

## Notes to the financial statements

—for the year ended 31 March 2009 continued

### 4. Segmental information

Group	2009			2008 (restated) <sup>1</sup>		
	Retail Portfolio £m	London Portfolio £m	Total £m	Retail Portfolio £m	London Portfolio £m	Total £m
<b>Income statements</b>						
Rental income	302.8	338.9	641.7	302.9	335.2	638.1
Service charge income	48.6	64.8	113.4	47.5	53.7	101.2
Trading property sale proceeds	8.8	0.4	9.2	1.3	42.3	43.6
Long-term development contract income	–	48.9	48.9	–	26.3	26.3
Finance lease interest	2.7	5.3	8.0	2.9	5.9	8.8
<b>Revenue</b>	<b>362.9</b>	<b>458.3</b>	<b>821.2</b>	<b>354.6</b>	<b>463.4</b>	<b>818.0</b>
Rents payable	(11.6)	(4.6)	(16.2)	(11.0)	(5.3)	(16.3)
Other direct property or contract expenditure	(79.9)	(83.2)	(163.1)	(65.9)	(73.5)	(139.4)
Indirect property or contract expenditure	(33.8)	(30.4)	(64.2)	(35.7)	(30.3)	(66.0)
Long-term development contract expenditure	–	(45.1)	(45.1)	–	(24.3)	(24.3)
Cost of sales of trading properties	(6.6)	(0.1)	(6.7)	(0.9)	(39.9)	(40.8)
Depreciation	(1.9)	(4.8)	(6.7)	(2.3)	(5.5)	(7.8)
<b>Underlying segment operating profit</b>	<b>229.1</b>	<b>290.1</b>	<b>519.2</b>	<b>238.8</b>	<b>284.6</b>	<b>523.4</b>
(Loss)/profit on disposal of non-current properties	(54.8)	(76.0)	(130.8)	16.4	40.9	57.3
Net deficit on revaluation of investment properties	(1,923.1)	(2,190.3)	(4,113.4)	(693.7)	(464.7)	(1,158.4)
Impairment of trading properties	–	(92.3)	(92.3)	–	–	–
<b>Segment result</b>	<b>(1,748.8)</b>	<b>(2,068.5)</b>	<b>(3,817.3)</b>	<b>(438.5)</b>	<b>(139.2)</b>	<b>(577.7)</b>
Demerger costs			(10.2)			(9.8)
Unallocated expenses			(14.2)			(13.0)
<b>Operating loss</b>			<b>(3,841.7)</b>			<b>(600.5)</b>
Net interest expense (note 8)			(332.5)			(286.4)
			(4,174.2)			(886.9)
Share of the loss of joint ventures (post-tax)						
– Retail Portfolio			(554.7)			(86.7)
– London Portfolio			(44.3)			(14.4)
			(599.0)			(101.1)
<b>Loss before tax from continuing activities</b>			<b>(4,773.2)</b>			<b>(988.0)</b>

1. In compliance with IFRS5, the 2008 Group comparatives have been restated as the Trillium discontinued operations have been removed from continuing activities and the operations of the Accor hotels contract has been included within Retail Portfolio. In addition, following a review of the Group's management structure the 'Other Investment Portfolio' segment has been reallocated to 'Retail Portfolio' and 'London Portfolio' on the basis of how they are managed.

Included within rents payable is finance lease interest payable of **£2.5m** (2008: £2.0m) and **£1.8m** (2008: £2.8m) respectively for Retail Portfolio and London Portfolio.

## Notes to the financial statements

—for the year ended 31 March 2009 continued

### 4. Segmental information continued

Group	2009			2008 (restated) <sup>2</sup>			
	Retail Portfolio £m	London Portfolio £m	Total £m	Retail Portfolio £m	London Portfolio £m	Discontinued operations £m	Total £m
<b>Balance sheets</b>							
Investment properties	3,205.4	4,724.0	7,929.4	5,100.6	7,069.6	126.5	12,296.7
Operating properties	—	—	—	—	—	544.8	544.8
Other property, plant and equipment	4.7	9.6	14.3	8.0	11.7	53.9	73.6
Net investment in finance leases	48.5	67.8	116.3	53.2	104.8	175.7	333.7
Goodwill	—	—	—	—	—	148.6	148.6
Investments in Public Private Partnerships	—	—	—	—	—	25.4	25.4
Investment in an associate undertaking	—	—	—	—	—	42.9	42.9
Investments in joint ventures	906.9	23.9	930.8	1,377.4	28.1	5.1	1,410.6
Trading properties and long-term development contracts	10.0	84.9	94.9	16.5	152.5	4.0	173.0
Trade and other receivables	201.4	190.7	392.1	215.0	411.2	211.5	837.7
Non-current assets classified as held for sale	—	—	—	—	—	664.1	664.1
<b>Segment assets</b>	<b>4,376.9</b>	<b>5,100.9</b>	<b>9,477.8</b>	<b>6,770.7</b>	<b>7,777.9</b>	<b>2,002.5</b>	<b>16,551.1</b>
Unallocated assets			1,693.9				64.9
<b>Total assets</b>			<b>11,171.7</b>				<b>16,616.0</b>
Trade and other payables	(335.9)	(241.3)	(577.2)	(286.7)	(243.9)	(334.1)	(864.7)
Provisions	—	—	—	—	—	(77.6)	(77.6)
Liabilities directly associated with non-current assets classified as held for sale	—	—	—	—	—	(427.7)	(427.7)
<b>Segment liabilities</b>	<b>(335.9)</b>	<b>(241.3)</b>	<b>(577.2)</b>	<b>(286.7)</b>	<b>(243.9)</b>	<b>(839.4)</b>	<b>(1,370.0)</b>
Unallocated liabilities			(5,774.3)				(5,663.1)
<b>Total liabilities</b>			<b>(6,351.5)</b>				<b>(7,033.1)</b>
<b>Other segment items</b>							
Capital expenditure	147.6	272.0	419.6	220.1	368.5	51.7	640.3

2. The 2008 Group comparatives have been restated to include the Accor hotels contract within the Retail Portfolio following the disposal of the Trillium discontinued operations.

All the Group's operations are in the UK and, following the disposal of Trillium on 12 January 2009, are organised into two main business segments against which the Group reports its primary segmental information, being Retail Portfolio and London Portfolio.

#### Company

The Company's business is to invest in its subsidiaries, and therefore it operates in a single segment.

### 5. Operating loss

Group	2009 £m	2008 (restated) <sup>1</sup> £m
The following items have been charged or (credited) in arriving at operating loss from continuing activities:		
Depreciation:		
Investment properties (note 13)	2.1	2.9
Other property, plant and equipment (note 15)	4.6	4.9
Impairment of trading properties (note 23)	92.3	—
Loss/(profit) on disposal of non-current properties	130.8	(57.3)
Bad debts written off and provision for doubtful debts (note 24)	10.5	3.6
Employee costs – continuing activities (note 6)	59.9	56.8
Auditor remuneration (note 7)	1.4	3.1

1. In compliance with IFRS5, the 2008 Group comparatives have been restated to remove the items charged/(credited) in relation to the Trillium discontinued operations.

## Notes to the financial statements

—for the year ended 31 March 2009 continued

### 8. Net interest expense

	Group		Company	
	2009 £m	2008 (restated) <sup>1</sup> £m	2009 £m	2008 £m
<b>Interest expense</b>				
Bond and debenture debt	(191.1)	(195.1)	–	–
Bank borrowings	(95.4)	(127.1)	–	–
Other interest payable	(0.9)	(2.0)	(53.9)	(26.6)
Fair value losses on interest-rate swaps	(102.1)	(21.9)	–	–
Amortisation of bond exchange de-recognition	(11.7)	(7.6)	–	–
Interest on pension scheme liabilities	(7.5)	(7.1)	–	–
	<b>(408.7)</b>	<b>(360.8)</b>	<b>(53.9)</b>	<b>(26.6)</b>
Interest capitalised in relation to properties under development	43.7	48.5	–	–
<b>Total interest expense</b>	<b>(365.0)</b>	<b>(312.3)</b>	<b>(53.9)</b>	<b>(26.6)</b>
<b>Interest income</b>				
Short-term deposits	2.7	1.6	0.5	–
Long-term investment loans	0.7	–	–	–
Gain on disposal of foreign-exchange contract	2.7	–	–	–
Other interest receivable	1.5	1.3	19.5	14.7
Interest receivable from joint ventures	16.8	15.0	–	–
Expected return on pension scheme assets	8.1	8.0	–	–
<b>Total interest income</b>	<b>32.5</b>	<b>25.9</b>	<b>20.0</b>	<b>14.7</b>
<b>Net interest expense</b>	<b>(332.5)</b>	<b>(286.4)</b>	<b>(33.9)</b>	<b>(11.9)</b>

1. In compliance with IFRS5, the 2008 Group comparatives have been restated to remove the net interest expense in relation to the Trillium discontinued operations.

Included within rents payable (note 4) is finance lease interest payable of **£4.3m** (2008: £4.8m).

## Notes to the financial statements

—for the year ended 31 March 2009 continued

### 10. Income tax

	Group		Company	
	2009 £m	2008 (restated) <sup>1</sup> £m	2009 £m	2008 £m
<b>Current tax</b>				
Corporation tax credit for the year	–	(14.9)	(15.2)	(6.6)
Adjustment in respect of prior years	0.3	(0.6)	–	–
Corporation tax in respect of property disposals	–	0.5	–	–
<b>Total current tax expense/(credit)</b>	<b>0.3</b>	<b>(15.0)</b>	<b>(15.2)</b>	<b>(6.6)</b>
<b>Deferred tax</b>				
Origination and reversal of timing differences	0.2	(0.1)	–	–
<b>Total deferred tax expense/(credit)</b>	<b>0.2</b>	<b>(0.1)</b>	<b>–</b>	<b>–</b>
<b>Total income tax expense/(credit) in the income statement</b>	<b>0.5</b>	<b>(15.1)</b>	<b>(15.2)</b>	<b>(6.6)</b>

1. In compliance with IFRS5, the 2008 Group comparatives have been restated to remove the taxes which related to the Trillium discontinued operations.

The tax for the year is lower than the standard rate of corporation tax in the UK of **28%** (2008: 30%). The differences are explained below:

	Group		Company	
	2009 £m	2008 (restated) <sup>1</sup> £m	2009 £m	2008 £m
Loss on activities before taxation	(4,773.2)	(988.0)	(288.8)	(21.9)
Loss on activities multiplied by the rate of corporation tax in the UK of <b>28%</b> (2008: 30%)	(1,336.5)	(296.4)	(80.9)	(6.6)
Effects of:				
Corporation tax on disposal of non-current assets	–	5.1	–	–
Joint venture accounting adjustments	–	0.9	–	–
Prior year corporation tax adjustments	0.3	(0.6)	–	–
Prior year deferred tax adjustments	(1.1)	(0.4)	–	–
Non-allowable expenses and non-taxable items	4.5	12.0	65.7	–
Losses carried forward	25.7	–	–	–
Exempt property rental profits and revaluations in the year	1,343.1	283.5	–	–
Exempt property gains in the year	(35.5)	(19.2)	–	–
<b>Total income tax expense/(credit) in the income statement (as above)</b>	<b>0.5</b>	<b>(15.1)</b>	<b>(15.2)</b>	<b>(6.6)</b>

1. In compliance with IFRS5, the 2008 Group comparatives have been restated to remove the taxes which related to the Trillium discontinued operations.

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.

The calculation of the Group's tax expense and liability necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until a formal resolution has been reached with the relevant tax authorities. If all such issues are resolved in the Group's favour, provisions established in previous periods of up to **£211.0m** (2008: £216.0m) could be released in the future.

### 11. (Loss)/earnings per share

Group	2009 £m	2008 (restated) <sup>1</sup> £m
<b>(Loss)/profit for the financial year attributable to the equity holders of the Company</b>	<b>(5,191.3)</b>	<b>(830.8)</b>
of which from: continuing activities attributable to the equity holders of the Company	(4,770.4)	(972.9)
of which from: discontinued operations attributable to the equity holders of the Company	(420.9)	142.1

1. In compliance with IFRS5, the 2008 Group comparatives have been restated to reclassify the profit arising from the Trillium discontinued operations from continuing activities to discontinued operations.

## Notes to the financial statements

—for the year ended 31 March 2009 continued

### 11. (Loss)/earnings per share continued

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.

	2009 £m	2008 (restated) <sup>f</sup> £m
<b>Loss for the financial year from continuing activities attributable to equity holders of the Company</b>	<b>(4,770.4)</b>	<b>(972.9)</b>
Revaluation deficits – Group	4,113.4	1,158.4
– joint ventures	630.3	134.2
Loss/(profit) on non-current property disposals after current and deferred tax	127.9	(49.7)
Impairment of development land and infrastructure <sup>3</sup> – Group (note 23)	92.0	–
– joint ventures	12.3	–
Mark-to-market adjustment on interest-rate swaps – Group	102.1	21.9
– joint ventures	15.4	7.2
Adjustment due to net liabilities on joint ventures <sup>4</sup>	(17.7)	–
Demerger costs (net of taxation)	7.2	6.9
<b>EPRA adjusted earnings from continuing activities attributable to equity holders of the Company</b>	<b>312.5</b>	<b>306.0</b>
Eliminate effect of debt restructuring charges (net of taxation)	0.8	1.0
Eliminate effect of bond exchange de-recognition	11.7	7.6
<b>Adjusted earnings from continuing activities attributable to equity holders of the Company</b>	<b>325.0</b>	<b>314.6</b>

2. In compliance with IFRSS, the 2008 Group comparatives have been restated to remove the elements arising from the Trillium discontinued operations from continuing activities.

3. The impairment in relation to the development land and infrastructure programmes within trading properties has been removed from both our and the EPRA adjusted earnings due to the long-term nature of these programmes.

4. The adjustment to net liabilities on joint ventures is the result of valuation deficits and as such restricts the recognition of the full valuation deficit. Hence, this adjustment is required to reflect that the valuation deficit has not been fully recognised in the Group's income statement.

	2009 Number million	2008 (restated) <sup>5</sup> Number million
Weighted average number of ordinary shares	526.7	521.8
Effect of weighted average number of treasury shares	(5.9)	(4.1)
Effect of weighted average number of own shares	(1.2)	(1.4)
<b>Weighted average number of ordinary shares for calculating basic earnings per share</b>	<b>519.6</b>	<b>516.3</b>
Effect of share options which are dilutive for diluted earnings per share	–	–
<b>Weighted average number of ordinary shares for calculating diluted earnings per share</b>	<b>519.6</b>	<b>516.3</b>
Effect of share options which are dilutive for adjusted diluted earnings per share	0.3	1.2
<b>Weighted average number of ordinary shares for calculating adjusted diluted earnings per share</b>	<b>519.9</b>	<b>517.5</b>

5. The weighted average number of ordinary shares for the year ended 31 March 2008 has been adjusted for the bonus element inherent in the Rights Issue that was approved on 9 March 2009 in compliance with IAS33 'Earnings per Share'.

	2009 Pence	2008 (restated) <sup>6</sup> Pence
<b>Basic (loss)/earnings per share</b>	<b>(999.04)</b>	<b>(160.90)</b>
of which from: continuing activities	(918.04)	(188.43)
of which from: discontinued operations	(81.00)	27.53
<b>Diluted (loss)/earnings per share</b>	<b>(999.04)</b>	<b>(160.90)</b>
of which from: continuing activities	(918.04)	(188.43)
of which from: discontinued operations	(81.00)	27.53
<b>Adjusted earnings per share from continuing activities</b>	<b>62.60</b>	<b>60.93</b>
<b>Adjusted diluted earnings per share from continuing activities</b>	<b>62.57</b>	<b>60.79</b>
<b>EPRA adjusted earnings per share from continuing activities</b>	<b>60.20</b>	<b>59.26</b>

6. The loss per share for the year ended 31 March 2008 has been adjusted for the bonus element inherent in the Rights Issue that was approved on 9 March 2009 and for the reclassification of the Trillium discontinued operations from continuing activities to discontinued operations.

## Notes to the financial statements

—for the year ended 31 March 2009 continued

### 20. Investments in joint ventures

The Group's significant 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	Liberty International PLC
The Bull Ring Limited Partnership	33.3%	Retail Portfolio	31 December	The Henderson UK Shopping Centre Fund Hammerson 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

## Notes to the financial statements

—for the year ended 31 March 2009 continued

### 20. Investments in joint ventures continued

	Year ended 31 March 2009 and at 31 March 2009									
Summary financial information of Group's share of joint ventures	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 <sup>1</sup> £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
Service charge income	1.5	2.5	1.8	0.7	2.5	—	0.2	0.3	0.1	9.6
Property services income	—	—	—	—	—	—	—	—	—	—
Trading property sale proceeds	—	—	—	—	—	—	—	—	16.0	16.0
<b>Revenue</b>	10.6	15.4	11.0	5.7	18.0	10.8	4.6	4.6	22.6	103.3
Rents payable	(0.2)	—	—	—	—	(0.2)	—	—	(0.1)	(0.5)
Other direct property expenditure	(3.6)	(4.0)	(2.9)	(1.2)	(5.1)	(3.8)	(0.3)	(0.5)	(1.1)	(22.5)
Indirect property expenditure	(0.4)	(1.2)	(0.1)	(0.3)	(0.3)	(0.1)	(0.4)	(0.6)	(0.4)	(3.8)
Impairment of trading properties	—	—	—	—	—	—	—	—	(12.3)	(12.3)
Cost of sales of trading properties	—	—	—	—	—	—	—	—	(10.5)	(10.5)
	6.4	10.2	8.0	4.2	12.6	6.7	3.9	3.5	(1.8)	53.7
(Loss)/profit on disposal of non-current 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)
<b>Operating loss</b>	(47.7)	(67.7)	(58.5)	(180.4)	(74.8)	(97.9)	(7.6)	(1.3)	(37.8)	(573.7)
Net interest (expense)/income	(3.2)	(10.6)	(3.8)	0.3	—	0.3	(1.4)	(11.7)	(11.6)	(41.7)
<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 <sup>3</sup>	—	16.5	—	—	—	—	—	—	1.2	17.7
<b>Share of losses of joint ventures after tax</b>	<b>(51.1)</b>	<b>(62.6)</b>	<b>(62.3)</b>	<b>(180.1)</b>	<b>(74.8)</b>	<b>(97.6)</b>	<b>(9.0)</b>	<b>(13.0)</b>	<b>(48.5)</b>	<b>(599.0)</b>
<b>Balance sheet</b>										
Investment properties <sup>2</sup>	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 <sup>3</sup>	—	16.5	—	—	—	—	—	—	1.2	17.7
<b>Net assets</b>	<b>17.5</b>	<b>—</b>	<b>114.4</b>	<b>240.6</b>	<b>202.8</b>	<b>244.2</b>	<b>65.9</b>	<b>7.1</b>	<b>38.3</b>	<b>930.8</b>
<b>Capital commitments</b>	<b>1.6</b>	<b>0.7</b>	<b>0.4</b>	<b>53.1</b>	<b>—</b>	<b>12.9</b>	<b>—</b>	<b>—</b>	<b>1.9</b>	<b>70.6</b>
<b>Market value of investment properties<sup>2</sup></b>	<b>83.8</b>	<b>172.6</b>	<b>115.0</b>	<b>147.5</b>	<b>205.0</b>	<b>253.4</b>	<b>70.0</b>	<b>84.0</b>	<b>110.2</b>	<b>1,241.5</b>
<b>Net (debt)/cash</b>	<b>(63.3)</b>	<b>(185.1)</b>	<b>1.9</b>	<b>2.7</b>	<b>2.8</b>	<b>1.9</b>	<b>(46.1)</b>	<b>(74.8)</b>	<b>(99.4)</b>	<b>(459.4)</b>
<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	(4.8)	(12.0)	—	—	—	—	(4.2)	—	(0.3)	(21.3)
Disposals	—	—	—	—	—	—	—	—	(17.9)	(17.9)
Loan advances	—	—	—	74.0	0.3	61.1	—	—	0.2	135.6
Loan 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>	<b>17.5</b>	<b>—</b>	<b>114.4</b>	<b>240.6</b>	<b>202.8</b>	<b>244.2</b>	<b>65.9</b>	<b>7.1</b>	<b>38.3</b>	<b>930.8</b>

1. Other principally includes The Martineau Galleries Limited Partnership, The Ebbsfleet Limited Partnership and Millshaw Property Co. Limited.

2. 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.

3. 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 2009 continued

### 20. Investments in joint ventures continued

Summary financial information of Group's share of joint ventures	Year ended 31 March 2008 and at 31 March 2008									
	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	12.5	14.0	9.9	5.4	14.7	3.4	1.4	1.4	3.4	66.1
Service charge income	2.5	3.0	0.7	0.7	2.7	—	—	—	0.7	10.3
Property services income	—	—	—	—	—	—	—	—	0.1	0.1
Trading property sale proceeds	—	—	—	—	—	—	—	—	35.1	35.1
<b>Revenue</b>	15.0	17.0	10.6	6.1	17.4	3.4	1.4	1.4	39.3	111.6
Rents payable	(0.2)	—	—	—	—	—	—	—	(0.1)	(0.3)
Other direct property expenditure	(4.6)	(3.8)	(1.9)	(1.2)	(4.1)	(0.2)	—	—	(1.4)	(17.2)
Indirect property expenditure	(0.6)	(1.1)	(0.1)	(0.3)	(0.2)	(0.2)	(0.1)	(0.2)	(0.1)	(2.9)
Cost of sales of trading properties	—	—	—	—	—	—	—	—	(26.8)	(26.8)
	9.6	12.1	8.6	4.6	13.1	3.0	1.3	1.2	10.9	64.4
(Loss)/profit on disposal of non-current properties	(7.6)	0.6	—	—	—	—	—	—	(0.1)	(7.1)
Net (deficit)/surplus on revaluation of investment properties	(28.4)	(12.1)	(11.5)	(21.8)	(31.5)	6.3	(9.7)	(15.6)	(9.9)	(134.2)
<b>Operating (loss)/profit</b>	(26.4)	0.6	(2.9)	(17.2)	(18.4)	9.3	(8.4)	(14.4)	0.9	(76.9)
Net interest (expense)/income	(5.6)	(12.5)	(3.5)	0.4	0.1	0.4	—	—	(0.3)	(21.0)
<b>(Loss)/profit before tax</b>	(32.0)	(11.9)	(6.4)	(16.8)	(18.3)	9.7	(8.4)	(14.4)	0.6	(97.9)
Income tax	(0.1)	(0.6)	—	—	—	—	—	—	(2.4)	(3.1)
<b>Share of (losses)/profits of joint ventures after tax</b>										
— continuing activities	(32.1)	(12.5)	(6.4)	(16.8)	(18.3)	9.7	(8.4)	(14.4)	(1.9)	(101.1)
— discontinued operations	—	—	—	—	—	—	—	—	0.1	0.1
<b>Balance sheet</b>										
Investment properties	126.7	246.4	176.0	244.1	288.4	291.5	62.7	87.3	55.9	1,579.0
Current assets	11.2	38.3	6.1	118.7	9.1	12.4	2.3	1.5	73.7	273.3
	137.9	284.7	182.1	362.8	297.5	303.9	65.0	88.8	129.6	1,852.3
Current liabilities	(2.9)	(4.9)	(2.5)	(15.7)	(8.2)	(17.2)	(0.5)	(79.7)	(10.7)	(142.3)
Non-current liabilities	(62.0)	(209.9)	—	(0.4)	—	(2.3)	—	(0.1)	(24.7)	(299.4)
	(64.9)	(214.8)	(2.5)	(16.1)	(8.2)	(19.5)	(0.5)	(79.8)	(35.4)	(441.7)
<b>Net assets</b>	73.0	69.9	179.6	346.7	289.3	284.4	64.5	9.0	94.2	1,410.6
<b>Capital commitments</b>	2.9	0.6	2.9	127.4	—	27.7	—	—	8.3	169.8
<b>Market value of investment properties</b>	125.9	246.6	180.0	244.0	293.3	294.5	62.8	87.3	55.5	1,589.9
<b>Net (debt)/cash</b>	(53.1)	(205.6)	0.7	5.3	3.1	(0.3)	1.5	1.4	(6.5)	(253.5)
<b>Net investment</b>										
At 1 April 2007	145.8	95.3	188.6	308.1	321.1	198.6	—	—	81.3	1,338.8
Properties contributed	—	—	—	—	—	—	39.7	205.8	—	245.5
Cash contributed	—	6.6	3.4	—	—	—	33.2	—	26.3	69.5
Distributions	(42.5)	(14.2)	(6.0)	—	—	—	—	(0.8)	(11.6)	(75.1)
Fair value movement on cash flow hedges taken to equity	1.8	(5.3)	—	—	—	—	—	—	—	(3.5)
Loan advances	—	—	—	55.4	—	79.5	—	—	—	134.9
Loan repayments	—	—	—	—	(13.5)	(3.4)	—	(181.6)	—	(198.5)
Share of post-tax results:										
— continuing activities	(32.1)	(12.5)	(6.4)	(16.8)	(18.3)	9.7	(8.4)	(14.4)	(1.9)	(101.1)
— discontinued operations	—	—	—	—	—	—	—	—	0.1	0.1
<b>At 31 March 2008</b>	73.0	69.9	179.6	346.7	289.3	284.4	64.5	9.0	94.2	1,410.6

## Notes to the financial statements

—for the year ended 31 March 2009 continued

### 37. Equity attributable to equity holders of the Company

Group	Ordinary shares £m	Share premium £m	Capital redemption reserve £m	Share-based payments £m	Retained earnings* £m	Own shares £m	Total £m
At 1 April 2007	47.0	51.5	30.5	7.9	10,668.9	(14.5)	10,791.3
Exercise of options	0.1	5.1	—	—	—	—	5.2
Fair-value movement on cash flow hedges – Group	—	—	—	—	(3.2)	—	(3.2)
– joint ventures	—	—	—	—	(3.5)	—	(3.5)
Fair value of share-based payments (note 35)	—	—	—	5.0	—	—	5.0
Release on exercise/forfeiture of share options	—	—	—	(1.6)	1.6	—	—
Treasury shares acquired	—	—	—	—	(78.2)	—	(78.2)
Actuarial gains on defined-benefit pension schemes (net)	—	—	—	—	14.9	—	14.9
Loss for the financial year	—	—	—	—	(830.8)	—	(830.8)
Dividends paid (note 9)	—	—	—	—	(308.4)	—	(308.4)
Own shares acquired	—	—	—	—	—	(9.4)	(9.4)
Transfer of shares to employees on exercise of share schemes	—	—	—	—	(1.6)	1.6	—
At 31 March 2008	47.1	56.6	30.5	11.3	9,459.7	(22.3)	9,582.9
Rights Issue (note 36)	29.1	726.6	—	—	—	—	755.7
Exercise of options	—	2.0	—	—	—	—	2.0
Fair-value movement on cash flow hedges – Group	—	—	—	—	(0.2)	—	(0.2)
– joint ventures	—	—	—	—	(21.3)	—	(21.3)
Fair value of share-based payments (note 35)	—	—	—	8.6	—	—	8.6
Release on exercise/forfeiture of share options	—	—	—	(11.8)	11.8	—	—
Actuarial losses on defined-benefit pension schemes (net)	—	—	—	—	(10.5)	—	(10.5)
Loss for the financial year	—	—	—	—	(5,191.3)	—	(5,191.3)
Dividends paid (note 9)	—	—	—	—	(302.4)	—	(302.4)
Transfer of shares to employees on exercise of share schemes	—	—	—	—	(9.9)	9.9	—
<b>At 31 March 2009</b>	<b>76.2</b>	<b>785.2</b>	<b>30.5</b>	<b>8.1</b>	<b>3,935.9</b>	<b>(12.4)</b>	<b>4,823.5</b>

\*Included within retained earnings are cumulative losses in respect of cash flow hedges (interest-rate swaps) of £17.1m (2008: gains of £4.4m).

## Notes to the financial statements

—for the year ended 31 March 2009 continued

### 42. Discontinued operations

On 8 January 2009 Land Securities announced the sale of Trillium, its property outsourcing business, to Telereal. The sale was completed on 12 January 2009. The transaction included all of Trillium's contracts with the exception of the Accor hotel portfolio, which is now included within the Retail Portfolio business segment.

The Trillium operations represented a separate major line of business for Land Securities. As a result of the sale and in accordance with IFRS5, these operations have been treated as discontinued operations for the year ended 31 March 2009. A single amount is shown on the face of the income statement comprising the post-tax result of discontinued operations and the post-tax loss arising on the disposal of the discontinued operation. As a result, the income and expenses of Trillium are reported separately from the continuing activities of the Land Securities Group. The table below provides further details of the amount shown on the income statement. The income statement, and relevant notes, for the prior year have been restated to conform with this style of presentation.

	2009 <sup>1</sup> £m	2008 £m
(Loss)/profit for the financial year from discontinued operations	<b>(87.3)</b>	142.1
Loss on disposal	<b>(333.6)</b>	–
	<b>(420.9)</b>	142.1
<b>Income statement of Trillium discontinued operations</b>		
	2009 <sup>1</sup> £m	2008 £m
<b>Revenue</b>	<b>558.1</b>	743.2
<b>Costs</b>	<b>(480.2)</b>	(641.2)
	77.9	102.0
Goodwill impairment	<b>(148.6)</b>	–
Profit on disposal of non-current properties	1.7	18.1
Net deficit on revaluation of investment properties	<b>(10.0)</b>	(11.9)
<b>Operating (loss)/profit</b>	<b>(79.0)</b>	108.2
Interest expense	<b>(6.1)</b>	(12.1)
Interest income	2.1	3.5
	<b>(83.0)</b>	99.6
Share of the loss of an associate undertaking (post-tax)	<b>(16.6)</b>	(0.5)
Share of the profit of joint ventures (post-tax)	–	0.1
<b>(Loss)/profit before tax</b>	<b>(99.6)</b>	99.2
Income tax	<b>(7.9)</b>	(4.6)
<b>(Loss)/profit for the financial year</b>	<b>(107.5)</b>	94.6
Discontinued operations within Trillium	<b>20.2</b>	47.5
<b>(Loss)/profit for the financial year from discontinued operations</b>	<b>(87.3)</b>	142.1

1. The 2009 income statement is for the period from 1 April 2008 to 12 January 2009, the date of the disposal of Trillium.

## Notes to the financial statements

—for the year ended 31 March 2009 continued

### 42. Discontinued operations continued

	2009 £m	2008 £m
<b>Loss on disposal</b>		
<b>Consideration received or receivable:</b>		
Cash	444.0	—
Present value of deferred sales proceeds	25.0	—
Total disposal consideration	469.0	—
Less: carrying amounts of net assets divested	(792.8)	—
Less: cost of disposal	(9.8)	—
Loss on sale before related income tax benefit	(333.6)	—
Income tax benefit	—	—
<b>Loss on disposal</b>	<b>(333.6)</b>	<b>—</b>
<b>Net cash inflow on disposal</b>		
Cash and cash equivalents consideration	444.0	—
Less: cash and cash equivalents balance divested	(51.3)	—
<b>Reported in the cash flow statement</b>	<b>392.7</b>	<b>—</b>

The cash consideration includes the repayment of inter-company balances of £435.8m that were outstanding between the Group and Trillium at 12 January 2009.

The Group cash flow statement contains the cash flows from the Trillium discontinued operations. The cash flows attributable to the operating activities of the Trillium discontinued operations are detailed in the following table:

	2009 £m	2008 £m
Operating cash flows	138.7	102.8
Investing cash flows	106.9	(195.5)
Financing cash flows	(24.4)	(48.8)
<b>Total cash flows</b>	<b>221.2</b>	<b>(141.5)</b>

