11th September 2001

2001 INTERIM RESULTS

Capital & Regional plc, the specialist retail and leisure property company, today announces its interim results for the six months ended 24th June 2001.

Highlights

- Fully diluted net assets per share 362p (December 2000: 361p).
- Pre-tax profit of £4.8m compares to £3.8m in the previous six months.
- Earnings per share on revenue activities increased by 56% from 3.4p in the previous six months to 5.3p.
- Dividend per share increased by 11% to 2.5p (June 2000: 2.25p).
- Property sales realised £190m (historical cost gain of £25m).
- Capital & Regional's management approach led to its shopping centre portfolio achieving a 2.8% increase in income and 1.4% estimated rental growth, with footfall increasing by 7.4%.
- Continued progress on implementation of retail park strategy and related financing to transform secondary schemes into prime destination parks.
- Following the successful first year's trading of Xscape in Milton Keynes, this new and unique leisure and retail concept is proving its formidable potential. Our goal is to create an exciting and innovative international brand.

Commenting on the results, Martin Barber, Chief Executive said:

"The work undertaken by Capital & Regional over the past two years to create a strong, focused portfolio of shopping centres, dominant retail parks and leisure destinations, leaves the Company well positioned to benefit from an improvement in sentiment towards these sectors. The specialist skills developed within the Company should lead to out-performance of our assets and attract new financial partners with whom to develop the business further."

- ends -

For further information please contact Capital & Regional on 020 7932 8000:
Martin Barber, Chief Executive
Lynda Coral, Financial Director
Sarah Carrell, Head of Corporate Communications

A copy of this statement and the presentation will be available on our corporate website – www.capreg.com.

CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT

RESULTS AND FINANCIAL POSITION

Fully diluted net assets per share rose to 362p from 361p in December 2000. In the six months to 24th June 2001, profit before tax was £4.8m. Earnings per share on revenue activities increased by 56% from 3.4p in the previous six months to 5.3p (June 2000: 6.1p). In the six months ended 24th June 2000, the £10.4m profit before tax reported included a £4.2m profit on investment sales against prior year end valuation. Furthermore the effect of new accounting requirements reduces profit in the current six month period by £1.2m compared to last year.

The Directors have resolved to pay an interim dividend of 2.5p, an increase of 11% (June 2000: 2.25p). The dividend will be paid on 19th October 2001 to shareholders on the register at the close of business on 21st September 2001. Our facility for dividend reinvestment by shareholders continues.

In the first half, property sales of £190m were completed at December 2000 values realising historic cost gains of £25m. The Company's borrowings at 24th June 2001 were £477.4m against £615.6m at December 2000. Net cash balances were £0.9m (December 2000: £6.1m) and the Company had approximately £30m (December 2000: £10.3m) of undrawn secured facilities.

Fully diluted gearing at 137% has been reduced by disposals from 159% at December 2000 and reflects the cost of share buy-backs totalling £23.3m.

Since the year end, the Company has acquired a further 9.9 million ordinary shares bringing the total purchases to date to almost 20% of the issued share capital a year ago. Shareholder consent has been given to purchase a further 14.3% of the remaining shares, representing 11.2 million ordinary shares. The Board will continue to review the Company's share purchases in light of the share price and level of gearing for the long-term interests of shareholders.

The weighted average interest rate cost of total borrowings at 24th June 2001 was 6.8% compared to 7.2% at the end of 2000. Rental income as a ratio to net interest payable including capitalised interest was maintained at 1.5 times.

STRATEGY

Capital & Regional is focused on the retail and leisure sectors within three operational divisions.

The first is shopping centres, all of which are located in town centres and are covered properties to provide a controlled environment. They are either dominant in a good catchment or a good second centre in a major city conurbation. Our energies are aimed at increasing relevant footfall, whereby retailers may take advantage of increased sales. Typically, we acquire older centres, which have not previously benefited from Capital & Regional's management style and our innovative approach to marketing and promotion. Increase in retailer trade is also a result of our reconfiguration and renovation exercises.

One example is our recently completed Shopping City in Wood Green, North London where, following significant works carried out last year and recently completed, footfalls this year are running some 17% above last year. We expect increased profits for our tenants and a positive effect on rental values.

All of our shopping centres are focused on the 'value retail' sector, and in an uncertain economic environment, it is our belief that these centres will prove to be the most resilient to any overall reduction in the rate of retail spending growth.

In the first half, despite rental values increasing and interest rates reducing, there has been a continuing negative movement in investment yields for this type of property. Recent indications demonstrate that institutions are again beginning to look favourably at this form of investment.

Retail parks are our second area of operation. At the year end, we reported that our existing portfolio of 1.4m sq ft is in a transitional phase to transform secondary schemes into prime destination parks anchored by Big Box retailers. We expect the benefits of these initiatives to show through over the next eighteen months.

Capital & Regional has made significant progress in the implementation of a financing strategy for both the transformation of our existing portfolio and for the substantial developments at Oldbury and Auchinlea. We hope to provide further information to shareholders by the year end.

Xscape is our third business area. Our first project in Milton Keynes is proving to be a great attraction with the longest ‘real snow’ indoor ski slope in Europe. We strongly believe that there is more to this building than just a property transaction and this retailing and leisure concept can be developed as an international brand.

OPERATING REVIEW

Shopping Centres

The first half of the year has shown a continued increase in the level of activity by our management team producing a net income of £37.0m, an increase of 2.8% since the year end and 14.2% from June 2000. Estimated rental value increased by a further 1.4% to £43.8m.

In the first six months, excluding rent reviews, there were 119 transactions across the portfolio of 453 units. This compares to 176 transactions across the portfolio over the whole of last year. The void level has fallen from 3.8% at the year end to 3%.

Our total footfalls increased by 7.4% to 24 million over the corresponding period last year, net of The Pallasades in Birmingham and Liberty 2 in Romford, where temporary reductions due to redevelopment would distort the trend.

The increase in footfall and rent levels, coupled with low vacancy is evidence of the continued success of Capital & Regional’s management approach.

At The Pallasades, we continue to explore re-development opportunities with Railtrack and to actively manage the existing centre. During the first half, we have introduced American Express, Mobile Styles and Bodycare as new tenants.

As the major refurbishment programme at Shopping City, Wood Green completes, the centre’s popularity improves considerably with footfall up 17% to 4.75 million visitors in the last six months. The centre now offers shoppers popular high street retailing, an in-door market plus leisure and entertainment in the form of a 12 screen multiplex cinema and a choice of cafes and restaurants. Since the year end, we have introduced further new retailers including Woolworths, All Sports and a new store for fashion retailer Blue Inc, who have also taken a unit at Selborne Walk in Walthamstow.

At the Ashley Centre in Epsom, we continue to improve the mall environment through a re-modelling to the West Square of the centre. New retailers, Game, McDonalds, Starbucks and Vision Express have all taken representation as well as extending stores for Next, Hammicks, Body Shop and Café la Mocha. During the first half, footfall has increased by 17% to 3.3 million shoppers.

During the first half, we have introduced a new tenant Quiz to the Howgate Centre in Falkirk and doubled the size of the Clinton Cards unit. At Selborne Walk, Walthamstow, we have relocated First Sport into a larger unit and let the space to Millets. The Trinity Centre in Aberdeen remains fully let and the success of our marketing initiatives has increased footfall by 9% to 4.4 million visitors over the first half.

At Liberty 2 in Romford, we have introduced The Post Office and local retailer Junior. We are also finalising the planning consent for the extension of the centre to the adjacent ‘Dolphin’ site, providing a mixed use development incorporating retail, a hotel and residential. Footfall has been adversely effected by the closure of Sainsburys, however is expected to recover when Wilkinsons opens from the same space during this month.

The success story at The Alhambra Centre in Barnsley continues with footfall increasing by 10.4% to 4 million visits during the first half. The introduction of major occupiers Primark and TK Maxx has been the catalyst for further letting interest and new tenants in the first half are The Perfume Shop, Bodycare and Adam. An agreement has also been reached with Massarella Catering for a new Nova Café offer in the mall.

Our joint venture with Stannifer to redevelop the Sauchiehall Centre in Glasgow continues well. The construction phase is on programme with TK Maxx, WH Smith and Superdrug established in their new store formats. Major occupier Primark will take possession in October and hopes to commence trading from Easter 2002.

Despite this positive activity within our shopping centre portfolio, there was a valuation decrease in the first half of 2.8%.

Retail Parks

Our retail park strategy continues to focus on destination retail parks of over 150,000 sq ft by either transforming our existing portfolio or through new development. In the first half, steady progress has been made on the implementation of this strategy on a number of our parks. There was no net valuation movement in the six month period on the portfolio.

At Aylesbury, a detailed planning application has been submitted for a 190,000 sq ft scheme and pre-lets have been agreed for half of this floor space including a Big Box anchor tenant. Planning consent is anticipated during the first half of 2002.

At Beckton, detailed planning consent has now been obtained to redevelop and refurbish this secondary park into a 190,000 sq ft destination park. The latest letting has been achieved at £20.00 per sq ft, compared to the highest previous rent of £18.25 per sq ft.

Completion of the new 100,000 sq ft B&Q unit at Hull is on programme for October, when the refurbishment of the balance of the existing retail park will commence. The latest letting of £20.00 per sq ft, compared to £8.00 per sq ft upon acquisition in December 1999, illustrates the extremely positive effect on rental values as a direct result of the inclusion of destination retailers, B&Q, DFS and Comet. Plans are well advanced for the next phase totalling a further 100,000 sq ft.

An agreement to lease has been exchanged with Matalan at the 155,000 sq ft retail park at Stratford upon Avon, which we own in partnership with Hermes, to extend their existing 30,000 sq ft store to 44,000 sq ft. A detailed planning application has been submitted. Terms have also been agreed for a new 45,000 sq ft destination store.

At Auchinlea/Junction 10 in Glasgow, significant progress has been made in the financing of this 600,000 sq ft shopping park and we anticipate announcing details during the fourth quarter.

A detailed planning application is being prepared for submission by the year end to commence the first phase of our park at Oldbury.

Xscape

Our first Xscape in Milton Keynes is fully let and continues to exceed our expectations with over four million visitors since opening last year. The 16 screen cinema is in the top 25 in the country, there are numerous and innovative retailing concepts, which one would not expect to find outside London, together with many bars and restaurants. We are currently reviewing marketing initiatives to significantly improve footfall for the benefit of our occupiers.

We have now received full planning permission for our second Xscape at Castleford on the M62, adjacent to the Freeport factory outlet centre. To date, 27% of the floor space is now pre-let with a further 41% in solicitor's hands. We hope to commence construction during the early part of 2002.

Alongside our joint venture partner, Capital Shopping Centres, we have submitted a planning application for our third Xscape at Braehead in Glasgow. Planning zoning approval for our major Xscape at Castrop-Rauxel in the Ruhr, Germany, is anticipated during the first half of 2002.

With this successful start and our substantial expansion plans, we now believe the time has come to add further senior management expertise, to move the unique Xscape concept to a new level and establish it as a standalone business and create a successful international brand. We expect to make an announcement in the near future.

OUTLOOK

Within our shopping centre portfolio, we have seen improved confidence from a number of our major tenants in the last twelve months, with many reporting increased performance as they reposition themselves in the retail market. We strongly believe that this type of property should be viewed as an operating business as well as a property investment, a belief increasingly being shared by financial institutions and other investors.

Retailers continue to expand their latest formats on retail parks with new development activity being at an all time low due to planning restrictions. We are already seeing significant rental growth on the destination parks which we are creating and are confident that this will continue.

Within our Xscape operation, we are seeing increased interest from leisure and lifestyle retailers wanting to participate in this exciting and new leisure destination. We are confident of rental and capital growth in the years to come from existing and new opportunities to exploit this brand.

Therefore, Capital & Regional faces the future with optimism. The Company is well positioned to take advantage of its strong portfolio and management expertise.

Tom Chandos
Chairman

Martin Barber
Chief Executive

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	(Unaudited) 6 months to 24 June 2001 £000	(Restated) (Unaudited) 6 months to 24 June 2000 £000	(Restated) (Audited) Year to 25 December 2000 £000
Turnover: group rental income and share of joint ventures' turnover		31,680	34,766	79,495
Less: share of joint ventures' turnover		(2,091)	(1,866)	(11,877)
Group rental income		29,589	32,900	67,618
Net property costs		(4,296)	(4,877)	(9,687)
Net rental income		25,293	28,023	57,931
Profit on the sale of trading and development properties	4	35	1,006	306
		25,328	29,029	58,237
Administrative expenses		(3,321)	(3,520)	(7,955)
		22,007	25,509	50,282
Other operating income		581	577	502
Group operating profit		22,588	26,086	50,784
Share of operating profit / (loss) in joint ventures and associates		331	(396)	476
		22,919	25,690	51,260
Profit on sale of investment properties and investments	4	370	4,196	4,092
Profit on ordinary activities before interest		23,289	29,886	55,352
Income from listed investments		-	659	659
Interest receivable and similar income		1,182	453	824
Interest payable and similar charges	5	(19,650)	(20,577)	(42,667)
Profit on ordinary activities before taxation		4,821	10,421	14,168
Taxation	6	(290)	(416)	(413)
Profit on ordinary activities after taxation		4,531	10,005	13,755
Equity minority interests		298	(135)	(431)
Profit attributable to the shareholders of the Company		4,829	9,870	13,324
Equity dividends paid and payable		(1,971)	(2,211)	(5,070)
Profit retained in the period		2,858	7,659	8,254
Earnings per share	7	5.6p	10.0p	13.7p
Earnings per share – diluted	7	5.6p	9.7p	13.7p
Earnings per share on revenue activities	7	5.3p	6.1p	9.5p

The 2000 comparative amounts have been restated in accordance with Urgent Issues Task Force Abstract 28 'Operating lease incentives' (see note 1).

The notes on pages 10 to 14 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

	Notes	(Unaudited) As at 24 June 2001 £000	(Restated) (Unaudited) As at 24 June 2000 £000	(Restated) (Audited) As at 25 December 2000 £000
Fixed assets				
Property assets	8	721,782	976,004	916,485
Other fixed assets		14,542	14,139	14,521
		736,324	990,143	931,006
Investment in joint ventures	9			
Share of gross assets		*86,878*	*9,168*	*68,084*
Share of gross liabilities		*(58,996)*	*(7,373)*	*(38,270)*
		27,882	1,795	29,814
		764,206	991,938	960,820
Current assets				
Property assets	8	22,529	30,191	18,846
Debtors:				
amounts falling due after more than one year		7,816	1,069	5,541
amounts falling due within one year		35,179	36,176	42,272
Cash at bank and in hand		935	744	6,091
		66,459	68,180	72,750
Creditors: amounts falling due within one year		(61,280)	(66,159)	(129,705)
Net current assets / (liabilities)		5,179	2,021	(56,955)
Total assets less current liabilities		769,385	993,959	903,865
Creditors: amounts falling due after more than one year (including convertible unsecured loan stock)		(463,333)	(590,920)	(556,582)
Provision for liabilities and charges		-	-	(2,952)
Net assets		306,052	403,039	344,331
Capital and reserves				
Called up share capital		7,886	9,827	8,874
Share premium account		161,927	161,876	161,895
Revaluation reserve		95,148	162,531	130,770
Other reserves		2,535	591	1,545
Profit and loss account		38,556	59,168	37,533
Equity shareholders' funds		306,052	393,993	340,617
Equity minority interests		-	5,046	3,714
Non-equity funding by joint arrangement partners		-	4,000	-
Capital employed		306,052	403,039	344,331
Net assets per share adjusted for minority interests and non-equity funding	10	388.1p	400.9p	383.9p
Net assets per share adjusted for minority interests and non-equity funding - diluted	10	361.8p	377.8p	360.6p

The 2000 comparative amounts have been restated in accordance with Urgent Issues Task Force Abstract 28 'Operating lease incentives' (see note 1).

The notes on pages 10 to 14 form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	(Unaudited) 6 months to 24 June 2001 £000	(Restated) (Unaudited) 6 months to 24 June 2000 £000	(Restated) (Audited) Year to 25 December 2000 £000
Share of unrealised deficit on valuation of investment properties	(14,309)	(4,178)	(32,852)
Share of unrealised surplus on valuation of other fixed assets	341	73	512
Share of unrealised deficit on valuation of properties in joint ventures	(653)	-	(561)
Share of tax on revaluation surpluses realised in period	489	(2,130)	(3,614)
Deferred tax provided on unrealised revaluation surpluses	-	-	(2,952)
Exchange differences	-	3	3
	(14,132)	(6,232)	(39,464)
Profit attributable to the shareholders of the Company	4,829	9,870	13,324
Total recognised gains and losses relating to the period	(9,303)	3,638	(26,140)

The 2000 comparative amounts have been restated in accordance with Urgent Issues Task Force Abstract 28 'Operating lease incentives' (see note 1).

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	(Unaudited) 6 months to 24 June 2001 £000	(Restated) (Unaudited) 6 months to 24 June 2000 £000	(Restated) (Audited) Year to 25 December 2000 £000
Profit attributable to shareholders of the Company	4,829	9,870	13,324
Equity dividends paid and payable	(1,971)	(2,211)	(5,070)
Profit retained in the period	2,858	7,659	8,254
Share capital and share premium issued in period	34	-	20
Share capital purchased and cancelled in period (including expenses)	(23,325)	-	(20,759)
Other recognised gains and losses relating to the period (see above)	(14,132)	(6,232)	(39,464)
Net (reduction) / addition to shareholders' funds	**(34,565)**	**1,427**	**(51,949)**
Opening shareholders' funds	340,617	392,566	392,566
Closing shareholders' funds	306,052	393,993	340,617

The 2000 comparative amounts have been restated in accordance with Urgent Issues Task Force Abstract 28 'Operating lease incentives' (see note 1).

The notes on pages 10 to 14 form part of these financial statements.

SUMMARY CASH FLOW STATEMENT

	Notes	(Unaudited) 6 months to 24 June 2001 £000	(Restated) (Unaudited) 6 months to 24 June 2000 £000	(Restated) (Audited) Year to 25 December 2000 £000
Net cash inflow from operating activities	11	20,327	29,315	49,514
Dividends received from joint ventures		400	-	180
Dividends received from associates		-	5	5
Returns on investments and servicing of finance		(17,722)	(20,563)	(42,960)
		3,005	8,757	6,739
Taxation		(2,501)	-	(622)
Net operating cash flow		504	8,757	6,117
Capital expenditure and financial investment		171,758	(4,710)	(8,160)
		172,262	4,047	(2,043)
Acquisitions and disposals		(2,882)	-	(18,716)
		169,380	4,047	(20,759)
Equity dividends paid		(2,884)	(2,948)	(5,134)
Cash in / (out) flow before financing		166,496	1,099	(25,893)
Financing:				
Issue of ordinary share capital		34	-	20
Purchase of ordinary share capital		(33,491)	-	(10,593)
Cash (out) / in flow from debt financing		(138,195)	(7,858)	35,169
Decrease in cash in the period		(5,156)	(6,759)	(1,297)

The 2000 comparative amounts have been restated in accordance with Urgent Issues Task Force Abstract 28 'Operating lease incentives' (see note 1).

Reconciliation of net cash flow to movement in net debt

	(Unaudited) 6 months to 24 June 2001 £000	(Unaudited) 6 months to 24 June 2000 £000	(Audited) Year to 25 December 2000 £000
Decrease in cash in the period	(5,156)	(6,759)	(1,297)
Cash out / (in) flow from debt financing	138,195	7,858	(35,169)
Change in net debt resulting from cash flows	133,039	1,099	(36,466)
Reclassification of debt in joint arrangement	-	-	22,568
Net debt at beginning of period	(609,501)	(595,603)	(595,603)
Net debt at end of period	(476,462)	(594,504)	(609,501)

Analysis of net debt

	(Unaudited) 6 months to 24 June 2001 £000	(Unaudited) 6 months to 24 June 2000 £000	(Audited) Year to 25 December 2000 £000
Cash in hand and at bank	935	744	6,091
Bank overdrafts	-	(115)	-
	935	629	6,091
Debt due within one year	(13,543)	(3,340)	(58,351)
Debt due after one year	(463,854)	(591,793)	(557,241)
	(476,462)	(594,504)	(609,501)

The notes on pages 10 to 14 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The financial information included in the Interim Report comprises consolidated profit and loss account, balance sheet, statement of total recognised gains and losses, reconciliation of movement in shareholders' funds and summary cash flow statement. These have been prepared in accordance with the normal accounting policies of the Group, and do not constitute statutory accounts.

The Group has adopted Urgent Issues Task Force Abstract 28 (UITF 28), 'Operating lease incentives', in these financial statements. In accordance with the requirements of UITF 28, the previous periods' results have been restated to reflect its application to all affected lease agreements starting on or after 26 December 1999. The effect of this restatement together with the impact on the current periods' results are summarised below:

	6 months to 24 June 2001 £000	6 months to 24 June 2000 £000	Year to 25 December 2000 £000
(Decrease) / increase in group rental income	(594)	409	914
Reduction in share of operating profit of joint ventures	(187)	-	(105)
Increase in taxation charge	(26)	(143)	(472)
Increase in equity minority interests in profit for the period	(7)	(20)	(40)
(Decrease) / increase in profit for the period attributable to shareholders of the Company	(814)	246	297
Reduction in unrealised deficit on revaluation of investment properties in joint ventures	184	-	253
Reduction in unrealised deficit on revaluation of investment properties	685	69	509
Increase in shareholders' fund in the period	55	315	1,059
Increase / (decrease) in carrying value of investment properties	82	(473)	(5,196)
(Decrease) / increase in investment in joint ventures	(3)	-	148
(Decrease) / increase in prepayments and accrued income due after more than one year	(225)	1,069	5,541
Increase in prepayments and accrued income due within one year	440	328	1,572
Increase in corporation tax creditor	(26)	(143)	(472)
Increase in accruals and deferred income	(206)	(446)	(494)
Increase in equity minority interests	(7)	(20)	(40)
Increase in net assets attributable to the shareholders' in the period	55	315	1,059

2. Financial information and presentation

The financial information for the year to 25 December 2000 does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. It is extracted from the statutory accounts for that year, on which the auditors Deloitte & Touche gave an unqualified report under Section 236 of the Companies Act 1985 which did not contain a statement under Section 237(2) or Section 237(4) of the Companies Act 1985. Statutory accounts for the year ended 25 December 2000 have been delivered to the Registrar of Companies. The financial information for the six months to 24 June 2001 is unaudited and has not been reviewed by the Group's auditors.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Segmental analysis

Turnover, profit on ordinary activities before taxation and net assets are attributable to property investment, development and management. Turnover, profit on ordinary activities before taxation and operations arise in the UK except £nil (2000: £659,000) of income from listed investments which originates from the US. Net assets adjusted for minority interests originate in the UK.

4. Asset sales

	Fixed assets		Current assets	
	(Unaudited) 6 months ended 24 June 2001 £000	(Unaudited) 6 month ended 24 June 2000 £000	(Unaudited) 6 months ended 24 June 2001 £000	(Unaudited) 6 months ended 24 June 2000 £000
Net sale proceeds	189,994	26,288	423	12,178
Cost of sales	(164,842)	(4,006)	(388)	(11,172)
Historical cost profit	25,152	22,282	35	1,006
Revaluation surplus	(24,782)	(18,175)	-	-
	370	4,107	35	1,006
Share of joint ventures	-	89	-	-
Profit recognised on sale of assets	370	4,196	35	1,006

5. Interest payable and similar charges

	(Unaudited) 6 months to 24 June 2001 £000	(Unaudited) 6 months to 24 June 2000 £000	(Audited) Year to 25 December 2000 £000
Bank loans and overdrafts wholly repayable within five years	17,669	21,540	42,823
Other loans	863	868	1,663
	18,532	22,408	44,486
Capitalised in period	(112)	(1,947)	(2,678)
	18,420	20,461	41,808
Share of joint ventures interest payable	1,230	116	859
	19,650	20,577	42,667

6. Taxation

The taxation charge for the period has been estimated from the expected taxable profits of the Group after taking account of losses brought forward and capital allowances available.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Earnings per share

Earnings per share have been calculated on a weighted average of 85,746,495 Ordinary shares of 10p each in issue during the period (six months to 24 June 2000: 98,265,697, year to 25 December 2000: 97,042,630) and have been based on profit on ordinary activities after taxation and minority interests of £4,829,000 (six months to 24 June 2000: £9,870,000, year to 25 December 2000: £13,324,000).

Diluted earnings per share have been calculated after allowing for the exercise of share options which have met the required exercise conditions and the full conversion of the Convertible Unsecured Loan Stock, if the effect on earnings per share is dilutive. The weighted average number of Ordinary shares of 10p each is 86,065,241 (six months to 24 June 2000: 110,943,812, year to 25 December 2000: 97,256,996) and the relevant earnings are £4,829,000 (six months to 24 June 2000: £10,738,000 year to 25 December 2000: £13,324,000).

Earnings per share on revenue activities exclude the profit on the sale of investment properties and investments, and associated tax charge and minority interests thereon, of £259,000 (six months to 24 June 2000: £3,924,000, year to 25 December 2000: £4,101,000).

8. Property assets

	Fixed property assets £000	Current property assets £000	Total property assets £000
Cost or valuation			
As at 25 December 2000	921,681	18,846	940,527
Less: UITF 28 adjustment	(5,196)	-	(5,196)
As at 25 December 2000 – restated	916,485	18,846	935,331
Refurbishment and development expenditure	9,526	6,301	15,827
Amortisation of short leasehold properties	(86)	-	(86)
Disposals	(189,503)	(2,618)	(192,121)
Revaluation	(14,640)	-	(14,640)
As at 24 June 2001	721,782	22,529	744,311

Fixed property assets at 24 June 2001 as per balance sheet	721,782
UITF 28 adjustment at 24 June 2001 included in current assets	4,733
Total fixed property assets as valued below	726,515

The fixed property assets were valued at 24 June 2001, as follows:		£000
DTZ Debenham Tie Leung	Open Market Value	684,060
Insignia Richard Ellis Limited	Open Market Value	33,170
Directors	Open Market Value	220
Directors	Net sale proceeds of properties sold after 24 June 2001	9,065
		726,515

Valuations are at open market value as defined in the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Joint Ventures

The Group's investment in joint ventures is as follows:

	Capital Hill Partnership £000	Xscape (Milton Keynes) Partnership £000	Sauchiehall Centre Limited £000	Easter Holdings Limited £000	Others £000	Total £000
Group share of:						
Investment properties	17,650	37,387	18,112	2,245	-	75,394
Trading properties	-	-	-	4,450	686	5,136
Other current assets	581	3,253	365	1,928	221	6,348
Gross assets	18,231	40,640	18,477	8,623	907	86,878
Bank loans	-	(23,400)	(15,150)	(3,793)	(500)	(42,843)
Other loans	-	-	(2,500)	(2,469)	-	(4,969)
Other current liabilities	(372)	(8,379)	(713)	(1,665)	(55)	(11,184)
Gross liabilities	(372)	(31,779)	(18,363)	(7,927)	(555)	(58,996)
Investment in joint venture	17,859	8,861	114	696	352	27,882
Effective Group share	50%	50%	50%	50%	50%	

10. Net assets per share

Net assets per share have been calculated on 78,855,975 Ordinary shares of 10p each (24 June 2000: 98,265,697, 25 December 2000: 88,734,623) in issue at 24 June 2001 and have been based on net assets attributable to shareholders of £306,052,000 (24 June 2000: £393,993,000, 25 December 2000: £340,617,000).

Diluted net assets per share assumes that all of the Convertible Unsecured Loan Stock ("CULS") had been converted at the balance sheet date. Diluted net assets per share have been calculated on 91,268,146 Ordinary shares of 10p each and have been based on adjusted net assets attributable to shareholders of £330,230,000 (24 June 2000: £418,079,000, 25 December 2000: £364,749,000) by adding the £24,178,000 (24 June 2000: £24,086,000, 25 December 2000; £24,132,000) balance sheet value of the CULS.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. Reconciliation of net cash inflow from operating activities

	(Unaudited) 6 months to 24 June 2001 £000	(Restated) (Unaudited) 6 months to 24 June 2000 £000	(Restated) (Audited) Year to 25 December 2000 £000
Group operating profit	22,588	26,086	50,784
Profit on sale of trading and development properties	(35)	(1,006)	(306)
	22,553	25,080	50,478
Depreciation of other fixed assets	218	176	567
Amortisation of short leasehold properties	86	86	173
Amortisation of tenant incentives	1,100	175	914
Amortisation of goodwill on purchase of minority interests	-	72	72
Profit on disposal of fixed assets	(31)	(14)	(52)
Decrease / (increase) in trade debtors, other debtors and prepayments	7,567	361	(12,708)
(Decrease) / increase in trade creditors, other creditors, taxation and social security and accruals	(11,166)	3,379	10,070
Net cash flow from operating activities	20,327	29,315	49,514

12. Debt valuation

The table below show the market value of fixed rate debt instruments, and reflects the difference between the interest yield curve as at 24 June 2001 and the rates historically committed; namely the fair value adjustment.

	(Unaudited) As at 24 June 2001 £000	(Unaudited) As at 24 June 2000 £000	(Audited) As at 25 December 2000 £000
Book value and notional principal	198,642	261,891	247,880
Fair value	(200,854)	(261,390)	(251,368)
Fair value adjustment	(2,212)	501	(3,488)
Minority interests	-	41	81
Fair value adjustment attributable to the Group	(2,212)	542	(3,407)
Net of tax at 30%	(1,548)	379	(2,385)
Effect on fully diluted net asset per share adjusted for minority interests and non-equity funding	(1.7)p	0.3p	(2.4)p

13. Copies of the Interim Report

Copies of the Interim Report are available from the Company's registered office at 10 Lower Grosvenor Place, London, SW1W 0EN.