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Land Securities Group PLC
15 November 2024

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LAND SECURITIES GROUP PLC ("Landsec")

Results for the half year ended 30 September 2024

Strong operational execution drives upgrade in EPS outlook and increase in portfolio value

Mark Allan, Chief Executive of Landsec, commented:

"Our operational outperformance continues, with further growth in occupancy and positive rental uplifts across our retail and London portfolio, which is translating into accelerated income growth. Combined with our focus on cost efficiencies, we therefore raise our outlook for EPRA EPS and now expect FY25 to be in line with last year's level despite £0.5bn of net disposals over the past year, and for this outperformance to flow through into FY26.

At the same time, property values have stabilised, with growth in rental values driving a modest increase in capital values, resulting in a positive total return on equity. We expect these trends to persist, as customer demand for our best-in-class space remains robust and investment market activity has started to pick up. We have continued to reposition our portfolio towards higher-return opportunities and are confident of deploying further capital towards this in the second half. Having managed our balance sheet well as markets corrected, we are now well placed to deliver growth and attractive returns."

Financial highlights

	30 Sep 2024	Prior period (1)		30 Sep 2024	Prior period (1)
EPRA earnings (£m)(2)(3)	186	198	Profit/(loss) before tax (£m)	243	(193)
EPRA EPS (pence)(2)(3)	25.0	26.7	Basic EPS (pence)	32.8	(24.4)
EPRA NTA per share (pence)(2)(3)	871	859	Net assets per share (pence)	873	863
Total return on equity (%)(2)(3)	3.9	(2.4)	Dividend per share (pence)	18.6	18.2
Group LTV ratio (%)(2)(3)	34.9	35.0	Net debt (£m)	3,573	3,594

- EPRA earnings of £186m, up £1m vs prior period after adjusting for £13m lower surrender receipts
- EPRA EPS at top end of expectations at 25.0p, as better than expected 3.4% LFL net income growth and 2.2ppt improvement in operating margin offset earnings impact from non-core asset disposals
- Total dividend up 2.2% to 18.6p per share, in line with guidance of low single digit percentage growth
- Profit before tax up to £243m, as 2.1% ERV growth resulted in £91m or 0.9% uplift in portfolio value
- Total return on equity of 3.9% over six months, with 1.4% increase in EPRA NTA per share to 871p
- Maintained strong balance sheet with 7.4x net debt/EBITDA and a 34.9% Group LTV
- Upgrade in EPS outlook due to higher LFL income growth and cost efficiencies, with FY25 EPRA EPS now expected to be in line with the 50.1 pence delivered in FY24 and FY26 expected to be ahead of this, before any upside from potential future acquisitions

Operational highlights

Strategic focus on creating best-in-class portfolio pays off, with 6% uplifts on relettings/renewals across London and Major Retail, 40bps increase in occupancy, 3.4% growth in like-for-like net rental income, and property valuations returning to modest growth as rental values rise 2.1% and yields stabilise. Well placed to deliver the 8-10% annual return on equity we target over time, with current annual income return at NTA of 5.8%, continued growth in like-for-like income and further rental value growth.

Central London income and capital values grow, as investment market stabilises

- Delivered 5.5% LFL net rental income growth, with occupancy up 60bps to 97.9%, £16m of lettings signed or in solicitors' hands 3% above ERV and relettings/renewals 7% above previous rent
- Drove 2.2% ERV growth over first six months as customer demand remains focused on high-quality space in best locations, on track vs FY guidance of low to mid single digit percentage growth
- Portfolio valuation up 0.8%, as yields stabilised and investment market activity starts to pick up
- Progressing two on-site developments in Victoria and Southbank, with expected completion in late 2025 and attractive 7.1% gross yield on cost and 11% yield on capex

Major Retail assets reversion and capital values grow, as leading brands expand in best locations

- Delivered 3.1% LFL net income growth, with LFL occupancy up 70bps to 96.0% and £26m of lettings signed or in solicitors' hands 7% above ERV and 4% ahead of previous rent for relettings/renewals, underpinning growing reversionary potential
- Capitalised on continued focus from brands on fewer, bigger, better stores, with significant upsizes and lettings with leading brands such as Primark, Pull&Bear, Bershka, Sephora and JD Sports
- Delivered ERV growth of 1.7%, on track vs FY guidance of low to mid single digit percentage growth, supporting 2.8% increase in portfolio valuation, as activity levels in investment markets pick up
- Acquired an additional £120m stake in Bluewater at attractive 8.5% yield, with confidence in deploying further capital in major retail at accretive returns in second half of the year

Further progress in unlocking substantial residential development pipeline

- Started on site with infrastructure works and secured vacant possession for first phase of consented 1,800-homes Finchley Road scheme, ahead of potential start of main development in 2026
- Renegotiated development agreement at Mayfield, Manchester, which already benefits from outline consent, unlocking option to start delivery of c. 1,700 new homes from 2026 onwards
- Submitted planning application for masterplan in Lewisham, covering 1,700 homes plus over 1,000 student beds and co-living homes, with potential start on site in 2027
- Growing visibility on overall pipeline of 6,000+ homes with expected IRRs in the low double-digits

Returns underpinned by strong capital base and continued improvement in efficiency

- Realised 10% reduction in overhead costs, with further efficiencies expected next year
- Executed on £690m of transactions since March, including £464m of non-core disposals in line with Mar-24 book value and £226m of acquisitions, improving future return prospects
- Capitalised on sector-leading access to credit, with AA/AA- credit ratings, via £350m 10-year bond issue at 4.625% coupon and refinancing of £2.25bn revolving credit facilities at existing low margins
- Maintained strong capital base, with 10.0-year average debt maturity, £2bn cash and undrawn facilities, 7.4x net debt/EBITDA and 34.9% LTV, providing capacity to grow at attractive time

1. Prior period measures are for the six months ended 30 September 2023 other than EPRA NTA per share, net assets per share, Group LTV ratio and net debt, which are as at 31 March 2024.
2. An alternative performance measure. The Group uses a number of financial measures to assess and explain its performance, some of which are considered to be alternative performance measures as they are not defined under IFRS. For further details, see the Financial review and table 13 in the Business analysis section.
3. Including our proportionate share of subsidiaries and joint ventures, as explained in the Financial review. The condensed consolidated preliminary financial information is prepared under UK adopted international accounting standards (IFRSs and IFRICs) where the Group's interests in joint ventures are shown collectively in the income statement and balance sheet, and all subsidiaries are consolidated at 100%. Internally, management reviews the Group's results on a basis that adjusts for these forms of ownership to present a proportionate share. These metrics, including the Combined Portfolio, are examples of this approach, reflecting our economic interest in our properties regardless of our ownership structure. For further details, see table 13 in the Business analysis section.

A live video webcast of the presentation will be available at 9.00am GMT. A downloadable copy of the webcast will then be available by the end of the day.

We will also be offering an audio conference call line, details are available in the link below. Due to the large volume of callers expected, we recommend that you dial into the call 10 minutes before the start of the presentation.

Please note that there will be an interactive Q&A facility on both the webcast and conference call line.

Webcast link: https://webcast.landsec.com/2024-half-year-results
Call title: Landsec Half Year Results 2024
Conference call: https://webcast.landsec.com/2024-half-year-results/vip_connect

Forward-looking statements

These full year results, the latest Annual Report and Landsec's 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, strategies, 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 political conditions, economies and markets in which the Group operates; changes in the legal, regulatory and competition frameworks in which the Group operates; changes in the markets from which the Group raises finance; the impact of legal or other proceedings against or which affect the Group; changes in accounting practices and interpretation of accounting standards under IFRS, and changes in interest and exchange rates.

Any forward-looking statements made in these full year results, the latest Annual Report or Landsec's 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 full year results, the latest Annual Report or Landsec's website should be construed as a profit forecast or an invitation to deal in the securities of the Company.

Chief Executive's statement

Strong operational performance drives upgrade in EPS and return to valuation growth

Owning the right real estate has never been more important. Irrespective of sector, there is a clear focus from customers on best-in-class space and as this space remains in short supply, rents are growing. Our success in positioning Landsec for this is reflected in our 3.4% like-for-like income growth; a 40bp rise in occupancy to 96.6%, significantly outperforming market averages; and a 0.9% rise in property values, driven by a 2.1% increase in rental values, outperforming the MSCI All Property UK average.

Alongside an improvement in operating margin, this means our EPRA EPS for the first half of the year is at the top end of expectations at 25.0 pence. Whilst 1.7 pence below the prior period, this reflects the fact that the prior half year benefitted from £13m, or 1.7 pence, higher surrender receipts than the last six months. The net divestment of non-core assets further reduced earnings by £10m yet this was fully offset by an acceleration in operational growth. Whilst six months ago we expected our EPS to be slightly below last year's level because of our significant non-core disposals, we now expect FY25 EPS to be in line with last year's 50.1 pence and FY26 to be ahead of this, before any potential benefit from future acquisitions.

Six months ago we also said that we expected yields to stabilise and values for the best assets to return to growth. This is what happened, so combined with our attractive income return, we delivered a 3.9% total return on equity for the six months to September and NTA per share increased 1.4%. Our interim dividend is up 2.2%, in line with our guidance for the full year.

We expect the trends in customer demand that underpinned our positive performance over the last six months to persist for the foreseeable future. We continue to see signs that investment market activity is picking up, with selective competition emerging for the best offices and retail assets. The good availability of credit remains supportive to this, although we are mindful that changes in longer-term interest rates will likely influence the pace at which momentum improves from here. Meanwhile, our balance sheet remains strong, with net debt/EBITDA at a low 7.4x and an LTV of 34.9%, so given where we are in the cycle, this provides further capacity to grow at an attractive point in time.

Table 1: Highlights

	Sep 2024	Sep 2023	**Change %**
EPRA earnings (£m)(1)	**186**	198	**(6.1)**
Profit/(loss) before tax (£m)	**243**	(193)	**n/a**
Total return on equity (%)	**3.9**	(2.4)	**6.3**
Basic earnings/(loss) per share (pence)	**32.8**	(24.4)	**n/a**
EPRA earnings per share (pence)(1)	**25.0**	26.7	**(6.4)**
Dividend per share (pence)	**18.6**	18.2	**2.2**
	Sep 2024	Mar 2024	**Change %**
Combined portfolio (£m)(1)	**9,957**	9,963	**(0.1)**
IFRS net assets (£m)	**6,545**	6,447	**1.5**
EPRA Net Tangible Assets per share (pence)(1)	**871**	859	**1.4**

Adjusted net debt (£m)[1]	**3,510**	3,517	**(0.2)**
Group LTV ratio (%)[1]	**34.9**	35.0	**(0.1)**
Proportion of portfolio rated EPC A - B (%)	**52**	49	
Average upfront embodied carbon reduction development pipeline (%)	**41**	40	
Energy intensity reduction vs 2020 (%)	**19**	18	

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the Presentation of financial information in the Financial Review.

Well positioned to deliver further growth

Over the past four years, we have actively shaped a high-quality portfolio and pipeline that is poised for growth. We sold £3.1bn of assets where forward returns and our ability to add value were low, including £464m in the first half of this year, and we reinvested £2.3bn in our key places in Central London, high-return major retail destinations, and opportunities which offer future development upside. This strategy has paid off, as demand for modern, sustainable office space in London remains strong and in retail, brands continue to focus on fewer, but bigger and better stores in key locations. As supply of both is constrained, rents continue to increase.

Across our Central London portfolio, office utilisation continues to grow. Customers are now planning for c. 25% more space per person than five years ago, so c. 80% of our lettings over the past year have seen customers grow or keep the same space. This means our occupancy is up 60bps to a high 97.9%, with £16m of lettings completed or in solicitors' hands, on average 3% above ERV. Our London portfolio is now 9% reversionary and ERVs continue to grow, up 2.2% in the first half. With 7% rental uplifts on relettings/renewals, this drove 5.5% like-for-like income growth and underpins our future income growth.

In retail, brands remain focused on the best access to consumer spend. The top 1% of all UK shopping destinations provide access to 30% of the country's in-store retail spend and as 95% of the locations in this top 1% are shopping centres, city centres and outlets, these are the dominant focus for brands. This means leading brands continue to take more space with us, such as Primark who are expanding their store at White Rose from 37,000 to 71,000 sq ft and JD Sports, who are moving into St. David's from elsewhere in the city centre. As such, our occupancy is now higher than it was before Covid, up 70bps to 96.0%, with £26m of leases signed or in solicitors' hands, 7% ahead of ERV. In addition, relettings and renewals were 4% above previous passing rent and like-for-like net rental income was up 3.1%. ERVs were up 1.7% and with further growth ahead, we expect strong like-for-like income growth in the future.

The attractive growth potential in our existing portfolio is complemented by our significant development pipeline. Our two on-site projects in Victoria and Southbank are expected to complete in late 2025 and are expected to deliver £61m of ERV once fully let, reflecting a 7.1% yield on cost and high 11% yield on total capex. We have optionality over a further c. £2.2bn of London office developments with a potential ERV of c. £160m. Having made significant progress on planning and other preparations, we now also have growing visibility on a pipeline of over 6,000 homes across three sites in Manchester and London. This could allow us to invest over £1bn in this structural growth sector by 2030 and c. £3bn over the next decade, with expected IRRs in the low teens and a potential start of the first phase in 2026.

Capital allocation and enhancing returns

Recognising the normalisation in cost of capital, over the past two years we have consistently said we are targeting to deliver a total return on equity of 8-10% p.a. over time, comprising a combination of income and capital returns, driven by rental value growth and selective development upside. We also said we would not be exactly in this range each individual year, as valuation yield movements are outside of our control on a short term basis. A softening in yields affected returns over the past two years but this has now changed, as yields stabilised in the first half of the year. As our current annual income return at NTA is already an attractive 5.8% and rents continue to grow, the outlook for our return on equity is positive.

The resilience of our returns is underpinned by our success in preserving our strong capital base. This provides a clear competitive advantage in terms of finance cost, as shown in our 10-year bond issue at a 97bps margin and the refinancing of £2.25bn revolving credit facilities at stable margins. We continue to focus on operating efficiently, with a 10% reduction in overhead costs during the first half and further meaningful savings expected over the next two years, partly due to our data and technology investments.

In terms of capital allocation, we still see the most attractive risk-adjusted returns in major retail, where income returns are in the high single digits and rents are growing. Capital values are roughly half of their replacement cost, so new supply is non-existent, and for the best assets, such as those in our portfolio, capex which does not add value is low, at c. 20bps of the overall asset value p.a. This is very different for investors who own secondary assets with high vacancy that have limited opportunity to price on costs through service charges or increased rents, highlighting the importance of quality. All this offers the potential for double-digit ungeared IRRs and following the acquisition of an additional £120m stake in Bluewater in June, we are confident in deploying further capital at accretive returns in the second half.

second half.

Rents for highly sustainable, best-in-class offices continue to grow, yet returns on development need to compensate for the fact that costs and exit yields have increased. Supply chains are still dealing with the effects of the spike in inflation just over a year ago, so we continue to carefully weigh risks and returns on new developments, also relative to the returns on those assets we choose to sell to fund these. Given the attractive returns in major retail we will focus our investment for the remainder of this year on this, rather than making any new office commitments. Outside of Central London, over the past 12-18 months we have successfully adjusted plans for parts of our pipeline and focused this mostly on residential, where return prospects remain attractive on a risk-adjusted basis, with low double-digit IRRs. As borrowing costs and our cost of capital have increased, we remain firmly focused on enhancing our return on capital employed and overall income growth.

Outlook

Whilst global geopolitical uncertainty has increased, for the UK the general election over the summer has created an element of political stability that has eluded the country for nearly a decade, ever since the EU referendum. Whilst political decisions always require an element of compromise, we are mindful of the risk that the cost of increased taxes could slow down business decision-making. The new Government's ambition to drive growth is admirable though and unlocking urban residential development appears a key part of its focus, which should bode well for the prospects of our growing residential pipeline.

In line with the view we set out in May, investment activity has picked up in London and retail and values have begun to return to growth for the best assets. Credit availability remains supportive, so we expect this trend to persist, although changes in long term interest rates will likely influence the pace at which momentum continues to improve from here. Customer demand for our best-in-class space remains robust and as supply is limited, we continue to expect ERVs for our London and retail portfolio to grow by a low to mid single digit percentage this year.

We continue to drive occupancy growth and positive leasing reversion across our London and major retail portfolios. The latter turned positive for the first time last year and has further improved since, hence we expect rental uplifts to continue to grow. In May, we expected our like-for-like net rental income growth for this year to be similar to last year's 2.8%, yet we now expect this to be closer to 4%. Combined with our focus on managing costs, this means we raise our guidance for EPRA EPS for FY25 and now expect EPS to be in line with last year's 50.1 pence, despite £0.5bn of net disposals over the past year. This supports our expectation for our dividend to grow by a low single digit percentage this year and we expect further like-for-like growth and operational efficiencies to drive continued growth in EPRA EPS in FY26.

Having been a net seller in the first half, we expect to expand our high-quality retail portfolio in the second half of the year, although we have not assumed any benefit from this in our increased EPS outlook at this stage. With a current income return at NTA of 5.8%, further growth in like-for-like income, a strong capital base and capital values returning to growth, the outlook for our return on equity and EPS is positive.

Operating and portfolio review

Overview

Our combined portfolio was valued at £10.0bn as of September, comprising the following segments:

- Central London (65%): our well-connected, high-quality office (84%) and retail and other commercial space (16%), located in the West End (68%), City (23%) and Southwark (9%).
- Major retail destinations (20%): our investments in six shopping centres and three retail outlets, which are amongst the highest selling locations for retailers in the UK.
- Mixed-use urban neighbourhoods (7%): our investments in mixed-use urban places in London and a small number of other major UK cities, with future repositioning or residential development potential.
- Subscale (8%): assets in sectors where we have limited scale or competitive advantage and which we are therefore likely to divest over time, split broadly equally between retail parks and leisure.

Investment activity

Our overall investment and divestment activity totalled £690m since March, which equates to 7% of our portfolio value. In line with our strategy, we sold £464m of assets, including our £400m hotel portfolio, a retail park in Taplow and four small non-core assets, on average, in line with their March 2024 book values. The disposal of our hotel portfolio crystallised the strong recovery in performance post Covid, yet as the income was 100% turnover linked on long-term leases to Accor, there was no opportunity for us to influence or enhance its future operational performance.

In the first six months, acquisitions totalled £140m and we spent £128m on development capex. We acquired an additional 17.5% stake in Bluewater for £120m, increasing our ownership in one of the UK's leading retail destinations to 66.25%. With a yield of 8.5% and further income growth, this is expected to deliver a double-digit unlevered return. We also bought a £15m block opposite Buchanan Galleries. This means we now own c. 30% of the retail frontage of the prime high street in Glasgow, which is the city with the highest total retail spend outside London, ahead of a repositioning of our existing centre.

Since the period-end, we also acquired the remaining 25% interest in MediaCity from Peel, plus the 218-bed hotel and studio operations at the estate which were wholly owned by Peel. The cash consideration was £23m and we assumed £61m of debt, providing an overall consideration of £84m. This represents a discount to the book value of our existing stake, reflecting the value of future income from wrapper leases to Peel we agreed to surrender. Adjusted for this, the deal is broadly in line with book value and earnings neutral in the short term, but provides us with full control of MediaCity and the ability to implement our plans for this unique estate, including the potential for significant new living space at its adjacent land.

Since late 2020, we have sold £3.1bn of the c. £4bn assets we said we intended to sell over a period of c. 6 years when we launched our updated strategy. We will continue to selectively recycle capital over time, but having been a material net seller over the past twelve months, our current focus is on acquisitions and we are confident in making further progress on deploying capital in major retail at accretive returns in the second half. Our potential future investment in new developments is likely to be funded principally through future disposals of mature or standalone assets, alongside other, complementary sources of capital.

Portfolio valuation

Following two years of softening, property yields stabilised over the last six months. In line with the view we set out six months ago, this means our overall portfolio value increased 0.9%, as our successful leasing activity drove 2.1% ERV growth.

Our Central London portfolio was up 0.8% over the period, as our 2.2% ERV growth was partially offset by a small 7bps increase in yields, which overall remain at 5.4%. West End office valuations were stable and our City offices saw growth in valuations of 1.9%. Our West End offices, which are practically full, saw 1.3% growth in ERVs. In the City, our asset management activity drove 5.3% growth in ERVs. Retail and other assets were down 0.4%, whilst development values were up 2.9% due to increased ERVs, reflecting the strong demand and scarcity of supply of best in class space.

Our high-quality Major retail portfolio saw values increase 2.8%, driven by a 1.7% increase in ERVs and a 17bps reduction in yields. This reflected the positive impact of our investment and asset management activity and improving occupational and investment market sentiment. With income returns of 7-8% and rents having returned to growth, this remains our preferred area for future investment and again was the best performing segment in our portfolio, with a total return for the period of 6.8% compared with Central London at 2.9% and mixed-use at (0.7)%.

The value of our mixed-use assets was down 3.7%. This reflected some yield softening at MediaCity, as the return of investor interest in regional offices is still trailing London. The shortening of income at our three existing retail assets in Glasgow and London which so far have been managed for flexibility for future redevelopment also weighed on values, yet we expect this to turn a corner over the next c. 12 months, as our future plans become more tangible. In subscale, the value of our retail parks was up 5.6% as strong investor demand pushed yields down 27bps. Our leisure assets were down 1.1%, primarily reflecting a modest reduction in rent related to Cineworld's restructuring at the end of the period.

Table 2: Valuation analysis

	Market value 30 Sep 2024 £m	Surplus / (Deficit) £m	Valuation change %	LFL rental value change(1) %	Net initial yield %	Topped up net initial yield %	Equivalent yield %	LFL equivalent yield change bps
West End offices	3,083	1	0.0	1.3	3.9	5.7	5.3	4
City offices	1,251	22	1.9	5.3	4.3	5.3	6.1	7
Retail and other	1,028	(4)	(0.4)	(0.3)	4.2	4.6	5.0	11
Developments	1,080	30	2.9	n/a	(0.2)	(0.1)	5.4	n/a
Total Central London	**6,442**	**49**	**0.8**	**2.2**	**4.1(2)**	**5.4(2)**	**5.4**	**7**
Shopping centres	1,413	57	4.2	1.4	7.7	8.3	7.9	(22)
Outlets	611	(2)	(0.3)	2.2	6.3	6.4	6.9	(10)
Total Major retail	**2,024**	**55**	**2.8**	**1.7**	**7.3**	**7.7**	**7.6**	**(17)**
London	189	(11)	(5.6)	3.7	4.4	4.2	6.6	6
Major regional cities	516	(16)	(3.0)	2.4	6.6	6.7	8.1	33
Total Mixed-use urban	**705**	**(27)**	**(3.7)**	**2.7**	**6.1 (2)**	**6.1(2)**	**7.5**	**25**
Leisure	420	(5)	(1.1)	(0.2)	8.4	8.6	8.7	(8)
Retail parks	366	19	5.6	1.1	5.8	6.6	6.6	(27)
Total Subscale sectors	**786**	**14**	**2.0**	**0.3**	**7.2**	**7.7**	**7.7**	**(20)**
Total Combined Portfolio	**9,957**	**91**	**0.9**	**2.1**	**5.2(2)**	**6.2(2)**	**6.2**	**1**

1. Rental value change excludes units materially altered during the period.

2. Excluding developments / land.

Looking ahead, the good availability and attractive pricing of credit for high-quality assets is supportive to a further pick-up in investment market activity. We have started to see competition for selective assets in both retail and London offices from investors who are attracted by historically attractive yields for assets with demonstrable rental growth, although the outlook for longer-term interest rates will likely influence the pace at which momentum continues to improve from here. Values for the best assets have started to return to modest growth, yet we expect assets where the sustainability of income is questionable to remain under pressure. Reflecting continued customer demand, we still expect that ERVs for our London and retail portfolio will grow by a low to mid single digit percentage this year.

Leasing and operational performance

Central London

Office customer demand continues to focus on buildings with the best sustainability credentials, local amenities and transport connectivity, particularly proximity to overground rail stations. Such assets remain scarce, hence rental values continue to increase. Having sold virtually all of our long-term, single-let HQ buildings since late 2020, our portfolio is now almost exclusively focused on multi-let assets in a small number of key areas in London, such as Victoria where market rents have already exceeded the record levels we set with our newly completed n2 project last year.

The appeal of our offer is underlined by the fact that we continue to see growth in daily turnstile tap-ins in our buildings. The rate of growth will naturally plateau over time as customers near full capacity, yet September saw average daily tap-ins reach the highest level on record. Our customers are now planning for c. 25% more space per person than they did five years ago, so c. 80% of our lettings over the last twelve months have seen customers grow or keep the same space.

This translates into continued growth in operational performance. Our occupancy increased 60bps to 97.9%, significantly outperforming the London market as a whole at 91.5%. We completed 21 lettings and renewals during the half year, totalling £9m of rent, on average 4% ahead of ERV, with a further £8m in solicitors' hands, 3% above ERV. Our relettings/renewals reflected a 7% uplift to previous passing rents, resulting in 5.5% LFL rental income growth. With our London portfolio now 9% reversionary, we expect continued growth in rental income.

Our two established Myo flex office locations in Victoria and Liverpool Street, which combined make up 2% of our London portfolio, saw a reduction in occupancy from 91% to 79% due to a small number of larger lease expiries, but we expect most of this to recover in the second half. Our four recently opened Myo locations are in lease-up and are currently 45% let or under offer, with a further c. 20% in negotiations and rents on average in line with our underwrites.

Major retail destinations

We continue to see growing demand for physical retail space in the very best locations. For brands, the attraction of our major retail destinations sits in the fact that these offer the best access to consumer spend, with the top 1% of all UK shopping destinations providing access to 30% of the country's in-store, non-food retail spend, resulting in higher sales densities and productivity than other formats.

As such, brands continue to focus on 'fewer, bigger, better' stores, such as for example at White Rose, where we agreed a deal with Primark to expand their store from 37,000 to 71,000 sq ft; in Bluewater, where we are seeing new openings of e.g. Bershka, Pull&Bear and Sephora; and at St. David's in Cardiff, where JD Sports are moving into a major new store as they relocate from elsewhere in the city centre. Over the last six months, 22 existing brands increased their space, 23 new brands opened in our centres and 38 existing brands opened stores in new locations within our portfolio.

As a result, like-for-like occupancy was up 70bps to 96.0%, which means occupancy is now higher than it was before the pandemic. We signed 105 leases totalling £12m, on average 5% above ERV and have a further £14m of lettings in solicitors' hands on average 9% ahead of ERV. Overall, relettings and renewals were 4% above previous passing rent and like-for-like net rental income increased 3.1%, adding further to our attractive income returns.

Overall retail sales in the UK were relatively subdued during Spring, which from our conversations with brands was mostly attributed to the weather, as brands typically expect a strong final quarter to 2024. Across our portfolio, total sales are up 2.5% year-to-date. Like-for-like sales and footfall are down 0.7% and 1.3%, partly reflecting the timing of Easter, which fell in March this year.

Like-for-like net rental income increased 3.1%, which adds further to the attractive 7%+ income yield of our high-quality major retail destinations. We are progressing a number of accretive investments to further enhance our existing assets, such as the creation of new public/leisure space at Cardiff, a new F&B destination at Trinity, Leeds and a new waterfront F&B offer at Gunwharf Quays. With c. £100m capex over the next 2-3 years, this is expected to deliver low-risk double-digit IRRs and a high single digit / low double digit yield on cost. For well-maintained, high-quality shopping centres and outlets such as our portfolio, maintenance capex is limited to, on average, c. 20bps of the overall asset value p.a. although this will be far higher for those investors who own secondary assets which lack rental tension and hence the ability to recover costs through service charge or increased rents.

Mixed-use urban neighbourhoods

Our mixed-use portfolio principally comprises our MediaCity estate in Greater Manchester and a number of assets with future redevelopment potential, including our investment in Mayfield, Manchester and three existing shopping centres in London and Glasgow. In recent years these had been managed to maximise future development flexibility by working to full vacant possession dates, which resulted in a shortening of income. We have changed our approach to parts of this, which will result in lower capex, a greater retention and improvement of the existing income and, ultimately, better overall risk-adjusted returns.

Subscale sectors
Our retail parks saw a small decrease in occupancy to 94.7%, whilst occupancy across our leisure assets was down marginally to 96.6%. We completed or are in solicitor's hands on £5m of lettings on average in line with ERV. During the period, Cineworld announced a restructuring plan which resulted in a rent reduction in five of their 13 cinemas in our portfolio, although the loss of income is limited to 0.2% of our overall rent and all of their venues continue to trade.

Table 3: Operational performance analysis

	Annualised rental income £m	Net estimated rental value £m	EPRA occupancy[1] %	LFL occupancy change[1] ppt	WAULT[1] Years
West End offices	158	188	98.7	(0.9)	6.4
City offices	71	98	96.5	2.8	7.4
Retail and other	41	55	98.1	0.9	5.4
Developments	9	100	n/a	n/a	n/a
Total Central London	**279**	**441**	**97.9**	**0.6**	**6.5**
Shopping centres	139	139	96.0	1.0	4.3
Outlets	47	50	95.9	(0.2)	2.9
Total Major retail	**186**	**189**	**96.0**	**0.7**	**3.9**
London	11	16	88.5	(1.7)	7.5
Major regional cities	37	41	94.9	1.4	6.9
Total Mixed-use urban	**48**	**57**	**93.2**	**0.6**	**7.0**
Leisure	44	42	96.6	(0.4)	10.5
Retail parks	25	27	94.7	(2.5)	5.6
Total Subscale sectors	**69**	**69**	**95.8**	**(1.2)**	**8.6**
Total Combined Portfolio	**582**	**756**	**96.6**	**0.4**	**6.1**

1. Excluding developments.

Development pipeline

We have created a significant pipeline of development opportunities in areas of strong structural demand. In Central London, we have the potential to deliver 1.6m sq ft of highly sustainable office space with the potential to generate around £160m of rental income. In addition, we now have increasing visibility on a pipeline of more than 6,000 homes across a select number of mixed-use schemes in Manchester and London. This could potentially deliver over £200m of annualised income in the next decade.

As demand for the best space continues to outweigh supply, rents continue to grow across both sectors. In London, space under construction increased 6% since March to 14.2m sq ft, of which 45% is pre-let or under offer. As a result, speculative office space completing over the next two years is roughly half of the long-term average new-build office take-up. In residential, the forecast for population growth of c. 6 million people by 2036 and continued urbanisation creates a structural need for more homes in major cities.

That said, the build cost inflation over the past few years, continued challenges in supply chains and an increase in exit yields have put pressure on development returns, despite growing rents. This has affected offices more than residential, and regional offices more than London. We continue to make good progress on adjusting our plans by e.g. changing scope, increasing massing, or reducing cost to manage the impact of this. Still, we will continue to carefully weigh risks and returns on any new commitments, also relative to the returns on those assets we choose to sell to fund our investments in this.

In terms of our two committed office developments, we are on track to deliver both by late 2025. At Timber Square, we are starting to see early customer interest in our highly-sustainable offices which benefit from strong transport links and lively local amenities. Building on the success at n2, we will now add clubrooms which are accessible to all customers to both the Print Building and Ink Building. This will drive additional rent, yet combined with some design refinements and a sub-contractor insolvency, overall costs are up £31m and the expected gross yield on cost reduced slightly from 7.1% to 7.0%.

In Victoria, Thirty High will see us deliver 299,000 sq ft of space in a sub-market where our adjacent 2.6 million sq ft of existing space is 98.3% let and prime rents continue to break new records, now well over £100 per sq ft. Given the smaller floorplates, leasing is planned closer to completion to enable us to capture a premium for the unique views the building offers. We are already in solicitors' hands with an operator for the top floor restaurant and our expected gross yield on cost is 7.2%.

Table 4: Committed London pipeline

	Size sq ft	Estimated completion	Net income/ ERV	Market value	Costs to complete	TDC	Gross yield on TDC %

Project	Sector	'000	date	£m	£m	£m	£m	
Thirty High, SW1	Office	299	Oct-25	30	300	151	416	7.2%
Timber Square, SE1	Office	383	Dec-25	31	205	224	442	7.0%
Total		**682**		**61**	**505**	**375**	**858**	**7.1%**

In terms of our future pipeline, we do not envisage making any new commitments to start schemes for the remainder of the financial year, as we focus our investment activity in the near term on major retail. We expect to complete the deconstruction of the existing building at Red Lion Court towards the end of this year. At Liberty of Southwark, we are reviewing the impact of the new Building Safety Act on the small residential component of the scheme, which has pushed back the earliest start date to 2026.

We continue to progress our mixed-use pipeline, which we are increasingly focusing on its significant residential potential. At Finchley Road, in zone two London, we have started the demolition of the former Homebase, utilities works are now on site and we have secured vacant possession for the first phase. We have an existing detailed consent in place and, subject to some small planning variations, we could potentially start the first phase of 600 homes in 2026. We expect the investment for this to be roughly around £350m, which is expected to deliver a low double-digit IRR.

At Mayfield, adjacent to Manchester's main train station, we have agreed with our JV partners to optimise the development strategy for this exciting 24-acre site, unlocking significant residential potential. The first c. £250m phase of the scheme consists of two offices buildings plus a multi-storey car park. Manchester office demand is strong and of the current 843,000 sq ft committed pipeline, 83% is already pre-let, with prime rents up 13% over the past two years. Whilst we would not pursue office development in isolation, the returns on this look acceptable and, importantly, delivery of this would unlock the opportunity to invest c. £1bn into delivering c.1,700 homes across multiple phases around Manchester's newest, 6-acre park. Manchester has seen one of the highest levels of residential rental growth in the UK, with a 5-year annual growth rate of 7%, so returns in this sector are very attractive.

At Lewisham, south-east London, we submitted a planning application last month for our new masterplan, which has the potential to deliver up to 1,700 homes with a further 445 co-living homes and 660 student beds over the next decade across multiple phases. The plans have been developed after substantial consultation, with over 2,500 visitors to our engagement hub, and will see the creation of eight acres of new public space, a new pedestrianised high street with shops, bars, restaurants and cafes, a new music venue, and new pedestrianised walking routes.

Given the strong demand for stores in the best locations, we have changed our plans for Buchanan Galleries, which sits at the top of Glasgow's prime high street. Instead of a decade-long office-led regeneration scheme, we are now progressing a less disruptive and more quickly delivered redevelopment of the existing retail centre. This will create a new food hall and open the existing centre up to the high street. Combined with our recent acquisition of a retail block opposite our centre, this means we effectively control both sides of the top of Glasgow's prime retail pitch. We are already seeing strong interest from leading international brands in our plans, which could start on site in 2026.

Table 5: Future development pipeline

Project	Proposed sq ft '000	Indicative TDC £m	Indicative ERV £m	Gross yield on TDC[1] %	Potential start date	Planning status
Office-led						
Red Lion Court, SE1	250				2025	Consented
Old Broad Street, EC2	290				2025	Consented
Liberty of Southwark, SE1	220				2026	Consented
Hill House, EC4	380				2026	Consented
Nova Place, SW1	60				2025	Design
Southwark Bridge Road, SE1	150				2026	Design
Timber Square Phase 2, SE1	290				2026	Design
Total	**1,640**	**2,250**	**160**	**7.1**		
Residential-led						
Mayfield, Manchester	1,820				2025	Consented
Finchley Road, NW3	1,400				2026	Consented
Lewisham, SE13	1,900				2027	Design
Total	**5,120**	**3,100-3,900**	**200-260**	**c. 6-7**		
Total future pipeline	**6,760**					

1. Indicative figures.

Delivering in a sustainable way

In 2023, we were one of the first real estate companies in the world to align our carbon reduction targets to the Science Based Targets Initiative's (SBTi) new Net-Zero Standard. We target to reduce direct and indirect greenhouse gas emissions by 47% by 2030 versus a 2019/20 base year and to reach net zero by 2040. Importantly, this not only includes all of our Scope 1 and 2 emissions, but also all of our reported Scope 3 emissions. We have reduced our emissions by 27% vs our 2019/20 baseline. To support the achievement of our science-based target, we have an energy intensity target, to reduce energy intensity by 52% by 2030 from a 2019/20 baseline. The reduction in the six months was 2%, which means we are currently tracking a 19% reduction versus our baseline.

Our fully-funded net zero transition investment plan, launched in 2021, will ensure we deliver our near-term science-based target and meet the proposed Minimum Energy Efficiency Standard of EPC 'B' by 2030, although it appears likely the originally proposed date for this minimum standard will be pushed back. Still, the expected cost to deliver this plan is already reflected in our current portfolio valuation. We have made further progress in the first half of the year, as 52% of our portfolio is already rated 'B' or higher, including 43% of our office portfolio, up from 49% at March. We are now on site at four offices to retrofit air source heat pumps and plan to start work on a fifth building by the end of March.

We are completing the installation of an additional 1,350 solar panels at Gunwharf Quays which will be operational later this month. This new 550kWp solar PV system combined with the already existing one will generate over 670,000 kWh per year, representing 23% of landlord total electricity demand. Increasing on-site renewable energy generation through installation of solar PVs helps us to achieve our energy and carbon targets while supporting the UK electricity grid decarbonise. It also enhances the value of our assets and we have already seen the positive impact of this project in the valuation of Gunwharf Quays.

We design developments not only with energy efficiency in mind, but also to minimise upfront embodied carbon. To this end, our target is to reduce upfront embodied carbon by 50% vs a typical development by 2030, to below 500kgCO_2e/sqm for offices and 400kgCO_2e/sqm for residential. We have made good progress on this, with our future pipeline currently tracking a 41% reduction. Our two committed schemes, Timber Square and Thirty High, are exemplary due to the high levels of retention of existing structures, with upfront embodied carbon intensities of 522kgCO_2e/sqm and 347kgCO_2e/sqm respectively.

Our Landsec Futures fund will invest £20m over 2023-2033 to improve social mobility in real estate and to tackle issues local to our assets. To date, it has created career pathways for 18 interns and supported 12 real estate bursaries. This work contributes to our 2030 target to create £200m of social value and empower 30,000 people towards the world of work. From our 2019/20 baseline, we have so far created £69m of social value and empowered 12,014 people.

Financial review

Overview

External market conditions remain supportive in terms of customer demand. Moreover, investment activity has started to pick up and property yields have begun to stabilise for the best assets, with continued rental value growth driving modest capital growth. This is in line with the view we set out six months ago and as we expect these trends to persist, our high-quality portfolio, operational outperformance and robust capital base provide a solid foundation for future growth.

EPRA earnings for the first half were at the top end of expectations at £186m. Our continued focus on improving efficiencies saw overhead costs reduce by 10%, offsetting a small rise in financing costs, whilst like-for-like net rental income was up 3.4%. Our occupancy increased 40bps to 96.6%, whilst we agreed relettings and renewals 6% above previous passing rents.

Whereas we initially expected like-for-like growth for the full year to be broadly in line with last year's 2.8%, we now expect this to be closer to 4%. As such, we raise our outlook for FY25 EPRA EPS and now expect this to be in line with last year's level of 50.1 pence, despite our significant non-core disposals over the past twelve months. As this flows through to future years, we expect FY26 to be ahead of this. This increase in EPS outlook does not reflect any benefit from potential future acquisitions. Our interim dividend is up 2.2% to 18.6p, in line with our guidance of low single digit percentage growth, and we continue to target a dividend cover of 1.2-1.3x on an annual basis.

Driven by our strong leasing activity, ERV growth was 2.1%. As yields were stable, this resulted in 0.9% growth in the valuation of our portfolio. Combined with our EPRA earnings, this drove an overall IFRS profit before tax of £243m and basic EPS of 32.8 pence, compared with a loss before tax of £193m for the first half of last year. As a result, EPRA NTA per share increased 1.4% to 871 pence. Including dividends paid, this means our total return on equity was 3.9%, reflecting a 2.9% income return and 1.7% upside from ERV growth and developments, as the impact from yield movements was minimal.

In September, we issued a £350m 10-year Green bond at a 4.625% coupon and last month we refinanced £2.25bn revolving credit facilities, further strengthening our solid capital base. Net debt was stable at £3.5bn and we remain comfortably within our operating guidelines. Net debt/EBITDA is low at 7.4x vs our target of below 8x; our LTV is at

34.9%, or 34.4% adjusted for an element of deferred sales proceeds, comfortably within our target range of 25-40%; and our interest cover is a healthy 3.8x. Our average debt maturity is long, at 10.0 years and we have no need to refinance any debt until 2027, so with £2bn of cash and undrawn facilities, we have capacity to invest in future growth.

Presentation of financial information

The condensed consolidated preliminary financial information is prepared under UK adopted international accounting standards (IFRSs and IFRICs) where the Group's interests in joint ventures are shown collectively in the income statement and balance sheet, and all subsidiaries are consolidated at 100%. Internally, management reviews the Group's results on a basis that adjusts for these forms of ownership to present a proportionate share. The Combined Portfolio, with assets totalling £10.0bn, is an example of this approach, reflecting our economic interest in our properties regardless of our ownership structure.

Our key measure of underlying earnings performance is EPRA earnings, which represents the underlying financial performance of the Group's property rental business, which is our core operating activity. A full definition of EPRA earnings is given in the Glossary. This measure is based on the Best Practices Recommendations of the European Public Real Estate Association (EPRA) which are metrics widely used across the industry to aid comparability and includes our proportionate share of joint ventures' earnings. Similarly, EPRA Net Tangible Assets per share is our primary measure of net asset value.

Measures presented on a proportionate basis are alternative performance measures as they are not defined under IFRS. This presentation provides additional information to stakeholders on the activities and performance of the Group, as it aggregates the results of all the Group's property interests which under IFRS are required to be presented across a number of line items in the statutory financial statements. For further details see table 13 in the Business analysis section.

Income statement

Our high-quality portfolio of scarce assets and strong leasing performance continue to deliver robust like-for-like income growth. This partly offset the fact that our material net disposals over the past year, including our £400m hotel portfolio in May, reduced rental income by £20m and surrender receipts were down £13m, to £4m. Finance costs increased due to higher interest rates but this was more than offset by reductions in other expenses, so as a result, EPRA earnings are at the top end of expectations at £186m.

Table 6: Income statement[1]

	Six months ended 30 September 2024					Six months ended 30 September 2023					
	Central London	**Major retail**	**Mixed-use urban**	**Subscale sectors**	**Total**	Central London	Major retail	Mixed-use urban	Subscale sectors	Total	**Change**
	£m	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m	**£m**
Gross rental income[2]	**146**	**90**	**24**	**42**	**302**	146	92	29	56	323	(21)
Net service charge expense	**(2)**	**(3)**	**(1)**	**-**	**(6)**	(3)	(4)	(1)	(2)	(10)	4
Net direct property expenditure	**(10)**	**(16)**	**(4)**	**(6)**	**(36)**	(11)	(12)	(5)	(8)	(36)	-
Movement in bad/doubtful debts provisions	**-**	**4**	**3**	**2**	**9**	-	4	-	1	5	4
Segment net rental income	**134**	**75**	**22**	**38**	**269**	132	80	23	47	282	(13)
Net administrative expenses					**(34)**					(38)	4
EPRA earnings before interest					**235**					244	(9)
Net finance expense					**(49)**					(46)	(3)
EPRA earnings					**186**					198	(12)
Capital/other items											
Valuation surplus/(deficit)					**91**					(375)	466
Loss on disposals					**(10)**					(3)	(7)
Impairment charges					**(6)**					(4)	(2)
Fair value movement on interest rate swaps					**(15)**					2	(17)
Other					**(2)**					1	(3)
Profit/(loss) before tax attributable to shareholders of the parent					**244**					(181)	423

Non-controlling interests	**(1)**	(12)	13
Profit/(loss) before tax	**243**	(193)	436

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the Presentation of financial information above.
2. Includes finance lease interest, after rents payable.

Net rental income

Our gross rental income for the half year was down £21m to £302m driven by non-core asset sales and the aforementioned £13m reduction in surrender premiums. Surrender premiums in the first half were £4m, as a result of lower levels of customer rightsizing or repurposing activity. The release of bad and doubtful debt provisions was up £4m, which is a result of recovering outstanding debts on a number of assets that were previously managed externally and we now manage in-house. On a full year basis, we expect the benefit of this to broadly offset the fact that surrenders will likely be slightly lower than our original guidance.

Taking into account the above, overall net rental income reduced by £13m to £269m, yet on a like-for-like basis, net rental income was up £7m. Direct property expenditure was stable and net service charge expenses were down £4m. Developments and the repurposing of conventional office space to Myo increased net rental income by £9m. Our investment activity, with our significant non-core asset sales, reduced income by £20m, ahead of recycling this capital into assets with stronger return prospects.

Our gross to net margin improved by 1.7ppt to 89.1% due to a reduction in operating expenses and the improved credit control position. During the period, Cineworld announced a restructuring plan which affected five of their 13 cinemas in our portfolio, although all of these continue to trade and the loss of rental income was limited to 0.2% of our overall rent. All this meant that on a like-for-like basis, our net rental income was up 3.4%, which is ahead of our expectation in May that growth would be in line with last year's 2.8%. As such, we now expect like-for-like income growth for the full year to be closer to 4%.

Table 7: Net rental income(1)

	£m
Net rental income for the six months ended 30 September 2023	**282**
Gross rental income like-for-like movement in the period(2):	
Increase in variable and turnover-based rents	**-**
Operational performance	**8**
Total like-for-like gross rental income	**8**
Like-for-like net service charge expense	**1**
Like-for-like net direct property expenditure	**(2)**
Decrease in surrender premiums received	**(13)**
Developments(2)	**9**
Acquisitions since 1 April 2023(2)	**1**
Disposals since 1 April 2023(2)	**(21)**
Movement in bad/doubtful debts	**4**
Net rental income for the six months ended 30 September 2024	**269**

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the Presentation of financial information above.
2. Gross rental income on a like-for-like basis and the impact of developments, acquisitions and disposals exclude surrender premiums received.

Net administrative expenses

Net administrative expenses were down £4m to £34m as a result of our continued focus on managing our cost base. We now expect our net administrative expenses for the full year to be lower than the prior year with further efficiencies beyond this period, partly from our investments in data and technology. Combined with our improved gross to net margin, this meant our EPRA cost ratio reduced from 23.0% to 20.8%. We expect this to increase slightly in the second half, but for the full year to be well below last year's 25.0%. Our growth in like-for-like income shows our focus on high-quality assets is paying off, even though the margin on managing our more operational assets is lower than on long-let, single occupier assets.

Net finance expenses

Net interest costs increased by £3m to £49m, primarily due to higher average net debt compared with the prior period and a small increase in average borrowing costs, as capitalised interest was broadly flat. The increase in borrowing costs is in line with our guidance and reflects our bond issue in March to refinance some nearer term maturities. Our debt position was fully fixed or hedged at the end of September.

Non-cash finance income, which includes the fair value movements on derivatives, caps and hedging and which is not included in EPRA earnings, decreased from a net income of £1m during the prior period to a net expense of £16m. This is predominantly due to the fair value movements of our interest-rate swaps.

Valuation of investment properties

The independent external valuation of our Combined Portfolio showed an increase in value of £91m. Our continued strong leasing activity resulted in 2.1% ERV growth, and overall valuation yields were stable. As rents continue to grow, we expect this will remain supportive to the outlook for capital values.

IFRS profit/loss after tax

Substantially all our activity during the year was covered by UK REIT legislation, which means our tax charge for the period remained minimal. The IFRS profit after tax of £243m reflects our attractive income profile and the positive fair value adjustment of our investment portfolio. This compares with an IFRS loss after tax of £193m for the first half of 2023, which was primarily driven by a softening in valuation yields.

Net assets and return on equity

Our total return on equity for the six months improved to 3.9%, compared with -2.4% and -4.0% in the first and second halves of last year. Our income return was 2.9%, whilst ERV growth and development drove a capital return of 1.7%. As property yields were stable, the impact of yields movements was minimal. As the outlook for rental value growth remains positive and our annual income return at NTA is an attractive 5.8%, we are well placed to deliver the 8-10% return on equity per annum we target over time.

After the £159m of dividends we paid, our EPRA Net Tangible Assets, which reflects the value of our Combined Portfolio less adjusted net debt, increased to £6,495m, or 871 pence per share, up 1.4% since March. Whilst the accounting of this business combination is still in progress, the acquisition of the remaining 25% interest in MediaCity since the period-end is likely to give rise to c. £20m of goodwill for the studios business we acquired as part of this. We intend to write this off in the second half of the year, in line with our policy of not carrying goodwill on our balance sheet.

Table 8: Balance sheet[1]

	30 September 2024 £m	31 March 2024 £m
Combined Portfolio	**9,957**	9,963
Adjusted net debt	**(3,510)**	(3,517)
Other net assets/(liabilities)	**48**	(48)
EPRA Net Tangible Assets	**6,495**	6,398
Shortfall of fair value over net investment in finance leases book value	**7**	5
Other intangible asset	**2**	2
Excess of fair value over trading properties book value	**(25)**	(25)
Fair value of interest-rate swaps	**11**	22
Net assets, excluding amounts due to non-controlling interests	**6,490**	6,402
Net assets per share	**873p**	863p
EPRA Net Tangible Assets per share (diluted)	**871p**	859p

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the Presentation of financial information above.

Table 9: Movement in EPRA Net Tangible Assets[1]

	£m	**Diluted per share pence**
EPRA Net Tangible Assets at 31 March 2024	6,398	859
EPRA earnings	186	25
Like-for-like valuation movement	34	5
Development valuation movement	30	4
Impact of acquisitions/disposals	27	3
Total valuation surplus	91	12
Dividends	(159)	(21)
Loss on disposals	(10)	(2)
Other	(11)	(2)
EPRA Net Tangible Assets at 30 September 2024	**6,495**	**871**

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the Presentation of financial information above.

Net debt and leverage

Adjusted net debt, which includes our share of JV borrowings, was effectively unchanged over the six months, down £7m to £3,510m. Acquisitions totalled £141m, principally reflecting the £120m acquisition of an additional 17.5% stake in Bluewater, and we invested £200m in capex, including on our two on-site London office developments. Disposals were £464m, including the sale of our hotel portfolio for £400m. £50m of the consideration for this is deferred for a maximum of two years with an annual coupon of 6%.

Since the half year, we acquired Peel's remaining 25% stake in MediaCity in Greater Manchester for a cash consideration of £23m plus the assumption of £61m in borrowings. This now gives us full control of the estate and allows us to accelerate our asset management plans. The remaining committed capex on our two London office developments, which are due to complete late 2025 / early 2026, is £345m. We do not plan to commit to any new developments for the remainder of this year, so we expect commitments to reduce to c. £236m by the end of March.

The other key elements behind the decrease in net debt are set out in our statement of cash flows and note 9 to the financial statements, with the main movements in adjusted net debt shown below. A reconciliation between net debt and adjusted net debt is shown in note 13 of the financial statements.

Table 10: Movement in adjusted net debt[1]

	£m
Adjusted net debt at 31 March 2024	**3,517**
Adjusted net cash inflow from operating activities	**(107)**
Dividends paid	**157**
Capital expenditure	**200**
Acquisitions	**141**
Disposals	**(417)**
Other	**19**
Adjusted net debt at 30 September 2024	**3,510**

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the Presentation of financial information above.

With borrowings effectively stable, net debt/EBITDA remained low at 7.4x at the end of September, or 7.4x based on our weighted-average net debt for the period. We target net debt/EBITDA to remain below 8x over time. Group LTV which includes our share of JVs, has reduced marginally to 34.9%, and adjusted for the aforementioned £50m deferred consideration, this would be 34.4%. Given where we are in the cycle, we expect our LTV may temporarily increase slightly from this level as we aim to capitalise on attractive acquisition opportunities, yet to remain firmly within our 25% to 40% target range.

Table 11: Net debt and leverage

	30 September 2024	31 March 2024
Net debt	**£3,573m**	£3,594m
Adjusted net debt[1]	**£3,510m**	£3,517m
Interest cover ratio	**3.8x**	3.9x
Net debt/EBITDA (period-end)	**7.4x**	7.4x
Net debt/EBITDA (weighted average)	**7.4x**	7.3x
Group LTV[1]	**34.9%**	35.0%
Security Group LTV	**37.5%**	37.0%

1. Including our proportionate share of subsidiaries and joint ventures, as explained in the Presentation of financial information above.

Financing

We have gross borrowings of £3,624m, including £2,954m of Medium Term Notes (MTNs), £196m of syndicated bank loans and £474m of commercial paper. Our MTNs and the majority of our bank facilities form part of our Security Group, which provides security on a floating pool of assets valued at £9.2bn. This structure provides flexibility to include or exclude assets, and an attractive cost of funding, with our MTNs currently rated AA and AA- with a stable outlook respectively by S&P and Fitch.

Our Security Group has a number of tiered covenants, yet below 65% LTV and above 1.45x ICR, these involve very limited operational restrictions. A default only occurs when LTV is more than 100% or the ICR falls below 1.0x. With a Security Group LTV of 37.5%, our portfolio could withstand a c. 42% fall in value before we reach the 65% LTV threshold and c. 63% before reaching 100% LTV, whilst our EBITDA could fall by c. 61% before we reach the 1.45x ICR threshold and c. 73% before reaching 1.0x ICR.

We had £2.2bn of cash and undrawn facilities at the end of September, providing substantial flexibility. In September, we issued a £350m Green Bond with a maturity of 10 years at 4.625%, representing a spread of 97bps over the reference gilt yield. This spread shows the continued strength of our credit profile, and ensured our overall debt maturity remains long, at 10.0 years, providing clear visibility and underpinning the resilience of our attractive earnings profile. Our average cost of debt rose from 3.3% to 3.5%, yet given our strong financial position, we expect this to remain stable during the second half.

In October, we put in place £2,250m of revolving credit facilities to replace existing facilities that were due to expire across 2025-27. The new facilities have two tranches, with terms of 3+1+1 and 5+1+1 years to spread refinancing dates. The margin on the new facilities is the same level as the facilities they replace, reflecting the strength of our credit profile. We now have no material debt maturities until 2027.

Table 12: Available facilities[1]

	30 September 2024 £m	31 March 2024 £m
Medium Term Notes	**2,954**	2,607
Drawn bank debt	**196**	415
Outstanding commercial paper	**474**	681
Cash and available undrawn facilities	**2,176**	1,889
Total committed credit facilities	**2,810**	2,907
Weighted average maturity of debt	**10.0 years**	9.5 years
Percentage of borrowings fixed or hedged[1]	**102%**	94%
Weighted average cost of debt[2]	**3.5%**	3.3%

1. Calculated as fixed rate debt and hedges over gross debt based on the nominal values of debt and hedges.
2. Including amortisation and commitment fees; excluding this the weighted average cost of debt is 3.2% at 30 September 2024.

Principal risks and uncertainties

The principal risks and uncertainties of the business were set out on pages 41 - 45 of the 2024 Annual Report that was published in May. The Executive Leadership Team and the Board review these risks regularly, as well as monitor for changes and any emerging risks. Though the risk landscape continues to evolve and change over time, they remain most relevant and the principal risks at half year are unchanged from those disclosed in the Annual Report.

The macro-economic outlook remains our highest-rated risk and has some impact on aspects of our other strategic risks related to the workplace and retail occupier markets, development strategy and capital allocation. However, long-term interest rates have been relatively stable for some time now, which means investor confidence is increasing and activity has started to pick up. Reflecting this, property yields have stabilised, with continued rental value growth driving modest capital growth for the best assets.

Our ten principal risks and their current outlook are summarised as follows:

Macro-economic outlook - This risk incorporates the impacts resulting from changes in the economic climate, including inflationary pressures, challenging interest rates and business confidence. Whilst there is a general reduction in the trend of this risk when considering the stabilisation in key factors, primarily: inflation, interest rates, UK political environment and consumer confidence, these factors are not considered significant enough to reduce the score of this risk. For Landsec this risk impacts asset yields, income and therefore valuations, and our cost base. This includes the cost of completing development projects and our ability to recycle assets. It may also enable opportunities to acquire assets.

Development risk - The market risk is considered to have marginally increased since the year end due to the persistence of build cost inflation, continued challenges in supply chains and an increase in exit yields in recent years which are putting pressure on development returns. However, as the majority of the development costs of our committed schemes is already fixed, this risk is primarily a consideration for our future development projects where we have the flexibility to manage the scale and timing of our activity.

Office, Retail and hospitality occupier markets - The risks associated with these two markets are considered to have remained stable over the period. In both markets, demand continues to focus on the best quality assets in the have remained stable over the period. In both markets, demand continues to focus on the best quality assets in the strongest locations: both characteristics of our portfolio. As a result, despite continued pressure on some areas of the wider market, our operational performance remains strong and our portfolio well-positioned for further growth.

Capital allocation - This risk is considered to have remained stable since the year end, in line with the macroeconomic environment and our strong asset position. We continue to invest in major retail, which we think will deliver the most attractive risk-adjusted returns, and retain the flexibility to manage our exposure to development activity in line with our risk-management metrics.

Change projects - Landsec has various technology and operational change projects underway - for example the upgrade and improvement of the ERP system which encompasses both areas - which carry inherent risk that they do not succeed in delivering the operational benefits set out in their business cases. This risk has remained stable over the period, with specific programme management resource allocated and assurance obtained where appropriate.

The four remaining operational principal risks (**Health and safety**, **People and skills**, **Information security and cyber threat** and **Climate change transition**) have remained stable in the six months since last year end.

Statement of Directors' Responsibilities

The Directors confirm to the best of their knowledge that these condensed consolidated interim financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting', as contained in UK adopted international accounting standards and that the interim management report herein includes a fair review of the information required by the Disclosure Guidance and Transparency Rules (DTR), namely:

— DTR 4.2.7 (R): an indication of important events that have occurred during the six month period ended 30 September 2024 and their impact on the condensed interim financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

— DTR 4.2.8 (R): any related party transactions in the six month period ended 30 September 2024 that have materially affected, and any changes in the related party transactions described in the 2024 Annual Report that could materially affect, the financial position or performance of the enterprise during that period.

The Directors of Land Securities Group PLC are listed on pages 51-54 of the 2024 Annual Report and maintained on the Land Securities Group PLC website at landsec.com.

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

By order of the Board

Mark Allan	**Vanessa Simms**
Chief Executive	**Chief Financial Officer**

Independent review report to Land Securities Group PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2024 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes to the financial statements. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

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

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

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

Ernst & Young LLP
London
14 November 2024

Financial statements

Unaudited income statement		**Six months ended 30 September 2024**			Six months ended 30 September 2023		
	Notes	**EPRA earnings £m**	**Capital and other items £m**	**Total £m**	EPRA earnings £m	Capital and other items £m	Total £m

Revenue	5	**372**	**11**	**383**	385	27	412
Costs	6	**(153)**	**(21)**	**(174)**	(157)	(27)	(184)
		219	**(10)**	**209**	228	-	228
Share of post-tax profit/(loss) from joint ventures	12	**11**	**5**	**16**	10	(17)	(7)
Loss on disposal of investment properties		**-**	**(5)**	**(5)**	-	(3)	(3)
Net surplus/(deficit) on revaluation of investment properties	10	**-**	**84**	**84**	-	(371)	(371)
Operating profit/(loss)		**230**	**74**	**304**	238	(391)	(153)
Finance income	7	**7**	**-**	**7**	6	1	7
Finance expense	7	**(51)**	**(17)**	**(68)**	(46)	(1)	(47)
Profit/(loss) before tax		**186**	**57**	**243**	198	(391)	(193)
Taxation		**-**	**-**	**-**	-	-	-
Profit/(loss) for the period		**186**	**57**	**243**	198	(391)	(193)
Attributable to:							
Shareholders of the parent				**244**			(181)
Non-controlling interests				**(1)**			(12)
				243			(193)
Profit/(loss) per share attributable to shareholders of the parent:							
Basic earnings/(loss) per share	4			**32.8p**			(24.4)p
Diluted earnings/(loss) per share	4			**32.7p**			(24.4)p

Unaudited statement of comprehensive income	**Six months ended 30 September 2024 Total £m**	Six months ended 30 September 2023 Total £m
Profit/(loss) for the period	**243**	(193)
Items that will not be subsequently reclassified to the income statement:		
Net re-measurement loss on defined benefit pension scheme	**-**	(1)
Other comprehensive profit/(loss) for the period	**-**	(1)
Total comprehensive profit/(loss) for the period	**243**	(194)
Attributable to:		
Shareholders of the parent	**244**	(182)
Non-controlling interests	**(1)**	(12)
	243	(194)

Unaudited balance sheet

	Notes	**30 September 2024 £m**	31 March 2024 £m
Non-current assets			
Investment properties	10	**9,296**	9,330
Intangible assets		**3**	3
Net investment in finance leases		**20**	21
Investments in joint ventures	12	**537**	529
Trade and other receivables		**204**	159
Other non-current assets		**26**	48
Total non-current assets		**10,086**	10,090
Current assets			
Trading properties	11	**97**	100
Trade and other receivables		**416**	379
Monies held in restricted accounts and deposits		**10**	6
Cash and cash equivalents		**37**	78
Other current assets		**12**	11

Total current assets		**572**	574
Total assets		**10,658**	10,664
Current liabilities			
Borrowings	14	**(477)**	(975)
Trade and other payables		**(328)**	(348)
Provisions	15	**(48)**	(30)
Other current liabilities		**(8)**	-
Total current liabilities		**(861)**	(1,353)
Non-current liabilities			
Borrowings	14	**(3,219)**	(2,805)
Trade and other payables		**(4)**	(4)
Provisions	15	**(20)**	(42)
Other non-current liabilities		**(9)**	(13)
Total non-current liabilities		**(3,252)**	(2,864)
Total liabilities		**(4,113)**	(4,217)
Net assets		**6,545**	6,447
Equity			
Capital and reserves attributable to shareholders			
Ordinary shares		**80**	80
Share premium		**319**	319
Other reserves		**26**	23
Retained earnings		**6,065**	5,980
Equity attributable to shareholders of the parent		**6,490**	6,402
Equity attributable to non-controlling interests		**55**	45
Total equity		**6,545**	6,447

The financial statements on pages 24 to 42 were approved by the Board of Directors on 14 November 2024 and were signed on its behalf by:

Mark Allan **Vanessa Simms**
Directors

Unaudited statements of changes in equity		**Attributable to shareholders of the parent**						
		Ordinary shares	**Share premium**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 April 2023		80	318	13	6,594	7,005	67	7,072
Total comprehensive loss for the financial period		-	-	-	(182)	(182)	(12)	(194)
Transactions with shareholders of the parent:								
Share-based payments		-	1	5	-	6	-	6
Dividends paid to shareholders of the parent	8	-	-	-	(156)	(156)	-	(156)
Total transactions with shareholders of the parent		-	1	5	(156)	(150)	-	(150)
Total transactions with shareholders		-	1	5	(156)	(150)	-	(150)
At 30 September 2023		80	319	18	6,256	6,673	55	6,728
Total comprehensive loss for the financial period		-	-	-	(139)	(139)	(10)	(149)
Transactions with shareholders of the parent:								
Share-based payments		-	-	5	(2)	3	-	3
Dividends paid to shareholders of the parent	8	-	-	-	(135)	(135)	-	(135)

Dividends paid to shareholders of the parent	8				[illegible]	[illegible]		[illegible]
Total transactions with shareholders of the parent		**-**	**-**	**5**	**(137)**	**(132)**	**-**	**(132)**
Total transactions with shareholders		-	-	5	(137)	(132)	-	(132)
At 31 March 2024		**80**	**319**	**23**	**5,980**	**6,402**	**45**	**6,447**
Total comprehensive profit for the financial period		**-**	**-**	**-**	**244**	**244**	**(1)**	**243**
Transactions with shareholders of the parent:								
Share-based payments		**-**	**-**	**3**	**-**	**3**	**-**	**3**
Dividends paid to shareholders of the parent	8	**-**	**-**	**-**	**(159)**	**(159)**	**-**	**(159)**
Total transactions with shareholders of the parent		**-**	**-**	**3**	**(159)**	**(156)**	**-**	**(156)**
Dividends paid to non-controlling interests		**-**	**-**	**-**	**-**	**-**	**(1)**	**(1)**
Issued share capital		**-**	**-**	**-**	**-**	**-**	**12**	**12**
Total transactions with shareholders		**-**	**-**	**3**	**(159)**	**(156)**	**11**	**(145)**
At 30 September 2024		**80**	**319**	**26**	**6,065**	**6,490**	**55**	**6,545**

Unaudited statements of cash flows		**Six months ended 30 September**	
		2024	2023
	Notes	**£m**	£m
Cash flows from operating activities			
Net cash generated from operations	9	**148**	210
Interest received		**10**	15
Interest paid		**(42)**	(50)
Rents paid		**(7)**	(7)
Capital expenditure on trading properties		**(7)**	(8)
Disposal of trading properties		**5**	7
Other operating cash flows		**-**	(1)
Net cash inflow from operating activities		**107**	166
Cash flows from investing activities			
Investment property development expenditure		**(124)**	(92)
Other investment property related expenditure		**(68)**	(65)
Acquisition of investment properties, net of cash acquired		**(137)**	(91)
Disposal of investment properties		**393**	1
Cash distributions from joint ventures	12	**7**	7
Net cash inflow/(outflow) from investing activities		**71**	(240)
Cash flows from financing activities			
Net proceeds from new borrowings (net of finance fees)	14	**541**	284
Net repayment of borrowings	14	**(601)**	(9)
Net cash outflow from derivative financial instruments	14	**(10)**	(12)
Proceeds from non-controlling interest share capital issuance		**12**	-
Dividends paid to shareholders of the parent	8	**(157)**	(153)
(Increase)/decrease in monies held in restricted accounts and deposits		**(4)**	2
Other financing cash flows		**-**	1
Net cash (outflow)/inflow from financing activities		**(219)**	113
(Decrease)/increase in cash and cash equivalents for the period		**(41)**	39
Cash and cash equivalents at the beginning of the period		**78**	41
Cash and cash equivalents at the end of the period		**37**	80

Notes to the financial statements

1. Basis of preparation and consolidation

1. Basis of preparation and consolidation

Basis of preparation

This condensed consolidated interim financial information (financial statements) for the six months ended 30 September 2024 has been prepared on a going concern basis and in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and IAS 34 'Interim Financial Reporting' as contained in UK adopted international accounting standards (IFRS). As applied by the Group, there are no material differences between UK adopted international accounting standards and EU IFRS.

The condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2024, prepared in accordance with UK adopted international accounting standards (IFRSs and IFRICs) and in conformity with the Companies Act 2006, were approved by the Board of Directors on 16 May 2024 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498(2) or (3) of the Companies Act 2006. The condensed consolidated interim financial information has been reviewed, not audited, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2024.

In preparing the condensed consolidated interim financial information, the Group has considered the impact of climate change. Related capital expenditure and the expected impact on ERVs associated with this commitment have been factored within property valuations. On this basis, the Group has concluded that climate change did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that this is not expected to have a significant impact on the Group's going concern assessment.

This condensed consolidated interim financial information was approved for issue by the Directors on 14 November 2024.

Going concern

Following a prolonged period of high inflation, rising interest rates and minimal GDP growth, the UK is now experiencing modest GDP growth, falling inflation and interest rate cuts since 1 April 2024. Nevertheless, the Directors have continued to place keen focus on the appropriateness of adopting the going concern assumption in preparing the financial statements for the half year ended 30 September 2024.

The Group's going concern assessment considers changes in the Group's principal risks (see page 20) and is dependent on a number of factors, including our financial performance and continued access to borrowing facilities. The Group has successfully refinanced its revolving credit facilities on 30 October 2024 of £2.3bn significantly ahead of its maturity under the same financial covenant terms as the existing facilities. The new facilities have two equally split tranches with initial maturities falling in 2027 and 2029 respectively. This refinancing is a testament to the Group's strong financial position and performance and further enhances the Group's financial capacity, flexibility and maturity profile across the going concern assessment period. Moreover, access to our borrowing facilities is also dependent on our ability to continue to operate the Group's secured debt structure within its financial covenants, which are described in note 14.

In order to satisfy themselves that the Group has adequate resources to continue as a going concern for the foreseeable future, the Directors have reviewed base case, downside and reverse stress test models, as well as a cash flow model which considers the impact of pessimistic assumptions on the Group's operating environment (the 'mitigated downside scenario'). This mitigated downside scenario reflects unfavourable macro-economic conditions, a deterioration in our ability to collect rent and service charge from our customers and removes uncommitted capital expenditure, acquisitions, disposals and developments.

The Group's key metrics from the mitigated downside scenario incorporating the impact of the refinanced revolving credit facilities as at the end of the going concern assessment period, which covers the 16 months from the date of authorisation of these financial statements to 31 March 2026, are shown below alongside the actual position at 30 September 2024.

Key metrics	**30 September 2024**	**30 September 2024 mitigated downside scenario** **31 March 2026**	31 March 2024 mitigated downside scenario 30 September 2025
Security Group LTV	**37.5%**	**44.7%**	42.8%
Adjusted net debt	**£3,510m**	**£4,230m**	£3,885m
EPRA net tangible assets	[illegible]	[illegible]	[illegible]

EPRA net tangible assets	**£6,495m**	**£5,392m**	£5,559m
Available financial headroom	**£2.2bn**	**£0.8bn**	£0.9bn

In our mitigated downside scenario, the Group has sufficient cash reserves, with our Security Group LTV ratio remaining less than 65% and interest cover above 1.45x, for a period of 16 months from the date of authorisation of these financial statements. Under this scenario, the Security Group's asset values would need to fall by a further 31% from the sensitised values forecasted at 31 March 2026 to be non compliant with the LTV covenant. This equates to a 42% fall in the value of the Security Group's assets as at 30 September 2024 for the LTV to reach 65%. The Directors consider the likelihood of this occurring over the going concern assessment period to be remote.

The Security Group also requires earnings before interest of at least £186m in the full year ending 31 March 2025 and at least £237m in the full year ending 31 March 2026 for interest cover to remain above 1.45x in the mitigated downside scenario, which would ensure compliance with the Group's covenant through to the end of the going concern assessment period. Security Group earnings post year end 31 March 2024 are above the level required to meet the interest cover covenant for the year ended 31 March 2025. The Directors do not anticipate a reduction in Security Group earnings over the period ending 31 March 2026 to a level that would result in a breach of the interest cover covenant.

The Directors have also considered a reverse stress-test scenario which assumes no further rent will be received, to determine when our available cash resources would be exhausted. Even under this extreme scenario, although breaching the interest cover covenant, the Group continues to have sufficient cash reserves to continue in operation throughout the going concern assessment period.

Based on these considerations, together with available market information and the Directors' knowledge and experience of the Group's property portfolio and markets, the Directors have adopted the going concern basis in preparing the financial statements of the Group and parent for the half year ended 30 September 2024.

Presentation of results

The Group income statement is presented in a columnar format, split into those items that relate to EPRA earnings and Capital and other items. The Total column represents the Group's results presented in accordance with IFRS; the other columns provide additional information. This is intended to reflect the way in which the Group's Senior Management review the results of the business and to aid reconciliation to the segmental information.

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

2. Significant accounting judgements and estimates

The condensed consolidated interim financial information has been prepared on the basis of the accounting policies, significant judgements and estimates as set out in the notes to the Group's annual financial statements for the year ended 31 March 2024, as amended where relevant to reflect the new standards, amendments and interpretations which became effective in the period. There has been no material impact on the financial statements of adopting these new standards, amendments and interpretations.

3. Segmental information

The Group's operations are all in the UK and are managed across four operating segments, being Central London, Major retail destinations (Major retail), Mixed-use urban neighbourhoods (Mixed-use urban) and Subscale sectors.

The Central London segment includes all assets geographically located within central London. Major retail destinations includes all regional shopping centres and shops outside London and our outlets. The Mixed-use urban segment includes those assets where we see the most potential for capital investment. Subscale sectors mainly includes assets that will not be a focus for capital investment and consists of leisure and hotel assets and retail parks.

Management has determined the Group's operating segments based on the information reviewed by Senior Management to make strategic decisions. The chief operating decision maker is the Executive Leadership Team (ELT), comprising the Executive Directors and the Managing Directors. The information presented to ELT 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 EPRA earnings. However, Segment net rental income is the lowest level to which the profit arising from the ongoing operations of the Group is analysed between the four segments. The administrative costs, which are predominantly staff costs for centralised functions, are all treated as administrative expenses and are not allocated to individual segments.

The Group manages its financing structure, with the exception of joint ventures and non-wholly owned subsidiaries, on a pooled basis. Individual joint ventures and non-wholly owned subsidiaries may have specific financing arrangements in place. Debt facilities and finance expenses, including those of joint ventures, are managed centrally and are therefore not attributed to a particular segment. Unallocated income and expenses are items incurred centrally which are not directly attributable to one of the segments.

All items in the segmental information note are presented on a proportionate basis.

Segmental results

	Six months ended 30 September 2024					Six months ended 30 September 2023[2]				
EPRA earnings	**Central London**	**Major retail**	**Mixed-use urban**	**Subscale sectors**	**Total**	Central London	Major retail	Mixed-use urban	Subscale sectors	Total
	£m	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m
Rental income	**147**	**95**	**24**	**41**	**307**	148	95	29	56	328
Finance lease interest	**-**	**-**	**-**	**1**	**1**	-	-	-	-	-
Gross rental income (before rents payable)	**147**	**95**	**24**	**42**	**308**	148	95	29	56	328
Rents payable[1]	**(1)**	**(5)**	**-**	**-**	**(6)**	(2)	(3)	-	-	(5)
Gross rental income (after rents payable)	**146**	**90**	**24**	**42**	**302**	146	92	29	56	323
Service charge income	**33**	**28**	**7**	**5**	**73**	28	28	6	-	62
Service charge expense	**(35)**	**(31)**	**(8)**	**(5)**	**(79)**	(31)	(32)	(7)	(2)	(72)
Net service charge expense	**(2)**	**(3)**	**(1)**	**-**	**(6)**	(3)	(4)	(1)	(2)	(10)
Other property related income	**10**	**4**	**2**	**1**	**17**	9	5	2	1	17
Direct property expenditure	**(20)**	**(20)**	**(6)**	**(7)**	**(53)**	(20)	(17)	(7)	(9)	(53)
Movement in bad and doubtful debts provision	**-**	**4**	**3**	**2**	**9**	-	4	-	1	5
Segment net rental income	**134**	**75**	**22**	**38**	**269**	132	80	23	47	282
Other income					**1**					2
Administrative expense					**(33)**					(38)
Depreciation					**(2)**					(2)
EPRA earnings before interest					**235**					244
Finance income					**7**					6
Finance expense					**(51)**					(46)
Joint venture net finance expense					**(5)**					(6)
EPRA earnings attributable to shareholders of the parent					**186**					198

1. Included within rents payable is lease interest payable of **£2m** across the four segments (2023: £2m).
2. A reconciliation from the Group income statement to the information presented in the segmental results table for the six months ended 30 September 2023 is included in table 24.

The following table reconciles the Group's income statement to the segmental results.

Reconciliation of segmental information note to statutory reporting

Six months ended 30 September 2024

Adjustment

Capital

	Group income statement £m	Joint ventures[1] £m	for non-wholly owned subsidiaries[2] £m	Total £m	EPRA earnings £m	and other items £m
Rental income	290	21	(4)	307	307	-
Finance lease interest	1	-	-	1	1	-
Gross rental income (before rents payable)	**291**	**21**	**(4)**	**308**	**308**	**-**
Rents payable	(6)	-	-	(6)	(6)	-
Gross rental income (after rents payable)	**285**	**21**	**(4)**	**302**	**302**	**-**
Service charge income	69	5	(1)	73	73	-
Service charge expense	(74)	(6)	1	(79)	(79)	-
Net service charge expense	(5)	(1)	-	(6)	(6)	-
Other property related income	16	1	-	17	17	-
Direct property expenditure	(50)	(4)	1	(53)	(53)	-
Movement in bad and doubtful debts provision	9	-	-	9	9	-
Segment net rental income	**255**	**17**	**(3)**	**269**	**269**	**-**
Other income	1	-	-	1	1	-
Administrative expenses	(32)	(1)	-	(33)	(33)	-
Depreciation, including amortisation of software	(2)	-	-	(2)	(2)	-
EPRA earnings before interest	**222**	**16**	**(3)**	**235**	**235**	**-**
Share of post-tax profit from joint ventures	16	(16)	-	-	-	-
Loss on disposal of trading properties	(5)	-	-	(5)	-	(5)
Loss on disposal of investment properties	(5)	-	-	(5)	-	(5)
Net surplus on revaluation of investment properties	84	5	2	91	-	91
Net long term development contract expenditure	(1)	-	-	(1)	-	(1)
Impairment of trading properties	(4)	-	-	(4)	-	(4)
Depreciation	(1)	-	-	(1)	-	(1)
Impairment of amounts due from joint ventures	(2)	-	-	(2)	-	(2)
Operating profit/(loss)	**304**	**5**	**(1)**	**308**	**235**	**73**
Finance income	7	-	-	7	7	-
Finance expense	(68)	(5)	2	(71)	(56)	(15)
Profit/(loss) before tax	**243**	**-**	**1**	**244**	**186**	**58**
Taxation	-	-	-	-		
Profit/(loss) for the period	**243**	**-**	**1**	**244**		

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 segmental results table.
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 EPRA earnings reported in the segmental results table.

4. Performance measures

In the tables below, we present earnings per share attributable to shareholders of the parent, calculated in accordance with IFRS, and net assets per share attributable to shareholders of the parent together with certain measures defined by the European Public Real Estate Association (EPRA), which have been included to assist comparison between European property companies. Three of the Group's key financial performance measures are EPRA earnings per share, EPRA Net Tangible Assets per share and Total return on equity. Refer to table 13 in the Business Analysis section for further details on these alternative performance measures.

EPRA earnings, which is a tax adjusted measure of underlying earnings, is the basis for the calculation of EPRA earnings per share. We believe EPRA earnings and EPRA earnings per share provide further insight into the results of the Group's operational performance to stakeholders as they focus on the rental income performance of the business and exclude Capital and other items which can vary significantly from period to period.

Earnings per share	**Six months ended 30 September 2024**		Six months ended 30 September 2023	
	Profit for the period £m	**EPRA earnings £m**	Loss for the period £m	EPRA earnings £m

Profit/(loss) attributable to shareholders of the parent	**244**	**244**	(181)	(181)
Valuation and (loss)/profit on disposals	**-**	**(77)**	-	383
Net finance expense/(income) (excluded from EPRA earnings)	**-**	**15**	-	(2)
Impairment of amounts due from joint ventures	**-**	**2**	-	-
Other	**-**	**2**	-	(2)
Profit/(loss) used in per share calculation	**244**	**186**	(181)	198

	IFRS	**EPRA**	IFRS	EPRA
Basic earnings/(loss) per share	**32.8p**	**25.0p**	(24.4)p	26.7p
Diluted earnings/(loss) per share(1)	**32.7p**	**24.9p**	(24.4)p	26.7p

1. In the six months ended 30 September 2023, share options are excluded from the weighted average diluted number of shares when calculating IFRS and EPRA diluted earnings/(loss) per share because they are not dilutive.

Net assets per share	**30 September 2024**			31 March 2024		
	Net assets	**EPRA NDV**	**EPRA NTA**	Net assets	EPRA NDV	EPRA NTA
	£m	**£m**	**£m**	£m	£m	£m
Net assets attributable to shareholders of the parent	**6,490**	**6,490**	**6,490**	6,402	6,402	6,402
Shortfall of fair value over net investment in finance leases book value	**-**	**(7)**	**(7)**	-	(5)	(5)
Other intangible asset	**-**	**-**	**(2)**	-	-	(2)
Fair value of interest-rate swaps	**-**	**-**	**(11)**	-	-	(22)
Excess of fair value of trading properties over book value	**-**	**25**	**25**	-	25	25
Shortfall of fair value of debt over book value (note 14)	**-**	**319**	**-**	-	313	-
Net assets used in per share calculation	**6,490**	**6,827**	**6,495**	6,402	6,735	6,398

	IFRS	**EPRA NDV**	**EPRA NTA**	IFRS	EPRA NDV	EPRA NTA
Net assets per share	**873p**	**n/a**	**n/a**	863p	n/a	n/a
Diluted net assets per share	**870p**	**915p**	**871p**	859p	904p	859p

Number of shares	**Six months ended 30 September 2024 Weighted average million**	**30 September 2024 million**	Six months ended 30 September 2023 Weighted average million	31 March 2024 Million
Ordinary shares	**752**	**752**	751	752
Treasury shares	**(7)**	**(7)**	(7)	(7)
Own shares	**(2)**	**(2)**	(3)	(3)
Number of shares - basic	**743**	**743**	741	742
Dilutive effect of share options	**3**	**3**	3	3
Number of shares - diluted	**746**	**746**	744	745

Total return on equity is calculated as the cash dividends per share paid in the period plus the change in EPRA NTA per share, divided by the opening EPRA NTA per share. We consider this to be a useful measure for shareholders as it gives an indication of the total return on equity over the period.

Total return on equity based on EPRA NTA	**Six months ended 30 September 2024 pence**	Six months ended 30 September 2023 pence
Increase/(decrease) in EPRA NTA per share	**12.0**	(43.0)
Dividend paid per share in the period (note 8)	**21.3**	21.0
Total return (a)	**33.3**	(22)
EPRA NTA per share at the beginning of the period (b)	**859**	936
Total return on equity (a/b)	**3.9%**	(2.4)%

5. Revenue

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

	Six months ended 30 September 2024 EPRA earnings £m	Capital and other items £m	Total £m	Six months ended 30 September 2023 EPRA earnings £m	Capital and other items £m	Total £m
Rental income (excluding adjustment for lease incentives)	**272**	**4**	**276**	305	4	309
Adjustment for lease incentives	**14**	**-**	**14**	3	-	3
Rental income	**286**	**4**	**290**	308	4	312
Service charge income	**68**	**1**	**69**	58	1	59
Trading property sales proceeds	**-**	**6**	**6**	-	7	7
Other property related income	**16**	**-**	**16**	17	-	17
Development contract and transaction income	**-**	**-**	**-**	-	15	15
Finance lease interest	**1**	**-**	**1**	-	-	-
Other income	**1**	**-**	**1**	2	-	2
Revenue per the income statement	**372**	**11**	**383**	385	27	412

The following table reconciles revenue per the income statement to the individual components of revenue presented in the segmental results table in note 3.

	Six months ended 30 September 2024 Group £m	Joint ventures £m	Adjustment for non-wholly owned subsidiaries £m	Total £m	Six months ended 30 September 2023 Group £m	Joint ventures £m	Adjustment for non-wholly owned subsidiaries £m	Total £m
Rental income	**290**	**21**	**(4)**	**307**	312	20	(4)	328
Service charge income	**69**	**5**	**(1)**	**73**	59	4	(1)	62
Other property related income	**16**	**1**	**-**	**17**	17	-	-	17
Finance lease interest	**1**	**-**	**-**	**1**	-	-	-	-
Other income	**1**	**-**	**-**	**1**	2	-	-	2
Revenue in the segmental information note	**377**	**27**	**(5)**	**399**	390	24	(5)	409
Development contract and transaction income[1]	**-**	**-**	**-**	**-**	15	-	-	15
Trading property sales proceeds	**6**	**-**	**-**	**6**	7	-	-	7
Revenue including Capital and other items	**383**	**27**	**(5)**	**405**	412	24	(5)	431

1. Development contract and transaction income for the six months to 30 September 2023 includes income released from the contract liability recorded on the disposal of 21 Moorfields, recognised in line with costs incurred on the development in note 6.

6. Cost

All costs are classified within the 'EPRA earnings' column of the income statement, with the exception of the cost of sale and impairment of trading properties, costs arising on long-term development contracts, amortisation and impairments of intangible assets, other attributable costs arising on business combinations and the non-owned element of the Group's subsidiaries which are presented in the 'Capital and other items' column.

	Six months ended 30 September 2024 EPRA earnings £m	Capital and other items £m	Total £m	Six months ended 30 September 2023 EPRA earnings £m	Capital and other items £m	Total £m
Rents payable	**6**	**-**	**6**	5	-	5
Service charge expense	**73**	**1**	**74**	67	1	68
Direct property expenditure	**49**	**1**	**50**	51	1	52
Movement in bad and doubtful debts provisions	**(9)**	**-**	**(9)**	(5)	-	(5)
Administrative expenses	**32**	**-**	**32**	37	-	37
Depreciation, including amortisation of software	**2**	**1**	**3**	2	1	3
Cost of trading property disposals	**-**	**11**	**11**	-	8	8

Development contract expenditure[1]	**-**	**1**	**1**	-	12	12
Impairment of amounts due from joint ventures	**-**	**2**	**2**	-	-	-
Impairment of trading properties	**-**	**4**	**4**	-	4	4
Total costs per the income statement	**153**	**21**	**174**	157	27	184

The following table reconciles costs per the income statement to the individual components of costs presented in the segmental results table in note 3.

	Six months ended 30 September 2024				Six months ended 30 September 2023			
	Group	**Joint ventures**	**Adjustment for non-wholly owned subsidiaries**	**Total**	Group	Joint ventures	Adjustment for non-wholly owned subsidiaries	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Rents payable	**6**	**-**	**-**	**6**	5	-	-	5
Service charge expense	**74**	**6**	**(1)**	**79**	68	5	(1)	72
Direct property expenditure	**50**	**4**	**(1)**	**53**	52	2	(1)	53
Administrative expenses	**32**	**1**	**-**	**33**	37	1	-	38
Depreciation, including amortisation of software	**2**	**-**	**-**	**2**	2	-	-	2
Movement in bad and doubtful debts provision	**(9)**	**-**	**-**	**(9)**	(5)	-	-	(5)
Costs in the segmental information note	**155**	**11**	**(2)**	**164**	159	8	(2)	165
Impairment of trading properties	**4**	**-**	**-**	**4**	4	-	-	4
Cost of trading property disposals	**11**	**-**	**-**	**11**	8	-	-	8
Development contract and transaction expenditure[1]	**1**	**-**	**-**	**1**	12	-	-	12
Depreciation	**1**	**-**	**-**	**1**	1	-	-	1
Impairment of amounts due from joint ventures	**2**	**-**	**-**	**2**	-	-	-	-
Costs including Capital and other items	**174**	**11**	**(2)**	**183**	184	8	(2)	190

1. Development contract and transaction expenditure for the six months to 30 September 2024 mainly related to St Marks Commercial, Bromley (2023: related to 21 Moorfields following the sale of the property).

The Group's costs include employee costs for the period of **£42m** (2023: £40m), of which **£5m** (2023: £3m) is within service charge expense, **£7m** (2023: £7m) is within direct property expenditure and **£30m** (2023: £30m) is within administrative expenses.

7. Net finance expense

	Six months ended 30 September 2024			Six months ended 30 September 2023		
	EPRA earnings	**Capital and other items**	**Total**	EPRA earnings	Capital and other items	Total
	£m	**£m**	**£m**	£m	£m	£m
Finance income						
Interest receivable from joint ventures	**5**	**-**	**5**	6	-	6
Fair value movement on interest-rate swaps	**-**	**-**	**-**	-	1	1
Other interest receivable	**2**	**-**	**2**	-	-	-
	7	**-**	**7**	6	1	7
Finance expense						
Bond	**(47)**	**-**	**(47)**	(44)	-	(44)
Bank and other short-term borrowings	**(17)**	**(1)**	**(18)**	(14)	(1)	(15)
value movement on interest-rate swaps	**-**	**(16)**	**(16)**	-	-	-
	(64)	**(17)**	**(81)**	(58)	(1)	(59)
Interest capitalised in relation to properties under development	**13**	**-**	**13**	12	-	12
	(51)	**(17)**	**(68)**	(46)	(1)	(47)
Net finance expense	**(44)**	**(17)**	**(61)**	(40)	-	(40)
Joint venture net finance expense	**(5)**			(6)		
Net finance expense included in EPRA earnings	**(49)**			(46)		

Finance lease interest payable of **£2m** (2023: £2m) is included within rents payable as detailed in note 3.

8. Dividends

Dividends paid					Six months ended 30 September	
		Pence per share			2024	2023
	Payment date	PID	Non-PID	Total	£m	£m
For the year ended 31 March 2023:						
Third interim	6 April 2023	9.00	-	9.00		67
Final	21 July 2023	12.00	-	12.00		89
For the year ended 31 March 2024:						
Third interim	**12 April 2024**	**9.30**	**-**	**9.30**	**69**	
Final	**26 July 2024**	**12.10**	**-**	**12.10**	**90**	
Gross dividends					**159**	156
Dividends in the statement of changes in equity					**159**	156
Timing difference on payment of withholding tax					**(2)**	(3)
Dividends in the statement of cash flows					**157**	153

On 4 October 2024, the Company paid a first interim dividend in respect of the current financial year of **9.2p** per ordinary share (2023: 9.0p), wholly as a Property Income Distribution (PID), representing **£68m** in total (2023: £67m).

The Board has declared a second interim dividend of **9.4p** per ordinary share to be payable wholly as an ordinary dividend (2023: 9.2p) on 8 January 2025 to shareholders registered at the close of business on 29 November 2024.

A Dividend Reinvestment Plan (DRIP) has been available in respect of all dividends paid during the period. The last day for DRIP elections for the second interim dividend is close of business on 13 December 2024.

9. Net cash generated from operations

Reconciliation of operating profit/(loss) to net cash generated from operations	Six months ended 30 September 2024 £m	Six months ended 30 September 2023 £m
Operating profit/(loss)	**304**	(153)
Adjustments for:		
Net (surplus)/deficit on revaluation of investment properties	**(84)**	371
Loss on disposal of trading properties	**5**	1
Loss on disposal of investment properties	**5**	3
Share of (profit)/loss from joint ventures	**(16)**	7
Share-based payment charge	**4**	6
Impairment of amounts due from joint ventures	**2**	-
Non-cash development contract and transaction expenditure	**2**	-
Rents payable	**4**	5
Depreciation and amortisation	**2**	3
Impairment of trading properties	**4**	4
	232	247
Changes in working capital:		
Increase in receivables	**(30)**	(23)
Decrease in payables and provisions	**(54)**	(14)
Net cash generated from operations	**148**	210

Reconciliation to adjusted net cash inflow from operating activities	Six months ended 30 September 2024 £m	Six months ended 30 September 2023 £m
Net cash inflow from operating activities	**107**	166
Joint ventures net cash outflow from operating activities	**-**	-

Adjusted net cash inflow from operating activities[1]	**107**	166

1. Includes cash flows relating to the interest in MediaCity which is not owned by the Group as at 30 September 2024 or as at 30 September 2023, but is consolidated in the Group numbers.

10. Investment properties

	Six months ended 30 September 2024	Six months ended 31 March 2024	Six months ended 30 September 2023
	£m	£m	£m
Net book value at the beginning of the period	**9,330**	9,562	9,658
Acquisitions of investment properties	**133**	53	91
Net movement in head leases capitalised[1]	**(1)**	(30)	-
Capital expenditure	**199**	201	173
Capitalised interest	**12**	7	12
Disposals[2]	**(461)**	(206)	(1)
Net surplus/(deficit) on revaluation of investment properties	**84**	(257)	(371)
Net book value at the end of the period	**9,296**	9,330	9,562

1. See note 14 for details of the amounts payable under head leases and note 6 for details of the rents payable in the income statement.
2. Includes impact of disposals of finance leases.

The fair value of investment properties at 30 September 2024 was determined by the Group's external valuers, CBRE and JLL. The valuations are in accordance with RICS standards and were arrived at by reference to market evidence of transactions for similar properties. The valuations performed by the valuers are reviewed internally by Senior Management and other relevant people within the business. This process includes discussions of the assumptions used by the valuers, as well as a review of the resulting valuations. Discussions of the valuation process and results are held between Senior Management, the Audit Committee and the valuers on a half-yearly basis. The Group considers all of its investment properties to fall within 'Level 3', as defined by IFRS 13. There have been no transfers of properties within the fair value hierarchy in the financial period.

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 tenant finance leases, head leases and lease incentives separately. The following table reconciles the net book value of the investment properties to the market value.

	30 September 2024				31 March 2024			
	Group	**Joint ventures**	**Adjustment for non-wholly owned subsidiaries**	**Combined Portfolio**	Group	Joint ventures	Adjustment for non-wholly owned subsidiaries	Combined Portfolio
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Market value	**9,451**	**622**	**(116)**	**9,957**	9,465	616	(118)	9,963
Less: properties treated as finance leases	**(13)**	**-**	**-**	**(13)**	(18)	-	-	(18)
Plus: head leases capitalised	**72**	**1**	**-**	**73**	77	1	-	78
Less: tenant lease incentives	**(214)**	**(30)**	**-**	**(244)**	(194)	(32)	-	(226)
Net book value	**9,296**	**593**	**(116)**	**9,773**	9,330	585	(118)	9,797
Net surplus/(deficit) on revaluation of investment properties	**84**	**5**	**2**	**91**	(628)	(19)	22	(625)

As at 30 September 2024, the Group had contractually committed development capital expenditure obligations of **£355m** (31 March 2024: £367m)

11. Trading properties

	Development land and infrastructure	**Residential**	**Total**
	£m	**£m**	**£m**
At 1 April 2023	98	20	118

Capital expenditure	3	1	4
Disposals	(7)	-	(7)
Impairment provision	(4)	-	(4)
At 30 September 2023	90	21	111
Capital expenditure	3	6	9
Capitalised interest	-	1	1
Disposals	(14)	-	(14)
Impairment provision	(7)	-	(7)
At 31 March 2024	72	28	100
Acquisitions	**3**	**-**	**3**
Capital expenditure	**3**	**3**	**6**
Capitalised interest	**-**	**1**	**1**
Disposals	**(9)**	**-**	**(9)**
Impairment provision	**(4)**	**-**	**(4)**
At 30 September 2024	**65**	**32**	**97**

The cumulative impairment provision at 30 September 2024 in respect of Development land and infrastructure was **£30m** (31 March 2024: £36m); and in respect of Residential was **£nil** (31 March 2024: £nil).

12. Joint arrangements

The Group's principal joint arrangements are described below:

Joint ventures	Percentage owned & voting rights[1]	Business segment	Year end date[2]	Joint venture partner
Held at 30 September 2024				
Nova, Victoria[3]	50%	Central London	31 March	Suntec Real Estate Investment Trust
Southside Limited Partnership	50%	Major retail	31 March	Invesco Real Estate European Fund
Westgate Oxford Alliance Limited Partnership	50%	Major retail, Subscale sectors	31 March	The Crown Estate Commissioners
Harvest[4]	50%	Subscale sectors	31 March	J Sainsbury plc
The Ebbsfleet Limited Partnership	50%	Subscale sectors	31 March	Ebbsfleet Property Limited
West India Quay Unit Trust	50%	Subscale sectors	31 March	Schroder UK Real Estate Fund
Mayfield[5]	50%	Mixed-use urban	31 March	LCR Limited, Manchester City Council, Transport for Greater Manchester
Curzon Park Limited	50%	Subscale sectors	31 March	Derwent Developments (Curzon) Limited
Plus X Holdings Limited	50%	Subscale sectors	31 March	Paul David Rostas, Matthew Edmund Hunter
Landmark Court Partnership Limited	51%	Central London	31 March	TTL Landmark Court Properties Limited
Opportunities for Sittingbourne Limited	50%	Mixed-use urban	31 March	Swale Borough Council
Cathedral (Movement, Greenwich) LLP	52%	Mixed-use urban	31 March	Mr Richard Upton
Circus Street Developments Limited	50%	Mixed-use urban	31 March	High Wire Brighton Limited

Joint operation	Ownership interest	Business segment	Year end date[2]	Joint operation partners
Held at 30 September 2024				
Bluewater, Kent[6]	66.25%	Major retail	31 March	M&G Real Estate, Royal London Asset Management, Aberdeen Standard Investments

1. Investments under joint arrangements are not always represented by an equal percentage holding by each partner. In a number of joint ventures, the Group holds a majority shareholding but has joint control and therefore the arrangement is accounted for as a joint venture.
2. The year end date shown is the accounting reference date of the joint arrangement. In all cases, the Group's accounting is performed using financial information for the Group's own reporting year and reporting date.
3. Nova, Victoria includes the Nova Limited Partnership, Nova Residential Limited Partnership, Nova GP Limited,

Nova Business Manager Limited, Nova Residential (GP) Limited, Nova Residential Intermediate Limited, Nova Estate Management Company Limited, Nova Nominee 1 Limited and Nova Nominee 2 Limited.

4. Harvest includes Harvest 2 Limited Partnership, Harvest Development Management Limited, Harvest 2 Selly Oak Limited, Harvest 2 GP Limited and Harvest GP Limited.
5. Mayfield includes Mayfield Development Partnership LP and Mayfield Development (General Partner) Limited.
6. On 24 June 2024, the Group acquired an additional 17.5% interest in Bluewater from GIC.

All of the Group's joint arrangements listed above have their principal place of business in the United Kingdom. All of the Group's principal joint arrangements own and operate investment property, with the exception of:

- The Ebbsfleet Limited Partnership and Plus X Holdings Limited, which are holding companies;
- Harvest, which is engaged in long-term development contracts; and
- Curzon Park Limited, Landmark Court Partnership Limited, Opportunities for Sittingbourne Limited and Circus Street Developments Limited, which are companies continuing their business of property development.

The activities of all the Group's principal joint arrangements are therefore strategically important to the business activities of the Group.

All joint ventures listed above are registered in England and Wales with the exception of Southside Limited Partnership and West India Quay Unit Trust which are registered in Jersey.

Joint ventures

Net investment	**Total Group share £m**
At 1 April 2023	528
Total comprehensive loss	(7)
Cash distributions	(7)
Other non-cash movements	(1)
At 30 September 2023	513
Total comprehensive income	10
Cash distributions	(10)
Other non-cash movements	8
At 31 March 2024	521
Total comprehensive income	**16**
Cash and other distributions	**(7)**
At 30 September 2024	**530**
Comprised of:	
At 31 March 2024	
Non-current assets	529
Non-current liabilities[1]	(8)
At 30 September 2024	
Non-current assets	**537**
Non-current liabilities[1]	**(7)**

1. The Group's share of accumulated losses of a joint venture interest are recognised as net liabilities where there is an obligation to provide for these losses.

13. Capital structure

	30 September 2024				31 March 2024			
	Group £m	**Joint ventures £m**	**Adjustment for non-wholly owned subsidiaries £m**	**Combined £m**	Group £m	Joint ventures £m	Adjustment for non-wholly owned subsidiaries £m	Combined £m
Property portfolio								
Market value of investment properties	**9,451**	**622**	**(116)**	**9,957**	9,465	616	(118)	9,963
Trading properties and long-term contracts	**97**	**-**	**-**	**97**	100	-	-	100
Total property portfolio (a)	**9,548**	**622**	**(116)**	**10,054**	9,565	616	(118)	10,063
Net debt								
Borrowings	**3,624**	**-**	**(49)**	**3,575**	3,703	-	(73)	3,630

Monies held in restricted accounts and deposits	**(10)**	**-**	**1**	**(9)**	(6)	-	-	(6)
Cash and cash equivalents	**(37)**	**(30)**	**3**	**(64)**	(78)	(31)	4	(105)
Fair value of interest-rate swaps	**(12)**	**-**	**-**	**(12)**	(23)	-	2	(21)
Fair value of foreign exchange swaps and forwards	**8**	**-**	**-**	**8**	(2)	-	-	(2)
Net debt (b)	**3,573**	**(30)**	**(45)**	**3,498**	3,594	(31)	(67)	3,496
Add/(less): Fair value of interest-rate swaps	**12**	**-**	**-**	**12**	23	-	(2)	21
Adjusted net debt (c)	**3,585**	**(30)**	**(45)**	**3,510**	3,617	(31)	(69)	3,517
Adjusted total equity								
Total equity (d)	**6,545**	**-**	**(55)**	**6,490**	6,447	-	(45)	6,402
Fair value of interest-rate swaps	**(12)**	**-**	**-**	**(12)**	(23)	-	2	(21)
Adjusted total equity (e)	**6,533**	**-**	**(55)**	**6,478**	6,424	-	(43)	6,381
Gearing (b/d)	**54.6%**			**53.9%**	55.7%			54.6%
Adjusted gearing (c/e)	**54.8%**			**54.2%**	56.3%			55.1%
Group LTV (c/a)	**37.5%**			**34.9%**	37.8%			35.0%
EPRA LTV[1]				**36.1%**				36.3%
Security Group LTV	**37.5%**				37.0%			
Weighted average cost of debt	**3.5%**			**3.5%**	3.3%			3.3%

1. EPRA LTV differs from Group LTV as it includes net payables and receivables and includes trading properties at fair value and debt instruments at nominal value rather than book value. Group LTV remains our core performance measure used by external investors and lenders.

14. Borrowings

				30 September 2024			31 March 2024		
	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									
Commercial paper									
Sterling	Unsecured	Floating	Various[1]	**30**	**30**	**30**	15	15	15
Euro	Unsecured	Floating	Various[1]	**287**	**287**	**287**	518	518	518
US Dollar	Unsecured	Floating	Various[1]	**157**	**157**	**157**	148	148	148
				474	**474**	**474**	681	681	681
Syndicated and bilateral bank debt	Secured	Floating	SONIA + margin	**1**	**1**	**1**	292	292	292
Total current borrowings				**475**	**475**	**475**	973	973	973
Amounts payable under head leases				**2**	**2**	**2**	2	2	2
Total current borrowings including amounts payable under head leases				**477**	**477**	**477**	975	975	975
Non-current borrowings									
Medium term notes (MTN)									
A5 5.391% MTN due 2027	Secured	Fixed	5.4	**87**	**86**	**87**	87	86	87
A16 2.375% MTN due 2029	Secured	Fixed	2.5	**350**	**330**	**349**	350	325	349
A6 5.376% MTN due 2029	Secured	Fixed	5.4	**65**	**65**	**65**	65	66	65
A13 2.399% MTN due 2031	Secured	Fixed	2.4	**300**	**274**	**299**	300	270	299
A7 5.396% MTN due 2032	Secured	Fixed	5.4	**77**	**79**	**77**	77	78	77
A18 4.750% MTN due 2033	Secured	Fixed	4.9	**300**	**301**	**297**	300	299	297
A17 4.875% MTN due 2034	Secured	Fixed	5.0	**400**	**405**	**393**	400	403	393
A19 4.625% MTN due 2036	Secured	Fixed	4.5	**350**	**342**	**347**	-	-	-
A11 5.125% MTN due 2036	Secured	Fixed	5.1	**50**	**49**	**50**	50	48	50
A14 2.625% MTN due 2039	Secured	Fixed	2.6	**500**	**389**	**495**	500	387	495
A15 2.750% MTN due 2059	Secured	Fixed	2.7	**500**	**299**	**495**	500	309	495
				2,979	**2,619**	**2,954**	2,629	2,271	2,607
Syndicated and bilateral bank debt	Secured	Floating	SONIA + margin	**195**	**195**	**195**	123	123	123

Total non-current borrowings				**3,174**	**2,814**	**3,149**	2,752	2,394	2,730
Amounts payable under head leases	Unsecured	Fixed	4.0	**70**	**86**	**70**	75	98	75
Total non-current borrowings including amounts payable under head leases				**3,244**	**2,900**	**3,219**	2,827	2,492	2,805
Total borrowing including amounts payable under head leases				**3,721**	**3,377**	**3,696**	3,802	3,467	3,780
Total borrowings excluding amounts payable under head leases				**3,649**	**3,289**	**3,624**	3,725	3,367	3,703

1. Non-Sterling commercial paper is immediately swapped into Sterling. The interest rate is fixed at the time of the issuance for the duration (1 to 3 months) and tracks SONIA swap rates.

Reconciliation of the movement in borrowings	**Six months ended 30 September 2024 £m**	Year ended 31 March 2024 £m
At the beginning of the period	**3,780**	3,538
Net (repayments)/proceeds from ECP issuance	**(185)**	378
Net (repayments)/proceeds from bank debt	**(221)**	33
Repayment of MTNs	**-**	(427)
Issue of MTNs (net of finance fees)	**346**	297
Foreign exchange movement on non-Sterling borrowings	**(19)**	(9)
Other	**(5)**	(30)
At the end of the period	**3,696**	3,780

Reconciliation of movements in liabilities arising from financing activities	**Six months ended 30 September 2024**					
			Non-cash changes			
	At the beginning of the period £m	**Cash flows £m**	**Foreign exchange movements £m**	**Other changes in fair values £m**	**Other changes £m**	**At the end of the period £m**
Borrowings	**3,780**	**(60)**	**(19)**	**-**	**(5)**	**3,696**
Derivative financial instruments	**(25)**	**(10)**	**19**	**12**	**-**	**(4)**
	3,755	**(70)**	**-**	**12**	**(5)**	**3,692**
				Year ended 31 March 2024		
Borrowings	3,538	281	(9)	-	(30)	3,780
Derivative financial instruments	(38)	(18)	10	21	-	(25)
	3,500	263	1	21	(30)	3,755

Medium Term Notes (MTNs)

The MTNs are secured on the fixed and floating pool of assets of the Security Group. The Security Group includes wholly owned investment properties, development properties and a number of the Group's investment in other assets, in total valued at **£9.2bn** at 30 September 2024 (31 March 2024: £9.2bn). 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 1.45x respectively. If these limits are exceeded, the operating environment becomes more restrictive with provisions to encourage a reduction in gearing. The interest rate of each MTN is fixed until the expected maturity, being two years before the legal maturity date of the MTN. The interest rate for the last two years may either become floating on a SONIA basis plus an increased margin (relative to that at the time of issue), or subject to a fixed coupon uplift, depending on the terms and conditions of the specific notes.

The effective interest rate is based on the coupon paid and includes the amortisation of issue costs and discount to redemption value. The MTNs are listed on the Irish Stock Exchange and their fair values are based on their respective market prices.

Committed syndicated and bilateral bank debt		**Authorised**	**Drawn**	**Undrawn**
	Maturity as at			

	30 September 2024	30 Sept 2024	31 March 2024	30 Sept 2024	31 March 2024	30 Sept 2024	31 March 2024
		£m	£m	**£m**	£m	**£m**	£m
Syndicated debt	**2024-27**	**2,585**	2,682	**195**	415	**2,390**	2,267
Bilateral debt	**2026**	**225**	225	**-**	-	**225**	225
		2,810	2,907	**195**	415	**2,615**	2,492

At 30 September 2024, the Group's committed facilities totalled **£2,810m** (31 March 2024: £2,907m). All the committed syndicated and bilateral facilities are secured on the assets of the Security Group, with the exception of facilities secured on the assets at MediaCity. During the period ended 30 September 2024, the amounts drawn under the Group's facilities decreased by **£220m**.

The MediaCity bank facility was successfully refinanced on 13 June 2024 with **£195m** of this facility drawn at 30 September 2024 (31 March 2024: £292m drawn). The difference in the facility outstanding between both periods was financed via proportional equity contributions by the MediaCity shareholders of **£49m** in aggregate and a shareholder loan extended by Landsec only of **£49m**.

The terms of the Security Group funding arrangements require undrawn facilities to be reserved where syndicated and bilateral facilities mature within one year, or when commercial paper is issued. The total amount of cash and available undrawn facilities, net of commercial paper, at 30 September 2024 was **£2,176m** (31 March 2024: £1,889m).

Fair values

The fair value of the Group's net investment in tenant finance leases is calculated by the Group's external valuer by applying a weighted average equivalent yield of **9.3%** (31 March 2024: 7.8%).

The fair values of any floating rate financial liabilities are assumed to be equal to their nominal and book value. The fair values of the MTNs fall within Level 1 of the fair value hierarchy, the syndicated and bilateral facilities, commercial paper, interest-rate swaps and foreign exchange swaps fall within Level 2, and the amounts payable and receivable under leases fall within Level 3.

The fair values of the financial instruments have been determined by reference to relevant market prices, where available. The fair values of the Group's outstanding interest-rate swaps have been estimated by calculating the present value of future cash flows, using appropriate market discount rates. These valuation techniques fall within Level 2.

15. Provisions

	Building and fire safety remediation	Transaction and contract related	Total
	£m	**£m**	**£m**
At 1 April 2023	-	-	-
At 30 September 2023	-	-	-
Transfer from other current liabilities	14	4	18
Charge for the period	12	45	57
Reversed during the period	(3)	-	(3)
At 31 March 2024	23	49	72
Charge for the period	3	1	4
Utilised during the period	(3)	(3)	(6)
Reversed during the period	(1)	(1)	(2)
At 30 September 2024	**22**	**46**	**68**
Current	**22**	**26**	**48**
Non-current	**-**	**20**	**20**
At 30 September 2024	**22**	**46**	**68**

16. Contingencies

The Group has contingent liabilities in respect of legal claims, contractor claims, remediation for building defects, developer contractual arrangements, defined benefit pension scheme member liabilities(1), guarantees and warranties arising in the ordinary course of business. A provision for such matters is only recognised to the extent that the arising in the ordinary course of business. A provision for such matters is only recognised to the extent that the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation.

1. Refer to note 35 of the Group's annual financial statements for the year ended 31 March 2024.

17. Related party transactions

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

18. Events after the reporting period

On 30 October 2024, the Group refinanced its existing revolving credit facilities of £2.3bn that was due to expire in 2025 on substantially the same terms as the existing facilities. The new facilities have two equally split tranches with initial maturities falling in 2027 and 2029 respectively.

On 30 October 2024, the Group acquired the residual 25% interest in the MediaCity assets as well as a 100% interest in entities which operate a 218-bed hotel and studio operations that were previously wholly owned by The Peel Group. The cash consideration is £23m and the Group will assume £61m of debt, providing an overall consideration of £84m for this acquisition. As part of the acquisition, the existing bank facility relating to the MediaCity assets of £195m was terminated on 5 November 2024. Given the proximity of the acquisition to the results release date, the accounting of this business combination will be performed by the year end.

Alternative performance measures

Table 13: Alternative performance measures

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

The table below summarises the APMs included in these results and where the reconciliations of these measures can be found. The definitions of APMs are included in the Glossary.

Alternative performance measure	Nearest IFRS measure	Reconciliation
EPRA earnings	Profit/loss before tax	Note 3
EPRA earnings per share	Basic earnings/loss per share	Note 4
EPRA diluted earnings per share	Diluted earnings/loss per share	Note 4
EPRA Net Tangible Assets	Net assets attributable to shareholders	Note 4
EPRA Net Tangible Assets per share	Net assets attributable to shareholders	Note 4
Total return on equity	n/a	Note 4
Adjusted net cash inflow from operating activities	Net cash inflow from operating activities	Note 9
Combined Portfolio	Investment properties	Note 10
Adjusted net debt	Borrowings	Note 13
Group LTV	n/a	Note 13
EPRA LTV	n/a	Note 13

EPRA disclosures

Table 14: EPRA net asset measures

EPRA net asset measures

	30 September 2024		
	EPRA NRV	**EPRA NTA**	**EPRA NDV**
	£m	**£m**	**£m**
Net assets attributable to shareholders	6,490	6,490	6,490
Shortfall of fair value over net investment in finance lease book value	(7)	(7)	(7)
Other intangible asset	-	(2)	-
Fair value of interest-rate swaps	(11)	(11)	-
Shortfall of fair value of debt over book value	-	-	319
Excess of fair value of trading properties over book value	25	25	25
Purchasers' costs(1)	605	-	-
Net assets used in per share calculation	**7,102**	**6,495**	**6,827**

	EPRA NRV	**EPRA NTA**	**EPRA NDV**
Diluted net assets per share	**952p**	**871p**	**915p**

	31 March 2024		
	EPRA NRV	EPRA NTA	EPRA NDV
	£m	£m	£m
Net assets attributable to shareholders	6,402	6,402	6,402
Shortfall of fair value over net investment in finance lease book value	(5)	(5)	(5)
Other intangible asset	-	(2)	-
Fair value of interest-rate swaps	(22)	(22)	-
Shortfall of fair value of debt over book value	-	-	313
Excess of fair value of trading properties over book value	25	25	25
Purchasers' costs(1)	605	-	-
Net assets used in per share calculation	7,005	6,398	6,735

	EPRA NRV	EPRA NTA	EPRA NDV
Diluted net assets per share	940p	859p	904p

1. EPRA NTA and EPRA NDV reflect IFRS values which are net of purchasers' costs. Purchasers' costs are added back when calculating EPRA NRV.

Table 15: EPRA performance measures

Measure	**Definition for EPRA measure**	**Notes**	**30 September 2024 EPRA measure**
EPRA earnings	Earnings from core operational activity	**4**	**£186m**
EPRA earnings per share	EPRA earnings per weighted number of ordinary shares	**4**	**25.0p**
EPRA diluted earnings per share	EPRA diluted earnings per weighted number of ordinary shares	**4**	**24.9p**
EPRA Net Tangible Assets (NTA)	Net assets adjusted to exclude the fair value of interest-rate swaps, intangible assets and excess of fair value over net investment in finance lease book value	**4**	**£6,495m**
EPRA Net Tangible Assets per share	Diluted Net Tangible Assets per share	**4**	**871p**
EPRA net disposal value (NDV)	Net assets adjusted to exclude the fair value of debt and goodwill on deferred tax and to include excess of fair value over net investment in finance lease book value	**4**	**£6,787m**
EPRA net disposal value per share	Diluted net disposal value per share	**4**	**915p**
EPRA loan-to-value (LTV) (1)	Ratio of adjusted net debt, including net payables, to the sum of the net assets, including net receivables, of the Group, its subsidiaries and joint ventures, all on a proportionate basis, expressed as a percentage	**13**	**36.1%**
		Table	
Voids/vacancy rate	ERV of vacant space as a % of ERV of Combined Portfolio excluding the development programme(2)	**16**	**3.4%**
Net initial yield (NIY)	Annualised rental income less non-recoverable costs		**5.2%**

	as a % of market value plus assumed purchasers' costs[3]	
Topped-up NIY	NIY adjusted for rent free periods[4]	**6.2%**
Cost ratio[4]	Total costs as a percentage of gross rental income (including direct vacancy costs)	**20.8%**
	Total costs as a percentage of gross rental income (excluding direct vacancy costs)	**16.6%**

1. EPRA LTV differs from the Group LTV presented in note 13 as it includes net payables and receivables and includes trading properties at fair value and debt instruments at nominal value rather than book value. Group LTV remains our core performance measure used by external investors and lenders.
2. This measure reflects voids in the Combined Portfolio excluding only properties under development.
3. This measure relates to the Combined Portfolio, excluding properties currently under development, and are calculated by our external valuer. Topped-up NIY reflects adjustments of **£86m** for rent free periods and other incentives.
4. This measure is calculated based on gross rental income after rents payable and excluding costs recovered through rents but not separately invoiced of £6m.

Table 16: EPRA vacancy rate

The EPRA vacancy rate is based on the ratio of the estimated market rent for vacant properties versus total estimated market rent, for the Combined Portfolio excluding properties under development. There are no significant distorting factors influencing the EPRA vacancy rate.

	30 September 2024 £m
ERV of vacant properties	**21**
ERV of Combined Portfolio excluding properties under development	**622**
EPRA vacancy rate (%)	**3.4**

Table 17: Change in net rental income from the like-for-like portfolio(1)

	30 September 2024	30 September 2023	**Change**	
	£m	£m	**£m**	**%**[2]
Central London	**118**	112	**6**	**5.5%**
Major retail	**70**	68	**2**	**3.1%**
Subscale sectors	**30**	28	**2**	**6.6%**
Mixed-use	**17**	20	**(3)**	**(12.1%)**
	235	228	**7**	**3.4%**

1. Excludes surrender premiums received during the period.
2. Percentage change is disclosed on unrounded figures.

Table 18: Acquisitions, disposals and capital expenditure

				Six months ended 30 September 2024	Six months ended 30 September 2023
Investment properties	**Group (excl. joint ventures) £m**	**Joint ventures £m**	**Adjustment for non-wholly owned subsidiaries[1] £m**	**Combined Portfolio £m**	Combined Portfolio £m
Net book value at the beginning of the period	**9,330**	**585**	**(118)**	**9,797**	10,120
Acquisitions	133	-	-	**133**	91
Capital expenditure	199	3	-	**202**	173
Capitalised interest	12	-	-	**12**	12
Net movement in head leases capitalised	(1)	-	-	**(1)**	-

Disposals	(461)	-	-	**(461)**	(1)
Net surplus/(deficit) on revaluation of investment properties	84	5	2	**91**	(375)
Net book value at the end of the period	**9,296**	**593**	**(116)**	**9,773**	10,020
Loss on disposal of investment properties	**(5)**	**-**	**-**	**(5)**	(3)

Trading properties	**£m**	**£m**	**£m**	**£m**	£m
Net book value at the beginning of the period	**100**	**-**	**-**	**100**	118
Acquisitions	3	-	-	**3**	-
Capital expenditure	6	-	-	**6**	4
Capitalised interest	1	-	-	**1**	-
Disposals	(9)	-	-	**(9)**	(7)
Movement in impairment	(4)	-	-	**(4)**	(4)
Net book value at the end of the period	**97**	**-**	**-**	**97**	111
Loss on disposal of trading properties	**(5)**	**-**	**-**	**(5)**	(1)

Acquisitions, development and other capital expenditure	**Investment properties(2) £m**	**Trading properties £m**	**Combined Portfolio £m**	Combined Portfolio £m
Acquisitions(3)	133	3	**136**	91
Development capital expenditure(4)	128	3	**131**	110
Other capital expenditure	74	3	**77**	67
Capitalised interest	12	1	**13**	12
Acquisitions, development and other capital expenditure	**347**	**10**	**357**	280

Disposals	**£m**	£m
Net book value - investment property disposals	**461**	1
Net book value - trading property disposals	**9**	7
Net book value - other net assets of investment property disposals	**1**	-
Loss on disposal - investment properties	**(5)**	(3)
Loss on disposal - trading properties	**(5)**	(1)
Other	**1**	4
Total disposal proceeds	**462**	8

1. This represents the interest in MediaCity which we did not own during the six months ended 30 September 2024 or the six months ended 30 September 2023 but consolidate in the Group numbers.
2. See EPRA analysis of capital expenditure table 19 for further details.
3. Properties acquired in the period.
4. Development capital expenditure for investment properties comprises expenditure on the future development pipeline and completed developments.

Table 19: EPRA analysis of capital expenditure

			Other capital expenditure					
	Acquisitions(1) £m	**Development capital expenditure(2) £m**	**Incremental lettable space(3) £m**	**No incremental lettable space £m**	**Tenant improvements £m**	**Total £m**	**Capitalised interest £m**	**Tot capit expenditu - Combine Portfol £**
Central London								
West End offices	-	6	-	7	-	7	-	1
City offices	-	-	-	31	-	31	1	3
Retail and other	-	-	-	8	-	8	-	
Developments	-	112	-	-	-	-	11	**12**
Total Central London	**-**	**118**	**-**	**46**	**-**	**46**	**12**	**17**

Major retail

Shopping centres	**116**	**-**	2	7	2	**11**	**-**	**12**
Outlets	**-**	**-**	-	6	1	**7**	**-**	
Total Major retail	**116**	**-**	**2**	**13**	**3**	**18**	**-**	**13**
Mixed-use urban								
London	**2**	**9**	-	-	-	**-**	**-**	**1**
Major regional cities	**15**	**1**	-	5	-	**5**	**-**	**2**
Total Mixed-use urban	**17**	**10**	**-**	**5**	**-**	**5**	**-**	**3**
Subscale sectors								
Leisure	**-**	**-**	-	-	3	**3**	**-**	
Hotels	**-**	**-**	-	-	-	**-**	**-**	
Retail parks	**-**	**-**	-	-	2	**2**	**-**	
Total Subscale sectors	**-**	**-**	**-**	**-**	**5**	**5**	**-**	
Total capital expenditure	**133**	**128**	**2**	**64**	**8**	**74**	**12**	**34**
Timing difference from accrual to cash basis								**(2**
Total capital expenditure on a cash basis								**32**

1. Investment properties acquired in the period.
2. Expenditure on the future development pipeline and completed developments.
3. Capital expenditure where the lettable area increases by at least 10%.

Table 20: Top 12 occupiers at 30 September 2024

	% of Group rent(1)
Central Government	5.9%
Deloitte	2.3%
Cineworld	1.8%
Taylor Wessing	1.6%
Boots	1.4%
Peel	1.4%
Qube RT	1.3%
BBC	1.3%
Inditex UK	1.2%
H&M	1.0%
Sainsbury's	1.0%
Primark	1.0%
	21.2%

1. On a proportionate basis.

Table 21: Committed development pipeline and trading property development schemes at 30 September 2024

Central London

Property	**Description of use**	**Ownership interest %**	**Size sq ft**	**Letting status %**	**Market value £m**	**Net income/ ERV £m**	**Estimated completion date**	**Total development costs to date £m**	**Forecast total development cost £m**
Committed development pipeline									
Thirty High, SW1	Office	100	299,000	-	300	30	Oct-2025	265	416
Timber	Office	100	383,000	-	205	31	Dec-2025	218	442

Square, SE1

Property	Description of use	Ownership interest %	Size sq ft	Number of units	Sales exchanged by unit %	Estimated completion date	Total development costs to date £m	Forecast total development cost £m
Trading property development schemes								
Castle Lane, SW1	Residential	100	52,000	89	99	Jan-2025	43	49

Where the property is not 100% owned, floor areas and letting status shown above represent the full scheme whereas all other figures represent our proportionate share. Letting % is measured by ERV and shows letting status at 30 September 2024.

Total development cost

Refer to the Glossary for definition.

Net income/ERV

Net income/ERV represents headline annual rent on let units plus ERV at 30 September 2024 on unlet units, both after rents payable.

Table 22: Combined Portfolio analysis

Total portfolio analysis

	Market value(1)		Valuation movement(1)		Rental income(1)		Annualised rental income(2)		Net estimated rental value(3)	
	30 September 2024 £m	31 March 2024 £m	**Surplus/ (deficit) £m**	**Surplus/ (deficit) %**	**30 September 2024 £m**	30 September 2023 £m	**30 September 2024 £m**	31 March 2024 £m	**30 September 2024 £m**	31 March 2024 £m
Central London										
West End offices	3,083	3,109	**1**	**0.0**	**80**	68	**158**	160	**188**	186
City offices	1,251	1,192	**22**	**1.9**	**35**	35	**71**	70	**98**	93
Retail and other	1,028	991	**(4)**	**(0.4)**	**28**	27	**41**	43	**55**	55
Developments(4)	1,080	926	**30**	**2.9**	**4**	18	**9**	8	**100**	93
Total Central London	6,442	6,218	**49**	**0.8**	**147**	148	**279**	281	**441**	427
Major retail										
Shopping centres	1,413	1,226	**57**	**4.2**	**71**	64	**139**	121	**139**	122
Outlets	611	605	**(2)**	**(0.3)**	**24**	31	**47**	48	**50**	49
Total Major retail	2,024	1,831	**55**	**2.8**	**95**	95	**186**	169	**189**	171
Mixed-use urban										
London	189	191	**(11)**	**(5.6)**	**6**	9	**11**	11	**16**	16
Major regional cities	516	510	**(16)**	**(3.0)**	**18**	20	**37**	37	**41**	38
Total Mixed-use urban	705	701	**(27)**	**(3.7)**	**24**	29	**48**	48	**57**	54
Subscale sectors										
Leisure	420	423	**(5)**	**(1.1)**	**25**	23	**44**	46	**42**	42
Hotels	-	400	**-**	**-**	**2**	18	**-**	35	**-**	29
Retail parks	366	390	**19**	**5.6**	**15**	15	**25**	27	**27**	29
Total Subscale sectors	786	1,213	**14**	**2.0**	**42**	56	**69**	108	**69**	100
Combined Portfolio	9,957	9,963	**91**	**0.9**	**308**	328	**582**	606	**756**	752
Properties treated as finance leases	-	-	**-**	**-**	**(1)**	-				
Combined Portfolio	9,957	9,963	**91**	**0.9**	**307**	328				

Represented by:										
Investment portfolio	9,335	9,347	**86**	**0.9**	**287**	308	**544**	569	**715**	712
Share of joint ventures	622	616	**5**	**0.9**	**20**	20	**38**	37	**41**	40
Combined Portfolio	9,957	9,963	**91**	**0.9**	**307**	328	**582**	606	**756**	752

Total portfolio analysis

	Net initial yield(5)		Equivalent yield(6)	
	30 September 2024	Movement in like-for-like(7)	**30 September 2024**	Movement in like-for-like(7)
	%	bps	**%**	bps
Central London				
West End offices	**3.9**	(30)	**5.3**	4
City offices	**4.3**	44	**6.1**	7
Retail and other	**4.2**	(15)	**5.0**	11
Developments(4)	**(0.2)**	n/a	**5.4**	n/a
Total Central London	**4.1**	(10)	**5.4**	7
Major retail				
Shopping centres	**7.7**	(33)	**7.9**	(22)
Outlets	**6.3**	1	**6.9**	(10)
Total Major retail	**7.3**	(21)	**7.6**	(17)
Mixed-use urban				
London	**4.4**	26	**6.6**	6
Major regional cities	**6.6**	2	**8.1**	33
Total Mixed-use urban	**6.1**	8	**7.5**	25
Subscale sectors				
Leisure	**8.4**	(28)	**8.7**	(8)
Retail parks	**5.8**	(23)	**6.6**	(27)
Total Subscale sectors	**7.2**	(30)	**7.7**	(20)
Combined Portfolio	**5.2**	(12)	**6.2**	1
Represented by:				
Investment portfolio	**5.2**	n/a	**6.2**	n/a
Share of joint ventures	**5.7**	n/a	**6.1**	n/a
Combined Portfolio	**5.2**	n/a	**6.2**	n/a

Notes:

1. Refer to Glossary for definition.
2. 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.
3. Net estimated rental value is gross estimated rental value, as defined in the Glossary, after deducting expected rent payable.
4. Comprises the development pipeline - refer to Glossary for definition.
5. Net initial yield - refer to Glossary for definition. This calculation includes all properties including those sites with no income.
6. Equivalent yield - refer to Glossary for definition. Future developments are excluded from the calculation of equivalent yield on the Combined Portfolio.
7. The like-for-like portfolio - refer to Glossary for definition.

Table 23: Floor Areas

	30 September 2024
	Million sq ft
Central London	
West End offices	2.7
City offices	1.6
Retail and other	1.1
Total Central London	**5.4**
Major retail	
Shopping centres	6.7
Outlets	1.0
Total Major retail	**7.7**
Mixed-use urban	
London	0.8
Other cities	2.0
Total Mixed-use urban	**2.8**
Subscale sectors	
Leisure	3.3
Retail parks	1.5
Total Subscale sectors	**4.8**
Total	**20.7**

Table 24: Reconciliation of segmental information note to interim reporting for the six months ended 30 September 2023

	Group income statement £m	Joint ventures(1) £m	Adjustment for non-wholly owned subsidiaries(2) £m	Total £m	EPRA earnings £m	Capital and other items £m
Rental income	312	20	(4)	328	328	-
Finance lease interest	-	-	-	-	-	-
Gross rental income (before rents payable)	**312**	**20**	**(4)**	**328**	**328**	**-**
Rents payable	(5)	-	-	(5)	(5)	-
Gross rental income (after rents payable)	**307**	**20**	**(4)**	**323**	**323**	**-**
Service charge income	59	4	(1)	62	62	-
Service charge expense	(68)	(5)	1	(72)	(72)	-
Net service charge expense	(9)	(1)	-	(10)	(10)	-
Other property related income	17	-	-	17	17	-
Direct property expenditure	(52)	(2)	1	(53)	(53)	-
Movement in bad and doubtful debt provision	5	-	-	5	5	-
Segment net rental income	**268**	**17**	**(3)**	**282**	**282**	**-**
Other income	2	-	-	2	2	-
Administrative expenses	(37)	(1)	-	(38)	(38)	-
Depreciation	(2)	-	-	(2)	(2)	-
EPRA earnings before interest	**231**	**16**	**(3)**	**244**	**244**	**-**
Share of post-tax loss from joint ventures	(7)	7	-	-	-	-
Loss on disposal of trading properties	(1)	-	-	(1)	-	(1)
Loss on disposal of investment properties(3)	(3)	-	-	(3)	-	(3)
Net deficit on revaluation of investment properties	(371)	(17)	13	(375)	-	(375)
Net development contract income	3	-	-	3	-	3
Impairment of trading properties	(4)	-	-	(4)	-	(4)
Depreciation	(1)	-	-	(1)	-	(1)
Operating (loss)/profit	**(153)**	**6**	**10**	**(137)**	**244**	**(381)**
Finance income	7	-	2	9	6	3
Finance expense	(47)	(6)	-	(53)	(52)	(1)
(Loss)/Profit before tax	**(193)**	**-**	**12**	**(181)**	**198**	**(379)**
Taxation	-	-	-	-		
(Loss)/Profit for the period	**(193)**	**-**	**12**	**(181)**		

1. Reallocation of the share of post-tax loss from joint ventures reported in the Group income statement to the individual line items reported in the segmental information 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 EPRA earnings reported in the segmental information note. The non-owned element of the Group's subsidiaries are included in the 'Capital and other items' column presented in the Group's income statement, together with items not directly related to the underlying rental business such as investment properties valuation changes, profits or losses on the disposal of investment properties, the proceeds from, and costs of, the sale of trading properties, income from and costs associated with development contracts, amortisation and impairment of intangibles, and other attributable costs, arising on business combinations.

Table 25: Lease lengths

	Weighted average unexpired lease term at 30 September 2024	
	Like-for-like portfolio	**Like-for-like portfolio, completed developments and acquisitions**
	Mean(1)	**Mean(1)**
	Years	**Years**
Central London		

West End Offices	6.4	6.4
City offices	7.8	7.4
Retail and other	5.8	5.4
Total Central London	**6.7**	**6.5**
Major retail		
Shopping centres	4.3	4.3
Outlets	2.9	2.9
Total Major retail	**3.9**	**3.9**
Mixed-use urban		
London	n/a	7.5
Major regional cities	7.9	6.9
Total Mixed-use urban	**7.9**	**7.0**
Subscale sectors		
Leisure	10.6	10.5
Retail parks	5.6	5.6
Total Subscale sectors	**8.6**	**8.6**
Combined Portfolio	**6.1**	**6.1**

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.

Investor information

1. Company website: landsec.com

The Group's half-yearly and annual reports to shareholders, results announcements and presentations, are available to view and download from the Company's website. The website also provides details of the Company's current 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 Limited (Equiniti), in the first instance. They can be contacted using the details below:

Telephone:

- 0371 384 2128 (from the UK)
- +44 371 384 2128 (from outside the UK)
- Lines are ordinarily open from 08:30 to 17:30, Monday to Friday, excluding UK public holidays.

Correspondence address:

Equiniti Limited
Aspect House
Spencer 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 Landsec 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: https://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 ordinarily open Monday to Friday 08:00 to 16:30 for dealing and until 18:00 for enquiries, excluding UK public holidays.

5. Dividends

The Board has declared a second quarterly dividend for the year ending 31 March 2025 of 9.4p per ordinary share which will be paid on 8 January 2025 to shareholders registered at the close of business on 29 November 2024. This will be paid wholly as an ordinary dividend. Together with the first quarterly dividend of 9.2p already paid on 4 October 2024 wholly as a Property Income Distribution (PID), the first half dividend will be 18.6p per ordinary share (six months ended 30 September 2023: 18.2p).

6. Dividend related services

Dividend payments to UK shareholders - Dividend mandates
Dividends are no longer paid by cheque. Shareholders whose dividends have previously been paid by cheque will need to have their dividends paid directly into their personal bank or building society account or alternatively participate in our Dividend Reinvestment Plan (see below) to receive dividends in the form of additional shares. To facilitate this, please contact Equiniti or complete a mandate instruction available on our website: landsec.com/investors and return it to Equiniti.

Dividend payments to overseas shareholders - Overseas Payment Service (OPS)
Dividends are no longer paid by cheque. Shareholders need to request that their dividends be paid directly to a personal bank account overseas. For more information, please contact Equiniti or download an application form online at https://shareview.co.uk.

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 the Company's 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 UK.

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

7. Investor relations enquiries

For investor relations enquiries, please contact Edward Thacker, Head of Investor Relations at Landsec, by telephone on +44 (0)20 7413 9000 or by email at enquiries@landsec.com.

Glossary

Adjusted net cash inflow from operating activities
Net cash inflow from operating activities including the Group's share of our joint ventures' net cash inflow from operating activities.

Adjusted net debt
Net debt excluding cumulative fair value movements on interest-rate swaps and amounts payable under head 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.

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.

Developments/development pipeline

Development pipeline consists of future developments, committed developments, projects under construction and developments which have reached practical completion within the last two years but are not yet 95% let.

Development gross yield on total development cost

Gross ERV, before adjustment for lease incentives, divided by total development cost. Gross ERV reflects Landsec's or the valuer's view of expected ERV at completion of the scheme.

EPRA earnings

Profit before tax, excluding profits on the sale of non-current assets and trading properties, profits on development contracts, valuation movements, fair value movements on interest-rate swaps and similar instruments used for hedging purposes, debt restructuring charges, and any other items of an exceptional nature.

EPRA loan-to- value (LTV)

Ratio of adjusted net debt, including net payables, to the sum of the net assets, including net receivables, of the Group, its subsidiaries and joint ventures, all on a proportionate basis, expressed as a percentage. The calculation includes trading properties at fair value and debt at nominal value.

EPRA net disposal value (NDV) per share

Diluted net assets per share adjusted to remove the impact of goodwill arising as a result of deferred tax, and to include the difference between the fair value and the book value of the net investment in tenant finance leases and fixed interest rate debt.

EPRA net initial yield

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

EPRA Net Reinstatement Value (NRV) per share

Diluted net assets per share adjusted to remove the cumulative fair value movements on interest-rate swaps and similar instruments, the carrying value of deferred tax on intangible assets and to include the difference between the fair value and the book value of the net investment in tenant finance leases and add back purchasers' costs.

EPRA Net Tangible Assets (NTA) per share

Diluted net assets per share adjusted to remove the cumulative fair value movements on interest-rate swaps and similar instruments, the carrying value of goodwill arising as a result of deferred tax and other intangible assets, deferred tax on intangible assets and to include the difference between the fair value and the book value of the net investment in tenant finance leases.

Equivalent yield

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

ERV - Gross estimated rental value

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

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.

Interest Cover Ratio (ICR)

A calculation of a company's ability to meet its interest payments on outstanding debt. It is calculated using EPRA

A calculation of a company's ability to meet its interest payments on outstanding debt. It is calculated using EPRA earnings before interest, divided by net interest (excluding the mark-to-market movement on interest-rate swaps, foreign exchange swaps, capitalised interest and interest on the pension scheme assets and liabilities).

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

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.

Like-for-like portfolio
The like-for-like portfolio includes all properties which have been in the portfolio since 1 April 2021 but excluding those which are acquired or sold since that date. Properties in the development pipeline and completed developments are also excluded.

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

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

Net initial yield
Net initial yield is a calculation by the Group's external valuer of the yield that would be received by a purchaser, based on the Estimated Net Rental Income expressed as a percentage of the acquisition cost, being the market value plus assumed usual purchasers' costs at the reporting date. The calculation is in line with EPRA guidance. Estimated Net Rental Income is determined by the valuer and is based on the passing cash rent less rent payable 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.

Net zero carbon building
A building for which an overall balance has been achieved between carbon emissions produced and those taken out of the atmosphere, including via offset arrangements. This relates to operational emissions for all buildings while, for a new building, it also includes supply-chain emissions associated with its construction.

Passing 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 rent may be more or less than the ERV (see over-rented, reversionary and ERV). Passing rent excludes annual rent receivable from units in administration save to the extent that rents are expected to be received. Void units at the reporting date are deemed to have no passing rent. Although temporary lets of less than 12 months are treated as void, income from temporary lets is included in passing rents.

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.

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 IFRS 16 (previously, 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.

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.

Security Group
Security Group is the principal funding vehicle for the Group 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.

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

Total return on equity
Dividend paid per share in the year plus the change in EPRA Net Tangible Assets per share, divided by EPRA Net Tangible Assets per share at the beginning of the year.

Total cost ratio
Total cost ratio represents all costs included within EPRA earnings, other than rents payable, financing costs and provisions for bad and doubtful debts, expressed as a percentage of gross rental income before rents payable adjusted for costs recovered through rents but not separately invoiced.

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.

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

Vacancy rates
Vacancy rates are expressed as a percentage of ERV and represent all unlet space, including vacant properties where refurbishment work is being carried out and vacancy in respect of pre-development properties, unless the scale of refurbishment is such that the property is not deemed lettable. The screen at Piccadilly Lights, W1 is excluded from the vacancy rate calculation as it will always carry advertising although the number and duration of our agreements with advertisers will vary.

Valuation surplus/deficit
The valuation surplus/deficit represents the increase or decrease in the market value of the Combined Portfolio, adjusted for net investment and the effect of accounting for lease incentives under IFRS 16 (previously SIC-15). The market value of the Combined Portfolio is determined by the Group's external valuer.

Voids
Voids are expressed as a percentage of ERV and represent all unlet space, including voids where refurbishment work is being carried out and voids in respect of pre-development properties. Temporary lettings for a period of one year or less are also treated as voids. The screen at Piccadilly Lights, W1 is excluded from the void calculation as it will always carry advertising although the number and duration of our agreements with advertisers will vary. Commercialisation lettings are also excluded from the void calculation.

Weighted average unexpired lease term

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.