309.6	14.5	324.1

1. Revenue includes gross rental income (before rents payable), service charge income, other property related income, trading properties disposal proceeds and income from long-term development contracts.
2. The adjustment represents the non-owned element of a Group subsidiary's investment in a joint venture which is excluded from revenue profit and the 'Net surplus/(deficit) on revaluation of investment properties' shown in this note.
3. On 31 October 2014, the Group acquired the remaining 50% interest in Buchanan Galleries, Glasgow from its joint venture partner, therefore the table above only represents the comprehensive income earned in the year up to this date.
4. On 30 October 2014, the Group disposed of its interest in the Bristol Alliance Limited Partnership, therefore the table above only represents the comprehensive income earned in the year up to this date.

11. Joint arrangements continued

Year ended 31 March 2014

Joint ventures	20 Fenchurch Street Limited Partnership	Nova, Victoria	Metro Shopping Fund Limited Partnership	Buchanan Partnership	St. David's Limited Partnership	Westgate Oxford Alliance Partnership	Bristol Alliance Limited Partnership	The Oriana Limited Partnership	Individually material JVs at LS's share	Other	Total
	100%	100%	100%	100%	100%	100%	100%	100%	50%	LS share	LS share
Income statement	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue[1]	1.4	-	17.4	20.6	44.6	4.4	42.0	13.4	71.9	24.9	96.8
Gross rental income (after rents payable)	1.0	(0.2)	14.4	18.0	33.4	3.6	35.4	12.8	59.2	14.0	73.2
Net rental income/(expense)	(3.8)	(1.2)	12.8	15.6	27.2	2.8	30.2	12.4	48.0	12.3	60.3
Segment profit/(loss) before interest	(4.2)	(1.4)	12.2	15.4	26.0	2.4	29.6	11.8	45.9	11.5	57.4
Net interest expense	(8.8)	(0.6)	(6.6)	(8.4)	(8.8)	-	-	(7.4)	(20.3)	(2.4)	(22.7)
Revenue profit	(13.0)	(2.0)	5.6	7.0	17.2	2.4	29.6	4.4	25.6	9.1	34.7
Capital and other items											
Profit on long-term development contracts	-	-	-	-	-	-	-	-	-	1.0	1.0
Profit on disposal of trading properties	-	-	-	-	1.0	-	-	-	0.5	-	0.5
Profit on disposal of investment properties	-	-	-	-	-	-	-	-	-	0.4	0.4
Impairment of trading properties	-	-	-	-	(0.6)	-	-	-	(0.3)	-	(0.3)
Net surplus/(deficit) on revaluation of investment properties	201.4	30.2	16.4	(6.4)	17.6	(6.8)	(5.4)	65.4	156.2	(0.9)	155.3
Fair value movement on interest-rate swaps	-	-	-	-	3.6	-	-	3.0	3.3	1.5	4.8
Adjustment for non-wholly owned subsidiary[2]	-	-	-	-	-	-	-	-	-	0.5	0.5
Profit before tax	188.4	28.2	22.0	0.6	38.8	(4.4)	24.2	72.8	185.3	11.6	196.9
Income tax	-	-	(1.0)	-	(0.4)	-	-	-	(0.7)	(0.4)	(1.1)
	188.4	28.2	21.0	0.6	38.4	(4.4)	24.2	72.8	184.6	11.2	195.8
Net liabilities adjustment[3]	-	-	-	-	-	-	-	-	-	(0.3)	(0.3)
Post-tax profit	188.4	28.2	21.0	0.6	38.4	(4.4)	24.2	72.8	184.6	10.9	195.5
Other comprehensive income	-	-	6.0	-	-	-	-	-	3.0	0.5	3.5
Total comprehensive income	188.4	28.2	27.0	0.6	38.4	(4.4)	24.2	72.8	187.6	11.4	199.0
	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%			
Land Securities' share of total comprehensive income	94.2	14.1	13.5	0.3	19.2	(2.2)	12.1	36.4	187.6	11.4	199.0

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

11. Joint arrangements continued

Balance sheet at 31 March 2015	20 Fenchurch Street Limited Partnership 100% £m	Nova, Victoria 100% £m	Metro Shopping Fund Limited Partnership 100% £m	Buchanan Partnership[2] 100% £m	St. David's Limited Partnership 100% £m	Westgate Oxford Alliance Partnership 100% £m	Bristol Alliance Limited Partnership[3] 100% £m	The Oriana Limited Partnership 100% £m	Individually material JVs at LS's share 50% £m	Other LS share £m	Total LS share £m
Investment properties[1]	916.4	453.2	308.6	-	641.6	100.0	-	242.4	1,331.1	71.9	1,403.0
Non-current assets	**916.4**	**453.2**	**308.6**	**-**	**641.6**	**100.0**	**-**	**242.4**	**1,331.1**	**71.9**	**1,403.0**
Cash and cash equivalents	6.6	4.0	10.2	-	6.2	8.6	-	62.2	48.9	9.3	58.2
Other current assets	35.0	184.8	6.0	-	23.2	1.0	-	28.2	139.1	32.5	171.6
Current assets	**41.6**	**188.8**	**16.2**	**-**	**29.4**	**9.6**	**-**	**90.4**	**188.0**	**41.8**	**229.8**
Total assets	**958.0**	**642.0**	**324.8**	**-**	**671.0**	**109.6**	**-**	**332.8**	**1,519.1**	**113.7**	**1,632.8**
Trade and other payables and provisions	(66.0)	(97.0)	(5.9)	-	(13.2)	(2.6)	-	(41.4)	(113.0)	(4.8)	(117.8)
Current liabilities	**(66.0)**	**(97.0)**	**(5.9)**	**-**	**(13.2)**	**(2.6)**	**-**	**(41.4)**	**(113.0)**	**(4.8)**	**(117.8)**
Trade and other payables and provisions	-	-	-	-	-	-	-	-	-	-	-
Non-current financial liabilities	-	-	(147.0)	-	-	-	-	-	(73.5)	(8.0)	(81.5)
Non-current liabilities	**-**	**-**	**(147.0)**	**-**	**-**	**-**	**-**	**-**	**(73.5)**	**(8.0)**	**(81.5)**
Total liabilities	**(66.0)**	**(97.0)**	**(152.9)**	**-**	**(13.2)**	**(2.6)**	**-**	**(41.4)**	**(186.5)**	**(12.8)**	**(199.3)**
Net assets	**892.0**	**545.0**	**171.9**	**-**	**657.8**	**107.0**	**-**	**291.4**	**1,332.6**	**100.9**	**1,433.5**
Market value of investment properties[1]	**948.2**	**453.2**	**310.6**	**-**	**660.0**	**100.0**	**-**	**242.6**	**1,357.3**	**72.2**	**1,429.5**
Net (debt)/cash	**6.6**	**4.0**	**(136.8)**	**-**	**6.2**	**8.6**	**-**	**62.2**	**(24.6)**	**1.3**	**(23.3)**

Balance sheet at 31 March 2014											
Investment properties[1]	686.8	265.2	235.4	268.0	523.2	60.0	509.2	392.0	1,469.9	101.5	1,571.4
Non-current assets	**686.8**	**265.2**	**235.4**	**268.0**	**523.2**	**60.0**	**509.2**	**392.0**	**1,469.9**	**101.5**	**1,571.4**
Cash and cash equivalents	3.8	13.2	8.4	1.2	12.2	2.0	4.8	12.8	29.2	7.4	36.6
Other current assets	1.0	131.6	4.8	5.2	27.0	0.6	34.2	16.0	110.2	43.0	153.2
Current assets	**4.8**	**144.8**	**13.2**	**6.4**	**39.2**	**2.6**	**39.0**	**28.8**	**139.4**	**50.4**	**189.8**
Total assets	**691.6**	**410.0**	**248.6**	**274.4**	**562.4**	**62.6**	**548.2**	**420.8**	**1,609.3**	**151.9**	**1,761.2**
Trade and other payables and provisions	(30.8)	(34.6)	(6.4)	(4.2)	(14.2)	(1.2)	(13.6)	(17.0)	(61.0)	(4.6)	(65.6)
Current liabilities	**(30.8)**	**(34.6)**	**(6.4)**	**(4.2)**	**(14.2)**	**(1.2)**	**(13.6)**	**(17.0)**	**(61.0)**	**(4.6)**	**(65.6)**
Trade and other payables and provisions	-	(12.8)	-	-	-	-	-	-	(6.4)	(1.1)	(7.5)
Non-current financial liabilities	-	-	(142.8)	-	(157.6)	-	(5.2)	(166.8)	(236.2)	(8.6)	(244.8)
Non-current liabilities	**-**	**(12.8)**	**(142.8)**	**-**	**(157.6)**	**-**	**(5.2)**	**(166.8)**	**(242.6)**	**(9.7)**	**(252.3)**
Total liabilities	**(30.8)**	**(47.4)**	**(149.2)**	**(4.2)**	**(171.8)**	**(1.2)**	**(18.8)**	**(183.8)**	**(303.6)**	**(14.3)**	**(317.9)**
Net assets	**660.8**	**362.6**	**99.4**	**270.2**	**390.6**	**61.4**	**529.4**	**237.0**	**1,305.7**	**137.6**	**1,443.3**
Market value of investment properties[1]	**687.6**	**265.2**	**237.2**	**270.0**	**544.4**	**60.0**	**534.6**	**398.0**	**1,498.5**	**101.9**	**1,600.4**
Net (debt)/cash	**3.8**	**13.2**	**(134.4)**	**1.2**	**(145.2)**	**6.2**	**(0.2)**	**(153.8)**	**(204.6)**	**(3.6)**	**(208.2)**

1. The difference between the book value and the market value is the amount included in Other current assets in respect of lease incentives, head leases capitalised and properties treated as finance leases.
2. On 31 October 2014, the Group acquired the remaining 50% interest in Buchanan Galleries, Glasgow from its joint venture partner and now recognises it as a subsidiary undertaking.
3. On 30 October 2014, the Group disposed of its interest in the Bristol Alliance Limited Partnership.

11. Joint arrangements continued

Joint ventures	20 Fenchurch Street Limited Partnership	Nova, Victoria	Metro Shopping Fund Limited Partnership	Buchanan Partnership	St. David's Limited Partnership	Westgate Oxford Alliance Partnership	Bristol Alliance Limited Partnership	The Oriana Limited Partnership	Individually material JVs at LS's share	Other	Total
	50%	50%	50%	50%	50%	50%	50%	50%	50%	LS share	LS share
Net investment	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 April 2013	175.6	126.5	37.0	138.2	186.1	29.8	268.7	82.1	1,044.0	257.0	1,301.0
Total comprehensive income	94.2	14.1	13.5	0.3	19.2	(2.2)	12.1	36.4	187.6	11.4	199.0
Cash contributed	-	-	-	1.3	-	3.3	-	-	4.6	0.1	4.7
Property and other contributions	0.1	-	-	-	-	-	-	-	0.1	-	0.1
Distributions	-	-	(0.8)	(4.7)	-	(0.2)	(16.1)	-	(21.8)	(5.6)	(27.4)
Loan advances	60.5	40.7	-	-	-	-	-	-	101.2	15.9	117.1
Loan repayments	-	-	-	-	(10.0)	-	-	-	(10.0)	(0.9)	(10.9)
Disposals	-	-	-	-	-	-	-	-	-	(140.3)	(140.3)
At 31 March 2014	**330.4**	**181.3**	**49.7**	**135.1**	**195.3**	**30.7**	**264.7**	**118.5**	**1,305.7**	**137.6**	**1,443.3**
Total comprehensive income	**93.5**	**38.2**	**32.2**	**2.0**	**70.9**	**12.1**	**8.7**	**52.2**	**309.8**	**14.3**	**324.1**
Cash contributed	**-**	**-**	**4.9**	**1.1**	**-**	**10.7**	**-**	**-**	**16.7**	**-**	**16.7**
Property and other contributions	**0.1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**	**0.2**
Distributions	**-**	**-**	**(0.9)**	**(1.9)**	**-**	**-**	**(8.6)**	**(15.3)**	**(26.7)**	**(33.0)**	**(59.7)**
Loan advances	**22.0**	**53.1**	**-**	**-**	**78.3**	**-**	**-**	**-**	**153.4**	**0.5**	**153.9**
Loan repayments	**-**	**-**	**-**	**-**	**(15.6)**	**-**	**-**	**(9.7)**	**(25.3)**	**(11.7)**	**(37.0)**
Disposals	**-**	**-**	**-**	**(136.3)**	**-**	**-**	**(264.8)**	**-**	**(401.1)**	**(6.9)**	**(408.0)**
At 31 March 2015	**446.0**	**272.6**	**85.9**	**-**	**328.9**	**53.5**	**-**	**145.7**	**1,332.6**	**100.9**	**1,433.5**

12. Trading properties and long-term development contracts

	Development land and infrastructure £m	Residential £m	Total trading properties £m	Long-term development contracts £m	Group Total £m
At 1 April 2013	86.2	57.2	143.4	9.4	152.8
Capital expenditure	3.7	30.5	34.2	-	34.2
Capitalised interest	0.9	1.9	2.8	-	2.8
Disposals	-	(9.3)	(9.3)	-	(9.3)
Transfer from investment properties	-	5.8	5.8	-	5.8
Impairment release	5.3	-	5.3	-	5.3
Contract costs deferred	-	-	-	1.3	1.3
At 31 March 2014	**96.1**	**86.1**	**182.2**	**10.7**	**192.9**
Capital expenditure	**6.5**	**48.2**	**54.7**	**0.6**	**55.3**
Capitalised interest	**0.5**	**3.1**	**3.6**	**-**	**3.6**
Disposals	**(20.1)**	**-**	**(20.1)**	**-**	**(20.1)**
Impairment release	**1.9**	**-**	**1.9**	**-**	**1.9**
Contract costs impaired	**-**	**-**	**-**	**(11.3)**	**(11.3)**
At 31 March 2015	**84.9**	**137.4**	**222.3**	**-**	**222.3**

The cumulative impairment provision at 31 March 2015 in respect of Development land and infrastructure was **£91.3m** (31 March 2014: £98.1m); and in respect of Residential was **£nil** (31 March 2014: £0.3m).

13. Capital structure

	2015 Group £m	2015 Joint ventures £m	2015 Adjustment for non-wholly owned subsidiaries[1] £m	2015 Combined £m	2014 Group £m	2014 Joint ventures £m	2014 Adjustment for non-wholly owned subsidiaries[1] £m	2014 Combined £m
Property portfolio								
Market value of investment properties	**12,634.9**	**1,429.5**	**(33.0)**	**14,031.4**	10,288.8	1,600.4	(29.8)	11,859.4
Trading properties and long-term contracts	**222.3**	**115.1**	**-**	**337.4**	192.9	91.7	-	284.6
Non-current assets held for sale	**283.4**	**-**	**-**	**283.4**	-	-	-	-
Total property portfolio (a)	**13,140.6**	**1,544.6**	**(33.0)**	**14,652.2**	10,481.7	1,692.1	(29.8)	12,144.0
Net debt								
Borrowings	**3,783.7**	**79.4**	**(0.2)**	**3,862.9**	3,362.2	244.9	(0.1)	3,607.0
Monies held in restricted accounts and deposits	**(10.4)**	**-**	**-**	**(10.4)**	(14.5)	-	-	(14.5)
Cash and cash equivalents	**(14.3)**	**(58.2)**	**-**	**(72.5)**	(20.9)	(36.6)	0.1	(57.4)
Fair value of interest-rate swaps	**37.7**	**2.1**	**-**	**39.8**	-	-	-	-
Fair value of foreign exchange swaps	**3.8**	**-**	**-**	**3.8**	3.7	(0.1)	-	3.6
Net debt (b)	**3,800.5**	**23.3**	**(0.2)**	**3,823.6**	3,330.5	208.2	-	3,538.7
Less: Fair value of interest-rate swaps	**(37.7)**	**(2.1)**	**-**	**(39.8)**	(3.7)	0.1	-	(3.6)
Less: Fair value of foreign exchange swaps	**(3.8)**	**-**	**-**	**(3.8)**	-	-	-	-
Reverse bond exchange de-recognition (note 14)	**391.7**	**-**	**-**	**391.7**	413.2	-	-	413.2
Adjusted net debt (c)	**4,150.7**	**21.2**	**(0.2)**	**4,171.7**	3,740.0	208.3	-	3,948.3
Adjusted total equity								
Total equity (d)	**10,606.3**	**-**	**-**	**10,606.3**	8,418.3	-	-	8,418.3
Fair value of interest-rate swaps	**37.7**	**2.1**	**-**	**39.8**	3.7	(0.1)	-	3.6
Fair value of foreign exchange swaps	**3.8**	**-**	**-**	**3.8**	-	-	-	-
Reverse bond exchange de-recognition (note 14)	**(391.7)**	**-**	**-**	**(391.7)**	(413.2)	-	-	(413.2)
Adjusted total equity (e)	**10,256.1**	**2.1**	**-**	**10,258.2**	8,008.8	(0.1)	-	8,008.7
Gearing (b/d)	**35.8%**			**36.1%**	39.6%			42.0%
Adjusted gearing (c/e)	**40.5%**			**40.7%**	46.7%			49.3%
Group LTV (c/a)	**31.6%**			**28.5%**	35.7%			32.5%
Security Group LTV	**31.5%**				35.5%			
Weighted average cost of debt	**4.5%**			**4.5%**	5.0%			5.0%

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

14. Borrowings

	Secured/ unsecured	Fixed/ floating	Effective interest rate %	2015 Nominal/ notional value £m	2015 Fair value £m	2015 Book value £m	Group 2014 Nominal/ notional value £m	2014 Fair value £m	2014 Book value £m
Current borrowings									
Sterling									
5.253% QAG Bond	Secured	Fixed	5.3	**14.6**	**17.5**	**14.6**	13.2	15.0	13.2
Bilateral facilities	Secured	Floating	LIBOR + margin	**-**	**-**	**-**	500.0	500.0	500.0
Commercial paper	Unsecured	Floating	LIBOR + margin	**30.1**	**30.1**	**30.1**	-	-	-
Euro									
Commercial paper	Unsecured	Floating	EURIBOR + margin	**146.0**	**146.0**	**146.0**	-	-	-
Total current borrowings				**190.7**	**193.6**	**190.7**	513.2	515.0	513.2
Non-current borrowings									
Sterling									
4.875% MTN due 2019	Secured	Fixed	5.0	**400.0**	**436.0**	**398.7**	400.0	441.1	398.2
5.425% MTN due 2022	Secured	Fixed	5.5	**255.3**	**298.3**	**254.9**	255.3	290.8	254.8
4.875% MTN due 2025	Secured	Fixed	4.9	**300.0**	**357.2**	**298.0**	300.0	332.6	297.9
5.391% MTN due 2026	Secured	Fixed	5.4	**210.7**	**260.1**	**210.1**	210.7	242.9	210.0
5.391% MTN due 2027	Secured	Fixed	5.4	**608.3**	**767.1**	**606.2**	608.6	703.3	606.4
5.376% MTN due 2029	Secured	Fixed	5.4	**317.6**	**410.1**	**316.2**	317.5	366.3	316.1
5.396% MTN due 2032	Secured	Fixed	5.4	**322.6**	**426.5**	**321.0**	322.7	375.1	321.0
5.125% MTN due 2036	Secured	Fixed	5.1	**500.0**	**653.5**	**498.7**	500.0	570.2	498.7
Bond exchange de-recognition adjustment						**(391.7)**			(413.2)
				2,914.5	**3,608.8**	**2,512.1**	2,914.8	3,322.3	2,489.9
5.253% QAG Bond	Secured	Fixed	5.3	**289.4**	**347.0**	**289.4**	304.0	346.0	304.0
Syndicated bank debt	Secured	Floating	LIBOR + margin	**180.0**	**180.0**	**180.0**	15.0	15.0	15.0
Bilateral facilities	Secured	Floating	LIBOR + margin	**595.0**	**595.0**	**595.0**	10.0	10.0	10.0
Amounts payable under finance leases	Unsecured	Fixed	7.2	**16.5**	**20.7**	**16.5**	30.1	43.0	30.1
Total non-current borrowings				**3,995.4**	**4,751.5**	**3,593.0**	3,273.9	3,736.3	2,849.0
Total borrowings				**4,186.1**	**4,945.1**	**3,783.7**	3,787.1	4,251.3	3,362.2

Reconciliation of the movement in borrowings	2015 £m	Group 2014 £m
At the beginning of the year	**3,362.2**	3,751.4
Repayment of loans	**(13.6)**	(911.3)
Proceeds from new loans	**431.0**	500.0
Foreign exchange on commercial paper	**(4.9)**	-
Amortisation of finance fees	**1.1**	1.1
Amortisation of bond exchange de-recognition adjustment	**21.5**	19.6
Net movement in finance lease obligations	**(13.6)**	1.4
At 31 March	**3,783.7**	3,362.2

Medium term notes (MTNs)

The MTNs are secured on the fixed and floating pool of assets of the Security Group. Debt investors benefit from security over a pool of investment properties, development properties and the Group's investment in the Westgate Oxford Alliance Limited Partnership, Nova, Victoria and the St. David's Limited Partnership, valued at **£12.3bn** at 31 March 2015 (2014: £9.7bn). The secured debt structure has a tiered operating covenant regime which gives the Group substantial flexibility when the loan-to-value and interest cover in the Security Group are less than 65% and more than 1.45 times respectively. If these limits are exceeded, the operating environment becomes more restrictive with provisions to encourage the reduction in gearing. The interest rate is fixed until the expected maturity, being two years before the legal maturity date for each MTN, whereupon the interest rate for the last two years is LIBOR plus a step-up margin. The effective interest rate includes the amortisation of issue costs. The MTNs are listed on the Irish Stock Exchange and their fair values are based on their respective market prices.

14. Borrowings continued

Syndicated and bilateral bank debt

	Maturity as at 31 March 2015	Authorised 2015 £m	Authorised 2014 £m	Drawn 2015 £m	Drawn 2014 £m	Group Undrawn 2015 £m	Group Undrawn 2014 £m
Syndicated debt	2020	**1,255.0**	1,085.0	**180.0**	15.0	**1,075.0**	1,070.0
Bilateral debt	2016 -18	**985.0**	985.0	**595.0**	510.0	**390.0**	475.0
		2,240.0	2,070.0	**775.0**	525.0	**1,465.0**	1,545.0

The terms of the Security Group funding arrangements require undrawn facilities to be reserved where syndicated and bilateral facilities mature within one year, or where commercial paper has been issued. Accordingly, the Group's available undrawn facilities at 31 March 2015 were **£1,288.9m** (2014: £1,045.0m), compared with undrawn facilities of **£1,465.0m** (2014: £1,545.0m).

All syndicated and bilateral facilities are committed and secured on the assets of the Security Group. In the year ended 31 March 2015, the amounts drawn under the Group's bilateral facilities and syndicated bank debt increased by £250.0m, primarily to fund the acquisition of Bluewater, Kent. To increase our financial headroom following the acquisition, the £500.0m short-term bank facility in place at 31 March 2014 was cancelled and replaced with a facility for the same amount expiring in September 2016.

At 31 March 2014 the Group had a £1.085bn authorised credit facility with a maturity of December 2016, which was £15.0m drawn. In March 2015, the borrowings under this facility were repaid and the facility was cancelled in full. At the same time a new £1.255bn facility was entered into, which matures in March 2020. The new facility was £180.0m drawn at 31 March 2015. This facility is committed and is secured on the assets of the Security Group.

The Group actively maintains a mixture of notes with final maturities between 2019 and 2036, commercial paper and medium-term committed bank facilities that are designed to ensure that the Group has sufficient available funds for its operations and its committed capital expenditure programme.

Management monitors the Group's available funds as follows:

	Group 2015 £m	Group 2014 £m
Cash and cash equivalents	**14.3**	20.9
Available facilities	**1,288.9**	1,045.0
Cash and available undrawn facilities	**1,303.2**	1,065.9
As a proportion of drawn debt	**31.3%**	28.4%

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

Queen Anne's Gate Bond

On 29 July 2009, the Group issued a £360.3m bond secured on the rental cash flows from the commercial lease with the UK Government over Queen Anne's Gate (QAG). The QAG Bond is a fully amortising bond with a final maturity in February 2027 and a fixed interest rate of 5.253% per annum. At 31 March 2015 the bond had an amortised book value of **£304.0m** (2014: £317.2m).

Fair values

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

Bond exchange de-recognition

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

15. Monies held in restricted accounts and deposits

		Group
	2015	2014
	£m	£m
Cash at bank and in hand	**8.2**	7.6
Short-term deposits	**2.2**	6.9
	10.4	14.5

The credit quality of monies held in restricted accounts and deposits can be assessed by reference to external credit ratings of the counterparty where the account or deposit is placed.

		Group
	2015	2014
	£m	£m
Counterparties with external credit ratings		
A	**10.4**	14.5
	10.4	14.5

16. Cash and cash equivalents

		Group		Company
	2015	2014	**2015**	2014
	£m	£m	**£m**	£m
Cash at bank and in hand	**6.6**	18.2	**0.1**	0.1
Short-term deposits	**7.7**	2.7	**-**	-
	14.3	20.9	**0.1**	0.1

Short-term deposits

The effective interest rate on short-term deposits was **0.3%** at 31 March 2015 (2014: 0.3%) and had an average maturity of **1.5 days** (2014: 2.0 days).

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

		Group
	2015	2014
	£m	£m
Counterparties with external credit ratings		
A	**12.8**	20.3
A-	**1.5**	0.6
	14.3	20.9

17. Business combinations

The Group has accounted for the following transactions in accordance with IFRS 3 'Business Combinations' and therefore applied purchase accounting. Further details on each acquisition is below:

Bluewater, Kent

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

On acquisition, the Group recognised an intangible asset of £30.0m, representing the estimated fair value of the management rights for the centre, together with a corresponding deferred tax liability of £6.0m. The intangible asset is being amortised over a period of 20 years.

Goodwill of £35.5m arose on the transaction, primarily representing the difference between the value of the investment property attributed by our external valuers, and the consideration paid. The difference is largely due to prospective purchasers' costs, which are deducted by the external valuer in determining the investment property value, as well as a lower value being attributed to the 110 acres of surrounding land, where management felt it was appropriate to pay a premium for the land on the basis of its long-term potential and its adjacency to the Group's land at Ebbsfleet. The Group has considered whether this element of the goodwill is recoverable, and has concluded that it is not. The purchasers' costs could potentially be recovered if a future sale was structured through a corporate transaction, but the Group does not consider there to be sufficient certainty to deem this element of the goodwill to be recoverable. Similarly, the Group's longer term plans for the outer land and the potential synergies with the Group's existing holdings are at an early stage, making the recoverable amount uncertain at this time. £29.5m of goodwill has therefore been written off to the income statement in the year.

The remaining goodwill of £6.0m represents goodwill arising on the deferred tax liability. The deferred tax liability will be released to the income statement as the intangible asset is amortised, and the corresponding element of the goodwill will be tested for impairment. At 31 March 2015, the carrying value of both the deferred tax liability and the goodwill was £5.8m.

Buchanan Galleries, Glasgow

On 31 October 2014, the Group acquired the remaining 50% interest in Buchanan Galleries from its joint venture partner, The Henderson UK Shopping Centre Fund, for total consideration of £137.1m. The consideration consisted of a net cash consideration of £9.2m as well as the Group's interests in certain investment properties within its Exeter joint operation, in particular Princesshay, together with associated working capital for a total acquisition date fair value of £127.9m.

Buchanan Galleries currently totals 600,000 sq ft of prime retail space and the Group has planning consent for a leisure and retail extension which would extend the centre to 1.2m sq ft of retail, leisure and restaurant space.

The fair value of the consideration paid was less than the value of the identifiable assets and, as a result, a gain of £2.2m has been recognised in the income statement on acquisition within net gain on business combinations. In addition, £6.1m of transaction related costs are included within costs. The gain on business combination of £2.2m reflects a £0.6m gain on bargain purchase and a £1.6m gain on revaluation of our existing interest at the date of acquisition.

17. Business combinations continued

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

	Bluewater 30% £m	Buchanan Galleries 100% £m	Total £m
Assets			
Investment property	635.8	275.0	910.8
Intangible asset	30.0	-	30.0
Cash	2.8	1.4	4.2
Trade receivables (Note 1)	6.7	0.7	7.4
Other receivables	1.0	-	1.0
Total assets	**676.3**	**277.1**	**953.4**
Liabilities			
Trade and other payables	(4.7)	(0.1)	(4.8)
Accruals and deferred income	(6.8)	(1.6)	(8.4)
Deferred tax	(6.0)	-	(6.0)
Total liabilities	**(17.5)**	**(1.7)**	**(19.2)**
Net assets	**658.8**	**275.4**	**934.2**
Fair value of consideration paid	694.3	137.1	831.4
Fair value of previously held interest	-	136.1	136.1
	694.3	**273.2**	**967.5**
Goodwill/(gain on business combination) recognised	**35.5**	**(2.2)**	**33.3**
Goodwill impairment	29.5	-	29.5
Net gain on business combination	-	(2.2)	(2.2)
Business combination costs	2.7	6.1	8.8
Total loss on business combination recognised in the income statement	**32.2**	**3.9**	**36.1**
Note 1:			
Gross contractual amount for trade receivables	7.0	0.7	7.7
Less amounts expected to be irrecoverable	(0.3)	-	(0.3)
Trade receivables	**6.7**	**0.7**	**7.4**

Pro forma information

Since the date of acquisition, the acquisitions have contributed the following to the revenue of the Group and the profit after tax for the year:

	Bluewater £m	Buchanan Galleries £m	Total £m
Revenue	27.2	9.3	36.5
Profit after tax	12.8	1.9	14.7

If the acquisitions had been made on 1 April 2014, revenue and profit after tax would have been higher by £14.0m and £7.9m respectively.

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

17. Business combinations continued

Intangible asset and deferred tax liability

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

	Goodwill £m	Other intangible asset £m	Total intangible asset £m	Deferred tax liability[1] £m
At 1 April 2014	**-**	**-**	**-**	**-**
Arising on business combination - Bluewater	**35.5**	**30.0**	**65.5**	**(6.0)**
Impairment of goodwill arising on acquisition	**(29.5)**	**-**	**(29.5)**	**-**
Amortisation of intangible asset	**-**	**(1.1)**	**(1.1)**	**-**
Impairment of goodwill on unwind of deferred tax liability	**(0.2)**	**-**	**(0.2)**	**-**
Unwind of deferred tax liability	**-**	**-**	**-**	**0.2**
At 31 March 2015	**5.8**	**28.9**	**34.7**	**(5.8)**

1. This represents the deferred tax liability arising on business combinations only.

18. Non-current assets held for sale

On 23 March 2015, the Group exchanged contracts for the sale of Times Square, EC4 for consideration of £284.6m. The risks and returns of ownership had not fully transferred to the buyer as at 31 March 2015. As a result the property was classified as a Non-current asset held for sale with a carrying value of **£283.4m**.

19. Events after the reporting period

There are no reportable events after the reporting period.

Business analysis

Table 7: EPRA performance measures

	Definition for EPRA measure	Notes	31 March 2015 Land Securities Measure	EPRA Measure
Adjusted earnings	Recurring earnings from core operational activity[1]	7	**£329.1m**	**£296.3m**
Adjusted earnings per share	Adjusted earnings per weighted number of ordinary shares[1]	7	**41.7p**	**37.5p**
Adjusted diluted earnings per share	Adjusted diluted earnings per weighted number of ordinary shares[1]	7	**41.5p**	**37.4p**
Adjusted net assets	Net asset value adjusted to exclude fair value movements on interest-rate swaps [2]	6	**£10,254.4m**	**£10,646.1m**
Adjusted diluted net assets per share	Adjusted diluted net assets per share[2]	6	**1,293p**	**1,342p**
Triple net assets	Adjusted net assets amended to include the fair value of financial instruments and debt	6	**£9,439.2m**	**£9,439.2m**
Diluted triple net assets per share	Diluted triple net assets per share	6	**1,190p**	**1,190p**
Net initial yield (NIY)	Annualised rental income less non-recoverable costs as a % of market value plus assumed purchasers' costs[3]		**4.35%**	**4.38%**
Topped-up NIY	NIY adjusted for rent free periods[3]		**4.63%**	**4.63%**
Voids/vacancy rate	ERV of vacant space as a % of ERV of Combined Portfolio excluding the development programme[4]		**3.60%**	**3.60%**
Cost ratio	Total costs as a percentage of gross rental income (including direct vacancy costs)[5]		**20.2%**	**20.6%**
	Total costs as a percentage of gross rental income (excluding direct vacancy costs)[5]		**n/a**	**18.9%**

Refer to notes 6, 7 and table 12 for further analysis.

1. EPRA adjusted earnings and EPRA adjusted earnings per share include the effect of bond exchange de-recognition charges of £21.5m.
2. EPRA adjusted net assets and adjusted diluted net assets per share include the bond exchange de-recognition adjustment of £391.7m.
3. Our NIY and Topped-up NIY relate to the Combined Portfolio, excluding properties in the development programme that have not yet reached practical completion, and are calculated by our external valuers. EPRA NIY and EPRA Topped-up NIY calculations are consistent with ours, but exclude the full development programme.
4. Our measure reflects voids in our like-for-like portfolio only. The EPRA measure reflects voids in the Combined Portfolio excluding only the development programme.
5. The EPRA cost ratio is calculated based on gross rental income after rents payable, whereas our measure is based on gross rental income before rents payable. We do not calculate a cost ratio excluding direct vacancy costs as we do not consider this to be helpful. For further information on our costs and costs ratio see table 12.

Table 8: Top 12 occupiers at 31 March 2015

	% of Group rent[1]
Accor	5.0
Central Government (including Queen Anne's Gate, SW1) [2]	4.7
Deloitte	2.6
Primark	2.1
Boots	1.5
Bank of New York Mellon	1.4
Taylor Wessing	1.4
Next	1.4
Arcadia Group	1.2
Sainsbury's	1.2
Cineworld	1.2
K & L Gates	1.1
	24.8

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

Table 9: Development pipeline and trading property development schemes at 31 March 2015

Development pipeline

Property	Description of use	Ownership interest %	Size sq ft	Letting status %	Market value £m	Net income/ ERV £m	Estimated/ actual completion date	Total development costs to date £m	Forecast total development cost £m
Developments after practical completion									
62 Buckingham Gate, SW1	Office	100	259,700	68	377	18.6	May 2013	178	178
	Retail		15,600	100					
20 Fenchurch Street, EC3	Office	50	673,900	92	474	21.8	Dec 2014	229	239
	Retail		14,200	100					
Developments approved or in progress									
1 & 2 New Ludgate, EC4	Office	100	355,300	66	437	23.1	Apr 2015	232	254
	Retail		26,200	30					
The Zig Zag Building, SW1[1]	Office	100	188,700	32	290	16.0	Jul 2015	158	177
	Retail		44,500	52					
20 Eastbourne Terrace, W2	Office	100	92,700	-	63	5.3	Apr 2016	43	67
1 New Street Square, EC4	Office	100	274,800	100	177	15.5	Jun 2016	73	180
	Retail			100					
Nova, Victoria, SW1 - Phase I	Office	50	480,300	-	216	20.0	Jul 2016	139	248
	Retail		79,900	24					
Oriana,W1 – Phase II	Retail	50	72,300	64	68	3.3	Nov 2016	28	37
Westgate, Oxford	Retail	50	804,450	29	50	13.9	Oct 2017	39	220
	Residential		37,018	-					
Proposed developments									
Buchanan Galleries, Glasgow[2]	Retail	100	1,170,000	n/a	n/a	n/a	2018	n/a	n/a
Developments let and transferred or sold									
123 Victoria Street, SW1[3]	Office	100	200,100	100	n/a[4]	14.2	Aug 2012	154	154
	Retail		28,200	100					
Bishop Centre, Taplow	Retail	100	101,500	100	n/a[4]	2.7	Jul 2014	38	38

1. Includes retail within Kings Gate, SW1.
2. Figures provided are for the scheme as a whole (development and existing scheme).
3. Office refurbishment only. Figures provided are for the property as a whole including the retail element.
4. Once properties are transferred from the development pipeline, we do not report on their individual value.

Where the property is not 100% owned, floor areas and letting status shown above represent the full scheme whereas all other figures represent our proportionate share. Letting % is measured by ERV and shows letting status at 31 March 2015. 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 31 March 2015, the only properties on which interest was capitalised on the land cost were Westgate, Oxford and Nova, Victoria, SW1 - Phase I. The figures for total development costs include expenditure on the residential elements of Westgate, Oxford (£10.9m).

Net income/ERV

Net income/ERV represents headline annual rent on let units plus ERV at 31 March 2015 on unlet units, both after rents payable.

Trading property development schemes

Property	Description of use	Ownership interest %	Size sq ft	Number of units	Sales exchanged by unit %	Estimated/ actual completion date	Total development costs to date £m	Forecast total development cost £m
Kings Gate, SW1	Residential	100	108,700	100	85	Jul 2015	138	161
Nova, Victoria, SW1 – Phase I	Residential	50	166,400	170	78	Apr 2016	92	141
Oriana, W1 – Phase II	Residential	50	20,200	18	-	Nov 2016	9	16

Table 10: Combined Portfolio value by location at 31 March 2015

	Shopping centres and shops %	Retail warehouses %	Offices %	Hotels, leisure, residential & other %	Total %
Central, inner and outer London	13.5	0.2	45.1	3.7	62.5
South East and East	9.2	4.3	-	0.7	14.2
Midlands	-	0.9	-	0.8	1.7
Wales and South West	2.4	0.5	-	4.3	7.2
North, North West, Yorkshire and Humberside	7.2	2.1	0.1	1.2	10.6
Scotland and Northern Ireland	2.8	0.8	-	0.2	3.8
Total	**35.1**	**8.8**	**45.2**	**10.9**	**100.0**

% figures calculated by reference to the Combined Portfolio value of £14.0bn.

Table 11: Performance relative to IPD
Total property returns – year ended 31 March 2015

	Land Securities %	IPD[1] %
Retail – Shopping centres	19.8	15.2
– Retail warehouses	8.5 [2]	13.2
Central London shops	23.8	28.9
Central London offices	28.4	22.6
Total portfolio	**23.0** [3]	**17.1**

1. IPD Quarterly Universe
2. Including supermarkets
3. Including leisure, hotel portfolio and other

Table 12: Cost analysis

Gross rental income (after rents payable)	640.8
Net service charge expense	(2.2)
Direct property expenditure	(39.1)
Net rental income	**599.5**
Indirect costs	(51.3)
Segment profit before interest	**548.2**
Unallocated expenses (net)	(39.4)
Net interest - Group	(155.4)
Net interest - joint ventures	(24.3)
Revenue profit	**329.1**

Direct property costs	**£41.3m**
Indirect expenses	**£90.7m**
Total	**£132.0m**
Total cost ratio[1]	**20.2%**

	Year ended 31 March 2015 Total £m	Year ended 31 March 2015 Cost ratio %[1]	Year ended 31 March 2014 Total £m	Year ended 31 March 2014 Cost ratio %[1]
Managed operations	**8.6**	**1.3**	9.7	1.5
Tenant default	**7.2**	**1.1**	5.3	0.8
Void related costs	**11.1**	**1.8**	11.7	1.9
Other direct property costs	**7.8**	**1.2**	3.9	0.6
Development expenditure	**30.9**	**4.7**	25.9	4.0
Asset management, administration and compliance	**66.4**	**10.1**	64.6	10.0
Total	**132.0**	**20.2**	121.1	18.8

1. All percentages represent costs divided by gross rental income including finance leases, before rents payable.

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

	Market value[1]		Valuation movement[2]		Rental income[3]		Annualised rental income[4]	Annualised net rent[5]		Net estimated rental value[6]	
	31 March 2015	31 March 2014	Surplus/ (deficit)	Surplus/ (deficit)	31 March 2015	31 March 2014	31 March 2015	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	£m	£m	£m	%	£m	£m	£m	£m	£m	£m	£m
Retail Portfolio											
Shopping centres and shops	**2,025.7**	1,687.6	**327.6**	**19.5%**	**116.1**	112.3	**109.8**	**104.2**	106.4	**109.4**	109.6
Retail warehouses and food stores	**1,130.8**	1,087.7	**24.1**	**2.2%**	**66.7**	68.2	**67.7**	**66.7**	64.0	**66.9**	67.5
Leisure and hotels	**797.2**	677.5	**118.1**	**17.5%**	**46.8**	45.8	**47.2**	**46.9**	45.2	**46.2**	44.3
Other	**32.3**	26.0	**5.8**	**22.3%**	**2.1**	2.5	**2.0**	**1.6**	2.2	**3.1**	2.9
Total Retail	**3,986.0**	3,478.8	**475.6**	**13.7%**	**231.7**	228.8	**226.7**	**219.4**	217.8	**225.6**	224.3
London Portfolio											
West End	**1,826.3**	1,550.6	**262.7**	**17.5%**	**82.3**	80.9	**82.3**	**81.5**	76.3	**85.5**	74.6
City	**735.3**	633.4	**107.0**	**18.1%**	**26.7**	26.5	**27.5**	**30.9**	29.5	**34.8**	33.0
Mid-town	**1,101.4**	941.7	**158.5**	**19.5%**	**41.6**	42.4	**41.8**	**43.9**	41.9	**51.8**	49.7
Inner London	**388.6**	316.2	**44.6**	**20.4%**	**19.4**	20.2	**18.8**	**18.3**	20.3	**23.9**	20.8
Total London offices	**4,051.6**	3,441.9	**572.8**	**18.3%**	**170.0**	170.0	**170.4**	**174.6**	168.0	**196.0**	178.1
Central London Shops	**1,094.7**	935.2	**153.2**	**16.4%**	**44.1**	38.8	**43.4**	**42.4**	40.3	**52.7**	51.3
Other	**70.4**	58.3	**11.5**	**19.5%**	**2.1**	1.5	**0.7**	**0.7**	0.6	**0.7**	0.8
Total London	**5,216.7**	4,435.4	**737.5**	**17.9%**	**216.2**	210.3	**214.5**	**217.7**	208.9	**249.4**	230.2
Like-for-like portfolio[10]	**9,202.7**	7,914.2	**1,213.1**	**16.0%**	**447.9**	439.1	**441.2**	**437.1**	426.7	**475.0**	454.5
Proposed developments[3]	**290.0**	135.0	**2.9**	**1.0%**	**13.7**	9.0	**16.7**	**16.7**	8.6	**17.2**	8.6
Completed developments[3]	**962.1**	835.2	**114.5**	**14.2%**	**42.3**	35.6	**42.3**	**41.8**	28.1	**48.2**	48.5
Acquisitions[11]	**1,425.1**	586.1	**81.2**	**6.2%**	**69.2**	34.9	**82.8**	**79.5**	43.4	**84.6**	41.8
Sales and restructured interests[12]	**-**	887.3	**-**	**-**	**39.7**	105.7	**-**	**-**	68.2	**-**	60.1
Development programme[13]	**2,151.5**	1,249.1	**594.4**	**38.7%**	**28.1**	7.8	**31.4**	**8.8**	1.8	**128.0**	122.7
Combined Portfolio	**14,031.4**	11,606.9	**2,006.1**	**17.4%**	**640.9**	632.1	**614.4**	**583.9**	576.8	**753.0**	736.2
Non-current asset held for sale[14]	**n/a**	252.5	**30.8**	**12.2%**	**12.8**	12.9					
Properties treated as finance leases					**(10.4)**	(10.9)					
Combined Portfolio	**14,031.4**	11,859.4	**2,036.9**	**17.3%**	**643.3**	634.1					

Total portfolio analysis

	31 March 2015	31 March 2014	Surplus/ (deficit)	Surplus/ (deficit)	31 March 2015	31 March 2014	31 March 2015	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	£m	£m	£m	%	£m	£m	£m	£m	£m	£m	£m
Retail Portfolio											
Shopping centres and shops	**3,564.8**	3,020.4	**411.6**	**13.3%**	**212.6**	222.9	**183.6**	**177.7**	193.6	**188.6**	198.8
Retail warehouses and food stores	**1,230.8**	1,210.4	**26.9**	**2.3%**	**72.2**	71.6	**72.5**	**70.8**	68.3	**72.2**	75.1
Leisure and hotels	**1,440.3**	1,261.9	**173.7**	**14.0%**	**91.3**	80.8	**94.2**	**92.4**	88.8	**91.1**	86.2
Other	**32.3**	36.8	**5.8**	**22.3%**	**2.3**	4.2	**2.0**	**1.6**	2.6	**3.1**	3.5
Total Retail	**6,268.2**	5,529.5	**618.0**	**11.1%**	**378.4**	379.5	**352.3**	**342.5**	353.3	**355.0**	363.6
London Portfolio											
West End	**2,922.3**	2,312.8	**470.0**	**19.8%**	**101.8**	94.0	**102.0**	**96.6**	80.5	**152.2**	140.8
City	**1,649.3**	1,171.9	**379.9**	**31.3%**	**43.4**	29.2	**46.1**	**30.9**	31.8	**78.3**	76.0
Mid-town	**1,276.6**	989.6	**257.9**	**29.1%**	**41.6**	42.4	**41.8**	**43.7**	41.9	**68.4**	65.6
Inner London	**483.3**	316.2	**50.4**	**16.5%**	**21.2**	33.5	**24.4**	**23.5**	20.3	**32.3**	20.8
Total London offices	**6,331.5**	4,790.5	**1,158.2**	**24.2%**	**208.0**	199.1	**214.3**	**194.7**	174.5	**331.2**	303.2
Central London Shops	**1,361.3**	1,220.1	**218.5**	**19.2%**	**52.4**	52.0	**47.0**	**45.8**	48.4	**65.9**	68.4
Other	**70.4**	66.8	**11.4**	**16.8%**	**2.1**	1.5	**0.8**	**0.9**	0.6	**0.9**	1.0
Total London	**7,763.2**	6,077.4	**1,388.1**	**23.2%**	**262.5**	252.6	**262.1**	**241.4**	223.5	**398.0**	372.6
Combined Portfolio	**14,031.4**	11,606.9	**2,006.1**	**17.4%**	**640.9**	632.1	**614.4**	**583.9**	576.8	**753.0**	736.2
Non-current asset held for sale[14]	**n/a**	252.5	**30.8**	**12.2%**	**12.8**	12.9					
Properties treated as finance leases					**(10.4)**	(10.9)					
Combined Portfolio	**14,031.4**	11,859.4	**2,036.9**	**17.3%**	**643.3**	634.1					
Represented by:											
Investment portfolio	**12,603.5**	10,260.4	**1,767.8**	**16.2%**	**572.7**	559.2	**567.1**	**552.3**	508.0	**672.2**	627.1
Share of joint ventures	**1,427.9**	1,599.0	**269.1**	**23.6%**	**70.6**	74.9	**47.3**	**31.6**	68.8	**80.8**	109.1
Combined Portfolio	**14,031.4**	11,859.4	**2,036.9**	**17.3%**	**643.3**	634.1	**614.4**	**583.9**	576.8	**753.0**	736.2

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

	Gross estimated rental value[7]		Net initial yield[8]		Equivalent yield[9]		Voids (by ERV)[3]	
	31 March 2015	31 March 2014	**31 March 2015**	31 March 2014	**31 March 2015**	31 March 2014	**31 March 2015**	31 March 2014
	£m	£m	**%**	%	**%**	%	**%**	%
Retail Portfolio								
Shopping centres and shops	**118.1**	117.8	**4.6%**	5.3%	**4.8%**	5.6%	**3.2%**	2.7%
Retail warehouses and food stores	**67.6**	68.2	**5.4%**	5.4%	**5.5%**	5.7%	**2.5%**	0.6%
Leisure and hotels	**46.2**	44.3	**5.4%**	6.2%	**5.5%**	6.3%	**0.6%**	0.5%
Other	**3.1**	2.9	**3.4%**	6.8%	**8.2%**	9.7%	**19.4%**	20.7%
Total Retail Portfolio	**235.0**	233.2	**5.0%**	5.5%	**5.2%**	5.8%	**2.7%**	1.9%
London Portfolio								
West End	**85.5**	74.5	**4.2%**	4.7%	**4.5%**	5.0%	**3.5%**	2.0%
City	**35.6**	33.6	**3.9%**	4.4%	**4.4%**	4.8%	**-**	-
Mid-town	**53.0**	50.8	**3.7%**	4.0%	**4.3%**	4.9%	**7.2%**	3.3%
Inner London	**23.9**	20.8	**4.0%**	5.6%	**5.3%**	5.9%	**7.1%**	1.4%
Total London offices	**198.0**	179.7	**4.0%**	4.5%	**4.5%**	5.0%	**4.3%**	1.9%
Central London shops	**53.1**	51.8	**3.6%**	3.9%	**4.4%**	5.0%	**4.5%**	0.6%
Other	**0.7**	0.8	**0.7%**	0.7%	**0.8%**	0.9%	**-**	-
Total London Portfolio	**251.8**	232.3	**3.9%**	4.4%	**4.4%**	4.9%	**4.3%**	1.6%
Like-for-like portfolio[10]	**486.8**	465.5	**4.3%**	4.9%	**4.8%**	5.3%	**3.6%**	1.8%
Proposed developments[3]	**17.2**	8.6	**4.7%**	5.4%	**n/a**	n/a	**n/a**	n/a
Completed developments[3]	**48.2**	48.5	**4.1%**	2.8%	**4.7%**	5.3%	**n/a**	n/a
Acquisitions[11]	**84.7**	41.8	**4.7%**	6.3%	**5.4%**	n/a	**n/a**	n/a
Sales and restructured interests[12]	**-**	62.8	**0.0%**	6.1%	**n/a**	n/a	**n/a**	n/a
Development programme[13]	**128.1**	122.8	**0.2%**	0.1%	**4.4%**	5.1%	**n/a**	n/a
Combined Portfolio[13]	**765.0**	750.0	**3.7%**	4.4%	**4.8%**	n/a	**n/a**	n/a

Total portfolio analysis

	31 March 2015	31 March 2014	**31 March 2015**	31 March 2014
	£m	£m	**%**	%
Retail Portfolio				
Shopping centres and shops	**197.2**	209.5	**4.4%**	5.4%
Retail warehouses and food stores	**72.9**	75.8	**5.2%**	5.1%
Leisure and hotels	**91.2**	86.3	**5.6%**	6.3%
Other	**3.1**	3.5	**3.4%**	5.0%
Total Retail Portfolio	**364.4**	375.1	**4.8%**	5.5%
London Portfolio				
West End	**152.3**	140.9	**3.0%**	3.2%
City	**79.2**	76.6	**1.8%**	3.0%
Mid-town	**69.7**	66.7	**3.2%**	3.8%
Inner London	**32.3**	20.8	**3.9%**	5.6%
Total London offices	**333.5**	305.0	**2.8%**	3.4%
Central London shops	**66.2**	68.9	**3.1%**	3.6%
Other	**0.9**	1.0	**0.7%**	0.6%
Total London Portfolio	**400.6**	374.9	**2.8%**	3.4%
Combined Portfolio[13]	**765.0**	750.0	**3.7%**	4.4%

Represented by:				
Investment portfolio	**683.2**	638.9	**3.9%**	4.6%
Share of joint ventures	**81.8**	111.1	**1.8%**	3.3%
Combined Portfolio[13]	**765.0**	750.0	**3.7%**	4.4%

Notes:

1. The market value figures are determined by the Group's external valuers.
2. The valuation movement is stated after adjusting for the effect of SIC 15 under IFRS.
3. Refer to glossary for definition.
4. Annualised rental income is annual 'rental income' (as defined in the glossary) at the balance sheet date, except that car park and commercialisation income are included on a net basis (after deduction for operational outgoings). Annualised rental income includes temporary lettings.
5. Annualised net rent is annual cash rent, after the deduction of ground rents, as at the balance sheet date. It is calculated with the same methodology as annualised rental income but is stated net of ground rent and before SIC15 adjustments.
6. Net estimated rental value is gross estimated rental value, as defined in the glossary, after deducting expected ground rents.
7. Gross estimated rental value (ERV) - refer to glossary for definition. The figure for proposed developments relates to the existing buildings and not the schemes proposed.
8. Net initial yield - refer to glossary for definition. This calculation includes all properties including those sites with no income.
9. Equivalent yield – refer to glossary for definition. Proposed developments are excluded from the calculation of equivalent yield on the Combined Portfolio.
10. The like-for-like portfolio – refer to glossary for definition. Capital expenditure on refurbishments, acquisitions of head leases and similar capital expenditure has been allocated to the like-for-like portfolio in preparing this table.
11. Includes all properties acquired since 1 April 2013.
12. Includes all properties sold since 1 April 2013.
13. The development programme - refer to glossary for definition. Net initial yield figures are only calculated for properties in the development programme that have reached practical completion.
14. As at 31 March 2015, the non-current asset held for sale has been excluded from the Combined Portfolio and shown separately on the balance sheet as a 'Non-current asset held for sale'.

Table 14: Lease lengths

	Weighted average unexpired lease term at 31 March 2015	
	Like-for-like portfolio Mean(1) years	Like-for-like portfolio, completed developments and acquisitions Mean(1) Years
Retail Portfolio		
Shopping centres and shops	7.4	7.9
Retail warehouses and food stores	8.3	9.1
Leisure and hotels	7.8	9.4
Other	3.5	3.5
Total Retail Portfolio	**7.7**	**8.6**
London Portfolio		
West End	8.4	8.3
City	7.1	7.1
Mid-town	10.6	10.6
Inner London	13.2	11.1
Total London offices	**9.2**	**9.0**
Central London shops	6.3	6.1
Other	8.7	8.7
Total London Portfolio	**8.6**	**8.4**
Combined Portfolio	**8.2**	**8.5**

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

Table 15: Development pipeline financial summary

	Cumulative movements on the development programme to 31 March 2015						Total scheme details[1]				
	Market value at start of scheme[2]	Capital expenditure incurred to date	Capitalised interest to date	Valuation surplus to date[3]	Disposals, SIC15 rent and other adjustments	Market value at 31 March 2015	Estimated total capital expenditure[4]	Estimated total capitalised interest	Estimated total development cost[5]	Net Income/ ERV[6]	Valuation surplus for the year ended 31 March 2015[3]
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Developments let and transferred or sold											
Shopping centres and shops	**-**	-	-	-	-	**-**	-	-	-	-	-
Retail warehouses and food stores	**18.0**	20.0	0.4	16.6	(3.0)	**52.0**	20.0	0.4	38.4	2.7	**7.6**
London Portfolio	**92.0**	60.6	1.5	139.0	12.4	**305.5**	60.6	1.5	154.1	14.2	**42.0**
	110.0	80.6	1.9	155.6	9.4	**357.5**	80.6	1.9	192.5	16.9	**49.6**
Developments after practical completion, approved or in progress											
Shopping centres and shops	**30.0**	8.7	0.3	10.9	0.1	**50.0**	179.6	10.4	220.0	13.9	**10.9**
Retail warehouses and food stores	**-**	-	-	-	-	**-**	-	-	-	-	**-**
London Portfolio	**459.4**	689.2	48.9	983.1	(79.1)	**2,101.5**	847.9	72.2	1,379.5	123.6	**583.5**
	489.4	697.9	49.2	994.0	(79.0)	**2,151.5**	1,027.5	82.6	1,599.5	137.5	**594.4**
	Movement on proposed developments for the year ended 31 March 2015										
Proposed developments											
Shopping centres and shops	**279.2**	8.8	-	2.9	(0.9)	**290.0**	326.0	22.5	638.5	39.5	**2.9**
Retail warehouses and food stores	**-**	-	-	-	-	**-**	-	-	-	-	**-**
London Portfolio	**-**	-	-	-	-	**-**	-	-	-	-	**-**
	279.2	8.8	-	2.9	(0.9)	**290.0**	326.0	22.5	638.5	39.5	**2.9**

Notes:

1. Total scheme details exclude properties sold in the year.
2. Proposed developments includes costs relating to the acquisition of the remaining 50% share in Buchanan Galleries. Figures provided are for the scheme as a whole (development and existing scheme).
3. Includes profit realised on the disposal of investment properties and any surplus or deficit on investment properties transferred to trading.
4. For proposed development properties the estimated total capital expenditure represents the outstanding costs required to complete the scheme as at 31 March 2015.
5. Includes the property at its market value at the start of the financial year in which the property was added to the development programme together with estimated capitalised interest. For proposed development properties, the market value of the property at 31 March 2015 is included in the estimated total cost. Estimated total development cost includes the cost of residential properties in the development programme (£10.9m for the Retail Portfolio). Estimated costs for proposed schemes could still be subject to material change prior to final approval.
6. Net headline annual rent on let units plus net ERV at 31 March 2015 on unlet units.

Table 16: Reconciliation of segment reporting to statutory reporting

The table below reconciles the Group's income statement to the segment note (note 2). 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.

						31 March 2015
£m	Group income statement	Joint ventures[1]	Proportionate share of earnings[2]	Total	Revenue profit	Capital and other items
Rental income	575.7	70.6	(3.0)	643.3	643.3	-
Finance lease interest	10.3	0.1	-	10.4	10.4	-
Gross rental income (before rents payable)	**586.0**	**70.7**	**(3.0)**	**653.7**	**653.7**	**-**
Rents payable	(11.3)	(1.6)	-	(12.9)	(12.9)	-
Gross rental income (after rents payable)	**574.7**	**69.1**	**(3.0)**	**640.8**	**640.8**	**-**
Service charge income	90.4	9.7	(0.7)	99.4	99.4	-
Service charge expense	(91.2)	(11.0)	0.6	(101.6)	(101.6)	-
Net service charge (expense)/income	(0.8)	(1.3)	(0.1)	(2.2)	(2.2)	-
Other property related income	34.4	1.8	-	36.2	36.2	-
Direct property expenditure	(65.1)	(10.6)	0.4	(75.3)	(75.3)	-
Net rental income	**543.2**	**59.0**	**(2.7)**	**599.5**	**599.5**	**-**
Indirect expenses	(92.1)	(2.7)	-	(94.8)	(94.8)	-
Other income	4.1	-	-	4.1	4.1	-
	455.2	**56.3**	**(2.7)**	**508.8**	**508.8**	**-**
Loss on disposal of trading properties	(11.3)	-	-	(11.3)	-	(11.3)
Profit on disposal of trading properties	29.8	1.7	-	31.5	-	31.5
Profit on disposal of investment properties	107.1	25.6	-	132.7	-	132.7
Profit on disposal of investments in joint ventures	3.3	-	-	3.3	-	3.3
Net surplus on revaluation of investment properties	1,770.6	269.2	(2.9)	2,036.9	-	2,036.9
Impairment of trading properties	1.9	(0.3)	-	1.6	-	1.6
Amortisation of intangible asset	(1.1)	-	-	(1.1)	-	(1.1)
Business combination costs	(8.8)	-	-	(8.8)	-	(8.8)
Operating profit	**2,346.7**	**352.5**	**(5.6)**	**2,693.6**	**508.8**	**2,184.8**
Interest expense	(215.2)	(25.9)	-	(241.1)	(209.1)	(32.0)
Interest income	29.4	-	-	29.4	29.4	-
Fair value movement on interest rate swaps	(34.0)	(0.8)	-	(34.8)	-	(34.8)
Fair value movement on foreign exchange swaps	(5.1)	-	-	(5.1)	-	(5.1)
Foreign exchange movement on borrowings	4.9	-	-	4.9	-	4.9
Revaluation of redemption liabilities	(8.5)	-	5.6	(2.9)	-	(2.9)
Net gain on business combinations	2.2	-	-	2.2	-	2.2
Impairment of goodwill	(29.7)	-	-	(29.7)	-	(29.7)
	2,090.7	325.8	-	2,416.5	329.1	2,087.4
Share of post-tax profit from joint ventures	325.8	(325.8)	-	-	-	-
Profit before tax	**2,416.5**	**-**	**-**	**2,416.5**	**329.1**	**2,087.4**
Income tax	0.3	-	-	0.3	-	0.3
Profit for the year	**2,416.8**	**-**	**-**	**2,416.8**	**329.1**	**2,087.7**

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.

Investor information

1. Group website: www.landsecurities.com

The Group's half year and annual reports to shareholders and results announcements and presentations are available to view and download from our website. The website also provides details of the current Land Securities share price, the latest news about the Group, its properties and operations, and details of future events and how to obtain further information.

2. Registrar: Equiniti Limited

Enquiries concerning shareholdings, dividends and changes in personal details should be referred to the Company's registrar, Equiniti Limited (Equiniti), in the first instance. They can be contacted using the details below:

Telephone:

- Tel: 0871 384 2128 (calls cost 8p per minute plus network extras)
- +44 (0) 121 415 7049 (from outside the UK)
- Lines are open from 08:30 to 17:30, Monday to Friday, excluding public holidays

Correspondence address:
Equiniti Limited
Aspect House
Spenser Road
Lancing
West Sussex
BN99 6DA

Information on how to manage your shareholding(s) can be found at https://help.shareview.co.uk

If you are not able to find the answer to your question within the general Help information page, a personal enquiry can be sent directly through Equiniti's secure e-form on their website. Please note that you will be asked to provide your name, address, shareholder reference number and a valid e-mail address.

Alternatively, shareholders can view and manage their shareholding through the Land Securities share portal which is hosted by Equiniti – simply log on to https://portfolio.shareview.co.uk and follow the registration instructions.

3. Shareholder enquiries

If you have an enquiry about the Company's business or about something affecting you as a Shareholder (other than queries which are dealt with by Equiniti), please email Investor Relations (see details in 8. below).

4. Share dealing services: www.shareview.co.uk

The Company's shares can be traded through most banks, building societies and stockbrokers. They can also be traded through Equiniti Limited. To use their service, shareholders should contact Equiniti: 0845 603 7037 from the UK (calls cost 8p per minute plus network charges). Lines are open Monday to Friday 08:30 to17:30.

5. 2014/15 final quarterly dividend

The Board has recommended a final quarterly dividend for the year ended 31 March 2015 of 8.15p per ordinary share to be paid as a Property Income Distribution (PID). Subject to shareholders approval at the Annual General Meeting, the final dividend will be paid on 24 July 2015 to shareholders registered at the close of business on 19 June 2015. The total dividend paid and recommended in respect of the year ended 31 March 2015 is 31.85p (2014: 30.7p).

6. Dividend related services

- Dividend payments to UK shareholders – Dividend Mandates

Land Securities recommends that dividends are paid direct into a nominated bank or building society account through the Bankers Automated Clearing System (BACS). This service provides cleared funds on the dividend payment date, is more secure than sending a cheque by post and avoids the inconvenience of paying each dividend by cheque. This arrangement is only available in respect of dividends paid in sterling.

- Dividend payments to overseas shareholders – International Payment Service

For international shareholders who would prefer to receive payment of their dividends in local currency and direct into their local bank account, an Overseas Payment Service (OPS) is available. This can be more convenient and effective than otherwise receiving dividend payments by sterling cheque or into a UK bank account.

The OPS – service is available from Equiniti who, in partnership with Citibank, may be able to convert sterling dividends into your local currency at competitive rates and either arrange for those funds to be sent to you by currency draft or credited to your bank account directly.

- Dividend Reinvestment Plan (DRIP)

A DRIP is available from Equiniti Financial Service Limited. This facility provides an opportunity by which shareholders can conveniently and easily increase their holding in the Company by using their cash dividends to buy more shares. Participation in the DRIP will mean that your dividend payments will be reinvested in Land Securities shares and these will be purchased on your behalf in the market on, or as soon as practical after, the dividend payment date.

You may only participate in the DRIP if you are resident in the EEA, Channel Islands or Isle of Man.

For further information (including terms and conditions) and to register for any of these dividend-related services, simply log on to www.shareview.co.uk.

7. Financial reporting calendar 2015/16

	2015
Preliminary announcement	19 May
Annual Report and AGM Notice mailed to shareholders	18 June *
Interim Management Statement	22 July *
Annual General Meeting	23 July
Half-year results announcement	10 November *
	2016
Interim Management Statement	20 January *
Financial year end	31 March

* Provisional date only

8. Investor relations and media enquiries

For investor relations or media enquiries, please contact Edward Thacker, Director of Investor Relations at Land Securities by telephone on +44 (0)20 7413 9000 or by email at investor.relations@landsecurities.com.

Glossary

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

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

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

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

BREEAM
Building Research Establishment's Environmental Assessment Method.

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

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

Development pipeline
The development programme together with proposed developments.

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

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

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

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

EPRA
European Public Real Estate Association.

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

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

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

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

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

Gearing
Total borrowings, including bank overdrafts, less short-term deposits, corporate bonds and cash, at book value, plus cumulative fair value movements on financial derivatives as a percentage of total equity. For adjusted gearing, see note 13.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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