

Notes to the Financial Statements

Income statements	Six months ended 30 September 2008				Six months ended 30 September 2007				Year ended 31 March 2008			
	Retail Portfolio £m	London Portfolio £m	Trillium £m	Total £m	Retail Portfolio (restated) £m	London Portfolio (restated) £m	Trillium £m	Total £m	Retail Portfolio (restated) £m	London Portfolio (restated) £m	Trillium £m	Total £m
Rental income	136.5	171.8	-	308.3	131.8	159.1	-	290.9	274.7	335.2	-	609.9
Service charge income	21.3	29.7	-	51.0	22.5	22.3	-	44.8	47.5	53.7	-	101.2
Property services income	-	-	364.3	364.3	-	-	380.6	380.6	-	-	761.0	761.0
Trading property sale proceeds	6.9	-	-	6.9	-	-	-	-	1.3	42.3	-	43.6
Long-term development contract income	-	20.1	-	20.1	-	13.9	-	13.9	-	26.3	-	26.3
Finance lease interest	1.4	2.9	6.7	11.0	1.6	2.9	-	4.5	2.9	5.9	10.4	19.2
Revenue	166.1	224.5	371.0	761.6	155.9	198.2	380.6	734.7	326.4	463.4	771.4	1,561.2
Rents payable	(5.9)	(2.3)	(87.6)	(95.8)	(6.0)	(2.6)	(83.8)	(92.4)	(11.0)	(5.3)	(175.1)	(191.4)
Other direct property or contract expenditure	(31.5)	(38.6)	(185.6)	(255.7)	(30.7)	(30.1)	(210.7)	(271.5)	(64.8)	(73.5)	(403.6)	(541.9)
Indirect property or contract expenditure	(18.0)	(16.7)	(8.4)	(43.1)	(18.9)	(16.4)	(8.2)	(43.5)	(35.7)	(30.3)	(13.7)	(79.7)
Long-term development contract expenditure	-	(18.4)	-	(18.4)	-	(12.9)	-	(12.9)	-	(24.3)	-	(24.3)
Bid costs	-	-	(11.8)	(11.8)	-	-	(3.1)	(3.1)	-	-	(11.9)	(11.9)
Cost of sales of trading properties	(6.1)	(0.3)	-	(6.4)	-	-	-	-	(0.9)	(39.9)	-	(40.8)
Depreciation	(1.1)	(3.0)	(16.6)	(20.7)	(1.2)	(2.6)	(17.0)	(20.8)	(2.3)	(5.5)	(38.0)	(45.8)
Underlying operating profit	103.5	145.2	61.0	309.7	99.1	133.6	57.8	290.5	211.7	284.6	129.1	625.4
Profit / (loss) on disposal of non-current properties	1.2	(1.9)	2.2	1.5	25.0	38.9	15.1	79.0	16.4	40.9	18.1	75.4
Goodwill impairment	-	-	(147.6)	(147.6)	-	-	-	-	-	-	-	-
Net (deficit) / surplus on revaluation of investment properties	(727.7)	(789.0)	(46.0)	(1,562.7)	(128.9)	283.2	(8.8)	145.5	(680.7)	(464.7)	(24.9)	(1,170.3)
Segment result	(623.0)	(645.7)	(130.4)	(1,399.1)	(4.8)	455.7	64.1	515.0	(452.6)	(139.2)	122.3	(469.5)
Demerger costs				(16.4)				-				(9.8)
Unallocated expenses				(8.0)				(6.2)				(13.0)
Operating (loss) / profit				(1,423.5)				508.8				(492.3)
Net interest expense (note 3)				(119.4)				(133.8)				(295.0)
				(1,542.9)				375.0				(787.3)
Share of the (losses) / profits of joint ventures (post-tax)												
- Retail Portfolio				(181.8)				(9.9)				(86.7)
- London Portfolio				(10.2)				-				(14.4)
- Trillium				(0.3)				0.1				0.1
				(192.3)				(9.8)				(101.0)
Share of the loss of an associate undertaking				(2.0)				-				(0.5)
(Loss) / profit before tax from continuing activities				(1,737.2)				365.2				(888.8)

Included within rents payable is finance lease interest payable of **£1.3m** (30 September 2007: £0.9m; 31 March 2008: £2.0m) and **£1.2m** (30 September 2007: £1.5m; 31 March 2008: £2.8m) respectively for Retail Portfolio and London Portfolio.

All of the share of the loss of an associate undertaking is attributable to Trillium.

2. Segmental information continued	At 30 September 2008				At 30 September 2007				At 31 March 2008			
	Retail Portfolio (£m)	London Portfolio (£m)	Trillium (£m)	Total (£m)	Retail Portfolio (restated) (£m)	London Portfolio (restated) (£m)	Trillium (£m)	Total (£m)	Retail Portfolio (restated) (£m)	London Portfolio (restated) (£m)	Trillium (£m)	Total (£m)
Balance sheets												
Investment properties	4,068.1	6,238.1	528.5	10,834.7	5,215.8	8,093.0	572.2	13,881.0	4,664.7	7,069.6	562.4	12,296.7
Operating properties	-	-	521.0	521.0	-	-	534.4	534.4	-	-	544.8	544.8
Other property, plant and equipment	4.6	9.7	55.0	69.3	7.7	11.9	55.4	75.0	8.0	11.7	53.9	73.6
Net investment in finance leases	53.2	103.5	194.7	351.4	57.5	102.7	136.0	296.2	53.2	104.8	175.7	333.7
Investments in Public Private Partnerships	-	-	8.2	8.2	-	-	21.0	21.0	-	-	25.4	25.4
Goodwill	-	-	-	-	-	-	129.6	129.6	-	-	148.6	148.6
Investments in equity accounted joint ventures	1,267.3	48.3	5.0	1,320.6	1,342.8	13.4	5.0	1,361.2	1,377.4	28.1	5.1	1,410.6
Investment in an equity accounted associate	-	-	42.0	42.0	-	-	-	-	-	-	42.9	42.9
Trading properties and long-term development contracts	10.5	170.7	1.9	183.1	12.6	161.1	1.5	175.2	16.5	152.5	4.0	173.0
Trade and other receivables	166.4	212.6	188.6	567.6	157.0	249.9	228.8	635.7	205.2	411.2	221.3	837.7
Non-current assets classified as held for sale	-	-	283.5	283.5	-	-	2,568.9	2,568.9	-	-	664.1	664.1
Segment assets	5,570.1	6,782.9	1,828.4	14,181.4	6,793.4	8,632.0	4,252.8	19,678.2	6,325.0	7,777.9	2,448.2	16,551.1
Unallocated assets				38.8				42.9				64.0
Total assets				14,220.2				19,721.1				16,615.1
Trade and other payables	(248.9)	(286.4)	(320.8)	(856.1)	(311.3)	(241.3)	(380.8)	(933.4)	(282.6)	(243.9)	(338.2)	(864.7)
Provisions	-	-	(84.2)	(84.2)	-	-	(80.9)	(80.9)	-	-	(77.6)	(77.6)
Liabilities directly associated with non-current assets classified as held for sale	-	-	(117.6)	(117.6)	-	-	(1,655.9)	(1,655.9)	-	-	(427.7)	(427.7)
Segment liabilities	(248.9)	(286.4)	(522.6)	(1,057.9)	(311.3)	(241.3)	(2,117.6)	(2,670.2)	(282.6)	(243.9)	(843.5)	(1,370.0)
Unallocated liabilities				(5,458.2)				(6,127.9)				(5,662.2)
Total liabilities				(6,516.1)				(8,798.1)				(7,032.2)

All the Group's operations are in the UK and are organised into three main business segments against which the Group reports its primary segment information. These are Retail Portfolio, London Portfolio and Trillium.

3. Net interest expense	Six months ended 30 September 2008 £m	Six months ended 30 September 2007 £m	Year ended 31 March 2008 £m
Interest expense			
Bond and debenture debt	(97.7)	(97.9)	(195.1)
Bank borrowings	(53.1)	(65.0)	(136.4)
Other interest payable	(1.5)	(0.5)	(2.2)
Fair value losses on interest rate swaps	-	(4.2)	(21.9)
Provision discounting	(0.7)	(0.8)	(1.6)
Amortisation of bond exchange de-recognition (note 13)	(5.9)	(2.3)	(7.6)
Interest on pension scheme liabilities	(4.2)	(3.9)	(8.1)
	(163.1)	(174.6)	(372.9)
Interest capitalised in relation to properties under development	21.2	28.0	48.5
Total interest expense	(141.9)	(146.6)	(324.4)
Interest income			
Short-term deposits	2.3	1.1	4.1
Other interest receivable	0.6	0.8	1.3
Interest receivable from joint ventures	10.4	6.6	15.0
Fair value gains on interest rate swaps	4.7	-	-
Expected return on pension scheme assets	4.5	4.3	9.0
Total interest income	22.5	12.8	29.4
Net interest expense	(119.4)	(133.8)	(295.0)

Included within rents payable (note 2) is finance lease interest payable of **£2.5m** (30 September 2007: £2.4m; 31 March 2008: £4.8m).

4. Exceptional items	Six months ended 30 September 2008 £m	Six months ended 30 September 2007 £m	Year ended 31 March 2008 £m
Goodwill impairment	147.6	-	-
Exceptional items before tax	147.6	-	-
Taxation on goodwill impairment	-	-	-
	147.6	-	-

The reduction in the availability of long-term debt funding at a reasonable cost has had an adverse impact on Trillium's new business prospects, and as a result triggered an impairment review as required by IAS 36 Impairment of Assets. The goodwill carried in the Group's balance sheet relates entirely to the acquisition of the Group's Trillium business and subsequent acquisitions by Trillium, which together form a single cash generating unit.

Impairment has been tested by comparing the carrying amount of the business' assets and liabilities with their recoverable amount, in this case being their value in use. The latter has been calculated by reference to the cash flow projections for the entire term of each of Trillium's contracts. The cash flow projections have been prepared on the basis of strategic plans, knowledge of the market and management's views on achievable new business gains over the longer term.

The main assumptions underlying the forecasts are the relative inflation rates applying to costs and revenues, and the amount of expenditure required to fulfil the service level commitments, the vacation rate under the DWP contract, and the value of new business from Property Partnerships and PPP. The cash flows are discounted using Trillium's weighted average cost of capital of 9.0% (31 March 2008: 7.5%).

As a result of the review of Trillium's recoverable amount, an impairment loss of £147.6m has been recognised in the Income Statement. A sensitivity analysis has been performed on the base case assumptions used for assessing the goodwill and management have concluded there are no changes in key assumptions which are reasonably likely and that would cause the value in use to exceed the carrying amount of the assets (including goodwill) and liabilities.

5. Income tax (credit) / expense	Six months ended 30 September 2008 £m	Six months ended 30 September 2007 £m	Year ended 31 March 2008 £m
Current tax			
Corporation tax expense for the period	4.3	6.7	10.3
Adjustment in respect of prior periods	(1.0)	1.2	(17.9)
Corporation tax in respect of property disposals	-	-	0.5
Total current tax expense / (credit)	3.3	7.9	(7.1)
Deferred tax			
Origination and reversal of timing differences	(0.4)	0.3	(3.4)
Total deferred tax (credit) / expense	(0.4)	0.3	(3.4)
Total income tax expense / (credit) in the income statement	2.9	8.2	(10.5)

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

(Loss) / profit on activities before taxation	(1,737.2)	365.2	(888.8)
(Loss) / profit on activities multiplied by rate of corporation tax in the UK of 28% (31 March 2008: 30%)	(486.4)	109.6	(266.7)
Effects of:			
Corporation tax on disposal of non-current assets	0.9	-	6.3
Goodwill impairment	41.3	-	-
Joint venture accounting adjustments	-	7.1	0.9
Prior period corporation tax adjustments	(1.0)	1.2	(17.9)
Prior period deferred tax adjustments	(0.2)	-	(2.9)
Non-allowable expenses and non-taxable items	11.8	12.6	19.8
Exempt property rental profits in the period	437.6	(99.6)	278.9
Exempt property gains in the period	(1.1)	(22.7)	(28.9)
Total income tax expense / (credit) in the income statement (as above)	2.9	8.2	(10.5)

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 £218.0m could be released in the future.

7. (Loss) / earnings per share	Six months ended 30 September 2008 £m	Six months ended 30 September 2007 £m	Year ended 31 March 2008 £m
(Loss) / profit for the financial period	(1,740.1)	357.0	(878.3)
Revaluation deficits / (surpluses) – Group	1,562.7	(145.5)	1,170.3
– joint ventures	206.4	23.5	134.2
(Profits) / losses on non-current property disposals after current and deferred tax – Group	(1.5)	(79.0)	(74.9)
– joint ventures	(1.9)	7.3	7.1
Goodwill impairment	147.6	-	-
Demerger costs (net of taxation)	16.4	-	6.9
Prior year non-revenue tax adjustments	-	-	(16.2)
Mark-to-market adjustment on interest rate swaps	(0.9)	4.2	22.4
EPRA adjusted earnings	188.7	167.5	371.5
Eliminate effect of debt restructuring charges (net of taxation)	(0.3)	1.0	1.9
Eliminate effect of bond exchange de-recognition	5.9	2.3	7.6
Adjusted earnings	194.3	170.8	381.0

	No. m	No. m	No. m
Weighted average number of ordinary shares	471.0	470.4	470.6
Effect of own shares and treasury shares	(7.1)	(3.3)	(5.4)
Weighted average number of ordinary shares after adjusting for own shares	463.9	467.1	465.2
Effect of dilutive share options	0.6	1.3	1.1
Weighted average number of ordinary shares adjusted for dilutive instruments	464.5	468.4	466.3

	pence	pence	pence
Basic (loss) / earnings per share	(375.10)	76.43	(188.80)
Diluted (loss) / earnings per share	(375.10)	76.22	(188.80)
Adjusted earnings per share	41.88	36.57	81.90
Adjusted diluted earnings per share	41.83	36.46	81.71
EPRA adjusted diluted earnings per share	40.62	35.76	79.67

Management have chosen to disclose adjusted earnings per share 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.

11. Investments in joint ventures										
Period ended 30 September 2008 and at 30 September 2008										
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 ⁽¹⁾ £m	Total £m
Income statement										
Rental income	4.7	6.0	4.2	2.5	8.0	1.9	1.9	2.2	1.9	33.3
Service charge income	0.8	1.3	0.9	0.4	1.2	-	-	0.1	0.1	4.8
Property services income	-	-	-	-	-	-	-	-	-	-
Trading property sale proceeds	-	-	-	-	-	-	-	-	1.2	1.2
Revenue	5.5	7.3	5.1	2.9	9.2	1.9	1.9	2.3	3.2	39.3
Rents payable	(0.2)	-	-	-	-	-	-	-	-	(0.2)
Other direct property expenditure	(1.7)	(1.9)	(1.6)	(0.8)	(2.6)	(0.6)	-	(0.2)	(0.4)	(9.8)
Indirect property expenditure	(0.2)	(0.5)	(0.1)	(0.1)	(0.2)	-	(0.1)	(0.5)	(0.4)	(2.1)
Cost of sales of trading properties	-	-	-	-	-	-	-	-	(1.1)	(1.1)
	3.4	4.9	3.4	2.0	6.4	1.3	1.8	1.6	1.3	26.1
Profit on disposal of non-current properties	-	0.1	-	-	-	1.1	-	-	0.7	1.9
Net deficit on revaluation of investment properties	(20.2)	(25.1)	(27.2)	(54.1)	(43.5)	(22.4)	(1.6)	(0.4)	(11.9)	(206.4)
Operating (loss) / profit	(16.8)	(20.1)	(23.8)	(52.1)	(37.1)	(20.0)	0.2	1.2	(9.9)	(178.4)
Net finance (costs) / income	(1.5)	(5.3)	(1.8)	0.1	-	-	-	(2.9)	(1.6)	(13.0)
(Loss) / profit before tax	(18.3)	(25.4)	(25.6)	(52.0)	(37.1)	(20.0)	0.2	(1.7)	(11.5)	(191.4)
Income tax expense	(0.2)	(0.7)	-	-	-	-	-	-	-	(0.9)
Share of (losses) / profits of joint ventures after tax										
	(18.5)	(26.1)	(25.6)	(52.0)	(37.1)	(20.0)	0.2	(1.7)	(11.5)	(192.3)
Balance sheet										
Investment properties ⁽²⁾	110.2	223.4	150.5	229.4	244.7	317.4	78.7	87.9	133.4	1,575.6
Current assets	8.8	6.6	3.9	119.8	10.6	19.7	4.5	2.0	75.9	251.8
	119.0	230.0	154.4	349.2	255.3	337.1	83.2	89.9	209.3	1,827.4
Current liabilities	(2.1)	(6.6)	(1.7)	(18.5)	(9.5)	(19.9)	(1.0)	(13.5)	(17.2)	(90.0)
Non-current liabilities	(61.9)	(176.9)	-	(0.5)	-	(2.4)	-	(69.2)	(105.9)	(416.8)
	(64.0)	(183.5)	(1.7)	(19.0)	(9.5)	(22.3)	(1.0)	(82.7)	(123.1)	(506.8)
Net assets	55.0	46.5	152.7	330.2	245.8	314.8	82.2	7.2	86.2	1,320.6
Capital commitments	1.6	1.3	1.3	90.9	-	8.7	0.2	-	2.3	106.3
Market value of investment properties ⁽²⁾	109.4	224.4	154.0	229.3	250.0	319.9	78.9	88.0	133.0	1,586.9
Net (debt) / cash	(55.0)	(173.1)	0.4	4.2	0.5	8.9	2.4	(67.7)	(90.5)	(369.9)
Net investment										
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	-	-	-	-	-	-	-	-	215.5	215.5
Cash contributed	-	1.8	1.0	-	-	-	17.5	-	3.2	23.5
Share of post-tax results	(18.5)	(26.1)	(25.6)	(52.0)	(37.1)	(20.0)	0.2	(1.7)	(11.5)	(192.3)
Distributions	-	-	(2.3)	-	-	-	-	(0.1)	(9.3)	(11.7)
Fair value movement on cash flow hedges taken to equity	0.5	0.9	-	-	-	-	-	-	-	1.4
Loan advances	-	-	-	35.5	-	50.7	-	-	0.2	86.4
Loan repayments	-	-	-	-	(6.4)	(0.3)	-	-	(188.2)	(194.9)
Disposals	-	-	-	-	-	-	-	-	(17.9)	(17.9)
At 30 September 2008	55.0	46.5	152.7	330.2	245.8	314.8	82.2	7.2	86.2	1,320.6

Notes:

1. Other principally includes the The Martineau Galleries Limited Partnership, the Ebbsfleet Limited Partnership, Millshaw Property Co. Limited, The Empress State Limited Partnership and Countryside Land Securities (Springhead) 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.

11. Investments in joint ventures continued										
Period ended 30 September 2007 and at 30 September 2007										
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 ⁽¹⁾ £m	Total £m
Income statement										
Rental income	7.6	6.8	4.8	2.5	7.4	1.7	-	-	1.6	32.4
Service charge income	1.6	1.5	0.3	0.4	1.3	-	-	-	0.3	5.4
Property services income	-	-	-	-	-	-	-	-	0.1	0.1
Trading property sale proceeds	-	-	-	-	-	-	-	-	35.0	35.0
Revenue	9.2	8.3	5.1	2.9	8.7	1.7	-	-	37.0	72.9
Rents payable	(0.1)	-	-	-	-	-	-	-	-	(0.1)
Other direct property expenditure	(3.0)	(1.8)	(0.7)	(0.6)	(2.2)	(0.1)	-	-	(0.7)	(9.1)
Indirect property expenditure	(0.6)	(0.5)	-	-	-	-	-	-	-	(1.1)
Cost of sales of trading properties	-	-	-	-	-	-	-	-	(26.8)	(26.8)
	5.5	6.0	4.4	2.3	6.5	1.6	-	-	9.5	35.8
(Loss) / profit on disposal of non-current properties	(7.7)	-	-	-	-	-	-	-	0.4	(7.3)
Net (deficit) / surplus on revaluation of investment properties	(10.9)	(5.1)	2.0	-	(5.1)	(2.9)	-	-	(1.5)	(23.5)
Operating (loss) / profit	(13.1)	0.9	6.4	2.3	1.4	(1.3)	-	-	8.4	5.0
Net finance (costs) / income	(4.2)	(6.4)	(1.7)	0.3	-	-	-	-	0.2	(11.8)
(Loss) / profit before tax	(17.3)	(5.5)	4.7	2.6	1.4	(1.3)	-	-	8.6	(6.8)
Income tax expense	-	(0.6)	-	-	-	-	-	-	(2.4)	(3.0)
Share of (losses) / profits of joint ventures after tax										
	(17.3)	(6.1)	4.7	2.6	1.4	(1.3)	-	-	6.2	(9.8)
Balance sheet										
Investment properties ⁽²⁾	143.8	298.3	187.8	239.7	314.9	236.9	-	-	63.1	1,484.5
Current assets	15.6	9.0	7.0	127.1	10.6	15.1	-	-	53.6	238.0
	159.4	307.3	194.8	366.8	325.5	252.0	-	-	116.7	1,722.5
Current liabilities	(3.5)	(7.2)	(4.6)	(20.9)	(9.6)	(15.6)	-	-	(11.9)	(73.3)
Non-current liabilities	(61.8)	(210.1)	-	(0.2)	-	(2.4)	-	-	(13.5)	(288.0)
	(65.3)	(217.3)	(4.6)	(21.1)	(9.6)	(18.0)	-	-	(25.4)	(361.3)
Net assets	94.1	90.0	190.2	345.7	315.9	234.0	-	-	91.3	1,361.2
Capital commitments	0.2	1.0	1.4	50.5	53.0	7.4	-	-	0.9	114.4
Market value of investment properties ⁽²⁾	142.6	296.5	192.0	239.8	320.0	239.8	-	-	62.4	1,493.1
Net (debt) / cash	(48.2)	(203.5)	0.7	9.7	0.7	(0.6)	-	-	8.9	(232.3)
Net investment										
At 1 April 2007	145.8	95.3	188.6	308.1	321.1	198.6	-	-	81.3	1,338.8
Cash contributed	-	1.5	0.3	-	-	-	-	-	9.5	11.3
Share of post-tax results	(17.3)	(6.1)	4.7	2.6	1.4	(1.3)	-	-	6.2	(9.8)
Distributions	(37.5)	-	(3.4)	-	-	-	-	-	(5.7)	(46.6)
Fair value movement on cash flow hedges taken to equity	3.1	(0.7)	-	-	-	-	-	-	-	2.4
Loan advances	-	-	-	35.0	-	38.4	-	-	-	73.4
Loan repayments	-	-	-	-	(6.6)	(1.7)	-	-	-	(8.3)
At 30 September 2007	94.1	90.0	190.2	345.7	315.9	234.0	-	-	91.3	1,361.2

Notes:

- Other principally includes The Martineau Galleries Limited Partnership, the Ebbsfleet Limited Partnership, the A2 Limited Partnership, Parc Tawe and Investors in the Community (IIC).
- 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.

11. Investments in joint ventures continued										
Year ended 31 March 2008 and at 31 March 2008										
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 ⁽¹⁾ £m	Total £m
Income statement										
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
Revenue	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)
Operating (loss) / profit	(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)
(Loss) / profit before tax	(32.0)	(11.9)	(6.4)	(16.8)	(18.3)	9.7	(8.4)	(14.4)	0.6	(97.9)
Income tax expense	(0.1)	(0.6)	-	-	-	-	-	-	(2.4)	(3.1)
Share of (losses) / profits of joint ventures after tax	(32.1)	(12.5)	(6.4)	(16.8)	(18.3)	9.7	(8.4)	(14.4)	(1.8)	(101.0)
Balance sheet										
Investment properties ⁽²⁾	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)
Net assets	73.0	69.9	179.6	346.7	289.3	284.4	64.5	9.0	94.2	1,410.6
Capital commitments	2.9	0.6	2.9	127.4	-	27.7	-	-	8.3	169.8
Market value of investment properties ⁽²⁾	125.9	246.6	180.0	244.0	293.3	294.5	62.8	87.3	55.5	1,589.9
Net (debt) / cash	(53.1)	(205.6)	0.7	5.3	3.1	(0.3)	1.5	1.4	(6.5)	(253.5)
Net investment										
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
Share of post-tax results	(32.1)	(12.5)	(6.4)	(16.8)	(18.3)	9.7	(8.4)	(14.4)	(1.8)	(101.0)
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)
At 31 March 2008	73.0	69.9	179.6	346.7	289.3	284.4	64.5	9.0	94.2	1,410.6

Notes:

- Other principally includes The Martineau Galleries Limited Partnership, the Ebbsfleet Limited Partnership, the A2 Limited Partnership, Parc Tawe and Investors in the Community (IIC).
- 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.

12. Non-current assets classified as held for sale	30 September 2008 £m	30 September 2007 £m	31 March 2008 £m
Non-current assets classified as held for sale	283.5	2,568.9	664.1
Liabilities directly associated with non-current assets classified as held for sale	(117.6)	(1,655.9)	(427.7)
	165.9	913.0	236.4

Non current assets and liabilities held for sale at 30 September 2008 represents a number of PPP investments which will be sold to Trillium Investment Partners LP or to third parties. The net carrying value of the disposal group is based on its fair value less costs to sell at the date of acquisition, as adjusted to reflect cash advanced and cash returned from the disposal group. The disposal group represents a discontinued operation. The Group has not recognised any profits or losses in respect of this discontinued operation (other than the £17.3m profit on disposal of 13 projects sold to Trillium Investment Partners LP and a £2.6m impairment charge) in the six months ended 30 September 2008. The disposal group is held in the Trillium segment.

Set out below is an analysis of the movements within the disposal group for the six months ended 30 September 2008:

	£m
Book value at 1 April 2008	236.4
Projects transferred from Investments in Public Private Partnership contracts	17.2
Projects sold to Trillium Investment Partners LP	(83.7)
Impairments	(2.6)
Cash received from the disposal group	(1.4)
	165.9

16. Total shareholders' equity	Ordinary shares £m	Own shares £m	Share-based payments £m	Share premium £m	Capital redemption reserve £m	Retained earnings* £m	Total £m
At 1 April 2007	47.0	(14.5)	7.9	51.5	30.5	10,668.9	10,791.3
Exercise of options	0.1	-	-	1.4	-	-	1.5
Fair value movement on cash flow hedges – Group	-	-	-	-	-	0.2	0.2
– joint ventures	-	-	-	-	-	2.4	2.4
Fair value of share-based payments	-	-	2.3	-	-	-	2.3
Own shares acquired	-	(9.4)	-	-	-	(71.7)	(81.1)
Cost of shares awarded to employees	-	1.9	(1.9)	-	-	-	-
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	(1.1)	(1.1)
Dividend paid (note 6)	-	-	-	-	-	(159.5)	(159.5)
Profit for the financial period	-	-	-	-	-	367.0	367.0
At 30 September 2007	47.1	(22.0)	8.3	52.9	30.5	10,806.2	10,923.0
Exercise of options	-	-	-	3.7	-	-	3.7
Fair value movement on cash flow hedges – Group	-	-	-	-	-	(3.4)	(3.4)
– joint ventures	-	-	-	-	-	(5.9)	(5.9)
Fair value of share-based payments	-	-	2.7	-	-	-	2.7
Own shares acquired	-	-	-	-	-	(6.5)	(6.5)
Cost of shares awarded to employees	-	(0.3)	0.3	-	-	-	-
Actuarial gains on defined benefit pension schemes	-	-	-	-	-	16.0	16.0
Dividend paid (note 6)	-	-	-	-	-	(148.9)	(148.9)
Loss for the financial period	-	-	-	-	-	(1,197.8)	(1,197.8)
At 31 March 2008	47.1	(22.3)	11.3	56.6	30.5	9,459.7	9,582.9
Exercise of options	-	-	-	1.7	-	-	1.7
Fair value movement on cash flow hedges – Group	-	-	-	-	-	(1.9)	(1.9)
– joint ventures	-	-	-	-	-	1.4	1.4
Fair value of share-based payments	-	-	4.4	-	-	-	4.4
Cost of shares awarded to employees	-	4.3	(4.3)	-	-	-	-
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	(10.2)	(10.2)
Dividend paid (note 6)	-	-	-	-	-	(148.8)	(148.8)
Loss for the financial period	-	-	-	-	-	(1,725.4)	(1,725.4)
At 30 September 2008	47.1	(18.0)	11.4	58.3	30.5	7,574.8	7,704.1

* Included within retained earnings are cumulative gains in respect of cashflow hedges (principally interest rate swaps) of £3.9m (30 September 2007: £13.7m; 31 March 2008: £4.4m).

Own shares represent the cost of shares purchased in Land Securities Group PLC by the Employee Share Ownership Plan (ESOP) which is operated by the Group in respect of its commitment to the Deferred Bonus Shares Scheme. The number of shares held by the ESOP at 30 September 2008 was **1,030,818** (30 September 2007: 1,320,086; 31 March 2008: 1,336,275).

In July 2007 and 2008 the shareholders at the Annual General Meeting authorised the acquisition of shares issued by the Company representing up to 10% of its share capital to be held as treasury shares. At 30 September 2008 the Group owned **5,896,000** (30 September 2007: 5,446,000; 31 March 2008: 5,896,000) shares with a market value of **£73.7m** (30 September 2007: £91.7m; 31 March 2008: £87.6m).