OTCQX: LSGOF

Forward-looking statements

These half-yearly results, the latest Annual Report and the Land Securities' website may contain certain "forward-looking statements" with respect to Land Securities Group PLC (the Company) and the Group's financial condition, results of its operations and business, and certain 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", "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 IFRSs, and changes in interest and exchange rates.

Any forward-looking statements, made in these half-yearly results, the latest Annual Report or the Land Securities' website, or made subsequently, which are attributable to the Company 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, the Company does not intend to update any forward-looking statements.

Nothing contained in these half-yearly results, the latest Annual Report or the Land Securities website should be construed as a profit forecast or an invitation to deal in the securities of the Company.

Half-yearly results for the six months ended 30 September 2016

15 November 2016

"Land Securities has produced a resilient performance against the backdrop of current market uncertainty thanks to the actions we've taken to transform our portfolio and reduce gearing over the last few years.

“Our strong leasing performance and lower interest costs have contributed to a 4.5% rise in revenue profit despite the significant disposals made in the second half of last year. While valuations across our markets are under pressure, leading to a 1.8% reduction in our adjusted diluted net assets per share to 1,408p, our portfolio has outperformed its market sectors," said Chief Executive Robert Noel.

"In London, we’ve entered the final phase of our £2.4 billion development programme. In the City and mid-town, all schemes are now complete and fully let. In Victoria, SW1, our transformation of the area into a vibrant destination is now clear to see, with Nova due to complete in the new year.

"In Retail, we’ve reinvested the proceeds from the sale of our secondary assets into dominant destinations that attract retailers and deliver the experience consumers want. At our latest destination, Westgate Oxford, we have a fabulous line-up of retailers and restaurants and the scheme is on target for opening this time next year.

"We’ve followed a clear strategy to transform the quality of our business. And now, with historically low levels of speculative development and conservative financial gearing, we’re well-placed to take advantage of any opportunities that may lie ahead.”

Results summary

	Six months ended 30 September 2016	**Six months ended 30 September 2015**	**Change**
Revenue profit(1)(2)	£192.5m	£184.2m	Up 4.5%
Valuation (deficit)/surplus(1)(2)	£(259.6)m	£519.3m	Down 1.8%(3)
(Loss)/profit before tax	£(95.0)m	£707.9m	
Basic (loss)/earnings per share	(12.1)p	89.7p	
Adjusted diluted earnings per share(1)(2)	24.3p	23.2p	Up 4.7%
Dividend per share	17.9p	16.3p	Up 9.8%
	30 September 2016	**31 March 2016**	
Basic net assets per share	1,449p	1,482p	Down 2.2%
Adjusted diluted net assets per share(1)(4)	1,408p	1,434p	Down 1.8%
Group LTV ratio(1)(2)	22.6%	22.0%	

1. An alternative performance measure. The Group uses a number of financial measures to assess and explain its performance, some of which are considered to be alternative performance measures as they are not defined under IFRSs. For further details, see the Business Analysis section included within the half-yearly results.
2. Including our proportionate share of subsidiaries and joint ventures, as explained in the notes to the financial statements included within the half-yearly results.
3. The % change for the valuation deficit represents the decrease in value of the Combined Portfolio over the six month period, adjusted for net investment.
4. Our key valuation measure.

Activity

- £15.0m of investment lettings
- £6.9m of development lettings

- Acquisitions, development and refurbishment expenditure(1) of £194.0m
- Disposals(1) of £90.9m
- Supported a further 114 people from disadvantaged backgrounds into jobs through our Community Employment Programme

Performance

- Ungeared total property return(1) of 0.5% (IPD Quarterly Universe 0.2%)
- Total business return(2)(3) of -0.5%
- Combined Portfolio(3) valued at £14.4bn, with a valuation deficit(3) of 1.8%
- Voids(1) in the like-for-like portfolio: 2.9% (31 March 2016: 2.4%)

Financials

- Group LTV ratio(3) at 22.6%, based on adjusted net debt(3) of £3.3bn
- Weighted average maturity of debt at 9.0 years
- Weighted average cost of debt at 4.7%
- Cash and available facilities of £1.5bn
- First half dividend of 17.9p, up 9.8%

Development

- 1 & 2 New Ludgate, EC4 now fully let
- 20 Eastbourne Terrace, W2 now completed and 90% let
- 1 New Street Square, EC4 now completed and fully let
- Nova, Victoria, SW1, due to complete in the new year, now 41% pre-let or in solicitors' hands
- Westgate Oxford due to open in October 2017, now 64% pre-let or in solicitors' hands
- 1.2m sq ft future London pipeline including 21 Moorfields, EC2; Nova East, SW1; 1 Sherwood Street, W1; and our Southwark estate, SE1

Recognition

- Achieved Carbon Disclosure Project 2016 climate change leadership score of A-
- Winner of 2016 Better Society Award for National Commitment to the Community
- Shortlisted for Energy Efficient Partnership of the Year at the Energy Awards 2016

1. For further details see the Business Analysis section included within the half-yearly results.
2. Dividend paid per share in the period plus the change in adjusted diluted net assets per share, divided by adjusted diluted net assets per share at the beginning of the period.
3. An alternative performance measure. The Group uses a number of financial measures to assess and explain its performance, some of which are considered to be alternative performance measures as they are not defined under IFRSs. For further details see the Business Analysis section included within the half-yearly results.

All measures above are presented on a proportionate basis, as explained in the notes to the financial statements included within the half-yearly results.

Chief Executive's statement

Land Securities is well-positioned following the actions taken over the last few years. We have transformed our Retail Portfolio and predominantly completed and let a large scale development programme in London whilst keeping debt on a tight rein.

Since we reported in May, the UK has voted to leave the European Union and a new government has set out its intended, though legally challenged, timeframe for triggering Article 50 of the Lisbon Treaty. We have seen early indications of revised policy priorities that may affect our market, including public spending, housing and infrastructure. Uncertainty hangs over many issues and businesses find themselves in uncharted territory.

These conditions are having a tangible effect on the commercial property market. Occupational demand for office space in London is hesitant and the vacancy rate has continued to rise. We will watch closely how this uncertainty affects development decisions and construction starts. In retail, we expect consumer spending to be affected by growth in prices exceeding that of pay, which will put increased pressure on retailers. This will continue to widen the gap in performance between dominant destinations like ours and the rest.

Uncertainty has also affected real estate pricing. Across most market sectors, values have weakened. Our external valuer has marked down our assets by 1.8% since 31 March 2016. In both London and Retail, we have experienced smaller falls than seen elsewhere in our market sectors due to the actions we took to position the business for change. Our adjusted diluted net assets per share were also down 1.8%.

In contrast, despite being significant net sellers in the second half of last year, our revenue profit is up 4.5%, as we have reduced our interest costs and continue to benefit from our developments. The second quarterly dividend is 8.95p, making the first half dividend 17.9p, up 9.8% on the comparative period.

Our high-quality portfolio, historically low levels of speculative development and conservative financial gearing put us in a resilient position as we move through near-term uncertainty. With 51% of our portfolio acquired or developed over the last six years, we have achieved this resilience thanks to the efforts of our people across the business.

Our drive to lead on sustainability continues. Smart, long-term thinking is central to our purpose of providing the right space for our customers and our communities – helping businesses to succeed, the economy to grow and people to thrive. For me, it's quite simple: we can only prosper as a business when we anticipate and meet the changing needs and expectations of our customers, communities, employees and partners.

Social trends and technological innovation are reshaping how we live, work, shop and play. That's why we have transformed our Retail Portfolio to ensure we provide places that communities value and visitors want to experience. And it's why we are constantly innovating to ensure our offices are both technically resilient machines – in terms of power and performance – and inspiring working environments that attract and retain talent.

Looking ahead, we expect both our market sectors to see a general weakening of net effective rental values as a result of current uncertainty, but our high quality, well-let portfolio should mean we are relatively insulated. Also, uncertainty usually presents opportunities and we are ready to act.

Robert Noel
Chief Executive

Financial review

Overview

Table 1: Highlights

	Six months ended 30 September 2016	Six months ended 30 September 2015
Revenue profit(1)	**£192.5m**	£184.2m
Valuation (deficit)/surplus(1)	**£(259.6)m**	£519.3m
(Loss)/profit before tax	**£(95.0)m**	£707.9m
Basic (loss)/earnings per share	**(12.1)p**	89.7p
Adjusted diluted earnings per share(1)	**24.3p**	23.2p
Dividend per share	**17.9p**	16.3p
	30 September 2016	31 March 2016
Combined Portfolio(1)	**£14.4bn**	£14.5bn
Basic net assets per share	**1,449p**	1,482p
Adjusted diluted net assets per share	**1,408p**	1,434p
Adjusted net debt(1)	**£3,312.5m**	£3,238.7m
Group LTV ratio(1)	**22.6%**	22.0%

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the notes to the financial statements.

In my previous Financial Review, I explained how the quality and resilience of our property portfolio had been enhanced this decade through recycling capital into developments and acquisitions. We further strengthened our balance sheet in the second half of the last financial year with significant disposals. Those actions now look well-timed given the unexpected outcome of the EU referendum.

Over the six months ended 30 September 2016, we incurred a loss of £95.0m compared with a profit of £707.9m for the same period last year, primarily due to a valuation deficit of £259.6m (including our proportionate share of subsidiaries and joint ventures). This compares with a valuation surplus in the prior period of £519.3m. While our assets are not immune from the uncertainty affecting the commercial property market, the 1.8% decline in their values has not been as large as falls in the wider market as measured by IPD, who provide our commercial property benchmark.

The decline in asset values is behind both the loss per share of 12.1p, compared with earnings per share of 89.7p in the prior period, and the reductions in basic and adjusted diluted net assets per share from 1,482p and 1,434p respectively at 31 March 2016 to 1,449p and 1,408p respectively at 30 September 2016. In contrast, revenue profit and adjusted diluted earnings per share were up over the comparative period. Revenue profit was up from £184.2m to £192.5m and adjusted diluted earnings per share were up 1.1p at 24.3p.

Presentation of financial information

Our property portfolio is a combination of properties that are wholly owned by the Group, part owned through joint arrangements and properties owned by the Group but where a third party holds a non-controlling interest. Internally, management review the results of the Group on a basis that adjusts for these forms of ownership to present a proportionate share. The Combined Portfolio, with assets totalling £14.4bn, is an example of this proportionate share, reflecting the economic interest we have in our properties regardless of our ownership structure. We consider that this presentation better explains to stakeholders the Group’s activities and performance.

The same principle is applied to many of the other measures we discuss and accordingly, a number of our financial measures include the results of our joint ventures and subsidiaries on a proportionate basis. Measures that are described as being presented on a proportionate basis include the Group’s share of joint ventures on a line-by-line basis, and are adjusted to exclude the non-owned elements of our subsidiaries. This is in contrast to the Group's statutory financial statements, where the Group's interest in joint ventures is presented as one line on the income statement and balance sheet, and all subsidiaries are consolidated at 100% with any non-owned element being adjusted as a non-controlling interest or redemption liability, as appropriate. 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. It excludes all capital items, such as valuation movements and profits and losses on disposals, as well as items of an exceptional nature. We believe revenue profit better represents the results of the Group's operational performance to stakeholders. A full definition of revenue profit is given in the glossary. The main components of revenue profit, including the contributions from London and Retail, are presented on a proportionate basis in the table below and a reconciliation of revenue profit to our IFRS profit before tax is included in table 4.

Table 2: Revenue profit

	Six months ended 30 September 2016			Six months ended 30 September 2015			
	Retail Portfolio £m	**London Portfolio £m**	**Total £m**	Retail Portfolio £m	London Portfolio £m	Total £m	Change £m
Gross rental income(1)	**169.3**	**145.1**	**314.4**	178.4	145.0	323.4	(9.0)
Net service charge expense	**(1.9)**	**(0.4)**	**(2.3)**	(1.2)	(0.8)	(2.0)	(0.3)
Net direct property expenditure	**(8.5)**	**(5.5)**	**(14.0)**	(9.6)	(7.0)	(16.6)	2.6
Net rental income	**158.9**	**139.2**	**298.1**	167.6	137.2	304.8	(6.7)
Indirect costs	**(10.5)**	**(7.8)**	**(18.3)**	(12.9)	(9.1)	(22.0)	3.7
Segment profit before interest	**148.4**	**131.4**	**279.8**	154.7	128.1	282.8	(3.0)
Net unallocated expenses			**(18.3)**			(17.4)	(0.9)
Net interest expense			**(69.0)**			(81.2)	12.2
Revenue profit			**192.5**			184.2	8.3

1. Includes finance lease interest, after rents payable.

Revenue profit increased by £8.3m from £184.2m in the comparative period to £192.5m in the six months ended 30 September 2016. Following asset disposals we made last year, net rental income declined. However, this was more than offset by lower costs and lower net interest expense as explained further below.

Net rental income

Table 3: Net rental income

	Six months ended 30 September 2016 £m
Net rental income for the six months ended 30 September 2015(1)	**304.8**
Net rental income movement in the period(1):	
Like-for-like investment properties	**5.0**
Proposed developments	**-**
Development programme	**6.8**
Completed developments	**7.9**
Acquisitions since 1 April 2015	**1.1**
Sales since 1 April 2015	**(25.7)**
Non-property related income	**(1.8)**
	(6.7)
Net rental income for the six months ended 30 September 2016(1)	**298.1**

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the notes to the financial statements.

Net rental income decreased by £6.7m from the comparable period as rental income growth in our like-for-like portfolio and new lettings at our developments were more than offset by the impact of properties sold since 1 April 2015. Significant disposals included Thomas More Square, E1, Holborn Gate, WC1 and Times Square, EC4 in London and three retail parks in Gateshead, Dundee and Derby. Our developments generated £14.7m of additional income following completion of The Zig Zag Building, SW1 and 20 Eastbourne Terrace, W2, alongside further lettings at 1 & 2 New Ludgate, EC4 and 62 Buckingham Gate, SW1. Like-for-like net rental income growth of £5.0m was due to new lettings, rent reviews and higher turnover related rents, together with a reduction in bad debts.

Further information on the net rental income performance of the London and Retail portfolios is given in the respective business reviews.

Net indirect expenses

The indirect costs of the London and Retail portfolios 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 £36.6m compared with £39.4m in the same period last year. The £2.8m reduction is largely the result of lower staff costs due to decreased headcount and reduced share based payment costs.

Net interest expense

Our net interest expense has decreased by £12.2m to £69.0m, partly due to interest savings following the redemption of the £400m A8 bond in March 2016 and the purchase of £45.1m of bonds in June 2016, but also due to net debt being on average £841.8m lower than over the same period last year as a result of asset disposals.

Profit before tax

Table 4: Reconciliation of revenue profit to profit before tax

	Six months ended 30 September 2016 £m	Six months ended 30 September 2015 £m
Revenue profit(1)	**192.5**	184.2
Net (deficit)/surplus on revaluation of investment properties(1)	**(259.6)**	519.3
Movement in impairment of trading properties	**9.6**	5.6
Profit/(loss) on disposal of trading properties(1)	**1.8**	(0.2)
Profit on disposal of investment properties(1)	**11.0**	9.8
Loss on disposal of investment in joint venture	**(1.9)**	-
Impairment of long-term development contracts	**-**	(0.2)
Fair value movement on interest-rate swaps	**(16.7)**	2.2
Amortisation of bond exchange de-recognition adjustment	**(12.4)**	(11.4)
Exceptional items:		
Head office relocation	**1.7**	-
Redemption of medium term notes	**(16.6)**	-
Other	**(4.4)**	(1.4)
(Loss)/profit before tax	**(95.0)**	707.9
Taxation	**(0.8)**	0.2
(Loss)/profit attributable to owners of the parent	**(95.8)**	708.1

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the notes to the financial statements.

Loss before tax for the period was £95.0m, down £802.9m on the same period last year principally due to the valuation deficit in the six months to 30 September 2016 compared to a surplus over the same period last year. In addition to our revenue profit, the net change in values of our investment properties, the movement in impairment of trading properties, any profits or losses on the disposal of assets and any exceptional items are key components of our profit before tax.

Valuation

The valuation deficit of our Combined Portfolio was £259.6m (six months ended 30 September 2015: surplus of £519.3m), representing a net decrease in values over the period of 1.8%. A breakdown of valuation movements by category is shown in table 5.

Table 5: Valuation analysis

	Market value 30 September 2016	Valuation movement	Rental value change(1)	Net initial yield	Equivalent yield	Movement in equivalent yield
	£m	%	%	%	%	bps
Shopping centres and shops	3,621.1	(2.2)	1.4	4.4	4.8	11
Retail parks	851.9	(4.2)	(0.2)	5.4	5.6	22
Leisure and hotels	1,518.3	0.2	0.1	5.4	5.5	-
London offices	4,145.2	(3.6)	-	3.9	4.6	15
Central London shops	1,175.3	(0.4)	1.6	3.5	4.1	7
Other (Retail and London)	62.3	(4.0)	-	1.8	3.5	(6)
Total like-for-like portfolio	**11,374.1**	**(2.4)**	**0.6**	**4.3**	**4.8**	**11**
Proposed developments	5.1	(34.8)	n/a	-	n/a	n/a
Development programme	1,415.2	2.3	n/a	0.0	4.1	n/a
Completed developments	1,493.2	(1.7)	(0.1)	1.3	4.1	7
Acquisitions	93.6	0.8	n/a	3.7	3.8	n/a
Total Combined Portfolio	**14,381.2**	**(1.8)**	**0.6**	**3.6**	**4.7**	**10**

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

Over the six months to 30 September 2016, values fell in most categories of our Combined Portfolio. Overall, values were down by 1.8%, with the like-for-like portfolio down by 2.4% largely due to outward yield movements.

Within the like-for-like portfolio, our shopping centres fell in value by 2.2% as rental value growth was insufficient to offset an 11 basis points increase in equivalent yields. The value of our retail parks was down 4.2% predominantly due to a 22 basis points outwards movement in yields. Leisure and hotels reported a small increase in values as rental values moved up slightly, while London offices saw values fall by 3.6% as yields moved out by 15 basis points and rental values were broadly unchanged.

Outside the like-for-like portfolio, the development programme saw values increase by 2.3% largely due to Nova, SW1 where the valuer recognised the reduced construction risk as the project nears completion. In contrast, completed developments fell in value by 1.7% as yields increased by 7 basis points.

Movement in impairment of trading properties
The movement in impairment of trading properties of £9.6m relates to the reversal of previous impairment charges related to residential land at Ebbsfleet, Kent, where the valuer's assessment of net realisable value has increased over the period.

Profits on disposals
Profits on disposals relate to the sale of investment properties, trading properties and joint ventures. We made a total profit on disposal (on a proportionate basis) of £10.9m, compared with £9.6m in the same period last year. Disposals included the sale of our 50% interest in 26-32 Oxford Street, W1 and Ealing Filmworks.

Exceptional items
During the period, there were two items of an exceptional nature which are not included in revenue profit but are part of our pre-tax profits. At 31 March 2016, we provided for the onerous lease on our head office, which arose following our commitment to move to Cardinal Place, SW1. In the period, we agreed to assign the lease on our current head office at a lower net cost than originally estimated and have therefore released the balance of the provision of £2.4m. We have also incurred £0.7m of relocation costs.
In June and July, we purchased bonds with a nominal value of £45.8m at a premium of £10.2m. The redemption premium and £6.4m of the bond exchange de-recognition adjustment associated with the redeemed bonds have been charged to the income statement as an interest cost. Further details are given in the financing section below.

Earnings per share

Basic loss per share was 12.1p compared with earnings per share of 89.7p for the same period last year, primarily due to the valuation deficit in the six months to 30 September 2016 compared to a surplus over the same period last year.

Similar to the adjustments we make to profit before tax, which remove capital and exceptional items to give revenue profit, we also report adjusted earnings per share figures. Adjusted diluted earnings per share increased by 4.7% from 23.2p in the comparative period to 24.3p per share as a result of the increase in revenue profit.

Dividend

We will be paying a second quarterly dividend of 8.95p per share on 6 January 2017 to shareholders registered at the close of business on 2 December 2016. This will be paid wholly as an ordinary dividend. Taken together with the first quarterly dividend of 8.95p per share paid wholly as a Property Income Distribution on 7 October 2016, our first half dividend will be 17.9p per share (six months ended 30 September 2015: 16.3p), representing a total payment of £141.4m (six months ended 30 September 2015: £128.8m). This 9.8% increase in the half-year dividend is a reflection of last year's increase in the total dividend which was driven by a significant rise in the final dividend. Therefore, it should not be viewed as a forecast of how this year's total dividend might change.

Net assets

At 30 September 2016, our net assets per share were 1,449p, a decrease of 33p or 2.2% from 31 March 2016.

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 30 September 2016, adjusted diluted net assets per share were 1,408p per share, a decrease of 26p or 1.8% from 31 March 2016.

Table 6 summarises the key components of the decrease in our adjusted net assets over the period.

Table 6: Net assets

	Six months ended 30 September 2016 £m
Net assets at 31 March 2016	**11,698.9**
Fair value of interest-rate swaps(1)	**34.1**
Debt adjusted to nominal value	**(368.3)**
Adjusted net assets at 31 March 2016	**11,364.7**
Adjusted earnings(1)	**192.5**
Valuation deficit(1)	**(259.6)**
Profits on disposals(1)	**10.9**
Dividends	**(147.6)**
Redemption of medium term notes	**(16.6)**
Other	**(8.4)**
Adjusted net assets at 30 September 2016	**11,135.9**
Fair value of interest-rate swaps(1)	**(39.5)**
Debt adjusted to nominal value	**349.5**
Net assets at 30 September 2016	**11,445.9**

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the notes to the financial statements.

Net debt and gearing

Over the period, our net debt increased by £83.7m to £2,944.2m. The main elements behind this increase are set out in our statement of cash flows.

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 £73.8m to £3,312.5m (31 March 2016: £3,238.7m). For a reconciliation of net debt to adjusted net debt, see note 14 to the financial statements.

Table 7: Adjusted net debt

	Six months ended 30 September 2016 £m	Year ended 31 March 2016 £m
Adjusted net debt at the beginning of the period(1)	**(3,238.7)**	**(4,171.7)**
Net operating cash inflow(1)	**156.8**	**322.6**
Dividends paid	**(135.8)**	**(262.0)**
Acquisitions(1)	**(15.3)**	**(127.1)**
Disposals(1)	**106.1**	**1,454.8**
Capital expenditure(1)	**(146.5)**	**(437.3)**
Redemption of medium term notes	**(10.2)**	**(27.1)**
Other	**(28.9)**	**9.1**
Adjusted net debt at the end of the period	**(3,312.5)**	**(3,238.7)**

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the notes to the financial statements.

Table 7 sets out the main movements behind the increase in our adjusted net debt. Net operating cash inflow was £156.8m, largely offset by dividend payments of £135.8m. There were few acquisitions in the period with the largest being the acquisition of the long leasehold of the cinema at Bluewater, Kent. Disposals in the period included the sale of our 50% interest in 26-32 Oxford Street, W1. Capital expenditure was £146.5m, largely relating to our development programme.

Table 8 below sets out various measures of our gearing.

Table 8: Gearing

	30 September 2016 %	31 March 2016 %
Adjusted gearing(1) – on a proportionate basis	**29.7**	28.5
Group LTV	**25.5**	24.7
Group LTV – on a proportionate basis	**22.6**	22.0
Security Group LTV	**23.2**	23.4

1. Adjusted net debt divided by adjusted net assets.

Most of our gearing measures have increased marginally since 31 March 2016 due to the decrease in the value of our assets and a small increase 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, which increased from 22.0% at 31 March 2016 to 22.6% at 30 September 2016.

Financing

The total capital of the Group consists of shareholders' equity and adjusted net debt. Under IFRS, a large part of our net debt is carried at below its final redemption amount and is increased over its life to its full nominal value. We view our capital structure as if the debt were carried at its full redemption amount. For further detail, see notes 14 and 15 to the financial statements.

At 30 September 2016, our committed revolving facilities totalled £1,950.0m (31 March 2016: £1,865.0m). The £85.0m increase in committed facilities is the result of a £435.0m syndicated debt facility being issued on 14 June 2016, offset by the cancellation of £350.0m of bilateral facilities on the same date. The pricing of our facilities which fall due in more than one year is LIBOR +75 basis points. Borrowings under our commercial paper programme typically have a maturity of less than three months, carry an interest rate of approximately LIBOR +28 basis points and are unsecured. Overall, the amounts drawn under the syndicated bank debt and commercial paper programme totalled £541.2m, a £108.7m increase since 31 March 2016.

During the period, we purchased £45.8m of our medium term notes (MTNs). On 2 June, we purchased £2.0m of the 4.875% MTN due to mature in 2025, £19.6m of the 5.391% MTN due to mature in 2026 and £23.5m of the 5.391% MTN due to mature in 2027. A premium to par of £10.2m was payable, which reflects future interest coupon savings of £20.1m. Two further small purchases totalling £0.7m were also made in the period. Taking into account the interest rate of the facilities used for the redemption, we estimate the Group’s net cash interest saving will be £1.5m in the current financial year and £10.4m over the subsequent years to expected maturity.

The Group’s debt (on a proportionate basis) has a weighted average maturity of 9.0 years, a weighted average cost of 4.7% and 91.0% is at fixed interest rates. At 30 September 2016, we had £1.5bn of cash and available facilities. This gives the business considerable flexibility to deploy capital quickly should an acquisition opportunity arise.

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 charge of £0.8m in the period (six months ended 30 September 2015: £0.2m credit), which comprised a current period charge of £1.0m (2015: nil) and a £0.2m credit (2015: £0.2m credit) in respect of the movement in deferred tax liabilities.

Martin Greenslade
Chief Financial Officer

London Portfolio

At a glance

- Valuation deficit of 1.8%(1)
- Ungeared total property return of 0.3%
- The portfolio outperformed its IPD Quarterly Universe sector benchmark at -0.4%
- £7.9m of investment lettings and £6.0m of development lettings
- Like-for-like voids: 3.9% (31 March 2016: 2.9%)

1. On a proportionate basis.

Our shift to higher quality assets, a longer weighted average unexpired lease term and low development exposure has positioned us well for the current market environment.

Buy

There were no material acquisitions in the period.

Develop

The development programme which started in 2010 is now in its final phase of activity. The completion in October of our 275,000 sq ft development at 1 New Street Square, EC4, which was pre-let in its entirety to Deloitte, means we have delivered 1.3m sq ft of space in the City and mid-town since 2010. Having let the last remaining floor at 1 & 2 New Ludgate, EC4 this month, all this space is now let at an average rent of £64 per sq ft and on an average lease term of 18 years.

In Victoria, SW1, we have made further progress. The Zig Zag Building is now 90% let or in solicitors' hands. At Nova, 35% of the 480,000 sq ft office space is pre-let or in solicitors' hands, on an average lease term of 15 years. Nova's food quarter is fully pre-let or in solicitors' hands. The first phases of the scheme have completed and the majority of retailers and office occupiers are fitting out. The remainder of the scheme is now due to complete in the new year. At Kings Gate, our residential scheme, we sold a further three apartments taking the total sold to 89. At The Nova Building, 139 of the 170 apartments have been pre-sold, an increase of one in the period.

Elsewhere in the West End, 20 Eastbourne Terrace, W2 completed in May 2016 and is already 90% let.

We are making progress with our 1.2m sq ft pipeline of future development. At Nova East, SW1, we are now securing infrastructure approvals from TfL. At 21 Moorfields, EC2, demolition and enabling works continue, giving us the option to start construction next year and we have recently submitted a planning application for a 134,000 sq ft development at our Southwark estate, SE1.

Manage

During the period, we completed £7.9m of investment lettings and £20.0m of rent reviews. At Dashwood House, EC2, 86% of the income was due for review by 31 March 2016 and we have now completed these reviews, increasing the passing rent by 26%. At One New Change, EC4, 87% of the rent is due to be reviewed over the next two years. We have already reviewed 60% and seen a 2.5% uplift on the office passing rent and a 25.0% uplift on the retail passing rent. At Cardinal Place, SW1, recent transactions mean there is now good evidence for the upcoming rent reviews.

We have also maintained our focus on lease length; our weighted average unexpired lease term in London offices, including completed developments, is now 10.1 years. Voids remain low at 3.9%, rising from 2.9% in March.

Sell

We were net sellers in buoyant market conditions in the second half of last year and completed our planned disposals in the first half of this year, totalling £45.5m. This included the sale of our 50% interest in 26-32 Oxford Street, W1 and the sale of the freeholds at Wilton Plaza and Wellington House, both SW1.

Net rental income

Table 9: Net rental income(1)

	30 September 2016 £m	30 September 2015 £m	Change £m
Like-for-like investment properties	**102.4**	100.5	1.9
Proposed developments	**-**	-	-
Development programme	**7.8**	0.4	7.4
Completed developments	**26.5**	18.6	7.9
Acquisitions since 1 April 2015	**0.9**	0.5	0.4
Sales since 1 April 2015	**0.5**	15.3	(14.8)
Non-property related income	**1.1**	1.9	(0.8)
Net rental income	**139.2**	137.2	2.0

1. On a proportionate basis.

Net rental income has increased by £2.0m from £137.2m to £139.2m, with additional income from developments being largely offset by the loss of net rental income from properties sold last year.

Income from our developments increased by £15.3m, principally at The Zig Zag Building, SW1 and 20 Eastbourne Terrace, W2 following completion of the schemes, as well as additional income from lettings achieved at 1 & 2 New Ludgate, EC4 and 62 Buckingham Gate, SW1. The increase in the like-for-like portfolio of £1.9m is due to new lettings, the settlement of a number of rent reviews and increased turnover rent. These increases are largely offset by a £14.8m reduction in net rental income from sales since 1 April 2015, most notably Thomas More Square, E1, Holborn Gate, WC1 and Times Square, EC4.

Outlook

During the period, occupational demand for London space dropped below the ten-year average whilst supply increased. As a result, we anticipate a weakening of net effective rental values as uncertainty continues. Whilst not immune, our quality buildings and long weighted average lease term insulate us from the impact of this on our rental income.

Despite the uncertainty resulting from the UK's vote to leave the European Union, there remains considerable investor support for London's real estate market and we believe the long-term prospects for the capital remain sound.

Retail Portfolio

At a glance

- Valuation deficit of 1.9%(1)
- Ungeared total property return of 0.8%
- The portfolio outperformed its IPD Quarterly Universe sector benchmark at -1.6%
- £7.1m of investment lettings and £0.9m of development lettings
- Like-for-like voids: 2.1% (31 March 2016: 2.0%) and units in administration: 0.9% (31 March 2016: 0.5%)

1. On a proportionate basis.

Key indicators

- Footfall in our shopping centres was down 1.1% (national benchmark down 2.2%)
- National benchmark for all retail sales, including online, was up 0.4%
- Same centre non-food retail sales, taking into account new lettings and occupier changes, were up 0.8% (national benchmark for same centre physical store non-food retail sales down 1.8%)
- Same store non-food retail sales were down 1.7% (national benchmark for same store physical store non-food retail sales down 2.1%)
- Retailers' rent to sales ratio was 10.5%
- Total occupancy costs (including rent, rates, service charges and insurance) represented 17.9% of sales

We have sold our secondary shopping centres and standalone foodstores over the past few years, reinvesting the proceeds into a retail and leisure portfolio of destination assets that offer visitors a great experience. As a consequence, we are well-placed to meet the evolving requirements of our customers and consumers.

Buy

There were no material acquisitions in the period.

Develop

With one year to go before opening, we continue to make good progress at our 800,000 sq ft joint venture development at Westgate Oxford. We have added further brands such as Tommy Hilfiger, Hugo Boss and Mint Velvet to an already substantial retailer commitment. We also have a fantastic line-up of restaurants which, together with the state-of-the-art Curzon cinema, will create a stunning rooftop environment. This vibrant new destination is now 50% pre-let with a further 14% in solicitors' hands.

At White Rose, Leeds, our leisure extension is on schedule to complete next March and includes a new IMAX cinema and six new restaurants, all of which are now pre-let or in solicitors' hands.

At Selly Oak, Birmingham, decontamination works being undertaken by Sainsbury's have now been completed and Harvest, our joint venture with Sainsbury's, has taken possession of the site. Retailer support for the scheme is strong with approximately 90% pre-let or in solicitors' hands.

Disappointingly, at Worcester Woods our planning application for a 240,000 sq ft retail park development was refused by the planning committee, and we are currently reviewing options for the site.

Manage

At Gunwharf Quays, Portsmouth, Oliver Sweeney and Under Armour opened stores during the period and we signed up four new brands. Planning consent has also been secured for two additional units in the scheme. At Buchanan Galleries in Glasgow, we opened Street Dots, Scotland's first indoor street food concept. Our planning consent for a significant extension to the centre is valid until 2027 and allows for phased development, providing flexibility for the future, although our current focus is on improving the existing centre.

We have made significant progress at Bluewater, Kent over the past six months, with eight new openings and the completion of a new 40,000 sq ft flagship store for H&M which opens this month. In addition, we acquired the long leasehold interest of the cinema, enabling Showcase to extend into the former Glow events venue and install state-of-the-art equipment.

Our voids remain low, and while units in administration have increased slightly due to BHS, the majority of their space is now either let or in solicitors' hands to anchor fashion retailers.

We remain almost fully let across our retail park and leisure portfolios but continue to add income through asset management opportunities. At Westwood Cross, Kent, we secured planning for four new restaurants on an adjacent site which we recently acquired. At Fountain Park, Edinburgh, our refurbishment and reconfiguration of this dominant leisure destination is progressing well, with all units now pre-let or in solicitors' hands.

Sell

During the period, we sold £18.1m of assets, including the Ealing Filmworks site. Since 30 September, we have exchanged contracts to sell four of the seven Accor hotels where break notices were served in February 2016. Income on the remaining 22 Accor hotels in our portfolio is secured until 2031.

Net rental income

Table 10: Net rental income(1)

	30 September 2016 £m	30 September 2015 £m	Change £m
Like-for-like investment properties	**153.7**	150.6	3.1
Proposed developments	**-**	-	-
Development programme	**(0.1)**	0.5	(0.6)
Completed developments	**-**	-	-
Acquisitions since 1 April 2015	**0.7**	-	0.7
Sales since 1 April 2015	**0.1**	11.0	(10.9)
Non-property related income	**4.5**	5.5	(1.0)
Net rental income	**158.9**	167.6	(8.7)

1. On a proportionate basis.

Net rental income reduced by £8.7m from £167.6m to £158.9m. This was largely due to disposals since 1 April 2015. These include retail parks in Gateshead, Dundee and Derby, a leisure park in Maidstone and a supermarket in Crawley, which were all sold in the second half of last year. The increase in our like-for-like portfolio of £3.1m is due to a combination of new lettings, improved turnover performance and a reduction in bad debt provisions compared to the prior period.

Outlook

Whilst the impact of the UK's vote to leave the European Union on the retail market remains unclear, we expect consumer spending to come under pressure from higher prices and lower real wage growth, making rental growth harder for us to achieve. However, we believe high quality destination assets like ours will be more resilient in uncertain markets and better able to adapt to the ever changing retail environment. The timely disposal of our secondary assets over the last few years means we are well-placed, with a portfolio of dominant assets in convenient locations offering great experiences that our customers demand and consumers want.

Principal risks and uncertainties

The principal risks of the business are set out on pages 48-49 of the 2016 Annual Report alongside their potential impact and related mitigations. These risks fall into ten categories: customers; market cyclicality; development; people and skills; liability structure; financing; sustainability; health and safety; security and cyber attack.

The Board has reviewed the principal risks in the context of the second half of the current financial year. Following the outcome of the UK's vote to leave the European Union, economic uncertainty has increased, as highlighted in these half-yearly results. As a result, we believe that for two of our principal risks – customers and market cyclicality – there has been an increase since the 2016 Annual Report, as set out below. The Board believes there has been no material change to the other risks outlined in the 2016 Annual Report and that the existing mitigation actions remain appropriate to manage them.

Risk description	Impact	Mitigation	Movement since 2016 Annual Report
Customers			
Structural changes in customer and consumer behaviours, and pressure on consumer spending.	Shift in office and retailer customer demand with consequent impact on lettings, renewal of existing leases and rental growth Retailers unable to meet existing rental commitments.	Large and diversified customer base (no single customer represents more than 5.3% of rents) Of our income 69.4% is derived from occupiers who individually make less than a 1% contribution to rent roll Clear retail strategy focused on dominance, convenience and experience Development programme has delivered a modern office portfolio well-suited to occupier requirements Experienced asset management team Strong relationships with occupiers.	Increased In retail, currency devaluation has increased the likelihood of rising consumer prices, resulting in pressure on disposable incomes and hence on consumer spending. In London, uncertainty over the trading environment once the UK leaves the European Union has increased the risk of reduced demand for long-term leases.
Market cyclicality			
Volatility and speed of change of asset valuations and market conditions.	Reduces liquidity of assets and relative asset performance Fall in values.	Large multi-asset portfolio Monitor asset concentration (our largest asset is only 5.7% of the total portfolio) Average investment property lot size of £117.9m Generally favour full control and ownership of assets (12.1% of assets currently in joint ventures) Average unexpired lease term of 8.9 years with a maximum of 7.9% of gross rental income expiring or subject to break clauses in any one of the next five years.	Increased Recognised in 2016 Annual Report that there was an increased risk of a fall in asset values due to economic and political uncertainty. Outcome of vote on European Union referendum has compounded this uncertainty and values have declined this period.

Statement of Directors' Responsibilities

Each of the Directors, whose names and functions appear below, confirm to the best of their knowledge that the condensed consolidated interim financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting', as issued by the IASB and adopted by the European Union and that the interim management report herein includes a fair review of the information required by the Disclosure and Transparency Rules (DTR), namely:

- DTR 4.2.7 (R): an indication of important events that have occurred during the six month period ended 30 September 2016 and their impact on the condensed interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- DTR 4.2.8 (R): any related party transactions in the six month period ended 30 September 2016 that have materially affected, and any changes in the related party transactions described in the 2016 Annual Report that could materially affect, the financial position or performance of the enterprise during that period.

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

Edward Bonham Carter*, Senior Independent Director

Kevin O'Byrne*

Chris Bartram*

Simon Palley*

Stacey Rauch*

Cressida Hogg CBE*

*Non-executive Directors

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

By order of the Board

Tim Ashby
Group General Counsel and Company Secretary
14 November 2016

Independent review report to Land Securities Group PLC

Introduction

We have been engaged by the Company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 September 2016 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes to the financial statements 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
14 November 2016

Financial statements

Unaudited income statement	Notes	Six months ended 30 September 2016 Revenue profit £m	Capital and other items £m	Total £m	Six months ended 30 September 2015 Revenue profit £m	Capital and other items £m	Total £m
Revenue	4	**352.3**	**24.2**	**376.5**	364.3	5.9	370.2
Costs	5	**(111.6)**	**(11.1)**	**(122.7)**	(119.2)	(4.7)	(123.9)
		240.7	**13.1**	**253.8**	245.1	1.2	246.3
Profit on disposal of investment properties		**-**	**9.0**	**9.0**	-	5.8	5.8
Loss on disposal of investment in joint venture		**-**	**(1.9)**	**(1.9)**	-	-	-
Net (deficit)/surplus on revaluation of investment properties	11	**-**	**(277.4)**	**(277.4)**	-	394.5	394.5
Operating (loss)/profit		**240.7**	**(257.2)**	**(16.5)**	245.1	401.5	646.6
Share of post-tax profit from joint ventures	12	**13.0**	**19.9**	**32.9**	11.1	133.8	144.9
Interest income	6	**17.5**	**-**	**17.5**	16.5	2.2	18.7
Interest expense	6	**(78.7)**	**(48.6)**	**(127.3)**	(88.5)	(11.4)	(99.9)
Revaluation of redemption liabilities		**-**	**(1.6)**	**(1.6)**	-	(2.4)	(2.4)
(Loss)/profit before tax		**192.5**	**(287.5)**	**(95.0)**	184.2	523.7	707.9
Taxation		**-**	**(0.8)**	**(0.8)**	-	0.2	0.2
(Loss)/profit for the period attributable to owners of the parent		**192.5**	**(288.3)**	**(95.8)**	184.2	523.9	708.1
Earnings per share attributable to owners of the parent (pence):							
Basic (loss)/earnings per share	8			**(12.1)**			89.7
Diluted (loss)/earnings per share	8			**(12.1)**			89.3

Unaudited statement of comprehensive income	Notes	Six months ended 30 September 2016 Total £m	Six months ended 30 September 2015 Total £m
(Loss)/profit for the period attributable to owners of the parent		**(95.8)**	708.1
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	12	**(0.2)**	0.3
Revaluation of other investments		**(0.2)**	0.2
Items that will not be subsequently reclassified to the income statement:			
Re-measurement (loss)/gain on defined benefit pension scheme		**(11.0)**	5.0
Deferred tax on re-measurement loss/(gain) on defined benefit pension scheme		**1.9**	(0.9)
Other comprehensive (loss)/income for the period attributable to owners of the parent		**(9.5)**	4.6
Total comprehensive (loss)/income for the period attributable to owners of the parent		**(105.3)**	712.7

Unaudited balance sheet	Notes	30 September 2016 £m	31 March 2016 £m
Non-current assets			
Investment properties	11	**12,182.4**	12,357.7
Intangible assets		**36.6**	38.1
Other property, plant and equipment		**12.9**	5.1
Net investment in finance leases		**166.4**	182.6
Investments in joint ventures	12	**1,707.9**	1,668.2
Other investments		**13.6**	13.8
Trade and other receivables		**99.7**	86.1

Pension surplus		**14.4**	25.2
Total non-current assets		**14,233.9**	14,376.8
Current assets			
Trading properties and long-term development contracts	13	**127.0**	123.4
Trade and other receivables		**420.5**	445.4
Derivative financial instruments		**5.3**	-
Monies held in restricted accounts and deposits		**17.8**	19.7
Cash and cash equivalents		**16.9**	24.7
Total current assets		**587.5**	613.2
Total assets		**14,821.4**	14,990.0
Current liabilities			
Borrowings	15	**(368.2)**	(18.7)
Trade and other payables		**(315.3)**	(289.3)
Provisions		**(3.3)**	(18.5)
Derivative financial instruments		**(0.6)**	(0.7)
Total current liabilities		**(687.4)**	(327.2)
Non-current liabilities			
Borrowings	15	**(2,578.9)**	(2,854.3)
Trade and other payables		**(29.6)**	(28.5)
Provisions		**-**	(5.5)
Derivative financial instruments		**(36.5)**	(31.2)
Redemption liabilities		**(35.7)**	(34.9)
Deferred tax		**(7.4)**	(9.5)
Total non-current liabilities		**(2,688.1)**	(2,963.9)
Total liabilities		**(3,375.5)**	(3,291.1)
Net assets		**11,445.9**	11,698.9
Equity			
Capital and reserves attributable to owners of the parent			
Ordinary shares		**80.1**	80.1
Share premium		**790.6**	790.2
Capital redemption reserve		**30.5**	30.5
Own shares		**(10.4)**	(13.8)
Share-based payments		**6.3**	11.1
Retained earnings		**10,548.8**	10,800.8
Total equity		**11,445.9**	11,698.9

The financial statements on pages 18 to 41 were approved by the Board of Directors on 14 November 2016 and were signed on its behalf by:

R M Noel **M F Greenslade**

Directors

Unaudited statement of changes in equity	Attributable to owners of the parent						Group
	Ordinary shares £m	Share premium £m	Capital redemption reserve £m	Own shares £m	Share-based payments £m	Retained earnings £m	Total equity £m
At 1 April 2015	80.1	789.4	30.5	(11.1)	8.7	9,708.7	10,606.3
Total comprehensive income for the period	-	-	-	-	-	712.7	712.7
Transactions with owners:							
Exercise of options	-	0.6	-	-	-	-	0.6
Dividends to owners of the parent	-	-	-	-	-	(126.6)	(126.6)

Fair value of share-based payments	-	-	-	-	4.2	-	4.2
Release on exercise of share options	-	-	-	-	(5.5)	5.5	-
Settlement and transfer of shares to employees on exercise of share options, net of proceeds	-	-	-	14.4	-	(11.0)	3.4
Acquisition of own shares	-	-	-	(12.4)	-	-	(12.4)
Total transactions with owners of the parent	-	0.6	-	2.0	(1.3)	(132.1)	(130.8)
At 30 September 2015	80.1	790.0	30.5	(9.1)	7.4	10,289.3	11,188.2
Total comprehensive income for the period	-	-	-	-	-	640.5	640.5
Transactions with owners:							
Exercise of options	-	0.2	-	-	-	-	0.2
Dividends to owners of the parent	-	-	-	-	-	(128.8)	(128.8)
Fair value of share-based payments	-	-	-	-	3.7	-	3.7
Release on exercise of share options	-	-	-	-	-	-	-
Settlement and transfer of shares to employees on exercise of share options, net of proceeds	-	-	-	1.3	-	(0.2)	1.1
Acquisition of own shares	-	-	-	(6.0)	-	-	(6.0)
Total transactions with owners of the parent	-	0.2	-	(4.7)	3.7	(129.0)	(129.8)
At 31 March 2016	**80.1**	**790.2**	**30.5**	**(13.8)**	**11.1**	**10,800.8**	**11,698.9**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**(105.3)**	**(105.3)**
Transactions with owners:							
Exercise of options	**-**	**0.4**	**-**	**-**	**-**	**-**	**0.4**
Dividends to owners of the parent	**-**	**-**	**-**	**-**	**-**	**(147.6)**	**(147.6)**
Fair value of share-based payments	**-**	**-**	**-**	**-**	**2.3**	**-**	**2.3**
Release on exercise of share options	**-**	**-**	**-**	**-**	**(7.1)**	**7.1**	**-**
Settlement and transfer of shares to employees on exercise of share options, net of proceeds	**-**	**-**	**-**	**8.3**	**-**	**(6.2)**	**2.1**
Acquisition of own shares	**-**	**-**	**-**	**(4.9)**	**-**	**-**	**(4.9)**
Total transactions with owners of the parent	**-**	**0.4**	**-**	**3.4**	**(4.8)**	**(146.7)**	**(147.7)**
At 30 September 2016	**80.1**	**790.6**	**30.5**	**(10.4)**	**6.3**	**10,548.8**	**11,445.9**

Unaudited statement of cash flows		**Six months ended 30 September**	
		2016	2015
	Notes	**£m**	£m
Cash flows from operating activities			
Net cash generated from operations	10	**216.8**	216.5
Interest received		**8.9**	1.0
Interest paid		**(83.4)**	(99.7)
Employer contributions to defined benefit pension scheme		**(0.4)**	(0.4)
Capital expenditure on trading properties		**(5.6)**	(20.1)
Disposal of trading properties		**50.3**	58.3
Corporation tax paid		**-**	(0.1)
Net cash inflow from operating activities		**186.6**	155.5
Cash flows from investing activities			
Investment property development expenditure		**(21.4)**	(55.6)
Acquisition of investment properties and other investments		**(14.4)**	(94.8)
Other investment property related expenditure		**(38.7)**	(65.3)
Disposal of investment properties		**14.0**	344.3
Expenditure on non-property related non-current assets		**(7.4)**	(2.7)
Receipt of long-term loan investment		**-**	49.5
Disposal of investment in joint venture		**3.6**	-
Cash contributed to joint ventures	12	**(31.6)**	(14.6)
Loan advances to joint ventures	12	**(29.5)**	(63.1)
Loan repayments by joint ventures	12	**7.4**	6.4
Distributions from joint ventures	12	**41.2**	43.6
Net cash (outflow)/inflow from investing activities		**(76.8)**	147.7
Cash flows from financing activities			
Cash received on issue of shares arising from exercise of share options		**2.1**	4.0

Purchase of own shares and treasury shares		**(4.9)**	(12.4)
Proceeds from new loans (net of finance fees)	15	**324.3**	142.1
Repayment of loans	15	**(293.7)**	(312.1)
Decrease in monies held in restricted accounts and deposits		**1.9**	3.0
Redemption of medium term notes		**(10.2)**	-
Decrease in finance leases payable		**(0.4)**	-
Dividends paid to owners of the parent	9	**(135.8)**	(124.2)
Distributions paid by non-wholly owned subsidiaries		**(0.9)**	(1.2)
Net cash outflow from financing activities		**(117.6)**	(300.8)
(Decrease)/increase in cash and cash equivalents for the period		**(7.8)**	2.4
Cash and cash equivalents at the beginning of the period		**24.7**	14.3
Cash and cash equivalents at the end of the period		**16.9**	16.7

Notes to the financial statements

1. Basis of preparation and consolidation

Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 September 2016 has been prepared on a going concern basis and in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and IAS 34 'Interim Financial Reporting' as adopted by the European Union (EU). In order to satisfy themselves that the Group has adequate resources to continue in operational existence for the foreseeable future, the Directors have reviewed an 18-month cash flow forecast extracted from the Group's current five-year plan, which includes assumptions about future trading performance and debt requirements, and an assessment of the potential impact of significant changes to those cash flows. This, together with available market information and experience of the Group's property portfolio and markets, has given the Directors sufficient confidence to adopt the going concern basis in preparing the financial statements.

The condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2016, presented in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs), were approved by the Board of Directors on 16 May 2016 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. The condensed consolidated interim financial information has been reviewed, not audited.

The condensed consolidated interim financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2016, which have been prepared in accordance with IFRSs.

This condensed consolidated interim financial information was approved for issue on 14 November 2016.

Presentation of results

The Group income statement is presented in a columnar format, split into those items that relate to revenue profit and capital and other items. The total column represents the Group's results presented in accordance with IFRSs; the other columns provide additional information. This is intended to reflect the way in which the Group's senior management review the results of the business and to aid reconciliation to the segmental reporting.

The presentation of individual cost items in the Income Statement has been reviewed in the period and some less significant items are now aggregated within Costs.

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. These measures are non-GAAP measures and therefore not presented in accordance with IFRSs. This is in contrast to the condensed consolidated interim financial information presented in these half-yearly results, 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. Our joint operations are presented on a proportionate basis in all financial measures.

Revenue profit is the Group's measure of underlying pre-tax profit. 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 exceptional items. The Group believes that revenue profit better represents the results of the Group's operational performance to shareholders and other stakeholder groups. A full definition of revenue profit is given in the glossary. The components of revenue profit are presented on a proportionate basis in note 3. Revenue profit is a non-GAAP measure.

2. Significant accounting policies

Except as described below, the condensed consolidated interim financial information has been prepared on the basis of the accounting policies, significant judgements, key assumptions and estimates as set out in the notes to the Group's annual financial statements for the year ended 31 March 2016. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following accounting standards or interpretations were effective for the financial year beginning 1 April 2016:

- IFRS 11 (amendment) 'Accounting for Acquisitions of Interest in Joint Operations'
- IAS 1 (amendment) 'Disclosure Initiative'
- IAS 16 and IAS 38 (amendments) 'Clarification of Acceptable Methods of Depreciation and Amortisation'
- IAS 27 (amendment) 'Equity Method in Separate Financial Statements'

None of the standards above have impacted the Group's reporting.

The following accounting standards and interpretations which are relevant to the Group have been issued, but are not yet effective:

- IFRS 2 (amendment) 'Classification and Measurement of Share-based Payment Transactions'
- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 16 'Leases'
- IAS 7 (amendment) 'Disclosure Initiative'
- IAS 12 (amendment) Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements 2012-2014 (various standards)

These standards and interpretations have not been early adopted by the Group. The Group is in the process of assessing the impact of these new standards and interpretations on its financial reporting.

3. 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 park 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 period, 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, the Group HR Director and the Corporate Affairs and Sustainability 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 performance is not impacted by seasonal fluctuations.

									Six months ended 30 September 2016
	Retail Portfolio			London Portfolio			Total		
Revenue profit	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m	Group(1) £m	Joint ventures £m	Total £m
Rental income	157.5	14.9	172.4	132.1	9.9	142.0	289.6	24.8	314.4
Finance lease interest	0.6	-	0.6	4.4	-	4.4	5.0	-	5.0
Gross rental income (before rents payable)	158.1	14.9	173.0	136.5	9.9	146.4	294.6	24.8	319.4
Rents payable(2)	(3.2)	(0.5)	(3.7)	(1.3)	-	(1.3)	(4.5)	(0.5)	(5.0)
Gross rental income (after rents payable)	154.9	14.4	169.3	135.2	9.9	145.1	290.1	24.3	314.4
Service charge income	23.2	2.2	25.4	19.5	1.6	21.1	42.7	3.8	46.5
Service charge expense	(24.6)	(2.7)	(27.3)	(19.4)	(2.1)	(21.5)	(44.0)	(4.8)	(48.8)
Net service charge expense	(1.4)	(0.5)	(1.9)	0.1	(0.5)	(0.4)	(1.3)	(1.0)	(2.3)
Other property related income	9.3	0.3	9.6	4.4	0.5	4.9	13.7	0.8	14.5
Direct property expenditure	(16.0)	(2.1)	(18.1)	(10.0)	(0.4)	(10.4)	(26.0)	(2.5)	(28.5)
Net rental income	146.8	12.1	158.9	129.7	9.5	139.2	276.5	21.6	298.1
Indirect property expenditure	(9.8)	(0.5)	(10.3)	(7.1)	(0.3)	(7.4)	(16.9)	(0.8)	(17.7)
Depreciation and amortisation	(0.2)	-	(0.2)	(0.4)	-	(0.4)	(0.6)	-	(0.6)
Segment profit before interest	136.8	11.6	148.4	122.2	9.2	131.4	259.0	20.8	279.8
Joint venture net interest expense	-	(2.1)	(2.1)	-	(5.7)	(5.7)	-	(7.8)	(7.8)
Segment profit	136.8	9.5	146.3	122.2	3.5	125.7	259.0	13.0	272.0
Group services – other income							1.3	-	1.3
– expense							(19.6)	-	(19.6)
Interest income							17.5	-	17.5
Interest expense							(78.7)	-	(78.7)
Revenue profit							179.5	13.0	192.5

1. Group income figures shown in this column are included in note 4 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 **£0.3m** and **£0.2m** for the Retail and London portfolios, respectively.

Reconciliation of revenue profit to loss before tax	Group £m	Joint ventures £m	Total Total £m
Revenue profit	**179.5**	**13.0**	**192.5**
Capital and other items			
Valuation and profits on disposals			
Net (deficit)/surplus on revaluation of investment properties	**(277.4)**	**17.8**	**(259.6)**
Movement in impairment of trading properties	**9.6**	**-**	**9.6**
Profit on disposal of trading properties	**1.8**	**-**	**1.8**
Profit on disposal of investment properties	**9.0**	**2.0**	**11.0**
Loss on disposal of investment in joint venture	**(1.9)**	**-**	**(1.9)**
Net interest expense			
Fair value movement on foreign exchange swaps	**23.4**	**-**	**23.4**
Foreign exchange movement on borrowings	**(23.4)**	**-**	**(23.4)**
Fair value movement on interest-rate swaps	**(16.7)**	**-**	**(16.7)**
Fair value movement in long-term liabilities	**(2.2)**	**-**	**(2.2)**
Amortisation of bond exchange de-recognition adjustment	**(12.4)**	**-**	**(12.4)**
Impairment of unamortised finance costs	**(0.7)**	**-**	**(0.7)**
Exceptional items			
Head office relocation(3)	**1.7**	**-**	**1.7**
Redemption of medium term notes(4)	**(16.6)**	**-**	**(16.6)**
Other			
Revaluation of redemption liabilities	**(1.6)**	**-**	**(1.6)**
Impairment of goodwill	**(0.1)**	**-**	**(0.1)**
Amortisation of intangible asset	**(0.8)**	**-**	**(0.8)**
Adjustment for non-wholly owned subsidiaries(5)	**0.9**	**0.1**	**1.0**
Loss before tax	**(127.9)**	**32.9**	**(95.0)**

3. The net credit in respect of the head office relocation comprises the **£2.4m** release of an onerous lease provision following the assignment of the lease on the Group's current head office at a lower net cost than originally anticipated, together with relocation costs of **£0.7m**.
4. The Group purchased medium term notes (MTNs) with a nominal value of **£45.8m** at a premium of **£10.2m**. The redemption premium and **£6.4m** of the bond exchange de-recognition adjustment associated with the purchased bonds have been expensed to the income statement in the period.
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 **£1.0m** adjustment above is revenue of **£1.4m**, joint venture profits in non-wholly owned subsidiaries of **£0.1m**, less costs of **£0.5m**.

									Six months ended 30 September 2015
	Retail Portfolio			London Portfolio			Total		
Revenue profit	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m	Group(1) £m	Joint ventures £m	Total £m
Rental income	166.6	15.3	181.9	132.6	9.3	141.9	299.2	24.6	323.8
Finance lease interest	0.7	-	0.7	4.5	-	4.5	5.2	-	5.2
Gross rental income (before rents payable)	167.3	15.3	182.6	137.1	9.3	146.4	304.4	24.6	329.0
Rents payable(2)	(3.7)	(0.5)	(4.2)	(1.4)	-	(1.4)	(5.1)	(0.5)	(5.6)
Gross rental income (after rents payable)	163.6	14.8	178.4	135.7	9.3	145.0	299.3	24.1	323.4
Service charge income	22.5	2.3	24.8	19.7	1.7	21.4	42.2	4.0	46.2
Service charge expense	(23.4)	(2.6)	(26.0)	(20.1)	(2.1)	(22.2)	(43.5)	(4.7)	(48.2)
Net service charge expense	(0.9)	(0.3)	(1.2)	(0.4)	(0.4)	(0.8)	(1.3)	(0.7)	(2.0)
Other property related income	9.8	0.3	10.1	6.1	0.4	6.5	15.9	0.7	16.6
Direct property expenditure	(17.5)	(2.2)	(19.7)	(12.7)	(0.8)	(13.5)	(30.2)	(3.0)	(33.2)
Net rental income	155.0	12.6	167.6	128.7	8.5	137.2	283.7	21.1	304.8
Indirect property expenditure	(12.3)	(0.5)	(12.8)	(8.4)	(0.3)	(8.7)	(20.7)	(0.8)	(21.5)
Depreciation	(0.1)	-	(0.1)	(0.4)	-	(0.4)	(0.5)	-	(0.5)
Segment profit before interest	142.6	12.1	154.7	119.9	8.2	128.1	262.5	20.3	282.8
Joint venture net interest expense	-	(1.6)	(1.6)	-	(7.6)	(7.6)	-	(9.2)	(9.2)
Segment profit	142.6	10.5	153.1	119.9	0.6	120.5	262.5	11.1	273.6
Group services – other income							1.8	-	1.8
– expense							(19.2)	-	(19.2)
Interest income							16.5	-	16.5
Interest expense							(88.5)	-	(88.5)
Revenue profit							173.1	11.1	184.2

1. Group income figures shown in this column are included in note 4 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 £0.3m and £0.2m for the Retail and London portfolios, respectively.

Reconciliation of revenue profit to profit before tax	Group £m	Joint ventures £m	Total Total £m
Revenue profit	173.1	11.1	184.2
Capital and other items			
Valuation and profits on disposals			
Net surplus on revaluation of investment properties	393.6	125.7	519.3
Movement in impairment of trading properties	1.2	4.4	5.6
Impairment of long-term development contracts	(0.1)	(0.1)	(0.2)
Loss on disposal of trading properties	(0.2)	-	(0.2)
Profit on disposal of investment properties	5.8	4.0	9.8
Net interest expense			
Fair value movement on foreign exchange swaps	9.5	-	9.5
Foreign exchange movement on borrowings	(9.5)	-	(9.5)
Fair value movement on interest-rate swaps	2.2	-	2.2
Amortisation of bond exchange de-recognition adjustment	(11.4)	-	(11.4)
Other			
Revaluation of redemption liabilities	(2.4)	-	(2.4)
Impairment of goodwill	(0.2)	-	(0.2)
Amortisation of intangible asset	(0.8)	-	(0.8)
Joint venture taxation	-	(0.2)	(0.2)
Adjustment for non-wholly owned subsidiaries(3)	2.2	-	2.2
Profit before tax	563.0	144.9	707.9

3. 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 £2.2m adjustment above is revenue of £1.7m, a net surplus on revaluation of investment properties of £0.9m, joint venture profits in non-wholly owned subsidiaries of £nil, less costs of £0.4m.

4. 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.

	Six months ended 30 September 2016			Six months ended 30 September 2015		
	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)	**270.2**	**1.0**	**271.2**	289.5	1.4	290.9
Adjustment for lease incentives	**19.4**	**0.1**	**19.5**	9.7	-	9.7
Rental income	**289.6**	**1.1**	**290.7**	299.2	1.4	300.6
Service charge income	**42.7**	**0.3**	**43.0**	42.2	0.3	42.5
Other property related income	**13.7**	**-**	**13.7**	15.9	-	15.9
Trading property sales proceeds	**-**	**22.8**	**22.8**	-	4.2	4.2
Finance lease interest	**5.0**	**-**	**5.0**	5.2	-	5.2
Other income	**1.3**	**-**	**1.3**	1.8	-	1.8
	352.3	**24.2**	**376.5**	364.3	5.9	370.2

5. Costs

All costs are classified within the 'Revenue profit' column of the income statement, with the exception of the impairment of long-term development contracts, the cost of sale of trading properties, movement in impairment of trading properties, amortisation of intangible assets, impairment of goodwill and head office relocation 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.

	Six months ended 30 September 2016			Six months ended 30 September 2015		
	Revenue profit £m	**Capital and other items £m**	**Total £m**	Revenue profit £m	Capital and other items £m	Total £m
Rents payable	**4.5**	**-**	**4.5**	5.1	-	5.1

Service charge expense(1)	**44.0**	**0.3**	**44.3**	43.5	0.3	43.8
Direct property expenditure(1)	**26.0**	**0.1**	**26.1**	30.2	0.1	30.3
Indirect property expenditure(1)	**37.1**	**0.1**	**37.2**	40.4	-	40.4
Impairment of long-term development contracts	**-**	**-**	**-**	-	0.1	0.1
Trading property disposals	**-**	**21.0**	**21.0**	-	4.4	4.4
Movement in impairment of trading properties(2)	**-**	**(9.6)**	**(9.6)**	-	(1.2)	(1.2)
Amortisation of intangible assets	**-**	**0.8**	**0.8**	-	0.8	0.8
Impairment of goodwill	**-**	**0.1**	**0.1**	-	0.2	0.2
Head office relocation	**-**	**(1.7)**	**(1.7)**	-	-	-
	111.6	**11.1**	**122.7**	119.2	4.7	123.9

1. The table above includes Group employee costs for the period of **£29.9m** (2015: £33.9m), which has been split into **£4.1m** (2015: £3.6m) within service charge expense, **£0.1m** (2015: £0.2m) within direct property expenditure and **£25.7m** (2015: £30.1m) within indirect property expenditure, of which **£10.3m** relates to Group services (2015: £10.8m).
2. The movement in impairment of trading properties in the six months ended 30 September 2016 relates to the reversal of previous impairment charges related to residential land, where the valuer's assessment of net realisable value increased over the period.

6. Interest	**Six months ended 30 September 2016**			Six months ended 30 September 2015		
	Revenue profit	**Capital and other items**	**Total**	Revenue profit	Capital and other items	Total
	£m	**£m**	**£m**	£m	£m	£m
Interest income						
Interest received on loan investments	**-**	**-**	**-**	0.5	-	0.5
Other interest receivable	**0.3**	**-**	**0.3**	0.5	-	0.5
Net interest receivable from joint ventures	**16.7**	**-**	**16.7**	15.3	-	15.3
Net pension interest	**0.5**	**-**	**0.5**	0.2	-	0.2
Fair value movement on interest-rate swaps	**-**	**-**	**-**	-	2.2	2.2
Total interest income	**17.5**	**-**	**17.5**	16.5	2.2	18.7
Interest expense						
Bond and debenture debt	**(73.5)**	**-**	**(73.5)**	(84.7)	-	(84.7)
Bank and other short term borrowings	**(8.1)**	**-**	**(8.1)**	(11.3)	-	(11.3)
Fair value movement on foreign exchange swaps	**-**	**23.4**	**23.4**	-	9.5	9.5
Foreign exchange movement on borrowings	**-**	**(23.4)**	**(23.4)**	-	(9.5)	(9.5)
Fair value movement on interest-rate swaps	**-**	**(16.7)**	**(16.7)**	-	-	-
Fair value movement on long-term liabilities	**-**	**(2.2)**	**(2.2)**	-	-	-
Amortisation of bond exchange de-recognition adjustment	**-**	**(12.4)**	**(12.4)**	-	(11.4)	(11.4)
Redemption of medium term notes(1)	**-**	**(16.6)**	**(16.6)**	-	-	-
Impairment of unamortised finance costs	**-**	**(0.7)**	**(0.7)**	-	-	-
Other interest payable	**(0.6)**	**-**	**(0.6)**	(0.3)	-	(0.3)
	(82.2)	**(48.6)**	**(130.8)**	(96.3)	(11.4)	(107.7)
Interest capitalised in relation to properties under development	**3.5**	**-**	**3.5**	7.8	-	7.8
Total interest expense	**(78.7)**	**(48.6)**	**(127.3)**	(88.5)	(11.4)	(99.9)
Net interest expense	**(61.2)**	**(48.6)**	**(109.8)**	(72.0)	(9.2)	(81.2)
Joint venture net interest expense	**(7.8)**			(9.2)		
Net interest expense included in revenue profit	**(69.0)**			(81.2)		

1. Presented as an exceptional item in note 3.

Finance lease interest payable of **£0.5m** (2015: £0.5m) is included within rents payable as detailed in note 3.

7. Net assets per share	**30 September 2016 £m**	31 March 2016 £m
Net assets attributable to owners of the parent	**11,445.9**	11,698.9
Fair value of interest-rate swaps – Group	**37.1**	31.9
– Joint ventures	**2.4**	2.2
Deferred tax liability arising on business combination	**4.8**	4.9
Goodwill on deferred tax liability	**(4.8)**	(4.9)
EPRA net assets	**11,485.4**	11,733.0
Reverse bond exchange de-recognition adjustment	**(349.5)**	(368.3)
Adjusted net assets attributable to owners of the parent	**11,135.9**	11,364.7
Reinstate bond exchange de-recognition adjustment	**349.5**	368.3
Fair value of interest-rate swaps – Group	**(37.1)**	(31.9)
– Joint ventures	**(2.4)**	(2.2)

Deferred tax liability arising on business combination	**(4.8)**	(4.9)
Excess of fair value of debt over book value (note 15)	**(1,218.1)**	(1,000.8)
EPRA triple net assets	**10,223.0**	10,693.2

	30 September 2016 million	31 March 2016 million
Number of ordinary shares in issue	**801.2**	801.2
Number of treasury shares	**(10.5)**	(10.5)
Number of own shares	**(0.9)**	(1.2)
Number of ordinary shares - basic net assets per share	**789.8**	789.5
Dilutive effect of share options	**1.1**	2.9
Number of ordinary shares - diluted net assets per share	**790.9**	792.4

	30 September 2016 pence	31 March 2016 pence
Basic net assets per share	**1,449**	1,482
Diluted net assets per share	**1,447**	1,476
Adjusted basic net assets per share	**1,410**	1,439
Adjusted diluted net assets per share	**1,408**	1,434
EPRA net assets per share	**1,452**	1,481
EPRA triple net assets per share	**1,293**	1,349

Adjusted net assets per share excludes the fair value of interest-rate swaps 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 owners of the parent is more indicative of underlying business performance.

	30 September 2016 pence	30 September 2015 pence
(Decrease)/increase in adjusted diluted net assets per share	**(26.0)**	74.0
Dividend paid per share in the period (note 9)	**18.7**	16.1
Total return (a)	**(7.3)**	90.1
Adjusted diluted net assets per share at 31 March (b)	**1,434**	1,293
Total business return (a/b)	**(0.5%)**	7.0%

8. 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 and adjusted earnings per share are calculated on a proportionate basis and exclude capital and exceptional items. We believe our measure of adjusted diluted earnings per share is more appropriate than the EPRA measure in the context of our business.

	Six months ended 30 September 2016 £m	2015 £m
(Loss)/profit for the period attributable to owners of the parent	**(95.8)**	708.1
Net deficit/(surplus) on revaluation of investment properties	**259.6**	(519.3)
Movement in impairment of trading properties	**(9.6)**	(5.6)
(Profit)/loss on disposal of trading properties	**(1.8)**	0.2
Profit on disposal of investment properties	**(11.0)**	(9.8)
Loss on disposal of investment in joint venture	**1.9**	-
Fair value movement on foreign exchange swaps	**(23.4)**	(9.5)
Foreign exchange movement on borrowings	**23.4**	9.5
Fair value movement on interest-rate swaps	**16.7**	(2.2)
Fair value movement on long-term liabilities	**2.2**	-
Impairment of unamortised finance costs	**0.7**	-

Redemption of medium term notes	**16.6**	-
Revaluation of redemption liabilities	**1.6**	2.4
Impairment of goodwill	**0.1**	0.2
Amortisation of intangible asset	**0.8**	0.8
Adjustment for non-wholly owned subsidiaries(1)	**(1.0)**	(2.2)
Joint venture taxation	**-**	0.2
Group taxation	**0.8**	(0.2)
EPRA earnings attributable to owners of the parent	**181.8**	172.6
Head office relocation	**(1.7)**	-
Impairment of long-term development contracts(2)	**-**	0.2
Amortisation of bond exchange de-recognition adjustment	**12.4**	11.4
Adjusted earnings attributable to owners of the parent	**192.5**	184.2

1. This adjustment represents the non-owned element of the Group's subsidiaries which is excluded from adjusted earnings.
2. The impairment of long-term development contracts has been removed from our adjusted earnings due to the long-term, capital nature of these programmes.

	Six months ended 30 September	
	2016 million	2015 million
Weighted average number of ordinary shares	**801.2**	801.1
Weighted average number of treasury shares	**(10.5)**	(10.5)
Weighted average number of own shares	**(1.1)**	(0.8)
Weighted average number of ordinary shares - basic earnings per share	**789.6**	789.8
Dilutive effect of share options	**1.6**	3.3
Weighted average number of ordinary shares - diluted earnings per share	**791.2**	793.1

	Six months ended 30 September	
	2016 pence	2015 pence
Basic (loss)/earnings per share	**(12.1)**	89.7
Diluted (loss)/earnings per share	**(12.1)**	89.3
Adjusted earnings per share	**24.4**	23.3
Adjusted diluted earnings per share	**24.3**	23.2
EPRA earnings per share	**23.0**	21.9
EPRA diluted earnings per share	**23.0**	21.8

9. Dividends

		Pence per share			**Six months ended 30 September**	
Ordinary dividends paid	**Payment date**	**PID**	**Non-PID**	**Total**	**2016 £m**	2015 £m
For the year ended 31 March 2015:						
Third interim	10 April 2015	7.9	-	7.9		62.4
Final	24 July 2015	8.15	-	8.15		64.4
For the year ended 31 March 2016:						
Third interim	**8 April 2016**	**8.15**	**-**	**8.15**	**64.4**	
Final	**28 July 2016**	**10.55**	**-**	**10.55**	**83.2**	
Gross dividends					**147.6**	126.8
Historic unclaimed dividends refunded					**-**	(0.2)
Dividends in statement of changes in equity					**147.6**	126.6
Timing difference on payment of withholding tax					**(11.8)**	(2.4)
Dividends in the statement of cash flows					**135.8**	124.2

The Company paid a first interim dividend in respect of the current financial year of **8.95p** per Ordinary share, wholly as a Property Income Distribution (PID), representing **£70.7m** in total (2015: 8.15p or £64.4m), on 7 October 2016.

The Board has declared a second interim dividend of **8.95p** per Ordinary share to be payable wholly as an ordinary dividend (2015: 8.15p). This second interim dividend will result in a further estimated distribution of **£70.7m** (2015: £64.4m) and will be paid on 6 January 2017 to shareholders registered at the close of business on 2 December 2016.

A Dividend Reinvestment Plan (DRIP) has been available in respect of all dividends paid during the period.

10. Net cash generated from operations

Reconciliation of operating profit to net cash generated from operations:	Six months ended 30 September 2016 £m	2015 £m
Operating (loss)/profit	**(16.5)**	646.6
Adjustments for:		
Depreciation	**1.4**	0.9
Impairment of long-term development contracts	**-**	0.1
Net deficit/(surplus) on revaluation of investment properties	**277.4**	(394.5)
Movement in impairment of trading properties	**(9.6)**	(1.2)
(Profit)/loss on disposal of trading properties	**(1.8)**	0.2
Profit on disposal of investment properties	**(9.0)**	(5.8)
Loss on disposal of investment in joint venture	**1.9**	-
Impairment of goodwill	**0.1**	0.2
Amortisation of intangible asset	**0.8**	0.8
Share-based payment charge	**2.3**	4.2
Defined benefit pension scheme charge	**0.6**	0.6
	247.6	252.1
Changes in working capital:		
Increase in receivables	**(9.1)**	(33.3)
Decrease in payables and provisions	**(21.7)**	(2.3)
Net cash generated from operations	**216.8**	216.5

11. Investment properties

	Six months ended 30 September 2016 £m	Six months ended 31 March 2016 £m	Six months ended 30 September 2015 £m
Net book value at the beginning of the period	**12,357.7**	12,611.6	12,158.0
Acquisitions	**13.6**	6.9	150.0
Capital expenditure: Investment portfolio	**32.8**	24.3	66.9
Developments	**53.5**	41.2	62.4
Capitalised interest	**3.5**	3.7	5.5
Disposals	**(16.1)**	(655.0)	(71.4)
Net movement in finance leases	**14.8**	(18.9)	-
Transfer to non-current assets held for sale	**-**	-	(154.3)
Net (deficit)/surplus on revaluation of investment properties	**(277.4)**	343.9	394.5
Net book value at the end of the period	**12,182.4**	12,357.7	12,611.6

The fair value of investment properties at 30 September 2016 was determined by the Group's external valuer, CBRE. The valuations are in line with RICS standards and were arrived at by reference to market evidence of transactions for similar properties. The valuations performed by the independent valuer are reviewed internally by senior management and relevant people within the business. This includes discussions of the assumptions used by the external valuer, as well as a review of the resulting valuations. Discussions of the valuation process and results are held between senior management, the audit committee and the external valuer on a half-yearly basis.

The market value of the Group's investment properties, as determined by the Group's external valuer, 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.

	30 September 2016				31 March 2016			
	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	**12,182.4**	**1,685.8**	**(33.8)**	**13,834.4**	12,357.7	1,629.9	(33.6)	13,954.0
Plus: tenant lease incentives	**287.3**	**51.3**	**(0.3)**	**338.3**	267.5	42.8	(0.3)	310.0
Less: head leases capitalised	**(13.6)**	**-**	**0.1**	**(13.5)**	(13.5)	-	-	(13.5)
Plus: properties treated as finance leases	**222.8**	**-**	**(0.8)**	**222.0**	220.5	-	(0.5)	220.0
Market value	**12,678.9**	**1,737.1**	**(34.8)**	**14,381.2**	12,832.2	1,672.7	(34.4)	14,470.5

1. Refer to note 12 for a breakdown of this amount by entity.
2. This represents the interest in X-Leisure which we do not own, but which is consolidated in the Group numbers.

The following table reconciles the net deficit/surplus on revaluation of investment properties presented in the unaudited income statement to the valuation (deficit)/surplus discussed in the narrative section of this report, which is presented on a proportionate basis.

	Six months ended 30 September 2016 £m	Six months ended 30 September 2015 £m
Net (deficit)/surplus on revaluation of investment properties	**(277.4)**	394.5
Add: joint ventures' net surplus on revaluation of investment properties	**17.9**	125.7
Deduct: Adjustment for proportionate share(1)	**(0.1)**	(0.9)
Valuation (deficit)/surplus	**(259.6)**	519.3

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

12. Joint arrangements

The Group's joint arrangements are described below:

Joint ventures	Percentage owned & voting rights	Business segment	Year end date(1)	Joint venture partner
Held at 30 September 2016				
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(3)	50.0%	London Portfolio	31 March	Frogmore Real Estate Partners Limited Partnership
Harvest(4)(5)	50.0%	Retail Portfolio	31 March	J Sainsbury plc
The Ebbsfleet Limited Partnership(5)	50.0%	London Portfolio	31 March	Ebbsfleet Property Limited
Millshaw Property Co. Limited(5)	50.0%	Retail Portfolio	31 March	Evans Property Group Limited
West India Quay Unit Trust(5)(6)	50.0%	Retail Portfolio	31 December	Schroder Exempt Property Unit Trust

Joint operation	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

The following joint arrangements were sold in the six months ended 30 September 2016:

Joint ventures			
Countryside Land Securities (Springhead) Limited(5)(7)	50.0%	London Portfolio	Countryside 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, Nova Residential Limited Partnership and Victoria Circle Developer Limited.
3. On 23 September 2016, The Oriana Limited Partnership disposed of its interest in 26-32 Oxford Street, W1.
4. Harvest includes Harvest Two Limited Partnership and Harvest Development Management Limited.
5. Included within Other in subsequent tables.
6. West India Quay Unit Trust is held in the X-Leisure Unit Trust (X-Leisure) in which the Group holds a 95% share.
7. On 18 April 2016, the Group disposed of its interest in Countryside Land Securities (Springhead) Limited.

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 which holds development land as trading properties, and Millshaw Property Co. Limited which disposed of its only property interest in the comparable period. The Westgate Oxford Alliance Limited Partnership, Nova, Victoria and The Oriana Limited Partnership are also engaged in the development of investment and 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.

Joint ventures Income statement	20 Fenchurch Street Limited Partnership 100% £m	Nova, Victoria 100% £m	Metro Shopping Fund Limited Partnership 100% £m	St. David's Limited Partnership 100% £m	Westgate Oxford Alliance Partnership 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
Six months ended 30 September 2016									
Revenue(1)	**23.2**	**0.8**	**10.2**	**21.6**	**1.2**	**-**	**28.5**	**3.2**	**31.7**
Gross rental income (after rents payable)	**19.0**	**0.8**	**8.6**	**17.4**	**1.2**	**-**	**23.5**	**0.8**	**24.3**
Net rental income	**17.8**	**0.6**	**7.8**	**14.0**	**0.8**	**-**	**20.5**	**1.1**	**21.6**
Segment profit before interest	**17.4**	**0.4**	**7.6**	**13.4**	**0.8**	**-**	**19.8**	**1.0**	**20.8**
Interest expense	**(10.4)**	**(17.8)**	**(3.6)**	**-**	**(5.2)**	**-**	**(18.5)**	**-**	**(18.5)**
Capitalised interest	**-**	**16.8**	**-**	**-**	**4.6**	**-**	**10.7**	**-**	**10.7**
Net interest expense	**(10.4)**	**(1.0)**	**(3.6)**	**-**	**(0.6)**	**-**	**(7.8)**	**-**	**(7.8)**
Revenue profit	**7.0**	**(0.6)**	**4.0**	**13.4**	**0.2**	**-**	**12.0**	**1.0**	**13.0**
Capital and other items									
Net surplus/(deficit) on revaluation of investment properties	**(15.6)**	**72.6**	**(0.8)**	**(15.0)**	**0.4**	**(4.2)**	**18.7**	**(0.9)**	**17.8**
Profit on disposal of investment properties	**-**	**-**	**1.2**	**-**	**-**	**2.8**	**2.0**	**-**	**2.0**
Adjustment for non-wholly owned subsidiary(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**
Profit/(loss) before tax	**(8.6)**	**72.0**	**4.4**	**(1.6)**	**0.6**	**(1.4)**	**32.7**	**0.2**	**32.9**
Taxation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Post-tax profit/(loss)	**(8.6)**	**72.0**	**4.4**	**(1.6)**	**0.6**	**(1.4)**	**32.7**	**0.2**	**32.9**
Other comprehensive income	**-**	**-**	**(0.4)**	**-**	**-**	**-**	**(0.2)**	**-**	**(0.2)**
Total comprehensive income	**(8.6)**	**72.0**	**4.0**	**(1.6)**	**0.6**	**(1.4)**	**32.5**	**0.2**	**32.7**
	50.0%	**50.0%**	**50.0%**	**50.0%**	**50.0%**	**50.0%**			
Land Securities' share of total comprehensive income	**(4.3)**	**36.0**	**2.0**	**(0.8)**	**0.3**	**(0.7)**	**32.5**	**0.2**	**32.7**

1. Revenue includes gross rental income (before rents payable), service charge income, other property related income and trading properties disposal proceeds.
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.

Joint ventures Income statement	20 Fenchurch Street Limited Partnership 100% £m	Nova, Victoria 100% £m	Metro Shopping Fund Limited Partnership 100% £m	St. David's Limited Partnership 100% £m	Westgate Oxford Alliance Partnership 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
Six months ended 30 September 2015									
Revenue(1)	21.4	-	9.0	21.2	1.6	1.4	27.3	2.0	29.3
Gross rental income (after rents payable)	17.4	-	7.2	17.6	1.2	1.2	22.3	1.8	24.1
Net rental income/(expense)	16.4	(0.6)	6.8	14.0	0.8	1.2	19.3	1.8	21.1
Segment profit/(loss) before interest	16.0	(0.8)	6.8	13.4	0.6	1.2	18.6	1.7	20.3
Interest (expense)/income	(15.8)	(12.8)	(3.4)	-	(2.6)	-	(17.3)	0.1	(17.2)
Capitalised interest	-	12.8	0.2	-	2.4	0.6	8.0	-	8.0
Net interest (expense)/income	(15.8)	-	(3.2)	-	(0.2)	0.6	(9.3)	0.1	(9.2)
Revenue profit	0.2	(0.8)	3.6	13.4	0.4	1.8	9.3	1.8	11.1
Capital and other items									
Net surplus on revaluation of investment properties	89.4	16.2	52.2	62.2	10.0	18.2	124.1	1.6	125.7
Impairment of trading properties	-	-	-	-	-	-	-	4.4	4.4
Profit on disposal of investment properties	1.2	-	-	-	-	4.4	2.8	1.2	4.0

Impairment of long-term development contracts	-	-	-	-	-	-	-	(0.1)	(0.1)
Profit before tax	90.8	15.4	55.8	75.6	10.4	24.4	136.2	8.9	145.1
Taxation	-	-	-	-	-	-	-	(0.2)	(0.2)
Post-tax profit	90.8	15.4	55.8	75.6	10.4	24.4	136.2	8.7	144.9
Other comprehensive income	-	-	0.6	-	-	-	0.3	-	0.3
Total comprehensive income	90.8	15.4	56.4	75.6	10.4	24.4	136.5	8.7	145.2
	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%			
Land Securities' share of total comprehensive income	45.4	7.7	28.2	37.8	5.2	12.2	136.5	8.7	145.2

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.

									30 September 2016
Joint ventures	20 Fenchurch Street Limited Partnership	Nova, Victoria	Metro Shopping Fund Limited Partnership	St. David's Limited Partnership	Westgate Oxford Alliance Partnership	The Oriana Limited Partnership	Individually material JVs at LS's share	Other LS share	Total LS share
	100%	100%	100%	100%	100%	100%	50%		
Balance sheet	£m	£m	£m	£m	£m	£m	£m	£m	£m
Investment properties(1)	992.2	810.2	374.6	701.0	324.0	91.0	1,646.5	39.3	1,685.8
Non-current assets	992.2	810.2	374.6	701.0	324.0	91.0	1,646.5	39.3	1,685.8
Cash and cash equivalents	11.4	7.8	7.2	5.0	11.2	21.0	31.8	2.8	34.6
Other current assets	85.2	285.0	9.2	21.6	1.2	37.4	219.8	27.9	247.7
Current assets	96.6	292.8	16.4	26.6	12.4	58.4	251.6	30.7	282.3
Total assets	1,088.8	1,103.0	391.0	727.6	336.4	149.4	1,898.1	70.0	1,968.1
Trade and other payables and provisions	(101.4)	(155.4)	(10.0)	(12.4)	(21.0)	(17.0)	(158.6)	(5.4)	(164.0)
Other current financial liabilities	-	-	(31.2)	-	-	-	(15.6)	-	(15.6)
Current liabilities	(101.4)	(155.4)	(41.2)	(12.4)	(21.0)	(17.0)	(174.2)	(5.4)	(179.6)
Trade payables and provisions	-	-	-	-	-	(17.4)	(8.7)	-	(8.7)
Non-current financial liabilities	-	-	(143.8)	-	-	-	(71.9)	-	(71.9)
Non-current liabilities	-	-	(143.8)	-	-	(17.4)	(80.6)	-	(80.6)
Total liabilities	(101.4)	(155.4)	(185.0)	(12.4)	(21.0)	(34.4)	(254.8)	(5.4)	(260.2)
Net assets	987.4	947.6	206.0	715.2	315.4	115.0	1,643.3	64.6	1,707.9
Market value of investment properties(1)	1,075.0	811.0	378.0	716.0	324.0	91.0	1,697.5	39.6	1,737.1
Net (debt)/cash	11.4	7.8	(167.8)	5.0	11.2	21.0	(55.7)	2.8	(52.9)

									31 March 2016
Joint ventures	20 Fenchurch Street Limited Partnership	Nova, Victoria	Metro Shopping Fund Limited Partnership	St. David's Limited Partnership	Westgate Oxford Alliance Partnership	The Oriana Limited Partnership	Individually material JVs at LS's share	Other	Total
	100%	100%	100%	100%	100%	100%	50%	LS share	LS share
Balance sheet	£m	£m	£m	£m	£m	£m	£m	£m	£m
Investment properties(1)	1,008.0	680.0	378.4	716.0	247.4	158.6	1,594.2	35.7	1,629.9
Non-current assets	1,008.0	680.0	378.4	716.0	247.4	158.6	1,594.2	35.7	1,629.9
Cash and cash equivalents	12.4	12.4	7.2	6.8	9.4	26.2	37.2	6.0	43.2
Other current assets	70.6	258.0	5.8	21.4	1.2	33.6	195.3	39.9	235.2
Current assets	83.0	270.4	13.0	28.2	10.6	59.8	232.5	45.9	278.4
Total assets	1,091.0	950.4	391.4	744.2	258.0	218.4	1,826.7	81.6	1,908.3
Trade and other payables and provisions	(109.0)	(119.8)	(11.2)	(12.6)	(5.6)	(29.4)	(143.8)	(9.1)	(152.9)
Current liabilities	(109.0)	(119.8)	(11.2)	(12.6)	(5.6)	(29.4)	(143.8)	(9.1)	(152.9)
Non-current financial liabilities	-	-	(174.4)	-	-	-	(87.2)	-	(87.2)
Non-current liabilities	-	-	(174.4)	-	-	-	(87.2)	-	(87.2)
Total liabilities	(109.0)	(119.8)	(185.6)	(12.6)	(5.6)	(29.4)	(231.0)	(9.1)	(240.1)
Net assets	982.0	830.6	205.8	731.6	252.4	189.0	1,595.7	72.5	1,668.2
Market value of investment properties(1)	1,075.0	680.0	381.0	732.0	247.4	158.6	1,637.0	35.7	1,672.7
Net (debt)/cash	12.4	12.4	(167.2)	6.8	9.4	26.2	(50.0)	6.0	(44.0)

1. The difference between the book value and the market value is the amount recognised in respect of lease incentives, head leases capitalised and properties treated as finance leases, where applicable.

Joint ventures	20 Fenchurch Street Limited Partnership	Nova, Victoria	Metro Shopping Fund Limited Partnership	St. David's Limited Partnership	Westgate Oxford Alliance Partnership	The Oriana Limited Partnership	Individually material JVs at LS's share	Other	Total
	50%	50%	50%	50%	50%	50%	50%	LS share	LS share
Net investment	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 April 2015	446.0	272.6	85.9	328.9	53.5	145.7	1,332.6	100.9	1,433.5
Total comprehensive income	45.4	7.7	28.2	37.8	5.2	12.2	136.5	8.7	145.2
Cash contributed	-	-	-	-	14.6	-	14.6	-	14.6
Loan advances	0.8	57.3	0.9	-	-	-	59.0	4.1	63.1
Loan repayments	-	-	-	(6.4)	-	-	(6.4)	-	(6.4)
Property and other contributions	-	-	-	-	-	(55.7)	(55.7)	-	(55.7)
Cash distributions	-	-	-	-	-	(7.5)	(7.5)	(36.1)	(43.6)
At 30 September 2015	492.2	337.6	115.0	360.3	73.3	94.7	1,473.1	77.6	1,550.7
Total comprehensive income	(1.4)	35.0	2.6	13.0	4.9	(0.2)	53.9	(0.8)	53.1
Cash contributed	-	-	-	-	48.0	-	48.0	-	48.0
Loan advances	0.2	42.7	(0.2)	-	-	-	42.7	0.1	42.8
Loan repayments	-	-	-	(7.5)	-	-	(7.5)	-	(7.5)
Cash distributions	-	-	(14.5)	-	-	-	(14.5)	(4.4)	(18.9)
At 31 March 2016	**491.0**	**415.3**	**102.9**	**365.8**	**126.2**	**94.5**	**1,595.7**	**72.5**	**1,668.2**
Total comprehensive income	**(4.3)**	**36.0**	**2.0**	**(0.8)**	**0.3**	**(0.7)**	**32.5**	**0.2**	**32.7**
Cash contributed	**-**	**-**	**-**	**-**	**31.2**	**-**	**31.2**	**0.4**	**31.6**
Loan advances	**7.0**	**22.5**	**-**	**-**	**-**	**-**	**29.5**	**-**	**29.5**
Loan repayments	**-**	**-**	**-**	**(7.4)**	**-**	**-**	**(7.4)**	**-**	**(7.4)**
Cash distributions	**-**	**-**	**(1.9)**	**-**	**-**	**(36.3)**	**(38.2)**	**(3.0)**	**(41.2)**
Disposal of investment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5.5)**	**(5.5)**
At 30 September 2016	**493.7**	**473.8**	**103.0**	**357.6**	**157.7**	**57.5**	**1,643.3**	**64.6**	**1,707.9**

13. Trading properties and long-term development contracts

	Development land and infrastructure	Residential	Total trading properties	Long-term development contracts	Total
	£m	£m	£m	£m	£m
At 1 April 2015	84.9	137.4	222.3	-	222.3
Capital expenditure	4.6	10.3	14.9	0.1	15.0
Capitalised interest	-	2.3	2.3	-	2.3
Disposals	(5.1)	-	(5.1)	-	(5.1)
Movement in impairment	1.2	-	1.2	(0.1)	1.1
At 30 September 2015	85.6	150.0	235.6	-	235.6
Capital expenditure	5.1	7.0	12.1	-	12.1
Disposals	(14.1)	(120.5)	(134.6)	-	(134.6)
Movement in impairment	11.0	(0.7)	10.3	-	10.3
At 31 March 2016	**87.6**	**35.8**	**123.4**	**-**	**123.4**
Capital expenditure	**10.8**	**3.5**	**14.3**	**-**	**14.3**
Disposals	**(8.9)**	**(11.4)**	**(20.3)**	**-**	**(20.3)**
Movement in impairment	**9.8**	**(0.2)**	**9.6**	**-**	**9.6**
At 30 September 2016	**99.3**	**27.7**	**127.0**	**-**	**127.0**

The cumulative impairment provision at 30 September 2016 in respect of Development land and infrastructure was **£69.3m** (31 March 2016: £79.1m); and in respect of Residential was **£0.9m** (31 March 2016: £0.7m).

14. Capital structure

	30 September 2016				31 March 2016			
	Group	Joint ventures	Adjustment for non-wholly owned subsidiaries(1)	Combined	Group	Joint ventures	Adjustment for non-wholly owned subsidiaries(1)	Combined
	£m	£m	£m	£m	£m	£m	£m	£m
Property portfolio								
Market value of investment properties	**12,678.9**	**1,737.1**	**(34.8)**	**14,381.2**	12,832.2	1,672.7	(34.4)	14,470.5
Trading properties and long-term contracts	**127.0**	**166.0**	**-**	**293.0**	123.4	157.3	-	280.7
Total property portfolio (a)	**12,805.9**	**1,903.1**	**(34.8)**	**14,674.2**	12,955.6	1,830.0	(34.4)	14,751.2
Net debt								
Borrowings	**2,947.1**	**85.1**	**-**	**3,032.2**	2,873.0	85.0	-	2,958.0

Monies held in restricted accounts and deposits	**(17.8)**	**-**	**-**	**(17.8)**	(19.7)	-	-	(19.7)
Cash and cash equivalents	**(16.9)**	**(34.6)**	**0.1**	**(51.4)**	(24.7)	(43.2)	-	(67.9)
Fair value of interest-rate swaps	**37.1**	**2.4**	**-**	**39.5**	31.9	2.2	-	34.1
Fair value of foreign exchange swaps	**(5.3)**	**-**	**-**	**(5.3)**	-	-	-	-
Net debt (b)	**2,944.2**	**52.9**	**0.1**	**2,997.2**	2,860.5	44.0	-	2,904.5
Less: Fair value of interest-rate swaps	**(37.1)**	**(2.4)**	**-**	**(39.5)**	(31.9)	(2.2)	-	(34.1)
Less: Fair value of foreign exchange swaps	**5.3**	**-**	**-**	**5.3**	-	-	-	-
Reverse bond exchange de-recognition (note 15)	**349.5**	**-**	**-**	**349.5**	368.3	-	-	368.3
Adjusted net debt (c)	**3,261.9**	**50.5**	**0.1**	**3,312.5**	3,196.9	41.8	-	3,238.7
Adjusted total equity								
Total equity (d)	**11,445.9**	**-**	**-**	**11,445.9**	11,698.9	-	-	11,698.9
Fair value of interest-rate swaps	**37.1**	**2.4**	**-**	**39.5**	31.9	2.2	-	34.1
Reverse bond exchange de-recognition (note 15)	**(349.5)**	**-**	**-**	**(349.5)**	(368.3)	-	-	(368.3)
Adjusted total equity (e)	**11,133.5**	**2.4**	**-**	**11,135.9**	11,362.5	2.2	-	11,364.7
Gearing (b/d)	**25.7%**			**26.2%**	24.5%			24.8%
Adjusted gearing (c/e)	**29.3%**			**29.7%**	28.1%			28.5%
Group LTV (c/a)	**25.5%**			**22.6%**	24.7%			22.0%
Security Group LTV	**23.2%**				23.4%			
Weighted average cost of debt(2)	**4.7%**			**4.7%**	4.9%			4.9%

1. This represents the interest in X-Leisure which we do not own, but which is consolidated in the Group numbers.
2. The weighted average cost of debt is based on cash interest paid and excludes exceptional items.

15. Borrowings

	Secured/ unsecured	Fixed/ floating	Effective interest rate %	30 September 2016 Nominal/ notional value £m	Fair value £m	Book value £m	31 March 2016 Nominal/ notional value £m	Fair value £m	Book value £m
Current borrowings									
Sterling									
5.253% QAG Bond	Secured	Fixed	5.3	**17.0**	**20.9**	**17.0**	16.2	19.4	16.2
Commercial paper									
Sterling	Unsecured	Floating	LIBOR + margin	**13.0**	**13.0**	**13.0**	2.5	2.5	2.5
Euro	Unsecured	Floating	LIBOR + margin	**203.0**	**203.0**	**203.0**	-	-	-
Swiss Francs	Unsecured	Floating	LIBOR + margin	**30.9**	**30.9**	**30.9**	-	-	-
US Dollar	Unsecured	Floating	LIBOR + margin	**104.3**	**104.3**	**104.3**	-	-	-
Total current borrowings				**368.2**	**372.1**	**368.2**	18.7	21.9	18.7
Non-current borrowings									
Sterling									
5.425% MTN due 2022	Secured	Fixed	5.5	**255.3**	**293.6**	**255.0**	255.3	291.4	254.9
4.875% MTN due 2025	Secured	Fixed	4.9	**298.0**	**367.3**	**296.3**	300.0	351.3	298.3
5.391% MTN due 2026	Secured	Fixed	5.4	**190.5**	**242.3**	**190.0**	210.7	253.9	210.1
5.391% MTN due 2027	Secured	Fixed	5.4	**584.8**	**763.1**	**583.0**	608.3	748.8	606.5
5.376% MTN due 2029	Secured	Fixed	5.4	**317.5**	**430.2**	**316.3**	317.5	397.5	316.4
5.396% MTN due 2032	Secured	Fixed	5.4	**322.5**	**455.1**	**321.0**	322.6	410.0	321.0
5.125% MTN due 2036	Secured	Fixed	5.1	**500.0**	**707.4**	**498.8**	500.0	624.1	498.7
Bond exchange de-recognition adjustment						**(349.5)**			(368.3)
				2,468.6	**3,259.0**	**2,110.9**	2,514.4	3,077.0	2,137.6
5.253% QAG Bond	Secured	Fixed	5.3	**264.5**	**325.6**	**264.5**	273.2	327.1	273.2
Syndicated bank debt	Secured	Floating	LIBOR + margin	**190.0**	**190.0**	**190.0**	430.0	430.0	430.0
Amounts payable under finance leases	Unsecured	Fixed	6.5	**13.5**	**18.5**	**13.5**	13.5	17.8	13.5
Total non-current borrowings				**2,936.6**	**3,793.1**	**2,578.9**	3,231.1	3,851.9	2,854.3
Total borrowings				**3,304.8**	**4,165.2**	**2,947.1**	3,249.8	3,873.8	2,873.0

Reconciliation of the movement on borrowings	**Six months ended 30 September 2016 £m**	Year ended 31 March 2016 £m
At the beginning of the period	**2,873.0**	3,783.7
Repayment of loans	**(293.7)**	(1,206.5)
Proceeds from new loans	**325.3**	250.0
Foreign exchange on commercial paper	**23.4**	23.4

Amortisation of finance fees	**0.3**	2.0
Amortisation of bond exchange de-recognition adjustment	**12.4**	23.4
Bond exchange de-recognition adjustment on redemption of medium term notes	**6.4**	-
Net movement in finance lease obligations	**-**	(3.0)
At the end of the period	**2,947.1**	2,873.0

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 Westgate Oxford Alliance Limited Partnership, Nova, Victoria, the St. David's Limited Partnership and additionally in the period, 20 Fenchurch Street Limited Partnership, valued at £13.0bn at 30 September 2016 (31 March 2016: £12.6bn). 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 a 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 an increased margin. The effective interest rate is based on the coupon paid and 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.

During the period, the Group purchased £45.8m MTNs for a premium of £10.2m. On 2 June 2016, the Group purchased £2.0m of its 4.875% MTN due in 2025, £19.6m of its 5.391% MTN due in 2026 and £23.5m of its 5.391% MTN due in 2027. On 4 July, the Group purchased £0.1m of its 5.396% MTN due in 2032. On 18 July 2016, the Group purchased a further £0.6m of its 5.391% MTN due in 2026. At 30 September 2016, the Group had £2,468.6m of MTNs outstanding with maturities between 2022 and 2036.

Syndicated and bilateral bank debt

	Maturity as at 30 September 2016	Authorised 30 Sept 2016 £m	Authorised 31 March 2016 £m	Drawn 30 Sept 2016 £m	Drawn 31 March 2016 £m	Undrawn 30 Sept 2016 £m	Undrawn 31 March 2016 £m
Syndicated debt	2021	**1,815.0**	1,380.0	**190.0**	430.0	**1,625.0**	950.0
Bilateral debt	2018	**135.0**	485.0	**-**	-	**135.0**	485.0
		1,950.0	1,865.0	**190.0**	430.0	**1,760.0**	1,435.0

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 30 September 2016 were **£1,408.8m** (31 March 2016: £1,432.5m), compared with undrawn facilities of **£1,760.0m** (31 March 2016: £1,435.0m).

All syndicated and bilateral facilities are committed and secured on the assets of the Security Group. In the six month period ended 30 September 2016, the amounts drawn under the Group's bilateral facilities and syndicated bank debt decreased by £240.0m. On 14 June 2016, £350.0m bilateral facilities held at 31 March 2016 were cancelled and replaced by £435.0m of syndicated debt with a maturity of 14 June 2021.

Queen Anne's Gate Bond

On 29 July 2009, the Group issued a £360.3m bond secured on the rental cash flows from the commercial lease with the UK Government over Queen Anne's Gate (QAG). The QAG Bond is a fully amortising bond with a final maturity in February 2027 and a fixed interest rate of 5.253% per annum. At 30 September 2016, the bond had an amortised book value of **£281.5m** (31 March 2016: £289.4m).

Fair values

The fair values of any floating rate financial liabilities are assumed to be equal to their nominal value, but adjusted for the effect of exit fees payable on redemption. The fair values of the MTNs and the QAG Bond fall within Level 1, the syndicated, bilateral facilities, commercial paper, interest-rate swaps and foreign exchange swaps fall within Level 2, and the amounts payable under finance leases fall within Level 3, as defined by IFRS 13. The fair value of the amounts payable under finance leases is determined using a discount rate of **4.7%** (31 March 2016: 4.9%).

Bond exchange de-recognition

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

16. Related party transactions

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

17. Events after the reporting period

There are no reportable events after the reporting period.

Business analysis

Table 11: Alternative performance measures

The Group has applied the European Securities and Markets Authority (ESMA) 'Guidelines on Alternative Performance Measures' in these half-yearly results. In the context of these half-yearly results, an alternative performance measure (APM) is a financial measure of historical or future financial performance, position or cash flows of the Group which is not a measure defined or specified in IFRSs.

The table below summarises the APMs included in these half-yearly results, where the definitions and reconciliations of these measures can be found, as well where further discussion is included. The definitions of all APMs are included in the Glossary and further discussion of these measures can be found in the financial review.

	Nearest IFRS measure	Reconciliation
Revenue profit	Profit before tax	Note 3
Adjusted earnings	Profit attributable to owners of the parent	Note 8
Adjusted earnings per share	Basic earnings per share	Note 8
Adjusted diluted earnings per share	Diluted earnings per share	Note 8
Adjusted net assets	Net assets attributable to owners of the parent	Note 7
Adjusted basic net assets per share	Net assets attributable to owners of the parent	Note 7
Adjusted diluted net assets per share	Net assets attributable to owners of the parent	Note 7
Total business return	n/a	Note 7
Combined Portfolio	Investment properties	Note 11
Valuation surplus/deficit	Net surplus/deficit on revaluation of investment properties	Note 11
Adjusted net debt	Borrowings	Note 14
Group LTV	n/a	Note 14

Table 12: EPRA performance measures

			30 September 2016	
	Definition for EPRA measure	Notes	Land Securities measure	EPRA measure
Adjusted earnings	Recurring earnings from core operational activity(1)	8	**£192.5m**	**£181.8m**
Adjusted earnings per share	Adjusted earnings per weighted number of ordinary shares(1)	8	**24.4p**	**23.0p**
Adjusted diluted earnings per share	Adjusted diluted earnings per weighted number of ordinary shares(1)	8	**24.3p**	**23.0p**
Adjusted net assets	Net assets adjusted to exclude fair value movements on interest-rate swaps(2)	7	**£11,135.9m**	**£11,485.4m**
Adjusted diluted net assets per share	Adjusted diluted net assets per share(2)	7	**1,408p**	**1,452p**
Triple net assets	Adjusted net assets amended to include the fair value of financial instruments and debt	7	**£10,223.0m**	**£10,223.0m**
Diluted triple net assets per share	Diluted triple net assets per share	7	**1,293p**	**1,293p**
Net initial yield (NIY)	Annualised rental income less non-recoverable costs as a % of market value plus assumed purchasers' costs(3)		**3.6%**	**4.3%**
Topped-up NIY	NIY adjusted for rent free periods(3)		**4.3%**	**4.5%**
Voids/vacancy rate	ERV of vacant space as a % of ERV of Combined Portfolio excluding the development programme(4)		**2.9%**	**2.7%**
Cost ratio	Total costs as a percentage of gross rental income (including direct vacancy costs)(5)		**16.6%**	**16.3%**
	Total costs as a percentage of gross rental income (excluding direct vacancy costs)(5)		**n/a**	**14.3%**

Refer to notes 7 and 8 to the financial statements for further analysis.

1. EPRA adjusted earnings and EPRA adjusted earnings per share include the amortisation of bond exchange de-recognition of £12.4m and the net head office relocation credit of £1.7m.
2. EPRA adjusted net assets and adjusted diluted net assets per share include the bond exchange de-recognition adjustment of £349.5m.

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 valuer. EPRA NIY and EPRA Topped-up NIY calculations are consistent with ours, but excludes all developments.
4. Our measure reflects voids in our like-for-like portfolio only. The EPRA measure reflects voids in the Combined Portfolio excluding only the development programme.
5. The EPRA cost ratio is calculated based on gross rental income after rents payable, whereas our measure is based on gross rental income before rents payable. We do not calculate a cost ratio excluding direct vacancy costs as we do not consider this to be helpful.

Table 13: Top 12 occupiers at 30 September 2016

	% of Group rent(1)
Accor	5.3
Deloitte	5.3
Central Government	5.3
Mizuho Bank	1.8
Boots	1.5
Cineworld	1.4
Sainsbury's	1.3
Taylor Wessing	1.2
K&L Gates	1.2
H&M	1.2
Telecity Group	1.1
Deutsche Bank	1.1
	27.7

1. On a proportionate basis.

Table 14: Development pipeline and trading property development schemes at 30 September 2016

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									
The Zig Zag Building, SW1(1)	Office	100	192,700	89	392	17.0	Nov 2015	184	184
	Retail		41,300	88					
20 Eastbourne Terrace, W2	Office	100	92,800	90	132	6.4	May 2016	67	67
Developments approved or in progress									
1 New Street Square, EC4	Office	100	274,800	100	316	15.5	Oct 2016	174	174
Nova, Victoria, SW1 - Phase I	Office	50	481,100	30	392	20.7	Mar 2017	237	258
	Retail		79,500	79					
Oriana, W1 – Phase II	Retail	50	30,700	100	45	2.0	Mar 2017	19	20
Westgate Oxford	Retail	50	803,000	49	139	14.0	Oct 2017	114	222
	Residential		37,000	-					
Proposed developments									
Selly Oak, Birmingham	Retail	50	200,000	n/a	n/a	n/a	2019	n/a	n/a
	Residential		89,000	n/a	n/a	n/a	2019	n/a	n/a
Developments let and transferred or sold									
1 & 2 New Ludgate, EC4	Office	100	354,800	95	n/a(3)	23.8	Apr 2015	248	248
	Retail		26,800	100					
Oriana, W1 – Phase II(2)	Retail	50	41,800	100	n/a(3)	n/a	n/a	n/a	n/a

1. Includes retail within Kings Gate, SW1.
2. This represents the disposal of 28-32 Oxford Street, W1.
3. 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 30 September 2016. Trading property development schemes are excluded from the development pipeline.

Total development cost

Refer to glossary for definition. Of the properties in the development pipeline at 30 September 2016, 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 (£12.2m).

Net income/ERV

Net income/ERV represents headline annual rent on let units plus ERV at 30 September 2016 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	108,600	100	89	Oct 2015	164	164
Nova, Victoria, SW1 – Phase I	Residential	50	166,800	170	82	Mar 2017	138	146
Oriana, W1 – Phase II	Residential	50	20,200	18	28	Mar 2017	13	15

Table 15: Combined Portfolio value by location at 30 September 2016

	Shopping centres and shops %	Retail parks %	Offices %	Hotels, leisure, residential & other %	Total %
Central, inner and outer London	13.9	0.2	46.8	3.4	64.3
South East and East	10.0	3.5	-	0.9	14.4
Midlands	-	0.6	-	0.9	1.5
Wales and South West	2.6	0.5	-	4.4	7.5
North, North West, Yorkshire and Humberside	6.9	0.9	0.1	1.2	9.1
Scotland and Northern Ireland	2.7	0.3	-	0.2	3.2
Total	**36.1**	**6.0**	**46.9**	**11.0**	**100.0**

% figures calculated by reference to the Combined Portfolio value of £14.4bn.

Table 16: Combined Portfolio performance relative to IPD
Total property returns – six months to 30 September 2016

	Land Securities %	IPD (1) %
Retail – Shopping centres	0.2	(1.6)
– Retail parks	(1.7)	(1.7) (2)
Central London shops	0.5	3.8
Central London offices	0.2	(1.0)
Total	**0.5 (3)**	**0.2**

1. IPD Quarterly Universe
2. IPD Retail Warehouses Quarterly Universe
3. Includes leisure, hotel portfolio and other

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

	Market value(1)		Valuation movement(2)		Rental income(3)		Annualised rental income(4)	Annualised net rent(5)		Net estimated rental value(6)	
	30 September 2016 £m	31 March 2016 £m	Surplus/ (deficit) £m	Surplus/ (deficit) %	30 September 2016 £m	30 September 2015 £m	30 September 2016 £m	30 September 2016 £m	31 March 2016 £m	30 September 2016 £m	31 March 2016 £m
Retail Portfolio											
Shopping centres and shops	**3,621.1**	3,680.2	**(81.3)**	**(2.2%)**	**96.3**	96.0	**185.6**	**182.0**	180.7	**193.1**	189.8
Retail parks	**851.9**	886.4	**(36.9)**	**(4.2%)**	**25.9**	27.0	**52.3**	**50.6**	49.8	**50.8**	51.0
Leisure and hotels	**1,518.3**	1,510.9	**3.7**	**0.2%**	**49.1**	46.4	**92.4**	**90.5**	90.4	**92.3**	92.2
Other	**19.8**	20.2	**(0.3)**	**(1.5%)**	**0.9**	0.7	**1.4**	**1.5**	1.7	**2.3**	2.3
Total Retail Portfolio	**6,011.1**	6,097.7	**(114.8)**	**(1.9%)**	**172.2**	170.1	**331.7**	**324.6**	322.6	**338.5**	335.3
London Portfolio											
West End	**2,016.2**	2,084.0	**(76.8)**	**(3.8%)**	**43.9**	44.3	**87.8**	**85.3**	85.4	**96.7**	97.0
City	**795.0**	796.5	**(16.0)**	**(2.1%)**	**14.2**	14.0	**29.0**	**31.2**	32.1	**37.6**	36.8

Mid-town	**1,021.1**	1,053.2	**(37.4)**	**(3.9%)**	**19.8**	19.0	**40.6**	**43.1**	41.7	**49.2**	49.7
Inner London	**312.9**	320.1	**(12.2)**	**(7.1%)**	**6.7**	6.8	**13.6**	**10.0**	8.9	**16.5**	16.5
Total London offices	**4,145.2**	4,253.8	**(142.4)**	**(3.6%)**	**84.6**	84.1	**171.0**	**169.6**	168.1	**200.0**	200.0
Central London shops	**1,175.3**	1,181.0	**(5.1)**	**(0.4%)**	**23.3**	21.0	**47.1**	**47.2**	44.9	**55.9**	55.1
Other	**42.5**	44.9	**(2.3)**	**(5.1%)**	**0.8**	1.0	**0.4**	**0.4**	0.5	**0.6**	0.6
Total London Portfolio	**5,363.0**	5,479.7	**(149.8)**	**(2.9%)**	**108.7**	106.1	**218.5**	**217.2**	213.5	**256.5**	255.7
Like-for-like portfolio (10)	**11,374.1**	11,577.4	**(264.6)**	**(2.4%)**	**280.9**	276.2	**550.2**	**541.8**	536.1	**595.0**	591.0
Proposed developments (3)	**5.1**	3.5	**(2.7)**	**(34.8%)**	**-**	-	**-**	**-**	-	**-**	-
Development programme (11)	**1,415.2**	1,284.6	**30.9**	**2.3%**	**9.5**	2.1	**37.8**	**0.3**	(0.3)	**78.4**	80.0
Completed developments (3)	**1,493.2**	1,499.0	**(23.9)**	**(1.7%)**	**27.1**	21.4	**55.5**	**20.5**	16.2	**67.2**	67.5
Acquisitions (12)	**93.6**	89.8	**0.7**	**0.8%**	**1.8**	0.6	**3.8**	**3.8**	3.6	**4.0**	3.4
Sales (13)	**-**	16.2	**-**	**-**	**0.1**	28.7	**-**	**-**	0.4	**-**	0.4
Combined Portfolio	**14,381.2**	14,470.5	**(259.6)**	**(1.8%)**	**319.4**	329.0	**647.3**	**566.4**	556.0	**744.6**	742.3
Properties treated as finance leases					**(5.0)**	(5.2)					
Combined Portfolio	**14,381.2**	14,470.5	**(259.6)**	**(1.8%)**	**314.4**	323.8					

Total portfolio analysis

	Market value(1)		Valuation movement(2)		Rental income(3)		Annualised rental income(4)	Annualised net rent(5)		Net estimated rental value(6)	
	30 September 2016	31 March 2016	**Surplus/ (deficit)**	**Surplus/ (deficit)**	**30 September 2016**	30 September 2015	**30 September 2016**	**30 September 2016**	31 March 2016	**30 September 2016**	31 March 2016
	£m	£m	**£m**	**£m**	**£m**	£m	**£m**	**£m**	£m	**£m**	£m
Retail Portfolio											
Shopping centres and shops	**3,773.3**	3,790.3	**(80.4)**	**(2.1%)**	**96.5**	96.7	**186.4**	**181.7**	180.2	**208.1**	204.5
Retail parks	**857.0**	889.9	**(39.6)**	**(4.5%)**	**25.9**	37.8	**52.3**	**50.6**	49.8	**50.8**	51.0
Leisure and hotels	**1,541.6**	1,541.5	**3.7**	**0.2%**	**49.7**	47.2	**93.6**	**91.8**	91.7	**93.6**	93.1
Other	**19.8**	20.2	**(0.3)**	**(1.7%)**	**0.9**	0.9	**1.4**	**1.5**	1.7	**2.3**	2.3
Total Retail Portfolio	**6,191.7**	6,241.9	**(116.6)**	**(1.9%)**	**173.0**	182.6	**333.7**	**325.6**	323.4	**354.8**	350.9
London Portfolio											
West End	**3,262.5**	3,262.2	**(49.8)**	**(1.6%)**	**59.3**	53.0	**124.0**	**98.6**	97.1	**156.6**	157.1
City	**1,816.6**	1,814.0	**(28.5)**	**(1.6%)**	**32.6**	32.6	**66.9**	**36.3**	35.6	**83.2**	82.6
Mid-town	**1,336.9**	1,325.0	**(41.7)**	**(3.3%)**	**20.7**	20.7	**55.2**	**42.8**	41.5	**66.6**	67.2
Inner London	**312.9**	320.0	**(12.2)**	**(7.1%)**	**6.7**	15.0	**13.6**	**10.0**	8.9	**16.5**	16.5
Total London offices	**6,728.9**	6,721.2	**(132.2)**	**(2.1%)**	**119.3**	121.3	**259.7**	**187.7**	183.1	**322.9**	323.4
Central London shops	**1,418.1**	1,461.4	**(8.5)**	**(0.6%)**	**26.2**	24.0	**53.4**	**52.6**	48.9	**66.2**	67.2
Other	**42.5**	46.0	**(2.3)**	**(5.2%)**	**0.9**	1.1	**0.5**	**0.5**	0.6	**0.7**	0.8
Total London Portfolio	**8,189.5**	8,228.6	**(143.0)**	**(1.8%)**	**146.4**	146.4	**313.6**	**240.8**	232.6	**389.8**	391.4
Combined Portfolio	**14,381.2**	14,470.5	**(259.6)**	**(1.8%)**	**319.4**	329.0	**647.3**	**566.4**	556.0	**744.6**	742.3
Properties treated as finance leases					**(5.0)**	(5.2)					
Combined Portfolio	**14,381.2**	14,470.5	**(259.6)**	**(1.8%)**	**314.4**	323.8					
Represented by:											
Investment portfolio	**12,645.9**	12,799.4	**(277.4)**	**(2.2%)**	**289.6**	299.2	**594.5**	**534.6**	526.5	**653.1**	650.1
Share of joint ventures	**1,735.3**	1,671.1	**17.8**	**1.1%**	**24.8**	24.6	**52.8**	**31.8**	29.5	**91.5**	92.2
Combined Portfolio	**14,381.2**	14,470.5	**(259.6)**	**(1.8%)**	**314.4**	323.8	**647.3**	**566.4**	556.0	**744.6**	742.3

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

	Gross estimated rental value(7)		Net initial yield(8)		Equivalent yield(9)		Voids (by ERV)(3)	
	30 September 2016	31 March 2016	**30 September 2016**	31 March 2016	**30 September 2016**	31 March 2016	**30 September 2016**	31 March 2016
	£m	£m	**%**	%	**%**	%	**%**	%
Retail Portfolio								
Shopping centres and shops	**200.6**	197.4	**4.4%**	4.4%	**4.8%**	4.7%	**3.0%**	2.9%
Retail parks	**51.5**	51.6	**5.4%**	5.1%	**5.6%**	5.4%	**0.2%**	-
Leisure and hotels	**92.4**	92.3	**5.4%**	5.4%	**5.5%**	5.5%	**0.6%**	0.7%
Other	**2.3**	2.3	**3.9%**	6.3%	**8.4%**	8.2%	**30.4%**	21.7%
Total Retail Portfolio	**346.8**	343.6	**4.8%**	4.7%	**5.1%**	5.0%	**2.1%**	2.0%
London Portfolio								
West End	**96.7**	97.0	**3.9%**	3.8%	**4.6%**	4.5%	**6.6%**	4.6%
City	**38.9**	38.1	**3.7%**	3.7%	**4.7%**	4.5%	**2.1%**	-
Mid-town	**50.4**	50.9	**4.0%**	3.8%	**4.5%**	4.4%	**-**	0.4%
Inner London	**16.5**	16.5	**3.1%**	2.6%	**5.0%**	4.9%	**-**	-
Total London offices	**202.5**	202.5	**3.9%**	3.7%	**4.6%**	4.5%	**3.6%**	2.3%
Central London shops	**56.4**	55.5	**3.5%**	3.5%	**4.1%**	4.0%	**4.6%**	4.9%
Other	**0.6**	0.6	**0.9%**	1.1%	**1.3%**	1.5%	**33.3%**	16.7%
Total London Portfolio	**259.5**	258.6	**3.8%**	3.6%	**4.5%**	4.4%	**3.9%**	2.9%
Like-for-like portfolio (10)	**606.3**	602.2	**4.3%**	4.2%	**4.8%**	4.7%	**2.9%**	2.4%
Proposed developments (3)	**-**	-	**-**	-	**n/a**	n/a	**n/a**	n/a
Development programme (11)	**80.0**	81.5	**0.0%**	0.0%	**4.1%**	4.0%	**n/a**	n/a
Completed developments (3)	**67.3**	67.5	**1.3%**	1.0%	**4.1%**	4.0%	**n/a**	n/a
Acquisitions (12)	**4.0**	3.4	**3.7%**	3.6%	**3.8%**	n/a	**n/a**	n/a
Sales (13)	**-**	0.4	**-**	2.3%	**n/a**	n/a	**n/a**	n/a
Combined Portfolio	**757.6**	755.0	**3.6%**	3.5%	**4.7%**	n/a	**n/a**	n/a

Total portfolio analysis

	Gross estimated rental value(7)		Net initial yield(8)	
	30 September 2016	31 March 2016	**30 September 2016**	31 March 2016
	£m	£m	**%**	%
Retail Portfolio				
Shopping centres and shops	**216.8**	213.3	**4.2%**	4.2%
Retail parks	**51.5**	51.6	**5.3%**	5.1%
Leisure and hotels	**93.7**	93.3	**5.4%**	5.3%
Other	**2.3**	2.3	**3.9%**	6.3%
Total Retail Portfolio	**364.3**	360.5	**4.7%**	4.6%
London Portfolio				
West End	**156.6**	157.1	**2.8%**	2.8%
City	**84.6**	83.9	**1.9%**	1.7%
Mid-town	**68.1**	68.6	**3.0%**	3.0%
Inner London	**16.5**	16.5	**3.1%**	2.6%
Total London offices	**325.8**	326.1	**2.6%**	2.5%
Central London shops	**66.8**	67.6	**3.3%**	3.1%
Other	**0.7**	0.8	**0.9%**	1.2%
Total London Portfolio	**393.3**	394.5	**2.7%**	2.6%
Combined Portfolio	**757.6**	755.0	**3.6%**	3.5%
Represented by:				
Investment portfolio	**664.3**	661.0	**3.8%**	3.7%
Share of joint ventures	**93.3**	94.0	**1.7%**	1.7%
Combined Portfolio	**757.6**	755.0	**3.6%**	3.5%

Notes:

1. The market value figures are determined by the Group's external valuer.
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. 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.
12. Includes all properties acquired since 1 April 2015.
13. Includes all properties sold since 1 April 2015.

Table 18: Lease lengths

	Weighted average unexpired lease term at 30 September 2016	
	Like-for-like portfolio	**Like-for-like portfolio, completed developments and acquisitions**
	Mean(1)	**Mean(1)**
	Years	**Years**
Retail Portfolio		
Shopping centres and shops	6.6	6.6
Retail parks	8.0	8.0
Leisure and hotels	12.4	12.5
Other	2.2	2.2
Total Retail Portfolio	**8.5**	**8.5**
London Portfolio		
West End	8.4	8.4
City	6.0	11.4
Mid-town	9.8	9.8
Inner London	16.3	16.3
Total London offices	**8.9**	**10.1**
Central London shops	5.1	5.6
Other	7.2	7.2
Total London Portfolio	**8.2**	**9.3**
Combined Portfolio	**8.3**	**8.9**

1. Mean is the rent weighted average of the unexpired lease term across all leases (excluding short-term leases). Term is defined as the earlier of tenant break or expiry.

Table 19: Development pipeline financial summary

	Cumulative movements on the development programme to 30 September 2016						Total scheme details(1)				
	Market value at start of scheme	Capital expenditure incurred to date	Capitalised interest to date	Valuation surplus/(deficit) to date(2)	Disposals, SIC15 rent and other adjustments	**Market value at 30 September 2016**	Estimated total capital expenditure(3)	Estimated total capitalised interest	Estimated total development cost(4)	Net Income/ ERV(5)	**Valuation (deficit)/surplus for the six months ended 30 September 2016(2)**
	£m	£m	£m	£m	£m	**£m**	£m	£m	£m	£m	**£m**
Developments let and transferred or sold											
Shopping centres and shops	**-**	-	-	-	-	**-**	-	-	-	-	**-**
Retail parks	**-**	-	-	-	-	**-**	-	-	-	-	**-**
London Portfolio	**101.9**	153.8	8.0	265.4	(11.9)	**517.2**	153.8	8.0	263.7	25.2	**(4.6)**
	101.9	153.8	8.0	265.4	(11.9)	**517.2**	153.8	8.0	263.7	25.2	**(4.6)**
Developments after practical completion, approved or in progress											
Shopping centres and shops	**30.0**	78.9	5.4	22.1	2.2	**138.6**	181.2	10.9	222.1	14.0	**0.2**
Retail parks	**-**	-	-	-	-	**-**	-	-	-	-	**-**
London Portfolio	**243.2**	501.8	49.7	571.5	(89.6)	**1,276.6**	408.3	51.3	702.8	61.6	**30.7**
	273.2	580.7	55.1	593.6	(87.4)	**1,415.2**	589.5	62.2	924.9	75.6	**30.9**
	Movement on proposed developments for the six months ended 30 September 2016										
Proposed developments											
Shopping centres and shops	**-**	-	-	-	-	**-**	-	-	-	-	**-**
Retail parks	**3.5**	4.3	-	(2.7)	-	**5.1**	43.9	0.7	49.7	2.5	**(2.7)**
London Portfolio	**-**	-	-	-	-	**-**	-	-	-	-	**-**
	3.5	4.3	-	(2.7)	-	**5.1**	43.9	0.7	49.7	2.5	**(2.7)**

1. Total scheme details exclude properties sold in the period.
2. Includes profit realised on the disposal of investment properties and any surplus or deficit on investment properties transferred to trading.
3. For proposed development properties the estimated total capital expenditure represents the outstanding costs required to complete the scheme as at 30 September 2016.
4. Includes the property at its market value at the start of the financial year in which the property was added to the development programme together with estimated capitalised interest. For proposed development properties, the market value of the property at 30 September 2016 is included in the estimated total cost. Estimated total development cost includes the cost of residential properties in the development programme (£12.2m for the Retail Portfolio). Estimated costs for proposed schemes could still be subject to material change prior to final approval.
5. Net headline annual rent on let units plus net ERV at 30 September 2016 on unlet units.

Table 20: Reconciliation of segment reporting to statutory reporting

The table below reconciles the Group's income statement to the segment note (note 3 to the financial statements). 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. In contrast, 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.

	Six months ended 30 September 2016					
	Group income statement £m	Joint ventures(1) £m	Proportionate share of earnings(2) £m	Total £m	Revenue profit £m	Capital and other items £m
Rental income	290.7	24.8	(1.1)	314.4	314.4	-
Finance lease interest	5.0	-	-	5.0	5.0	-
Gross rental income (before rents payable)	**295.7**	**24.8**	**(1.1)**	**319.4**	**319.4**	**-**
Rents payable	(4.5)	(0.5)	-	(5.0)	(5.0)	-
Gross rental income (after rents payable)	**291.2**	**24.3**	**(1.1)**	**314.4**	**314.4**	**-**
Service charge income	43.0	3.8	(0.3)	46.5	46.5	-
Service charge expense	(44.3)	(4.8)	0.3	(48.8)	(48.8)	-
Net service charge expense	(1.3)	(1.0)	-	(2.3)	(2.3)	-
Other property related income	13.7	0.8	-	14.5	14.5	-
Direct property expenditure	(26.1)	(2.5)	0.1	(28.5)	(28.5)	-
Net rental income	**277.5**	**21.6**	**(1.0)**	**298.1**	**298.1**	**-**
Indirect expenses	(37.2)	(0.8)	0.1	(37.9)	(37.9)	-
Other income	1.3	-	-	1.3	1.3	-
	241.6	**20.8**	**(0.9)**	**261.5**	**261.5**	**-**
Net (deficit)/surplus on revaluation of investment properties	(277.4)	17.9	(0.1)	(259.6)	-	(259.6)
Movement in impairment of trading properties	9.6	-	-	9.6	-	9.6
Profit on disposal of trading properties	1.8	-	-	1.8	-	1.8
Profit on disposal of investment properties	9.0	2.0	-	11.0	-	11.0
Loss on disposal of investment in joint venture	(1.9)	-	-	(1.9)	-	(1.9)
Amortisation of intangible asset	(0.8)	-	-	(0.8)	-	(0.8)
Impairment of goodwill	(0.1)	-	-	(0.1)	-	(0.1)
Head office relocation	1.7	-	-	1.7	-	1.7
Operating (loss)/profit	**(16.5)**	**40.7**	**(1.0)**	**23.2**	**261.5**	**(238.3)**
Interest income	17.5	-	-	17.5	17.5	-
Interest expense	(127.3)	(7.8)	-	(135.1)	(86.5)	(48.6)
Revaluation of redemption liabilities	(1.6)	-	1.0	(0.6)	-	(0.6)
Share of post-tax profit from joint ventures	32.9	(32.9)	-	-	-	-
Loss before tax	**(95.0)**	**-**	**-**	**(95.0)**	**192.5**	**(287.5)**
Income tax	(0.8)	-	-	(0.8)	-	(0.8)
Loss for the period	**(95.8)**	**-**	**-**	**(95.8)**	**192.5**	**(288.3)**

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.

Table 21: Acquisitions and disposals

	Six months ended 30 September 2016			
	Group (excl. joint ventures) £m	Joint ventures £m	Adjustment for proportionate share £m	Combined Portfolio £m
Investment properties				
Net book value at the beginning of the period	**12,357.7**	**1,629.9**	**(33.6)**	**13,954.0**
Acquisitions	13.6	0.9	-	14.5
Capital expenditure	86.3	65.6	(0.1)	151.8
Capitalised interest	3.5	8.2	-	11.7
Disposals	(16.1)	(36.7)	-	(52.8)
Net movement in finance leases	14.8	-	-	14.8
Valuation (deficit)/surplus	(277.4)	17.9	(0.1)	(259.6)
Net book value at the end of the period	**12,182.4**	**1,685.8**	**(33.8)**	**13,834.4**
Profit on disposal of investment properties	**9.0**	**2.0**	**-**	**11.0**
Trading properties				

Net book value at the beginning of the period	**123.4**	**157.1**	**-**	**280.5**
Capital expenditure	14.3	13.4	-	27.7
Capitalised interest	-	2.5	-	2.5
Disposals	(20.3)	(7.0)	-	(27.3)
Movement in impairment	9.6	-	-	9.6
Net book value at the end of the period	**127.0**	**166.0**	**-**	**293.0**
Profit on disposal of trading properties	**1.8**	**-**	**-**	**1.8**
Investment in joint ventures				
Loss on disposal of investment in joint venture	**(1.9)**	**-**	**-**	**(1.9)**

Acquisitions, development and refurbishment expenditure	**£m**
Acquisitions of investment property	14.5
Capital expenditure – investment property	151.8
Capital expenditure – trading property	27.7
Acquisitions, development and refurbishment expenditure	**194.0**

Disposals	**£m**
Net book value – investment property disposals	52.8
Net book value – trading property disposals	27.3
Profit on disposal – investment property	11.0
Profit on disposal – trading property	1.8
Loss on disposal – investment in joint venture	(1.9)
Other	(0.1)
Total disposal proceeds	**90.9**

Investor information

1. Company website: www.landsecurities.com

The Group's half-yearly and annual reports to shareholders, and results announcements and presentations, are available to view and download from the Company's 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 Group PLC

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

Telephone:

- 0371 384 2128 (from the UK)
- +44 121 415 7049 (from outside the UK)
- Lines are open from 08:30 to 17:30, Monday to Friday, excluding UK public holidays

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

Information on how to manage your shareholding 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 visit 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 the Registrar), 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. To use their service, shareholders should contact Equiniti: 0345 603 7037 from the UK. Lines are open Monday to Friday 08:30 to17:30, excluding UK public holidays.

5. 2016/17 second quarterly dividend

The Board has declared a second quarterly dividend for the year ended 31 March 2017 of 8.95p per ordinary share to be paid on 6 January 2017 to shareholders registered at the close of business on 2 December 2016. This will paid wholly as an ordinary dividend. Together with the first quarterly dividend of 8.95p already paid on 7 October 2016, wholly as a Property Income Distribution (PID), the first half dividend will be 17.9p per ordinary share (six months ended 30 September 2015: 16.3p).

6. Dividend related services

- Dividend payments to UK shareholders – Dividend Mandates

Land Securities recommends that dividends are paid directly 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 directly 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. 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 European Economic Area, Channel Islands or Isle of Man.

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

7. Financial reporting calendar

	2017
2016/17 Financial year end	31 March
2016/17 Preliminary results announcement	18 May
2017/18 Half-yearly results announcement	14 November*

* Provisional date only

8. Investor relations enquiries

For investor relations enquiries, please contact Edward Thacker, Head 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 assets per share
Net assets 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.

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 2015.

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 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.

(Loss)/earnings per share
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 valuer.

Equivalent yield
Calculated by the Group's external valuer, 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 valuer. 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 14.

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 arrangement in which the Group holds an interest and which is jointly controlled by the Group and one or more partners under a contractual arrangement. Decisions on the activities of the joint venture that significantly affect the joint venture's' returns, including decisions on financial and operating policies and the performance and financial position of the operation, require the unanimous consent of the partners sharing control.

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 2015, 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 valuer, 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 assets per share
Equity attributable to owners of the parent divided by the number of ordinary shares in issue at the period end. Net assets per share is also commonly known as net asset value per share (NAV per share).

Net initial yield
Net initial yield is a calculation by the Group's external valuer 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 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. Net rental income is presented on a proportionate basis.

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.

Planning permission
There are two common types of planning permission: full planning permission and outline planning permission. A full planning permission results in a decision on the detailed proposals on how the site can be developed. The grant of a full planning permission will, subject to satisfaction of any conditions, mean no further engagement with the local planning authority will be required to build the consented development. An outline planning permission approves general principles of how a site can be developed. Outline planning permission is granted subject to conditions known as 'reserved matters'. Consent must be sought and achieved for discharge of all reserved matters within a specified time-limit, normally three years from the date outline planning permission was granted, before building can begin. In both the case of full and outline planning permission, the local planning authority will 'resolve to grant permission'. At this stage, the planning permission is granted subject to agreement

of legal documents, in particular the s106 agreement. On execution of the s106 agreement, the planning permission will be issued. Work can begin on satisfaction of any 'pre-commencement' planning conditions.

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 valuer, 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 other items of an exceptional 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 valuer. 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 in the period plus the change in adjusted diluted net assets per share, divided by adjusted diluted net assets per share at the beginning of the period.

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 period, 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.

Valuation surplus/deficit
The valuation surplus/deficit represents the increase or decrease in the market value of the Combined Portfolio, adjusted for net investment. The market value of the Combined Portfolio is determined by the Group's external valuer.

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.