

## Notes to the financial statements

—for the year ended 31 March 2010

### 4. Segmental information

Management has determined the Group's operating segments based on the reports reviewed by the Senior Management Board ('SMB'), which consists of the four Executive Directors, to make strategic decisions.

All the Group's operations are in the UK and are organised into two business segments against which the Group reports its segmental information, being Retail Portfolio and London Portfolio. The London Portfolio includes all our London offices and Central London retail (excluding assets held in the Metro Shopping Fund LP joint venture) and the Retail Portfolio includes all our shopping centres, shops, retail warehouse properties, the Accor hotel portfolio and assets held in retail joint ventures, excluding Central London retail.

The information and reports reviewed by the SMB are prepared on a combined portfolio basis, which includes the Group's share of joint ventures on a proportionately consolidated basis and, as such, the following segmental information has been prepared and presented on a proportionately consolidated basis.

The Group's primary measure of underlying profit before tax is Revenue profit. This measure seeks to show the profit arising from ongoing operations and as such removes all items of a capital nature (e.g. valuation movements and profit/(loss) on disposal of investment properties) and one-off or exceptional items. Segment profit is the lowest level to which the profit arising from the ongoing operations of the Group is analysed between the two segments. The Group manages its financing structure, with the exception of joint ventures, on a pooled basis and, as such, debt facilities and interest charges are not specific to a particular segment.

## Notes to the financial statements

—for the year ended 31 March 2010 continued

### 4. Segmental information continued

The segmental information provided to the SMB for the reportable segments for the year ended 31 March 2010 is as follows:

	Retail Portfolio			London Portfolio			Year ended 31 March 2010		
	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
<b>Revenue profit</b>									
Rental income	255.6	68.1	323.7	304.7	10.4	315.1	560.3	78.5	638.8
Finance lease interest	2.3	0.5	2.8	3.6	–	3.6	5.9	0.5	6.4
Rents payable	(12.3)	(1.3)	(13.6)	(6.4)	–	(6.4)	(18.7)	(1.3)	(20.0)
Gross rental income	245.6	67.3	312.9	301.9	10.4	312.3	547.5	77.7	625.2
Service charge income	32.3	9.2	41.5	45.3	0.2	45.5	77.6	9.4	87.0
Service charge expense	(34.3)	(10.7)	(45.0)	(49.7)	(0.2)	(49.9)	(84.0)	(10.9)	(94.9)
Net service charge expense	(2.0)	(1.5)	(3.5)	(4.4)	–	(4.4)	(6.4)	(1.5)	(7.9)
Other property related income	9.2	1.0	10.2	12.8	–	12.8	22.0	1.0	23.0
Direct property expenditure	(28.6)	(11.8)	(40.4)	(32.0)	(0.4)	(32.4)	(60.6)	(12.2)	(72.8)
<b>Net rental income</b>	<b>224.2</b>	<b>55.0</b>	<b>279.2</b>	<b>278.3</b>	<b>10.0</b>	<b>288.3</b>	<b>502.5</b>	<b>65.0</b>	<b>567.5</b>
Indirect property expenditure	(20.8)	(3.7)	(24.5)	(19.1)	(0.1)	(19.2)	(39.9)	(3.8)	(43.7)
Depreciation	(0.4)	–	(0.4)	(1.6)	–	(1.6)	(2.0)	–	(2.0)
<b>Segment profit before interest</b>	<b>203.0</b>	<b>51.3</b>	<b>254.3</b>	<b>257.6</b>	<b>9.9</b>	<b>267.5</b>	<b>460.6</b>	<b>61.2</b>	<b>521.8</b>
Joint venture net interest expense	–	(22.4)	(22.4)	–	(10.2)	(10.2)	–	(32.6)	(32.6)
<b>Segment profit</b>	<b>203.0</b>	<b>28.9</b>	<b>231.9</b>	<b>257.6</b>	<b>(0.3)</b>	<b>257.3</b>	<b>460.6</b>	<b>28.6</b>	<b>489.2</b>
Group services – income							13.4	–	13.4
– expense							(39.4)	–	(39.4)
– eliminate non-revenue profit income							(9.7)	–	(9.7)
Interest expense							(248.9)	–	(248.9)
Interest income							29.8	–	29.8
Eliminate effect of bond exchange de-recognition							13.8	–	13.8
Eliminate debt restructuring charges							3.6	–	3.6
<b>Revenue profit</b>							<b>223.2</b>	<b>28.6</b>	<b>251.8</b>

Included within rents payable is finance lease interest payable of **£2.3m** (2009: £2.5m) and **£1.5m** (2009: £1.8m) respectively for Retail Portfolio and London Portfolio.

	Retail Portfolio			London Portfolio			Year ended 31 March 2010		
	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
<b>Reconciliation to profit before tax from continuing operations</b>									
<b>Segment profit before interest</b>	<b>203.0</b>	<b>51.3</b>	<b>254.3</b>	<b>257.6</b>	<b>9.9</b>	<b>267.5</b>	<b>460.6</b>	<b>61.2</b>	<b>521.8</b>
Trading properties sale proceeds	10.0	6.7	16.7	3.5	5.6	9.1	13.5	12.3	25.8
Costs of sales of trading properties	(8.1)	(5.8)	(13.9)	(5.8)	(5.3)	(11.1)	(13.9)	(11.1)	(25.0)
Profit/(loss) on disposal of trading properties	1.9	0.9	2.8	(2.3)	0.3	(2.0)	(0.4)	1.2	0.8
Long-term development contract income	–	–	–	140.7	–	140.7	140.7	–	140.7
Long-term development contract expenditure	–	–	–	(134.0)	–	(134.0)	(134.0)	–	(134.0)
Profit on long-term development contracts	–	–	–	6.7	–	6.7	6.7	–	6.7
	204.9	52.2	257.1	262.0	10.2	272.2	466.9	62.4	529.3
Investment property disposal proceeds	410.8	213.6	624.4	408.7	–	408.7	819.5	213.6	1,033.1
Carrying value of investment property disposals (including lease incentives)	(434.1)	(205.6)	(639.7)	(417.9)	–	(417.9)	(852.0)	(205.6)	(1,057.6)
(Loss)/profit on disposal of investment properties	(23.3)	8.0	(15.3)	(9.2)	–	(9.2)	(32.5)	8.0	(24.5)
Net surplus on revaluation of investment properties	341.5	100.3	441.8	404.5	17.5	422.0	746.0	117.8	863.8
Impairment of trading properties	–	(4.0)	(4.0)	(10.6)	1.1	(9.5)	(10.6)	(2.9)	(13.5)
	523.1	156.5	679.6	646.7	28.8	675.5	1,169.8	185.3	1,355.1
Demerger costs							–	–	–
Group services – income							13.4	–	13.4
– expense							(39.4)	–	(39.4)
<b>Operating profit</b>							<b>1,143.8</b>	<b>185.3</b>	<b>1,329.1</b>
Interest expense							(248.9)	(32.6)	(281.5)
Interest income							29.8	–	29.8
Fair value movement on interest-rate swaps							7.0	(1.4)	5.6
Joint venture tax adjustment							–	2.0	2.0
Joint venture net liabilities adjustment							–	(15.7)	(15.7)
<b>Profit before tax from continuing operations</b>							<b>931.7</b>	<b>137.6</b>	<b>1,069.3</b>

# Notes to the financial statements

—for the year ended 31 March 2010 continued

## 4. Segmental information continued

	Retail Portfolio			London Portfolio			Year ended 31 March 2009 Total		
	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
<b>Revenue profit</b>									
Rental income	302.8	69.1	371.9	338.9	8.6	347.5	641.7	77.7	719.4
Finance lease interest	2.7	0.4	3.1	5.3	—	5.3	8.0	0.4	8.4
Rents payable	(11.6)	(0.5)	(12.1)	(4.6)	—	(4.6)	(16.2)	(0.5)	(16.7)
Gross rental income	293.9	69.0	362.9	339.6	8.6	348.2	633.5	77.6	711.1
Service charge income	37.3	10.4	47.7	47.0	0.3	47.3	84.3	10.7	95.0
Service charge expense	(39.7)	(12.9)	(52.6)	(53.3)	(0.3)	(53.6)	(93.0)	(13.2)	(106.2)
Net service charge expense	(2.4)	(2.5)	(4.9)	(6.3)	—	(6.3)	(8.7)	(2.5)	(11.2)
Other property related income <sup>1</sup>	11.0	—	11.0	14.7	—	14.7	25.7	—	25.7
Direct property expenditure	(40.3)	(10.2)	(50.5)	(29.8)	(0.2)	(30.0)	(70.1)	(10.4)	(80.5)
<b>Net rental income</b>	262.2	56.3	318.5	318.2	8.4	326.6	580.4	64.7	645.1
Indirect property expenditure <sup>1</sup>	(23.5)	(3.2)	(26.7)	(21.3)	(0.6)	(21.9)	(44.8)	(3.8)	(48.6)
Depreciation <sup>1</sup>	(0.4)	—	(0.4)	(3.1)	—	(3.1)	(3.5)	—	(3.5)
<b>Segment profit before interest</b>	238.3	53.1	291.4	293.8	7.8	301.6	532.1	60.9	593.0
Joint venture net interest expense	—	(19.0)	(19.0)	—	(7.7)	(7.7)	—	(26.7)	(26.7)
<b>Segment profit</b>	238.3	34.1	272.4	293.8	0.1	293.9	532.1	34.2	566.3
Group services – income							3.4	—	3.4
– expense							(36.8)	—	(36.8)
– eliminate non-revenue profit income							—	—	—
Interest expense							(262.9)	—	(262.9)
Interest income							32.5	—	32.5
Eliminate effect of bond exchange de-recognition							11.7	—	11.7
Eliminate debt restructuring charges							0.7	—	0.7
<b>Revenue profit</b>							280.7	34.2	314.9

	Retail Portfolio			London Portfolio			Year ended 31 March 2009 Total		
	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
<b>Reconciliation to loss before tax from continuing operations</b>									
<b>Segment profit before interest</b>	238.3	53.1	291.4	293.8	7.8	301.6	532.1	60.9	593.0
Trading properties sale proceeds	8.8	10.7	19.5	0.4	5.3	5.7	9.2	16.0	25.2
Costs of sales of trading properties	(6.6)	(5.7)	(12.3)	(0.1)	(4.8)	(4.9)	(6.7)	(10.5)	(17.2)
Profit on disposal of trading properties	2.2	5.0	7.2	0.3	0.5	0.8	2.5	5.5	8.0
Long-term development contract income	—	—	—	48.9	—	48.9	48.9	—	48.9
Long-term development contract expenditure	—	—	—	(45.1)	—	(45.1)	(45.1)	—	(45.1)
Profit on long-term development contracts	—	—	—	3.8	—	3.8	3.8	—	3.8
	240.5	58.1	298.6	297.9	8.3	306.2	538.4	66.4	604.8
Investment property disposal proceeds	164.5	11.1	175.6	434.7	—	434.7	599.2	11.1	610.3
Carrying value of investment property disposals (including lease incentives)	(219.3)	(8.2)	(227.5)	(510.7)	—	(510.7)	(730.0)	(8.2)	(738.2)
(Loss)/profit on disposal of investment properties	(54.8)	2.9	(51.9)	(76.0)	—	(76.0)	(130.8)	2.9	(127.9)
Net deficit on revaluation of investment properties	(1,923.1)	(603.5)	(2,526.6)	(2,190.3)	(26.8)	(2,217.1)	(4,113.4)	(630.3)	(4,743.7)
Impairment of trading properties	—	(9.0)	(9.0)	(92.3)	(3.3)	(95.6)	(92.3)	(12.3)	(104.6)
	(1,737.4)	(551.5)	(2,288.9)	(2,060.7)	(21.8)	(2,082.5)	(3,798.1)	(573.3)	(4,371.4)
Demerger costs							(10.2)	—	(10.2)
Group services – income							3.4	—	3.4
– expense							(36.8)	—	(36.8)
<b>Operating loss</b>							(3,841.7)	(573.3)	(4,415.0)
Interest expense							(262.9)	(26.7)	(289.6)
Interest income							32.5	—	32.5
Fair value movement on interest-rate swaps							(102.1)	(15.4)	(117.5)
Joint venture tax adjustment							—	(1.3)	(1.3)
Joint venture net liabilities adjustment							—	17.7	17.7
<b>Loss before tax from continuing operations</b>							(4,174.2)	(599.0)	(4,773.2)

1. In line with internal management information, the cost and income of Group services has not been allocated across the Retail Portfolio and London Portfolio business segments, instead being disclosed as single line items. This represents a change from the segmental information presented in the 2009 Annual Report in which elements of Group services were allocated across the segments within 'Indirect property expenditure', 'Depreciation' and 'Other property related income'.

**Notes to the financial statements**  
—for the year ended 31 March 2010 continued

**4. Segmental information continued**

	Retail Portfolio			London Portfolio			Year ended 31 March 2010		
	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
<b>Balance sheet</b>									
Investment properties	3,167.9	1,035.2	4,203.1	4,876.4	191.9	5,068.3	8,044.3	1,227.1	9,271.4
Other property, plant and equipment	4.5	–	4.5	8.3	–	8.3	12.8	–	12.8
Net investment in finance leases	48.3	8.6	56.9	67.1	–	67.1	115.4	8.6	124.0
Trading properties and long-term development contracts	2.0	15.0	17.0	85.9	17.8	103.7	87.9	32.8	120.7
Trade and other receivables	163.2	91.1	254.3	171.2	2.1	173.3	334.4	93.2	427.6
Share of joint venture cash	–	18.6	18.6	–	8.4	8.4	–	27.0	27.0
Joint venture net liabilities adjustment	–	2.0	2.0	–	–	–	–	2.0	2.0
<b>Segment assets</b>	<b>3,385.9</b>	<b>1,170.5</b>	<b>4,556.4</b>	<b>5,208.9</b>	<b>220.2</b>	<b>5,429.1</b>	<b>8,594.8</b>	<b>1,390.7</b>	<b>9,985.5</b>
Unallocated:									
Derivative financial instruments							1.0	–	1.0
Cash and cash equivalents							159.4	–	159.4
Monies held in restricted accounts							95.6	–	95.6
Loan investments							84.3	–	84.3
Pension surplus							–	–	–
Deferred tax assets							–	–	–
Reclassification of joint venture liabilities to assets							–	(602.9)	(602.9)
<b>Total assets</b>							<b>8,935.1</b>	<b>787.8</b>	<b>9,722.9</b>
Trade and other payables	(106.3)	(70.1)	(176.4)	(160.0)	(13.7)	(173.7)	(266.3)	(83.8)	(350.1)
Share of joint venture borrowings	–	(354.8)	(354.8)	–	(164.3)	(164.3)	–	(519.1)	(519.1)
<b>Segment liabilities</b>	<b>(106.3)</b>	<b>(424.9)</b>	<b>(531.2)</b>	<b>(160.0)</b>	<b>(178.0)</b>	<b>(338.0)</b>	<b>(266.3)</b>	<b>(602.9)</b>	<b>(869.2)</b>
Unallocated:									
Borrowings							(3,518.3)	–	(3,518.3)
Derivative financial instruments							(1.1)	–	(1.1)
Pension deficit							(6.5)	–	(6.5)
Provisions							(1.5)	–	(1.5)
Current tax liabilities							(111.0)	–	(111.0)
Trade and other payables							(129.2)	–	(129.2)
Reclassification of joint venture liabilities to assets							–	602.9	602.9
<b>Total liabilities</b>							<b>(4,033.9)</b>	<b>–</b>	<b>(4,033.9)</b>
<b>Other segment items</b>									
Capital expenditure	40.4	93.2	133.6	133.2	1.4	134.6	173.6	94.6	268.2

## Notes to the financial statements

—for the year ended 31 March 2010 continued

### 4. Segmental information continued

	Retail Portfolio			London Portfolio			Year ended 31 March 2009		
	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
<b>Balance sheet</b>									
Investment properties	3,205.4	1,035.0	4,240.4	4,724.0	173.0	4,897.0	7,929.4	1,208.0	9,137.4
Other property, plant and equipment	4.7	—	4.7	9.6	—	9.6	14.3	—	14.3
Net investment in finance leases	48.5	8.6	57.1	67.8	—	67.8	116.3	8.6	124.9
Trading properties and long-term development contracts	10.0	19.0	29.0	84.9	18.0	102.9	94.9	37.0	131.9
Trade and other receivables	201.4	210.4	411.8	190.7	3.3	194.0	392.1	213.7	605.8
Share of joint venture cash	—	23.9	23.9	—	4.6	4.6	—	28.5	28.5
Joint venture net liabilities adjustment	—	17.1	17.1	—	0.6	0.6	—	17.7	17.7
<b>Segment assets</b>	<b>3,470.0</b>	<b>1,314.0</b>	<b>4,784.0</b>	<b>5,077.0</b>	<b>199.5</b>	<b>5,276.5</b>	<b>8,547.0</b>	<b>1,513.5</b>	<b>10,060.5</b>
Unallocated:									
Cash and cash equivalents							1,609.1	—	1,609.1
Monies held in restricted accounts							29.9	—	29.9
Loan investments							50.0	—	50.0
Pension surplus							3.0	—	3.0
Deferred tax assets							1.9	—	1.9
Reclassification of joint venture liabilities to assets							—	(582.7)	(582.7)
<b>Total assets</b>							<b>10,240.9</b>	<b>930.8</b>	<b>11,171.7</b>
Trade and other payables	(335.9)	(86.8)	(422.7)	(241.3)	(12.4)	(253.7)	(577.2)	(99.2)	(676.4)
Share of joint venture borrowings	—	(320.3)	(320.3)	—	(163.2)	(163.2)	—	(483.5)	(483.5)
<b>Segment liabilities</b>	<b>(335.9)</b>	<b>(407.1)</b>	<b>(743.0)</b>	<b>(241.3)</b>	<b>(175.6)</b>	<b>(416.9)</b>	<b>(577.2)</b>	<b>(582.7)</b>	<b>(1,159.9)</b>
Unallocated:									
Borrowings							(5,450.6)	—	(5,450.6)
Derivative financial instruments							(112.0)	—	(112.0)
Current tax liabilities							(163.1)	—	(163.1)
Trade and other payables							(48.6)	—	(48.6)
Reclassification of joint venture liabilities to assets							—	582.7	582.7
<b>Total liabilities</b>							<b>(6,351.5)</b>	<b>—</b>	<b>(6,351.5)</b>
<b>Other segment items</b>									
Capital expenditure	147.6	142.5	290.1	272.0	1.6	273.6	419.6	144.1	563.7

### 5. Group revenue

Group	2010 £m	2009 £m
Rental income (excluding adjustment for lease incentives)	544.9	606.4
Adjustment for lease incentives	15.4	35.3
Rental income	560.3	641.7
Service charge income	77.6	84.3
Other property related income	22.0	25.7
Trading property sales proceeds	13.5	9.2
Long-term development contract income	140.7	48.9
Finance lease interest	5.9	8.0
Other income	13.4	3.4
	<b>833.4</b>	<b>821.2</b>

## Notes to the financial statements

—for the year ended 31 March 2010 continued

### 8. Net interest expense

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
<b>Interest expense</b>				
Bond and debenture debt	(200.9)	(191.1)	–	–
Bank borrowings	(42.7)	(95.4)	–	–
Lease contract	–	2.7	–	–
Other interest receivable	0.9	1.5	–	19.5
Interest receivable from joint ventures	10.1	16.8	–	–
Expected return on pension scheme assets	6.6	8.1	–	–
<b>Total interest income</b>	<b>29.8</b>	<b>32.5</b>	<b>–</b>	<b>20.0</b>
<b>Fair value movement on interest-rate swaps</b>	<b>7.0</b>	<b>(102.1)</b>	<b>–</b>	<b>–</b>
<b>Net interest expense</b>	<b>(212.1)</b>	<b>(332.5)</b>	<b>(11.1)</b>	<b>(33.9)</b>

Included within rents payable (note 4) is finance lease interest payable of **£3.8m** (2009: £4.3m).

### 10. Income tax

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
<b>Current tax</b>				
Corporation tax credit for the year	(4.3)	–	(5.9)	(15.2)
Adjustment in respect of prior years	(21.0)	0.3	0.6	–
<b>Total current tax (credit)/expense</b>	<b>(25.3)</b>	<b>0.3</b>	<b>(5.3)</b>	<b>(15.2)</b>
<b>Deferred tax</b>				
Origination and reversal of timing differences	2.2	0.2	–	–
<b>Total deferred tax expense</b>	<b>2.2</b>	<b>0.2</b>	<b>–</b>	<b>–</b>
<b>Total income tax (credit)/expense in the income statement</b>	<b>(23.1)</b>	<b>0.5</b>	<b>(5.3)</b>	<b>(15.2)</b>

The tax for the year is lower than the standard rate of corporation tax in the UK of **28%** (2009: 28%). The differences are explained below:

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Profit/(loss) on activities before taxation	1,069.3	(4,773.2)	1,078.8	(288.8)
Profit/(loss) on activities multiplied by the rate of corporation tax in the UK of <b>28%</b> (2009: 28%)	299.4	(1,336.5)	302.1	(80.9)
Effects of:				
Refund of conversion charge on developments	(4.3)	–	–	–
Interest rate swap break costs and fair value movements	(22.8)	28.6	–	–
Prior year corporation tax adjustments	(21.0)	0.3	0.6	–
Prior year deferred tax adjustments	1.2	(1.1)	–	–
Non-allowable expenses and non-taxable items	1.3	4.5	(308.0)	65.7
Losses carried forward	8.1	25.7	–	–
Exempt property rental profits and revaluations in the year	(281.2)	1,314.5	–	–
Exempt property gains in the year	(3.8)	(35.5)	–	–
<b>Total income tax (credit)/expense in the income statement (as above)</b>	<b>(23.1)</b>	<b>0.5</b>	<b>(5.3)</b>	<b>(15.2)</b>

## Notes to the financial statements

—for the year ended 31 March 2010 continued

### 10. Income tax continued

Land Securities Group PLC elected for group Real Estate Investment Trust (REIT) status with effect from 1 January 2007. As a result the Group no longer pays UK corporation tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains of the Group continue to be subject to corporation tax as normal.

During the year the Group reached agreement in relation to a number of issues, resulting in payment of additional tax of **£14.0m** and a release of provisions to the income statement of **£21.0m**. If the remaining issues are resolved in the Group's favour, provisions established in previous periods of up to **£86.7m** (2009: £211.0m) could be released in the future.

### 11. Earnings/(loss) per share

Group	2010 £m	2009 £m
<b>Profit/(loss) for the financial year attributable to the owners of the Parent</b>	<b>1,088.9</b>	<b>(5,191.3)</b>
of which from: continuing operations attributable to the owners of the Parent	1,088.9	(4,770.4)
of which from: discontinued operations attributable to the owners of the Parent	–	(420.9)

Management has chosen to disclose adjusted earnings per share from continuing activities in order to provide an indication of the Group's underlying business performance. Accordingly, it excludes the effect of all exceptional items, debt and other restructuring charges, and other items of a capital nature (other than trading properties and long-term contract profits) as indicated above. An EPRA measure has been included to assist comparison between European property companies. We believe our measure of adjusted diluted earnings per share is more appropriate than the EPRA measure in the context of our business.

	2010 £m	2009 £m
<b>Profit/(loss) for the financial year from continuing operations attributable to the owners of the Parent</b>	<b>1,088.9</b>	<b>(4,770.4)</b>
Net (surplus)/deficits on revaluation of investment properties – Group	(746.0)	4,113.4
– joint ventures	(117.8)	630.3
Loss/(profit) on investment property disposals after current and deferred tax – Group	32.5	130.8
– joint ventures	(8.0)	(2.9)
Impairment of development land and infrastructure <sup>1</sup> – Group (note 19)	10.6	92.0
– joint ventures	2.9	12.3
Fair value movement on interest-rate swaps – Group	(7.0)	102.1
– joint ventures	1.4	15.4
Adjustment due to net liabilities on joint ventures <sup>2</sup>	15.7	(17.7)
Non-revenue tax adjustments	(23.1)	–
Demerger costs (net of taxation)	–	7.2
Eliminate effect of revenue arising on restructuring of TQD financing	(9.7)	–
<b>EPRA adjusted earnings from continuing operations attributable to the owners of the Parent</b>	<b>240.4</b>	<b>312.5</b>
Eliminate effect of debt restructuring charges (net of taxation)	3.6	0.8
Eliminate effect of bond exchange de-recognition	13.8	11.7
<b>Adjusted earnings from continuing operations attributable to the owners of the Parent</b>	<b>257.8</b>	<b>325.0</b>

- The impairment in relation to the development land and infrastructure programmes within trading properties has been removed from both our and the EPRA's adjusted earnings due to the long-term nature of these programmes.
- The adjustment to net liabilities on joint ventures is the result of valuation deficits in the prior year, partially reversed by surpluses in the current year.

	2010 Number million	2009 Number million
Weighted average number of ordinary shares	762.5	526.7
Effect of weighted average number of treasury shares	(5.9)	(5.9)
Effect of weighted average number of own shares	(0.6)	(1.2)
<b>Weighted average number of ordinary shares for calculating basic earnings per share</b>	<b>756.0</b>	<b>519.6</b>
Effect of share options which are dilutive for diluted earnings per share	0.4	–
<b>Weighted average number of ordinary shares for calculating diluted earnings per share</b>	<b>756.4</b>	<b>519.6</b>
Effect of share options which are dilutive for adjusted diluted earnings per share	–	0.3
<b>Weighted average number of ordinary shares for calculating adjusted diluted earnings per share</b>	<b>756.4</b>	<b>519.9</b>

# Notes to the financial statements

—for the year ended 31 March 2010 continued

## 11. Earnings/(loss) per share continued

	2010 Pence	2009 Pence
<b>Basic earnings/(loss) per share</b>	<b>144.04</b>	<b>(999.04)</b>
of which from: continuing operations	144.04	(918.04)
of which from: discontinued operations	–	(81.00)
<b>Diluted earnings/(loss) per share</b>	<b>143.96</b>	<b>(999.04)</b>
of which from: continuing operations	143.96	(918.04)
of which from: discontinued operations	–	(81.00)
<b>Adjusted earnings per share from continuing operations</b>	<b>34.10</b>	<b>62.60</b>
<b>Adjusted diluted earnings per share from continuing operations</b>	<b>34.08</b>	<b>62.57</b>
<b>EPRA adjusted earnings per share from continuing operations</b>	<b>31.80</b>	<b>60.20</b>

## 17. Investments in joint ventures

The Group's joint ventures are described below:

Name of joint venture	Percentage owned	Business segment	Year end date	Joint venture partners
The Scottish Retail Property Limited Partnership	50.0%	Retail Portfolio	31 March	The British Land Company PLC
Metro Shopping Fund Limited Partnership	50.0%	Retail Portfolio	31 March	Delancey Real Estate Partners Limited
Buchanan Partnership	50.0%	Retail Portfolio	31 December	The Henderson UK Shopping Centre Fund
St. David's Limited Partnership	50.0%	Retail Portfolio	31 December	Capital Shopping Centres PLC
Bristol Alliance Limited Partnership	50.0%	Retail Portfolio	31 December	Hammerson plc
The Harvest Limited Partnership	50.0%	Retail Portfolio	31 March	J Sainsbury plc
The Oriana Limited Partnership	50.0%	London Portfolio	31 March	Frogmore Real Estate Partners Limited Partnership
The Martineau Galleries Limited Partnership <sup>1</sup>	33.3%	Retail Portfolio	31 December	Hammerson plc Pearl Group Limited
The Ebbsfleet Limited Partnership <sup>1</sup>	50.0%	London Portfolio	31 March	Lafarge Cement UK PLC
Millshaw Property Co. Limited <sup>1</sup>	50.0%	Retail Portfolio	31 March	Evans Property Group Limited
The Martineau Limited Partnership <sup>1</sup>	33.3%	Retail Portfolio	31 December	Hammerson plc Pearl Group Limited
Hungate (York) Regeneration Limited <sup>1</sup>	33.3%	Retail Portfolio	30 June	Crosby Land Lease PLC Evans Property Group Limited
Countryside Land Securities (Springhead) Limited <sup>1</sup>	50.0%	London Portfolio	30 September	Countryside Properties PLC
Fen Farm Developments Limited <sup>1</sup>	50.0%	Retail Portfolio	31 March	Economic Zones World
The Empress State Limited Partnership <sup>1</sup>	50.0%	London Portfolio	31 December	Liberty International PLC
HNJV Limited <sup>1</sup>	50.0%	London Portfolio	31 March	Places for People Group Limited

1. Included within Other.

The Group disposed of its share of the Bullring and the related assets and liabilities for a cash consideration of £209.8m on 18 September 2009.

# Notes to the financial statements

— for the year ended 31 March 2010 continued

## 17. Investments in joint ventures continued

Financial information of Group's share of joint ventures  
Year ended and as at 31 March 2010

	The Scottish Retail Property Limited Partnership £m	Metro Shopping Fund Limited Partnership £m	Buchanan Partnership £m	St. David's Limited Partnership £m	The Bull Ring Limited Partnership £m	Bristol Alliance Limited Partnership £m	The Harvest Limited Partnership £m	The Oriana Limited Partnership £m	Other £m	Total £m
<b>Income statement</b>										
Rental income	7.5	11.8	8.6	8.6	7.1	17.9	4.8	3.4	8.8	78.5
Finance lease interest	–	0.1	0.1	–	–	0.3	–	–	–	0.5
Rents payable	(0.1)	–	–	(0.6)	–	(0.5)	–	–	(0.1)	(1.3)
	7.4	11.9	8.7	8.0	7.1	17.7	4.8	3.4	8.7	77.7
Service charge income	1.2	2.4	0.5	1.2	1.4	2.1	0.2	0.2	0.2	9.4
Service charge expense	(1.1)	(2.8)	(0.6)	(1.7)	(1.5)	(2.5)	(0.1)	(0.2)	(0.4)	(10.9)
Net service charge income/(expense)	0.1	(0.4)	(0.1)	(0.5)	(0.1)	(0.4)	0.1	–	(0.2)	(1.5)
Other property related income	0.3	0.2	–	–	–	0.5	–	–	–	1.0
Direct property expenditure	(2.3)	(1.1)	(1.2)	(1.9)	(1.1)	(3.8)	(0.2)	(0.4)	(0.2)	(12.2)
<b>Net rental income</b>	5.5	10.6	7.4	5.6	5.9	14.0	4.7	3.0	8.3	65.0
Trading properties sale proceeds	–	–	–	–	–	–	–	–	12.3	12.3
Cost of sales of trading properties	–	–	–	–	–	–	–	–	(11.1)	(11.1)
Profit on disposal of trading properties	–	–	–	–	–	–	–	–	1.2	1.2
Indirect property expenditure	(0.4)	(0.8)	(0.1)	(1.6)	(0.1)	(0.3)	–	(0.1)	(0.4)	(3.8)
	5.1	9.8	7.3	4.0	5.8	13.7	4.7	2.9	9.1	62.4
Investment property disposal proceeds	–	–	–	–	212.8	0.8	–	–	–	213.6
Carrying value of investment property disposals	–	–	–	–	(205.1)	(0.5)	–	–	–	(205.6)
Profit on disposal of investment properties	–	–	–	–	7.7	0.3	–	–	–	8.0
Net surplus on revaluation of investment properties	9.5	45.1	5.7	2.5	–	27.0	11.1	9.6	7.3	117.8
Impairment of trading properties	–	–	–	–	–	–	–	–	(2.9)	(2.9)
<b>Operating profit</b>	14.6	54.9	13.0	6.5	13.5	41.0	15.8	12.5	13.5	185.3
Net interest expense	(3.3)	(10.6)	(3.9)	(3.3)	–	–	(3.1)	(4.8)	(5.0)	(34.0)
<b>Profit before tax</b>	11.3	44.3	9.1	3.2	13.5	41.0	12.7	7.7	8.5	151.3
Income tax	–	(0.6)	–	–	–	–	–	–	2.6	2.0
	11.3	43.7	9.1	3.2	13.5	41.0	12.7	7.7	11.1	153.3
Net liabilities adjustment	–	(16.5)	–	–	–	–	–	–	0.8	(15.7)
<b>Share of profits after tax</b>	11.3	27.2	9.1	3.2	13.5	41.0	12.7	7.7	11.9	137.6
<b>Net investment</b>										
At 1 April 2009	17.5	–	114.4	240.6	202.8	244.2	65.9	7.1	38.3	930.8
Cash contributed	1.2	2.5	2.0	–	–	–	2.1	–	0.4	8.2
Distributions	–	(1.1)	(3.4)	–	–	–	–	–	(2.4)	(6.9)
Fair value movement on cash flow hedges taken to the statement of comprehensive income	0.2	2.4	–	–	–	–	–	–	–	2.6
Disposals	–	–	–	–	(208.6)	–	–	–	–	(208.6)
Capital advances	–	–	–	75.3	–	12.1	–	–	–	87.4
Capital repayments	–	–	–	(145.5)	(7.7)	(10.1)	–	–	–	(163.3)
Share of profits of joint ventures after tax	11.3	27.2	9.1	3.2	13.5	41.0	12.7	7.7	11.9	137.6
<b>At 31 March 2010</b>	30.2	31.0	122.1	173.6	–	287.2	80.7	14.8	48.2	787.8
<b>Balance sheet</b>										
Investment properties <sup>1</sup>	96.3	217.0	118.6	230.7	–	268.9	83.3	94.9	117.4	1,227.1
Current assets	6.4	7.6	6.9	6.8	–	29.5	45.7	2.9	55.8	161.6
	102.7	224.6	125.5	237.5	–	298.4	129.0	97.8	173.2	1,388.7
Current liabilities	(4.9)	(5.9)	(3.4)	(26.5)	–	(8.3)	(1.2)	(6.1)	(27.5)	(83.8)
Non-current liabilities	(67.6)	(187.7)	–	(37.4)	–	(2.9)	(47.1)	(76.9)	(99.5)	(519.1)
	(72.5)	(193.6)	(3.4)	(63.9)	–	(11.2)	(48.3)	(83.0)	(127.0)	(602.9)
Net liabilities adjustment <sup>2</sup>	–	–	–	–	–	–	–	–	2.0	2.0
<b>Net assets</b>	30.2	31.0	122.1	173.6	–	287.2	80.7	14.8	48.2	787.8
<b>Capital commitments</b>	0.1	0.4	–	12.8	–	3.9	0.1	–	0.3	17.6
<b>Market value of investment properties<sup>1</sup></b>	97.6	218.3	122.5	233.0	–	286.5	84.1	95.0	118.0	1,255.0
<b>Net (debt)/cash</b>	(64.2)	(183.0)	0.8	(34.4)	–	3.2	(45.8)	(74.1)	(91.4)	(488.9)

- The difference between the book value and the market value is the amount included in prepayments in respect of lease incentives, head leases capitalised and properties treated as finance leases.
- Joint ventures with net liabilities are carried at zero value in the balance sheet where there is no commitment to fund the deficit and any distributions are included in the consolidated income statement for the year.

**Notes to the financial statements**  
—for the year ended 31 March 2010 continued

**17. Investments in joint ventures continued**

Financial information of Group's share of joint ventures  
Year ended and as at 31 March 2009

	The Scottish Retail Property Limited Partnership £m	Metro Shopping Fund Limited Partnership £m	Buchanan Partnership £m	St. David's Limited Partnership £m	The Bull Ring Limited Partnership £m	Bristol Alliance Limited Partnership £m	The Harvest Limited Partnership £m	The Oriana Limited Partnership £m	Other £m	Total £m
<b>Income statement</b>										
Rental income	9.1	12.9	9.2	5.0	15.5	10.8	4.4	4.3	6.5	77.7
Finance lease interest	–	–	0.1	–	–	0.3	–	–	–	0.4
Rents payable	(0.2)	–	–	–	–	(0.2)	–	–	(0.1)	(0.5)
	8.9	12.9	9.3	5.0	15.5	10.9	4.4	4.3	6.4	77.6
Service charge income	1.5	2.5	1.8	0.7	2.5	1.1	0.2	0.3	0.1	10.7
Service charge expense	(2.3)	(3.2)	(1.8)	(1.0)	(2.5)	(1.3)	(0.2)	(0.3)	(0.6)	(13.2)
Net service charge expense	(0.8)	(0.7)	–	(0.3)	–	(0.2)	–	–	(0.5)	(2.5)
Direct property expenditure	(1.3)	(0.8)	(1.1)	(0.2)	(2.6)	(3.6)	(0.1)	(0.2)	(0.5)	(10.4)
<b>Net rental income</b>	6.8	11.4	8.2	4.5	12.9	7.1	4.3	4.1	5.4	64.7
Trading properties sale proceeds	–	–	–	–	–	–	–	–	16.0	16.0
Cost of sales of trading properties	–	–	–	–	–	–	–	–	(10.5)	(10.5)
Profit on disposal of trading properties	–	–	–	–	–	–	–	–	5.5	5.5
Indirect property expenditure	(0.4)	(1.2)	(0.1)	(0.3)	(0.3)	(0.1)	(0.4)	(0.6)	(0.4)	(3.8)
	6.4	10.2	8.1	4.2	12.6	7.0	3.9	3.5	10.5	66.4
Investment property disposal proceeds	(0.1)	0.2	–	–	0.4	6.9	–	–	3.7	11.1
Carrying value of investment property disposals	–	–	–	–	–	(5.2)	–	–	(3.0)	(8.2)
Profit/(loss) on disposal of investment properties	(0.1)	0.2	–	–	0.4	1.7	–	–	0.7	2.9
Net deficit on revaluation of investment properties	(54.0)	(78.1)	(66.5)	(184.6)	(87.8)	(106.3)	(11.5)	(4.8)	(36.7)	(630.3)
Impairment of trading properties	–	–	–	–	–	–	–	–	(12.3)	(12.3)
<b>Operating loss</b>	(47.7)	(67.7)	(58.4)	(180.4)	(74.8)	(97.6)	(7.6)	(1.3)	(37.8)	(573.3)
Net interest (expense)/income	(3.2)	(10.6)	(3.9)	0.3	–	–	(1.4)	(11.7)	(11.6)	(42.1)
<b>Loss before tax</b>	(50.9)	(78.3)	(62.3)	(180.1)	(74.8)	(97.6)	(9.0)	(13.0)	(49.4)	(615.4)
Income tax	(0.2)	(0.8)	–	–	–	–	–	–	(0.3)	(1.3)
	(51.1)	(79.1)	(62.3)	(180.1)	(74.8)	(97.6)	(9.0)	(13.0)	(49.7)	(616.7)
Net liabilities adjustment	–	16.5	–	–	–	–	–	–	1.2	17.7
<b>Share of losses after tax</b>	(51.1)	(62.6)	(62.3)	(180.1)	(74.8)	(97.6)	(9.0)	(13.0)	(48.5)	(599.0)
<b>Net investment</b>										
At 1 April 2008	73.0	69.9	179.6	346.7	289.3	284.4	64.5	9.0	94.2	1,410.6
Properties contributed	–	–	–	–	–	–	–	–	27.3	27.3
Cash contributed	0.4	5.8	1.4	–	–	–	17.6	11.2	4.1	40.5
Distributions	–	(1.1)	(4.3)	–	–	–	(3.0)	(0.1)	(13.1)	(21.6)
Fair value movement on cash flow hedges taken to the statement of comprehensive income	(4.8)	(12.0)	–	–	–	–	(4.2)	–	(0.3)	(21.3)
Disposals	–	–	–	–	–	–	–	–	(17.9)	(17.9)
Capital advances	–	–	–	74.0	0.3	61.1	–	–	0.2	135.6
Capital repayments	–	–	–	–	(12.0)	(3.7)	–	–	(2.4)	(18.1)
Disposal of Trillium	–	–	–	–	–	–	–	–	(5.3)	(5.3)
Share of losses of joint ventures after tax	(51.1)	(62.6)	(62.3)	(180.1)	(74.8)	(97.6)	(9.0)	(13.0)	(48.5)	(599.0)
<b>At 31 March 2009</b>	17.5	–	114.4	240.6	202.8	244.2	65.9	7.1	38.3	930.8
<b>Balance sheet</b>										
Investment properties	82.3	171.5	112.3	147.6	200.0	230.8	69.5	83.9	110.1	1,208.0
Current assets	6.4	7.5	6.0	119.0	12.2	33.6	44.3	3.1	55.7	287.8
	88.7	179.0	118.3	266.6	212.2	264.4	113.8	87.0	165.8	1,495.8
Current liabilities	(3.1)	(5.6)	(3.9)	(25.6)	(9.4)	(17.3)	(1.0)	(4.3)	(29.0)	(99.2)
Non-current liabilities	(68.1)	(189.9)	–	(0.4)	–	(2.9)	(46.9)	(75.6)	(99.7)	(483.5)
	(71.2)	(195.5)	(3.9)	(26.0)	(9.4)	(20.2)	(47.9)	(79.9)	(128.7)	(582.7)
Net liabilities adjustment	–	16.5	–	–	–	–	–	–	1.2	17.7
<b>Net assets</b>	17.5	–	114.4	240.6	202.8	244.2	65.9	7.1	38.3	930.8
<b>Capital commitments</b>	1.6	0.7	0.4	53.1	–	12.9	–	–	1.9	70.6
<b>Market value of investment properties</b>	83.8	172.6	115.0	147.5	205.0	253.4	70.0	84.0	110.2	1,241.5
<b>Net (debt)/cash</b>	(63.3)	(185.1)	1.9	2.7	2.8	1.9	(46.1)	(74.8)	(99.4)	(459.4)