Forward-looking statements

These annual results, the 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 annual results, the 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 annual results, the 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.

Annual results for the year ended 31 March 2016

17 May 2016

“We are pleased to report a strong performance for the year. Revenue profit and net asset value per share are up, lease terms are longer and, as planned, speculative development exposure and net debt are lower. Continued leasing momentum in our development programme combined with smart asset management and balance sheet discipline has put the business in a strong position. Our confidence is demonstrated by a proposed 9.9% increase to the dividend,” said Chief Executive Robert Noel.

“In London, we continued to lease up our well timed and well executed speculative development programme with over 0.5m sq ft of new lettings and made progress on our future pipeline with 0.9m sq ft of planning consents. We also took advantage of the strong market conditions during the year to sell some assets.

“In Retail, we have sold selectively. Our operational focus is delivering results, with voids down and both footfall and same store retailer sales up in contrast to national benchmarks. Our development at Westgate Oxford looks very promising with a healthy level of retailer support and is almost 50% pre-let 18 months ahead of opening.

“Our strategy is delivering value for our shareholders, great space for our customers and positive change for our communities. We have a strong balance sheet with better assets and longer income streams. Despite the current political and economic uncertainty, Land Securities is well placed.”

Results summary

	31 March 2016	31 March 2015	Change
Valuation surplus(1)	£907.4m	£2,036.9m	Up 7.0%(2)
Basic NAV per share	1,482p	1,343p	Up 10.3%
Adjusted diluted NAV per share(3)	1,434p	1,293p	Up 10.9%
Group LTV ratio(1)	22.0%	28.5%	
Profit before tax	£1,335.6m	£2,416.5m	
Revenue profit(1)	£362.1m	£329.1m	Up 10.0%
Basic EPS	169.4p	306.1p	
Adjusted diluted EPS(1)	45.7p	41.5p	Up 10.1%
Dividend	35.0p	31.85p	Up 9.9%

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

Activity

- £37.6m of investment lettings
- £33.8m of development lettings
- Acquisitions, development and refurbishment expenditure of £496.0m
- Disposals of £1,493.1m
- Supported a further 196 people from disadvantaged backgrounds into jobs through our Community Employment Programme

Performance

- Ungeared total property return 11.5% (IPD Quarterly Universe 11.3%)
- Total business return(1) of 13.4%
- Combined Portfolio valued at £14.5bn, with a valuation surplus of 7.0%
- Disposals(2) completed at a surplus of 9.1% to book value
- Voids in the like-for-like portfolio 2.3% (31 March 2015: 2.6%)

Financials

- Group LTV ratio at 22.0%, based on adjusted net debt of £3.2bn
- Weighted average maturity of debt at 9.6 years
- Weighted average cost of debt at 4.9%
- Cash and available facilities of £1.5bn
- Final dividend recommended at 10.55p, bringing the dividend for the year to 35.0p, up 9.9%

Development

- 1.0m sq ft being delivered in London in the next financial year, now 62% pre-let or in solicitors' hands
- 0.8m sq ft Westgate Oxford, due to open in October 2017, now 51% pre-let or in solicitors' hands
- 0.8m sq ft of retail opportunities including a retail park at Selly Oak, Birmingham; a leisure extension at White Rose, Leeds; and the conversion of the Glow exhibition space at Bluewater, Kent to provide additional leisure and catering units
- 1.2m sq ft future London pipeline including 21 Moorfields, EC2; Nova East, SW1; 1 Sherwood Street, W1; and Southwark Street, SE1

Recognition

- Winner of the 2015 Business in the Community Work Inclusion Award
- Maintained EPRA gold status for sustainability reporting, membership of FTSE4Good and the DOW Jones Sustainability Index
- Achieved ISO 50001 certification for energy management
- Re-certification of ISO14001 for environmental management
- Shortlisted for 2016 Better Society Awards for National Commitment to the Community

1. Dividend paid per share, plus the change in adjusted diluted net asset value per share, divided by the adjusted diluted net asset value per share at the beginning of the year.
2. Excludes trading properties and Times Square, EC4, an asset the Group held for sale at the contracted price of £284.6m at 31 March 2015.

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

Chief Executive's statement

Our results

Total business return 13.4%
Ungeared total property return 11.5%
Increase in adjusted diluted NAV per share 10.9%

Our highlights

- £37.6m of investment lettings
- £33.8m of development lettings
- Acquisitions of £123.4m
- Development and refurbishment expenditure of £372.6m
- Disposals of £1,493.1m

Over the last six years, Land Securities has worked at pace to create value and resilience through disciplined buying, selling, development and management of space. In London, we have delivered a well timed, well executed, speculative development programme into a supply-constrained market. And in Retail, we have responded to growing demand for great experiences, transforming our portfolio so it is dominated by destination centres.

And to what end? In March 2010, our Combined Portfolio was valued at £9.5bn and adjusted net debt was £4.2bn. Today, our Combined Portfolio is valued at £14.5bn and adjusted net debt has been reduced to £3.2bn. Our adjusted diluted net asset value per share has more than doubled and our balance sheet is in terrific shape, with low gearing and plenty of financial capacity.

This year, revenue profit was up 10.0% to £362.1m and adjusted diluted net asset value per share was up 10.9% to 1,434p. Total business return (the increase per share in adjusted net assets plus dividends paid) was 13.4%.

We've transformed more than the numbers. We now have a higher quality portfolio of first-class assets let on longer leases. And across the company we are working hard to realise our vision of being the best property company in the UK in the eyes of our customers, communities, partners and employees. More on that in a moment.

Raising the dividend

Since 2010, we have built and let 1.4m sq ft of space in our Retail Portfolio. At the same time we committed to 3.1m sq ft of speculative commercial development in our London Portfolio – a huge leasing challenge. After another strong year of lettings, we now have just 0.5m sq ft left to let in London and interest in this remaining space is healthy.

Given the success of our development lettings, the higher quality of our rental income and reduced speculative risk in our development programme, we have recommended a final dividend of 10.55p per share taking the total dividend for the year to 35.0p per share, up 9.9%. We aim to maintain our progressive dividend policy from this level.

Balance sheet discipline

As those of you who have followed us for some time will know, we have funded our activity since 2010 through a net debt neutral approach. Put simply, by September 2015 we had invested £4.4bn and funded this through disposals. At the half year, we signalled we would be net sellers in the second half and we were, taking advantage of great market conditions to sell £1.1bn of assets as we saw wider economic and political uncertainty increasing.

As a result, our balance sheet gearing is now at its lowest level for many years. Though no asset is sacrosanct, we are not expecting to make any material disposals over the coming year.

Customers

Shopping is more and more about spending time as well as spending money. People want to enjoy a fantastic day out in a place that offers great brands, food, entertainment and atmosphere. While cost and convenience continue to drive growth in online retailing – at the expense of physical stores – the most successful shopping destinations offer a unique experience. And the best retailers need to be in those locations.

Over the last few years, we have sold all of our standalone superstores and secondary regional assets and reinvested proceeds into buying and building truly premium destinations such as Bluewater, Trinity Leeds and Westgate Oxford. We have also stepped up the offer at Gunwharf Quays, St David's and our retail parks. The retail sector moves fast so we will continue to anticipate and respond to changing needs.

In London, we have been providing the outstanding spaces and places today's leading companies – and their employees – require and expect. With construction largely complete, we are focused on letting our remaining space and giving our customers the best occupier experience. We will continue to seed our portfolio with opportunities for the future, although we are unlikely to resume building at scale in London in the near term.

Communities and partners

Our properties help to generate and sustain local economic activity. Our shopping centres are major employers and our offices create demand for local services. In turn, a vibrant local economy and environment is more attractive to the customers who support our business.

Support from our communities and partners is key to Land Securities' sustainability. This year we have consolidated our sustainability approach under three broad themes – creating jobs and opportunities, efficient use of natural resources, and sustainable design and innovation. This is about being smart in the way we minimise disruptive impacts while maximising the benefits our assets create for everyone who encounters them. As part of this, we have continued to set ourselves stretching social and environmental targets.

Our approach also brings together partners to extend the benefits of our activity. For example, 779 people have gained training and job opportunities through our groundbreaking Community Employment Programme. I was delighted that this team effort was recognised with the Business in the Community Work Inclusion Award for 2015. We are now applying what we have learnt in London to Oxford, where we are working with partners on the Westgate Oxford scheme to deliver construction training and jobs.

Employees

I would like to thank my colleagues for their consistently impressive contribution. To be the best property company in the UK, we need to keep attracting and developing exceptional people. Land Securities should stand out as a place where individuals from diverse backgrounds are united by talent, values, ambition and opportunity.

Employee engagement is high and we expect it to go higher over the next 12 months as, due to an approaching lease expiry at our current head office, we move into a new office with a more collaborative and flexible work environment. The relocation will mark the start of an exciting new chapter in the life of our company.

Outlook

Some have suggested our current market positioning is more prudent than exciting. I am happy with that description. As risk has been rising outside the business, we have been reducing risk inside the business. Ongoing challenges include appropriately managing the changing balance between supply and demand in London offices and responding to the evolution of consumer habits in retail. And next month, we face the prospect of a UK exit from the European Union.

We believe a vote to leave the EU would lead to business uncertainty while negotiations take place on an exit treaty. Uncertainty slows decision-making. Over the short term, we anticipate this would drive down occupational demand in our market. In turn, this would lead to falling rental values and a reduction in construction commitments, particularly in London. So an exit could be painful for the property industry and those it supports. But there is a higher principle at play here. This is a decision for the British people, not businesses. It is up to individuals – including those amongst our customers, communities and partners – to decide what's best. As guardians of shareholder capital, our responsibility is to position the company so it can thrive whatever the outcome. That's what we have done.

After another strong performance, the business is in terrific shape with the financial resources needed to address future opportunities. And we have a team of great people who are imaginative, but disciplined, in the way they manage assets – a team that is absolutely focused on our core purpose of providing the right space for our customers and communities.

Robert Noel
Chief Executive

Financial review

Overview

Table 1: Highlights

	Year ended 31 March 2016	Year ended 31 March 2015
Profit before tax	**£1,335.6m**	£2,416.5m
Basic earnings per share	**169.4p**	306.1p
Revenue profit[(1)]	**£362.1m**	£329.1m
Adjusted diluted earnings per share[(1)]	**45.7p**	41.5p
Dividend	**35.0p**	31.85p
Combined Portfolio[(1)]	**£14.5bn**	£14.0bn
Valuation surplus[(1)]	**£907.4m**	£2,036.9m
Net assets per share	**1,482p**	1,343p
Adjusted diluted net assets per share	**1,434p**	1,293p
Adjusted net debt[(1)]	**£3,238.7m**	£4,171.7m
Group LTV[(1)]	**22.0%**	28.5%

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

The Group has delivered another strong performance this year. While profit before tax was down on last year at £1,335.6m as valuation increases were unable to match the sharp increases in the year to March 2015, revenue profit was up 10.0% at £362.1m. This has been achieved alongside considerable improvements to the quality and resilience of our property assets.

This resilience is important because we recognise that the commercial property market is inherently cyclical with London office assets, in particular, susceptible to fluctuating rental and yield movements. Over the past six years, our significant speculative development programme in London has not only been a great financial success but it has also provided the Group with resilient assets in the form of new buildings, let on long leases to major corporates. Our Retail Portfolio has been transformed. Despite the initial impact on earnings, we have sold secondary, higher yielding assets not suited to changing retailer and consumer requirements, and acquired or developed destinations which are.

Between 2010 and 2015, we broadly followed a ‘net debt neutral’ approach, keeping debt relatively constant and allowing rising values to reduce our leverage. We achieved this by funding investment in acquisitions and developments through disposal proceeds rather than increased debt. Between March 2010 and March 2015, our LTV reduced from 43.5% to 28.5%, while adjusted net debt was unchanged at £4.2bn on both dates. However, this year we have taken the opportunity presented by a strong investment market to become net sellers, with adjusted net debt and LTV at 31 March 2016 down at £3.2bn and 22.0% respectively. We chose to sell those assets where we had completed asset management initiatives and which would be harder to sell in a weak market.

In the same way that we consider whether we have the right assets, we also need to ensure we have appropriate financing facilities for future buying opportunities. Our main syndicated revolving credit facility was increased to £1.38bn this year and is available to us until at least 2021. We also repurchased our 4.875% £400m bond as the lack of remaining duration to its expected maturity in 2017 meant it was no longer part of our long-term financing considerations.

The proposed final dividend takes the full year dividend to 35.0p, up 9.9% over last year. Our dividend cover remains healthy, giving us scope to make asset decisions based on their total return outlook rather than any short-term earnings impact. We aim to continue to grow our annual dividend in a progressive manner with limited consideration of short-term earnings fluctuations.

Presentation of financial information

A number of our financial measures include the results of our joint ventures and subsidiaries on a proportionate basis. Measures that are described as being presented on a proportionate basis include the Group's share of joint ventures on a line-by-line basis, 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, which is used internally to assess the Group's income performance. It excludes all capital items, such as valuation movements and profits and losses on disposals, as well as items of an exceptional nature. 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

	Year ended 31 March 2016			Year ended 31 March 2015			
	Retail Portfolio £m	**London Portfolio £m**	**Total £m**	Retail Portfolio £m	London Portfolio £m	Total £m	Change £m
Gross rental income[1]	**355.7**	**293.0**	**648.7**	367.7	273.1	640.8	7.9
Net service charge expense	**(2.7)**	**(1.0)**	**(3.7)**	(2.8)	0.6	(2.2)	(1.5)
Net direct property expenditure	**(24.5)**	**(16.8)**	**(41.3)**	(25.3)	(13.8)	(39.1)	(2.2)
Net rental income	**328.5**	**275.2**	**603.7**	339.6	259.9	599.5	4.2
Indirect costs	**(25.5)**	**(18.8)**	**(44.3)**	(29.7)	(21.6)	(51.3)	7.0
Segment profit before interest	**303.0**	**256.4**	**559.4**	309.9	238.3	548.2	11.2
Net unallocated expenses			**(34.0)**			(39.4)	5.4
Net interest expense			**(163.3)**			(179.7)	16.4
Revenue profit			**362.1**			329.1	33.0

1. Includes finance lease interest, after rents payable.

Revenue profit increased by £33.0m from £329.1m last year to £362.1m in the year ended 31 March 2016. The 10.0% increase was mainly due to higher net rental income, lower net indirect expenses and lower net interest expense as explained further below.

Net rental income

Table 3: Net rental income

	Year ended 31 March 2016 £m
Net rental income for the year ended 31 March 2015[1]	**599.5**
Net rental income movement in the year[1]:	
Like-for-like investment properties	**13.0**
Proposed developments	**0.2**
Development programme	**21.5**
Completed developments	**6.5**
Acquisitions since 1 April 2014	**11.2**
Sales since 1 April 2014	**(51.1)**
Non-property related income	**2.9**
	4.2
Net rental income for the year ended 31 March 2016[1]	**603.7**

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

Net rental income increased by £4.2m this year. The increase was driven by £28.2m of additional income from our developments, principally 1 & 2 New Ludgate, EC4; 20 Fenchurch Street, EC3; and 62 Buckingham Gate, SW1. Like-for-like growth of £13.0m is mainly due to new lettings and rent reviews, and includes £4.1m of surrender receipts. Increased net rental income from acquisitions of £11.2m largely relates to our 30% interest in Bluewater, Kent acquired part way through the previous financial year. Offsetting these increases is a £51.1m reduction in net rental income from properties sold since 1 April 2014, with the largest impact coming from the sale of Times Square, EC4 in London and the sale of retail assets in Bristol, Livingston and Exeter. The effect of disposals will continue to be felt in reduced rental income next year as a number of asset sales occurred towards the end of the financial year. In total, assets which have now been sold contributed £36.4m of net rental income in the financial year. Interest savings from the disposal proceeds will only partly compensate for this lost rental income in the year ahead.

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 £78.3m compared with £90.7m last year. The £12.4m reduction is largely due to lower costs written off in respect of potential developments and lower staff costs due to a reduction in headcount and variable pay.

Net interest expense

Our net interest expense has decreased by £16.4m to £163.3m, largely due to lower interest rates following the refinancing of the Group’s revolving credit facility in March 2015 and the increased use of our European Commercial Paper (ECP) programme, as well as lower average net debt compared with last year.

Profit before tax

Table 4: Reconciliation of revenue profit to profit before tax

	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m
Revenue profit[1]	**362.1**	329.1
Valuation surplus[1]	**907.4**	2,036.9
Profits on disposals[1]	**119.4**	167.5
Other net interest expense	**(33.6)**	(67.0)
Exceptional items:		
Business combinations	**-**	(36.3)
Impairment of long-term development contracts	**-**	(11.3)
Redemption of medium term notes	**(27.1)**	-
Head office relocation	**(5.6)**	-
Other	**13.0**	(2.4)
Profit before tax	**1,335.6**	2,416.5
Taxation	**2.4**	0.3
Profit attributable to owners of the parent	**1,338.0**	2,416.8

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

Profit before tax for the year was £1,335.6m, down £1,080.9m on last year due to a reduction in the valuation surplus. In addition to our revenue profit, the net change in values of our investment properties, any profits or losses on the disposal of assets and any exceptional items are key components of our profit before tax.

Valuation surplus

The valuation surplus of our Combined Portfolio was £907.4m (2015: £2,036.9m), representing a net increase in values over the year of 7.0%. A breakdown of valuation movements by category is shown in table 5.

Table 5: Valuation analysis

	Market value 31 March 2016	Valuation movement	Rental value change[1]	Net initial yield	Equivalent yield	Movement in equivalent yield
	£m	%	%	%	%	bps
Shopping centres and shops	2,871.3	4.3	2.3	4.5	4.7	(7)
Retail parks	834.3	(1.0)	-	5.2	5.4	4
Leisure and hotels	1,510.9	6.2	5.1	5.4	5.5	(34)
London offices	4,193.1	6.3	10.6	3.7	4.5	6
Central London shops	1,187.4	10.3	8.1	3.5	4.0	(38)
Other (Retail and London)	66.1	(0.8)	-	2.7	3.5	1
Total like-for-like portfolio	**10,663.1**	**5.5**	**5.8**	**4.2**	**4.7**	**(8)**
Proposed developments	3.5	(4.2)	n/a	-	n/a	n/a
Completed developments	1,038.5	12.4	6.5	1.6	3.8	(47)
Acquisitions	967.9	1.2	n/a	3.7	4.3	n/a
Development programme	1,797.5	16.6	n/a	-	4.1	n/a
Total Combined Portfolio	**14,470.5**	**7.0**	**5.9**	**3.5**	**4.5**	**(22)**

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

In line with best practice, we conducted a tender exercise earlier this financial year, as a result of which we appointed CBRE to replace Knight Frank as our principal valuer. CBRE performed the valuation at both 30 September 2015 and 31 March 2016.

Over the year to 31 March 2016, we have seen values rise in almost every category of our Combined Portfolio. Overall, values were up by 7.0%, with the like-for-like portfolio up by 5.5% largely due to rental value growth.

As reported at the half year, there is a slight difference in approach between CBRE and Knight Frank on how they look at the rental value and equivalent yield components of a valuation. The changes in rental values and equivalent yields over the year reflect both this difference in approach and market movements. As a result, there are some rental value and equivalent yield movements in the year which look counter-intuitive.

Within the like-for-like portfolio, our shopping centres increased in value by 4.3% predominantly due to rental value growth and a small reduction in yields. The value of our retail parks was down 1.0% as yields softened slightly. Leisure and hotels reported a 6.2% valuation surplus as a result of rental value growth and yield reduction. London offices saw values rise by 6.3% with rental values up by 10.6% and yields moving outwards by six basis points. In general, yields of London offices have reduced over the year but our yield movements have been impacted by the change in approach between valuers (see above).

Outside the like-for-like portfolio, completed developments increased in value by 12.4% due to a 47 basis points reduction in yields and rental values up by 6.5%. Within acquisitions, the value of our 30% interest in Bluewater increased in line with the overall Retail Portfolio while Buchanan Galleries, Glasgow declined as we put the development on hold. The development programme valuation surplus was 16.6% due to letting successes on all our major schemes.

Profits on disposals

Profits on disposals relate to the sale of investment and trading properties. We made a profit on disposal of investment properties (on a proportionate basis) of £78.7m, compared with £132.7m last year. For transactions agreed during the year, the profit on disposals represented a 9.1% surplus over 31 March 2015 values and was largely attributable to the sale of Thomas More Square, E1; Holborn Gate, WC1; and Haymarket House, SW1.

We made a profit on disposal of trading properties of £40.7m, compared with £31.5m last year. The trading profits largely relate to the sale of 86 apartments at Kings Gate, SW1, a residential building we completed this year. The majority of the apartments were pre-sold off plan but we only recognise the sale once legal completion occurs. Under the REIT rules, profits on the disposal of trading properties are subject to tax. However, we had sufficient tax losses to offset the taxable profits from these sales.

Exceptional items

During the year, there were two items of an exceptional nature which are not included in revenue profit but are part of our pre-tax profits. On 29 March 2016, we redeemed £400m of our bonds at a premium of £26.2m. The redemption premium and £0.9m of unamortised issue costs have been charged to the income statement as an interest cost. Further details are given in the financing section below.

Also in March, we committed to moving our head office to Cardinal Place, SW1, one of our buildings in Victoria. We will occupy a single floor allowing us to accommodate all of our staff into one open space. As a result of our decision to move offices, we have made an onerous lease provision of £5.0m in respect of the estimated net occupational costs of our current head office, after anticipated subletting, for the period from January 2017 until the lease expires in December 2018. We have also incurred £0.6m of relocation costs.

Earnings per share

Basic earnings per share were 169.4p, compared with 306.1p last year, primarily due to the lower valuation surplus.

Similar to the adjustments we make to profit before tax, which remove capital and one-off items to give revenue profit, we also report adjusted earnings per share figures. Adjusted diluted earnings per share increased by 10.1% from 41.5p last year to 45.7p per share as a result of the increase in revenue profit.

Dividend

We are recommending a final dividend of 10.55p per share to be paid on 28 July 2016 entirely as a Property Income Distribution (PID) to shareholders registered at the close of business on 24 June 2016. Taken together with the three quarterly dividends of 8.15p per share already paid, our full year dividend will be up 9.9% at 35.0p per share (2015: 31.85p), or £276.5m (2015: £251.6m).

Dividend cover remains good at 1.3x providing a strong platform from which we aim to continue to grow our dividend. Accordingly, the first quarterly dividend for 2016/17 will be 8.95p per share (2015: 8.15p). It will be paid entirely as a PID on 7 October 2016 to shareholders registered at the close of business on 9 September 2016. Further information on our dividends paid and payable in respect of the year under review is given in note 8.

Net assets

At 31 March 2016, our net assets per share were 1,482p, an increase of 139p or 10.3% from 31 March 2015.

In common with other property companies, we calculate an adjusted measure of net assets which we believe better reflects the underlying net assets attributable to shareholders. Our adjusted net assets are lower than our reported net assets primarily due to an adjustment to increase our debt to its nominal value. At 31 March 2016, adjusted diluted net assets per share were 1,434p per share, an increase of 141p or 10.9% from 31 March 2015.

Table 6 summarises the key components of the increase in our adjusted net assets per share over the year.

Table 6: Net assets

	Year ended 31 March 2016 £m
Net assets at 31 March 2015	**10,606.3**
Fair value of interest-rate swaps[1]	**39.8**
Debt adjusted to nominal value	**(391.7)**
Adjusted net assets at 31 March 2015	**10,254.4**
Adjusted earnings[1]	**362.1**
Valuation surplus[1]	**907.4**
Profits on disposals[1]	**119.4**
Dividends	**(255.4)**
Redemption of medium term notes	**(27.1)**
Other	**3.9**
Adjusted net assets at 31 March 2016	**11,364.7**
Fair value of interest-rate swaps[1]	**(34.1)**
Debt adjusted to nominal value	**368.3**
Net assets at 31 March 2016	**11,698.9**

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 year, our net debt decreased by £940.0m to £2,860.5m. The main elements behind this decrease 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 down £933.0m to £3,238.7m (2015: £4,171.7m).

Table 7: Net debt

	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m
Adjusted net debt at the beginning of the year[1]	**(4,171.7)**	(3,948.3)
Operating cash inflow[1]	**322.6**	323.7
Dividends paid	**(262.0)**	(229.4)
Acquisitions[1]	**(127.1)**	(935.7)
Disposals[1]	**1,454.8**	1,026.1
Capital expenditure[1]	**(437.3)**	(405.3)
Redemption of medium term notes	**(27.1)**	-
Other	**9.1**	(2.8)
Adjusted net debt at the end of the year	**(3,238.7)**	(4,171.7)

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 reduction in our adjusted net debt. Net cash flow from operations was £322.6m, largely offset by dividend payments of £262.0m. There were few acquisitions in the year with the largest being the acquisition of our partner's 50% interest in 6-17 Tottenham Court Road, W1. Capital expenditure was £437.3m, largely relating to our development programme. Significant disposals in the year included Thomas More Square, Haymarket House, and Holborn Gate in London, and retail parks in Gateshead, Dundee and Derby.

Table 8 below sets out various measures of our gearing.

Table 8: Gearing

	31 March 2016 %	31 March 2015 %
Adjusted gearing[1] – on a proportionate basis	**28.5**	40.7
Group LTV	**24.7**	31.6
Group LTV – on a proportionate basis	**22.0**	28.5
Security Group LTV	**23.4**	31.5

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

All of our gearing measures have decreased since 31 March 2015 due to the increase in the value of our assets coupled with a decrease 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 decreased from 28.5% at 31 March 2015 to 22.0% at 31 March 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 details see notes 13 and 14 to the financial statements.

At 31 March 2016, our committed revolving facilities totalled £1,865.0m (2015: £2,240.0m). The £375.0m reduction in committed facilities is the result of the cancellation of the £500m Bluewater acquisition facility, as it had insufficient remaining duration, offset by an additional £125m commitment in our syndicated revolving credit facility. The pricing of our facilities which fall due in more than one year ranges from LIBOR +75 basis points to LIBOR +120 basis points. Borrowings under our commercial paper programme typically have a maturity of less than three months, carry an interest rate of approximately LIBOR +25 basis points and are unsecured. Overall, the amounts drawn under the bilateral facilities, syndicated bank debt and commercial paper in issue totalled £432.5m, a £518.6m decrease since 31 March 2015, primarily due to property disposals exceeding capital investment.

Following the high volume of property disposals made this year, on 22 February 2016 we gave notice to redeem the £400m A8 bonds due to mature in November 2017, which paid a 4.875% coupon. Cash settlement was made on 29 March 2016. A premium to par of £26.2m was payable on redemption, which reflects future interest coupon savings of £31.3m. Taking into account the interest rate of the facilities used for the redemption, we estimate the Group's net interest saving will be £16.0m in the coming financial year and £9.6m in the year to 31 March 2018. In addition, the redemption premium is allowable for tax purposes, helping to offset the taxable gain from trading property disposals.

The Group's debt (on a proportionate basis) has a weighted average maturity of 9.6 years, a weighted average cost of 4.9% and 94.9% is at fixed interest rates. At 31 March 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 credit of £2.4m in the year (2015: £0.3m credit), which comprised a current year charge of £0.3m (2015: nil) on non-property related income, a credit of £1.8m (2015: £0.1m credit) relating to a release of provisions on the settlement of historic issues and a £0.9m credit (2015: £0.2m credit) in respect of the movement in deferred tax liabilities.

As a REIT, although the Group's activities are largely exempt from UK corporation tax, our total contribution to UK public finances is made up of a wide range of taxes. During the year ended 31 March 2016, taxes borne and collected by Land Securities companies exceeded £100m.

Martin Greenslade
Chief Financial Officer

London Portfolio

Highlights

- Valuation surplus of 9.7%
- £17.6m of investment lettings
- £31.7m of development lettings

Progress on our objectives

Objectives	Progress at 31 March 2016	Objectives for 2016/17
• Outperform IPD sector benchmark	• The total return of the London Portfolio was 13.8% underperforming its IPD sector benchmark at 17.6%	• Outperform IPD sector benchmark
• Complete the letting of 62 Buckingham Gate, SW1; 20 Fenchurch Street, EC3; 1 & 2 New Ludgate, EC4; and The Zig Zag Building, SW1	• 62 Buckingham Gate fully let; 20 Fenchurch Street fully let; 1 & 2 New Ludgate 94% let; and The Zig Zag Building 88% let	• Complete the letting of 1 & 2 New Ludgate; The Zig Zag Building; and 20 Eastbourne Terrace
• Progress development lettings at Nova, Victoria, SW1	• Nova, Victoria 17% pre-let	• Progress development lettings at Nova, Victoria
• Progress planning applications and obtain planning permission at Nova East, SW1; 21 Moorfields, EC2; and Harrow	• Planning consent achieved at Nova East; 21 Moorfields; and Harrow	• Submit a planning application at Southwark Street, SE1 and secure planning consent for new screens at Piccadilly Lights, W1
• Progress to revised time and to budget at our committed developments	• 1 & 2 New Ludgate completed to time and budget; 1 New Street Square, EC4 on time and budget; The Zig Zag Building and Kings Gate, SW1 delayed from July 2015 to November 2015; 20 Eastbourne Terrace, W2 delayed from April 2016 to May 2016; and Nova, Victoria delayed from July 2016 to September 2016	• Progress to revised time and to budget at our committed developments
• Secure employment for a further 145 candidates via our Community Employment Programme	• Secured employment for 164 candidates	• Secure employment for a further 129 candidates through our Community Employment Programme
• Disposal of specific assets to fund our investment activity	• Disposals as planned of 130 Wood Street, EC2; 23-39 Eastcheap, EC3; 6 Castle Lane, SW1; 50 Oxford Street, W1; Hanway Street, W1; Haymarket House, SW1; Holborn Gate, WC1; and land at Harrow	

At a glance

- Valuation surplus of 9.7%
- Ungeared total property return of 13.8%
- The portfolio underperformed its IPD Quarterly Universe sector benchmark at 17.6%
- £17.6m of investment lettings
- £31.7m of development lettings
- Like-for-like voids were 2.9% (31 March 2015: 2.9%)

We have delivered another strong year of lettings in good market conditions. Our well timed development programme and rigorous asset management has enabled us to further lengthen income. Our portfolio is high quality, well let, resilient and focused on meeting the changing needs of customers and communities.

Buy

During the year, we paid £57.1m for our partner's 50% interest in 6-17 Tottenham Court Road, W1. This retail asset, located next to the Crossrail station, has strong rental prospects and long-term development potential.

Develop

We have continued our strong letting momentum, securing a further 524,000 sq ft of lettings during the year.

20 Fenchurch Street, EC3 is now fully let. Our space provides a great day-to-day experience for occupiers and a memorable destination for visitors. Technically resilient and environmentally efficient, the building is now home to a diverse mix of businesses, with the spectacular Sky Garden attracting over 900,000 visitors during the year.

Our work at 1 & 2 New Ludgate, EC4 has created two distinctive office buildings as well as new shops, restaurants and a public piazza, accelerating the rejuvenation of a previously underwhelming part of the City. The scheme, which was 94% let at year end, sits next to City Thameslink station.

Our developments at Victoria, SW1 continue to transform the area. Strong office lettings have given Victoria the seal of approval as a thriving business destination for a range of leading companies. The Zig Zag Building let faster than expected this year reflecting the asset's popularity with occupiers and their employees. Its terraces, exceptional daylight and fresh filtered air all contribute to an environment designed to promote productivity.

Next door, our Kings Gate residential scheme completed in October 2015 a few months later than planned. Although the residential market in London slowed dramatically in the year and only one further apartment was sold, sales have completed at 86 of the 100 apartments. At the landmark Nova, Victoria scheme – the culmination of our Victoria regeneration – 33% of the 480,000 sq ft office space is now pre-let or in solicitors' hands and 138 of the 170 apartments pre-sold, an increase of five this year. We are creating London's newest food quarter here, with Jason Atherton, Bone Daddies, Sourced Market, Jamie Oliver's Barbecoa and others taking space. The retail and food-related space is now 90% pre-let or in solicitors' hands.

At 20 Eastbourne Terrace, W2, we completed our 93,000 sq ft scheme earlier this month, creating an exciting new hub for businesses near the Paddington Crossrail station. The space includes a shared roof garden, café and collaboration areas, cycle spaces, showers and changing rooms. 77% of the space is already let or in solicitors' hands.

We gained consent across three sites: at 21 Moorfields, EC2 for 515,000 sq ft which sits over the future western entrance to Liverpool Street Crossrail station and where we have now started demolition and enabling works; at Nova East, SW1 for a 196,000 sq ft office led mixed-use scheme; and at 1 Sherwood Street, W1 for a 142,000 sq ft mixed-use scheme behind Piccadilly Lights.

Manage

We have continued to rigorously manage the portfolio, seizing and creating opportunities to lengthen and strengthen income as we move through the cycle. Our weighted average lease term in London offices is now 9.7 years.

During the year, we have had notable successes at: Cardinal Place, SW1 where lease terms have been lengthened; 30 Eastbourne Terrace, W2 where we set a new rental tone above £60 per sq ft creating timely evidence ahead of rent reviews; New Street Square, EC4 where we have lengthened leases and settled reviews creating good evidence in advance of 58% of the income being subject to rent review over the next 24 months; and Dashwood House, EC2 where 55% of the income was reviewed this year at 23% above passing rent.

At Thomas More Square, E1, we repositioned the estate creating a completely new environment. Vacant offices and the public realm were refurbished and we successfully re-let the space prior to sale. At Holborn Gate, WC1, we carried out a similar refurbishment driving a significant increase in rental values and again sold the building after a successful letting campaign.

Sell

During a busy year, we completed the disposal of Times Square, EC4 for £284.6m and made further investment property disposals of £660.8m, at 14.2% ahead of the March 2015 valuation. We disposed of those assets we felt were most at risk in the event of a downturn, including Haymarket House, SW1, Holborn Gate, WC1 and Thomas More Square, E1. The sale of Thomas More Square was the culmination of our plan for the asset where we bought our partner’s 50% interest for £85.3m in November 2014, spent £36.5m on refurbishment and sold it for £283.8m generating a 36.2% surplus to the purchase price.

Net rental income

Table 9: Net rental income[(1)]

	31 March 2016 £m	31 March 2015 £m	Change £m
Like-for-like investment properties	**199.6**	198.0	1.6
Proposed developments	**-**	-	-
Development programme	**20.3**	(2.2)	22.5
Completed developments	**29.2**	23.7	5.5
Acquisitions since 1 April 2014	**1.2**	-	1.2
Sales since 1 April 2014	**20.7**	37.1	(16.4)
Non-property related income	**4.2**	3.3	0.9
Net rental income	**275.2**	259.9	15.3

1. On a proportionate basis.

Net rental income increased by £15.3m to £275.2m, driven by the greater contribution from our developments.

The development programme saw net rental income grow by £22.5m following the completion of 1 & 2 New Ludgate, EC4 and The Zig Zag Building, SW1. We let the remaining space at our completed developments, 20 Fenchurch Street, EC3 and 62 Buckingham Gate, SW1, delivering an increase in net rental income of £5.5m. Like-for-like net rental income grew by £1.6m with rent reviews at a number of properties partly offset by lower rents at Portland House, SW1 where we had previously agreed some short-term lettings to preserve development optionality. These leases are now being renegotiated following our decision not to proceed with a residential scheme for this asset. The growth in net rental income was partly offset by a £16.4m reduction due to disposals, with the sale of Times Square, EC4, 130 Wood Street, EC2 and Holborn Gate, WC1 having the greatest impact.

Outlook

The London market remains healthy but faces uncertainty in the lead up to the EU referendum on 23 June. In the event of a vote to remain, we expect the relative balance between supply and demand to remain in the landlords' favour this year and for rental values to continue to rise, albeit at a slower pace than the last few years. This is because there is more choice on the horizon for occupiers. If there is a vote to leave, we expect demand to fall and this balance to shift, which in turn is likely to have a negative impact on rents and values. We are well positioned to take advantage of either outcome.

Retail Portfolio

Highlights

- Valuation surplus of 3.7%
- £20.0m of investment lettings
- £2.1m of development lettings

Progress on our objectives

Objectives	Progress at 31 March 2016	Objectives for 2016/17
• Outperform IPD sector benchmark	• The total return of the Retail Portfolio was 8.6% outperforming its IPD sector benchmark at 7.1%	• Outperform IPD sector benchmark
• Progress lettings at Buchanan Galleries, Glasgow and Westgate Oxford	• No further pre-lettings were made at Buchanan Galleries because the scheme was put on hold; Westgate Oxford 43% pre-let	• Progress lettings at Westgate Oxford; Selly Oak, Birmingham; and the White Rose, Leeds leisure extension
• Resolution to grant planning consent at Worcester Woods	• Awaiting committee date	• Resolution to grant planning consent at Worcester Woods • Achieve planning consent and progress lettings for Glow space at Bluewater, Kent
• Progress to time and budget at our committed developments	• Westgate Oxford on time and budget	• Progress committed developments to time and budget
• Progress key disposals according to plan	• Disposals of: Team Valley Retail Park, Gateshead; Kingsway West Retail Park, Dundee; and 100 High Street, Crawley were made in line with our plan	
• Implement Community Employment Programme at Westgate Oxford	• Implemented and secured 22 jobs for people from disadvantaged backgrounds	• Expand the Community Employment Programme to other retail sites

At a glance

- Valuation surplus of 3.7%
- Ungeared total property return of 8.6%
- The portfolio outperformed its IPD Quarterly Universe sector benchmark at 7.1%
- £20.0m of investment lettings
- £2.1m of development lettings
- Like-for-like voids were 1.8% (31 March 2015: 2.4%)
- Units in administration were 0.6% (31 March 2015: 1.1%)

Key indicators

- Footfall in our shopping centres was up 3.4% (national benchmark down 1.3%)
- Same store non-food retail sales were up 1.5% (national benchmark for physical store non-food retail sales down 0.2%)
- Same store catering sales were up 3.8% (national benchmark for catering sales up 1.2%)
- Same centre non-food retail sales, taking into account new lettings and occupier changes, were up 3.3%
- Same centre catering sales, taking into account new lettings and occupier changes, were up 6.6%
- Retailers' rent to sales ratio was 10.2%
- Total occupancy costs (including rent, rates, service charges and insurance) represented 17.8% of sales

Following the transformation of our portfolio, we are now focused on further enhancing the consumer experience at our assets. Through proactive management, we are providing our customers with the space they need to thrive, bringing in new brands to improve and refresh the retail, catering and leisure offer for visitors, and playing a positive role in our local communities.

Buy

During the year, we acquired Castle Quarter in Oxford for £47.2m (our share: £23.6m) in joint venture with The Crown Estate. This asset is located next to our Westgate Oxford scheme and is set to benefit from the improvement our development will bring to the city centre. Castle Quarter includes a heritage visitor attraction, a 95-bedroom Malmaison hotel and numerous restaurants and bars.

Develop

Our 800,000 sq ft joint venture redevelopment of Westgate Oxford is progressing well and is now almost 50% pre-let to occupiers including John Lewis, Next, Calvin Klein, Joules, Jo Malone, Curzon Cinemas and Sticks'n'Sushi. When the scheme opens in late 2017, it will transform the retail scene in Oxford providing an amazing new destination with dozens of retail and catering brands not currently represented in the city.

Disappointingly, during the year we decided to put on hold our plans to extend Buchanan Galleries, Glasgow because of a conflict between our development programme and rail improvement works at the adjacent Queen Street station. We are continuing to work on our plans to improve the retail, leisure and food offer at the centre though these are unlikely to be at the scale previously envisaged.

At Selly Oak, Birmingham we expect to start on site in the autumn to deliver a mixed-use scheme featuring student housing and 200,000 sq ft of retail and catering space. Completion is scheduled for late 2018. At Worcester Woods, we have submitted a planning application for a 240,000 sq ft retail park development which is already substantially pre-let and would bring a much-anticipated John Lewis store to the Worcester consumer. Frustratingly, the planning process has been delayed but we now hope for a committee date in the summer. At

Filmworks, Ealing where we have detailed planning permission for a leisure and residential development, approval was received in October for the compulsory purchase of remaining land interests on the site.

Manage

Across the portfolio, our proactive approach to management has delivered strong results, with like-for-like income up and voids down. Our retail parks and leisure portfolios are virtually full, with occupancy of 100% and 99.3%, respectively.

In order to increase net rental income, we have secured pre-lettings and planning consents to construct new units on a number of our retail parks. We are delivering additional retail space at Chadwell Heath and Blackpool and completed the construction of further units at Lincoln and Dundee prior to disposal. Within our hotel portfolio, Accor has exercised a break notice on seven of their 29 hotels, effective from 2019. The seven hotels only represent approximately 9% of the income and we will likely look to sell them once Accor has vacated. Income on the remaining 22 hotels is now secured until 2031.

This year we continued to meet demand for upsized space at our shopping centres from a number of our most popular retailers. At Bluewater, Kent we completed a new state-of-the-art store for Next and are currently on site delivering a new flagship store for H&M. Upsized stores were also delivered for H&M at St David's, Cardiff and for Polo Ralph Lauren at Gunwharf Quays, Portsmouth. At Southside, Wandsworth we completed new stores for Debenhams and Decathlon along with several new restaurants.

Reflecting growing demand from consumers, we have continued to broaden the range of catering and leisure space across our portfolio. We negotiated numerous lease surrender and re-let transactions so we could bring fresh and exciting restaurant brands to our retail and leisure destinations. For example, we secured planning consent for four new restaurant units at Fountain Park, Edinburgh which are due to complete in early 2017. At Bluewater, we have submitted a planning application to convert the Glow entertainment space into new leisure and catering units along with an expansion of the popular Showcase Cinema, all aimed at enhancing the consumer experience. We will also be delivering a Cine UK IMAX cinema and six new restaurants at White Rose, Leeds.

Sell

During the year we made £384.8m of disposals at a surplus to the 31 March 2015 valuation of 1.4%. Properties sold included retail parks in Gateshead, Dundee and Derby, a leisure park in Maidstone, and a supermarket in Crawley, which was the last remaining standalone food store in our portfolio.

Net rental income

Table 10: Net rental income[1]

	31 March 2016 £m	31 March 2015 £m	Change £m
Like-for-like investment properties	**263.7**	252.3	11.4
Proposed developments	**-**	(0.2)	0.2
Development programme	**0.5**	1.5	(1.0)
Completed developments	**2.7**	1.7	1.0
Acquisitions since 1 April 2014	**35.4**	25.4	10.0
Sales since 1 April 2014	**15.7**	50.4	(34.7)
Non-property related income	**10.5**	8.5	2.0
Net rental income	**328.5**	339.6	(11.1)

1. On a proportionate basis.

Net rental income reduced by £11.1m from £339.6m to £328.5m. This was largely driven by our disposals which included the three retail parks sold in December 2015. Disposals in the prior year include The Bridges, Sunderland, as well as our 50% interests in Cabot Circus, Bristol and Princesshay, Exeter. The £34.7m reduction in net rental income due to disposals is partly offset by our acquisitions, predominantly Bluewater, which contributed an additional £10.0m, and our like-for-like portfolio which contributed an additional £11.4m of income. The increase in our like-for-like portfolio is largely due to new lettings, rent reviews, an increase in turnover rents from the Accor hotels and £4.1m of surrender receipts. The £1.0m increase in net rental income from completed developments relates to The Bishop Centre, Taplow, which completed in July 2014 and is fully let.

Outlook

The retail environment remains fast-paced and challenging, with consumers increasingly demanding in terms of price, experience and service. Many of the most successful retailers are those that can maximise sales through multiple channels, from traditional physical stores to online and click & collect. We expect the importance of digital channels to continue to increase. Retailers are changing the way they think about and use their physical space, with many investing more in shop design and layout, and using technology to transform their shops into interactive showrooms for their goods and services. Physical stores that provide the right space in the right place are worth this investment because of the crucial role they play for retailers in engaging consumers with their brands.

We have worked hard to ensure that our portfolio is made up of the best space for our customers' needs, in the best locations. This gives us confidence in our future performance.

Principal risks and uncertainties

The Company has identified certain principal risks and uncertainties that could prevent the Group from achieving its strategic objectives and has assessed how these risks could best be mitigated through a combination of internal controls, risk management and the purchase of insurance cover. These risks are reviewed and updated on a regular basis and were last formally assessed by the Board in March 2016.

A full description of the principal risks and uncertainties faced by the Group, together with an assessment of their impact is set out below. The Group's approach to the management and mitigation of these risks is included in the 2016 Annual Report.

Risk description	Impact
Customers • Structural changes in customer and consumer behaviours, and pressure on consumer spending.	• Shift in office and retailer customer demand with consequent impact on new lettings, renewal of existing leases and rental growth. • Retailers unable to meet existing rental commitments.
Market cyclicality • Volatility and speed of change of asset valuations and market conditions.	• Reduces liquidity and impacts relative property performance. • Fall in values.
Financing • Lack of availability of bank funding.	• Increased cost of borrowing. • Limits ability to refinance existing debt maturities and fund forward cash requirements.
Liability structure • Liability structure is unable to adapt to changing asset strategy or property values.	• Bank debt not able to be drawn. • Unable to raise new debt or no flexible debt to repay. • Potentially constrains business decisions.
Development • Occupiers reluctant to enter into commitments to take new space in our developments.	• Negative valuation movements. • Reduction in income.
People and skills • Inability to attract, retain and develop the right people and skills.	• Lack the skills necessary to deliver the business objectives.

Risk description	Impact
Sustainability • Properties do not comply with legislation or meet customer expectations.	• Increased cost base. • Inability to attract or retain customers. • Premature obsolescence and loss of asset value.
Major health and safety incident • Accidents causing injury to employees, contractors, occupiers and visitors to our properties.	• Criminal/civil proceedings and resultant reputational damage. • Delays to building projects and can restrict access to shopping centres.
Security threat or attack • Failure to identify or prevent a major security related threat or attack, or react immediately and effectively.	• Loss of consumer confidence with consequent impact on new lettings, renewal of existing leases and rental growth. • Loss of income.
Cyber threat or attack • External and internal threat to systems and data.	• Negative reputational impact. • Adverse operational and financial impact.

Statement of Directors' Responsibilities

The Annual Report 2016 contains the following statements regarding responsibility for the financial statements and business reviews included therein.

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

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

In preparing these financial statements the Directors are required to:

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

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

Directors' responsibility statement under the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed below, confirm that to the best of their knowledge:

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

Directors' statement under the UK Corporate Governance Code

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

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

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

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

*Non-executive Directors

The Statement of Directors' Responsibilities was approved by the Board of Directors on 16 May 2016 and is signed on its behalf by:

Robert Noel	**Martin Greenslade**
Chief Executive	Chief Financial Officer

Financial statements

Income statement	Notes	Revenue profit £m	Capital and other items £m	Year ended 31 March 2016 Total £m	Revenue profit £m	Capital and other items £m	Year ended 31 March 2015 Total £m
Revenue	3	**744.4**	**198.1**	**942.5**	711.2	59.2	770.4
Costs	4	**(258.7)**	**(150.7)**	**(409.4)**	(258.7)	(46.0)	(304.7)
		485.7	**47.4**	**533.1**	452.5	13.2	465.7
Profit on disposal of investment properties	2	**-**	**75.1**	**75.1**	-	107.1	107.1
Profit on disposal of investments in joint ventures	2	**-**	**-**	**-**	-	3.3	3.3
Net surplus on revaluation of investment properties	10	**-**	**738.4**	**738.4**	-	1,770.6	1,770.6
Operating profit		**485.7**	**860.9**	**1,346.6**	452.5	1,894.2	2,346.7
Share of post-tax profit from joint ventures	11	**19.6**	**178.8**	**198.4**	32.0	293.8	325.8
Interest income	5	**35.1**	**-**	**35.1**	29.4	-	29.4
Interest expense	5	**(178.3)**	**(60.7)**	**(239.0)**	(184.8)	(64.6)	(249.4)
Revaluation of redemption liabilities		**-**	**(4.6)**	**(4.6)**	-	(8.5)	(8.5)
Gain on business combination		**-**	**-**	**-**	-	2.2	2.2
Impairment of goodwill		**-**	**(0.9)**	**(0.9)**	-	(29.7)	(29.7)
Profit before tax		**362.1**	**973.5**	**1,335.6**	329.1	2,087.4	2,416.5
Taxation		**-**	**2.4**	**2.4**	-	0.3	0.3
Profit for the financial year attributable to owners of the parent		**362.1**	**975.9**	**1,338.0**	329.1	2,087.7	2,416.8
Earnings per share attributable to owners of the parent (pence):							
Basic earnings per share	7			**169.4**			306.1
Diluted earnings per share	7			**168.8**			304.7

Statement of comprehensive income	Notes	Year ended 31 March 2016 Total £m	Year ended 31 March 2015 Total £m
Profit for the financial year attributable to owners of the parent		**1,338.0**	2,416.8
Items that may be subsequently reclassified to the income statement:			
Share of joint ventures' fair value movements on interest-rate swaps treated as cash flow hedges	11	**(0.1)**	(1.7)
Revaluation of other investments		**0.4**	-
Items that will not be subsequently reclassified to the income statement:			
Re-measurement gain on defined benefit pension scheme		**18.0**	3.7
Deferred tax on re-measurement gain on defined benefit pension scheme		**(3.1)**	(1.5)
Other comprehensive income for the financial year attributable to owners of the parent		**15.2**	0.5
Total comprehensive income for the financial year attributable to owners of the parent		**1,353.2**	2,417.3

Balance sheets

	Notes	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Non-current assets					
Investment properties	10	**12,357.7**	12,158.0	**-**	-
Intangible assets		**38.1**	34.7	**-**	-
Other property, plant and equipment		**5.1**	9.6	**-**	-
Net investment in finance leases		**182.6**	185.1	**-**	-
Loan investment		**-**	49.5	**-**	-
Investments in joint ventures	11	**1,668.2**	1,433.5	**-**	-
Investments in subsidiary undertakings		**-**	-	**6,200.1**	6,192.2
Other investments		**13.8**	12.8	**-**	-
Trade and other receivables		**86.1**	54.0	**-**	-
Pension surplus		**25.2**	7.0	**-**	-
Total non-current assets		**14,376.8**	13,944.2	**6,200.1**	6,192.2
Current assets					
Trading properties and long-term development contracts	12	**123.4**	222.3	**-**	-
Trade and other receivables		**445.4**	402.7	**17.1**	14.8
Monies held in restricted accounts and deposits	15	**19.7**	10.4	**3.5**	-
Cash and cash equivalents	16	**24.7**	14.3	**0.1**	0.1
Total current assets		**613.2**	649.7	**20.7**	14.9
Non-current assets held for sale		**-**	283.4	**-**	-
Total assets		**14,990.0**	14,877.3	**6,220.8**	6,207.1
Current liabilities					
Borrowings	14	**(18.7)**	(190.7)	**-**	**-**
Trade and other payables		**(289.3)**	(367.3)	**(1,036.7)**	(1,108.2)
Provisions		**(18.5)**	(2.6)	**-**	**-**
Derivative financial instruments		**(0.7)**	(3.8)	**-**	**-**
Current tax liabilities		**-**	(3.7)	**-**	**-**
Total current liabilities		**(327.2)**	(568.1)	**(1,036.7)**	(1,108.2)
Non-current liabilities					
Borrowings	14	**(2,854.3)**	(3,593.0)	**-**	**-**
Trade and other payables		**(28.5)**	(29.6)	**-**	**-**
Provisions		**(5.5)**	-	**-**	**-**
Derivative financial instruments		**(31.2)**	(37.7)	**-**	**-**
Redemption liabilities		**(34.9)**	(35.3)	**-**	**-**
Deferred tax		**(9.5)**	(7.3)	**-**	**-**
Total non-current liabilities		**(2,963.9)**	(3,702.9)	**-**	**-**
Total liabilities		**(3,291.1)**	(4,271.0)	**(1,036.7)**	(1,108.2)
Net assets		**11,698.9**	10,606.3	**5,184.1**	5,098.9
Equity					
Capital and reserves attributable to the owners of the parent					
Ordinary shares		**80.1**	80.1	**80.1**	80.1
Share premium		**790.2**	789.4	**790.2**	789.4
Capital redemption reserve		**30.5**	30.5	**30.5**	30.5
Own shares		**(13.8)**	(11.1)	**-**	-
Merger reserve		**-**	-	**373.6**	373.6
Share-based payments		**11.1**	8.7	**11.1**	8.7
Retained earnings		**10,800.8**	9,708.7	**3,898.6**	3,816.6
Total equity		**11,698.9**	10,606.3	**5,184.1**	5,098.9

The financial statements on pages 25 to 50 were approved by the Board of Directors on 16 May 2016 and were signed on its behalf by:

R M Noel **M F Greenslade**

Directors

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 2014	79.9	788.3	30.5	(9.2)	6.3	7,522.5	8,418.3
Total comprehensive income for the financial year	-	-	-	-	-	2,417.3	2,417.3
Transactions with owners:							
Exercise of options	-	1.3	-	-	-	-	1.3
Dividends to owners of the parent	0.2	(0.2)	-	-	-	(229.8)	(229.8)
Fair value of share-based payments	-	-	-	-	6.0	-	6.0
Release on exercise of share options	-	-	-	-	(3.6)	3.6	-
Settlement and transfer of shares to employees on exercise of share options, net of proceeds	-	-	-	9.9	-	(4.7)	5.2
Acquisition of own shares	-	-	-	(11.8)	-	(0.2)	(12.0)
Total transactions with owners of the parent	0.2	1.1	-	(1.9)	2.4	(231.1)	(229.3)
At 31 March 2015	**80.1**	**789.4**	**30.5**	**(11.1)**	**8.7**	**9,708.7**	**10,606.3**
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**-**	**1,353.2**	**1,353.2**
Transactions with owners:							
Exercise of options	**-**	**0.8**	**-**	**-**	**-**	**-**	**0.8**
Dividends to owners of the parent	**-**	**-**	**-**	**-**	**-**	**(255.4)**	**(255.4)**
Fair value of share-based payments	**-**	**-**	**-**	**-**	**7.9**	**-**	**7.9**
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	**-**	**-**	**-**	**15.7**	**-**	**(11.2)**	**4.5**
Acquisition of own shares	**-**	**-**	**-**	**(18.4)**	**-**	**-**	**(18.4)**
Total transactions with owners of the parent	**-**	**0.8**	**-**	**(2.7)**	**2.4**	**(261.1)**	**(260.6)**
At 31 March 2016	**80.1**	**790.2**	**30.5**	**(13.8)**	**11.1**	**10,800.8**	**11,698.9**

Statement of changes in equity							Company
	Ordinary shares £m	Share premium £m	Capital redemption reserve £m	Merger reserve £m	Share-based payments £m	Retained earnings[1] £m	Total equity £m
At 1 April 2014	79.9	788.3	30.5	373.6	6.3	4,098.2	5,376.8
Loss for the year ended 31 March 2015	-	-	-	-	-	(55.4)	(55.4)
Exercise of options	-	1.3	-	-	-	-	1.3
Dividends paid to owners of the parent	0.2	(0.2)	-	-	-	(229.8)	(229.8)
Fair value of share-based payments	-	-	-	-	6.0	-	6.0
Release on exercise of share options	-	-	-	-	(3.6)	3.6	-
At 31 March 2015	**80.1**	**789.4**	**30.5**	**373.6**	**8.7**	**3,816.6**	**5,098.9**
Profit for the year ended 31 March 2016	**-**	**-**	**-**	**-**	**-**	**331.9**	**331.9**
Exercise of options	**-**	**0.8**	**-**	**-**	**-**	**-**	**0.8**
Dividends paid to owners of the parent	**-**	**-**	**-**	**-**	**-**	**(255.4)**	**(255.4)**
Fair value of share-based payments	**-**	**-**	**-**	**-**	**7.9**	**-**	**7.9**
Release on exercise of share options	**-**	**-**	**-**	**-**	**(5.5)**	**5.5**	**-**
At 31 March 2016	**80.1**	**790.2**	**30.5**	**373.6**	**11.1**	**3,898.6**	**5,184.1**

1. Available for distribution.

Statement of cash flows for the year ended 31 March 2016		Group		Company	
		2016	2015	2016	2015
	Notes	£m	£m	£m	£m
Cash flows from operating activities					
Net cash generated from operations	9	**451.0**	447.5	**-**	-
Interest received		**21.0**	8.1	**-**	-
Interest paid		**(196.6)**	(198.3)	**-**	-
Employer contributions to defined benefit pension scheme		**(0.8)**	(1.9)	**-**	-
Capital expenditure on trading properties		**(32.2)**	(50.7)	**-**	-
Disposal of trading properties		**190.6**	28.8	**-**	-
Corporation tax paid		**(0.3)**	-	**-**	-
Net cash inflow from operating activities		**432.7**	233.5	**-**	-
Cash flows from investing activities					
Investment property development expenditure		**(118.2)**	(196.2)	**-**	-
Acquisition of investment properties and other investments		**(102.5)**	(105.7)	**-**	-
Acquisitions treated as business combinations (net of cash acquired)		**-**	(699.3)	**-**	-
Other investment property related expenditure		**(99.8)**	(74.1)	**-**	-
Disposal of investment properties		**1,220.6**	466.7	**-**	-
Expenditure on non-property related non-current assets		**(8.1)**	(4.4)	**-**	-
Receipt of investments in long-term debtor		**49.5**	-	**-**	-
Disposal of joint ventures		**-**	275.2	**-**	-
Cash contributed to joint ventures	11	**(62.6)**	(16.7)	**-**	-
Loan advances to joint ventures	11	**(105.9)**	(153.9)	**-**	-
Loan repayments by joint ventures	11	**13.9**	37.0	**-**	-
Distributions from joint ventures	11	**62.5**	59.7	**-**	-
Net cash inflow/(outflow) from investing activities		**849.4**	(411.7)	**-**	-
Cash flows from financing activities					
Cash received on issue of shares arising from exercise of share options		**5.3**	6.5	**-**	-
Purchase of own shares and treasury shares		**(18.4)**	(12.0)	**-**	-
Proceeds from new loans (net of finance fees)		**249.2**	419.9	**-**	-
Repayment of loans	14	**(1,206.5)**	(13.6)	**-**	-
(Increase)/decrease in monies held in restricted accounts and deposits	15	**(9.3)**	4.1	**-**	-
Premium payable on redemption of medium term notes		**(26.2)**	-	**-**	-
Decrease in finance leases payable		**(1.0)**	(1.4)	**-**	-
Dividends paid to owners of the parent	8	**(262.0)**	(229.4)	**-**	-
Distributions paid by non-wholly owned subsidiaries		**(2.8)**	(2.5)	**-**	-
Net cash (outflow)/inflow from financing activities		**(1,271.7)**	171.6	**-**	-
Increase/(decrease) in cash and cash equivalents for the year		**10.4**	(6.6)	**-**	-
Cash and cash equivalents at the beginning of the year		**14.3**	20.9	**0.1**	0.1
Cash and cash equivalents at the end of the year	16	**24.7**	14.3	**0.1**	0.1

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

Notes to the financial statements

1. Basis of preparation and consolidation

Basis of preparation

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

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

The accounting policies are consistent with those applied in the year ended 31 March 2015, as amended to reflect the adoption of the new Standards, Amendments to Standards and Interpretations which are mandatory for the year ended 31 March 2016.

The following accounting standards or interpretations were effective for the financial year beginning 1 April 2015 and have been applied in preparing these financial statements to the extent they are relevant to the preparation of financial information:

- IAS 19 (amendment) 'Defined Benefit Plans: Employee Contributions amendments to IAS 19'
- Annual Improvements to the IFRSs 2010-2012 Cycle (various standards)

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

On 16 May 2016, the consolidated financial statements of the Group and this preliminary announcement were authorised for issue in accordance with a resolution of the Directors and will be delivered to the Registrar of Companies following the Group's Annual General Meeting. Statutory accounts for the year ended 31 March 2015 have been filed unqualified and do not contain any statement under Section 498(2) or Section 498(3) of the Companies Act 2006. The annual financial information presented in this preliminary announcement for the year ended 31 March 2016 is based on, and consistent with, the financial information in the Group's audited financial statements for the year ended 31 March 2016. The audit report on these financial statements is unqualified and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006. This preliminary announcement does not constitute statutory financial statements of the Group within the meaning of Section 235 of the Companies Act 2006. Whilst the information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of IFRSs, this announcement does not itself contain sufficient information to comply with IFRSs.

A copy of the Group's Annual Report for the year ended 31 March 2015 can be found at www.landsecurities.com/investors.

Land Securities Group PLC has not presented its own statement of comprehensive income (and separate income statement), as permitted by Section 408 of Companies Act 2006. The profit for the year of the Company, dealt with in its financial statements, was £331.9m (2015: loss of £55.4m). The merger reserve arose on 6 September 2002 when the Company acquired 100% of the issued share capital of Land Securities PLC. The merger reserve represents the excess of the cost of acquisition over the nominal value of the shares issued by the Company to acquire Land Securities PLC. The merger reserve does not represent a realised or distributable profit. The capital redemption reserve represents the nominal value of cancelled shares.

The presentation of certain items in the income statement has been reviewed during the year, and the 'Release of impairment of trading properties' is now aggregated within Costs.

Basis of consolidation

The consolidated financial statements for the year ended 31 March 2016 incorporate the financial statements of Land Securities Group PLC (the Company) and all its subsidiary undertakings (the Group). Subsidiary undertakings are those entities controlled by the Company. Control exists where an entity is exposed to variable returns and has the ability to affect those returns through its power over the investee.

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

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

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

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

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

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

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

2. Segmental information

The Group's operations are organised into two operating segments, being the Retail Portfolio and the London Portfolio. The London Portfolio includes all our London offices and central London shops and the Retail Portfolio includes all our shopping centres and shops (excluding central London shops), hotels and leisure assets and retail 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 year, the chief operating decision maker was the Executive Committee (ExecCom), which comprised the Executive Directors, the managing directors of the Retail and London portfolios, the Group General Counsel and Company Secretary, 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.

Revenue profit	Retail Portfolio Group £m	Retail Portfolio Joint ventures £m	Retail Portfolio Total £m	London Portfolio Group £m	London Portfolio Joint ventures £m	London Portfolio Total £m	Year ended 31 March 2016 Total Group[1] £m	Joint ventures £m	Total £m
Rental income	332.3	31.0	363.3	268.5	18.5	287.0	600.8	49.5	650.3
Finance lease interest	1.3	-	1.3	8.9	-	8.9	10.2	-	10.2
Gross rental income (before rents payable)	333.6	31.0	364.6	277.4	18.5	295.9	611.0	49.5	660.5
Rents payable[2]	(7.8)	(1.1)	(8.9)	(2.9)	-	(2.9)	(10.7)	(1.1)	(11.8)
Gross rental income (after rents payable)	325.8	29.9	355.7	274.5	18.5	293.0	600.3	48.4	648.7
Service charge income	50.7	5.0	55.7	42.8	3.5	46.3	93.5	8.5	102.0
Service charge expense	(52.9)	(5.5)	(58.4)	(43.0)	(4.3)	(47.3)	(95.9)	(9.8)	(105.7)
Net service charge expense	(2.2)	(0.5)	(2.7)	(0.2)	(0.8)	(1.0)	(2.4)	(1.3)	(3.7)
Other property related income	19.9	0.6	20.5	16.3	1.1	17.4	36.2	1.7	37.9
Direct property expenditure	(40.0)	(5.0)	(45.0)	(32.0)	(2.2)	(34.2)	(72.0)	(7.2)	(79.2)
Net rental income	303.5	25.0	328.5	258.6	16.6	275.2	562.1	41.6	603.7
Indirect property expenditure	(24.2)	(1.0)	(25.2)	(17.0)	(0.9)	(17.9)	(41.2)	(1.9)	(43.1)
Depreciation and amortisation	(0.3)	-	(0.3)	(0.9)	-	(0.9)	(1.2)	-	(1.2)
Segment profit before interest	279.0	24.0	303.0	240.7	15.7	256.4	519.7	39.7	559.4
Joint venture net interest expense	-	(3.6)	(3.6)	-	(16.5)	(16.5)	-	(20.1)	(20.1)
Segment profit/(loss)	279.0	20.4	299.4	240.7	(0.8)	239.9	519.7	19.6	539.3
Group services – other income							3.7	-	3.7
– expense							(37.7)	-	(37.7)
Interest income							35.1	-	35.1
Interest expense							(178.3)	-	(178.3)
Revenue profit							342.5	19.6	362.1

1. Group income figures shown in this column are included in note 3 and agree to the revenue figure included in the revenue profit column in the income statement.
2. Included within rents payable is finance lease interest payable of **£0.6m** and **£0.4m** for the Retail and London portfolios, respectively.

Reconciliation of revenue profit to profit before tax	Total Group £m	Joint ventures £m	Total £m
Revenue profit	342.5	19.6	362.1
Capital and other items			
Valuation and profits on disposals			
Net surplus on revaluation of investment properties	736.0	171.4	907.4
Movement in impairment of trading properties[3]	11.5	4.4	15.9
Impairment of long-term development contracts	(0.1)	0.1	-
Profit on disposal of trading properties	40.7	-	40.7
Profit on disposal of investment properties	75.1	3.6	78.7
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	(10.7)	-	(10.7)
Fair value movement on long-term liabilities	0.5	-	0.5
Amortisation of bond exchange de-recognition adjustment	(23.4)	-	(23.4)
Exceptional items			
Head office relocation	(5.6)	-	(5.6)
Premium payable on redemption of medium term notes	(26.2)	-	(26.2)
Impairment of unamortised finance costs	(0.9)	-	(0.9)
Other			
Revaluation of redemption liabilities	(4.6)	-	(4.6)
Impairment of goodwill	(0.9)	-	(0.9)
Amortisation of intangible asset	(1.5)	-	(1.5)
Adjustment for non-wholly owned subsidiaries[4]	4.8	0.1	4.9
Joint venture taxation	-	(0.8)	(0.8)
Profit before tax	1,137.2	198.4	1,335.6

3. The movement in impairment of trading properties of **£15.9m** relates entirely to the London Portfolio.
4. All items in the segment note are presented on a proportionate basis (see note 1). This adjustment represents the non-owned element of the Group's subsidiaries which is excluded from the numbers presented in the tables above. Included within the **£4.9m** adjustment above is revenue of **£3.2m**, net surplus on revaluation of investment properties of **£2.4m**, joint venture profits in non-wholly owned subsidiaries of **£0.1m**, less costs of **£0.8m**.

Revenue profit	Retail Portfolio Group £m	Retail Portfolio Joint ventures £m	Retail Portfolio Total £m	London Portfolio Group £m	London Portfolio Joint ventures £m	London Portfolio Total £m	Total Group[1] £m	Total Joint ventures £m	Total Total £m
									Year ended 31 March 2015
Rental income	327.8	49.1	376.9	244.9	21.5	266.4	572.7	70.6	643.3
Finance lease interest	1.4	0.1	1.5	8.9	-	8.9	10.3	0.1	10.4
Gross rental income (before rents payable)	329.2	49.2	378.4	253.8	21.5	275.3	583.0	70.7	653.7
Rents payable[2]	(9.1)	(1.6)	(10.7)	(2.2)	-	(2.2)	(11.3)	(1.6)	(12.9)
Gross rental income (after rents payable)	320.1	47.6	367.7	251.6	21.5	273.1	571.7	69.1	640.8
Service charge income	49.6	7.1	56.7	40.1	2.6	42.7	89.7	9.7	99.4
Service charge expense	(51.6)	(7.9)	(59.5)	(39.0)	(3.1)	(42.1)	(90.6)	(11.0)	(101.6)
Net service charge expense	(2.0)	(0.8)	(2.8)	1.1	(0.5)	0.6	(0.9)	(1.3)	(2.2)
Other property related income	18.5	1.1	19.6	15.9	0.7	16.6	34.4	1.8	36.2
Direct property expenditure	(37.4)	(7.5)	(44.9)	(27.3)	(3.1)	(30.4)	(64.7)	(10.6)	(75.3)
Net rental income	299.2	40.4	339.6	241.3	18.6	259.9	540.5	59.0	599.5
Indirect property expenditure	(27.6)	(1.8)	(29.4)	(19.9)	(0.9)	(20.8)	(47.5)	(2.7)	(50.2)
Depreciation	(0.3)	-	(0.3)	(0.8)	-	(0.8)	(1.1)	-	(1.1)
Segment profit before interest	271.3	38.6	309.9	220.6	17.7	238.3	491.9	56.3	548.2
Joint venture net interest expense	-	(6.8)	(6.8)	-	(17.5)	(17.5)	-	(24.3)	(24.3)
Segment profit	271.3	31.8	303.1	220.6	0.2	220.8	491.9	32.0	523.9
Group services – other income							4.1	-	4.1
– expense							(43.5)	-	(43.5)
Interest income							29.4	-	29.4
Interest expense							(184.8)	-	(184.8)
Revenue profit							297.1	32.0	329.1

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

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

3. The movement in impairment of trading properties of £1.6m relates entirely to the London Portfolio.
4. All items in the segment note are presented on a proportionate basis (see note 1). This adjustment represents the non-owned element of the Group's subsidiaries which is excluded from the numbers presented in the tables above. Included within the £5.6m adjustment above is revenue of £3.7m, a net surplus on revaluation of investment properties of £2.8m, joint venture profits in non-wholly owned subsidiaries of £0.1m, less costs of £1.0m.

3. Revenue

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

						Group
			Year ended 31 March 2016			Year ended 31 March 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)	**572.3**	**2.5**	**574.8**	557.9	2.9	560.8
Adjustment for lease incentives	**28.5**	**0.1**	**28.6**	14.8	0.1	14.9
Rental income	**600.8**	**2.6**	**603.4**	572.7	3.0	575.7
Service charge income	**93.5**	**0.6**	**94.1**	89.7	0.7	90.4
Other property related income	**36.2**	**-**	**36.2**	34.4	-	34.4
Trading property sales proceeds	**-**	**194.9**	**194.9**	-	55.5	55.5
Finance lease interest	**10.2**	**-**	**10.2**	10.3	-	10.3
Other income	**3.7**	**-**	**3.7**	4.1	-	4.1
	744.4	**198.1**	**942.5**	711.2	59.2	770.4

4. Costs

All costs are classified within the ‘Revenue profit’ column of the income statement, with the exception of the cost of sale of trading properties, costs arising on long-term development contracts, amortisation of intangible assets, business combination costs 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.

			Year ended 31 March 2016			Year ended 31 March 2015
	Revenue profit £m	**Capital and other items £m**	**Total £m**	Revenue profit £m	Capital and other items £m	Total £m
Rents payable	**10.7**	**-**	**10.7**	11.3	-	11.3
Service charge expense[1]	**95.9**	**0.5**	**96.4**	90.6	0.6	91.2
Direct property expenditure[1]	**72.0**	**0.3**	**72.3**	64.7	0.4	65.1
Indirect property expenditure[1]	**80.1**	**-**	**80.1**	92.1	-	92.1
Impairment of long-term development contracts	**-**	**0.1**	**0.1**	-	11.3	11.3
Trading property disposals	**-**	**154.2**	**154.2**	-	25.7	25.7
Movement in impairment of trading properties	**-**	**(11.5)**	**(11.5)**	-	(1.9)	(1.9)
Amortisation of intangible asset	**-**	**1.5**	**1.5**	-	1.1	1.1
Business combination costs	**-**	**-**	**-**	-	8.8	8.8
Head office relocation	**-**	**5.6**	**5.6**	-	-	-
	258.7	**150.7**	**409.4**	258.7	46.0	304.7

1. The table above includes Group employee costs for the period of **£64.3m** (2015: £67.4m), which has been split into **£7.3m** (2015: £7.2m) within service charge expense, **£0.3m** (2015: £0.4m) within direct property expenditure and **£56.7m** (2015: £59.8m) within indirect property expenditure, of which £19.1m relates to Group services (2015: £23.4m).

5. Interest	Year ended 31 March 2016			Year ended 31 March 2015		
	Revenue profit	Capital and other items	Total	Revenue profit	Capital and other items	Total
	£m	£m	£m	£m	£m	£m
Interest income						
Short-term deposits	-	-	-	0.1	-	0.1
Interest received on loan investments	0.3	-	0.3	2.3	-	2.3
Other interest receivable	1.1	-	1.1	0.6	-	0.6
Net interest receivable from joint ventures	33.5	-	33.5	26.2	-	26.2
Net pension interest	0.2	-	0.2	0.2	-	0.2
Total interest income	35.1	-	35.1	29.4	-	29.4
Interest expense						
Bond and debenture debt	(168.9)	-	(168.9)	(169.8)	-	(169.8)
Bank and other short term borrowings	(19.9)	-	(19.9)	(29.4)	-	(29.4)
Fair value movement on foreign exchange swaps	-	23.4	23.4	-	(5.1)	(5.1)
Foreign exchange movement on borrowings	-	(23.4)	(23.4)	-	4.9	4.9
Fair value movement on interest-rate swaps	-	(10.7)	(10.7)	-	(34.0)	(34.0)
Fair value movement on long-term liabilities	-	0.5	0.5	-	(4.4)	(4.4)
Amortisation of bond exchange de-recognition adjustment	-	(23.4)	(23.4)	-	(21.5)	(21.5)
Premium payable on redemption of medium-term notes	-	(26.2)	(26.2)	-	-	-
Impairment of unamortised finance costs	-	(0.9)	(0.9)	-	(4.5)	(4.5)
Other interest payable	(1.0)	-	(1.0)	(0.6)	-	(0.6)
	(189.8)	(60.7)	(250.5)	(199.8)	(64.6)	(264.4)
Interest capitalised in relation to properties under development	11.5	-	11.5	15.0	-	15.0
Total interest expense	(178.3)	(60.7)	(239.0)	(184.8)	(64.6)	(249.4)
Net interest expense	(143.2)	(60.7)	(203.9)	(155.4)	(64.6)	(220.0)
Joint venture net interest expense	(20.1)			(24.3)		
Net interest expense included in revenue profit	(163.3)			(179.7)		

Finance lease interest payable of **£1.0m** (2015: £1.6m) is included within rents payable as detailed in note 2.

6. Net assets per share		Group
	2016	2015
	£m	£m
Net assets attributable to the owners of the parent	**11,698.9**	10,606.3
Fair value of interest-rate swaps – Group	**31.9**	37.7
– Joint ventures	**2.2**	2.1
Deferred tax liability arising on business combination	**4.9**	5.8
Goodwill on deferred tax liability	**(4.9)**	(5.8)
EPRA adjusted net assets	**11,733.0**	10,646.1
Reverse bond exchange de-recognition adjustment	**(368.3)**	(391.7)
Adjusted net assets attributable to the owners of the parent	**11,364.7**	10,254.4
Reinstate bond exchange de-recognition adjustment	**368.3**	391.7
Fair value of interest-rate swaps – Group	**(31.9)**	(37.7)
– Joint ventures	**(2.2)**	(2.1)
Deferred tax liability arising on business combination	**(4.9)**	(5.8)
Excess of fair value of debt over book value (note 14)	**(1,000.8)**	(1,161.3)
EPRA triple net assets	**10,693.2**	9,439.2

	2016	2015
	million	million
Number of ordinary shares in issue	**801.2**	801.0
Number of treasury shares	**(10.5)**	(10.5)
Number of own shares	**(1.2)**	(1.0)
Number of ordinary shares - basic net assets per share	**789.5**	789.5
Dilutive effect of share options	**2.9**	3.7
Number of ordinary shares - diluted net assets per share	**792.4**	793.2

	2016	2015
	pence	pence
Net assets per share	**1,482**	1,343
Diluted net assets per share	**1,476**	1,337
Adjusted net assets per share	**1,439**	1,299
Adjusted diluted net assets per share	**1,434**	1,293
EPRA measure – adjusted diluted net assets per share	**1,481**	1,342
– diluted triple net assets per share	**1,349**	1,190

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 the owners of the parent is more indicative of underlying business performance.

7. Earnings per share

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

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

		Group
	2016	2015
	£m	£m
Profit for the financial year attributable to the owners of the parent	**1,338.0**	2,416.8
Net surplus on revaluation of investment properties	**(907.4)**	(2,036.9)
Movement in impairment of trading properties	**(15.9)**	(1.6)
Profit on disposal of trading properties	**(40.7)**	(31.5)
Profit on disposal of investment properties	**(78.7)**	(132.7)
Profit on disposal of investments in joint ventures	**-**	(3.3)
Fair value movement on foreign exchange swaps	**(23.4)**	5.1
Foreign exchange movement on borrowings	**23.4**	(4.9)
Fair value movement on interest-rate swaps	**10.7**	34.8
Fair value movement on long-term liabilities	**(0.5)**	4.4
Premium payable on redemption of medium term notes	**26.2**	-
Impairment of unamortised finance costs	**0.9**	6.1
Net gain on business combination	**-**	(2.2)
Business combination costs	**-**	8.8
Impairment of goodwill	**0.9**	29.7
Revaluation of redemption liabilities	**4.6**	8.5
Amortisation of intangible asset	**1.5**	1.1
Adjustment for non-wholly owned subsidiaries(1)	**(4.9)**	(5.6)
Joint venture taxation	**0.8**	-
Group taxation	**(2.4)**	(0.3)
EPRA adjusted earnings attributable to the owners of the parent	**333.1**	296.3
Head office relocation	**5.6**	-
Impairment of long-term development contracts(2)	**-**	11.3
Amortisation of bond exchange de-recognition	**23.4**	21.5
Adjusted earnings attributable to the owners of the parent	**362.1**	329.1

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.

	2016	2015
	million	million
Weighted average number of ordinary shares	**801.1**	800.9
Weighted average number of treasury shares	**(10.5)**	(10.5)
Weighted average number of own shares	**(0.9)**	(0.8)
Weighted average number of ordinary shares - basic earnings per share	**789.7**	789.6
Dilutive effect of share options	**3.0**	3.5
Weighted average number of ordinary shares - diluted earnings per share	**792.7**	793.1

	2016	2015
	pence	pence
Basic earnings per share	**169.4**	306.1
Diluted earnings per share	**168.8**	304.7
Adjusted earnings per share	**45.9**	41.7
Adjusted diluted earnings per share	**45.7**	41.5
EPRA adjusted earnings per share	**42.2**	37.5
EPRA adjusted diluted earnings per share	**42.0**	37.4

8. Dividends

		Pence per share			Group and Company	
					2016	2015
Ordinary dividends paid	**Payment date**	**PID**	**Non-PID**	**Total**	**£m**	£m
For the year ended 31 March 2014:						
Third interim	11 April 2014	7.6	-	7.6		59.8
Final	22 July 2014	7.9	-	7.9		62.4
For the year ended 31 March 2015:						
First interim	10 October 2014	7.9	-	7.9		62.4
Second interim	8 January 2015	6.0	1.9	7.9		62.4
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:						
First interim	**9 October 2015**	**8.15**	**-**	**8.15**	**64.4**	
Second interim	**7 January 2016**	**-**	**8.15**	**8.15**	**64.4**	
Gross dividends					**255.6**	247.0
Dividends settled in shares					**-**	(17.2)
Historic unclaimed dividends refunded					**(0.2)**	-
Dividends in statement of changes in equity					**255.4**	229.8
Timing difference on payment of withholding tax					**6.6**	(0.4)
Dividends in the statement of cash flows					**262.0**	229.4

A third quarterly interim dividend of **8.15p** per ordinary share, or **£64.4m** in total (2015: 7.9p or £62.4m in total), was paid on 8 April 2016 as a Property Income Distribution (PID). The Board has recommended a final dividend for the year ended 31 March 2016 of **10.55p** per ordinary share (2015: 8.15p) to be paid as a PID. This final dividend will result in a further estimated distribution of **£83.3m** (2015: £64.4m). Subject to shareholders' approval at the Annual General Meeting, the final dividend will be paid on 28 July 2016 to shareholders registered at the close of business on 24 June 2016. The total dividend paid and recommended in respect of the year ended 31 March 2016 is therefore **35.0p** per ordinary share (2015: 31.85p).

A Dividend Reinvestment Plan (DRIP) has been available in respect of all dividends paid during the year and will be available in respect of the final dividend declared.

9. Net cash generated from operations

Reconciliation of operating profit/(loss) to net cash generated from operations:	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Operating profit/(loss)	**1,346.6**	2,346.7	**(22.0)**	(22.0)
Adjustments for:				
Net surplus on revaluation of investment properties	**(738.4)**	(1,770.6)	-	-
Movement in impairment of trading properties	**(11.5)**	(1.9)	-	-
Impairment of long-term development contracts	**0.1**	11.3	-	-
Profit on disposal of trading properties	**(40.7)**	(29.8)	-	-
Profit on disposal of investment properties	**(75.1)**	(107.1)	-	-
Profit on disposal of investments in joint ventures	-	(3.3)	-	-
Depreciation	**0.8**	2.1	-	-
Amortisation of intangible assets	**3.2**	1.1	-	-
Share-based payment charge	**7.9**	6.0	-	-
Defined benefit pension scheme charge	**0.8**	1.1	-	-
	493.7	455.6	**(22.0)**	(22.0)
Changes in working capital:				
Increase in long-term development contracts	-	(0.6)	-	-
(Increase)/decrease in receivables	**(33.1)**	5.6	-	-
Increase in payables and provisions	**(9.6)**	(13.1)	**(22.0)**	(22.0)
Net cash generated from operations	**451.0**	447.5	-	-

10. Investment properties

		Group
	2016	2015
	£m	£m
Net book value at the beginning of the year	**12,158.0**	9,847.7
Acquisitions	**156.9**	108.9
Acquired in business combination	**-**	910.8
Capital expenditure: Investment portfolio	**91.2**	72.5
Developments	**103.6**	203.7
Capitalised interest	**9.2**	11.4
Disposals	**(880.7)**	(470.6)
Net movement in finance leases	**(18.9)**	(13.6)
Transfer to non-current assets held for sale	**-**	(283.4)
Valuation surplus	**738.4**	1,770.6
Net book value at 31 March	**12,357.7**	12,158.0

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

				31 March 2016				31 March 2015
	Group (excl. joint ventures)	**Joint ventures[1]**	**Adjustment for proportionate share[2]**	**Combined Portfolio**	Group (excl. joint ventures)	Joint ventures[1]	Adjustment for proportionate share[2]	Combined Portfolio
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Net book value	**12,357.7**	**1,629.9**	**(33.6)**	**13,954.0**	12,158.0	1,403.0	(31.8)	13,529.2
Plus: tenant lease incentives	**267.5**	**42.8**	**(0.3)**	**310.0**	251.0	26.5	(0.2)	277.3
Less: head leases capitalised	**(13.5)**	**-**	**-**	**(13.5)**	(16.5)	-	0.2	(16.3)
Plus: properties treated as finance leases	**220.5**	**-**	**(0.5)**	**220.0**	242.4	-	(1.2)	241.2
Market value	**12,832.2**	**1,672.7**	**(34.4)**	**14,470.5**	12,634.9	1,429.5	(33.0)	14,031.4

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

The net book value of leasehold properties where head leases have been capitalised is **£967.9m** (2015: £911.8m).

Investment properties include capitalised interest of **£201.1m** (2015: £198.2m). The average rate of interest capitalisation for the year is **5.0%** (2015: 5.0%). The historical cost of investment properties is **£6,611.6m** (2015: £7,185.4m).

11. Joint arrangements

The Group's joint arrangements are described below:

Joint ventures	Percentage owned & voting rights	Business segment	Year end date[1]	Joint venture partner
Held at 31 March 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] [6]	50.0%	Retail Portfolio	31 March	Evans Property Group Limited
Countryside Land Securities (Springhead) Limited[5]	50.0%	London Portfolio	30 September	Countryside Properties PLC
West India Quay Unit Trust[5] [7]	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 or transferred to investments in subsidiaries in the year ended 31 March 2015:

Joint ventures			
Buchanan Partnership	50.0%	Retail Portfolio	The Henderson UK Shopping Centre Fund
Bristol Alliance Limited Partnership	50.0%	Retail Portfolio	Hammerson plc
The Martineau Galleries Limited Partnership[5]	33.3%	Retail Portfolio	Hammerson plc Pearl Group Limited

Joint operations			
Princesshay, Exeter	50.0%	Retail Portfolio	The Crown Estate Commissioners
Thomas More Square, E1	50.0%	London Portfolio	The Cadillac Fairview Corporation Limited

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 6 August 2015, The Oriana Limited Partnership disposed of its interest in 6-17 Tottenham Court Road, W1 to a subsidiary of the Group.
4. On 31 March 2016, The Harvest Limited Partnership was dissolved after disposing of its interests in Lincoln and Thanet earlier in the year. Harvest now comprises Harvest Two Limited Partnership and Harvest Development Management Limited.
5. Included within Other in subsequent tables.
6. On 22 July 2015, Millshaw Property Co. Limited disposed of the Millshaw Park Industrial Estate, Leeds, its only property interest.
7. West India Quay Unit Trust is held in the X-Leisure Unit Trust (X-Leisure) in which the Group holds a 95% share.

All of the Group's joint arrangements have their principal place of business in the United Kingdom. All of the Group's joint arrangements own and operate investment property with the exception of The Ebbsfleet Limited Partnership and Countryside Land Securities (Springhead) Limited, which hold development land as trading properties, and Millshaw Property Co. Limited which disposed of its only property interest during the year. 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	Year ended 31 March 2016 Total LS share £m
Revenue[1]	44.8	-	18.8	44.6	3.4	1.4	56.5	3.2	59.7
Gross rental income (after rents payable)	36.0	-	15.2	36.6	2.6	1.0	45.7	2.7	48.4
Net rental income/(expense)	34.4	(1.2)	14.4	29.8	1.4	0.8	39.8	1.8	41.6
Segment profit/(loss) before interest	33.4	(1.4)	14.2	28.6	1.2	0.8	38.4	1.3	39.7
Interest expense	(32.4)	(28.6)	(7.2)	-	(6.0)	-	(37.1)	-	(37.1)
Capitalised interest	-	28.2	0.2	-	5.6	-	17.0	-	17.0
Net interest expense	(32.4)	(0.4)	(7.0)	-	(0.4)	-	(20.1)	-	(20.1)
Revenue profit	1.0	(1.8)	7.2	28.6	0.8	0.8	18.3	1.3	19.6
Capital and other items									
Net surplus on revaluation of investment properties	85.8	87.2	55.8	73.0	19.4	19.4	170.3	1.1	171.4
Movement in impairment of trading properties	-	-	-	-	-	-	-	4.4	4.4
Impairment of long-term development contracts	-	-	-	-	-	-	-	0.1	0.1
Profit/(loss) on disposal of investment properties	1.2	-	(0.2)	-	-	4.2	2.6	1.0	3.6
Adjustment for non-wholly owned subsidiary[2]	-	-	-	-	-	-	-	0.1	0.1
Profit before tax	88.0	85.4	62.8	101.6	20.2	24.4	191.2	8.0	199.2
Taxation	-	-	(1.0)	-	-	(0.4)	(0.7)	(0.1)	(0.8)
Post-tax profit	88.0	85.4	61.8	101.6	20.2	24.0	190.5	7.9	198.4
Other comprehensive income	-	-	(0.2)	-	-	-	(0.1)	-	(0.1)
Total comprehensive income	88.0	85.4	61.6	101.6	20.2	24.0	190.4	7.9	198.3
	50%	50%	50%	50%	50%	50%			
Land Securities' share of total comprehensive income	44.0	42.7	30.8	50.8	10.1	12.0	190.4	7.9	198.3

1. Revenue includes gross rental income (before rents payable), service charge income, other property related income, trading properties disposal proceeds and income from long-term development contracts.
2. The adjustment represents the non-owned element of a Group subsidiary's investment in a joint venture which is excluded from revenue profit and the 'Net surplus/(deficit) on revaluation of investment properties' shown in this note.

Joint ventures	20 Fenchurch Street Limited Partnership	Nova, Victoria	Metro Shopping Fund Limited Partnership	Buchanan Partnership[3]	St. David's Limited Partnership	Westgate Oxford Alliance Partnership	Bristol Alliance Limited Partnership[4]	The Oriana Limited Partnership	Individually material JVs at LS's share	Other LS share	Total LS share
											Year ended 31 March 2015
	100%	100%	100%	100%	100%	100%	100%	100%	50%	LS share	LS share
Income statement	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue[1]	37.4	0.2	17.4	11.6	42.8	4.2	25.0	12.4	75.5	8.8	84.3
Gross rental income (after rents payable)	31.0	-	14.0	10.4	33.6	3.2	21.2	12.0	62.7	6.4	69.1
Net rental income/(expense)	28.8	(2.8)	13.0	8.2	27.6	2.8	17.6	11.6	53.4	5.6	59.0
Segment profit/(loss) before interest	27.8	(3.2)	12.2	8.2	26.6	2.2	17.0	11.2	51.0	5.3	56.3
Interest (expense)/income	(28.2)	(19.2)	(6.6)	(4.2)	(3.6)	-	-	(7.8)	(34.8)	0.3	(34.5)
Capitalised interest	0.4	18.8	0.4	-	-	0.2	-	0.6	10.2	-	10.2
Net interest (expense)/ income	(27.8)	(0.4)	(6.2)	(4.2)	(3.6)	0.2	-	(7.2)	(24.6)	0.3	(24.3)
Revenue profit	-	(3.6)	6.0	4.0	23.0	2.4	17.0	4.0	26.4	5.6	32.0
Capital and other items											
Net surplus on revaluation of investment properties	187.0	80.0	61.8	-	118.4	21.8	-	63.2	266.1	3.0	269.1
Impairment of trading properties	-	-	-	-	-	-	-	-	-	(0.3)	(0.3)
(Loss)/profit on disposal of trading properties	-	-	-	-	(0.2)	-	-	-	(0.1)	1.8	1.7
Profit on disposal of investment properties	-	-	-	-	-	0.2	-	42.4	21.3	4.3	25.6
Fair value movement on interest-rate swaps	-	-	-	-	0.6	-	-	(2.2)	(0.8)	-	(0.8)
Impairment of unamortised finance costs	-	-	-	-	-	-	-	(3.3)	(1.6)	-	(1.6)
Adjustment for non-wholly owned subsidiary[2]	-	-	-	-	-	-	-	-	-	0.1	0.1
Profit before tax	187.0	76.4	67.8	4.0	141.8	24.4	17.0	104.1	311.3	14.5	325.8
Taxation	-	-	-	-	-	-	-	-	-	-	-
Post-tax profit	187.0	76.4	67.8	4.0	141.8	24.4	17.0	104.1	311.3	14.5	325.8
Other comprehensive income	-	-	(3.4)	-	-	-	-	-	(1.7)	-	(1.7)
Total comprehensive income	187.0	76.4	64.4	4.0	141.8	24.4	17.0	104.1	309.6	14.5	324.1
	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%			
Land Securities' share of total comprehensive income	93.5	38.2	32.2	2.0	70.9	12.2	8.5	52.1	309.6	14.5	324.1

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

Joint ventures Balance sheet	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	31 March 2016 Total LS share £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)

Joint ventures Balance sheet	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	31 March 2015 Total LS share £m
Investment properties[1]	916.4	453.2	308.6	641.6	100.0	242.4	1,331.1	71.9	1,403.0
Non-current assets	916.4	453.2	308.6	641.6	100.0	242.4	1,331.1	71.9	1,403.0
Cash and cash equivalents	6.6	4.0	10.2	6.2	8.6	62.2	48.9	9.3	58.2
Other current assets	35.0	184.8	6.0	23.2	1.0	28.2	139.1	32.5	171.6
Current assets	41.6	188.8	16.2	29.4	9.6	90.4	188.0	41.8	229.8
Total assets	958.0	642.0	324.8	671.0	109.6	332.8	1,519.1	113.7	1,632.8
Trade and other payables and provisions	(66.0)	(97.0)	(5.9)	(13.2)	(2.6)	(41.4)	(113.0)	(4.8)	(117.8)
Current liabilities	(66.0)	(97.0)	(5.9)	(13.2)	(2.6)	(41.4)	(113.0)	(4.8)	(117.8)
Non-current financial liabilities	-	-	(147.0)	-	-	-	(73.5)	(8.0)	(81.5)
Non-current liabilities	-	-	(147.0)	-	-	-	(73.5)	(8.0)	(81.5)
Total liabilities	(66.0)	(97.0)	(152.9)	(13.2)	(2.6)	(41.4)	(186.5)	(12.8)	(199.3)
Net assets	892.0	545.0	171.9	657.8	107.0	291.4	1,332.6	100.9	1,433.5
Market value of investment properties[1]	948.2	453.2	310.6	660.0	100.0	242.6	1,357.3	72.2	1,429.5
Net (debt)/cash	6.6	4.0	(136.8)	6.2	8.6	62.2	(24.6)	1.3	(23.3)

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 Net investment	20 Fenchurch Street Limited Partnership 50% £m	Nova, Victoria 50% £m	Metro Shopping Fund Limited Partnership 50% £m	St. David's Limited Partnership 50% £m	Westgate Oxford Alliance Partnership 50% £m	The Oriana Limited Partnership 50% £m	Individually material JVs at LS's share 50% £m	Other[1] LS share £m	Total LS share £m
At 1 April 2014	330.4	181.3	49.7	195.3	30.7	118.5	905.9	537.4	1,443.3
Total comprehensive income	93.5	38.2	32.2	70.9	12.1	52.2	299.1	25.0	324.1
Cash contributed	-	-	4.9	-	10.7	-	15.6	1.1	16.7
Loan advances	22.0	53.1	-	78.3	-	-	153.4	0.5	153.9
Loan repayments	-	-	-	(15.6)	-	(9.7)	(25.3)	(11.7)	(37.0)
Property and other contributions	0.1	-	-	-	-	-	0.1	0.1	0.2
Cash distributions	-	-	(0.9)	-	-	(15.3)	(16.2)	(43.5)	(59.7)
Disposal of investments	-	-	-	-	-	-	-	(408.0)	(408.0)
At 31 March 2015	**446.0**	**272.6**	**85.9**	**328.9**	**53.5**	**145.7**	**1,332.6**	**100.9**	**1,433.5**
Total comprehensive income	**44.0**	**42.7**	**30.8**	**50.8**	**10.1**	**12.0**	**190.4**	**7.9**	**198.3**
Cash contributed	**-**	**-**	**-**	**-**	**62.6**	**-**	**62.6**	**-**	**62.6**
Loan advances	**1.0**	**100.0**	**0.7**	**-**	**-**	**-**	**101.7**	**4.2**	**105.9**
Loan repayments	**-**	**-**	**-**	**(13.9)**	**-**	**-**	**(13.9)**	**-**	**(13.9)**
Property and other distributions	**-**	**-**	**-**	**-**	**-**	**(55.7)**	**(55.7)**	**-**	**(55.7)**
Cash distributions	**-**	**-**	**(14.5)**	**-**	**-**	**(7.5)**	**(22.0)**	**(40.5)**	**(62.5)**
At 31 March 2016	**491.0**	**415.3**	**102.9**	**365.8**	**126.2**	**94.5**	**1,595.7**	**72.5**	**1,668.2**

1. In the prior year, the Group acquired the remaining interest in Buchanan Galleries, Glasgow from its joint venture partner and disposed of its interest in the Bristol Alliance Limited Partnership. The movements in the Group's interest in these joint ventures have been included within the 'Other' column in the table above.

12. Trading properties and long-term development contracts

	Development land and infrastructure £m	Residential £m	Total trading properties £m	Long-term development contracts £m	Group Total £m
At 1 April 2014	96.1	86.1	182.2	10.7	192.9
Capital expenditure	6.5	48.2	54.7	0.6	55.3
Capitalised interest	0.5	3.1	3.6	-	3.6
Disposals	(20.1)	-	(20.1)	-	(20.1)
Movement in impairment	1.9	-	1.9	-	1.9
Impairment of long-term development contracts	-	-	-	(11.3)	(11.3)
At 31 March 2015	**84.9**	**137.4**	**222.3**	**-**	**222.3**
Capital expenditure	**9.7**	**17.3**	**27.0**	**-**	**27.0**
Capitalised interest	**-**	**2.3**	**2.3**	**-**	**2.3**
Disposals	**(19.2)**	**(120.5)**	**(139.7)**	**-**	**(139.7)**
Movement in impairment	**12.2**	**(0.7)**	**11.5**	**-**	**11.5**
At 31 March 2016	**87.6**	**35.8**	**123.4**	**-**	**123.4**

The cumulative impairment provision at 31 March 2016 in respect of Development land and infrastructure was **£79.1m** (31 March 2015: £91.3m); and in respect of Residential was **£0.7m** (31 March 2015: £nil).

13. Capital structure

	31 March 2016				Group 31 March 2015			
	Group £m	Joint ventures £m	Adjustment for non-wholly owned subsidiaries[1] £m	Combined £m	Group £m	Joint ventures £m	Adjustment for non-wholly owned subsidiaries[1] £m	Combined £m
Property portfolio								
Market value of investment properties	**12,832.2**	**1,672.7**	**(34.4)**	**14,470.5**	12,634.9	1,429.5	(33.0)	14,031.4
Trading properties and long-term contracts	**123.4**	**157.3**	**-**	**280.7**	222.3	115.1	-	337.4
Non-current assets held for sale	**-**	**-**	**-**	**-**	283.4	-	-	283.4
Total property portfolio (a)	**12,955.6**	**1,830.0**	**(34.4)**	**14,751.2**	13,140.6	1,544.6	(33.0)	14,652.2
Net debt								
Borrowings	**2,873.0**	**85.0**	**-**	**2,958.0**	3,783.7	79.4	(0.2)	3,862.9
Monies held in restricted accounts and deposits	**(19.7)**	**-**	**-**	**(19.7)**	(10.4)	-	-	(10.4)
Cash and cash equivalents	**(24.7)**	**(43.2)**	**-**	**(67.9)**	(14.3)	(58.2)	-	(72.5)
Fair value of interest-rate swaps	**31.9**	**2.2**	**-**	**34.1**	37.7	2.1	-	39.8
Fair value of foreign exchange swaps	**-**	**-**	**-**	**-**	3.8	-	-	3.8
Net debt (b)	**2,860.5**	**44.0**	**-**	**2,904.5**	3,800.5	23.3	(0.2)	3,823.6
Less: Fair value of interest-rate swaps	**(31.9)**	**(2.2)**	**-**	**(34.1)**	(37.7)	(2.1)	-	(39.8)
Less: Fair value of foreign exchange swaps	**-**	**-**	**-**	**-**	(3.8)	-	-	(3.8)
Reverse bond exchange de-recognition (note 14)	**368.3**	**-**	**-**	**368.3**	391.7	-	-	391.7
Adjusted net debt (c)	**3,196.9**	**41.8**	**-**	**3,238.7**	4,150.7	21.2	(0.2)	4,171.7
Adjusted total equity								
Total equity (d)	**11,698.9**	**-**	**-**	**11,698.9**	10,606.3	-	-	10,606.3
Fair value of interest-rate swaps	**31.9**	**2.2**	**-**	**34.1**	37.7	2.1	-	39.8
Fair value of foreign exchange swaps	**-**	**-**	**-**	**-**	3.8	-	-	3.8
Reverse bond exchange de-recognition (note 14)	**(368.3)**	**-**	**-**	**(368.3)**	(391.7)	-	-	(391.7)
Adjusted total equity (e)	**11,362.5**	**2.2**	**-**	**11,364.7**	10,256.1	2.1	-	10,258.2
Gearing (b/d)	**24.5%**			**24.8%**	35.8%			36.1%
Adjusted gearing (c/e)	**28.1%**			**28.5%**	40.5%			40.7%
Group LTV (c/a)	**24.7%**			**22.0%**	31.6%			28.5%
Security Group LTV	**23.4%**				31.5%			
Weighted average cost of debt	**4.9%**			**4.9%**	4.5%			4.5%

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

14. Borrowings

				2016			Group 2015		
	Secured/ unsecured	Fixed/ floating	Effective interest rate %	Nominal/ notional value £m	Fair value £m	Book value £m	Nominal/ notional value £m	Fair value £m	Book value £m
Current borrowings									
Sterling									
5.253% QAG Bond	Secured	Fixed	5.3	**16.2**	**19.4**	**16.2**	14.6	17.5	14.6
Commercial paper									
Sterling	Unsecured	Floating	LIBOR + margin	**2.5**	**2.5**	**2.5**	30.1	30.1	30.1
Euro	Unsecured	Floating	LIBOR + margin	**-**	**-**	**-**	146.0	146.0	146.0
Total current borrowings				**18.7**	**21.9**	**18.7**	190.7	193.6	190.7
Non-current borrowings									
Sterling									
4.875% MTN due 2019	Secured	Fixed	5.0	**-**	**-**	**-**	400.0	436.0	398.7
5.425% MTN due 2022	Secured	Fixed	5.5	**255.3**	**291.4**	**254.9**	255.3	298.3	254.9
4.875% MTN due 2025	Secured	Fixed	4.9	**300.0**	**351.3**	**298.3**	300.0	357.2	298.0
5.391% MTN due 2026	Secured	Fixed	5.4	**210.7**	**253.9**	**210.1**	210.7	260.1	210.1
5.391% MTN due 2027	Secured	Fixed	5.4	**608.3**	**748.8**	**606.5**	608.3	767.1	606.2
5.376% MTN due 2029	Secured	Fixed	5.4	**317.5**	**397.5**	**316.4**	317.6	410.1	316.2
5.396% MTN due 2032	Secured	Fixed	5.4	**322.6**	**410.0**	**321.0**	322.6	426.5	321.0
5.125% MTN due 2036	Secured	Fixed	5.1	**500.0**	**624.1**	**498.7**	500.0	653.5	498.7
Bond exchange de-recognition adjustment						**(368.3)**			(391.7)
				2,514.4	**3,077.0**	**2,137.6**	2,914.5	3,608.8	2,512.1
5.253% QAG Bond	Secured	Fixed	5.3	**273.2**	**327.1**	**273.2**	289.4	347.0	289.4
Syndicated bank debt	Secured	Floating	LIBOR + margin	**430.0**	**430.0**	**430.0**	180.0	180.0	180.0
Bilateral facilities	Secured	Floating	LIBOR + margin	**-**	**-**	**-**	595.0	595.0	595.0
Amounts payable under finance leases	Unsecured	Fixed	7.2	**13.5**	**17.8**	**13.5**	16.5	20.7	16.5
Total non-current borrowings				**3,231.1**	**3,851.9**	**2,854.3**	3,995.4	4,751.5	3,593.0
Total borrowings				**3,249.8**	**3,873.8**	**2,873.0**	4,186.1	4,945.1	3,783.7

Reconciliation of the movement on borrowings	2016 £m	Group 2015 £m
At the beginning of the year	**3,783.7**	3,362.2
Repayment of loans	**(1,206.5)**	(13.6)
Proceeds from new loans	**250.0**	431.0
Foreign exchange on commercial paper	**23.4**	(4.9)
Amortisation of finance fees	**2.0**	1.1
Amortisation of bond exchange de-recognition adjustment	**23.4**	21.5
Net movement in finance lease obligations	**(3.0)**	(13.6)
At 31 March	**2,873.0**	3,783.7

Medium term notes (MTNs)

The MTNs are secured on the fixed and floating pool of assets of the Security Group. Debt investors benefit from security over a pool of investment properties, development properties and the Group's investment in the Westgate Oxford Alliance Limited Partnership, Nova, Victoria and the St. David's Limited Partnership, valued at **£12.6bn** at 31 March 2016 (2015: £12.3bn). The secured debt structure has a tiered operating covenant regime which gives the Group substantial flexibility when the loan-to-value and interest cover in the Security Group are less than 65% and more than 1.45 times respectively. 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 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.

On 29 March 2016, the Group repurchased the £400m, 4.875% MTN due in 2019 for a premium of £26.2m. At 31 March 2016, the Group had **£2,514.4m** of MTNs outstanding with maturities between 2022 and 2036.

Syndicated and bilateral bank debt

	Maturity as at 31 March 2016	Authorised 2016 £m	Authorised 2015 £m	Drawn 2016 £m	Drawn 2015 £m	Group Undrawn 2016 £m	Group Undrawn 2015 £m
Syndicated debt	2021	**1,380.0**	1,255.0	**430.0**	180.0	**950.0**	1,075.0
Bilateral debt	2017-18	**485.0**	985.0	**-**	595.0	**485.0**	390.0
		1,865.0	2,240.0	**430.0**	775.0	**1,435.0**	1,465.0

The terms of the Security Group funding arrangements require undrawn facilities to be reserved where syndicated and bilateral facilities mature within one year, or where commercial paper has been issued. Accordingly, the Group's available undrawn facilities at 31 March 2016 were **£1,432.5m** (2015: £1,288.9m), compared with undrawn facilities of **£1,435.0m** (2015: £1,465.0m).

All syndicated and bilateral facilities are committed and secured on the assets of the Security Group. In the year ended 31 March 2016, the amounts drawn under the Group's bilateral facilities and syndicated bank debt decreased by **£345.0m**. The £500.0m bank facility in place at 31 March 2015 was cancelled on 4 November 2015 and not replaced.

Queen Anne's Gate Bond

On 29 July 2009, the Group issued a £360.3m bond secured on the rental cash flows from the commercial lease with the UK Government over Queen Anne's Gate (QAG). The QAG Bond is a fully amortising bond with a final maturity in February 2027 and a fixed interest rate of 5.253% per annum. At 31 March 2016, the bond had an amortised book value of **£289.4m** (2015: £304.0m).

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.

Bond exchange de-recognition

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

15. Monies held in restricted accounts and deposits

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Cash at bank and in hand	**11.6**	8.2	**3.5**	-
Short-term deposits	**8.1**	2.2	**-**	-
	19.7	10.4	**3.5**	-

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

	Group 2016 £m	Group 2015 £m
Counterparties with external credit ratings		
A	**11.7**	10.4
BBB+	**8.0**	-
	19.7	10.4

16. Cash and cash equivalents

	Group		Company	
	2016	2015	**2016**	2015
	£m	£m	**£m**	£m
Cash at bank and in hand	**23.6**	6.6	**0.1**	0.1
Short-term deposits	**1.1**	7.7	**-**	-
	24.7	14.3	**0.1**	0.1

Short-term deposits

The effective interest rate on short-term deposits was **0.4%** during the year ended 31 March 2016 (2015: 0.3%) and they had an average maturity of **1.4 days** (2015: 1.5 days).

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

	Group	
	2016	2015
	£m	£m
Counterparties with external credit ratings		
A	**23.6**	12.8
A-	**-**	1.5
BBB+	**1.1**	-
	24.7	14.3

17. Events after the reporting period

There are no reportable events after the reporting period.

Business analysis

Table 11: EPRA performance measures

	Definition for EPRA measure	Notes	31 March 2016 Land Securities measure	EPRA measure
Adjusted earnings	Recurring earnings from core operational activity[1]	7	**£362.1m**	**£333.1m**
Adjusted earnings per share	Adjusted earnings per weighted number of ordinary shares[1]	7	**45.9p**	**42.2p**
Adjusted diluted earnings per share	Adjusted diluted earnings per weighted number of ordinary shares[1]	7	**45.7p**	**42.0p**
Adjusted net assets	Net asset value adjusted to exclude fair value movements on interest-rate swaps[2]	6	**£11,364.7m**	**£11,733.0m**
Adjusted diluted net assets per share	Adjusted diluted net assets per share[2]	6	**1,434p**	**1,481p**
Triple net assets	Adjusted net assets amended to include the fair value of financial instruments and debt	6	**£10,693.2m**	**£10,693.2m**
Diluted triple net assets per share	Diluted triple net assets per share	6	**1,349p**	**1,349p**
Net initial yield (NIY)	Annualised rental income less non-recoverable costs as a % of market value plus assumed purchasers' costs[3]		**3.5%**	**4.2%**
Topped-up NIY	NIY adjusted for rent free periods[3]		**4.1%**	**4.4%**
Voids/vacancy rate	ERV of vacant space as a % of ERV of Combined Portfolio excluding the development programme[4]		**2.3%**	**2.2%**
Cost ratio	Total costs as a percentage of gross rental income (including direct vacancy costs)[5]		**18.7%**	**19.9%**
	Total costs as a percentage of gross rental income (excluding direct vacancy costs)[5]		**n/a**	**17.5%**

Refer to notes 6 and 7 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 £23.4m and head office relocation costs of £5.6m.
2. EPRA adjusted net assets and adjusted diluted net assets per share include the bond exchange de-recognition adjustment of £368.3m.
3. Our NIY and Topped-up NIY relate to the Combined Portfolio, excluding properties in the development programme that have not yet reached practical completion, and are calculated by our external valuers. EPRA NIY and EPRA Topped-up NIY calculations are consistent with ours, but 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 12: Top 12 occupiers at 31 March 2016

	% of Group rent[1]
Accor	5.2
Central Government[2]	4.7
Deloitte	2.6
Mizuho Bank	1.7
Boots	1.5
Taylor Wessing	1.3
Cineworld	1.2
Sainsbury's	1.2
K&L Gates	1.1
Deutsche Bank	1.1
M&S	1.0
Arcadia Group	1.0
	23.6

1. On a proportionate basis.
2. Relates entirely to Queen Anne's Gate, SW1.

Table 13: Development pipeline and trading property development schemes at 31 March 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									
1 & 2 New Ludgate, EC4	Office	100	354,800	93	513	24.2	Apr 2015	248	248
	Retail		26,800	100					
The Zig Zag Building, SW1[1]	Office	100	192,700	89	388	17.3	Nov 2015	178	178
	Retail		41,500	78					
Developments approved or in progress									
20 Eastbourne Terrace, W2	Office	100	92,800	62	121	6.4	May 2016	63	66
1 New Street Square, EC4	Office	100	274,800	100	272	15.5	Jul 2016	127	176
Nova, Victoria, SW1 - Phase I	Office	50	481,100	12	325	21.0	Sep 2016	208	248
	Retail		79,500	65					
Oriana, W1 – Phase II	Retail	50	72,500	100	79	3.3	Jan 2017	30	36
Westgate Oxford	Retail	50	804,500	43	100	13.9	Oct 2017	77	220
	Residential		37,000	-					
Proposed developments									
Selly Oak, Birmingham	Retail	50	200,000	n/a	n/a	n/a	2017	n/a	n/a
	Residential		89,000	n/a	n/a	n/a	2018	n/a	n/a
Developments let and transferred or sold									
62 Buckingham Gate, SW1	Office	100	259,700	100	n/a[2]	19.1	May 2013	178	178
	Retail		15,600	100					
20 Fenchurch Street, EC3	Office	50	673,700	100	n/a[2]	22.0	Dec 2014	237	237
	Retail		14,200	100					

1. Includes retail within Kings Gate, SW1.
2. Once properties are transferred from the development pipeline, we do not report on their individual value.

Where the property is not 100% owned, floor areas and letting status shown above represent the full scheme whereas all other figures represent our proportionate share. Letting % is measured by ERV and shows letting status at 31 March 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 31 March 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 (£11.0m).

Net income/ERV

Net income/ERV represents headline annual rent on let units plus ERV at 31 March 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	86	Oct 2015	160	160
Nova, Victoria, SW1 – Phase I	Residential	50	166,800	170	81	Sep 2016	124	142
Oriana, W1 – Phase II	Residential	50	20,200	18	28	Feb 2017	11	15

Table 14: Combined Portfolio value by location at 31 March 2016

	Shopping centres and shops	Retail parks	Offices	Hotels, leisure, residential & other	Total
	%	%	%	%	%
Central, inner and outer London	14.2	0.2	46.4	3.4	64.2
South East and East	9.6	3.6	-	0.9	14.1
Midlands	-	0.7	-	0.9	1.6
Wales and South West	2.6	0.5	-	4.4	7.5
North, North West, Yorkshire and Humberside	7.1	0.9	0.1	1.2	9.3
Scotland and Northern Ireland	2.8	0.3	-	0.2	3.3
Total	**36.3**	**6.2**	**46.5**	**11.0**	**100.0**

% figures calculated by reference to the Combined Portfolio value of £14.5bn.

Table 15: Performance relative to IPD
Total property returns – year to 31 March 2016

	Land Securities	IPD(1)
	%	%
Retail – Shopping centres	8.3	7.4
– Retail parks	4.9	5.8 (3)
Central London shops	11.5	18.4
Central London offices	14.1	17.5
Total portfolio	**11.5** (2)	**11.3**

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

Table 16: Cost analysis

			Analysis of costs by nature of spend					
	Revenue profit	Costs analysed	Managed operations	Tenant default	Void related costs	Other direct property costs	Development expenditure	Asset management, administration and compliance
Year ended 31 March 2016	£m	£m	£m	£m	£m	£m	£m	£m
Gross rental income (after rents payable)	648.7							
Net service charge expense	(3.7)	3.7						
Direct property expenditure	(41.3)	41.3						
Total direct expenses	(45.0)	45.0	7.7	9.4	15.2	11.6	1.1	
Net rental income	**603.7**							
Indirect costs	(44.3)	44.3						
Unallocated expenses (net)	(34.0)	34.0						
Total indirect expenses	(78.3)	78.3					19.0	59.3
Net interest – Group	(143.2)							
Net interest - joint ventures	(20.1)							
Revenue profit	**362.1**							
Total costs - year ended 31 March 2016		**123.3**	**7.7**	**9.4**	**15.2**	**11.6**	**20.1**	**59.3**
Total costs % (1)		**18.7%**	**1.2%**	**1.4%**	**2.3%**	**1.8%**	**3.0%**	**9.0%**
Total costs - year ended 31 March 2015		132.0	8.6	7.2	11.1	7.8	30.9	66.4
Total costs % (1)		20.2%	1.3%	1.1%	1.7%	1.2%	4.7%	10.2%

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

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]	
	31 March 2016	31 March 2015	**Surplus/ (deficit)**	**Surplus/ (deficit)**	**31 March 2016**	31 March 2015	**31 March 2016**	**31 March 2016**	31 March 2015	**31 March 2016**	31 March 2015
	£m	£m	**£m**	**%**	**£m**	£m	**£m**	**£m**	£m	**£m**	£m
Retail Portfolio											
Shopping centres and shops	**2,871.3**	2,726.4	**117.1**	**4.3%**	**156.4**	148.7	**146.4**	**143.2**	138.5	**150.7**	146.0
Retail parks	**834.3**	835.5	**(8.6)**	**(1.0%)**	**49.5**	47.8	**48.8**	**47.7**	48.0	**48.3**	48.2
Leisure and hotels	**1,510.9**	1,426.4	**87.3**	**6.2%**	**96.5**	89.5	**92.7**	**90.4**	88.7	**92.2**	87.8
Other	**20.2**	20.8	**(0.8)**	**(3.7%)**	**1.6**	1.4	**1.5**	**1.7**	1.0	**2.3**	2.2
Total Retail Portfolio	**5,236.7**	5,009.1	**195.0**	**3.9%**	**304.0**	287.4	**289.4**	**283.0**	276.2	**293.5**	284.2
London Portfolio											
West End	**2,083.9**	1,985.8	**93.8**	**4.9%**	**88.1**	88.5	**84.5**	**85.5**	86.1	**97.0**	91.9
City	**735.9**	692.1	**47.6**	**7.3%**	**27.8**	25.0	**29.7**	**32.4**	29.8	**37.1**	32.5
Mid-town	**1,053.2**	1,002.0	**81.4**	**9.3%**	**38.6**	38.4	**40.7**	**41.7**	41.6	**49.7**	45.1
Inner London	**320.1**	293.8	**4.3**	**2.6%**	**13.4**	13.6	**12.8**	**8.9**	13.0	**16.5**	15.4
Total London offices	**4,193.1**	3,973.7	**227.1**	**6.3%**	**167.9**	165.5	**167.7**	**168.5**	170.5	**200.3**	184.9
Central London shops	**1,187.4**	1,065.4	**111.0**	**10.3%**	**44.0**	42.8	**44.9**	**45.3**	41.0	**55.5**	51.4
Other	**45.9**	45.7	**0.3**	**0.5%**	**2.4**	2.1	**0.5**	**0.5**	0.7	**0.6**	0.7
Total London Portfolio	**5,426.4**	5,084.8	**338.4**	**7.1%**	**214.3**	210.4	**213.1**	**214.3**	212.2	**256.4**	237.0
Like-for-like portfolio[10]	**10,663.1**	10,093.9	**533.4**	**5.5%**	**518.3**	497.8	**502.5**	**497.3**	488.4	**549.9**	521.2
Proposed developments[3]	**3.5**	2.5	**(0.2)**	**(4.2%)**	**-**	-	**-**	**-**	-	**-**	-
Completed developments[3]	**1,038.5**	896.0	**109.3**	**12.4%**	**34.7**	27.8	**36.6**	**17.3**	8.9	**46.0**	43.3
Acquisitions[11]	**967.9**	825.4	**11.9**	**1.2%**	**41.1**	30.6	**41.0**	**40.8**	37.6	**42.3**	40.2
Sales[12]	**-**	912.7	**-**	**-**	**38.5**	82.9	**-**	**-**	45.2	**-**	58.6
Development programme[13]	**1,797.5**	1,300.9	**253.0**	**16.6%**	**24.5**	1.8	**30.8**	**0.6**	1.6	**104.1**	87.5
Combined Portfolio	**14,470.5**	14,031.4	**907.4**	**7.0%**	**657.1**	640.9	**610.9**	**556.0**	581.7	**742.3**	750.8
Non-current asset held for sale[14]	**-**	-	**-**	**-**	**3.4**	12.8					
Properties treated as finance leases					**(10.2)**	(10.4)					
Combined Portfolio	**14,470.5**	14,031.4	**907.4**	**7.0%**	**650.3**	643.3					

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]	
	31 March 2016	31 March 2015	**Surplus/ (deficit)**	**Surplus/ (deficit)**	**31 March 2016**	31 March 2015	**31 March 2016**	**31 March 2016**	31 March 2015	**31 March 2016**	31 March 2015
	£m	£m	**£m**	**%**	**£m**	£m	**£m**	**£m**	£m	**£m**	£m
Retail Portfolio											
Shopping centres and shops	**3,790.3**	3,564.8	**142.2**	**3.9%**	**197.0**	212.5	**184.5**	**180.2**	177.6	**204.5**	188.5
Retail parks	**889.9**	1,230.4	**(9.6)**	**(1.1%)**	**68.1**	72.3	**51.6**	**49.8**	70.9	**51.0**	72.2
Leisure and hotels	**1,541.5**	1,440.7	**85.6**	**6.0%**	**97.7**	91.3	**94.0**	**91.7**	90.2	**93.1**	89.0
Other	**20.2**	32.3	**(0.8)**	**(3.7%)**	**1.8**	2.3	**1.5**	**1.7**	1.6	**2.3**	3.1
Total Retail Portfolio	**6,241.9**	6,268.2	**217.4**	**3.7%**	**364.6**	378.4	**331.6**	**323.4**	340.3	**350.9**	352.8
London Portfolio											
West End	**3,262.2**	2,922.3	**306.1**	**10.7%**	**109.0**	101.8	**110.7**	**97.1**	96.6	**157.1**	152.2
City	**1,814.0**	1,649.3	**139.3**	**8.8%**	**61.4**	43.3	**64.3**	**35.6**	30.9	**82.6**	78.3
Mid-town	**1,325.0**	1,276.6	**120.9**	**10.9%**	**41.3**	41.5	**40.7**	**41.5**	43.7	**67.2**	68.4
Inner London	**320.0**	483.3	**4.3**	**2.6%**	**27.5**	21.3	**12.8**	**8.9**	23.5	**16.5**	32.3
Total London offices	**6,721.2**	6,331.5	**570.6**	**10.0%**	**239.2**	207.9	**228.5**	**183.1**	194.7	**323.4**	331.2
Central London shops	**1,461.4**	1,361.3	**119.1**	**8.9%**	**50.9**	52.4	**50.2**	**48.9**	45.8	**67.2**	65.9
Other	**46.0**	70.4	**0.3**	**0.5%**	**2.4**	2.2	**0.6**	**0.6**	0.9	**0.8**	0.9
Total London Portfolio	**8,228.6**	7,763.2	**690.0**	**9.7%**	**292.5**	262.5	**279.3**	**232.6**	241.4	**391.4**	398.0
Combined Portfolio	**14,470.5**	14,031.4	**907.4**	**7.0%**	**657.1**	640.9	**610.9**	**556.0**	581.7	**742.3**	750.8
Non-current asset held for sale[14]	**-**	-	**-**	**-**	**3.4**	12.8					
Properties treated as finance leases					**(10.2)**	(10.4)					
Combined Portfolio	**14,470.5**	14,031.4	**907.4**	**7.0%**	**650.3**	643.3					
Represented by:											
Investment portfolio	**12,799.4**	12,603.5	**736.0**	**6.4%**	**600.8**	572.7	**565.4**	**526.5**	550.1	**650.1**	670.0
Share of joint ventures	**1,671.1**	1,427.9	**171.4**	**11.8%**	**49.5**	70.6	**45.5**	**29.5**	31.6	**92.2**	80.8
Combined Portfolio	**14,470.5**	14,031.4	**907.4**	**7.0%**	**650.3**	643.3	**610.9**	**556.0**	581.7	**742.3**	750.8

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)	
	31 March 2016	31 March 2015	**31 March 2016**	31 March 2015	**31 March 2016**	31 March 2015	**31 March 2016**	31 March 2015
	£m	£m	**%**	%	**%**	%	**%**	%
Retail Portfolio								
Shopping centres and shops	**158.2**	154.6	**4.5%**	4.5%	**4.7%**	4.8%	**2.8%**	3.2%
Retail parks	**48.9**	48.9	**5.2%**	5.3%	**5.4%**	5.4%	**-**	1.4%
Leisure and hotels	**92.3**	87.8	**5.4%**	5.6%	**5.5%**	5.8%	**0.7%**	0.9%
Other	**2.3**	2.2	**6.0%**	2.3%	**8.0%**	7.8%	**21.7%**	22.7%
Total Retail Portfolio	**301.7**	293.5	**4.8%**	4.9%	**5.1%**	5.2%	**1.8%**	2.4%
London Portfolio								
West End	**97.1**	91.9	**3.8%**	4.1%	**4.5%**	4.5%	**4.6%**	3.3%
City	**38.1**	33.3	**4.0%**	4.0%	**4.5%**	4.3%	**-**	-
Mid-town	**50.9**	46.3	**3.8%**	3.9%	**4.4%**	4.2%	**0.4%**	3.2%
Inner London	**16.5**	15.4	**2.6%**	4.2%	**4.9%**	5.0%	**-**	-
Total London offices	**202.6**	186.9	**3.7%**	4.1%	**4.5%**	4.4%	**2.3%**	2.4%
Central London shops	**55.9**	51.7	**3.5%**	3.5%	**4.0%**	4.4%	**4.8%**	4.8%
Other	**0.6**	0.7	**1.3%**	1.3%	**1.5%**	1.4%	**16.7%**	-
Total London Portfolio	**259.1**	239.3	**3.7%**	3.9%	**4.4%**	4.4%	**2.9%**	2.9%
Like-for-like portfolio(10)	**560.8**	532.8	**4.2%**	4.4%	**4.7%**	4.8%	**2.3%**	2.6%
Proposed developments(3)	**-**	-	**-**	-	**n/a**	n/a	**n/a**	n/a
Completed developments(3)	**46.0**	43.5	**1.6%**	0.6%	**3.8%**	4.3%	**n/a**	n/a
Acquisitions(11)	**42.6**	40.2	**3.7%**	3.8%	**4.3%**	n/a	**n/a**	n/a
Sales(12)	**-**	58.7	**-**	4.1%	**n/a**	n/a	**n/a**	n/a
Development programme(13)	**105.6**	87.6	**-**	-	**4.1%**	4.4%	**n/a**	n/a
Combined Portfolio	**755.0**	762.8	**3.5%**	3.7%	**4.5%**	n/a	**n/a**	n/a

Total portfolio analysis

	Gross estimated rental value(7)		Net initial yield(8)	
	31 March 2016	31 March 2015	**31 March 2016**	31 March 2015
	£m	£m	**%**	%
Retail Portfolio				
Shopping centres and shops	**213.3**	197.2	**4.2%**	4.4%
Retail parks	**51.6**	72.9	**5.0%**	5.3%
Leisure and hotels	**93.3**	89.0	**5.3%**	5.6%
Other	**2.3**	3.1	**6.0%**	3.3%
Total Retail Portfolio	**360.5**	362.2	**4.6%**	4.8%
London Portfolio				
West End	**157.1**	152.3	**2.8%**	3.0%
City	**83.9**	79.2	**1.7%**	1.8%
Mid-town	**68.6**	69.7	**3.0%**	3.2%
Inner London	**16.5**	32.3	**2.6%**	3.9%
Total London offices	**326.1**	333.5	**2.5%**	2.8%
Central London shops	**67.6**	66.2	**3.2%**	3.3%
Other	**0.8**	0.9	**0.5%**	0.4%
Total London Portfolio	**394.5**	400.6	**2.6%**	2.8%
Combined Portfolio	**755.0**	762.8	**3.5%**	3.7%
Represented by:				
Investment portfolio	**661.0**	681.0	**3.7%**	3.9%
Share of joint ventures	**94.0**	81.8	**1.7%**	1.8%
Combined Portfolio	**755.0**	762.8	**3.5%**	3.7%

Notes:

1. The market value figures are determined by the Group's external valuers.
2. The valuation movement is stated after adjusting for the effect of SIC 15 under IFRS.
3. Refer to glossary for definition.
4. Annualised rental income is annual 'rental income' (as defined in the glossary) at the balance sheet date, except that car park and commercialisation income are included on a net basis (after deduction for operational outgoings). Annualised rental income includes temporary lettings.
5. Annualised net rent is annual cash rent, after the deduction of ground rents, as at the balance sheet date. It is calculated with the same methodology as annualised rental income but is stated net of ground rent and before SIC15 adjustments.
6. Net estimated rental value is gross estimated rental value, as defined in the glossary, after deducting expected ground rents.
7. Gross estimated rental value (ERV) - refer to glossary for definition. The figure for proposed developments relates to the existing buildings and not the schemes proposed.
8. Net initial yield - refer to glossary for definition. This calculation includes all properties including those sites with no income.
9. Equivalent yield – refer to glossary for definition. Proposed developments are excluded from the calculation of equivalent yield on the Combined Portfolio.
10. The like-for-like portfolio – refer to glossary for definition. Capital expenditure on refurbishments, acquisitions of head leases and similar capital expenditure has been allocated to the like-for-like portfolio in preparing this table.
11. Includes all properties acquired since 1 April 2014.
12. Includes all properties sold since 1 April 2014.
13. The development programme - refer to glossary for definition. Net initial yield figures are only calculated for properties in the development programme that have reached practical completion.
14. As at 31 March 2015, the non-current asset held for sale was excluded from the Combined Portfolio and shown separately on the balance sheet as a 'Non-current asset held for sale'. The sale of the asset completed in the year ended 31 March 2016.

Table 18: Lease lengths

	Weighted average unexpired lease term at 31 March 2016	
	Like-for-like portfolio Mean[1] Years	Like-for-like portfolio, completed developments and acquisitions Mean[1] Years
Retail Portfolio		
Shopping centres and shops	6.8	6.8
Retail parks	8.0	8.2
Leisure and hotels	12.8	13.0
Other	2.5	2.5
Total Retail Portfolio	**8.8**	**8.8**
London Portfolio		
West End	8.6	8.7
City	6.4	9.7
Mid-town	10.1	10.1
Inner London	16.3	16.3
Total London offices	**9.2**	**9.7**
Central London shops	5.4	5.7
Other	7.7	7.7
Total London Portfolio	**8.4**	**9.0**
Combined Portfolio	**8.7**	**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 31 March 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 31 March 2016**	Estimated total capital expenditure[3]	Estimated total capitalised interest	Estimated total development cost[4]	Net Income/ ERV[5]	**Valuation surplus/ (deficit) for the year ended 31 March 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	**110.6**	287.3	17.2	524.7	46.6	**986.4**	287.3	17.2	415.1	41.1	**110.1**
	110.6	287.3	17.2	524.7	46.6	**986.4**	287.3	17.2	415.1	41.1	**110.1**
Developments after practical completion, approved or in progress											
Shopping centres and shops	**30.0**	43.8	3.1	21.9	1.6	**100.4**	178.5	11.4	219.9	13.9	**11.0**
Retail parks	**-**	-	-	-	-	**-**	-	-	-	-	**-**
London Portfolio	**348.7**	574.9	49.3	810.7	(86.5)	**1,697.1**	551.4	52.3	952.4	87.7	**242.0**
	378.7	618.7	52.4	832.6	(84.9)	**1,797.5**	729.9	63.7	1,172.3	101.6	**253.0**
	Movement on proposed developments for the year ended 31 March 2016										
Proposed developments											
Shopping centres and shops	**-**	-	-	-	-	**-**	-	-	-	-	**-**
Retail parks	**2.5**	1.3	-	(0.2)	(0.1)	**3.5**	45.3	0.9	49.7	2.5	**(0.2)**
London Portfolio	**-**	-	-	-	-	**-**	-	-	-	-	**-**
	2.5	1.3	-	(0.2)	(0.1)	**3.5**	45.3	0.9	49.7	2.5	**(0.2)**

1. Total scheme details exclude properties sold in the year.
2. Includes profit realised on the disposal of investment properties and any surplus or deficit on investment properties transferred to trading.
3. For proposed development properties the estimated total capital expenditure represents the outstanding costs required to complete the scheme as at 31 March 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 31 March 2016 is included in the estimated total cost. Estimated total development cost includes the cost of residential properties in the development programme (£11.0m 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 31 March 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 2 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.

						Year ended 31 March 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	603.4	49.5	(2.6)	650.3	650.3	-
Finance lease interest	10.2	-	-	10.2	10.2	-
Gross rental income (before rents payable)	**613.6**	**49.5**	**(2.6)**	**660.5**	**660.5**	**-**
Rents payable	(10.7)	(1.1)	-	(11.8)	(11.8)	-
Gross rental income (after rents payable)	**602.9**	**48.4**	**(2.6)**	**648.7**	**648.7**	**-**
Service charge income	94.1	8.5	(0.6)	102.0	102.0	-
Service charge expense	(96.4)	(9.8)	0.5	(105.7)	(105.7)	-
Net service charge expense	(2.3)	(1.3)	(0.1)	(3.7)	(3.7)	-
Other property related income	36.2	1.7	-	37.9	37.9	-
Direct property expenditure	(72.3)	(7.2)	0.3	(79.2)	(79.2)	-
Net rental income	**564.5**	**41.6**	**(2.4)**	**603.7**	**603.7**	**-**
Indirect expenses	(80.1)	(1.9)	-	(82.0)	(82.0)	-
Other income	3.7	-	-	3.7	3.7	-
	488.1	**39.7**	**(2.4)**	**525.4**	**525.4**	**-**
Impairment of long-term development contracts	(0.1)	0.1	-	-	-	-
Profit on disposal of trading properties	40.7	-	-	40.7	-	40.7
Profit on disposal of investment properties	75.1	3.6	-	78.7	-	78.7
Net surplus on revaluation of investment properties	738.4	171.5	(2.5)	907.4	-	907.4
Movement in impairment of trading properties	11.5	4.4	-	15.9	-	15.9
Amortisation of intangible asset	(1.5)	-	-	(1.5)	-	(1.5)
Head office relocation	(5.6)	-	-	(5.6)	-	(5.6)
Operating profit	**1,346.6**	**219.3**	**(4.9)**	**1,561.0**	**525.4**	**1,035.6**
Interest income	35.1	-	-	35.1	35.1	-
Interest expense	(239.0)	(20.1)	-	(259.1)	(198.4)	(60.7)
Impairment of goodwill	(0.9)	-	-	(0.9)	-	(0.9)
Revaluation of redemption liabilities	(4.6)	-	4.9	0.3	-	0.3
Joint venture taxation	-	(0.8)	-	(0.8)	-	(0.8)
Share of post-tax profit from joint ventures	198.4	(198.4)	-	-	-	-
Profit before tax	**1,335.6**	**-**	**-**	**1,335.6**	**362.1**	**973.5**
Income tax	2.4	-	-	2.4	-	2.4
Profit for the year	**1,338.0**	**-**	**-**	**1,338.0**	**362.1**	**975.9**

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

	Year ended 31 March 2016				
	Group (excl. joint ventures) £m	Joint ventures £m	Adjustment for proportionate share £m	Consolidation adjustments[1] £m	Combined Portfolio £m
Investment properties					
Net book value at the beginning of the year	**12,158.0**	**1,403.0**	**(31.8)**	**-**	**13,529.2**
Acquisitions	156.9	24.7	-	(58.2)	123.4
Capital expenditure	194.8	117.3	(0.1)	-	312.0
Capitalised interest	9.2	12.8	-	-	22.0
Disposals	(899.6)	(99.4)	0.8	58.2	(940.0)
Valuation surplus	738.4	171.5	(2.5)	-	907.4
Net book value at the end of the year	**12,357.7**	**1,629.9**	**(33.6)**	**-**	**13,954.0**
Profit on disposal	**75.1**	**3.6**	**-**	**-**	**78.7**
Disposal of asset held for sale	(283.4)	-	-	-	(283.4)
Trading properties					
Net book value at the beginning of the year	**222.3**	**114.9**	**-**	**-**	**337.2**
Acquisitions	-	-	-	-	-
Capital expenditure	27.0	33.6	-	-	60.6
Capitalised interest	2.3	4.2	-	-	6.5
Disposals	(139.7)	-	-	-	(139.7)
Movement in impairment	11.5	4.4	-	-	15.9
Net book value at the end of the year	**123.4**	**157.1**	**-**	**-**	**280.5**
Profit on disposal	**40.7**	**-**	**-**	**-**	**40.7**

Acquisitions, development and refurbishment expenditure	**£m**
Acquisitions of investment property	123.4
Capital expenditure – investment property	312.0
Capital expenditures – trading property	60.6
Acquisitions, development and refurbishment expenditure	**496.0**

Disposals	**£m**
Net book value – investment property disposals	940.0
Net book value – trading property disposals	139.7
Profit on disposal – investment property	78.7
Profit on disposal – trading property	40.7
Disposal of non-current asset held for sale	283.4
Other	10.6
Total disposal proceeds	**1,493.1**

1. Consolidation adjustments relate to the acquisition by the Group of its partners' interests in certain assets held in joint ventures.

Investor information

1. Group 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 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:

- Tel: 0371 384 2128
- +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. 2015/16 final dividend

The Board has recommended a final dividend for the year ended 31 March 2016 of 10.55p per ordinary share to be paid as a Property Income Distribution (PID). Subject to shareholders' approval at the Annual General Meeting, the final dividend will be paid on 28 July 2016 to shareholders registered at the close of business on 24 June 2016. The total dividend paid and recommended in respect of the year ended 31 March 2016 is 35.0p (2015: 31.85p).The first quarterly dividend for the year ended 31 March 2017 will be 8.95p per ordinary share. It will be paid entirely as a PID on 7 October 2016 to shareholders on the register at the close of business on 9 September 2016.

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 2016/17

	2016
Annual Report and AGM Notice mailed to shareholders	17 June
Annual General Meeting	21 July
Half-yearly results announcement	15 November
	2017
Financial year end	31 March
Preliminary results announcement	16 May*

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

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

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

BREEAM
Building Research Establishment's Environmental Assessment Method.

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

Completed developments
Completed developments consist of those properties previously included in the development programme, which have been transferred from the development programme since 1 April 2014.

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.

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

EPRA
European Public Real Estate Association.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Like-for-like portfolio
The like-for-like portfolio includes all properties which have been in the portfolio since 1 April 2014, but excluding those which are acquired, sold or included in the development pipeline at any time since that date.

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

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

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

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

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

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

Net rental income
Net rental income is the net operational income arising from 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

Revenue profit
Profit before tax, excluding profits on the sale of non-current assets and trading properties, profits on long-term development contracts, valuation movements, fair value movements on interest-rate swaps and similar instruments used for hedging purposes, the adjustment to interest payable resulting from the amortisation of the bond exchange de-recognition adjustment, debt restructuring charges, and any 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 valuers. It is calculated by making an adjustment to net initial yield in respect of the annualised cash rent foregone through unexpired rent-free periods and other lease incentives. The calculation is consistent with EPRA guidance.

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

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

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

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

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

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

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

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

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

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

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

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