

17 Joint operations

The Group's interests in Cribbs Causeway and Manchester Arndale are accounted for as joint operations. The Group holds 50 per cent beneficial interests in the relevant freehold or leasehold of these properties. Each joint arrangement is governed by a Trust Deed giving each party rights to income and obligations for expenses in respect of their beneficial interest in the property. The management of the property is established under the Trust Deed as being undertaken by an entity jointly controlled by the beneficial owners of the property. This entity does not have the right to a share of the income or expenditure from the property, other than the receipt of a management fee. Therefore these interests are accounted for as joint operations. The principal place of business of both joint operations is England.

18 Investment in associates

£m	2019	2018
At 1 January	65.6	64.8
Share of post-tax (loss)/profit of associates	(0.3)	2.3
Impairment	(7.4)	–
Foreign exchange movements	(4.2)	(1.5)
At 31 December	53.7	65.6

Investment in associates comprises a 32.4 per cent holding in the ordinary shares of Prozone Intu Properties Limited (Prozone), a listed Indian shopping centre developer, and a 26.8 per cent direct holding in the ordinary shares of Empire Mall Private Limited (Empire) – Empire also forms part of the Prozone group giving the Group an effective ownership of 38.0 per cent. Both companies are incorporated in India.

The equity method of accounting is applied to the Group's investments in Prozone and Empire in line with the requirements of IAS 28 Investments in Associates and Joint Ventures. The results for the year to 30 September have been used as 31 December information is not available in time for these financial statements. Those results are adjusted to be in line with the Group's accounting policies and include the most recent property valuations, determined at 30 September 2019, by independent professionally qualified external valuers in line with the valuation methodology described in note 13.

The market price per share of Prozone at 31 December 2019 was INR19 (31 December 2018: INR29), valuing the Group's interest at £9.9 million (31 December 2018: £16.4 million) compared with the Prozone carrying value pre-impairment of £41.5 million (31 December 2018: £45.1 million). As the share price of Prozone is lower than its carrying value, a review of the carrying value of Prozone and the Group's direct interest in Empire (as it also forms part of the Prozone group) has been undertaken. Underpinning the impairment assessment (where the fair value less costs to sell was considered) were the independent third-party valuations received for the investment and development properties, representing the underlying value of the associate's net assets. Assumptions were also made for tax and other costs that would be reasonably expected if these assets were to be disposed of. Following this review, an impairment of £7.4 million was recognised.