

2 Performance measures

	2007		2006	
	Earnings £m	Pence per share	Earnings £m	Pence per share
Earnings per share (diluted)				
Underlying pre tax profit – income statement	257		228	
Tax charge relating to underlying profit	(31)		(43)	
Underlying earnings per share	226	43p	185	36p
Refinancing charges	(305)		(122)	
Gain on trading property appropriations and disposals	71		10	
Tax and other items	(13)		34	
EPRA earnings per share	(21)	(4p)	107	21p
Profit for the year after taxation†	2,453	470p	1,184	227p

† Prior year restated as described in note 1.

The European Public Real Estate Association (EPRA) issued Best Practices Policy Recommendations in November 2006, which gives guidelines for performance measures. The **EPRA earnings measure** excludes investment property revaluations and gains on disposals, intangible asset movements and their related taxation and the REIT conversion charge.

Underlying earnings consists of the EPRA earnings measure, with additional company adjustments. Adjustments have been made to reverse the effects of the refinancing charges (note 7), gains on trading property appropriations and disposals and their related taxation, costs relating to REIT conversion and prior year tax items.

The weighted average number of shares in issue for the year was: basic: 520m (2006: 519m); diluted for the effect of share options: 522m (2006: 521m). Basic earnings per share (undiluted) for the year were 472p (2006: 228p).

	2007 £m	2006 £m
Net asset value (NAV)		
Balance sheet net assets	8,747	6,016
Deferred tax arising on revaluation movements, capital allowances and derivatives	168	1,636
Mark to market on effective cash flow hedges and related debt adjustments	(99)	33
Surplus arising on trading and finance lease properties		74
Dilution effect of share options	46	43
EPRA NAV	8,862	7,802
EPRA NAV per share	1682p	1486p

The **EPRA NAV per share** excludes the mark to market on effective cash flow hedges and related debt adjustments, deferred taxation on revaluations and is calculated on a fully diluted basis.

At 31 March 2007, the number of shares in issue was: basic: 521m (2006: 519m); diluted for the effect of share options: 527m (2006: 525m).

Total return per share (before charges for REIT conversion and refinancings) of 21.3% represents growth per share in EPRA NAV of 196p plus dividends paid of 17p (see note 21), excluding current year refinancing charges of 40p and the REIT conversion costs of 64p. Total return per share (before refinancing charges) for the year ended 31 March 2006 was 34.6%.