Land Securities

15 November 2000

Interim Results
for the six months ended 30 September 2000

HIGHLIGHTS

- Development programme increased to £2 billion
- £400 million of property acquisitions (including acquisition of One New Change subsequent to the half-year)
- On short list of two for bids for the London Underground Property Partnership and BBC private finance initiatives
- Proposed acquisition of Trillium announced since 30 September
- First interim valuation shows 3.5% increase in diluted net assets per share to 1128p
- Development of total property services group and real estate technology strategies
- Separation of portfolio management and development divisions underway

Commenting on the results, Peter Birch, Chairman said: “In today’s economic environment, the demands from property occupiers are changing rapidly. As you will see from today’s announcement, we are implementing our strategy and developing our intellectual capability, to meet these new challenges.”

For further information:

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Interim results
for the six months ended 30 September 2000

Financial Highlights

	Six months to 30 September 2000	Six months to 30 September 1999	Change %
Net rental income	£231.5m	£223.1m	+3.8
* Revenue profit (pre-tax)	£148.1m	£147.1m	+0.7
Pre-tax profit	£148.5m	£151.7m	-2.1
* Adjusted earnings per share	20.66p	19.41p	+6.4
Earnings per share	20.73p	20.12p	+3.0
Interim dividend per share	8.65p	8.25p	+4.8

	30 September 2000	31 March 2000	
Diluted net assets per share	1128p	1090p	+3.5
Properties	£7,728.6m	£7,453.7m	
Net borrowings	£1,431.3m	£1,416.2m	
Equity shareholders' funds	£5,997.8m	£5,781.8m	
Gearing	25.5%	26.9%	
Gearing (net)	23.9%	24.5%	
†#Interest cover (times)	3.1	3.1	
◆ Total property return	10.7%	13.6%	

* Excludes results of property sales

† Six months to 30 September 2000/year to 31 March 2000

\# Number of times interest payable is covered by operating profit and interest receivable

◆ Annualised for six months to 30 September 2000/year to 31 March 2000

Property Highlights

Portfolio valuation at 30 September 2000	£m	Total %	Analysis of valuation surplus/ (deficit) %
Offices			
West End and Victoria	1,776.8	23.0	5.9
City and Midtown	1,417.3	18.3	2.6
Elsewhere in the United Kingdom	161.3	2.1	1.0
Shops and shopping centres			
Shopping centres	1,371.8	17.8	(2.0)
Central London shops	634.4	8.2	1.0
Other in-town shops	720.5	9.3	(1.5)
Retail warehouses and food superstores			
Parks	715.6	9.3	4.5
Other	226.9	2.9	1.0
Warehouses and industrial	432.7	5.6	4.5
Hotels, leisure and residential	271.3	3.5	.1
TOTAL VALUATION	7,728.6	100.0	2.1

The portfolio valuation figures include a one third apportionment of the valuation attributed to properties owned by the Birmingham Alliance limited partnerships.

Property Highlights

Voids and Reversionary by sector at 30 September 2000

	Voids %	Reversionary %
Offices	0.7	10.7
Shops and shopping centres	1.5	12.9
Retail warehouses and food superstores	1.3	11.6
Warehouses and industrial	1.4	3.7
Portfolio	1.1	11.3

% Yield on Present Income by sector at 30 September 2000

Offices	6.8%
Shops and shopping centres	6.6%
Retail warehouses and food superstores	5.9%
Warehouses and industrial	7.2%
Hotels, leisure and residential	6.4%
Portfolio	6.6%

Rental Income and Portfolio Valuation by type at 30 September 2000

	Rental Income Total £243.0m %	Valuation Total £7,728.6m %
Offices	43.6	43.4
Shops and shopping centres	36.2	35.3
Retail warehouses and food superstores	10.8	12.2
Warehouses and industrial	6.2	5.6
Hotels, leisure and residential	3.2	3.5
	100.0	100.0

% Portfolio by value and number of properties at 30 September 2000

£m	Value %	No of properties
0 – 10	9.3	188
10 – 25	13.4	66
25 – 50	21.3	47
over 50	56.0	44
	100.0	345

Review of the Group's activities

1. Headline results

In our first report since we outlined our future strategy and announced that we would be providing half-year valuations, we are pleased to report a 3.5% increase in diluted net assets per share from 1090p to 1128p. Knight Frank valued the portfolio at £7.73bn, reflecting an uplift, after adjusting for sales, acquisitions and other expenditure, of 2.1% since 31 March. Revenue profit before taxation, which excludes the results of selling investment properties, was £148.1m as compared with £147.1m for the equivalent period last year. The annualised total property return was 10.7%, compared with a pre-tax weighted average cost of capital assessed at 8.9%. Your Board is declaring an interim dividend of 8.65p per share, an increase of 4.8% over the interim dividend paid in January 2000. This will be paid on 8 January 2001.

2. Strategic initiatives

Over the past six months we have made a good start in implementing the strategy outlined in May when we announced that we would be restructuring the Group into development and asset management divisions and seeking to create additional earnings streams by optimising the returns from property. A significant step towards achieving this last objective was made on 2 November when we announced that we had agreed terms to acquire Trillium, the total property outsourcing group, for a consideration of £160m in cash and 680,000 shares and the assumption of approximately £165m of debt. Subject to satisfactory due diligence leading to the completion of the transaction, Manish Chande, Trillium's Chief Executive, will join your Board with particular responsibility for developing our total property services business.

In line with our strategy to concentrate on acquisitions that provide us with the opportunity to add significant value through active management or redevelopment we have purchased or agreed to purchase over £400m of property since 1 April. These acquisitions, further details of which are contained in the review of portfolio activity, not only offer good short term running yields but also long term redevelopment opportunities.

We have also continued the rationalisation of our portfolio and disposed of properties that no longer fulfil our investment criteria. Since 1 April we have sold or exchanged contracts to sell £125m of property and also have several further holdings under offer.

Peter Walicknowski joined us in September as a main Board director with particular responsibility for developing our new business and e-commerce initiatives. He is also working as part of the team responsible for restructuring the business into separate divisions and, assuming completion of our acquisition, he will lead the integration of Trillium into the Group. We are pleased that Francis Salway, from Standard Life, and John Anderson, from Bovis Lend Lease, have joined as directors of Land Securities Properties Limited. Francis will head up the asset management division (which will now be called portfolio management) and John will be involved in special projects, including the development of e-commerce and e-procurement initiatives. We are also delighted to welcome Giles Henderson, senior partner of Slaughter and May, as a non-executive director.

We continue to look at further ways to achieve our objective of improving returns on equity through e-commerce, PFI initiatives and the provision of a wider range of property services, including maximising the benefits to be obtained from large scale procurement. The acquisition of Trillium should assist us in achieving this objective, as we see significant long term benefits in combining their operating skills with our balance sheet strength. This type of acquisition also meets another of our objectives, which is to extend our asset base without increasing the Group's existing equity base as well as providing the potential for considerable enhancement of earnings.

During the last year, we have been working in partnership with Trillium and have reached the final shortlist of two to obtain the PFI mandate for the London Underground Property Partnership, which could provide very exciting development opportunities for the Group. An announcement on this bid is expected within the next two months. We are also, with Trillium, at a similar stage in the bidding process for the BBC property outsourcing contract, on which an announcement is anticipated early in 2001.

For some time now, we have been carrying out research into the effects that new technology is having on traditional business models, including those applying to all real estate asset classes. As a result we are establishing a focus group within Land Securities, to concentrate on developing and implementing strategies to ensure: firstly, that our buildings are 'e-enabled' and, secondly, that we increase earnings from technology-based value-added services. In particular, we are in discussions with potential service partners to provide "broadband" wiring to our office and retail portfolio.

We also recently launched a joint venture with Deloitte & Touche and Flint House, called Landscape Software Limited, to develop innovative software-based solutions for the property sector. Landscape has launched the first of its products, the first web-based software package available for the management of the tax reporting requirements of companies with large UK-based investment property portfolios.

3. Valuation

Direct property has been the best performing asset class this year, although there has been a slowdown in the rate of growth reflected in the total return from property during the last six months. The detailed analysis of the valuation by sector, shown on page 2, reflects a continuing increase in rental values in all sectors of the portfolio but some weakening of valuation yields, particularly in parts of the retail element. After excluding developments and refurbishments and other vacant pre-development holdings, the value of the portfolio at 30 September 2000 was almost £7.2bn. At the same date, the annual rent roll, net of ground rents and excluding the same properties, was £474.7m, 6.6% of this figure.

Values at 30 September showed ongoing strength of demand for offices in central London, particularly in the West End, where there is very little available space. Voids in our central London office portfolio are currently 0.6% of rent roll.

The weakening of yields within the retail sector is reflected in the 2.0% fall in the half-year valuation of shopping centres and in the 1.5% fall for shops outside central London. Increasing competition and pressure on retailers' margins are affecting their profitability. At the same time, retailers are having difficulties in adapting to all of the challenges arising from the widespread applications of e-commerce. The secondary locations and less well-located shopping centres continue to suffer most severely as retailers rationalise their space requirements. The relatively small adverse movement in value in this sector of our portfolio shows the success we have had in implementing our rationalisation policy. Voids within our shop and shopping centre portfolios are currently 1.5% of rent roll.

The 3.6% increase in the value of our retail warehouse holdings demonstrates the resilience and continued strength of this element of the retail sector. There is sustained demand from out of town retailers requiring large format stores which have proved successful in improving turnover and from high street retailers wishing to trade in complementary stores out of town.

The strong performance from our industrial portfolio confirms the benefits of concentrating our investments in the South East where there is a resilient letting market.

4. Portfolio activity

We are encouraged by the success of our policy of concentrating on developing large mixed-use schemes in major town and city centres, often working in partnership to enable a consolidation of control of key ownerships. This focus on scale is also being applied to the development of our office portfolio in central London.

In May we reported a development programme with an estimated capital cost of £1.65bn, which we have increased to £2bn. The main increases are the inclusion of our major office scheme in Southwark due to start, subject to planning, in 2003, our share of a shopping centre development in Bristol, and the reintroduction of Empress State Building SW6 where, following further research, we are proposing to alter and refurbish the building to provide a mixed-use development. Our proposed scheme for East Kilbride has been abandoned, as we were unsuccessful in our planning appeal for permission to develop additional retail space adjoining our Olympia Shopping Centre. The outstanding expenditure of some £1.56bn required to complete the programme will be spread over a number of years.

Good progress has been made in taking forward our substantial retail-led mixed-use urban regeneration programme. Our experience of letting our recently completed developments, and those in progress, shows that retailers are still keen to take space in top quality centres, in the major cities, that provide them with good sized units, in strong catchment areas, which offer their customers a full leisure and shopping experience. Phase II of The Bridges Shopping Centre at Sunderland was opened in September, with only one shop unlet. During the course of this development, Zone A rents increased from £753 per m² (£70 per ft²) to £1,345 per m² (£125 per ft²) and the development produced a surplus of £20.7m and an income return of just over 9% on total development cost. At Livingston, the Designer Outlet Shopping & Leisure Centre, developed in association with BAA McArthur Glen, opened on 26 October, with 75% of the base rent roll agreed subject to completion of lease documentation and we anticipate a return of 9% on total development cost. At Canterbury, work is progressing well. At York, our revised proposals are due to be considered by the Planning Committee at the end of November. Following the call-in of the planning application for our shopping development at Exeter, the subsequent deferment of the public enquiry and extensive consultations, we have revised the scheme and intend to submit a fresh planning application next spring.

The schemes being developed by the Birmingham Alliance, our partnership with Henderson Investors and Hammerson plc, are progressing well. Construction of Martineau Place continues on programme for completion in autumn 2001, with 75% of the rent roll either committed or agreed subject to completion of legal documentation. The first phase of the new Bull Ring project, the Market Building, was completed on schedule in September and we have now placed the main building contract for the construction of the new shopping centre, with completion scheduled for September 2003. The relationship we have built up with Henderson Investors and Hammerson plc has encouraged us to form another joint venture, the Bristol Alliance, together with an additional partner, CGNU. The partnership has been created to undertake a major redevelopment and expansion of the Broadmead area of Bristol city centre.

In central London, during the period under review, we received planning permission for, and have started work on site at 30 Gresham Street EC2 for the creation of 34,370 m² (370,000 ft²) of offices and 1,670 m² (18,000 ft²) of retail, due for completion in autumn 2003. We are making good progress with the redevelopment of Portman House (formerly Gulf House) W1, which is due for completion in September 2001. We are continuing our discussions with the planning authorities on our applications for major schemes at New Fetter Lane EC4 and Victoria Street SW1, totalling over 130,060 m² (1.4m ft²) of office and retail development. We continue to plan the creation of an office-led scheme of approximately 69,680 m² (750,000 ft²) in Southwark Street SE1 close to Southwark Station on the Jubilee Line. Outside central London we are making good progress with our city centre leisure scheme at Newcastle which is due for completion in November 2002. Almost 40% of this scheme, by rental value, is let or agreed subject to completion of lease documentation.

We continue to increase returns from our retail warehouse portfolio by extending our existing holdings, reconfiguring parks and sub-dividing units. Examples of these activities are at Aintree, Dundee, Erdington, Gateshead, Livingston and West Thurrock.

During the six months under review, we have incurred £97.2m on development activity and £123.6m on property acquisitions, which included £66.5m for 49 Leadenhall Street EC3 and £52.4m for 10-30 Eastbourne Terrace W2, both of which were acquired for their future development potential but in the meantime provide a good running yield. Since 30 September, we have exchanged contracts with the Bank of England for the acquisition of the head leasehold interest in One New Change EC4 for some £187m inclusive of all costs, with an initial yield in excess of 7% and reversionary potential next year. It will also provide a future development opportunity on a uniquely located site, next to St Paul’s Cathedral, to create a very significant office and retail development. At Basildon we purchased the former Gordon’s Gin factory where we plan to create almost 37,160 m² (400,000 ft²) of warehouse and office accommodation. We have also added to our industrial development programme through further acquisitions in Guildford and at Paycocke Road, Basildon.

In the half-year, we sold 37 properties for £101.8m, showing a small uplift of £0.4m over book value after all costs.

5. Revenue results

Rental income increased from £234.6m to £243.0m, despite the loss of revenue from the continuing rationalisation of the portfolio. After adjusting for the effects of acquisitions and sales, rental income on properties owned throughout the period under review increased by £15.7m. First lettings of developments provided an additional £6.4m and increases from rent reviews and renewals contributed £7.3m.

We indicated in May that, because of our policy of not capitalising interest as part of the cost of development, the implementation of a substantial development programme will inevitably affect profits during the expenditure period. Also, the acceleration of our disposal programme is likely to result in some income shortfall when the proceeds from property sales are reinvested in our development activities. However, such reinvestment will provide increasing capital growth and income for shareholders in the future.

Property management and administration expenses include increased expenditure on research and the costs of acquiring the necessary additional skills within the Group to deliver the strategy we outlined in May. Interest receivable was significantly reduced due to the level of expenditure on the development programme and on acquisitions.

The increase in adjusted earnings per share, from 19.4p to 20.7p, despite a relatively small increase in revenue profits, reflects the reduced capital base following the £250m share buy-back implemented in the first quarter of 2000.

6. Finance

Capital expenditure only marginally exceeded proceeds from property sales, as cash flows for the period include £113.6m in settlement of amounts due from sales exchanged before 31 March 2000. There was a net cash outflow in the period of £10.4m on the Group's normal business activities. The Group's available funds at 30 September were £41.0m higher than would be expected, as most of the half-yearly interest payments were settled on 2 October, the first business day after the period end.

In order to fix the cost of future borrowings required to finance part of the development programme, last autumn the Group entered into four forward-dated interest rate swaps, each for £100m. The first two swaps each had a start date of September 2000, and are in place for 15 years, and the other two start from 30 June 2002 for 10 years. Applying current corporate debt spreads, assuming the swaps were to be used for the purpose of putting in place 10-year fixed rate borrowings, the average cost to the Group would be about 6¼%. As borrowing spreads are presently unattractive to an issuer, it is likely that, in the short term, banking facilities will be utilised to fund immediate requirements and, taking advantage of the swaps in place, the effective cost to the Group of drawing down up to £200m of such finance would be approximately 6%. In order to increase the Group's flexibility to act quickly in a volatile environment, and to provide additional funds for imminent potential commitments, we have increased available committed bilateral facilities to £400m.

As at 30 September, the fair value of the Group's financial liabilities, excluding convertible bonds, exceeded book value by £388.8m and, after taking account of tax relief, the adjustment to fair value would reduce reported diluted net assets per share by 49p and would increase balance sheet gearing. There is no obligation or present intention to redeem or retire the borrowings other than at maturity, when redemptions would be made at par.

7. Outlook

The relatively benign outlook for the world economy has been upset recently by a number of factors, which include substantial oil price increases, mounting political concerns in the Middle East, a very weak euro and volatility in many stock markets. Nevertheless, with the current very low vacancy rates in all sectors and limited supply in the pipeline, the fundamentals for the direct property market remain sound.

We are encouraged by the progress we have made in implementing the strategy we outlined in May. Some people question the benefits of size for a quoted property company in the present environment but we strongly believe that scale matters. Our ability to take on major public sector PFI initiatives, and hopefully to provide similar solutions for the private sector in the future, to make property acquisitions of the scale and complexity of One New Change and to invest in research and development for major technology-based initiatives demonstrates the opportunities that our size and the strength of our balance sheet can provide.

In today's economic environment, the demands from property occupiers are changing rapidly. As you will see from this report, we are implementing the strategy and developing our intellectual capability to meet these new challenges.

For information: Ian Henderson
Chief Executive

Jim Murray
Finance Director

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15 November 2000

A copy of the Interim Results will be sent to shareholders and copies will also be made available to the public on request to the Secretary at the registered office, 5 Strand, London WC2N 5AF.

This report and the Report and Financial Statements for the year ended 31 March 2000 are available on the Company's website at www.landsecurities.co.uk

LAND SECURITIES CONSOLIDATED PROFIT & LOSS ACCOUNT **INTERIM RESULTS**
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2000

	Notes		Six months to 30.9.00 unaudited £m		Six months to 30.9.99 unaudited £m		Year to 30.3.00 audited £m
GROSS PROPERTY INCOME	2		266.1		257.5		528.2
NET RENTAL INCOME	2		231.5		223.1		457.2
Property management and administration expenses			(17.4)		(15.8)		(32.1)
OPERATING PROFIT			214.1		207.3		425.1
Profit on sales of properties			.4		4.6		26.0
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION			214.5		211.9		451.1
Interest receivable and similar income	3		4.5		11.9		19.5
Interest payable and similar charges	3		(70.5)		(72.1)		(142.9)
Revenue profit		148.1		147.1		301.7	
Profit on sales of properties		.4		4.6		26.0	
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			148.5		151.7		327.7
Taxation on:							
Revenue profit		(40.1)		(38.9)		(75.1)	
Property sales		-		(.7)		(.6)	
Taxation	4		(40.1)		(39.6)		(75.7)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			108.4		112.1		252.0
Dividends	5		(45.3)		(46.7)		(165.7)
RETAINED PROFIT FOR THE FINANCIAL PERIOD			63.1		65.4		86.3

		Basic	Diluted	Basic	Diluted	Basic	Diluted
EARNINGS PER SHARE	6	20.73p	20.60p	20.12p	20.02p	45.44p	44.97p
ADJUSTED EARNINGS PER SHARE	6	20.66p	20.53p	19.41p	19.35p	40.86p	40.63p

LAND SECURITIES CONSOLIDATED BALANCE SHEET
30 SEPTEMBER 2000

	Notes	30.9.00 unaudited £m	30.9.99 unaudited £m	31.3.00 audited £m
FIXED ASSETS				
Tangible assets				
Properties	7	7,728.6	7,037.7	7,453.7
Other tangible assets		15.4	13.8	14.7
		7,744.0	7,051.5	7,468.4
CURRENT ASSETS				
Debtors	8	109.9	86.5	182.6
Investments and cash	9	98.7	376.8	140.1
		208.6	463.3	322.7
CREDITORS falling due within one year	10	(413.5)	(389.0)	(457.1)
NET CURRENT (LIABILITIES)/ASSETS		(204.9)	74.3	(134.4)
TOTAL ASSETS LESS CURRENT LIABILITIES		7,539.1	7,125.8	7,334.0
CREDITORS falling due after more than one year				
Borrowings	11	(1,519.6)	(1,547.0)	(1,530.2)
Other creditors	12	(21.7)	(21.8)	(22.0)
		5,997.8	5,557.0	5,781.8
CAPITAL AND RESERVES				
Called up share capital	13	522.7	557.7	522.4
Share premium account	14	306.2	301.8	305.2
Capital redemption reserve	14	36.0	-	36.0
Revaluation reserve	14	3,684.0	3,251.9	3,582.4
Other reserves	14	190.8	666.6	141.2
Profit and loss account	14	1,258.1	779.0	1,194.6
EQUITY SHAREHOLDERS' FUNDS		5,997.8	5,557.0	5,781.8
NET ASSETS PER SHARE	6	1147p		1107p
DILUTED NET ASSETS PER SHARE	6	1128p		1090p

LAND SECURITIES CONSOLIDATED CASH FLOW STATEMENT (ABRIDGED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2000

	Six months to 30.9.00 unaudited £m	Six months to 30.9.99 unaudited £m	Year to 31.3.00 audited £m
NET CASH INFLOW FROM OPERATING ACTIVITIES (Note (b))	173.1	199.3	432.2
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	6.4	16.7	29.5
Interest paid	(33.9)	(81.1)	(141.1)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(27.5)	(64.4)	(111.6)
TAXATION - Corporation Tax paid	(24.3)	(10.7)	(74.1)
NET CASH INFLOW FROM OPERATING ACTIVITIES AND INVESTMENTS AFTER FINANCE CHARGES AND TAXATION	121.3	124.2	246.5
CAPITAL EXPENDITURE			
Additions to properties and increase in other tangible assets	(218.7)	(179.9)	(390.7)
Sales of properties	206.0	66.5	196.1
NET CASH OUTFLOW ON CAPITAL EXPENDITURE	(12.7)	(113.4)	(194.6)
EQUITY DIVIDENDS PAID	(119.0)	(120.7)	(166.8)
CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING	(10.4)	(109.9)	(114.9)
MANAGEMENT OF LIQUID RESOURCES	56.2	115.8	346.5
FINANCING			
Issues of shares	.7	.4	.6
Purchase and cancellation of own shares	(6.0)	-	(243.9)
(Decrease)/Increase in debt	(25.0)	-	11.3
NET CASH (OUTFLOW)/INFLOW FROM FINANCING	(30.3)	.4	(232.0)
INCREASE/(DECREASE) IN CASH IN PERIOD	15.5	6.3	(.4)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2000

	Notes	Six months to 30.9.00 unaudited £m	Six months to 30.9.99 unaudited £m	Year to 31.3.00 audited £m
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES				
Profit on ordinary activities after taxation (page 10)		108.4	112.1	252.0
Unrealised surplus on valuation of properties	14	155.5	-	454.0
Taxation on valuation surpluses realised on sales of properties	14	(4.2)	-	(5.2)
Total gains and losses recognised since last financial statements		259.7	112.1	700.8
NOTE OF HISTORICAL COST PROFITS AND LOSSES				
Profit on ordinary activities before taxation (page 10)		148.5	151.7	327.7
Valuation surplus of previous years realised on sales of properties	14	53.9	34.6	158.1
Taxation on valuation surpluses realised on sales of properties	14	(4.2)	-	(5.2)
Historical cost profit on ordinary activities before taxation		198.2	186.3	480.6
Taxation	4	(40.1)	(39.6)	(75.7)
Historical cost profit on ordinary activities after taxation		158.1	146.7	404.9
Dividends	5	(45.3)	(46.7)	(165.7)
Retained historical cost profit for the period		112.8	100.0	239.2
RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS				
Profit on ordinary activities after taxation (page 10)		108.4	112.1	252.0
Dividends	5	(45.3)	(46.7)	(165.7)
Retained profit for the financial period (page 10)		63.1	65.4	86.3
Unrealised surplus on valuation of properties	14	155.5	-	454.0
Taxation on valuation surpluses realised on sales of properties	14	(4.2)	-	(5.2)
Issues of shares		1.7	21.2	26.1
Purchase and cancellation of own shares	14	(.1)	-	(249.8)
		216.0	86.6	311.4
Opening equity shareholders' funds		5,781.8	5,470.4	5,470.4
Closing equity shareholders' funds		5,997.8	5,557.0	5,781.8

NOTES TO THE CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2000

(a) Reconciliation of net cash flow to movements in net debt	Notes	Six months to 30.9.00 unaudited £m	Six months to 30.9.99 unaudited £m	Year to 31.3.00 audited £m
Increase/(decrease) in cash in period (page 12)		15.5	6.3	(.4)
Decrease/(increase) in debt		25.0	-	(11.3)
Decrease in liquid resources		(56.2)	(115.8)	(346.5)
Increase in net debt resulting from cash flow	(c)	(15.7)	(109.5)	(358.2)
Non-cash changes in debt	(c)	.6	20.4	24.7
Movement in net debt in period		(15.1)	(89.1)	(333.5)
Net debt brought forward		(1,416.2)	(1,082.7)	(1,082.7)
Net debt carried forward	(c)	(1,431.3)	(1,171.8)	(1,416.2)

(b) Reconciliation of operating profit to net cash inflow from operating activities	Six months to 30.9.00 unaudited £m	Six months to 30.9.99 unaudited £m	Year to 31.3.00 audited £m
Operating profit	214.1	207.3	425.1
Depreciation	1.6	1.4	2.8
Increase in debtors	(38.9)	(17.6)	(4.2)
(Decrease)/increase in creditors	(3.7)	8.2	8.5
Net cash inflow from operating activities	173.1	199.3	432.2

(c) Analysis of Net Debt	1.4.00 audited £m	Movements during six months unaudited Cash flow £m	Non-cash £m	30.9.00 unaudited £m	30.9.99 unaudited £m
Cash at bank/ (overdraft) and in hand	(.7)	15.5		14.8	6.0
Liquid resources	140.1	(56.2)		83.9	370.8
Debt due within one year	(25.4)	25.0	(10.0)	(10.4)	(1.6)
Debt due after one year	(1,530.2)	-	10.6	(1,519.6)	(1.547.0)
Net debt	(1,416.2)	(15.7)	.6	(1,431.3)	(1,171.8)

NOTE 1 INTERIM RESULTS

The Accounting Standards Board (ASB) has issued a non-mandatory statement "Interim Reports", which seeks to codify best practice in the presentation of interim results. The Interim Results, which incorporate a revaluation of investment properties as at 30 September 2000, have been prepared having regard to the guidance in the ASB statement and on the basis of the accounting policies set out in the Group's audited financial statements for the year ended 31 March 2000.

The financial information for the year to 31 March 2000 has been extracted from the Group's financial statements to that date. These statements received an unqualified auditors' report, did not contain a statement under Section 237(2) or (3) of the Companies Act 1985 and have been filed with the Registrar of Companies.

The Interim Results for the six months ended 30 September 2000 were approved by the Directors on 15 November 2000.

NOTE 2 NET RENTAL INCOME

	Six months to 30.9.00 unaudited	Six months to 30.9.99 unaudited	Year to 31.3.00 audited
	£m	£m	£m
Rental income	243.0	234.6	479.9
Service charges and other recoveries	23.1	22.9	48.3
Gross property income	266.1	257.5	528.2
Ground rents payable	(8.7)	(8.0)	(16.4)
Other property outgoings	(25.9)	(26.4)	(54.6)
	(34.6)	(34.4)	(71.0)
	231.5	223.1	457.2

All income was derived from within the United Kingdom from continuing operations. No operations were discontinued during the period.

NOTE 3 FINANCE

	Six months to 30.9.00 unaudited	Six months to 30.9.99 unaudited	Year to 31.3.00 audited
	£m	£m	£m
INTEREST RECEIVABLE:			
Short term deposits and corporate bonds	4.1	11.4	18.7
Other interest receivable and similar income	.4	.5	.8
	4.5	11.9	19.5
INTEREST PAYABLE:			
Borrowings not wholly repayable within five years	69.5	70.0	139.9
Borrowings wholly repayable within five years	.5	.5	1.1
Other interest payable and similar charges	.5	1.6	1.9
	70.5	72.1	142.9

NOTE 4 TAXATION

	Six months to 30.9.00 unaudited	Six months to 30.9.99 unaudited	Year to 31.3.00 audited
	£m	£m	£m
The charge for taxation is made up as follows:			
Revenue profit at the Corporation Tax rate of 30% (1999: 30%)	44.4	44.1	90.5
Tax allowances on expenditure relating to properties	(5.2)	(6.1)	(12.2)
Movement in deferred taxation	(.1)	.2	1.0
Other adjustments	.9	.5	(.2)
	40.0	38.7	79.1
Adjustments relating to previous years	.1	.2	(4.0)
On revenue profit	40.1	38.9	75.1
On property sales	-	.7	.6
	40.1	39.6	75.7

The amount of tax on capital gains which would become payable in the event of sales of the properties at the amounts at which they are stated in Note 7 is in the region of £510m (31 March 2000 £490m).

NOTE 5 DIVIDENDS

The interim dividend of 8.65p per share (1999 8.25p per share)will amount to £45.2m (1999 £46.0m) calculated on 522.7m shares (1999 557.7m shares) in issue on 30 September 2000. However, dividends shown in the Profit and Loss Account include £0.1m (1999 £0.7m) of prior year final dividend arising from increases in share capital before the record date of 9 June 2000.

NOTE 6 EARNINGS AND NET ASSETS PER SHARE

EARNINGS PER SHARE

Earnings per share are calculated on the profit on ordinary activities after taxation of £108.4m (1999 £112.1m) and on the weighted average number of shares in issue during the period of 522.7m(1999 557.6m).

Adjusted earnings per share, calculated on the same weighted average number of shares but excluding the profit arising on sales of properties after taxation of £0.4m (1999 £3.9m), have been disclosed to show a measure of earnings that reflects the principal operating activities of the Group.

Diluted earnings per share are calculated on the profit on ordinary activities after taxation of £113.9m (1999 £117.9m), after adjusting for the effects of the exercise of conversion rights relating to the convertible bonds, and on the weighted average number of shares in issue during the period of 553.1m (1999 589.1m), which takes into account the number of potential shares arising from the exercise of conversion rights and share options.

NET ASSETS PER SHARE

Net assets per share are calculated on net assets of £5,997.8m and on 522.7m shares.

The diluted net assets per share are calculated on adjusted net assets of £6,249.0m and on 553.8m shares after adjusting for the effects of the exercise of share options and of conversion rights relating to the convertible bonds on net assets and the number of shares in issue.

NOTE 7 PROPERTIES

	Freehold	Leasehold Over 50 years to run	Leasehold Under 50 years to run	Total
	£m	£m	£m	£m
At 1 April 2000: at valuation	5,711.9	1,686.8	55.0	7,453.7
Additions	155.4	65.3	.1	220.8
Reclassifications		(1.7)	1.7	
Sales	(95.1)	(6.3)	-	(101.4)
	5,772.2	1,744.1	56.8	7,573.1
Unrealised surplus on valuation (Note 14)	132.3	17.6	5.6	155.5
At 30 September 2000: at valuation	5,904.5	1,761.7	62.4	7,728.6

Freeholds include £387.3m of leaseholds with unexpired terms exceeding 900 years; leaseholds under 50 years to run include £10.2m with unexpired terms of 20 years or less.

The historical cost of properties to the group is £3,854.8m (31 March 2000 £3,681.5m)

NOTE 8 DEBTORS

	30.9.00 unaudited	30.9.99 unaudited	31.3.00 audited
	£m	£m	£m
Trade debtors	52.9	32.2	20.4
Capital debtors	11.4	15.4	15.9
Property sales debtors	7.9	-	113.6
Other debtors	16.0	11.7	13.5
Prepayments and accrued income	21.7	27.2	19.2
	109.9	86.5	182.6

NOTE 9 INVESTMENTS AND CASH

	30.9.00 unaudited	30.9.99 unaudited	31.3.00 audited
	£m	£m	£m
Short term deposits	83.9	370.8	140.1
Cash at bank and in hand	14.8	6.0	-
	98.7	376.8	140.1

NOTE 10 CREDITORS FALLING DUE WITHIN ONE YEAR

	30.9.00 unaudited £m	30.9.99 unaudited £m	31.3.00 audited £m
Debentures and loans	10.4	1.6	25.4
Overdraft	-	-	.7
Trade and other creditors	17.3	19.1	21.6
Taxation and Social Security	84.4	87.2	64.3
Deferred taxation	.9	.2	1.0
Proposed dividend	45.2	46.0	118.9
Capital creditors	52.9	77.6	54.0
Accruals and deferred income	202.4	157.3	171.2
	413.5	389.0	457.1

NOTE 11 BORROWINGS FALLING DUE AFTER MORE THAN ONE YEAR

	30.9.00 unaudited £m	30.9.99 unaudited £m	31.3.00 audited £m
Debentures, bonds and loans	1,283.3	1,296.7	1,308.1
Falling due within one year (Note 10)	(10.4)	(1.6)	(25.4)
	1,272.9	1,295.1	1,282.7
Convertible bonds	246.7	251.9	247.5
	1,519.6	1,547.0	1,530.2

NOTE 12 OTHER CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR

	30.9.00 unaudited £m	30.9.99 unaudited £m	31.3.00 audited £m
Deferred income	18.5	18.4	18.6
Deferred taxation	.1	.1	.1
Other creditors	3.1	3.3	3.3
	21.7	21.8	22.0

NOTE 13 CALLED UP SHARE CAPITAL

	30.9.00 unaudited	30.9.99 unaudited	31.3.00 audited
	£m	£m	£m
Ordinary shares of £1 each			
Authorised	720.0	720.0	720.0
Allotted and fully paid	522.7	557.7	522.4

NOTE 14 RESERVES

	Share premium account £m	Capital redemption reserve £m	Revaluation reserve £m	Other reserves £m	Profit and loss account £m	Total £m
At 1 April 2000	305.2	36.0	3,582.4	141.2	1,194.6	5,259.4
Premium arising on issues of shares	1.4					1.4
Purchase and cancellation of own shares				(.1)		(.1)
Unrealised surplus on valuation of properties (Note 7)			155.5			155.5
Realised on sales of properties			(53.9)	53.9		
Taxation on valuation surpluses realised on sales of properties				(4.2)		(4.2)
Retained profit for the period (page 10)					63.1	63.1
Amortised discount and issue expenses of bonds	(.4)				.4	
At 30 September 2000	306.2	36.0	3,684.0	190.8	1,258.1	5,475.1

NOTE 15 FINANCIAL ASSETS AND LIABILITIES

	Book value		Fair value	
	30.9.00 unaudited	31.3.00 audited	30.9.00 unaudited	31.3.00 audited
	£m	£m	£m	£m
The Group's financial assets and liabilities and their fair values are:				
FINANCIAL ASSETS				
Short term investments and cash	98.7	140.1	98.7	140.1
FINANCIAL LIABILITIES				
Debentures, bonds, other loans and overdraft	(1,283.3)	(1,308.8)	(1.684.1)	(1,827.9)
Convertible bonds	(246.7)	(247.5)	(264.1)	(260.5)
FINANCIAL INSTRUMENTS				
Interest rate swaps			12.0	2.7
	=======	=======	=======	=======

Fair value has been calculated by taking the market value, where available, and using a discounted cash flow approach for those financial assets and liabilities that do not have a published market value. The difference between book value and fair value will not result in any change to the cash outflows of the group unless, at some stage in the future, borrowings are purchased in the market other than at nominal value.

The group entered into four forward-starting interest rate swaps, each for £100m, during the year ended 31 March 2000. The first two swaps each have a start date of 30 September 2000 for 15 years and the other two have a start date of 30 June 2002 for 10 years. The counterparties can extend the duration of each swap on similar terms. As the intention is to link the swaps with new borrowings, the value of the swaps has not been incorporated in the financial statements.

At 30 September 2000 £31.7m of short term deposits were charged as temporary security for borrowings until substitutions have been agreed for properties taken out of charge.

The maturity and repayment profiles of the Group's financial assets and liabilities and the expiry periods of its undrawn committed borrowing facilities are:

	Financial assets		Financial liabilities		Borrowing facilities	
	30.9.00 unaudited	31.3.00 audited	30.9.00 unaudited	31.3.00 audited	30.9.00 unaudited	31.3.00 audited
	£m	£m	£m	£m	£m	£m
One year or less, or on demand	98.7	140.1	10.4	26.1	75.0	50.0
More than one year but no more than two years	-	-	.4	.4	75.0	100.0
More than two years but no more than five years	-	-	38.6	48.6	50.0	25.0
More than five years	-	-	1,480.6	1,481.2	-	-
	98.7	140.1	1,530.0	1556.3	200.0	175.0

The amount of debt that is repayable by instalments, where any of the instalments fall due after more than five years, is not material.

Since 30 September 2000, the Group has increased available committed bank facilities to £400m.

Review Report by the Auditors

INDEPENDENT REVIEW REPORT TO LAND SECURITIES PLC

INTRODUCTION

We have been instructed by the Company to review the financial information set out on pages 10 to 22 and we have read the other information contained in the interim report for any apparent misstatements or material inconsistencies with the financial information.

DIRECTORS' RESPONSIBILITIES

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

REVIEW WORK PERFORMED

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

REVIEW CONCLUSION

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2000.

PricewaterhouseCoopers
Chartered Accountants
London
15 November 2000