Interim Report 2008

Capital& Regional

Contents

Section 1

Section 2

Section 3

Capital & Regional... our philosophy

- The right property... C&R invests in property sectors with sound fundamentals where active management can make a difference
- The right people... we aim to recruit and retain the best specialist talent across the business
- The right money... we are structured as a co-investing asset manager, aiming to access the most efficient equity and debt for each of our activities

...what we do

- C&R is a co-investing property asset manager. This means that we manage property assets for funds in which we hold a significant stake
- This enables our equity and management to be leveraged over a large portfolio and enhances returns to shareholders
- We aim to build best-of-class specialist management teams for the retail and leisure sectors in which we operate

“Management’s focus on increasing financial flexibility is delivering a more durable capital structure for the Group. This will better position the Company given the expectation of further falls in property values in the second half of the year and possibly beyond.

In very challenging market conditions the value of our property asset management expertise is reflected in a robust operating performance. The 30% fall in net asset value during the first half can clearly be attributed to problems in the banking and property investment markets, exacerbated by high leverage, rather than in the tenant facing business which has been resilient.”

Tom Chandos, Chairman

Highlights

- Financial position much improved through transactions totalling nearly £800 million(i)
- Agreement on revised financial covenants with our principal lending bank for the core banking facility(i)
- Introduction of Apollo Real Estate as a new 50% joint venture partner in the Group’s German business, subject to shareholder approval(i)
- Occupancy rates and lettings robust during the period
- Net assets £493 million (Dec 2007: £703 million)
- Triple net diluted Net Asset Value per share £7.06 (Dec 2007: £10.04)
- Recurring pre-tax profit for six months £16.4 million (Jun 2007: £17.6 million)
- Interim dividend 5p (Jun 2007: 10p)
- Loss after tax, including revaluation deficit, of £201 million (Jun 2007: profit of £43 million)
- Property under management £5.3 billion (Jun 2007: £6.6 billion)

(i) Including events between 30 June 2008 and the current date.

Highlights

My arrival as Chief Executive of Capital & Regional has coincided with some of the most challenging market conditions the property sector has seen in many years. The resulting fall in valuations is the major factor in reporting a post-tax loss of £201 million for the first half of 2008.

Despite this, our underlying tenant-facing business remained healthy during the half year, with solid underlying rental growth, and we continued to generate significant recurring pre-tax profits after excluding all performance-related and one-off items.

	June 2008 (Six months)	June 2007 (Six months)	December 2007 (12 months)
Scale of business:			
Property under management	**£5.3bn**	£6.6bn	£6.1bn
Balance sheet			
Triple net diluted NAV per share	**£7.06**	£13.18	£10.04
Period end share price	**£1.90**	£11.64	£3.92
Profitability			
Recurring pre-tax profit	**£16.4m**	£17.6m	£32.7m
Dividend per share	**5p**	10p	27p
IFRS (Loss)/profit after tax	**£(201)m**	£43m	£(167)m

De-gearing: in the first half of 2008 we carried out a number of transactions which enhanced the Group's financial position:

- On 6 March we sold 80% of the FIX portfolio, reducing the Group's debt by £155 million.
- On 20 March the Junction Fund completed on the disposal of Great Western Retail Park, Glasgow for £58.5 million.
- On 27 June the Mall Fund raised £286 million equity through a rights issue to unit holders.

Since 30 June our position has been further enhanced as follows:

- On 2 July the Mall Fund completed the disposal of three shopping centres to Carlyle Group for £286 million.
- On 19 August we announced the sale of a 50% interest in our German portfolio to Apollo Real Estate Advisors for a cash consideration of €65.6 million.
- On 22 August the Junction Fund exchanged contracts for the sale of the Templars Retail Park in Oxford for £57 million.
- On 27 August we finalised the renegotiation of our financial covenants with our principal lending bank to provide us with greater covenant headroom within our facilities.

Following completion of these transactions our total debt calculated on a pro forma basis will have fallen by 40% as follows:

C&R debt position – summary

	December 2007 £m	**June 2008 £m**	Pro forma £m
Group debt	625	**516**	223
Off balance sheet debt (our share)	709	**551**	575
Total debt (our share)	1,334	**1,067**	798
Reduction in 2008 YTD			(40)%

German portfolio: we will shortly be sending a circular letter to shareholders to request approval for the introduction of Apollo as a joint venture partner for our German portfolio. The benefits of the transaction are threefold:

- **Financial** it generates £44 million of cash, and reduces the Group's gearing on both a statutory and see through basis.
- **Operational** with the support of Apollo, our German property asset management team will be able to implement a business plan in which capital is recycled more aggressively and capital expenditure is funded largely from disposals.
- **Strategic** it points the way to the Group's new strategy described in more detail below, where C&R's operating skills combine with third-party pools of equity to create additional value for shareholders.

Operating review

Tenant markets: C&R's tenant facing business has delivered a resilient operating performance in the first half of the year. Although there are early signs of the impact of the consumer downturn, the Group's three main fund portfolios delivered a solid underlying rental performance. Occupancy remains close to last year's level whilst rent reviews continue to be settled above ERV.

- Passing rent for the funds, calculated on a weighted average basis, was 3.2% higher in June 2008 than in June 2007. Growth has ranged from 1.8% for X-Leisure, where approximately 37.7% of rents are index-linked, to 5.3% for the Junction where there have been significant new lettings.
- Occupancy across the three funds has fallen only slightly from last year's levels, at 94.8% in June 2008 compared to 95.4% in June 2007. Occupancy increased for the Junction and X-Leisure, but decreased from 95.5% to 94.1% at The Mall where space was taken back for development activity in late 2007. In Germany occupancy remains high at 98.1%.
- In the first half of the year we completed 97 rent reviews for the funds, representing passing rent of £13 million at 1.6% above ERV at December 2007.
- The number of new lettings in the funds increased to 147 in H1 2008 from 123 in H1 2007, albeit that the new passing rent was slightly lower at £6.25 million compared to £6.59 million.

The new lettings averaged 2.0% over ERV at December 2007. Outside the funds there has been particular letting success as our joint venture retail park development at Cardiff nears practical completion with four lettings in recent weeks. The development is now 88% let by area.

- Tenants in 66 units, representing passing rent of £6.3 million or 2.2% of the total, went into administration in the first six months of the year. This compares to 71 units and £5.3 million, representing 2.0% of the total, in the equivalent period in 2007. Of those tenants, 64% are continuing to trade and pay rent, compared to 66% by value in 2007.

Property investment markets: the limited availability of bank finance combined with a sharp increase in the cost of term funding had a significant impact on valuations in the first half of 2008. In addition the five year swap rate rose during the period to a peak of 6.2% in June. Since then it has fallen back to circa 5.3% which may, if the trend is sustained, ultimately help strengthen investment demand.

Fund performance

	Full year 2004	Full year 2005	Full year 2006	Full year 2007	**Period to 30 June 2008**
Mall					
Property level returns	19.6%	16.5%	17.6%	(3.3)%	**(12.8)%**
Geared returns	26.0%	22.8%	26.3%	(13.2)%	**(32.0)%**
IPD shopping centre index	17.1%	16.3%	12.7%	(3.2)%	**(5.9)%**(i)
Junction					
Property level returns	24.0%	23.3%	15.0%	(16.8)%	**(7.3)%**
Geared returns	35.6%	34.1%	18.3%	(34.0)%	**(16.5)%**
IPD retail parks index	23.5%	22.1%	14.7%	(9.6)%	**(7.2)%**(ii)
X-Leisure					
Property level returns	11.4%(iii)	15.3%	19.7%	2.1%	**(4.9)%**
Geared returns	18.0%(iii)	28.3%	30.4%	(3.0)%	**(12.1)%**
Weighted average(i)					
Property level returns	20.3%	18.5%	16.8%	(7.5)%	**(10.2)%**
Geared returns	28.3%	26.6%	23.7%	(19.6)%	**(28.7)%**

(i) Based on C&R exposure to the three funds.
(ii) Total return rather than IRR.
(iii) Nine month period.

From the above table, it is clear that The Mall significantly underperformed its index. This was attributable, at least in part, to the timing of the sale of three shopping centres to Carlyle, which was used as comparable evidence for The Mall valuation.

The valuation falls have been predominantly caused by adverse yield shift rather than deterioration in tenant markets. The following table shows the yield movements experienced in the first half of 2008.

	June 2008	December 2007	Yield shift over six months
Nominal equivalent yields			
Mall	**6.65%**	5.69%	0.96%
Junction	**5.80%**	5.32%	0.48%
X-Leisure	**6.17%**	5.78%	0.39%
Weighted average	**6.28%**	5.60%	0.68%
Germany	**6.24%**	5.99%	0.25%
Initial yields			
Mall	**5.66%**	4.84%	
Junction	**4.95%**	4.37%	
X-Leisure	**5.38%**	5.06%	
Weighted average	**5.37%**	4.75%	
Germany	**6.24%**	5.99%	

The table above shows the nominal equivalent yields on our portfolios. The true equivalent yields are approximately 0.2% higher, and this adjustment should be made in comparison to IPD benchmark yields.

Financial review

Recurring profits: our recurring profit, which excludes valuation movements and other one-off items such as performance fees, comes from our four business segments as follows:

	Six months to 30 June 2008 £m	Six months to 30 June 2007 £m
Property investment UK	**4.5**	6.2
Property investment Germany	**5.8**	4.9
Managing property funds	**4.6**	4.8
SNO!zone	**1.5**	1.7
Recurring pre-tax profit	**16.4**	17.6

The notable increase in recurring profits from our German portfolio is attributable to the strength of the euro, which magnifies euro denominated cash flows when translated into sterling. There has been a drop in management fee income due to the reduction in the size and valuation of the funds.

Dividend: the Board is proposing a 5p interim dividend payable in cash. Although this represents a significant reduction from the level of the previous year, the Board believes it is important to maintain maximum financial flexibility against the background of very challenging market conditions. A decision on the amount of the final dividend will be taken in light of the then prevailing market conditions and the outlook for recurring profits in 2009 and subsequent years.

	2004 pps	2005 pps	2006 pps	2007 pps	**2008 pps**
Interim	5	7	9	10	**5**
Final	9	11	17	17	
Total	14	18	26	27	
Increase	56%	29%	44%	4%	
% of recurring ptp	54%	55%	58%	59%	

Performance fees: in 2007 we provided in full for all performance fees repayable for The Mall and Junction and there is no further accounting impact in the first half of 2008. As part of the rights issue negotiations we agreed to repay £25 million to The Mall Fund, 50% in September 2008 and 50% in December 2008, which represents the full £37 million repayable adjusted for our share as investors. There are no further performance fee repayments to be made to The Junction Fund.

During the first half of 2008 we have provided an extra £4 million out of a possible £10.4 million for performance fees potentially repayable to the X-Leisure Fund, based on current expectations of 2008 returns.

Balance sheet: we present our balance sheet in three ways.

- The enterprise balance sheet shows what we manage.
- The see through balance sheet shows our economic exposure to different market segments.
- The statutory balance sheet reflects the accounting rules and more closely reflects our legal responsibilities.

Three balance sheets at 30 June 2008

	Enterprise £m	See through £m	Statutory £m
Fund properties			
Mall	2,700	452	220
Junction	1,029	281	138
X-Leisure	887	172	79
FIX UK	173	35	8
Joint venture properties			
Xscape Braehead	64	32	1
Manchester Arena	64	19	5
Cardiff	44	22	–
Wholly-owned properties			
Germany	505	461	505
Hemel Hempstead and others	32	32	32
Great Northern	89	89	89
Total property	5,587	1,595	1,077
Working capital etc	28	(35)	(68)
Debt	(3,289)	(1,067)	(516)
Net assets	2,326	493	493
C&R shareholders	493	493	493
Fund investors	1,833	–	–
Total equity	2,326	493	493
Leverage (LTV)	59%	67%	48%
Leverage (LTV) pro forma(i)	57%	61%	33%

(i) After the impact of the sale of the three malls, Templars Retail Park and the German joint venture.

Our NAV per share is £7.06 on a triple net basis, down from £10.04 in December 2007. The major cause of this fall is an adverse shift in valuation yields. A lesser cause is the one-off impact of The Mall rights issue. The Group benefited from the stability the rights issue brought to The Mall but suffered a loss from the dilution effect of not subscribing, which we reported at 60p per share in relation to the May valuations. Using June valuations, as required by accounting rules, the adverse impact (before recognising the Carlyle sales) was £29 million or 41p per share.

Debt and bank covenants: during the first half of the year, Group debt fell from £625 million to £516 million. 74% of this Group debt relates to the German portfolio which is strictly self-supporting and non-recourse to Capital & Regional plc. Following the formation of the joint venture with Apollo our Group debt will fall further to £223 million.

Group debt

	Debt at 30 June 2008 £m	Average interest rate %	% Fixed	Duration of fixing (months)	Duration to loan expiry (months)
Core revolving credit facility	**44**	5.72	148	31	31
Great Northern debt	**69**	6.39	100	27	27
Hemel Hempstead debt	**12**	5.52	100	2	14
Victoria debt	**8**	6.90	–	n/a	16
Germany debt	**383**	4.68	102	38	38
Group debt	**516**	5.05	103	35	35

We have recently reached agreement with our principal lending bank in relation to the covenants on our £175.5 million revolving credit facility. We have previously disclosed that this facility had a see through gearing covenant set at 250%, and that the calculation at 31 March 2008 showed 204%.

In return for a reduction in the amount of the facility from £175.5 million to £125.5 million and an increase in interest margin from 0.9% to 1.4%, the bank has amended the see through gearing covenant so that only debt with recourse to the Group is included. This removes all funds, German and other non-recourse debt from the calculation, as we have given no guarantees in respect of these facilities. The new covenant is set at 200%, and the calculation at 30 June on this basis showed 38%.

The revised £125.5 million bank facility is £49.3 million drawn at 28 August and is supported by the Group's investments in The Mall, Junction and X-Leisure Funds, and the cash flows arising from SNO!zone and Capital & Regional Property Management. In addition to the amended gearing covenant described above, it has an interest cover covenant set at > 150% (actual 871% for six months ending 30 June), and an asset cover set at > 2:1 (actual 9:1 at 30 June), under which the carrying value of the fund units in our accounts cannot fall below 200% of the amount drawn.

Off balance sheet debt: our share of fund and joint venture debt fell from £709 million to £551 million during the first half of 2008, following The Mall rights issue. Since 30 June this figure will have decreased due to the sale of three Malls and Templars Retail Park, but will increase following the completion of the proposed Apollo transaction.

Off balance sheet debt

	Debt at 30 June 2008 £m	Average interest rate%	% Fixed	Duration of fixing (months)	Duration to loan expiry (months)
JV debt (our share)	**63**	6.43	56	44	45
German minorities	**(33)**	4.68	102	38	38
Mall (16.7% share)	**239**	5.14	88	46	46
Junction (27.3% share)	**161**	5.18	100	43	33
X-Leisure (19.4% share)	**94**	6.08	82	30	41
FIX UK (20% share)	**27**	6.66	94	41	48
Off balance sheet debt	**551**	5.56	86	42	42

Fund level de-gearing: the following actions either have been taken or are being pursued:

- **The Mall Fund** has significantly increased its financial resilience by raising new equity and selling three shopping centres to Carlyle.

  The proceeds of the rights issue were used to pay off the entire outstanding balance of £263 million on the RBS facility, removing the 60% LTV covenant contained in that facility. Of the balance, £22 million has been retained to fund committed capital expenditure.

  The proceeds of the sale to Carlyle will be used to pay down £189 million of The Mall bonds, and the remainder will be set aside for potential future capital expenditure, pending the outcome of the business plan review scheduled for autumn 2008.

  The only remaining LTV constraint is in the partnership deed rather than any bank facility, and is defined on an "incurrence basis". In other words, if the 60% LTV limit were exceeded as a result of falling valuations no remedy would be required and no event or default would occur, although additional borrowing could not be incurred until the LTV fell below 60%. At 30 June before completion of the Carlyle disposal this stood at 53.4%.

  The Mall bonds contain an interest cover covenant set at 130%. During the first half of 2008 interest cover was 182%.

- **The Junction Fund** has an LTV banking covenant of 60%, and was standing at 56% at 30 June. The Oxford disposal will, when complete, reduce it by about 2%. There is also an interest cover covenant currently set at 127.5%. Interest cover during the first half of 2008 was 160%.

  The Fund is at an advanced stage of negotiating with its banks a package of amendments which will provide significantly enhanced headroom within its banking covenants. In addition to seeking flexibility from the banks, the Fund is working closely with Morley and Hermes on longer-term solutions to achieve the most advantageous outcome for unit holders.

  Until and unless a strategic solution can be found, The Junction will continue to dispose of assets to ensure it remains within its banking covenants.

  On 22 August, contracts were exchanged for the sale of Templars Retail Park in Oxford for £57 million, which compares to a book value of £66 million at the end of June. The proceeds of the sale will be used to pay down debt.

- **The X-Leisure Fund** has a fund LTV of 54.2%. It has three property level banking facilities, and a £415 million central facility which was £350 million drawn at 30 June 2008. The central facility has an LTV covenant of 70% and the ratio at 30 June 2008 stood at 59.9%. Further headroom can be generated by charging one property on which there is no charge to any bank facility at present. Adjusted for this, the LTV on the central facility is close to the fund LTV.

  There is also an interest cover covenant on the central facility currently set at 130%. Interest cover during the first half of 2008 was 167%.

We retain a 20% interest in the FIX UK portfolio and account for it as an associate. However, we do not manage the portfolio and have therefore excluded it from our property under management statistics.

We currently have three joint ventures with bank debt, and have provided cost over-run and interest shortfall guarantees for two of them, at Braehead and Cardiff. At both, the developments are complete and we have agreed terms with the banks to extend the period of the development finance or provide long-term investment finance.

Strategy

Management attention has concentrated on safeguarding the financial position of the Group. However, since joining on 1 April, I have still had the opportunity to form views on the strategic priorities for the Group.

In conjunction with the delivery of a more resilient capital structure for the Group, we will focus our efforts on improving returns to shareholders. In particular:

- we will continue to support the delivery of out performance from the Funds where we act as property asset manager. The Mall and X-Leisure in particular provide a core distinctive offering for their respective unit holder base and C&R expects to be able to generate stable cash flows from its position both as investor and property asset manager. We welcome potential changes in the structure of performance fees since they are likely to focus such fees on relative property level performance which is exactly where C&R's expertise can best be leveraged;

- we will free up capital from the sale of assets held at Group level. Improved financial stability means that we are not under pressure to sell such assets but will do so in such a way to protect value. Great Northern represents one such asset, whilst it is a high-quality property, C&R has now substantially completed the asset management opportunities. We will not, therefore, compromise on value but a disposal will free up capital for reinvestment. The proceeds will be used to reinforce our capital base and provide a source of further capital to invest in due course;

- we will build on the strength of our management teams as property asset managers in the retail and leisure sectors. The commitment of capital remains integral to the future strategy of C&R. However, it is the operating experience which is C&R's core capability and we wish to deploy this in partnership with institutions which have access to significant pools of equity (as we have done with Apollo in Germany). Consequently, we will limit the amount of capital we commit to new ventures;

- we will look to ensure that future commitments of capital do not result in concentration of risk for the Group or tie up capital for long periods without the ability to create liquidity over the medium term. It is the intention to recycle capital more quickly in the future as asset management opportunities are realised. Benchmark returns on a risk adjusted basis will be established for all such investments. If hurdle rates cannot be met then surplus capital will be returned to shareholders once a sound capital structure has been assured;

- we will look to deliver a more integrated platform to both our existing and prospective partners. We believe that operational synergies can be achieved whilst still respecting our commitments to deliver a dedicated support to the funds for which we act as property asset manager. Further details will be communicated in due course; and

- we will ensure that management is incentivised to continue to deliver excellent operating performance. A plan will be presented to shareholders to ensure that management interests are fully aligned with those of our shareholders.

Management changes

Shortly after I joined the Company, William Sunnucks, our Group Finance Director, indicated that he wanted to leave to spend a period attending to the needs of his family business. It was agreed that he should stay at C&R until I had settled in and steps had been taken to resolve the emerging balance sheet issues. He has undertaken this task with energy and commitment and will be leaving in December this year with the Company now able to point to significant improvement in its financial resilience.

Charles Staveley, who has already been with the Company for 12 months as Deputy Group Finance Director, will take over as Group Finance Director on 1 October. Charles will, at that time, join the Board of C&R plc, and William will step down from the Board. This is an opportune moment for the transition. I would like to thank William for his contribution over the past six years and wish him well for the future.

Outlook

We expect market conditions to remain challenging for the foreseeable future. In the absence of any increased availability of bank finance, property values are likely to fall further. We also expect the operating environment to become more difficult as depressed consumer confidence impacts our tenant markets.

The measures that have been taken to create increased financial flexibility nonetheless give us confidence that we are much better able to respond to the challenges ahead and are increasingly positioned to take advantage of the opportunities that are likely to emerge.

I am excited by the prospect of C&R once again demonstrating the entrepreneurial capabilities which have been a key ingredient to its past success.

Hugh Scott-Barrett
Chief Executive

Risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's future performance and could cause actual results to differ materially from expected and historical results.

In our annual report for the year ended 30 December 2007 we identified seven specific risk areas of which shareholders should be aware and we believe these to remain the main risk areas facing the Group in the future.

Property market risks: small changes in property market yields can have a significant effect on the value of our portfolios. The effect of debt funding magnifies the impact of valuation movements. These issues are monitored regularly by our executive committee, and the valuation results are published monthly with our unit price announcements.

As a Group with retail and leisure tenants we are also exposed to a downturn in consumer spending. This could reduce the profitability of our occupiers, and thereby lead to a reduction in retail income through defaults and increased vacancies. We manage this risk by diversification both across a large number of tenants and between different market segments and by deliberately targeting properties with strong defensive characteristics, where retailers are best placed to make profits.

Treasury risks: interest rate and currency movements can have an impact on our cash flow and net assets. We normally offset between 50% and 100% of these risks through interest rate swaps or forward exchange contracts.

The Group, like many other companies, is dependent on its ability to obtain external funding to meet a portion of its financing requirements. In the current turbulent financial climate and property market volatility, the risk that the Group will not be able to raise sufficient funding to continue to finance its property portfolio, or that it may breach its covenants, has increased. We handle these risks by monitoring compliance and available headroom, by locking in our debt for significant periods ahead, and planning renewals well ahead of expiry.

Changes in the tax and regulatory environment: our business could be affected by tax law changes or by the increasing burden of regulation. These risks are monitored by the Finance Director and Chief Executive.

Loss of key management: our property management business is dependent on the skills of key individuals whose departure could adversely impact the business. The risk is mitigated by the development of a next generation of management and through the Company's long-term remuneration schemes, which defer payments by two to three years and align shareholder and management interests.

Development risks: over recent years we have carried out a substantial development programme both inside and outside our funds. This activity is subject to significant market, construction and commercial risk, which we mitigate by pre-letting a high proportion of the space and negotiating fixed price building contracts.

Fund investors and joint venture partners: the institutional investors who invest in our funds and our joint venture partners are important to the continued success of our business. For the funds our relationships are documented in long-term management contracts, but these can be terminated under certain circumstances.

We work closely with our fund managers, Morley and Hermes, to maintain their support, keeping them fully informed through regular briefings and listening to their input on strategy.

Our joint ventures are governed by various legal agreements and we work closely with our joint venture partners to ensure that these businesses are managed for the mutual benefit of both parties.

Internet retailing and hypermarket diversification: traditional retail outlets have to compete, in many cases, both with major supermarkets as they expand the range of products offered and with the increased penetration of online retailers. We actively manage our centres so as to provide our tenants with the best possible platform from which to operate, with an attractive environment, good tenant mix, wide range of food and other offerings, and strong marketing.

Directors' statement of responsibility

The directors confirm to the best of their knowledge:

a) the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union;

b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

F Desai
Company Secretary
28 August 2008

Forward-looking statements

This document contains certain statements that are neither reported financial results nor other historical information. These statements are forward looking in nature and are subject to risks and uncertainties. Actual future results may differ materially from those expressed in or implied by these statements. Many of these risks and uncertainties relate to factors that are beyond Capital & Regional's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors such as the Group's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, regional or national basis. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this document. Capital & Regional does not undertake any obligation to publicly release any revisions to these forward looking statements to reflect events or circumstances after the date of this document. Information contained in this document relating to the Group should not be relied upon as a guide to future performance.

Consolidated income statement

For the six months ended 30 June 2008

	Note	(Unaudited) Six months to 30 June 2008 £m	(Unaudited) Six months to 30 June 2007 £m	Year to 30 December 2007 £m
Rents, management fees and other revenue	4a	**43.4**	41.9	86.8
Performance fees	4a,4b	**(4.0)**	7.9	(52.8)
Revenue	4a	**39.4**	49.8	34.0
Cost of sales	5	**(16.3)**	(8.7)	(19.1)
Gross profit		**23.1**	41.1	14.9
Administrative costs		**(14.6)**	(14.4)	(13.7)
Share of (loss)/profit in joint ventures and associates	12a	**(159.1)**	31.1	(119.2)
(Loss)/gain on revaluation of investment properties	11a	**(25.5)**	6.6	(14.8)
(Loss)/profit on sale of properties and investments	11c	**(11.5)**	2.0	1.8
(Loss)/profit on ordinary activities before financing		**(187.6)**	66.4	(131.0)
Finance income	6	**0.8**	0.9	3.5
Finance costs	7	**(9.7)**	(13.8)	(39.5)
(Loss)/profit before taxation		**(196.5)**	53.5	(167.0)
Current tax	8a	**(0.1)**	(1.4)	3.9
Deferred tax	8a	**(4.8)**	(9.4)	(3.7)
Tax (charge)/credit		**(4.9)**	(10.8)	0.2
(Loss)/profit for the period		**(201.4)**	42.7	(166.8)
Basic (loss)/earnings per share	10	**(286)p**	59p	(236)p
Diluted (loss)/earnings per share	10	**(286)p**	59p	(236)p

All results derive from continuing activities.

Consolidated balance sheet

As at 30 June 2008

	Note	(Unaudited) Six months to 30 June 2008 £m	(Unaudited) Six months to 30 June 2007 £m	Year to 30 December 2007 £m
Non-current assets				
Investment property	11a	**522.9**	633.6	678.5
Interest in long leasehold property	11a	**13.4**	17.3	15.6
Goodwill		**12.2**	12.2	12.2
Plant and equipment		**1.4**	0.9	1.5
Investments		**0.3**	–	0.3
Receivables		**7.6**	8.5	7.2
Investment in associates	12b	**444.4**	752.8	599.4
Investment in joint ventures	12d	**8.6**	19.4	12.0
Total non-current assets		**1,010.8**	1,444.7	1,326.7
Current assets				
Trading property assets	11a	**89.5**	95.0	95.9
Receivables		**24.9**	97.6	19.9
Tax recoverable		**1.6**	–	1.6
Cash and cash equivalents		**27.8**	37.7	37.1
Total current assets		**143.8**	230.3	154.5
Total assets		**1,154.6**	1,675.0	1,481.2
Current liabilities				
Trade and other payables	13	**(90.7)**	(84.6)	(102.4)
Current tax liabilities		**(18.4)**	(26.2)	(18.4)
		(109.1)	(110.8)	(120.8)
Non-current liabilities				
Bank loans		**(515.5)**	(603.7)	(622.4)
Convertible subordinated unsecured loan stock		**–**	(0.1)	–
Other payables	14	**(14.5)**	(15.1)	(17.5)
Deferred tax liabilities	8c	**(22.3)**	(23.2)	(17.5)
Total non-current liabilities		**(552.3)**	(642.1)	(657.4)
Total liabilities		**(661.4)**	(752.9)	(778.2)
Net assets		**493.2**	922.1	703.0
Equity				
Called-up share capital		**7.1**	7.1	7.1
Share premium account	16	**220.5**	219.6	219.7
Revaluation reserve	16	**0.4**	4.0	2.4
Other reserves	17	**15.6**	9.2	10.9
Capital redemption reserve	16	**4.4**	4.4	4.4
Own shares held	16	**(8.7)**	(6.1)	(8.7)
Retained earnings	16	**253.9**	683.9	467.2
Equity shareholders' funds		**493.2**	922.1	703.0
Triple net, fully diluted net assets per share	19	**£7.06**	£13.18	£10.04
EPRA diluted net assets per share	19	**£6.86**	£13.21	£10.08

Consolidated statement of recognised income and expense

For the six months ended 30 June 2008

	Note	(Unaudited) Six months to 30 June 2008 £m	(Unaudited) Six months to 30 June 2007 £m	Year to 30 December 2007 £m
Foreign exchange translation differences	17	**9.5**	0.1	7.6
Revaluation (loss)/gain on owner occupied property	16	**(2.0)**	1.3	(0.3)
Net investment hedge	17	**(4.7)**	–	(5.6)
		2.8	1.4	1.7
(Loss)/profit for the period		**(201.4)**	42.7	(166.8)
Total recognised income and expense		**(198.6)**	44.1	(165.1)
Attributable to:				
Equity shareholders	20	**(198.6)**	44.1	(165.1)

Reconciliation of movements in equity shareholders' funds

	Note	(Unaudited) Six months to 30 June 2008 £m	(Unaudited) Six months to 30 June 2007 £m	Year to 30 December 2007 £m
Opening equity shareholders' funds	20	**703.0**	913.1	913.1
Issue of shares	16	**0.8**	0.1	0.2
Share buy back and cancellation		**–**	(15.2)	(17.2)
LTIP credit in respect of LTIP charge		**–**	0.9	0.2
Arising on conversion/repurchase of CULS		**–**	(8.8)	(9.0)
Amortisation of IFRS 1 reserve	17	**(0.1)**	–	(0.1)
		703.7	890.1	887.2
Total recognised income and expense		**(198.6)**	44.1	(165.1)
		505.1	934.2	722.1
Dividends paid	9	**(11.9)**	(12.1)	(19.1)
Closing equity shareholders' funds		**493.2**	922.1	703.0

Consolidated summary cash flow statement

For the six months ended 30 June 2008

	Note	**(Unaudited) Six months to 30 June 2008 £m**	(Unaudited) Six months to 30 June 2007 £m	Year to 30 December 2007 £m
Net cash generated from operations	18	**3.2**	4.0	62.6
Distributions received from joint ventures and associates		**9.6**	15.9	25.6
Interest paid		**(16.5)**	(13.5)	(30.7)
Interest received		**0.8**	1.0	2.7
Income taxes (paid)/received		**(0.2)**	0.3	(3.8)
Cash flows from operating activities		**(3.1)**	7.7	56.4
Investing activities				
Acquisitions of investment properties		**–**	(102.0)	(62.8)
Capital expenditure on investment and trading properties		**(1.1)**	(6.0)	(15.2)
Acquisitions and disposals of other fixed assets		**(0.1)**	–	(1.1)
Disposals/(acquisitions) of subsidiaries	21	**32.2**	–	(39.4)
Cash (disposed)/acquired in business combinations	21	**(4.0)**	–	1.0
Proceeds from sale of investment and trading properties		**–**	–	1.0
Proceeds from sale of investments		**–**	0.2	0.2
Investment in joint ventures		**(1.7)**	(2.7)	(3.3)
Loans to joint ventures		**(0.9)**	(2.8)	(6.1)
Loans repaid by joint ventures		**–**	0.7	0.7
Acquisitions and disposals		**–**	(0.1)	–
Cash flows from investing activities		**24.4**	(112.7)	(125.0)
Financing activities				
Proceeds from the issue of ordinary share capital		**0.8**	0.1	0.1
Purchase of own shares		**–**	(1.3)	(1.3)
Share buy backs and cancellation		**–**	(15.3)	(17.2)
Repurchase of CULS		**–**	(10.5)	(10.5)
Bank loans drawn down		**71.3**	147.0	172.3
Bank loans repaid		**(88.3)**	(0.1)	(48.5)
Loan arrangement costs		**–**	–	(0.9)
Settlement of foreign exchange forward		**(2.9)**	–	(4.6)
Dividends paid to minority interests	15	**(0.7)**	(0.6)	(1.4)
Equity dividends paid	9	**(11.9)**	(12.1)	(19.1)
Cash flows from financing activities		**(31.7)**	107.2	68.9
Net (decrease)/increase in cash and cash equivalents		**(10.4)**	2.2	0.3
Cash and cash equivalents at the start of the period		**37.1**	35.5	35.5
Effect of foreign exchange rate changes		**1.1**	–	1.3
Cash and cash equivalents at the end of the period		**27.8**	37.7	37.1

Notes to the interim results

1 Accounting policies and general information

The half yearly financial statements have been prepared using the accounting policies set out in the annual report for the year ended 30 December 2007 and have been prepared solely to provide additional information to shareholders as a body to assess the Group's strategies and the potential for those strategies to succeed, and should not be relied upon by any other party or for any other purpose.

The half yearly financial statements contain forward looking statements and these statements:

- have been made by the directors in good faith based on the information available to them up to the time of their approval of this report; and

- should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward looking information.

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. This condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting".

The comparative figures represent the Group's results and cash flows for the period from 31 December 2006 to 30 June 2007 and for the year from 31 December 2006 to 30 December 2007.

The comparative figures for the year ended 30 December 2007 do not constitute the Company's statutory accounts for that period as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

The Group's financial performance does not suffer materially from seasonal fluctuations.

As a consequence of the weaker than forecast property market an amount of £4 million of performance fees recognised in prior periods are now likely to be repayable as disclosed in Note 4b.

Change in accounting policies

In the current financial year the Group will adopt International Financial Reporting Standard 7 "Financial instruments: Disclosures" (IFRS 7) for the first time. As IFRS 7 is a disclosure standard, there is no impact of that change in accounting policy on half yearly financial reporting. Full details of the change will be disclosed in the annual report for the year ended 30 December 2008.

Under IAS 34, the following accounting policy has been adopted in relation to the recognition of performance fees at the half year:

> Performance fees are recognised, in line with the property management contracts, in the last year of the performance period to which they relate. The performance period is normally three years. Performance fees are recognised in the half yearly financial statements based on actual performance of each of the funds to the half year date, but are adjusted to reflect any under performance that is anticipated in the remainder of the performance period. The Group earns performance fees for The Mall and Junction Funds on the outperformance relative to the greater of 12% and the appropriate IPD index plus 1%. For the X-Leisure Fund the benchmark is 12%. Where performance falls short of these benchmarks, fees are repayable, up to the amount received for the previous two years. Where there is a reasonable likelihood that part of a performance fee will be repaid the estimated repayment will not be recognised as income until the outcome can be reliably estimated.

On adoption of this accounting policy, the impact on prior period comparatives was considered. It was concluded that the difference on profit after tax of £(1million) was not material and therefore those comparatives have not been restated.

2 Segmental analysis – non-statutory see through basis

2a Segmental analysis

The Group operates in two main business segments, an assets business and an earnings business. The assets business consists of property investment activities and the earnings business consists of property management activities and the ski slope business of SNO!zone. The businesses are the basis on which the Group reports its primary business segments.

		Assets		Earnings		(Unaudited)
30 June 08	Note	Property investment UK £m	Property investment Germany £m	Property management UK £m	SNO!zone £m	**Six months ended 30 June 2008 Total £m**
Net rents	2b	32.3	15.7	–	–	**48.0**
Net interest	2b	(25.3)	(9.5)	–	–	**(34.8)**
Contribution	2b	7.0	6.2	–	–	**13.2**
Management fees	4a	–	–	11.8	–	**11.8**
SNO!zone income	4a	–	–	–	8.0	**8.0**
SNO!zone expenses	5	–	–	–	(6.5)	**(6.5)**
Management expenses		(2.5)	(0.4)	(7.2)	–	**(10.1)**
Recurring pre-tax profit		4.5	5.8	4.6	1.5	**16.4**
Performance fees	4a,4b	–	–	(4.0)	–	**(4.0)**
Benefit of performance fees	12c	1.0	–	–	–	**1.0**
Variable overhead		–	–	(1.4)	–	**(1.4)**
Revaluation of investment properties	10	(161.3)	(24.2)	–	–	**(185.5)**
Deemed disposal from Mall rights issue and related costs	12a	(26.2)	–	(2.9)	–	**(29.1)**
Impairment of trading property	5,10	(6.4)	–	–	–	**(6.4)**
Loss on disposals		(11.9)	–	–	–	**(11.9)**
Gain on financial instruments		20.3	3.9	–	–	**24.2**
Other non-recurring items		–	1.9	(1.7)	–	**0.2**
(Loss)/profit before tax		(180.0)	(12.6)	(5.4)	1.5	**(196.5)**
Tax charge						**(4.9)**
Loss after tax						**(201.4)**
Net assets/(liabilities)		430.8	113.3	(49.6)	(1.3)	**493.2**

2 Segmental analysis – non-statutory see through basis continued
2a Segmental analysis

2007	Note	Property investment UK £m	Property investment Germany £m	Property management UK £m	SNO!zone £m	(Unaudited) Six months ended 30 June 2007 Total £m	Year ended 30 December 2007 Total £m
Net rents	2b	34.6	12.6	–	–	47.2	94.9
Net interest	2b	(26.1)	(7.4)	–	–	(33.5)	(68.6)
Contribution	2b	8.5	5.2	–	–	13.7	26.3
Management fees	4a	–	–	12.5	–	12.5	26.0
SNO!zone income	4a	–	–	–	7.5	7.5	14.3
SNO!zone expenses	5	–	–	–	(5.8)	(5.8)	(12.2)
Management expenses		(2.3)	(0.3)	(7.7)	–	(10.3)	(21.7)
Recurring pre-tax profit		6.2	4.9	4.8	1.7	17.6	32.7
Performance fees	4a,4b	–	–	7.9	–	7.9	(52.8)
(Cost)/benefit of performance fees	12c	(2.2)	–	–	–	(2.2)	18.1
Variable overhead		–	–	(2.9)	–	(2.9)	7.9
Revaluation of investment properties		(0.3)	11.0	–	–	10.7	(164.4)
Profit on disposals		3.7	–	–	–	3.7	1.6
Gain/(loss) on financial instruments		18.1	3.9	–	–	22.0	(7.0)
Other non-recurring items		–	(2.9)	–	(0.4)	(3.3)	(3.1)
Profit/(loss) before tax		25.5	16.9	9.8	1.3	53.5	(167.0)
Tax (charge)/credit						(10.8)	0.2
Profit/(loss) after tax						42.7	(166.8)
Net assets		734.7	111.7	73.6	2.1	922.1	703.0

2 Segmental analysis – non-statutory see through basis continued

2b Contribution

30 June 08	Note	Gross rents £m	Property costs £m	Void costs £m	Net rents £m	Net interest £m	(Unaudited) Six months ended 30 June 2008 Total £m
Mall (Group share: 24.2%)(i)		22.0	(5.2)	(0.8)	16.0	(10.6)	**5.4**
Junction (Group share: 27.3%)(ii)		7.2	(1.2)	(0.2)	5.8	(4.2)	**1.6**
X-Leisure (Group share: 19.4%)(ii)		5.2	(1.1)	(0.2)	3.9	(2.8)	**1.1**
FIX UK (Group share: 20%)(iii)		0.9	(0.1)	–	0.8	(0.6)	**0.2**
Total associates	12c	35.3	(7.6)	(1.2)	26.5	(18.2)	**8.3**
Xscape Braehead (Group share: 50%)(ii)		1.0	(0.2)	(0.1)	0.7	(1.1)	**(0.4)**
Manchester Evening News Arena (Group share; 30%)(ii)		0.8	(0.2)	–	0.6	(0.5)	**0.1**
Total joint ventures	12e	1.8	(0.4)	(0.1)	1.3	(1.6)	**(0.3)**
Statutory information							
Other UK		0.6	(0.1)	–	0.5	(2.4)	**(1.9)**
FIX UK(iii)		1.7	(0.3)	–	1.4	(1.2)	**0.2**
Germany		18.0	(2.3)	–	15.7	(9.5)	**6.2**
Total rental income investment property	4a	20.3	(2.7)	–	17.6	(13.1)	**4.5**
Great Northern(iv)	4a	3.3	(0.4)	(0.3)	2.6	(1.9)	**0.7**
Total wholly-owned rental income	4a	23.6	(3.1)	(0.3)	20.2	(15.0)	**5.2**
Total	2a	60.7	(11.1)	(1.6)	48.0	(34.8)	**13.2**

Associates and joint ventures are all held within the United Kingdom.

(i) The Group's share during the period. As described in note 12c, following the rights issue on 27 June 2008, the Group's share fell to 16.7%.

(ii) The Group's share at the end of the period.

(iii) FIX UK was wholly owned until 6 March 2008, after which the Group's share was reduced to 20% and it became an associate.

(iv) As described in note 21, Great Northern is carried as a trading property in the balance sheet.

2 Segmental analysis – non-statutory see through basis continued

2b Contribution

2007	Note	Gross rents £m	Property costs £m	Void costs £m	Net rents £m	Net interest £m	(Unaudited) Six months ended 30 June 2007 Total £m	Year ended 30 December 2007 Total £m
Mall (Group share: 24.2%)(i)		21.3	(4.9)	(0.9)	15.5	(9.2)	6.3	12.7
Junction (Group share: 27.3%)(i)		8.5	(1.2)	(0.1)	7.2	(4.6)	2.6	3.0
X-Leisure (Group share: 20.5%)(i)		4.3	(0.9)	(0.1)	3.3	(2.2)	1.1	2.4
Total associates	12c	34.1	(7.0)	(1.1)	26.0	(16.0)	10.0	18.1
Xscape Braehead (Group share: 50%)		1.1	(0.3)	(0.1)	0.7	(0.9)	(0.2)	(0.4)
Manchester Evening News Arena (Group share: 30%)		0.8	(0.1)	–	0.7	(0.5)	0.2	0.3
Others (Group share: 50%–66.67%)(iii)		0.7	(0.3)	(0.1)	0.3	(0.4)	(0.1)	–
Total joint ventures	12e	2.6	(0.7)	(0.2)	1.7	(1.8)	(0.1)	(0.1)
Statutory information								
Other UK		0.6	(0.3)	–	0.3	(3.7)	(3.4)	(5.1)
FIX UK		4.2	(0.3)	(0.1)	3.8	(2.7)	1.1	1.2
Germany		13.9	(1.3)	–	12.6	(7.4)	5.2	10.5
Total rental income investment property	4a	18.7	(1.9)	(0.1)	16.7	(13.8)	2.9	6.6
Great Northern(ii)	4a	3.2	(0.2)	(0.2)	2.8	(1.9)	0.9	1.7
Total wholly-owned rental income	4a	21.9	(2.1)	(0.3)	19.5	(15.7)	3.8	8.3
Total	2a	58.6	(9.8)	(1.6)	47.2	(33.5)	13.7	26.3

Associates and joint ventures are all held within the United Kingdom.

(i) The Group's share at the end of the period.

(ii) Great Northern is carried as a trading property in the balance sheet.

(iii) Others include the share of results for Xscape Milton Keynes and Xscape Castleford up to the date of sale (23 February 2007).

3 Segmental analysis – statutory basis
3a Primary business segments

30 June 08	Note	Property investment UK £m	Property investment Germany £m	Property management UK £m	SNO!zone £m	(Unaudited) Six months ended 30 June 2008 Total £m
Revenue from external sources	3b, 4a	5.6	18.0	7.8	8.0	**39.4**
Transactions with other segments		0.5	–	0.2	–	**0.7**
Total segment revenue		6.1	18.0	8.0	8.0	**40.1**
Cost of sales	5	(7.5)	(2.3)	–	(6.5)	**(16.3)**
Transactions with other segments		(0.1)	–	(0.5)	(0.1)	**(0.7)**
Property and administration costs		(1.0)	(0.4)	(10.3)	–	**(11.7)**
Loss on sale of properties and investments	11c	(11.5)	–	–	–	**(11.5)**
Loss on revaluation of investment properties		(1.3)	(24.2)	–	–	**(25.5)**
Segment result		(15.3)	(8.9)	(2.8)	1.4	**(25.6)**
Share of loss in joint ventures and associates		(132.9)	–	–	–	**(132.9)**
Deemed disposal from Mall rights issue and related costs		(26.2)	–	(2.9)	–	**(29.1)**
Net finance costs		(4.5)	(3.7)	(0.7)	–	**(8.9)**
(Loss)/profit before tax		(178.9)	(12.6)	(6.4)	1.4	**(196.5)**
Segment assets		169.0	523.2	3.6	4.2	**700.0**
Interest in joint ventures and associates						**453.0**
Tax assets						**1.6**
Consolidated total assets						**1,154.6**
Segment liabilities		(19.8)	(21.1)	(58.7)	(5.6)	**(105.2)**
Interest bearing liabilities						**(515.5)**
Tax liabilities						**(40.7)**
Consolidated total liabilities						**(661.4)**
Capital expenditure		–	0.2	0.1	0.1	**0.4**
Depreciation		–	–	0.1	0.2	**0.3**
Significant other non cash expenses		–	–	0.3	–	**0.3**
Aggregate investment in joint ventures and associates		453.0	–	–	–	**453.0**

3b Secondary business segments

	Note	UK £m	Germany £m	(Unaudited) Six months ended 30 June 2008 Total £m
Revenue	3a, 4a	21.4	18.0	**39.4**
Segment gross assets		176.8	523.2	**700.0**
Capital expenditure		0.4	–	**0.4**

3 Segmental analysis – statutory basis continued

3a Primary business segments

2007	Note	Property investment UK £m	Property investment Germany £m	Property management UK £m	SNO!zone £m	(Unaudited) Six months ended 30 June 2007 Total £m	Year ended 30 December 2007 Total £m
Revenue from external sources	3b, 4a	8.0	13.9	20.4	7.5	49.8	34.0
Transactions with other segments		0.4	–	0.5	–	0.9	2.1
Total segment revenue		8.4	13.9	20.9	7.5	50.7	36.1
Cost of sales	5	(1.6)	(1.3)	–	(5.8)	(8.7)	(19.1)
Transactions with other segments		(0.4)	–	(0.4)	(0.1)	(0.9)	(2.1)
Property and administration costs		(2.3)	(1.5)	(10.6)	–	(14.4)	(13.7)
Profit/(loss) on sale of properties and investments	11c	2.0	–	–	–	2.0	1.8
(Loss)/profit on revaluation of investment properties		(4.4)	11.0	–	–	6.6	(14.8)
Segment result		1.7	22.1	9.9	1.6	35.3	(11.8)
Share of profit/(loss) in joint ventures and associates		31.1	–	–	–	31.1	(119.2)
Net finance costs		(5.5)	(7.4)	–	–	(12.9)	(36.0)
Profit/(loss) before tax		27.3	14.7	9.9	1.6	53.5	(167.0)
Segment assets		319.3	454.6	122.8	6.1	902.8	868.2
Interest in joint ventures and associates						772.2	611.4
Tax assets						–	1.6
Consolidated total assets						1,675.0	1,481.2
Segment liabilities		(12.0)	(34.6)	(49.2)	(4.0)	(99.8)	(119.9)
Interest bearing liabilities						(603.7)	(622.4)
Tax liabilities						(49.4)	(35.9)
Consolidated total liabilities						(752.9)	(778.2)
Capital expenditure		150.7	36.6	1.2	–	188.5	150.1
Depreciation		0.1	–	0.1	0.1	0.3	0.6
Significant other non-cash expenses		–	–	–	–	–	(10.3)
Aggregate investment in joint ventures and associates		772.2	–	–	–	772.2	611.4

3b Secondary business segments

	Note	UK £m	Germany £m	(Unaudited) Six months ended 30 June 2007 Total £m	Year ended 30 December 2007 Total £m
Revenue	3a, 4a	35.9	13.9	49.8	34.0
Segment gross assets		448.2	454.6	902.8	868.2
Capital expenditure		151.9	36.6	188.5	150.1

4a Revenue

	Note	(Unaudited) Six months to 30 June 2008 Total £m	(Unaudited) Six months to 30 June 2007 Total £m	Year to 30 December 2007 Total £m
Assets business				
Property investment – wholly-owned investment property gross rents	2b	**20.3**	18.7	40.1
Property investment – wholly-owned trading property gross rents	2b	**3.3**	3.2	6.4
Property investment – wholly-owned total gross rents	2b	**23.6**	21.9	46.5
Earnings business				
Property management – management fees	2a	**11.8**	12.5	26.0
SNO!zone income	2a	**8.0**	7.5	14.3
Revenue per consolidated income statement		**43.4**	41.9	86.8
Property management – performance fees	2a,4b	**–**	7.9	–
Property management – estimated future repayment of performance fees	2a,4b	**(4.0)**	–	(52.8)
Net revenue	3a,3b	**39.4**	49.8	34.0
Finance income	6	**0.8**	0.9	3.5
Total revenue		**40.2**	50.7	37.5

4b Performance fees

	Note	(Unaudited) Six months to 30 June 2008 Total £m	(Unaudited) Six months to 30 June 2007 Total £m	Year to 30 December 2007 Total £m
Property manager – payable to the Group	2a,4a	**–**	7.9	–
Property manager – payable by the Group to others		**–**	0.6	–
Fund manager – payable to others		**–**	2.5	–
Performance fees included in associates accounts	12c	**–**	11.0	–
Property manager future estimated repayment of performance fees		**(4.0)**	–	(54.2)
Fund manager future estimated repayment of performance fees		**(1.0)**	–	(17.8)
Total performance fees included in associates adjusted accounts	12c	**(5.0)**	–	(72.0)
Property manager future estimated repayment of performance fees to others		**–**	–	1.4
Total future estimated repayment of performance fees		**(5.0)**	–	(70.6)
Group share of future estimated repayments of performance fees				
Property manager future estimated repayment of performance fees		**(4.0)**	–	(54.2)
Property manager future estimated repayment of performance fees to others		**–**	–	1.4
Total Group share of future estimated repayment of performance fees	2a,4a	**(4.0)**	–	(52.8)

The overall effect of the repayment of performance fees is reduced as a result of the Group's share as an investor in the Funds and reduction in management incentive payments.

5 Cost of sales

	Note	(Unaudited) Six months to 30 June 2008 Total £m	(Unaudited) Six months to 30 June 2007 Total £m	Year to 30 December 2007 Total £m
Property and void costs		**3.4**	2.9	6.9
SNO!zone expenses	2a	**6.5**	5.8	12.2
Impairment of trading property	2a,11a	**6.4**	–	–
Total cost of sales		**16.3**	8.7	19.1

6 Finance income

	Note	(Unaudited) Six months to 30 June 2008 Total £m	(Unaudited) Six months to 30 June 2007 Total £m	Year to 30 December 2007 Total £m
Interest receivable	4a	**0.8**	0.9	3.5

7 Finance costs

	(Unaudited) Six months to 30 June 2008 Total £m	(Unaudited) Six months to 30 June 2007 Total £m	Year to 30 December 2007 Total £m
Interest on bank loans and overdrafts	**15.7**	14.6	31.4
Interest receivable on swaps	**(1.4)**	(0.6)	(0.4)
Interest on other loans	**–**	0.4	0.4
Interest payable	**14.3**	14.4	31.4
Amortisation of loan issue costs	**0.3**	–	0.8
Unwinding of discounting of CAP awards	**0.5**	1.0	2.0
Share of (income)/loss attributable to minority interest classified as a liability	**(0.9)**	1.5	1.9
Other interest payable	**1.3**	1.5	1.9
(Gain)/loss in fair value of financial instruments	**(5.8)**	(4.5)	1.6
Fair value gains on interest rate swaps transferred from equity	**–**	(0.1)	(0.1)
Total finance costs	**9.7**	13.8	39.5

8 Tax

8a Tax charge/(credit)

	Note	(Unaudited) Six months to 30 June 2008 Total £m	(Unaudited) Six months to 30 June 2007 Total £m	Year to 30 December 2007 Total £m
Current tax charge/(credit)				
UK corporation tax		**–**	–	0.1
Adjustments in respect of prior years		**(0.1)**	(0.1)	(4.0)
Foreign tax		**0.2**	1.5	–
Total current tax charge/(credit)		**0.1**	1.4	(3.9)
Deferred tax charge/(credit)				
On net income before revaluations and disposals		**4.8**	5.5	6.9
On revaluations and disposals		**–**	3.9	–
Adjustments in respect of prior years		**–**	–	(3.2)
Total deferred tax charge	10	**4.8**	9.4	3.7
Total tax charge/(credit)		**4.9**	10.8	(0.2)

8b Tax charge/(credit) reconciliation

	(Unaudited) Six months to 30 June 2008 Total £m	(Unaudited) Six months to 30 June 2007 Total £m	Year to 30 December 2007 Total £m
(Loss)/profit before tax	**(196.5)**	53.5	(167.0)
(Loss)/profit multiplied by the UK corporation tax rate of 28%/30%	**(55.0)**	16.1	(50.1)
Non-allowable expenses and non-taxable items	**11.7**	(9.9)	8.6
Utilisation of tax losses	**–**	–	(4.2)
Tax on revaluation gains	**–**	–	0.1
Unrealised losses on investment property not deductible/taxable	**49.7**	5.1	52.6
Timing differences	**(1.4)**	(0.3)	–
Prior year adjustments	**(0.1)**	(0.2)	(7.2)
Total tax charge/(credit)	**4.9**	10.8	(0.2)

8 Tax continued

8c Deferred tax movements

	Capital gains net of capital losses £m	Capital allowances £m	Other timing differences £m	**(Unaudited) Six months to 30 June 2008 Total £m**	(Unaudited) Six months to 30 June 2007 Total £m	Year ended 30 December 2007 Total £m
UK						
As at 30 December	(0.2)	7.0	2.8	**9.6**	6.9	6.9
Recognised in income	(0.5)	0.4	6.9	**6.8**	5.1	2.7
As at 30 June	(0.7)	7.4	9.7	**16.4**	12.0	9.6
Germany						
As at 30 December	5.1	2.8	–	**7.9**	6.9	6.9
Recognised in income	(3.2)	1.2	–	**(2.0)**	4.3	1.0
As at 30 June	1.9	4.0	–	**5.9**	11.2	7.9
Total deferred tax at 30 June	1.2	11.4	9.7	**22.3**	23.2	17.5

At the balance sheet date, the Group has unused tax losses available for offset against future profits.

Unused tax losses

	(Unaudited) 30 June 2008 Total £m	(Unaudited) 30 June 2007 Total £m	30 December 2007 Total £m
United Kingdom	**42.5**	1.2	42.1
Overseas	**8.7**	–	5.4
Total	**51.2**	1.2	47.5

No deferred tax asset has been recognised in respect of such losses (2007: £nil). The remaining tax losses have not been recognised due to insufficient probability that future taxable profit will arise in the relevant loss making companies, or for other reasons restricting the losses.

With effect from 1 April 2008 the mainstream UK corporation tax rate was reduced from 30% to 28%. From 1 January 2008 the German corporate income tax rate was reduced from 26.375% to 15.825%. Consequently, the rate at which deferred tax is provided on UK deferred tax items is now 28% and on German deferred tax items is now 15.825%.

The effect of these rate adjustments was shown in note 10 to the financial statements for the year ended 30 December 2007 and as a deferred tax prior year adjustment in the income statement for that year.

The calculation of the Group's tax charge 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. In such cases, the Group has reserved on the basis that these provisions are required. If all such issues are resolved in the Group's favour, provisions of up to £17.7 million could be released in future periods.

A significant part of the Group's property interests is held offshore. The Group has also undertaken a restructuring of its activities to separate legally its income and earnings businesses, in line with its business model. The Group has been advised that no capital gains tax liability arises on these transactions and that certain tax deductions and losses will be available following the restructuring, although the relevant computations have yet to be agreed.

9 Dividends

	(Unaudited) Six months to 30 June 2008 Total £m	(Unaudited) Six months to 30 June 2007 Total £m	Year to 30 December 2007 Total £m
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 30 December 2007 of 17p (2006: 17p) per share	**11.9**	12.1	12.1
Interim dividend for the year ended 30 December 2007 of 10p per share			7.0
Proposed interim dividend for the year ended 30 December 2008 of 5p (2007: 10p) per share	**3.6**	7.0	–
Proposed final dividend for the year ended 30 December 2007 of 17p per share			11.9

The proposed interim dividend was approved by the Board on 26 August 2008 and has not been included as a liability in these financial statements.

10 Earnings per share

The European Public Real Estate Association ("EPRA") has issued recommended bases for the calculation of certain earnings per share information as shown in the following table.

	Note	Basic £m	Diluted £m	EPRA Diluted £m
Earnings				
Loss for the period		(201.4)	(201.4)	(201.4)
Revaluation movements on investment properties	2a	–	–	185.5
Impairment of trading property	2a			6.4
Loss on disposal of investment properties (net of tax)		–	–	8.6
Movement in fair value of financial instruments		–	–	(24.2)
Deferred tax charge	8a	–	–	4.8
		(201.4)	**(201.4)**	**(20.3)**
Number of shares		71.2	71.2	71.2
Own shares held		(0.9)	(0.9)	(0.9)
		70.3	70.3	70.3
Earnings per share (pence) – six months ended 30 June 2008		**(286)p**	**(286)p**	**(29)p**
Earnings per share (pence) – six months ended 30 June 2007		59p	59p	22p
Earnings per share (pence) – year ended 30 December 2007		(236)p	(236)p	1p

11 Property assets

11a Wholly-owned property assets

	Note	Freehold investment property assets £m	Leasehold investment property assets £m	Sub-total investment property assets £m	Long leasehold owner occupied building £m	Freehold trading property assets £m	**Total property assets £m**
Cost or valuation							
As at 31 December 2007		661.8	16.7	678.5	15.6	95.9	**790.0**
Exchange adjustments		39.3	–	39.3	–	–	**39.3**
Additions		0.2	–	0.2	–	–	**0.2**
Disposals	21	(169.8)	–	(169.8)	–	–	**(169.8)**
Impairment of trading properties	5,18	–	–	–	–	(6.4)	**(6.4)**
Revaluation movement recognised in income	18	(24.6)	(0.7)	(25.3)	(0.2)	–	**(25.5)**
Revaluation movement recognised in equity	16	–	–	–	(2.0)	–	**(2.0)**
As at 30 June 2008		**506.9**	**16.0**	**522.9**	**13.4**	**89.5**	**625.8**

On 6 March 2008 the Group disposed of 80% of its interest in FIX UK. Full details of the disposal are disclosed in note 21.

During the period the Group did not make any material acquisitions or disposals of plant and equipment.

11 Property assets continued

11b Property assets

	Valuer	Basis of valuation	Note	(Unaudited) Six months to 30 June 2008 valuation £m	(Unaudited) Six months to 30 June 2007 valuation £m	Year ended 30 December 2007 valuation £m
Group property assets	DTZ Debenham Tie Leung	Fair value		**506.7**	434.1	492.3
	CB Richard Ellis Limited	Fair value		**–**	183.3	169.9
	Directors' valuations	Fair value		**0.2**	0.2	0.2
	King Sturge	Fair value		**16.0**	17.4	16.7
				522.9	635.0	679.1
Less: unamortised tenant incentives				**–**	(1.4)	(0.6)
Total investment properties			11a	**522.9**	633.6	678.5
Owner occupied property	DTZ Debenham Tie Leung	Fair value	11a	**13.4**	17.3	15.6
Trading property assets	DTZ Debenham Tie Leung/ Directors' valuations	Cost/Net realisable value	11a	**89.5**	95.0	95.9
Total wholly-owned property assets			11a	**625.8**	745.9	790.0
Properties held by joint ventures						
Xscape Braehead Partnership	DTZ Debenham Tie Leung	Fair value		**73.5**	81.8	79.6
Manchester Evening News Arena	CB Richard Ellis Limited	Fair value		**60.4**	68.0	64.0
Capital Retail Park Partnership	King Sturge	Fair value		**43.8**	18.5	28.9
				177.7	168.3	172.5
Plus: head leases treated as finance leases				**3.2**	3.4	3.3
Less: unamortised tenant incentives				**(9.1)**	(6.8)	(8.2)
Total investment properties held by joint ventures			12e	**171.8**	164.9	167.6
Properties held by associates						
The Mall Limited Partnership (including properties held for sale)	DTZ Debenham Tie Leung	Fair value		**2,573.8**	3,194.3	3,015.7
The Junction Limited Partnership	King Sturge	Fair value		**1,055.9**	1,564.0	1,223.0
X-Leisure Limited Partnership	Jones Lang LaSalle	Fair value		**890.2**	940.6	947.1
The FIX UK Limited Partnership	CB Richard Ellis Limited	Fair value		**173.3**	–	–
				4,693.2	5,698.9	5,185.8
Plus: head leases treated as finance leases				**156.5**	124.8	124.9
Less: unamortised tenant incentives				**(61.1)**	(50.3)	(57.7)
Total investment properties and properties held for sale held by associates			12c	**4,788.6**	5,773.4	5,253.0

The fair value of the Group's investment and owner occupied properties at 30 June 2008 has been arrived at on the basis of a valuation carried out at that date by independent qualified professional valuers working for DTZ Debenham Tie Leung, Chartered Surveyors, CB Richard Ellis Limited, Chartered Surveyors and King Sturge, Chartered Surveyors. These external valuers are not connected with the Group. The valuations, which conform to International Valuation Standards, were arrived at by reference to market evidence of transaction prices for similar properties.

11 Property assets continued

11c (Loss)/profit on sale of properties and investments

	Note	(Unaudited) Six months to 30 June 2008 Total £m	(Unaudited) Six months to 30 June 2007 Total £m	Year ended 30 December 2007 Total £m
Loss on sale of investment properties	21	**(10.1)**	–	–
Profit on sale of units in associates and joint ventures		**–**	1.7	2.6
Other writedowns, impairments and release of provisions		**(1.4)**	0.3	(0.8)
	3a,18	**(11.5)**	2.0	1.8

12 Associates and joint ventures

12a Share of results

	Note	(Unaudited) Six months to 30 June 2008 Total £m	(Unaudited) Six months to 30 June 2007 Total £m	Year ended 30 December 2007 Total £m
Associates	12b	**(127.8)**	24.4	(118.1)
Dilution effect of Mall rights issue	2a,12b	**(26.2)**	–	–
Total associates	12c	**(154.0)**	24.4	(118.1)
Joint ventures	12d,e	**(5.1)**	6.7	(1.1)
Total associates and joint ventures	18	**(159.1)**	31.1	(119.2)

12b Investment in associates

	Note	(Unaudited) Six months to 30 June 2008 Total £m	(Unaudited) Six months to 30 June 2007 Total £m	Year ended 30 December 2007 Total £m
At the start of the period		**599.4**	685.4	685.4
Investment in X-Leisure		**–**	53.9	53.9
Share of net assets in FIX UK retained by the Group	21	**8.6**	–	–
Dilution effect of Mall rights issue	2a,12a	**(26.2)**	–	–
Dividends and capital distributions received		**(9.6)**	(10.9)	(21.8)
Share of results	12a	**(127.8)**	24.4	(118.1)
At the end of the period	12c	**444.4**	752.8	599.4

12 Associates and joint ventures continued

12c Analysis of investment in associates

	Note	The Mall[i] LP £m	The Junction LP £m	X-Leisure[i] LP £m	The FIX UK LP £m	**(Unaudited) Six months to 30 June 2008 Total £m**	(Unaudited) Six months to 30 June 2007 Total £m	Year ended 30 December 2007 Total £m
Income statement (100%)								
Revenue		90.8	26.2	26.8	4.3	**148.1**	143.6	291.5
Property expenses		(17.5)	(1.1)	(3.8)	(0.2)	**(22.6)**	(19.7)	(42.0)
Management expenses		(7.1)	(3.8)	(2.9)	(0.2)	**(14.0)**	(14.8)	(31.5)
Net rents		66.2	21.3	20.1	3.9	**111.5**	109.1	218.0
Net interest payable		(43.7)	(15.6)	(14.5)	(3.0)	**(76.8)**	(68.8)	(143.8)
Contribution		22.5	5.7	5.6	0.9	**34.7**	40.3	74.2
Performance fees		–	–	–	–	**–**	(11.0)	6.7
C&R accounting policy adjustment[ii]	4b	–	–	5.0	–	**5.0**	–	65.3
(Loss)/gain on revaluation of investment properties		(457.3)	(109.0)	(67.0)	(9.0)	**(642.3)**	7.3	(573.9)
Loss on sale of investment properties		–	(0.9)	–	–	**(0.9)**	(2.8)	(16.3)
Fair value of interest rate swaps		44.9	16.1	7.9	4.1	**73.0**	69.8	(20.4)
(Loss)/profit before tax (100%)		(389.9)	(88.1)	(48.5)	(4.0)	**(530.5)**	103.6	(464.4)
Balance sheet (100%)								
Investment property		2,401.0	1,029.6	886.6	172.5	**4,489.7**	5,773.4	5,253.0
Property held for sale	23	298.9	–	–	–	**298.9**	–	–
Total property assets	11b	2,699.9	1,029.6	886.6	172.5	**4,788.6**	5,773.4	5,253.0
Non-current assets		–	–	–	–	**–**	2.2	–
Current assets		243.7	95.7	51.1	11.0	**401.5**	357.4	311.3
Current liabilities		(81.3)	(32.8)	(96.1)	(9.3)	**(219.5)**	(317.5)	(258.2)
Non-current liabilities		(1,569.3)	(587.9)	(432.9)	(135.2)	**(2,725.3)**	(2,750.1)	(2,820.1)
Net assets (100%)		1,293.0	504.6	408.7	39.0	**2,245.3**	3,065.4	2,486.0
Group interest at the end of the period		16.72%	27.32%	19.37%	20.00%			
Group interest at the start of the period		24.24%	27.32%	19.37%	0.00%			
Group average interest during the period		24.24%	27.32%	19.37%	20.00%			

12 Associates and joint ventures continued

12c Analysis of investment in associates continued

	Note	The Mall[(i)] LP £m	The Junction LP £m	X-Leisure[(i)] LP £m	The FIX UK LP £m	**(Unaudited) Six months to 30 June 2008 Total £m**	(Unaudited) Six months to 30 June 2007 Total £m	Year ended 30 December 2007 Total £m
Group share of								
Revenue	2b	22.0	7.2	5.2	0.9	**35.3**	34.1	69.8
Net rents	2b	16.0	5.8	3.9	0.8	**26.5**	26.0	52.3
Net interest payable	2b	(10.6)	(4.2)	(2.8)	(0.6)	**(18.2)**	(16.0)	(34.2)
Contribution	2b	5.4	1.6	1.1	0.2	**8.3**	10.0	18.1
Performance fees		–	–	–	–	**–**	(2.2)	2.2
C&R accounting policy adjustment[(ii)]	2a	–	–	1.0	–	**1.0**	–	15.9
Loss on revaluation of investment properties		(108.9)	(30.7)	(13.0)	(1.8)	**(154.4)**	(1.4)	(146.5)
Deemed disposal from Mall rights issue	2a,12a,b	(26.2)	–	–	–	**(26.2)**	–	–
(Loss)/profit on sale of investment properties		–	(0.3)	–	–	**(0.3)**	1.1	(2.7)
Fair value of interest rate swaps		10.9	4.4	1.5	0.8	**17.6**	16.9	(5.1)
(Loss)/profit before tax	12a	(118.8)	(25.0)	(9.4)	(0.8)	**(154.0)**	24.4	(118.1)
Investment property		401.5	281.3	171.7	34.5	**889.0**	1,411.5	1,264.4
Property held for sale		50.0	–	–	–	**50.0**	–	–
Total property assets		451.5	281.3	171.7	34.5	**939.0**	1,411.5	1,264.4
Non-current assets		–	–	–	–	**–**	0.5	–
Current assets		40.7	26.1	9.9	2.2	**78.9**	87.6	76.0
Current liabilities		(13.6)	(9.0)	(18.5)	(1.9)	**(43.0)**	(75.4)	(61.6)
Non-current liabilities		(262.4)	(160.6)	(83.9)	(27.0)	**(533.9)**	(672.0)	(680.0)
Associate net assets		216.2	137.8	79.2	7.8	**441.0**	752.2	598.8
C&R accounting policy adjustment[(iii)]		3.4	–	–	–	**3.4**	0.6	0.6
Group share of associate net assets	12b	219.6	137.8	79.2	7.8	**444.4**	752.8	599.4

(i) The Mall LP and X-Leisure LP are accounted for as associates as the Group has significant influence arising from its membership of the General Partner boards.

(ii) The results of the associates above have been adjusted to ensure the consistency of accounting in relation to the estimated repayment of performance fees between the Group and its associates.

(iii) The results of The Mall Fund have been adjusted to reflect the Group's share of performance fees repayable at its percentage interest before the dilutive effect of the rights issue described below.

Mall rights issue

On 27 June 2008 The Mall Fund completed a £286 million rights issue. The Group did not take up its rights and consequently its share in The Mall Fund fell from 24.24% to 16.72%.

12d Investment in joint ventures

	Note	**(Unaudited) Six months to 30 June 2008 Total £m**	(Unaudited) Six months to 30 June 2007 Total £m	Year ended 30 December 2007 Total £m
At the start of the period		**12.0**	67.6	67.6
Net assets disposed of on sale of Xscape Milton Keynes and Xscape Castleford to X-Leisure Fund		**–**	(51.3)	(51.3)
Investment in joint ventures		**1.7**	2.4	3.3
Dividends and capital distributions receivable		**–**	(6.0)	(6.5)
Share of results	12a,12e	**(5.1)**	6.7	(1.1)
At the end of the period	12e	**8.6**	19.4	12.0

12 Associates and joint ventures continued

12e Analysis of investment in joint ventures

	Note	Xscape Braehead Partnership[iii] £m	Manchester Arena £m	Others[i, ii] £m	**(Unaudited) Six months to 30 June 2008 Total £m**	(Unaudited) Six months to 30 June 2007 Total £m	Year ended 30 December 2007 Total £m
Income statement (100%)							
Revenue		1.9	2.5	0.1	**4.5**	6.1	10.8
Property expenses		(0.4)	(0.5)	–	**(0.9)**	(1.6)	(2.5)
Management expenses		(0.1)	(0.1)	–	**(0.2)**	(0.2)	(0.3)
Net rents		1.4	1.9	0.1	**3.4**	4.3	8.0
Net interest payable		(2.1)	(1.5)	–	**(3.6)**	(4.1)	(7.6)
Contribution		(0.7)	0.4	0.1	**(0.2)**	0.2	0.4
(Loss)/gain on revaluation of investment properties		(8.2)	(3.6)	(1.0)	**(12.8)**	10.9	(8.1)
Income and fair value movements on financial assets		–	–	(0.3)	**(0.3)**	1.2	4.8
Fair value of interest rate swaps		1.1	1.0	–	**2.1**	1.7	(0.7)
(Loss)/profit before tax (100%)		(7.8)	(2.2)	(1.2)	**(11.2)**	14.0	(3.6)
Balance sheet (100%)							
Investment property	11b	64.4	63.6	43.8	**171.8**	164.9	167.6
Current assets		13.4	6.6	9.3	**29.3**	22.8	27.5
Other financial assets[ii]		–	–	0.2	**0.2**	–	0.4
Current liabilities		(61.8)	(5.6)	(7.9)	**(75.3)**	(20.0)	(23.1)
Non-current liabilities		(14.0)	(47.8)	(40.4)	**(102.2)**	(120.0)	(140.9)
Net assets (100%)		2.0	16.8	5.0	**23.8**	47.7	31.5
Group interest at the end of the period		50.00%	30.00%	50.00%			
Group interest at the start of the period		50.00%	30.00%	50.00%			
Group average interest during the period		50.00%	30.00%	50.00%			

12 Associates and joint ventures continued

12e Analysis of investment in joint ventures continued

	Note	Xscape Braehead Partnership(iii) £m	Manchester Arena £m	Others(i, ii) £m	**(Unaudited) Six months to 30 June 2008 Total £m**	(Unaudited) Six months to 30 June 2007 Total £m	Year ended 30 December 2007 Total £m
Group share of							
Revenue	2b	1.0	0.8	–	**1.8**	2.6	4.5
Net rents	2b	0.7	0.6	–	**1.3**	1.7	3.1
Net interest payable	2b	(1.1)	(0.5)	–	**(1.6)**	(1.8)	(3.2)
Contribution	2b	(0.4)	0.1	–	**(0.3)**	(0.1)	(0.1)
(Loss)/gain on revaluation of investment properties		(4.1)	(1.1)	(0.4)	**(5.6)**	5.6	(3.1)
Income and fair value movements on financial assets		–	–	(0.1)	**(0.1)**	0.6	2.4
Fair value of interest rate swaps		0.6	0.3	–	**0.9**	0.6	(0.3)
(Loss)/profit before tax	12d	(3.9)	(0.7)	(0.5)	**(5.1)**	6.7	(1.1)
Investment property		32.2	19.1	21.9	**73.2**	68.2	70.3
Current assets		6.7	2.0	4.7	**13.4**	10.8	12.9
Other financial assets(ii)		–	–	0.1	**0.1**	–	0.2
Current liabilities		(30.9)	(1.7)	(4.0)	**(36.6)**	(9.0)	(10.5)
Non-current liabilities		(7.0)	(14.3)	(20.2)	**(41.5)**	(50.6)	(60.9)
Group share of joint venture net assets	12d	1.0	5.1	2.5	**8.6**	19.4	12.0

(i) Principally the other joint ventures are at Glasgow Fort (with the British Land Company plc) and at Cardiff.

(ii) Since the sale in 2004 of its interest in Glasgow Fort the Group has received a total of £8.3 million further profits from its remaining interest in the joint venture. Further profits are potentially receivable, largely dependent upon planning consent being obtained for future phases of the development and the letting of units at above target rents. The Group has also given certain rental guarantees for a five year period and has made provision for the amounts which are expected to be paid in respect of these. The estimate of the Group's share of the fair value of the right to receive these future profits at 30 June 2008 is £0.1 million (30 December 2007: £0.2 million). The value reflects an assessment of the considerable uncertainty surrounding the receipt of further amounts and the fact that there is no ready market for such assets. In accordance with accounting standards this right has been recognised as a financial asset.

(iii) The Braehead Centre was opened in April 2006 but problems have been encountered with the cinema's ceiling, which has required significant repair work. The cinema opened in October 2007. Some of the costs associated with the additional repair works are being sought from the main contractors and the possibility of claiming other costs from the arising delay is also being pursued. The Group has fully provided for costs to which it is exposed.

13 Current liabilities – trade and other payables

	(Unaudited) 30 June 2008 Total £m	(Unaudited) 30 June 2007 Total £m	30 December 2007 Total £m
Bank loans – secured	**0.2**	0.2	0.2
Trade payables	**2.1**	22.9	3.6
Accruals and deferred income	**22.6**	44.0	32.6
Payable to joint ventures and associates	**41.0**	0.2	42.3
Other payables	**11.9**	14.2	14.9
Other taxation and social security	**8.2**	3.1	8.8
Fair value of interest rate swaps	**4.7**	–	–
	90.7	84.6	102.4

14 Non-current liabilities – other payables

	Note	**(Unaudited) 30 June 2008 Total £m**	(Unaudited) 30 June 2007 Total £m	30 December 2007 Total £m
Other payables		**2.1**	2.6	2.0
Minority interest classified as a liability	15	**12.4**	12.5	13.0
Accruals and deferred income		**–**	–	2.5
		14.5	15.1	17.5

15 Minority interest

The minority interest, which arises from the Group's German operations, is classified as a liability. Under the terms of the contract the minority has a put option to sell their share back to the Group typically after five years from acquisition.

	Note	**(Unaudited) 30 June 2008 Total £m**	(Unaudited) 30 June 2007 Total £m	30 December 2007 Total £m
As at the start of the period at closing rate		**13.0**	9.3	10.1
Exchange movement		**1.0**	–	(0.8)
Financing income		**(0.9)**	1.5	1.9
Dividend received		**(0.7)**	(0.6)	(1.4)
Arising on acquisition		**–**	2.3	3.2
As at the end of the period	14	**12.4**	12.5	13.0

16 Reserves

	Share premium account £m	Revaluation reserve £m	Other reserves £m	Capital redemption reserve £m	Own shares held £m	Retained earnings £m	Total £m
As at 31 December 2006	219.5	2.7	9.6	4.3	(6.9)	676.7	905.9
Exchange differences	–	–	2.0	–	–	–	2.0
Shares issued at premium	0.2	–	–	–	–	–	0.2
Share buy back and cancellation	–	–	–	0.1	–	(17.2)	(17.1)
Revaluation of owner-occupied property	–	(0.3)	–	–	–	–	(0.3)
Arising on CULS conversion/repurchase	–	–	(0.6)	–	–	(8.4)	(9.0)
Amortisation of IFRS 1 reserve	–	–	(0.1)	–	–	–	(0.1)
Credit in respect of LTIP charge	–	–	–	–	–	0.2	0.2
Amortisation of cost of own shares	–	–	–	–	(1.8)	1.8	–
Dividends paid	–	–	–	–	–	(19.1)	(19.1)
Loss for the year	–	–	–	–	–	(166.8)	(166.8)
As at 31 December 2007	219.7	2.4	10.9	4.4	(8.7)	467.2	695.9
Exchange differences	–	–	4.8	–	–	–	4.8
Shares issued at premium	0.8	–	–	–	–	–	0.8
Revaluation of owner-occupied property	–	(2.0)	–	–	–	–	(2.0)
Amortisation of IFRS 1 reserve	–	–	(0.1)	–	–	–	(0.1)
Dividends paid	–	–	–	–	–	(11.9)	(11.9)
Loss for the period	–	–	–	–	–	(201.4)	(201.4)
As at 30 June 2008	**220.5**	**0.4**	**15.6**	**4.4**	**(8.7)**	**253.9**	**486.1**

17 Other reserves

	CULS equity reserve(i) £m	Acquisition reserve(ii) £m	IFRS reserve(iii) £m	Foreign currency reserve £m	Net investment hedging reserve £m	Total £m
As at 31 December 2006	0.6	9.5	0.2	(0.7)	–	9.6
Amortisation	–	–	(0.1)	–	–	(0.1)
Arising on CULS conversion	(0.6)	–	–	–	–	(0.6)
Exchange differences	–	–	–	7.6	(5.6)	2.0
As at 31 December 2007	–	9.5	0.1	6.9	(5.6)	10.9
Amortisation	–	–	(0.1)	–	–	(0.1)
Exchange differences	–	–	–	9.5	(4.7)	4.8
As at 30 June 2008	**–**	**9.5**	**–**	**16.4**	**(10.3)**	**15.6**

(i) CULS equity reserve – CULS are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the option to convert the liability into equity of the Group is included in equity.

(ii) The acquisition reserve relates to the acquisition of the remaining 50% of Morrison Merlin in 2005. Prior to this, Morrison Merlin was a joint venture in which the Group had a 50% interest. The acquisition reserve arose from the difference between the fair value of the Company's existing 50% interest and the carrying value of that interest at the date of acquisition of the outstanding 50%. The reserve will remain in the balance sheet until Morrison Merlin is sold.

(iii) IFRS reserve relates to the requirements of IFRS 1. Where cash flow hedge accounting was being applied under a previous GAAP, IFRS 1 requires reserves are debited with the fair value of hedging derivatives at the date of transition for the Group to IFRS (31 December 2004). The entire gain or loss has been taken to equity and recycled to the income statement when the hedged transaction impacts profit or loss or as soon as the hedged transaction is no longer expected to occur.

18 Reconciliation of net cash generated from operations

	Note	(Unaudited) Six months to 30 June 2008 Total £m	(Unaudited) Six months to 30 June 2007 Total £m	Year ended 30 December 2007 Total £m
(Loss)/profit on ordinary activities before financing		**(187.6)**	66.4	(130.9)
Adjusted for:				
Share of profit in joint ventures and associates	12a	**159.1**	(31.1)	119.2
Loss/(gain) on revaluation of investment properties	11a	**25.5**	(6.6)	14.8
Loss/(profit) on sale of trading and development properties	11a	**6.4**	(0.3)	(0.2)
Loss on sale of subsidiaries	11c	**11.5**	–	–
Profit on sale of investments		**–**	–	(1.5)
Depreciation of other fixed assets		**0.3**	0.1	0.5
Amortisation of tenant incentives		**–**	0.2	0.7
Amortisation of short leasehold properties		**–**	–	0.1
Profit on sale of investment properties		**–**	(1.7)	(0.1)
Decrease/(increase) in receivables		**3.2**	(20.2)	58.4
(Decrease)/increase in payables		**(16.3)**	(3.7)	2.6
Unrealised loss on exchange		**–**	–	(1.2)
Non-cash movement relating to the LTIP		**1.1**	0.9	0.2
Net cash generated from operations		**3.2**	4.0	62.6

19 Net assets per share

EPRA has issued recommended bases for the calculation of certain net asset per share information as shown in the following table:

	(Unaudited) 30 June 2008 Net assets £m	Number of shares (m)	Net assets per share (£)	(Unaudited) 30 June 2007 Net assets per share (£)	30 December 2007 Net assets per share (£)
Basic	**493.2**	**71.3**	**6.92**	12.97	9.89
Own shares held	**–**	**(0.9)**			
Fair value of fixed rate loans (net of tax)	**4.7**	**–**			
Dilutive share options	**0.2**	**0.1**			
Triple net diluted net assets per share	**498.1**	**70.5**	**7.06**	13.18	10.04
Exclude fair value of interest rate swaps (net of tax)	**(22.6)**	**–**			
Exclude fair value of fixed rate loans (net of tax)	**(4.7)**	**–**			
Exclude deferred tax on unrealised gains and capital allowances	**12.6**	**–**			
EPRA diluted net assets per share	**483.4**	**70.5**	**6.86**	13.21	10.08

20 Return on equity

	(Unaudited) 30 June 2008 Total £m	(Unaudited) 30 June 2007 Total £m	30 December 2007 Total £m
Total recognised income and expense attributable to equity shareholders	**(198.6)**	44.1	(165.1)
Opening equity shareholders' funds	**703.0**	913.1	913.1
Return on equity	**(28.3)%**	4.8%	(18.1)%

21 Disposals

On 6 March 2008 the Group disposed of 80% of its interest in FIX UK, held through the T3 Trade Park Unit Trust. The net assets at the date of disposal and at 30 December 2007 were as follows:

	Note	(Unaudited) 6 March 2008 £m	30 December 2007 £m
Investment property	11a	**169.8**	169.2
Trade receivables		**1.0**	2.1
Bank balance and cash		**4.0**	6.4
Trade payables		**(5.4)**	(6.3)
Non-current payables		**(119.6)**	(118.9)
Net assets		**49.8**	52.5
Units redeemed on disposal		**(2.1)**	
Loss on disposal	11c	**(10.1)**	
Provisions released on disposal		**3.4**	
Share of net assets retained by Group	12b	**(8.6)**	
Deferred consideration		**(0.2)**	
Total cash consideration		**32.2**	
Net inflow arising on disposal:			
Cash consideration		**32.2**	
Cash and cash equivalents disposed of		**(4.0)**	
		28.2	

22 Contingent liabilities

Since 30 December 2007, the Group has received an expert determination in relation to the limit on negative performance fees for the previous two years and has concluded there is no longer a contingent liability in relation to the amounts potentially repayable.

The Group has given certain guarantees relating to interest shortfalls and cost overruns in connection with the joint ventures at Braehead, Cardiff and Manchester Arena. The fair value of these guarantees is £0.3 million (2007: £0.3 million).

23 Events after the balance sheet date

On 2 July 2008 The Mall Fund completed on the sale of three shopping centres to Carlyle Group for total proceeds of £286 million, representing the external valuation of £284 million and £2 million in tenant guarantees. The carrying value under IFRS at 30 June 2008, including headlease and tenant incentive adjustments, was £298.9 million.

On 19 August 2008, the Group exchanged contracts on the sale of 50% of its interest in its German operations to Apollo Real Estate, which is subject to shareholder approval.

On 22 August 2008 The Junction Fund exchanged contracts for the sale of Templars Retail Park, Oxford for £57 million.

24 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its joint ventures and associates are disclosed below.

During the year, Group companies entered into the following transactions with related parties who are not members of the Group.

CRPM

	Management and performance fees receivable from/(payable to) related parties			Amounts owed by/(to) related parties		
	30 June 2008 £m	30 June 2007 £m	30 December 2007 £m	**30 June 2008 £m**	30 June 2007 £m	30 December 2007 £m
Associates						
The Mall LP	**6.5**	9.7	(22.5)	**(34.1)**	4.6	(34.4)
The Junction LP	**2.4**	2.7	(10.9)	**0.5**	2.8	(0.2)
X-Leisure LP	**(0.7)**	8.0	7.0	**(1.1)**	7.1	2.1
Joint ventures						
Xscape Braehead Partnership	**–**	0.1	0.1	**–**	–	–

SNO!zone Limited[(i)] and SNO!zone Braehead Limited

	Rents payable to related parties			Amounts owed by/(to) related parties		
	30 June 2008 £m	30 June 2007 £m	30 December 2007 £m	**30 June 2008 £m**	30 June 2007 £m	30 December 2007 £m
Associates						
X-Leisure LP – Milton Keynes	**0.3**	0.3	0.7	**–**	–	–
X-Leisure LP – Castleford	**0.4**	0.4	0.6	**–**	–	–
Joint ventures						
Xscape Braehead Partnership	**0.4**	0.4	0.7	**–**	–	–

(i) SNO!zone Limited includes the ski slopes at Milton Keynes and Castleford. All rents payable by SNO!zone Limited are payable to the relevant Xscape Partnerships, which are owned by X-Leisure LP.

At 30 June 2008 the Group had loans outstanding to Xscape Braehead of £7.0 million (2007: £2.9 million) and Capital Retail Park Partnership of £1.5 million (2007: £1.5 million).

All the above transactions occurred at normal commercial rates.

During 2008 the Group purchased IT and communication equipment from Redstone plc, on normal commercial terms. Alan Coppin was appointed as a director of Redstone plc in June 2006.

Independent review report to Capital & Regional plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of recognised income and expense, the reconciliation of movement in equity shareholders' funds, the consolidated cash flow statement and related notes 1 to 24. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditor
28 August 2008
London, UK

Portfolio information

Portfolio under management(i)

	30 June 2008 £m	30 June 2007 £m	30 December 2007 £m
Investment properties	**523**	652	679
Trading property	**89**	100	96
The Mall Fund	**2,574**	3,194	3,016
The Junction Fund	**1,056**	1,564	1,223
X-Leisure Fund	**890**	941	947
Other joint ventures	**178**	168	174
Total	**5,310**	6,619	6,135

(i) Shown at fair value, excluding the treatment required by IFRS of rent free periods, capital contributions and leasing costs.

Fund portfolio information (100% figures)

As at 30 June 2008

	The Mall	The Junction	X-Leisure	German Portfolio
Physical data				
Number of core properties	24	13	19	50
Number of lettable units	2,514	217	360	193
Lettable space (sq ft – '000s)	8,561	3,187	3,681	5,083
Valuation data				
Properties at market value (£m)[i]	2,574	1,056	890	505
Revaluation in the year (£m)	(457.3)	(109.0)	(67.0)	(24.2)
Initial yield (%)	5.66%	4.95%	5.38%	6.24%
Equivalent yield (%)	6.65%	5.80%	6.17%	n/a
Geared returns (%)	(32.02)%	(16.50)%	(12.14)%	(10.19)%
Property level return (%)	(12.82)%	(7.26)%	(4.91)%	(0.79)%
Reversionary %	16.80%	10.87%	4.70%	n/a
Lease data				
Average lease length to break	9.72	12.48	16.35	7.90
Average lease length to expiry	10.07	13.02	17.39	7.90
Passing rent of leases expiring in:				
2008	14.15	0.44	1.42	0.34
2009	6.07	0.59	0.43	2.21
2010-2012	32.02	1.82	1.54	5.77
ERV of leases expiring in:				
2008	16.55	0.44	1.55	n/a
2009	7.65	0.75	0.53	n/a
2010-2012	33.39	2.24	1.58	n/a
Passing rent subject to review in:				
2008	29.03	13.34	12.88	n/a
2009	16.52	12.62	2.56	n/a
2010-2012	51.05	24.13	14.64	n/a
ERV of passing rent subject to review in:				
2008	29.25	14.65	15.48	n/a
2009	20.61	14.27	2.62	n/a
2010-2012	54.04	26.40	17.63	n/a
Rental data				
Passing rent (£m)	171.13	53.66	52.46	34.80
Estimated rental value (£m per annum)	199.80	62.92	58.69	n/a
Rental Increase (ERV) %	(1.00)%	(0.58)%	0.32%	n/a
Vacancy rate (%)	5.88%	4.96%	3.12%	1.89%

	£m	£m	£m	£m
Like-for-like net rental income (100%)				
Current year net rental income				
Properties owned throughout 2007-2008	69.5	25.7	19.3	13.5
Acquisitions	1.5	–	4.0	1.5
Disposals	–	0.7	–	–
Total net rental income	71.0	26.4	23.3	15.0
Prior year net rental income				
Properties owned throughout 2006-2007	70.2	25.2	19.1	13.3
Acquisitions	0.3	–	3.1	0.9
Disposals	–	3.0	0.2	–
Total net rental income	70.5	28.2	22.4	14.2
Other data				
Unit Price (£1.00 at inception)	£1.2450	£1.5010	£1.4568	n/a
C&R Share	16.7%	27.3%	19.4%	91.4%

(i) Shown at fair value, excluding the treatment required by IFRS of rent free periods, capital contributions and leasing costs.

Glossary of terms

Capital allowances deferred tax provision In accordance with IAS 12, full provision has been made for the deferred tax arising on the benefit of capital allowances claimed to date. However, in the Group's experience the liabilities in respect of capital allowances provided are unlikely to crystallise in practice and are therefore excluded when arriving at EPRA adjusted fully diluted NAV per share.

CRPM Capital & Regional Property Management Limited is a subsidiary of Capital & Regional plc and earns the management and performance fees arising from the Group's interests in the associated funds and joint ventures.

Contribution comprises the Group's share of the net rents less net interest arising from its interests in its joint ventures, associates and wholly-owned entities, including foreign exchange movements.

CULS is the Convertible Subordinated Unsecured Loan Stock.

EPRA adjusted fully diluted NAV per share includes the effect of those shares potentially issuable under the CULS or employee share options and excludes own shares held. The unrealised gains and capital allowances deferred tax provision, the fair value of borrowings net of tax and the fair value gain on trading properties are added back.

EPRA earnings per share (EPS) is the (loss)/profit after taxation excluding gains on asset disposals and revaluations and their related taxation, movements in the fair value of financial instruments, intangible asset movements and the capital allowance effects of IAS 12 (where applicable) less taxation arising on these items, divided by the weighted average number of shares in issue during the year excluding own shares held.

EPRA triple net, fully diluted NAV per share includes the effect of those shares potentially issuable under the CULS or employee share options and excludes own shares held. NAV is adjusted for the fair value of debt and the fair value gain on trading properties.

Estimated rental value (ERV) is the Group's external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a unit or property.

Equivalent yield is a weighted average of the initial yield and reversionary yield and represents the return a property will produce based upon the timing of the income received. In accordance with usual practice, the equivalent yields (as determined by the Group's external valuers) assume rent received annually in arrears on gross values including prospective purchasers' cost.

ERV growth is the total growth in ERV on properties owned throughout the year including growth due to development.

Gearing is the Group's net debt as a percentage of net assets. See through gearing includes the Group's share of non-recourse net debt in the associates and joint ventures.

Initial yield is the annualised net rent generated by the portfolio expressed as a percentage of the portfolio valuation, excluding development properties.

IPD is Independent Property Databank Ltd, a company that produces an independent benchmark of property returns.

Loan to value (LTV) is the ratio of net debt excluding fair value adjustments for debt and derivatives, to the aggregate value of properties (including the surplus of the open market value over the book value of trading properties), investments in joint ventures and funds, other investments and net current assets.

Like for like (LfL) figures exclude the impact of property purchases and sales on year to year comparatives.

Market value is an opinion of the best price at which the sale of an interest in the property would complete unconditionally for cash consideration on the date of valuation (as determined by the Group's external valuers). In accordance with usual practice, the Group's external valuers report valuations net, after the deduction of the prospective purchaser's costs, including stamp duty, agent and legal fees.

Net assets per share (NAV) are shareholders' funds divided by the number of shares held by shareholders at the period end, excluding own shares held.

Net rents are the Group's share, on a see through basis, of the rental income, less property and management costs excluding performance fees, of the Group, its associates and joint ventures.

Net interest is the Group's share, on a see through basis, of the interest payable less interest receivable of the Group, its associates and joint ventures.

Passing rent is the gross rental income excluding the effects of tenant incentives.

Put option gives the buyer of the option the right, but not the obligation, to sell an underlying asset to the seller of the option at a certain time for a certain price.

Property under management (PUM) Valuation of properties for whom CRPM is the asset manager, plus the wholly-owned German properties.

Return on equity is the total return, including revaluation gains and losses, divided by opening equity plus time weighted additions to share capital, excluding share options exercised, less reductions in share capital.

Recurring pre-tax profit is the sum of contribution plus management fees and SNO!zone income less SNO!zone expenses, less fixed management expenses.

Recurring pre-tax profit per share is the recurring pre-tax profit divided by the weighted average number of shares less own shares held.

Reversion is the estimated increase in rent at review where the gross rent is below the estimated rental value.

Reversionary percentage is the percentage by which the ERV exceeds the passing rent.

Reversionary yield is the anticipated yield to which the initial yield will rise once the rent reaches the estimated rental value.

See through balance sheet is the pro forma proportionately consolidated balance sheet of the Group, its associates and joint ventures.

See through income statement is the pro forma proportionately consolidated income statement of the Group, its associates and joint ventures.

Total return is the Group's total recognised income for the year as set out in the consolidated statement of recognised income and expense ("SORIE") expressed as a percentage of opening equity shareholders' funds, excluding CULS reserve.

Total shareholder return is the movement in price per share plus dividends per share.

Triple net, fully diluted NAV per share includes the dilutive effect of share options and CULS and adjusts all items to market value, including trading properties and fixed rate debt.

SIC 15 "Operating lease – incentives" debtors under accounting rules the balance sheet value of lease incentives given to tenants is deducted from property valuation and shown as a debtor. The incentive is amortised through the income statement.

Vacancy rate is the estimated rental value of vacant properties expressed as a percentage of the total estimated rental value of the portfolio, excluding development properties.

Variable overhead includes discretionary bonuses and the cost of awards to employees made under the LTIP and CAP which is spread over the performance period.

Shareholder information

2008 financial calendar

Ex-dividend date	1 October 2008
Record date	3 October 2008
Last day for election	3 October 2008
Post warrants/vouchers	16 October 2008
Dividend payment date	17 October 2008
Post certificates/CREST statements	22 October 2008
CREST credit date	23 October 2008

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
Telephone: 0845 607 6838

Designed and produced by 85four
Cover illustration by Patrick Morgan
Printed in England by Cousin
Cousin is a carbon neutral company with ISO 14001 accreditation: it recycles all solvents used in the printing process, making any waste ph neutral, and also holds FSC status

Capital & Regional plc
10 Lower Grosvenor Place
London SW1W 0EN
Telephone: +44 (0)20 7932 8000
Facsimile: +44 (0)20 7802 5600

www.capreg.com